DEUTSCHE SECURITIES SAUDI ARABIA

(Closed Foreign Joint Stock Company)

FINANCIAL STATEMENTS

For the year ended 31st December 2024

EY
Building a better working world

Ernst & Young Professional Services (Professional LLC)
Paid-up capital (SR 5,500,000 – Five million five hundred thousand Saudi Riyal)
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INDEPENDENT AUDITOR'S REPORT
To the Shareholders of Deutsche Securities Saudi Arabia (A Closed Foreign Joint Stock Company)

Opinion

We have audited the financial statements of Deutsche Securities Saudi Arabia (the "Company"), which comprise the statement of financial position as at 31 December 2024, and the statement of income, statement of other comprehensive income, statement of changes in shareholder's equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2024, and its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are endorsed by the Saudi Organization for Chartered and Professional Accountants.

Basis for Opinion

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

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are endorsed by the Saudi Organization for Chartered and Professional Accountants and the provisions of the Regulations for Comapanies and the Company's Articles of Association, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Responsibilities of Management and Those Charged with Governance for the Financial Statements (Continued)

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in 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 International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

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

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

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, 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.

INDEPENDENT AUDITOR'S REPORT
To the Shareholders of Deutsche Securities Saudi Arabia (A Closed Foreign Joint Stock Company) (Continued)

Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

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

for Ernst & Young Professional Services

Fahad M. Al-Toaimi
Certified Public Accountant
License No. (354)

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سجل تجاري ١٠١٠٣٨٣٨٢١
CR. 1010383821
شركة ارنست ويونغ للخدمات المهنية
(مهنية ذات مسؤولية محدودة)
Ernst & Young Professional Services
(Professional LLC)

Riyadh: 23 Ramadan 1446 H
(23 March 2025)

DEUTSCHE SECURITIES SAUDI ARABIA
(Closed Foreign Joint Stock Company)
STATEMENT OF FINANCIAL POSITION
As of 31st December 2024
(Saudi Arabian Riyals in '000)

	Note	***31 December 2024***	*31 December 2023*
ASSETS			
Cash and cash equivalents	*5*	**38,324**	52,378
Term deposits	*6*	**300,000**	300,000
Due from related parties	*18*	**11,145**	13,989
Custody fees receivable		**1,129**	750
Prepayments and other assets	*7*	**27,571**	28,276
Right-of-use assets	*8*	**1,595**	2,051
Property and equipment, net	*9*	**993**	1,320
TOTAL ASSETS		**380,757**	398,764
LIABILITIES AND EQUITY			
LIABILITIES			
Due to related parties	*18*	**44,112**	60,046
Accrued expenses and other current liabilities	*10*	**9,788**	10,438
Income tax provision	*15*	**3,215**	2,956
Book overdraft	*16*	**1,119**	1,310
Lease liability		**1,399**	2,051
Employees' end-of-service benefits	*11*	**4,971**	7,377
TOTAL LIABILITIES		**64,604**	84,178
SHAREHOLDERS' EQUITY			
Share capital	*12*	**532,235**	532,235
Statutory reserve	*13*	**6,264**	6,264
Remeasurement loss on employees' end of service benefits		**(2,960)**	(2,453)
Accumulated losses		**(219,386)**	(221,460)
TOTAL SHAREHOLDERS' EQUITY		**316,153**	314,586
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		380,757	398,764

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

These financial statements have been approved by the Board of Directors on 13th March 2025.

DEUTSCHE SECURITIES SAUDI ARABIA
(Closed Foreign Joint Stock Company)
STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31st December 2024
(Saudi Arabian Riyals in '000)

	Note	***2024***	*2023*
Fee income	*18*	**17,852**	17,054
Brokerage income, net		**136**	401
Service fee, net	*18*	**11,734**	12,873
Operating income		**29,722**	30,328
Administrative expenses	*14*	**(42,631)**	(47,554)
Net operating loss		**(12,909)**	(17,226)
Finance income	*18*	**17,365**	17,497
Finance expense		**(2,015)**	(1,394)
Exchange income/(loss)		**49**	(743)
Net Income/(loss) before tax		**2,490**	(1,866)
Income tax expense	*15*	**(416)**	-
Net Income/(loss) for the year		**2,074**	(1,866)

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

These financial statements have been approved by the Board of Directors on 13th March 2025

DEUTSCHE SECURITIES SAUDI ARABIA
(Closed Foreign Joint Stock Company)
STATEMENT OF OTHER COMPREHENSIVE INCOME
For the year ended 31st December 2024
(Saudi Arabian Riyals in ‘000)

	Note	***2024***	*2023*
Net Income/(loss) for the year		**2,074**	(1,866)
Other comprehensive loss			
Item that will not be reclassified to statement of income in subsequent periods			
Re-measurement loss on employees’ end of service benefits	*11*	**(507)**	(45)
Other comprehensive loss for the year		**(507)**	(45)
Total comprehensive Income/(loss) for the year		**1,567**	(1,911)

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

These financial statements have been approved by the Board of Directors on 13th March 2025

DEUTSCHE SECURITIES SAUDI ARABIA
(Closed Foreign Joint Stock Company)
STATEMENT OF CHANGES IN SHAREHOLDERS'S EQUITY
For the year ended 31st December 2024
(Saudi Arabian Riyals in '000)

	Share capital	***Statutory reserve***	***Remeasurement loss on employees' end of service benefits***	***Accumulated losses***	***Total***
Balance as at 1 January 2023	532,235	6,264	(2,408)	(219,594)	316,497
Net loss for the year	-	-	-	(1,866)	(1,866)
Other comprehensive loss	-	-	(45)	-	(45)
Total comprehensive loss	-	-	(45)	(1,866)	(1,911)
Balance as at 31 December 2023	532,235	6,264	(2,453)	(221,460)	314,586
Balance as at 1 January 2024	532,235	6,264	(2,453)	(221,460)	314,586
Net Income for the year	-	-	-	**2,074**	**2,074**
Other comprehensive loss	-	-	**(507)**	**-**	**(507)**
Total comprehensive income	-	-	**(507)**	**2,074**	**1,567**
Balance as at 31 December 2024	**532,235**	**6,264**	**(2,960)**	**(219,386)**	**316,153**

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

These financial statements have been approved by the Board of Directors on 13th March 2025

DEUTSCHE SECURITIES SAUDI ARABIA
(Closed Foreign Joint Stock Company)
STATEMENT OF CASHFLOWS
For the year ended 31st December 2024
(Saudi Arabian Riyals in '000)

	Note	**2024**	2023
Cash flows from operating activities			
Net loss before tax		**2,074**	(1,866)
Adjustments to reconcile net loss before tax to net cash used in operating activities			
Depreciation	*9*	**354**	782
Depreciation on right-of-use assets	*8*	**456**	547
Accretion of interest on lease liability	*8*	**54**	54
Provision for employees' end of service benefits	*11*	**914**	750
		3,852	267
Net (decrease) /increase in operating assets			
Due from related parties		**2,844**	6,860
Custody fees receivable		**(379)**	872
Prepayments and other current assets		**704**	(10,772)
Net (increase)/decrease in operating liabilities			
Due to related parties		**(15,934)**	25,900
Accrued expenses and other current liabilities		**(394)**	4,083
		(13,159)	27,210
Employees' end of service benefits paid		**(3,827)**	-
Net cash generated from / (used in) operating activities		**(13,134)**	27,210
Cash flows used in an investing activity			
Purchase of property and equipment	*9*	**(27)**	(1,252)
Net cash used in investing activities		**(27)**	(1,252)
Cash flows (used in) / from financing activities			
Book overdrafts	16	**(189)**	(50)
Lease payments		**(705)**	(371)
Net cash generated from / (used in) financing activities		**(895)**	(421)
Net increase/(decrease) in cash and cash equivalents		**(14,056)**	25,537
Cash and cash equivalents at the beginning of the year		**52,380**	26,843
Cash and cash equivalents at the end of year	*5*	**38,324**	52,380
Non-cash transactions			
Employees' end of service benefits transfer to an affiliate	*11*		-
Remeasurement (gain) / loss on end of service benefits	*11*	507	(184)
Accretion on interest on lease liability	*8*		-

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

These financial statements have been approved by the Board of Directors on 13th March 2025

1. ORGANISATION AND ITS ACTIVITIES

Deutsche Securities Saudi Arabia ("the Company") is a closed foreign joint stock company ("CJSC") incorporated in the Kingdom of Saudi Arabia under commercial registration no. 1010239773 dated 24/10/1428H (corresponding to 05/11/2008G). On 03/01/1429H (corresponding to 12/01/2008G). The Company received the license as a financial services company regulated by the Capital Market Authority ("CMA"). In 2018, the legal structure of the Company changed from a limited liability company to a CJSC.

The registered address of the Company is as follows:

Deutsche Securities Saudi Arabia
Floor 17, Al Faisaliah Tower
Olaya District
P.O. Box 301809, Riyadh 11372
Kingdom of Saudi Arabia

The Company is licensed to dealing, arranging, managing, advising and carrying out custody activities in accordance with the CMA Resolution no. 2007-36-3 dated 03/01/1429 corresponding to 12/01/2008 and license number.

2. BASIS OF PREPARATION

2.1 *Statement of compliance*

These financial statements have been prepared in accordance with the IFRS Accounting Standards ("IFRS") that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are endorsed by the Saudi Organization for Certified Public Accountants ("SOCPA") (collectively "IFRS as endorsed in KSA") and in compliance with the applicable requirements of the Regulation of Companies in the Kingdom of Saudi Arabia and the By-Laws of the Company.

2.2 *Basis of measurement and presentation*

These financial statements have been prepared on a historical cost basis, except for employees' end of service benefits , using the accrual basis of accounting and the going concern assumption. Employees' end of service benefits liability is measured at present value of future obligations using the Projected Unit Credit Method.

Assets and liability balances are presented in the statement of financial position in the order of liquidity.

2.3 *Going Concern*

As of the reporting date, the Company has accumulated losses of SAR 219.39 million (2023: SAR 221.46 million). The Company's management has made an assessment of the Company's ability to continue as a going concern and is satisfied that the Company has the resources to continue in business for the foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis.

2.4 *Functional and presentation currency*

These financial statements are presented in Saudi Arabian Riyals ("SAR"), which is also the functional and presentation currency of the Company. All amounts have been rounded to the nearest thousand, unless otherwise indicated.

2.5 *Critical accounting estimates, assumptions and judgements*

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

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimates are revised and in any future years affected.

2. BASIS OF PREPARATION (CONTINUED)

2.5 Critical accounting estimates and judgements (continued)

Significant areas where management has used estimates, assumption and exercised judgements are as follows:

Allowance for expected credit loss
The provision matrix is initially based on the Company's historical observed default rates. The Company calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults in the manufacturing sector, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Company's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

Employees' end of service benefits
Management, in coordination with independent qualified actuaries, are required to make assumptions regarding the defined benefit plans. The principal actuarial assumptions for the defined benefit plans are set out in Note 11 and include assumptions on the discount rate, increments, resignation rates, and inflation. Changes in the assumptions could affect the reported liability and the service cost.

Estimated useful lives and residual life of property and equipment
The Company's management determines the estimated useful lives of its property and equipment for calculating depreciation on a straight-line basis over their estimated economic useful lives. This estimate is determined after considering the expected usage of the asset or physical wear and tear.

Significant judgement in determining the lease term of contracts with renewal options
The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

Leases - 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).

3. MATERIAL ACCUNTING POLICIES

(i) The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all periods presented, except for the impact of the New and amended standards and interpretations mentioned in note (4) to the financial statements.

(a) Financial instruments

i) Financial assets

The Company initially recognizes financial assets and financial liabilities on the date on which they are originated. All other financial instruments (including regular-way purchases and sales of financial assets) are recognized on the trade date, which is the date on which the Company becomes a party to the contractual provisions of the instrument.

A financial asset or financial liability is measured initially at fair value plus, for an item not at FVTIS, transaction costs that are incremental and directly attributable to the acquisition or issue of the financial asset or financial liability, such as fees and commissions. Transaction costs of financial assets and financial liabilities carried at FVTIS are expensed in the statement of income.

IFRS 9 requires all financial assets to be classified and subsequently measured at either amortized cost or fair value. The classification depends on the business model for managing the financial asset and the contractual cash flow characteristics of financial asset, determined at the time of initial recognition.

Financial assets are classified into the following specified categories under IFRS 9:

- Debt instruments at amortized cost:
- Debt instruments at fair value through other comprehensive income ("FVOCI"), with gains or losses recycled to profit or loss on derecognition:
- Equity instruments at FVOCI, with no recycling of gains or losses to profit or loss on derecognition; and
- Financial assets at fair value through income statement ("FVTIS").

As at 31 December 2024 and 2023, the Company only has financial assets classified and measured at amortized cost.

Financial assets classified as amortized cost
Debt instruments that meet the following conditions are subsequently measured at amortised cost less impairment loss (except for debt investments that are designated as at fair value through profit or loss on initial recognition):

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

If a financial asset does not meet both of these conditions, it is measured at fair value.

The Company makes an assessment of a business model at portfolio level as this best reflects the way the business is managed and information is provided to management. In making an assessment of whether an asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows, the Company considers:

- Management's stated policies and objectives for the portfolio and the operation of those policies in practice:
- The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed:
- How management evaluates the performance of the portfolio:

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(a) Financial instruments (continued)

(i) Financial assets (continued)

Financial assets classified as amortized cost (continued)

- Whether the management's strategy focus on earning contractual commission income:
- The degree of frequency of any expected asset sales:
- The reason for any asset sales; and
- Whether assets that are sold are held for an extended period of time relative to their contractual maturity or are sold shortly after acquisition or an extended time before maturity.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company will consider the contractual terms of the instrument. This will include assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition.

Income is recognised on an effective yield basis for debt instruments measured subsequently at amortised cost. Finance income is recognised in the statement of income.

Debt instruments that are subsequently measured at amortised cost are subject to impairment.

Impairment of financial assets

The Company recognizes a loss allowance for expected credit losses ("ECL") on debt instruments that are measured at amortized cost. The amount of ECL reflects changes in credit risk since initial recognition of the respective financial instrument.

The Company applies the simplified approach to calculate impairment on its financial assets at amortized cost, whenever applicable and this always recognizes lifetime ECL on such exposures. ECL on these financial assets are estimated using net flow rate method based on the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

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

The Company recognises impairment loss, if any, in the statement of income with a corresponding adjustment to their carrying amount through a loss allowance account.

Derecognition of financial assets

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire; or it transfers the financial asset or substantially all the risk and rewards of ownership to another entity. If the Company neither transfer nor retains substantially all the risks and reward of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and associated liability for amounts it may have to receive or pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and recognises a collateralised borrowing for the proceeds received

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(a) ***Financial instruments (continued)***

(ii) Financial liabilities

Financial liabilities carried at amortized cost have been classified and measured at amortized cost using the effective yield method.

All financial liabilities of the Company is classified and carried at amortized cost.

Derecognition of financial liabilities
The Company derecognizes financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire**.**

(b) Offsetting

Financial assets and financial liabilities are offset and the net cash amount presented in the statement of financial position, when, the Company currently has a legally enforceable rights to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

(c) Property and equipment

Property and equipment are stated at cost less accumulated depreciation and any impairment in value. Cost includes expenditure that is directly attributable to the acquisition of the items.

An item of property and equipment is derecognised 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 derecognised.

Subsequent expenditure are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. Normal expenditures for repair and maintenance are charged to the statement of income.

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.

The carrying values of property and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. In case of reversal of impairment loss, impairment loss is recognised in statement of income to the extent that, what the depreciated historical cost would have been if the impairment had not been recognised.

The cost less estimated residual value of property and equipment is depreciated on a straight line basis over the estimated useful lives of the assets as follows:

Leasehold improvements	Useful life or lease period whichever is shorter
Furniture and fixtures	5-10 years
Computer and office equipment	3-5 years

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(d) Accrued expenses and other payables

Accrued expenses and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method.

(e) Employees' end of service benefits liability

The liability for employees' end of service benefits, being a defined benefit plan, is calculated by independent actuaries using the projected unit credit method with actuarial valuation being conducted at end of annual reporting period. The related liability recognised in the statement of financial position is the present value of the end of service benefits obligation at the end of the reporting period.

Current service cost and the commission expense arising on the end of service benefit liability are recorded in the statement of income. Re-measurement of defined benefit liability arising from changes in actuarial assumptions and experience adjustments, which comprise of actuarial gains and losses, are recognised immediately in the other comprehensive income in the period in which they arise.

The discount rate used is determined based on the Company's external actuary's rate model which is based on high quality corporate bonds that have terms to maturity approximating to the estimated term of the post-employment benefit obligations.

(f) Income tax

Current tax
Income tax expense comprises current and deferred tax, which is recognised in the statement of income and is computed in accordance with income tax regulations as applicable in the Kingdom of Saudi Arabia.

Current tax is the expected tax payable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Additional amounts payable, if any, at the finalization of final assessments are accounted for when such amounts are determined

Deferred tax
Deferred tax is recognised in respect of temporary differences between the carrying amounts of asset and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on laws that have been enacted or substantively enacted by the reporting date. Deferred tax liability is recognised for all temporary differences. Deferred tax asset is recognised for unused tax losses and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets of SR 34.5 million (31 December 2023: SR 36.1 million) have not been recognized as at 31 December 2024, on a prudent basis. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(g) Provisions

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

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(h) Value-added tax ("VAT")

Revenues, expenses and assets are recognized net of the amount of VAT, except for:

- where the VAT incurred on a purchase of assets or services is not recoverable from the tax authority, in which case the VAT is recognized as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

- in case of receivables and payables that are stated with the amount of VAT included.

The net amount of VAT recoverable from or payable to the tax authority is classified as an asset or a liability, respectively, in the statement of financial position.

(i) Accounting for leases

Leases are recognised 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. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is amortized over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- 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.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions. The Company uses incremental borrowing rate as a discount factor to compute the present value of lease liability.

Right-of-use assets are measured 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.

The Company applies the short-term lease recognition exemption to its short-term leases of equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered of low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

(j) Statutory reserve

In accordance with Company's by-laws, the Company is required to transfer 10% of its net income every year to the statutory reserve until such reserve equals 30% of its share capital. This statutory reserve is not available for distribution to shareholders.

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(k) Impairment of non-financial assets

The carrying amounts of the Company's non-financial assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit, or CGU"). The Company's corporate assets do not generate separate cash inflows. If there is an indication that a corporate asset may be impaired, then the recoverable amount is determined for the CGU to which the corporate asset belongs.

An impairment loss is recognised if the carrying amount of an asset or its cash generating unit ("CGU") exceeds its estimated recoverable amount. Impairment losses are recognised in the statement of income. Impairment losses in respect of non-financial assets recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss had been recognised.

(l) Revenue from contracts with customers

The Company recognises revenue when the amount of revenue can be reliably measured and it is probable that future economic benefits will flow to the Company. The revenue is recognised when the Company transfers the services to customers at an amount that the Company expects to be entitled to in exchange for those services.

The Company assesses its revenue arrangements against specific criteria to determine if it is acting as a principal or as an agent. The Company has concluded that it is acting as a principal in its revenue arrangements since it has exposure to the significant risks and rewards.

The Company applies the following five-step approach to revenue recognition:

- Step 1: Identify the contract with the customer
- Step 2: Identify the separate performance obligations under the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to separate performance obligations
- Step 5: Recognise revenue when (or as) each performance obligation is satisfied

Identify the contract with the customer
The Company carefully evaluates the terms and conditions of the contracts with its customers because revenue is recognised only when performance obligations in contracts with customers are satisfied. A change in the scope or price (or both) of a contract is considered as a contract modification and the Company determines whether this creates a new contract or whether it will be accounted for as part of the existing contract.

(l) Revenue from contracts with customers (continued)

Identify the separate performance obligations under the contract
Once the Company has identified the contract with a customer, it evaluates the contractual terms and its customary business practices to identify all the promised services within the contract and determine which of those promised services (or bundles of promised services) will be treated as separate performance obligations.

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(l) Revenue from contracts with customers (continued)

Identify the separate performance obligations under the contract (continued)
The Company assess the services promised in a contract with a customer and identifies as a performance obligation either a service that is distinct; or series of distinct services that are substantially the same and that have the same pattern of transfer to the customer (i.e. each distinct service is satisfied over the time and the same method is used to measure progress).

A service (or bundle of services) is distinct if the customer can benefit from the service on its own or together with other readily available resources (i.e., the service is capable of being distinct) and the service is separately identifiable from other promises in the contract (i.e., the service is distinct within the context of the contract).

The Company provides management services to its customers which are generally provided continuously over the contract period. Accordingly, the services in these contracts generally represent a single performance obligation. Fees charged for managing mutual funds are recognised as revenue rateably as the services are provided.

Determine the transaction price
The Company determines transaction price as the amount which it expects to be entitled. It includes an estimate of any variable consideration, the effect of a significant financing component (i.e., the time value of money), the fair value of any non-cash consideration and the effect of any consideration paid or payable to a customer (if any). Variable considerations are limited to the amount for which it is highly probable that a significant reversal will not occur when the uncertainties related to the variability are resolved.

Allocate the transaction price to separate performance obligations
Once the performance obligations have been identified and the transaction price has been determined, transaction price is allocated to the performance obligations, generally in proportion to their stand-alone selling prices (i.e., on a relative stand-alone selling price basis). When determining stand-alone selling prices, the Company is required to use observable information, if available. If stand-alone selling prices are not directly observable, the Company makes estimates based on information that is reasonably available.

Satisfaction of performance obligations
Revenue is recognised only when the Company satisfies a performance obligation by transferring control of a promised service to the customer. Control may be transferred over time or at a point in time. Where a performance obligation is satisfied over time, the Company identifies the progress under the contract based on either of an input or output method which best measures the performance completed to date. The method selected is applied consistently to similar performance obligations and in similar circumstances.

The Company fulfills its performance obligations in its contracts with customers at a point in time, and hence it recognises revenue as and when it fulfils its obligations under contracts with customers.

Based on the above five steps, the revenue recognition policy for each revenue stream is as follows:

Brokerage income
Brokerage income is recognised when the related transactions are executed on behalf of 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 Company carries out the transaction, which triggers immediate recognition of the revenue, as the Company will have no further commitments.

(l) Revenue from contracts with customers (continued)

Fee income
Fee from banking services are recognized on an accrual basis when the service has been provided.

Service fees
Service fees are recognized based on the applicable service contracts, usually on a time-proportionate basis.

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

Finance income on term deposits
Finance income for all interest-bearing financial instruments are recognised in the statement of income using the effective interest rate basis

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

(n) Foreign currency
Transactions in foreign currencies are translated into SAR at the exchange rate at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into SAR at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in foreign currencies are also translated into SAR at the exchange rate at the reporting date.

Foreign currency differences arising on translation are recognised in the statement of income as net foreign exchange gains or losses, except for those arising on financial instruments at FVTIS, which are recognised as a component of net gain from financial instruments at FVTIS.

(o) Assets held in trust or in a fiduciary capacity
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.

4. STANDARDS, INTERPRETATIONS AND AMENDMENTS

4.1 New standards, interpretations and amendments adopted by the Company

Following standard, interpretation or amendment are effective from the annual reporting period beginning on 1 January 2024 and are adopted by the Company, however, these do not have any impact on the financial statements for the year unless otherwise stated below:

Standard, interpretation and amendments	**Description**	**Effective date**
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
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 and Classification of liabilities as current or non-current	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, '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
IFRS S2, 'Climate-related disclosures	'This is the first thematic standard issued that sets out requirements for entities to disclose information about climate-related risks and opportunities.	1 January 2024 subject to endorsement from SOCPA

4. STANDARDS, INTERPRETATIONS AND AMENDMENTS (Continued)

4.2 Significant standards issued but not yet effective

Standard, interpretation and amendments	**Description**	**Effective date**
Amendment to IFRS 21 – Lack of exchangeability	IASB amended IAS 21 to add requirements to help in determining whether a currency is exchangeable into another currency, and the spot exchange rate to use when it is not exchangeable. Amendment set out a framework under which the spot exchange rate at the measurement date could be determined using an observable exchange rate without adjustment or another estimation technique.	1 January 2025
Amendments to IFRS 10 and IAS 28- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Partial gain or loss recognition for transactions between an investor and its associate or joint venture only apply to the gain or loss resulting from the sale or contribution of assets that do not constitute a business as defined in IFRS 3 Business Combinations and the gain or loss resulting from the sale or contribution to an associate or a joint venture of assets that constitute a business as defined in IFRS 3 is recognized in full.	Effective date deferred indefinitely
Amendments to IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures	Under the amendments, certain financial assets including those with ESG-linked features could now meet the SPPI criterion, provided that their cash flows are not significantly different from an identical financial asset without such a feature. The IASB has amended IFRS 9 to clarify when a financial asset or a financial liability is recognized and derecognized and to provide an exception for certain financial liabilities settled using an electronic payment system.	1 January 2026
IFRS 18, Presentation and Disclosure in Financial Statements	IFRS 18 provides guidance on items in statement of profit or loss classified into five categories: operating; investing; financing; income taxes and discontinued operations It defines a subset of measures related to an entity's financial performance as 'management-defined performance measures' ('MPMs'). The totals, subtotals and line items presented in the primary financial statements and items disclosed in the notes need to be described in a way that represents the characteristics of the item. It requires foreign exchange differences to be classified in the same category as the income and expenses from the items that resulted in the foreign exchange differences.	1 January 2027

IFRS 19, Subsidiaries without Public Accountability: Disclosures	IFRS 19 allows eligible subsidiaries to apply IFRS Accounting Standards with the reduced disclosure requirements of IFRS 19. A subsidiary may choose to apply the new standard in its consolidated, separate or individual financial statements provided that, at the reporting date it does not have public accountability and its parent produces consolidated financial statements under IFRS Accounting	1 January 2027

5. CASH AND CASH EQUIVALENTS

	31 December 2024	*31 December 2023*
	SR "000"	SR "000"
Cash at bank – current accounts	**38,324**	52,378

Current account represent cash held with DB Group in various currencies.

6. TERM DEPOSITS

	31 December 2024	*31 December 2023*
	SR "000"	SR "000"
Term deposits	**300,000**	300,000

Term deposits represent two non-conventional deposit deals placed with Deutsche Bank AG – Riyadh Branch carrying interest rate 6.20% and 5.74% (2023: 4.03% and 5.14%) with original maturities ranging from 3 months to 6 months. Term deposits with maturity of 3 months or less has been classified as cash and cash equivalent.

7. PREPAYMENTS AND OTHER ASSETS

	31 December 2024	*31 December 2023*
	SR "000"	SR "000"
Advance taxation	**772**	772
Margin deposit	**26,471**	26,471
Prepayments	**328**	1,033
	27,571	28,276

8. RIGHT-OF-USE ASSETS

The movement in carrying amounts of right-of-use assets during the year is as follows:

	31 December 2024	*31 December 2023*
	SR "000"	SR "000"
Balance at the beginning of the year	**2051**	319
Addition during the year	**-**	2,279
Depreciation expense	**(456)**	(547)
Balance at end of the year	**1,595**	2,051

	31 December 2024	*31 December 2023*
	SR "000"	SR "000"
Depreciation	**(456)**	(547)
Accretion of lease liability	**54**	54

The Company leases one rental property. Rental contracts are typically made for a fixed period from 5 to 10 years. Lease terms are negotiated on an individual basis and contains different terms and conditions.

9. PROPERTY AND EQUIPMENT, NET

	Leasehold improvements	Furniture and fixtures	Computer and office equipment	Total
Cost	**SR "000"**	**SR "000"**	**SR "000"**	**SR "000"**
At 1 January 2023	10,061	3,865	5,972	19,898
Additions during the year	1,190	53	-	1,243
Disposal during the year	(75)	(617)	(4,128)	(4,820)
At 31 December 2023	11,176	3,301	1,844	16,321
Additions during the year	27	-	-	27
Disposal during the year	-	-	(1,066)	(1,066)
At 31 December 2024	**11,203**	**3,301**	**778**	**15,282**
Accumulated depreciation				
At 1 January 2023	9,559	3,613	5,877	19,049
Charge for the year	627	62	22	711
Disposal during the year	(38)	(617)	(4,104)	(4,759)
At 31 December 2023	10,148	3,058	1,795	15,001
Charge for the year	248	84	22	354
Disposal during the year	-	-	(1,066)	(1,066)
At 31 December 2024	**10,396**	**3,142**	**751**	**14,289**
Net book value as at				
31 December 2024	**807**	**159**	**27**	**993**
31 December 2023	1,028	243	49	1,320

10. ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES

	Note	***31 December 2024***	*31 December 2023*
		SR "000"	SR "000"
Accrued expenses and other liabilities	*10.1*	**8,408**	8,055
Accrual for bonus		**1,380**	2,383
		9,788	10,438

10.1 Other current liabilities include repairs and maintenance and automobile rentals.

11. EMPLOYEES' END OF SERVICE BENEFITS

The Company operates an end of service benefit plan for its staff based on the prevailing Saudi Arabian Labor Law.

The movement in provision for employees' end of service benefits are as follows:

	31 December 2024	*31 December 2023*
	SR "000"	SR "000"
Balance at beginning of the year	**7,377**	6,672
Current service cost – recognized in statement of income	**985**	750
Re-measurement (gains) / losses recognised in other comprehensive income	**507**	(45)
Benefits paid during the year	**(3,898)**	-
Balance at the end of the year	**4,971**	7,377

11.1 Re-measurement losses / (gains) recognized in other comprehensive income for the year is as follows:

	31 December 2024	*31 December 2023*
	SR "000"	SR "000"
Effect of change in financial assumptions	**-**	(147)
Effect of experience adjustments	**507**	53
Effect of change in Demographic assumptions	**-**	(90)
Re-measurement (gain) / loss recognised in other comprehensive income	**507**	(184)

11.2 Principal actuarial assumptions

The following were the principal actuarial assumptions:

	31 December 2024	*31 December 2023*
Key actuarial assumptions	**SR "000"**	SR "000"
Discount rate used	**4.20%**	5.01%
Expected annual salary increment	**4.00%**	4.00%

Assumptions regarding future mortality are set based on actuarial advice in accordance with the published statistics and experience in the region.

11. EMPLOYEES' END OF SERVICE BENEFITS LIABILITY (CONTINUED)

11.3 Sensitivity analysis

A quantitative sensitivity analysis for significant assumptions on the defined benefit obligation are shown below:

	31 December 2024		31 December 2023	
	Increase	**Decrease**	Increase	Decrease
Discount rate, *(0.5% movement)*	**(105)**	**114**	(162)	167
Expected annual salary increment, *(0.5% movement)*	**114**	**106**	172	(165)

The maturity profile of the defined benefit obligation is as follows:

	31 December 2024 **SR "000"**	*31 December 2023* SR "000"
Weighted average duration of the defined benefit obligation in years	**6.00**	4.71
Expected Distribution of timing of benefit payments:		
Year 1	**705**	1,395
Year 2	**565**	1,310
Year 3	**551**	1,248
Year 4	**968**	1,194
Year 5	**386**	1,566
Year 6 and above	**1,683**	4,203

12. SHARE CAPITAL

The authorised, issued and fully paid share capital of the Company consists of 53.2 million shares of SAR 10 each (2023: 53.2 million shares of SAR 10 each).

	Number of shares	**% of contribution**	**Amount SAR**
Deutsche Bank (AG)	50,563	95%	505,623
DB Capital Markets (Deutschland) Gmbh	2,661	5%	26,612
	53,224	**100%**	**532,235**

13. STATUTORY RESERVE

In accordance with Company's by-laws, the Company is 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 is not available for distribution to shareholders.

14. ADMINISTRATIVE EXPENSES

	31 December 2024 **SR "000"**	*31 December 2023* SR "000"
Salaries and employee-related expenses	**20,662**	16,760
Charges from Deutsche Bank Group for support services (Note 18)	**7,254**	12,317
IT expenses	**5,884**	7,061
Legal and consulting expenses	**4,974**	5,603
Communication expenses	**486**	836
Depreciation (Note 9 & 8)	**931**	1,258
Travel expenses	**550**	92
Other expenses	**1,890**	3,627
	42,631	47,554

Other expenses include withholding tax, payment and clearing services, repairs and maintenance, payroll service costs and automobile rentals.

15 TAXATION

Income tax charge for the year has been calculated based on the adjusted net income of the Company attributable to non-Saudi shareholders at the rate of 20% per annum.

a) Movement in taxes payable

	31 December 2024 **SR "000"**	*31 December 2023* SR "000"
At beginning of the year	**2,956**	2,956
Income tax provision for the year	259	-
At end of the year	**3,215**	2,956

No income tax provision has been recognized in the current and prior period due to taxable loss situation during the period.

b) Charge for the year

	31 December 2024 **SR "000"**	*31 December 2023* SR "000"
Income tax for FY24	259	-
Income tax for FY23 (Settled in 2024)	157	
Deferred tax	-	-
Charge for the year	416	-

The prior year amount SR 1,192 thousands is due to a write down of the advance corporation tax asset.

c) Status of income tax assessments

The Company has filed its income tax returns up to the year ended 31 December 2023 with Zakat, Tax and Customs Authority ("ZATCA").

The Company reached an agreement with ZATCA to settle the tax assessments for the years ended from 2007 till 2013 by paying SAR 17.82 million (inclusive of late penalty charges). For the years 2016 to 2018, the Company did not receive any assessments. The tax returns for the years ended from 2019 till 2023 are still under review by ZATCA and no final assessment is issued by ZATCA in respect of these years yet

16. BOOK OVERDRAFT

During the year the Company had book overdraft balances with Deutsche Bank (AG) Riyadh Branch in various currencies as below:

	31 December 2024	*31 December 2023*
	SR "000"	SR "000"
Book overdraft	**1,119**	1,309
	1,119	1,309

17. ASSETS HELD IN FIDUCIARY CAPACITY

As at 31 December 2024, assets held under fiduciary capacity of the Company amounted to SAR 987 million (2023: SAR 691 million) kept with a Deutsche Bank branches. These amounts were kept with the Company by its customers for the purpose of investment in the local equity market.

As at 31 December 2024, fixed income and equity investment held under fiduciary capacity of the Company amounted to SAR 51 million (2023: SAR 53 million) kept with a Deutsche Bank Suisse. These amounts were kept with the Company by its customers for the purpose of investment in the Global equity market.

18. RELATED PARTY TRANSACTIONS AND BALANCES

In the ordinary course of its activities, the Company transacts with related parties. The Company's related parties include Deutsche Bank Group head office, its regional offices and other branches, including Deutsche Bank AG – Riyadh Branch, and the Company's key management personnel.

The Company has entered into agreements with Deutsche Bank AG (principal shareholder), which provide for an agreed bases for sharing of revenues on jointly executed projects and recovery of expenses incurred on such projects as approved by the Company's management.

Fee income comprise of revenue earned by the Company from Deutsche Bank AG and its affiliates in association with revenue sharing arrangements for products offered to the Company's customers. These transfer pricing transactions are governed under Base Erosion Profit sharing (BEPS) framework. The related party transactions are governed by limits set by the Banking Control law and regulations issued by Central Banks.

Income and expenses pertaining to transactions with related parties included in the financial statements are as follows:

	2024	2023
Income		
Fee income – Deutsche Bank Group regional offices and other branches	**10,765**	9,499
DB London	**-**	(576)
DB Riyadh	**10,609**	10,075
DB New York	156	-
Service fee income – Deutsche Bank Group regional offices and other branches	**11,734**	12,873
Finance income – Deutsche Bank Group regional offices and other branches	**17,365**	17,497

18. RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

	2024	2023
Expenses		
Charges for support services		
Deutsche Bank Group regional offices and other branches:	**7,071**	12,317
DB Suisse	**1,631**	384
DB Riyadh	**265**	1,360
DB London	**641**	1,835
DB Frankfurt	**3,388**	4,337
Other DB entities	**1,146**	4,401
Compensation of key management personnel	**7,966**	8,590

The following shows the composition of the compensation of the Company's key management personnel which includes Chief Executive Officer ("CEO"), Chief Financial Officer and business heads who are directly reporting to the CEO:

	2024	2023
Salaries and other benefits – short term	**7,318**	5,458
End of service benefits – long term	**648**	3,132
	7,966	8,590

The balances as at 31 December resulting from such transactions included in the statement of financial position are as follows:

	31 December 2024	*31 December 2023*
Due from Deutsche group regional offices and other branches	**11,145**	13,989
Due to Deutsche group regional offices and other branches	**44,112**	60,046
Cash at bank – Current accounts	**38,324**	52,378
Term deposit	**300,000**	300,000

19. FINANCIAL RISK MANAGEMENT

The Company's objective in managing risk is the creation and protection of shareholder value. Risk management is an ongoing process which requires continuous identification, analysis, mitigation and monitoring of risks and controls.

The Company's Board of Directors has the overall responsibility for the establishment and oversight of the Company's risk management framework. These risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations. The Company has dedicated Risk and Compliance functions. Day-to-day risk management activities are managed within each respective business unit. The Board of Directors meets on a quarterly basis and is updated on all relevant aspects of the business, including risk management matters.

19. FINANCIAL RISK MANAGEMENT (CONTINUED)

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

- Market risk
- Credit risk
- Liquidity risk
- Operational risk

19.1 Credit risk

Credit risk is the risk that one party will fail to discharge an obligation and may cause the other party to incur a financial loss. The Company is exposed to credit risk mainly arising from cash and cash equivalents, due from related parties and Custody Fees Receivables.

The Company's risk management policies and processes are designed to identify and analyse risk, to set appropriate limits and controls, and to monitor the risks and adherence to limits by means of timely and reliable management information data.

The Company's maximum exposure to credit risk without taking effect of collateral amounts is as follows:

	31 December 2024	*31 December 2023*
Cash and cash equivalents	**38,324**	52,378
Term deposit	**300,000**	300,000
Due from related parties	**11,145**	13,989
Custody Fees Receivable	**615**	750
Margin Deposit (refer note 7)	**26,471**	26,471
	376,555	393,588

Based on management assessment, the Company has limited exposure to credit risk due to the following:

a. *Cash and cash equivalents* are maintained with banks having credit ratings of A1 stable as per the latest available report from Moody's Investor Service.

b. *Custody Fees Receivable* represents mainly fees receivables from corporate clients, which are considered as low credit risk by the Company.

c. *Due from related parties* is related to agreements with Deutsche Bank AG (Head Office), which provide for an agreed basis for sharing of revenues on jointly executed projects and recovery of expenses incurred on such projects as approved by the Company's management.

19.2 Market risk

a) *Foreign exchange risk*

Foreign exchange risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates.

As at 31 December 2024, the Company had foreign currency exposures of Saudi Arabian Riyal equivalent of 6.33 million. These exposures were managed in accordance with the company's FX management process.

The Company manages exposure to the effects of fluctuations in prevailing foreign currency exchange rates on its financial position and cash flows. The Company did not undertake significant transactions in currencies other than Saudi Arabian Riyals, US Dollars and Euros during the year. The rate of exchange for conversion of Saudi Arabian Riyal to the US Dollar is pegged and therefore the company is not exposed to currency risk on USD based transaction.

19. FINANCIAL RISK MANAGEMENT (CONTINUED)

19.2 Market risk (continued)

a) Foreign exchange risk (continued)

At the end of the year, the Company had the following net exposures denominated in foreign currencies:

	Long / (Short)	
	31 December 2024	*31 December 2023*
Euro	**(7,999)**	(6,799)
US Dollar	**2,159**	1,669
Other	**(497)**	(416)

b) Interest rate risk

Interest rate risk arises from the possibility that the changes in interest rates will affect either the fair values or the future cash flows of financial instruments.

As the Company does not have interest bearing financial assets and liabilities, except for the time deposit which carries a fixed interest rate, it is not exposed to any interest rate risk.

19.3 Liquidity risk

Liquidity risk is the risk that the Company will be unable to meet its net funding requirements. The Company monitors and manages the liquidity structure of its assets and liabilities so as to ensure that cash flows are sufficiently balanced and that sufficient liquid funds are maintained to meet liquidity requirements.

The tables below show the expected maturity profile of the assets and liabilities:

31 December 2024	***No Fixed Maturity***	***Within 3 Months***	***3-12 Months***	***1-5 Years***	***Total***
FINANCIAL ASSETS					
Cash and cash equivalents	**38,324**	**-**	**-**	**-**	**38,324**
Term deposit	**-**	**-**	**300,000**	**-**	**300,000**
Due from related parties	**-**	**11,145**	**-**	**-**	**11,145**
Custody Fees Receivable	**-**	**615**	**-**	**-**	**615**
Margin Deposit (note 7)	**26,471**	**-**	**-**	**-**	**26,471**
	64,795	**11,760**	**300,000**	**-**	**376,555**
FINANCIAL LIABILITIES					
Due to related parties	**-**	**43,611**	**-**	**-**	**43,611**
Lease Liability	**-**	**-**	**-**	**1,595**	**1,595**
Accrued expenses and other current liabilities	**-**	**9,788**	**-**	**-**	**9,788**
	-	**53,399**	**-**	**1,595**	**54,994**
Net position	**64,795**	**(41,639)**	**300,000**	**(1,595)**	**321,561**

19. FINANCIAL RISK MANAGEMENT (CONTINUED)

19.3 Liquidity risk (continued)

31 December 2023	*On Demand*	*Within 3 Months*	*3-12 Months*	*1-5 Years*	*Total*
FINANCIAL ASSETS					
Cash and cash equivalents	52,378	-	-	-	52,378
Term deposit	-	-	300,000	-	300,000
Due from related parties		13,989	-	-	13,989
Custody Fees Receivable		750	-	-	750
Margin Deposit (note 7)	26,471	-	-	-	26,471
	78,849	14,739	300,000	-	393,588
FINANCIAL LIABILITIES					
Due to related parties	-	60,046	-	-	60,046
Lease Liability	-		501	1,550	2,051
Accrued expenses and other current liabilities	-	10,438			
	-	70,484	501	1,550	72,353
Net position	78,849	(55,745)	299,499	(1,550)	321,053

19.4 Operational risk

Operational risk is the risk of direct or indirect loss arising from a variety of causes associated with the processes, technology and infrastructure supporting the Company's activities either internally or externally at the Company's service provider and from external factors other than credit, liquidity, currency and market risks such as those arising from the legal and regulatory requirements.

The Company's objective is to manage operational risk so as to balance limiting of financial losses and damage to its reputation with achieving its investment objective of generating returns to shareholders.

The primary responsibility for the development and implementation of control over operational risks rests with the Risk and Compliance functions.

20. FAIR VALUE OF FINANCIAL INSTRUMENTS

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

The fair value for financial instruments traded in active markets is based on quoted market prices at the close of trading on the financial reporting date. Instruments for which no sales was reported on the valuation day are valued at the most recent bid price.

An active market is a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

When measuring the fair value the Company uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that can be accessed at the measurement date.

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

20. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

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

As at 31 December 2024 and 2023, no financial assets or liabilities were measured at FVTIS or FVOCI.

There are no financial assets and financial liabilities carried at fair value. Carrying value of financial assets such as cash and cash equivalents, due from related parties, Custody Fees Receivables, other current assets and financial liabilities approximate their fair value due to them being short term in nature. Lease liabilities are measured at Company's incremental borrowing rate which are derived based on external reference rates and internal factors which are used in calculating the present value of lease payment stream, that approximates fair value of the liability.

There were no transfers between levels of fair value hierarchy during the year ended 31 December 2024 and 2023.

21. CAPITAL ADEQUACY DISCLOSURES

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. The methodology was amended for reporting after April 2024 with reporting of RWA and a minimum capital required 8% of total RWA. In accordance with this methodology, the Company has calculated its minimum capital required and the Tier 1 ratios as follows:

	31 December 2024	*31 December 2023*
Capital Base:		
Tier 1 Capital	**314,080**	314,587
Tier 2 Capital	**-**	-
Total Capital Base	**314,080**	314,587
RWA		
Market Risk	**8,788**	7,424
Credit Risk	**12,324**	16,995
Operational Risk	**142,747**	142,106
Total RWA	**163,859**	166,525
Minimum Capital (8%)	**13,056**	13,322
Tier 1 Ratio	**191.68%**	188.9%
Surplus in Capital	**300,971**	301,265

a) Capital Base of the Company comprise of Tier-1 capital only which consists of share capital, accumulated losses, and statutory reserve adjusted with deferred tax assets.

b) The minimum capital requirements for market, credit and operational risk are calculated as per the requirements specified in the Part 3 of the Prudential Rules issued by the CMA.

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

d) The Company's surplus capital of SAR 300 m is placed in term deposits with DB AG Riyadh (see note 18) on which it earns special commission income.

22. EVENTS AFTER THE END OF REPORTING PERIOD

There are no events subsequent to the statement of financial position date which require adjustments or disclosure in the financial statements or notes thereto.

23. BOARD OF DIRECTORS' APPROVAL

These financial statements were approved by the Board of Directors on 13th March 2025.