SNB CAPITAL COMPANY
(A Saudi Closed Joint Stock Company)

CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023
AND
AUDITOR'S REPORT

SNB Capital Company
(A Saudi Closed Joint Stock Company)
CONSOLIDATED FINANCIAL STATEMENTS

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Independent Auditors' Report
To the Shareholder of SNB Capital Company (A Saudi Closed Joint Stock Company)

Opinion
We have audited the consolidated financial statements of SNB Capital Company (the "Company") and its subsidiaries (collectively referred to as the "Group"), which comprise the consolidated statement of financial position as at 31 December 2023, and the consolidated statement of income, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, which include material accounting policy information.

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

Basis for Opinion
We conducted our audit in accordance with International Standards on Auditing ("ISAs") that are endorsed in the Kingdom of Saudi Arabia. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) that is endorsed in the Kingdom of Saudi Arabia (the "Code), that is relevant to our audit of the consolidated financial statements and we have fulfilled our other ethical responsibilities in accordance with that Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements
Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are endorsed by the Saudi Organization for Chartered and Professional Accountants and the provisions of Companies' Law and Company's By-laws, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance i.e., the Audit Committee is responsible for overseeing the Group's financial reporting process.

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Independent Auditors' Report
To the Shareholder of SNB Capital Company (A Saudi Closed Joint Stock Company) (continued)

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 ISAs that are endorsed in the Kingdom of Saudi Arabia will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.

- Conclude on the appropriateness of the management use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

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

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

Independent Auditors' Report
To the Shareholder of SNB Capital Company (A Saudi Closed Joint Stock Company) (continued)

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements (continued)
We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

for Ernst & Young Professional Services

Ahmed Ibrahim Reda
Certified Public Accountant
License No. (356)

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CR.1010383821
شركة إرنست ويونغ للخدمات المهنية
(مهنية ذات مسؤولية محدودة)
Ernst & Young Professional Services
(Professional LLC)

Riyadh: 18 Ramadhan 1445H
(28 March 2024)

SNB Capital Company
(A Saudi Closed Joint Stock Company)
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December
(Expressed in Saudi Riyals '000, unless otherwise stated)

	Notes	***2023***	*2022*
Assets			
Non-current assets			
Property, equipment and software	4	**173,487**	163,115
Right of use assets	5	**6,068**	9,354
Investment properties	6	**74,064**	74,648
Investment in an associate	7	**2,161**	2,175
Financial investments	8	**10,685,985**	7,960,758
Positive fair value of derivative	9	**18,239**	36,438
Prepayments and other assets	10	**23,169**	29,185
Total non - current assets		**10,983,173**	8,275,673
Current assets			
Financial investments	8	**722,126**	623,580
Prepayments and other assets	10	**785,346**	1,258,459
Murabaha financing	11	**2,262,869**	2,337,760
Cash and cash equivalents	12	**301,437**	457,409
Total current assets		**4,071,778**	4,677,208
Total assets		**15,054,951**	12,952,881
Equity			
Equity attributable to equity holder of the Company			
Share capital	13	**1,500,000**	1,000,000
Proposed increase in share capital	13	**-**	500,000
Statutory reserve	16	**535,248**	535,248
Other reserves		**(37,041)**	(134,421)
Employees' share based payments reserve	15	**12,649**	19,290
Retained earnings		**5,511,370**	3,909,171
Equity attributable to shareholder of the Company		**7,522,226**	5,829,288
Tier 1 Sukuk	14	**1,000,000**	-
Equity attributable to equity holders of the Company		**8,522,226**	5,829,288
Non-controlling interest	17	**764**	764
Total equity		**8,522,990**	5,830,052
Liabilities			
Non- current liabilities			
Lease liabilities	18	**6,911**	9,502
Employees' benefits	19	**86,465**	91,207
Total non- current liabilities		**93,376**	100,709
Current liabilities			
Lease liabilities	18	**2,269**	2,269
Borrowings	20	**5,838,144**	6,445,984
Amount due to The Saudi National Bank	21	**38,521**	14,793
Employees' long term incentive plan – cash settled	15	**20,387**	9,612
Employees benefits	19	**-**	413
Zakat payable	33	**167,919**	174,733
Accounts payable, accruals and other liabilities	22	**371,345**	374,316
Total current liabilities		**6,438,585**	7,022,120
Total liabilities		**6,531,961**	7,122,829
Total equity and liabilities		**15,054,951**	12,952,881

The accompanying notes 1 through 39 form an integral part of these consolidated financial statements.

SNB Capital Company
(A Saudi Closed Joint Stock Company)
CONSOLIDATED STATEMENT OF PROFIT OR LOSS
For the years ended 31 December
(Expressed in Saudi Riyals '000, unless otherwise stated)

	Notes	***2023***	*2022*
Fees from services, net	23		
- Asset management		**794,716**	787,124
- Securities		**390,473**	497,450
- Investment banking		**102,859**	180,629
		1,288,048	1,465,203
Change in fair value of investment carried at FVTPL, net		**69,987**	(29,045)
Income from Murabaha financing, investments carried at amortized cost and others		**1,122,249**	438,486
Gain on sale of investment carried at FVTPL, net		**21,720**	56,762
Gain on sale of investments carried at amortized cost, net		**39**	1,831
Loss on sale of FVOCI debt instrument		**(21,615)**	-
Dividend income		**83,612**	68,269
Other operating (loss) income		**(16,711)**	51,912
Total operating income		**2,547,329**	2,053,418
Salaries and employees' related expenses	24	**(338,679)**	(298,569)
Depreciation and amortization	4,5 &6	**(28,979)**	(26,105)
Other general and administrative expenses	25	**(180,244)**	(159,134)
Total operating expenses		**(547,902)**	(483,808)
income from operations, net		**1,999,427**	1,569,610
Finance cost	26	**(329,531)**	(121,715)
Other income, net	27	**44,098**	7,330
Share of net results in an associate	7	**(14)**	14
Total non-operating loss, net		**(285,447)**	(114,371)
Net income for the year before Zakat		**1,713,980**	1,455,239
Zakat for the year	33	**(67,793)**	(151,000)
Net income for the year		**1,646,187**	1,304,239
Income for the year attributable to:			
- Equity holders of the Parent		**1,646,187**	1,304,239
- Non-controlling interest	17	**-**	-
		1,646,187	1,304,239
Basic and diluted earnings per share (SR) – attributable to equity-holders of the Parent	28	**10.68**	8.69

The accompanying notes 1 through 39 form an integral part of these consolidated financial statements.

SNB Capital Company
(A Saudi Closed Joint Stock Company)
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the years ended 31 December
(Expressed in Saudi Riyals '000, unless otherwise stated)

	Notes	***2023***	*2022*
Net income for the year		**1,646,187**	1,304,239
Other comprehensive income / (loss)			
Items that cannot be reclassified to consolidated profit or loss in subsequent years:			
- Net change in fair value of FVOCI equity investments	8	**(12,611)**	(21,203)
- Re-measurement gain on employees end of service benefits	19 (c)	**2,300**	1,498
Items that are or may be reclassified to consolidated profit or loss in subsequent years:			
- Net change in fair value of FVOCI debt investments	8 (b)	**80,018**	(140,195)
- Transfer to consolidated statement of profit or loss		**21,615**	-
- Allowance for expected credit losses	8 (d)	**6,058**	-
Total other comprehensive income / (loss)		**97,380**	(159,900)
Total comprehensive income for the year		**1,743,567**	1,144,339
Attributable to:			
- Equity holders of the Parent		**1,743,567**	1,144,339
- Non-controlling interest	17	**-**	-
		1,743,567	1,144,339

The accompanying notes 1 through 39 form an integral part of these consolidated financial statements.

SNB Capital Company
(A Saudi Closed Joint Stock Company)
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2023
(Expressed in Saudi Riyals '000, unless otherwise stated)

	Attributable to equity holders of the Parent										
	Share capital	*Proposed increase in share capital*	*Statutory reserve*	*Other reserves*	*Share based payments reserve*	*Retained earnings*	*Equity attributable to shareholder of the Company*	*Tier 1 Sukuk*	*Equity attributable to equity holders of the Company*	*Non-controlling interest*	*Total equity*
Balance at January 1, 2023	1,000,000	500,000	535,248	(134,421)	19,290	3,909,171	5,829,288	-	5,829,288	764	5,830,052
Net income for the	-	-	-	-	-	1,646,187	1,646,187	-	1,646,187	-	1,646,187
Other comprehensive income for the year	-	-	-	97,380	-	-	97,380	-	97,380	-	97,380
Total comprehensive income for the year				97,380	-	1,646,187	1,743,567	-	1,743,567	-	1,743,567
Tier 1 Sukuk issued (note 14)	-	-	-	-	-	-	-	1,000,000	1,000,000	-	1,000,000
Tier 1 Sukuk related cost	-	-	-	-	-	(43,988)	(43,988)	-	(43,988)	-	(43,988)
Employees' share based payments reserve, net for the year	-	-	-	-	(6,641)	-	(6,641)	-	(6,641)	-	(6,641)
Proposed increase in share capital (note 13)	500,000	(500,000)	-	-	-	-	-	-	-	-	-
Balance as at 31 December 2023	**1,500,000**	**-**	**535,248**	**(37,041)**	**12,649**	**5,511,370**	**7,522,226**	**1,000,000**	**8,522,226**	**764**	**8,522,990**

The accompanying notes 1 through 39 form an integral part of these consolidated financial statements.

SNB Capital Company
(A Saudi Closed Joint Stock Company)
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (Continued)
For the year ended 31 December 2022
(Expressed in Saudi Riyals '000, unless otherwise stated)

	Attributable to equity holders of the Parent									
	Share capital	*Proposed increase in share capital*	*Statutory reserve*	*Other reserves*	*Share based payments reserve*	*Merger reserve*	*Retained earnings*	*Equity attributable to equity holders of the Company*	*Non-controlling interest*	*Total equity*
Balance at 1 January 2022	1,000,000	-	535,248	25,479	24,164	500,000	2,604,932	4,689,823	764	4,690,587
Net income for the year	-	-	-	-	-	-	1,304,239	1,304,239	-	1,304,239
Other comprehensive loss for the year	-	-	-	(159,900)	-	-	-	(159,900)	-	(159,900)
Total comprehensive income for the year	-	-	-	(159,900)	-	-	1,304,239	1,144,339	-	1,144,339
Employees' share based payments reserve, net for the year	-	-	-	-	(4,874)	-	-	(4,874)	-	(4,874)
Proposed increase in share capital (note 13)	-	500,000	-	-	-	(500,000)	-	-	-	-
Balance as at 31 December 2022	1,000,000	500,000	535,248	(134,421)	19,290	-	3,909,171	5,829,288	764	5,830,052

The accompanying notes 1 through 39 form an integral part of these consolidated financial statements.

SNB Capital Company
(A Saudi Closed Joint Stock Company)
CONSOLIDATED STATEMENT OF CASH FLOWS
For the years ended 31 December 2023
(Expressed in Saudi Riyals '000, unless otherwise stated)

	Notes	***2023***	*2022*
Cash flows from operating activities:			
Net income for the year before Zakat		**1,713,980**	1,455,239
Adjustments to reconcile net income to net cash from operating activities:			
Gain on sale of investments carried at amortized cost, net		**(39)**	(1,831)
Change in fair value of investments carried at FVTPL, net		**(69,987)**	29,045
Gain on sale of investments carried at FVOCI		**(21,720)**	(56,762)
Loss on sale of FVOCI debt instrument		**21,615**	-
Share of results in an associate	7	**14**	(14)
Employees' share based payment arrangements charge	15	**2,087**	4,810
Fair value gain on derivatives		**18,199**	(41,074)
Income from Murabaha financing		**(154,902)**	(100,818)
Depreciation and amortization	4, 5 & 6	**28,979**	26,105
Income from financial investments carried at amortized cost		**(27,715)**	(11,948)
Employees' benefits	15 & 19(b)& (c)	**22,541**	19,153
Finance cost	26	**329,531**	121,715
		1,862,583	1,443,620
Changes in operating assets and liabilities			
Prepayments and other assets		**479,129**	(688,520)
Financial investment carried at FVTPL		**471,737**	(98,384)
Murabaha financing		**229,793**	(434,911)
Amounts due to The Saudi National Bank		**23,728**	(20,207)
Account payable, accruals and other liabilities		**27,962**	1,556
Cash from operating activities		**3,094,932**	203,154
Employees' benefits paid		**(22,453)**	(14,526)
Zakat paid	33	**(74,607)**	(76,960)
Net cash from operating activities		**2,997,872**	111,668
Cash flows from investing activities:			
Purchase of property, equipment and software	4	**(60,674)**	(40,247)
Purchase of investment carried at amortized cost		**-**	(160,041)
Proceeds from disposal of investment carried at amortized cost		**-**	123,940
Purchase of investment carried at fair value at FVOCI		**(2,111,795)**	(4,734,452)
Proceeds from disposal of investment carried at FVTPL		**1,149,415**	1,082,151
Purchase of investment carried at FVTPL		**(2,146,844)**	(1,701,475)
Net cash used in investing activities		**(3,169,898)**	(5,430,124)
Cash flows from financing activities:			
Lease liabilities paid	18	**(3,036)**	(1,541)
Proceeds from borrowings		**1,463,422**	10,510,857
Repayments of borrowings		**(2,221,827)**	(5,120,138)
Finance cost on borrowings paid		**(222,505)**	(67,301)
Tier 1 Sukuk	14	**1,000,000**	-
Net cash flows from financing activities		**16,054**	5,321,877
Net change in cash and cash equivalents		**(155,972)**	3,421
Cash and cash equivalents at beginning of the year		**457,409**	453,988
Cash and cash equivalents at end of the year	12	**301,437**	457,409

The accompanying notes 1 through 39 form an integral part of these consolidated financial statements.

	Notes	***2023***	*2022*
SUPPLEMENTARY NON-CASH INFORMATION			
Re-measurement gain on employees' end of service benefits	19(c)	**2,300**	1,498
Net change in fair value of FVOCI equity investments		**(12,611)**	(21,203)
Net change in fair value of FVOCI debt investments		**80,018**	(140,195)

1. GENERAL

SNB Capital Company (formerly known as NCB Capital Company) ("the Company" or "SNBC"), a Saudi closed Joint Stock Company, was formed in accordance with Capital Market Authority's Resolution No. 2-83-2005 dated Jumada Al Awal 21, 1426H (June 28, 2005), and registered in the Kingdom of Saudi Arabia under Commercial Registration No. 1010231474 dated 29 Rabi Al Awal 1428H (April 17, 2007). The ownership structure of the Company is detailed in note 13 to these consolidated financial statements.

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

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

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

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

These consolidated financial statements include the financial statements of the Company and following subsidiaries up to 31 December 2023 (hereinafter collectively referred to as "the Group"):

Oryx Regional Private Equity Fund
The Company has a 50% (31 December 2022: 50%) ownership interest in Oryx Regional Private Equity Fund (the "Fund"), which was formed on February 12, 2007, as a closed-ended investment fund. The Group acquired control over the Fund as at April 17, 2007. The Fund's objective is to invest in companies which have a strong competitive advantage and good growth potential. The Fund's primary geographic focus for investment is the Middle East and North Africa (MENA) region.

On February 11, 2021, in lieu of the anticipated timelines corresponding to the completion of the liquidation of the Fund, the Fund Board resolved to further extend the life of the Fund till 20 March 2023. The liquidation proceedings are still in process and will be completed in a due course.

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

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

The Company has a 100% (31 December 2022: 100%) ownership interest in SNB Capital Dubai Inc.

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

1. GENERAL (continued)

The Capital Partnership (Cayman) Holdings Limited (continued)
The legal formalities in respect of the disposal of ownership interest in TCPG were completed during November 2012. TCPCHL’s liquidation proceedings are pending subject to completion of certain legal formalities.

Baco W.L.L. (“Baco”)
The Company has 100% (31 December 2022: 100%) ownership in Baco, a limited liability company incorporated in the Kingdom of Bahrain on January 16, 2007, formed for the sole purpose of executing SNB Capital Company’s employee share ownership plans. The Company is dormant and is in liquidation process which is expected to be completed in 2024.

SNB Capital Real Estate Investment Company
SNB Capital has 100% (31 December 2022: 100%) ownership in SNB Capital Real Estate Investment Company (REIC). The primary objective of REIC is to hold and register real estate assets on behalf of real estate funds managed by SNB Capital Company.

Samba Investment Real Estate Company (SIREC)
SNB Capital has 100% (31 December 2022: 100%) ownership in Samba Investment Real Estate Company, registered in the Kingdom of Saudi Arabia under commercial registration number 1010715022 dated 23 Shawwal 1438 (corresponding to July 17, 2017). The business objective of SIREC is to deal in real estate investment.

Samba US Logistics Fund L.P (SUSLF)
SNB Capital has 100% (31 December 2022: 100%) ownership in Samba US Logistics Fund L.P., an exempted limited partnership, registered on September 9, 2020, and Samba US Logistics Fund G.P. an exempted company, incorporated on July 7, 2020. These entities are governed under the laws of the Cayman Islands and are formed for the purpose of holding and managing principal investments.

SNBC Funding (“SNBCF”)
SNB Capital has 100% (31 December 2022: 100%) ownership in SNBC Funding, a Company registered in Cayman Islands. The primary objectives of SNBCF unrestricted business activities as per local laws.

SNBC Global Markets (“SNBCGM”)
SNB Capital has 100% (31 December 2022: 100%) ownership in SNBC Global Markets, a Company registered in Cayman Islands. The primary objectives of SNBCF unrestricted business activities as per local laws.

2. BASIS OF PREPARATION

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

b) Basis of measurement
These consolidated financial statements have been prepared under the historical cost basis using the going concern concept and accrual basis of accounting except as stated otherwise in the below mentioned accounting policies in note 3 to these consolidated financial statements.

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

2. BASIS OF PREPARATION (continued)

d) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at and for the year ended 31 December 2023 (note 1). Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

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

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

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

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

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

Structured entities

As part of its business activities, the Group holds investments in various funds which are not consolidated since the Group does not have control or power over the respective investee entities. Accordingly, the Group believes that it does not control the investees and hence the investment is included under financial investments carried at fair value through profit or loss (note 8).

2. BASIS OF PREPARATION (continued)

e) Critical accounting judgements, estimates and assumptions

The preparation of consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities, and accompanying disclosures and disclosures of contingent liabilities. Such judgments, estimates and assumptions are continually evaluated and are based on historical experience and other factors, including obtaining professional advice and expectations of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. Revision to accounting estimates are recognized in the period in which the estimate is revised and any future period affected.

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

(i) Useful lives of property, equipment and software and investment properties

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

(ii) Impairment of non-financial assets

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

An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less cost to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent to those from other assets or groups. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows based on earnings are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes. In determining fair value less costs to sell, an appropriate source is used, such as observable market prices or, if no observable market prices exist, estimated prices for similar assets or if no estimated prices for similar assets are identified, it is based on discounted future cash flow calculations of future distributable dividends.

(iii) End of service benefits

The present value of Company's obligation under defined benefit plans is determined using actuarial valuation. This involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and employees' turnover rate. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date. Future salary increases are based on expected future inflation rates, seniority, promotion, demand and supply in the employment market.

(iv) Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

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

2. BASIS OF PREPARATION (continued)

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

(iv) Fair value measurement (continued)
If third party information, such as broker quotes or pricing services, is used to measure fair values, then the management assesses the evidence obtained from the third parties to support the conclusion that these valuations meet the requirements of IFRS, including the level in the fair value hierarchy in which the valuations should be classified. The fair value of an asset or a liability is measured using assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their best economic interest.

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

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

Financial instruments for which fair value is measured or disclosed in the consolidated financial statements are categorized within the fair value hierarchy (see note 35). For assets and liabilities that are recognized in the consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

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

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

(vi) Current and non-current classification
The Company presents assets and liabilities in the statement of financial position based on current/ non-current classification.

An asset is classified as current when it is:
- Expected to be realized or intended to be sold or consumed in normal operating cycle;
- Held primarily for the purpose of trading;
- 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.

2. BASIS OF PREPARATION (continued)

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

(vi) Current and non-current classification (continued)

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

All other liabilities are classified as non-current.

Determination of normal operating cycle is a matter of management judgement, based on all relevant facts and circumstances of the business operations.

(vii) Determination of control over investment funds
The Group acts as a Fund Manager to a number of investment funds. Determining whether the Group controls such an investment fund usually focuses on the assessment of the aggregate economic interests of the Group in the Fund (comprising any carried interests and expected management fees) and the investors rights to remove the Fund Manager.

(viii) Provisions for liabilities and charges
The Group receives legal claims in the ordinary course of business. Management makes judgements in assigning the risk that might exists in such claims. It also sets appropriate provisions against probable losses. The claims are recorded or disclosed, as appropriate, in the consolidated financial statements based on the best estimates of the amounts required to settle these claims.

(ix) Impairment charge for expected credit losses
The Group exercises judgement and applies the use of various assumptions in the determination of expected credit losses.

(x) Classification of financial instruments
The Group exercises judgement for the classification of financial instruments.

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES

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

a) Foreign currencies

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

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

b) Settlement date accounting

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

c) Property, equipment and software

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

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

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

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

	31 December 2023	*31 December 2022*
Furniture and fixtures	**10 years**	10 years
Equipment	**6 to 7 years**	6 to 7 years
Software	**10 years**	10 years
Motor vehicles	**5 years**	5 years
Leasehold improvements	**Shorter of lease term or useful life**	

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

c) Property, equipment and software (continued)

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

Gains and losses on disposals of property, equipment and software are determined by comparing sale proceeds with corresponding carrying amounts. These are recognized in the consolidated statement of profit or loss.

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

d) Investment properties

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

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

The estimated useful life of building classified as investment properties is 40 years (2022: 40 years).

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

e) Business combinations

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

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

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

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

e) Business combinations (continued)

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

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

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

When the Group loses control over a subsidiary, it derecognizes the assets and liabilities of the subsidiary, and any related non-controlling interest ("NCI") and other components of equity. Any resulting gain or loss is recognized in profit or loss. Any interest retained in former subsidiary is measured at fair value when control is lost.

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

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

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

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

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

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

f) Investment in associates (continued)

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

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

g) Financial assets and liabilities

i) Initial recognition and derecognition

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

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

ii) Classification and subsequent measurement of financial assets

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

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

<u>Financial asset at FVOCI</u>
A debt instrument is measured at fair value through other comprehensive income (FVOCI) only if it meets both of the following conditions and is not designated as at FVTPL:

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

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

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

g) Financial assets and liabilities (continued)

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

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

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

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

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

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

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

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

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

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

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

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

g) Financial assets and liabilities (continued)

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

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

Debt investments carried at FVOCI – These assets are subsequently measured at fair value. Marked to market gains and losses are recognized in OCI and reclassified to profit or loss upon derecognition of investment. Moreover, interest income is recognized in profit or loss. These investments are also subject to ECL measurement.

Classification and subsequent measurement of financial liabilities

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

iii) Impairment in financial assets

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

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

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

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

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

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

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

iv) Offsetting

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

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

g) Financial assets and liabilities (continued)

v) Write-off

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

vi) Interest and dividend income on financial assets

Interest income

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

Dividend income

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

h) Employees share based payments reserve

The Group operates an equity-settled share based payment plan for its key management. The grant-date fair value of such share-based payment arrangement granted to employees is recognized as an expense, with a corresponding increase in liability, over the vesting period of the awards. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognized is based on the number of awards that meet the related service and non-market performance conditions at the vesting date.

i) Employees' benefits

Post-employment benefits

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

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

Termination benefits

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

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

i) Employees' benefits (continued)

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

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

Employees' long term incentive plan – Cash settled
The Group operates a long term employees' long term cash settled incentive plan`, whereby, eligible employees are entitled to receive a cash bonus yearly over the period of 3 years in accordance with the proportion allocated for each year. The Group's obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods.

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

k) Accounts payable, accruals and other liabilities
Liabilities are recognized for amounts to be paid in the future for goods or services received, whether billed by the supplier or not.

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

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

Contingent liability is:

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

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

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

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

l) Provisions, contingencies and commitments (continued)

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

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

m) Zakat

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

n) Leases

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

i) As a lessee

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

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

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

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

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

n) Leases (continued)

i) As a lessee (continued)

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

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

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

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

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

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

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

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

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

o) Revenue recognition (continued)

The Company has the following streams of revenues:

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

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

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

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

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

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

r) Murabaha financing
Murabaha financing is an Islamic financing provided to customers for the purpose of trading of shares listed at Saudi Stock Exchange. Murabaha financing earn commission at commercial rates.

Murabaha financing represents receivable arising in connection with the Margin Lending Contracts. These receivables are held at amortized cost.

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

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

t) Fiduciary assets

Assets held in trust or in a fiduciary capacity are not treated as assets of the Group, and accordingly, are not included in the consolidated financial statements. In the normal course of business, the Group agrees with the clients to invest the fiduciary assets and the commission earned on investing the fiduciary assets are recognized in the consolidated statement of profit or loss when earned.

u) Transactions with Non-controlling interest

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

v) Finance costs

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

w) Derivative financial instrument

The Company uses commission rate swaps to hedge its special commission rate risk. Such derivative financial instruments are initially recognized at fair value on the date on which the derivative contract is entered into and are subsequently re-measured at fair value with the changes in fair value recorded in profit or loss. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. In the absence of hedge documentation, the Company considered interest rate swap as trading derivative and all marked to market differences were taken to statement of profit or loss.

x) Tier 1 Sukuk

The Group classifies Sukuk issued with no fixed redemption/maturity dates (Perpetual Sukuk) and not obliging the Group for payment of profit as part of equity.

The related initial costs and distributions thereon are recognised directly in the consolidated statement of changes in equity under retained earnings.

(Expressed in Saudi Riyals '000, unless otherwise stated)

4. PROPERTY, EQUIPMENT AND SOFTWARE

	Leasehold improvements	*Software*	*Furniture, Fixtures, Equipment and Motor vehicles*	*Capital work in progress (CWIP)*	*Total*
Cost					
Balance at 1 January 2022	9,058	256,269	155,609	25,986	446,922
Additions	-	893	-	39,354	40,247
Transfers from CWIP (see note below)	-	51,570	3,151	(54,721)	-
Balance at 31 December 2022	9,058	308,732	158,760	10,619	487,169
Balance at 1 January 2023	9,058	308,732	158,760	10,619	487,169
Additions	-	2,343	29	58,302	60,674
Transfers from CWIP	-	22,094	-	(22,094)	-
Write-off	-	(32,061)	-	-	(32,061)
Balance at 31 December 2023	**9,058**	**301,108**	**158,789**	**46,827**	**515,782**
Accumulated depreciation/amortisation					
Balance at 1 January 2022	8,867	145,539	145,870	-	300,276
Charge for the year	-	22,328	1,450	-	23,778
Balance at 31 December 2022	8,867	167,867	147,320	-	324,054
Balance at 1 January 2023	8,867	167,867	147,320	-	324,054
Charge for the year	-	23,687	1,426	-	25,113
Write-off	-	(6,872)	-	-	(6,872)
Balance at 31 December 2023	**8,867**	**184,682**	**148,746**	**-**	**342,295**
Net book value as of 31 December 2022	191	140,865	11,440	10,619	163,115
Net book value as of 31 December 2023	**191**	**116,426**	**10,043**	**46,827**	**173,487**

(Expressed in Saudi Riyals '000, unless otherwise stated)

4. PROPERTY, EQUIPMENT AND SOFTWARE (CONTINUED)

During the year, management has capitalized an amount of SR 22 million (31 December 2022: SR 51.57 million) to intangibles assets (software) upon completion of the related projects. As at 31 December 2023 and 31 December 2022, capital work in progress mainly represent the software implementation cost, which is under development phase at year end and will be moved to software category once ready for intended use.

During the year, some components of the intangible assets with net book value of SR 25.19 million (net of amortisation) have been written-off as these assets had no future economic benefits. In prior year, the Group had already recorded the provision against the impairment of these intangible assets within accounts payable, accruals and other liabilities.

5. RIGHT OF USE ASSETS

This represents buildings and office equipment rented under operating lease arrangements, the useful life of these assets are 10 years. The movement in right-of-use assets during the year ended 31 December as follows:

	Building	*Equipment*	*Total*
Cost			
Balance at 1 January 2022	15,311	407	15,718
Additions	2,116	981	3,097
Balance at 31 December 2022 and 31 December 2023	**17,427**	**1,388**	**18,815**
Accumulated depreciation			
Balance at 1 January 2022	6,727	407	7,134
Depreciation for the year	1,891	436	2,327
Balance at 31 December 2022	8,618	843	9,461
Depreciation for the year	**2,959**	**327**	**3,286**
Balance at 31 December 2023	**11,577**	**1,170**	**12,747**
Net book value			
Net book value as of 31 December 2022	8,809	545	9,354
Net book value as of 31 December 2023	**5,850**	**218**	**6,068**

6. INVESTMENT PROPERTIES

The Group entered in to a lease arrangement in 2020 with the Parent Company for the lease of land and building for the period of 5 years with annual rent of SR 5 million.

During the year ended 31 December 2023, depreciation on investment properties amounting to SR 0.58 million (2022: SR 0.93 million) has been charged resulting in carrying value of SR 74.06 million (31 December 2022: SR 74.6 million) as of the year end.

As at 31 December 2023, the fair value of investment properties amounted to SR 79 million (31 December 2022: SR 74.05 million). The market value of the properties was determined by Knightfrank, a Taqeem certified evaluator in accordance with Taqeem Regulations in conformity with the International Valuation Standards Council's International Valuation Standards. The key assumptions used in determining the fair value of the investment properties are as follows:

(Expressed in Saudi Riyals '000, unless otherwise stated)

6. INVESTMENT PROPERTIES (continued)

	31 December 2023	*31 December 2022*
Valuation technique	***Investment & Comparable method***	*Investment & Comparable method*
Discount rate	**10.5%**	11%
Exit yield rate	**8%**	8.50%
Inflation	**2.50%**	2.50%

7. INVESTMENT IN AN ASSOCIATE

	Country of incorporation	***Functional currency***	***Effective ownership interest***	***31 December 2023***	*31 December 2022*
Eastgate Global Carrying Vehicle L.P. (EGCV)	Cayman Islands	USD	100%	**2,161**	2,175
				2,161	2,175

The below table illustrates the movements in the investment in an associate:

	31 December 2023	*31 December 2022*
Balance as at 1 January	**2,175**	2,161
Share of results	**(14)**	14
Balance as at 31 December	**2,161**	2,175

Summarized financial information (prior to 31 December 2023) of an associate is as follows:

	Assets	***Liabilities***	***Revenue***	***Net loss***
2023 (unaudited)	**177**	**23**	**851**	**(1,865)**
2022 (audited)	2,197	8	178	(56)

(Expressed in Saudi Riyals '000, unless otherwise stated)

8. FINANCIAL INVESTMENTS

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

	31 December 2023	*31 December 2022*
FVTPL :		
- Investment funds managed by other entities	**2,888,421**	1,846,101
- Investment funds managed by the Group	**410,258**	431,025
- REITs managed by other entities	**8,467**	-
- Investment in debt instruments	**185,043**	167,868
- Investment in equity securities	**111,242**	131,831
	3,603,431	2,576,825
Amortised cost - Investment in debt securities (Sukuks/bonds) (note a)	**517,138**	673,214
FVOCI :		
- REITs managed by the Group	**15,838**	17,675
- REITs managed by other entities	**124,073**	134,848
- Investment in debt securities (Sukuks/bonds) (note c)	**7,147,631**	5,181,776
	7,287,542	5,334,299
	11,408,111	8,584,338

In 2023 the Group recognized dividends of SR 83.6 million (2022:SR 68.3 million) from its investments which was recorded in the consolidated statement of profit or loss.

a) This represents Company's investments in local and international Sukuks and bonds carrying profit at commercial rates and maturities up to 2025 (31 December 2022: 2028).

b) As at 31 December 2023, FVOCI reserve amounts to SR 67.4 million gain (31 December 2022: SR 161.4 million loss).

c) This represents investments in local and international Sukuks carrying profit at commercial rate and maturities up to 2035 (31 December 2022: 2033).

d) As of each reporting date, all investments in debt instruments are assessed to have low credit risk as these are either in Government sovereign Sukuk/bonds or issued by reputable and high credit rating financial institutions (both within and outside the Kingdom of Saudi Arabia) and there has been no history of default with any of the Group's investment in debt instruments. Therefore, the probability of default based on forward looking factors and any loss given defaults are considered to be negligible. Allowance for expected credit losses against financial investments held FVOCI amounting to SR 6 million (31 December 2022: nil). As at 31 Dec 2023 and 2022 all the investments at FVOCI are in stage 1.

e) Securities pledged with the financial intuitions against the repos transactions amounting to SR 2,675 million (31 December 2022: 703 million) (note 20).

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

	31 December 2023	*31 December 2022*
Non-current assets	**10,685,985**	7,960,758
Current assets	**722,126**	623,580
	11,408,111	8,584,338

(Expressed in Saudi Riyals '000, unless otherwise stated)

8. FINANCIAL INVESTMENTS (continued)

g) The analysis of the composition of investments is as follows:

		31 December 2023	
	Quoted	***Unquoted***	***Total***
Fixed rate securities	**4,216,507**	**1,015,846**	**5,232,353**
Floating rate securities	**794,139**	**1,805,651**	**2,599,790**
Equity instruments, Mutual Funds, Hedge Funds and Others	**607,722**	**2,968,246**	**3,575,968**
	5,618,368	**5,789,743**	**11,408,111**

		31 December 2022	
	Quoted	*Unquoted*	*Total*
Fixed rate securities	3,625,715	757,962	4,383,677
Floating rate securities	494,982	1,144,200	1,639,182
Equity instruments, Mutual Funds, Hedge Funds and Others	614,049	1,947,430	2,561,479
	4,734,746	3,849,592	8,584,338

9. DERIVATIVE

Forwards and futures are contractual agreements to buy or sell a specified currency, commodity or financial instrument at a specified price and date in the future. Forwards are customized contracts transacted in the over-the-counter market. The Group has adopted a system for the measurement and management of risk relating arising from fluctuations in foreign exchange and to maintain its exposure to currency risks to acceptable levels.

The Group has entered into a forward currency contract that has positive fair value of SR 18.24 million (31 December 2022: positive of SAR 36.44 million) to sell GBP 80.13 million and receive SR 402.6 million (31 December 2022: to sell GBP 83.57 million and receive SR 419.55 million), with maturity date of December 2026.

Fair value movement on the above derivative contract is classified under 'other operating income' in the consolidated statement of profit or loss.

10. PREPAYMENTS AND OTHER ASSETS

	31 December 2023	*31 December 2022*
Accounts receivable - Investment banking and other advisory services	**32,731**	56,955
Accrued income*		
-Asset management	**280,047**	327,131
-Securities and others	**197,657**	177,693
	510,435	561,779
Staff loans and other advances (note a)	**14,757**	10,612
Deposit – Tadawul Post Trade Technology Program (note b)	**111,069**	500,950
Prepayments and other current assets	**172,254**	214,303
	808,515	1,287,644

*Accrued income includes the accrued income from related parties (refer note 21).

a) These represent short term loans / advances to staff deductible against staff salary and generally maturity within 12 months of reporting date.
b) This represents a deposit maintained with Muqassa (The Securities Clearing Centre Company) under Post Trade Technology Program ("PTTP") in respect to the settlement of transactions carried on the Tadawul platform.

(Expressed in Saudi Riyals '000, unless otherwise stated)

10. PREPAYMENTS AND OTHER ASSETS (continued)

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

	31 December 2023	*31 December 2022*
Non-current assets	**23,169**	29,185
Current assets	**785,346**	1,258,459
	808,515	1,287,644

11. MURABAHA FINANCING

Murabaha financing is an Islamic financing provided to customers for the purpose of trading in shares listed at Saudi Stock Exchange. Murabaha financing is subject to commission at commercial rates with a maturity of one year or less.

Murabaha financing are carried at amortized cost and are subject to allowance for expected credit losses ("ECL"). Murabaha financing are collateralized by approved coverage of market value of the customer's equity securities and portfolio cash balance. The Group in the ordinary course of lending activities holds collateral as security to mitigate credit risk on its Murabaha financing. The collateral includes cash and listed equities in Saudi Stock Exchange. The fair value of collateral held by the Group as security for Murabaha financing as at 31 December 2023 is SR 5,268 million (31 December 2022: 4,605 million). As the Murabaha financing are fully collateralized, hence no allowance for expected credit losses is made in these consolidated financial statements.

During the year, the Group sold the collateral amounting to SR 1.15 million (31 December 2022: nil) as a result of customers not maintaining the required coverage.

12. CASH AND CASH EQUIVALENTS

	31 December 2023	*31 December 2022*
Balances with banks – current accounts	**301,419**	457,391
Cash in hand	**18**	18
	301,437	457,409

At each reporting date, all bank balances are assessed to have low credit risk as they are held with reputable and high credit rating domestic and international banking institutions and there has been no history of default with any of the bank balance. Therefore, the probability of default based on forward looking factors and any loss given defaults are considered negligible.

13. SHARE CAPITAL

The authorized, issued and fully paid share capital of the Company consists of one hundred and fifty million (150,000,000) shares of SR 10 each (31 December 2022: 100 million shares of SR 10 each). The ownership structure of the Company is given below:

	No. of shares held		***Percentage ownership***	
Shareholder	***2023***	*2022*	***2023***	*2022*
The Saudi National Bank	**150,000,000**	100,000,000	**100**	100

The Board of Directors in their meeting held on 5 Safar 1444H (corresponding to 1 September 2022) resolved to increase the share capital of the Company from SR 1 billion to SR 1.5 billion through transfer of SR 500 million from the account of merger reserve to proposed increase in share capital.

(Expressed in Saudi Riyals '000, unless otherwise stated)

13. SHARE CAPITAL (continued)

The capital increase was executed pursuant to the Extra Ordinary General Meeting resolution dated 25 Safar 1444H (corresponding to 21 September 2022) and CMA approval numbered 22/7612/6/3 dated 22 Rabi Al-Awal 1444H (corresponding 18 October 2022). The legal formalities in respect of increase in share capital was completed during May 2023 and accordingly proposed increase in share capital of SR 500 million was transferred to share capital.

14. TIER 1 SUKUK

During 2023, the Company through a Shariah Compliant arrangement ("the arrangement") issued Tier 1 Sukuk ("the Sukuk"), amounting to SAR 1 billion (denominated in Saudi Riyals). This arrangement was approved by the regulatory authorities and Board of Directors of the Company.

The Sukuk is perpetual security in respect of which there is no fixed redemption dates and represents an undivided ownership interest of the Sukuk holders in the Sukuk assets, constituting an unsecured, conditional and subordinated obligation of the Company classified under equity. However, the Company has the exclusive right to redeem or call the Sukuk in a specified period of time, subject to the terms and conditions stipulated in the Sukuk agreement.

The applicable profit rate on the Sukuk is payable on each periodic distribution date, except upon the occurrence of a non-payment event or non-payment election by the Company, whereby the Company at it sole discretion (subject to certain terms and conditions) elect not to make any distributions. Such non-payment event or non-payment election are not considered to be events of default and the amounts not paid thereof shall not be cumulative or compound with any future distributions.

15. EMPLOYEES' SHARE BASED PAYMENTS RESERVE

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

The total expense recognized for employees' services received during the year ended 31 December 2023, under KEEP amounted to SR 2.1 million (31 December 2022: SR 4.8 million) and is included in 'salaries and employee related expenses' with a corresponding increase in the consolidated statement of changes in equity, under the share based payment arrangements reserve.

As at the reporting date, following are the details of the KEEP cycles:

	Charge for the period		***Balance as at***	
	2023	*2022*	***2023***	*2022*
Allocation cycle – FY 2019	**-**	(818)	**-**	-
Allocation cycle – FY 2020	**-**	366	**-**	8,728
Allocation cycle – FY 2021	**2,087**	5,262	**12,649**	10,562
	2,087	4,810	**12,649**	19,290

Starting from 2022, the Group changed the program from shared based arrangement to employees' long term incentive plan ("LTIP") (a cash settled plan) which is presented on the consolidated statement of financial position. The total expense recognized for LTIP during the year ended 31 December 2023 amounted to SR 20.4 million (31 December 2022: 9.6 million).

(Expressed in Saudi Riyals '000, unless otherwise stated)

16. STATUTORY RESERVE

In accordance with the Company's By-laws, the Parent Company transfers minimum 10% of the net income for the year to a statutory reserve until such reserve equals 30% of its share capital. This reserve is not available for distribution. This having been achieved, no such transfer to statutory reserve was made during the years ended 31 December 2022 and 31 December 2023.

17. NON-CONTROLLING INTEREST

The non-controlling interest represents interest in Oryx Regional Private Equity Fund, On 11 February 2021, in lieu of the anticipated timelines corresponding to the completion of the liquidation of the Fund, the Fund Board resolved to further extend the life of the Fund till 20 March 2023, as at year end the liquidation proceedings are still in process.

18. LEASE LIABILITIES

	Buildings	*Equipment*	*Total*
Balance as at 1 January 2023	**10,743**	**1,028**	**11,771**
Accretion of interest	**412**	**33**	**445**
Payments during the year	**(3,036)**	**-**	**(3,036)**
Balance as at 31 December 2023	**8,119**	**1,061**	**9,180**
Balance as at 1 January 2022	9,782	-	9,782
Addition during the year	2,090	981	3,071
Accretion of interest	411	48	459
Payments during the year	(1,541)	-	(1,541)
Balance as at 31 December 2022	10,742	1,029	11,771

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

	31 December 2023	*31 December 2022*
Non-current liabilities	**6,911**	9,502
Current liabilities	**2,269**	2,269
	9,180	11,771

The maturity analysis of lease liabilities is disclosed in note 32.

19. EMPLOYEES' BENEFITS

	31 December 2023	*31 December 2022*
Employees' end-of-service benefits (note c)	**67,841**	70,719
Saving plan and other employees termination benefits (note b)	**18,624**	20,488
Cash bonus (note d)	**-**	413
	86,465	91,620

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

	31 December 2023	*31 December 2022*
Non-current liabilities	**86,465**	91,207
Current liabilities	**-**	413
	86,465	91,620

(Expressed in Saudi Riyals '000, unless otherwise stated)

19. EMPLOYEES' BENEFITS (continued)

b) Total expense in relation to saving plan and other employee termination benefits recognized during the year ended 31 December 2023 amounted to SR 1.28 million (2022: SR 1.18 million).

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

	31 December 2023	*31 December 2022*
Balance as at 1 January	**70,719**	70,921
Included in profit or loss:		
- Current service cost	**8,573**	8,558
- Interest cost	**3,193**	2,348
Actuarial gain included in Other Comprehensive Income	**(2,300)**	(1,498)
Benefits paid	**(12,344)**	(9,610)
Balance as at 31 December	**67,841**	70,719

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

	2023	*2022*
Discount rate	**5.00%**	4.65%
Expected rate of salary growth	**3.5%**	3.5%
Retirement age	**60 years**	60 years

At 31 December 2023, the weighted-average duration of the defined benefit obligation was 8 years (2022: 11.5 years).

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

	31 December 2023		*31 December 2022*	
	Increase (by 1%)	***Decrease (by 1%)***	*Increase (by 1%)*	*Decrease (by 1%*
Discount rate	**(5,010)**	**5,366**	(6,474)	7,565
Future salary growth	**5,420**	**(5,104)**	7,587	(6,607)

d) The movement in long term bonus plan during the year ended 31 December is as follows:

	2023	*2022*
Balance as at 1 January	**413**	413
Reclassified to saving plan and other employees termination benefits	**(413)**	-
Balance as at 31 December	**-**	413

(Expressed in Saudi Riyals '000, unless otherwise stated)

20. BORROWINGS

	2023	*2022*
The Saudi National Bank (refer note a)	**2,335,438**	3,228,215
Commercial Banks (refer note b)	**2,502,706**	989,239
Others (refer note c)	**1,000,000**	2,228,530
	5,838,144	6,445,984

a) This represents a financing obtained from The Saudi National Bank ("the Parent" or "the Bank"), at commercial market rates and is repayable in equal quarterly installments ending in December 2024 (31 December 2022: ending in December 2023).

b) This represents a loan obtained from a local commercial bank at commercial market rate and is repayable by March 2024 (31 December 2022: repayable by February 2023).

c) These represent short-term certificates issued at commercial market and are repayable by February 2024 (31 December 2022: repayable by May 2023).

21. RELATED PARTY TRANSACTIONS AND BALANCES

Related parties include the shareholder / Parent Company (The Saudi National Bank), associates and affiliated companies, other entities related to consolidated subsidiaries, funds managed by the Group and key management personnel of the Group. Terms and conditions of these transactions are approved by the Group's management.

a) Transactions with the Parent Company:

	2023	*2022*
Transactions included in consolidated statement of profit or loss:		
Management and performance fee charged to the Parent Company	**9,591**	12,326
Incentive expense charged by the Parent Company	**9,769**	6,358
IT related expenses charged by the Parent Company	**55,115**	43,361
Premises related expenses charged by the Parent Company	**5,056**	5,056
Finance cost on borrowing from the Parent Company	**156,592**	71,773
Rental income charged to the Parent Company	**5,056**	5,056

	2023	*2022*
Balances included in consolidated statement of financial position:		
Bank balances with the Parent Company	**218,908**	387,437
Amount due to the Parent Company	**38,521**	14,793
Bank borrowings (including accrued finance cost) (note 20(a)))	**2,335,438**	3,228,215
Assets held in a fiduciary capacity		
Bank's assets under management	**2,945,157**	2,971,320

(Expressed in Saudi Riyals ‘000, unless otherwise stated)

21. RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

b) Transactions with investment funds managed by the Group:

	2023	*2022*
Transactions included in consolidated statement of profit or loss:		
Management fee earned on funds managed by the Group	**519,111**	685,192
Performance and transaction fee earned on funds managed by the Group	**51,351**	18,030
Balances included in consolidated statement of financial position:		
Investment in funds managed by the Group *	**426,096**	448,700
Management and performance fee receivable from funds managed by the Group **	**211,840**	225,910

* Investment in funds managed by the Group are included in financial investments (note 8)
** Management and performance fee receivable from funds managed by the Group are included in accounts receivable, prepayments and other assets (note 10).

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

	2023	*2022*
Transactions included in consolidated statement of profit or loss:		
Short term benefits	**28,000**	19,219
KEEP and other long term benefits	**12,648**	15,240
Board of Directors and sub-committees’ remuneration	**2,800**	2,800
Balances included in consolidated statement of financial position:		
End-of-service benefits	**11,697**	10,824
Loans and advances	**1,416**	1,579

22. ACCOUNTS PAYABLE, ACCRUALS AND OTHER LIABILITIES

	31 December 2023	*31 December 2022*
Accrued expenses and other payables (note a)	**188,557**	228,770
Accrued customer rebates and other current liabilities	**182,788**	145,546
	371,345	374,316

a) Accrued expenses and other payables include staff payables amounting to SR 68.7 million (31 December 2022: SR 122.6 million).

(Expressed in Saudi Riyals '000, unless otherwise stated)

23. REVENUE

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

	Asset Management		*Securities*		*Investment Banking*		*Total*	
	2023	*2022*	***2023***	*2022*	***2023***	*2022*	***2023***	*2022*
Primary geographical markets:								
Kingdom of Saudi Arabia	**866,842**	941,456	**847,558**	1,091,179	**103,854**	183,203	**1,818,254**	2,215,838
Others	**47,808**	54,889	**-**	-	**-**	-	**47,808**	54,889
	914,650	996,345	**847,558**	1,091,179	**103,854**	183,203	**1,866,062**	2,270,727
Less: directly attributable expenses	**(119,934)**	(209,221)	**(457,085)**	(593,729)	**(995)**	(2,574)	**(578,014)**	(805,524)
Fee from services, net	**794,716**	787,124	**390,473**	497,450	**102,859**	180,629	**1,288,048**	1,465,203
Timing of revenue recognition:								
Point-in-time	**914,650**	996,345	**798,182**	1,050,115	**80,339**	161,341	**1,793,171**	2,207,801
Over time	**-**	-	**49,376**	41,064	**23,515**	21,862	**72,891**	62,926
	914,650	996,345	**847,558**	1,091,179	**103,854**	183,203	**1,866,062**	2,270,727
Less: directly attributable expenses	**(119,934)**	(209,221)	**(457,085)**	(593,729)	**(995)**	(2,574)	**(578,014)**	(805,524)
Fee from services, net	**794,716**	787,124	**390,473**	497,450	**102,859**	180,629	**1,288,048**	1,465,203

24. SALARIES AND EMPLOYEES' RELATED EXPENSES

	2023	*2022*
Salaries and benefits	**300,173**	267,971
Employees' long term incentive plan (note 15)	**20,386**	9,612
Employees' share based payment charge (note 15)	**2,087**	4,810
Others	**16,033**	16,176
	338,679	298,569

25. OTHER GENERAL AND ADMINISTRATIVE EXPENSES

	2023	*2022*
IT and communication expenses	**74,140**	56,550
Legal, professional, consultancy and outsourced	**40,712**	66,073
Travel, marketing and training expenses	**17,381**	12,101
Allowance for expected credit losses (note 8)	**6,058**	-
Withholding tax	**5,975**	5,644
Premises related expenses (note 21)	**5,056**	5,056
Board of Directors and sub-committees' remuneration (note 21)	**2,800**	2,800
Others	**28,122**	10,910
	180,244	159,134

(Expressed in Saudi Riyals '000, unless otherwise stated)

26. FINANCE COST

	2023	*2022*
Finance cost on bank borrowings (note 20)	**325,893**	118,908
Finance cost on employee benefits (note 19)	**3,193**	2,348
Finance cost on lease liabilities (note 18)	**445**	459
	329,531	121,715

27. OTHER INCOME, NET

	2023	*2022*
Reversal of provisions and accruals no longer required	**39,054**	2,353
Rental income from investment properties (note 6)	**5,055**	5,055
Others	**(11)**	(78)
	44,098	7,330

28. BASIC AND DILUTED EARNINGS PER SHARE

Basic earnings per share (EPS) amounts is calculated by dividing the net profit for the year attributable to ordinary equity holder of the parent (SNB Capital Company) (adjusted for Tier 1 sukuk costs) by the weighted average number of ordinary shares outstanding during the year.

Details of basic earnings per share are as follows:

	Basic EPS	
	2023	*2022*
Net income for the year attributable to Equity holders of the Parent Company (net of tier 1 sukuk cost)	**1,602,199**	1,304,239
Weighted-average number of shares outstanding	**150,000,000**	150,000,000
Earnings per share	**10.68**	8.69

Diluted EPS is not applicable to the Group.

29. CONTINGENCIES AND COMMITMENTS

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

Contingencies

a) The Group has received certain claims from customers as part of its operations. Based on management assessment and Group's legal counsel opinion, a provision of SAR 5.1 million has been recognized in the consolidated statement of profit or loss (31 December 2022: nil).

b) As at 31 December 2023, the Group had contingent liabilities in respect of bank guarantees amounting to nil (31 December 2022: SR 5.2 million).

Commitments

a) As at the reporting date, commitments in respect of private equity investment future capital calls amounting to SR 633.3 million (31 December 2022: SR 239.8 million).

b) Commitments primarily for the acquisition of IT software amounting to SR 4.5 million are outstanding as of 31 December 2023 (31 December 2022: SR 4.5 million).

c) Unutilized balance of Murabaha financing commitments as at 31 December 2023 amounts to SR 170.6 million (31 December 2022: SR 4.6 million).

(Expressed in Saudi Riyals '000, unless otherwise stated)

30. FIDUCIARY ASSETS

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

	31 December 2023	*31 December 2022*
Assets under management		
- Asset management division	**246,617,099**	231,023,616
- Securities division	**1,852,923**	1,585,685
Cash balances held under brokerage accounts	**15,746,756**	15,885,975
Total fiduciary assets	**264,216,778**	248,495,276

Certain of client money cash balances held under brokerage accounts are placed with local banks with the prior consent of the customers.

31. 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:

Securities	The Securities Division provides securities trading, trading services and margin trading services.
Investment Banking	The Investment Banking Division is involved in the following activities: Merger and Acquisition Advisory Services, Initial Public Offering Advisory Services, Real Estate Advisory Services and Privatization and Private Placements.
Asset & Wealth Management	The Asset & Wealth Management Division is engaged in the management of clients' assets and in the development and sales of asset management products and services.
Corporate and principal investment	Principal investment business is mainly responsible for investing the Group's assets in diversified asset classes.
SNB Capital Dubai Inc.	SNB Capital Dubai Inc. is an overseas subsidiary and its principal activity is to source, structure and invest in attractive private equity, real estate and other alternative products.

(Expressed in Saudi Riyals '000, unless otherwise stated)

31. SEGMENT INFORMATION (continued)

	For the year ended 31 December 2023					
Description	*Securities*	*Investment Banking*	*Asset & wealth Management*	*Corporate and Principal Investment*	*SNB Capital Dubai Inc.*	*Total*
Total operating income	**555,765**	**102,859**	**755,400**	**1,093,989**	**39,316**	**2,547,329**
Total operating expenses	**(167,674)**	**(50,183)**	**(254,597)**	**(36,859)**	**(38,589)**	**(547,902)**
Net operating income	**388,091**	**52,676**	**500,803**	**1,057,130**	**727**	**1,999,427**
Non-operating income / expense - net	**(124,196)**	**2,799**	**15,870**	**(182,975)**	**3,055**	**(285,447)**
Net income (before Zakat and non-controlling interest)	**263,895**	**55,475**	**516,673**	**874,155**	**3,782**	**1,713,980**
Reportable segment assets and liabilities						
Total assets	**2,651,487**	**51,368**	**310,167**	**11,972,688**	**69,241**	**15,054,951**
Total liabilities	**2,563,855**	**68,362**	**339,583**	**3,552,916**	**7,245**	**6,531,961**

(Expressed in Saudi Riyals '000, unless otherwise stated)

31. SEGMENT INFORMATION (continued)

Description	*Securities*	*Investment Banking*	*Asset & wealth Management*	*Corporate and Principal Investment*	*SNB Capital Dubai Inc.*	*Total*
	For the year ended 31 December 2022					
Total operating income	598,269	180,629	729,695	487,397	57,428	2,053,418
Total operating expenses	(150,516)	(41,771)	(235,014)	(39,811)	(16,696)	(483,808)
Net operating income	447,753	138,858	494,681	447,586	40,732	1,569,610
Non-operating income / expense - net	(44,290)	(1,064)	(5,623)	(62,914)	(480)	(114,371)
Net income (before Zakat and non-controlling interest)	403,463	137,794	489,058	384,672	40,252	1,455,239
Reportable segment assets and liabilities						
Total assets	3,285,681	134,950	478,095	8,984,913	69,242	12,952,881
Total liabilities	3,446,313	60,526	333,290	3,275,455	7,245	7,122,829

(Expressed in Saudi Riyals '000, unless otherwise stated)

31. SEGMENT INFORMATION (continued)

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

	As of 31 December 2023				
	Kingdom of Saudi Arabia	*United Arab Emirates*	*North America*	*Other regions*	*Total*
Property, equipment and software	**173,432**	**55**	**-**	**-**	**173,487**
Right of use assets	**4,415**	**1,653**	**-**	**-**	**6,068**
Investment properties	**74,064**	**-**	**-**	**-**	**74,064**
Investment in an associate	**-**	**-**	**-**	**2,161**	**2,161**
Financial Investments	**4,878,835**	**949**	**3,642,315**	**2,886,012**	**11,408,111**
Prepayments and other assets	**778,006**	**30,509**	**-**	**-**	**808,515**
Murabaha financing	**2,262,869**	**-**		**-**	**2,262,869**
Positive fair value of derivatives	**18,239**	**-**		**-**	**18,239**
Cash and cash equivalents	**260,521**	**40,916**	**-**	**-**	**301,437**
Total assets	**8,450,381**	**74,082**	**3,642,315**	**2,888,173**	**15,054,951**
Lease liabilities	**7,607**	**1,573**	**-**	**-**	**9,180**
Employee benefits	**85,156**	**1,309**	**-**	**-**	**86,465**
Borrowings	**5,838,144**	**-**	**-**	**-**	**5,838,144**
Employees' long term incentive plan	**20,387**	**-**	**-**	**-**	**20,387**
Amount due to The Saudi National Bank	**38,521**	**-**	**-**	**-**	**38,521**
Accounts payable, accruals and other liabilities	**534,274**	**4,990**	**-**	**-**	**539,264**
Total liabilities	**6,524,089**	**7,872**	**-**	**-**	**6,531,961**

(Expressed in Saudi Riyals ‘000, unless otherwise stated)

31. SEGMENT INFORMATION (continued)

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

	As of 31 December 2022				
	Kingdom of Saudi Arabia	*United Arab Emirates*	*North America*	*Other regions*	*Total*
Property, equipment and software	163,037	78	-	-	163,115
Right of use assets	6,461	2,893	-	-	9,354
Investment properties	74,648	-	-	-	74,648
Investment in an associate	-	-	-	2,175	2,175
Financial Investments	4,052,647	113	2,097,919	2,433,659	8,584,338
Prepayments and other assets	1,254,153	33,491	-	-	1,287,644
Murabaha financing	2,337,760	-	-	-	2,337,760
Positive fair value of derivatives	36,438	-	-	-	36,438
Cash and cash equivalents	407,009	50,400	-	-	457,409
Total assets	8,332,153	86,975	2,097,919	2,435,834	12,952,881
Lease liabilities	8,895	2,876	-	-	11,771
Employees’ benefits	90,182	1,438	-	-	91,620
Borrowings	6,445,984	-	-	-	6,445,984
Employees’ long term incentive plan	9,612	-	-	-	9,612
Amount due to The Saudi National Bank	14,793	-	-	-	14,793
Accounts payable, accruals and other liabilities	545,356	3,693	-	-	549,049
Total liabilities	7,114,822	8,007	-	-	7,122,829

(Expressed in Saudi Riyals '000, unless otherwise stated)

32. RISK MANAGEMENT

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

The Board of Risk Committee has the overall responsibility for the development of the risk strategy and implementing principles, frameworks, policies and limits. The Risk Committee is responsible for managing risk decisions and monitoring risk levels and reports to the Supervisory Board.

The Risk Management Unit is responsible for implementing and maintaining risk related procedures to ensure an independent control process is maintained. The unit works closely with and reports to the Board of Risk Committee to ensure that procedures are compliant with the overall framework.

Credit risk

It is the risk that one party to a financial instrument may fail to discharge an obligation and can cause the other party to incur a financial loss. Credit exposures arise principally in credit-related risk that is embedded in Accounts receivable - Investment banking and other advisory services, bank balances, Murabaha financing and financial investments.

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

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

Assets	***31 December 2023***	*31 December 2022*
Financial investments (note 8)	**11,408,111**	8,584,338
Accounts receivable (note 10)	**32,731**	56,955
Murabaha financing (note 11)	**2,262,869**	2,337,760
Balances with banks (note 12)	**301,419**	457,391
Other financial assets	**301,058**	1,285,917
	14,306,188	12,722,361

b) Analysis of financial assets

At 31 December 2023, the aging of financial assets is as follows:

	2023				
Financial assets	***Neither past due nor impaired***	***Past due 1–30 Days***	***Past due 31–90 days***	***Past due over 90 days***	***Total***
Financial investments (note 8)	**11,408,111**	**-**	**-**	**-**	**11,408,111**
Accounts receivable (note 10)	**32,731**	**-**	**-**	**-**	**32,731**
Murabaha financing (note 11)	**2,262,869**	**-**	**-**	**-**	**2,262,869**
Balances with banks (note 12)	**301,419**	**-**	**-**	**-**	**301,419**
Other financial assets	**141**	**216,778**	**25,097**	**59,042**	**301,058**
	14,005,271	**216,778**	**25,097**	**59,042**	**14,306,188**

(Expressed in Saudi Riyals '000, unless otherwise stated)

32. RISK MANAGEMENT (continued)

Credit risk (continued)
At 31 December 2022, the aging of financial assets that were not impaired is as follows:

	2022				
Financial assets	*Neither past due nor impaired*	*Past due 1–30 Days*	*Past due 31–90 days*	*Past due over 90 days*	*Total*
Financial investments (note 8)	8,584,338	-	-	-	8,584,338
Accounts receivable (note 10)	56,955	-	-	-	56,955
Murabaha financing (note 11)	2,337,760	-	-	-	2,337,760
Balances with banks (note 12)	457,391	-	-	-	457,391
Other assets (note b (i))	601	925,932	107,198	252,186	1,285,917
	11,437,045	925,932	107,198	252,186	12,722,361

b) Other assets overdue by 90 days or more primarily represent accrued fee from funds under own management or commercial receivables from quasi-sovereign counterparties.

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

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

e) Expected credit loss:
The Group considers that its bank balances, accounts receivables, debt investments and third party receivables have low credit risk based on the external credit ratings of the respective counterparties. Credit risk on Murabaha receivable is negligible, as these are fully collateralized. Moreover, majority of the Group's accrued income represents accrued fee from funds under own management.

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

i) Market price risk:
Market price risk is the risk that the fair value of financial assets held at fair value changes as a result of changes in the level of market indices and the value of individual scrips.

(Expressed in Saudi Riyals '000, unless otherwise stated)

32. RISK MANAGEMENT (continued)

Market risk (continued)

i) Market price risk (continued):

a) FVTPL investments

At the reporting date, FVTPL investments include shares of companies, external hedge funds, private equity funds, private real estate funds and mutual funds. The Group regularly monitors on individual basis the market risk on these investments. At the reporting date, a 10% (31 December 2022: 10%) change in the net asset values of the underlying investments would have increased or decreased the net income by SR 360 million (31 December 2022: SR 257.6 million).

b) FVOCI investments (equity and debt)

At the reporting date, FVOCI investments are represented by REITS managed by SNB Capital and other companies respectively and investments in debt securities. The Group regularly monitors on individual basis the market risk on these investments. At the reporting date, a 10% change in the net asset values of the underlying investments would have increased or decreased the income by SR 728.7 million (31 December 2022: SR 533.4 million).

c) Forward foreign exchange contract

At the reporting date, a 10% change in currency rates would have increase or decrease the net income by SR 20 million (31 December 2022: SR 39 million).

ii) Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates may affect future cash flows or the fair values of financial instruments. At the reporting date, the Group is not exposed to interest rate risk, except borrowings from Bank and some investment in Bonds/sukuks which is at variable rate of interest. Below is the effect of change in net income due to change in average SIBOR by 10%.

31 December 2023

	Increase in interest rate %	***Effect on net profit***	***Decrease in interest rate %***	***Effect on net profit***
Assets	**+10%**	**109.6**	**-10%**	**89.7**
Liabilities	**+10%**	**0.28**	**-10%**	**0.28**

31 December 2022

	Increase in interest rate %	***Effect on net profit***	***Decrease in interest rate %***	***Effect on net profit***
Assets	+10%	78.9	-10%	64.7
Liabilities	+10%	-	-10%	-

iii) Currency risk

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

(Expressed in Saudi Riyals '000, unless otherwise stated)

32. RISK MANAGEMENT (continued)

iii) *Currency risk* (continued)

	2023	*2022*
	Long / (short)	*Long / (short)*
US Dollars (USD)	**4,473,238**	4,122,722
Pound Sterling (GBP)	**372,159**	387,307
Euro (EUR)	**(1,222)**	1,245
Bahrain Dinar (BHD)	**(4,982)**	2,043

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

The table below indicates the extent to which the Group was exposed to currency risk at 31 December 2022 on its foreign currency positions. The analysis is performed for reasonably possible movement of the currency rate against the SR with all other variables held constant. As the Saudi Riyal is pegged against the USD, AED and Bahrain Dinar (BHD), it is unlikely to be a significant impact on the consolidated statement of profit or loss in respect of the USD, AED and BHD exposure.

	2023					
	Decrease in exchange currency %	***Effect on net profit***	***Effect on Other Reserves***	***Increase in exchange currency %***	***Effect on net profit***	***Effect on Other Reserves***
Pound Sterling (GBP)	**15%**	**(55,824)**	**-**	**15%**	**55,824**	**-**
Euro (EUR)	**15%**	**(183)**	**-**	**15%**	**183**	**-**

	2022					
	Decrease in exchange currency %	*Effect on net profit*	*Effect on Other Reserves*	*Increase in exchange currency %*	*Effect on net profit*	*Effect on Other Reserves*
Pound Sterling (GBP)	15%	(58,096)	-	15%	58,096	-
Euro (EUR)	15%	(187)	-	15%	187	-

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

Analysis of financial liabilities by remaining contractual maturities
The table below summarizes the maturity profile of the Group's financial liabilities at 31 December 2023 and 31 December 2022 based on contractual undiscounted repayment obligations. The contractual maturities of liabilities have been determined on the basis of the remaining period at the reporting date to the contractual maturity date. Repayments which are subject to notice are treated as if notice were to be given immediately.

(Expressed in Saudi Riyals '000, unless otherwise stated)

32. RISK MANAGEMENT (continued)

Liquidity risk (continued)

31 December 2023		*Contractual cash flows*					
Financial liabilities	***Carrying Amount***	***On demand***	***Less than 3 months***	***3 to 12 months***	***1 to 5 years***	***Over 5 years***	***Total***
Lease liabilities	**9,180**	**-**	**2,269**	**-**	**6,911**	**-**	**9,180**
Borrowings	**5,838,144**	**1,168,953**	**1,904,296**	**2,555,186**	**209,709**	**-**	**5,838,144**
Amount due to The Saudi National Bank	**38,521**	**-**	**38,521**	**-**	**-**	**-**	**38,521**
Accounts payable and other liabilities	**240,763**	**7,311**	**233,075**	**377**	**-**	**-**	**240,763**
Total undiscounted financial liabilities	**6,126,608**	**1,176,264**	**2,178,161**	**2,555,563**	**216,620**	**-**	**6,126,608**

31 December 2022		*Contractual cash flows*					
Financial liabilities	*Carrying Amount*	*On demand*	*Less than 3 months*	*3 to 12 months*	*1 to 5 years*	*Over 5 years*	*Total*
Lease liabilities	11,771	-	2,269	-	11,674	-	13,943
Borrowings	6,445,984	374,434	1,117,704	4,443,095	510,751	-	6,445,984
Amount due to The Saudi National Bank	14,793	14,793	-	-	-	-	14,793
Accounts payable and other liabilities	153,643	104,421	24,569	13,643	11,010	-	153,643
Total undiscounted financial Liabilities	6,626,191	493,648	1,144,542	4,456,738	533,435	-	6,628,363

33. ZAKAT

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

	31 December 2023	*31 December 2022*
Balance as at 1 January	**174,733**	100,693
Charge for the year	**67,793**	151,000
Payments during the year	**(74,607)**	(76,960)
Balance as at 31 December	**167,919**	174,733

Status of assessments

The Company has filed Zakat returns up to the financial year ended 31 December 2022 with the Zakat, Tax and Customs Authority ("ZATCA") and obtained Zakat certificate valid until 30 April 2024. Zakat assessments have been finalized for the years 2007 to 2014 and 2018. Moreover, ZATCA has raised queries for the years 2015 to 2017 on which Company has submitted response which is under ZATCA review.

Assessments for the years 2019 to 2022 has not been raised by ZATCA yet.

33. ZAKAT (Continued)

Samba Capital (SC) – Zakat/Tax assessments:
Pursuant to the merger with Samba Capital Company the Group had assumed all Samba Capital Company's obligations owed to ZATCA. SC has submitted zakat/tax declarations for the all years up to 31 December 2020 and period ended from 1 January 2021 to 8 July 2021. The tax/zakat declarations for the period ended 31 December 2007 and upto years ended 31 December 2012 had been finalized.

During the year 2018, ZATCA issued assessments for the years ended 31 December 2010 up to 2012, for which the Samba Capital (SC) filed an appeal with the appeal committee. During the year 2019, the ZATCA partially accepted the appeal and issued a revised assessment with a total liability of SR 5.46 million (excluding delay fines). SC also contested the revised assessments based on the grounds that the amount demanded for 2010 and 2011 are time barred and filed an appeal before the General Secretariat of Tax Committees (GSTC). During 2021. Tax Violations and Disputes Resolution Committee (TVDRC) (GSTC first level) issued ruling partially in favour of SC. However, the ZATCA filed an appeal against the above decision of TVDRC with the Tax Violations and Disputes Appellate Committee (TVDAC) (GSTC second level), during 2022 TVDAC issued ruling and upheld ruling issued by TVDRC. During the year final ruling was issued in the favor of the Company. For the year 2012, ZATCA finalized the ruling and accordingly SR 1.7 million has been paid by the Company.

For the year 31 December 2018, the ZATCA issued its final assessment. The Company filed an appeal on the said assessment within the statutory deadline. The ZATCA has partially accepted the appeal and issued revised assessment with an additional tax liability of SR 0.86 million (this is exclusive of delay fines) and additional zakat liability of SR 0.45 million. The Company has also contested the revised assessments before the General Secretariat of Tax Committees (GSTC). The Company has availed benefit of ZATCA's amnesty program in which it had settled the above principal tax liability as per ZATCA assessment while retaining its rights to continue the appeal process with the GSTC. During November 2021, a hearing was held by the Tax Violations and Disputes Resolution Committee (TVDRC) in which the Committee decided to reject the appeal filed by the Company (and confirm that the dispute was resolved with respect to the delay fines). In this respect, the Company intends to file an appeal against the ruling of TVDRC to the Tax Violations and Disputes Appellate Committee (TVDAC) within the statutory period once the signed TVDRC ruling is issued.

Assessments for the years of 2013 to 2016, 2019, 2020 and period ended 8 July 2021 has been submitted to ZATCA, however, assessments has not been reviewed by ZATCA yet.

(Expressed in Saudi Riyals ‘000, unless otherwise stated)

34. CAPITAL MANAGEMENT

The Capital Market Authority (CMA) has issued Prudential Regulations (the “Rules”) dated 30 December 2012 (corresponding to 17 Safar 1434H). According to the Rules, the CMA has prescribed the framework and guidance regarding the minimum regulatory capital requirement and its calculation methodology as prescribed under Pillar I.

The CMA issued amendments to the Prudential Rules that came into effect on 1 April 2023 (corresponding to 10 Ramadhan 1444H). The requirements for Capital Adequacy as per the latest amendment differ from the prior requirements. Accordingly, the Company has calculated its minimum capital required and capital adequacy ratios for the year ended 2022 and the year ended 2023 as follows:

	2023
Capital base:	
Tier I capital	**6,935,546**
Tier II capital	**1,000,000**
Total	**7,935,546**
Minimum capital requirement:	
Credit Risks	**25,071,489**
Market Risks	**1,768,278**
Operational Risks	**2,928,534**
Total	**29,768,301**
Surplus in Capital	**5,554,082**
Total ratio	**26.66%**

	2022
Capital base:	
Tier I capital	5,236,829
Tier II capital	8,691
Total	5,245,520
Minimum capital requirement:	
Credit Risks	2,829,285
Market Risks	149,682
Operational Risks	223,327
Total	3,202,294
Surplus in Capital	2,043,226
Capital adequacy ratio (time)	1.64

35. FAIR VALUES

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Differences can therefore arise between the book values under the historical cost method and fair value estimates.

(Expressed in Saudi Riyals '000, unless otherwise stated)

35. FAIR VALUES (continued)

a. Fair value information for financial instruments at fair value

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

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

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

	31 December 2023			
	Level 1	***Level 2***	***Level 3***	***Total***
Financial assets				
FVTPL Investments	**467,812**	**420,592**	**2,715,027**	**3,603,431**
FVOCI Investments	**4,214,779**	**2,381,554**	**691,209**	**7,287,542**
Forward foreign exchange contract	**-**	**18,239**	**-**	**18,239**
	4,682,591	**2,820,385**	**3,406,236**	**10,909,212**

	31 December 2022			
	Level 1	*Level 2*	*Level 3*	*Total*
Financial assets				
FVTPL Investments	131,831	497,565	1,947,429	2,576,825
FVOCI Investments	3,602,076	1,732,223	-	5,334,299
Forward foreign exchange contract	-	36,438	-	36,438
	3,733,907	2,266,226	1,947,429	7,947,562

During the year ended 31 December 2023 and 31 December 2022, there were no transfers between level 1 and level 2 fair value measurements.

Movements in level 3 are as follows:

	2023	*2022*
Balance as at 1 January	**1,947,430**	1,026,606
Net movement in fair value	**(105,397)**	(22,731)
Purchases	**1,756,070**	1,188,545
Sales / distributions	**(191,867)**	(244,990)
Balance as at 31 December	**3,406,236**	1,947,430

35. FAIR VALUES (continued)

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

As at the reporting date, management believes that the fair values of cash and cash equivalents, Murabaha financing, accounts receivable, other receivables (except investment carried at amortized cost) and accounts payable at 31 December 2023 and 31 December 2022 approximate their carrying values.

c. Sensitivity of level 3 investments

At the reporting date, a 10% change in the fair value of level 3 investments would have increased or decreased the other comprehensive income by SR 340 million (31 December 2022: SR 194.74 million).

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

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

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

Below amendments to accounting standards and interpretations became applicable for annual reporting periods commencing on or after 1 January 2023. The management has assessed that the amendments have no significant impact on the Group's consolidated financial statements.

International Tax Reform—Pillar Two Model Rules – Amendments to IAS 12

The amendments to IAS 12 have been introduced in response to the OECD's BEPS Pillar Two rules and include:

- A mandatory temporary exception to the recognition and disclosure of deferred taxes arising from the jurisdictional implementation of the Pillar Two model rules; and
- Disclosure requirements for affected entities to help users of the financial statements better understand an entity's exposure to Pillar Two income taxes arising from that legislation, particularly before its effective date.

In periods in which Pillar Two legislation is (substantively) enacted but not yet effective, the amendment requires disclosure of known or reasonably estimable information that helps users of financial statements understand the entity's exposure arising from Pillar Two income taxes including both qualitative and quantitative information about its exposure to Pillar Two income taxes at the end of the reporting period. For example:

a) Qualitative information such as how an entity is affected by Pillar Two legislation and the main jurisdictions in which exposures to Pillar Two income taxes might exist, and
b) Quantitative information such as:

   - An indication of the proportion of an entity's profits that might be subject to Pillar Two income taxes and the average effective tax rate applicable to those profits; or
   - An indication of how the entity's overall effective tax rate would have changed if Pillar Two legislation had been effective.

Once the legislation is effective, additional disclosures are required for the current tax expense related to Pillar Two income taxes. The requirements apply for annual reporting periods beginning on or after 1 January 2023, but not for any interim periods ending on or before 31 December 2023.

36. AMENDMENTS TO STANDARDS AND STANDARDS ISSUED AND NOT YET EFFECTIVE (continued)

International Tax Reform—Pillar Two Model Rules – Amendments to IAS 12 (continued)
The Group has reviewed its corporate structure in light of the introduction of Pillar Two Model Rules in the various jurisdictions in which it operates and concluded that the amendments will have no impact on the Group's consolidated financial statements at 31 December 2023.

Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2
The amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The amendments have no impact on the Group's disclosures of accounting policies, measurement, recognition or presentation of any items in the Group's financial statements.

IFRS 17 Insurance Contracts
IFRS 17 Insurance Contracts (IFRS 17) is effective for reporting periods beginning on or after 1 January 2023. IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. Limited scope exceptions apply.

The Group has not identified contracts that result in the transfer of significant insurance risk, and therefore it has concluded that IFRS 17 does not have an impact on the consolidated financial statements for the year ended 31 December 2023.

Deferred Tax related to Assets and Liabilities arising from a Single Transaction - Amendments to IAS 12
In May 2021, the Board issued amendments to IAS 12, which narrow the scope of the initial recognition exception under IAS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences.

The amendments should be applied to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, at the beginning of the earliest comparative period presented, a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability should also be recognized for all deductible and taxable temporary differences associated with leases and decommissioning obligations.

The amendments has no impact on the Group's consolidated financial statements.

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

Amendments to IFRS 16: Lease Liability in a Sale and Leaseback
In September 2022, the IASB issued amendments to IFRS 16 to specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognize any amount of the gain or loss that relates to the right of use it retains.

The amendments are effective for annual reporting periods beginning on or after 1 January 2024 and must applied retrospectively to sale and leaseback transactions entered into after the date of initial application of IFRS 16. Earlier application is permitted and that fact must be disclosed.

The amendments are not expected to have a material impact on the Group's consolidated financial statements.

36. AMENDMENTS TO STANDARDS AND STANDARDS ISSUED AND NOT YET EFFECTIVE (continued)

Amendments to IAS 1: Classification of Liabilities as Current or Non-current
In January 2020, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement
- That a right to defer must exist at the end of the reporting period
- That classification is unaffected by the likelihood that an entity will exercise its deferral right
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification.

In addition, a requirement has been introduced to require disclosure when a liability arising from a loan agreement is classified as non-current and the entity’s right to defer settlement is contingent on compliance with future covenants within twelve months.

The amendments are effective for annual reporting periods beginning on or after 1 January 2024 and must be applied retrospectively. The Group is currently assessing the impact the amendments will have on current practice and whether existing loan agreements may require renegotiation.

Supplier Finance Arrangements - Amendments to IAS 7 and IFRS 7
In May 2023, the IASB issued amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures to clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity’s liabilities, cash flows and exposure to liquidity risk.

The amendments will be effective for annual reporting periods beginning on or after 1 January 2024. Early adoption is permitted, but will need to be disclosed. The amendments are not expected to have a material impact on the Group’s consolidated financial statements.

Lack of exchangeability – Amendments to IAS 21
In August 2023, the Board issued Lack of Exchangeability (Amendments to IAS 21).

The amendment to IAS 21 specifies how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking.

A currency is considered to be exchangeable into another currency when an entity is able to obtain the other currency within a time frame that allows for a normal administrative delay and through a market or exchange mechanism in which an exchange transaction would create enforceable rights and obligations.

If a currency is not exchangeable into another currency, an entity is required to estimate the spot exchange rate at the measurement date. An entity’s objective in estimating the spot exchange rate is to reflect the rate at which an orderly exchange transaction would take place at the measurement date between market participants under prevailing economic conditions. The amendments note that an entity can use an observable exchange rate without adjustment or another estimation technique.

When an entity estimates a spot exchange rate because a currency is not exchangeable into another currency, it discloses information that enables users of its financial statements to understand how the currency not being exchangeable into the other currency affects, or is expected to affect, the entity’s financial performance, financial position and cash flows

The amendments will be effective for annual reporting periods beginning on or after 1 January 2025. Early adoption is permitted, but will need to be disclosed.

36. AMENDMENTS TO STANDARDS AND STANDARDS ISSUED AND NOT YET EFFECTIVE (continued)

Lack of exchangeability – Amendments to IAS 21 (continued)
When applying the amendments, an entity cannot restate comparative information.

The amendments are not expected to have a material impact on the Group's consolidated financial statements.

Sale or Contribution of Assets between an Investor and its Associate or Joint Venture – Amendments to IFRS 10 and IAS 28
The amendments address the conflict between IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture.

The amendments clarify that a full gain or loss is recognised when a transfer to an associate or joint venture involves a business as defined in IFRS 3 Business combinations. Any gain or loss resulting from the sale or contribution of assets that does not constitute a business, however, is recognised only to the extent of unrelated investors' interests in the associate or joint venture.

The amendments must be applied prospectively. Early application is permitted and must be disclosed.

The amendments are intended to eliminate diversity in practice and give preparers a consistent set of principles to apply for such transactions. However, the application of the definition of a business is judgemental and entities need to consider the definition carefully in such transactions.

In December 2015, the IASB decided to defer the effective date of the amendments until such time as it has finalised any amendments that result from its research project on the equity method. Early application of the amendments is still permitted.

37. EVENTS SUBSEQUENT TO THE REPORTING DATE
No events have occurred subsequent to the reporting date and before the issuance of these consolidated financial statements which requires adjustment to, or disclosure, in these consolidated financial statements.

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

39. DATE OF AUTHORISATION FOR ISSUE
These financial statements were authorized for issue by the Company's Board of Directors on 9 Ramadhan 1445H (corresponding to 19 March 2024).