

**CITIGROUP SAUDI ARABIA**  
(A Saudi Closed Joint Stock Company)  
**FINANCIAL STATEMENTS**  
For the year ended 31 December 2023  
together with  
**Independent auditor's report**

**CITIGROUP SAUDI ARABIA**  
**(A SAUDI CLOSED JOINT STOCK COMPANY)**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2023**

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## KPMG Professional Services

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Commercial Registration No. 10104245494

Headquarters in Riyadh

## كي بي إم جي للاستشارات المهنية

واجهة الرياض، طريق المطار  
صندوق بريد ٩٢٨٧٦  
الرياض ١١٦٦٣  
المملكة العربية السعودية  
سجل تجاري رقم ١٠١٠٤٢٤٥٤٩٤

المركز الرئيسي في الرياض

# Independent Auditor's Report

To the Shareholder of Citigroup Saudi Arabia

## Opinion

We have audited the financial statements of **Citigroup Saudi Arabia** (the "Company"), which comprise the statement of financial position as at 31 December 2023, the statements of profit or loss and other comprehensive income, changes in shareholder's equity and cash flow 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 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").

## Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs") that are endorsed in the Kingdom of Saudi Arabia. Our responsibilities under those standards are further described in the '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 (the "Code"), 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

The 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, the Company's By-Laws and for such internal control as the 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, the 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 the 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 professional Services, a professional closed joint stock company registered in the Kingdom of Saudi Arabia. With the paid-up capital of SAR 40,000,000 (previously known as "KPMG Al Fozan & Partners Certified Public Accountants"). A non-partner member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.

كي بي إم جي للاستشارات المهنية شركة مهنية مساهمة مغلقة، مسجلة في المملكة العربية السعودية، رأسمالها (٤٠٠٠٠٠٠٠٠) ريال سعودي مدفوع بالكامل. الصنعة سابقاً "شركة كي بي إم جي الفوزان وشركاه محاسبون ومراجعون قانونيون". وهي عضو غير تريك في الشبكة العالمية لشركات كي بي إم جي المستقلة والناطقة لـ كي بي إم جي العالمية المحدودة، شركة انجليزية محدودة بضمان. جميع الحقوق محفوظة.



## Independent Auditor's Report

To the Shareholder of Citigroup Saudi Arabia (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 misstatements, 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 ISAs that are endorsed in the Kingdom of Saudi Arabia, will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in 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 ISAs 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 management'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 the management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our Auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our Auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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 **Citigroup Saudi Arabia** (the "Company").

### KPMG Professional Services

Saleh Mohammed S Mostafa  
License No: 524

Al Riyadh: 21 Ramadan 1445H  
Corresponding to: 31 March 2024




**CITIGROUP SAUDI ARABIA**  
**(A SAUDI CLOSED JOINT STOCK COMPANY)**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2023**  
*(Amounts in SAR '000)*

	<i>Notes</i>	<b>31 December 2023</b>	31 December <u>2022</u>
<b><u>ASSETS</u></b>			
Cash and cash equivalents	5	<b>239,750</b>	224,902
Trade and Other receivables	7	<b>8,900</b>	15,669
Securities trading margin collateral	8	<b>6,657</b>	137,967
Deferred tax asset	9	<b>1,104</b>	2,437
Right-of-use asset	10	<b>4,319</b>	5,334
Property and equipment	12	<b>4,204</b>	5,799
<b>Total assets</b>		<b><u>264,934</u></b>	<u>392,108</u>
<b><u>LIABILITIES AND SHAREHOLDER'S EQUITY</u></b>			
<b>Liabilities</b>			
Accrued expenses and other current liabilities	13	<b>10,885</b>	155,451
Due to related parties	6	<b>609</b>	-
Income tax payable	14	<b>3,305</b>	-
Lease liability	15	<b>3,386</b>	4,366
Employees' benefit obligations	16	<b>2,226</b>	1,838
<b>Total liabilities</b>		<b><u>20,411</u></b>	<u>161,655</u>
<b>Shareholder's equity</b>			
Share capital	17	<b>187,500</b>	187,500
Retained earnings		<b>50,216</b>	37,553
Statutory reserve		<b>6,807</b>	5,400
<b>Total equity</b>		<b><u>244,523</u></b>	<u>230,453</u>
<b>Total liabilities and shareholder's equity</b>		<b><u>264,934</u></b>	<u>392,108</u>

The accompanying notes from 1 to 24 form an integral part of these financial statements

  
 Mutlaq Hamad Al-Morished  
**Chairman**

  
 Fahad Al Deweesh  
**Chief Executive Officer**

  
 Olukayode Bababunmi  
**Chief Financial Officer**

**CITIGROUP SAUDI ARABIA**  
(A SAUDI CLOSED JOINT STOCK COMPANY)  
**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
FOR THE YEAR ENDED 31 DECEMBER 2023  
*(Amounts in SAR '000)*

	<i>Notes</i>	<b>For the year ended 31 December</b>	
		<b><u>2023</u></b>	<b><u>2022</u></b>
<b>Revenue</b>			
Arrangement fees		9,298	5,774
Financial advisory fees		20,955	-
Brokerage commission		17,330	18,945
Custody fees		12,277	11,975
<b>Total revenue</b>		<b><u>59,860</u></b>	<b><u>36,694</u></b>
Finance income	5	5,947	2,284
<b>Total operating income</b>		<b><u>65,807</u></b>	<b><u>38,978</u></b>
Salaries and employees related benefits		(21,378)	(21,663)
Depreciation	10, 11 & 12	(2,788)	(3,843)
Premises related expenses		(561)	(618)
Other expenses	18	(19,957)	(17,768)
<b>Total operating expenses</b>		<b><u>(44,684)</u></b>	<b><u>(43,892)</u></b>
<b>Operating Profit / (loss)</b>		<b>21,123</b>	<b>(4,914)</b>
Finance Cost	19	(2,415)	(4,384)
<b>Profit / (loss) before income tax</b>		<b><u>18,708</u></b>	<b><u>(9,298)</u></b>
Income tax:			
- Current	14	(3,305)	41
- Deferred	9	(1,333)	1,839
<b>Profit / (loss) for the year</b>		<b><u>14,070</u></b>	<b><u>(7,418)</u></b>
<b>Other comprehensive income for the year</b>		-	-
<b>Total comprehensive income / (loss) for the year</b>		<b><u>14,070</u></b>	<b><u>(7,418)</u></b>

The accompanying notes from 1 to 24 form an integral part of these financial statement.



Mutlaq Hamad Al-Morished  
**Chairman**



Fahad Al Deweesh  
**Chief Executive Officer**




Olukayode Bababunmi  
**Chief Financial Officer**

**CITIGROUP SAUDI ARABIA**  
(A SAUDI CLOSED JOINT STOCK COMPANY)  
**STATEMENT OF CHANGES IN SHAREHOLDER'S EQUITY**  
AS AT 31 DECEMBER 2023  
*(Amounts in SAR '000)*

	<u>Share capital</u>	<u>Retained earnings</u>	<u>Statutory reserve</u>	<u>Total</u>
<b>Balance at 1 January 2023</b>	<b>187,500</b>	<b>37,553</b>	<b>5,400</b>	<b>230,453</b>
<b>Profit for the year</b>	-	<b>14,070</b>	-	<b>14,116</b>
<b>Other comprehensive income for the year</b>	-	-	-	-
<b>Total comprehensive income for the year</b>	-	<b>14,070</b>	-	<b>14,070</b>
<b>Transfer to statutory reserve</b>	-	<b>(1,407)</b>	<b>1,407</b>	-
<b>Balance at 31 December 2023</b>	<b>187,500</b>	<b>50,216</b>	<b>6,807</b>	<b>244,523</b>
Balance at 1 January 2022	187,500	44,971	5,400	237,871
Loss for the year	-	<b>(7,418)</b>	-	<b>(7,418)</b>
Other comprehensive income for the year	-	-	-	-
<b>Total comprehensive loss for the year</b>	-	<b>(7,418)</b>	-	<b>(7,418)</b>
Transfer to statutory reserve	-	-	-	-
<b>Balance at 31 December 2022</b>	<b>187,500</b>	<b>37,553</b>	<b>5,400</b>	<b>230,453</b>

The accompanying notes from 1 to 24 form an integral part of these financial statements

  
Mutlaq Hamad Al-Morished  
Chairman

  
Fahad Al Deweesh  
Chief Executive Officer


  
Olukayode Bababunmi  
Chief Financial Officer


**CITIGROUP SAUDI ARABIA**  
(A SAUDI CLOSED JOINT STOCK COMPANY)  
**STATEMENT OF CASH FLOW**  
FOR THE YEAR ENDED 31 DECEMBER 2023  
*(Amounts in SAR'000)*

	<i>Notes</i>	<b>For the year ended 31 December</b>	
		<b><u>2023</u></b>	<b><u>2022</u></b>
<b>Cash flows from operating activities</b>			
Profit / (loss) before income tax		18,708	(9,298)
<b>Adjustments for:</b>			
Depreciation	<i>10, 11 &amp; 12</i>	2,787	3,843
Interest on lease liability		189	36
Interest on bank overdraft		2,226	4,348
Loss on fixed assets written off	<i>12</i>	-	149
Provision for employees' end of service benefits	<i>16</i>	388	758
		<u>24,298</u>	<u>(164)</u>
<b>Increase / decrease in operating assets and liabilities</b>			
Due from related parties		-	7,948
Trade and other receivables		6,770	(2,905)
Securities trading margin collateral		131,310	(137,967)
Accrued expenses and other liabilities		(6,877)	8,941
Due to related parties		609	(8,935)
<b>Cash generated from / (used in) operating activities</b>		<u>156,110</u>	<u>(133,082)</u>
Employees' end of service benefits paid	<i>16</i>	-	(104)
Income tax paid	<i>14</i>	-	(11,603)
<b>Net cash generated from / (used in) operating activities</b>		<u>156,110</u>	<u>(144,789)</u>
<b>Cash flows from investing activities</b>			
Purchase of property and equipment	<i>12</i>	(178)	(717)
<b>Net cash used in investing activities</b>		<u>(178)</u>	<u>(717)</u>
<b>Cash flows from financing activities</b>			
Repayment of / proceeds from bank overdraft	<i>13</i>	(137,689)	137,689
Interest expense paid		(2,226)	(4,348)
Lease rentals paid	<i>15</i>	(1,169)	(1,169)
<b>Net cash (used in) / generated from financing activities</b>		<u>(141,084)</u>	<u>132,172</u>
<b>Net increase / (decrease) in cash and cash equivalent during the year</b>		14,848	(13,334)
Cash and cash equivalent at the beginning of the year		<u>224,902</u>	<u>238,236</u>
<b>Cash and cash equivalent at the end of the year</b>	<i>5</i>	<u>239,750</u>	<u>224,902</u>

The accompanying notes from 1 to 24 form an integral part of these financial statements.

  
\_\_\_\_\_  
Mutlaq Hamad Al-Morished  
Chairman

  
\_\_\_\_\_  
Fahad Al Deweesh  
Chief Executive Officer

  
\_\_\_\_\_  
Olukayode Bababunmi  
Chief Financial Officer



**CITIGROUP SAUDI ARABIA**  
**(A SAUDI CLOSED JOINT STOCK COMPANY)**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2023**  
*(Amounts in SAR'000)*

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**1. GENERAL INFORMATION**

Citigroup Saudi Arabia (the “Company”) is a Saudi Closed Joint Stock Company incorporated in 2017 and registered in Riyadh, Kingdom of Saudi Arabia under commercial registration no. 1010612164 dated 25 Muharram 1439 (corresponding to 15 October 2017). The Company operates under Saudi Arabia General Investment Authority License No. 10211380876176 dated 21 Shaban 1438 (corresponding to 17 May 2017).

The principal activities of the Company include arrange transactions in debt and capital market, financial advisory, capital raising, merger advisory, capital restructuring, financial restructurings and underwriting, equity trading and custody.

The registered address of the Company, which is also its principal place of business, is at the 20<sup>th</sup> Floor, Kingdom Tower, P.O. Box 301700, Riyadh 11372, Kingdom of Saudi Arabia.

**2. BASIS OF PREPARATION**

**a) *Statement of compliance***

These financial statements have been prepared in accordance with the International Financial Reporting Standards as issued by the International Accounting Standards Board (“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”).

**b) *Basis of measurement***

These financial statements have been prepared on a going concern basis under historical cost convention except for the employee benefit obligation which is measured at present value of 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.

**c) *Functional and presentation currency***

These financial statements are presented in Saudi Arabian Riyals (“SAR”), which is the presentation and functional currency of the Company.

**d) *New Company Law***

The new Companies Law issued through Royal Decree M/132 on 1/12/1443H (corresponding to 30 June 2022) (hereinafter referred as the “Law”) came into force on 26/6/1444 H (corresponding to 19 January 2023). For certain provisions of the Law, full compliance is expected not later than two years from 26/6/1444H (corresponding to 19 January 2023). The management is in process of assessing the impact of the Law and will amend its Articles of Association / By-Laws for any changes to align the Articles with the provisions of the Law. Consequently, the Company shall present the amended Articles of Association/By-Laws to the shareholders/partners in their Extraordinary/Annual General Assembly meeting for their ratification.

**e) *Use of accounting judgments and estimates***

The preparation of these financial statements in conformity with IFRS Accounting Standards that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the SOCPA requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

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.

There were no areas where significant assumptions, estimates and judgements were applied in preparation of these financial statements.

**CITIGROUP SAUDI ARABIA**  
(A SAUDI CLOSED JOINT STOCK COMPANY)  
**NOTES TO THE FINANCIAL STATEMENTS**  
FOR THE YEAR ENDED 31 DECEMBER 2023  
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**2. BASIS OF PREPARATION (continued)**

**New standards, interpretations and amendments to accounting standards**

Following standards, interpretations or amendments became effective from the annual reporting period beginning on 1 January 2023 and have been adopted by the Company, however, these did not have any impact on the financial statements for the year unless otherwise stated below:

<b>Standard, interpretation, amendments</b>	<b>Description</b>	<b>Effective date</b>
Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)	The Company adopted Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) from 1 January 2023. The amendments require the disclosure of 'material', rather than 'significant', accounting policies. Although the amendments did not result in any changes to the accounting policies themselves, they impacted the accounting policy information disclosed herein.  Management reviewed the accounting policies and made updates to the information disclosed herein, Material Accounting Policies (2022: Significant accounting policies) in certain instances in line with the amendments.	1 January 2023
IFRS 17, 'Insurance contracts'	This standard replaces IFRS 4, which permits a wide variety of practices in accounting for insurance contracts.	1 January 2023
Narrow scope amendments to IAS 1	Practice statement 2 and IAS 8 – The amendments aim to improve accounting policy disclosures and to help users of the financial statements to distinguish between changes in accounting estimates and changes in accounting policies.	1 January 2023
Amendment to IAS 12 – deferred tax related to assets and liabilities arising from a single transaction	These amendments require companies to recognize deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences.	1 January 2023
Amendment 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.	1 January 2023
Amendments to IAS 8	Definition of accounting estimates	1 January 2023

**New Standards not yet effective**

The following new standards, amendments and revisions to existing standards, which were issued by IASB but not yet effective up to the date of issuance of the Company's financial statements. The Company intends to adopt these standards when they become effective.

<b>Standard, interpretation, amendments</b>	<b>Description</b>	<b>Effective date</b>
Amendment to IFRS 16 – Leases on sale and leaseback	These amendments include requirements for sale and leaseback transactions in IFRS 16 to explain how an entity accounts for a sale and leaseback after the date of the transaction. Sale and leaseback transactions where some or all the lease payments are variable lease payments that do not depend on an index or rate are most likely to be impacted.	1 January 2024

**CITIGROUP SAUDI ARABIA**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
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Amendments to IAS 7 and IFRS 7 on Supplier finance arrangements	These amendments require disclosures to enhance the transparency of supplier finance arrangements and their effects on a company's liabilities, cash flows and exposure to liquidity risk. The disclosure requirements are the IASB's response to investors' concerns that some companies' supplier finance arrangements are not sufficiently visible, hindering investors' analysis.	1 January 2024
Amendment to IAS 1 – Non-current liabilities with covenants	These amendments clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability. The amendments also aim to improve information an entity provides related to liabilities subject to these conditions.	1 January 2024
IFRS S1 & IFRS S2, 'General requirements for disclosure of sustainability-related financial information	This standard includes the core framework for the disclosure of material information about sustainability-related risks and opportunities across an entity's value chain.	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

The above amended standards and interpretations are not expected to have a significant impact on the Company's Financial Statements.

### 3. MATERIAL ACCOUNTING POLICIES

The Company has consistently applied the accounting policies set out below to all periods presented in these financial statements, except if mentioned otherwise.

#### 3.1 Financial instruments

##### a) Classification and measurement of financial assets

On initial recognition, a financial asset is classified as measured at amortized cost, fair value through other comprehensive income ("FVOCI") or fair value through profit or loss ("FVTPL").

##### Measurement

At initial recognition, the Company 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 that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in statement of profit or loss.

##### Debt instruments

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.

**CITIGROUP SAUDI ARABIA**  
(A SAUDI CLOSED JOINT STOCK COMPANY)  
**NOTES TO THE FINANCIAL STATEMENTS**  
FOR THE YEAR ENDED 31 DECEMBER 2023  
(Amounts in SAR'000)

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**3. MATERIAL ACCOUNTING POLICIES (CONTINUED)**

**3.1 Financial instruments (continued)**

**a) Classification and measurement of financial assets (continued)**

Business model

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

- the stated policies and objectives for the portfolio and the operation of those policies in practice;
- how the performance of the portfolio is evaluated and reported by the Company's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated; and
- the frequency, volume and timing of sales in prior periods, the reasons for such sales and its expectations about future sales activity.

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

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

**b) Classification of financial liabilities**

The Company classifies its financial liabilities as measured at amortized cost. Amortized cost is calculated by taking into account any discount or premium to issue the funds, and other cost that are integral part of the effective profit rate.

**c) Derecognition**

**Financial assets**

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognized) and the sum of (i) the consideration received (including any new asset obtained less any new liability assumed) and (ii) any cumulative gain or loss that had been recognized in OCI is recognized in the statement of profit or loss.

Any cumulative gain/loss recognized in OCI in respect of equity investment securities designated as at FVOCI is not recognized in profit or loss on derecognition of such securities.

**Financial liabilities**

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expired.

**CITIGROUP SAUDI ARABIA**  
(A SAUDI CLOSED JOINT STOCK COMPANY)  
**NOTES TO THE FINANCIAL STATEMENTS**  
FOR THE YEAR ENDED 31 DECEMBER 2023  
*(Amounts in SAR'000)*

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**3. MATERIAL ACCOUNTING POLICIES (CONTINUED)**

**3.1 Financial instruments (continued)**

**d) Measurement of ECL**

ECL are a probability-weighted estimate of credit losses. They are measured as follows:

- financial assets that are not credit-impaired at the reporting date: as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive);
- financial assets that are credit-impaired at the reporting date: as the difference between the gross carrying amount and the present value of estimated future cash flows;

**e) Write-off**

Financial assets are written off (either partially or in full) when there is no realistic prospect of recovery. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

**3.2 Revenue**

The Company recognizes revenue as and when the performance obligations are met. The Company has the following streams of revenue:

*Revenue from arrangement fee and financial advisory fee*

Revenue from arrangement fee and financial advisory fee assignments are recognized, when services are determined to be completed in accordance with the underlying agreement, agreed with the customer and invoiced, as generally set for under the terms of the engagement.

*Revenue from brokerage commission*

Revenue from brokerage commission 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.

*Revenue from custody fee*

Fees charged for providing custodial services are recognized as revenue when the service is being provided. The performance obligation of the Company is satisfied when the Company carries out the service, which triggers immediate recognition of the revenue, as the Company will have no further commitments.

*Profit on time deposit*

Profit earned on time deposit is accrued on the time proportionate basis.

**3.3 Statutory reserve**

In accordance with the Company's existing By-laws, the Company sets aside 10% of its net income each year as statutory reserve until such reserve equals to 30% of the share capital. This reserve is not available for distribution.

**3.4 Employees' benefit obligations**

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

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**3. MATERIAL ACCOUNTING POLICIES (CONTINUED)**

**3.4 Employees' benefit obligations (continued)**

The entitlement to these benefits is based upon the employees' final salary and length of service, subject to the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment.

**3.5 Taxation**

Income tax is provided in accordance with the regulations of the Zakat, Tax and Customs Authority ("ZATCA") in the Kingdom of Saudi Arabia and charged to the statement of profit and loss.

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 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.

**3.6 Leases**

On initial recognition, at inception of the contract, the Company shall assess whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is identified if most of the benefits are flowing to the Company and the Company can direct the usage of such assets.

Right-of-Use Assets ("ROU")

The company apply cost model, and measure right of use asset at cost:

- a) less any accumulated depreciation and any accumulated impairment losses; and
- b) adjusted for any re-measurement of the lease liability for lease modifications

Generally, ROU asset would be equal to the lease liability. However, if there are additional costs such as site preparation, non-refundable deposits, application money, other expenses related to transaction etc. need to be added to the RoU asset value.

Lease Liability

On initial recognition, the lease liability is the present value of the lease payments that are not paid at the commencement date discounted using the Company's incremental borrowing rate.

After the commencement date, Company measures the lease liability at amortized cost using the effective interest method by:

1. Increasing the carrying amount to reflect 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 lease modification.

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**4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS**

**4.1 Taxation**

Significant judgment is required in determining the provision for income taxes. There are transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognized liabilities for anticipated tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income and deferred tax provisions in the period in which such determination is made.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

**4.2 Estimating the incremental borrowing rate**

The Company cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Company 'would have to pay', which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease. The Company estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity specific estimates (such as the stand-alone credit rating).

**5. CASH AND CASH EQUIVALENTS**

	<i>Note</i>	<b>31 December 2023</b>	31 December <u>2022</u>
Cash at bank – in current accounts	5.1	<b>86,091</b>	127,007
Time deposits	5.2	<b>153,659</b>	97,895
		<b><u>239,750</u></b>	<u>224,902</u>

5.1 This comprises of balances held with banks having reputable standing within the Kingdom of Saudi Arabia and rated A1/A-2/A- by Moody, S&P and Fitch as at 31 December 2023.

5.2 This represents time deposits with Saudi National Bank (SNB), having a rating of A- by Fitch earning profit rates ranging from 5% to 5.8% per annum (31 December 2022: 4.2% to 4.7% per annum) with a maturity date of less than three months from the date of placement i.e. 1 December 2023.

**6. RELATED PARTY TRANSACTIONS AND BALANCES**

The related parties of the Company include the Parent and its group entities and certain key management personnel. In ordinary course of activities, the Company transacts business with its related parties on mutually agreed terms. Key management personnel include chief executive officer, chief financial officer, head of equity, head of custody and head of operations having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly.

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**6. RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)**

Transactions with the related parties are as follows:

<u>Related Parties</u>	<u>Nature of transactions</u>	<b>For the year ended 31 December</b>	
		<u>2023</u>	<u>2022</u>
<b>Group entities</b>			
Citibank, N.A. UAE- DIFC Branch	Arrangement fee	(597)	(515)
Citigroup Global Markets Ltd.	Arrangement fee	(2,399)	(3,231)
	Advisory fee	21,016	-
	Brokerage fee	17,330	18,945
Citibank, N.A. London Branch	Arrangement fee	(463)	6
Citigroup Global Markets Inc.	Arrangement fee	-	-
Citibank Europe Plc. UK	Arrangement fee	7	24
Citibank Taiwan Ltd. DBU	Arrangement fee	-	839
Citibank N.A. Jersey	Arrangement fee	-	-
Citicorp LLC	Interests on loan	-	(14)
<b>Key management personnel</b>			
	Salaries	6,167	5,412
	Allowances	2,826	2,480
	Periodic and annual remunerations	1,754	2,655
<b>Non-executive/independent board members</b>			
	Directors' fees	750	750

The balances as of 31 December 2023 resulting from transactions with related parties are as follows:

	<b>31 December</b>	31 December
	<u>2023</u>	<u>2022</u>
<b>Due to related parties</b>		
Citigroup Global Markets Limited	609	-
	<u>609</u>	<u>-</u>



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**7. TRADE AND OTHER RECEIVABLES**

	<i>Note</i>	<b>31 December</b> <b>2023</b>	31 December <u>2022</u>
Advance tax paid	7.1	4,679	4,679
Security deposit		115	115
Software maintenance		-	1,184
VAT receivable		1,289	1,073
Custody fee receivables	7.2	1,038	1,850
Equity trading settlement	7.3	1,290	6,437
Others		489	331
		<b>8,900</b>	<b>15,669</b>

7.1 Advance tax paid to ZATCA as per Article 70(a) of the Income Tax Law.

7.2 These represent receivables from custody clients and have been settled subsequently within two months from billing date.

7.3 This represents the amount of equity trading settlement that is receivable from Tadawul on a T+2 settlement basis and has been received subsequently on 1 January 2024.

**8. SECURITIES TRADING MARGIN COLLATERAL**

Securities trading margin collateral represents collateral kept with Muqassa to facilitate the equity trading services.

**9. DEFERRED TAX ASSET**

Deferred tax asset consists of the following items:

	<b>31 December</b> <b>2023</b>	31 December <u>2022</u>
Carry forward losses	-	1,481
Provision for employee benefit obligation	445	368
Property and equipment	659	588
<b>Deferred tax asset</b>	<b>1,104</b>	<b>2,437</b>
Balance at January	2,437	598
Deferred tax (expense) / income	(1,333)	1,839
<b>Balance at 31 December</b>	<b>1,104</b>	<b>2,437</b>

**9.1 Movement in deferred tax asset**

Balance at January	2,437	598
Carry forward losses	(1,481)	1,481
Provision for End of Service benefits	77	131
Property and equipment	71	227
<b>Balance at 31 December</b>	<b>1,104</b>	<b>2,437</b>

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**10. RIGHT-OF-USE ASSET**

	<b>31 December</b>	31 December
	<u><b>2023</b></u>	<u>2022</u>
Balance at 1 January	5,334	880
Additions during the year	-	5,499
Depreciation charge for the year	<u>(1,015)</u>	<u>(1,045)</u>
Balance at 31 December	<u><b>4,319</b></u>	<u>5,334</u>

**11. INTANGIBLE ASSETS**

	<b>31 December</b>	31 December
	<u><b>2023</b></u>	<u>2022</u>
<b>Cost:</b>		
Balance at 1 January	4,479	4,479
Additions	-	-
<b>Balance at 31 December</b>	<u><b>4,479</b></u>	<u>4,479</u>
<b>Accumulated amortization:</b>		
Balance at 1 January	4,479	3,273
Charge for the year	-	1,206
<b>Balance at 31 December</b>	<u><b>4,479</b></u>	<u>4,479</u>
<b>Net book value as at 31 December</b>	<u><b>-</b></u>	<u>-</u>

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**12. PROPERTY AND EQUIPMENT**

	<b>Furniture, fixture and office equipment</b>	<b>Computer equipment</b>	<b>Leasehold improvements</b>	<b>Vehicles</b>	<b>Capital work in progress</b>	<b>Total</b>
<b>Cost:</b>						
Balance at 1 January 2022	2,686	2,264	6,315	-	247	11,512
Additions during the year	29	-	-	391	297	717
Write offs during the year	-	-	-	-	(149)	(149)
Transfers during the year	20	-	218	-	(238)	-
Balance at 31 December 2022	<u>2,735</u>	<u>2,264</u>	<u>6,533</u>	<u>391</u>	<u>157</u>	<u>12,080</u>
<b>Balance at 1 January 2023</b>	<b>2,735</b>	<b>2,264</b>	<b>6,533</b>	<b>391</b>	<b>157</b>	<b>12,080</b>
Additions during the year	100	78	-	-	-	178
Transfers during the year	115	-	-	-	(115)	-
<b>Balance at 31 December 2023</b>	<b><u>2,950</u></b>	<b><u>2,342</u></b>	<b><u>6,533</u></b>	<b><u>391</u></b>	<b><u>42</u></b>	<b><u>12,258</u></b>
<b>Accumulated depreciation:</b>						
Balance at 1 January 2022	1,227	1,146	2,316	-	-	4,689
Charge for the year	399	432	715	46	-	1,592
Balance at 31 December 2022	<u>1,626</u>	<u>1,578</u>	<u>3,031</u>	<u>46</u>	<u>-</u>	<u>6,281</u>
<b>Balance at 1 January 2023</b>	<b>1,626</b>	<b>1,578</b>	<b>3,031</b>	<b>46</b>	<b>-</b>	<b>6,281</b>
Charge for the year	494	417	777	85	-	1,773
<b>Balance at 31 December 2023</b>	<b><u>2,120</u></b>	<b><u>1,995</u></b>	<b><u>3,808</u></b>	<b><u>131</u></b>	<b><u>-</u></b>	<b><u>8,054</u></b>
<b>Net book value as at:</b>						
<b>31 December 2023</b>	<b><u>830</u></b>	<b><u>347</u></b>	<b><u>2,725</u></b>	<b><u>260</u></b>	<b><u>42</u></b>	<b><u>4,204</u></b>
31 December 2022	<u>1,109</u>	<u>686</u>	<u>3,502</u>	<u>345</u>	<u>157</u>	<u>5,799</u>
<b>Useful life (in years)</b>	<b>5 – 10</b>	<b>3 – 5</b>	<b>9 or lease term whichever is earlier</b>	<b>5</b>		

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**13. ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES**

	<i>Note</i>	<b>31 December 2023</b>	31 December 2022
Bank overdraft	13.1	-	137,689
Accrued salaries and employee related benefits		5,626	4,526
Accrued premises related expense		168	184
Accrued technology expense		60	767
Accrued professional fees		1,582	1,390
Payable against equity trading settlement		3,449	10,895
		<u>10,885</u>	<u>155,451</u>

13.1 Bank overdraft represents overdraft taken from a local financial institution for securities trading margin collateral kept with Muqassa to facilitate the equity trading services. As at 31 December 2023, the balance of the Bank overdraft is Nil as the Company has repaid the whole amount during the year.

**14. INCOME TAX**

The Company is subject to income taxes in accordance with the Regulation of ZATCA. The movement of income tax payable is as follows:

	<b>For the year ended 31 December</b>	
	<u>2023</u>	<u>2022</u>
Balance at the beginning of the year	-	6,965
Charge for the year	3,305	-
Prior year adjustments	-	(41)
Payments made during the year	-	(11,603)
Balance at the end of the year	<u>3,305</u>	<u>(4,679)</u>

Advance tax amounting to SAR 4.67 million was paid to ZATCA in 2022 which is included in other receivables and will be utilized in the settlement of current year's tax liability.

The Company has filed the tax returns with Zakat, Tax and Customs Authority (the "ZATCA") for the years up to 31 December 2022. The recent tax return is still under review by the ZATCA, and no assessment has been raised by ZATCA.

	<b>For the year ended 31 December</b>	
	<u>2023</u>	<u>2022</u>
<b>Current Tax</b>		
Tax on profit for the year	3,305	-
Prior year adjustments	-	41
	<u>3,305</u>	<u>41</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	1,333	1,839
<b>Total income tax expense</b>	<u>4,638</u>	<u>1,880</u>

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**14.1 Reconciliation of effective tax**

	<b>For the year ended 31 December</b>	
	<u>2023</u>	<u>2022</u>
Profit for the year	18,708	(9,298)
Income tax expense	(4,638)	1,880
<b>Profit after tax</b>	<u>14,070</u>	<u>(7,418)</u>
<b>Income tax at statutory rate at 20% (2022: 20%)</b>	3,741	-
<b>Reconciliation:</b>		
Non-deductible expenses	479	-
Prior year losses	(632)	41
Claims arising from tax depreciation	(283)	-
Deferred tax	1,333	1,839
	<u>4,638</u>	<u>1,880</u>

**15. LEASE LIABILITY**

	<u>2023</u>	<u>2022</u>
Balance at 1 January	4,366	-
Additions during the year	-	5,499
Interest for the year	189	36
Payment for lease liability	(1,169)	(1,169)
Balance at 31 December	<u>3,386</u>	<u>4,366</u>

The following table sets out a maturity analysis of lease payments, showing the undiscounted lease payments to be paid after the reporting date:

	<u>2023</u>	<u>2022</u>
Less than one year	1,169	1,169
One to two year	1,227	1,169
Two to three years	1,286	1,227
Three to four years	-	1,286
	<u>3,682</u>	<u>4,851</u>

**16. EMPLOYEE BENEFIT OBLIGATIONS**

The Company operates a defined benefit plan in line with the Labor Law requirement 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 Laws 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.

**16.1 Movement in employees' end of service benefits**

	<b>For the year ended 31 December</b>	
	<u>2023</u>	<u>2022</u>
Balance at the beginning of the year	1,838	1,184
Charge for the year	388	758
Benefits paid during the year	-	(104)
<b>Balance at the end of the year</b>	<u>2,226</u>	<u>1,838</u>

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**16. EMPLOYEE BENEFIT OBLIGATIONS (CONTINUED)**

**16.2 Participant Information**

	<u>2023</u>	<u>2022</u>
Number of Employees	19	19
Average Salary	803,293	803,293
Average Age	36.21	36.21
Average benefit service	2.01	2.01

**16.2 Sensitivity Analysis**

Significant actuarial assumptions for the determination of the defined benefit obligation are discount rate, expected salary increase and mortality. The sensitivity analysis below have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period, while holding all other assumptions constant. The results of sensitivity analysis given below.

<b>Particulars</b>	<b>Decrease</b>	<b>Increase</b>
Discount rate (-/+1%)	(189)	216
(% change compared to base due to sensitivity)	-8.2%	9.7%
Salary Growth Rate (-/+1%)	(193)	217
(% change compared to base due to sensitivity)	-8.6%	9.7%

**17. SHARE CAPITAL**

As at 31 December 2023, the authorized, issued and fully paid-up share capital of the Company was SAR 187.5 million (31 December 2022: SAR 187.5 million) divided into 18.75 million shares (31 December 2022: 18.75 million shares) of SAR 10 each and was fully subscribed by Citigroup Financial Products Inc. (the "Parent"), a Company incorporated in the United States of America which is also the ultimate parent of the Company.

**18. OTHER EXPENSES**

	<u>31 December</u> <u>2023</u>	<u>31 December</u> <u>2022</u>
Equity trading related expenses	7,289	7,236
Technology and communication	4,015	3,852
Consultancy and professional fees	2,139	2,482
Guarantee fee	-	358
Directors' fees	750	750
Travel and entertainment	401	329
Others	5,363	2,761
	<u>19,957</u>	<u>17,768</u>

**19. FINANCE COST**

	<u>31 December</u> <u>2023</u>	<u>31 December</u> <u>2022</u>
Interest on lease liability	189	36
Interest on bank overdraft	2,226	4,348
	<u>2,415</u>	<u>4,384</u>

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**20. FINANCIAL INSTRUMENTS – 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. Underlying the definition of fair value is the presumption that the Company is a 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 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.

As at 31 December 2023, the Company's financial instruments comprised of cash and cash equivalents, trade and other receivables, securities trading margin collateral, accrued expenses and other liabilities and due to related parties, which are measured at amortised cost and their carrying amounts are a reasonable approximate of their fair value, as these financial instruments are short term in nature with a maturity profile of less than three months.

	Carrying amount	Fair value			Total
		Level 1	Level 2	Level 3	
<b>31 December 2023</b>					
<b><u>Financial assets not measured at fair value</u></b>					
Trade and other receivables	2,932	-	-	2,932	2,932
Securities trading margin collateral	6,657	-	-	6,657	6,657
Cash and cash equivalents	239,750	239,750	-	-	239,750
	<b>249,339</b>	<b>239,750</b>	<b>-</b>	<b>9,589</b>	<b>249,339</b>
<b><u>Financial liabilities not measured at fair value</u></b>					
Accrued expenses and other liabilities	10,839	-	-	10,876	10,876
Due to related parties	609	-	-	609	609
<b>Total</b>	<b>11,448</b>	<b>-</b>	<b>-</b>	<b>11,448</b>	<b>11,448</b>
<b>31 December 2022</b>					
<b><u>Financial assets not measured at fair value</u></b>					
Trade and other receivables	8,733	-	-	8,733	8,733
Securities trading margin collateral	137,967	-	-	137,967	137,967
Cash and cash equivalents	224,902	224,902	-	-	224,902
	<b>371,602</b>	<b>224,902</b>	<b>-</b>	<b>146,700</b>	<b>371,602</b>
<b><u>Financial liabilities not measured at fair value</u></b>					
Accrued expenses and other liabilities	155,451	-	-	155,451	155,451
<b>Total</b>	<b>155,451</b>	<b>-</b>	<b>-</b>	<b>155,451</b>	<b>155,451</b>

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**21. 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.

The Company has exposure to the following risks arising from financial instruments:

- Credit risk
- Market risk
- Liquidity risk

**21.1 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 exposure to credit risk for the components of the financial statements:

	<b>31 December</b>	31 December
	<u><b>2023</b></u>	<u><b>2022</b></u>
Cash and cash equivalents	239,750	224,902
Trade and other receivables	2,932	137,967
Securities trading margin collateral ( <i>refer note 8</i> )	6,657	8,733
<b>Total</b>	<u><b>249,339</b></u>	<u><b>371,602</b></u>

*Cash and cash equivalents*

The current accounts and time deposit are held with banks having reputable standing within the Kingdom of Saudi Arabia and rated A1/A-2/A- by Moody, S&P and Fitch as at 31 December 2023.

*Trade and other receivables*

Other receivables are with short term maturity and held with institutions having reputable standing. The balances have a maturity of less than 1 month.

**21.2 Market risk**

**a) Profit rate risk**

Profit rate risk is the risk that the profit rate change is not commensurate with financing cost due to changes in the market commission rate. The Company has time deposits placed with the local bank, which are maturity within short duration of three months. The Company has no floating rate financial instrument as of 31 December 2023, hence not significantly exposed to any profit rate risk.

**b) 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 SAR is pegged to US Dollar, therefore, the Company is not exposed to currency risk.



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**21. FINANCIAL RISK MANAGEMENT (CONTINUED)**

**21.2 Market risk (continued)**

**c) 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.

As at 31 December 2023, the Company had no financial instrument which was exposed to price risk.

**21.3 Liquidity risk**

Liquidity risk is the risk that the Company will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell a financial asset quickly at an amount close to its fair value. The Company manages its liquidity risk by ensuring that sufficient funds are available to meet any commitment as they arise. All financial assets and liabilities of the Company appearing on the statement of financial position have a contractual maturity of within 1 year.

**22. COMMITMENTS AND CONTINGENCIES**

As of 31 December 2023, the Company had no commitments and contingencies.

**23. REGULATORY CAPITAL REQUIREMENTS AND CAPITAL ADEQUACY RATIO**

The Company's objectives when managing capital are to comply with the minimum capital requirements set by Capital Market Authority ("CMA") to safeguard the Company's ability to continue as a going concern and to maintain an adequate capital base throughout the year.

The CMA has issued Prudential Rules ("the Rules") dated 17 Safar 1434H (corresponding to 30 December 2012). 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 and capital adequacy ratios as follows:

	<u>2023</u>	<u>2022</u>
<b>Capital Base</b>		
Tier 1 Capital	<u>243,419</u>	<u>228,016</u>
<b>Minimum Capital Requirement</b>		
Market Risk	2,601	1,943
Credit Risk	3,581	19,716
Operational Risk	<u>10,323</u>	<u>12,069</u>
<b>Total Minimum Capital Required</b>	<u>16,505</u>	<u>33,729</u>
<b>Capital Adequacy Ratio:</b>		
Total Capital Ratio (% / times)	117.98%	6.76
Surplus in Capital	226,914	194,287

a) Tier 1 capital consists of paid-up share capital, retained earnings, share premium (if any), reserves excluding revaluation reserves, with certain deductions as per the Rules.

b) There is no Tier 2 capital for the year ended 31 December 2023.

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**23. REGULATORY CAPITAL REQUIREMENTS AND CAPITAL ADEQUACY RATIO**

The Minimum Capital Requirements for market, credit & operational risk are calculated as per the requirements specified in Part 3 of the revised Rules which became effective in January 2023. The Company is required to maintain adequate capital as specified in the Rules. The capital adequacy ratio shall not be less than 1.

**24. SUBSEQUENT EVENTS**

There were no subsequent events after the statement of financial position date.

**25. APPROVAL OF THE FINANCIAL STATEMENTS**

These financials statements were approved by the Board of Directors on 18 Ramadan 1444H, corresponding to 28 March 2024.