

NOMW Capital Company for Financial Consultant
(Joint Stock Company)
FINANCIAL STATEMENTS
For the year ended 31 December 2019
together with the
Independent Auditor's Report

NOMW CAPITAL COMPANY FOR FINANCIAL CONSULTANT
(Closed Joint Stock Company)
FINANCIAL STATEMENTS
For the year ended 31 December 2019

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders

NOMW Capital Company for Financial Consultant
(Closed Joint Stock Company)

Report on the Audit of the Financial Statements

Our opinion

We have audited the financial statements of NOMW Capital Company for Financial Consultant (the "Company"), which comprise the financial position as at 31 December 2019, and the statements of income, comprehensive income, changes in shareholders' equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies..

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2019 and its financial performance and its 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 endorsed by the Saudi Organization of 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 Financial Statements*" section of our report. We are independent of the Company 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 Company's financial statements and we have fulfilled our ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

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

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

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

INDEPENDENT AUDITOR'S REPORT (Continued)

To the Shareholders

**NOMW Capital Company for Financial Consultant
(Closed Joint Stock Company)**

Report on the Audit of the Financial Statements (Continued)

Auditor's responsibilities for the audit of the financial statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than the one resulting from error, as fraud may involve collusion, forgery, intentional omission, 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 internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

INDEPENDENT AUDITOR'S REPORT (Continued)**To the Shareholders****NOMW Capital Company for Financial Consultant
(Closed Joint Stock Company)****Report on the Audit of the Financial Statements (Continued)**

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

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

For Al-Bassam & Co.
Riyadh, Kingdom of Saudi Arabia



Ibrahim A. Al-Bassam
Certified Public Accountant
License No. 337

30 March 2020
6 Shaban 1441

NOMW CAPITAL COMPANY FOR FINANCIAL CONSULTANT
 (Closed Joint Stock Company)
STATEMENT OF FINANCIAL POSITION
 As at 31 December 2019
(Saudi Arabian Riyals)

| | <u>Note</u> | <u>31 December 2019</u> | <u>31 December 2018</u> |
|-------------------------------------------------------|-------------|-------------------------|-------------------------|
| ASSETS | | | |
| NON CURRENT ASSETS | | | |
| Investments measured at FVOCI | 9 | 8,572,398 | 8,857,984 |
| Property and equipment | 10 | 41,922 | 56,629 |
| TOTAL NON CURRENT ASSETS | | 8,614,320 | 8,914,613 |
| CURRENT ASSETS | | | |
| Cash and cash equivalents | 4 | 21,551,601 | 36,226,976 |
| Accounts Receivable | 6 | 1,965,287 | 2,133,648 |
| Investments carried at FVIS | 5 | 236,298 | 256,304 |
| Prepayments and other current assets | 7 | 541,787 | 929,082 |
| Due from related parties | 8 | 32,650,212 | 15,706,163 |
| TOTAL CURRENT ASSETS | | 56,945,185 | 55,252,173 |
| TOTAL ASSETS | | 65,559,505 | 64,166,786 |
| SHAREHOLDER'S EQUITY AND LIABILITIES | | | |
| SHARE HOLDERS' EQUITY | | | |
| Share Capital | 14 | 50,000,000 | 50,000,000 |
| Statutory reserve | 15 | 2,829,653 | 1,811,197 |
| Retained earnings | | 11,279,583 | 11,113,478 |
| Investments fair value reserve | | (4,585,504) | (4,299,918) |
| Remeasurements of post-employment benefit obligations | 13 | 104,435 | 377,457 |
| Total shareholder's equity | | 59,628,167 | 59,002,214 |
| NON CURRENT LIABILITIES | | | |
| Employees' post-employment benefits | 13 | 1,420,141 | 866,242 |
| CURRENT LIABILITIES | | | |
| Accrued Zakat | 12 | 1,460,251 | 1,320,563 |
| Accrued expenses and other current liabilities | 11 | 3,050,946 | 2,977,767 |
| TOTAL CURRENT LIABILITIES | | 4,511,197 | 4,298,330 |
| TOTAL LIABILITIES | | 5,931,338 | 5,164,572 |
| Total shareholders' equity and liabilities | | 65,559,505 | 64,166,786 |

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

NOMW CAPITAL COMPANY FOR FINANCIAL CONSULTANT
 (Closed Joint Stock Company)
STATEMENT OF INCOME
 For the year ended 31 December 2019
(Saudi Arabian Riyals)

| | <u>Note</u> | For the year ended 31 December 2019 | For the year ended 31 December 2018 |
|-------------------------------------|-------------|----------------------------------------------------|----------------------------------------------------|
| INCOME | | | |
| Asset management fee | 8 | 17,268,865 | 16,353,614 |
| Arrangement fee | | 2,904,000 | 2,929,137 |
| Custody fee | | 1,601,667 | 1,296,096 |
| Income from investment | 16 | 401,104 | 339,846 |
| TOTAL INCOME | | 22,175,636 | 20,918,693 |
| EXPENSES | | | |
| General and administrative expenses | 17 | (10,534,831) | (10,322,067) |
| TOTAL EXPENSES | | (10,534,831) | (10,322,067) |
| NET INCOME BEFORE ZAKAT | | 11,640,805 | 10,596,626 |
| Zakat | 12 | (1,456,244) | (1,355,947) |
| NET INCOME FOR THE YEAR | | 10,184,561 | 9,240,679 |

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

NOMW CAPITAL COMPANY FOR FINANCIAL CONSULTANT
 (Closed Joint Stock Company)
STATEMENT OF COMPREHENSIVE INCOME
 For the year ended 31 December 2019
(Saudi Arabian Riyals)

| | Note | For the year ended 31 December 2019 | For the year ended 31 December 2018 |
|---------------------------------------------------------------------------------------------|------|----------------------------------------------|----------------------------------------------|
| NET INCOME FOR THE YEAR | | 10,184,561 | 9,240,679 |
| Items cannot be reclassified classified to statement of income in subsequent year: | | | |
| - Net change on equity instruments carried at fair value through other comprehensive income | 9 | (285,586) | (1,276,248) |
| - Remeasurements of post-employment benefit obligations | 13 | (273,022) | 379,889 |
| OTHER COMPREHENSIVE LOSS FOR THE YEAR | | (558,608) | (896,359) |
| TOTAL COMPREHENSIVE INCOME FOR THE YEAR | | 9,625,953 | 8,344,320 |

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

NOMW CAPITAL COMPANY FOR FINANCIAL CONSULTANT
(Closed Joint Stock Company)
STATEMENT OF CHANGES IN SHAREHOLDER'S EQUITY
For the year ended 31 December 2019
(*Saudi Arabian Riyals*)

| | <u>Note</u> | <u>Capital</u> | <u>Statutory Reserve</u> | <u>Retained earnings</u> | <u>Actuarial gain and losses reserves</u> | <u>Investment Fair value reserve</u> | <u>Total</u> |
|-----------------------------------------------|-------------|-------------------|--------------------------|--------------------------|-------------------------------------------|--------------------------------------|-------------------|
| inence at 1 January 2018 | | 50,000,000 | 887,129 | 2,796,867 | (2,432) | (3,023,670) | 50,657,894 |
| income for the year | | - | - | 9,240,679 | - | - | 9,240,679 |
| changes in fair value investments measured at | | | | | | | |
| OCI measurements of post-employment benefit | 9 | - | - | - | - | (1,276,248) | (1,276,248) |
| gations | 13 | - | - | - | 379,889 | - | 379,889 |
| al Comprehensive income for the year | | - | - | 9,240,679 | 379,889 | (1,276,248) | 8,344,320 |
| transferred to statutory reserve | | - | 924,068 | (924,068) | - | - | - |
| inence as at 31 December 2018 | | <u>50,000,000</u> | <u>1,811,197</u> | <u>11,113,478</u> | <u>377,457</u> | <u>(4,299,918)</u> | <u>59,002,214</u> |
| inence at 1 January 2019 | | 50,000,000 | 1,811,197 | 11,113,478 | 377,457 | (4,299,918) | 59,002,214 |
| income for the year | | - | - | 10,184,561 | - | - | 10,184,561 |
| changes in fair value investments measured at | | | | | | | |
| OCI measurements of post-employment benefit | 9 | - | - | - | - | (285,586) | (285,586) |
| gations | 13 | - | - | - | (273,022) | - | (273,022) |
| al Comprehensive income for the year | | - | - | 10,184,561 | (273,022) | (285,586) | 9,625,953 |
| transferred to statutory reserve | | - | 1,018,456 | (1,018,456) | - | - | - |
| idends paid | 21 | <u>50,000,000</u> | <u>2,829,653</u> | <u>11,279,583</u> | <u>104,435</u> | <u>(4,585,504)</u> | <u>59,628,167</u> |

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

NOMW CAPITAL COMPANY FOR FINANCIAL CONSULTANT
 (Closed Joint Stock Company)
STATEMENT OF CASH FLOWS
 For the year ended 31 December 2019
(Saudi Arabian Riyals)

| | For the year ended 31 December 2019 | For the year ended 31 December 2018 |
|----------------------------------------------------------------------------------|----------------------------------------------------|----------------------------------------------------|
| CASH FLOW FROM OPERATING ACTIVITIES | | |
| Net income before Zakat | 11,640,805 | 10,596,626 |
| <i>Adjustments to reconcile net income to net cash from operating activities</i> | | |
| Unrealized loss on investment measured at FVIS | 20,006 | 166,074 |
| Depreciation | 52,672 | 63,602 |
| Provision for Employees' post employment benefits | 284,762 | 365,975 |
| | 11,998,245 | 11,192,277 |
| <i>Changes in operating assets and liabilities</i> | | |
| Accounts Receivable | 168,361 | 2,687,288 |
| Due from related parties | (16,944,049) | (13,480,032) |
| Prepayments and other current assets | 387,295 | (175,029) |
| Accrued expenses and other current liabilities | 73,179 | 2,106,105 |
| | (4,316,969) | 2,330,609 |
| Zakat paid | (1,316,556) | (1,104,923) |
| Employees' post employment benefits paid | (3,885) | (86,788) |
| Net cash (used in) / from operating activities | (5,637,410) | 1,138,898 |
| CASH FLOW FROM INVESTING ACTIVITIES | | |
| Purchase of property and equipment | (37,965) | (19,858) |
| Net cash used in investing activities | (37,965) | (19,858) |
| CASH FLOW FROM FINANCING ACTIVITIES | | |
| Dividends paid | (9,000,000) | - |
| Net cash used in investing activities | (9,000,000) | - |
| | | |
| Net (decrease) / increase in cash and cash equivalents | (14,675,375) | 1,119,040 |
| cash and cash equivalents at opening of the year | 36,226,976 | 35,107,936 |
| cash and cash equivalents at the end of the year | 21,551,601 | 36,226,976 |
| Supplemental non-cash information | | |
| Net changes in fair value of investments measured at FVOCI | (285,586) | (1,276,248) |

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

NOMW CAPITAL COMPANY FOR FINANCIAL CONSULTANT

(Closed Joint Stock Company)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2019

(*Saudi Arabian Riyals*)

1. ORGANIZATION AND PRINCIPAL ACTIVITIES

NOMW Capital Company for Financial Consultant (the "Company") is a Saudi Closed Joint Stock Company established and registered in Riyadh, Kingdom of Saudi Arabia under commercial registration No. 1010404870 on 17 Rabi Thani 1435H (corresponding to 17 February 2014). The Company carries out its activities under authorization license number 13172-37 dated 23 Muharram 1435H (corresponding to 26 November 2013) issued by the Capital Market Authority ("CMA").

The principal activities of the Company are to carry out dealing as principal, underwriting, managing, arranging and acting as custodian in the securities business as per license of the CMA. Further, the Company received the approval of Ministry of Commerce and Industry to start its operations on Thursday 13 Rabi Thani 1435H corresponding to 13 February 2014.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

2.1 Basis of preparation and statement of compliance

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

The financial statements have been prepared on a historical cost convention, except for the measurement at fair value of investments carried at FVIS and investments measured at FVOCI.

2.2 Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Company operates (the "functional currency"). These financial statements are presented in Saudi Arabian Riyal ("SAR") which is the Company's functional and presentation currency.

Transactions and balances

Foreign currency transactions are translated into SAR using the exchange rates prevailing at the date of transactions. Foreign currency assets and liabilities are translated into SAR using the exchange rates.

Prevailing at the statement of financial position date. Foreign exchange gains and losses arising from translation are included in the statement of comprehensive income.

NOMW CAPITAL COMPANY FOR FINANCIAL CONSULTANT

(Closed Joint Stock Company)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2019

(Saudi Arabian Riyals)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

2.3 Critical accounting judgments estimates and assumption

The preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of income, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next accounting period, are described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

Going Concern

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

Impairment of non-financial assets

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

An impairment loss is recognized if the carrying amount of an asset or a cash-generating unit exceeds the recoverable amount. The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present values using the pre-tax discount rate that reflects the current market assessments of time value of money and the risks specific to the asset. The fair value less cost to sell is based on observable market prices or, if no observable market prices exist, estimated prices for similar assets or if no estimated prices for similar assets are available, then based on discounted future cash flow calculations.

Actuarial valuation of employee benefits liabilities

The cost of the post employment benefits ("employee benefits") under defined unfunded benefit plan is determined using actuarial valuation. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, and mortality rates. Due to the complexity of the valuation and its long-term nature, a defined unfunded benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed on an annual basis or more frequently, if required.

2.4 Cash and cash equivalents

Cash and cash equivalents comprise cash with banks and other short-term highly liquid investments, if any, with original maturities of three months or less, which are available to the Company without any restrictions.

NOMW CAPITAL COMPANY FOR FINANCIAL CONSULTANT

(Closed Joint Stock Company)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2019

(Saudi Arabian Riyals)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

2.5 Financial instruments

2.5.1 Measurement methods

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions of the instrument.

At initial recognition, the Company measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through income statement, transaction costs that are incremental and directly attributable to the acquisition or issue of the financial asset or financial liability, such as fees and commissions. Transaction costs of financial assets and financial liabilities carried at fair value through income statement are expensed in the statement of income. Immediately after initial recognition, an expected credit loss allowance (ECL), if material is recognised for financial assets measured at amortised cost, which results in an accounting loss being recognised in the statement of income when an asset is newly originated.

Equity instruments

Equity instruments are instruments that meet the definition of equity from the issuer's perspective; that is, instruments that do not contain a contractual obligation to pay and that evidence a residual interest in the issuer's net assets.

The Company classifies its equity instruments at fair value through income statement (FVIS). The Company subsequently measures all equity investments at fair value through income statement, except where the Management has elected, at initial recognition, to irrevocably designate an equity investment at fair value through other comprehensive income. The Company's policy is to designate equity investments as FVOCI when those investments are held for purposes other than to trade. When this election is used, fair value gains and Losses are recognised in statement of comprehensive income and are not subsequently reclassified to the statement of income, including on disposal. Impairment losses (and reversal of impairment losses) are not reported separately from other changes in fair value. Dividends, when representing a return on such investments, continue to be recognised in the statement of income statement when the Company's right to receive payments is established.

Debt instruments

Debt instruments are those instruments that meet the definition of a financial liability form the issuer's perspective.

Classification and subsequent measurement of debt instruments depend on:

- The Company's business model for managing the asset; and
- The cash flow characteristics of the asset.

Based on these factors, the Company classifies its debt instruments into amortised cost categories:

Amortised cost

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and income (SPPI), and that are not designated at FVIS, are measured at amortised cost. The carrying amount of these assets is adjusted by any expected credit loss allowance. Income earned from these financial assets is recognised in the statement of income using the effective commission rate method.

NOMW CAPITAL COMPANY FOR FINANCIAL CONSULTANT

(Closed Joint Stock Company)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2019

(Saudi Arabian Riyals)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.5.2 Impairment of financial assets

The Company assesses on a forward-looking basis the expected credit loss ("ECL") associated with its financial assets carried at amortised cost. The Company recognises a loss allowance for such losses at each reporting date. The measurement of ECL reflects:

- An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- The time value of resources; and
- Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

2.5.3 Derecognition

Financial assets, or a portion thereof, are derecognised when the contractual rights to receive the cash flows from the assets have expired, or when they have been transferred and either (i) the Company transfers substantially all the risks and rewards of ownership, or (ii) the Company neither transfers nor retains substantially all the risks and rewards of ownership and the Company has not retained control.

2.5.4 Financial liabilities

The Company classifies its financial liabilities at amortised cost unless it has designated liabilities at FVIS. The Company derecognises a financial liability when its contractual obligations are discharged, cancelled or expired.

2.6 Offsetting

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

2.7 Employees' post employment benefits

Post-employment defined benefit plans, end of service benefits plan, indemnity plans and other long-term employee related liabilities represent obligations that will be settled in the future and require actuarial valuations to determine these obligations. Management is required to make further assumptions regarding variables such as discount rates, rates of salary increase, longevity, employee turnover and future healthcare costs, if applicable. Periodically, management consults external actuaries regarding these assumptions. Changes in key assumptions can have a significant impact on the projected benefit obligations and employee defined benefit cost.

2.8 Accrued expenses and other current liabilities

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

2.9 Provisions

A provision is recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made. Provision is not recognised for future operating loss.

2.10 Zakat

Zakat is provided for the Company in accordance with Saudi Arabian fiscal regulations. The provision is charged to the statement of income. Additional amounts, if any, that may become due on finalization of an assessment are accounted for in the year in which assessment is finalized.

NOMW CAPITAL COMPANY FOR FINANCIAL CONSULTANT

(Closed Joint Stock Company)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2019

(Saudi Arabian Riyals)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

2.11 Property and equipment

Property and equipment are stated at cost net of accumulated depreciation and any impairment in value. The cost of property and equipment is depreciated and amortised on the straight-line method over the estimated useful lives of the assets as follows:

| | |
|-----------------------------------|------------------------------------------|
| Leasehold improvements | 2 years or base period whichever is less |
| Computers, equipment and software | 3 years |
| Furniture and fixtures | 3 years |
| Motor vehicles | 5 years |

2.12 Assets under management

The Company offers asset management services to its customers, which include management of certain mutual funds and DPMs. Such assets are held in fiduciary capacity and are not treated as assets of the Company. Accordingly, these are not included in the financial statements and are treated as off-balance sheet items.

2.13 Income recognition

- *Asset management and advisory fee income*

Fees and commissions are recognized when the service has been provided. Portfolio and other management advisory and service fees are recognized based on the applicable service contracts, usually on a time-proportionate basis. Fees received on asset management, financial planning and custody services are recognized over the period when the service is provided.

- *Underwriting fee income*

Underwriting fee income is recognized when the shares are allotted to the investors.

- *Income from murabah placements*

Income from murabah placements on deposits for all commission-bearing financial instruments, are recognized in the statement of income on the effective yield basis. The effective yield is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of the financial asset or liability (or, where appropriate, a shorter period) to the carrying amount of the financial asset or liability. When calculating the effective yield, the Company estimates future cash flows considering all contractual terms of the financial instrument but not future credit losses.

- *Arrangement fee income*

Arrangement fee is recognized based on the underlying agreement when the related transaction are executed and is in accordance with accrual basis.

- *Dividend income*

Dividend income is recognized when the right to receive dividend is established.

2.14 Expenses

All expenses not directly attributable to the earning of income are classified as general and administrative expenses.

NOMW CAPITAL COMPANY FOR FINANCIAL CONSULTANT

(Closed Joint Stock Company)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2019

(*Saudi Arabian Riyals*)

3. NEW STANDARDS, AMENDMENT TO STANDARDS AND INTERPRETATIONS

The accounting policies used in the preparation of these financial information are consistent with those used in the preparation of the annual financial statements for the year ended 31 December 2018, except for leases as follows:

IFRS 16 - Leases

IFRS 16 replaces IAS 17 'Leases', IFRIC 4 'Determining whether an Arrangement contains a Lease', SIC 15 'Operating Leases-Incentives' and SIC 27 'Evaluating the Substance of Transactions Involving the Legal Form of a Lease'.

IFRS 16 'Leases' introduces a single, on-balance sheet accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are optional exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard – i.e. lessors continue to classify leases as finance or operating leases.

The Company has performed an assessment of IFRS 16 and determined the difference as compared to IAS 17 and IFRIC 4 is not material to the Company's financial statements as whole.

4. CASH AND CASH EQUIVALENTS

| | 31 December 2019 | 31 December 2018 |
|--------------------------------------------------------------------|-----------------------------|-----------------------------|
| Cash on hand | 5,000 | - |
| Bank balances | 21,546,601 | 3,226,976 |
| Murabaha placements with original maturity of three months or less | - | 33,000,000 |
| | 21,551,601 | 36,226,976 |

5. INVESTMENTS CARRIED AT FVIS

| | 31 December 2019 | | 31 December 2018 | |
|----------------------|-------------------------|---------------------|-------------------------|---------------------|
| | Cost | Market value | Cost | Market value |
| Listed equity shares | 501,200 | 236,298 | 501,200 | 256,304 |

6. ACCOUNTS RECEIVABLE

| | 31 December 2019 | 31 December 2018 |
|---------------------------|-----------------------------|-----------------------------|
| Asset management activity | 1,046,877 | 964,039 |
| Arranging activity | 918,410 | 1,169,609 |
| | 1,965,287 | 2,133,648 |

NOMW CAPITAL COMPANY FOR FINANCIAL CONSULTANT

(Closed Joint Stock Company)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2019

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7. PREPAYMENT AND OTHER CURRENT ASSETS

| | 31 December 2019 | 31 December 2018 |
|------------------------------------------------|-----------------------------|-----------------------------|
| Prepayments | 374,074 | 240,862 |
| Advances paid to employees | 127,000 | 85,841 |
| Prepayments from fund establishment activities | 40,713 | 325,220 |
| Accrued income on murabaha placements | - | 185,625 |
| Others | - | 91,534 |
| | 541,787 | 929,082 |

8. RELATED PARTIES' TRANSACTIONS AND BALANCES

Related parties represent, funds managed by the Company, shareholders, key management personnel of the Company and entities controlled, jointly controlled or significantly influenced by such parties. During the year, the Company entered into transactions in the ordinary course of business with its related parties. These transactions were entered into on terms and prices mutually agreed among the respective parties. The following are the major related parties' transactions of the Company that occurred during the year

| | <i>Nature of transactions</i> | <i>Amounts of transactions</i> | |
|-----------------------------|-------------------------------------|--------------------------------|-----------------------------|
| | | 31 December 2019 | 31 December 2018 |
| Riyadh Logistic City fund | Management fee | 12,771,649 | 12,778,254 |
| NOMW Private Equity Fund | Management fee | 1,100,000 | 792,603 |
| | Structuring fees | - | 200,000 |
| NOMW Eskan Real Estate Fund | Management fee | 2,354,823 | 2,560,105 |
| Jeddah Hospitality Fund | Management fee | 830,590 | - |
| | Structuring fees | 173,250 | - |
| Board of directors | Meeting fee | 90,000 | 115,000 |
| Key management personnel | Short term benefits | 3,820,836 | 2,472,110 |
| | Employees' post-employment benefits | 716,032 | 440,945 |

Amounts due from related parties are as follows:

| | 31 December 2019 | 31 December 2018 |
|-----------------------------|-----------------------------|-----------------------------|
| Riyadh Logistic City fund | 26,478,554 | 13,085,107 |
| NOMW Eskan Real Estate Fund | 4,590,318 | 1,833,556 |
| Jeddah Hospitality Fund | 1,003,840 | - |
| Nomw private Equity fund | 577,500 | 787,500 |
| | 32,650,212 | 15,706,163 |

9. INVESTMENTS MEASURED AT FVOCI

| | 31 December 2019 | | 31 December 2018 | |
|------------------------------|-------------------------|---------------------|-------------------------|---------------------|
| | Cost | Market value | Cost | Market value |
| Listed equity shares | 3,157,902 | 1,212,370 | 3,157,902 | 800,380 |
| Funds managed by the Company | 10,000,000 | 7,360,028 | 10,000,000 | 8,057,604 |
| | 13,157,902 | 8,572,398 | 13,157,902 | 8,857,984 |

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10. PROPERTY AND EQUIPMENT, NET

| | Leasehold improvement | Computers, equipment and software | Furniture and fixtures | Motor vehicles | Total 2019 | Total 2018 |
|--------------------------------------|--------------------------|-----------------------------------------|---------------------------|-------------------|------------------|------------------|
| Cost: | | | | | | |
| At the beginning of the year | 382,725 | 330,860 | 234,070 | 174,900 | 1,122,555 | 1,102,697 |
| Additions during the year | - | 32,965 | 5,000 | - | 37,965 | 19,858 |
| At the end of the year | 382,725 | 363,825 | 239,070 | 174,900 | 1,160,520 | 1,122,555 |
| Accumulated depreciation: | | | | | | |
| At the beginning of the year | 382,725 | 311,588 | 232,268 | 139,345 | 1,065,926 | 1,002,324 |
| Depreciation charge for the year | - | 14,657 | 3,035 | 34,980 | 52,672 | 63,602 |
| At the end of the year | 382,725 | 326,245 | 235,303 | 174,325 | 1,118,598 | 1,065,926 |
| Net book value: | | | | | | |
| At 31 December 2019 | - | 37,580 | 3,767 | 575 | 41,922 | |
| At 31 December 2018 | - | 19,272 | 1,802 | 35,555 | 56,629 | |

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11. ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES

| | 31 December 2019 | 31 December 2018 |
|---------------------|-----------------------------|-----------------------------|
| Accrued staff bonus | 1,721,155 | 1,900,000 |
| Accrued expenses | 1,329,791 | 1,077,767 |
| | 3,050,946 | 2,977,767 |

12. ACCRUED ZAKAT

The principal elements of the zakat base are as follows:

| | 31 December 2019 | 31 December 2018 |
|-----------------------------------------------------|-----------------------------|-----------------------------|
| Shareholder equity | 53,924,675 | 51,340,040 |
| Opening balance of provisions and other adjustments | 866,964 | 880,156 |
| Book value of long term assets | (9,099,326) | (10,873,007) |
| | 45,692,313 | 41,347,189 |
| Adjusted profit for the year | 11,484,419 | 11,475,332 |
| Zakat base | 57,176,732 | 52,822,521 |
| Zakat charge for the year @ 2.5% | 1,460,251 | 1,320,563 |

Zakat is calculated on the higher of the zakat base or adjusted income for the year.

| | 31 December 2019 | 31 December 2018 |
|--------------------------------|-----------------------------|-----------------------------|
| At the beginning of the year | 1,320,563 | 1,069,539 |
| Charge for the year | 1,460,251 | 1,320,563 |
| Adjustment to prior year zakat | (4,007) | 35,384 |
| Payments during the year | (1,316,556) | (1,104,923) |
| At the end of the year | 1,460,251 | 1,320,563 |

Status of assessments

Zakat returns for the years through to 31 December 2018 have been submitted to General Authority of Zakat and Tax (the “GAZT”). The related assessments have not yet been raised by the GAZT. The Company’s management is in process of submitting its 2019 return.

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13. EMPLOYEES' POST EMPLOYMENT BENEFIT

| | 31 December 2019 | 31 December 2018 |
|------------------------------------------------------|---------------------|---------------------|
| Present value of employees' post-employment benefits | 1,420,141 | 866,242 |

The major financial assumptions used to calculate the employees' post-employment benefits liabilities are as follows:

Principal actuarial assumptions

| | 31 December 2019 | 31 December 2018 |
|-------------------------|---------------------|---------------------|
| Discount rate | 3.05% | 4.75% |
| General salary increase | 3.05% | 4.75% |

The movements in employees' post-employment benefits recognized in the statement of financial position are as follows:

| | 31 December 2019 | 31 December 2018 |
|-----------------------------------------------------|---------------------|---------------------|
| Net liability at the beginning of the year | 866,242 | 966,944 |
| Current service and interest cost | 284,762 | 365,975 |
| Benefits paid during the year | (3,885) | (86,788) |
| Actuarial gain /(losses) recognized during the year | 273,022 | (379,889) |
| Net liability at the end of the year | <u>1,420,141</u> | <u>866,242</u> |

The amounts recognized in the statement of income in respect of employees' post-employment benefits are as follows:

| | 31 December 2019 | 31 December 2018 |
|----------------------------------------------|---------------------|---------------------|
| Employer's current service and interest cost | <u>284,762</u> | <u>365,975</u> |

The sensitivity of the employees' post-employment benefit to changes in the weighted principal assumptions is:

| | Change in assumption | Increase / (decrease) in present value of employees' post-employment benefit liability | |
|--------------------|-------------------------|----------------------------------------------------------------------------------------------|--------|
| | | Amount | % |
| Discount rate | +0.5% | 1,341,499 | -5.60% |
| | -0.5% | 1,505,288 | 6.06% |
| Salary growth rate | +0.5% | 1,474,904 | 3.96% |
| | -0.5% | 1,368,292 | -3.74% |

14. SHARE CAPITAL

As at 31 December 2019 and 2018, the Company's paid-up capital of SAR 50 million was divided into 5 million parts of SAR 10 each.

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15. STATUTORY RESERVE

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

16. INCOME FROM INVESTMENTS

| | For the year ended <u>31 December 2019</u> | For the year ended <u>31 December 2018</u> |
|--------------------------------------------------|--------------------------------------------------|--------------------------------------------------|
| Dividend income | 485 | 21,380 |
| Income from murabah placements | 174,625 | 386,812 |
| Unrealised loss on investment carried at FVIS | (20,006) | (166,074) |
| Realised gain on investment carried at FVIS, net | - | 1,728 |
| Other income | 246,000 | 96,000 |
| | <u>401,104</u> | <u>339,846</u> |

17. OTHER GENERAL AND ADMINISTRATIVE EXPENSES

| | For the year ended <u>31 December 2019</u> | For the year ended <u>31 December 2018</u> |
|------------------------------------|--------------------------------------------------|--------------------------------------------------|
| Salaries and wages | 7,431,174 | 8,179,624 |
| Professional fees | 1,826,411 | 885,943 |
| Rent | 298,400 | 298,400 |
| Licensing and sub subscription fee | 237,409 | 250,850 |
| Marketing and advertising | 180,000 | 220,000 |
| Travel | 169,309 | 96,223 |
| Utilities and office | 113,322 | 95,747 |
| Insurance | 72,059 | 72,852 |
| Depreciation | 52,672 | 63,602 |
| printing and stationary | 14,680 | 23,694 |
| Others | 139,395 | 135,132 |
| | <u>10,534,831</u> | <u>10,322,067</u> |

18. ASSETS HELD UNDER FIDUCIARY CAPACITY

Pursuant to CMA's Authorized Persons Regulations requiring Client money segregation, the Company holds clients' money in Omnibus accounts at a local bank to carry out its dealing, managing and custody activities. As at 31 December 2019, the clients' cash accounts held by the Company amounted to SR 4.4 million (31 December 2018: SR 10.2 million). Consistent with the Company's accounting policy, such balances are not included in the Company's financial statements as these are held by the Company in fiduciary capacity.

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19. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

19.1 Financial risk factors

The objective of the Company is to safeguard the Company's ability to continue as a going concern so that it can continue to provide optimum returns to its shareholder and to ensure reasonable safety to the Shareholder.

The Company's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The Company Manager is responsible for identifying and controlling risks. The Company Board supervises the Company Manager and is ultimately responsible for the overall management of the Company.

Monitoring and controlling risk is primarily set up to be performed based on the limits established by the Company Board.

The Company uses different methods to measure and manage the various types of risk to which it is exposed; these methods are explained below.

(a) Market risk

(i) Foreign exchange risk

Foreign exchange risk is the risk that the value of future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates and arises from financial instruments denominated in foreign currency.

The financial instruments of the Company are denominated in SAR and United States Dollar (USD). The SAR is pegged against USD. The Company's transactions are principally in SAR and exposures in foreign currencies are not significant.

(ii) Commission rate risk

Commission rate risk is the risk that the value of the future cash flows of a financial instrument or fair values of fixed coupon financial instruments will fluctuate due to changes in market commission rates.

The Company does not have significant cash flow commission rate risk as it does not have any significant amount of variable rate financial instruments.

The Company is not exposed to fair value commission rate risk as the financial instruments of the Company are measured at amortised cost.

(iii) Price risk

Price risk is the risk that the value of the Company's financial instruments will fluctuate as a result of changes in market prices caused by factors other than foreign currency and profit rate movements.

The price risk arises primarily from uncertainty about the future prices of financial instruments that the Company holds. The Company diversifies the investment portfolio and closely monitors the price movement of its investments in financial instruments. As of the statement of financial position date, the Company has equity investments in Investee funds.

| | 31 December 2019 | | 31 December 2018 | |
|----------------------|-------------------------------|------------------|-------------------------------|------------------|
| | Potential reasonable change % | Effect on equity | Potential reasonable change % | Effect on equity |
| Fund | 1% | 14,487 | 1% | 80,756 |
| Listed equity shares | 1% | 73,600 | 1% | 10,567 |

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19. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (Continued)

19.1 Financial risk factors (Continued)

(c) Credit risk

The Company is exposed to credit risk, which is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Company is exposed to credit risk for Cash and cash equivalents, accrued income and margin lending as follows:

| | 31 December | 31 December |
|--------------------------|--------------------|--------------------|
| | 2019 | 2018 |
| Cash at bank | 21,546,601 | 36,226,976 |
| Accounts Receivable | 1,965,287 | 2,133,648 |
| Due from related parties | 32,650,212 | 15,706,163 |

The carrying amount of financial assets represents the maximum credit exposure.

Credit risk on due from related parties, accounts receivable and Cash and cash equivalents is limited as:

- Cash and cash equivalents, is held with banks with sound credit ratings from BBB- and above.
- Account receivable and due from related party:

The Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all financial assets. The Company did not recognize ECL on account receivable and due from related party, because the amount was immaterial and fully collateralized respectfully.

Its Company's policy to enter into financial instrument contracts with reputable counterparties. The Company seeks to limit its credit risk by monitoring credit exposures, limiting transactions with specific counterparties and continually assessing the creditworthiness of counterparties.

(c) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in raising funds to meet commitments associated with the financial instruments. Liquidity risk may result from the inability to sell a financial asset quickly at an amount close to its fair value. Financial assets of the Company as at period-end mainly included balances with bank, accrued income, margin lending and investments carried at FVIS and investments carried at FVOCI which can be utilized to meet changing liquidity requirements. Management monitors forecasted cash flow on a regular basis and ensures that positive cash flows from operating activities are maintained to fund the Company's future commitments.

19.2 Fair value estimation

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

An active market is a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The carrying value less impairment provision of financial instruments carried at amortised cost are assumed to approximate their fair values.

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19. 1 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (Continued)

19.2 Fair value estimation (Continued)

The fair value hierarchy has the following levels:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The table below presents the financial instruments at their fair values as of 31 December based on the fair value hierarchy:

| | 31 December 2019 | | | |
|-----------------------------|-------------------------|------------------|----------------|------------------|
| | Level 1 | Level 2 | Level 3 | Total |
| Fund managed by the Company | - | 7,360,028 | - | 7,360,028 |
| Listed equity shares | 1,448,668 | - | - | 1,448,668 |
| Total | 1,448,668 | 7,360,028 | - | 8,808,696 |

| | 31 December 2018 | | | |
|-----------------------------|-------------------------|------------------|----------------|------------------|
| | Level 1 | Level 2 | Level 3 | Total |
| Fund managed by the Company | - | 8,057,604 | - | 8,057,604 |
| Listed equity shares | 1,056,684 | - | - | 1,056,684 |
| Total | 1,056,684 | 8,057,604 | - | 9,114,288 |

Level 2 investments consist of local mutual funds managed by the Company. The Company uses net assets valuation ("NAV") based on most recently published NAVs by the respective mutual funds to fair value these investments.

20 STANDARDS ISSUED BUT NOT YET EFFECTIVE

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Company's financial statements are disclosed below. The Company intends to adopt these standards and interpretations, if applicable when they become effective.

- Amendments to references to conceptual framework in IFRS standards
- Amendments to IFRS 3 - Definition of a business
- Amendments to IAS 1 and IAS 8 - Definition of material
- IFRS 17 - Insurance contracts
- Amendments to IFRS 10 and IAS 28 - Sale or contribution of assets between an investor and its associates or joint ventures
- Amendments to IFRS 9, IAS 39 and IFRS 7 – Interest rate benchmark reform

21. DIVIDENDS DISTRIBUTION

On 14 March 2019, the shareholders in their General Assembly Meeting approved dividends of SAR 9 million (SAR 1.8 per share) for the year ended 31 December 2018 which was paid on 14 March 2019.

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22. REGULATORY CAPITAL REQUIREMENT AND CAPITAL ADEQUACY RATIO

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

| <u>(amount in '000)</u> | <u>31 December</u> | <u>31 December</u> |
|---------------------------------------|--------------------|--------------------|
| | <u>2019</u> | <u>2018</u> |
| Capital Base: | | |
| Tier 1 capital | 59,628 | 58,459 |
| Tier 2 capital | - | - |
| Total Capital Base | 59,628 | 58,459 |
| Minimum Capital Required: | | |
| Credit risk | 25,453 | 12,528 |
| Operational risk | 2,998 | 2,581 |
| Market risk | 42 | 46 |
| Total Minimum Capital Required | 28,493 | 15,155 |
| Capital Adequacy Ratio: | | |
| Surplus in Capital | 31,135 | 43,304 |
| Capital Adequacy Ratio (times) | 2.09 | 3.86 |

23. APPROVAL OF THE FINANCIAL STATEMENTS

These financial statements were approved by the Board of Directors on 28 Rajab 1441 H (corresponding to 23 March 2020).