

**FAB CAPITAL FINANCIAL
COMPANY
(A Saudi Closed Joint Stock Company)
FINANCIAL STATEMENTS
31 December 2022
together with the
INDEPENDENT AUDITOR'S REPORT**

FAB CAPITAL FINANCIAL COMPANY
(A SAUDI CLOSED JOINT STOCK COMPANY)
FINANCIAL STATEMENTS
For the year ended 31 December 2022
(Amounts in Saudi Arabian Riyals)

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KPMG Professional Services

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Commercial Registration No. 1010425494

Headquarters in Riyadh

كي بي إم جي للاستشارات المهنية

واجهة الرياض، طريق المطار
صندوق بريد ٩٢٨٧٦
الرياض ١١٦٦٣
المملكة العربية السعودية
سجل تجاري رقم ١٠١٠٤٢٥٤٩٤
المركز الرئيسي في الرياض

Independent Auditor's Report

To the Shareholder of FAB Capital Financial Company

Opinion

We have audited the financial statements of FAB Capital Financial Company ("the Company"), which comprise the statement of financial position as at 31 December 2022, the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes to the financial statements, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2022, and its financial performance and its cash flows for the year then ended 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 Accountants ("SOCPA").

Basis for Opinion

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

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by SOCPA, the applicable requirements of the Regulations for Companies, the Company's By-Laws and for such internal control as 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, the Board of Directors, are responsible for overseeing the Company's financial reporting process.

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كي بي إم جي للاستشارات المهنية شركة مهنية مساهمة مغلقة، مسجلة في المملكة العربية السعودية، رأس مالها (٤٠.٠٠٠.٠٠٠) ريال سعودي مدفوع بالكامل، المسماة سابقاً "شركة كي بي إم جي للفرزان وشركاه محاسبون ومراجعون كفوليين". وهي عضو غير شريك في الشبكة العالمية للشركات كي بي إم جي المستقلة والتابعة لكي بي إم جي العالمية المحدودة، شركة إنجليزية محدودة بضمان. جميع الحقوق محفوظة.



Independent Auditor's Report

To the Shareholder of FAB Capital Financial Company (Continued)

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

KPMG Professional Services

Fahad Mubark Al Dossari
License No. 469



Al Riyadh on: 7 Ramadan 1444H
Corresponding to: 29 March 2023

FAB CAPITAL FINANCIAL COMPANY
(A SAUDI CLOSED JOINT STOCK COMPANY)
STATEMENT OF FINANCIAL POSITION
As at 31 December 2022
(Amounts in Saudi Arabian Riyals)

	<i>Note</i>	<u>2022</u>	<u>2021</u>
ASSETS			
Cash and cash equivalents	4	156,635,164	118,193,627
Accounts receivable	5	1,670,179	100,166
Prepayments, deposits and other receivables	6	4,018,935	435,293
Right-of-use asset	7	1,077,899	1,458,027
Deferred tax assets	14	50,661	12,764
Property and equipment, net	8	261,859	264,411
Total assets		<u>163,714,697</u>	<u>120,464,288</u>
LIABILITIES AND EQUITY			
Liabilities			
Due to related parties	9	33,464,484	22,576,153
Accrued expenses and other liabilities	10	3,022,601	2,117,358
Lease liability	11	791,688	1,172,564
Provision for zakat and income tax	14	3,972,928	2,500,259
Provision for employees' end of service benefits	15	256,625	246,004
Total liabilities		<u>41,508,326</u>	<u>28,612,338</u>
Shareholder's equity			
Share capital	12	52,500,000	52,500,000
Share premium		15,000,000	15,000,000
Statutory reserve		5,188,515	2,156,810
Other reserves		(19,233)	(56,600)
Retained earnings		49,537,089	22,251,740
Total equity		<u>122,206,371</u>	<u>91,851,950</u>
Total liabilities and equity		<u>163,714,697</u>	<u>120,464,288</u>

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

FAB CAPITAL FINANCIAL COMPANY
(A SAUDI CLOSED JOINT STOCK COMPANY)
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the year ended 31 December 2022
(Amounts in Saudi Arabian Riyals)

	For the year ended 31 December <u>2022</u>	For the year ended 31 December <u>2021</u>
Revenue		
Income from arranging services	35,091,667	21,750,000
Income from security services	5,279,921	100,166
Income from underwriting services	2,145,011	818,489
Special commission income	2,048,584	334,587
Other income	6.1 187,914	--
Total operating income	44,753,097	23,003,242
Expenses		
Salaries and employee-related expenses	(6,293,424)	(6,525,750)
Depreciation	7,8 (443,131)	(463,233)
Finance cost on lease liability	(28,725)	(38,378)
Other general and administrative expenses	13 (3,696,504)	(2,699,639)
Allowance for expected credit losses on financial assets	(48,480)	5,670
Total operating expenses	(10,510,264)	(9,721,330)
Net income before zakat and income tax	34,242,833	13,281,912
Zakat and income tax	14 (3,925,779)	(2,500,763)
Net income for the year	30,317,054	10,781,149
Remeasurement gain for provision for end of service benefits	15 37,367	43,100
Total comprehensive income for the year	30,354,421	10,824,249

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

FAB CAPITAL FINANCIAL COMPANY
(A SAUDI CLOSED JOINT STOCK COMPANY)
STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2022
(Amounts in Saudi Arabian Riyals)

	<u>Share capital</u>	<u>Share premium</u>	<u>Statutory reserve</u>	<u>Other reserves</u>	<u>Retained earnings</u>	<u>Total equity</u>
Balance at 1 January 2022	52,500,000	15,000,000	2,156,810	(56,600)	22,251,740	91,851,950
Net income for the year	--	--	--	--	30,317,054	30,317,054
Re-measurement gain on employees' end of service benefits	--	--	--	37,367	--	37,367
Total comprehensive income for the year	--	--	--	37,367	30,317,054	30,354,421
Transfer to statutory reserve	--	--	3,031,705	--	(3,031,705)	--
Balance at 31 December 2022	52,500,000	15,000,000	5,188,515	(19,233)	49,537,089	122,206,371
	<u>Share capital</u>	<u>Share premium</u>	<u>Statutory reserve</u>	<u>Other reserves</u>	<u>Retained earnings</u>	<u>Total equity</u>
Balance at 1 January 2021	52,500,000	15,000,000	1,078,695	(99,700)	12,548,706	81,027,701
Net income for the year	--	--	--	--	10,781,149	10,781,149
Re-measurement gain on employees' end of service benefits	--	--	--	43,100	--	43,100
Total comprehensive income for the year	--	--	--	43,100	10,781,149	10,824,249
Transfer to statutory reserve	--	--	1,078,115	--	(1,078,115)	--
Balance at 31 December 2021	52,500,000	15,000,000	2,156,810	(56,600)	22,251,740	91,851,950

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

FAB CAPITAL FINANCIAL COMPANY
(A SAUDI CLOSED JOINT STOCK COMPANY)
STATEMENT OF CASH FLOWS
For the year ended 31 December 2022
(Amounts in Saudi Arabian Riyals)

	<i>Note</i>	For the year ended 31 December 2022	For the year ended 31 December 2021
Cash flows from operating activities			
Net income before zakat and income tax		34,242,833	13,281,912
Adjustments for non-cash items			
Charge for employees' end of service benefits	15	94,488	186,380
Depreciation charge for the year	7, 8	443,131	463,233
Interest expense on lease liability		28,725	38,378
Allowance for expected credit losses on financial assets		48,480	(5,670)
Changes in operating assets and liabilities:			
Increase in accounts receivable		(1,570,013)	(100,166)
(Increase) / Decrease in prepayment, deposits and other receivables		(3,583,642)	94,859
Increase in due to related parties		10,888,331	8,113,920
Increase / (Decrease) in accrued expenses and other liabilities		905,243	(130,146)
		<u>41,497,576</u>	<u>21,942,700</u>
Zakat and income tax paid	14	(2,491,007)	(2,185,654)
End of service benefits paid	15	(46,500)	(201,704)
Net cash generated from operating activities		<u>38,960,069</u>	<u>19,555,342</u>
Cash flow from financing activity			
Payment of lease liability		(409,601)	(409,601)
Net cash used in financing activity		<u>(409,601)</u>	<u>(409,601)</u>
Cash flow from Investing activity			
Additions to property and equipment	8	(60,451)	(296,000)
Net cash used in Investing activity		<u>(60,451)</u>	<u>(296,000)</u>
Net increase in cash and cash equivalents during the year		38,490,017	18,849,741
Cash and cash equivalents at the beginning of the year		<u>118,246,374</u>	<u>99,396,633</u>
Cash and cash equivalents at the end of the year	4	<u>156,736,391</u>	<u>118,246,374</u>

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

FAB CAPITAL FINANCIAL COMPANY
(A SAUDI CLOSED JOINT STOCK COMPANY)
NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022
(Amounts in Saudi Arabian Riyals)

1. GENERAL INFORMATION

FAB Capital Financial Company (the “Company”) is a Closed Joint Stock Company incorporated in Saudi Arabia under commercial registration No. 1010448608 dated 20 Shaban 1439 (corresponding to 6 May 2018). The Company operates under Saudi Arabia General Investment Authority License No. 10211390781969 dated 5 Rajab 1439 (corresponding to 22 March 2018) and Capital Market Authority (“CMA”) License No. 18188-30 dated 19 Jumada al-Ula 1439 (corresponding to 5 February 2018).

The registered address of the Company, which is also its principal place of business, is at 3rd Floor, Cayan Tower, AlMalqa – King Fahad Road, P.O. Box 272, Riyadh 11411, Kingdom of Saudi Arabia.

The principal activities of the Company are dealing as underwriter, advisory & arranging securities and custody services. During the year the Company has applied for a license to practice managing and fund operation services, CMA has granted this license in February 2023.

2. BASIS OF PREPARATION

a) Statement of compliance

The financial statements have been prepared in accordance with the International Financial Reporting Standards (“IFRS”) as endorsed in the Kingdom of Saudi Arabia, and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants (“SOCPA”) and in compliance with the applicable requirements of the Regulation for Companies in the Kingdom of Saudi Arabia and the Company’s By-laws.

b) Basis of measurement

The financial statements have been prepared under the historical cost convention. Furthermore, the employee benefit obligation is measured at present value of defined benefit obligation and have been calculated using the projected unit credit method and actuarial assumptions. The financial statements are prepared on a going concern basis, as the management is satisfied that the Company has the resources to continue business for the foreseeable future. In making this assessment, the management has considered a wide range of information relating to present and future conditions, including future projections of profitability, cash flows and capital resources.

The Company does not have a clearly identifiable operating cycle and therefore does not present current and non-current assets and liabilities separately in the statement of financial position. Instead, assets and liabilities are presented in order of their liquidity.

c) Functional and presentation currency

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

FAB CAPITAL FINANCIAL COMPANY
(A SAUDI CLOSED JOINT STOCK COMPANY)
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2022
(Amounts in Saudi Arabian Riyals)

2. BASIS OF PREPARATION (CONTINUED)

d) Critical accounting judgments and estimates

The preparation of the financial statements in conformity with IFRS as endorsed in the KSA and other standards and pronouncements issued by SOCPA requires the use of certain critical accounting judgements, estimates and assumptions that affect the reported amounts of assets and liabilities. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. Such judgements, estimates, and assumptions are continually evaluated and are based on historical experience and other factors, including obtaining professional advices and expectations of future events that are believed to be reasonable under the circumstances.

Useful lives of property and equipment

The management reviews the estimated useful lives of property and equipment based on the period over which the assets are expected to be available for use, and these are revised if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence. It is possible that future results of operations could be materially affected by changes in the factors mentioned. A reduction in the estimated useful lives of property and equipment would increase the recorded depreciation expense and decrease non-current assets.

Defined benefit plans

The Company operates a defined benefit plan under the applicable Saudi Arabian Law based on employees' accumulated periods of service at the date of the statement of financial position. The cost of providing benefits under the defined benefit plans is determined using the projected unit credit method as per IAS 19 Employee Benefits based on actuarial assumptions which are reviewed annually (refer to note 3.8 and note 15).

e) New IFRS standards, IFRIC interpretations and amendments thereof issued but not yet effective

New IFRS Standards, interpretations and amendments adopted by the Company

Below amendments to accounting standards and interpretations became applicable for annual reporting periods commencing on or after 1 January 2022. Management has assessed that these amendments have no significant impact on the Company's financial statements.

- COVID-19 - Related Rent Concessions (Amendments to IFRS 16);
- A number of narrow-scope amendments to IFRS 3, IAS 16, IAS 37 and some annual improvements to IFRS Standards 2018–2021 (Amendment to IFRS 1, IFRS 9, IAS 41 and IFRS 16).

Accounting standards issued but not yet effective

The accounting standards, amendments and revisions which have been published and are mandatory for compliance for the Company's accounting years beginning on or after 1 January 2023 are listed below. The Company has opted not to early adopt these pronouncements.

- IFRS 17 - Insurance contracts, as amended in December 2021;
- Amendments to IAS 1, Presentation of financial statements', on classification of liabilities;
- Narrow scope amendments to IAS 1, Practice statement 2 and IAS 8;
- Amendments to IFRS 10 and IAS 28;
- Amendment to IAS 12- deferred tax related to assets and liabilities arising from a single transaction.

Management anticipates that the application of these new standards and amendments in the future will not have significant impact on the amounts reported.

FAB CAPITAL FINANCIAL COMPANY
(A SAUDI CLOSED JOINT STOCK COMPANY)
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2022
(Amounts in Saudi Arabian Riyals)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of these financial statements are set out below. These policies have consistently applied to all periods presented unless otherwise stated.

3.1 Cash and cash equivalents

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

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

3.2 Financial Instruments

Classification and 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 statement of profit or loss (FVTPL)

Financial asset at amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

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

Financial asset at fair value through other comprehensive income (“FVOCI”)

A financial asset is measured at fair value through FVOCI only if it meets both of the following conditions and is not designated as at FVTPL.

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in fair value in OCI. This election is made on an investment-by-investment basis.

Financial asset at fair value through profit or loss (“FVTPL”)

All financial assets not classified as measured at amortized cost or FVOCI as described above are measured at FVTPL.

FAB CAPITAL FINANCIAL COMPANY
(A SAUDI CLOSED JOINT STOCK COMPANY)
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2022
(Amounts in Saudi Arabian Riyals)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Classification and measurement of financial assets (continued)

Business model assessment

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

The 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 purchased financial assets going forward.

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

Assessment whether contractual cash flows are solely payments of principal and commission

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Commission / Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as profit margin.

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

Reclassifications

Financial assets are not reclassified subsequent to their initial recognition, except in the period after the Company changes its business model for managing financial assets.

Impairment of financial assets

The financial assets of the Company that are subjected to expected credit losses ("ECL") review include cash at bank and accounts receivable.

A significant exposure of the Company is held as deposits with First Abu Dhabi Bank – Saudi Arabia Branch, which is a Branch of Parent (First Abu Dhabi Bank PJSC). The Bank has a sound credit rating as at the reporting date and therefore the Company considers that it has low credit risk. No decline is seen in the credit rating until the reporting date. The loss given default "LGD" is low and impact on expected loss is not considered significant to the financial statements.

The Company considers that the remaining financial assets are immaterial and therefore have mostly low credit risk and the impact of expected credit loss is not considered significant.

FAB CAPITAL FINANCIAL COMPANY
(A SAUDI CLOSED JOINT STOCK COMPANY)
NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

(Amounts in Saudi Arabian Riyals)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial liabilities

All financial liabilities are initially recognized at fair value less transaction costs except for financial liabilities measured at FVTPL where transaction costs, 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 FVTPL are measured at amortized cost. Amortized cost is calculated by taking into account any discount or premium on settlement.

De-recognition 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.

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.

3.3 *Revenue from contracts with customers*

The Company recognizes revenue in accordance with the principles as set out in IFRS 15. The Company applies the five steps mode stipulated in IFRS 15 for recognizing revenue, which consists of identifying the contract with the customer; identifying the relevant performance obligations; determining the amount of consideration to be received under the contract; allocating the consideration to each performance obligation; and earning the revenue as the performance obligations are satisfied. The Company recognize revenue when it transfers control over a product or service to a customer.

FAB CAPITAL FINANCIAL COMPANY
(A SAUDI CLOSED JOINT STOCK COMPANY)
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2022
(Amounts in Saudi Arabian Riyals)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.3 Revenue from contracts with customers (Continued)

The Company has the following streams of revenue:

Revenue from arranging services

Revenue from arranging activities is recognised based on services rendered under the applicable service contracts using the five-step approach to revenue recognition.

Revenue from underwriting services

Underwriting service fees are recognized based on the applicable service contract, usually when the performance obligation has been satisfied.

Income from securities services

Fees charged for providing securities services, which include custodial services, are recognised as revenue over the period when the service is being provided.

3.4 Property and equipment and leases

Property and equipment

Property and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any.

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

	<u>No of years</u>
Leasehold improvements and fittings	10
Computer equipment	3-5

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

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

Normal repair and maintenance are charged to the statement of profit or loss as and when incurred.

Right-of-use assets / lease liability

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

FAB CAPITAL FINANCIAL COMPANY
(A SAUDI CLOSED JOINT STOCK COMPANY)
NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022
(Amounts in Saudi Arabian Riyals)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.4 *Property and equipment and leases (continued)*

Right of use assets

The Company applies cost model, and measures right of use asset at cost:

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

Lease liability

On initial recognition, the lease liability is the present value of all remaining payments to the lessor. Subsequent to the commencement date, the Company measures the lease liability by:

- a) Increasing the carrying amount to reflect interest on the lease liability;
- b) Reducing the carrying amount to reflect the lease payments made; and
- c) Re-measuring the carrying amount to reflect any re-assessment or lease modification.

3.5 *Impairment of non-financial assets*

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGUs) fair value less costs to sell and its value-in-use and 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 pre-tax 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 to sell, an appropriate valuation model is used.

Impairment losses of continuing operations are recognised in profit or loss in those expense categories consistent with the function of the impaired asset, except for property previously revalued where the revaluation was taken to equity. In this case the impairment is also recognised in equity up to the amount of any previous revaluation.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised 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 recognised 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 recognised. 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 recognised for the asset in prior years. Such reversal is recognised in the statement of profit and loss unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase.

3.6 *Accrued expenses and other liabilities*

Accrued expenses and other liabilities are recognised for amounts to be paid in the future for goods or services received, whether billed by the supplier or not.

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.7 Taxation

Current Tax

Zakat and income tax is provided in accordance with the regulations of the Zakat, Tax and Customs Authority (“ZATCA”) in the Kingdom of Saudi Arabia and charged to the statement of profit and loss and other comprehensive income.

Adjustments arising from the final zakat and income tax assessments are recorded in the period in which such assessments are made.

Deferred Tax

Deferred tax is recognised using the balance sheet liability method on all temporary differences between the carrying amount of the assets and liabilities and their tax bases. Deferred tax assets are recognised for all major deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilised. Deferred tax assets and liabilities are measured at the tax rates that have been enacted or substantially enacted at the balance sheet date.

3.8 Employees’ end of service benefits

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

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

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

3.9 Expenses

All expenses are recognized in statement of profit or loss as the related services are received.

3.10 Foreign currencies

Transactions in foreign currencies are translated into the functional currency of the Company at exchange rates on the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Foreign currency differences are generally recognized in the statement of profit or loss.

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.11 Contingent assets and liabilities

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

3.12 Statutory reserve

In accordance with the Company's Bylaws and the Saudi Arabian Regulations for Companies which came into effect on 25 Rajab 1437H (corresponding to 2 May 2016), the Company sets aside 10% of its net income each year as statutory reserve until such reserve equals to 30% of the share capital. As at 31 December 2022, the Company has set aside SAR 5.19 million as statutory reserve (31 December 2021: SAR 2.16 million).

4. CASH AND CASH EQUIVALENTS

	<u>Note</u>	<u>2022</u>	<u>2021</u>
Current accounts		56,736,391	58,246,374
Fixed deposit	4.1	100,000,000	60,000,000
Provision for expected credit losses		<u>(101,227)</u>	<u>(52,747)</u>
		<u>156,635,164</u>	<u>118,193,627</u>

4.1 Fixed deposits amounting to SAR 100 million with a maturity of three months is considered as cash and cash equivalents (31 December 2021: SAR 60 million).

5. ACCOUNTS RECEIVABLE

	<u>2022</u>	<u>2021</u>
Accounts receivable - fees	1,670,179	100,166

This represented the portion of the revenue from securities services not yet collected by the Company from the Parent amounting to SAR 1,571,857 (31 December 2021: SAR 100,166). The remaining balance is receivables from the local client, State Street Saudi Arabia.

6. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	<u>Note</u>	<u>2022</u>	<u>2021</u>
Receivable from the Parent	6.1	2,053,365	--
Interest receivable		832,481	98,133
Prepaid advance against salary		463,333	96,667
Prepaid recruitment allowance		42,500	116,250
Others	6.2	<u>627,256</u>	<u>124,243</u>
Total		<u>4,018,935</u>	<u>435,293</u>

6.1 This represented the proceeds receivable from the Parent, on account of the sale of shares acquired as a result of underwriting activities during the year; this resulted in a gain of SAR 187,914 which is reported as other income. Parent provided custodian support for the purchase and sale of shares.

6.2 This includes receivable from the parent of SAR 334,187 relating to Securities Depository Center (Edaa) charges for custody services relating to the month of December 2022 (31 December 2021: SAR 18,720).

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7. RIGHT OF USE ASSET

	2022	2021
Cost:		
Balance at the beginning of the year	2,599,454	2,599,454
Accumulated depreciation:		
Balance at the beginning of the year	(1,141,427)	(761,299)
Charge for the year	(380,128)	(380,128)
Balance at the end of the year	(1,521,555)	(1,141,427)
Net book value as at the end of the year	1,077,899	1,458,027

8. PROPERTY AND EQUIPMENT, NET

	Leasehold improvements and computer equipment	Total
	<i>Note</i>	
Cost:		
Balance at 1 January 2022	403,544	403,544
Additions during the year	60,451	60,451
Balance at 31 December 2022	463,995	463,995
Accumulated depreciation:		
Balance at 1 January 2022	(139,133)	(139,133)
Charge for the year	(63,003)	(63,003)
Balance at 31 December 2022	(202,136)	(202,136)
Net book value as at 31 December 2022	8.1 261,859	261,859
	Leasehold improvements and computer equipment	Total
Cost:		
Balance at 1 January 2021	107,544	107,544
Additions during the year	296,000	296,000
Balance at 31 December 2021	403,544	403,544
Accumulated depreciation:		
Balance at 1 January 2021	(56,029)	(56,029)
Charge for the year	(83,104)	(83,104)
Balance at 31 December 2021	(139,133)	(139,133)
Net book value as at 31 December 2021	264,411	264,411

- 8.1** These include Leasehold improvements with a net book value of SAR 200,308 (2021: 228,865) and Computer equipment with a net book value of SAR 61,551 (2021: 35,546).

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9. TRANSACTIONS WITH RELATED PARTIES

The related parties of the Company include the Parent Company and its affiliated entities and certain key management personnel. In the ordinary course of activities, the Company transacts business with its related parties on mutually agreed terms. Key management personnel include the Chief Executive Officer, Acting Chief Executive Officer (for the period of 1 January 2022 till 14 May 2022, until the CEO was appointed), Head of Compliance, Head of Security Services, Head of Loan Structuring, Head of Debt Capital Markets, Head of Operations and Head of Finance.

The significant related party transactions entered into by the Company during the year are as follows:

<u>Related party</u>	<u>Nature of transaction</u>	2022	2021
First Abu Dhabi Bank P.J.S.C.	Payments made on behalf of the entity for Company's expenditure	1,080,740	844,597
First Abu Dhabi Branch KSA	Payments made on behalf of the entity for Company's expenditure	6,564,320	7,269,323
	Commissions paid on financial guarantees	31,944	128,125
Key management personnel	Basic salary	2,501,115	2,309,320
	Allowances	1,731,814	1,579,423
	GOSI – Employer's contribution	242,679	183,600
	Bonus	400,000	150,000
	Directors' fees	650,000	262,500
	Others	6,651	--

The balances as of 31 December 2022 resulting from transactions with related parties are as follows:

<u>Related party</u>	<u>Note</u>	2022	2021
First Abu Dhabi Bank P.J.S.C.			
Accounts receivable	5	1,571,857	100,166
Receivable from the Parent	6.1, 6.2	2,387,552	--
		3,959,409	100,166
Due to related parties		5,729,359	7,472,470
First Abu Dhabi Bank - KSA Branch			
Due to related parties		27,735,125	15,103,683
Financial guarantee issued to facilitate custody license		50,000,000	50,000,000

10. ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES

	<u>Note</u>	2022	2021
Accrued professional fees		1,414,946	1,022,221
Accrued employee related benefits		940,914	800,000
Accrued directors' fees		162,500	162,500
Others	10.1	504,241	132,637
		3,022,601	2,117,358

10.1 This includes SAR 334,187 relating to Securities Depository Center (Edaa) charges for custody service payable for the month of December 2022 (31 December 2021: 18,720).

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11. LEASE LIABILITY

The Company's finance lease liability is payable as follows as of 31 December 2022:

	Future minimum lease payment	Interest	Present value of minimum lease payment
Less than one year	409,601	(18,824)	390,777
Between one and five years	409,601	(8,690)	400,911
Total	819,202	(27,513)	791,688

12. SHARE CAPITAL

As of 31 December 2022, the share capital of the Company is SAR 52,500,000 divided into 5,250,000 fully paid shares of SAR 10 each and are 100% owned by First Abu Dhabi Bank P.J.S.C.

13. OTHER GENERAL AND ADMINISTRATIVE EXPENSES

	For the year ended 31 December 2022	For the year ended 31 December 2021
	<i>Note</i>	
Professional fees	1,211,273	859,134
Head office allocated costs including utilities	1,112,441	1,031,793
Directors' fees	650,000	262,500
License fees	265,062	258,587
Guarantee commission	31,944	128,125
Others	425,784	159,490
	3,696,504	2,699,629

14. ZAKAT AND INCOME TAX

The Company is subject to zakat and income tax in accordance with the Regulations of ZATCA.

The amounts of zakat and income tax charges are as follows:

	For the year ended 31 December 2022	For the year ended 31 December 2021
Zakat expense for the year	2,693,986	2,078,473
Income tax expense for the year	1,278,941	421,787
(Over) / Under provision of tax and zakat expense in prior year	(9,251)	508
Charge for the year before deferred tax	3,963,676	2,500,768
Deferred tax expense for the year	(37,897)	(5)
Total charge for the year	3,925,779	2,500,763

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14. ZAKAT AND INCOME TAX (CONTINUED)

The below table represents the movement in provisions for Zakat and income tax:

	<u>2022</u>	<u>2021</u>
Opening Zakat and income tax liability	2,500,259	2,185,145
Charge for the year	3,963,676	2,500,768
Payments during the year	<u>(2,491,007)</u>	<u>(2,185,654)</u>
	<u>3,972,928</u>	<u>2,500,259</u>

The following table shows the movement in deferred tax:

	<u>2022</u>	<u>2021</u>
Opening deferred tax asset	12,764	12,769
Charge for the year	37,897	(5)
Ending deferred tax asset	<u>50,661</u>	<u>12,764</u>

The Company has filed its zakat and tax returns for the year ended 31 December 2021 which are yet to be assessed by the Zakat, Tax and Customs Authority (“ZATCA”).

15 EMPLOYEES’ END OF SERVICE BENEFITS

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

15.2 Movement in employees’ end of service benefits

	<u>2022</u>	<u>2021</u>
Balance at the beginning of the year	246,004	304,428
Current service cost and interest expense	94,488	186,380
Payments to employees	(46,500)	(201,704)
Remeasurement gain	<u>(37,367)</u>	<u>(43,100)</u>
Balance at the Ending of the year	<u>256,625</u>	<u>246,004</u>

15.3 Principal actuarial assumptions

	31 December <u>2022</u>	31 December <u>2021</u>
Discount rate (%)	5.00	2.20
Future salary increases (%)	2.00	2.00

Discount rate

This rate was used to calculate the actuarial present value of the projected benefits. As per International Accounting Standard 19 “Employee Benefits”, the rate used to discount employee benefits is determined by reference to the market yields on high quality corporate bonds at the end of the reporting period. In case of the Company, the discount rate was derived with reference to US AA corporate bond yields with maturities consistent with the estimated term of the employee benefits.

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15 EMPLOYEES' END OF SERVICE BENEFITS (CONTINUED)

Salary increases

The salary escalation of 2.00% (31 December 2021: 2.00%) has been assumed as the long-term salary escalation rate and is broadly consistent with the benchmark salary increment rate of the region.

Turnover

The turnover assumption has been based on the prior year assumptions for attrition rates, which was considered to be in-line with the actual attrition rates.

15.4 Reasonably possible changes to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the employee benefits as follows:

	31 December	31 December
	<u>2022</u>	<u>2021</u>
	SAR	SAR
Discount rate		
0.5% increase	(6,600)	(6,700)
0.5% decrease	7,100	7,600
Future salary increases		
0.5% increase	7,200	7,600
0.5% decrease	(6,900)	(6,800)

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 used for calculating the employees' end of service benefit (present value of defined benefit obligation calculated with projected unit credit method at the end of the reporting period) has been applied.

16. FAIR VALUES OF FINANCIAL INSTRUMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Underlying the definition of fair value is the presumption that the Company is a going concern and there is no intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

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

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

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16. FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

As at 31 December 2022, the Company's financial instruments comprise of bank balances, interest receivable, due to and from related parties, finance lease liabilities and other financial liabilities, which are measured at amortised cost and their carrying amount is a reasonable approximation of their fair values because these financial instruments are of shorter duration.

17. FINANCIAL RISK MANAGEMENT

The Company maintains positions in financial instruments in accordance with its management strategy. The Company's financial position consists of current account balances, due to related parties, accrued and other liabilities.

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

- credit risk;
- liquidity risk;
- market risk; and
- operational risk.

Credit risk

a) Maximum exposure to credit risk at the reporting date:

Credit risk is the risk that one party to a financial instrument may fail to discharge its contractual obligation and cause the other party to incur a financial loss. The Company is exposed to credit risk on the following:

	<u>2022</u>	<u>2021</u>
Cash at banks	156,635,164	118,193,627
Accounts receivable	1,670,179	100,166
Prepayments, deposits and other receivables	3,230,033	113,582
	<u>161,535,376</u>	<u>118,407,375</u>

Cash at banks

The current accounts are held with Riyadh Bank amounting to SAR 55.5 million and SAR 101.2 million in First Abu Dhabi Bank – Saudi Arabia Branch. The current accounts are held with banks having reputable standing and investment grade credit ratings within the Kingdom of Saudi Arabia.

Accounts receivable

The Company's accounts receivable is primarily due from the Parent Company. The receivable as at 31 December 2022 is SAR 1,670,179 (31 December 2021: 100,166).

Prepayments, deposits and other receivables

The Company's interest receivable as at 31 December 2022 is SAR 832,481 (31 December 2021: 98,133) and is due from the First Abu Dhabi Saudi Arabia Branch. Other receivable balances as at 31 December 2022 is SAR 2,387,552 (31 December 2021: 15,449) and is due from First Abu Dhabi Bank PJSC.

All the assets and liabilities are concentrated in the Kingdom of Saudi Arabia and United Arab Emirates.

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17. FINANCIAL RISK MANAGEMENT (CONTINUED)

b) Analysis of financial assets and expected credit loss:

The financial assets listed above are neither past due nor impaired. Receivables which are from the Parent and the FAB KSA Branch have low credit risk. The ECL provision against the Cash and cash equivalents is as per IFRS 9, and considers the tenor of the deposits, the credit rating of the counterparties (being FAB KSA Branch (a related party) and a local bank, which have investment grade external credit ratings) and the current assessment of relevant and supportable macro-economic factors.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in raising funds to meet commitments associated with financial instruments. As of 31 December 2022, the financial assets of the Company comprised of cash at banks and interest receivable from Parent Company, while the financial liabilities of the Company comprised of due to related party, accrued expenses and other liabilities. All other financial liabilities on the Company's statement of financial position are contractually payable on a current basis. The Company manages its liquidity risk by maintaining adequate liquid assets.

Market risk

Market risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices.

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. The Company's transactions are principally in Saudi Riyals and United Arab Emirates Dirhams. Management monitors the exposures and fluctuations in foreign exchange rates and believes that the foreign exchange risk is not significant.

b. Commission rate risk

Commission rate risks are the exposures to various risks associated with the effect of fluctuations in the prevailing commission rates on the Company's financial position and cash flows. The Company on a regular basis monitors changes in the commission rates.

There are no exposures as at 31 December 2022 and 2021 to variable rate instruments. Hence, no exposure to commission rate risk.

c. Price risk

Price risk is the risk that the value of a financial instrument will fluctuate because of changes in market prices, whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all instruments traded in the market. The Company is not exposed to price risk as the Company does not hold any financial instruments that are traded in the market as at 31 December 2022 and 2021.

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 developed control framework to mitigate such risk.

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18. REGULATORY CAPITAL REQUIREMENTS AND CAPITAL ADEQUACY

The Capital Market Authority (the “CMA”) has issued Prudential Rules (“the Rules”) dated 31 December 2012 (corresponding to 17 Safar 1434H). According to the Rules, the CMA has prescribed the framework and guidance regarding the minimum regulatory capital requirement and its calculation methodology as prescribed under these Rules. In accordance with this methodology, the Company has calculated its minimum capital required and capital adequacy ratios as follows:

	2022	SAR <u>2021</u>
Capital Base		
Tier 1 Capital	122,156	91,839
Tier 2 Capital	--	--
Total Capital Base	122,156	91,839
Minimum Capital Requirement		
Credit Risk	6,802	6,376
Market Risk	--	--
Operational Risk	4,383	2,572
Total Minimum Capital Required	11,185	8,948
Capital Adequacy Ratio		
Tier 1 Capital Ratio (times)	10.92	10.26
Surplus in Capital	110,971	82,891

- a) Tier 1 capital consists of paid-up share capital, accumulated profits, share premium, and reserves excluding revaluation reserves, with certain deductions as per the Rules.
- b) The minimum capital requirements for market, credit and operational risk are calculated as per the requirements specified in Part 3 of the Prudential Rules issued by the CMA.

19. SUBSEQUENT EVENTS

There were no subsequent events after the statement of financial position date which require adjustments to or disclosure in the financial statements. The following developments in laws and regulations will impact the Company in future periods:

New Companies Law

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

New Prudential Rules issued by CMA

The CMA Board issued its resolution on 4/6/1444H (corresponding to 28 December 2022) approving the amendments to the Prudential Rules (“the Rules”), which shall be effective from 10/9/1444 H (corresponding to 01 April 2023). The amendments introduced several revisions and exemptions to the existing Rules’ requirements (Resolution Number 1-40-2012 dated 17/2/1434H corresponding to 30/12/2012G), and management is in the process of ensuring compliance with these requirements from the effective date.

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20. APPROVAL OF THE FINANCIAL STATEMENTS

The Financial Statements were authorized by the Board of Directors on 05 Ramadan 1444H (corresponding to 27 March 2023).