J.P. MORGAN SAUDI ARABIA COMPANY
(A Single Shareholder Closed Joint Stock Company)

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

J.P. MORGAN SAUDI ARABIA COMPANY
(A Single Shareholder Closed Joint Stock Company)
Financial statements
For the year ended December 31, 2023

Independent auditor's report to the shareholder of J.P. Morgan Saudi Arabia Company

Our opinion

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

What we have audited

The Company's financial statements comprise:

- the statement of financial position as at December 31, 2023;
- the statement of income for the year then ended;
- the statement of comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, comprising material accounting policy information and other explanatory information.

Basis for opinion

We conducted our audit in accordance with the International Standards on Auditing, that are endorsed in the Kingdom of Saudi Arabia. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards), endorsed in the Kingdom of Saudi Arabia (the "Code"), that is relevant to our audit of the financial statements and we have fulfilled our other ethical responsibilities in accordance with the Code's requirements.

Responsibilities of the board of directors and those charged with governance for the financial statements

The board of directors is responsible for the preparation and fair presentation of the financial statements in accordance with the International Financial Reporting Standards, that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by SOCPA, and the applicable requirements of the Regulations for Companies and the Company's By-Laws, and for such internal control as the board of directors 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, the board of directors 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 the board of directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, i.e. the board of directors and the audit committee, are responsible for overseeing the Company's financial reporting process.

Independent auditor's report to the shareholder of J.P. Morgan Saudi Arabia 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 International Standards on Auditing, that are endorsed in the Kingdom of Saudi Arabia, will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the International Standards on Auditing, that are endorsed in the Kingdom of Saudi Arabia, we exercise professional judgment 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 board of directors.
- Conclude on the appropriateness of board of directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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.

PricewaterhouseCoopers

Ali H. Al Basri
License Number 409

March 28, 2024

J.P. MORGAN SAUDI ARABIA COMPANY
(A Single Shareholder Closed Joint Stock Company)
Statement of financial position
(All amounts in Saudi Riyals thousands unless otherwise stated)

	Note	As at December 31, 2023	2022
Assets			
Current assets			
Cash and cash equivalents	3	**171,602**	102,193
Short-term deposits with a bank	7	**272,207**	265,356
Margin deposit with Muqassa	8	**68,111**	68,019
Trade receivables	6	**50,057**	8,094
Prepayments and other receivables	5	**2,159**	2,764
Total current assets		**564,136**	446,426
Non-current assets			
Property and equipment	9	**10,355**	4,380
Deferred tax asset	16.3	**595**	1,231
Total non-current assets		**10,950**	5,611
Total assets		**575,086**	452,037
Liabilities and equity			
Liabilities			
Current liabilities			
Trade payables	10	**26,585**	12,724
Accrued expenses and other current liabilities	11	**12,784**	10,386
Lease liabilities	12	**3,037**	3,806
Provision for income tax	16.2	**13,179**	5,917
Total current liabilities		**55,585**	32,833
Non-current liability			
Employees' end of service benefits ("EOSB")	13	**7,245**	6,312
Total non-current liability		**7,245**	6,312
Total liabilities		**62,830**	39,145
Equity			
Share capital	14	**93,750**	93,750
Statutory reserve	21	**34,052**	34,052
Re-measurement reserve for EOSB		**1,322**	730
Retained earnings		**383,132**	284,360
Total equity		**512,256**	412,892
Total liabilities and equity		**575,086**	452,037
Commitments and contingencies	20		

The accompanying notes from 1 to 23 form an integral part of these financial statements.

J.P. MORGAN SAUDI ARABIA COMPANY
(A Single Shareholder Closed Joint Stock Company)
Statement of income
(All amounts in Saudi Riyals thousands unless otherwise stated)

		For the year ended December 31,	
	Note	**2023**	**2022**
Service fee income, net	4.1.1	**94,185**	70,794
Brokerage fee, net		**29,305**	36,516
Income from deposits	4.1.2	**57,369**	19,357
Operating income		**180,859**	126,667
Operating expenses			
Salaries and employee related benefits		**(35,576)**	(29,730)
Other general and administrative expenses	15	**(17,672)**	(15,592)
Rent and premises related expenses		**(1,195)**	(703)
Depreciation	9	**(2,120)**	(1,607)
Total operating expenses		**(56,563)**	(47,632)
Total operating income		**124,296**	79,035
Other expenses			
Exchange income / (loss), net		**153**	(174)
		153	(174)
Income before income tax expense		**124,449**	78,861
Income tax expense	16.4	**(25,677)**	(14,572)
Income for the year		**98,772**	64,289

The accompanying notes from 1 to 23 form an integral part of these financial statements.

J.P. MORGAN SAUDI ARABIA COMPANY
(A Single Shareholder Closed Joint Stock Company)
Statement of comprehensive income
(All amounts in Saudi Riyals thousands unless otherwise stated)

	Note	For the year ended December 31, 2023	2022
Income for the year		**98,772**	64,289
Other comprehensive income			
Items that will not be reclassified subsequently to the statement of income:			
- Remeasurement gain on EOSB	13	**740**	1,061
- Deferred tax on remeasurements of EOSB		**(148)**	(212)
Other comprehensive income for the year		**592**	849
Total comprehensive income for the year		**99,364**	65,138

The accompanying notes from 1 to 23 form an integral part of these financial statements.

J.P. MORGAN SAUDI ARABIA COMPANY
(A Single Shareholder Closed Joint Stock Company)
Statement of changes in equity
(All amounts in Saudi Riyals thousands unless otherwise stated)

	Share capital	Statutory reserve	Re-measurement reserve for EOSB	Retained earnings	Total
January 1, 2023	**93,750**	**34,052**	**730**	**284,360**	**412,892**
Comprehensive income:					
Income for the year	**-**	**-**	**-**	**98,772**	**98,772**
Other comprehensive income for the year	**-**	**-**	**592**	**-**	**592**
Total comprehensive income for the year	**-**	**-**	**592**	**98,772**	**99,364**
December 31, 2023	**93,750**	**34,052**	**1,322**	**383,132**	**512,256**
January 1, 2022	93,750	27,623	(119)	226,500	347,754
Comprehensive income:					
Income for the year	-	-	-	64,289	64,289
Other comprehensive income for the year	-	-	849	-	849
Total comprehensive income for the year	-	-	849	64,289	65,138
Transfer to a statutory reserve	-	6,429	-	(6,429)	-
December 31, 2022	93,750	34,052	730	284,360	412,892

The accompanying notes from 1 to 23 form an integral part of these financial statements.

J.P. MORGAN SAUDI ARABIA COMPANY
(A Single Shareholder Closed Joint Stock Company)
Statement of cash flows
(All amounts in Saudi Riyals thousands unless otherwise stated)

		For the year ended December 31,	
	Note	**2023**	**2022**
Cash flows from operating activities			
Income before income tax		**124,449**	78,861
Adjustments for:			
Depreciation	9	**2,120**	1,607
Provision for EOSB	13	**1,589**	1,451
Interest expense on lease liabilities	12	**72**	56
Changes in working capital:			
Margin deposit with Muqassa		**(92)**	(68,019)
Trade receivables		**(41,963)**	7,904
Prepayments and other receivables		**605**	3,837
Trade payables		**13,861**	419
Accrued expenses and other current liabilities		**2,398**	(4,244)
		103,039	21,872
EOSB (transfers / payments), net	13	**84**	(450)
Income tax paid	16.2	**(17,927)**	(22,772)
Net cash generated from / (used in) operating activities		**85,196**	(1,350)
Cash flows from investing activities			
Purchase of property and equipment, net	9	**(6,910)**	(234)
Short-term deposits with a bank		**(6,851)**	(77,626)
Net cash used in investing activities		**(13,761)**	(77,860)
Cash flows from financing activity			
Payments for lease liabilities	12	**(2,026)**	(1,625)
Cash used in financing activity		**(2,026)**	(1,625)
Net change in cash and cash equivalents		**69,409**	(80,835)
Cash and cash equivalents at the beginning of the year		**102,193**	183,028
Cash and cash equivalents at the end of the year		**171,602**	102,193
Supplemental non-cash information:			
Re-measurement reserve for employees' EOSB	13	**740**	1,061
Deferred tax on remeasurements of employees' EOSB		**(148)**	(212)
Additions to right-of-use assets	9	**(1,180)**	(18)
Re-measurement of ROU assets	9	**5**	(403)
Lease liabilities	12	**3,037**	3,806

The accompanying notes from 1 to 23 form an integral part of these financial statements.

1 General information

J.P. Morgan Saudi Arabia Company (the "Company") is a single shareholder closed joint stock company established under the Regulations for Companies in the Kingdom of Saudi Arabia. The Company operates under commercial registration number 1010240801 issued in Riyadh on Dhul Qadah 17, 1428H (corresponding to November 26, 2007), Ministry of Investment of Saudi Arabia ("MISA") license number 2031026532-01 dated Shaban 22, 1428H (corresponding to September 4, 2007) and the Capital Market Authority ("CMA") license number 12164-37 dated Dhul-Hijaa 26, 1433H (corresponding to November 11, 2012).

The Company was converted from a limited liability company to a single shareholder closed joint stock company on Shaban 27, 1438H (corresponding to May 23, 2017) which is the date of conversion. Due to the change of the Company's status the name was changed from J.P. Morgan Saudi Arabia Limited to J.P. Morgan Saudi Arabia Company. The Company's financial statements are prepared from January 1 to December 31 of each Gregorian year.

Initially the Company was established to conduct investment banking activities in the field of arranging, advising, custody and dealing as an agent in respect of securities business, but does not deal in margin trading transactions. During 2012, the Company obtained provisional CMA licenses dated Dhul-Hijaa 26, 1433H (corresponding to November 11, 2012) to amend the business activities to conduct dealing as principal and agent, underwriting, arranging, advising and custody. However, there were no business activities executed by the Company with reference to some of these provisional licenses. During 2017, the Company was recognized by the Saudi Stock Exchange (Tadawul) as an Exchange member to perform brokerage activities. The membership was granted following fulfillment of technical and legal requirements laid down by the Tadawul.

2 Material accounting policies

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

2.1 Basis of preparation

(i) Statement of compliance

The financial statements have been prepared in accordance with the International Financial Reporting Standards ("IFRS"), that are endorsed in the Kingdom of Saudi Arabia, and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants ("SOCPA").

The accounting policies used in the preparation of these financial statements are applied consistently to all the years presented otherwise stated.

(ii) Basis of measurement

These financial statements have been prepared:

- under the historical cost convention except for:
  - Employees' end of service benefits (EOSB) carried at present value using Projected Unit Credit Method.
- using the accrual basis of accounting.

(All amounts in Saudi Riyals thousands unless otherwise stated)

(iii) New standard effective in current year

The International Accounting Standard Board (IASB) has issued the following amendments to accounting standards, which were effective from January 1, 2023 but do not have any significant impact on the financial statements of the Company.

- IFRS 17, 'Insurance contracts' – This standard replaces IFRS 4, which permits a wide variety of practices in accounting for insurance contracts.
- Amendments to IAS 1 and IFRS Practice statement 2 – The IASB amended IAS 1 Presentation of Financial Statements to require entities to disclose their material rather than their significant accounting policies. The amendments define what is 'material accounting policy information' (being information that, when considered together with other information included in an entity's financial statements, can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements) and explain how to identify when accounting policy information is material. They further clarify that immaterial accounting policy information does not need to be disclosed. If it is disclosed, it should not obscure material accounting information.
  To support this amendment, the IASB also amended IFRS Practice Statement 2 Making Materiality Judgements to provide guidance on how to apply the concept of materiality to accounting policy disclosures.
- Amendment to IAS 8 – The amendment to IAS 8 Accounting Policies, Changes in Accounting estimates and errors clarifies how fund should distinguish changes in accounting policies from changes in accounting estimates. The distinction is important, because changes in accounting estimates are applied prospectively to future transactions and other future events, whereas changes in accounting policies are generally applied retrospectively to past transactions and other past events as well as the current period.
- Amendments to IAS 12 – deferred tax related to assets and liabilities arising from a single transaction - requires companies to recognise deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences.
- Amendments to IAS 12 - International tax reform - pillar two model rules - These amendments give companies temporary relief from accounting for deferred taxes arising from the Organisation for Economic Co-operation and Development's (OECD) international tax reform. The amendments also introduce targeted disclosure requirements for affected companies.

(iv) Accounting standards issued but not yet effective

The International Accounting Standard Board (IASB) has issued following accounting standards and amendments which were effective from periods on or after January 1, 2024. The Company has opted not to early adopt these pronouncements and they are not expected to have a significant impact on the financial statements of the Company.

Standard / Interpretation	Description	Effective from periods beginning on or after
Amendments to IFRS 16	Leases on sale and leaseback	January 1, 2024
Amendments to IAS 1	Non-current liabilities with covenants	January 1, 2024
Amendments to IAS 7 and IFRS 7	Supplier finance arrangements	January 1, 2024
IFRS S1	General requirements for disclosure of sustainability-related financial information	January 1, 2024 subject to endorsement from SOCPA
IFRS S2	Climate-related disclosures	1 January 2024 subject to endorsement from SOCPA
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Available for optional adoption/effective date deferred indefinitely
Amendments to IAS 21	Lack of Exchangeability	January 1, 2025

(v) Foreign currency translations and presentation currency

(a) Reporting currency

These financial statements are presented in Saudi Riyals ("SR") which is the reporting currency of the Company.

(b) Transactions and balances

Foreign currency transactions are translated into Saudi Arabian Riyals using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at the year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the statement of income. Such exchange adjustments were not significant for the year ended December 31, 2023 and 2022, respectively.

(vi) Critical accounting estimates and judgments

The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. Such estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Although these estimates are based on management's best knowledge of current events and actions, actual results ultimately may differ from those estimates.

There are no significant estimates in the Company's financial statements that have a risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next twelve-month period.

2.2 Cash and cash equivalents

Cash and cash equivalents include cash in hand, cash with banks and other short-term highly liquid investments, if any, with original maturities of three months or less from the purchase date.

Cash and cash equivalents are carried at amortized cost in the statement of financial position.

2.3 Financial instruments

2.3.1 Classification and measurement of financial assets

The Company classifies its financial assets in the following measurement categories:
- Amortized cost
- Fair value through other comprehensive income (FVOCI)
- Fair value through statement of income (FVSI)

Equity instruments

Equity instruments are those that meet the definition of equity from the issuer's perspective; that is, instruments that do not contain a contractual obligation to pay and that evidence a residual interest in the issuer's net assets.

The Company subsequently measures all equity investments at FVSI, except where the Company has elected, at initial recognition, to irrevocably designate an equity investment at FVOCI. The Company's policy is to designate equity investments as FVOCI when those investments are held for purposes other than to trade. When this election is used, fair value gains and losses are recognized in other comprehensive income and are not subsequently reclassified to the statement of income, including on disposal. Impairment losses (and reversal of impairment losses) are not reported separately from other changes in fair value. Currently, all the equity instruments have been classified as FVSI by the Company.

Debt instruments

Debt instruments if any held are those instruments that meet the definition of a financial liability from the issuer's perspective.

Classification and subsequent measurement of debt instruments depend on:
- The Company's business model for managing the asset; and
- The cash flow characteristics of the asset.

Business model: The business model reflects how the Company manages the assets in order to generate cash flows. That is, whether the Company's objective is solely to collect the contractual cash flows from the assets or is to collect both the contractual cash flows and cash flows arising from the sale of assets.

If neither of these is applicable (e.g. financial assets are held for trading purposes), then the financial assets are classified as part of 'other' business model and measured at FVSI.

Factors considered by the Company in determining the business model for a group of assets include:
- past experience on how the cash flows for these assets were collected;
- how the asset's performance is internally evaluated and reported to key management personnel;
- how risks are assessed and managed; and
- how managers are compensated.

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

Securities held for trading, if any, are held principally for the purpose of selling in the near term or are part of a portfolio of financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking. These securities are classified in 'other' business model and measured at FVSI.

SPPI: Where the business model is to hold assets to collect contractual cash flows or to collect contractual cash flows and sell, the Company assesses whether the financial instruments' cash flows represent solely payment of principal and interest (the "SPPI" test). In making this assessment, the Company considers whether the contractual cash flows are consistent with a basic lending arrangement i.e. profit (or special commission income) includes only consideration for the time value of resources, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial asset is classified and measured at FVSI.

The SPPI assessment is performed on initial recognition of an asset and it is not subsequently reassessed.

Based on these factors, the Company classifies its debt instruments into one of the following three measurement categories:

Amortized cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest (SPPI), and that are not designated at FVSI, are measured at amortized cost. The carrying amount of these assets is adjusted by any expected credit loss allowance recognized and measured as described in Note 2.3.2. Profit earned from these financial assets is recognized in the statement of income using the effective commission rate method.

Fair value through statement of income (FVSI): If debt instrument's cash flows do not represent solely SPPI or if it is not held within the held to collect or the held to collect and sell business model, or if it is designated at FVSI, then it is measured at FVSI. A gain or loss on a debt investment measured at FVSI, where cashflows do not represents solely SPPI, is recognized in the statement of income, within "Net gain / (loss) on investments mandatorily measured at FVSI", in the period in which it arises. A gain or loss from debt instruments that were designated at fair value or which are held for trading are presented separately from debt investments that are mandatorily measured at FVSI, within "Net gain / (loss) on investments designated at FVSI or held for trading". Special commission income earned from these financial assets is recognized in the statement of income using the effective commission rate method.

Fair value through other comprehensive income (FVOCI): Financial assets that are held for collection of contractual cash flows and for selling the assets, where the assets' cash flows represent solely payments of principal and interest, and that are not designated at FVSI, are measured at fair value through other comprehensive income (FVOCI). Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses on the instrument's amortized cost which are recognized in statement of income. When the financial asset is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to Statement of Income.

The Company reclassifies debt instruments when and only when its business model for managing those assets changes. The reclassification takes place from the start of the first reporting period following the change. Such changes are expected to be very infrequent and none occurred during the period.

Currently, bank balances, short-term deposits with a bank, due from related parties and other receivables are categorized as held at amortised cost.

2.3.2 Impairment of financial assets

The Company estimates credit impairment through an allowance for expected credit losses ("ECLs"). ECLs are recognised for financial assets that are measured at amortised cost or at fair value through other comprehensive income ("FVOCI") and for specified lending-related commitments, such as loan commitments and financial guarantee contracts. The measurement of ECLs must reflect:

- An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- The time value of resources; and
- Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions, and forecasts of future economic conditions.

IFRS 9 outlines a 'three stage' model for impairment based on changes in credit quality since initial recognition as summarized below:

(i) A financial instrument that is not credit-impaired on initial recognition is classified in 'Stage 1' and has its credit risk continuously monitored.
(ii) If a significant increase in credit risks ('SICR') since initial recognition is identified, the financial instrument is moved to 'Stage 2' but is not yet deemed to be credit-impaired.
(iii) If the financial instrument is credit-impaired, the financial instrument is then moved to 'Stage 3'.
(iv) Financial instrument in Stage 1 have their ECL measured at an amount equal to the portion of expected credit losses that result from the default events possible within the next 12 months. Instruments in Stages 2 or 3 have their ECL measured based on expected credit losses on a lifetime basis.
(v) A pervasive concept in measuring ECL in accordance with IFRS 9 is that it should be consider forward-looking information.
(vi) Purchase or originated credit-impaired financial assets are those financial assets that are credit-impaired on initial recognition. Their ECL is always measured on a lifetime basis (Stage 3).

Impact of staging on measuring expected credit losses

ECLs are measured using a three-stage model based on changes in credit quality of the financial instrument since it was initially recognised ("initial recognition"):

Stage 1 - performing financial instruments that have not had a significant increase in credit risk since initial recognition;
Stage 2 - performing financial instruments that have experienced a significant increase in credit risk; and
Stage 3 - non-performing financial instruments that have been determined to be credit-impaired.

The financial assets of the Company that are subjected to ECL review include deposits with banks, due from related parties and other assets.

A significant exposure of the Company is held as deposits with J.P. Morgan Chase Bank, N.A, Riyadh Branch which is a Branch of J.P. Morgan Chase Bank, N.A and a local bank licensed and listed in the Saudi stock exchange. Both the Banks have sound credit rating as at the reporting date and therefore the Company considers that it has a low credit risk. The rating of the Banks as at December 31, 2023 and 2022 were no less than Aa3 and A2 respectively as per Moody's and no decline is seen in the credit rating till the reporting date. The ECL is insignificant and therefore no ECL is booked in the financial statements.

ECL on intercompany fees and other receivables is nil due to the factors mentioned in note 2.3.2.3.

2.3.2.1 Stages of impairment under IFRS 9

The impairment approach of IFRS 9 provides a framework for Expected Credit Losses (ECL) where in, the assets have to be segmented into three stages. The three stages reflect the general pattern of credit deterioration of a financial asset. The three stages differ in terms of recognition of expected credit losses and the presentation of interest revenue.

Stage 1 - Performing financial assets

Stage 1 assets are assessed based on Company's existing credit risk management standards for acceptable credit quality. Overall, the financial assets falling under this category have the following characteristics at minimum:

- Adequate capacity to meet its contractual cash flow obligations in the near term; and
- Adverse changes in economic and business conditions in the longer term may; but will not necessarily; reduce the ability to fulfil its obligations.

Stage 2 - Financial assets with significant increase in credit risk

Financial instruments that have experienced a significant increase in credit risk ("SICR") since initial recognition for which there is no objective evidence of impairment are included in Stage 2. For Stage 2 instruments, ECL is calculated considering the probability of default over the remaining life of the instrument on a collective basis and interest revenue is calculated on the gross carrying amount of the asset (that is, without deduction for the credit loss allowance).

The Company assesses for evidence of a SICR by considering whether there has been a change in the risk of a default occurring since the financial instrument was initially recognised.

Stage 3 - Credit impaired financial assets

Financial assets classified under this category have exceeded either the objective thresholds set by the Company or have been subjectively considered as obligors which lack a capacity to repay their contractual obligations, on a timely basis.

The Company considers a customer as "Defaulted" when the obligor is unlikely to pay for its credit obligations in full, without recourse by the Company to actions such as realizing security (if held).

Financial instruments are included in Stage 3 when there is objective evidence of impairment at the reporting date. For Stage 3 instruments, ECL is calculated considering the probability of default over the remaining life of each instrument ("Lifetime ECL") on an individual asset basis and interest revenue is calculated on the net carrying amount (that is, net of the allowance for credit losses).

All financial assets are considered to be credit-impaired and included in Stage 3 when one or more of the following events that have a detrimental impact on the estimated future cash flows of that financial asset has occurred:

a) Significant financial difficulty of the issuer or the borrower;
b) A default or past due event;
c) The Company or holders of debt securities have granted a concession to the borrower for economic or contractual reasons relating to the borrower's financial difficulty;
d) It has become probable the borrower will enter bankruptcy or other financial reorganisation;
e) An active market for that financial asset no longer exists because of the borrower's financial difficulties; or
f) A financial asset is purchased or originated at a deep discount that reflects a credit loss has been incurred.

The criteria above are consistent with how the Company defines 'default' for internal credit risk management purposes.

2.3.2.2 Transfer criterions

Staging considerations

Financial instruments that have not had a significant increase in credit risk (SICR) since initial recognition are included in Stage 1. For these instruments, 12-month expected credit losses are recognized and interest revenue is calculated on the gross carrying amount of the asset (that is, without deduction for credit allowance). 12-month ECL is the expected credit losses that result from default events that are possible within 12 months after the reporting date.

Financial instruments that have had a SICR since initial recognition but that do not have objective evidence of impairment are included in Stage 2. For these assets, lifetime ECL are recognized, but interest revenue is still calculated on the gross carrying amount of the asset. Lifetime ECL are the expected credit losses that result from all possible default events over the expected life of the financial instrument.

IFRS 9 requires that when determining whether the credit risk of a financial instrument has increased significantly, an entity shall consider the change in the risk of a default occurring since initial recognition. IFRS 9 points that credit risk increases significantly before a financial instrument becomes past due or other lagging borrower-specific factors (for example a modification or restructuring) are observed. Consequently, when reasonable and supportable information that is more forward-looking than past due information is available, it must be used to assess changes in credit risk.

The Company has developed its staging criteria by using both quantitative and qualitative considerations to determine if a loan has experienced significant increase in credit risk.

The Company considers a financial instrument to have experienced a SICR when any of the following quantitative or qualitative criteria have been met:

Quantitative criteria

The Company determines whether the probability of a default ("PD") occurring has changed between a financial instruments initial recognition and the reporting date. If the change in PD exceeds certain relative and absolute thresholds, the instrument has experienced a SICR. The assessment of the PD takes into account reasonable and supportable information, including information about past events, current and future economic conditions.

Qualitative criteria

The Company monitors borrowers that may become impaired by including them on its watch list. Obligors that are on the watch list are considered to have experienced a SICR. The Company also monitors changes in internal credit risk ratings (relative to the credit rating on initial recognition) and delinquency triggers to determine if a borrower has experienced a SICR.

Financial instruments that are in Stage 2 are moved to Stage 1 as described below in the period that the quantitative and qualitative criteria for a SICR no longer exist.

The approach for determining whether there has been a SICR depends on the type of instrument. For fee receivables arising from contracts with customers [e.g. brokerage fee receivables], the Company applies a provision matrix as a practical expedient for calculating expected credit losses. The matrix provides that in the case of institutional customers, a receivable is considered to have had a SICR (i.e. Stage 2) if it is 90 days past due and credit-impaired (i.e. Stage 3) if it is 180 days past due at which point an ECL for 100% of the amount owned is recognised. In the case of non-institutional customers, a receivable is considered to have had a SICR (i.e. Stage 2) if it is 30 days past due and credit-impaired (i.e. Stage 3) if it is 90 days past due at which point an ECL for 100% of the amount owned is recognized. The Company has not had significant losses on its fee receivable portfolios and are considered to be immaterial.

2.3.2.3 Expected credit loss measurement

Incorporation of forward-looking information

ECL estimates are derived from the Company's historical experience and future forecasted economic conditions. To incorporate forward-looking information into the ECL calculation, the Company develops forecasted economic scenarios.

As mentioned in 2020 Developments, the Company moved from three forward looking scenarios (upside, base and downside) to five forward looking scenarios (base, relative upside, extreme upside, relative downside and extreme downside cases) during the year. Each of these scenarios contains a set of macroeconomic variables that reflect forward-looking economic and financial conditions. Macroeconomic variables include, but are not limited to foreign exchange rates, inflation and GDP per country or country block. Macroeconomic variables for each scenario are projected over a reasonable and supportable forecast period of two years. After the forecast period, the losses revert to historical averages over a one-year transition period.

On a quarterly basis, the five economic scenarios are updated and probability weighted. The Company uses judgment to develop the scenarios and assign probability weightings. The most likely economic scenario in management's view is the base case which would generally be expected to be weighted more heavily than the other two scenarios.

The PD, LGD and EAD models are designed to forecast the credit quality and performance of the obligor based on industry, geography, rating and size of obligors, among other attributes of the portfolio. PD, LGD and EAD models are calibrated based on historical macroeconomic variables and use forecasted macroeconomic scenarios for projecting PD, LGD and EAD.

The Company has determined that ECLs on cash held with banks are immaterial due to low credit risk. In evaluating the lifetime ECL related to receivables from a bank, the Company determined the expected probability of default was extremely remote, and the magnitude of lifetime ECL related to exposures would be negligible as these are regulated and externally rated banking institutions that have significant capital, loss absorbing capacity and liquidity and have strong credit rating. The majority of the deposits held are short term in nature and can be withdrawn overnight.

For inter-company loans and receivables, the Company evaluates the counterparty based on the consolidated Company's resolution and recovery plan, tenor of the loan/receivable, and any collateral received. The Company has not experienced any losses on inter-company loans and receivables.

The Company continues to monitor its portfolios to ensure the described framework is appropriate and its exposure to credit risk and ECLs on these portfolios are adequately reflected in the allowance for credit losses.

For fee receivables arising from contracts with customers (e.g. advisory fee receivables), the Company applies a provision matrix as a practical expedient for calculating expected credit losses.

Measurement of ECL:

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).

These parameters are generally derived from internally developed statistical models and other historical data. They are adjusted to reflect forward-looking information as described below.

- Probability of Default ("PD"): The PD model estimates the probability of downgrade and default each quarter. The 12-month and lifetime PDs represent the probability of default occurring over the next 12 months and the remaining maturity of the instrument respectively. The model considers input variables that are region-, industry- and borrower segment-specific and considers both scenario- and borrower-specific information. PDs are determined at a facility-level based on risk ratings and other characteristics.
- Exposure at Default ("EAD"): The EAD model predicts gross exposure upon a borrower's default as a percentage of the total commitment at the reporting date under a given macroeconomic environment. The model estimates the probability of a change in the utilization, and direction and magnitude of the change. Input variables include exposure and utilization at the reporting date, facility purpose, industry and macro-economic variables ("MEVs").
- Loss Given Default ("LGD"): The LGD model estimates expected losses under given macroeconomic environments on the EAD given the event of default and, taking into account, among other attributes, the mitigating effect of collateral and the time value of money.

The 12-month ECL is calculated by multiplying the 12-month PD, EAD and LGD. Lifetime ECL is calculated using the lifetime PD instead.

2.3.3 Financial liabilities

All financial liabilities are initially recognized at fair value less transaction costs except for financial liabilities measured at FVSI 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 commission and non-commission bearing financial liabilities other than those held at FVSI are measured at amortized cost. Amortized cost is calculated by considering any discount or premium on settlement.

2.3.4 Fair valuation of financial instruments

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

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act 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 benefits from the asset's highest and best use or by selling it to another market participant that would utilize the asset in its highest and best use

The Company 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.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy. This is described, as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

A financial asset is derecognized, when the contractual rights to the cash flows from the financial asset expire or the asset is transferred and the transfer qualifies for de-recognition. In instances where the Company is assessed to have transferred a financial asset, the asset is derecognized if the Company has transferred substantially all the risks and rewards of ownership. Where the Company has neither transferred nor retained substantially all the risks and rewards of ownership, the financial asset is derecognized only if the Company has not retained control of the financial asset. The Company recognizes separately as assets or liabilities any rights and obligations created or retained in the process.

A financial liability is derecognized only when it is extinguished, that is when the obligation specified in the contract is either discharged, cancelled or expires.

2.3.5 Offsetting of financial instruments

Financial assets and financial liabilities are offset with the net amount reported in the statement of financial position only if there is an enforceable legal right to offset the recognized amounts and an intent to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

2.4 Property and equipment

Property and equipment are stated at cost, net of accumulated depreciation and/or accumulated impairment losses, if any. Such cost includes the expenditure that is directly attributable to the acquisition of the items and borrowing cost (where applicable). All other repair and maintenance costs are recognized in the statement of income as incurred.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits will follow to the entity and the cost of that item can be measured reliably.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the asset as follows:

	Number of years
Furniture, fixtures and office equipment	5-10
Computer equipment	3

The residual values, useful lives and methods of depreciation of property and equipment are reviewed at each financial year-end and adjusted prospectively, if appropriate.

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of income when the asset is derecognized.

2.5 Impairment of non-financial assets

The Company assesses at each reporting date whether 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 Company 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 costs of disposal and its value in use. It is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. 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 are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Company estimates the asset's or CGU's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the statement of income.

2.6 Accrued expenses and other liabilities

Liabilities are recognized for amounts to be paid for goods or services received, whether or not billed to the Company. These are carried at amortised cost.

2.7 Provisions

Provisions, if any, are recognized when the Company has a present obligation (legal or constructive) as a result of a past event; it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and a reliable estimate can be made of the amount of the obligation.

2.8 Taxes

The Company is subject to income tax in accordance with the regulations of the Zakat, Tax and Customs Authority (the "ZATCA"). Income tax is charged to the statement of income. Additional amount payable, if any, at the finalization of final assessment are accounted for when such amount are determined.

Income tax based on the applicable income tax rate is adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses. Deferred income tax is provided in full, if material, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred tax assets are recognized only if it is probable that future taxable amounts will be available to utilize those temporary differences and losses.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

The Company also 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)

Output VAT related to revenue is payable to tax authorities on the earlier of (a) collection of receivables from customers or (b) delivery of services to customers. Input VAT is generally recoverable against output VAT upon receipt of the VAT invoice. The tax authorities permit the settlement of VAT on a net basis. VAT related to sales and purchases is recognizes in the statement of financial position on a gross basis and disclosed separately as an asset and a liability. Where provision has been made for ECL of receivables, the impairment loss is recorded for the gross amount of the receivable, including VAT.

2.9 Employees' end of service benefits (EOSB)

The Company operates a single post-employment benefit scheme of defined benefit plan driven by the labor laws and workman laws of the Kingdom of Saudi Arabia which is based on most recent salary and number of service years.

The post-employment benefits plans is not funded. Accordingly, valuations of the obligations under the plan are carried out by an independent actuary based on the projected unit credit method. The costs relating to such plans primarily consist of the present value of the benefits attributed on an equal basis to each year of service and the interest on this obligation in respect of employee service in previous years.

Current and past service costs related to post-employment benefits are recognized immediately in statement of income while unwinding of the liability at discount rates used are recorded in profit or loss. Any changes in net liability due to actuarial valuations and changes in assumptions are taken as re-measurement in the other comprehensive income.

The employees' end of service benefits provision is made based on an actuarial valuation of the Company's liability under the Saudi Arabian Labor Law.

In accordance with the provisions of IAS 19 "Employee benefits", management carries out an exercise to assess the present value of its obligations, using the projected unit credit method. Under this method an assessment is made of the employees' expected service life with the Company and expected salary at the date of leaving the service.

2.10 Revenue

The Company recognizes revenue under IFRS 15 using the following five steps model:

Step 1: Identify the contract with customer	A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met.
Step 2: Identify the performance obligations	A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.
Step 3: Determine the transaction price	The transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.
Step 4: Allocate the transaction price	For a contract that has more than one performance obligation, the Company allocates the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Company expects to be entitled in exchange for satisfying each performance obligation.
Step 5: Recognize revenue	The Company recognizes revenue (or as) it satisfies a performance obligation by transferring a promised good or service to the customer under a contract.

Based on the above five steps the revenue recognition policies for the various revenue stream is as follow:

Fees and commissions are generally recognized on an accrual basis when the service has been provided. Fees and commission arising from negotiating or participating in the negotiation of a transaction for a third party – such as the arrangement of the acquisition of shares or other securities businesses are recognized on completion of the underlying transaction. Investment banking activities' service fees are recognized based on the applicable client service contracts and agreements with other affiliated JPMorgan Chase & Co. entities.

Brokerage income is recognized when the related transactions are executed by the customers at the price agreed in the contract with the customers, net of discounts and rebates. The performance obligation of the Company is satisfied when the customer carries out the transaction, which triggers immediate recognition of the revenue, as the Company will have no further commitments.

Advisory and investment banking services revenue is recognizes when services are determined as complete in accordance with the underlying agreement, agreed with the customer and invoiced, as generally set forth under the terms of the engagement.

Revenue recognition of retainer fees is recognized over a period of time and it is generally linked to the timing of performance obligation (i.e. monthly, quarterly, etc.).

Success fees are recognized upon the fulfillment of performance obligations. For example, either on the satisfaction of financial advisory services or completion of underwriting agreement.

Underwriting fees are recognized when the Company has rendered all services to the issuer and is entitled to collect the fee from the issuer with no contingencies associated with the fees. Underwriting revenues are presented net of transaction-related expenses.

Custody fee is recognized over the contractual servicing period.

2.11 Accounting for leases

Company as a lessee

Leases are recognizes as a right-of-use asset and a corresponding liability, at the date at which the leased asset is available for use by the Company. Assets and liabilities arising from a lease are initially measured on a present value basis.

Lease liabilities

Lease liabilities are 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, if that rate can be determined, or the Company's incremental borrowing rate. Generally, the Company uses the incremental borrowing rate as the discount rate.

Lease payments included in the measurement of lease liabilities comprise the following:
- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payment that are based on an index or a rate;
- amounts expected to be payable by the lessee under residual value guarantees;
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

Subsequently, the lease liabilities are measure at amortised cost using the effective interest rate method. They are re-measured when there is a change in future lease payments arising from a change in rate, or if Company changes its assessment of whether it will exercise a purchase, extension or termination option. When the lease liabilities are re-measured in this way, a corresponding comprehensive income adjustment is made to the carrying amount of the right-of-use asset, or is recorded in statement of comprehensive income if the carrying amount of right-of-use asset reduced to zero.

Right-of-Use Asset

The Company measures the right-of-use asset at cost, comprising the following:
- the amount of the initial measurement of lease liability,
- any lease payments made at or before the commencement date less any lease incentives received,
- any initial direct costs, and
- restoration costs.

Refundable security deposits are not included in the initial measurement of a right-of-use asset. However, the difference between the nominal amount of the refundable security deposits and its fair value at the commencement of the lease represents, an additional lease payment which is prepaid and accordingly added to the initial carrying amount of the right-of-use asset and released to the statement of comprehensive income over the lease term as part of the depreciation of those assets.

The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. In addition the right-of-use assets is periodically reduced by impairment losses, if any, and adjusted for certain re-measurement of lease liabilities.

Lease term

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). The lease term assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the lessee.

Short-term leases and leases of low-value assets:

The Company has elected not to recognize right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets, including IT equipment The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term."

(All amounts in Saudi Riyals thousands unless otherwise stated)

2.12 Expenses

Expenses are measured and recognized as a period cost at the time when they are incurred. Expenses related to more than one financial periods are allocated over such periods proportionately. Salaries and other employee related expenses are those which specifically relate to employee costs. All other expenses other than employees' costs, financial charges and allowance for impairment are classified as general and administrative expenses.

2.13 Statutory reserve

In accordance with the previous Regulations for Companies in Kingdom of Saudi Arabia and Company's Article of Association, the Company was required to transfer 10% of its net income for the year to a statutory reserve until such reserve equals 30% of its share capital. This statutory reserve was not available for distribution to shareholder.

As per Article 177 of the new Companies Law, the Company removed the minimum statutory reserve requirement of 30%. The Company is still in the process of updating the Articles of Association to reflect the above change. Once the Articles of Association is updated, the reserve will be available for distribution to shareholder and with the approval of the shareholder, the reserve will be transferred to the retained earnings.

2.14 Assets held in trust or in a fiduciary capacity and clients' cash accounts

Assets held in trust or in a fiduciary capacity by the Company are not treated as assets of the Company and accordingly are treated as off-balance sheet items in these financial statements.

2.15 Contingent assets and liabilities

A contingent liability is disclosed where the existence of the obligation will only be confirmed by future events or where the amount of obligations cannot be measured with reasonable reliability. Contingent assets are not recognized, but are disclosed where an inflow of economic benefits is probable.

3 Cash and cash equivalents

	2023	**2022**
Cash at banks	**171,602**	102,193

4 Related party matters

In the ordinary course of its activities, the Company transacts business with its related parties. Related parties include J.P. Morgan Chase Bank, N.A. including foreign branches and affiliated entities; the Board of Directors; and key management personnel. Key management personnel are those persons, including Non-executive Director, having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly. The transactions with related parties are carried out on mutually agreed terms approved by the board of directors of the Company.

(All amounts in Saudi Riyals thousands unless otherwise stated)

4.1 Related party transactions

Significant transactions with related parties in the ordinary course of business are summarized below:

	2023	2022
4.1.1 Service fee income attributions from:		
J.P. Morgan Securities PLC	**30,140**	26,376
J.P. Morgan Chase Bank, N.A.- London Branch	**33,234**	33,318
J.P. Morgan Chase Bank Luxembourg S.A.	**3,693**	3,613
J.P. Morgan Ventures Energy Company	**2,357**	5,928
J.P. Morgan SE	**631**	-
J.P. Morgan Chase Bank, N.A.	**521**	192
J.P. Morgan Securities plc – Paris Branch	**374**	239
J.P. Morgan Securities Taiwan Ltd	**136**	-
J.P. Morgan Chase Bank, N.A.- Riyadh Branch	**40**	-
J.P. Morgan Chase Bank, N.A.- Jersey Branch	**38**	38
	71,164	69,704

4.1.2 Income from deposits

J.P. Morgan Chase Bank, N.A.- Riyadh Branch	**55,577**	16,425

4.1.3 Service fee income attributions to:

J.P. Morgan Securities PLC	**16,292**	5,009
J.P. Morgan Chase Bank, N.A.- Dubai Branch	**7,126**	303
	23,418	5,312
Remuneration to key management personnel	**9,821**	10,075

4.2 Related party balances

Significant balances arising from the above transactions with related parties are as follows:

Due from related parties:	**2023**	**2022**
J.P. Morgan Chase Bank, N.A. – Riyadh Branch	**7,686**	2,050
J.P. Morgan Securities PLC	**6,623**	1,036
J.P. Morgan Chase Bank, N.A. – London Branch	**5,822**	4,717
J.P. Morgan SE	**726**	-
J.P. Morgan Ventures Energy Company	**745**	-
J.P. Morgan Chase Bank Luxembourg S.A.	**610**	211
J.P. Morgan Chase Bank, N.A.	**374**	48
J.P. Morgan Securities plc – Paris Branch	**25**	22
J.P. Morgan Chase Bank, N.A. – Jersey Branch	**4**	10
	22,615	8,094

Due to related parties:	**2023**	**2022**
J.P. Morgan Securities PLC	**15,224**	11,044
J.P. Morgan Chase Bank, N.A.- Dubai Branch	**7,126**	-
J.P. Morgan Chase Bank, N.A. – Riyadh Branch	**1,915**	-
J.P. Morgan Chase Bank, N.A. – London Branch	**172**	-
J.P. Morgan Chase Bank, N.A.	**-**	221
	24,437	11,265

(All amounts in Saudi Riyals thousands unless otherwise stated)

5 Prepayments and other receivables

	2023	2022
VAT receivable	**1,810**	1,732
Prepaid expenses	**350**	1,032
	2,159	2,764

6 Trade receivables

	Note	2023	2022
Due from related parties	4.2	**22,615**	8,094
Other receivables		**27,442**	-
		50,057	8,094

7 Short-term deposits with a bank

On June 21, 2023 the Company placed overnight placement of USD 71,079,479 with J.P. Morgan Chase Bank, N.A – Riyadh Branch with a commission rate of 4.65% per annum (December 31, 2022: USD 70,000,000 at 1.40%).

	2023	2022
Short term deposits with a bank	**272,207**	265,356

8 Margin deposit with Muqassa

This represents margin collateral deposited with Securities Clearing Center Company (Muqassa) for brokerage settlement activities. Margin collateral is determined by Muqassa for Capital Market Institutions based on average portfolio balances by applying Standard Portfolio Analysis of Risk (SPAN) methodology.

9 Property and equipment

	Right-of-Use Assets	Furniture, fixtures and office equipment	Computer equipment	Total
Cost				
January 1, 2023	**8,791**	**792**	**40**	**9,623**
Additions	**1,180**	**6,910**	**-**	**8,090**
Re-measurement of ROU assets	**5**	**-**	**-**	**5**
December 31, 2023	**9,976**	**7,702**	**40**	**17,718**
Accumulated depreciation				
January 1, 2023	**4,636**	**567**	**40**	**5,243**
Charge for the year	**1,554**	**566**	**-**	**2,120**
December 31, 2023	**6,190**	**1,133**	**40**	**7,363**
Net book value as of December 31, 2023	**3,786**	**6,569**	**-**	**10,355**

(All amounts in Saudi Riyals thousands unless otherwise stated)

	Right-of-Use Asset	Furniture, fixtures and office equipment	Computer equipment	Total
Cost				
January 1, 2022	9,176	558	40	9,774
Additions	18	234	-	252
Re-measurement of ROU assets	(403)	-	-	(403)
December 31, 2022	8,791	792	40	9,623
Accumulated depreciation				
January 1, 2022	3,071	525	40	3,636
Charge for the year	1,565	42	-	1,607
December 31, 2022	4,636	567	40	5,243
Net book value as of December 31, 2022	4,155	225	-	4,380

10 Trade payables

	Note	2023	2022
Due to related parties	4.2	**24,437**	11,265
Other payables		**2,148**	1,459
		26,585	12,724

11 Accrued expenses and other current liabilities

	2023	2022
Employees' benefits	**5,126**	4,438
Income tax payable – ZATCA assessment	**4,340**	4,331
VAT payable	**1,874**	1,119
Accrued professional fee	**300**	293
General Organization for Social Insurance ("GOSI")	**203**	199
Accrued expense	**91**	-
Other	**850**	6
	12,784	10,386

12 Leases

(i) Amounts recognised in the statement of financial position

The statement of financial position shows the following amounts relating to leases (net of depreciation):

Right of use assets

	2023	2022
Carrying amount at the beginning of year	**4,155**	6,105
Remeasurement during the year	**5**	(403)
Additions during the year	**1,180**	18
Depreciation charge for the year	**(1,554)**	(1,565)
Balance as at December 31*	**3,786**	4,155

* Right of use assets are included in property and equipment (note 9).

(All amounts in Saudi Riyals thousands unless otherwise stated)

Lease liabilities

	2023	2022
Carrying amount at the beginning of year	**3,806**	5,760
Remeasurement during the year	**5**	(403)
Additions during the year	**1,180**	18
Interest expense on lease liabilities	**72**	56
Lease payments during the year	**(2,026)**	(1,625)
Balance as at December 31	**3,037**	3,806

(ii) Amounts recognised in the statement of income

The statement of income shows the following amounts relating to leases:

	2023	2022
Depreciation charge of right-of-use assets	**1,554**	1,565
Interest expense on lease liabilities	**72**	56

13 Employees' end of service benefits ("EOSB")

	2023	2022
Balance at the beginning of the year	**6,312**	6,372
Provided during the year	**1,589**	1,451
Remeasurements gain	**(740)**	(1,061)
Benefits paid	**(878)**	(328)
Transfers*	**962**	(122)
Balance as at December 31	**7,245**	6,312

* Transfers represents employees within the JP Morgan entities transferred in / out of the Company.

The Company operates a defined benefit plan in line with the Labor Law requirements in the Kingdom of Saudi Arabia. The end-of-service benefit payments under the plan are based on the employees' final salaries and allowances and their cumulative years of service at the date of their termination of employment, as defined by the conditions stated in the Labor Law of the Kingdom of Saudi Arabia. Employees' end-of-service benefit plans are unfunded plans and the benefit payment obligation are met when they fall due upon termination of employment.

Amounts recognized in the statement of income and comprehensive income

The amounts recognized in the statement of income and comprehensive income related to employee benefit obligations are as follows:

	December 31, 2023	**December 31, 2022**
Current service cost	**1,313**	1,267
Interest expense	**276**	184
Total amount recognized in profit or loss	**1,589**	1,451
Remeasurements		
Gain from change in financial assumptions	**(637)**	(1,219)
Experience (gain) / loss	**(103)**	158
Total amount recognized in other comprehensive income	**(740)**	(1,061)

Principal actuarial assumptions

The following range of significant actuarial assumptions was used by the Company for the valuation of post-employment benefit liability:

	2023	2022
Valuation discount rate	**5.06%**	4.35%
Expected rate of increase in salary level across different age bands	**5%**	5%

Sensitivity analysis for actuarial assumptions

	Change in assumption		Impact on value of employee benefit obligations (SAR'000)	
	Increase in assumption	Decrease in assumption	Increase in assumption	Decrease in assumption
As at December 31, 2023				
Discount rate	**1%**	**1%**	**(6,691)**	**7,845**
Salary growth rate	**1%**	**1%**	**7,845**	**(6,691)**
As at December 31, 2022				
Discount rate	1%	1%	(5,829)	6,835
Salary growth rate	1%	1%	6,834	(5,829)

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 (present value of defined benefit obligation calculated with projected unit credit method at the end of the reporting period) has been applied when calculating the employee termination.

14 Share capital

The share capital of the Company consists of 9,375,000 shares with a par value of Saudi Riyals 10 per share distributed as follows:

Shareholder	Country of origin	Percentage	2023	2022
J.P. Morgan International Finance Limited	USA	100%	**93,750**	93,750

15 Other general and administrative expenses

	2023	2022
Professional services*	**7,365**	6,541
Outsourcing services	**3,970**	3,103
Agent bank charges	**1,643**	1,828
Travel and entertainment	**1,982**	1,548
Technology and communication	**765**	778
Other	**1,947**	1,794
	17,672	15,592

*Professional services include auditors' remuneration for the statutory audit of the Company's financial statements and other related services for the year ended December 31, 2023 amounting to Saudi Riyals 328 thousands (2022: Saudi Riyals 306 thousands).

(All amounts in Saudi Riyals thousands unless otherwise stated)

16 Provision for income tax

16.1 Calculation of taxable income and income tax charge

The following are the significant components of income tax base of the Company for the year ended December 31:

	2023	2022
Income before income tax	**124,449**	78,861
Adjustments:		
Depreciation differences	**(366)**	(7)
Employee termination benefits	**1,780**	1,001
Others	**83**	182
Net adjusted income for the year	**125,946**	80,037
Tax base for the year	**125,946**	80,037
Income tax charge at 20%	**25,189**	16,007

16.2 Provision for income tax

The movement in the provision for income tax for the years ended December 31 is as follows:

Provision for income tax

	2023	2022
Balance at beginning of the year	**5,917**	13,937
Charged during the year	**25,189**	16,007
Reversal for prior year	**-**	(1,255)
	25,189	14,752
Payments made during the year	**(17,927)**	(22,772)
Balance at the end of the year	**13,179**	5,917

16.3 Deferred tax asset

Deferred tax asset as at December 31 relates to the following:

	2023	2022
Employee benefits obligations (16.3.1)	**1,451**	1,262
Lease liability	**608**	761
Exchange loss	**31**	35
Property and equipment and right of use asset	**(1,495)**	(827)
Deferred tax asset, net	**595**	1,231

16.3.1 Deferred tax amount to Saudi Riyals 0.1 million (2022: Saudi Riyals 0.2 million pertaining to the remeasurement of EOSB gain is recognized in statement of comprehensive income.

(All amounts in Saudi Riyals thousands unless otherwise stated)

16.4 Income tax expense and deferred tax (reversal) for the year

Income tax and deferred tax expense / (reversal) of the year is as follows:

	2023	**2022**
Income tax expense – current	**25,189**	14,752
Income tax expense – deferred	**488**	(180)
Total income tax expense, net	**25,677**	14,572

As at December 31, 2023, deferred tax liability on remeasurements of post-employment benefit obligations amounting to Saudi Riyals 0.1 million (2022: Saudi Riyals 0.2 million) is added back to deferred tax reversal in statement of income and charged to other comprehensive income.

16.5 Status of final assessment

Assessments for the years 2008 to 2013 have been finalized and closed by Zakat, Tax and Customs Authority ("ZATCA"). In addition, the years 2014-2016 should be considered time barred due to expiration of statue of limitation.

During the year 2023, the ZATCA requested additional information related to the years 2017 and 2018 which resulted in additional tax liability for FY 2017 of SAR 3,945 plus delay fine; the Company accepted the above liability due to immateriality of the amount. There was no additional tax liability as per final assessment for FY 2018.

The Company has filed its tax returns with ZATCA for the years up to December 31, 2022; however, the final tax assessment has not yet been obtained as of the date of these financial statements.

17 Financial instrument fair value

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 in the principal or in its absence, the most advantageous market to which the company has access at that date. The fair value of liability reflects its non-performance risk.

Management regularly reviews significant observable inputs and valuation adjustments. If third party information such as broker quotes or pricing services is used to measure fair values, then management assesses the evidence obtained from third parties to support the conclusion that such valuations meet the requirements of IFRS that are endorsed in the Kingdom of Saudi Arabia, including the level in the fair value hierarchy in which such valuations should be classified.

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 an 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 a fair value hierarchy based on the inputs used in the valuation techniques as follows.

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

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

(All amounts in Saudi Riyals thousands unless otherwise stated)

Specific valuation techniques used to value financial instruments include:

- Quoted market prices / Net Asset Value or dealer quotes for similar instruments;
- Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments (level 3).

		Fair values			
	Total	**Level 1**	**Level 2**	**Level 3**	**Total**
As at December 31, 2023					
Financial assets not measured at fair value					
Cash and cash equivalents	**171,602**	-	-	**171,602**	**171,602**
Short-term deposits with a bank	**272,207**	-	-	**272,207**	**272,207**
Margin deposit with Muqassa	**68,111**	-	-	**68,111**	**68,111**
Trade receivables	**50,057**	-	-	**50,057**	**50,057**
	561,977	-	-	**561,977**	**561,977**
Financial liabilities not measured at fair value					
Trade payables	**26,585**	-	-	**26,585**	**26,585**
Accrued and other current liabilities	**6,367**	-	-	**6,367**	**6,367**
Lease liabilities	**3,037**	-	-	**3,037**	**3,037**
	35,989	-	-	**35,989**	**35,989**

		Fair values			
	Total	**Level 1**	**Level 2**	**Level 3**	**Total**
As at December 31, 2022					
Financial assets not measured at fair value					
Cash and cash equivalents	102,193	-	-	102,193	102,193
Short-term deposits with a bank	265,356	-	-	265,356	265,356
Margin deposit with Muqassa	68,019	-	-	68,019	68,019
Trade receivables	8,094	-	-	8,094	8,094
	443,662	-	-	443,662	443,662
Financial liabilities not measured at fair value					
Trade payables	12,724	-	-	12,724	12,724
Accrued and other current liabilities	4,737	-	-	4,737	4,737
Lease liabilities	3,806	-	-	3,806	3,806
	21,267	-	-	21,267	21,267

The fair values of financial instruments not measured at fair value are not significantly different from the carrying values included in the financial statements. The fair values of cash and cash equivalents, short-term deposits and accounts receivable 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 were no transfers between fair value measurement categories.

18 Financial instruments and risk management

Effective risk management is of primary importance to the Company. Risks include market risk (primarily foreign exchange risk, price risk and commission rate risk), credit risk, liquidity risk, fair value risk and operational risk. The Company ensures that it is conservatively capitalized relative to its risk levels, as well as external requirements and benchmarks.

Financial instruments carried on the balance sheet include cash and cash equivalents, due from related parties and other receivables, due to related parties, accrued expenses and other current liabilities. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

Financial assets and financial liabilities are offset and net amounts are reported in the financial statements, when the Company has a legally enforceable right to set off the recognized amounts and intends either to settle on a net basis, or to realize the asset and liability simultaneously.

18.1 Market risk

Market risk is the risk associated with the effect of changes in market factors such as interest and foreign exchange rates, equity and commodity prices, credit spreads or implied volatilities, on the value of assets and liabilities held for both the short and long term.

a) Foreign exchange risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Company’s foreign exchange risk arises from non-SAR positions. Management closely monitors the exchange rate fluctuations and believes that there is a minimal risk of losses due to exchange rate fluctuation since non-SAR open currency positions are primarily in USD which is pegged to SAR.

b) Commission rate risk including interest rate risk

Commission rate risks are the exposures to various risks associated with the effect of fluctuations in the prevailing commission rates on the Company’s financial positions and cash flows.

The Company’s interest rate risk is minimal due to the short-term overnight nature of deposits held with banks.

c) Equity price risk

Equity 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.

As at December 31, 2023, the Company does not have any financial assets or liabilities designated as at FV and is therefore not exposed to price risk.

(All amounts in Saudi Riyals thousands unless otherwise stated)

18.2 Credit risk

Credit risk is the risk associated with the default or change in credit profile of a client, counterparty or customer. The Company's credit risk arises from deposits with banks, trade receivabled and other receivables. Cash and deposits are placed with a branch of Parent Bank in Saudi Arabia and local investment grade bank. Other assets are mostly having low credit risk and the impact of ECL is not considered significant.

	2023	**2022**
Short-term deposits with a bank (Note 7)	**272,207**	265,356
Margin deposit with Muqassa (note 8)	**68,111**	68,019
Trade receivables (Note 6)	**50,057**	8,094
	390,375	341,469

Credit risk measurement

The Company has most of its exposure based in the Kingdom of Saudi Arabia. The assessment of credit risk of a financial assets carried at amortized cost entails further estimations as to the likelihood of defaults occurring, of the association loss ratios and of default correlations between customers.

Credit quality analysis

The following table sets out the credit analysis for financial assets.

	December 31, 2023			
	Investment grade	**Non-investment grade**	**Unrated**	**Total**
Financial assets				
Short-term deposits with a bank	**272,207**	-	-	**272,207**
Margin deposit with Muqassa	**68,111**	-	-	**68,111**
Trade receivables	**50,057**	-	-	**50,057**
Total	**390,375**	-	-	**390,375**

	December 31, 2022			
	Investment grade	**Non-investment grade**	**Unrated**	**Total**
Financial assets				
Short-term deposits with a bank	265,356	-	-	265,356
Margin deposit with Muqassa	68,019	-	-	68,019
Trade receivables	8,094	-	-	8,094
Total	341,469	-	-	341,469

(All amounts in Saudi Riyals thousands unless otherwise stated)

Loss allowance on financial assets

	December 31, 2023			
	12 month ECL	**Life time ECL not credit impaired**	**Lifetime ECL credit impaired**	**Total**
Carrying amount	**390,375**	**-**	**-**	**390,375**
ECL	**-**	**-**	**-**	**-**
	390,375	**-**	**-**	**390,375**

	December 31, 2022			
	12 month ECL	**Life time ECL not credit impaired**	**Lifetime ECL credit impaired**	**Total**
Carrying amount	341,469	-	-	341,469
ECL	-	-	-	-
	341,469	-	-	341,469

18.3 Liquidity risk

Liquidity risk is the risk that the Company will be unable to meet its contractual and contingent obligations as they arise or that it does not have the appropriate amount, composition and tenor of funding and liquidity to support its assets and liabilities.

The Company's assets are mainly liquid overnight deposits or nostro accounts at banks. The Company has taken no loans and has other liabilities of Saudi Riyals 62 million as December 31, 2023 (2022: Saudi Riyals 39 million.

The Company's liquidity management process includes the following:

a) Day-to-day funding, managed by Finance department and individual business lines to ensure that requirements can be met and this includes replenishment of funds as they mature or are invested;
b) Monitoring balance sheet liquidity ratios against internal and regulatory requirements.

The following analyses the Company's financial liabilities based on the remaining period at the balance sheet to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. All financial liabilities are due with in one year and hence the impact of discounting is not significant.

	Due within 1 year	**Due after 1 year**
2023		
Trade payables	**26,585**	**-**
Accrued expenses and other liabilities excluding income tax payable, VAT payable and GOSI	**6,367**	**-**
Total	**32,952**	**-**

2022	**Due within 1 year**	**Due after 1 year**
Trade payables	12,724	-
Accrued expenses and other liabilities excluding income tax payable, VAT payable and GOSI	4,737	-
Total	17,461	-

18.4 Capital risk management

The Company's objectives when managing capital are, to comply with the capital requirements set by the CMA to safeguard the Company's ability to continue as a going concern and to maintain a strong capital base. As at December 31, 2023, the Company was in compliance with the externally imposed capital restrictions.

18.5 Operational risk

Operational risk is the risk associated with an adverse outcome resulting from inadequate or failed internal processes or systems; human factors; or external events impacting the Company's processes or systems. Operational risk includes compliance, conduct, legal and estimations and model risk. Operational risk is inherent in the Company's activities and can manifest itself in various ways, including fraudulent acts, business disruptions (including those caused by extraordinary events beyond the Company's control), cyber attacks, inappropriate employee behavior, failure to comply with applicable laws, rules and regulations or failure of vendors or other third party to perform in accordance with their agreements. Operational Risk Management attempts to manage operational risk at appropriate levels in light of the Company's financial position, the characteristics of its businesses, and the markets and regulatory environments in which it operates.

19 Fiduciary assets

Clients' money accounts

As at December 31, 2023, the Company is holding clients' money accounts, with the bank, amounting to Saudi Riyals 1.4 billion (2022: Saudi Riyals 0.9 billion), to be used for investments upon client discretion. Consistent with the Company's accounting policy, such balances are not included in the Company's financial statements.

20 Commitments and contingencies

The Company has not been given, in the normal course of business, and has not committed to any guarantees during the year and has no outstanding guarantees from prior years.

21 Statutory reserve

In accordance with the previous Regulations for Companies in Kingdom of Saudi Arabia and Company's Article of Association, the Company was required to transfer 10% of its net income for the year to a statutory reserve until such reserve equals 30% of its share capital. This statutory reserve was not available for distribution to shareholder.

As per Article 177 of the new Companies Law, the Company removed the minimum statutory reserve requirement of 30%. The Company is still in the process of updating the Articles of Association to reflect the above change. Once the Articles of Association is updated, the reserve will be available for distribution to shareholder and with the approval of the shareholder, the reserve will be transferred to the retained earnings.

22 Subsequent events

There was no subsequent event after the statement of financial position date which requires adjustment to or disclosure in these financial statements.

23 Approval of the financial statements

These financial statements were authorized for issuance by the board of directors on March 13, 2024.