

**BNP PARIBAS INVESTMENT COMPANY KSA
(A SAUDI CLOSED JOINT STOCK COMPANY)**

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

BNP PARIBAS INVESTMENT COMPANY KSA
(A Saudi Closed Joint Stock Company)
Financial statements
For the year ended December 31, 2023

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Independent auditor's report to the shareholders of BNP Paribas Investment Company KSA

Our opinion

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

What we have audited

The Company's financial statements comprise:

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

Basis for opinion

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

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

Independence

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

Responsibilities of 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 the International Financial Reporting Standards, that are endorsed in the Kingdom of Saudi Arabia, and other standards and pronouncements issued by SOCPA, and the applicable requirements of the Regulations for Companies and the Company's By-laws, and for such internal control as 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 to the shareholders of BNP Paribas Investment Company KSA (continued)

Auditor's responsibilities for the audit of the financial statements

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

As part of an audit in accordance with the International Standards on Auditing, that are endorsed in the Kingdom of Saudi Arabia, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

PricewaterhouseCoopers

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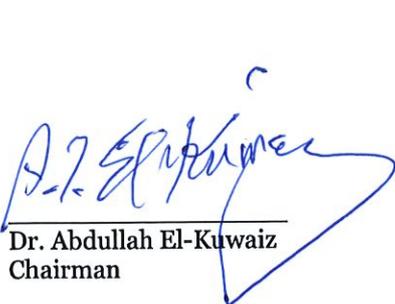
Ali H. Al Basri
License Number 409

March 28, 2024

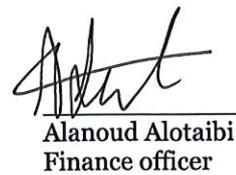
BNP PARIBAS INVESTMENT COMPANY KSA
(A Saudi Closed Joint Stock Company)
Statement of financial position
(All amounts in Saudi Riyals unless otherwise stated)

		<u>As at December 31,</u>	
	Note	2023	2022
Assets			
Current assets			
Cash and cash equivalents	3	94,198,975	88,161,548
Accounts receivable	4	24,832,643	7,021,797
Prepayments and other receivable	5	232,609	389,887
Total current assets		119,264,227	95,573,232
Non-current asset			
Property and equipment and right-of-use (ROU) assets, net	6	9,549,426	698,845
Total assets		128,813,653	96,272,077
Liabilities and equity			
Liabilities			
Current liabilities			
Accrued and other current liabilities	7	7,565,040	2,840,776
Income tax provision	8.2	3,245,954	225,149
Total current liabilities		10,810,994	3,065,925
Non-current liabilities			
Employees end of service benefits ("EOSBs")	9	1,440,283	1,295,211
Lease liabilities	10	9,750,220	536,411
Total non-current liabilities		11,190,503	1,831,622
Total liabilities		22,001,497	4,897,547
Equity			
Share capital	11	87,500,000	87,500,000
Statutory reserve	12	2,538,071	791,283
Remeasurement reserve for EOSBs		1,052,989	910,648
Retained earnings		15,721,096	2,172,599
Total equity		106,812,156	91,374,530
Total liabilities and equity		128,813,653	96,272,077

The accompanying notes from 1 to 20 form an integral part of these financial statements.


Dr. Abdullah El-Kuwaiz
Chairman

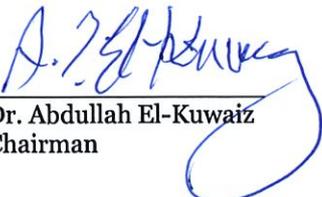

Ammar Pharaon
Chief Executive Officer


Alanoud Alotaibi
Finance officer

BNP PARIBAS INVESTMENT COMPANY KSA
(A Saudi Closed Joint Stock Company)
Statement of income and other comprehensive income
(All amounts in Saudi Riyals unless otherwise stated)

	Note	For the year ended December 31,	
		2023	2022
Revenue			
Advisory services		27,508,664	6,780,857
Service fee income		6,583,741	4,837,009
Operating expenses			
Salaries and employee related benefits		(10,369,042)	(8,718,751)
General and administrative expenses	15	(7,096,213)	(4,036,697)
Operating income / (loss)		16,627,150	(1,137,582)
Other income, net			
Special commission income on term deposits	17.1	4,384,479	1,312,983
Non-operating income	16 & 17.1	486,205	6,861,423
Interest expense on lease liabilities	10	(237,561)	(15,266)
Income before income tax		21,260,273	7,021,558
Income tax expense	8.2	(3,792,389)	(119,673)
Net income for the year		17,467,884	6,901,885
Other comprehensive income			
<i>Items that will not be reclassified subsequently to statement of income</i>			
Gain on remeasurement of EOSBs	9	142,341	399,389
Total comprehensive income for the year		17,610,225	7,301,274

The accompanying notes from 1 to 20 form an integral part of these financial statements.


Dr. Abdullah El-Kuwaiz
Chairman

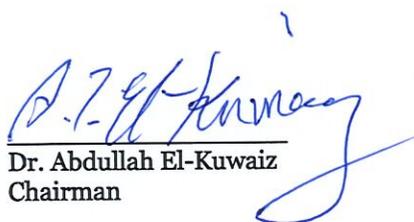

Ammar Pharaon
Chief Executive Officer

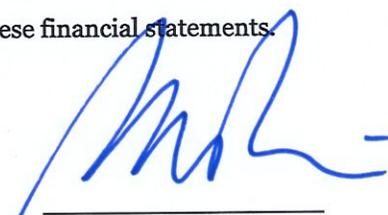

Alanoud Alotaibi
Finance officer

BNP PARIBAS INVESTMENT COMPANY KSA
(A Saudi Closed Joint Stock Company)
Statement of changes in equity
(All amounts in Saudi Riyals unless otherwise stated)

	Note	Share capital	Statutory reserve	Remeasurement reserve for EOSBs	Retained earnings	Total
As at January 1, 2023		87,500,000	791,283	910,648	2,172,599	91,374,530
Net income for the year		-	-	-	17,467,884	17,467,884
Other comprehensive income for the year		-	-	142,341	-	142,341
Total comprehensive income for the year		-	-	142,341	17,467,884	17,610,225
Transfer to statutory reserve		-	1,746,788	-	(1,746,788)	-
Dividend paid	13	-	-	-	(2,172,599)	(2,172,599)
As at December 31, 2023		87,500,000	2,538,071	1,052,989	15,721,096	106,812,156
As at January 1, 2022		87,500,000	101,094	511,259	(4,039,097)	84,073,256
Net income for the year		-	-	-	6,901,885	6,901,885
Other comprehensive income for the year		-	-	399,389	-	399,389
Total comprehensive income for the year		-	-	399,389	6,901,885	7,301,274
Transfer to statutory reserve		-	690,189	-	(690,189)	-
As at December 31, 2022		87,500,000	791,283	910,648	2,172,599	91,374,530

The accompanying notes from 1 to 20 form an integral part of these financial statements.


Dr. Abdullah El-Kuwaiz
Chairman

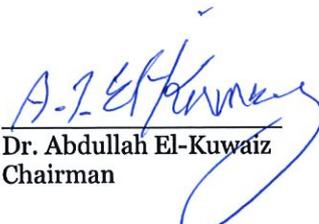

Ammar Pharaon
Chief Executive Officer

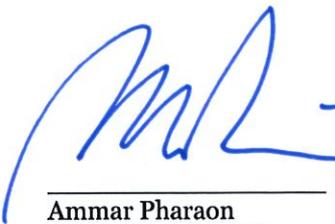

Alanoud Alotaibi
Finance officer

BNP PARIBAS INVESTMENT COMPANY KSA
(A Saudi Closed Joint Stock Company)
Statement of cash flows
(All amounts in Saudi Riyals unless otherwise stated)

	Note	For the year ended	
		December 31,	
		2023	2022
Cash flows from operating activities			
Income before income tax		21,260,273	7,021,558
<u>Adjustments for non-cash charges and other items:</u>			
Depreciation on property and equipment and ROU assets	6	1,423,391	744,598
Provision for employees' EOSBs	9	403,360	288,847
Interest expense on lease liabilities	10	237,561	15,266
Property and equipment, other adjustments	6	(998)	1,741
Lease liabilities reassessment	10.2	-	(343,926)
<u>Changes in operating assets and liabilities</u>			
Accounts receivable		(17,810,846)	(208,922)
Prepayments and other receivable		157,278	(231,021)
Accrued and other current liabilities		4,724,264	(4,266,733)
		<u>10,394,283</u>	<u>3,021,408</u>
Employees' EOSBs (transfers / payments), net	9	(115,947)	441,904
Income tax paid	8.2	(771,584)	(1,920,140)
Net cash generated from operating activities		<u>9,506,752</u>	<u>1,543,172</u>
Cash flow from investing activity			
Payment for purchase of equipment, furniture and fixtures	6	(113,617)	(14,485)
Cash utilised in investing activity		<u>(113,617)</u>	<u>(14,485)</u>
Cash flow from financing activities			
Payment for lease liability	10.2	(1,183,109)	(567,298)
Dividends paid	13	(2,172,599)	-
Cash utilised in financing activities		<u>(3,355,708)</u>	<u>(567,298)</u>
Net increase in cash and cash equivalents		<u>6,037,427</u>	<u>961,389</u>
Cash and cash equivalents at the beginning of the year		<u>88,161,548</u>	<u>87,200,159</u>
Cash and cash equivalents at the end of the year	3	<u>94,198,975</u>	<u>88,161,548</u>

The accompanying notes from 1 to 20 form an integral part of these financial statements.


Dr. Abdullah El-Kuwaiz
Chairman


Ammar Pharaon
Chief Executive Officer


Alanoud Alotaibi
Finance officer

BNP PARIBAS INVESTMENT COMPANY KSA
(A Saudi Closed Joint Stock Company)
Notes to the financial statements for the year ended December 31, 2023
(All amounts in Saudi Riyals unless otherwise stated)

1 General information

BNP Paribas Investment Company KSA is a Saudi closed joint stock company. The Company was registered as a limited liability company in the Kingdom of Saudi Arabia under commercial registration number 1010270533 issued in Riyadh on Rajab 7, 1430H (corresponding to June 30, 2009) and the Capital Market Authority (“CMA”) license number 13173-37 dated Safar 14, 1435H (corresponding to December 17, 2013).

The Company was converted from a limited liability company to a Saudi closed joint stock company on Safar 26, 1439H (corresponding to November 15, 2017) which is the effective date of the conversion of the Company to a Saudi closed joint stock company.

The Company’s registered office is located at 4th Floor, Al Faisaliah Tower, Riyadh, Kingdom of Saudi Arabia. The Company is a subsidiary of and controlled by BNP Paribas SA, a company domiciled in France.

The objectives of the Company are to provide corporate finance advisory services, conduct dealing (as a principal, agent and underwriter), arranging and custody of securities. However, there were no business activities executed during the year by the Company with reference to some of these licenses.

The accompanying financial statements were authorized for issue by the Board of Directors of the Company on March 26, 2024.

2 Material accounting policy information

The material accounting policy information applied for the preparation of financial statements of the Company are set out below. These policies have been consistently applied to all the years presented unless otherwise mentioned.

2.1 Basis of compliance

(a) Statement of compliance

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

(b) Historical cost convention

These financial statements have been prepared:

- under the historical cost convention except for:
 - employees’ end of service benefits (“EOSBs”) carried at present value using Projected Unit Credit Method
- using accrual basis of accounting

(c) Functional and presentation currency

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

BNP PARIBAS INVESTMENT COMPANY KSA
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Notes to the financial statements for the year ended December 31, 2023
(All amounts in Saudi Riyals unless otherwise stated)

(d) New and amended standard adopted by the Company

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

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

BNP PARIBAS INVESTMENT COMPANY KSA
(A Saudi Closed Joint Stock Company)
Notes to the financial statement for the year ended December 31, 2023
(All amounts in Saudi Riyals unless otherwise stated)

(e) New standards not yet effective and not early adopted by the Company

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

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

2.2 Critical accounting estimates and judgments

The preparation of financial statements in conformity with IFRS requires the use of certain critical estimates and judgments that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the reporting date and the reported amounts of revenue and expenses during the reporting period. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Company makes estimates and judgments concerning the future. The resulting accounting estimates will by definition, seldom equal the related actual results.

There are no critical significant estimates that have a risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next twelve months.

2.3 Cash and cash equivalents

Cash and cash equivalents include bank accounts maintained with different banks and is carried in the statement of financial position at amortised cost. For the purpose of statement of cash flows, cash and cash equivalent include cash in hand and term deposits with original maturity of three months or less on the date of acquisition, if any.

2.4 Accounts receivables

Accounts receivables are amounts due from customers for the services performed in the ordinary course of business. If collection is expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets. Accounts receivables are recognized initially at fair value and subsequently measured at amortised cost using the effective interest rate method, less allowance for Expected Credit Losses ("ECL"). Subsequent recoveries of amount previously written-off are credited to statement of income in "General and administrative expenses".

BNP PARIBAS INVESTMENT COMPANY KSA
(A Saudi Closed Joint Stock Company)
Notes to the financial statement for the year ended December 31, 2023
(All amounts in Saudi Riyals unless otherwise stated)

2.5 Financial instruments

2.5.1 Classification and measurement of financial assets

2.5.1.1 Initial recognition and measurement

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. The Company records investments on a 'trade date' basis.

At initial recognition, the Company measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through statement of income, transaction costs that are incremental and directly attributable to the acquisition or issue of the financial asset or financial liability, such as fees and commissions. Immediately after initial recognition, an expected credit loss allowance ("ECL") is recognised for financial assets measured at amortised cost, which results in an impairment charge being recognised in the statement of income when an asset is newly originated.

2.5.1.2 Classification and subsequent measurement of financial assets

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

- Amortised cost
- Fair value through other comprehensive income ("FVOCI")
- Fair value through statement of income ("FVSI")

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 cash flow characteristics of the asset.

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

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

- past experience on how the cash flows for these assets were collected;
- how the asset's performance is internally evaluated and reported to key management personnel;
- how risks are assessed and managed; and
- 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 realised in a way that is different from the Company's original expectations, the Company does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

BNP PARIBAS INVESTMENT COMPANY KSA
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Notes to the financial statement for the year ended December 31, 2023
(All amounts in Saudi Riyals unless otherwise stated)

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

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 profit (the "SPPP" test). In making this assessment, the Company considers whether the contractual cash flows are consistent with a basic lending arrangement i.e. profit (or special commission income) includes only consideration for the time value of resources, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial asset is classified and measured at FVSI.

The SPPP assessment is performed on initial recognition of an asset and it is not subsequently re-assessed.

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

Amortised cost

Assets that are held for collection of contractual cash flows where those cash flows represent SPPP, and that are not designated at FVSI, are measured at amortised cost. The carrying amount of these assets is adjusted by any expected credit loss allowance recognised and measured as described in Note 2.5.2.

Fair value through statement of income ("FVSI")

If debt instrument's cash flows do not represent solely SPPP or if it is not held within the hold to collect or the hold to collect and sell business model, or if it is designated as FVSI, then it is measured at FVSI. A gain or loss on a debt investment measured at FVSI, where cash flows do not represent SPPP, is recognised in the statement of income, within "Net gain / (loss) on investments mandatorily measured at FVSI", in the period in which it arises. A gain or loss from debt instruments that were designated at fair value or which are held for trading are presented separately from debt investments that are mandatorily measured at fair value through statement of income, within "Net gain / (loss) in investments designated at FVSI 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 FVSI, are measured at fair value through other comprehensive income ("FVOCI"). Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses on the instrument's amortised cost which are recognized in statement of income. When the debt financial asset is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to statement of income.

The Company reclassifies debt 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 period.

Currently, deposit with bank, accounts receivable and other receivables are carried at amortised cost.

Equity instruments

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.

BNP PARIBAS INVESTMENT COMPANY KSA
(A Saudi Closed Joint Stock Company)
Notes to the financial statement for the year ended December 31, 2023
(All amounts in Saudi Riyals unless otherwise stated)

The Company subsequently measures all equity investments at FVSI, except where the Company has elected, at initial recognition, to irrevocably designate an equity investment at FVOCI. The Company's policy is to designate equity investments as FVOCI when those investments are held for purposes other than to trade. When this election is used, fair value gains and losses are recognised in other comprehensive income and are not subsequently reclassified to the statement of income, including on disposal. On disposal, FV gain/losses in FV reserve is transferred directly to retained earnings. Impairment losses (and reversal of impairment losses) are not reported separately from other changes in fair value.

Currently the Company does not have any equity investments.

2.5.2 Impairment of financial assets

The Company assesses on a forward-looking basis the expected credit losses ("ECL") associated with its debt instrument assets carried at amortised cost. The Company recognises 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 summarised 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 have their ECL measured at an amount equal to the portion of expected credit losses that result from the default events possible within the next 12 months. Instruments in Stages 2 or 3 have their ECL measured based on expected credit losses on a lifetime basis.
- (v) A pervasive concept in measuring ECL in accordance with IFRS 9 is that it should be consider forward-looking information.
- (vi) 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).

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, which are subjected to ECL review include bank balances, accounts receivable and other receivables.

The impact of ECL on the financial assets of the Company is immaterial.

A significant exposure of the Company is held as placement with BNP Paribas - Riyadh Branch, which has a sound credit rating as at the reporting date and the Company considers that it has low credit risk. The rating of the Bank as at December 31, 2023 was "A-1" (December 31, 2022: "A-1") as per Standard and Poor's (S&P).

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2.5.2.1 Stages of Impairment under IFRS 9

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

Stage 1 - Performing financial assets

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

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

Stage 2 - Financial Assets with significant increase in credit risk

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).

2.5.3 Financial liabilities

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

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

Currently accrued and other liabilities and lease liabilities are classified as financial liabilities at amortized cost.

2.5.4 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.

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

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

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

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

2.5.5 Derecognition of financial instruments

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

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

2.5.6 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 an intent to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

2.6 Property and equipment

Property and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Depreciation is calculated on property and equipment so as to allocate its cost, less estimated residual value, on a straight line basis over the estimated useful lives of the assets.

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Depreciation is charged to the statement of income over the following estimated economic useful lives:

	Number of years
Office equipment	3-10
Furniture and fixtures	10
Right-of-use assets	The shorter of the asset's useful life and the lease term

Full month depreciation is charged in the month of addition while no depreciation is charged in the month of disposal.

Gains and losses on disposals are determined by comparing proceeds with carrying amounts and are included in the statement of operations.

2.7 Impairment of non-current assets

The Company reviews its non-current assets for impairment at each reporting date whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value-in-use.

Non-current assets that suffer impairment loss are reviewed for possible reversal of the impairment at each reporting date. When it becomes evident that the circumstances which resulted in the impairment no longer exist, the impairment amount is reversed (except for goodwill) and recorded as income in the statement of income in the year in which such reversal is determined.

2.8 Accrued and other current liabilities

Liabilities are recognized for amounts to be paid for goods and services received, whether or not billed to the Company. The Company is carrying these at amortised cost.

2.9 Employees' end of service benefits ("EOSBs")

The provision for employees' end of service benefits ("EOSBs") is made based on an actuarial valuation of the Company's liability under the Saudi Arabian Labour Law.

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

The cost of providing benefits under the Company's defined benefit plans is determined using the projected unit credit method by professionally qualified actuaries and arrived at using actuarial assumptions based in the market expectations at the date of statement of financial position. These valuations attribute entitlement benefits to the current period (to determine the current service cost). Re-measurements, comprising of actuarial gains and losses, are recognized immediately in the statement of financial position with a corresponding debit or credit to retained earnings through statement of comprehensive income in the period in which these occur. Re-measurements are not reclassified to statement of income in subsequent periods.

Past service costs are recognized in the statement of income on the earlier of:

- the date of the plan amendment or curtailment; and
- the date that the Company recognizes restructuring-related costs

Net interest is calculated by applying the discount rate to the net defined benefit liability. The defined benefit liability in the statement of financial position comprises the present value of the defined benefit obligation (using a discount rate).

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2.10 Provisions

Provisions are recognized when; the Company has a present legal or constructive obligation as a result of a past event; it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and the amount can be estimated reliably.

2.11 Income Taxes

The Company is subject to income tax in accordance with the regulation of the Zakat, Tax and Customs Authority (“ZATCA”). Income taxes are charged to the statement of income. Additional amounts payable, if any, at the finalization of final assessments are accounted for when such amounts are determined.

Deferred tax is provided in full, if material, using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements at the reporting date.

Deferred tax liabilities are recognized for all taxable temporary differences, except when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and at the time of the transaction, affects neither the accounting profit nor taxable profit or loss. Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and unused tax losses to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilized. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred tax liability is settled.

Deferred tax relating to items recognised outside statement of income is recognised either in statement of comprehensive income or directly in equity.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

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

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

Value added tax (“VAT”)

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

VAT that is not recoverable is charged to the statement of income as expense.

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2.12 Revenues

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

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

Based on the five-step model, the revenue recognition policies for the various revenue streams are as follows:

Advisory services

Income from advisory services 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.

Retainer fees is recognized over a period of time, in case if an advance payment is received to perform future obligations. Generally, it is linked to timing of performance obligation. For example, monthly, quarterly, etc. In that case the income from retainer fees is to be recognized on timely basis.

In some cases, accrual of the retainer fees is linked to agreed milestones. If the terms of retainer fees are linked to such performance obligations, then upon satisfaction of such performance obligations, that is, on fulfilment of terms as per the contract with the customers.

Revenue from success fees, as the name indicates is recognised upon fulfilment of performance obligations. For example, achievement of certain objectives as a financial advisor.

Arranging services

Income from arranging services is recognised on an accrual basis when the agreed services are provided.

Special commission income

Special commission income is recognised on an accrual basis based on effective commission rate method.

Service fee income

Service fee income is recognised when services are determined as complete in accordance with the underlying service level agreement, agreed with the related parties and invoiced, as generally set forth under the terms of the engagement.

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2.13 Leases

Rental contracts may contain both lease and non-lease components. The Company allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of real estate for which the Company is a lessee, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

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 other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Company.

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

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date
- amounts expected to be payable by the Company under residual value guarantees
- the exercise price of a purchase option if the Company is reasonably certain to exercise that option and
- payments of penalties for terminating the lease, if the lease term reflects the Company exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Company, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Company:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the Company, which does not have recent third party financing, and
- makes adjustments specific to the lease, term, country, currency and security.

Lease payments are allocated between principal and finance cost. The finance cost is charged to statement of income over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Company is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

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Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in statement of of income. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise information technology equipment and small items of office furniture.

Extension and termination options

Extension and termination options are included in a number of property and equipment leases across the Company. These are used to maximise operational flexibility in terms of managing the assets used in the Company's operations. The majority of extension and termination options held are exercisable only by the Company and not by the respective lessor.

2.14 Foreign currency translations and balances

Foreign currency transactions are translated into Saudi Riyals using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at the period-end exchange rates of monetary assets and liabilities denominated in foreign currencies other than Saudi Riyals are recognized in the statement of income.

Foreign exchange gains and losses that relate to borrowings are presented in the statement of income, within finance costs. All other foreign exchange gains and losses are presented in the statement of income on a net basis within other gains / (losses), if any.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at FVSI are recognised in statement of income as part of the fair value gain or loss and translation differences on non-monetary assets such as equities classified as at FVOCI are recognised in other comprehensive income.

2.15 Trade date accounting

All regular way purchases and sales of financial instruments are recognized and derecognized on the trade date. Regular way purchases or sales are purchases or sales of financial instruments that require delivery of assets within the time frame generally established by regulation or convention in the market place. For financial instruments held at fair value, the Company accounts for any change in fair values between the trade date and the reporting date.

2.16 Dividend distribution

Dividend paid are recognised in the period in which such dividends are declared and approved.

3 Cash and cash equivalents

	Note	As at December 31, 2023	As at December 31, 2022
Cash at bank - current account	3.1	4,198,975	5,161,548
Cash at bank - deposit account	3.1 & 3.2	<u>90,000,000</u>	<u>83,000,000</u>
		94,198,975	88,161,548

3.1 Cash at bank is maintained with BNP Paribas - Riyadh Branch, which is a related party (also see Note 17.2).

3.2 The term deposit carries special commission at the rate of one-month SIBOR plus agreed spread and is due for maturity within one month after the reporting date.

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4 Accounts receivable

	Note	As at December 31, 2023	As at December 31, 2022
Due from related parties	17.2	5,810,845	5,145,860
Accounts receivable		19,021,798	1,875,937
		24,832,643	7,021,797

5 Prepayments and other receivable

	As at December 31, 2023	As at December 31, 2022
Prepaid license fees	95,000	280,000
Prepaid expenses	74,233	58,393
Security deposit	43,290	43,290
Prepaid insurance	20,086	8,204
	232,609	389,887

6 Property and equipment and right-of-use assets, net

	Office equipment	Furniture and fixtures	Right-of-use assets*		Total
			Vehicles	Leasehold property	
Cost:					
As at January 1, 2023	82,907	1,306,861	-	3,684,919	5,074,687
Additions	113,617	-	251,584	9,907,773	10,272,974
Movements	(1,145)	2,143	-	-	998
Disposal	(11,787)	-	-	-	(11,787)
Expiry of lease	-	-	-	(3,314,162)	(3,314,162)
As at December 31, 2023	183,592	1,309,004	251,584	10,278,530	12,022,710
Accumulated depreciation:					
As at January 1, 2023	66,598	1,140,706	-	3,168,538	4,375,842
Charge for the year	23,827	168,298	125,777	1,105,489	1,423,391
Disposal	(11,787)	-	-	-	(11,787)
Expiry of lease	-	-	-	(3,314,162)	(3,314,162)
As at December 31, 2023	78,638	1,309,004	125,777	959,865	2,473,284
Net book value					
As at December 31, 2023	104,954	-	125,807	9,318,665	9,549,426

* Right-of-use assets (Note 10)

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	<u>Right-of-use assets*</u>				Total
	Office equipment	Furniture and fixtures	Vehicles	Leasehold property	
Cost:					
As at January 1, 2022	68,422	1,308,602	181,672	2,985,862	4,544,558
Additions	14,485	-	-	-	14,485
Movements	-	(1,741)	-	699,057	697,316
Disposal	-	-	(181,672)	-	(181,672)
As at December 31, 2022	<u>82,907</u>	<u>1,306,861</u>	<u>-</u>	<u>3,684,919</u>	<u>5,074,687</u>
Accumulated depreciation:					
As at January 1, 2022	63,136	950,883	149,038	2,649,859	3,812,916
Charge for the year	3,462	189,823	32,634	518,679	744,598
Disposal	-	-	(181,672)	-	(181,672)
As at December 31, 2022	<u>66,598</u>	<u>1,140,706</u>	<u>-</u>	<u>3,168,538</u>	<u>4,375,842</u>
Net book value					
As at December 31, 2022	<u>16,309</u>	<u>166,155</u>	<u>-</u>	<u>516,381</u>	<u>698,845</u>

* Right-of-use assets (Note 10)

7 Accrued and other current liabilities

	Note	As at December 31, 2023	As at December 31, 2022
Value added tax payable		2,034,717	318,052
Accrued bonus and other employee cost		1,738,784	680,016
Rent payable		1,055,319	134,034
Due to related parties	17.2	1,018,505	783,608
Head office – ITO (“IT and Operation services”) re-invoicing cost		729,367	-
Accrued professional fees		182,794	142,006
Accrued IT expenses		141,980	139,015
Withholding tax payable		130,735	35,500
Other		532,839	608,545
		<u>7,565,040</u>	<u>2,840,776</u>

8 Income taxation

Status of final assessments

The Company has filed its income tax returns for the years up to 2022. Assessments for the years 2009 to 2018 are finalized by ZATCA. Subsequent to the year end, ZATCA finalised the assessment for the year 2019 via email dated March 11, 2024, creating an additional income tax liability of SAR 11,975.80. To expedite the conclusion and keeping view the amount is not significant, the Company is not contesting the final assessment issued by ZATCA and has agreed to accept the additional tax liability. For the remaining years 2020 to 2022, ZATCA has not initiated any query/assessment at reporting date.

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8.1 Computation of taxable income and income tax

	For the year ended December 31, 2023	For the year ended December 31, 2022
Income for the year before tax	21,260,273	7,021,558
Adjustments:	475,644	(5,431,261)
Less: Allowable deductions Depreciation per ZATCA scale rates	(96,222)	(89,305)
Adjusted income	21,639,695	1,500,992
Brought forward losses (25% of adjusted net income)	(5,409,924)	(375,248)
Net taxable income	16,229,771	1,125,744
Tax rate	20%	20%
Provision for taxation	3,245,954	225,149

8.2 Movement in provision for income tax

The movement in the provision for income tax is as follows:

	For the year ended December 31, 2023	For the year ended December 31, 2022
Balance payable – opening	225,149	2,025,616
Provision for current year	3,245,954	225,149
Provision / (reversal) for prior year	546,435	(105,476)
	3,792,389	119,673
Payments made during the year	(771,584)	(1,920,140)
Balance payable – closing	3,245,954	225,149

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9 Employees' end of service benefits ("EOSBs")

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

	For the year ended December 31, 2023	For the year ended December 31, 2022
Opening balance	1,295,211	963,849
Current service cost	321,360	265,847
Interest expense	82,000	23,000
	403,360	288,847
Transfers*	-	725,953
Payments	(115,947)	(284,049)
Remeasurements gain	(142,341)	(399,389)
Closing balance	1,440,283	1,295,211

* Transfers represents employees from other BNP Paribas entities transferred to the Company.

9.1 Amounts recognised in the statement of income and comprehensive income

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

	For the year ended December 31, 2023	For the year ended December 31, 2022
Current service cost	321,360	265,847
Interest expense	82,000	23,000
Total amount recognised in statement of income	403,360	288,847
<u>Remeasurements</u>		
Gain from change in financial assumptions	(28,341)	(214,389)
Experience gain	(114,000)	(185,000)
Total amount recognised in other comprehensive income	(142,341)	(399,389)

9.2 Key actuarial assumptions

	As at December 31, 2023	As at December 31, 2022
Discount rate	6.10%	5.80%
Salary growth rate	4.8%	4.70%

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9.3 Sensitivity analysis for actuarial assumptions

2023	Change in assumption		Impact on employee benefit obligations	
	Increase in assumption	Decrease in assumption	Increase in assumption	Decrease in assumption
Discount rate	+1%	-1%	(1,307)	1,591
Salary growth rate	+1%	-1%	1,591	(1,305)

2022	Change in assumption		Impact on employee benefit obligations	
	Increase in assumption	Decrease in assumption	Increase in assumption	Decrease in assumption
Discount rate	+1%	-1%	(1,305)	1,602
Salary growth rate	+1%	-1%	1,602	(1,303)

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

The expected cash flows over the next years valued on an undiscounted basis are shown in the table below:

Employees' end of service benefits:	As at December 31, 2023	As at December 31, 2022
1 year	28,000	74,000
2 to 4 years	127,000	161,000
5 years and above	1,901,000	2,097,000
	2,056,000	2,332,000

10 Leases

This note provides information for leases where the Company is a lessee.

(i) *Amounts recognised in the statement of financial position*

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

	Note	For the year ended December 31, 2023	For the year ended December 31, 2022
Right-of-use assets (Note 6)			
Leasehold property		9,318,665	516,381
Vehicle		125,807	-
Total	10.1	9,444,472	516,381

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	Note	For the year ended December 31, 2023	For the year ended December 31, 2022
Lease liabilities			
Non-current	10.2	9,750,220	536,411

10.1 Right of use assets

	As at December 31, 2023	As at December 31, 2022
Carrying amount at the beginning of year	516,381	368,637
Additions during the year	10,159,357	-
Reassessment during the year	-	699,057
Depreciation charge for the year	(1,231,266)	(551,313)
Carrying amount at the end of year	9,444,472	516,381

10.2 Lease Liabilities

	As at December 31, 2023	As at December 31, 2022
Lease Liabilities at the beginning of year	536,411	733,312
Additions during the year	10,159,357	-
Reassessment during the year	-	699,057
Adjustment	-	(343,926)
Finance cost	237,561	15,266
Lease payments during the year	(1,183,109)	(567,298)
Lease Liabilities at the end of year	9,750,220	536,411

(ii) Amounts recognized in the statement of income

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

	For the year ending December 31, 2023	For the year ending December 31, 2022
Depreciation charge of right-of-use assets (Note 6)		
Leasehold property	1,105,489	518,679
Vehicle	125,777	32,634
Total	1,231,266	551,313
Interest expense on lease liabilities	237,561	15,266

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11 Share capital

The authorized and paid up share capital of the Company is divided into 875,000 shares of SAR 100 each. The shareholding of the Company for the year ended December 31, 2023 and 2022 is as follows:

Shareholders	Country of origin	As at December 31, 2023		As at December 31, 2022	
		Shareholding	Amount	Shareholding	Amount
BNP Paribas SA	France	95%	83,125,000	95%	83,125,000
ANTIN Participation V	France	5%	4,375,000	5%	4,375,000
		100%	87,500,000	100%	87,500,000

12 Statutory reserve

In accordance with the Company's Articles of Association, 10% of the net income is required to be transferred to statutory reserve until the reserve equals at least 30% of the share capital of the Company.

The Company has a net income for the year ended December 31, 2023 amounting to SAR 17.468 million (2022: SAR 6.902 million), further, as at December 31, 2023, the Company has retained earning amounting to SAR 15.721 million (2022: SAR 2.173 million). During the year SAR 1.747 million (2022: SAR 0.690 million) was transferred from retained earnings to statutory reserve.

13 Dividend

The dividends distribution of SAR SAR 2,172,599 for the year 2022 has been approved in the annual general assembly meeting held on June 29, 2023

14 Contingencies and commitments

There were no contingencies and commitments as at December 31, 2023 (2022: Nil).

15 General and administrative expenses

	Note	For the year ended December 31, 2023	For the year ended December 31, 2022
Cost of outsourced services	17.1	1,434,984	1,541,331
Professional fees		1,352,209	855,302
Depreciation on property and equipment and ROU assets	6	1,423,391	744,598
Head office – ITO re-invoicing cost	17.1	703,286	-
Repairs and maintenance		23,683	4,450
Withholding taxes		475,439	280,203
Registration fee		363,915	200,575
Travel and IT related services		524,025	365,617
Other		795,281	44,621
		7,096,213	4,036,697

16 Non-operating income / (expense)

This represents the share of income / expense related to inter-group transactions re-distributed by BNP Paribas SA. The calculation is made at group level by BNP Paribas SA at predefined agreed method.

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17 Related party matters

17.1 Related party relationships

Significant transactions (income / (expense) with related parties in the ordinary course of business included in the financial statements are summarized below:

	For the year ended December 31, 2023	For the year ended December 31, 2022
BNP Paribas SA		
Non-operating income	486,205	6,861,423
Head office – ITO re-invoicing cost	(703,286)	-
BNP Paribas - Riyadh Branch		
Special commission income on term deposits	4,384,479	1,312,983
BNP Paribas – DIFC		
Service fee income	3,931,621	2,902,156
BNP Paribas London		
Service fee income	2,652,120	1,934,853
BNP Paribas, Wholesale Unit, Bahrain		
Expense for outsourced services (Note 15) & (A)	(1,434,984)	(1,541,331)
Compensation to key management personnel	(4,703,437)	(2,926,753)

(A) The Company has outsourced certain services to the related party as per the service level agreements between the two entities. The outsourced services include finance, information technology, human resources, operations and other support services. The costs are agreed and allocated based on terms of the said agreements and are payable annually in arrears. The cost agreed for these outsourced services amount to Saudi Riyals 1.435 million for the year ended December 31, 2023 (2022: Saudi Riyals 1.541 million).

17.2 Related party balances

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

	As at December 31, 2023	As at December 31, 2022
Due from related parties		
BNP Paribas DIFC	3,772,952	757,723
BNP Paribas Paris	1,380,569	2,400,653
BNP Paribas, London	657,324	1,935,982
BNP Paribas, Wholesale Unit, Bahrain	-	51,502
Total*	5,810,845	5,145,860

* This amount is classified under accounts receivable.

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	As at December 31, 2023	As at December 31, 2022
Due to related parties		
BNP Paribas, Wholesale Unit, Bahrain - re-invoicing	689,311	299,557
BNP Paribas, Wholesale Unit, Bahrain - outsourced cost	328,715	483,803
BNP Paribas, Dubai	479	248
	<hr/>	<hr/>
Total*	1,018,505	783,608

* This amount is classified under accrued and other current liabilities.

	As at December 31, 2023	As at December 31, 2022
Cash at bank		
BNP Paribas – Riyadh Branch:		
- Current account	4,198,975	5,161,548
- Deposit account	90,000,000	83,000,000
-		
Total	94,198,975	88,161,548

18 Financial risk management

The Company's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, commission rate risks and price risk), credit risk and liquidity risk. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance. Risk management is carried out by the management under policies approved by the board of directors.

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital. Further, quantitative disclosures are included throughout these financial statements.

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

18.1 Market risk

The risk that the fair value or future cashflows of a financial instrument will fluctuate because of changes in the market prices. Market risk comprises three type of risks: currency risk, commission rate risk and price risk.

a) Foreign exchange risk

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

Exposure:

The currency conversion rate between the United States Dollars ("USD") and Saudi Riyals is pegged and has remained constant over the past several years. Currency risk arises on Company's transactions denominated in Euro, Bahraini Dinar, Pound Sterling, and United Arab Emirates Dirham.

The Company does not hedge against foreign currency risk. The Company's major exposure is in Euro and Bahraini Dinar.

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Sensitivity:

If as at December 31, 2023, the Euro and Bahraini Dinar is revalued/devalued by +/-5%, then the income for the year would have been higher/lower by SAR 38,050 and SAR 18,618 (2022: SAR 2,613 and SAR 25,812) respectively.

b) Commission rate risk

Commission rate risk is the exposure to various risks (fair value or cashflows) associated with the effect of fluctuations in the prevailing commission rates on the Company's financial position and / or cash flows.

Exposure:

The Company's commission rate risks arise mainly from its term deposits which are at floating rate of commission and are subject to re-pricing on a regular basis. Management monitors the changes in commission rates. In case of 100 basis points increase/decrease in SIBOR as at December 31, 2023, the income for the year end would have been higher/lower by SAR 25,000 (2022: SAR 20,750).

	Within 3 months	3-12 months	Over 1 year	Non commission bearing	Total
Commission rate risk As at December 31, 2023					
Assets					
Cash and cash equivalents	90,000,000	-	-	4,198,975	94,198,975
Accounts receivable	-	-	-	24,832,643	24,832,643
Other receivables	-	-	-	43,290	43,290
Total financial assets	90,000,000	-	-	29,074,908	119,074,908
Accrued and other current liabilities	-	-	-	5,399,588	5,399,588
Lease liabilities	-	-	-	9,750,220	9,750,220
Total financial liabilities	-	-	-	15,149,808	15,149,808
Cumulative commission rate sensitivity gap	90,000,000	-	-	13,925,100	103,925,100
As at December 31, 2022					
Assets					
Cash and cash equivalents	83,000,000	-	-	5,161,548	88,161,548
Accounts receivable	-	-	-	7,021,797	7,021,797
Other receivables	-	-	-	43,290	43,290
Total financial assets	83,000,000	-	-	12,226,635	95,226,635
Accrued and other current liabilities	-	-	-	2,487,224	2,487,224
Lease liabilities	-	-	-	536,411	536,411
Total financial liabilities	-	-	-	3,023,635	3,023,635
Cumulative commission rate sensitivity gap	83,000,000	-	-	9,203,000	92,203,000

c) Price risk

Price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices caused by factors other than foreign currency and commission rate movements, whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all instruments traded in the market. The Company is not exposed to price risk as there are no financial assets held by the Company which are valued based on market prices.

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18.2 Credit risk

Credit risk is the risk that one party to the agreement will fail to discharge its obligation and cause the other party to incur a financial loss. The Company is exposed to credit risk from its operating activities (pertaining to cash and cash equivalents, accounts receivable and other receivables). The Company's maximum exposure to credit risk without taking into account any collateral held or any credit enhancements is SAR 119.075 million (2022: SAR 95.227 million). Outstanding accounts receivables are regularly monitored, and any credit concerns highlighted to senior management. Term deposits are placed with local branch of a foreign bank (a related party).

Credit quality analysis

The following table sets out the credit analysis for financial assets as at December 31, 2023 and December 31, 2022:

Financial assets	Investment grade	Non-investment grade	Unrated	Total
As at December 31, 2023				
Cash and cash equivalents	94,198,975	-	-	94,198,975
Accounts receivable	24,832,643	-	-	24,832,643
Other receivables	-	-	43,290	43,290
Total	119,031,618	-	43,290	119,074,908
As at December 31, 2022				
Cash and cash equivalents	88,161,548	-	-	88,161,548
Accounts receivable	7,021,797	-	-	7,021,797
Other receivables	-	-	43,290	43,290
Total	95,183,345	-	43,290	95,226,635

As at December 31, 2023, financial assets amounting to SAR 119.075 million (2022: SAR 95.227 million) are classified in stage 1 (12-month ECL).

All the financial assets at amortised cost were considered for ECL as of December 31, 2023. However, the impact of these assets was immaterial as the majority of the balance pertains to cash at bank held with a related party which has sound credit rating (the Head Office of the related party). There is no history of default for the recovery of these balances.

18.3 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

Typically, the Company ensures that it has sufficient cash on demand to meet expected operational expenses including the servicing of financial obligations. This excludes the potential impact of extreme circumstances that cannot be reasonably predicted, such as natural disasters. In addition, the Company has access to credit facilities.

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The table below analyses the Company's financial liabilities into the relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within twelve months equal their carrying balances, as the impact of discounting is not significant.

	Less than 1 year	Between 2 and 5 years	Over 5 years	Total
As at December 31, 2023				
Accrued and other current liabilities	5,399,588	-	-	5,399,588
Lease liabilities	-	9,750,220	-	9,750,220
	5,399,588	9,750,220	-	15,149,808
As at December 31, 2022				
Accrued and other current liabilities	2,487,224	-	-	2,487,224
Lease liabilities	-	536,411	-	536,411
	2,487,224	536,411	-	3,023,635

18.4 Capital risk management

The objective of managing capital is to safeguard the Company's ability to continue as a going concern, so that it could continue to provide adequate returns to shareholder by pricing products and services commensurate with the level of risk. It is the policy of the Company to maintain adequate capital base so as to maintain investor, creditor, and market confidence and to support future development of the business. The Company's capital base sufficiently covers all material risks meeting the minimum capital requirement and the Company intends to maintain a healthy capital ratio to cater future business growth.

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

18.5 Operational risk

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

Operational risk is a distinct risk category which the Company manages within acceptable levels through sound operational risk management practices that are part of the day-to-day responsibilities of management at all levels. The objective in managing operational risk is to ensure control of the resources by protecting the assets of the Company and minimising the potential for financial loss.

The Company's risk management approach involves identifying, assessing, managing, mitigating, monitoring and measuring the risks associated with operations. The management of operational risk has a key objective of minimising the impact of losses suffered in the normal course of business (expected losses) and to avoid or reduce the likelihood of suffering a large extreme (unexpected) loss.

19 Fair value estimation

As at December 31, 2023, the fair values of the Company's financial instruments are estimated to approximate their carrying values.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an ordinary transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Company has access at that date. The fair value of a liability reflects its non-performance risk.

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Management regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then management assesses the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of IFRS that are endorsed in the Kingdom of Saudi Arabia, including the level in the fair value hierarchy in which such valuations should be classified. When measuring the fair value of an asset or liability, the Company uses observable market 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 prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or liability falls into different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest input level that is significant to the entire measurement.

The Company recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

The table below presents the financial assets and financial liabilities at their fair values as at December 31, 2023 and 2022 based on the fair value hierarchy:

As at December 31, 2023	Carrying value	Fair value			Total
		Level 1	Level 2	Level 3	
Financial assets not measured at fair value					
Cash and cash equivalents	94,198,975	-	-	94,198,975	94,198,975
Accounts receivable	24,832,643	-	-	24,832,643	24,832,643
Other receivables	43,290	-	-	43,290	43,290
Total	119,074,908			119,074,908	119,074,908
Financial liabilities not measured at fair value					
Accrued and other current liabilities	5,399,588	-	-	5,399,588	5,399,588
Lease liabilities	9,750,220	-	-	9,750,220	9,750,220
Total	15,149,808			15,149,808	15,149,808
As at December 31, 2022					
Financial assets not measured at fair value					
Cash and cash equivalents	88,161,548	-	-	88,161,548	88,161,548
Accounts receivable	7,021,797	-	-	7,021,797	7,021,797
Other receivables	43,290	-	-	43,290	43,290
Total	95,226,635			95,226,635	95,226,635
Financial liabilities not measured at fair value					
Accrued and other current liabilities	2,487,224	-	-	2,487,224	2,487,224
Lease liabilities	536,411	-	-	536,411	536,411
Total	3,023,635			3,023,635	3,023,635

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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 year ended December 31, 2023, there were no transfers into or out of Level 3 fair value measurements (December 31, 2022: Nil).

The fair value of the financial assets of the Company is not significantly different from the carrying values.

20 Financial instruments by category

All financial assets and financial liabilities for the year ended December 31, 2023 and 2022 are classified under amortised cost category.

		As at December 31, 2023	As at December 31, 2022
Financial assets	Measurement category		
Cash and cash equivalents	Amortised cost	94,198,975	88,161,548
Accounts receivable	Amortised cost	24,832,643	7,021,797
Other receivables	Amortised cost	43,290	43,290
Total financial assets		119,074,908	95,226,635
Financial liabilities			
Accrued and other current liabilities	Amortised cost	5,399,588	2,487,224
Lease liabilities	Amortised cost	9,750,220	536,411
Total financial liabilities		15,149,808	3,023,635