RIYAD CAPITAL
(A SOLE SHAREHOLDER CLOSED JOINT STOCK COMPANY)
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025
AND INDEPENDENT AUDITOR'S REPORT

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INDEPENDENT AUDITOR'S REPORT

To the shareholder of
Riyad Capital
(A Sole Shareholder Closed Joint Stock Company)
Riyadh, Kingdom of Saudi Arabia

Report on the Audit of the Financial Statements

Opinion
We have audited the financial statements of **Riyad Capital** ("the Company"), which comprise the statement of financial position as at 31 December 2025, and the statement of profit or loss, 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 2025, and its financial performance and its cash flows for the year then ended in accordance with I International Financial Reporting Standards that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements endorsed by the Saudi Organization for Chartered and Professional Accountants ("SOCPA") (collectively referred to as "IFRSs").

Basis for Opinion
We conducted our audit in accordance with International Standards on Auditing ("ISAs") as 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) as endorsed in the Kingdom of Saudi Arabia ("the Code"), as applicable to audits of financial statements of public interest entities, and we have fulfilled our other ethical responsibilities in accordance with the requirements of the 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 IFRSs that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the SOCPA, the applicable Regulations for Companies and the Company's bylaws, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Independent Auditor's Report

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 ISAs that are endorsed in the Kingdom of Saudi Arabia will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the 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 the one resulting from error, as fraud may involve collusion, forgery, intentional omission, 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 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 disclosure is 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.

Deloitte and Touche & Co.
Chartered Accountants

Tariq bin Mohammed Al-Fattani
Certified Public Accountant
License No. 446

Ramadan 23, 1447H
March 12, 2026

RIYAD CAPITAL
(A SOLE SHAREHOLDER CLOSED JOINT STOCK COMPANY)
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2025

	Note	2025 SAR '000	2024 SAR '000
ASSETS			
Cash and cash equivalents	5	**546,776**	221,872
Deposit with Muqassa	6	**82,768**	111,744
Time deposit	7	**100,000**	171,000
Accrued income, net	8	**396,177**	324,705
Margin lending	9	**801,217**	852,712
Prepayments and other assets	10	**110,986**	110,509
Loans to related parties	11	**39,786**	-
Investments carried at fair value through profit or loss (FVTPL)	12	**1,866,545**	1,547,751
Investments carried at fair value other comprehensive income (FVOCI)	13	**56,946**	78,072
Investments carried at amortized cost	14	**117,000**	103,000
Right-of-use asset	15	**34,851**	-
Property and equipment	16	**8,643**	17,064
Intangible assets	17	**20,425**	4,817
TOTAL ASSETS		**4,182,120**	3,543,246
LIABILITIES AND SHAREHOLDER'S EQUITY			
LIABILITIES			
Accrued expenses and other liabilities	18	**190,431**	231,747
Accrued Zakat	19	**17,039**	24,740
Lease liability	15	**37,092**	-
Employees' end of service benefits (EOSB)	20	**79,154**	69,320
TOTAL LIABILITIES		**323,716**	325,807
SHAREHOLDER'S EQUITY			
Share capital	21	**500,000**	500,000
Statutory reserve	22	**150,000**	150,000
Retained earnings		**3,274,304**	2,609,811
Fair value reserve – investment carried at FVOCI	13	**(50,453)**	(29,327)
Re-measurement reserve of employees' EOSB		**(15,447)**	(13,045)
TOTAL SHAREHOLDER'S EQUITY		**3,858,404**	3,217,439
TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY		**4,182,120**	3,543,246

The accompanying notes from (1) to (36) form an integral part of these financial statements.

RIYAD CAPITAL
(A SOLE SHAREHOLDER CLOSED JOINT STOCK COMPANY)
STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED 31 DECEMBER 2025

	Note	2025 SAR '000	2024 SAR '000
REVENUE			
Asset management fees, net		**418,344**	390,597
Commission on brokerage services, net	23	**347,680**	280,607
Corporate investment banking fees, net		**32,561**	49,929
Securities services and Custody fees, net		**69,983**	43,216
Net gain on investments carried at FVTPL		**40,057**	24,164
Special commission income		**116,039**	90,612
Dividend income		**10,440**	14,363
Other (loss) / income		**(97)**	447
TOTAL REVENUE		**1,035,007**	893,935
EXPENSES			
Employees' salaries and related benefits		**(240,883)**	(221,476)
General and administrative expenses	24	**(102,953)**	(77,604)
(Provision) / reversal of provision for expected credit loss		**(9,368)**	4,450
Finance cost	28	**(271)**	-
TOTAL EXPENSES		**(353,475)**	(294,630)
INCOME BEFORE ZAKAT		**681,532**	599,305
Zakat	19	**(17,039)**	(14,983)
NET INCOME FOR THE YEAR		**664,493**	584,322
Basic and diluted earnings per share (SAR)	27	**2.66**	2.34

The accompanying notes from (1) to (36) form an integral part of these financial statements.

RIYAD CAPITAL
(A SOLE SHAREHOLDER CLOSED JOINT STOCK COMPANY)
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2025

	Note	**2025** SAR '000	2024 SAR '000
NET INCOME FOR THE YEAR		**664,493**	584,322
ITEMS THAT WILL NOT BE RECLASSIFIED SUBSEQUENTLY TO PROFIT OR LOSS:			
Net change in fair value of equity investment carried at FVOCI		**(21,126)**	(23,652)
Remeasurement loss on EOSB	20	**(2,402)**	(5,765)
OTHER COMPREHENSIVE LOSS FOR THE YEAR		**(23,528)**	(29,417)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**640,965**	554,905

The accompanying notes from (1) to (36) form an integral part of these financial statements.

RIYAD CAPITAL
(A SOLE SHAREHOLDER CLOSED JOINT STOCK COMPANY)
STATEMENT OF CHANGES IN SHAREHOLDER'S EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2025

	Share Capital	Statutory Reserve	Retained Earnings	Fair value Reserve	Remeasurement reserve of EOSB	Total
			SAR '000			
Balance at 1 January 2024	500,000	150,000	2,025,489	(5,675)	(7,280)	2,662,534
Net income for the year	-	-	584,322	-	-	584,322
Net changes in fair value of equity investments carried at FVOCI	-	-	-	(23,652)	-	(23,652)
Remeasurement loss on EOSB (Note 20)	-	-	-	-	(5,765)	(5,765)
Total comprehensive income for the year	-	-	584,322	(23,652)	(5,765)	554,905
Balance as at 31 December 2024	500,000	150,000	2,609,811	(29,327)	(13,045)	3,217,439
Balance at 1 January 2025	**500,000**	**150,000**	**2,609,811**	**(29,327)**	**(13,045)**	**3,217,439**
Net income for the year	**-**	**-**	**664,493**	**-**	**-**	**664,493**
Net changes in fair value of equity investments carried at FVOCI	**-**	**-**	**-**	**(21,126)**	**-**	**(21,126)**
Remeasurement loss on EOSB (Note 20)	**-**	**-**	**-**	**-**	**(2,402)**	**(2,402)**
Total comprehensive income for the year	**-**	**-**	**664,493**	**(21,126)**	**(2,402)**	**640,965**
Balance as at 31 December 2025	**500,000**	**150,000**	**3,274,304**	**(50,453)**	**(15,447)**	**3,858,404**

The accompanying notes from (1) to (36) form an integral part of these financial statements.

RIYAD CAPITAL
(A SOLE SHAREHOLDER CLOSED JOINT STOCK COMPANY)
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2025

	Note	2025 SAR'000	2024 SAR'000
CASH FLOW FROM OPERATING ACTIVITIES			
Net income before zakat		**681,532**	599,305
Adjustments for:			
Unrealized gain from investments carried at FVTPL		**(37,580)**	(22,136)
Depreciation of property and equipment	16	**1,036**	1,449
Amortization of intangible assets	17	**2,266**	1,872
Depreciation of right-of-use asset	15	**1,970**	3,472
Provision for EOSB	20	**11,729**	9,956
(Provision) / reversal of provision for expected credit loss	8.1,9	**9,368**	(4,450)
Finance cost on lease liability	15	**271**	-
Operating cash flow before movement in working capital		**670,592**	589,468
Changes in operating assets and liabilities			
Deposit with Muqassa		**28,976**	(41,617)
Prepayments and other assets		**(477)**	18,197
Margin lending		**51,495**	(336,608)
Accrued income		**(80,840)**	(61,917)
Accrued expenses and other current liabilities		**(41,316)**	38,358
Purchase of investments carried at FVTPL		**(422,323)**	(266,936)
Proceeds from sale of investments carried at FVTPL		**141,109**	175,533
Cash generated from operations		**347,216**	114,478
Zakat Paid		**(24,740)**	-
EOSB paid	20	**(4,297)**	(6,817)
Net cash generated from operating activities		**318,179**	107,661
CASH FLOW FROM INVESTING ACTIVITIES			
Time deposit		**71,000**	(171,000)
Purchase of investments carried at amortized cost		**(14,000)**	(20,000)
Purchase of property and equipment	16	**(10,489)**	(7,526)
Purchase of intangibles	17	**-**	(927)
Loans Receivables		**(39,786)**	-
Net cash generated / (used in) from investing activities		**6,725**	(199,453)
CASH FLOW FROM FINANCING ACTIVITIES			
Lease payments		**-**	(2,934)
Net cash used in financing activities		**-**	(2,934)
Net Increase / (decrease) in cash and cash equivalents		**324,904**	(94,726)
Cash and cash equivalents at the Beginning of the year	5	**221,872**	316,598
Cash and cash equivalents at the end of the year	5	**546,776**	221,872
Supplemental non-cash information			
Net changes in equity investments carried at FVOCI		**(21,126)**	(23,652)
Remeasurement loss on EOSB	20	**(2,402)**	(5,765)
Addition to lease on ROU	15	**(36,821)**	-
Transferred from PPE to Intangible assets	16	**(17,874)**	-

The accompanying notes from (1) to (36) form an integral part of these financial statements.

1. ORGANIZATION AND PRINCIPAL ACTIVITIES

Riyad Capital ("the Company") is a Sole Shareholder Closed Joint Stock Company ("CJSC") established and registered in Riyadh, the Kingdom of Saudi Arabia under commercial registration No. 1010239234, dated 12 Shawwal 1428H (corresponding to 24 October 2007).

The Company prior to its registration as a Closed Joint Stock Company ("CJSC") was operating as a Limited Liability Company. The Company obtained its commercial registration as CJSC effective 2nd Jumada Al Thani 1438H (corresponding to 28 February 2017).

The principal activities of the Company are dealing as a principal and agent, underwriting, management of investment funds and clients' portfolios, arranging, providing advisory and custody services as per license of the Capital Market Authority ("CMA") number 07070-37, dated 4 Jumada Al-Thani 1428H (corresponding to 19 June 2007).

The Company's registered office is located at the following address:

Riyad Capital
Financial Boulevard, Al Aqeeq District.
RRAA3128
Riyadh 13519

The Company is 100% owned by Riyad Bank (the "Parent Company"), and it is the ultimate beneficiary Shareholder. The Company has certain subsidiaries which are individually and in aggregate immaterial to the financial statements. In accordance with the materiality principles set out in IAS 1 Presentation of Financial Statements, management has concluded that the consolidation of these subsidiaries would not have a material impact on the financial position, financial performance, or cash flows of the Group. Accordingly, these subsidiaries have not been consolidated in these financial statements.

2. BASIS OF PREPRATION

2.1 STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with 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 Accountant ("SOCPA") and in compliance with the Companies Law in the Kingdom of Saudi Arabia and it is Articles of Association of the Company.

These financial statements have been prepared on a going concern basis under historical cost convention, except for investments carried at FVTPL, investments carried at FVOCI and EOSB that is recognised at the present value of future obligations using the Projected Unit Credit Method.

The assets and liabilities of the Company are presented in the order of liquidity in the statements of financial position.

The following balances would generally be classified as non-current assets and liabilities: investment carried at amortized cost, right-of-use assets, property and equipment, intangibles assets, prepayments and other assets, lease liability and EOSB. All other balances are classified as current.

2.2 FUNCTIONAL AND PRESENTATION CURRENCY

Items included in the financial statements are carried using the currency of the primary economic environment in which the Company operates (the "functional currency") and presented in Saudi Arabian Riyals ("SAR") which is the Company's functional and presentation currency. Except as otherwise indicated, financial information presented in SAR has been rounded off to the nearest thousand.

2. BASIS OF PREPRATION (continued)

2.2 FUNCTIONAL AND PRESENTATION CURRENCY (continued)

Transactions and balances

Foreign currency transactions, if any, are translated into SAR using the exchange rates prevailing at the date of transactions. Foreign currency assets and liabilities are translated into SAR using the exchange rates prevailing at the date of the statement of financial position. Foreign exchange gains and losses, if any, arising from translation are included in the statement of profit or loss.

2.3 CRITICAL ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTION

The preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of income, expenses, assets and liabilities, the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next accounting period, are described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

- Impairment of financial assets (Note 3.2.2)
- Fair valuation of financial instruments (Note 3.2.4)
- Employees' end of service benefits (Note 3.4)
- Zakat (Note 3.7)
- Lease (Note 15.5)

3. MATERIAL ACCOUNTING POLICIES

3.1 CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise of cash in hand, cash at banks and short-term deposits, with original maturities of three months or less, which are available to the Company without any restrictions, time deposits with maturities of more than 3 months are classified separately on the statement of financial position.

3.2 FINANCIAL INSTRUMENTS

3.2.1 CLASSIFICATION AND MEASUREMENT OF FINANCIAL ASSETS

3.2.1.1 INITIAL RECOGNITION AND MEASUREMENT

Financial assets are recognized when the Company becomes a party to the contractual provisions of the instrument. The Company records financial instruments on a 'trade date' basis.

At initial recognition, the Company measures a financial asset at its fair value. In the case of a financial asset not recorded at fair value through profit or loss, transaction costs that are incremental and directly attributable to the acquisition or issue of the financial asset, such as fees and commissions are adjusted. For financial assets held at fair value through profit or loss, the transaction costs are expensed in the statement of profit or loss. Immediately after initial recognition, an expected credit loss allowance ("ECL'') is recognized for debt financial assets measured at amortized cost, which results in an ECL charge being recognized in the statement of profit or loss.

3. MATERIAL ACCOUNTING POLICIES (continued)

3.2 FINANCIAL INSTRUMENTS (continued)

3.2.1 CLASSIFICATION AND MEASUREMENT OF FINANCIAL ASSETS (continued)

3.2.1.2 CLASSIFICATION AND SUBSEQUENT MEASUREMENT OF FINANCIAL ASSETS

On initial recognition, the Company classifies its financial assets in the following measurement categories:

- Amortized cost
- Fair value through other comprehensive income ("FVOCI")
- Fair value through profit or loss ("FVTPL")

Debt instruments

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

Classification and subsequent measurement of debt instruments depend on:

- The Company's business model for managing the asset; and
- The contractual cash flow characteristics of the asset.

Business model: The business model reflects how the Company manages the assets in order to generate cash flows. That is, whether the Company's objective is solely to collect the contractual cash flows from the assets or is to collect both the contractual cash flows and cash flows arising from the sale of assets. If neither of these is applicable (e.g., financial assets are held for trading purposes), then the financial assets are classified as part of 'other' business model and measured at FVTPL.

Factors considered by the Company in determining the business model for a group of assets include:

- Past experience on how the cash flows for these assets were collected.
- How the asset's performance is internally evaluated and reported to key management personnel.
- How risks are assessed and managed; and
- How managers are compensated.

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

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

SPPI: Where the business model is to hold assets to collect contractual cash flows or to collect contractual cash flows and sell, the Company assesses whether the financial instruments' cash flows represent solely payment of principal and interest (the "SPPI" test). In making this assessment, the Company considers whether the contractual cash flows are consistent with a basic lending arrangement i.e., interest (or special commission income) includes only consideration for the time value of resources, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the SPPI test does not pass, and the related financial asset is classified and measured at FVTPL.

3. MATERIAL ACCOUNTING POLICIES (continued)

3.2 FINANCIAL INSTRUMENTS (continued)

3.2.1 CLASSIFICATION AND MEASUREMENT OF FINANCIAL ASSETS (continued)

3.2.1.2 CLASSIFICATION AND SUBSEQUENT MEASUREMENT OF FINANCIAL ASSETS (Continued)

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

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

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

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

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

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

Currently bank balances, margin lending financing receivables and other receivables are classified as held at amortized cost. There are no debts securities classified as FVTPL.

<u>Equity instruments</u>

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

3. MATERIAL ACCOUNTING POLICIES (continued)

3.2 FINANCIAL INSTRUMENTS (continued)

3.2.1 CLASSIFICATION AND MEASUREMENT OF FINANCIAL ASSETS (continued)

3.2.1.2 CLASSIFICATION AND SUBSEQUENT MEASUREMENT OF FINANCIAL ASSETS (Continued)

The Company subsequently measures all equity investments at FVTPL, except where the Company has elected, at initial recognition, to irrevocably designate an equity investment at FVOCI. The Company's policy is to designate equity investments as FVOCI when those investments are held for purposes other than to trade. When this election is used, fair value gains and losses are recognized in other comprehensive income and are not subsequently reclassified to the statement of profit or loss, including on disposal. On disposal, fair value gains/losses are transferred directly from fair value reserve to retained earnings. Impairment losses (and reversal of impairment losses) are not reported separately from other changes in fair value. Dividends, when representing a return on such investments, continue to be recognized in the statement of profit or loss when the Company's right to receive payments is established.

The Company has irrevocably elected/designated investment in quoted units of a mutual fund in the real estate sector which is held as FVOCI.

3.2.2 IMPAIRMENT OF FINANCIAL ASSETS

The Company assesses on a forward-looking basis the expected credit loss ("ECL'') associated with its financial assets carried at amortized cost. The Company recognizes a loss allowance for such losses at each reporting date. The measurement of ECL reflects:

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

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

(i) A financial instrument that is not credit-impaired on initial recognition is classified in 'Stage 1' and has its credit risk continuously monitored.

(ii) If a significant increase in credit risk ('SICR') since initial recognition is identified, the financial instrument is moved to 'Stage 2' but is not yet deemed to be credit impaired.

(iii) If the financial instrument is credit-impaired, the financial instrument is then moved to 'Stage 3'.

(iv) Financial instrument in Stage 1 has their ECL measured at an amount equal to the portion of expected credit losses that result from the default events possible within the next 12 months. Instruments in Stages 2 or 3 have their ECL measured based on expected credit losses on a lifetime basis.

(v) A pervasive concept in measuring ECL in accordance with IFRS 9 is that it should consider forward-looking information.

(vi) Purchased or originated credit-impaired financial assets are those financial assets that are credit-impaired on initial recognition. Their ECL is always measured on a lifetime basis (Stage 3).

3. MATERIAL ACCOUNTING POLICIES (continued)

3.2 FINANCIAL INSTRUMENTS (continued)

3.2.2 IMPAIRMENT OF FINANCIAL ASSETS (continued)

Stage 1: (Initial recognition) 12-month expected credit losses

Stage 2: (Significant increase in credit risk since initial recognition) Lifetime expected credit losses

Stage 3: (Credit impaired assets) Lifetime expected credit losses.
The financial assets of the Company, that are subjected to ECL review include bank balances, margin lending and other receivables.

The impact of ECL on the financial assets of the Company other than margin lending financing from customers is immaterial.

For ECL on margin lending please refer Note 3.2.2.3.

For ECL measurement on other receivables please refer Note 3.2.2.3

The Company considers that the remaining financial assets are immaterial and have low credit risk.

3.2.2.1 STAGES OF IMPAIRMENT UNDER IFRS 9

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

Stage 1 - Performing financial assets

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

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

Stage 2 - Financial Assets with significant increase in credit risk

These are financial assets whose credit quality has deteriorated significantly since origination but do not have objective evidence of impairment.

Stage 3 - Credit impaired financial assets

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

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

3. MATERIAL ACCOUNTING POLICIES (continued)

3.2 FINANCIAL INSTRUMENTS (continued)

3.2.2 IMPAIRMENT OF FINANCIAL ASSETS (continued)

3.2.2.2 TRANSFER CRITERIA

Margin lending

The transfer criteria are based on the breaches in the Company's equity proportion. As and when the Company revises the margin and liquidation benchmarks, the transfer criteria is modified accordingly to reflect the appropriate credit risk in each of the stages.

Stage 1 to Stage 2

- Any significant increase in credit risk would trigger transfer of an asset from Stage 1 to stage 2 depending on the level of deterioration.
- As and when the collateralization level of the client breaches 130% and subsequently margin is called, the asset would be migrated to Stage 2.

Stage 2 to Stage 3

- For an asset in Stage 2, if the client's collateralization level falls below 130%, the client shall be considered credit impaired, and the asset would be moved to Stage 3.

3.2.2.3 EXPECTED CREDIT LOSS MEASUREMENT

Margin lending

Staging criteria:

Staging is done in accordance with criteria mention in Note 3.2.2.1.

Significant increase in credit risk:

A decrease in collateral percentage below 130% is considered as a significant increase in credit risk and such exposures are transferred to stage 2.

Definition of default:

For the purpose of default rate calculation, the Company has used the liquidation events as trigger for defaults. The default rate as at reporting date equals the number of accounts defaulting in the next 12 months from reporting date divided by the total number of performing accounts during the reporting month.

Measurement of ECL:

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

- probability of default (PD);
- loss given default (LGD);
- exposure at default (EAD).

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

3. MATERIAL ACCOUNTING POLICIES (continued)

3.2 FINANCIAL INSTRUMENTS (continued)

3.2.2 IMPAIRMENT OF FINANCIAL ASSETS (continued)

3.2.2.3 EXPECTED CREDIT LOSS MEASUREMENT (continued)

PD estimates are estimates at a certain date, which are calculated based on statistical rating models, and assessed using rating tools tailored to the various categories of counterparties and exposures. These statistical models are based on internally compiled data comprising both quantitative and qualitative factors.

LGD is the magnitude of the likely loss if there is a default. The Company estimates LGD parameters based on the history of recovery rates of claims against defaulted counterparties. The LGD models consider the structure, collateral, seniority of the claim, counterparty industry and recovery costs of any collateral that is integral to the financial asset. Given the nature and extent of the collateral held against the Company's margin financing exposures, the management considers the credit risk of the exposures to be minimal. In accordance with the policy of the Company, the margin financing facilities should be at a minimum 130% collateralized and the facility is liquidated if the collateral coverage ratio drops below the liquidation level of 130%. Therefore, generally, no exposure is classified as stage 2 as it is already liquidated at 130%. Hence, even though there might be small probability of default, the ECL would not be material, as the pledged collateral (in the form of cash or liquid securities) covers the exposure at a minimum to 130%.

EAD represents the expected exposure in the event of a default. The Company derives the EAD from the current exposure to the counterparty and potential changes to the current amount allowed under the contract including amortization. The EAD of a financial asset is its gross carrying amount. For lending commitments and financial guarantees, the EAD includes the amount drawn, as well as potential future amounts that may be drawn under the contract, which are estimated based on historical observations and forward-looking forecasts.

Other receivables

Staging criteria:

Staging is done in accordance with criteria mention in Note 3.2.2.1.

Significant increase in credit risk:
For each exposure any increase in past due days from 30 days is considered as a significant increase in credit risk and such exposures are transferred to stage 2.

Definition of default:
The Company considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Company in full; or
- the borrower is past due more than 90 days on any material credit obligation to the Company.

In assessing whether a borrower is in default, the Company considers indicators that are:

- qualitative - e.g., breaches of covenant,
- quantitative - e.g., overdue status and non-payment on another obligation of the same issuer to the Company; and
- based on data developed internally and obtained from external sources.

Inputs into the assessment of whether a financial instrument is in default and their significance may vary over time to reflect changes in circumstances.

3. MATERIAL ACCOUNTING POLICIES (continued)

3.2 FINANCIAL INSTRUMENTS (continued)

3.2.2 IMPAIRMENT OF FINANCIAL ASSETS (continued)

3.2.2.3 EXPECTED CREDIT LOSS MEASUREMENT (continued)

Measurement of ECL:

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

- probability of default (PD);
- loss given default (LGD);
- exposure at default (EAD).

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

PD estimates are estimates at a certain date, which are calculated based on statistical rating models, and assessed using rating tools tailored to the various categories of counterparties and exposures. These statistical models are based on internally compiled data comprising both quantitative and qualitative factors. PDs are estimated considering binomial distribution of total borrowers and total defaults.
The financial assets of the Company, which are subjected to ECL review include cash and cash equivalents, deposit with Muqassa, time deposit, accrued income, margin lending and other receivables. Loss given default (LGD) is insignificant given the “insignificant risk of changes in value” criteria.

Immaterial ECL is concluded on these balances as a result of an insignificant PD and LGD.

EAD represents the expected exposure in the event of a default. The Company derives the EAD from the current exposure to the counterparty and potential changes to the current amount allowed under the contract including amortization. The EAD of a financial asset is its gross carrying amount.

3.2.3 FINANCIAL LIABILITIES

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

Subsequently, all special commission bearing financial liabilities other than those held at FVTPL are measured at amortized cost. Amortized cost is calculated by taking into account any discount or premium on settlement.

3.2.4 FAIR VALUATION OF FINANCIAL INSTRUMENTS

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

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

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

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their best economic interest.

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

3. MATERIAL ACCOUNTING POLICIES (continued)

3.2 FINANCIAL INSTRUMENTS (continued)

3.2.4 FAIR VALUATION OF FINANCIAL INSTRUMENTS (continued)

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

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

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Quoted prices in active markets for similar assets and liabilities or other valuation techniques for which all significant inputs are based on observable market data.
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

3.2.5 DERECOGNITION OF FINANCIAL INSTRUMENTS

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

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

3.2.6 OFFSETTING OF FINANCIAL INSTRUMENTS

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

3.3 IMPAIRMENTS OF NON-FINANCIAL ASSETS

Property and equipment and intangible assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an assets or Cash Generating Unit's ("CGU") fair value less costs of disposal and its value in use. It is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets.

Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

3. MATERIAL ACCOUNTING POLICIES (continued)

3.3 IMPAIRMENTS OF NON-FINANCIAL ASSETS (continued)

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

3.4 EMPLOYEES' END OF SERVICE BENEFITS (EOSB)

Employees' end of service benefits, represents obligations that will be settled in the future and require actuarial valuations to determine these obligations. Management is required to make further assumptions regarding variables such as discount rates, rates of salary increase, longevity, employee turnover and future healthcare costs, if applicable. Annually, management consults external actuaries regarding these assumptions. Changes in key assumptions can have a significant impact on the projected benefit obligations and employee defined benefit cost.

3.5 ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES

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

3.6 PROVISIONS

A provision is recognised when the Company has a present legal or constructive obligation 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. Provision is not recognised for future operating loss.

3.7 ZAKAT

The zakat charge is computed based on the net income of the Company for the year before zakat charge. However, the Company does not file a separate Zakat to the Zakat, Tax and Customs Authority ("ZATCA") as Riyad Bank (the "Parent Company") submits a consolidated / single Zakat return for the entire group based on its consolidated Zakat base and settles Zakat liability accordingly. The Company's Zakat liability is accordingly payable to the Parent Company and is limited to the amount of Zakat charged in these financial statements.

3.8 INTANGIBLES

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and any accumulated impairment losses, if any. The useful lives of intangible assets are assessed to be either finite or indefinite.

Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life is reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite useful lives is recognized in the statement of profit or loss in the expense category consistent with the function of the intangible asset.

The intangibles are amortised using the straight-line method over the estimated useful life of the assets as follow:

Intangibles	10%

3. MATERIAL ACCOUNTING POLICIES (continued)

3.9 PROPERTY AND EQUIPMENT

Property and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. The Property and equipment are depreciated using the straight-line method over the estimated useful life of the assets as follows:

Equipment	20%
Hardware	16.7%
Furniture	10%
Lease hold improvement	6.7%

Capital work-in-progress is stated at cost and not depreciated. The capital work-in-progress is transferred to Property and equipment when the assets are ready for their intended use.

3.10 ASSETS UNDER MANAGEMENT

The Company offers asset management services to its customers, which include management of certain mutual funds and Discretionary Portfolio Management ("DPM"). Such assets are held in a fiduciary capacity and are not treated as assets of the Company. Accordingly, these are not included in the financial statements and are treated as off-balance sheet items.

3.11 MARGIN LENDING

Margin lending are recognized when cash is advanced to the borrowers. They are derecognized when either borrower repays their obligations, or the balance is sold or written-off, or substantially all the risks and rewards of ownership are transferred to other party. Margin lending are carried at amortized cost, less provision for expected credit losses, if any.

The liquidation criteria are based on the breaches in the Company's equity proportion. As and when the Company revises the margin and liquidation benchmarks, the transfer criterion is modified accordingly to reflect the appropriate credit risk of the stages

3.12 SHORT-TERM BORROWINGS

Short-term borrowings are initially recognized at fair value, net of transaction costs incurred. Short- term borrowings are subsequently measured at amortized cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognized in statement of profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognized as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs.
To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalized as a prepayment for liquidity services and amortized over the period of the facility to which it relates.

Short-term borrowings are removed from the statement of financial position when the obligation specified in the contract is discharged, cancelled, or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in the statement of profit or loss as other income or special commission expense.

Short-term borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

3. MATERIAL ACCOUNTING POLICIES (continued)

4.

3.13 REVENUE

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

Based on the above five steps the revenue recognition policies for the various revenue streams are as follow:

- **ASSET MANAGEMENT FEE, NET**

Fees and commissions are recognized when the service has been provided. Portfolio and other management advisory and service fees are recognized based on the applicable service contracts, usually on a time-proportionate basis. Fees received on asset management are recognized over the period when the service is provided. The fee is reduced by the management fee charged by the sub-fund manager from the Company.

- **COMMISSION ON BROKERAGE SERVICES, NET**

Brokerage fees are recognized at a point in time basis upon execution of services to customers and are stated net of discounts, if any, based on agreed applicable service contracts. Commission income from margin lending is recognized on an accrual basis based on the effective rate of return during the contract period.

- **CORPORATE INVESTMENT BANKING FEES, NET**

Corporate banking services fees is recognised based on services rendered as being complete in accordance with the underlying agreement / contract using the five-step approach to revenue recognition above.

- **SECURITIES SERVICES AND CUSTODY FEE, NET**

Security services and custody fee are recognized on accrual basis upon execution of related deals and are stated in statement of profit or loss net of discounts, if any, based on agreed applicable service contracts

- **FIDUCIARY ASSETS**

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

- **DIVIDEND INCOME**

Dividend income is recognized when the right to receive dividend is established.

- **SPECIAL COMMISSION INCOME**

Special commission income is recognized in the statement of profit or loss based on effective yield basis.

3. MATERIAL ACCOUNTING POLICIES (continued)

3.14 EXPENSES

All expenses, which are not directly attributable to the earning of income, are classified as other general and administrative expenses except for "Employees' salaries and related benefits" which are shown separately.

3.15 RIGHT OF USE ASSET AND LEASE LIABILITY

The Company has recognized asset and liability for its operating lease of office premises. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to statement of profit or loss over the lease year to produce a constant yearly rate of interest on the remaining balance of the liability for each year. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis.

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

Lease liability include the net present value of the following lease payments:
- Fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payments 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 incremental borrowing rate, 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.

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

Low-value assets comprise small items relating to office equipment.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

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

3.16 OPERATING SEGMENT

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Company's other components. All operating segments' operating results are reviewed regularly by the Company's relevant Business Heads' (Chief Operating Decision Makers) which in the Company's case is to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

3.17 EARNINGS PER SHARE

Basic and diluted earnings per share is calculated by dividing the net income attributable to common equity holders of the Company for the year by weighted average number of shares outstanding.

4. NEW STANDARDS, AMENDMENT TO STANDARDS AND INTERPRETATIONS

4.1 NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS ADOPTED BY THE COMPANY

The accounting policies used in the preparation of these financial statements are consistent with those used in the preparation of the financial statements for the year ended 31 December 2024 except for the adoption of the following amendments to IFRS explained below which became applicable for annual reporting periods commencing on or after January 1, 2025. The management has assessed that the below amendments have no significant impact on the financial statements.

The Company has adopted the following amendments, interpretations and revisions to existing standards, which were issued by the IASB and are applicable from January 1, 2025:

Standard / Interpretation	Description	Effective from periods beginning on or after the following date
Amendment to IAS 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.	January 01, 2025

The adoption of the above amendments to standards and interpretations did not have any significant impact on these financial statements.

4.2 New standards Issued but not yet effective:

Standards issued but not yet effective up to the date of issuance of the Company's financial statements are listed below. The listing is of standards and interpretations issued, which the Company reasonably expects to be applicable at a future date. The Company intends to adopt these standards when they become effective.

Standard / Interpretation	Description	Effective from periods beginning on or after the following date
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

4. NEW STANDARDS, AMENDMENT TO STANDARDS AND INTERPRETATIONS (continued)

4.2 New standards Issued but not yet effective (continued):

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.	January 01, 2026
Amendments to IFRS 9 and IFRS 7 Contracts referencing Nature-dependent Electricity	Contracts Referencing Nature-dependent Electricity amends IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures to more faithfully reflect the effects of contracts referencing nature-dependent electricity on an entity's financial statements.	January 01, 2026
Annual improvements to IFRS – Volume 11	Annual improvements are limited to changes that either clarify the wording in an Accounting Standard or correct relatively minor unintended consequences, oversights or conflicts between the requirements in the Accounting Standards. The 2024 amendments are to the following standards: IFRS 1 First-time Adoption of International Financial Reporting Standards; IFRS 7 Financial Instruments: Disclosures and its accompanying Guidance on implementing IFRS 7; IFRS 9 Financial Instruments; IFRS 10 Consolidated Financial Statements; and IAS 7 Statement of Cash Flows.	January 01, 2026
Amendments to IFRS 10 and IAS 28- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	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.	January 01, 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 Standards.	January 01, 2027

5. CASH AND CASH EQUIVALENTS

	Note	**2025 SAR'000**	2024 SAR'000
Cash in hand		**465**	100
Cash at bank	*5.1*	**62,361**	59,572
Short term deposits	*5.2*	**483,950**	162,200
		546,776	221,872

5.1 This represents current account balances with local banks.

5.2 This represents profit bearing short term deposits of Islamic Murabaha with original maturities of three months or less.

6. DEPOSIT WITH MUQASSA

This represents margin collateral deposited with Securities Clearing Centre Company (Muqassa) by Capital Market Institution. Margin collateral is determined by Muqassa for Capital Market Institutions based on average portfolio balances by applying Standard Portfolio Analysis of Risk (SPAN) methodology. As at 31 December 2025 the deposits were SAR 82,768 thousand (2024: SAR 111,744 thousand)

7. TIME DEPOSIT

As at 31 December 2025 there were deposits of Islamic Murabaha of SAR 100 million (2024: SAR 171 million) with original maturities of more than three months.

8. ACCRUED INCOME, NET

	Note	**2025 SAR'000**	2024 SAR'000
Asset management fee, net	*8.1*	**343,278**	271,512
Securities services and custody fee		**14,807**	15,484
Corporate investment banking fee		**7,848**	6,462
Others		**30,244**	31,247
		396,177	324,705

8.1 Movement in allowance for ECL on doubtful receivables is as follows:

	2025 SAR'000	2024 SAR'000
As at the beginning of the year	**2,499**	6,949
Charge / (reversal) for the year	**9,368**	(4,450)
As at the end of the year	**11,867**	2,499

9. MARGIN LENDING

The Company provides margin lending facilities to certain clients for dealing in the local stock market through the Company. Margin lending is collateralized by approved coverage of 130% of market value of the customer respective portfolio. The Company in the ordinary course of lending activities holds collateral as security to mitigate credit risk on its margin lending. The collateral is managed against relevant exposures at their net realizable values. Margin lending is earning commission income subject to commission rate with a maturity of one year or less. As at 31 December 2025 there were SAR 801 million (2024: SAR 853 million).

No ECL was recognized for the year ended 31 December 2025 (31 December 2024: nil)

10. PREPAYMENTS AND OTHER ASSETS

	2025 **SAR'000**	2024 SAR'000
Advances for investment	**84,735**	91,709
Refundable deposits	**15,378**	7,891
Prepaid insurance expense	**473**	461
Other assets	**10,400**	10,448
	110,986	110,509

11. LOANS TO RELATED PARTIES

This represents loans by the Company to its related parties, primarily for operational and liquidity support. All of these loans are granted at prevailing market interest rates, with different maturity dates. The terms and conditions of each loan, including interest rates, repayment schedules, and collateral requirements, are determined based on an arm's length basis and reflect current market practices.

12. INVESTMENTS CARRIED AT FAIR VALUE THROUGH STATEMENT OF PROFIT OR LOSS (FVTPL)

	2025 **SAR'000**	2024 SAR'000
Public funds		
Investment Funds managed by Riyad Capital	**1,490,210**	1,182,357
Investment Funds - others	**130,652**	124,267
	1,620,862	1,306,624
Private Funds		
Investment Funds managed by Riyad Capital	**204,623**	206,247
Investment Funds - others	**40,812**	33,813
	245,435	240,060
Direct investments	**248**	1,067
Total Investments	**1,866,545**	1,547,751

13. INVESTMENTS CARRIED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (FVOCI)

	2025 **SAR'000**	2024 SAR'000
Riyad REIT Fund – Managed by Riyad Capital	**56,946**	78,072

The cumulative unrealized loss on fair value of investment carried at FVOCI for the year ended 31 December 2025 amounts to SAR 50,453 thousand (2024: SAR 29,327 thousand).

14. INVESTMENTS CARRIED AT AMORTIZED COST

	2025 SAR'000	2024 SAR'000
Investments carried at amortized cost	**117,000**	103,000

There was no ECL recognized for the years ended 31 December 2025 and 31 December 2024 since the amount of impairment was immaterial.

15. RIGHT-OF-USE ASSET AND LEASE LIABILITY

15.1 The movement in right-of-use asset during the year is as follows:

	2025 SAR'000	2024 SAR'000
Cost		
As at the beginning of the year	**29,662**	29,662
Additions	**36,821**	-
Lease termination*	**(29,662)**	-
As at the end of the year	**36,821**	29,662
Accumulated Depreciation		
As at the beginning of the year	**29,662**	26,190
Charge for the year	**1,970**	3,472
Lease termination*	**(29,662)**	-
As at the end of the year	**1,970**	29,662
Net Book Value	**34,851**	-

*During the year ended 31 December 2025, the company terminated the rent lease and in the process of signing a new contract.

15.2 Movement of lease liabilities is as follows:

	Note	**2025 SAR'000**	2024 SAR'000
As at the beginning of the year		**-**	2,934
Additions		**36,821**	
Finance charge for the year	*28*	**271**	-
Payment for lease liability		**-**	(2,934)
As at end of the year		**37,092**	-

The maturity of lease liability at year-end is as follows:

	2025 SAR'000	2024 SAR'000
Less than one year	**13,102**	**-**
	13,102	**-**

15. RIGHT-OF-USE ASSET AND LEASE LIABILITY

15.3 Following are the amounts recognized in the statement of profit or loss:

	Note	**2025** SAR'000	2024 SAR'000
Expense related to short term lease	*24*	**8,724**	3,252
Depreciation of right-of-use asset	*24*	**1,970**	3,472
Interest expense on lease liability	*28*	**271**	-
		10,965	6,724

15.4 Total payment made during the year amounted to nill (2024: SAR 2,934 thousand).

15.5 Critical judgements in determining the lease term:

Lease Term Determination
In determining the lease term, management considers all relevant facts and circumstances that create an economic incentive to exercise an extension option or to not exercise a termination option. Extension periods (or periods following a termination option) are included in the lease term only if it is reasonably certain that the lease will be extended (or not terminated).

Initial Recognition of Lease Liabilities
Lease liabilities are initially recognized at the present value of lease payments, discounted using the incremental borrowing rate or the rate implicit in the lease, where available.

Sensitivity Analysis to Discount Rate
The lease liabilities are sensitive to changes in the discount rate. A 1% increase in the discount rate would result in a decrease in lease liabilities of approximately SAR 455 thousand. Conversely, a 1% decrease in the discount rate would lead to an increase in lease liabilities of approximately SAR 468 thousand.

16. PROPERTY AND EQUIPMENT

2025	**SAR 000's**				
	Equipment and Hardware	**Furniture**	**Lease hold improvement**	**Capital Work in Progress**	**Total**
Cost					
As at the beginning of the year	**2,636**	**1,904**	**4,645**	**14,487**	**23,672**
Additions	**673**	**11**	**180**	**9,625**	**10,489**
Disposal	**-**	**-**	**(4,050)**	**-**	**(4,050)**
Transfers to Intangible assets	**-**	**-**	**-**	**(17,874)**	**(17,874)**
As at the end of the year	**3,309**	**1,915**	**775**	**6,238**	**12,237**
Accumulated depreciation					
As at the beginning of the year	**1,482**	**1,076**	**4,050**	**-**	**6,608**
Charge for the year	**424**	**165**	**447**	**-**	**1,036**
Disposal	**-**	**-**	**(4,050)**	**-**	**(4,050)**
As at the end of the year	**1,906**	**1,241**	**447**	**-**	**3,594**
Net book value					
As at 31 December 2025	**1,403**	**674**	**328**	**6,238**	**8,643**

2024	SAR '000				
	Equipment and Hardware	Furniture	Lease hold improvement	Capital Work in Progress	Total
Cost					
As at the beginning of the year	2,557	1,836	4,577	7,176	16,146
Additions	79	68	68	7,311	7,526
As at the end of the year	2,636	1,904	4,645	14,487	23,672
Accumulated depreciation					
As at the beginning of the year	1,103	916	3,140	-	5,159
Charge for the year	379	160	910	-	1,449
As at the end of the year	1,482	1,076	4,050	-	6,608
Net book value					
As at 31 December 2024	1,154	828	595	14,487	17,064

17. INTANGIBLE ASSETS

	2025	2024
	SAR'000	SAR'000
Cost		
As at the beginning of the year	**27,956**	27,029
Additions	**-**	927
Transfers from capital work in progress	**17,874**	-
As at the end of the year	**45,830**	27,956
Accumulated Amortization		
As at the beginning of the year	**23,139**	21,267
Charge for the year	**2,266**	1,872
As at the end of the year	**25,405**	23,139
Net Book Value		
Balance as at 31 December	**20,425**	4,817

18. ACCRUED EXPENSES AND OTHER LIABILITIES

		2025	2024
		SAR'000	SAR'000
Accrued employees' related expenses	*18.1*	**110,827**	100,133
Accrued general and administrative expenses		**37,561**	36,234
Service level agreement (SLA)		**21,874**	57,123
Value added tax payable		**12,089**	16,031
Withholding tax payable		**1,735**	1,424
Other liabilities		**6,345**	20,802
		190,431	231,747

18.1 Part of the accrued employees' related expenses include employee long-term Incentive plan obligation

Employee Long-Term Incentive Plan Obligation

The Company has introduced a Long-Term Incentive Plan designed to reward selected key management employees on the achievement of the Company's financial goals. Subject to the vesting period employees shall be granted cash that is equivalent to the value of the phantom shares.

Share-based payment transactions – Equity settled
Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. The fair value excludes the effect of non-market-based vesting conditions.
The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Company's estimate of the number of equity instruments that will eventually vest. At each reporting date, the Company revises its estimate of the number of equity instruments expected to vest as a result of the effect of non-market based vesting conditions. The impact of the revision of the original estimates, if any, is recognised in the statement of profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to reserves.

Share-based payment transactions – Cash settled
For cash-settled share-based payments, a liability is recognised for the services acquired, measured initially at the fair value of the liability. At each reporting date until the liability is settled, and at the date of settlement, the fair value of the liability is remeasured, with any changes in fair value recognised in statement of profit or loss for the year.

19. ACCRUED ZAKAT

The Company is not required to submit a separate Zakat return as the Parent submits a consolidated / single Zakat return for the entire Group based on its consolidated Zakat base and settles its Zakat liability accordingly. Accordingly, the Company is not required to make any payment to Zakat, Tax and Customs Authority (“ZATCA”). Zakat amount charged to these financial statements is payable to the Parent Company, who ultimately settles the Zakat liability on behalf of the Company.

The Company's share of Zakat for the year ended 31 December 2025 is SAR 17,039 thousand (31 December 2024: SAR 14,983 thousand). This share is estimated based on zakat rate applied to the Company's income before Zakat for the years ended 31 December 2025 and 2024.

Subsequent to the public offering completion, the Company will have to exit from Zakat Group and shall submit a standalone Zakat returns based on the results of the Company and record Zakat accordingly.

20. EMPLOYEES' END OF SERVICE BENEFITS (EOSB)

	2025 SAR'000	2024 SAR'000
Present value of employees' end of service benefits	**79,154**	69,320

20.1 Principal actuarial assumptions

The major financial assumptions used to calculate the employees' end of services benefits liabilities are as follows:

	2025	2024
Discount rate	**5.25%**	5.54%
Salary increase rate	**6%**	6%

20.2 Movements in employees' end of service benefits

The movements in employees' end of service benefits recognized in the statement of financial position is as follows:

	2025 SAR'000	2024 SAR'000
As at the beginning of the year	**69,320**	60,416
Current service cost	**7,845**	6,612
Interest cost	**3,884**	3,344
Benefits paid during the year	**(4,297)**	(6,817)
Remeasurement loss on EOSB	**2,402**	5,765
As at the end of the year	**79,154**	69,320

20.3 Amounts recognized in the statement of profit or loss

	2025 SAR'000	2024 SAR'000
Current service cost	**7,845**	6,612
Interest cost	**3,884**	3,344
	11,729	9,956

20.4 Sensitivity analysis for significant actuarial assumptions

The sensitivity of the employees end of service benefit to changes in the principal assumptions is:

	Increase / (decrease) in present value of employees' end of service benefits liability	
	Change in assumption	**Amount SAR'000**
Discount rate	+0.5%	**(2,899)**
	-0.5%	**3,091**
Salary growth rate	+0.5%	**3,053**
	-0.5%	**(2,892)**

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

21. SHARE CAPITAL

The Company's share capital amounting to SAR 500 million, as of 31 December, 2025, is divided into 250 million ordinary shares (2024: 250 million ordinary shares) of par value of SAR 2 each.

22. STATUTORY RESERVE

In accordance with the company's articles of association the Company is authorized to establish reserves from the profits in the best interest of the Company to optimize the distribution of dividends on a steady base. Any disbursement to the shareholder will only be considered after the profits have been allocated to reserves.

23. COMMISSION ON BROKERAGE SERVICES, NET

The commission on brokerage is reported net of brokerage related expenses, which cumulatively amounting to SAR 66,818 thousand (2024: SAR 115,730 thousand).

24. GENERAL AND ADMINISTRATIVE EXPENSES

	Note	**2025 SAR'000**	2024 SAR'000
Service level agreement (SLA)	26.1	**28,919**	18,786
Repair and maintenance expense		**22,845**	20,584
Legal, professional and consultancy fees		**8,846**	7,253
Short term lease	15.3	**8,724**	3,252
Communication charges		**8,308**	7,295
Penalty expenses		**5,600**	-
Marketing expenses		**3,452**	2,312
Amortization of intangible assets	17	**2,266**	1,872
Depreciation of right-of-use asset	15.3	**1,970**	3,472
Business travel expenses		**1,385**	647
Director's remuneration	26	**1,295**	2,417
Depreciation of property and equipment	16	**1,036**	1,449
Audit fees		**468**	475
Other expenses		**7,839**	7,790
		102,953	77,604

25. ASSETS HELD UNDER FIDUCIARY CAPACITY

Client funds are managed in a fiduciary capacity without risk or recourse to the Company. These assets are considered as off-balance sheet items and do not constitute part of the Company's assets. These represent:

a) Investment assets managed by the Company amounted to SAR 97.5 billion as at 31 December 2025 (31 December 2024: SAR 93.8 billion); and

b) Clients' cash accounts amounting to SAR 10 billion as at 31 December 2025 (31 December 2024: SAR 9.2 billion).

c) Assets under custody managed by the Company amounted to SAR 1,048 billion as at 31 December 2025 (31 December 2024: SAR 832 billion).

26. RELATED PARTY TRANSACTIONS AND BALANCES

Related parties of the Company comprise of the Parent Company, its subsidiaries and affiliates (board of directors of the Parent Company and their relatives), the investment funds managed by the Company and key management personnel. The transactions are carried out on mutually agreed terms approved by the management of the Company. Details of transactions and balances with related parties other than those disclosed elsewhere in the financial statements are as follows:

a) Transactions with the Parent Company, its subsidiaries and affiliates:

	Note	**2025 SAR'000**	2024 SAR'000
Commission on brokerage services, net		**75,596**	32,004
Securities services and Custody fee, net		**46,728**	21,557
Service level agreement (SLA)	26.1	**28,919**	18,786
Zakat	19	**17,039**	14,983
Asset management fee, net	26.3	**13,105**	12,672
Short term lease		**8,724**	3,252
Corporate investment banking fees, net	26.2	**3,268**	6,852
Outsource services charged by entities under common control		**779**	641
Special commission income		**729**	998
Commission and fees paid or bank charges		**58**	195
Contingencies and commitments	32	**-**	440

26.1 Service charges include the cost of IT support, banking services, marketing, human resources and other back-office expenses, which are performed by the Parent for the Company under a Service Level Agreement.

26.2 This represents fees earned from advisory work performed by the Company.

26.3 This represents fees earned from managing the Parent and affiliates portfolios and providing advisory services.

b) Transactions with the funds managed by the Company:

	2025 SAR'000	2024 SAR'000
Assets management fee, net	**340,445**	280,734
Loans to related parties	**39,786**	-
Net gain on investments carried at FVTPL	**33,554**	21,162
Dividend income	**10,440**	14,363
Unrealized loss on investments carried at FVOCI	**(21,126)**	(23,652)

c) Transactions with Board of Directors and key management personnel of the Parent Company and their affiliates:

	2025 SAR'000	2024 SAR'000
Commission and fees	**628**	561

d) Transactions with Board of Directors and key management personnel of the Company and their affiliates:

	2025 SAR'000	2024 SAR'000
Commission and fees	**352**	384

26. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

e) Remuneration and compensation of Board of Directors Members and key management personnel:

	2025	2024
	SAR'000	SAR'000
Board of Directors and Committee members	**1,295**	2,417
Key management personnel	**48,483**	41,295

f) Related party balances:

	Note	**2025**	2024
		SAR'000	SAR'000
Time deposit	7	**-**	140,000
Cash at bank		**62,361**	59,572
Service level agreement (SLA)	18	**21,874**	57,123
Accrued zakat	19	**17,039**	24,740
Accrued income		**12,482**	18,305
Lease liability	15	**37,092**	-
Loans to related parties	11	**39,786**	-

The Company has a borrowing facility with the Parent Company amounting to SAR 1.25 billion as at 31 December 2025 (31 December 2024: 1.25 billion). Please refer to note 32 for further details.

27. EARNING PER SHARE

		2025	2024
		SAR'000	SAR'000
Net income for the year		**664,493**	584,322
Number of shares outstanding	27.1	**250,000**	250,000
		2.66	2.34

28. FINANCE COST

	Note	**2025**	2024
		SAR'000	SAR'000
Interest expense on lease liability	15	**271**	-
		271	-

29. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

29.1 Financial risk factors

Effective risk management is of primary importance to the Company. Risks include market risk, credit risk, liquidity risk and operational risk. The Company ensures that it is conservatively capitalized relative to its risk levels, as well as external requirements and benchmarks.

Financial instruments carried on the statement of financial position include cash and cash equivalents, deposit with Muqassa, time deposit, accrued income, margin lending, loans to related parties, investments carried at FVTPL, investments carried at FVOCI, investments carried at amortised cost, other receivables, accrued expenses and other liabilities. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

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

(a) Market risk

(i) Foreign exchange risk

Foreign exchange risk is the risk that the value of future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates and arises from financial instruments denominated in foreign currency.

The financial instruments of the Company are denominated in SAR. The Company's transactions are principally in SAR and exposures in foreign currencies are not significant.

(ii) Commission rate risk

Commission rate risk is the risk that the value of the future cash flows of a financial instrument or fair values of fixed coupon financial instruments will fluctuate due to changes in market commission rates.

The Company does not have significant cash flow commission rate risk as it does not have any significant amount of variable rate financial instruments.

The Company's fixed rate financial instruments are carried at amortized cost and therefore not subject to fair value commission rate risk as defined in IFRS 7, since neither the carrying amount nor the future cash flows will fluctuate because of changes in market commission rates.

(iii) Price Risk

Price risk is the risk that the value of the Company’s financial instruments will fluctuate as a result of changes in market prices caused by factors other than foreign currency and profit rate movements.

The price risk arises primarily from uncertainty about the future prices of financial instruments that the Company holds. The Company diversifies the investment portfolio and closely monitors the price movement of its investments in financial instruments. As of the statement of financial position date, the Company has equity investments in Investee funds.

29. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

29.1 Financial risk factors (continued)

(a) Market risk (Continued)

(iv) Price Risk (Continued)

	2025 SAR'000		2024 SAR'000	
	Potential reasonable change %	**Effect on equity**	Potential reasonable change %	Effect on equity
Investment funds – managed by Riyad Capital	**±5%**	**84,603**	±5%	69,430
	±10%	**169,207**	±10%	138,860
Investment funds – others	**±5%**	**8,573**	±5%	7,904
	±10%	**17,146**	±10%	15,808
Direct investments	**±5%**	**151**	±5%	53
	±10%	**301**	±10%	107
Riyad REIT Fund	**±5%**	**2,847**	±5%	3,904
	±10%	**5,695**	±10%	7,807

(b) Credit risk

The Company is exposed to credit risk, which is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Company is exposed to credit risk for cash and cash equivalents, deposit with Muqassa, time deposit, accrued income, margin lending and investment carried at amortised cost and other receivables as follows:

	2025 SAR'000	2024 SAR'000
Cash at bank	**62,361**	59,572
Short term deposits	**483,950**	162,200
Deposit with Muqassa	**82,768**	111,744
Time deposit	**100,000**	171,000
Accrued income, net	**396,177**	324,705
Margin lending	**801,217**	852,712
Investments carried at amortized cost	**117,000**	103,000
Other receivables	**25,778**	18,339

The carrying amount of financial assets represents the maximum credit exposure.

Credit risk on cash and cash equivalents, deposit with Muqassa, time deposit, margin lending, accrued income, investments carried at amortised cost and other receivables is limited as:

Short term deposits are held with banks with investment grade credit ratings. During the year the Company's policy is to enter into financial instrument contracts with reputable counterparties. The Company seeks to limit its credit risk by monitoring credit exposures, limiting transactions with specific counterparties and continually assessing the creditworthiness of counterparties. The receivable against margin lending has adequate coverage ratios. The portfolios are closely monitored, and any margin calls or liquidations are performed at predefined thresholds as and when needed to ensure that the Company's exposure is sufficiently collateralized. The maximum credit exposure equals the carrying amount of the financial assets.

The Company applies the IFRS 9 to measuring expected credit losses for all financial assets. The Company did not recognize ECL on cash and cash equivalents, short term deposits, deposit with Muqassa, time deposit, margin lending, accrued income, investments carried at amortised cost and other receivables, because the amount was immaterial.

29. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

29.1 Financial risk factors (continued)

(b) Credit risk (continued)

The following table explains the gross carrying amount margin lending and accrued income, to help explain their significance in the expected credit loss:

	2025 (SAR'000)			
	12 month ECL	**Life time ECL not credit impaired**	**Lifetime ECL Credit impaired**	**Total**
A. Margin Lending				
Gross carrying amount	**801,217**	**-**	**5,444**	**806,661**
Expected Credit Loss	**-**	**-**	**(5,444)**	**(5,444)**
Net carrying amount	**801,217**	**-**	**-**	**801,217**
B. Accrued Income				
Gross carrying amount	**396,177**	**-**	**11,867**	**408,044**
Expected Credit Loss	**-**	**-**	**(11,867)**	**(11,867)**
Net carrying amount	**396,177**	**-**	**-**	**396,177**

	2024 (SAR'000)			
	12 month ECL	**Life time ECL not credit impaired**	**Lifetime ECL Credit impaired**	**Total**
A. Margin Lending				
Gross carrying amount	852,712	-	5,444	858,156
Expected Credit Loss	-	-	(5,444)	(5,444)
Net carrying amount	852,712	-	-	852,712
B. Accrued Income				
Gross carrying amount	324,705	-	2,499	327,204
Expected Credit Loss	-	-	(2,499)	(2,499)
Net carrying amount	324,705	-	-	324,705

(c) Liquidity risk

Liquidity risk is the risk that the Company will be unable to meet its net funding requirements. Liquidity risk may result from the inability to sell a financial asset quickly at an amount close to its fair value. Financial assets of the Company as at year-end mainly included cash at bank, short term deposits, deposit with Muqassa, time deposits, accrued income, margin lending, loans to related parties, investments measured at FVTPL and investments measured at FVOCI for long term which can be utilized to meet changing liquidity requirements. Management monitors forecasted cash flow on a regular basis and ensures that positive cash flows from operating activities are maintained to fund the Company's future commitments.

Maturity Profiles
The table below summarizes the maturity profile of significant financial assets and liabilities of the Company based on expected maturities. The table below is based on discounted values. There is no significant impact of undiscounted cash flows of liabilities:

29. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

29.1 Financial risk factors (continued)

(c) Liquidity risk (continued)

2025	**SAR'000**			
	No fixed maturity	**Less than 1 year**	**More than 1 year**	**Total**
ASSETS				
Cash and cash equivalents	**62,361**	**483,950**	**-**	**546,311**
Deposit with Muqassa	**82,768**	**-**	**-**	**82,768**
Time Deposit	**-**	**100,000**	**-**	**100,000**
Accrued income, net	**-**	**396,177**	**-**	**396,177**
Margin lending	**-**	**801,217**	**-**	**801,217**
Prepayments and other assets	**-**	**110,513**	**-**	**110,513**
Investments carried at FVTPL	**1,866,545**	**-**	**-**	**1,866,545**
Investments carried at FVOCI	**56,946**	**-**	**-**	**56,946**
Loans to related parties	**-**	**39,786**	**-**	**39,786**
Investments carried at amortized cost	**117,000**	**-**	**-**	**117,000**
TOTAL ASSETS	**2,185,620**	**1,931,643**	**-**	**4,117,263**
LIABILITIES				
Accrued expenses and other liabilities	**-**	**176,607**	**-**	**176,607**
Lease Liability	**-**	**13,102**	**26,204**	**39,306**
TOTAL LIABILITIES	**-**	**189,709**	**26,204**	**215,913**

2024	SAR'000			
	No fixed Maturity	**Less than 1 year**	**More than 1 year**	**Total**
ASSETS				
Cash and cash equivalents	59,572	162,200	-	221,772
Deposit with Muqassa	111,744	-	-	111,744
Time Deposit	-	171,000		171,000
Accrued income, net	-	324,705	-	324,705
Margin lending	-	852,712	-	852,712
Prepayments and other assets	-	110,048	-	110,048
Investments carried at FVTPL	1,547,751	-	-	1,547,751
Investments carried at FVOCI	78,072	-	-	78,072
Investments carried at amortized cost	-	27,000	76,000	103,000
TOTAL ASSETS	1,797,139	1,647,665	76,000	3,520,804
LIABILITIES				
Accrued expenses and other liabilities				
Lease liability	-	214,292	-	214,292
TOTAL Liabilities	-	214,292	-	214,292

(d) Operational Risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems, or from external events. Management maintains a strong governance and control framework to mitigate such risk.

29. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

29.2 Fair value Estimation

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 and those prices represent actual and regularly occurring market transactions between market participants.

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 – Quoted prices in active markets for similar assets and liabilities or other valuation techniques for which all significant inputs are based on observable market data.
- Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

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

Specific valuation techniques used to value financial instruments include:

- For level 1 financial instruments quoted market prices for financial instruments;
- For level 2 and level 3 financial instruments the Company uses the net asset value of the respective funds, where underlying assets are carried at fair value.

2025	**SAR'000**				
Financial assets measured at fair value	**Carrying amount**	**Level 1**	**Level 2**	**Level 3**	**Total**
Investments carried at FVTPL	**1,866,545**	**1,643,102**	**178,482**	**44,961**	**1,866,545**
Investments carried at FVOCI	**56,946**	**56,946**	**-**	**-**	**56,946**
	1,923,491	**1,700,048**	**178,482**	**44,961**	**1,923,491**

The Company recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred. During the years ended 31 December 2025, and 2024, there were no transfers into or out of Level 3 fair value measurements.

2024	**SAR'000**				
Financial assets measured at fair value	**Carrying amount**	**Level 1**	**Level 2**	**Level 3**	**Total**
Investments carried at FVTPL	1,547,751	1,306,624	180,740	60,387	1,547,751
Investments carried at FVOCI	78,072	78,072	-	-	78,072
	1,625,823	1,384,696	180,740	60,387	1,625,823

The fair values of cash and cash equivalents, deposit with Muqassa, time deposit, accrued income, margin lending, other receivables, and loans to related parties, investment carried at amortised cost and accrued and other liabilities which are carried at amortized cost are not significantly different from the carrying values included in the financial statements, since the current market commission rates for similar financial instruments are not significantly different from the contracted rates, and due to the short duration of financial instrument. An active market for these instruments is not available and the Company intends to realize the carrying value of these financial instruments through settlement with the counter party at the time of their respective maturities.

30. OPERATING SEGMENT

An operating segment is a component of an entity:

(a) That engages in business activities from which it may earn revenue and incur expenses (including revenues and expenses relating to transactions with other components of the same entity).

(b) Whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and

(c) For which discrete financial information is available.

The Company's reportable segments are as follows:

- The Brokerage segment provide trading solutions covering local, regional, and global markets.
- The Asset & Wealth Management segment is engaged in the management of clients' assets and in the development and distribution of the asset management products.
- The Investment Banking segment is involved in advisory services related to equity capital market transactions, debt capital market transactions and structured finance services.
- Securities Services segment provides a range of services that includes custody, clearing, trustee and funds administration services.
- Corporate and Principal Investment segment represents unallocated income and expenses along with related assets and liabilities.

	SAR' 000					
2025	**Brokerage**	**Asset &Wealth Management**	**Investment Banking**	**Securities Services**	**Corporate & Principal Investment**	**Total**
Total assets	**1,044,674**	**349,487**	**1,981**	**15,404**	**2,770,574**	**4,182,120**
Total liabilities	**(76,208)**	**(1,346)**	**-**	**(503)**	**(245,659)**	**(323,716)**
Total income	**425,952**	**404,884**	**46,021**	**69,983**	**88,167**	**1,035,007**
Total expenses	**(28,573)**	**(56,010)**	**(15,250)**	**(11,975)**	**(241,667)**	**(353,475)**
Inter segment income/(expense)	**(53,852)**	**(5,370)**	**-**	**-**	**59,222**	**-**
Net income before zakat	**343,527**	**343,504**	**30,771**	**58,008**	**(94,278)**	**681,532**

	SAR' 000					
2024	**Brokerage**	**Asset &Wealth Management**	**Investment Banking**	**Securities Services**	**Corporate & Principal Investment**	**Total**
Total assets	1,029,352	279,355	1,155	15,576	2,217,808	3,543,246
Total liabilities	(69,766)	(2,315)	(130)	-	(253,596)	(325,807)
Total income	351,725	383,049	57,479	43,216	58,466	893,935
Total expenses	(26,003)	(55,653)	(15,622)	(10,767)	(186,585)	(294,630)
Inter segment income/(expense)	(53,670)	(6,261)	-	-	59,931	-
Net income before zakat	272,052	321,135	41,857	32,449	(68,188)	599,305

31. CAPITAL RISK MANAGEMENT

The Company's objectives when managing capital are to comply with the capital requirements set by the CMA, safeguard the Company's ability to continue as a going concern, and maintain a strong capital base. As at December 31, 2025, the Company was in compliance with the externally imposed capital requirements.

32. CONTIGENCIES AND COMMITEMENTS

Contingencies

a) As of the reporting date, the Company had no contingent liabilities in respect of bank guarantees (31 December 2024: SAR 440 thousand).

Commitments

b) As of the reporting date, commitments in respect of private equity investment future capital calls amounts to SAR 719 thousand as at 31 December 2025 (31 December 2024: SAR 6,663 thousand).

c) Margin lending unutilized commitments balance as at 31 December 2025 amounts to SAR 64,059 thousand (31 December 2024: SAR 45,278 thousand).

d) The Company has a borrowing facility with the Parent Company as at 31 December 2025 amounting to SAR 1.25 billion (31 December 2024: SAR 1.25 billion)

33. DIVIDEND DISTRIBUTION

No dividends were declared or paid during the year ended 31 December 2025 (31 December 2024: Nil).

34. COMPARATIVE FIGURES

Certain comparative figures were reclassified to conform to the current year presentation.

35. SUBSEQUENT EVENTS

There have been no significant subsequent events since the year-ended 31 December 2025 that would require additional disclosure or adjustment in these financial statements.

36. APPROVAL OF THE FINANCIAL STATEMENTS

These financial statements were approved by the Board of Directors on 18 February 2026