ANB CAPITAL COMPANY
(A Saudi Closed Joint Stock Company)
Financial Statements and
Independent Auditors' Report
31 December 2023

KPMG Professional Services
Roshn Front, Airport Road
P.O. Box 92876
Riyadh 11663
Kingdom of Saudi Arabia
Commercial Registration No 1010425494

Headquarters in Riyadh

كي بي إم جي للاستشارات المهنية
واجهة روشن، طريق المطار
صندوق بريد ٩٢٨٧٦
الرياض ١١٦٦٣
المملكة العربية السعودية
سجل تجاري رقم ١٠١٠٤٢٥٤٩٤

المركز الرئيسي في الرياض

Independent Auditor's Report

To the Shareholders of ANB Capital 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 2023, the statements of profit or loss and other comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and notes to the financial statements, comprising material accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2023, and its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards") that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants (SOCPA).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the 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 are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with the Code's requirements. 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 31 December 2022, were audited by another auditor who expressed an unmodified opinion on those financial statements on 29 March 2023.

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 issued by SOCPA, the applicable requirements of the Regulations for Companies, the Company's By-Laws 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, the Board of Directors, are responsible for overseeing the Company's financial reporting process.

Independent Auditor's Report

To the Shareholders of ANB Capital 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia, we exercise professional judgement and maintain professional scepticism 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, then we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

KPMG Professional Services

Saleh Mohammed S Mostafa
License No: 524

Riyadh: 27 March 2024
Corresponding to: 17 Ramadan 1445

كي . بي . إم . جي للإستشارات المهنية
ترخيص رقم ٤٦
س.ت ١٠١٠٤٢٥٤٩٤
Llc No. 46
C.R. 1010425494
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KPMG Professional Services

ANB CAPITAL COMPANY
(A Saudi Closed Joint Stock Company)
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2023

	Notes	*31 December 2023 SR*	*31 December 2022 SR*
ASSETS			
Non-current assets			
Property, equipment and right-of-use assets	5	**7,503,544**	8,639,666
Intangible assets	6	**8,616,122**	4,085,908
Investments in associates	9	**328,488,633**	345,152,016
Investments at fair value through profit or loss (FVTPL)	7	**1,022,488**	-
Investments at fair value through OCI (FVOCI)	8	**3,348,702**	3,585,317
Deferred tax asset	16 (d)	**2,847,656**	3,023,275
Total non-current assets		**351,827,145**	364,486,182
Current assets			
Prepayments and other assets	10	**73,906,940**	51,422,389
Investments at fair value through profit or loss (FVTPL)	7	**159,532,174**	131,521,757
Receivables against margin lending, net	11	**1,122,434,194**	859,336,510
Cash and cash equivalents	12	**262,640,462**	532,875,329
Total current assets		**1,618,513,770**	1,575,155,985
Total assets		**1,970,340,915**	1,939,642,167
LIABILITIES AND EQUITY			
Non-current liabilities			
Employees defined benefit obligation	13	**26,106,080**	26,522,077
Lease liabilities	14	**1,849,815**	3,967,156
Total non-current liabilities		**27,955,895**	30,489,233
Current liabilities			
Accrued expenses and other liabilities	15	**70,150,876**	45,159,240
Bank overdraft	12	**293,107,874**	-
Zakat and income tax payable	16 (b)	**40,646,407**	50,356,144
Current portion of lease liabilities	14	**1,953,945**	1,731,352
Total current liabilities		**405,859,102**	97,246,736
Total liabilities		**433,814,997**	127,735,969
Equity			
Share capital	18	**1,000,000,000**	1,000,000,000
Statutory reserve	19	**116,089,624**	94,026,661
Other reserves		**1,114,975**	(2,875,118)
Retained earnings		**419,321,319**	720,754,655
Total equity		**1,536,525,918**	1,811,906,198
Total liabilities and equity		**1,970,340,915**	1,939,642,167

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

ANB CAPITAL COMPANY
(A Saudi Closed Joint Stock Company)
STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2023

	Notes	*31 December 2023 SR*	*31 December 2022 SR*
Operating income			
Brokerage fees income, net	20 (a)	**36,981,317**	51,086,385
Asset management fees income	20 (b)	**97,203,708**	96,230,326
Investment banking and advisory fees	20 (c)	**32,479,819**	72,765,299
Special commission income on margin lending		**83,045,054**	62,994,807
Special commission income on cash deposits	17	**89,027,575**	40,510,163
Net unrealized gain / (loss) on investment at fair value through profit or loss	7	**41,488,578**	(976,721)
Realized gain on investment at fair value through profit or loss	7	**3,316,860**	145,632
Other operating income		**1,511,170**	1,600,552
Total operating income		**385,054,081**	324,356,443
Operating expenses			
Salaries and related benefits	21	**(86,812,641)**	(69,414,996)
Premises related expenses		**(1,248,920)**	(1,254,693)
Shared services cost	17	**(6,422,844)**	(6,422,844)
Depreciation and amortisation	5,6	**(5,306,587)**	(4,163,601)
Software maintenance and support		**(4,541,551)**	(4,637,929)
Subscription fees		**(4,132,268)**	(2,982,384)
Professional and consultancy fees		**(4,059,105)**	(1,836,675)
Other expenses	22	**(10,908,044)**	(10,346,775)
Total operating expenses before impairment charge		**(123,431,960)**	(101,059,897)
Impairment charge on financial asset	11	**(2,500,000)**	-
Total operating expenses after impairment charge		**(125,931,960)**	(101,059,897)
Net operating income		**259,122,121**	223,296,546
Finance costs	14	**(170,436)**	(232,931)
Share of income from investment in associates	9	**11,990,856**	34,189,293
Income before zakat and income tax		**270,942,541**	257,252,908
Zakat and income tax	16 (a)	**(50,312,914)**	(50,621,336)
Income for the year		**220,629,627**	206,631,572
Other comprehensive income not to be reclassified to income in Subsequent periods:			
Re-measurement gain / (loss) on employee defined benefit obligation	13	**4,226,708**	(2,937,832)
Fair value loss on Investment at OCI		**(236,615)**	(1,627,019)
Other comprehensive income / (loss)		**3,990,093**	(4,564,851)
Total comprehensive income for the year		**224,619,720**	202,066,721
Earnings per share:			
Basic and diluted, income for the year per share	23	**2.21**	2.07

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

ANB CAPITAL COMPANY
(A Saudi Closed Joint Stock Company)
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2023

	Share capital SR	*Statutory reserve* SR	*Other reserves Employee end of service benefits* SR	*Other reserves Fair value reserve* SR	*Retained earnings* SR	*Total* SR
As at 1 January 2022	1,000,000,000	73,363,504	1,689,733	-	534,786,240	1,609,839,477
Income for the year	-	-	-	-	206,631,572	206,631,572
Other comprehensive loss	-	-	(2,937,832)	(1,627,019)	-	(4,564,851)
Total comprehensive income for the year	-	-	(2,937,832)	(1,627,019)	206,631,572	202,066,721
Transfer to statutory reserve	-	20,663,157	-	-	(20,663,157)	-
Balance at 31 December 2022	1,000,000,000	94,026,661	(1,248,099)	(1,627,019)	720,754,655	1,811,906,198
As at 1 January 2023	1,000,000,000	94,026,661	(1,248,099)	(1,627,019)	720,754,655	1,811,906,198
Income for the year	-	-	-	-	**220,629,627**	**220,629,627**
Other comprehensive income	-	-	**4,226,708**	**(236,615)**	-	**3,990,093**
Total comprehensive income for the year	-	-	**4,226,708**	**(236,615)**	**220,629,627**	**224,619,720**
Dividends paid during the year	-	-	-	-	**(500,000,000)**	**(500,000,000)**
Transfer to statutory reserve	-	**22,062,963**	-	-	**(22,062,963)**	-
Balance at 31 December 2023	1,000,000,000	**116,089,624**	**2,978,609**	**(1,863,634)**	**419,321,319**	**1,536,525,918**

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

ANB CAPITAL COMPANY
(A Saudi Closed Joint Stock Company)
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2023

	Notes	*31 December 2023 SR*	*31 December 2022 SR*
OPERATING ACTIVITIES			
Income before zakat and income tax		**270,942,541**	257,252,908
Non-cash adjustment to reconcile income before zakat and tax to net cash flows:			
Depreciation and amortisation	5,6	**5,306,587**	4,163,601
Finance cost on lease liabilities	14	**170,436**	232,931
Provisions for employees defined benefit obligation	13	**4,372,206**	3,752,527
Net unrealized (gain) / loss on investment at fair value through profit or loss	7	**(41,488,578)**	976,721
Realized gain on investment at fair value through profit or loss	7	**(3,316,860)**	(145,632)
Impairment charge on financial asset	11	**2,500,000**	-
Share of income from investment in associates	9	**(11,990,856)**	(34,189,293)
Operating cash flows before working capital changes		**226,495,476**	232,043,763
Receivables against margin lending	11	**(265,597,684)**	50,862,874
Prepayments and other assets	10	**(22,484,551)**	(26,001,779)
Accrued expenses and other liabilities	15	**24,991,636**	17,674,275
Net cash from (used in)/generated from operations		**(36,595,123)**	274,579,133
Finance cost on lease liabilities paid	14	**(170,436)**	(232,931)
Zakat and income tax paid	16 (b)	**(59,847,032)**	(32,790,578)
Employees defined benefit obligation paid	13	**(561,495)**	(2,873,238)
Net cash (used in) / generated from operating activities		**(97,174,086)**	238,682,386
INVESTING ACTIVITIES			
Purchase of property and equipment and intangibles	5,6	**(8,700,679)**	(3,768,741)
Purchase of financial assets at fair value through profit or loss, net	7	**(1,102,538)**	(28,587,071)
Proceed from investments at fair value through profit or loss	7	**16,875,071**	50,000,000
Purchase of financial assets at FVOCI	8	**-**	(5,212,336)
Dividends received from investments in associates	9	**28,654,239**	48,199,522
Net cash generated from investing activities		**35,726,093**	60,631,374
FINANCING ACTIVITIES			
Payment of lease liabilities	14	**(1,894,748)**	(1,721,015)
Dividend paid	18	**(500,000,000)**	-
Net cash used in financing activities		**(501,894,748)**	(1,721,015)
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS		**(563,342,741)**	297,592,745
Cash and cash equivalents at the beginning of the year		**532,875,329**	235,282,584
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	12	**(30,467,412)**	532,875,329
Non-cash transactions:			
Right-of-use assets		**3,135,754**	5,061,714
Lease liabilities		**3,803,760**	5,698,508

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

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 29 June 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 12 November 2014), and a revised commercial registration was issued on 17 Rabi Al Awal 1436 H (corresponding to 8 January 2015).

The objective of the Company as approved by CMA Board of Commissioners on 28 Muharram 1437 H (corresponding to 10 November 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 10 Rabi Al Awal 1437 H (corresponding to 21 December 2015), the Company has obtained the margin lending facility from Arab National Bank with effective from 1 April 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

The Company commenced its operations on 7 November 2007.

2 BASIS OF PREPARATION

(i) Statement of compliance

These financial statements of the Company have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards") as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements endorsed by the Saudi Organization for Chartered and Professional Accountants ("SOCPA") and the By-laws of the Company.

(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 the employees' end-of-service benefits, which have been valued by an independent actuary using the Projected Unit Credit Method. The statement of financial position has been presented in current and non-current classification.

(iii) Going concern

The company's management has assessed its ability to continue as a going concern and it is satisfied that it has sufficient financial resources and that it will be able to continue as a going concern in the foreseeable future. Furthermore, the Company and the management are not aware 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 Arabian Riyals (SAR), which is also the functional currency of the Company.

(v) Standard amendments issued and effective.

Following are the amendments to standards which are effective for annual periods beginning on or after 1 January 2023. The adoption of these new standards did not have a significant impact on the financial statements of the Company.

- Narrow scope amendments to IAS 1, Practice statement 2 and IAS 8
- Amendment to IAS 12- deferred tax related to assets and liabilities arising from a single transaction.

(vi) Standard amendments issued but not yet effective.

The standards applied in these financial statements are those in issue as at the reporting date and are effective for annual periods beginning on or after 1 January 2024.

Following new standards and amendments that are issued, but not yet effective, up to the date of issuance of the Company's financial statements are disclosed below:

- Amendment to IFRS 16 – Leases on sale and leaseback
- Amendments to IAS 7 and IFRS 7 on Supplier finance arrangements
- Amendment to IAS 1 – Non-current liabilities with covenants
- Amendments to IFRS 10 and IAS 28

The Company has not early adopted any standards, interpretations, or amendments before their effective date. The management of the Company anticipates that the application of the above new standards and amendments in the future will not have a significant impact on the amounts reported.

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 losses. Cost includes expenditures that are directly attributable to the acquisition of the asset. Subsequent costs are included in the asset's 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 costs are charged to the statement of 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 improvements	Period of lease or 10 years; whichever is shorter
Furniture and fixtures	4 years
Office equipment	4 years
Right of use asset	Term of the lease

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 derecognized 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.

3.2 Intangible assets

Intangible assets comprise 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 costs of internally developed software include 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 recognized in the statement of 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 comprehensive income as incurred.

The useful life starts at 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 four years.

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

3 MATERIAL ACCOUNTING POLICIES (continued)

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 ("OCI").

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.

Subsequent measurement

Debt instruments
The Company recognises 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 comprehensive income when the asset is derecognised 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 derecognised, the cumulative gain or loss previously recognised in OCI, is reclassified from equity to the statement of comprehensive income 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 comprehensive income in the period in which it arises.

3 MATERIAL ACCOUNTING POLICIES (continued)

3.3 Financial instruments (continued)

<u>Business model assessment</u>

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 realising 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 realised.

The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account. If cash flows after initial recognition are realised in a way that is different from the 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 FVPL because they are neither held to collect contractual cash flows nor held both to collect contractual cash flows and to sell financial assets.

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.

3 MATERIAL ACCOUNTING POLICIES (continued)

3.3 Financial instruments (continued)

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. 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.

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

3 MATERIAL ACCOUNTING POLICIES (continued)

3.3 Financial instruments (continued)

Impairment of financial assets (continued)

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:

Category	***Company's definition of category***	***Basis of recognition of expected credit loss***
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 60 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 realise 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.

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 lease twelve months after the reporting period.

The Company classifies all other liabilities as non-current.

3 MATERIAL ACCOUNTING POLICIES (continued)

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.

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 MATERIAL ACCOUNTING POLICIES (continued)

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.

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

3 MATERIAL ACCOUNTING POLICIES (continued)

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

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.

3.12.1.1 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.

3.12.1.2 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.

3.12.1.3 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 MATERIAL ACCOUNTING POLICIES (continued)

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 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 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.

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.

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:

	Leasehold improvements SR	*Furniture and fixture SR*	*Office equipment SR*	*Right-of-use-assets SR*	*Total SR*
Cost:					
Balance as at 1 Jan 2023	18,510,551	1,048,325	7,166,235	12,776,297	**39,501,408**
Additions during the year	843,892	1,009,563	83,721	-	**1,937,176**
Balance as at 31 Dec 2023	19,354,443	2,057,888	7,249,956	12,776,297	**41,438,584**
Accumulated depreciation:					
Balance as at 1 Jan 2023	15,116,038	986,274	7,044,847	7,714,583	**30,861,742**
Charge for the year	869,153	194,330	83,855	1,925,960	**3,073,298**
Balance as at 31 Dec 2023	15,985,191	1,180,604	7,128,702	9,640,543	**33,935,040**
Net book value:					
At 31 December 2023	**3,369,252**	**877,284**	**121,254**	**3,135,754**	**7,503,544**

5 PROPERTY, EQUIPMENT AND RIGHT OF USE ASSETS (continued)

Reconciliation of carrying amount:

	Leasehold improvements SR	*Furniture and fixture SR*	*Office equipment SR*	*Right-of-use-assets SR*	*Total SR*
Cost:					
Balance as at 1 Jan 2022	15,200,950	1,042,185	7,166,235	12,776,297	**36,185,667**
Additions during the year	3,309,601	6,140	-	-	**3,315,741**
Balance as at 31 Dec 2022	18,510,551	1,048,325	7,166,235	12,776,297	**39,501,408**
Accumulated depreciation:					
Balance as at 1 Jan 2022	14,777,918	939,751	6,962,802	5,986,470	**28,666,941**
Charge for the year	338,120	46,523	82,045	1,728,113	**2,194,801**
Balance as at 31 Dec 2022	15,116,038	986,274	7,044,847	7,714,583	**30,861,742**
Net book value:					
At 31 December 2022	**3,394,513**	**62,051**	**121,388**	**5,061,714**	**8,639,666**

6 INTANGIBLE ASSETS

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

Reconciliation of carrying amount:

	2023	*2022*
	SR	*SR*
Cost		
Balance as at 1 January	**26,430,359**	25,977,359
Additions during the year	**6,763,503**	453,000
Balance as at 31 December (6.1)	**33,193,862**	26,430,359
Accumulated amortization		
Balance as at 1 January	**22,344,451**	20,375,651
Charge during the year	**2,233,289**	1,968,800
Balance as at 31 December	**24,577,740**	22,344,451
Net book value		
At 31 December	**8,616,122**	4,085,908

6.1 Intangible assets include capital work in progress related to the upgrade of the brokerage services system of the Company of SR 5,973,640 (2022: SR 1,285,305).

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

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

	31 December 2023			
	Cost	*Addition / (disposal) net*	*Realised /Unrealised gain (loss)*	*Fair value*
	SR	*SR*	*SR*	*SR*
Non-current Investments:				
Investment in HP Oryx Tech Fund I (note 7.7)	**-**	**1,022,488**	**-**	**1,022,488**
Current Investments:				
Al Mubarak SAR Trade Fund (note 7.1)	**9,524,701**	**(16,875,071)**	**7,350,370**	**-**
Al Mubarak Real-estate Income Fund (note 7.2)	**4,000,000**	**-**	**(2,579,440)**	**1,420,560**
Al Dar Investment Fund 2 (note 7.3)	**30,000,000**	**-**	**(1,590,000)**	**28,410,000**
Al Arabi Al Argan Real Estate Development Fund (note 7.4)	**44,500,000**	**-**	**35,034,309**	**79,534,309**
Local equities listed on Tadawul (note 7.5)	**13,537,486**	**80,050**	**8,157,019**	**21,774,555**
Al Arabi Real Estate Opportunity Fund 3 (note 7.6)	**25,000,000**	**-**	**3,392,750**	**28,392,750**
Total current investments	**126,562,187**	**(16,795,021)**	**49,765,008**	**159,532,174**
Total investments at FVTPL	**126,562,187**	**(15,772,533)**	**49,765,008**	**160,554,662**

	31 December 2022			
	Cost	*Addition (Disposal) net*	*Realised /Unrealised gain (loss)*	*Fair Value*
	SR	*SR*	*SR*	*SR*
Al Mubarak SAR Trade Fund (note 7.1)	59,524,701	(50,000,000)	5,570,254	15,094,955
Al Mubarak Real-estate Income Fund (note 7.2)	4,000,000	-	(1,939,480)	2,060,520
Al Dar Investment Fund 2 (note 7.3)	30,000,000	-	-	30,000,000
Al Arabi Al Argan Real Estate Development Fund (note 7.4)	44,500,000	-	-	44,500,000
Local equities listed on Tadawul (note 7.5)	9,950,415	3,587,071	1,328,796	14,866,282
Al Arabi Real Estate Opportunity Fund 3 (note 7.6)	-	25,000,000	-	25,000,000
	147,975,116	(21,412,929)	4,959,570	131,521,757

7.1 Investments in Al Mubarak SAR Trade Fund represent nil units (31 December 2022: 675,468 units). The fund is unlisted and managed by the Company.

7.2 Investments in Al Mubarak Real-estate Income Fund represent 4,000 units (31 December 2022: 4,000 units). The fund is unlisted and managed by the Company.

7.3 Investments in Al Dar Investment Fund 2 represent 3,000,0000 units (31 December 2022: 3,000,0000 units). The fund is unlisted and are managed by fund managers, other than the Company, licensed by the Capital Market Authority of Saudi Arabia.

7.4 Investments in Al Arabi Al Argan Real Estate Development Fund represent 44,500 units (31 December 2022: 44,500 units). The fund is unlisted and managed by the Company.

7.5 Investment in local equities listed on Tadawul represents portfolios managed by the Company.

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

7.6 Investments in Al Arabi Real Estate Opportunity Fund 3 represent 25,000 units (31 December 2022: 25,000 units). The fund is unlisted and managed by the Company.

7.7 Investment in feeder private equity fund managed by the Company.

	31 December 2023 SR	*31 December 2022 SR*
Fair value as at the beginning of the year	**131,521,757**	153,765,775
Addition during the year, net	**1,102,538**	28,587,071
Disposal during the year	**(16,875,071)**	(50,000,000)
Net unrealised gain (loss) at FVTPL	**41,488,578**	(976,721)
Net realised gain at FVTPL	**3,316,860**	145,632
Fair value as at the end of year	**160,554,662**	131,521,757

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:

	31 December 2023			
	Cost SR	***Addition SR***	***Unrealised gain (loss) SR***	***Fair value SR***
Investment in Saudi Basic Industries (SABIC)	**5,212,336**	**-**	**(1,863,634)**	**3,348,702**

	31 December 2022			
	Cost SR	***Addition SR***	***Unrealised gain (loss) SR***	***Fair value SR***
Investment in Saudi Basic Industries (SABIC)	-	5,212,336	(1,627,019)	3,585,317

8.1 There was no disposal of the strategic investment during the year ended 31 December 2023 (2022: nil) and there was no transfer of any cumulative gain or loss within equity relating to these investments (2022: nil). The change in fair value on these investments was SR 0.24 million for the year ended 31 December 2023 (2022: SR 1.63 million).

9 INVESTMENTS IN ASSOCIATES

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

Name of Associates	***31 December 2023***	*31 December 2022*	***31 December 2023 SR***	*31 December 2022 SR*
	% of ownership			
ANBC Business Gate Fund (9.1)	**12.74%**	12.74%	**31,091,389**	40,652,984
Sara Second Real Estate Fund (9.2)	**23.76%**	23.76%	**297,397,244**	304,499,032
			328,488,633	345,152,016

9.1 The Company owns 12.75% (December 31, 2022: 12.75%) of ANBC Business Gate Fund (the Fund), which is a closed-ended private placement real estate investment fund launched on August 25, 2014 for a period of 5 years starting from the date of closure of the first offering on January 11, 2015. Since its launch the fund was extended a number of times. The last being December 14, 2020 when the unitholders approved an extension to December 31, 2025.

The Company continues to:
- Participate in policy making decisions, including a veto right over the sale of assets;
- Provide the majority of the funding through parent of the Company; and
- Act as the Fund manager.

Accordingly, the Company continues to classify its investment in the fund as an associate.

Summarized financial information of the associate is set out below. The summarized financial information below represents amounts shown in ANBC Business Gate Fund 's financial statements.

	31 December 2023 SR (Unaudited)	*31 December 2022 SR (Audited)*
Current assets	**49,775,421**	74,956,562
Non-current assets	**1,403,227,913**	1,444,733,226
Total assets	**1,453,003,334**	1,519,689,788
Current liabilities	**75,009,885**	69,137,019
Non-current liabilities	**1,131,209,634**	1,129,088,888
Net assets	**246,783,815**	321,463,881
Revenue	**280,542,439**	215,486,731
Total comprehensive income	**25,319,934**	51,880,208
Distribution during the year	**(100,000,000)**	(150,400,000)

9. INVESTMENTS IN ASSOCIATES (continued)

The movement in ANBC Business Gate Fund is as follows:

	31 December 2023 SR	*31 December 2022 SR*
At the beginning of the year	**40,652,984**	50,759,803
Share in results	**3,175,247**	9,049,391
Share of dividend paid	**(12,736,842)**	(19,156,210)
At the end of the year	**31,091,389**	40,652,984

9.2 On 21 May 2020, the Company subscribed to 23.76% of the units of the Sara Second Real Estate Fund ("the Fund") at an amount of SR 325 million. It is a closed-ended private placement real estate investment fund launched on 21 May 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.

	31 December 2023 SR (Unaudited)	*31 December 2022 SR (Audited)*
Total assets	**1,815,132,000**	1,967,907,430
Total liabilities	**563,143,000**	658,673,068
Net assets	**1,254,125,000**	1,309,234,362
Revenue	**190,833,584**	209,938,369
Total comprehensive income	**9,579,000**	123,824,551
Dividends paid during the year	**(66,992,412)**	(122,250,000)

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

	31 December 2023 SR	***31 December 2022 SR***
At the beginning of the year	**304,499,032**	308,402,442
Share in results	**8,815,609**	25,139,902
Share of dividend paid	**(15,917,397)**	(29,043,312)
At the end of the year	**297,397,244**	304,499,032

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 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.

9 INVESTMENTS IN ASSOCIATES (continued)

The movement of total investment in associates is as follow:

	31 December 2023 SR	*31 December 2022 SR*
At the beginning of the year	**345,152,016**	**359,162,245**
Share in results	**11,990,856**	**34,189,293**
Dividend received during the year	**(28,654,239)**	**(48,199,522)**
At the end of the year	**328,488,633**	**345,152,016**

10 PREPAYMENTS AND OTHER ASSETS

	31 December 2023 SR	*31 December 2022 SR*
Accrued asset management fees	**65,829,602**	43,065,754
Accrued advisory and corporate finance fees	**578,803**	1,384,688
Prepaid expenses	**5,415,254**	2,501,197
Accrued special commission income on deposits (note 17)	**140,907**	579,083
Others	**1,942,374**	3,891,667
	73,906,940	51,422,389

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.

	31 December 2023 SR	*31 December 2022 SR*
Receivables against margin lending	**1,120,310,361**	853,895,113
Accrued special commission income	**5,797,513**	6,615,077
	1,126,107,874	860,510,190
Expected credit loss allowance	**(3,673,680)**	(1,173,680)
	1,122,434,194	859,336,510

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 31 December 2023, the Company has performed an impairment assessment for the outstanding balances and recorded the expected credit loss allowance charged of SR 2,500,000 (31 December 2022: SR Nil).

12 CASH AND CASH EQUIVALENTS

	31 December 2023 SR	*31 December 2022 SR*
Cash at hand	**40,000**	40,000
Cash held at Bank – current accounts (note 17)	**262,600,462**	266,052,437
Cash held at Bank – demand deposit (note 17)	**-**	266,782,892
Cash and cash equivalents in the statement of financial position	**262,640,462**	532,875,329
Bank overdraft repayable on demand (note 12.1)	**(293,107,874)**	-
Cash and cash equivalents in the statement of cash flows	**(30,467,412)**	532,875,329

12.1 The Company had obtained an overdraft facility from Arab National Bank to facilitate margin lending carrying a commission rate of 5.8% per annum (2022: nil)

13 EMPLOYEES DEFINED BENEFIT OBLIGATION

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

	31 December 2023 SR	*31 December 2022 SR*
Balance at beginning of the year	**26,522,077**	22,704,956
Current service cost	**3,130,411**	3,134,629
Past service cost	**-**	18,199
Interest cost	**1,241,795**	599,699
Amount recognized in profit or loss account	**4,372,206**	3,752,527
Re-measurement loss on employee defined benefit obligation	**(4,226,708)**	2,937,832
Amount recognized in OCI	**(4,226,708)**	2,937,832
Benefits paid during the year	**(561,495)**	(2,873,238)
Balance at the end of the year	**26,106,080**	26,522,077

The Company carried out an employee benefits actuarial valuation of its liability, using the projected unit credit method, as at 31 December 2023 arising from the end of service benefits to qualifying in-service employees.

Key actuarial assumptions
The following were the principal actuarial assumptions:

	31 December 2023	*31 December 2022*
Financial assumptions		
Discount rate used	**5.75%**	5.10%
Salary growth rate	**4.50%**	5.00%
Demographic assumptions		
Retirement age	**60 years**	60 years
Post Retirement Mortality	**13 years**	13 years

13 EMPLOYEES DEFINED BENEFIT OBLIGATION (continued)

Sensitivity analysis of key actuarial assumptions

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

Key actuarial assumption (change in assumption)	***31 December 2023***	*31 December 2022*
	Effect of change in assumption on closing balance	
Discount rate (+1%)	**23,703,936**	24,317,057
Discount rate (-1%)	**28,916,237**	30,126,395
Long term salary increases (+1%)	**28,923,448**	30,097,401
Long term salary increases (-1%)	**23,655,685**	24,291,092

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 26.41 years (2022: 26.48 years) and details of expected payments for defined benefit obligation in future years are as follows:

	31 December 2023	*31 December 2022*
Within next 12 months (next annual reporting period)	**2,221,343**	2,881,666
Between 2 and 5 years	**11,301,064**	9,210,625
Beyond 5 years	**17,961,519**	17,818,098
Total Expected Payments	**31,483,926**	29,910,389

14 LEASE LIABILITIES

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

	31 December 2023 SR	*31 December 2022 SR*
At the beginning of the year	**5,698,508**	7,419,523
Additions	-	-
Disposal	-	-
Finance cost	**170,436**	232,931
Lease payments during the year	**(2,065,184)**	(1,953,946)
At the end of the year	**3,803,760**	5,698,508
Non-current lease liabilities	**1,849,815**	3,967,156
Current lease liabilities	**1,953,945**	1,731,352

15 ACCRUED EXPENSES AND OTHER LIABILITIES

	31 December 2023 SR	*31 December 2022 SR*
Accrued employees' salaries and related benefits	**24,141,123**	14,046,748
Accrued expenses	**33,694,772**	17,135,630
Accounts payable	**5,462,551**	6,625,585
Value added tax payable	**3,579,784**	4,163,129
Payable to The Saudi Stock Exchange Company (Tadawul)	**1,144,604**	499,057
Professional fees	**871,240**	640,263
Others	**1,256,802**	2,048,828
	70,150,876	45,159,240

16 ZAKAT AND INCOME TAX

a) *Zakat and income tax charge*

	31 December 2023 SR	*31 December 2022 SR*
Share capital	**1,000,000,000**	1,000,000,000
Statutory and other reserve, beginning balance	**94,026,661**	75,053,237
Retained earnings, beginning balance	**720,754,655**	534,786,240
Adjusted net income	**276,939,092**	261,343,715
Employees' retirement benefits	**19,560,618**	21,928,553
Provisions	**33,172,728**	12,450,105
Property and equipment as per income tax law	**(16,119,666)**	(12,725,573)
Investments as per income tax law	**(328,488,632)**	-
Zakat base	**1,799,845,456**	1,892,836,277
Share of Saudi shareholder in the Zakat base @ 60%	**1,079,907,274**	1,135,701,766

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:

	31 December 2023 SR	*31 December 2022 SR*
Zakat charge during the year	**27,707,511**	29,393,171
Tax charge during the year	**22,781,022**	21,445,707
Deferred tax reversal	**(175,619)**	(217,542)
	50,312,914	50,621,336

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

	Zakat SR	*Income Tax SR*	*Total SR*
Movement for the year ended 31 December 2023			
At the beginning of the year	**34,275,826**	**16,080,318**	**50,356,144**
Provided during the year	**27,707,511**	**22,781,022**	**50,488,533**
Prior year reversal during the year	**-**	**(351,238)**	**(351,238)**
Payments during the year	**(29,148,225)**	**(30,698,807)**	**(59,847,032)**
At the end of the year	**32,835,112**	**7,811,295**	**40,646,407**

	Zakat SR	*Income Tax SR*	*Total SR*
Movement for the year ended 31 December 2022			
At the beginning of the year	24,961,684	7,346,160	32,307,844
Provided during the year	29,393,171	21,445,707	50,838,878
Payments during the year	(20,079,029)	(12,711,549)	(32,790,578)
At the end of the year	34,275,826	16,080,318	50,356,144

16 ZAKAT AND INCOME TAX (continued)

c) Status of assessment

The Company has finalized its Zakat and income tax assessments for the years ended 31 December 2008, 2009 and 2010. The Company has also filed the Zakat and income tax return for the years from 2011 to 2022, which are still under review with the ZATCA. Zakat and income tax return for the year ended 31 December 2023 will be submitted subsequent to the financial statements issuance date.

d) Deferred tax

	Opening balance	*Recognized in profit and loss account*	*Closing balance*
	SR	*SR*	*SR*
Movement for the year ended 31 December 2023			
Property and equipment and intangible assets	**745,502**	**(837,143)**	**91,641**
Employees' defined benefit obligation	**2,183,879**	**461,524**	**(2,645,403)**
Provision for operational losses	**93,894**	**200,000**	**(293,894)**
	3,023,275	**(175,619)**	**2,847,656**
Movement for the year ended 31 December 2022			
Property and equipment and intangible assets	435,457	310,045	745,502
Employees' defined benefit obligation	2,332,939	(149,060)	2,183,879
Provision for operational losses	37,337	56,557	93,894
	2,805,733	217,542	3,023,275

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 comprehensive income are as follows:

Related party	Nature of transactions	*Balances*	
		2023	*2022*
Assets		***SR***	*SR*
Arab National Bank ('ANB') - Parent Company	Current accounts held with ANB (note 12)	**262,600,462**	266,052,437
	Demand deposit held with ANB (note 12)	**-**	266,782,892
	Accrued corporate finance fee income from ANB	**1,041,563**	351,563
	Accrued special commission income (note 10)	**140,907**	579,083
- Directors and key management personnel	Receivables against margin lending	**4,833,862**	6,315,976

17 RELATED PARTY TRANSACTIONS AND BALANCES (continued)

Related party	*Nature of transactions*	*Amount of transactions* ***2023 SR***	*2022 SR*
Income			
Arab National Bank ('ANB') - Parent Company	Income from ANB discretionary portfolio management	**7,506,788**	6,207,486
	Corporate finance fee income	**2,400,000**	1,800,000
	Special commission income on deposits	**89,027,575**	40,510,163
	Advisory fee	**10,000,000**	10,000,000
- Directors and key management personnel	Special commission income on margin lending	**439,916**	785,565

Expense		***2023 SR***	*2022 SR*
Arab National Bank ('ANB') - Parent Company	Shared services cost allocated by ANB	**(6,422,844)**	(6,422,844)
- Directors and key management personnel	Salaries and related benefits to key management	**(15,447,338)**	(16,658,820)
	Board of Directors fees	**(2,204,000)**	(500,000)

18 SHARE CAPITAL

	31 December 2023 SR	*31 December 2022 SR*
Arab National Bank - Ordinary shares (SR 10 per share)	**100%**	100%

Share capital of SR 1,000 million (31 December 2022: SR 1,000 million) is divided into 100,000,000 shares (31 December 2022: 100,000,000 shares) of SR 10 each, which is wholly paid.

On 20 December 2023, the Board approved to pay cash dividends of SAR 500 million. The dividend was distributed on 28 December 2023.

19 STATUTORY RESERVE

As required by the Saudi Arabian Companies' Law, the Company must transfer 10% of the net income for the year (after deducting losses brought forward) to the statutory reserve till it has built up a reserve equal to 30% of the capital. The reserve is not available for distribution.

20 REVENUE

a) Brokerage fee income, net

The brokerage income comprises of following:

	31 December 2023 SR	*31 December 2022 SR*
Gross brokerage income	**127,696,598**	174,657,098
Less: Tadawul fees	**(40,892,018)**	(55,776,115)
Less: Discounts	**(49,823,263)**	(67,794,598)
	36,981,317	51,086,385

20 REVENUE (CONTINUED)

b) Asset management fees income

The asset management fee comprises of following:

	31 December 2023 SR	*31 December 2022 SR*
Management and administrative fees from:		
- Mutual funds	**74,728,024**	53,925,038
- Discretionary portfolios	**17,990,773**	15,412,440
Subscription fees	**4,484,911**	26,892,848
	97,203,708	96,230,326

c) Investment banking and advisory fees

The investment banking & advisory fee comprises of following:

	31 December 2023 SR	*31 December 2022 SR*
Advisory fees	**23,681,217**	63,358,788
Investment Banking	**8,798,602**	9,406,511
	32,479,819	72,765,299

20.1 Revenue from commission on brokerage services and 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 Kingdom of Saudi Arabia.

21 SALARIES AND RELATED BENEFITS

	31 December 2023 SR	*31 December 2022 SR*
Basic salaries	**39,641,175**	33,087,427
Staff bonus	**21,608,560**	16,886,795
Housing allowances	**6,423,277**	5,513,670
Defined benefit obligations	**4,832,477**	3,752,524
Social security charges	**3,571,865**	3,079,304
Employees medical expenses	**3,375,381**	2,477,876
Transportation and travelling allowances	**1,919,885**	1,605,678
Others	**5,440,021**	3,011,722
	86,812,641	69,414,996

22 OTHER EXPENSES

	31 December 2023 SR	*31 December 2022 SR*
Communication	**1,393,621**	1,546,244
Insurance	**370,273**	456,121
Board of director's fees (note 17)	**2,204,000**	500,000
Promotion & Incentives	**1,180,633**	1,104,781
GCM clearing expense	**-**	2,235,638
Travelling and hospitality expense	**687,006**	695,718
Media Expense	**581,711**	628,513
VAT Expense	**2,694,818**	550,445
Others	**1,795,982**	2,629,315
	10,908,044	10,346,775

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.

	31 December 2023 SR	*31 December 2022 SR*
Income for the year	**220,629,627**	206,631,572
Weighted average number of ordinary shares	**100,000,000**	100,000,000
Basic and diluted, income for the year per share	**2.21**	2.07

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 31 December 2023 and 31 December 2022.

	31 December 2023 SR	*31 December 2022 SR*
Financial assets at amortised cost		
Receivable against margin lending, net	**1,122,434,194**	859,336,510
Financial assets at fair value through profit or loss (note 7)		
Al Mubarak SAR Trade Fund (note 7.1)	**-**	15,094,955
Al Mubarak Real Estate Income Fund (note 7.2)	**1,420,560**	2,060,520
Al Dar Investment Fund 2 (note 7.3)	**28,410,000**	30,000,000
Al Arabi Al Argan Real Estate Development Fund (note 7.4)	**79,534,309**	44,500,000
Local equities listed in Tadawul (note 7.5)	**21,774,557**	14,866,282
Al Arabi Real Estate Opportunity Fund 3 (note 7.6)	**28,392,750**	25,000,000
Investment in HP Oryx Tech Fund I (note 7.7)	**1,022,488**	-
Financial assets at fair value through OCI (note 8)		
Investment in Saudi Basic Industries (SABIC)	**3,348,702**	3,585,316
Total financial assets	**1,286,337,560**	994,443,583
Total current	**1,281,966,370**	990,858,267
Total non-current	**4,371,190**	3,585,316

Set out below is an overview of financial liabilities held by the Company as at 31 December 2023 and 31 December 2022.

	31 December 2023 SR	*31 December 2022 SR*
Financial liabilities at amortised cost		
Accrued expenses and other payables	**71,965,598**	45,159,240
Zakat and income tax payable	**40,646,407**	50,356,144
Lease liabilities-current	**1,953,945**	1,731,352
Lease Liabilities- non-current	**1,849,815**	3,967,156
Total financial liabilities at amortised cost	**116,415,765**	101,213,892
Total current	**114,565,950**	97,246,736
Total non-current	**1,849,815**	3,967,156

25 FAIR VALUE HIERARCHY

The following table provides the fair value measurement hierarchy of the Company's financial assets as at 31 December 2023 and 31 December 2022. There are no financial liabilities measured at fair value. The fair value of other financial assets and financial liabilities approximate their carrying value.

		Fair value measurement using		
	Total	*Quoted prices in active markets (Level 1)*	*Significant observable inputs (Level 2)*	*Significant unobservable inputs (Level 3)*
As at 31 December 2023	***SR***	***SR***	***SR***	***SR***
Financial assets at fair value through profit or loss (note 7)				
Al Mubarak Real-estate Income Fund (note 7.2)	**1,420,560**	-	**-**	**1,420,560**
Al Dar Investment Fund 2 (note 7.3)	**28,410,000**	-	**-**	**28,410,000**
Al Arabi Al Argan Real Estate Development Fund (note 7.4)	**79,534,309**	-	**-**	**79,534,309**
Local equities listed in Tadawul (note 7.5)	**21,774,557**	**21,774,557**	**-**	-
Al Arabi Real Estate Opportunity Fund 3 (note 7.6)	**28,392,750**	**-**	**-**	**28,392,750**
Investment in HP Oryx Tech Fund I (note 7.7)	**1,022,488**	**-**	**-**	**1,022,488**
Financial assets at fair value through OCI (note 8)				
Investment in Saudi Basic Industries (SABIC)	**3,348,702**	**3,348,702**	**-**	**-**
As at 31 December 2022	***SR***	***SR***	***SR***	***SR***
Financial assets at fair value through profit or loss (note 7)				
Al Mubarak SAR Trade Fund (note 7.1)	15,094,955	-	15,094,955	-
Al Mubarak Real-estate Income Fund (note 7.2)	2,060,520	-	-	2,060,520
Al Dar Investment Fund 2 (note 7.3)	30,000,000	-	-	30,000,000
Al Arabi Al Argan Real Estate Development Fund (note 7.4)	44,500,000	-	-	44,500,000
Local equities listed in Tadawul (note 7.5)	14,866,282	14,866,282	-	-
Al Arabi Real Estate Opportunity Fund 3 (note 7.6)	25,000,000	-	-	25,000,000
Financial assets at fair value through OCI (note 8)				
Investment in Saudi Basic Industries (SABIC)	3,585,317	3,585,317	-	-

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.

Type	Valuation Technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
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% -the /discount rates are lower (higher) by 1%
Other investment funds	Discounted cashflows	-Discount rate at market terms	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 2023	31 December 2022
Balance at the beginning of the year	**101,560,520**	77,666,600
Purchases during the year	**1,022,488**	25,000,000
Sold during the year	**-**	-
Net Changes in investment at FVPTL		
Unrealized fair value gain / (loss) for the year	**36,197,099**	(1,106,080)
Balance at the end of the year	**138,780,107**	101,560,520

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.

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.

	31 December 2023 SR	*31 December 2022 SR*
Receivable against margin lending (note 11)	**1,122,434,194**	859,336,510
Investments at fair value through profit or loss (FVTPL) (note 7)	**160,554,662**	131,521,757
Investments in associates (note 9)	**328,488,633**	345,152,016
Investments at fair value through OCI (note 8)	**3,348,702**	3,585,317
Cash and cash equivalents in the statement of financial position (note 12)	**262,640,462**	532,875,329
	1,877,466,653	1,872,470,929

26 FINANCIAL RISK AND MANAGEMENT OBJECTIVES AND POLICIES (continued)

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.

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:

31 December 2023	*On Demand* SR	*Within 3 months* SR	*3 months to 1 year* SR	*Above 1 year* SR	***Total* SR**
Accrued expenses and other liabilities	**26,086,701**	**12,579,202**	**31,484,973**	**-**	**70,150,876**
Bank overdraft	**262,640,462**	**-**	**-**	**-**	**262,640,462**
Lease liability	**-**	**284,183**	**1,781,001**	**2,065,184**	**4,130,368**
Total financial liabilities	**288,727,163**	**12,863,385**	**33,265,974**	**2,065,184**	**336,921,706**
31 December 2022					
Accrued expenses and other liabilities	17,610,494	2,561,744	24,987,002	-	45,159,240
Lease liability	-	425,742	1,528,204	3,907,892	5,861,838
Total financial liabilities	17,610,494	2,987,486	26,515,206	3,907,892	51,021,078

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.

26 FINANCIAL RISK AND MANAGEMENT OBJECTIVES AND POLICIES (continued)

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.

Effect on profit and loss	***2023***		*2022*	
		SR		*SR*
Net (loss) gain on investments held at fair value through profit or loss	+ 5%	**7,976,609**	+ 5%	6,576,088
	- 5%	**(7,976,609)**	- 5%	(6,576,088)

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.

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.

27 SEGMENT INFORMATION (continued)

2023	*Brokerage SR*	*Asset management services SR*	*Investment banking and real estate advisory SR*	*Margin financing SR*	*Head office SR*	*Total SR*
Revenue	**36,981,317**	**97,203,708**	**32,479,819**	**83,045,054**	**135,344,183**	**385,054,081**
Expenses and impairment charges	**(34,668,064)**	**(35,378,022)**	**(17,096,498)**	**(9,449,423)**	**(29,339,953)**	**(125,931,960)**
Income from operations	**2,313,253**	**61,825,686**	**15,383,321**	**73,595,631**	**106,004,230**	**259,122,121**
Total assets	**3,837,887**	**45,549,403**	**24,055,138**	**1,122,434,194**	**774,464,293**	**1,970,340,915**
Total liabilities	**1,778,379**	**4,419,586**	**-**	**300,986,957**	**126,630,075**	**433,814,997**
2022						
Revenue	51,086,386	96,230,326	72,765,299	62,994,807	41,279,625	324,356,443
Expenses and impairment charges	(38,059,614)	(28,189,155)	(12,344,623)	(4,283,599)	(18,182,906)	(101,059,897)
Income from operations	13,026,772	68,041,171	60,420,676	58,711,208	23,096,719	223,296,546
Total assets	3,735,804	18,573,257	25,916,451	859,336,510	1,032,080,145	1,939,642,167
Total liabilities	1,289,518	3,500,098	-	1,173,680	121,772,673	127,735,969

28 CAPITAL COMMITMENTS AND CONTINGENCIES

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

	31 December 2023 SR	*31 December 2022 SR*
Un-utilized margin lending limits	**1,122,260,126**	1,173,680,810
Capital commitments	**11,671,922**	5,121,000
	1,133,932,048	1,178,801,810

29 SUBSEQUENT EVENTS

No events have occurred subsequent to the reporting date and before the issuance of these financial statements which requires adjustment to, or disclosure, in these financial statements.

30 CAPITAL ADEQUACY

The CMA has issued Prudential Rules (the "Rules") dated 17 Safar 1434H (corresponding to 30 December 2012) amended by resolution of the Board of the Capital Market Authority Number 1-129-2022 Dated 04 Jumada II 1444H (Corresponding to 28 December 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:

	31 December 2023 SR'000	*31 December 2022 SR'000*
Capital base		
Tier I	**1,525,062**	1,804,797
Total	**1,525,062**	1,804,797

	Risk weighted assets 31 December 2022 SR'000	*Minimum capital requirement 31 December 2022 SR'000*
Market risk	**43,549**	5,091
Credit risk	**3,765,601**	459,752
Operational risk	**570,194**	37,408
Total	**4,379,344**	502,251
Capital adequacy ratio (percentage / times)	**35%**	3.59
Surplus	**1,174,715**	1,302,546

a) The Capital Base of the Company comprises of
- Tier-1 capital 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 and shall not be less than 1 time in previous 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 fiduciary capacity, these assets are not included in the statement of financial position.

31.1 Assets under management

These represents Mutual Funds' and Discretionary portfolio assets managed by the Company, which amount to SR 12.2 billion as at 31 December 2023 (2022: SR 11.2 billion).

31.2 Clients' cash accounts

The Company was holding clients' cash accounts with ANB, which amount to SR 3.06 billion as at 31 December 2023 (2022: SR 3.0 billion), to be used for investments on the 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 20 March 2024 (corresponding to 10 Ramadan 1445H).