GIB CAPITAL COMPANY
(A Saudi Closed Joint Stock Company)
FINANCIAL STATEMENTS
For the year ended 31 December 2023
together with the
Independent auditor's report

GIB CAPITAL COMPANY
(A Saudi Closed Joint Stock Company)
FINANCIAL STATEMENTS
For the year ended 31 December 2023

Content	**Pages**

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

Headquarters in Riyadh

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

المركز الرئيسي في الرياض

Independent auditor's report

To the shareholder of GIB Capital Company

Opinion

We have audited the financial statements of **GIB Capital Company** ("the Company"), which comprise the statement of financial position as at 31 December 2023, the statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes to the financial statements, comprising material accounting policies and other explanatory information.

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

Basis for opinion

We conducted our audit in accordance with the International Standards on Auditing ("ISA") that are endorsed in the Kingdom of Saudi Arabia. Our responsibilities under those standards are further described in *the Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the Company in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards), that is endorsed in the Kingdom of Saudi Arabia, that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with the Code's requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

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

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

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

KPMG

Independent auditor's report

To the shareholder of GIB Capital Company (continued)

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

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

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

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

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

KPMG Professional Services

Dr. Abdullah Hamad Al Fozan
License number: 348

Riyadh: 20 March 2024
Corresponding to: 10 Ramadan 1445H

كي بي إم جي للاستشارات المهنية
Lic No. 46
C.R. 1010425494
R : 1
KPMG
ترخيص رقم ٤٦
KPMG Professional Services

GIB CAPITAL COMPANY
(A Saudi Closed Joint Stock Company)
STATEMENT OF FINANCIAL POSITION
As at 31 December 2023

	Note	**31 December 2023 SR '000**	31 December 2022 SR '000
ASSETS			
Cash at bank	*4*	**2,074**	12,255
Accounts receivable, net	*5*	**11,197**	24,962
Receivables against margin lending	*6*	**112,845**	81,682
Investment held at amortized cost	*7*	**156,955**	102,631
Investment held at fair value through other comprehensive income ("FVOCI")	*8*	**26,564**	23,492
Investment held at fair value through profit and loss ("FVTPL")	*9*	**25,946**	904
Advances, prepayments, and other assets	*10*	**17,155**	55,436
Property and equipment	*11*	**1,635**	1,525
Right-of-use assets	*12*	**10,986**	661
Total assets		**365,357**	303,548
LIABILITIES AND EQUITY			
Liabilities			
Accrued expenses and other liabilities	*13*	**49,440**	44,458
Lease liabilities	*12*	**13,314**	65
Employees' end of service benefits	*14*	**7,161**	5,667
Total liabilities		**69,915**	50,190
Equity			
Share capital	*15*	**200,000**	200,000
Statutory reserve		**12,276**	8,374
Fair value reserve		**5,275**	2,203
Retained earnings		**77,891**	42,781
Total equity		**295,442**	253,358
Total liabilities and equity		**365,357**	303,548

The accompanying notes from 1 to 29 form an integral part of these financial statements.

GIB CAPITAL COMPANY
(A Saudi Closed Joint Stock Company)
STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December 2023

	Note	For the year ended 31 December 2023 SR'000	2022 SR'000
Operating income			
Income from advisory services	*16*	**41,132**	42,819
Income from asset management services	*16*	**65,198**	63,647
Income from brokerage services	*16*	**8,470**	7,212
Special commission income	*16*	**13,662**	5,240
Total revenue		**128,462**	118,918
Dividend income	*8*	**1,220**	950
Unrealized gain from investment held at FVTPL		**945**	556
Realized gain on disposal of investment held at FVTPL		**181**	-
Total operating income		**130,808**	120,424
Operating expenses			
Salaries and employee related benefits	*17*	**(77,264)**	(66,332)
General and administrative expenses	*18*	**(10,143)**	(10,105)
Depreciation	*11 & 12*	**(3,498)**	(3,442)
Impairment reversal / (charge) for expected credit losses ("ECL")	*5*	**34**	(694)
Premises-related expenses		**(921)**	(1,013)
Total operating expenses		**(91,792)**	(81,586)
Net profit for the year		**39,016**	38,838
Other comprehensive income:			
Items that will not be reclassified to profit and loss in subsequent periods:			
Investment held at FVOCI – net change in fair value		**3,072**	(325)
Remeasurement of employees' end of service benefits	*14*	**(4)**	(318)
Total other comprehensive income / (loss) for the year		**3,068**	(643)
Total comprehensive income for the year		**42,084**	38,195

The accompanying notes from 1 to 29 form an integral part of these financial statements.

GIB CAPITAL COMPANY
(A Saudi Closed Joint Stock Company)
STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2023

(SR'000)	**Share Capital**	**Statutory reserve**	**Fair value reserve**	**Retained earnings**	**Total**
Balance as at 1 January 2023	**200,000**	**8,374**	**2,203**	**42,781**	**253,358**
Total comprehensive income					
Profit for the year	--	--	--	**39,016**	**39,016**
Other comprehensive income / (loss) for the year	--	--	**3,072**	**(4)**	**3,068**
Total comprehensive income for the year	--	--	**3,072**	**39,012**	**42,084**
Transfer to statutory reserve	--	**3,902**	--	**(3,902)**	--
Balance as at 31 December 2023	**200,000**	**12,276**	**5,275**	**77,891**	**295,442**

(SR'000)	Share capital	Statutory reserve	Fair value reserve	Retained earnings	Total
Balance as at 1 January 2022	200,000	4,490	2,528	8,145	215,163
Total comprehensive income					
Profit for the year	--	--	--	38,838	38,838
Other comprehensive loss for the year	--	--	(325)	(318)	(643)
Total comprehensive (loss) / income for the year	--	--	(325)	38,520	38,195
Transfer to statutory reserve	--	3,884	--	(3,884)	--
Balance as at 31 December 2022	200,000	8,374	2,203	42,781	253,358

The accompanying notes from 1 to 29 form an integral part of these financial statements.

GIB CAPITAL COMPANY
(A Saudi Closed Joint Stock Company)
STATEMENT OF CASH FLOWS
For the year ended 31 December 2023

	Note	For the year ended 31 December	
		2023	2022
		SR'000	SR'000
Cash flows from operating activities			
Net profit for the year		**39,016**	38,838
Adjustments for:			
Depreciation	*11 & 12*	**3,498**	3,442
Provision for employees' end of service benefit	*14*	**1,776**	1,363
Impairment (reversal) / charge for ECL	*5*	**(34)**	694
Finance cost on lease liability	*12*	**297**	21
Unrealised gain on investment held at FVTPL		**(945)**	(556)
Realised gain on investment held at FVTPL		**(181)**	-
Changes in operating assets and liabilities:			
Decrease / (increase) in accounts receivable		**13,799**	(24,267)
Increase in receivables against margin lending		**(31,163)**	(41,989)
Decrease / (increase) in advances, prepayments and other current assets		**37,366**	(41,355)
Increase in accrued expenses and other liabilities		**4,980**	10,846
		68,409	(52,963)
Employees' end of service benefits paid	*14*	**(286)**	(2,561)
Lease liability paid		**-**	(2,378)
Net cash generated from / (used in) operating activities		**68,123**	(57,902)
Cash flows from investing activities			
Acquisition of property and equipment	*11*	**(981)**	(400)
Proceeds from maturity of investments at amortized cost		**334,894**	392,000
Acquisition of investments at amortized cost		**(372,301)**	(354,000)
Acquisition of investment at FVTPL		**(25,000)**	(348)
Proceeds from disposal of investment at FVTPL		**1,084**	-
Net cash (used in) / generated from investing activities		**(62,304)**	37,252
Net increase in cash and cash equivalents		**5,819**	(20,650)
Cash and cash equivalents at the beginning of the year		**12,255**	32,905
Cash and cash equivalents at the end of the year	*20*	**18,074**	12,255

The accompanying notes from 1 to 29 form an integral part of these financial statements.

1 GENERAL INFORMATION

GIB Capital Company ("the Company") is a Saudi Closed Joint Stock Company registered in the Kingdom of Saudi Arabia ("KSA") under Commercial Registration No. 1010244294 dated 6 Safar 1429H (corresponding to 14 February 2008). The principal activities of the Company are dealing as a principal and agent, underwriting, managing, arranging, advising and acting as custodian of financial securities pursuant to the Capital Market Authority ("CMA") License No. 07078-37 dated 08 Rajab 1428H (corresponding to 22 July 2007), in addition to the approval of the CMA to amend the list of the Company's approved activities under resolution No. 12-02-2011 dated 6 Jumada Alawwal 1432H (corresponding to 10 April 2011).

The registered office of the Company is located at the following address:

Granada Business and Residential Park
Eastern Ring Road
P.O. Box 89589
Riyadh 11692
Kingdom of Saudi Arabia

2 BASIS OF PREPARATION

a) Statement of compliance

The accompanying financial statements for the year ended 31 December 2023 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 issued by the Saudi Organisation for Chartered and Professional Accountants ("SOCPA").

b) Basis of measurement

These financial statements have been prepared on a going concern basis under historical cost convention except for investments which are carried at fair value through other comprehensive income, investments held at fair value through profit or loss, and employee end of service benefits which are measured at present value of the defined benefit obligation. The Company does not have a clearly identifiable operating cycle and therefore does not present current and non-current assets and liabilities separately in the statement of financial position. Instead, assets and liabilities are presented in order of their liquidity.

These financial statements are presented in Saudi Arabian Riyals ("SR"), which is both the presentation and functional currency of the Company. Except where indicated, the financial information presented in SR is rounded to the nearest thousand.

c) Critical accounting estimates and judgements

The preparation of these financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income, and expenses. Actual results may differ from these estimates.

2 BASIS OF PREPARATION (CONTINUED)

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected. Key area where management has used estimates, assumptions or exercised judgements is as follows:

Employees' end of service benefits

The Company operates a defined benefit plan under the Saudi Arabian Labor Law based on employees' accumulated periods of service at the date of the statement of financial position. The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method as per IAS 19 using actuarial assumptions based on market expectations at the date of statement of financial position.

d) Changes in accounting policies

The accounting policies used in the preparation of these financial statements are consistent with those used in the preparation of the annual financial statements for the year ended 31 December 2022.

New standards, interpretations and amendments adopted by the Company

Following standards, interpretation or amendments are effective from the current year and are adopted by the Company. However, these did not have any impact on the financial statements:

- Amendment to IAS 12 - deferred tax related to assets and liabilities arising from a single transaction
- A number of narrow-scope amendments to IAS 1, IAS 8

Accounting standards issued but not yet effective

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

Standards / Amendments	Description	Effective from periods beginning on or after the following date
Amendments to IAS 1	Classification of Liabilities as current or non-current and non-current liabilities covenant	1 January 2024
Amendments to IFRS 16	Lease liability in a sale and leaseback transaction	1 January 2024
Amendments to IAS 7 and IFRS 7	Supplier finance arrangements	1 January 2024
Amendments to IAS 21	Lack of exchangeability	1 January 2025
Amendments to IFRS 10 and IAS 28	Sales or contribution of assets between investors and its associates or joint venture	Available for optional adoption / effective date deferred indefinitely

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

3 SUMMARY OF MATERIAL ACCOUNTING POLICIES

The material accounting policies adopted in the preparation of these financial statements are set out below:

3.1 Financial instruments

Financial assets

Initial recognition and measurement

Financial assets at initial recognition, are measured at their fair values. Subsequent measurement of a financial asset is dependent on its classification and is either at amortized cost or fair value through other comprehensive income (OCI) or fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. The Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at fair value through OCI are held within a business model with the objective of both holding to collect contractual cash flows and selling.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

Subsequent measurement

Financial assets at amortised cost (debt instruments)

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to expected credit losses. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Company's financial assets at amortised cost includes accounts receivables, receivables against margin lending and short-term deposits.

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.1 Financial instruments (continued)

Financial assets (continued)

Financial assets designated at FVOCI (equity instruments)

Upon initial recognition, the Company can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the statement of profit or loss and other comprehensive income when the right of payment has been established, except when the Company benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of comprehensive income.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Company's statement of financial position) when:
- The rights to receive cash flows from the asset have expired; or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

3 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.1 Financial instruments (continued)

Financial assets (continued)

ECL of financial assets

The Company recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

For accounts receivables, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Company considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

F**inancial liabilities**

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include accounts payables, accrued expenses and other current liabilities.

Subsequent measurement

For purposes of subsequent measurement, financial liabilities are classified in two categories:

1 Financial liabilities at fair value through profit or loss; and
2 Financial liabilities at amortised cost (loans and borrowings).

Out of the above, only the second category is applicable to the Company which is described hereunder:

3 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.1 Financial instruments (continued)

Financial liabilities (continued)

Financial liabilities at amortised cost

All financial liabilities are initially recognized at fair value less transaction costs except for financial liabilities measured at FVTPL where transactions cost, if any, are not deducted from the fair value measurement at initial recognition and are included in the statement of income.

Subsequently, all special commission bearing financial liabilities other than those held at FVTPL are measured at amortized cost.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of comprehensive income.

3.2 Offsetting financial assets and liabilities

Financial assets and liabilities are offset and reported net in the statement of financial position when there is a legally enforceable right to set off the recognised amounts, and when the Company intends to settle on a net basis, or to realise the asset and settle the liability simultaneously.

3.3 Expenses

Expenses are measured and recognised as a period cost at the time at which they are incurred. Expenses related to more than one financial period are allocated over such periods proportionately.

3.4 Assets held under fiduciary capacity

The Company offers asset management services to its customers, which include management of certain investments on behalf of its customers. Investments held through such arrangements are not treated as assets of the Company and accordingly, are not included in the statement of financial position.

3.5 Cash and cash equivalents

For the purpose of statement of cash flows, cash and cash equivalents comprise cash balances at banks and other short- term highly liquid investments with original maturities of three months or less, which are available to the Company without any restrictions.

3.6 Short term deposits (Investments held at amortized cost)

Short-term deposits include placements with banks and other short-term highly liquid investments with original maturities up to one year from the placement date.

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.7 Leases

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Company as a lessee

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use assets

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

The recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment. Right-of-use assets mainly relate to offices which has a lease period of 5 years.

Lease liabilities

On initial recognition, the lease liability is the present value of all remaining payments to the lessor.

After the commencement date, the Company measures the lease liability by:

1. Increasing the carrying amount to reflect the interest on the lease liability,
2. Reducing the carrying amount to reflect the lease payments made: and
3. Re-measuring the carrying amount to reflect any re-assessment or any lease modification.

Short-term and low values leases

Payments associated with short-term leases and leases of low value assets are recognised on a straight-line basis as an expense in the statement of income. Short-term leases are leases with a lease term of 12 months or less.

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.8 Employees' end of service benefits

The Company operates a non-funded employee terminal benefit plan, which is classified as defined benefit obligation under IAS 19 'Employee Benefits'. The liability recognised in the statement of financial position for a defined benefit plan is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets at that date. The defined benefit obligation is calculated by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting estimated future cash outflows using market yields at the end of the reporting period of high-quality corporate bonds that have terms to maturity approximating to the estimated term of the post-employment benefit obligations. Actuarial gains and losses arising from changes in actuarial assumptions and experience adjustments are recognised in equity through the statement of profit or loss and other comprehensive income in the period in which they arise.

3.9 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 of an asset or a liability is measured using the assumption that market participants would use when pricing the asset or liability assuming that the market participant acts in their best economic interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefit by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

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

All assets and liabilities for which fair value is measured or disclosed in these financial statements are categorised within the fair value hierarchy, based on the lowest level input that is significant to the fair value measurement as:

- Level 1 - Quoted (unadjusted) market price in an active market for identical assets or liabilities.
- Level 2 - Valuation technique for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and
- Level 3 - Valuation technique for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing the categories at the end of each reporting period.

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.10 Taxes

Withholding tax

The Company withholds taxes on certain transactions with non-resident parties in the Kingdom of Saudi Arabia, as required under Saudi Arabian Income Tax Law.

Value added tax ("VAT")

Assets and expenses are recognised net of amount of VAT, except when VAT incurred on a purchase of assets or services is not recoverable from the GAZT, in which case, VAT is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable. The net amount of VAT recoverable from, or payable to ZATCA is included as part of other assets or other liabilities.

3.11 Statutory reserve

As required by Companies' Law and the Company's by-laws, the Company must transfer 10% of its net income for the year to the statutory reserve, after deducting losses brought forward, till it has built up a reserve equal to one half of its capital. The Company may resolve to discontinue such transfers when the reserve totals 30% of its capital. The reserve is not available for distribution.

3.12 Provisions

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

3.13 Revenue recognition

IFRS 15 outlines a single comprehensive model of accounting for revenue arising from contracts with customers. It established a new five-step model that will apply to revenue arising from contracts with customers. Under IFRS 15, the Company recognises revenue at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The Company recognises revenue when the amount can be reliably measured and it is probable that future economic benefits will flow to the Company. The Company applies the following five-step approach of revenue recognition:
• Step 1: Identify the contract with the customer
• Step 2: Identify the separate performance obligations under the contract
• Step 3: Determine the transaction price
• Step 4: Allocate the transaction price to separate performance obligations
• Step 5: Recognise revenue when (or as) each performance obligation is satisfied

Based on the above five steps, the revenue recognition policy for the key revenue segments is as follows:

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.13 Revenue recognition (continued)

Income from advisory service

Advisory service fees are recognized based on the applicable service contract, usually on a time proportionate basis as the services are performed and performance obligations are met. Advisory services where the underlying significant act is completed or instances for which no further activities are required to be done are considered fully earned.

Asset management fee income

Asset management fee income from mutual funds and discretionary portfolio management are recognised based on a fixed percentage of net assets value under management, subject to applicable terms and conditions and service contracts with customers/investors and funds. The Company attributes the revenue from management fees to the services provided during the year, because the fee relates specifically to the Company efforts to transfer these services. As asset management fees are not subject to refunds, the management does not expect any reversal of revenue previously recognised.

Brokerage income

Income on brokerage transaction is recognized on accrual basis net of expenses. The moment the transaction is executed / concluded, the agent (in this case the Company) has satisfied its performance obligation, which is considered as a performance obligation satisfied at a point in time and not over a period of time. Thus, upon rendering of services the revenue from brokerage – is to be recognized. Brokerage income earned on a daily buy and sell transactions is recognized on the trade date.

Income from margin lending

Margin lending is a financing facility provided to existing customers to trade in the capital market. Interest income are recognised based on customer utilization of the margin lending financing facility at the applicable rates agreed in the contract with the customer. The income is accrued daily on the outstanding balance at the effective commission rate method.

Dividends

Dividend income is recognised when the right to receive payment is established. This is the ex-dividend date for listed equity securities, and usually the date when shareholders approve the dividend for unlisted equity securities.

Special commission income

Special commission income on short term deposits is recognised on an accrual basis.

4 CASH AT BANK

	31 December 2023 SR'000	31 December 2022 SR'000
Current accounts	**2,074**	12,255

This represents account maintained with the Parent. As at 31 December 2023, the Parent is rated A3, based on Moody's ratings. Accordingly, the ECL on these balances is immaterial, and therefore not disclosed separately.

5 ACCOUNTS RECEIVABLE, NET

	31 December 2023 SR'000	31 December 2022 SR'000
Gross carrying amount	**15,492**	30,181
Less: Impairment allowance for ECL	**(4,295)**	(5,219)
	11,197	24,962

As at 31 December 2023 and 31 December 2022, the Company's majority gross outstanding accounts receivable balances relate to the investment banking (advisory fee income) transactions.

Set out below is the information about the credit risk exposure on the Company's accounts receivables using a provision matrix:

31 December 2023	**Current**	**90 – 180 days**	**181 – 365 days**	**More than 365 days**	**Total**
			SR'000		
Gross carrying amount	**11,228**	**-**	**-**	**4,264**	**15,492**
Less: Impairment allowance for ECL	**(31)**	**-**	**-**	**(4,264)**	**(4,295)**

31 December 2022	Current	90 – 180 days	181 – 365 Days	More than 365 Days	Total
			SR'000		
Gross carrying amount	25,026	-	-	5,155	30,181
Less: Impairment allowance for ECL	(64)	-	-	(5,155)	(5,219)

5.1 The movement in impairment allowance for ECL on accounts receivable is as follows:

	For the year ended 31 December	
	2023 SR'000	2022 SR'000
At the beginning of the year	**5,219**	4,525
(Reversal) / charge for the year	**(34)**	694
Written-off	**(890)**	-
At the end of the year	**4,295**	5,219

The Company applies the simplified approach in calculating ECL and has established a provision matrix that is based on its historical credit loss experience, adjusted for counter-party and forward-looking factors.

6 RECEIVABLES AGAINST MARGIN LENDING

The Company extends receivable against margin lending facilities to its customers to invest in the Saudi stock exchange. These facilities are backed by collaterals and extended up to a maximum period of one year and bear prevailing profit rates on the amount of receivable against margin lending. As at 31 December 2023, receivables against margin lending amounted to SAR 112.8 million (2022: SAR 81.7 million) and were secured against equity securities in Tadawul amounting to SAR 250 million (2022: SAR 250 million). The facilities are reviewed at least on an annual basis. Due to the revolving and short-term nature of these receivables, ECL has not been recorded as it is immaterial to the financial statements.

During the year, key management personnel of the Company have been granted receivable against margin lending facilities amounting to SAR 16.5 million (2022: SAR 21.8 million).

The Company has recognized special commission income from margin lending services amounting to SR 4.9 million during the year (2022 – SAR 2.8 million).

7 INVESTMENTS HELD AT AMORTIZED COST

Investments held at amortized cost represent short term placements of SR 157 million (31 December 2022 – SR 102 million) with Gulf International Bank – Saudi Arabia C.J.S.C. ("the Parent"). These deposits have original maturities above one month (2022: above one month) and carry mark-ups at rates ranging between 5.75% to 6.14% per annum (2022: 2.5% to 5.6%). These deposits are due to mature between January 2024 and December 2024 (31 December 2022: January 2023 and November 2023).

8 INVESTMENT HELD AT FVOCI

	31 December 2023 SR'000	31 December 2022 SR'000
Saudi Arabian Oil Company ("Saudi Aramco")	**26,564**	23,492

As at 31 December 2023, investment classified as fair value through other comprehensive income ("FVOCI") comprises of investment in shares of Saudi Arabian Oil Company ("Saudi Aramco"). The fair value is based on quoted market price at reporting date as per the Saudi Stock Exchange ("Tadawul"). During the year there was no sale or purchase of shares in Saudi Aramco.

During the year ended 31 December 2023, the Company has received dividend income amounting to SR 1.2 million (2022: SR 0.95 million) from Saudi Aramco.

9 INVESTMENT HELD AT FVTPL

	31 December 2023 SR'000	31 December 2022 SR'000
GIB Murabaha Fund	**25,946**	-
Elm Company	**-**	904
Total	**25,946**	904

During the year ended 31 December 2023, the Company disposed its investment in ELM Company and acquired units in GIB Murabaha Fund. The fair value is based on the quoted market price at reporting date as per the Saudi Stock Exchange ("Tadawul").

10 ADVANCES, PREPAYMENTS AND OTHER ASSETS

	31 December 2023 SR'000	31 December 2022 SR'000
Deposit with the Securities Clearing Center Company	**-**	37,709
Accrued fees for asset management services	**10,241**	13,304
Prepayments	**4,451**	2,320
Accrued special commission income	**1,087**	-
Others	**1,376**	2,103
	17,155	55,436

11 PROPERTY AND EQUIPMENT

	Leasehold improvements SR'000	**Office equipment SR'000**	**Capital work-in-progress SR'000**	**Total SR'000**
Cost:				
Balance at 1 January 2022	5,957	8,006	186	14,149
Additions	42	358	--	400
Balance at 31 December 2022	5,999	8,364	186	14,549
Balance at 1 January 2023	**5,999**	**8,364**	**186**	**14,549**
Additions	**--**	**981**	**--**	**981**
Balance at 31 December 2023	**5,999**	**9,345**	**186**	**15,530**
Accumulated depreciation:				
Balance at 1 January 2022	4,843	6,959	--	11,802
Charge for the year	807	415		1,222
Balance at 31 December 2022	5,650	7,374	--	13,024
Balance at 1 January 2023	**5,650**	**7,374**	**--**	**13,024**
Charge for the year	**204**	**667**	**-**	**871**
Balance at 31 December 2023	**5,854**	**8,041**	**-**	**13,895**
Net book value				
Balance at 31 December 2022	349	990	186	1,525
Balance at 31 December 2023	**145**	**1,304**	**186**	**1,635**

As at 31 December 2023, included within Property and Equipment is Capital work-in-progress which pertains to certain software enhancements undertaken by the Company.

12 RIGHT-OF-USE ASSETS

	SR'000
Cost:	
Balance at 1 January 2022 and 31 December 2022	7,128
Balance at 1 January 2023	**7,128**
Additions	**12,952**
Balance at 31 December 2023	**20,080**
Accumulated depreciation:	
Balance at 1 January 2022	4,247
Charge for the year	2,220
Balance at 31 December 2022	6,467
Balance at 1 January 2023	**6,467**
Charge for the year	**2,627**
Balance at 31 December 2023	**9,094**
Net book value	
Balance at 31 December 2022	661
Balance at 31 December 2023	**10,986**

The movement of corresponding lease liability is as follows:

	31 December 2023 SR'000	31 December 2022 SR'000
Lease liability at the beginning of the year	**65**	2,422
Additions	**12,952**	-
Finance cost	**297**	21
Payment during the year	**-**	(2,378)
Lease liability at the end of the year	**13,314**	65

Maturity analysis	**31 December 2023 SR'000**	31 December 2022 SR'000
Less than one year	**2,284**	65
One year to five years	**11,030**	--
	13,314	65

13 ACCRUED EXPENSES AND OTHER LIABILITIES

	31 December 2023 SR'000	31 December 2022 SR'000
Accrued bonus	**26,250**	24,775
Due to related parties (note 24)	**7,702**	6,596
Accrued expenses	**7,255**	7,582
Accounts payable	**5,067**	1,610
VAT payable	**2,632**	3,456
Others	**534**	439
	49,440	44,458

14 EMPLOYEES' END OF SERVICE BENEFITS

14.1 The movement in employee benefits is as follows:

	For the year ended 31 December	
	2023 SR '000	2022 SR '000
Defined benefit obligation as at 1 January	**5,667**	6,547
Included in profit or loss		
- current service cost	**1,499**	1,209
- financing cost	**277**	154
	1,776	1,363
Included in OCI		
Remeasurement: actuarial (gain) / loss arising from:		
- financial assumptions	**(162)**	93
- demographic assumptions	**-**	(90)
- experience adjustments	**166**	315
	4	318
Benefits paid	**(286)**	(2,561)
Defined benefit obligation as at 31 December	**7,161**	5,667

14.2 Principal actuarial assumptions

	31 December 2023	31 December 2022
Discount rate (%)	**5.05**	4.50
Future salary increases (%)	**5.05**	4.50
Withdrawal rate (%)	**10.00**	10.00
Mortality rate (%)	**10.00**	10.00

Discount rate

This rate was used to calculate the actuarial present value of the projected benefits. As per International Accounting Standard 19 "Employee Benefits", the rate used to discount employee benefits is determined by reference to the market yields on high quality corporate bonds at the end of the reporting period. In case of the Company, the discount rate was derived with reference to US dollar denominated Kingdom of Saudi Arabia government traded bonds with maturities consistent with the estimated term of the employee benefits. The average duration of the employment benefit obligation was 5.51 years (31 December 2022: 5.89 years).

Salary increase

The salary escalation of 5.05% (31 December 2022: 4.50%) has been assumed as the long-term salary escalation rate and is broadly consistent with the benchmark salary increment rate of the region.

14 EMPLOYEES' END OF SERVICE BENEFITS (CONTINUED)

14.3 Reasonably possible changes to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the employee benefits as follows:

	31 December 2023 SR'000	31 December 2022 SR'000
Discount rate		
0.5% increase	**(192)**	(163)
0.5% decrease	**203**	172
Future salary increases		
0.5% increase	**152**	131
0.5% decrease	**(146)**	(126)

The sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions, the same method used for calculating the employees' end of service benefit (present value of defined benefit obligation calculated with projected unit credit method at the end of the reporting period) has been applied.

15 SHARE CAPITAL

The authorized and issued share capital of the Company comprises 20 million shares of SAR 10 each. All issued shares are fully paid. At 31 December 2023 and 31 December 2022, the Company was fully owned by Gulf International Bank – Saudi Arabia C.J.S.C.

16 REVENUE

Set out below is the Company's revenue from operations:

	2023 SR'000	2022 SR'000
Advisory fee	**41,132**	42,819
Asset management services	**65,198**	63,647
Brokerage income	**8,470**	7,212
Special commission income (refer note 16.1)	**13,662**	5,240
	128,462	118,918

Timing of revenue recognition

	2023 SR'000	2022 SR'000
Point in time	**49,602**	50,031
Over time	**78,860**	68,887
	128,462	118,918

16.1 Special commission income consists of income from:

	2023 SR'000	2022 SR'000
Investments held at amortized cost	**8,808**	2,397
Margin lending	**4,854**	2,843
	13,662	5,240

17 SALARIES AND EMPLOYEE RELATED BENEFITS

	2023 SR'000	2022 SR'000
Salaries	**24,826**	22,101
Bonus	**29,284**	24,600
Benefits and allowances	**14,840**	13,684
Employees' end of service benefits (refer Note 14)	**1,776**	1,363
Others	**6,538**	4,584
	77,264	66,332

18 GENERAL AND ADMINISTRATIVE EXPENSES

	2023 SR'000	2022 SR'000
Legal and professional fees	**2,115**	2,249
IT related expenses	**4,736**	4,510
Directors' remuneration	**1,215**	1,211
Travel and transportation expenses	**406**	506
Insurance	**371**	369
Training	**189**	229
Repair and maintenance	**92**	152
Withholding tax	**64**	79
Marketing	**455**	63
Others	**500**	737
	10,143	10,105

19 ZAKAT

During 2016, the Company obtained an approval from the ZATCA for an exemption to pay Zakat. Accordingly, in line with this exemption the Company has not accrued zakat for the current and previous years.

Status of assessments

The zakat returns for the years from 2008 up to, and including 2022, have been submitted to the ZATCA. However, assessments for these years have not yet been finalised by ZATCA.

20 CASH AND CASH EQUIVALENTS

	2023 SR'000	2022 SR'000
Cash at Bank – current accounts	**2,074**	12,255
Investment held at amortized cost (Refer note 20.1)	**16,000**	-
	18,074	12,255

20.1 The investment held at amortized cost comprises of short-term placements, with original maturity of less than 3 months.

21 FINANCIAL INSTRUMENTS - 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. Underlying the definition of fair value is the presumption that the Company is going concern and there is no intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on arm's length basis.

When measuring the fair value, the company uses market observable data as far as possible. Fair values are categorized into different levels in 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 that can be accessed at the measurement date.
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).

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy.

21.1 Fair value measurements of financial instruments

	Carrying value	Fair value			
		Level 1	Level 2	Level 3	Total
31 December 2023					
Financial assets					
Financial assets measured at fair value					
Investment held at FVOCI	**26,564**	**26,564**	-	-	**26,564**
Investment held at FVTPL	**25,946**	**-**	**25,946**	-	**25,946**
Financial assets not measured at fair value					
Accounts receivable	**11,197**	-	-	**11,197**	**11,197**
Receivables against margin lending	**112,845**	-	-	**112,845**	**112,845**
Investments held at amortized cost	**156,955**	-	-	**156,955**	**156,955**
	333,507	**26,564**	**25,946**	**280,997**	**333,507**
Financial liabilities					
Financial liabilities not measured at fair value					
Accrued expenses and other liabilities	**49,438**	-	-	**49,438**	**49,438**

21 FINANCIAL INSTRUMENTS - FAIR VALUES (CONTINUED)

	Carrying	Fair value			
	value	Level 1	Level 2	Level 3	Total
31 December 2022					
Financial assets					
Financial assets measured at fair value	23,492	23,492	-	-	23,492
Investment held at FVOCI	904	904	-	-	904
Financial assets not measured at fair value	24,962	-	-	24,962	24,962
Accounts receivable	37,709	-	-	37,709	37,709
Receivables against margin lending	81,682	-	-	81,682	81,682
Investments held at amortized cost	102,000	-	-	102,000	102,000
	270,749	24,396	-	246,353	270,749
Financial liabilities					
Financial liabilities not measured at fair value					
Accrued expenses and other liabilities	44,458	-	-	44,458	44,458

The fair values of accounts receivables, receivable against margin lending, and investment held at amortized cost which are carried at amortized cost, are not significantly different from the carrying values included in the financial statements, since the current market commission rates for similar financial instruments are not significantly different from the contracted rates, and due to the short duration of financial instrument. An active market for these instruments is not available and the Company intends to realize the carrying value of these financial instruments through settlement with the counter party at the time of their respective maturities.

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

22 FINANCIAL RISK MANAGEMENT

The Company’s objective in managing risk is the creation and protection of shareholder value. Risk is inherent in the Company’s activities, but it is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. The process of risk management is critical to the Company’s continuing profitability.

The Company's Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. These risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company’s activities. The Company, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Company has exposure to the following risks arising from financial instruments:
- Credit risk
- Market risk
- Liquidity risk

22 FINANCIAL RISK MANAGEMENT (CONTINUED)

22.1 Credit risk

Credit risk is the risk that one party to a financial instrument may fail to discharge its contractual obligation and cause the other party to incur a financial loss.

The schedule below shows the maximum limit for exposure to credit risk of the statement of financial position elements:

	31 December 2023 SR'000	31 December 2022 SR'000
Accounts receivable	**11,197**	30,181
Receivables against margin lending	**112,845**	81,682
Investments held at amortized cost	**156,955**	102,631
Other assets	**17,155**	51,644
Cash and cash equivalents	**2,074**	12,255
	300,226	277,762

As at 31 December 2023 and 31 December 2022, the credit risk exposure for accounts receivable and receivables from margin lending by geographic region was limited to the Kingdom of Saudi Arabia only.

22.2 Market risk

Special commission rate risk
Profit rate risk is the risk that the profit rate changed is not commensurate with financing cost due to changes in the market commission rate. The Company has fixed rate receivables from margin lending and money market placements; hence, the Company is not exposed to any profit rate risk.

Currency risk
Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. The Company is not subject to fluctuations in foreign exchange rates in the normal course of its business. The Company did not undertake significant transactions in currencies other than Saudi Arabian Riyals and US Dollars during the year. As Saudi Arabian Riyal is pegged to US Dollar, therefore the Company is not exposed to currency risk.

Price risk
Price risk is the risk that the value of a financial instrument will fluctuate because of changes in market prices, whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all instruments traded in the market.

The Company's equity price risk arises on its investments held at FVOCI and FVTPL. The Company seeks to manage this risk by exercising business judgment and management experience. The Company utilizes limit structures including those relating to positions, portfolios and maturities to manage its equity price risk exposures.

22.3 Liquidity risk
Liquidity risk is the risk that the Company will encounter difficulty in raising funds to meet commitments associated with financial instruments. All financial liabilities on the Company's statement of financial position are contractually payable on a current basis.

22 FINANCIAL RISK MANAGEMENT (CONTINUED)

22.3 Liquidity risk (continued)

The Company's liquidity management process is as follows:

a. Day-to-day funding, managed by the Finance department to ensure that requirements can be met and this includes replenishment of funds as they mature or are invested;
b. Monitoring liquidity ratios against internal and regulatory requirements;
c. Managing the concentration and profile of debt maturities; and
d. Liquidity management and asset and liability mismatching.

The below schedule shows an analysis of financial liabilities based on the expected date of collection or settlement:

31 December 2023 (SR'000)	Total	0 - 1 year	1 - 5 years	No fixed maturity
Financial liabilities				
Accrued expenses and other liabilities	**49,438**	**49,438**	-	-
31 December 2022 (SR'000)				
Financial liabilities				
Accrued expenses and other liabilities	44,458	44,458	-	-

23 RELATED PARTY TRANSACTIONS AND BALANCES

In the ordinary course of business, the Company transacts with its related parties. The principal related parties of the Company are Gulf International Bank – Saudi Arabia C.J.S.C (the "Parent"), the Public Investment Fund (the "Ultimate Parent"), Gulf International Bank B.S.C., Gulf International Bank (UK) Limited, investment funds managed by the Company, Board of Directors, companies owned by members of the Board of Directors and key management personnel. The Ultimate Controlling Party ("UCP") of the Company is the Government of Kingdom of Saudi Arabia. The Company uses the exemption in respect of related parties' disclosure for government-related entities in IAS 24 "Related Party Disclosures".

The details of transactions during the year ended 31 December 2023 and balances as at 31 December 2023 resulting from such transactions are as follows:

23.1 Related party transactions

The significant transactions with related parties in relation to the Company's core activities are as follows:

Related party	Nature of transaction	For the year ended 31 December 2023 SR '000	2022 SR '000
Gulf International Bank – Saudi Arabia C.J.S.C. (the "Shareholder")	Special commission income	**8,797**	2,389
	Support services received	**333**	333
	Income from asset management	**93**	128
	Premises related expense	**2,840**	3,159
The Public Investment Fund and related entities	Income from advisory services	**23,151**	21,168

23 RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

23.1 Related party transactions (continued)

Related party	Nature of transaction	For the year ended 31 December 2023 SR '000	2022 SR '000
Gulf International Bank B.S.C.	Shared service cost	**866**	1,090
Board of Directors	Remuneration	**1,214**	1,211
Key management personnel*	Short term benefits	**11,001**	10,788
	Employees' end of service benefits	**3,480**	2,588

* Key management personnel include the top senior executives including the CEO, CFO and other heads of departments having authority and responsibility for planning, directing, and controlling the activities of the Company.

23.2 Related party balances

Significant balances with related parties are as follows:

Related party	Nature of balance	31 December 2023 SR'000	31 December 2022 SR'000
Gulf International Bank – Saudi Arabia C.J.S.C.	Cash and cash equivalents	**2,074**	12,255
	Investments at amortized cost	**156,955**	102,631
The Public Investment Fund and related entities	Accounts receivable	**10,289**	24,343
Gulf International Bank B.S.C.	Due to related party (refer note 13) – Shared service costs	**(7,494)**	(6,422)
Gulf International Bank (UK) Limited	Due to related party (refer note 13) - Shared service costs	**(208)**	(174)

24 CAPITAL COMMITMENTS AND CONTINGENCIES

The Company's has issued performance guarantee amounting to SAR 250 million (2022: SAR 250 million) which is outstanding at the reporting date.

25 CLIENTS' CASH ACCOUNTS

As at 31 December 2023, cash balances and securities held in brokerage accounts amounting to SR 133 million (2022: SR 154 million) were maintained with the Parent. The Company does not hold any cash accounts for customers and hence requires customers to hold their cash balances in a designated securities cash account with the Parent in order to transact in the local securities market using services of the Company.

Consistent with its accounting policy, such balances are not included in the Company's financial statements as these are held by the Company in fiduciary capacity.

26 ASSETS UNDER MANAGEMENT

The Company manages investment portfolios and mutual funds on behalf of its customers, which amounts to SR 7.2 billion as at 31 December 2023 (31 December 2022: SR 11.6 billion). Consistent with its accounting policy, such balances are not included in the Company's financial statements as these are held by the Company in fiduciary capacity.

27 CAPITAL ADEQUACY

The CMA has issued Prudential Rules (the "Rules") dated 17 Safar 1434H (corresponding to 30 December 2012) amended by resolution of the Board of the Capital Market Authority Number 1-129-2022 Dated 04 Jumada II 1444H (Corresponding to 28 December 2022). According to the Rules, the CMA has prescribed the framework and guidance regarding the minimum regulatory capital requirement and its calculation methodology as prescribed under these Rules. In accordance with this methodology, the Company has calculated its minimum capital required. Current year figures are presented based on amended regulations issued by CMA effective from April 1, 2023, and applied prospectively. The prior year's figures are not restated but are presented based on previous Rules and guidance. Capital adequacy ratio are as follows:

	31 December 2023 SAR'000	31 December 2022 SAR'000
Capital base:		
Tier 1 Capital	**295,443**	251,155
Tier 2 Capital	-	2,203
Total capital base	**295,443**	253,358
Risk Weighted Asset:		
Credit risk	**325,998**	36,514
Operational risk	**286,848**	20,396
Market risk	-	163
Total Risk Weighted Asset	**612,846**	57,073
Total capital ratio	**48.21%**	49.12%
Surplus in capital	**246,416**	196,285

Capital Base of the Company comprises of:

- Tier-1 capital consists of paid-up share capital, retained earnings, reserves excluding revaluation reserves as per Article 5 of amended Rules / Article 4 of the Rules.
- Tier-2 capital consists of capital instruments as per Article 6 of amended Rules / Article 4 of the Rules.

The Minimum Capital Requirements for Market, Credit & Operational Risk are calculated as per the requirements specified in Part 3 of the Rules.

The Company is required to maintain adequate capital as specified in the Rules. The capital adequacy ratio shall not be less than 8% of the minimum capital required in amended Rules and shall not be less than 1 time in previous Rules.

The Company's business objectives when managing capital adequacy is to comply with the capital requirements set forth by the CMA to safeguard the Company's ability to continue as a going concern, and to maintain a strong capital base.

28 SUBSEQUENT EVENTS

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

29 DATE OF AUTHORIZATION

These financial statements were authorized for issue on 3 March 2024 by the Board of Directors' of the Company.