FitchRatings

Transparency Report

Kingdom of Saudi Arabia

May 2023

FitchRatings

Global Compliance Group
Regulatory Compliance
EMEA

Transparency Report

Kingdom of Saudi Arabia

May 2023

This Transparency Report is published in accordance with Article 22 of the Credit Rating Agencies Regulations issued by the Board of the Capital Market Authority Pursuant to its Resolution Number 3-58-2014 Dated 17/1/1436H Corresponding to 10/11/2014G Based on the Capital Market Law Issued by Royal Decree No. M/30 dated 2/6/1424H. It provides information on the operations of Fitch Ratings in the Kingdom of Saudi Arabia for the fiscal year ending December 2022.

Table of Contents

Definitions

Analysts means those individuals who perform Credit Rating Activities.

Analytical Group. See Global Analytical Group.

ASIC means Australian Securities & Investments Commission.

Boards means the boards of directors of FRI (the "FRI Board"), FRIL (the "FRIL Board") and FRL (the "FRL Board") collectively.

Business and Relationship Management group (or "BRM") means the group that carries out ratings-related commercial and marketing activities independently of the Global Analytical Groups.

Chief Compliance Officer (or "CCO") means the individual who leads Compliance and reports jointly into the CRO of Fitch Group, and the Independent Directors of the Boards. The CCO is responsible for the goals, strategy and status of the Compliance Department, the compliance program, and certain other compliance processes and controls including those undertaken by the department's four core teams.

Chief Credit Officer means the individual who reports to the CRO and leads the Credit Policy Group.

Chief Criteria Officer means the individual who reports to the CRO and leads the Criteria Review and Approval Group.

Chief Information Security Officer (or "CISO") means the individual who reports to the CRO and leads the Technology Risk group.

Chief Risk Officer (or "CRO") means the individual responsible for the Group Risk function.

CMA means the Capital Market Authority

Compliance means the Global Compliance Group, a department of Fitch Ratings led by the CCO which is responsible for advising on, supporting and overseeing compliance with CRA Regulation globally.

Conduct Policies means the Fitch Ratings' Code of Conduct & Ethics and related policies regarding complaints, conflicts of interest and confidentiality.

CRA means Credit Rating Agency.

CRA Regulation means the various laws, rules and regulations governing the issuance of Credit Ratings globally.

Credit Policy Group (or "CPG") means the group that is independent of the Global Analytical Groups and operates in an oversight capacity with respect to Fitch Ratings' analytical work. CPG also ensures new or developing credit issues are shared and addressed across Analytical Groups.

Credit Rating means a rating that assesses the creditworthiness of an issuer or an issuance.

Credit Rating Activities means the activities which include data and information analysis and the evaluation, approval, issuance and review of credit ratings, including acting as the chairperson or voting member of a credit rating committee. Credit rating activities do not include general analytical management activities and oversight (including discussing issues with Analysts under direct supervision), attendance at management meetings or participating as an observer (i.e., non-voting member) in a credit rating committee.

Criteria Review and Approval Group (or "CRAG") means the group that is independent of the Global Analytical Groups and reviews new methodologies or models, and amendments to existing methodologies or models that would have a material impact on a given set of ratings as required under Fitch Ratings' policy.

Endorsed Ratings means an international scale public credit rating where the relevant primary Analyst is an endorsed rating analyst.

ESMA means the European Securities and Markets Authority.

FCA means the Financial Conduct Authority.

Fitch Australia means Fitch Australia Pty Ltd.

Fitch Ratings means Fitch Ratings, Inc. and each of its credit rating affiliates that issues Ratings under the trade name "Fitch Ratings".

Fitch Ratings' Code of Conduct & Ethics means the document based upon the global best practices outlined in the IOSCO Code of Conduct Fundamentals for Credit Rating Agencies, and, with respect to any given jurisdiction in which Fitch Ratings conducts Credit Rating Activities, is consistent with all laws, rules and regulations applicable to Fitch Ratings in such jurisdiction. All Fitch Ratings policies and procedures reflect Fitch Ratings' Code of Conduct & Ethics.

Fitch KSA mean Fitch Australia Pty Ltd – KSA Branch.

FRI means Fitch Ratings, Inc.

FRIL means Fitch Ratings Ireland Limited

FRL means Fitch Ratings Ltd

Global Analytical Head means the individual who reports to the President of Fitch Ratings and is responsible for all Analytical Groups

Global Group Head means one of those individuals (who may also be a Senior Global Group Head) who have global management responsibility for a specific product area (i.e. Sovereigns, Insurance, Covered Bonds, International Public Finance, U.S. Public Finance, Global Infrastructure, FAM, Corporates, Banks and Structured Finance).

Global Analytical Group means any employee, including analytical employees, administrators and others that work in any of the following groups:

- Corporates & Leveraged Finance
- Structured Finance and Covered Bonds
- Financial Institutions Group including:
  - Banks
  - Non-Banks
  - Insurance
  - Fund and Asset Managers
- Public Finance including:
  - International Public Finance
  - U.S. Public Finance
  - Global Infrastructure Group
- Sovereigns

Group Risk means the group that develops, coordinates and reports on the risk management activities of Fitch Group.

Hearst Ratings II, Inc. means the special purpose subsidiary through which the Hearst Corporation retains its ownership interest in Fitch Group, Inc.

INED means Independent Non-Executive Director and refers to an outside member of the Boards.

IOSCO means the International Organization of Securities Commissions.

KSA means The Kingdom of Saudi Arabia.

KSA CRA Regulation (or "KSA CRAR") means the Credit Rating Agencies Regulations issued by the Board of the Capital Market Authority Pursuant to its Resolution Number 3-58-2014 Dated 17/1/1436H Corresponding to 10/11/2014G Based on the Capital Market Law Issued by Royal Decree No. M/30 dated 2/6/1424H.

OECD means the Organisation for Economic Co-operation and Development.

Ratings Operations means the group responsible for developing, implementing and monitoring procedures and controls with respect to the Credit Rating process in response to regulation.

Ratings Process Manual (or "RPM") means the document that specifies minimum policy and procedural requirements to be applied by Analysts globally and the procedures applicable to all ratings, rating outlooks, rating assessments, credit opinions and scores.

Senior Global Group Head means one of those individuals who have overall global management responsibility for Corporates, Financial Institutions, Structured Finance, Public Finance & Global Infrastructure Group, or Sovereigns (all of whom report to the Global Analytical Head).

Technology Risk means the group led by the CISO which provides oversight and governance over the Technology Risk program at Fitch Group and oversees information security for all of Fitch Group's business units.

UK CRA Regulation means the various laws, rules and regulations governing the issuance of Credit Ratings in the United Kingdom.

1. Compliance with Credit Rating Agencies Regulations and Other Relevant Laws and Regulations

Fitch Ratings has adopted a set of bulletins, policies and procedures (collectively, the “Operational Procedures”) in order to achieve the regulatory mandate based on the principles of objectivity, integrity, transparency and independence. These Operational Procedures, as codified in the Code of Conduct & Ethics, the Rating Process Manual, the Business & Relationship Management Process Manual as well as numerous other bulletins, policies and procedures address, among other issues:

- The segregation of commercial and analytical activities, and the determination of credit ratings,
- Governance relating to criteria, methodologies, and models, and
- File maintenance and recordkeeping associated with the above-mentioned activities.

Fitch Ratings also has Operational Procedures in place for (i) the recruitment, retention, training and promotion of its employees, (ii) its information technology and security operations and (iii) inter-company activities with affiliates. The Operational Procedures are designed to ensure that Fitch Ratings complies with the various rules and regulations to which it is subject, including, but not limited to, the regulations in the Kingdom of Saudi Arabia.

To support and supplement the Operational Procedures, Fitch Ratings adopted a second set of functions, policies and procedures (the “Internal Quality Control System”). The Internal Quality Control System covers all aspects of Fitch Ratings’’ operations pertaining to the determination of credit ratings. Details as to the different components of the Internal Control Structure Governing the Determination of Credit Ratings are presented in section 3 of this report.

2. Legal Structure and Ownership

Legal Structure

Fitch Ratings operates in the Kingdom of Saudi Arabia through its branch of Fitch Australia Pty Ltd, a company established under the Corporations Law of Queensland and is registered with the ASIC as an Australian Financial Services Licensee pursuant to section 913B of the Corporations Act 2001.

Ownership

Fitch Australia Pty Ltd is 100% owned by Fitch Ratings Ltd ("FRL")[1]. FRL in turn is 100% owned by Fitch Ratings, Inc., a US company ("FRI"). FRI is 100% owned by Fitch Group, Inc., a US holding company, which in turn is 100% owned by the Hearst Corporation of the US.

The Hearst Corporation is a privately held diversified media and information company with headquarters in the US. Its major interests in addition to owning 100% of Fitch Group, Inc., include ownership of magazines, newspapers, cable networks, television broadcasting, internet and marketing services businesses, TV production, newspaper features distribution, and real estate. It maintains significant holdings in automotive and medical/pharmaceutical business information companies. It retains its ownership interest in Fitch Group, Inc. through Hearst Ratings II, Inc., a single purpose subsidiary.

[1] FRL is established in England and Wales and is incorporated in accordance with applicable national law and registered with the FCA under the UK CRA Regulation.

3. Internal Control Structure Governing the Determination of Credit Ratings

1. Introduction

This section describes Fitch Ratings' internal controls related to the issuance of Credit Ratings. The definition of Credit Ratings, along with both other capitalized terms that may be used in this document and other material information pertaining to Credit Ratings, are set forth on Fitch Ratings' publicly available website at https://www.fitchratings.com/site/definitions.

2. Board Oversight

The Boards govern the most senior CRAs within Fitch Group, Inc. ("Fitch Group"), and operate under structured procedures. Each of the Boards performs its oversight activities on behalf of Fitch Ratings globally. In addition, where necessary pursuant to applicable local law, the local boards of directors of other Fitch Ratings' subsidiaries may perform additional oversight activities.

Among other matters, the Boards are responsible for the oversight and management of FRI, FRIL and FRL in accordance with their fiduciary responsibilities and standards established by the laws of the jurisdictions in which FRI, FRIL and FRL are organized, including approval of all components of the internal control framework, as well as overseeing that its components are subject to monitoring and regular update by management.

The Boards have delegated responsibility for the day-to-day running of FRI, FRIL and FRL to a senior management team with sufficient skill and experience to ensure the sound and prudent management of FRI, FRIL and FRL. The senior management team is responsible for the development and performance of controls and for assessing the adequacy and effectiveness of the control environment, establishing, implementing and updating the internal policies and procedures supporting the internal control framework. In establishing these policies and procedures, the senior management team has a documented decision-making process and defined roles and responsibilities.

The Boards oversee, among other matters:

a. The process and maintenance of internal controls for the determination and issuance of Credit Ratings;
b. The publishing of new and materially amended criteria and methodologies pertaining to determining Credit Ratings;
c. The approval of new and materially amended policies pertaining to determining Credit Ratings;
d. The program designed to manage conflicts of interest;
e. The maintenance of internal controls related to determining Credit Ratings;
f. The compensation and promotion processes; and
g. The compliance and governance processes, including the effectiveness of CRAG.

3. Policy Framework

All Fitch Ratings policies and procedures reflect Fitch Ratings' Code of Conduct & Ethics, which is based upon the global best practices outlined in the IOSCO Code of Conduct Fundamentals for Credit Rating Agencies, and, with respect to any given jurisdiction in which Fitch Ratings conducts Credit Rating activities, are consistent with all laws, rules and regulations applicable to Fitch Ratings in such jurisdiction.

During the policy development or amendment stage, input is gathered from relevant constituents within Fitch Ratings including, where appropriate, the senior management of the Global Analytical Groups, the Credit Policy Group ("CPG"), the Legal Group ("Legal"), Ratings Operations (including Regulatory Affairs, Policies and Procedures), Business & Relationship Management ("BRM"), the Global Compliance Group ("Compliance"), and any others as may be appropriate. Once a new or amended policy is finalized, it is subject to review and approval in accordance with Fitch Ratings' internal protocols. Certain of Fitch Ratings' policies are also subject to review by the Boards.

4. Three Lines of Defense

Fitch Ratings' internal control structure is designed to ensure that Fitch Ratings' employees comply with Fitch Ratings' policies and procedures relating to or associated with the issuance of Credit Ratings. This control structure follows the model of the three lines of defense, and is ultimately overseen by the Boards:

a. First Line of Defense: The Global Analytical Groups, BRM and Ratings Operations (see below in 5);
b. Second Line of Defense: CPG, CRAG, Compliance, and the Technology Risk function (see below in 6); and
c. Third Line of Defense: Internal Audit (see below in 7) and external or outsourced third-party audits, as needed.

Each of the three lines of defense is further supported by the Information Technology group ("IT") and the Information Security group ("IS") (see below in 8).

5. First Line of Defense

The overall responsibility to ensure that Fitch Ratings' policies and procedures relating to or associated with the issuance of Credit Ratings are followed rests with the senior managers and all members of the first line of defense.

5.1. Global Analytical Group

The senior managers of the Global Analytical Group are: (i) the Senior Global Group Heads; (ii) the Global Group Heads, each covering the analytical groups; and (ii) the Regional Group Heads covering certain geographical areas.

5.2. Business & Relationship Management

Fitch Ratings maintains a separate function (BRM) which carries out ratings-related commercial and marketing activities independently of the Global Analytical Groups. This structure helps ensure that analytical staff are not influenced by business considerations. All discussions with an issuer, originator, arranger, sponsor, servicer or any other party that interacts with Fitch Ratings on behalf of the issuer concerning rating fees, fee arrangements or billings are handled either by BRM, finance and accounting staff, members of the Legal Department, or others who are employed by Fitch Ratings to handle billing or fee collection matters, outside the Global Analytical Groups. BRM staff also follow policies and procedures designed to ensure compliance with anti-money laundering laws, international sanctions, and anti-bribery and corruption laws, as well as other aspects of CRA regulation.

5.3. Ratings Operations

Ratings Operations is responsible for developing, implementing and monitoring procedures and controls with respect to the Credit Rating process in response to regulation, Fitch Ratings policy, and senior management guidance. Ratings Operations works with members of the Global Analytical Groups, BRM, Compliance, CPG, Human Resources, Legal and IT to identify risks and implement procedural, training and/or technical solutions in support of the internal control framework and analysts' compliance with Fitch Ratings' policies and procedures. Ratings Operations also produces management reports and analysis to support the Global Analytical Groups' compliance with the various procedures outlined in the Ratings Process Manual.

6. Second Line of Defense

Fitch Ratings' core control functions of CPG, CRAG, Compliance and the Technology Risk function comprise the Second Line of Defense. These functions operate at a global, rather than local level, with staff based in certain Fitch Ratings' offices around the world providing support and oversight to all Fitch Ratings' offices globally.

6.1. The Credit Policy Group

CPG serves as an oversight function with respect to Fitch Ratings' analytical work. It includes the Chief Credit Officer, Group Credit Officers and Regional Credit Officers, as well as the Evaluating Committee Robustness ("ECR")[2] and Fitch Wire[3] functions. In fulfilling these responsibilities, CPG conducts the following activities, among others:

[2] ECR assess the analytical quality of rating committee packages and evaluates the consistency of criteria application as well as the clarity and adequacy of documentation of rating conclusions.
[3] Fitch Wire provides intra-day commentary on credit issues in the news.

- Reviews current and future risks within and across rating groups, to promote analytical coordination across sectors and regions; and, to challenge credit thinking with alternative viewpoints;
- Conducts reviews to assess Credit Rating performance and comparability; and in conjunction with the Chief Criteria Officer ("CCrO"), reports on the effectiveness of ratings to the Boards;
- Links rating trends with current fundamentals, macro-economic developments and analytically defined expectations by industry or sector;
- Oversees the execution of reviewing unique or complex rating proposals by global analytical groups;
- Develops and publishes areas of topical research that address current credit market issues, and/or can be used to frame priorities, or help identify the next potential credit market development;
- Reviews analytical complaints; and
- Carries out reviews of the committee process (packages and committees) against criteria, as part of the ECR program.

6.2. Criteria Review and Approval Group

CRAG serves as an oversight function with respect to Fitch Ratings' Credit Ratings criteria and related models, and includes the CCrO, Head of Model Validation, Manager of Ratings Performance Analytics, and Criteria Officers. In fulfilling these responsibilities, CRAG undertakes the following activities, among others:

Oversees the rating criteria (and related models and key assumptions) review and approval process recommending approval to the Boards, including ensuring inclusion of appropriate qualitative and quantitative assumptions (supported by back-testing where appropriate), sensitivities, and key ratings drivers. Global analytical groups are responsible for proposing suitable criteria and changes to existing criteria for review by a Criteria Review Committee whose voting members are CRAG employees;

1. Conducts regular transition and default studies and develops other quantitative ratings performance indicators to monitor the performance of Fitch Ratings' Credit Ratings over time and across analytical sectors and geographical regions to review the consistency of application of criteria;
2. Manages a database of criteria and models to measure compliance with the requirements to review such criteria and models and to ensure only validated models are utilized;
3. Reviews criteria change proposals and their justification and conducts model validation; and
4. Oversees the identification, review, resolution, and reporting of errors related to models and criteria.

In addition to their oversight activities, both CPG and CRAG contribute to the development of a training program known as the Fitch Credit Academy, which provides a formal structure to develop and assess the knowledge and skills analysts need to be effective in evaluating credit.

6.3. Global Compliance Group

Compliance, led by the CCO, is responsible for advising on, supporting and overseeing compliance with CRA Regulations applicable in the jurisdictions in which Fitch Ratings operates, along with those requirements set forth in Fitch Ratings' Code of Conduct & Ethics, and related policies.

The CCO reports jointly to the Chief Risk Officer ("CRO") and the Independent Non-Executive Directors ("INEDs"). Compliance operates across multiple geographical locations using local Compliance officers as required by certain local regulations. The CCO informs the INEDs and the CRO, at least quarterly, on the goals, strategy and status of the Compliance Department, the compliance program, and certain other Compliance processes and controls including those undertaken by Compliance's four core functions, which are:

6.3.1. *Regulatory Compliance* is responsible for maintaining (either directly or in conjunction with local country management) Fitch Ratings' license or registration in all jurisdictions where it is licensed or registered as a CRA, and is overseen regionally by heads of Compliance for EMEA, APAC, and the Americas. Compliance manage all regulatory exams, other regulatory requests for documents and information, and are responsible for oversight of the processes regarding the handling and resolution of conduct-related complaints and internal investigations. Compliance undertakes regular outreach to Fitch Ratings' offices in Asia, Europe, Latin America, and the Middle East on an in-person or virtual basis.

6.3.2. *The Personal Conflicts Monitoring* ("PCM") team monitors compliance with Fitch Ratings' Global Securities Trading and Conflicts of Interest Policy, which establishes policies designed to minimize actual and potential conflicts that may arise from employees' personal trading activity, outside interests and external relationships, and gifts, business events and entertainment

6.3.3. *The Compliance Testing & Monitoring* ("CTM") team conducts testing throughout Fitch Ratings to assess compliance with Fitch Ratings policies and procedures, and the effectiveness of internal controls implemented with respect to its Credit Rating and related regulated activities. CTM develops annually a compliance testing plan, which details the testing schedule for the following calendar year. The annual compliance testing plan assesses Fitch Ratings' risk universe using a risk-based approach that considers, among other factors, outcomes of the compliance risk assessment, prior compliance testing, regulatory findings, and other identified issues or trends. CTM documents its findings in written reports, which include details of corrective action plans. CTM also performs email surveillance of analytical and commercial staff, as well as other areas such as CRAG, CPG, Core Operations, Ratings Desk, Middle Office and Publishing. CTM reports are distributed to Management and also summarized in quarterly Board reports received by the INEDs.

6.3.4. *The Data, Systems and Metrics* team supports Fitch Ratings' delivery of regulatory disclosures, manages systems used for reporting of compliance matters, and creates reports and metrics for monitoring the efficiency and effectiveness of compliance controls. The Data, Systems & Metrics team also manages the process by which policies or procedures are kept current and maintained, doing so in consultation with key stakeholders such as the policy owners.

The CCO also oversees Fitch Ratings' policy, procedure and internal communications framework globally. At the request and direction of the CCO, Compliance officers in various Compliance functional groups prepare and present training and other Compliance communications to employees within Fitch Ratings on a virtual and in-person basis, and coordinate and manage other Compliance communications to employees using a variety of means such as email and intranet articles.

6.4. The Technology Risk Function

For further information on the Technology Risk function, see Section 8 (Global IT and Global Information Security Structures and Systems).

7. Third Line of Defence

7.1. Internal Audit

Internal Audit ("IA") is the third line of defense and assists senior management and the Boards in protecting the assets and reputation of Fitch Ratings. In particular, Internal Audit ("IA") provides independent and objective assurance as to the adequacy and effectiveness of Fitch Ratings' internal control framework and governance processes.

The Head of IA reports to the INEDs with a secondary reporting line to the CRO. At least annually, the Head of IA submits an internal audit plan to the INEDs and the CRO for review and approval. The internal audit plan consists of a work schedule for the following fiscal year. It is developed based on a prioritization of the audit universe using a risk-based methodology, including input from the INEDs, the CRO and other members of Fitch Ratings senior management. The Head of IA reviews and adjusts the plan, as necessary, in response to changes in Fitch Ratings' business, risks, operations, programs, systems and controls. Any significant deviation from the approved internal audit plan is communicated to the INEDs and the CRO through periodic reporting or direct communication, as applicable.

After the conclusion of an internal audit engagement, the Head of IA (or their designee) issues and distributes a written report, which the INEDs receive. The audit report details audit findings, Management's response and corrective action with regard to the specific findings and recommendations. Management's response includes a timetable for anticipated completion of corrective actions. IA is also responsible for appropriate follow-up of corrective actions, and all findings remain in an "open issues file" until cleared.

IA also oversees the testing of internal controls supporting the ratings process. The testing is undertaken globally and at least semi-annually, supporting the assessment of the effectiveness of internal controls under the US SEC Dodd-Frank Control Act, ESMA's Guidelines on Internal Control for CRAs, and FCA guidelines. The Head of IA regularly reports to the INEDs and the CRO on its ability to fulfil the Internal Audit Charter with regards to its independent status, as well as progress and performance regarding the audit plan.

8. Global IT and Global Information Security Structures and Systems

Fitch Group's IT function manages the technology infrastructure for Fitch Ratings globally. IT is headed by Fitch Group's Chief Technology Officer. In addition to typical IT tasks and responsibilities, IT also:

- Maintains and monitors infrastructure including desktops, networks and data applications and process for ongoing operations;
- Plays a supporting role in business continuity plans, including those related to the issuance and publication of Credit Ratings;
- Manages and tests disaster recovery plans; and
- Together with Ratings Operations, develops custom applications required to support core ratings activities such as workflow systems, analysis and surveillance systems, and publishing and document management systems, and maintains those applications and systems.

Fitch Group's Technology Risk ("Tech Risk") function is responsible for enabling Fitch Ratings to deliver against its strategic goals by reducing the risk of significant security incidents and data breaches. The team is focused on understanding the risk environment so that measures can be taken to eliminate the risk or to reduce the likelihood and potential impact when an incident arises from a risk. Led by the Chief Information Security Officer, Tech Risk works with the Fitch IT team to drive increased security and resilience across Fitch Ratings' environment. Tech Risk also:

- Creates, manages, and leads the implementation of Fitch Ratings' information security program;
- Identifies and addresses the risks associated with Fitch Ratings' technology processes used in the issuance of Credit Ratings, along with IT and senior members of the business, legal and Compliance teams;
- Provides advice on developing operational resilience plans, including those related to the issuance and publication of Credit Ratings;
- Implements and manages foundational security controls designed to prevent and detect information security threats, and designs and tracks objective metrics tied to those controls;
- Manages access control for all systems, ratings data and applications in compliance with confidentiality and conflict of interest policies; and
- Manages annual training and awareness activities for cybersecurity, including required annual training, regular phishing exercises, frequent messaging and awareness raising via Fitch Ratings' intranet channel, a monthly cybersecurity newsletter, a personal cybersecurity guide, and annual cybersecurity awareness month activities in October.

4. Information on Allocation of Staff

The table below details the total number of analytical staff employed by Fitch Ratings globally who worked as primary analysts on credit ratings for rated entities based in the KSA as of 31 December 2022.

Primary Analysts[4]	9

The total number of analytical staff employed by Fitch Ratings globally responsible for methodology and model management appraisal as of 31 December 2022 is detailed in the table below.

Methodology Review and Validation	10
Model Review and Validation	8
Methodology Development	136
Model Development	30

Fitch KSA had one full-time employee as of 31 December 2022:

- The General Manager (Registered Person), reporting to the Managing Director of Middle East and Sub-Saharan Africa, (based in Dubai, UAE).

The Compliance Officer (Registered Person) duties are performed by the Compliance Director – Middle East, , who is based in Dubai, UAE and reports to the Head of Compliance, EMEA, who is based in London, UK.

Further information on senior management can be found in section 8 of this report under the title “Management”.

Notes:

1. Fitch Ratings does not maintain separate surveillance teams. Thus, analytical staff work on both assigning new ratings and monitoring existing ones.
2. New methodologies or models, and amendments to existing methodologies or models that would have a material impact on a given set of ratings are required under Fitch Ratings’ policy to be reviewed by a Criteria Review Committee. While senior analysts from across the analytical groups participate in this process, only staff drawn from the CRAG are permitted to vote on the final outcome.
3. Fitch Ratings has five Senior Global Group Heads that report to the Global Analytical Head.[5]

[4] Fitch KSA did not employ any analytical staff as of 31 December 2022.
[5] Another Senior Global Group Head with responsibility for Sovereign Ratings, based in Hong Kong, reports directly to the Global Analytical Head

5. Record Keeping Policy

Fitch Ratings has global file maintenance and record-keeping policies and practices that are designed, collectively, to ensure that it maintains adequate records in accordance with all applicable laws and regulations including, but not limited to, the KSA CRA Regulation. There are two main record-keeping policies that apply: The File Maintenance and Recordkeeping Policy for Analysts, and the File Maintenance and Recordkeeping Policy for BRM.

Additional details regarding the exact content of the information that must be included in certain documents referenced in the File Maintenance and Recordkeeping Policy for Analysts (such as rating committee minutes) are contained in internal manuals that provide detailed procedural guidance on the rating process.

Other non-analytical groups, such as the Accounts Group, maintain separate internal recordkeeping policies.

Collectively, these policies and procedures require that, among other things, Fitch Ratings maintains records for a period of at least five years that cover:

a. documents including internal records and working papers used or created in support of determining and assigning any type of Credit Rating, assessment, opinion, score or other Fitch Ratings credit product;

b. electronic or written communications received or sent by Fitch Ratings and its employees concerning fee negotiations; the solicitation status of each Credit Rating;

c. the established procedures and methodologies used by Fitch Ratings to determine Credit Ratings;

d. the procedures and measures implemented by Fitch Ratings to comply with any applicable regulation; and

e. external and internal communications, including emails received and sent by Fitch Ratings and its employees that relates to initiating determining, maintaining, monitoring, changing or withdrawing a Credit Rating.

6. Outcome of the Annual Internal Review of the Compliance Function

Internal Audit conducted its annual audit of the Global Compliance Group by conducting a review of the Compliance Testing & Monitoring team's testing process. The audit identified certain control issues that have subsequently been remediated in line with management commitments detailed in the audit report.

7. Information on Revenue

Description of Rating Activities

Fitch Ratings' business activities are based on the provision of independent analysis and rating opinions regarding a variety of risks in the financial markets. Such rating activities include the development and provision of analytical opinions using a number of rating scales, ratings-related data and peer analysis tools, rating models, surveillance products, research products and other analytical services. These scales, products and services all reflect Fitch Ratings' independent risk analysis.

Fitch Ratings' rating opinions do not comment on the suitability of any particular type of investment or the appropriate level of risk for any user of these rating opinions. In preparing its rating opinions, Fitch Ratings is indifferent to the rating or assessment levels achieved and neither suggests nor cautions against individual 'target' levels of rating or assessment. Consequently, Fitch Ratings does not provide advisory or consulting services to any entity.

Revenue

The tables below provide the revenue derived from both rating activities during the 12-month financial period ending 31 December 2022.

Total Revenue	
Fitch KSA (SAR)	2,196,422

8. Governance Statement

Corporate Governance Code

Fitch Australia Pty Ltd is set up in a manner consistent with applicable Australian corporate law. Fitch Australia operates in accordance with its by-laws and all applicable laws and regulations.

The individual board members of Fitch Australia Pty Ltd comprise the following:

John Miles – Executive Director
Chris Yoon – Executive Director

The Boards operate according to the Board Oversight Procedures to ensure that each respective board has oversight of all Fitch Ratings policies and procedures related to the (i) creation, maintenance and enforcement of policies and procedures for determining credit ratings, (ii) creation, maintenance and enforcement of policies and procedures for addressing, managing and disclosing conflicts of interest, (iii) effectiveness of the internal control system with respect to policies and procedures for determining credit ratings and (iv) compensation and promotion policies and practices of Fitch Ratings.

The Board Oversight Procedures cover all Fitch Ratings' globally applicable policies and procedures, and therefore the board-level reviews set forth within the relevant procedures are conducted on behalf of all of Fitch Ratings, i.e. all the Fitch companies engaged in its ratings business, including Fitch KSA.

The Boards meet on a quarterly basis and, among other items, receive regular reporting from senior staff members. All reports are global in nature, therefore relevant individuals will report on topics and issues which might be relevant to Fitch Australia and Fitch KSA.

The Boards oversee, among other matters:

a. The process for the issuance of Credit Ratings;
b. The publishing of new and materially amended criteria and methodologies pertaining to determining Credit Ratings;
c. The implementation of new and materially amended policies pertaining to determining Credit Ratings;
d. The program designed to manage conflicts of interest;
e. The maintenance of internal controls related to determining Credit Ratings;
f. The compensation and promotion processes; and
g. The compliance and governance processes, including the effectiveness of CRAG.

Management

Each of the analytical staff employed within Fitch Ratings report to a regional group head, in some cases through a series of line managers. The regional rating group heads report ultimately to a Global Group Head.

Currently one of Fitch Ratings' five Senior Global Group Heads is based in the UK, one is based in Hong Kong and three are based in the United States. All five Senior Global Group Heads report to the Global Analytical Head who is based in New York. This individual reports to the President of Fitch Ratings, who is based in the UK.

Internal Controls and Risk Management Pertaining to Financial Reporting

The Finance Group, headed by the International Controller reporting to the Chief Financial Officer of the Fitch Group, is responsible on a day-to-day basis for ensuring that the production of all relevant financial reports and accounts of Fitch Ratings are in accordance with all statutory requirements and that controls are in place to ensure operational risks (such as error and fraud) are addressed appropriately.

The adequacy and operation of controls over financial reporting are reviewed on an on-going basis by the senior Finance staff. These controls are further considered by Fitch Ratings' external auditors during the annual external audit process and formally considered by the Directors as part of their approval of the audited financial statements. In addition, the adequacy and operation of controls is reviewed by way of audit activity, undertaken by the parent entity Internal Audit function and an external global audit firm.

9. Policies for Distributing Credit Ratings, Reports and Updates

Fitch Ratings' policies on distributing credit ratings, reports and updates are set forth in the Code of Conduct & Ethics and in the Rating Process Manual (the "RPM"). All Fitch Ratings' public ratings and rating outlooks, and related rating actions and opinions, including withdrawal of a rating are published free of charge on a non-selective basis on its free public website www.fitchratings.com. As appropriate or as is otherwise required Fitch Ratings simultaneously distributes an announcement of the rating or rating action, together with any related commentary including rating outlooks, through wire services or other media outlets.

10. Material Changes to Systems, Resources and Procedures

There were no material changes to Fitch Ratings' bulletins, policies and procedures in 2022.

11. Audited Financial Statements and Material Information Concerning Financial Position

The financial statements of the Saudi Arabia branch of Fitch Australia Pty Ltd for the year ended 31 December 2022 (together with the independent auditor's report) are attached.

The information on the revenue of the branch of Fitch Australia Pty Ltd in the Kingdom of Saudi Arabia for 12 months period ending 31 December 2022 is presented in section 7 of this report.

DISCLAIMER & DISCLOSURES

BRANCH OF FITCH AUSTRALIA PTY LTD.
(SAUDI ARABIAN BRANCH)

FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED DECEMBER 31, 2022

BRANCH OF FITCH AUSTRALIA PTY LTD.
(SAUDI ARABIAN BRANCH)

FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED DECEMBER 31, 2022

Deloitte.

Deloitte and Touche & Co.
Chartered Accountants
Dammam branch office
License # 323/11/96/2
Date 24/4/1419
www.deloitte.com

INDEPENDENT AUDITOR'S REPORT

To the head office
Branch of Fitch Australia Pty Ltd.
(Saudi Arabian Branch)
Riyadh, Kingdom of Saudi Arabia

Report on the Audit of the Financial Statements

Opinion
We have audited the financial statements of Branch of Fitch Australia Pty Ltd. ("the Branch"), which comprise the statement of financial position as at December 31, 2022, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended and the notes to the financial statements, comprising a summary of significant accounting policies.

In our opinion, the Branch's financial statements present fairly, in all material respects, the financial position of the Branch as at December 31, 2022, 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 issued by the Saudi Organization for Chartered and Professional 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 Branch in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) ("the Code") as endorsed in the Kingdom of Saudi Arabia, that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with the requirements of the Code. 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 IFRSs that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants ("SOCPA") and applicable requirements of the Regulations for Companies and for such internal controls 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 Branch'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 Branch or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, i.e. the management, are responsible for overseeing the Branch's financial reporting process.

INDEPENDENT AUDITOR'S REPORT TO THE HEAD OFFICE OF FITCH AUSTRALIA PTY LTD. (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 controls.
- Obtain an understanding of internal controls 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 controls.
- 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 Branch's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the Branch to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Deloitte and Touche & Co.
Chartered Accountants

Abdul Rahman S. Al-Suwayegh
License No. 461
6 Shawwal, 1444H
April 26, 2023

BRANCH OF FITCH AUSTRALIA PTY LTD.
(SAUDI ARABIAN BRANCH)

STATEMENT OF FINANCIAL POSITION
AS OF DECEMBER 31, 2022

	Notes	2022 SR	2021 SR
ASSETS			
Non-current assets			
Deferred tax assets	11	**81,068**	102,737
Total non-current assets		**81,068**	102,737
Current assets			
Accrued income and other current assets	5	**787,523**	786,618
Trade receivables, net	6	**1,360,478**	351,127
Cash and cash equivalents	7	**686,299**	2,793,681
Total current assets		**2,834,300**	3,931,426
TOTAL ASSETS		**2,915,368**	4,034,163
HEAD OFFICE EQUITY AND LIABILITIES			
Head office equity			
Capital		**500,000**	500,000
Retained earnings		**340,937**	200,666
Total head office equity		**840,937**	700,666
LIABILITIES			
Non-current liabilities			
Employees' defined benefit liabilities	8	**25,836**	185,135
Total non-current liabilities		**25,836**	185,135
Current liabilities			
Accruals and other payables	9	**714,881**	466,113
Trade payables		**5,175**	54,338
Deferred income	10	**312,137**	434,656
Due to a related party	15	**1,011,246**	2,187,416
Income tax payable	11	**5,156**	5,839
Total current liabilities		**2,048,595**	3,148,362
TOTAL LIABILITIES		**2,074,431**	3,333,497
TOTAL HEAD OFFICE EQUITY AND LIABILITIES		**2,915,368**	4,034,163

BRANCH OF FITCH AUSTRALIA PTY LTD.
(SAUDI ARABIAN BRANCH)

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2022

	Notes	**2022 SR**	2021 SR
Revenue	12	**2,196,422**	9,531,080
Operating expenses	13	**(2,026,311)**	(9,591,432)
Operating profit (loss)		**170,111**	(60,352)
Provision (reversal) of impairment loss on trade receivables	6	**(64,644)**	112,609
Gain on de-recognition of right of use assets and lease liabilities		**-**	4,483
Other income	14	**58,629**	-
Financial charges		**(1,105)**	(4,599)
Profit before tax		**162,991**	52,141
Taxation	11	**(22,720)**	(21,870)
PROFIT FOR THE YEAR		**140,271**	30,271
Other comprehensive income		**-**	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**140,271**	30,271

The accompanying notes form an integral part of these financial statements

BRANCH OF FITCH AUSTRALIA PTY LTD.
(SAUDI ARABIAN BRANCH)

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2022

	Capital SR	Retained earnings SR	Total SR
January 1, 2021	500,000	170,395	670,395
Profit for the year	-	30,271	30,271
Other comprehensive income for the year	-	-	-
Total comprehensive income for the year	-	30,271	30,271
December 31, 2021	500,000	200,666	700,666
Profit for the year	-	**140,271**	**140,271**
Other comprehensive income for the year	-	-	-
Total comprehensive income for the year	-	**140,271**	**140,271**
December 31, 2022	**500,000**	**340,937**	**840,937**

The accompanying notes form an integral part of these financial statements

BRANCH OF FITCH AUSTRALIA PTY LTD.
(SAUDI ARABIAN BRANCH)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2022

	2022 SR	2021 SR
OPERATING ACTIVITIES		
Profit before tax	**162,991**	52,141
Adjustments for		
Gain on de-recognition of right-of-use assets and lease liabilities	-	(4,483)
Financial charges	**1,105**	4,599
Provision (reversal) of impairment loss on trade receivables	**64,644**	(112,609)
Provision for employees' defined benefit liabilities	**25,836**	45,535
Movement in working capital:		
Trade receivables, net	**(1,073,995)**	6,553,804
Accrued income and other current assets	**(905)**	(726,847)
Trade payables	**(49,163)**	54,338
Accruals and other payables	**248,768**	(955,642)
Deferred income	**(122,519)**	(882,527)
Due to a related party	**(1,176,170)**	(3,993,070)
Cash (used in) generated from operations	**(1,919,408)**	35,239
Employees' defined benefit liabilities paid	**(185,135)**	-
Income tax paid	**(1,734)**	-
Financial charges paid	**(1,105)**	(4,599)
Net cash (used in) generated from operations	**(2,107,382)**	30,640
Net change in cash and cash equivalents	**(2,107,382)**	30,640
Cash and cash equivalents, January 1	**2,793,681**	2,763,041
CASH AND CASH EQUIVALENTS, DECEMBER 31	**686,299**	2,793,681

1. GENERAL INFORMATION

Branch of Fitch Australia Pty Ltd ("Saudi Arabian Branch ") was registered in the Kingdom of Saudi Arabia under the Commercial registration number 1010612747 dated 12 Safar 1439H corresponding to November 1, 2017, and under SAGIA license No. 10211380976497 dated 10 Ramadan 1438H corresponding to June 5, 2017. The Branch is fully owned by Fitch Australia Pty Ltd, a limited liability company registered in Australia whereas The Hearst Corporation, is the ultimate parent company.

The principal activities of the Branch are to provide credit rating services.

The registered address of the Branch is in Riyadh, Kingdom of Saudi Arabia.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Basis of preparation
These financial statements have been prepared under the historical cost basis, except as otherwise mentioned in below accounting policies.

The financial statements are presented in Saudi Riyals ("SR") being the functional currency of the Branch.

Revenue
Revenue is measured based on the consideration to which the Branch expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties such as value added tax. The Branch recognizes revenue when it transfers control of a service to a customer.

The Branch recognizes revenue from credit rating, commentary and research services to various sectors.

Revenue is measured at the fair value of the consideration received or receivable.

Operating expenses
Operating expenses are recognized in the statement of profit or loss as and when incurred.

Foreign currencies
In preparing the financial statements, transactions in currencies other than the entity's functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Employee benefits

Employees' defined benefit liabilities
The employees' defined benefit liability is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each reporting period. Remeasurements, comprising actuarial gains and losses, are reflected immediately in the statement of financial position with a charge or credit recognized in other comprehensive income in the period in which they occur. Remeasurements recognized in other comprehensive income are reflected immediately in retained earnings and will not be reclassified to profit or loss in subsequent periods. Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognized immediately in profit or loss as past service costs. Interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are categorized as follows:

- service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- interest expense; and
- remeasurements

The Branch presents the first two components of defined benefit costs in profit or loss in relevant line items and remeasurements are presented in other comprehensive income.

Short-term employee benefits
A liability is recognized for benefits accruing to employees in respect of wages and salaries, annual leave, air tickets and sick leave that are expected to be settled wholly within twelve months after the end of the period in which the employees render the related service. The liability is recorded at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Retirement benefits
Retirement benefits made to funded defined contribution plans in respect of its Saudi employees, are expensed when incurred.

Income tax
The Branch is subject to the Regulations of the Zakat, Tax and Customs Authority ("ZATCA") in the Kingdom of Saudi Arabia. Income tax is provided on an accruals basis and computed on adjusted net income. Any difference in the estimate is recorded when the final assessment is approved, at which time the provision is cleared.

Deferred income tax
Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred income tax (continued)
Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates and tax laws. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Branch expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax are recognized in statement of profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity respectively

Withholding tax
The Branch withholds taxes on certain transactions with non-resident parties in the Kingdom of Saudi Arabia, including dividend payments to the non-resident shareholders, as required under Saudi Arabian Income Tax Law.

Value added tax
Expenses and assets are recognized net of the amount of value added tax, except:

- When the value added tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the value added tax is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable.

- When receivables and payables are stated with the amount of value added tax included. The net amount of value added tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

Cash and cash equivalents
Cash and cash equivalents comprise cash at banks, cash on hand, short term deposits, demand deposits and highly liquid investments with original maturity of three months or less, net of outstanding bank overdrafts which are subject to an insignificant risk of changes in value. For the purpose of the statement of cash flows, cash and cash equivalents consist of cash in hand, bank balances, and short-term deposits with an original maturity of three months or less.

Provisions
Provisions are recognized when the Branch has a present obligation (legal or constructive) as a result of a past event, it is probable that the Branch will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contingencies
Contingent liabilities are not recognised in the financial statements. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. Liabilities which are probable are recorded in the statement of financial position under accruals and other payables. A contingent asset is not recognised in the financial statements but disclosed when an inflow of economic benefits is probable.

Financial instruments
Financial assets and financial liabilities are recognised in the Branch's statement of financial position when the Branch becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets
All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification of financial assets
Debt instruments that meet the following conditions are measured subsequently at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order 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.

Debt instruments that meet the following conditions are measured subsequently at fair value through other comprehensive income (FVTOCI):

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the 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.

By default, all other financial assets are measured subsequently at fair value through profit or loss (FVTPL).

Despite the foregoing, the Branch may make the following irrevocable election / designation at initial recognition of a financial asset:

- the Branch may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if certain criteria are met; and
- the Branch may irrevocably designate a debt investment that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets
The Branch always recognises lifetime ECL for trade and other receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Branch's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Branch recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Branch measures the loss allowance for that financial instrument at an amount equal to 12 months ECL.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12 month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

Significant increase in credit risk
In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Branch compares the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument at the date of initial recognition. In making this assessment, the Branch considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the Branch's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organizations, as well as consideration of various external sources of actual and forecast economic information that relate to the Branch's core operations.

Definition of default
The Branch employs statistical models to analyze the data collected and generate estimates of probability of default ("PD") of exposures with the passage of time. This analysis includes the identification for any changes in default rates and changes in key macro-economic factors across various geographies of the Branch.

Irrespective of the above analysis, the Branch considers that default has occurred when a financial asset is more than 90 days past due unless the Branch has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Credit impaired financial assets
A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

(a) significant financial difficulty of the issuer or the debtor;
(b) a breach of contract, such as a default or past due event (see (ii) above);
(c) the Branch, for economic or contractual reasons relating to the debtor's financial difficulty, having granted to the debtor a concession(s) that the debtor (s) would not otherwise consider;
(d) it is becoming probable that the debtor will enter bankruptcy or other financial reorganization; or
(e) the disappearance of an active market for that financial asset because of financial difficulties.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (continued)

Financial assets (continued)

Significant increase in credit risk (continued)

Write off policy
The Branch writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery.

Measurement and recognition of expected credit losses
The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above.

As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date. The expected credit loss is estimated as the difference between all contractual cash flows that are due to the Branch in accordance with the contract and all the cash flows that the Branch expects to receive, discounted at the original effective interest rate.

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

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss. In addition, on derecognition of an investment in a debt instrument classified as at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss. In contrast, on derecognition of an investment in equity instrument which the Branch has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss, but is transferred to retained earnings.

Financial liabilities
Financial liabilities that are not designated as FVTPL, are measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

Derecognition of financial liabilities
The Branch derecognizes financial liabilities when, and only when, the Branch's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases
For short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets, the Branch recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

3. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs)

3.1 New and revised Standards applied with no material impact on the financial statements

In the current year, the Branch has applied the below amendments to IFRS Standards and Interpretations issued by the International Accounting Standards Board (IASB) that are effective for an annual period that begins on or after January 1, 2022. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

- *Amendments to IFRS 3 Reference to the Conceptual Framework*

The Branch has adopted the amendments to IFRS 3 Business Combinations for the first time in the current year. The amendments update IFRS 3 so that it refers to the 2018 Conceptual Framework instead of the 1989 Framework. They also add to IFRS 3 a requirement that, for obligations within the scope of IAS 37 Provisions, Contingent Liabilities and Contingent Assets, an acquirer applies IAS 37 to determine whether at the acquisition date a present obligation exists as a result of past events. For a levy that would be within the scope of IFRIC 21 Levies, the acquirer applies IFRIC 21 to determine whether the obligating event that gives rise to a liability to pay the levy has occurred by the acquisition date.

- *Amendments to IAS 16 Property, Plant and Equipment Proceeds before Intended Use*

The Branch has adopted the amendments to IAS 16 Property, Plant and Equipment for the first time in the current year. The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced before that asset is available for use, i.e. proceeds while bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Consequently, an entity recognises such sales proceeds and related costs in profit or loss. The entity measures the cost of those items in accordance with IAS 2 Inventories.

- *Amendments to IAS 37 Onerous Contracts—Cost of Fulfilling a Contract*

The Branch has adopted the amendments to IAS 37 for the first time in the current year. The amendments specify that the cost of fulfilling a contract comprises the costs that relate directly to the contract. Costs that relate directly to a contract consist of both the incremental costs of fulfilling that contract (examples would be direct labour or materials) and an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

- *Annual Improvements to IFRS Accounting Standards 2018-2020*

The Branch has adopted the amendments included in the Annual Improvements to IFRS Accounting Standards 2018-2020 Cycle for the first time in the current year.

3. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs) (CONTINUED)

3.2 New and revised standards issued but not yet effective

At the date of authorization of these financial statements, the Branch has not applied the following new and revised IFRS Standards that have been issued but are not yet effective:

- IFRS 17 Insurance Contracts (effective from January 1, 2023).
- Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (effective date not yet decided).
- Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or non-current (effective from January 1, 2023).
- Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgements: Related to disclosure of accounting policies (effective from January 1, 2023).
- Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates and Errors (effective from January 1, 2023).
- Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction (effective from January 1, 2023).

The management does not expect that the adoption of the above standards will have a material impact on the Branch's financial statements in future periods.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Branch's accounting policies, which are described in note 2, the management of the Branch are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that, period, or in the period of the revision and future periods if the revision affects both current and future periods.

Key sources of estimation uncertainty
The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period that may have a risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Impairment of trade receivables
An estimate of expected credit loss on trade receivables is calculated in accordance with the accounting policy detailed in note 6.

Employee defined benefit liabilities
Employee defined benefit liabilities are determined using an input credit method which requires estimates to be made of the various inputs. These estimates have been disclosed in note 8.

5. ACCRUED INCOME AND OTHER CURRENT ASSETS

	2022 SR	2021 SR
Accrued income	**761,523**	760,618
Rent and other deposits	**26,000**	26,000
	787,523	786,618

6. TRADE RECEIVABLES, NET

	2022 SR	2021 SR
Trade receivables	**1,383,563**	352,115
Less: allowance for doubtful debts	**(23,085)**	(988)
	1,360,478	351,127

Movement in allowance for doubtful debts is as follows:

	2022 SR	2021 SR
January 1	**988**	113,597
Provision (reversals) during the year	**64,644**	(112,609)
Written-off	**(42,547)**	-
December 31	**23,085**	988

The average credit period on accounts receivables is from 60 to 90 days. No interest is charged on the trade receivables outstanding balance.

The Branch measures the loss allowance for trade receivables at an amount equal to lifetime ECL. The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

The Branch writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings.

The following table details the risk profile of trade receivables based on the Branch's provision matrix. As the Branch's historical credit loss experience does not show a significantly different loss pattern for different customer segments, the allowances for doubtful debts based on past due status is not further distinguished between the Branch's different customer types.

6. TRADE RECEIVABLES, NET (CONTINUED)

		Trade receivables – Past due but not impaired			
	Not past due	**31-90**	**91-365**	**Above 365**	**Total**
December 31, 2022	**SR**	**SR**	**SR**	**SR**	**SR**
Expected credit loss rate %	-	-	**3.59%**	-	**1.67%**
Gross carrying amount	**739,674**	-	**643,889**	-	**1,383,563**
Lifetime ECL	-	-	**(23,085)**	-	**(23,085)**
Net trade receivables	**739,674**	-	**620,804**	-	**1,360,478**

		Trade receivables – Past due but not impaired			
	Not past due	31-90	91-365	Above 365	Total
December 31, 2021	SR	SR	SR	SR	SR
Expected credit loss rate %	-	0.33%	-	-	0.28%
Gross carrying amount	-	302,711	49,404	-	352,115
Lifetime ECL	-	(988)	-	-	(988)
Net trade receivables	-	301,723	49,404	-	351,127

7. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash and bank balances and short-term deposits with original maturities of three months or less. At December 31, 2022 and 2021, cash and cash equivalents consist of a bank balance.

8. EMPLOYEES' DEFINED BENEFIT LIABILITIES

Movements in the present value of the employees' defined benefit obligation in the current year were as follows:

	2022	2021
	SR	SR
January 1	**185,135**	139,600
Current service cost	**22,353**	41,766
Interest cost	**3,483**	3,769
Payment during the year	**(185,135)**	-
December 31	**25,836**	185,135
Amount recognized in profit or loss:		
Current service cost	**22,353**	41,766
Interest cost	**3,483**	3,769
	25,836	45,535

The principal assumptions used for the purpose of the actuarial valuations were as follows:

	Valuation at	
	2022	2021
Discount rate	**4.5%**	2.05%
Salary increase rate	**4.5%**	2.05%
Turnover rate	**Moderate**	Moderate

9. ACCRUALS AND OTHER PAYABLES

	2022 SR	2021 SR
Accrued employees' benefits	**436,659**	276,430
Value added tax payable	**41,034**	16,283
Accrued professional fees	**237,188**	173,400
	714,881	466,113

10. DEFERRED INCOME

The amount of SR 0.43 million recognised in deferred income at the beginning of the period has been recognised as revenue for the current year (2021: SR 1.32 million).

11. TAXATION

The movement in income tax liability is as follows:

	2022 SR	2021 SR
January 1	**5,839**	-
Charge for the year	**5,156**	5,839
Reversal of excess provision of prior year	**(4,105)**	-
Paid during the year	**(1,734)**	-
December 31	**5,156**	5,839

Income tax charge for the year is as follows:

	2022 SR	2021 SR
Provision for the year	**5,156**	5,839
Deferred tax for the year	**21,669**	16,031
Reversal of excess provision of prior year	**(4,105)**	-
	22,720	21,870

Income tax provision can be reconciled to the accounting profit is as follows:

	2022 SR	2021 SR
Profit before tax	**162,991**	52,141
Provision (reversal) of impairment loss on trade receivables	**22,097**	(112,609)
Employees' defined benefit obligation	**(159,299)**	45,535
Others	**(10)**	44,130
Tax profit	**25,779**	29,197
Non-Saudi holding	**100%**	100%
Tax base	**25,779**	29,197
Tax @ 20%	**5,156**	5,839

11. TAXATION (CONTINUED)

The tax rate used for the 2022 and 2021 reconciliations above is the corporate tax rate of 20% payable by the Branch in the Kingdom of Saudi Arabia on taxable profits attributable to the foreign shareholder.

The Branch has submitted income tax returns up to the year ended December 31, 2021 and has obtained relevant certificates. Assessments from date of inception to 2021 have yet to be issued by the ZATCA.

Deferred tax
Movement of the deferred tax asset is as follows:

2022	Opening balance SR	Recognized in profit or loss SR	Closing balance SR
Deferred tax asset in relation to:			
Employees' defined benefit liabilities	**35,017**	**(31,710)**	**3,307**
Allowance for doubtful debts	**197**	**4,420**	**4,617**
Carry forward tax losses	**67,523**	**5,621**	**73,144**
	102,737	**(21,669)**	**81,068**

12. REVENUE

The Branch derives revenue from credit rating, commentary and research services to various sectors and consideration agreed is recognized upon the delivery of contracted services in accordance with the contracts terms.

13. OPERATING EXPENSES

	2022 SR	2021 SR
Shared service cost (note 15)	**(215,406)**	7,047,162
Employees' salaries and other benefits	**1,134,819**	1,496,719
Travel	**99,434**	4,140
Operating lease expenses (note 16)	**488,786**	342,596
Professional fees	**466,899**	512,857
Marketing	**11,756**	57,207
Exchange loss	**-**	73,843
Others	**40,023**	56,908
	2,026,311	9,591,432

14. OTHER INCOME

	2022 SR	2021 SR
Exchange gains	**58,629**	-
	58,629	-

15. RELATED PARTY TRANSACTIONS AND BALANCES

The related parties comprise of the shareholders of Fitch Australia Pty Ltd, related group companies, the general manager of the Branch and his close family members, key management personnel and their close family members. The Branch carries out transactions with various related parties at agreed terms.

Trading transactions
During the year, the Branch had transactions with the following related parties:

Name	Relationship
Fitch Australia Pty Ltd	Shareholder
Fitch Ratings Ltd. - UK	Affiliate

The significant transactions and the related approximate amounts are as follows:

	2022 SR	2021 SR
Shared service cost	**(215,406)**	7,047,162
Related party balances		
Due to Fitch Ratings Ltd. - UK	**1,011,246**	2,187,416

Compensation of key management personnel of the branch
Key management consists of executive management. Compensation paid / payable to key management personnel during the year is:

	2022 SR	2021 SR
Salaries and allowances	**984,000**	937,519

16. SHORT TERM LEASES

The Branch leases office premises for a short term period. These leases are negotiated for an average term of one year and rentals are fixed for one year.

Amount recognized statement of profit or loss is as follows:

	2022 SR	2021 SR
Expense relating to short term leases	**488,786**	342,596

17. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Capital management
The Branch's objectives when managing capital are to safeguard its ability to continue as a going concern and to maximize the return to stakeholders through the optimization of the debt and equity balance.

The Branch's management manage the Branch's capital structure and make adjustments to it, in light of changes in economic conditions. The capital structure is reviewed on an ongoing basis.

17. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

Categories of financial instruments

Financial assets

	2022 SR	2021 SR
Cash at banks	**686,299**	2,793,681
Trade receivables, net	**1,360,478**	351,127
Accrued income	**761,523**	760,618
	2,808,300	3,905,426

Financial liabilities

	2022 SR	2021 SR
Trade payables, accruals and other payables	**679,022**	504,168
Due to a related party	**1,011,246**	2,187,416
	1,690,268	2,691,584

The Branch carries cash at banks, trade receivables and accrued income at amortised cost.

Financial risk management objectives

The treasury function of the parent company provides services to the business, co-ordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Branch through internal risk reports which analyze exposures by degree and magnitude of risks. These risks include market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

Where possible, the Branch aims to reduce and control risk concentrations. Concentrations of financial risk arise when financial instruments with similar characteristics are influenced in the same way by changes in economic or other factors. The amount of the risk exposure associated with financial instruments sharing similar characteristics is disclosed in more detail in the notes to the financial statements.

Market risk

Market risk is the risk that changes in market prices, such as interest rates and foreign currency exchange rates may affect the Branch's income. The Branch was potentially exposed to market risk, in the form of interest rate risk and foreign currency risk as described below, during the year. There has been no change to the Branch's exposure to market risks or the manner in which these risks are managed and measured.

Foreign currency risk management

The Branch undertakes transactions denominated in foreign currencies, consequently, exposures to exchange rate fluctuations arise. Management monitors the fluctuations in currency exchange rates and manages its effect on the financial statements accordingly. Management believes that the Branch is not materially exposed to currency risk.

Interest rate risk management

Interest rate risk is the risk that the fair value or future cash flows of the financial instruments will fluctuate because of changes in market interest rates. The Branch has no borrowings.

Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Branch. The Branch has adopted a policy of only dealing with creditworthy counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by the management annually.

17. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

Credit risk management (continued)

Trade receivables consist of limited customers, mainly from KSA. Ongoing credit evaluation is performed on the financial condition of accounts receivable.

The Branch does not have significant credit risk exposure to any single counterparty. The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the management, which has established an appropriate liquidity risk management framework for the management of the Branch's short and medium-term funding and liquidity management requirements. The Branch manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

Liquidity and interest risk tables

The following tables detail the Branch's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Branch can be required to pay.

	Weighted average effective interest rate %	Less than 1 year SR	1 – 5 years SR	Total SR	Carrying amount SR
December 31, 2022					
Trade, accruals and other payables	-	**679,022**	-	**679,022**	**679,022**
Due to a related party	-	**1,011,246**	-	**1,011,246**	**1,011,246**
		1,690,268	-	**1,690,268**	**1,690,268**

	Weighted average effective interest rate %	Less than 1 year SR	1 – 5 years SR	Total SR	Carrying amount SR
December 31, 2021					
Trade, accruals and other payables	-	504,168	-	504,168	504,168
Due to a related party	-	2,187,416	-	2,187,416	2,187,416
		2,691,584	-	2,691,584	2,691,584

18. FAIR VALUE OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

Fair value is the amount for which an asset could be exchanged, or a liability settled between knowledgeable willing parties in an arm's length transaction. As the Branch's financial instruments are compiled under the historical cost convention, differences can arise between the book values and fair value estimates. Management believes that the fair values of the Branch's financial assets and liabilities are not materially different from their carrying values.

19. RETIREMENT BENEFIT INFORMATION

The Branch makes contributions for a defined contribution retirement benefit plan to the General Organization for Social Insurance in respect of its Saudi employees. The total amount expensed during the year in respect of this plan is SR 52,383 (2021: SR 69,088).

20. EVENTS AFTER THE REPORTING PERIOD

There were no events subsequent to December 31, 2022 and occurring before the date of the approval of the financial statements that are expected to have a significant impact on these financial statements.

21. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the board of directors and authorized for issue on April 26, 2023.