NCB CAPITAL COMPANY
(A Saudi closed Joint Stock Company)

CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2020
with
INDEPENDENT AUDITOR'S AUDIT REPORT

NCB CAPITAL COMPANY
(A Saudi closed Joint Stock Company)

CONSOLIDATED FINANCIAL STATEMENTS

CONTENTS

KPMG

KPMG Professional Services
Zahran Business Center
Prince Sultan Street
P.O. Box 55078
Jeddah 21534
Kingdom of Saudi Arabia
Headquarter in Riyadh

Commercial Registration No 4030290792

كي بي إم جي للاستشارات المهنية
مركز الزهران للأعمال
شارع الأمير سلطان
ص.ب 55078
جـده 21534
المملكة العربية السعودية
المركز الرئيسي الرياض

سجل تجاري رقم 4030290792

Independent auditor's report

To the Shareholders of NCB Capital Company

Opinion

We have audited the consolidated financial statements of NCB Capital Company ("the Company") (and its subsidiaries) ("the Group"), which comprise the consolidated statement of financial position as at December 31, 2020, the consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the year then ended, and notes to the consolidated financial statements, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2020, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Certified Public Accountants (SOCPA).

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 consolidated Financial Statements section of our report. We are independent of the Group in accordance with the professional code of conduct and ethics that are endorsed in the Kingdom of Saudi Arabia that are relevant to our audit of the consolidated financial statements, 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 Consolidated Financial Statements

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

In preparing the consolidated financial statements, management is responsible for assessing the Group'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 Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, Board of Directors, are responsible for overseeing the Group's financial reporting process.

Independent auditor's report

To the Shareholders of NCB Capital Company (continued)

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated 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 judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated 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 Group'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 Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, then we are required to draw attention in our auditor's report to the related disclosures in the consolidated 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 Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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 of NCB Capital Company ("the Company") (and its subsidiaries) ("the Group").

KPMG Professional Services

Ebrahim Oboud Baeshen
License No. 382

كي . بي . إم . جي للإستشارات المهنية
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ترخيص رقم ٤٦
س.ت ٤٠٣٠٢٩٠٧٩٢
KPMG Professional Services

Jeddah, March 29, 2021
Corresponding to Shaban 16, 1442H

NCB CAPITAL COMPANY
(A Saudi closed Joint Stock Company)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at December 31, 2020
(Expressed in Saudi Riyals '000, unless otherwise stated)

	Notes	**December 31, 2020**	December 31, 2019
Assets			
Property, equipment and software	5	**127,884**	117,947
Right of use assets	6	**10,557**	11,715
Investment properties	7	**76,272**	77,333
Investment in associates	8	**2,173**	18,101
Financial investments	9	**293,276**	303,375
Prepayments and other assets	10	**30,969**	--
Non-current Assets		**541,131**	528,471
Financial investments	9	**1,334,901**	666,989
Prepayments and other assets	10	**272,017**	242,967
Murabaha financing	11	**635,137**	378,552
Cash and cash equivalents	12	**198,666**	97,215
Current Assets		**2,440,721**	1,385,723
Total assets		**2,981,852**	1,914,194
Equity			
Share capital	13	**1,000,000**	1,000,000
Shares held under employees' share based payment arrangements	14.3	**(247,807)**	(246,004)
Statutory reserve	15	**285,248**	209,248
Other reserves	8 & 9	**2,174**	(211)
Share based payment arrangements reserve	14.1	**17,334**	5,901
Retained earnings		**1,213,418**	540,833
Equity attributable to equity holders of the Parent		**2,270,367**	1,509,767
Non-controlling interest	16	**7,491**	9,738
Total equity		**2,277,858**	1,519,505
Liabilities			
Lease liabilities	17	**9,005**	9,506
Employee benefits	18	**68,740**	73,509
Non- current liabilities		**77,745**	83,015
Lease liabilities	17	**2,465**	2,533
Bank borrowings	19	**288,341**	32,123
Amount due to the National Commercial Bank	19	**34,776**	31,125
Employee benefits	18	**25,202**	23,649
Accounts payable, accruals and other liabilities	20	**275,465**	222,244
Current liabilities		**626,249**	311,674
Total liabilities		**703,994**	394,689
Total equity and liabilities		**2,981,852**	1,914,194

The accompanying notes 1 through 34 form an integral part of these consolidated financial statements.

NCB CAPITAL COMPANY
(A Saudi closed Joint Stock Company)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
For the year ended December 31, 2020
(Expressed in Saudi Riyals '000, unless otherwise stated)

	Notes	2020	2019
Fees from services, net	21		
- Asset Management		**538,737**	502,244
- Brokerage		**428,524**	123,431
- Investment Banking		**117,231**	88,886
		1,084,492	714,561
Income from FVTPL investments, net		**18,719**	41,908
Income from murabaha financing and investments carried at amortized cost		**26,453**	18,466
Dividend income		**12,247**	11,945
Other operating income / (loss)		**321**	(38)
Total operating income		**1,142,232**	786,842
Salaries and employee related expenses	22	**(200,871)**	(219,925)
Depreciation	5, 6, 7	**(19,896)**	(19,085)
Other general and administrative expenses	23	**(101,094)**	(87,109)
Total operating expenses		**(321,861)**	(326,119)
Net operating income for the year		**820,371**	460,723
Finance cost	24	**(5,912)**	(2,072)
Other income	7	**5,026**	458
Share of results in associates / loss on disposal of associate	8	**(4,696)**	(1,653)
Total non-operating loss, net		**(5,582)**	(3,267)
Net profit for the year before Zakat		**814,789**	457,456
Zakat for the year	30	**(62,400)**	(40,000)
Net profit for the year after Zakat		**752,389**	417,456
Attributable to:			
- Equity holders of the Parent		**754,636**	418,283
- Non-controlling interest	16	**(2,247)**	(827)
		752,389	417,456
Basic earnings per share (SR) – attributable to equity holders of the Parent	25	**8.32**	4.61
Diluted earnings per share (SR) – attributable to equity holders of the Parent	25	**8.32**	4.61

The accompanying notes 1 through 34 form an integral part of these consolidated financial statements.

NCB CAPITAL COMPANY
(A Saudi closed Joint Stock Company)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the year ended December 31, 2020
(Expressed in Saudi Riyals '000, unless otherwise stated)

	Notes	**2020**	2019
Net profit for the year after Zakat		**752,389**	417,456
Other comprehensive income			
Items that will not be reclassified to profit or loss:			
- Net change in fair value of FVOCI equity investments		**1,617**	26,173
Items that will or may be reclassified to profit or loss in subsequent periods:			
- Exchange retranslation reserve transferred to profit or loss	8	**768**	2,447
- Re-measurement loss on employees end of service benefits	18(c)	**(6,051)**	(10,667)
- Share of other comprehensive loss of associates	8	**--**	(853)
Total comprehensive income for the year		**748,723**	434,556
Attributable to:			
- Equity holders of the Parent		**750,970**	434,586
- Non-controlling interest	16	**(2,247)**	(30)
Total comprehensive income for the year		**748,723**	434,556

The accompanying notes 1 through 34 form an integral part of these consolidated financial statements.

NCB CAPITAL COMPANY
(A Saudi closed Joint Stock Company)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended December 31, 2020
(Expressed in Saudi Riyals '000, unless otherwise stated)

	Attributable to equity holders of the Parent								
	Share capital	Shares held under employees' share based payment arrangements	Statutory reserve	Other reserves	Share based payments arrangements reserve	Retained earnings	Subtotal	Non-controlling interest	Total
Balance at January 1, 2020	1,000,000	(246,004)	209,248	(211)	5,901	540,833	1,509,767	9,738	1,519,505
Net profit for the year	--	--	--	--	--	754,636	754,636	(2,247)	752,389
Other comprehensive income / (loss) for the year	--	--	--	2,385	--	(6,051)	(3,666)	--	(3,666)
Total comprehensive income / (loss) for the year	--	--	--	2,385	--	748,585	750,970	(2,247)	748,723
Share based payment arrangements charge for the year (note 14.1)	--	--	--	--	11,433	--	11,433	--	11,433
Purchase of shares held under employees' shares based payment arrangements (note 14.3)	--	(1,803)	--	--	--	--	(1,803)	--	(1,803)
Transfer to statutory reserve (note 15)	--	--	76,000	--	--	(76,000)	--	--	--
Balance as at December 31, 2020	**1,000,000**	**(247,807)**	**285,248**	**2,174**	**17,334**	**1,213,418**	**2,270,367**	**7,491**	**2,277,858**

The accompanying notes 1 through 34 form an integral part of these consolidated financial statements.

NCB CAPITAL COMPANY
(A Saudi closed Joint Stock Company)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended December 31, 2020
(Expressed in Saudi Riyals '000, unless otherwise stated)

	Attributable to equity holders of the Parent								
	Share capital	Shares held under employees' share based payment arrangements	Statutory reserve	Other reserves	Share based payments arrangements reserve	Retained earnings	Subtotal	Non-controlling interest	Total
Balance at January 1, 2019	1,000,000	(222,870)	167,248	(26,609)	51,434	169,790	1,138,993	9,768	1,148,761
Impact of IFRS 16 adoption	--	--	--	--	--	(297)	(297)	--	(297)
Restated balance at January 1, 2019	1,000,000	(222,870)	167,248	(26,609)	51,434	169,493	1,138,696	9,768	1,148,464
Net profit for the year	--	--	--	--	--	418,283	418,283	(827)	417,456
Other comprehensive income / (loss) for the year	--	--	--	26,970	--	(10,667)	16,303	797	17,100
Total comprehensive income / (loss) for the year	--	--	--	26,970	--	407,616	434,586	(30)	434,556
Group share based payment arrangement charge for the year (note 14.1)	--	--	--	--	5,901	--	5,901		5,901
Equity-settled employees' share based payment scheme charge for the year (note 14.2)	--	--	--	--	4,226	--	4,226	--	4,226
Impact of modification in Equity-settled employees' share based payment scheme (note 14.2)	--	21,316	--	--	(55,660)	5,152	(29,192)	--	(29,192)
Purchase of shares held under employees' shares based payment scheme by Baco (note 14.3)	--	(44,450)	--	--	--	--	(44,450)	--	(44,450)
Transfer to statutory reserve (note 15)	--	--	42,000	--	--	(42,000)	--	--	--
Realized gain on disposal of FVOCI investment	--	--	--	(572)	--	572	--	--	--
Balance as at December 31, 2019	1,000,000	(246,004)	209,248	(211)	5,901	540,833	1,509,767	9,738	1,519,505

The accompanying notes 1 through 34 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended December 31, 2020
Expressed in Saudi Riyals '000, unless otherwise stated

	Notes	2020	2019
Cash flows from operating activities:			
Net profit for the year after Zakat		**752,389**	417,456
Adjustments to reconcile net income to net cash from operating activities:			
Income from FVTPL investments, net		**(18,719)**	(41,908)
Share of results in associates / loss on disposal of associate	8	**4,696**	1,653
Share based payment arrangements charge	14.1	**11,433**	5,901
Depreciation	5, 6, 7	**19,896**	19,085
Income from financial investments carried at amortized cost		**(2,573)**	(2,721)
Employees' benefits charge for the year	14.2 & 18(c)	**13,953**	22,596
Finance cost	24	**5,912**	2,072
Zakat expense for the year	30	**62,400**	40,000
Operating income before change in operating assets and liabilities		**849,387**	464,134
Changes in operating assets and liabilities			
Prepayments and other assets		**(60,018)**	(52,188)
Held as FVTPL investments		**(637,154)**	(190,750)
Employees benefits, net		**2,394**	(956)
Murabaha financing		**(256,585)**	(131,787)
Amounts due to The National Commercial Bank, net		**3,651**	(6,060)
Account payable, accruals and other liabilities		**31,489**	16,124
Cash (used in) / generated from operating activities		**(66,836)**	98,517
Employees' benefits paid	14.2 & 18(c)	**(26,848)**	(13,104)
Zakat paid	30	**(40,668)**	(64,151)
Net cash (used in) / generated from operating activities		**(134,352)**	21,262
Cash flows from investing activities:			
Purchase of property, equipment and software (net of disposal proceeds)	5	**(26,063)**	(23,387)
Additions to investment properties	7	**(107)**	--
Purchase of FVOCI equity investments		**--**	(5,165)
Sale of FVOCI equity investments		**--**	5,737
Purchase of investments carried at amortized cost		**--**	(18,264)
Profit received on investment carried at amortized cost		**2,249**	2,195
Proceeds from disposal of associate	8	**12,000**	--
Dividend received from associate	8	**--**	11,445
Net cash used in investing activities		**(11,921)**	(27,439)
Cash flows from financing activities:			
Dividend paid		**(156)**	(7,041)
Payment of lease liabilities	17	**(2,516)**	(3,588)
Bank borrowings availed	19	**252,199**	32,000
Purchase of shares held under employees' share based payment arrangements	14.3	**(1,803)**	(44,450)
Net cash generated from / (used in) financing activities		**247,724**	(23,079)
Net change in cash and cash equivalents		**101,451**	(29,256)
Cash and cash equivalents at beginning of the year		**97,215**	126,471
Cash and cash equivalents at end of the year	12	**198,666**	97,215

The accompanying notes 1 through 34 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended December 31, 2020
Expressed in Saudi Riyals '000, unless otherwise stated

	Notes	**2020**	2019
NON-CASH SUPPLEMENTARY INFORMATION			
Transfer from Property, equipment and software to Investment Properties	7	**--**	77,333
Re-measurement loss on employees' end of service benefits	18(c)	**(6,051)**	(10,667)
Movement in foreign exchange translation reserve	8	**768**	2,447
Share of other comprehensive loss of associates	8	**--**	(853)
Net change in fair value of FVOCI equity investments		**1,617**	25,603
Transfer from 'Equity-settled employees' share based payment scheme' to 'Employee benefits'	14.2	**--**	29,192
Impact of adoption of IFRS 16 on:			
- *Right of use assets*		**--**	16,241
- *Lease liabilities*		**--**	(17,006)
- *Prepayments and other assets*		**--**	(821)
- *Accounts payable, accruals and other liabilities*		**--**	1,289

1. GENERAL

NCB Capital Company (“the Company” or “NCBC”), a Saudi closed Joint Stock Company, was formed in accordance with Capital Market Authority's Resolution No. 2-83-2005 dated Jumad Awal 21, 1426H (June 28, 2005), and registered in the Kingdom of Saudi Arabia under Commercial Registration No. 1010231474 dated 29 Rabi Awal 1428H (April 17, 2007). The ownership structure of the Company is detailed in note 13.

The Group is mainly operating in Kingdom of Saudi Arabia and United Arab Emirates and its Head Office is located at the following address:

NCB Capital Head Office
NCB Regional Building
King Saud Road
P.O. Box 22216
Riyadh 11495
Saudi Arabia

The objective of the Company is to conduct the following Securities Activities, as defined in the Securities Business Regulations (Regulation No 2-83-2005 dated Jumad Awal 21, 1426H issued by the Board of the Capital Market Authority):

a) Dealing;
b) Arranging;
c) Managing;
d) Advising; and
e) Custody

Pursuant to merger agreement executed between National Commercial Bank (the Parent Company) and Samba Financial Group, the Board of the Directors of the Company, on February 4, 2021, resolved for the Company to consider and pursue merger discussions with Samba Capital & Investment Management Company (Samba Capital). The merger is conditional upon approval of the shareholders of both the Company and Samba Capital as well as the approval of respective regulatory authorities.

These consolidated financial statements include the financial statements of the Company and following subsidiaries up to December 31, 2020 (hereinafter collectively referred to as “the Group”):

Oryx Regional Private Equity Fund

The Company has a 50% (December 31, 2019: 50%) ownership interest in Oryx Regional Private Equity Fund (the “Fund”), which was formed on February 12, 2007, as a closed-ended investment fund. The Group acquired control over the Fund as at April 17, 2007. The Fund's objective is to invest in companies which have a strong competitive advantage and good growth potential. The Fund's primary geographic focus for investment is the Middle East and North Africa (MENA) region. During January 2019, in lieu of the anticipated timelines corresponding to the completion of the liquidation of the Fund, the Fund Board resolved to further extend the life of the Fund till March 20, 2021. As such, the Fund is not considered to be a going concern and the underlying assets and liabilities thereof stand adjusted accordingly. During the year ended December 31, 2020, the Fund Board and the Board of Directors of the Company resolved to dispose off the investment of the Fund (H.C Securities and Investment S.A.E) and the sale transaction stands completed as at December 31, 2020 (note 8).

1. GENERAL (continued)

NCB Capital Dubai Inc.

Effective January 1, 2008, the Company acquired control over NCB Capital Dubai Inc.(“NCBC Dubai”) [exempt company with limited liability incorporated in the Cayman Islands] and its subsidiaries from the Bank. The takeover of the business was facilitated by the incorporation of NCB Capital (DIFC) Limited.

The objective of NCB Capital Dubai Inc. is to source, structure and invest in attractive private equity and real estate development opportunities across emerging markets.

The Company has a 100% (December 31, 2019: 100%) ownership interest in NCB Capital Dubai Inc.

The Capital Partnership (Cayman) Holdings Limited

The Capital Partnership (Cayman) Holdings Limited (“TCPCHL”), registered in the Cayman Islands was formed as a special purpose entity with the principal objective of acquisition of The Capital Partnership Group Limited (“TCPG”).

The legal formalities in respect of the disposal of ownership interest in TCPG were completed during November 2012. TCPCHL’s liquidation proceedings are pending subject to completion of certain legal formalities.

Baco W.L.L. (“Baco”)

The Company has 100% (December 31, 2019: 100%) ownership in Baco, a limited liability company incorporated in the Kingdom of Bahrain on January 16, 2007, formed for the sole purpose of executing NCB Capital Company's employee share ownership plans.

During the year ended December 31, 2020, the Board of Directors of the Group has approved the liquidation of Baco and the related proceedings are in progress as of the reporting date. As such, Baco is not a going concern at the reporting date.

NCB Capital Real Estate Investment Company

NCB Capital has 100% (December 31, 2019: 100%) ownership in NCB Capital Real Estate Investment Company (REIC). The primary objective of REIC is to hold and register real estate assets on behalf of real estate funds managed by NCB Capital Company.

2. BASIS OF PREPARATION

a) Statement of compliance

These consolidated financial statements of the Group have been prepared in accordance with the International Financial Reporting Standards (IFRS) as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are issued by the Saudi Organization for Certified Public Accountants (SOCPA).

b) Basis of measurement

These consolidated financial statements have been prepared under the historical cost convention, except for the measurement at fair value of investments, carried at fair value through profit or loss (“FVTPL”) and held as fair value through other comprehensive income (“FVOCI”).

2. BASIS OF PREPARATION (continued)

c) Functional and presentation currency

These consolidated financial statements have been presented in Saudi Riyals (SR), which is the functional currency of the Company. The functional currency of REIC is Saudi Riyals, while the functional currency of NCBC Dubai, TCPHL and Fund is United States Dollars which is pegged to SR. The functional currency of Baco is Bahraini Dinar. The financial information presented in Saudi Riyals has been rounded off to the nearest thousands, except as otherwise indicated.

d) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at and for the year ended December 31, 2020 (note 1). Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect its returns.

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the statement of comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary. Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent company and to the non-controlling interests. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation. A change in ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary
- Derecognises the carrying amount of any non-controlling interest
- Derecognises the cumulative translation differences recorded in equity
- Recognises the fair value of consideration received
- Recognises the fair value of any investment retained
- Recognises any surplus or deficit in profit or loss
- Reclassifies the parent's share of components previously recognized in other comprehensive income to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities.

2. BASIS OF PREPARATION (continued)

e) Significant accounting judgements, estimates and assumptions

The preparation of consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities, and accompanying disclosures and disclosures of contingent liabilities. Such judgments, estimates and assumptions 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. Actual results may differ from these estimates. Revision to accounting estimates are recognized in the period in which the estimate is revised and any future period affected.

Significant areas where management has used estimates, assumptions or exercised judgments are as follows:

(i) Impairment of non-financial assets

The Group assesses at each reporting date or more frequently if events or changes in circumstances indicate that there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less cost to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent to those from other assets or groups. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows based on earnings 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. In determining fair value less costs to sell, an appropriate source is used, such as observable market prices or, if no observable market prices exist, estimated prices for similar assets or if no estimated prices for similar assets are identified, it is based on discounted future cash flow calculations of future distributable dividends.

(ii) Useful lives of Property, equipment and software and investment properties

The management determines the estimated useful lives of property, equipment and software and investment properties for calculating depreciation. This estimate is determined after considering expected usage of the assets or physical wear and tear. Management reviews the residual value and useful lives annually and future depreciation charges are adjusted where management believes the useful lives differ from previous estimates.

(iii) End of service benefits

The cost of the defined benefit plan and the present value of the end of service benefits obligation are determined using external actuarial valuations. An external actuarial valuation involves making assumptions that may differ from actual developments in the future.

These include the determination of the discount rate and future salary increases. Due to the complexity of the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date. During the year ended December 31, 2020, the Company changed its approach for determination of discount rate by referring to Saudi Government Bonds yield as against US treasury yield, as it believes the former to be a better representation of IAS 19 guidance in respect of discount rate.

2. BASIS OF PREPARATION (continued)

e) Significant accounting judgements, estimates and assumptions (continued)

(iv) Fair valuation of unquoted investments

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. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The fair value of an asset or a liability is measured using assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their best economic interest.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

Financial instruments for which fair value is measured or disclosed in the consolidated financial statements are categorized within the fair value hierarchy (see note 32). For assets and liabilities that are recognised in the consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of their nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy.

(v) Going concern

The Group's management has made an assessment of the Group's ability to continue as a going concern and is satisfied that the Group has the resources to continue in business for the foreseeable future. Furthermore, the management is not aware of any material uncertainties that may cast significant doubt upon the Group's ability to continue as a going concern. Therefore, the consolidated financial statements continue to be prepared on the going concern basis.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

a) Foreign currencies

Foreign currency monetary assets and liabilities are retranslated into the functional currency at the rates ruling at the statement of financial position dates. Any differences are taken to the consolidated statement of profit or loss. On consolidation, the results of foreign components are translated into Saudi Riyals at rates approximating to those ruling when the transactions took place. All assets and liabilities of the foreign subsidiaries and equity accounted investees are translated into Saudi Riyals at the rates of exchange ruling on the statement of financial position date. Exchange differences arising on translation are recognised in the foreign exchange retranslation reserve via other comprehensive income.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

a) Foreign currencies (continued)

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined and any differences are taken to the consolidated statement of comprehensive income.

b) Settlement date accounting

All regular way purchases and sales of financial assets are recognized and derecognized on the settlement date, i.e. the date on which the asset is delivered to the counterparty. When settlement date accounting is applied, the Group accounts for any change in fair value between the trade date and the settlement date in the same way as it accounts for the acquired asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place.

c) Property, equipment and software

Property, equipment and software are stated at cost and presented net of accumulated depreciation and accumulated impairment losses, if any. Cost comprises purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates and any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. The cost of self-constructed assets includes the cost of materials, direct labour, and any other costs directly attributable to bringing the assets to a working condition for their intended use. When parts of an item of property and equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment.

Capital work in progress, if any, is stated at cost less impairment losses, if any and represent construction/development work pertaining to the asset in progress. The cost of replacing a part of an item of property and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. Capital work in progress is not depreciated.

Maintenance and normal repairs which do not materially extend the estimated useful life of an asset are charged to the statement of profit or loss as and when incurred. Major renewals and improvements, if any, are capitalized and the assets so replaced are retired.

The cost of other property, equipment and software is depreciated using the straight-line method over the estimated useful lives of the assets as follows:

	December 31, 2020	December 31, 2019
Furniture and fixtures	**10 years**	10 years
Equipment	**6 to 7 years**	6 to 7 years
Software	**10 years**	10 years
Motor vehicles	**5 years**	5 years
Leasehold improvements	Shorter of lease term or useful life	

The depreciation methods, useful lives and residual values are reviewed at each reporting date and are adjusted prospectively, if required.

Gains and losses on disposals of property, equipment and software are determined by comparing sale proceeds with carrying amounts. These are recognised in the consolidated statement of income.

Property, equipment and software are reviewed for impairment, whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

d) Investment properties

Investment properties include property (land or building) held by the Group to earn rentals or for capital appreciation or for both. Investment properties are measured at cost less accumulated depreciation and accumulated impairment losses, if any. Depreciation is calculated based on the depreciable amount, which is the cost of an asset or other amount substitute for cost, less its residual value. Freehold land is not depreciated. When parts of an item of investment property have different useful lives, they are accounted for as separate items (major components) of investment property.

The cost of replacing a part of an item of investment property is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of investment property are recognized in consolidated statement of profit or loss.

The estimated useful life of building classified as investment properties is 40 years (2019: 40 years).

The depreciation methods, useful lives and residual values are reviewed at each reporting date and are adjusted prospectively, if required.

e) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses, if any. The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the consolidated statement of profit or loss.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis. Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the consolidated statement of profit or loss when the asset is derecognised.

f) Business combinations

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interest in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions, that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in consolidated equity. Gains or losses on disposals to non-controlling interests are also recorded in consolidated equity.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

f) Business combinations (continued)

Upon loss of control, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of consolidated equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in the consolidated statement of profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently it is accounted for as an equity-accounted investment or other categories of investment in accordance with the Group's relevant accounting policy.

i. Subsidiaries

Subsidiaries are entities which are controlled by the Group. To meet the definition of control, all three criteria must be met:

i) the Group has power over the entity;
ii) the Group has exposure, or rights, to variable returns from its involvement with the entity; and
iii) the Group has the ability to use its power over the entity to affect the amount of the entity's returns.

Subsidiaries are consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which the control is transferred from the Group. The results of subsidiaries acquired or disposed of during the year, if any, are included in the consolidated statement of profit or loss from the date of the acquisition or up to the date of disposal, as appropriate.

ii. Non-controlling interests

Non-controlling interests represent the portion of net income and net assets of subsidiaries not owned, directly or indirectly, by the Company and are presented separately in the consolidated statement of profit or loss and within equity in the consolidated statement of financial position, separately from Shareholders equity. Any losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

iii. Associates

Associates are enterprises over which the Group exercises significant influence. Investments in associates are initially recognized at cost and subsequently accounted for under the equity method of accounting and are carried in the consolidated statement of financial position at the lower of the equity-accounted value or recoverable amount. Equity-accounted value represents the cost plus post-acquisition changes in the Group's share of net assets of the associate (share of the results, reserves and accumulated gains/losses based on latest available financial statements) less impairment, if any.

iv. Transactions eliminated on consolidation

Inter-group balances, income and expenses (except for foreign currency transaction gains or losses) arising from inter-group transactions are eliminated in full in preparing the consolidated financial statements.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

g) Investment in associates

The Group's investment in associates is accounted for using the equity method of accounting. An associate is an entity in which the Group has significant influence and which is neither a subsidiary nor a joint venture. Under the equity method, the investment in the associate is carried in the statement of financial position at cost plus post-acquisition changes in the Group's share of net assets of the associate.

Losses in excess of the cost of the investment in an associate are recognised when the Group has incurred obligations on its behalf. Goodwill relating to an associate is included in the carrying amount of the investment and is not amortised. The consolidated statement of profit or loss reflects the Group's share of the results of operations of the associate, while the Group share of other comprehensive income / loss is included in the statement of other comprehensive income. Where there has been a change recognised directly in the equity of the associate, the Group recognises its share of any such changes and presents, when applicable, in the consolidated statement of changes in equity.

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount in the consolidated statement of profit or loss. The recoverable amount of the investment in the associate is considered to be the higher of fair value less costs to sell and its value in use.

Gains or losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate. The reporting dates of the associate and the Group are identical and the associate's accounting policies conform to those used by the Group for like transactions and events in similar circumstances.

h) Financial assets and liabilities

i) Initial recognition and derecognition

Initial recognition

A financial asset or financial liability (unless it's a trade receivable / other receivable without a significant financing component) is initially measured at fair value plus, for an item not carried at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at transaction price.

Derecognition

A financial asset (or a part of a financial asset, or a part of a group of similar financial assets) is derecognized, when the contractual rights to the cash flows from the financial asset expires. A financial liability (or a part of financial liability) can only be derecognized when it is extinguished, that is, when the obligation specified in the contract is either discharged, cancelled or expired. The Group also derecognizes a financial liability when it undergoes a substantial modification (qualitative or quantitative).

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

h) Financial assets and liabilities (continued)

ii) Classification and subsequent measurement of financial assets

Financial Asset at amortised cost

A financial asset is measured at amortized cost (AC)if it meets both of the following conditions and is not designated as at FVTPL:

- 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 financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial Asset at FVOCI

A debt instrument is measured at FVOCI only if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition, for an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in fair value in OCI. This election is made on an investment-by-investment basis.

Financial Asset at FVTPL

All other financial assets that are not classified as AC or FVOCI are classified as measured at FVTPL. In addition, on initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI, as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets are not reclassified subsequent to their initial recognition, except in the period after the Group changes its business model for managing financial assets.

Business model assessment

The Group makes an assessment of the objective of a business model in which an asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. In particular, whether management's strategy focuses on earning contractual interest revenue, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realizing cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Group's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

h) Financial assets and liabilities (continued)

ii) Classification and subsequent measurement of financial assets (continued)

Business model assessment (continued)

- how managers of the business are compensated- e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales in prior periods, the reasons for such sales and its expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Group's stated objective for managing the financial assets is achieved and how cash flows are realized.

The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account. If cash flows after initial recognition are realised in a way that is different from the Group's original expectations, the Group does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

Financial assets that are held for trading and whose performance is evaluated on a fair value basis are classified at FVTPL.

Subsequent measurement
The following accounting policies apply to the subsequent measurement of financial assets:

Financial assets at FVTPL - These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

Financial assets at amortised cost - These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses, if any.

Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Equity investments at FVOCI - These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

Classification and subsequent measurement of financial liabilities

The Group classifies its financial liabilities, as held at amortized cost. Amortized cost is calculated by taking into account any discount or premium on issue funds, and costs that are an integral part of the effective interest rate (EIR). Subsequent to initial recognition, financial liabilities are measured at amortized cost, unless they are required to be measured at fair value through profit or loss or an entity has opted to measure a liability at fair value through profit or loss as per the requirements of IFRS 9.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

h) Financial assets and liabilities (continued)

iii) Impairment in financial assets

The Group recognizes loss allowances for expected credit losses (ECL) on financial assets that are debt instruments and are not carried at FVTPL, at an amount equal to lifetime ECL, except for the following, for which they are measured as 12-month ECL:

- debt investment securities that are determined to have low credit risk at the reporting date; and
- other financial instruments on which credit risk has not increased significantly since their initial recognition.

Loss allowances for trade and other related receivables are always measured at an amount equal to lifetime ECL. The Group considers a debt security to have low credit risk when their credit risk rating is equivalent to the commonly understood definition of 'investment grade'.

12-month ECL are the portion of ECL that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

The key inputs into the measurement of ECL are the term structure of the following variables:

- Probability of default (PD)
- Loss given default (LGD)
- Exposure at default (EAD)

The Group also considers forward-looking information in its assessment of significant deterioration in credit risk since origination as well as the measurement of ECL The forward-looking information will include the elements such as macroeconomic factors (e.g., unemployment, GDP growth, inflation) and economic forecasts.

iv) Offsetting

Financial assets and financial liabilities are offset and reported net in the consolidated statement of financial position when there is a legally enforceable right to set off the recognized amounts and when the Group intends to settle on a net basis, or to realize the asset and settle the liability simultaneously. Income and expenses are presented on a net basis only when permitted under IFRS, or for gains and losses arising from a group of similar transactions.

v) Write-off

Financial assets are written off when there are no reasonable expectations of recovery. Where loans or receivables have been written off, the Company continues to engage in enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognized as income in the profit or loss.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

h) Financial assets and liabilities (continued)

vi) Interest and dividend income on financial assets

Interest income
Interest income is recognized in the consolidated statement of profit or loss on the effective yield basis.

Dividend income
Dividend income is recognized in the statement of profit or loss when the right to receive dividend is established.

i) Share based payment arrangements

The Group operates share based payment arrangements for its eligible employees. For details refer note 14.

j) Employees’ benefits

Post-employment benefits
The Group’s net obligations in respect of defined unfunded post-employment benefit plan (“the plan”) is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and any unrecognized past service costs. The discount rate used is the market yield on government bonds at the reporting date that have maturity dates approximating the terms of the Group’s obligation. The cost of providing benefits under the defined benefits plan is determined using the projected unit credit method to determine the Group’s present value of the obligation. As at the statement of financial position date, the Group’s post-employment defined benefit plan is represented by employees’ end of service benefit plan.

The Company also operates a contribution benefit plan ('the plan') for all the employees wherein all the employees are encouraged to contribute a percentage of the basic salary before any benefits or deductions, and the Company contributes a certain percentage according to specified rules of the plan, based on the number of years of an employee’s enrollment in the plan. Obligations for contributions to the plan are recognized as employee benefit expense in consolidated statement of profit or loss in the period during which related services are rendered by employees.

Termination benefits
Termination benefits are recognized as an expense when the Group is demonstrably committed without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before retirement date, or to provide termination benefits as a result of an offer to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognized as an expense if the Group has made an offer for voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably.

Short term benefits
Short term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognized for the amount expected to be paid under short term cash bonus if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

j) Employees' benefits (continued)

Long terms cash bonus
The Group operates a long term cash bonus scheme, whereby, eligible employees are entitled to receive a cash bonus upon completion of service condition of 3 years from the grant date. The Group's obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value. Remeasurements are recognized in profit or loss in the period in which they arise.

k) Other income

Other income includes rental income from investment property, sale of scrap items and income from sources that are not incidental or related to the core operations/business of the Company. Rental income from operating leases of investment property is recognized as income on a straight-line basis over the term of the lease. Lease incentives granted are recognized as an integral part of the total rental income, over the term of the lease. Income from sale of scrap items is generally recognized in profit or loss upon completion of sale.

l) Accounts payable, accruals and other liabilities

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

m) Provisions, contingencies and commitments

Provisions are recognized when the Group has an obligation (legal or constructive) arising from a past event, and the costs to settle the obligation are both probable and able to be reliably measured. Certain provisions are based on management's estimate of the actual amount payable. The provision has been included in 'accounts payable, accruals and other liabilities'.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision is reversed and is included in 'other income' in the consolidated statement of profit or loss.

Contingent liability is:

(a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity; or

(b) a present obligation that arises from past events but is not recognized because:

- (i) it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
- (ii) the amount of the obligation cannot be measured with sufficient reliability.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

m) Provisions, contingencies and commitments (continued)

Contingent liabilities are not recognized and are disclosed, unless the probability of an outflow of resources embodying economic benefits is remote.

Commitments represent binding agreements of the Group to carry out specified courses of action involving in a transfer of cash or other asset to the respective counterparties.

n) Zakat

The Company is subject to Zakat in accordance with the regulations of General Authority of Zakat and Income Tax ("GAZT"). Zakat expense is charged to the consolidated statement of profit or loss. Additional Zakat and income tax liability, if any, related to prior years' assessments are accounted for in the period in which the final assessments are finalized and recognized in profit or loss.

o) Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group uses the definition of a lease as stipulated in IFRS 16.

i) As a lessee

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component. The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The Group determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

o) Leases (continued)

Lease payments included in the measurement of the lease liability comprise the following:
- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Short-term leases and leases of low-value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

ii) As a Lessor

At inception or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative standalone prices.

When the Company acts as a lessor, it determines at lease inception whether each lease was a finance lease or an operating lease. To classify each lease, the Company makes an overall assessment of whether the lease transferred substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Company considers certain indicators such as whether the lease was for the major part of the economic life of the asset.

The Group recognises lease payments received under operating leases as income on a straight line basis over the lease term as part of 'other income'.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

p) Revenue recognition

The Group recognizes revenue in accordance with the principles as set out in IFRS 15. The Group applies the five steps mode stipulated in IFRS 15 for recognizing revenue, which consists of identifying the contract with the customer; identifying the relevant performance obligations; determining the amount of consideration to be received under the contract; allocating the consideration to each performance obligation; and earning the revenue as the performance obligations are satisfied. The Group recognize revenue when it transfers control over a product or service to a customer.

The Company has the following streams of revenues:

Fee from asset management
Fees charged for managing investment funds and private portfolios are recognized as revenue ratably as the services are provided, based on the applicable service contracts. Such management fees are presented net of rebates and generally calculated as a percentage of net assets of respective funds. The subscription fee is recognized at the time of subscription. Performance fees are presented net of rebates and are calculated as a percentage of the appreciation in the net asset value of a fund above a defined hurdle. Performance fees are earned from some arrangements when contractually agreed performance levels are exceeded within specified performance measurement periods, typically over one year. The fees are recognised when they can be reliably estimated and/or crystallised, and there is deemed to be a low probability of a significant reversal in future periods. This is usually at the end of the performance period or upon early redemption by a fund investor. Once crystallised, performance fees typically cannot be clawed-back.

Fee from brokerage
Fee from brokerage services are recognized upon execution of related deals / transactions and presented in profit or loss net of discounts.

Fee from advisory services
Fee from advisory services are recognised based on services rendered execution of performance obligation under the applicable service contracts.

Success fee
Success fee is recognized upon satisfaction of the promised performance obligation which generally corresponds to the execution of a specified task or completion of a milestone as agreed with the respective counterparty.

q) Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents are defined as those amounts included in cash, balances with banks, with original maturity of three months or less which are subject to insignificant risk of changes in their fair value.

r) Assets held for sale

Non-current assets are classified as held-for sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use. Such assets are measured at the lower of their carrying amount and fair value less costs to sell. Impairment losses on initial classification as held-for-sale and subsequent gains and losses on remeasurement are recognised in the statement of profit or loss. Once classified as held-for-sale, property and equipment are no longer depreciated, and any equity-accounted investee is no longer equity accounted.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

s) Murabaha financing

Murabaha financing represents receivable arising in connection with the purchase of shares by customers at a price representing the purchase price plus profit agreed thereon. These receivables are held at amortised cost.

t) Operating segment

A segment is a distinguishable component of the Group that is engaged in providing products or services, which is subject to risks and rewards that are different from those of other segments. The Group's primary format for segmental reporting is based on business segments. Business segments are determined based on the Group's management and internal reporting structure.

u) Fiduciary assets

Assets held in trust or in a fiduciary capacity are not treated as assets of the Group, and accordingly, are not included in the consolidated financial statements.

v) Shares held under employees' shares scheme

Company's own shares which are reacquired (i.e. shares held under employees' shares scheme) are recognised at acquisition price and deducted from equity. No gain or loss is recognised in the consolidated statement of profit or loss on the purchase, sale, issue or cancellation of the Company's own shares.

w) Transactions with NCI

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions, that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

x) Finance costs

Finance cost is recognised using the effective interest method. The 'effective interest rate' is the rate that exactly discounts estimated future cash payments through the expected life of the financial instrument to the amortized cost of the financial liability. In calculating finance costs, the effective interest rate is applied to the to the amortized cost of the liability.

4. IMPACT OF COVID 19

The novel coronavirus (COVID-19) was declared a pandemic during March 2020, causing significant macro-economic uncertainty and disruptions to business activities across several sectors. In lieu of the foregoing, the management commenced an exercise to identify the nature and magnitude of the impacts of COVID 19 on the various operating segments of the Group. Moreover, the management has also analysed the key financial reporting implications therefrom. These are summarised below:

- *Significant increase in credit risk*: Management has assessed whether COVID 19 has resulted in a significant increase in credit risk across financial assets exposed to credit risk. In carrying out this assessment, management has considered the potential of increase in life-time risk of default while considering factors such as impact on long term future viability and liquidity position of counterparties in light of COVID 19 together with the mitigating effect of government relief measures, so far as applicable. Moreover, wherever an individual assessment could not reliably be carried out due to fluidity of situation, the Group has assessed SICR on collective basis for cohorts with common characteristics.

- *Measurement of ECL*: Management has remained cognizant of the need to adjust existing ECL assumptions with emerging information as part of macro-economic scenarios and variables. Moreover, due to the evolving nature of the prevailing situation, the Group has considered the use of reasonable and appropriate overlays that are commensurate with the assessed magnitude of effect on the corresponding asset.

- *Fair value determination:* Management has analysed the assets subject to or exposed to fair value measurement and considered whether the estimates as at the reporting date fairly reflect the effects of COVID 19, so far as may be applicable. In carrying out this analysis, management has considered both internal and external sources of information, including investment manager analyses and reports as well as valuation studies.

Notwithstanding the above, the Group continues to monitor the emerging impacts on its business. As such, the assessments carried out and conclusions reached till the date of issuance of these consolidated financial statements may be subject to change based on new information and change in circumstances.

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5. PROPERTY, EQUIPMENT AND SOFTWARE

	Land, building and leasehold improvements	Software	Furniture, Equipment and vehicles	Capital work in progress (CWIP)	Total
Cost					
Balance at January 1, 2019	119,478	187,417	57,160	17,916	381,971
Additions	--	--	--	23,387	23,387
Transfers to investment properties (note 7)	(119,478)	--	--	--	(119,478)
Transfers from CWIP	--	13,424	2,561	(15,985)	--
Disposal	--	--	(85)	--	(85)
Balance at December 31, 2019	**--**	**200,841**	**59,636**	**25,318**	**285,795**
Balance at January 1, 2020	--	200,841	59,636	25,318	285,795
Additions	--	--	108	26,220	26,328
Transfers from CWIP	--	18,803	--	(18,803)	--
Disposal	--	--	(24)	--	(24)
Balance at December 31, 2020	**--**	**219,644**	**59,720**	**32,735**	**312,099**
Accumulated depreciation					
Balance at January 1, 2019	40,959	102,149	50,569	--	193,677
Depreciation charge	1,186	12,244	2,943	--	16,373
Transfers to investment properties (note 7)	(42,145)	--	--	--	(42,145)
Disposal	--	--	(57)	--	(57)
Balance at December 31, 2019	**--**	**114,393**	**53,455**	**--**	**167,848**
Balance at January 1, 2020	--	114,393	53,455	--	167,848
Depreciation charge	--	14,066	2,320	--	16,386
Disposal	--	--	(19)	--	(19)
Balance at December 31, 2020	**--**	**128,459**	**55,756**	**--**	**184,215**
Net book value as of December 31, 2019	--	86,448	6,181	25,318	117,947
Net book value as of December 31, 2020	**--**	**91,185**	**3,964**	**32,735**	**127,884**

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6. RIGHT OF USE ASSETS

This represents building and office equipment rented under operating lease arrangements. The movement in right-of-use assets during the year ended December 31, as follows:

	Building	Others	Total
Cost			
Recognised as at January 1, 2019	15,834	407	16,241
Leases terminated during the year	(1,814)	--	(1,814)
Balance at December 31, 2019	14,020	407	14,427
Balance at January 1, 2020	**14,020**	**407**	**14,427**
Addition during the year	**1,291**	**--**	**1,291**
Balance at December 31, 2020	**15,311**	**407**	**15,718**
Accumulated depreciation			
Recognised as at January 1, 2019	--	--	--
Depreciation for the year	2,427	285	2,712
Balance at December 31, 2019	2,427	285	2,712
Balance at January 1, 2020	**2,427**	**285**	**2,712**
Depreciation for the year	**2,347**	**102**	**2,449**
Balance at December 31, 2020	**4,774**	**387**	**5,161**
Net book value			
Net book value as of December 31, 2019	11,593	122	11,715
Net book value as of December 31, 2020	**10,537**	**20**	**10,557**

7. INVESTMENT PROPERTIES

During the year ended December 31, 2019, the Group entered in to a lease arrangement with the Parent for the lease of its owned land and building located in Jeddah for a period of 5 years. Therefore, the land and building, having carrying value of SR 77.3 million (as of the date of transfer) were transferred from property, equipment and software to investment properties.

During the year ended December 31, 2020, depreciation on investment properties amounting to SR 1.07 million has been charged resulting in carrying value of SR 76.3 million as of the year end.

The fair value of investment properties amounted to SR 77.95 million as at the reporting date (December 31, 2019: SR 82.25 million). The market value of the properties was determined by a Taqeem certified evaluator (Knight Frank) in accordance with Taqeem Regulations in conformity with the International Valuation Standards Council's International Valuation Standards. The key assumptions used in determining the fair value of the investment properties are as follows:

	December 31, 2020	December 31, 2019
Valuation technique	**Discounted cash flow**	Discounted cash flow
Discount rate	**9%**	7%
Exit yield rate	**7%**	5%

Expressed in Saudi Riyals '000, unless otherwise stated

8. INVESTMENT IN ASSOCIATES

	Country of incorporation	Functional currency	Effective ownership interest	December 31, 2020	December 31, 2019
H.C Securities and Investment S.A.E (HC Securities) (note 8.1)	Arab Republic of Egypt	EGP	30%	**--**	15,928
Eastgate Global Carrying Vehicle L.P. (EGCV)	Cayman Islands	USD	100%	**2,173**	2,173
				2,173	18,101

The below table illustrates the movements in the investment in associates:

	December 31, 2020	December 31, 2019
Opening balance at January 1,	**18,101**	29,605
Share of results	**--**	(1,653)
Share of other comprehensive loss	**--**	(853)
Disposal (note 8.1)	**(15,928)**	--
Exchange translation for the year	**--**	2,447
Dividend received	**--**	(11,445)
Closing balance at December 31,	**2,173**	18,101

8.1 During the year ended December 31, 2020, the Fund Board of Oryx Regional Private Equity Fund and the Board of Directors of the Group resolved to dispose off H.C Securities and Investment S.A.E. Accordingly, the investment was classified as held for sale and application of equity accounting principles under IAS 28 was discontinued. As at the reporting date, the sale of H.C Securities stands completed at a sale value of SR 12 million, yielding a loss of SR 4.7 million (including transfer of cumulative exchange loss of SR 0.8 million from other reserves to profit or loss) which has been presented in statement of profit or loss under "share of results in associates / loss on disposal of associate".

8.2 Latest financial information of the associates is as follows:

Eastgate Global Carrying Vehicle L.P.	Assets	Liabilities	Revenue	Profit / (loss)
2020 (unaudited)	**2,142**	**19**	**--**	**(39)**
2019 (audited)	2,164	19	--	(30)

8.3 As at December 31, 2020, exchange translation reserve with respect to investment in associates amounts to SR Nil (December, 31, 2019: SR 0.8 million).

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9. FINANCIAL INVESTMENTS

As at December 31, financial investments are classified as follows:

	December 31, 2020	December 31, 2019
FVTPL :		
- Investment funds managed by the Group	**1,330,588**	701,990
- Investment funds managed by other entities	**69,243**	68,151
- Investment in debt securities (bonds)	**26,183**	--
	1,426,014	770,141
Amortised Cost (see note "a" below)		
- Investment grade	**51,635**	53,652
- Unrated	**22,343**	20,003
	73,978	73,655
FVOCI :		
- REITs managed by the Group	**15,680**	16,590
- REITs managed by other entities	**112,505**	109,978
	128,185	126,568
	1,628,177	970,364

a) This represents Company's investments in local Sukuks and bonds carrying profit at commercial rates and maturities upto 2029.

b) As at December 31, 2020, FVOCI equity reserve amounts to SR 2,174 million (December 31, 2019: (SR 0.56 million)).

c) The above mentioned financial investments have been presented in the consolidated statements of financial position as follows:

	December 31, 2020	December 31, 2019
Non-current assets	**293,276**	303,375
Current assets	**1,334,901**	666,989
	1,628,177	970,364

10. PREPAYMENTS AND OTHER ASSETS

	December 31, 2020	December 31, 2019
Accrued income:		
-Asset management	**216,724**	176,588
-Investment banking and other advisory services	**36,898**	22,628
-Securities and others	**23,313**	12,827
	276,935	212,043
Staff loans and other advances (note a)	**6,961**	8,620
Prepayments and other current assets	**19,090**	22,304
	302,986	242,967

a) These represent short term loans / advances to staff deductible against staff salary and maturity within 12 months of reporting date.

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10. PREPAYMENTS AND OTHER ASSETS (continued)

b) The above mentioned prepayment and other assets have been presented in the consolidated statements of financial position as follows:

	December 31, 2020	December 31, 2019
Non-current assets	**30,969**	--
Current assets	**272,017**	242,967
	302,986	242,967

11. MURABAHA FINANCING

As at December 31, 2020, Murabaha financing receivables amounted to SR 635.1 million (December 31, 2019: SR 378.6 million) and are secured against cash and listed equities in Saudi Stock Exchange to a total value of SR 1,444 million (December 31, 2019: SR 886 million).

12. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise the following:

	December 31, 2020	December 31, 2019
Balances with banks	**179,865**	92,745
Term deposits (see note "a" below)	**18,776**	4,445
Cash in hand	**25**	25
	198,666	97,215

a) This represents term deposits with reputable financial institution carrying profit at commercial rates and maturing within three months from the reporting date.

13. SHARE CAPITAL

The authorized, issued and fully paid share capital of the Company consists of one hundred million (100,000,000) shares of SR 10 each (December 31, 2019: 100 million shares of SR 10 each). The ownership structure of the Company is given below:

	No. of shares held		**Percentage ownership held**	
Description	**2020**	2019	**2020**	2019
Shares held by The National Commercial Bank	**90,712,060**	90,712,060	**90.71**	90.71
Shares held under Employees Share based payment arrangements (note 14.3):				
- Unallocated	**9,287,940**	9,229,128	**9.29**	9.23
- Allocated to the employees (vested)	**--**	58,812	**--**	0.06
	100,000,000	100,000,000	**100**	100

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14. SHARE BASED PAYMENT ARRANGEMENTS

14.1 During the year ended December 31, 2019, the Group established a Key Employee Equity Plan (the 'Plan' or 'KEEP') based on the shares of the Parent (to be settled by the Parent) for the benefit of certain eligible executives. The plan aims at rewarding them for the achievement of long term corporate success in the form of granting the shares of the Parent and vests over a period of three years. The cost of the Plan is measured by reference to the fair value of the shares of the Parent and recognized over the period in which the service condition is fulfilled, ending on the date on which the relevant employees become fully entitled to the shares ('the vesting date'). The expense, recognized for the Plan at each reporting date until the vesting date, reflects the Company's best estimate of the number of shares of the Parent that will ultimately vest. The charge or credit to the consolidated statement of profit of loss represents the movement in cumulative expense recognized as at the beginning and end of that year.

During the year ended December 31, 2020, the Group granted 509,333 shares under the KEEP 2020 cycle (KEEP 2019: 300,056 shares) of the Parent to eligible employees with a grant date fair value of SR 34.7 per share (KEEP 2019: SR 59 per share).

The total expense recognised for employees' services received during the year ended December 31, 2020, under KEEP amounted to SR 11.4 million (December 31, 2019: SR 5.9 million) and is included in 'salaries and employee related expenses' with a corresponding increase in the consolidated statement of changes in equity, under the share based payment arrangements reserve.

As at the reporting date, following KEEP cycles were under vesting:

	Charge for the period		**Balance as at**	
	2020	2019	**December 31, 2020**	December 31, 2019
KEEP cycle – FY 2019	**5,542**	5,901	**11,443**	5,901
KEEP cycle – FY 2020	**5,891**	--	**5,891**	--
	11,433	5,901	**17,334**	5,901

14.2 Upto and including the period ended March 31, 2019, the Group operated an equity settled (based on Company's shares) long term incentive plan (LTIP) for certain eligible employees with a 3 year vesting cycle. Accordingly, as at March 31, 2019, the LTIP cycles for the years 2017 and 2018 were under vesting ('existing LTIP cycles') while the 2016 cycle stood vested.

During the period ended June 30, 2019, the Nomination and Remuneration Committee (NRCOM) of the Group has carried out a detailed review of the existing LTIP framework with an objective of enhancing the linkage between the Group's performance and benefits granted under the plan while endeavouring that the respective beneficiary interest is not adversely impacted. As such, the BOD approved modification of the existing LTIP cycles' from equity settled share based scheme to a long term cash bonus plan which is accounted for similar to 'post-employment benefit plan' under IAS-19 'Employee Benefits'. This modification was duly enacted upon successful completion of due legal formalities (including approval of Trustee) and acceptance by the beneficiaries of previous plan. Accordingly, the accumulated reserve amount for the 2017 and 2018 cycles were transferred to liabilities under 'Employees benefits', while, the 2016 cycle was fully settled and any prior amounts accrued in respect of incremental vesting and dividend on shares under vesting were released.

The total expense recognised for employees' services received during the year ended December 31, 2020, under the LTIP amounted to SR 6.7 million (December 31, 2019: SR 16.8 million) and is included in 'salaries and employee related expenses' with a corresponding increase in long term cash bonus plan under "employee benefits" (note 18).

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14. SHARE BASED PAYMENT ARRANGEMENTS (continued)

Moreover, total payments to employees in respect of long term cash bonus plan during the year ended December 31, 2020 amounted to SR 23.24 million.

14.3 During the year ended December 31, 2020, the Group purchased its shares previously vested under share based arrangements amounting to SR 1.8 million (2019: SR 44.45 million) and as such, the cumulative balance of such treasury shares as at December 31, 2020 amounted to SR 247.8 million (December 31, 2019: SR 246 million)

15. STATUTORY RESERVE

In accordance with the Company's Bylaws and the Regulations for Companies in the Kingdom of Saudi Arabia, the Group transfers minimum 10% of the net income for the year to a statutory reserve until such reserve equals 30% of its share capital. The statutory reserve in the consolidated financial statements is the statutory reserve of the Group. This reserve currently is not available for distribution to the shareholders of the Group.

16. NON-CONTROLLING INTEREST

The summarized financial information of the Oryx Regional Private Equity Fund, before inter-company eliminations, is provided below:

Description	**December 31, 2020**	December 31, 2019
Summarised statement of financial position		
Current assets	**15,111**	3,644
Non-current assets	**--**	15,921
Current liabilities	**(129)**	(89)
Total Equity	**14,982**	19,476
Attributable to:		
Equity holders of Parent	**7,491**	9,738
Non-controlling Interest	**7,491**	9,738
	14,982	19,476
Summarised statement of profit or loss		
Expenses	**(5,262)**	(1,653)
Loss for the year	**(5,262)**	(1,653)
Other comprehensive income	**768**	1,594
Total comprehensive loss	**(4,494)**	(59)
Attributable to:		
Equity holders of Parent	**(2,247)**	(29)
Non-controlling interest	**(2,247)**	(30)
	(4,494)	(59)
Summarised statement of cash flows		
Operating	**(503)**	(69)
Investing	**12,000**	--
Cash flow from operating and investing activities and net increase in cash and cash equivalents	**11,497**	(69)

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17. LEASE LIABILITIES

	Buildings	Others	Total
Recognised as at January 1, 2019	16,562	444	17,006
Lease terminated during the year	(1,991)	--	(1,991)
Interest expense for the year (note 24)	599	13	612
Payments during the year	(3,279)	(309)	(3,588)
Closing balance as at December 31, 2019	11,891	148	12,039
Balance as at January 1, 2020	**11,891**	**148**	**12,039**
Addition during the year	**1,291**	**--**	**1,291**
Interest expense for the year (note 24)	**656**	**--**	**656**
Payments during the year	**(2,516)**	**--**	**(2,516)**
Closing balance as at December 31, 2020	**11,322**	**148**	**11,470**

a) The above mentioned lease liabilities have been presented in the consolidated statements of financial position is as follows:

	December 31, 2020	December 31, 2019
Non-current liabilities	**9,005**	9,506
Current liabilities	**2,465**	2,533
	11,470	12,039

18. EMPLOYEE BENEFITS

	December 31, 2020	December 31, 2019
Employees' end-of-service benefits (note c)	**57,517**	46,597
Long term cash bonus (note 14.2)	**25,202**	41,732
Saving plan and other employees termination benefits (note b)	**11,223**	8,829
	93,942	97,158

a) The above mentioned employee benefits have been presented in the consolidated statements of financial position is as follows:

	December 31, 2020	December 31, 2019
Non-current liabilities	**68,740**	73,509
Current liabilities	**25,202**	23,649
	93,942	97,158

b) Total expense in relation to saving plan and other employee termination benefits recognised during the year ended December 31, 2020 amounted to SR 1.7 million (2019 : SR 2.4 million).

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18. EMPLOYEE BENEFITS (continued)

c) The Company operates an approved unfunded employees' end of service benefits plan ("EOSB") for its employees as required by the Saudi Arabian Labor Law. The movement in EOSB during the year ended December 31, is as follows:

	2020	2019
Opening balance	**46,597**	41,867
Included in profit or loss:		
- Current service cost	**7,237**	5,830
- Interest cost	**1,237**	1,337
Actuarial loss included in Other Comprehensive Income	**6,051**	10,667
Benefits paid	**(3,605)**	(13,104)
Closing balance	**57,517**	46,597

Actuarial assumptions:
The following were the principal actuarial assumptions applied at the reporting date:

	2020	2019
Discount rate	**3%**	2.8%
Expected rate of salary growth	**3.5%**	3%
Retirement age	**60 years**	60 years

At December 31, 2020, the weighted-average duration of the defined benefit obligation was 7 years (2019: 7 years).

Sensitivity analysis:
Reasonably possible changes at the reporting date to one of the actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below:

	December 31, 2020		December 31, 2019	
	Increase	**Decrease**	Increase	Decrease
Discount rate (+ / - 0.5%)	**(3,234)**	**3,529**	2,125	2,303
Future salary growth (+ / - 0.5%)	**3,497**	**(3,237)**	2,286	2,131

19. RELATED PARTY TRANSACTIONS

Related parties include the shareholder, associates and affiliated companies, other entities related to consolidated subsidiaries and key management personnel of the Group. Terms and conditions of these transactions are approved by the Group's management.

a) Transactions with The National Commercial Bank (the Bank – Parent Company):

	2020	2019
Transactions included in consolidated statement of profit or loss:		
Management and performance fee charged to the Bank	**19,833**	8,106
Investment banking fees charged to the Bank	**310**	310
Incentive expense charged by the Bank	**588**	460
IT related expenses charged by the Bank	**30,608**	27,357
Premises related expenses charged by the Bank	**6,292**	1,236
Finance cost on borrowing from the Bank	**4,019**	123
Rental income charged to the Bank	**5,056**	--

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19. RELATED PARTY TRANSACTIONS (continued)

	2020	2019
Balances included in consolidated statement of financial position:		
Balances with the Bank	**125,867**	74,488
Amount due to the Bank	**34,776**	31,125
Bank borrowings (including accrued finance cost)(note (i) below)	**288,341**	32,123

i) During the year ended December 31, 2019, the Company obtained financing from National Commercial Bank ("the Parent" or "the Bank") with an approved facility limit of SR 250 million (further extended to SR 800 million during the year ended December 31, 2020), with final repayment due by August 26, 2021 and carrying profit at commercial market rate.

Assets held in a fiduciary capacity		
Bank's assets under management	**3,225,844**	3,180,122

b) Transactions with investment funds managed by the Group:

	2020	2019
Transactions included in consolidated statement of profit or loss:		
Management fee earned on funds managed by the Group	**448,833**	298,013
Performance and transaction fee earned on funds managed by the Group	**20,759**	21,344
Balances included in consolidated statement of financial position:		
Investment in funds managed by the Group (note 9)	**1,346,268**	718,580
Advance against purchase of investment	**--**	9,375
Management and performance fee receivable from funds managed by the Group	**108,782**	93,938

c) Transactions with key management personnel:

Key management personnel of the Company comprise senior executive management and the Board of Directors. Details of the remuneration charged to the Group's consolidated statement of profit or loss and relevant balances outstanding at the year-end are as follows:

	2020	2019
Transactions included in consolidated statement of profit or loss:		
Short term benefits	**35,824**	34,976
Board of Directors remuneration	**2,820**	3,120
Balances included in consolidated statement of financial position:		
End-of-service benefits	**9,049**	7,356
Loans and advances	**153**	814

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20. ACCOUNTS PAYABLE, ACCRUALS AND OTHER LIABILITIES

	December 31, 2020	December 31, 2019
Accrued expenses and other payables (note "a" below)	**171,151**	152,108
Provision for Zakat and withholding tax (note 30)	**65,572**	43,840
Accrued customer rebates and other current liabilities	**38,742**	26,296
	275,465	222,244

a) Accrued expenses and other payables include staff payables amounting to SR 68 million (December 31, 2019: SR 75 million).

21. REVENUE

Following is a disaggregation of total revenue by major services provided by the Group and timing of recognition for the period ended December 31:

	Asset Management		**Brokerage**		**Investment Banking**		**Total**	
	2020	2019	**2020**	2019	**2020**	2019	**2020**	2019
Primary geographical markets:								
Kingdom of Saudi Arabia	**731,269**	590,234	**817,077**	290,311	**120,284**	91,278	**1,668,630**	971,823
Others	**50,381**	37,029	**--**	--	**--**	--	**50,381**	37,029
	781,650	627,263	**817,077**	290,311	**120,284**	91,278	**1,719,011**	1,008,852
Less: directly attributable expenses	**(242,913)**	(125,019)	**(388,553)**	(166,880)	**(3,053)**	(2,392)	**(634,519)**	(294,291)
Fee from services, net	**538,737**	502,244	**428,524**	123,431	**117,231**	88,886	**1,084,492**	714,561
Timing of revenue recognition:								
Point-in-time	**781,650**	627,263	**814,714**	289,226	**99,286**	86,031	**1,695,650**	1,002,520
Over time	**--**	--	**2,363**	1,085	**20,998**	5,247	**23,361**	6,332
	781,650	627,263	**817,077**	290,311	**120,284**	91,278	**1,719,011**	1,008,852
Less: directly attributable Expenses	**(242,913)**	(125,019)	**(388,553)**	(166,880)	**(3,053)**	(2,392)	**(634,519)**	(294,291)
Fee from services, net	**538,737**	502,244	**428,524**	123,431	**117,231**	88,886	**1,084,492**	714,561

22. SALARIES AND EMPLOYEE RELATED EXPENSES

	2020	2019
Salaries and benefits	**173,353**	187,118
Share based payment arrangements charge (note 14.1 & 14.2)	**18,149**	22,667
Others	**9,369**	10,140
	200,871	219,925

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23. OTHER GENERAL AND ADMINISTRATIVE EXPENSES

	2020	2019
IT and communication expenses	**40,581**	36,218
Legal, professional, consultancy and outsourced	**39,857**	32,738
Travel, marketing and training expenses	**7,675**	9,666
Sales incentive (note 19 (a))	**588**	460
Directors remuneration (note 19)	**2,820**	3,120
Withholding tax and others	**9,573**	4,907
	101,094	87,109

24. FINANCE COST

	2020	2019
Finance cost on lease liabilities (note 17)	**656**	612
Finance cost on employee benefits (note 18)	**1,237**	1,337
Finance cost on bank borrowings (note 19)	**4,019**	123
	5,912	2,072

25. BASIC AND DILUTED EARNINGS PER SHARE

Basic earnings per share amounts are calculated by dividing the net profit for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year. Diluted earnings per share amounts are calculated by dividing the net profit attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of any dilutive potential ordinary shares into ordinary shares.

Details of Basic and diluted earnings per share are as follows:

	Basic EPS		**Diluted EPS**	
	2020	2019	**2020**	2019
Net income for the year attributable to Equity holders of the Parent Company	**754,636**	418,283	**754,636**	418,283
Weighted-average number of shares outstanding	**90,712,060**	90,770,872	**90,712,060**	90,770,872
Earnings per share	**8.32**	4.61	**8.32**	4.61

Weighted average number of ordinary shares are as follows:

	2020	2019
Issued ordinary shares	**100,000,000**	100,000,000
Effect of treasury shares	**(9,287,940)**	(9,229,128)
Weighted average number of ordinary shares at December 31	**90,712,060**	90,770,872

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26. CONTINGENCIES AND COMMITMENTS

Following are the details of the Group's commitments and contingencies as at December 31, 2020:

Contingencies

a) The Group has received certain claims from customers as part of its operations wherein the Group's legal counsel believes that the likelihood of claim being decided against the Group is negligible. Accordingly, no provision has been recognized there against.

Commitments

a) As at the reporting date, commitments in respect of private equity investment future capital calls amount to SR 10.1 million (2019: SR 20.4 million).

b) As at the reporting date, capital commitments amount to SR 5.2 million (2019: SR 3.3 million) for the acquisition of IT software.

27. FIDUCIARY ASSETS

The Group holds assets on behalf of its customers. As the Group acts in a fiduciary capacity, these assets are not included in the consolidated statement of financial position. Following is the detail of assets held in a fiduciary capacity:

	December 31, 2020	December 31, 2019
Assets under management		
- Asset management division	**189,035,260**	159,188,802
- Securities division	**1,083,333**	622,477
Cash balances held under brokerage accounts	**18,034,071**	9,795,824
Total fiduciary assets	**208,152,664**	169,607,103

28. SEGMENT INFORMATION

An operating segment is a component of an entity:

(a) that engages in business activities from which it may earn revenue and incur expenses (including revenues and expenses relating to transactions with other components of the same entity).

(b) whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and

(c) for which discrete financial information is available.

For management purposes, the Group is organised into the following operating segments:

Securities	The Securities Division consists of accounts / portfolios of clients by providing facilities and services in trading Local and international equities. Moreover, it also manages margin lending portfolio.
Investment Banking	The Investment Banking Division is involved in the following activities: Merger and Acquisition Advisory Services, Initial Public Offering Advisory Services, Real Estate Advisory Services and Privatization and Private Placements.
Asset & Wealth Management	The Asset & Wealth Management Division is engaged in the management of clients' assets and in the development and sales of asset management products and services.
NCB Capital Dubai Inc.	NCB Capital Dubai Inc. is an overseas subsidiary and its principal activity is to source, structure and invest in attractive private equity, real estate and other alternative products.

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28. SEGMENT INFORMATION (continued)

	As of and for the year ended December 31, 2020				
Description	**Securities**	**Investment Banking**	**Asset & wealth Management**	**NCB Capital Dubai Inc.**	**Total**
Total operating income	**452,405**	**117,231**	**524,214**	**48,382**	**1,142,232**
Total operating expenses	**(97,592)**	**(31,544)**	**(177,869)**	**(14,856)**	**(321,861)**
Net operating income	**354,813**	**85,687**	**346,345**	**33,526**	**820,371**
Non-operating income / expense - net	**(4,019)**	**--**	**(1,563)**	**--**	**(5,582)**
Net income (before Zakat and non-controlling interest)	**350,794**	**85,687**	**344,782**	**33,526**	**814,789**
Reportable segment assets and liabilities					
Total assets	**804,042**	**74,626**	**2,026,721**	**76,463**	**2,981,852**
Total liabilities	**420,616**	**42,692**	**234,430**	**6,256**	**703,994**

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28. SEGMENT INFORMATION (continued)

	As of and for the year ended December 31, 2019				
Description	Securities	Investment Banking	Asset & wealth Management	NCB Capital Dubai Inc.	Total
Total operating income	141,897	88,886	524,305	31,754	786,842
Total operating expenses	(97,817)	(29,064)	(182,856)	(16,382)	(326,119)
Net operating income	44,080	59,822	341,449	15,372	460,723
Non-operating (loss) / income	(123)	--	(3,341)	197	(3,267)
Net income (before Zakat and non-controlling interest)	43,957	59,822	338,108	15,569	457,456
Reportable segment assets and liabilities					
Total assets	449,954	59,455	1,362,582	42,203	1,914,194
Total liabilities	146,624	34,026	207,403	6,636	394,689

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28. SEGMENT INFORMATION (continued)

Geographical concentration of reportable segments' assets and liabilities (based on the location of assets and liabilities), are presented as below:

	As of and for the year ended December 31, 2020				
	Kingdom of Saudi Arabia	United Arab Emirates	North America	Other regions	Total
Property, equipment and software	127,426	458	--	--	127,884
Right of use assets	9,352	1,205	--	--	10,557
Investment properties	76,272	--	--	--	76,272
Investment in associates	--	--	--	2,174	2,174
Financial Investments	1,501,135	18,949	108,093	--	1,628,177
Prepayments and other assets	287,176	15,809	--	--	302,985
Murabaha financing	635,137	--	--	--	635,137
Cash and cash equivalents	124,543	58,984	--	15,139	198,666
Total Assets	2,761,041	95,405	108,093	17,313	2,981,852
Lease liabilities	10,305	1,165	--	--	11,470
Employee benefits	92,089	1,853	--	--	93,942
Bank Borrowings	288,341	--	--	--	288,341
Amount due to The National Commercial Bank	34,776	--	--	--	34,776
Accounts payable, accruals and other liabilities	271,744	3,238	--	--	274,982
Dividend payable	483	--	--	--	483
Total Liabilities	697,738	6,256	--	--	703,994

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28. SEGMENT INFORMATION (continued)

Geographical concentration of reportable segments' assets and liabilities (based on the location of assets and liabilities), are presented as below:

	As of and for the year ended December 31, 2019					
	Kingdom of Saudi Arabia	United Arab Emirates	Egypt	North America	Other regions	Total
Property, equipment and software	117,394	553	--	--	--	117,947
Right of use assets	11,328	387	--	--	--	11,715
Investment properties	77,333	--	--	--	--	77,333
Investment in associates	--	--	15,928		2,173	18,101
Financial Investments	851,716	18,928	--	99,720	--	970,364
Prepayments and other assets	219,745	23,222	--	--	--	242,967
Murabaha financing	378,552	--	--	--	--	378,552
Cash and cash equivalents	72,601	15,867	--	--	8,747	97,215
Total Assets	1,728,669	58,957	15,928	99,720	10,920	1,914,194
Lease liabilities	12,027	12	--	--	--	12,039
Employee benefits	95,161	1,997	--	--	--	97,158
Bank Borrowings	32,123	--	--	--	--	32,123
Amount due to The National Commercial Bank	31,125	--	--	--	-	31,125
Accounts payable, accruals and other liabilities	217,617	4,627	--	--	--	222,244
Total Liabilities	388,053	6,636	--	--	--	394,689

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29. RISK MANAGEMENT

Risk is inherent in the Group's activities but is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. This process of risk management is critical to the Group's continuing profitability and each individual within the Group is accountable for the risk exposure relating to his or her responsibilities. The Group is exposed to credit risk, market risk and liquidity risk. The independent risk control process does not include business risks such as changes in environment, technology and industry. They are monitored through the Group's strategic planning process.

Credit risk

It is the risk that one party to a financial instrument may fail to discharge an obligation and can cause the other party to incur a financial loss. Credit exposures arise principally in credit-related risk that is embedded in positive fair value of derivatives.

The Group attempts to control credit risk by monitoring credit exposures, limiting transactions with specific counterparties, and continually assessing the creditworthiness of counterparties. The Group's risk management policies are designed to identify and to set appropriate risk limits and to monitor the risks and adherence to limits.

a) Maximum exposure to credit risk at the reporting date:

Assets	**December 31, 2020**	December 31, 2019
Balances with banks (note 12)	**198,641**	97,190
Financial investments (note 9)	**100,161**	73,655
Murabaha financing (note 11)	**635,137**	378,552
Other assets (note 10)	**297,001**	230,260
	1,230,940	779,657

b) Analysis of financial assets

At December 31, 2020, the aging of financial assets is as follows:

	2020				
Financial Assets	**Neither past due nor impaired**	**Past due 1–30 days**	**Past due 31–90 days**	**Past due over 90 days**	**Total**
Financial investments (note 9)	**100,161**	**--**	**--**	**--**	**100,161**
Murabaha financing (note 11)	**635,137**	**--**	**--**	**--**	**635,137**
Balances with banks (note 12)	**198,641**	**--**	**--**	**--**	**198,641**
Other assets	**218,025**	**2,023**	**11,640**	**65,313**	**297,001**
Net financial assets	**1,151,964**	**2,023**	**11,640**	**65,313**	**1,230,940**

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29. RISK MANAGEMENT (continued)

Credit risk (continued)

At December 31, 2019, the aging of financial assets that were not impaired is as follows:

	2019				
Financial Assets	Neither past due nor impaired	Past due 1–30 days	Past due 31–90 days	Past due over 90 days	Total
Financial investments (note 9)	73,655	--	--	--	73,655
Murabaha financing (note 11)	378,552	--	--	--	378,552
Balances with banks (note 12)	97,190	--	--	--	97,190
Other assets	199,537	2,063	1,050	27,471	230,121
Net financial assets	748,934	2,063	1,050	27,471	779,518

c) Credit quality of financial assets:

The financial assets of the Group represent credit worthy counter parties with an established mechanism of initial and ongoing credit enhancement enforced by the management.

d) Collateral and offsetting:

At the reporting date, except for Murabaha financing, the Group has not placed / received any significant collaterals or credit enhancements in respect of its financial assets / liabilities. At the reporting date, there were no significant netting arrangements or financial assets / liabilities eligible for offsetting.

e) Expected credit loss:

The Group considers that its cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties. The Group's main exposure under ECL model is the Group's investments at amortised cost.

Market risk

Market risk is the risk that changes in market prices, such as interest rates, equity prices and foreign exchange rates, will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return on risk.

i) Market price risk:

Equity price risk is the risk that the fair value of equities changes as a result of changes in the level of equity indices and the value of individual stocks.

a) FVTPL investments

At the reporting date, FVTPL investments are represented by external hedge funds, private equity funds, private real estate funds and mutual funds respectively. The Group regularly monitors on individual basis the market risk on these investments. At the reporting date, a 10% (December 31, 2019: 10%) change in the net asset values of the underlying investments would have increased or decreased the net income by SR 142.6 million (December 31, 2019: SR 77 million).

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29. RISK MANAGEMENT (continued)

Market risk (continued)

i) Market price risk (continued):

b) FVOCI investments

At the reporting date, FVOCI investments are represented by REITS managed by NCB Capital and other companies respectively. The Group regularly monitors on individual basis the market risk on these investments. At the reporting date, a 10% change in the net asset values of the underlying investments would have increased or decreased the net income by SR 12.8 million (December 31, 2019: SR 12.7 million).

ii) Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates may affect future cash flows or the fair values of financial instruments. At the reporting date, the Group is not exposed to interest rate risk, except borrowings from Bank which is at variable rate of interest. As at and for the year ended December 31, 2020, a 10% change in average SIBOR would have resulted in SR 0.4 million change in profit or loss.

iii) Currency risk

Currency risk is the risk that the value of a financial instrument may fluctuate due to changes in foreign exchange rates. The Group manages exposure to the effects of fluctuations in prevailing foreign currency exchange rates on its financial position and cash flows. It has set limits on positions by currency. Positions are monitored regularly to ensure these are maintained within established limits. At the reporting date, the Group had the following significant net exposures denominated in foreign currencies:

	2020 **Long / (short)**	2019 Long / (short)
US Dollars (USD)	**489,121**	180,758
Egyptian Pounds (EGP)	**--**	15,928
Pound Sterling (GBP)	**306**	1,927
Euro (EUR)	**(67)**	1,470
Bahrain Dinar (BHD)	**185**	(5,957)
GCC (AED)	**5,006**	(20,706)

Long position indicates that assets in a foreign currency are higher than the liabilities in the same currency; the opposite applies to short position.

29. RISK MANAGEMENT (continued)

Market risk (continued)

The table below indicates the extent to which the Group was exposed to currency risk at December 31, 2020 on its foreign currency positions. The analysis is performed for reasonably possible movement of the currency rate against the SR with all other variables held constant. As the Saudi Riyal is pegged against the USD, AED and Bahrain Dinar (BHD), it is unlikely to be a significant impact on the consolidated statement of profit or loss in respect of the USD, AED and BHD exposure.

	2020					
	Decrease in exchange currency %	**Effect on net profit SR '000**	**Effect on Other Reserves SR '000**	**Increase in exchange currency %**	**Effect on net profit SR '000**	**Effect on Other Reserves SR '000**
Pound Sterling (GBP)	**15%**	**(46)**	--	**15%**	**46**	--
Euro (EUR)	**15%**	**10**	--	**15%**	**(10)**	--
Egyptian Pounds (EGP)	**15%**	**--**	--	**15%**	**--**	--

	2019					
	Decrease in exchange currency %	Effect on net profit SR '000	Effect on Other Reserves SR '000	Increase in exchange currency %	Effect on net profit SR '000	Effect on Other Reserves SR '000
Pound Sterling (GBP)	15%	(289)	--	15%	289	--
Euro (EUR)	15%	(220)	--	15%	220	--

Liquidity risk

Liquidity risk is the risk that the Group might be unable to meet its payment obligations when they fall due under normal and stress circumstances. Liquidity risk can be caused by market disruptions or credit downgrades, which may cause certain sources of funding to be less readily available. To mitigate this risk, management manages assets with liquidity in mind, maintaining an appropriate balance of cash, cash equivalents and readily marketable securities and monitors future cash flows and liquidity on regular basis.

Analysis of financial liabilities by remaining contractual maturities

The table below summarizes the maturity profile of the Group's financial liabilities at December 31, 2020 and December 31, 2019 based on contractual undiscounted repayment obligations. The contractual maturities of liabilities have been determined on the basis of the remaining period at the reporting date to the contractual maturity date. Repayments which are subject to notice are treated as if notice were to be given immediately.

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29. RISK MANAGEMENT (continued)

Liquidity risk (continued)

December 31, 2020		**Contractual cash flows**					
Financial liabilities	**Carrying Amount**	**On demand**	**Less than 3 months**	**3 to 12 months**	**1 to 5 years**	**Over 5 years**	**Total**
Bank borrowings	**288,341**	**--**	**139,271**	**150,829**	**--**	**--**	**290,100**
Amount due to The National Commercial Bank	**34,776**	**--**	**34,776**	**--**	**--**	**--**	**34,776**
Accounts payable, accruals and other liabilities	**162,267**	**14,689**	**147,578**	**--**	**--**	**--**	**162,267**
Total undiscounted financial Liabilities	**485,384**	**14,689**	**321,625**	**150,829**	**--**	**--**	**487,143**

December 31, 2019		Contractual cash flows					
Financial liabilities	Carrying Amount	On demand	Less than 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
Bank borrowings	32,123	--	--	32,867	--	--	32,867
Amount due to The National Commercial Bank	31,125	--	31,125	--	--	--	31,125
Accounts payable, accruals and other liabilities	147,187	14,689	132,014	484	--	--	147,187
Total undiscounted financial Liabilities	210,435	14,689	163,139	33,351	--	--	211,179

30. ZAKAT

The movement in Zakat during the year ended December 31 is as follows:

	December 31, 2020	December 31, 2019
Balance as at January 1	**43,840**	67,991
Charge for the year	**62,400**	40,000
Payments during the year	**(40,668)**	(64,151)
Balance as at December 31	**65,572**	43,840

The Company has filed Zakat returns up to the financial year ended December 31, 2019 with the General Authority of Zakat and Tax ("GAZT"), and obtained Zakat certificate valid until April 30, 2021. Zakat assessments have been finalized for the years 2007 to 2013 and 2018. Moreover, GAZT has raised queries for the years 2014 to 2016, and is currently reviewing the Company's responses thereon.

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31. CAPITAL MANAGEMENT

The Group's objectives when managing capital are to comply with the capital requirements set by the Capital Market Authority (CMA) to safeguard the Group's ability to continue as a going concern and to maintain a strong capital base. During the year ended December 31, 2013, new Prudential Rules (the "rules") were introduced by the CMA pursuant to its Resolution Number 1-40-2012 dated 17/2/1434H corresponding to 30/12/2012G. The rules state that an authorised person shall continually possess a capital base which corresponds to not less than the total of the capital requirements as prescribed under Part 3 of Prudential Rules.

	2020	2019
Capital base:		
Tier I capital	**2,135,890**	1,386,083
Tier II capital	**--**	--
Total	**2,135,890**	1,386,083
Minimum capital requirement:		
Credit Risks	**442,663**	369,825
Market Risks	**373,242**	203,119
Operational Risks	**132,633**	107,938
Total	**948,538**	680,882
Surplus in Capital	**1,187,352**	705,201
Total capital ratio	**2.25**	2.04

32. FAIR VALUES

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. Differences can therefore arise between the book values under the historical cost method and fair value estimates.

The fair values of the Group's financial instruments are not materially different from their carrying values.

a. Fair value information for financial instruments at fair value

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities.
Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.
Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

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32. FAIR VALUES (continued)

	December 31, 2020			
	Level 1	**Level 2**	**Level 3**	**Total**
Financial assets				
FVTPL Investments	1,314,400	--	111,614	**1,426,014**
FVOCI Investments	128,185	--	--	**128,185**
	1,442,585	--	111,614	**1,554,199**

	December 31, 2019			
	Level 1	Level 2	Level 3	Total
Financial assets				
FVTPL Investments	666,887	--	103,254	770,141
FVOCI Investments	126,568	--	--	126,568
	793,455	--	103,254	896,709

During the year ended December 31, 2020, there were no transfers between level 1 and level 2 fair value measurements.

Movements in level 3 are as follows:

	2020	2019
Opening balance	**103,254**	83,554
Net movement in fair value	**598**	12,371
Purchases	**19,702**	20,877
Sales / distributions	**(11,940)**	(13,548)
Closing balance	**111,614**	103,254

b. Fair value information for financial instruments not measured at fair value

The fair values of cash and cash equivalents, amortised cost investments, murahabha financing and other receivables at December 31, 2020 and December 31, 2019 approximate their carrying values.

c. Sensitivity of level 3 investments

At the reporting date, a 10% change in the fair value of level 3 investments would have increased or decreased the net income by SR 11.1 million (December 31, 2019: SR 10.3 million).

d. Valuation technique and significant unobservable inputs for financial instruments at fair value

The Group uses various valuation techniques for determination of fair values for financial instruments classified under levels 2 and 3 of the fair value hierarchy. These techniques and the significant unobservable inputs used therein are analyzed below. The Group utilizes fund manager reports (and appropriate discounts or hair-cuts where required) for the determination of fair values of private equity funds, hedge funds and real estate funds. The fund manager deploys various techniques (such as discounted cash flow models and multiples method) for the valuation of underlying financial instruments classified under level 2 and 3 of the respective fund's fair value hierarchy. Significant unobservable inputs embedded in the models used by the fund manager include risk adjusted discount rates, marketability and liquidity discounts and control premiums.

33. AMENDMENTS TO STANDARDS AND STANDARDS ISSUED AND NOT YET EFFECTIVE

AMENDMENTS TO EXISTING STANDARDS

The adoption of the following amendments to the existing standards had no significant impact on the consolidated financial statements for the current period or prior periods and is expected to have no significant effect in future periods:

- Amendments to References to Conceptual Framework in IFRS Standards;
- Definition of a Business (Amendment to IFRS 3);
- Definition of Material (Amendment to IAS 1 and IAS 8);
- Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7); and
- COVID-19 Related Rent Concession (Amendments to IFRS 16).

PRONOUNCEMENTS ISSUED AND NOT YET EFFECTIVE

A number of new pronouncements are effective for annual periods beginning on or after January 1, 2021 and earlier application is permitted; however, the Group has not early adopted the new or amended standards in preparing these consolidated financial statements.

- Interest Rate Benchmark Reform – Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16);
- Onerous Contracts – Cost of Fulfilling a Contract (Amendment to IAS 37);
- Annual Improvements to IFRS Standards 2018-2020;
- Property, Plant and Equipment: Proceeds from Intended Use (Amendment to IAS 16);
- Reference to the Conceptual Framework (Amendment to IFRS 3);
- IFRS 17 Insurance Contracts and amendments to IFRS 17;
- Classification of Liabilities as Current or Non-Current (Amendments to IAS 1); and
- Sale or Contribution of Assets between an Investor and its Associates or Joint Venture (Amendments to IFRS 10 and IAS 28)

Based on management's assessment, the new pronouncements are not expected to have any material impact on the consolidated financial statements of the Group.

34. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorized for issue by the Company's Board of Directors on March 22, 2021, corresponding to Shaban 22, 1442H.