

ANB CAPITAL COMPANY
(A Saudi Closed Joint Stock Company-Single Person Company)
Financial Statements
As at and for the year ended December 31, 2025



Ernst & Young Professional Services (Professional LLC)
Paid-up capital (SR 5,500,000 – Five million five hundred thousand Saudi Riyal)
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INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDER OF ANB CAPITAL COMPANY (A SAUDI CLOSED JOINT STOCK COMPANY-SINGLE PERSON COMPANY)

Opinion

We have audited the financial statements of ANB Capital Company (the "Company"), which comprise the statement of financial position as at 31 December 2025, and the statement of profit and loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2025, and its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are endorsed by the Saudi Organization for Chartered and Professional Accountants.

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 International Code of Ethics for Professional Accountants (including International Independence Standards) that is endorsed in the Kingdom of Saudi Arabia that is relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with that Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Matter

The financial statements of the Company for the year ended December 31, 2024 were audited by another auditor who expressed an unmodified opinion on those statements on March 20, 2025 (corresponding to Ramadhan 20, 1446H).

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 IFRS Accounting Standards that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are endorsed by the Saudi Organization for Chartered and Professional Accountants and the applicable provisions of the Regulations for Companies and Company's Article of association, 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 Audit Committee is responsible for overseeing the Company's financial reporting process.



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**INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDER OF ANB CAPITAL COMPANY (A SAUDI CLOSED JOINT STOCK COMPANY-SINGLE
PERSON COMPANY) (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 judgment and maintain professional skepticism throughout the audit. We also:

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

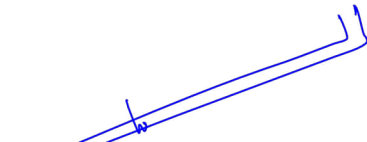


**INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDER OF ANB CAPITAL COMPANY (A SAUDI CLOSED JOINT STOCK COMPANY-SINGLE
PERSON COMPANY) (Continued)**

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

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

for Ernst & Young Professional Services


Fahad M. Altoaimi
Certified Public Accountant
License No. (354)



Riyadh: 5 Shawwal 1447H
(24 March 2026)

ANB CAPITAL COMPANY
(A Saudi Closed Joint Stock Company -Single Person Company)
STATEMENT OF FINANCIAL POSITION
As at December 31, 2025 and 2024
All amounts in Saudi Riyals unless stated otherwise

	<i>Notes</i>	<i>31 December 2025</i>	<i>31 December 2024</i>
ASSETS			
Non-current assets			
Property, equipment and right-of-use assets	5	8,912,038	7,594,361
Intangible assets	6	10,919,838	9,411,566
Investments in associates	9	289,722,361	285,218,359
Investments at fair value through profit or loss (FVTPL)	7	129,599,789	26,336,662
Investments at fair value through OCI (FVOCI)	8	2,057,353	2,686,986
Deferred tax asset	16 (d)	3,569,258	4,055,927
Total non-current assets		<u>444,780,637</u>	<u>335,303,861</u>
Current assets			
Prepayments and other assets	10	98,894,241	81,433,887
Investments at fair value through profit or loss (FVTPL)	7	61,019,527	73,503,351
Receivables against margin lending, net	11	1,267,242,263	1,213,355,246
Cash and cash equivalents	12	553,862,916	442,904,513
Total current assets		<u>1,981,018,947</u>	<u>1,811,196,997</u>
Total assets		<u>2,425,799,584</u>	<u>2,146,500,858</u>
LIABILITIES AND EQUITY			
Non-current liabilities			
Employees defined benefit obligation	13	31,277,421	31,479,940
Lease liabilities	14	557,894	911,911
Total non-current liabilities		<u>31,835,315</u>	<u>32,391,851</u>
Current liabilities			
Accrued expenses and other liabilities	15	93,406,376	103,795,749
Zakat and income tax payable	16 (b)	53,133,549	76,670,647
Current portion of lease liabilities	14	1,131,690	1,849,815
Total current liabilities		<u>147,671,615</u>	<u>182,316,211</u>
Total liabilities		<u>179,506,930</u>	<u>214,708,062</u>
Equity			
Share capital	18	1,000,000,000	1,000,000,000
Statutory reserve	19	-	116,089,624
Other reserves		(740,308)	(3,787,827)
Retained earnings		1,247,032,962	819,490,999
Total equity		<u>2,246,292,654</u>	<u>1,931,792,796</u>
Total liabilities and equity		<u>2,425,799,584</u>	<u>2,146,500,858</u>


Loay H. Als Salman
Chief Financial Officer


Khalid S. Alghamdi
Chief Executive Officer and Board Member

The accompanying notes 1 through 33 form an integral part of these financial statements.

ANB CAPITAL COMPANY
(A Saudi Closed Joint Stock Company -Single Person Company)
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the years ended December 31, 2025 and 2024
All amounts in Saudi Riyals unless stated otherwise

		31 December 2025	31 December 2024
	<i>Notes</i>		
Operating income			
Brokerage fees income, net	20 (a)	36,431,758	46,690,232
Asset management fees income	20 (b)	181,101,311	126,364,087
Investment banking and advisory fees	20 (c)	74,840,098	45,258,319
Special commission income on margin lending		95,987,028	88,155,220
Special commission income on cash deposits	17	150,426,560	170,599,233
Net unrealized gain on investment at fair value through profit or loss	7	3,814,404	1,661,407
Realized gain on investment at fair value through profit or loss	7	8,557,728	5,434,972
Other operating income		5,029,418	1,965,187
Total operating income		556,188,305	486,128,657
Operating expenses			
Salaries and related benefits	21	(143,680,269)	(120,499,881)
Premises related expenses		(1,050,417)	(1,161,594)
Shared services cost	17	(5,613,594)	(5,987,896)
Depreciation and amortisation	5,6	(4,817,628)	(4,767,164)
Software maintenance and support		(9,813,134)	(10,761,376)
Subscription fees		(5,173,409)	(4,237,771)
Professional and consultancy fees		(5,258,122)	(8,494,093)
Other expenses	22	(18,678,227)	(15,768,071)
Total operating expenses before impairment charge		(194,084,800)	(171,677,846)
Impairment charge on financial asset	11	(3,000,000)	(6,000,000)
Total operating expenses after impairment charge		(197,084,800)	(177,677,846)
Net operating income		359,103,505	308,450,811
Finance costs	14	(82,108)	(112,216)
Share in earnings of associates	9	11,156,049	155,773,012
Income before zakat and income tax		370,177,446	464,111,607
Zakat and income tax	16 (a)	(58,725,107)	(63,941,927)
Income for the year		311,452,339	400,169,680
<u>Items that will not be reclassified to profit or loss in subsequent periods:</u>			
Re-measurement gain/ (loss) on employee defined benefit obligation	13	3,677,152	(4,241,086)
Fair value loss on equity investment at FVOCI	8	(629,633)	(661,716)
Other comprehensive income/ (loss)		3,047,519	(4,902,802)
Total comprehensive income for the year		314,499,858	395,266,878
<u>Earnings per share:</u>			
Basic and diluted, income for the year per share	23	3.11	4.00

Loay H. Alsaihan
Chief Financial Officer

Khalid S. Alghamdi
Chief Executive Officer and Board Member

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ANB CAPITAL COMPANY
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STATEMENT OF CHANGES IN EQUITY
For the years ended December 31, 2025 and 2024
All amounts in Saudi Riyals unless stated otherwise

	<u>Share Capital</u>	<u>Statutory reserve</u>	<u>Other reserves Employee end of service benefits</u>	<u>Other reserves Fair value Reserve</u>	<u>Retained earnings</u>	<u>Total</u>
As at January 1, 2024	1,000,000,000	116,089,624	2,978,609	(1,863,634)	419,321,319	1,536,525,918
Income for the year	-	-	-	-	400,169,680	400,169,680
Other comprehensive loss	-	-	(4,241,086)	(661,716)	-	(4,902,802)
Total comprehensive income for the year	-	-	(4,241,086)	(661,716)	400,169,680	395,266,878
Dividends paid during the year	-	-	-	-	-	-
Transfer to statutory reserve	-	-	-	-	-	-
Balance at December 31, 2024	<u>1,000,000,000</u>	<u>116,089,624</u>	<u>(1,262,477)</u>	<u>(2,525,350)</u>	<u>819,490,999</u>	<u>1,931,792,796</u>
As at January 1, 2025	1,000,000,000	116,089,624	(1,262,477)	(2,525,350)	819,490,999	1,931,792,796
Income for the year	-	-	-	-	311,452,339	311,452,339
Other comprehensive income/ (loss)	-	-	3,677,152	(629,633)	-	3,047,519
Total comprehensive income for the year	-	-	3,677,152	(629,633)	311,452,339	314,499,858
Transfer to retained earnings (note 19)	-	(116,089,624)	-	-	116,089,624	-
Balance at December 31, 2025	<u>1,000,000,000</u>	<u>-</u>	<u>2,414,675</u>	<u>(3,154,983)</u>	<u>1,247,032,962</u>	<u>2,246,292,654</u>


Loay H. Als Salman
Chief Financial Officer


Khalid S. Alghamdi
Chief Executive Officer and Board Member

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ANB CAPITAL COMPANY
(A Saudi Closed Joint Stock Company -Single Person Company)
STATEMENT OF CASH FLOWS
For the years ended December 31, 2025 and 2024
All amounts in Saudi Riyals unless stated otherwise

	<i>Notes</i>	31 December 2025	31 December 2024
OPERATING ACTIVITIES			
Income before zakat and income tax		370,177,446	464,111,607
<i>Non-cash adjustment to reconcile income before zakat and tax to net cash flows:</i>			
Depreciation and amortisation	5,6	4,817,628	4,767,164
Finance cost on lease liabilities	14	82,108	112,216
Provisions for employees defined benefit obligation	13	5,427,197	5,197,757
Net unrealized gain on investment at fair value through profit or loss	7	(3,814,404)	(1,661,407)
Realized gain on investment at fair value through profit or loss	7	(8,557,728)	(5,434,972)
Impairment charge on financial asset	11	3,000,000	6,000,000
Share of income from investments in associates	9	(11,156,049)	(155,773,012)
<i>Operating cash flows before working capital changes</i>		359,976,198	317,319,353
Receivables against margin lending	11	(56,887,017)	(96,921,052)
Prepayments and other assets	10	(17,460,354)	(7,526,947)
Accrued expenses and other liabilities	15	(10,389,373)	33,644,873
Net cash generated from operations		275,239,454	246,516,227
Finance cost on lease liabilities paid	14	(82,108)	(112,216)
Zakat and income tax paid	16 (b)	(81,775,536)	(29,125,958)
Employees defined benefit obligation paid	13	(1,952,564)	(4,064,983)
Net cash generated from operating activities		191,429,246	213,213,070
INVESTING ACTIVITIES			
Purchase of property, equipment and intangibles	5,6	(7,643,577)	(5,653,425)
Purchase of financial assets at fair value through profit or loss, net	7	(110,349,536)	(138,409,477)
Proceeds from financial assets at fair value through profit or loss	7	31,942,365	206,220,505
Dividends received from investments in associates	9	6,652,047	199,043,286
Net cash (used in)/generated from investing activities		(79,398,701)	261,200,889
FINANCING ACTIVITIES			
Payment of lease liabilities	14	(1,072,142)	(1,042,034)
Net cash (used in) financing activities		(1,072,142)	(1,042,034)
NET INCREASE IN CASH AND CASH EQUIVALENTS		110,958,403	473,371,925
Cash and cash equivalents at the beginning of the year		442,904,513	(30,467,412)
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		553,862,916	442,904,513
 <i>Non-cash transactions:</i>			
Right-of-use assets		372,155	1,443,082
Lease liabilities		1,689,583	2,761,726


Loay H. Alsaman
Chief Financial Officer


Khalid S. Alghamdi
Chief Executive Officer and Board Member

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ANB CAPITAL COMPANY
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NOTES TO THE FINANCIAL STATEMENTS
For the years ended December 31, 2025 and 2024
All amounts in Saudi Riyals unless stated otherwise

1 ACTIVITIES

ANB Capital Company (the “Company”) is registered in Riyadh, Kingdom of Saudi Arabia, under commercial registration No. 1010239908 and unified ID No. 7001548267 on Shawwal 26, 1428 H (corresponding to November 7, 2007). The Company has taken over the management of the Arab National Bank (“ANB” or the “Bank”) investment services and asset management activities related to dealing, managing, arranging, advising and custody of securities, as from the date of commencement of its commercial operations on January 12, 2008. The company has changed its name from Arab National Investment Company to ANB Capital Company on June 29, 2022 and maintained the same commercial registration number.

The Company is a 100% subsidiary of ANB and closed joint stock company, which was converted from limited liability company on the directions from Capital Market Authority (CMA) dated Sha’ban 3, 1433 (corresponding to 23 June 2013). Such change was approved according to the Ministerial Resolution No. 317/G dated Muharram 19, 1436 H (corresponding to November 12, 2014), and a revised commercial registration was issued on Rabi Al Awal 17, 1436 H (corresponding to January 8, 2015).

The objective of the Company as approved by CMA Board of Commissioners on Muharram 28, 1437 H (corresponding to November 10, 2015) through a resolution number S/1/6/14832/15 is to conduct dealing as a principal as well as an agent; underwriting the asset management and investment banking activities, discretionary portfolio management, brokerage, arranging, advising and custody activities in the Kingdom of Saudi Arabia. This includes various investment activities in Islamic and other related investments such as establishment and management of public equity portfolios, direct investments and real estate funds. Based on the directive of CMA through the letter dated Rabi Al Awal 10, 1437 H (corresponding to December 21, 2015), the Company has obtained the margin lending facility from Arab National Bank, effective from April 1, 2017. Therefore, the Company has amended its objectives to include margin lending financing.

The Company’s registered office is located at the following address:
King Faisal Road, ANB Capital Company Building, Murabbaa District
P.O. Box 220009, Riyadh 11311
Kingdom of Saudi Arabia

2 BASIS OF PREPARATION

(i) Statement of compliance

These financial statements of the Company have been prepared in accordance with the International Financial Reporting Standards (“IFRS”) Accounting Standards as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants (“SOCPA”) and bylaws of the Company.

The new Companies Law issued through Royal Decree M/132 dated 1/12/1443H (corresponding to June 30, 2022) (hereinafter referred to as “the Law”) came into force on 26/6/1444H (corresponding to January 19, 2023). The Company has updated and amended its Articles of Association in line with the provisions of the Law, and the amended Articles have been duly approved by the shareholders. Accordingly, the Company is in compliance with the applicable provisions of the new Company’s Law.

(ii) Basis of measurement

These financial statements have been prepared under the historical cost convention except for fair value of investments held at fair value through profit or loss and fair value through OCI, which is measured at fair value, and employee end of service benefits which is stated at the present value of their obligation using the projected unit credit method.

(iii) Going concern

The Company’s management has assessed its ability to operate as a going concern and is satisfied that the Company has adequate resources to continue its operational existence for the foreseeable future. The Company and the management are unaware of any other material uncertainties that may cast significant doubt upon the Company’s ability to continue as a going concern. Therefore, the financial statements are prepared on a going concern basis.

(iv) Functional and presentation currency

These financial statements are presented in Saudi Riyals (ﷲ), which is also the functional currency of the Company.

ANB CAPITAL COMPANY
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NOTES TO THE FINANCIAL STATEMENTS
For the years ended December 31, 2025 and 2024
All amounts in Saudi Riyals unless stated otherwise

(2) BASIS OF PREPARATION (CONTINUED)

(v) Standard amendments issued and effective

The following new and amended accounting standards and interpretations became applicable for annual periods beginning on or after January 1, 2025.

<i>Standard, interpretation and amendments</i>	<i>Description</i>	<i>Effective date</i>
Amendment to IAS 21 – Lack of exchangeability	IASB amended IAS 21 to add requirements to help in determining whether a currency is exchangeable into another currency, and the spot exchange rate to use when it is not exchangeable. Amendment set out a framework under which the spot exchange rate at the measurement date could be determined using an observable exchange rate without adjustment or another estimation technique.	January 1, 2025

There are other new standards and interpretations which became applicable for annual periods beginning on or after January 1, 2025 that are not applicable to the Company, therefore, not presented in the notes to these financial statements.

(vi) Standard amendments issued but not yet effective

The new and amended 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 new and amended standards and interpretations, if applicable, when they become effective.

Standard, interpretation and amendments	Description	Effective date
Amendments to IFRS 10 and IAS 28- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Partial gain or loss recognition for transactions between an investor and its associate or joint venture only apply to the gain or loss resulting from the sale or contribution of assets that do not constitute a business as defined in IFRS 3 Business Combinations and the gain or loss resulting from the sale or contribution to an associate or a joint venture of assets that constitute a business as defined in IFRS 3 is recognized in full.	Effective date deferred indefinitely
Amendments to IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures	Under the amendments, certain financial assets including those with ESG-linked features could now meet the SPPI criterion, provided that their cash flows are not significantly different from an identical financial asset without such a feature. The IASB has amended IFRS 9 to clarify when a financial asset or a financial liability is recognized and derecognized and to provide an exception for certain financial liabilities settled using an electronic payment system.	January 1, 2026
Amendments to IFRS 9 and IFRS 7 Contracts referencing Nature-dependent Electricity	Contracts Referencing Nature-dependent Electricity amends IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures to more faithfully reflect the effects of contracts referencing nature-dependent electricity on an entity's financial statements.	January 1, 2026
Annual improvements to IFRS – Volume 11	Annual improvements are limited to changes that either clarify the wording in an Accounting Standard or correct relatively minor unintended consequences, oversights or conflicts between the requirements in the Accounting Standards. The 2024 amendments are to the following standards: IFRS 1 First-time Adoption of International Financial Reporting Standards; IFRS 7 Financial Instruments: Disclosures and its accompanying Guidance on implementing IFRS 7; IFRS 9 Financial Instruments; IFRS 10 Consolidated Financial Statements; and.	January 1, 2026

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(2) BASIS OF PREPARATION (CONTINUED)

(vi) Standard amendments issued but not yet effective (Continued)

Standard, interpretation and amendments	Description	Effective date
IFRS 18, Presentation and Disclosure in Financial Statements	IFRS 18 provides guidance on items in statement of profit or loss classified into five categories: operating; investing; financing; income taxes and discontinued operations. It defines a subset of measures related to an entity's financial performance as 'management-defined performance measures' ('MPMs'). The totals, subtotals and line items presented in the primary financial statements and items disclosed in the notes need to be described in a way that represents the characteristics of the item. It requires foreign exchange differences to be classified in the same category as the income and expenses from the items that resulted in the foreign exchange differences.	January 1, 2027
IFRS 19, Subsidiaries without Public Accountability: Disclosures	IFRS 19 allows eligible subsidiaries to apply IFRS Accounting Standards with the reduced disclosure requirements of IFRS 19. A subsidiary may choose to apply the new standard in its consolidated, separate or individual financial statements provided that, at the reporting date it does not have public accountability, and its parent produces consolidated financial statements under IFRS Accounting Standards.	January 1, 2027

3 MATERIAL ACCOUNTING POLICIES

The following are the material accounting policies applied by the company in preparing its financial statements:

3.1 Property, equipment and right of use asset

Property and equipment are stated at cost less accumulated depreciation and accumulated impairment loss. Cost includes expenditure that are directly attributable to the acquisition of the asset. Subsequent costs are included in the assets carrying amount, or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost can be measured reliably. Repairs and maintenance cost are charged to the statement of profit or loss and other comprehensive income during the period in which they are incurred.

The major categories of property and equipment are depreciated on a straight-line basis as follows:

Asset Categories	Useful Lives
Leasehold improvement	Period of lease or 10 years, whichever is shorter
Furniture and fixture	4 years
Office equipment	4 years
Right-of-use assets	Useful life or term of the lease whichever is less

The company allocates the amount initially recognized in respect of an item of property and equipment to its significant parts and depreciates separately each such part. The carrying amount of a replaced part is recognized when replaced. Residual values, method of amortization and useful lives of the assets are reviewed annually and adjusted if appropriate. Impairment losses and gains or losses on disposals of property and equipment are included in statement of comprehensive income.

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NOTES TO THE FINANCIAL STATEMENTS
For the years ended December 31, 2025 and 2024
All amounts in Saudi Riyals unless stated otherwise

(3) MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.2 Intangible assets

Intangible asset comprises of computer software.

Expenditures on internally developed software is recognized as an asset when the company is able to demonstrate its intention and ability to complete the development and use the software in a manner that will generate future economic benefits and can reliably measure the costs to complete the development. The capitalized cost of internally developed software includes all costs directly attributable to developing the software and are amortized over its useful life. Internally developed software is stated at capitalized cost less accumulated amortization and impairment if any.

Amortization is recorded in the statement of profit or loss and other comprehensive income on a straight-line basis over the estimated useful life of the software from the date that it is available for use since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. The estimated useful life of software is 4 to 10 years.

Amortization method, useful lives and residual values are reviewed at each financial year end and adjusted if appropriate.

Subsequent expenditures on software assets are capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditures are expensed in the statement of profit or loss and other comprehensive income as incurred.

The useful life starts at the date that is available for use since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. The estimated useful life of software in four years.

Useful lives are reviewed at each financial year end and adjusted if appropriate.

3.3 Financial instruments

Classification of financial assets depends on the Company's business model for managing its financial assets and the contractual terms of the cash flows. The Company classifies its financial assets as:

- financial assets measured at amortised cost, or
- financial assets measured at fair value

Gains or losses of assets measured at fair value will be recognised either through the profit or loss or through other comprehensive income.

Time deposits, due from related parties and other receivables are held to collect contractual cash flows and are expected to give rise to cash flows representing solely payments of principal and interest and are measured at amortised cost.

All financial instruments for which fair value is recognised or disclosed are categorised within the fair value hierarchy, based on the lowest level input that is significant to the fair value measurement as a whole, as follows:

Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

Initial measurement

Financial assets are initially measured at their fair value, plus transaction costs in the case of a financial asset at fair value through statement of comprehensive income. Transaction costs of financial assets carried at fair value through profit or loss are recognised in the statement of comprehensive income.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows meet the requirements as solely payment of principal and interest.

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3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.3 Financial instruments (continued)

Subsequent measurement

Debt instruments

The Company recognizes three classifications to subsequently measure its debt instruments:

- *Amortised cost*
Financial assets held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest (SPPI) are measured at amortised cost. A gain or loss on a debt investment subsequently measured at amortised cost and not part of a hedging relationship is recognised in the statement of profit or loss when the asset is derecognized or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.
- *Fair Value through Other Comprehensive Income ("FVOCI")*
Financial assets held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses, which are recognised in the statement of comprehensive income. When the financial asset is derecognized, the cumulative gain or loss previously recognised in OCI, is reclassified from equity to the statement of profit or loss and recognised in other gains/(losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other income/expense.
- *Fair Value through profit or loss ("FVTPL")*
Financial assets that do not meet the criteria for subsequent recognition at amortised cost or FVOCI, are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through the profit and loss and which is not part of a hedging relationship is recognised and presented net in the statement of profit or loss and other comprehensive income in the period in which it arises.

Business model assessment

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

- the stated policies and objectives for the portfolio and the operation of those policies in practice. In particular, whether management's strategy focuses on earning contractual interest revenue, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realizing cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Company's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated- e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales in prior periods, the reasons for such sales and its expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Company's stated objective for managing the financial assets is achieved and how cash flows are realized.

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

Financial assets that are held for trading and whose performance is evaluated on a fair value basis are classified as FVTPL because they are neither held to collect contractual cash flows nor held both to collect contractual cash flows and to sell financial assets.

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3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.3 Financial instruments (continued)

Equity instruments

The Company subsequently measures all equity investments at fair value. Where the Company's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other operating income when the Company's right to receive payments is established.

Changes in the fair value of financial assets at fair value through profit or loss are recognised in profit or loss as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

De-recognition

A financial asset or a part of a financial asset is de-recognised when:

- a) The rights to receive cash flows from the asset have expired, or
- b) The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either:
 - The Company has transferred substantially all the risks and rewards of the asset, or
 - The Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Impairment of financial assets

The Company assesses all information available, including a forward-looking basis the expected credit losses associated with its assets carried at amortised cost and FVOCI debt instrument. The impairment methodology applied depends on whether there has been a significant increase in credit risk. To assess whether there is a significant increase in credit risk, the Company compares the risk of a default occurring at the asset as at the reporting date with the risk of default at the date of initial recognition based on all information available, and reasonable and supportive forward-looking information.

The expected loss approach breaks the total loss amount modeling into following parts: probability of default (PD), loss given default (LGD), exposure at default (EAD). These are briefly described below:

Loss given default (LGD)

This is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from any collateral. It is usually expressed as a percentage of the EAD.

Probability of default (PD)

The likelihood of a default over a particular time horizon.

Exposure at default (EAD)

This is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest.

Expected Credit Loss (ECL) Model

The Company uses a point in time (PIT) probability of default model to measure its impairment on financial assets. Point-in-time PD models incorporate information from a current credit cycle and assess risk at a point-in-time. The point-in-time PD term structure can be used to measure credit deterioration and starting PD when performing the allowance calculations. Also, when calculating lifetime expected credit losses, after the inputs are correctly converted, the cash flows are projected and the gross carrying amount, loss allowance, and amortised cost are calculated for the financial instrument.

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3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.3 Financial instruments (continued)

Impairment of financial assets (continued)

Definition of default

In the above context, the Company considers default when: the customer is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realizing security.

Expected credit loss assessment for receivable against margin lending

The Company uses three categories for receivable against margin lending which reflect their credit risk and how the expected credit loss is determined for each of these categories. These internal credit risk ratings are aligned to external credit rating companies, such as Moody's.

A summary of the assumptions underpinning the Company's expected credit loss model is as follows:

<i>Category</i>	<i>Company's definition of category</i>	<i>Basis of recognition of expected credit loss</i>
Performing	Borrowers having a low risk of default and a strong capacity to meet contractual cash flows	12 months expected losses. Where the expected lifetime of an asset is less than 12 months, expected losses are measured at its expected lifetime.
Underperforming	Receivables for which there is significant increase in credit risk; as significant increase in credit risk is presumed if profit and / or principal repayments are 30 days past due.	Lifetime expected losses
Non-performing	Profit and / or principal repayments are 90 days past due	Lifetime expected losses

Over the term of the receivable against margin lending, the Company accounts for its credit risk by appropriately providing for expected credit losses on a timely basis. In calculating the expected credit loss rates, the Company considers historical loss rates for each borrower and adjusts for forward looking macroeconomic data.

Write-off

The Company writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Company's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognized in profit or loss.

Offsetting of financial instruments

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 realize the assets and settle the liability simultaneously.

3.4 Current and non-current classification

The Company presents assets and liabilities in the statement of financial position based on currency/non-current classification. An asset is current when:

- It is expected to be realized or intended to be sold or consumed in the normal operating cycle;
- It is held primarily for the purpose of trading;
- It is expected to be realized within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

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3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.4 *Current and non-current classification (Continued)*

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Company classifies all other liabilities as non-current.

3.5 *Cash and cash equivalents*

Cash and cash equivalents in the statement of financial position include cash on hand, deposits held with banks, and other short-term highly liquid investments with original maturities of three months or less. These deposits are made with reputable banks and financial institutions within the Kingdom of Saudi Arabia.

Cash and cash equivalents in the statement of cash flows include 'Cash and cash equivalents in the statement of financial position' and bank overdrafts repayable on demand.

The Company also holds cash in clients' cash accounts with a local Saudi bank to be used for investments on their behalf. Such balances are not included in the financial statements.

3.6 *Margin lending receivables*

Margin lending receivables are recognized when the cash is advanced to the customers who trade in the capital markets. The cash advance is collateralized against equity securities purchased by the borrowers using these funds as well as any cash accounts that may be held by the customers. The outstanding receivable will decrease when either the borrowers liquidate their holdings or remit cash to reduce the utilization. Margin lending receivables are financed with initial coverage of at least 200%. This coverage is actively monitored and margin calls and liquidation calls are performed at specific predefined thresholds to ensure that the margin lending is sufficiently collateralised at all times. Customer portfolios can be liquidated to cover the loan amounts if the collateral coverage ratio drops below the liquidation level.

3.7 *Investment in associates*

The Company's interests in equity-accounted investee comprise interests in associates. Associates are those entities in which the Company has significant influence, but no control or joint control, over the financial and operating policies.

Interests in associates are accounted for using the equity method. Under the equity method of accounting, the investments are initially recognized at cost and adjusted thereafter to recognise the Company's share of the post-acquisition profits or losses of the investee in profit or loss, and the Company's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates are recognized as a reduction in the carrying amount of the investments.

When the Company's share of losses exceeds its interest in an equity-accounted investee, the carrying amount of that interest, including any long-term investments, is reduced to nil, and the recognition of further losses is discontinued except to the extent that the Company has a corresponding obligation.

Unrealized gains on transactions between the Company and its associates are eliminated to the extent of the Company's interest in these entities. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity-accounted investees is changed where necessary to ensure consistency with the policies adopted by the Company.

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3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.7 Investment in associates (Continued)

The carrying amount of equity-accounted investments is tested for impairment. The net investment in an associate is impaired and impairment losses are incurred if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the net investment (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows from the net investment that can be reliably estimated. Objective evidence that the net investment is impaired includes observable data that comes to the attention of the entity about the following loss events:

- significant financial difficulty of the equity-accounted investee;
- a breach of contract, such as a default or delinquency in payments by the equity-accounted investee;
- the entity, for economic or legal reasons relating to its equity-accounted investee's financial difficulty, granting to the associate or joint venture a concession that the entity would not otherwise consider;
- it becomes probable that the equity-accounted investee will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market for the net investment because of financial difficulties of the equity-accounted investee.

The entire carrying amount is tested for impairment in accordance with IAS 36 Impairment of Assets as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount.

3.8 Employee defined benefit obligation

The Company operates a defined benefit scheme for its employees in accordance with labour regulations applicable in the Kingdom of Saudi Arabia. The cost of providing the benefits under the defined benefits plan is determined using the projected unit credit method. Actuarial gains and losses are recognized in full in the period in which they occur in other comprehensive income. Such actuarial gains and losses are also immediately recognized in the retained earnings and are not reclassified to profit or loss in subsequent periods. Re-measurements are not reclassified to profit or loss in subsequent periods.

Interest expense is calculated by applying the discount rate to the net defined benefit liability. The Company recognises the following changes in the net defined benefit obligation under 'general and administration expenses' in the statement of comprehensive income.

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and
- Net interest expense or income

3.9 Employee defined benefit liability

The defined benefit asset or liability comprises the present value of the defined benefit obligation, less past service costs and less the fair value of plan assets out of which the obligations are to be settled. However, currently the plan is unfunded and has no assets.

3.10 Accrued expenses and other payables

Accrued expenses are recognised initially at fair value and subsequently stated at amortised cost using the effective interest method. Provisions for restructuring costs, warranties and legal claims are recognized in other liabilities when the Company has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount can be reliably estimated. Provisions are measured at management's best estimate of the expenditure required to settle the obligation at the end of the reporting period, and are discounted where the effect is material.

3.11 Zakat and income tax payables and value added tax

Zakat

Zakat is provided for in accordance with the Saudi Arabian regulations. The liability is charged to the statement of comprehensive income. This is adjusted, if applicable, upon receiving the final zakat assessment.

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3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Zakat and income tax payables and value added tax (continued)

Income tax

Income tax assets and liabilities for the year are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted, or substantively enacted at the reporting date in the Kingdom of Saudi Arabia where the Company operates and generates taxable income.

Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation, and it establishes provisions where appropriate.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss

In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

Value Added Tax (VAT)

Expenses, and assets are recognized net of the amount of VAT, except:

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

The net amount of VAT recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

3.12 Revenue from contracts with customers

IFRS 15 Revenue from contracts with customers has established a five-step model to account for revenue arising from contracts with customers. The five-step model is as follows:

- a) Identify the contract
- b) Identify performance obligation
- c) Determine the transaction price
- d) Allocation of the transaction price
- e) Recognize revenue

The Company generates the following revenue streams that are covered:

- a) Brokerage fees
- b) Special commission income on margin lending
- c) Asset management fees
- d) Corporate finance and Advisory fees

3.12.1 Brokerage fees

Brokerage income is recognized when the related transactions are executed on behalf of the customers at the price agreed in the contract with the customers and is recorded net of The Saudi Stock Exchange Company (Tadawul) fees, Capital Market Authority (CMA) fees and discounts. The performance obligation of the Company is satisfied when the Company carries out the transaction, which triggers immediate recognition of the revenue, as the Company will have no further commitments.

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3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.12 Revenue from contracts with customers (continued)

3.12.2 Special commission income on margin lending

Margin lending is an overdraft facility provided to customers to trade in the capital market. Interest income from margin lending is accrued daily on the outstanding balance on an effective yield basis. Margin lending fees are recognised based on customer utilisation of the margin lending facility at the applicable rates agreed in the contract with the customer.

3.12.3 Management and administration fees from investment funds

Management and administration fee income is recognized on a periodic basis (annual % pro-rated for daily accruals) with reference to the Net Asset Value ('NAV') computation. The Company's practice for recognition of management fees is aligned with IFRS since the Management fee is recognized on an accruals basis against the rendering of the Asset Management services that the Company is providing on an on-going basis.

3.12.4 Advisory and corporate finance

Advisory and corporate finance fee is recognized based on services rendered under the applicable service contracts using the five-step approach to revenue recognition above

3.13 Other operating income

3.13.1 Net gain or loss on financial assets at fair value through profit or loss

Net gains or losses on financial assets at fair value through profit or loss are changes in the fair value of financial assets held for trading or designated upon initial recognition as at fair value through profit or loss and exclude interest and dividend income and expenses.

Unrealised gains and losses comprise changes in the fair value of financial instruments for the period and from reversal of the prior period's unrealised gains and losses on the disposal of financial instruments which were realised in the reporting period. Realised gains and losses on the disposal of financial instruments classified as at fair value through profit or loss are calculated using the weighted average method. They represent the difference between an instrument's initial carrying amount and disposal amount, or cash payments or receipts made on financial instruments classified as at fair value through profit or loss (excluding payments or receipts on collateral margin accounts for such instruments).

3.13.2 Dividend income

Dividend income is recognised on the date when the Company's right to receive the payment is established. For quoted equity securities, this is usually the ex-dividend date. For unquoted equity securities, this is usually the date on which the shareholders approve the payment of a dividend. Dividend income from equity securities designated as at FVOCI is recognised in the statement of profit or loss and other comprehensive income in a separate line item.

3.13.3 Special commission income and expense

Special commission income and expense for all commission-bearing financial instruments is recognised in the statement of profit or loss and other comprehensive income on an effective yield basis. The effective commission rate 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 commission rate, the Company estimates future cash flows considering all contractual terms of the financial instrument but not future credit losses.

3.14 Segment reporting

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Company's other components. All operating segments' operating results are reviewed by the Company's Chief Operating decision maker (Chief Executive Officer - CEO) to make decision about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

Segment results that are reported to the Company's Chief Operating decision maker include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

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3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.15 Leases

The Company assess whether a contract contains a lease, at inception of the contract. For all such lease arrangements the Company recognize right of use assets and lease liabilities except for the short-term leases and leases of low value assets as follows:

Right-of-use assets

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any re-measurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Company is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment. Right-of-use assets are depreciated over the useful life or lease period whichever is lower.

Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is re-measured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

The preparation of the Company's financial statements requires management to make estimates and assumptions that affect the reported amounts of revenues, 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 the asset or liability affected in future periods. 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.

4 SIGNIFICANT ACCOUNTING ESTIMATES AND ASSUMPTIONS

The key assumptions concerning the future and other key estimates made regarding 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 financial year, are described below.

4.1 Measurement of the net employment defined benefit liabilities

The cost of the defined benefit plan and the present value of the obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions which may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, and mortality rates.

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4 SIGNIFICANT ACCOUNTING ESTIMATES AND ASSUMPTIONS (CONTINUED)

4.2 Fair value measurement of financial instruments

When the fair value of financial assets and financial liabilities recorded in the statement of financial position cannot be measured based on quoted prices in active markets, their fair value is determined using valuation techniques including the discounted cash flow model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. The judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions relating to these factors could affect the reported fair value of financial instruments.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The Company invests in redeemable units of unlisted mutual funds, which are also managed by the Company. The funds are open for subscriptions/redemptions on a periodic basis as mentioned in the terms and conditions. The value of the net assets of the funds for the purpose of the subscription/redemption of units is determined by dividing the net assets attributable to unitholders of the funds (fair value of the funds' assets minus the liabilities) by the total number of the funds' units outstanding on the relevant valuation day.

5 PROPERTY, EQUIPMENT AND RIGHT-OF-USE-ASSETS

Reconciliation of carrying amount:

	<i>Note</i>	<i>Leasehold improvements</i>	<i>Furniture and fixtures</i>	<i>Office equipment</i>	<i>Right- of-use- assets</i>	<i>Total</i>
Cost:						
Balance as at January 1, 2025		21,474,677	2,057,888	8,383,787	12,776,297	44,692,649
Additions during the year	5.1	70,935	413,211	3,997,762	-	4,481,908
Balance as at December 31, 2025		21,545,612	2,471,099	12,381,549	12,776,297	49,174,557
Accumulated depreciation:						
Balance as at January 1, 2025		17,053,570	1,455,373	7,256,130	11,333,215	37,098,288
Charge for the year		1,334,599	343,666	117,425	1,368,541	3,164,231
Balance as at December 31, 2025		18,388,169	1,799,039	7,373,555	12,701,756	40,262,519
Net book value:						
At December 31, 2025		3,157,443	672,060	5,007,994	74,541	8,912,038

5.1 Office equipment include capital work in progress related to the IT hardware upgrades of the Company ₪ 4,353,126 (2024: ₪ 668,963). These assets are not depreciated until they are completed and available for their intended use. Upon completion, the balance is transferred to the relevant category and depreciation commences from the date of transfer in accordance with the company policy.

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5 PROPERTY, EQUIPMENT AND RIGHT-OF-USE ASSETS (CONTINUED)

Reconciliation of carrying amount:

	<i>Leasehold improvements</i>	<i>Furniture and fixtures</i>	<i>Office equipment</i>	<i>Right- of-use assets</i>	<i>Total</i>
Cost					
Balance as at January 1, 2024	19,354,443	2,057,888	7,249,956	12,776,297	41,438,584
Additions during the year	2,120,234	-	1,133,831	-	3,254,065
Balance as at December 31, 2024	21,474,677	2,057,888	8,383,787	12,776,297	44,692,649
Accumulated depreciation					
Balance as at January 1, 2024	15,985,191	1,180,604	7,128,702	9,640,543	33,935,040
Charge for the year	1,068,379	274,769	127,428	1,692,672	3,163,248
Balance as at December 31, 2024	17,053,570	1,455,373	7,256,130	11,333,215	37,098,288
Net book value					
At December 31, 2024	4,421,107	602,515	1,127,657	1,443,082	7,594,361

6 INTANGIBLE ASSETS

Intangible assets comprise of software that are amortized on a straight-line basis over an estimated useful life of 4 to 10 years.

Reconciliation of carrying amount:

	2025	2024
Cost		
Balance as at 1 January	35,593,222	33,193,862
Additions during the year	3,161,669	2,399,360
Balance as at 31 December (note 6.1)	38,754,891	35,593,222
Accumulated amortization		
Balance as at 1 January	26,181,656	24,577,740
Charge during the year	1,653,397	1,603,916
Balance as at 31 December	27,835,053	26,181,656
Net book value		
At 31 December	10,919,838	9,411,566

6.1 Intangible assets include capital work in progress represents assets that are still under development related to the upgrade of the brokerage services system of the Company of ﷲ 5,796,518 (2024: ﷲ 6,848,375). These assets are not amortised until they are completed and available for their intended use. Upon completion, the balance is transferred to the intangible assets and amortization commences from the date of transfer in accordance with the company policy.

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7 INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS (FVTPL)

Investments at fair value through profit or loss consist of investments in local money market funds, listed equities, real estate investments funds, private equity funds and private placements. The movements are set out below:

	<i>Cost</i>	<i>December 31, 2025</i>		<i>Fair value</i>
		<i>Addition/ (disposal), net</i>	<i>Realized/ Unrealized gain (loss)</i>	
Non-current investments:				
Investments in anb capital Tech Fund 1 (note 7.6)	1,246,089	254,557	91,905	1,592,551
Investments in private placement (note 7.7)	25,000,000	-	-	25,000,000
anb Capital Fixed Income Fund 3 (note 7.10)	-	939,885	-	939,885
anb Capital Fixed Income Fund 2 (note 7.11)	-	367,353	-	367,353
anb Capital Alargan Real Estate Fund IV (note 7.12)	-	25,000,000	-	25,000,000
Investment in Sukuk (note 7.13)	-	78,407,910	(1,707,910)	76,700,000
Total non-current investments	26,246,089	104,969,705	(1,616,005)	129,599,789
Current Investments:				
AlMubarak Real Estate Income Fund (note 7.1)	1,584,560	(2,449,002)	864,442	-
Al Dar Investment Fund 2 (note 7.2)	12,810,000	(18,000,000)	5,190,000	-
Local equities listed on Tadawul (note 7.4)	21,078,412	2,479,343	(307,644)	23,250,111
Alarabi Real Estate Opportunities Fund III (note 7.5)	25,000,000	(7,750,000)	15,125,500	32,375,500
anb capital multi asset growth fund shariah (note 7.14)	-	1,954,514	(67,423)	1,887,091
anb capital multi asset conservative fund shariah (note 7.15)	-	3,425,317	81,508	3,506,825
Total current investments	60,472,972	(20,339,828)	20,886,383	61,019,527
Total investments at FVTPL	86,719,061	84,629,877	19,270,378	190,619,316

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7 INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS (FVTPL) (CONTINUED)

	<i>Cost</i>	<i>December 31, 2024</i>		<i>Fair value</i>
		<i>Addition/ (disposal), net</i>	<i>Realized/ Unrealized gain (loss)</i>	
Non-current investments:				
Investments in anb capital Tech Fund 1 (note 7.6)	1,022,488	223,601	90,573	1,336,662
Investments in private placement (note 7.7)	-	25,000,000	-	25,000,000
Total non-current investments	1,022,488	25,223,601	90,573	26,336,662
Current Investments:				
Al Mubarak SAR Trade Fund(note 7.8)	100,100,000	(100,984,516)	884,516	-
AlMubarak Real Estate Income Fund (note 7.1)	4,000,000	-	(2,415,440)	1,584,560
Al Dar Investment Fund 2 (note 7.2)	30,000,000	(19,500,000)	2,310,000	12,810,000
Alarabi Alargan Real Estate Development Fund 1 (note 7.3)	44,500,000	(80,100,000)	35,600,000	-
Local equities listed on Tadawul (note 7.4)	13,617,536	7,460,876	6,270,379	27,348,791
Alarabi Real Estate Opportunities Fund III (note 7.5)	25,000,000	-	6,760,000	31,760,000
anb capital USD Trade Fund (Shariah)(note 7.9)	5,625,000	(5,635,989)	10,989	-
Total current investments	222,842,536	(198,759,629)	49,420,444	73,503,351
Total investments at FVTPL	223,865,024	(173,536,028)	49,511,017	99,840,013

- 7.1 Investments in Al Mubarak Real Estate Income Fund represents nil units (December 31, 2024: 4,000 units). The fund is unlisted and is managed by the Company.
- 7.2 Investments in Al Dar Investment Fund 2 represent nil units (December 31, 2024: 1,050,000 units). The fund is unlisted and is managed by fund managers, other than the Company, licensed by the Capital Market Authority of Saudi Arabia.
- 7.3 Investments in Alarabi Alargan Real Estate Development Fund 1 has been disposed of during the year 2024. The fund is unlisted and is managed by the Company.
- 7.4 Investments in local equities listed on Tadawul represent portfolios managed by the Company.
- 7.5 Investments in Alarabi Real Estate Opportunities Fund III represent 25,000 units (December 31, 2024: 25,000 units). During the year the fund distributed the dividend of ﷲ 7,750,000 (December 31, 2024: Nil). The fund is unlisted and is managed by the Company.
- 7.6 Investments in feeder private equity fund represents 400.17 units (December 31, 2024: 332.29 units). The private equity feeder fund is unlisted and is managed by the Company. Formerly known as Hp Oryx Tech Fund 1.
- 7.7 Investment in private placement represents 125,000 shares in direct investment of a closed Saudi joint stock company.
- 7.8 The Company has purchased 4,150,144 units of Al Mubarak SAR Trade Fund and disposed of all units during the year December 31, 2024. The fund is unlisted and is managed by the Company.
- 7.9 Investments in anb capital USD Trade Fund.
- 7.10 Investment in anb Capital Fixed Income Fund 3 represents 25,063 units. The fund is unlisted and is managed by the Company.
- 7.11 Investment in anb Capital Fixed Income Fund 2 represents 36,735 units (December 31, 2024: Nil). The fund is unlisted and is managed by the Company.
- 7.12 Investment in anb Capital Alargan Real Estate Fund IV represents 25,000 units (December 31, 2024: Nil). The fund is unlisted and is managed by the Company.
- 7.13 Investments in Sukuk represents tier 1 sukuks.

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7 INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS (FVTPL) (CONTINUED)

- 7.14 Investment in anb capital multi asset growth fund (Shariah) represents 195,119 units (December 31, 2024: nil). The fund is unlisted and is managed by the Company.
- 7.15 Investment in anb capital multi asset conservative fund (Shariah) represents 341,703 units (December 31, 2024: nil). The fund is unlisted and is managed by the Company.

	<i>31 December</i>	<i>31 December</i>
	2025	2024
Fair value as at the beginning of the year	99,840,013	160,554,662
Addition during the year	110,349,536	138,409,477
Disposal during the year	(31,942,365)	(206,220,505)
Net unrealised gain at FVTPL	3,814,404	1,661,407
Net realised gain at FVTPL	8,557,728	5,434,972
	190,619,316	99,840,013
	190,619,316	99,840,013

8 INVESTMENTS AT FAIR VALUE THROUGH OCI (FVOCI)

Investments at fair value through other comprehensive income consist of investments in equity for which Company elected to present the changes in the fair value in the OCI. The election was made because the investments are expected to be held for the long term for strategic purposes. The movements are set out below:

	<i>December 31, 2025</i>			
	<i>Cost</i>	<i>Addition</i>	<i>Unrealized gain (loss)</i>	<i>Fair value</i>
Investment in Saudi Basic Industries (SABIC)	5,212,336	-	(3,154,983)	2,057,353
	<i>December 31, 2024</i>			
	<i>Cost</i>	<i>Addition</i>	<i>Unrealized gain (loss)</i>	<i>Fair value</i>
Investment in Saudi Basic Industries (SABIC)	5,212,336	-	(2,525,350)	2,686,986

8.1 There was no disposal of the strategic investment during the year ended December 31, 2025 (2024: nil) and there was no transfer of any cumulative gain or loss within equity relating to these investments (2024: nil). The change in fair value on these investments was ~~ﷲ~~0.63 million for the year ended December 31, 2025 (2024: ~~ﷲ~~ 0.66 million).

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9 INVESTMENTS IN ASSOCIATE

Investments in associates consist of investments in private real estate funds. The details of the Company's associate at the end of the reporting period are as follows:

<i>Name of Associate</i>	<i>31 December 2025</i>	<i>31 December 2024</i>	<i>31 December 2025</i>	<i>31 December 2024</i>
	<i>% of ownership</i>			
Sara Second Real Estate Fund (Note 9.1)	23.76%	23.76%	<u>289,722,361</u>	<u>285,218,359</u>

9.1 On May 21, 2020, the Company subscribed to 23.76% of the units of the Sara Second Real Estate Fund ("the Fund") at an amount of ﷲ 325 million. It is a closed-ended private placement real estate investment fund launched on May 21, 2020 for a period of 12 years starting from date of closure of first offering. However, the fund may be terminated and liquidated early based on the fund manager's decision and the approval of the fund's board of directors and / or in accordance with the relevant provisions of the fund's terms and conditions.

Summarized financial information of the associate is set out below. The summarized financial information below represents amounts shown in Sara Second Real Estate Fund 's financial statements.

	<i>31 December 2025 (Unaudited)</i>	<i>31 December 2024 (Audited)</i>
Total assets	1,697,944,852	1,729,277,280
Total liabilities	478,548,708	528,727,391
Net assets	1,219,396,144	1,200,549,889
Revenue	147,884,965	163,660,158
Total comprehensive income	49,067,044	69,665,747
Dividends paid during the year	(28,000,000)	(68,000,000)

The movement in Sara Second Real Estate Investment Fund is as follows:

	<i>31 December 2025</i>	<i>31 December 2024</i>
At the beginning of the year	285,218,359	297,397,244
Share in results	11,156,049	3,976,086
Share of dividend paid	(6,652,047)	(16,154,971)
At the end of the year	<u>289,722,361</u>	<u>285,218,359</u>

The Funds have been accounted for using equity method in these financial statements as set out in the Company's accounting policies in note 3.7.

Dividends received from associates represent the actual amounts attributable to the Company and hence received by the Company. The other summary information that precedes the reconciliation to the Company's carrying amount represents amounts included in the financial statements of the associates, not the entity's share of these amounts, although they are adjusted to reflect fair value adjustments upon acquisition or accounting policy alignments.

During the previous year, the ANBC Business Gate Fund sold its underlying assets, and the resulting gain of ﷲ 151.796 million on the transaction has been recognized as share in earnings in the Company statement of income during 2024.

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10 PREPAYMENTS AND OTHER ASSETS

	<i>31 December 2025</i>	<i>31 December 2024</i>
Accrued asset management fees	83,694,130	65,086,593
Accrued advisory and corporate finance fees	4,973,750	6,532,813
Prepaid expenses	3,266,713	5,449,268
Accrued special commission income on deposits (note 17)	6,195,436	869,266
Others	764,212	3,495,947
	<u>98,894,241</u>	<u>81,433,887</u>

11 RECEIVABLES AGAINST MARGIN LENDING, NET

The Company extends the margin-financing facilities to its customers to invest in the Saudi stock exchange (Tadawul) who wish to actively trade on a leveraged basis, secured by the tradable securities. The term of the facilities given to customers are for 12 months.

	<i>31 December 2025</i>	<i>31 December 2024</i>
Receivables against margin lending	1,272,045,810	1,215,274,692
Accrued special commission income	7,870,133	7,754,234
	<u>1,279,915,943</u>	<u>1,223,028,926</u>
Expected credit loss allowance	(12,673,680)	(9,673,680)
Receivables against margin lending, net	<u>1,267,242,263</u>	<u>1,213,355,246</u>

The Company has the option to liquidate the client's investment portfolio to ensure repayment of the lending amount in case of default. Outstanding amounts are subsequently settled within the tenure of the facilities. Margin lending receivables are financed with initial coverage of at least 200% collateral. The Company is continuously monitoring the market value of the collateral of each customer and the Company has stop loss measure in case if its value falls by 25% of the original value of the portfolio, then the Company liquidate the investment up to the amount lent. If the proceeds from the disposal of the investment are below the carrying value, the borrower is followed up to recover the difference. During the year ended December 31, 2025, the Company has performed an impairment assessment for the outstanding balances and recorded the expected credit loss allowance charged of **ﷲ 3,000,000** (December 31, 2024: **ﷲ6,000,000**).

12 CASH AND CASH EQUIVALENTS

	<i>31 December 2025</i>	<i>31 December 2024</i>
Cash in hand	55,000	55,000
Cash at bank - current accounts (note 17)	553,807,916	442,849,513
Cash and cash equivalents in the statement of financial position & cash flows	<u>553,862,916</u>	<u>442,904,513</u>

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13 EMPLOYEES DEFINED BENEFIT OBLIGATION

The movement in employees defined benefit obligation for the year ended is as follows:

	<i>31 December</i> 2025	<i>31 December</i> 2024
Balance at beginning of the year	31,479,940	26,106,080
Current service cost	3,737,816	3,796,766
Past service cost	-	-
Interest cost	1,689,381	1,400,991
Amount recognized in profit or loss account (Note 21)	5,427,197	5,197,757
Re-measurement (gain)/loss on employee defined benefit obligation	(3,677,152)	4,241,086
Amount recognized in OCI	(3,677,152)	4,241,086
Benefits paid during the year	(1,952,564)	(4,064,983)
Balance at the end of the year	31,277,421	31,479,940

The Company carried out an employee benefits actuarial valuation of its liability, using the projected unit credit method, as at December 31, 2025 arising from the end of service benefits to qualifying in-service employees.

Key actuarial assumptions

The following were the principal actuarial assumptions:

	<i>31 December</i> 2025	<i>31 December</i> 2024
<i>Financial assumptions</i>		
Discount rate used	5.55%	5.55%
Salary growth rate	2.00%	4.00%
<i>Demographic assumptions</i>		
Retirement age	65 years	60 years
Post Retirement Mortality	13 years	13 years

Sensitivity analysis of key actuarial assumptions

A reasonably possible change to one of the relevant actuarial assumptions, holding other assumptions constant, would have an impact on the defined benefit obligation. The following is a sensitivity analysis for the salary inflation and discount rate assumptions performed at the previous and current valuation date and the expected defined benefit obligation on each assumption is as follows:

	<i>31 December</i> 2025	<i>31 December</i> 2024
	<i>Effect of change in assumption on closing balance</i>	
<i>Key actuarial assumption (change in assumption)</i>		
Discount rate (+1%)	28,663,540	28,675,410
Discount rate (-1%)	34,296,201	34,751,607
Long term salary increases (+1%)	34,376,745	34,770,142
Long term salary decrease (-1%)	28,554,192	28,611,176

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13 EMPLOYEES DEFINED BENEFIT OBLIGATION (CONTINUED)

Maturity profile of the employee defined benefit obligation

The average duration of the defined benefit plan obligation at the end of the reporting period is 26.48 years (2024: 27.08 years) and details of expected payments for defined benefit obligation in future years are as follows:

	<i>31 December</i> 2025	<i>31 December</i> 2024
Within next 12 months (next annual reporting period)	3,081,743	2,688,789
Between 2 and 5 years	15,898,403	13,872,952
Beyond 5 years	25,724,673	22,447,359
Total Expected Payments	44,704,819	39,009,100

14 LEASE LIABILITIES

The movement in lease liabilities during the year is as follows:

	<i>31 December</i> 2025	<i>31 December</i> 2024
At the beginning of the year	2,761,726	3,803,760
Finance cost	82,108	112,216
Lease payments during the year	(1,154,250)	(1,154,250)
At the end of the year	1,689,584	2,761,726
Non-current lease liabilities	557,894	911,911
Current lease liabilities	1,131,690	1,849,815

15 ACCRUED EXPENSES AND OTHER LIABILITIES

	<i>31 December</i> 2025	<i>31 December</i> 2024
Accrued employees' salaries and related benefits	36,446,385	34,480,160
Accrued expenses	43,408,788	49,371,191
Accounts payable	9,043,944	12,093,206
Value added tax payable	2,018,534	5,151,477
Payable to The Saudi Stock Exchange Company (Tadawul)	248,022	299,215
Professional fees	1,105,214	1,073,469
Others	1,135,489	1,327,031
	93,406,376	103,795,749

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16 ZAKAT AND INCOME TAX

a) Zakat and income tax charge

	<i>31 December 2025</i>	<i>31 December 2024</i>
Share capital	1,000,000,000	1,000,000,000
Statutory and other reserve, beginning balance	111,826,329	116,728,540
Retained earnings, beginning balance	819,966,468	419,797,378
Adjusted net income	373,090,796	475,485,716
Employees' retirement benefits	29,527,376	22,007,317
Provisions	9,673,680	27,609,000
Property and equipment as per income tax law	(19,831,876)	(16,841,387)
Liabilities completed one year	28,998,041	-
Investments as per income tax law	(482,399,031)	(392,227,022)
	<hr/>	<hr/>
Zakat base	1,870,851,783	1,652,559,542
	<hr/>	<hr/>
Share of Saudi shareholder in the Zakat base @ 60%	1,122,511,070	991,535,725
	<hr/> <hr/>	<hr/> <hr/>

Zakat is calculated based on the zakat base. Some of these amounts have been adjusted in arriving at Zakat base for the year. Following is the composition of the Zakat and tax provision for the year:

	<i>31 December 2025</i>	<i>31 December 2024</i>
Zakat charge during the year	28,694,494	24,904,898
Tax charge during the year	29,543,944	40,245,300
Deferred tax charge/(income) during the year	486,669	(1,208,271)
	<hr/>	<hr/>
	58,725,107	63,941,927
	<hr/> <hr/>	<hr/> <hr/>

b) Movement in zakat and income tax payable during the year

	<i>Zakat</i>	<i>Income Tax</i>	<i>Total</i>
<i>Movement for the year ended December 31, 2025</i>			
At the beginning of the year	41,173,340	35,497,307	76,670,647
Provided during the year	28,694,494	29,543,944	58,238,438
Payments during the year	(25,799,606)	(55,975,930)	(81,775,536)
	<hr/>	<hr/>	<hr/>
At the end of the year	44,068,228	9,065,321	53,133,549
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
 <i>Movement for the year ended December 31, 2024</i>			
	<i>Zakat</i>	<i>Income Tax</i>	<i>Total</i>
At the beginning of the year	32,835,112	7,811,295	40,646,407
Provided during the year	24,904,898	40,245,300	65,150,198
Payments during the year	(16,566,670)	(12,559,288)	(29,125,958)
	<hr/>	<hr/>	<hr/>
At the end of the year	41,173,340	35,497,307	76,670,647
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

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16 ZAKAT AND INCOME TAX (CONTINUED)

c) Status of assessment

The Company has finalized its Zakat and income tax assessments for the years ended December 31, 2008, 2009 and 2010. The Company has also filed the Zakat and income tax return for the years from 2011 to 2024 which are still under review with the ZATCA. Zakat and income tax return for the year ended December 31, 2025 will be submitted subsequent to the financial statements' issuance date.

d) Deferred tax

	<i>Opening balance</i>	<i>Recognized in profit and loss account</i>	<i>Closing balance</i>
<i>Movement for the year ended December 31, 2025</i>			
Property and equipment and intangible assets	763,638	(791,625)	(27,987)
Employees' defined benefit obligation	2,518,395	(16,201)	2,502,194
Provision for operational losses	773,894	321,157	1,095,051
	4,055,927	(486,669)	3,569,258
<i>Movement for the year ended December 31, 2024</i>			
Property, equipment and intangible assets	(91,641)	855,279	763,638
Employees' defined benefit obligation	2,645,403	(127,008)	2,518,395
Provision for operational losses	293,894	480,000	773,894
	2,847,656	1,208,271	4,055,927

17 RELATED PARTY TRANSACTIONS AND BALANCES

Related parties represent Parent Company, associates of the Parent Company, directors and key management personnel of the Company and entities controlled or significantly influenced by the Parent Company. Transactions with related parties included in the statement of profit or loss and other comprehensive income are as follows:

<u>Related party</u>	<u>Nature of transactions</u>	<u>Balances</u>	
		2025	2024
Assets			
Arab National Bank ('ANB')			
- Parent Company	Current accounts held with ANB (note 12)	553,807,916	442,849,513
	Accrued corporate finance fee income from ANB	4,140,000	3,111,563
	Accrued special commission income (note 10)	6,195,436	869,266
- Directors and key management personnel	Receivables against margin lending	11,286,886	9,865,362

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17 RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

<u>Related party</u>	<u>Nature of transactions</u>	<u>Amount of transactions</u>	
		2025	2024
Income			
Arab National Bank ('ANB')	Income from ANB discretionary portfolio management	10,324,499	7,560,600
- Parent Company	Corporate finance fee income	4,318,750	1,800,000
	Special commission income on deposits	150,426,560	170,599,233
	Custody fees income	858,000	858,000
	Advisory fee	10,000,000	10,000,000
- Directors and key management personnel	Special commission income on margin lending	837,755	485,345
Expense		2025	2024
Arab National Bank ('ANB')	Shared services cost allocated by ANB	(5,613,594)	(5,987,896)
- Parent Company			
- Directors and key management personnel	Salaries and related benefits to key management	(20,728,171)	(20,305,303)
	Board of Directors fees	(2,175,666)	(2,191,000)

18 SHARE CAPITAL

	<i>31 December</i>	<i>31 December</i>
	2025	2024
Arab National Bank - Ordinary shares (ﷲ 10 per share)	100%	100%

Share capital of ﷲ 1,000 million (December 31, 2024: ﷲ 1,000 million) is divided into 100,000,000 shares (December 31, 2024: 100,000,000 shares) of ﷲ 10 each, which is wholly paid.

No dividends were declared or paid during 2025 & 2024.

19 STATUTORY RESERVES

This represents the total amounts appropriated from net income for prior years as statutory reserves in accordance with the requirements of the previous Companies Law. During the year, the Company has updated and amended its Articles of Association in compliance with the provisions of the new Companies Law. Pursuant to these amendments, and following the approval of the shareholders, the statutory reserve balance has been transferred to retained earnings.

20 REVENUES

a) Brokerage fee income, net

The brokerage income comprises of following:

	<i>31 December</i>	<i>31 December</i>
	2025	2024
Brokerage income	69,971,121	94,267,828
Less: Tadawul fees	(33,539,363)	(47,577,596)
	36,431,758	46,690,232

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20 REVENUES (CONTINUED)

b) Asset management fee income

The asset management fee comprises of following:

	<i>31 December 2025</i>	<i>31 December 2024</i>
Management and administrative fees from:		
- Mutual funds, private real estate funds & private equity fund	147,601,571	95,531,209
- Discretionary portfolios	26,103,160	24,211,369
Subscription fees	7,396,580	6,621,509
	181,101,311	126,364,087
	181,101,311	126,364,087

c) Investment banking and advisory fees

	<i>31 December 2025</i>	<i>31 December 2024</i>
Investment Banking	11,145,553	15,221,319
Advisory fees	63,694,545	30,037,000
	74,840,098	45,258,319
	74,840,098	45,258,319

20.1 Revenue from commission on brokerage services, investment banking and advisory services are recognized at point in time while the revenue from asset management fees income is recognized over the period of time.

20.2 The primary geographical market for the Company's product and services is the Kingdom of Saudi Arabia.

21 SALARIES AND RELATED BENEFITS

	<i>31 December 2025</i>	<i>31 December 2024</i>
Basic salaries	63,002,201	48,259,194
Staff Bonus	44,200,224	41,740,468
Housing allowance	10,201,414	7,740,922
Defined benefit obligations (Note 13)	5,427,197	5,197,757
Social Security Charges	5,758,850	4,364,238
Employee medical expenses	4,367,621	3,611,793
Transportation and travelling allowance	7,770,059	2,134,942
Others	2,952,703	7,450,567
	143,680,269	120,499,881
	143,680,269	120,499,881

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22 OTHER EXPENSES

	<i>31 December</i> <i>2025</i>	<i>31 December</i> <i>2024</i>
Promotion & Incentive	4,986,631	2,583,638
VAT Expense	4,132,477	4,717,656
Media Expense	2,303,951	2,172,347
Board of director's fees	2,248,000	2,191,000
Communication	1,618,847	1,318,358
Travelling and hospitality expenses	862,636	602,689
Insurance	370,273	343,666
Others	2,155,412	1,838,717
	18,678,227	15,768,071

23 EARNINGS PER SHARE

The calculation of basic and diluted earnings per share has been based on the following profit attributable to ordinary shareholders and the weighted-average number of ordinary shares outstanding.

	<i>31 December</i> <i>2025</i>	<i>31 December</i> <i>2024</i>
Income for the year	311,452,339	400,169,680
Weighted average number of ordinary shares	100,000,000	100,000,000
Basic and diluted, income for the year per share	3.11	4.00

24 FINANCIAL ASSETS AND FINANCIAL LIABILITIES

Set out below is an overview of financial assets, other than cash and cash equivalents, held by the Company as at December 31, 2025 and December 31, 2024.

	<i>31 December</i> <i>2025</i>	<i>31 December</i> <i>2024</i>
<u>Financial assets at amortised cost</u>		
Receivable against margin lending, net	1,267,242,263	1,213,355,246
<u>Financial assets at fair value through profit or loss (note 7)</u>		
AlMubarak Real Estate Income Fund (note 7.1)	-	1,584,560
Al Dar Investment Fund 2 (note 7.2)	-	12,810,000
Local equities listed on Tadawul (note 7.4)	23,250,111	27,348,791
Alarabi Real Estate Opportunities Fund III (note 7.5)	32,375,500	31,760,000
Investment in anb capital Tech Fund 1 (note 7.6)	1,592,551	1,336,662
Investments in private placement (note 7.7)	25,000,000	25,000,000
anb Capital Fixed Income Fund 3 (note 7.10)	939,885	-
anb Capital Fixed Income Fund 2 (note 7.11)	367,353	-
anb Capital Alargan Real Estate Fund IV (note 7.12)	25,000,000	-
Investment in Sukuk (note 7.13)	76,700,000	-
anb capital multi asset growth fund shariah (note 7.14)	1,887,091	-
anb capital multi asset conservative fund shariah (note 7.15)	3,506,825	-
<u>Financial assets at fair value through OCI (note 8)</u>		
Investment in Saudi Basic Industries (SABIC)	2,057,353	2,686,986
Total financial assets	1,459,918,932	1,315,882,245
Total current	1,328,261,790	1,286,858,597
Total non-current	131,657,142	29,023,648

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24 FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONTINUED)

Set out below is an overview of financial liabilities held by the Company as at December 31, 2025 and December 31, 2024.

	<i>31 December</i> 2025	<i>31 December</i> 2024
<i>Financial liabilities at amortised cost</i>		
Other liabilities	11,532,669	14,792,921
Lease liabilities - current	1,131,690	1,849,815
Lease liabilities - non-current	557,894	911,911
<i>Total financial liabilities at amortised cost</i>	13,222,253	17,554,647
<i>Total current</i>	12,664,359	16,642,736
<i>Total non-current</i>	557,894	911,911

25 FAIR VALUE HIERARCHY

The following table provides the fair value measurement hierarchy of the Company's financial assets as at December 31, 2025 and December 31, 2024. There are no financial liabilities measured at fair value. The fair value of other financial assets and financial liabilities approximate their carrying value.

	Total	<i>Fair value measurement using</i>		
		<i>Quoted prices in active markets (Level 1)</i>	<i>Significant observable inputs (Level 2)</i>	<i>Significant unobservable inputs (Level 3)</i>
<i>As at December 31, 2025</i>				
Investments in anb capital Tech Fund 1 (note 7.6)	1,592,551	-	-	1,592,551
Investments in private placement (note 7.7)	25,000,000	-	-	25,000,000
anb Capital Fixed Income Fund 3 (note 7.10)	939,885	-	939,885	-
anb Capital Fixed Income Fund 2 (note 7.11)	367,353	-	367,353	-
anb Capital Alargan Real Estate Fund IV (note 7.12)	25,000,000	-	-	25,000,000
Investment in Sukuk (note 7.13)	76,700,000	-	76,700,000	-
Local equities listed on Tadawul (note 7.4)	23,250,111	23,250,111	-	-
Alarabi Real Estate Opportunities Fund III (note 7.5)	32,375,500	-	-	32,375,500
anb capital multi asset growth fund shariah (note 7.14)	1,887,091	-	1,887,091	-
anb capital multi asset conservative fund shariah (note 7.15)	3,506,825	-	3,506,825	-
<i>Financial assets at fair value through OCI (note 8)</i>				
Investment in Saudi Basic Industries (SABIC)	2,057,353	2,057,353	-	-
<i>As at December 31, 2024</i>				
<i>Financial assets at fair value through profit or loss (note 7)</i>				
Al Mubarak Real-estate Income Fund (note 7.1)	1,584,560	-	-	1,584,560
Al Dar Investment Fund 2 (note 7.2)	12,810,000	-	-	12,810,000
Local equities listed in Tadawul (note 7.4)	27,348,791	27,348,791	-	-
Alarabi Real Estate Opportunities Fund III (note 7.5)	31,760,000	-	-	31,760,000
Investments in anb capital Tech Fund 1 (note 7.6)	1,336,662	-	-	1,336,662
Investments in private placement (note 7.7)	25,000,000	-	-	25,000,000
<i>Financial assets at fair value through OCI (note 8)</i>				
Investment in Saudi Basic Industries (SABIC)	2,686,986	2,686,986	-	-

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25 FAIR VALUE HIERARCHY (CONTINUED)

Valuation techniques and significant unobservable inputs

The following tables show the valuation techniques used in measuring Level 3 fair values.

<u>Type</u>	<u>Valuation Technique</u>	<u>Significant unobservable inputs</u>	<u>Inter-relationship between significant unobservable inputs and fair value measurement</u>
Real estate investment funds	Discounted cashflows	- Expected Cashflows - Discount rate	The estimated fair value would increase (decrease) if: -the expected cashflows are higher (lower) by 10%
Other investment funds	Fund's most recent reported net assets value	- Expected Cashflows	-the /discount rates are lower (higher) by 1% The estimated fair value would increase (decrease) if the discount rates are lower (higher) by 1%

25.1 There have been no transfers between level 1, level 2 and level 3 during the reporting periods.

25.2 The following table shows the reconciliation from opening balance to closing balance for the fair value for level 3 fair value.

	31 December 2025	31 December 2024
Balance at the beginning of the year	72,491,222	138,780,107
Purchases/ (sold) during the year	10,859,997	(69,910,708)
Net changes in investments at FVPTL		
Unrealized fair value gain for the year	616,832	3,621,823
Balance at the end of the year	83,968,051	72,491,222

26 FINANCIAL RISK AND MANAGEMENT OBJECTIVES AND POLICIES

Introduction

The Company's objective in managing risk is the creation and protection of shareholder value. Risk is inherent in the Company's activities, but it is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. The process of risk management is critical to the Company's continuing profitability. The Company is exposed to market risk (which includes interest rate risk, currency risk and equity price risk), liquidity risk, and credit risk and investment holding period risk arising from the financial instruments it holds.

Risk management structure

The Company's Board of Directors is ultimately responsible for the overall risk management of the Company.

Risk measurement and reporting system

The Company's risks are measured using a method that reflects both the expected loss likely to arise in normal circumstances and unexpected losses that are an estimate of the ultimate actual loss based on statistical models. The models make use of the probabilities derived from historical experience, adjusted to reflect the economic environment.

Monitoring and controlling risks is primarily set up to be performed based on limits established by the Board of Directors. These limits reflect the business strategy, including the risk that the Company is willing to accept and the market environment of the Company. In addition, the Board monitors and measures the overall risk in relation to the aggregate risk exposure across all risk type and activities.

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26 FINANCIAL RISK AND MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Risk mitigation

The Company has investment guidelines that set out its overall business strategies, its tolerance for risk and its general risk management philosophy.

Excessive risk concentration

Concentration indicates the relative sensitivity of the Company's performance to developments affecting a particular industry or geographical location. Concentrations of risk arise when a number of financial instruments or contracts are entered into with the same counterparty, or where a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations of liquidity risk may arise from the repayment terms of financial liabilities, sources of borrowing facilities or reliance on a particular market in which to realise liquid assets. Concentrations of foreign exchange risk may arise if the Company has a significant net open position in a single foreign currency, or aggregate net open positions in several currencies that tend to move together.

In order to avoid excessive concentrations of risk, the Company's policies and procedures include specific guidelines to focus on maintaining a diversified portfolio. The investment manager is instructed to reduce exposure or to use derivative instruments to manage excessive risk concentrations when they arise.

Credit risk

Credit risk refers to the risk that a party to a financial instrument will default on its contractual obligations resulting in financial loss to the Company. The Company has adopted a policy of only dealing with creditworthy counterparties, for whom the credit risk is assessed to be low. The Company attempts to control credit risk by monitoring credit exposures, limiting transactions with specific non-related counterparties, and continually assessing the creditworthiness of such non-related counterparties. The Company maintains bank accounts with high credit rated financial institutions.

The table below shows the Company's maximum exposure to credit risk for components of the statement of financial position.

	<i>31 December</i> 2025	<i>31 December</i> 2024
Receivables against margin lending (note 11)	1,267,242,263	1,213,355,246
Investments in associates (note 9)	289,722,361	285,218,359
Investments at fair value through OCI (note 8)	2,057,353	2,686,986
Accrued asset management fees (note 10)	83,694,130	65,086,593
Accrued advisory and corporate finance fees (note 10)	4,973,750	6,532,813
Cash and cash equivalents in the statement of financial position (note 12)	553,862,916	442,904,513
	<u>2,201,552,773</u>	<u>2,015,784,510</u>

Credit concentration

Concentration of credit risk arises when a number of counter-parties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions.

No significant concentrations of credit risk were identified by the management as at the reporting date.

The management has conducted an assessment as required under IFRS 9 and based on such assessment, the management believes that there is no need for any significant impairment loss against the carrying value of cash and cash equivalents, time deposits, due from related parties and other financial assets.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell a financial asset quickly at an amount close to its fair value. Liquidity risk is managed by ensuring that sufficient funds are available from Shareholders and related parties at all times to meet any future commitments, and financing facilities are available.

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26 FINANCIAL RISK AND MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted and include contractual interest payments:

<i>December 31, 2025</i>	<i>On Demand</i>	<i>Within 3 months</i>	<i>3 months to 1 year</i>	<i>Above 1 year</i>	<i>Total</i>
Accrued expenses and other liabilities	35,357,028	30,033,941	28,015,407	-	93,406,376
Lease liability	-	282,922	848,768	557,894	1,689,584
Total financial liabilities	35,357,028	30,316,863	28,864,175	557,894	95,095,960
<i>December 31, 2024</i>					
Accrued expenses and other liabilities	36,535,275	40,441,060	26,819,414	-	103,795,749
Lease liability	-	284,183	1,565,632	911,911	2,761,726
Total financial liabilities	36,535,275	40,725,243	28,385,046	911,911	106,557,475

Market risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rates, foreign exchange rates and equity prices. The maximum risk resulting from financial instruments equals their fair value. The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimizing the return.

Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair values of financial instruments. The Board of Directors has established limits on the interest gaps for stipulated periods.

Equity price risk

Equity price risk is the risk of unfavourable changes in the fair values of equity instruments as a result of changes in the value of individual shares. The equity price risk exposure arises from the Company's investments in equity securities. The Company's investments are susceptible to market price risk arising from uncertainties about future prices. The Board manages this risk through diversification of its investment portfolio in terms of geographical distribution and/or industry concentration.

Sensitivity analysis

The table below sets out the effect on profit or loss and other comprehensive income of a reasonably possible weakening /strengthening in the individual market prices by 5% at the reporting date. The estimates are made on an individual investment basis. The analysis assumes that all other variables, in particular commission and foreign currency rates, remain constant.

<i>Effect on profit and loss</i>	<u>2025</u>		<u>2024</u>	
<i>Net (loss) gain on investments held at fair value through profit or loss</i>	+ 5%	9,530,966	+ 5%	7,976,609
	- 5%	(9,530,966)	- 5%	(7,976,609)

Currency risk

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. The Company does not have any significant exposure to currency risk as all its significant monetary assets and monetary liabilities are denominated in Saudi Riyals. The Company did not undertake significant transactions in currencies other than Saudi Riyals and US dollars during the year and Saudi Riyals are pegged to the US dollar.

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27 SEGMENT INFORMATION

An operating segment is a component of an entity:

- (a) that engages in business activities from which it may earn revenue and incur expenses (including revenues and expenses relating to transactions with other components of the same entity).
- (b) whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and
- (c) for which discrete financial information is available.

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

Brokerage	The Brokerage Division consists of accounts / portfolios of clients by providing facilities and services in trading local and international equities
Asset management services	The Asset Management Division is engaged in the management of clients' assets and in the development and placement of asset management products and services
Investment banking and real estate advisory	The Investment Banking Division is involved in Merger and Acquisition, Advisory Services, Initial Public Offering, Real Estate Advisory Services
Margin financing	The Margin Lending Division manages the lending process for the margin lending portfolio. Its primary responsibilities include assessing the creditworthiness of clients who are granted these facilities and closely monitoring their coverage ratios.
Head office	ANB Capital's Head Office principal activity is to manage the financial position of the company and the investment of excess cash in proprietary investments such as local listed equities, private equity, real estate, Murabaha deposits with local banks and other alternative products.

2025	<i>Brokerage</i>	<i>Asset management services</i>	<i>Investment banking and real estate advisory</i>	<i>Margin financing</i>	<i>Head office</i>	<i>Total</i>
Revenue	36,431,758	181,101,311	74,840,098	95,987,028	167,828,110	556,188,305
Expenses and impairment charges	(49,854,992)	(65,269,835)	(26,989,912)	(15,245,840)	(39,724,221)	(197,084,800)
Income from operations	(13,423,234)	115,831,476	47,850,186	80,741,188	128,103,889	359,103,505
Total assets	3,822,196	80,883,227	4,973,750	1,267,242,263	1,068,878,148	2,425,799,584
Total liabilities	1,962,493	2,166,770	1,042,612	-	174,335,055	179,506,930
2024						
Revenue	46,690,232	126,364,087	45,258,319	88,155,220	179,660,799	486,128,657
Expenses and impairment charges	(45,471,215)	(49,837,757)	(23,246,061)	(14,765,550)	(44,357,263)	(177,677,846)
Income from operations	1,219,017	76,526,330	22,012,258	73,389,670	135,303,536	308,450,811
Total assets	7,179,548	54,848,228	6,532,812	1,213,355,246	864,585,024	2,146,500,858
Total liabilities	2,501,492	3,662,420	1,371,225	-	207,172,925	214,708,062

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28 CAPITAL COMMITMENTS AND CONTINGENCIES

As at 31 December, the Company has the following commitments:

	<i>31 December 2025</i>	<i>31 December 2024</i>
Un-utilized margin lending limits	1,362,461,655	1,262,806,665
Capital commitments	5,283,525	4,378,911
	1,367,745,180	1,267,185,576
	1,367,745,180	1,267,185,576

29 SUBSEQUENT EVENTS

Subsequent to the reporting date, geopolitical tensions in parts of the Middle East have increased. Public communications from government and regulatory authorities have continued to emphasise the resilience of the economy and the continuation of business operations across key sectors, supported by established business continuity and risk management frameworks. These developments arose after the reporting period and have therefore been assessed as non-adjusting events in accordance with IAS 10 Events after the Reporting Period. Accordingly, no adjustments have been made to the amounts recognised in the financial statements as at 31 December 2025, which reflect conditions existing at that date. The Company has assessed the potential implications of these events on its operations, financial position and performance. Based on information currently available, including the continuation of core business activities, it is not practicable to reliably estimate the full financial effect of these non-adjusting events on future periods.

30 CAPITAL ADEQUACY

The CMA has issued Prudential Rules (the “Rules”) dated Safar 17, 1434H (corresponding to December 30, 2012) amended by resolution of the Board of the Capital Market Authority Number 1-129-2022 Dated Jumada II 04, 1444H (Corresponding to December 28, 2022). 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. Current year figures are presented based on amended regulations issued by CMA effective from April 1, 2023, and applied prospectively. The prior year’s figures are not restated but are presented based on previous Rules and guidance. Capital adequacy ratio are as follows:

	<i>31 December 2025</i>	<i>31 December 2024</i>
	<i>ﷲ '000</i>	<i>ﷲ '000</i>
Capital base		
Tier I	2,231,803	1,917,656
Total	2,231,803	1,917,656
	2,231,803	1,917,656
	Risk weighted assets	
	<i>31 December 2025</i>	<i>31 December 2024</i>
	<i>ﷲ '000</i>	<i>ﷲ '000</i>
Market risk	46,621	54,825
Credit risk	3,744,238	3,493,536
Operational risk	892,106	747,212
Total	4,682,965	4,295,573
	4,682,965	4,295,573
Capital adequacy ratio (percentage)	48%	45%
Surplus	1,857,166	1,574,010
	1,857,166	1,574,010

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30 CAPITAL ADEQUACY (CONTINUED)

- a) The Capital Base of the Company comprises of Tier-1 capital, which consists of paid-up share capital, retained earnings, share premium (if any), reserves excluding revaluation reserves as per Article 4 of the Rules.
- b) The Company is required to maintain adequate capital as specified in the Rules. The capital adequacy ratio shall not be less than 8% of the minimum capital required in amended Rules.
- c) The Company's business objectives when managing capital adequacy is to comply with the minimum capital requirements set forth by the CMA to safeguard the Company's ability to continue as a going concern, and to maintain a strong capital base.
- d) The above calculations are based on the respective Capital Adequacy Model (CAM) that was provided by CMA as of the corresponding financial statement reporting years.

31 ASSETS HELD UNDER FIDUCIARY CAPACITY

The Company holds assets on behalf of its customers as the Company acts in a fiduciary capacity, these assets are not included in the statement of financial position of the Company.

31.1 Assets under management

These represents mutual funds and discretionary portfolio assets managed by the Company, which on total assets basis amount to ﷲ 28.02 billion of as at December 31, 2025 (2024: ﷲ 20.4 billion) and on net assets basis amounts to ﷲ 24.56 billion (2024: ﷲ 15.6 billion).

31.2 Clients' cash accounts

The Company was holding clients' cash accounts with ANB, which amount to ﷲ 2.67 billion as at December 31, 2025 (2024: ﷲ 2.9 billion), to be used for investments on clients' instructions.

32 COMPARATIVE FIGURES

Certain of the prior year amounts have been reclassified to conform with the presentation in the current period.

33 APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements have been approved by the Board of Directors on March 24, 2026 (corresponding to Shawwal 05, 1447H)