J.P. MORGAN SAUDI ARABIA COMPANY

Annual Board Report 2024

J.P.Morgan

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Appendices

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1. Overview

J.P. Morgan Saudi Arabia Company (the "Company" and "JPMSA") is a single shareholder closed joint stock company established under the Regulations for Companies in the Kingdom of Saudi Arabia. On 11th November 2012, JPMSA was awarded a CMA license to amend its activities to include dealing as principle, dealing as agent in the local market and underwriting and commenced its business on 6th October 2015.

In 2017, the company converted from a Limited Liability Company to a Single Shareholder Closed Joint Stock Company as directed by the CMA. The Company is a direct and wholly owned subsidiary of J.P. Morgan International Finance Limited ("JPMIF"). The Company currently has paid up share capital of SAR 93,750,000 which was approved as a capital increase by the CMA on 26th April 2015. The Company does not have any subsidiaries and does not own or control any other company.

JPMSA is located on the 8th floor of the Al Faisaliah Tower in Riyadh. The Company's clients include banks, government institutions, large corporate clients and large family groups.

The Company continues to invest in people and expanding its platform capability to enable seamless local and international client execution.

2. Licenses

a. Arranging

The Investment Banking team at the Company participates in arranging transactions on equity, debt or hybrid offerings.

b. Advisory

The Company is licensed to advise clients on Mergers & Acquisitions, disposals, joint ventures, corporate restructurings, privatizations and financial services.

c. Underwriting

The Company is licensed to underwrite public securities transactions in Saudi Arabia.

d. Custody

Direct Custody and Clearing ("DCC")

J.P. Morgan's Direct Custody and Clearing (DCC) provides clients with access to all local/domestic market infrastructures, including exchanges, clearing houses and depositories. Combining local deployment of world-class technology, proven leadership, comprehensive product and service capabilities in securities services, we meet the needs of a diverse clientele including universal banks, global custodians, market infrastructures, international broker dealers and domestic financial institutions. Through DCC we provide an end-to-end processing capability spanning the clearing, settlement, custody and asset servicing value chain.

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Local market experts work in partnership with clients to deliver best-in-class securities services including on-exchange clearing, settlement, safekeeping, asset servicing, fails coverage, FX and treasury services. Close engagement with market infrastructures and decision makers ensures clients' interests are represented locally and they are kept informed of market changes impacting their business.

Key Benefits

- Core products and value–added services – direct local market access for clearing, settlement, custody and asset servicing
- Distinctive client experience – global, regional and local approach to relationship management and client service
- Global consistency and scale – globally consistent service levels and contractual documentation
- Breadth of J.P. Morgan products – access to J.P. Morgan's end-to-end capabilities for a wide range of asset classes and investment strategies.

Global Custody

The Company supports JPMorgan's Global Custody clients investing in international assets by establishing relationship management and local client service capabilities in the Kingdom. This group supports Saudi and GCC clients including government entities, investment firms, and banks.

e. Dealing

The Company provides brokerage services on The Saudi Stock Exchange ("Tadawul") for local, Gulf Cooperation Council ("GCC ") and Qualified Foreign Investor ("QFI ") clients. The Company went live with Independent Custody Model ("ICM") agency business and Algorithmic Trading in 2018. The Company acts as an agent on behalf of other J.P. Morgan entities in marketing securities and other financial instruments including OTC derivatives transactions, foreign currency, rates and credit trading.

3. Financials

PriceWaterhouseCoopers ("PwC") conducted an external audit of the Company for the 2024 fiscal year and provided an unqualified audit opinion that the financial statements present fairly, in all material respects, in accordance with International Financial Reporting Standards, that are endorsed by Saudi Organization for Certified Public Accountants ("SOCPA") in the Kingdom of Saudi Arabia, and other standards and pronouncements issued by SOCPA.

JPMSA's operating income in 2024 was SAR256mm, which has increased compared to prior year (2023: SAR181mm) driven primarily by increase in custody and investment

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banking revenues. Operating expenses (2024: SAR100mm) increased compared to prior year (2023: SAR56mm) mainly due to one-off tax expense incurred to benefit from the tax amnesty scheme, covering VAT and WHT liabilities from 2019 to 2023 on non-cash settled inter-company expenses. Over the five year's period, operating income has increased by 169% while the related operating expenses have increased by 138%. Markets and Investment Banking businesses had been the main contributors to the income over the initial years. However, from FY 2019 onwards, Equities Brokerage and Custody businesses have also made sizeable contributions to the overall income.

There was a slight dip in net margins in FY'20 mainly due to lower markets and brokerage revenues. Net profit after tax for 2024 was SAR120mm up from 2023 (SAR99mm) driven by increased revenues in 2024. The Company's FY 2025 Annual Plan has been approved by the Board of Directors. The Company is adequately capitalised and holds sufficient levels of liquidity to meet its obligations.

JPMSA has no outstanding loans.

All business expansion initiatives including new product offerings are subject to internal governance process with due consideration to the available capital resources, regulatory framework etc. The Company regularly updates its forecasts and expects to achieve its Annual Plan for the year.

A summary of last 5 year's key financial metrics is stated below:

SAR' mm	FY'24	FY'23	FY'22	FY'21	FY'20
Total Assets	683	575	452	401	307
Total Liabilities	51	63	39	53	32
Total Equity	632	512	413	348	275
Total Liabilities & Equity	683	575	452	401	307
Income	256	181	127	137	95
Expenses	(100)	(56)	(48)	(44)	(42)
Taxation	(36)	(26)	(15)	(20)	(11)
Net income	120	99	64	73	42

In the ordinary course of its activities, the Company transacts business with its related parties. Related parties include JPMorgan Chase Bank, National Association including foreign branches and affiliated entities; the Board of Directors; and key management personnel. Key management personnel are those persons, including Non-executive Directors, having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly. The transactions with related parties are carried out on mutually agreed terms approved by the management of the Company.

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Significant transactions with related parties in the ordinary course of business are summarized in the Note 3 of the Financial Statements.

4. Company's Risks

Risk is an inherent part of JPMSA's business activities. The Firm's overall objective is to manage its businesses, and the associated risks, in a manner that balances serving the interests of its clients, customers and investors and protecting the safety and soundness of the Firm.

Each Line of Business owns the ongoing identification of risks, as well as the design and execution of controls, inclusive of Independent Risk Management specified controls, to manage those risks. To support this activity, the Firm has a Risk Identification process in which the first line of defense identifies material risks inherent to the firm, catalogues them in a central repository and reviews the most material risks on a regular basis. The second line of defense establishes the risk identification framework, coordinates the process, maintains the central repository and reviews and challenges the first line's identification of risks.

JPMSA is fully integrated into the Firmwide Risk Management Framework, leveraging Firmwide Risk Management policies and procedures. JPMSA has developed the Risk Manual that outlines the results of the annual risk identification and assessment process and sets out the key firmwide policies and the associated framework for the effective Risk Management of JPMSA. This document is updated at least once a year and approved by the JPMSA Management Committee.

JPMSA identified the following applicable and material risks: business strategy risk, capital risk including FX risk to capital ratios, group risk, liquidity risk, reputation risk, credit risk, market risk, interest rate risk in banking book (commission rate risk), operational risk, country risk and pension (end of service) risk.

- **Business strategy risk**: the risk associated with business decisions that may impact revenue, business growth or viability.

- **Capital risk**: the risk the Firm has an insufficient level and composition of capital to support the Firm's business activities and associated risks during normal economic environments and under stressed conditions. JPMSA is well capitalized with the capital ratio of 93.71% as at YE24.. FX risk to capital ratios is the risk of adverse effect of the exchange rate on capital ratios. FX risk to capital ratios for JPMSA arises from risk weighted exposures denominated in non-SAR currencies.

- **Liquidity risk**: the risk that the firm will be unable to meet its contractual and contingent obligations as they arise or that it does not have the appropriate amount, composition and tenor of funding and liquidity to support its assets and liabilities.

    - JPMSA's assets are mainly liquid overnight deposits or nostro accounts at banks. As at YE24, JPMSA has taken no loans but has liabilities of SAR 44.6mm.

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- JPMSA may need some funding in case of rejected trades under the Independent Custody Model in its Equities Brokerage or unsold underwriting equity commitments. JPMSA has established processes for providing necessary liquidity to JPMSA by other JPM entities in the above scenarios, although their probability is relatively low. Also, SABB has provided a SAR 4.3bn guarantee facility to the exchange (Tadawul) on behalf of JPMSA to support the equities and custody business settlement activity.

- **Reputation risk**: is the risk that an action or inaction may negatively impact perception of the firm´s integrity and reduce confidence in firm's competence by its various stakeholders, including clients, counterparties, customers, communities investors, regulators or employees. JPM takes a qualitative approach to addressing reputation risk appetite given the nature of the risk.

- **Credit risk**: the risk associated with the default or change in credit profile of a client, counterparty or customer.
  - JPMSA's credit risk profile is limited and short-term, and is driven by deposits held with JPMorgan Chase Bank, N.A. and Saudi Awwal Bank. Other assets contributing to credit risk include fee accruals due from related parties, income receivables and prepaid expenses.

  - JPMSA's credit concentration risk is related to single name concentration (JPM group and Saudi Awwal Bank), industry concentration (financial sector) and geographical concentration (Saudi Arabia and USA).

- **Market risk**: the risk associated with the effect of changes in market factors such as interest and foreign exchange rates, equity and commodity prices, credit spreads or implied volatilities, on the value of assets and liabilities held for both the short and long term.

  - JPMSA's market risk is limited to the foreign exchange risk which arises from non-SAR positions. The non-SAR open currency positions are primarily in USD.

  - JPMSA may be exposed to market risk in case of rejected trades under the Independent Custody Model in its Equities Brokerage business or unsold underwriting equity commitments, the probability of which is deemed to be low. JPMSA implemented thresholds to monitor and control potential market risk arising from the above trades.

- **Interest rate risk in banking book** (commission rate risk): results from the firm's traditional banking activities (accrual accounted on and off-balance sheet positions) which includes extension of loans and credit facilities, taking deposits and issuing debt (collectively referred to as 'non-trading' activities). JPMSA's

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interest rate risk in banking book is minimal due to the short-term overnight nature of deposits held with banks.

- **Operational risk**: the risk associated with an adverse outcome resulting from inadequate or failed internal processes or systems; human factors; or external events impacting the firm's processes or systems; it includes compliance, conduct, legal and estimations and model risk. Operational risk is inherent in the Firm's activities and can manifest itself in various ways, including fraudulent acts, business interruptions, cybersecurity attacks, inappropriate employee behavior, failure to comply with applicable laws and regulations or failure of vendors to perform in accordance with their agreements. Operational Risk Management attempts to manage operational risk at appropriate levels considering the Firm's financial position, the characteristics of its businesses, and the markets and regulatory environments in which it operates.

- **Pension (end of service) risk**: the risk caused by the JPMSA obligation with respect to an end of service benefit payment. Pension risk is driven by market and demographic factors where JPMSA may be unable to meet future expected benefit payments.

- **Group risk and country risk** are not separately quantified and are managed as part of risk governance processes of the risks they are part of (including credit, market, operational and liquidity risks).

5. Board Member Interests

Details of Board members' appointments as a board member in other companies are listed in Appendix 1. No securities, contractual interests or subscription rights belong to the directors or any associate to them in the company's shares or debt.

6. Board Members and Meetings

Ziyad Al Saleh left the Board on 11 September 2024. The existing Independent Non-Executive Director Hussam Shobokshi was appointed as a Board Chair replacing Ziyad Al Saleh. Saad Alomran was onboarded as a new Independent Non-Executive Director on 9 December 2024.
The Board held four meetings in 2024, the first meeting was held on 13 March 2024 , second meeting was held on 27 June 2024, third meeting on 11 September 2024 and fourth meeting on 10 December 2024. The meetings were attended by a majority of the directors on record at the time and each meeting was properly constituted as referenced in Appendix 2.

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a. Board Members:

Name	Position
Hussam Shobokshi ***(appointed Board Chair effective 11 September 2024)***	Chair and Independent Non-Executive Director
Bader Alamoudi	Vice-Chair and Non-Executive Director
Khalid Fayez	CEO and Executive Director
Tara Lamont	Non-Executive Director
Karin Ovegren ***(appointed Member effective 4 February 2024)***	Non-Executive Director
Saad Alomran ***(appointed Independent Non-Executive director effective 9 December 2024)***	Independent Non-Executive Director

b. Remuneration and Compensation:

The company's independent board members receive a disbursement of SAR 200,000 each. Other Board members do not receive any remuneration from the Company in their capacity as Board members. The Company is 100% owned by J. P. Morgan International Finance Limited ("JPMIFL") and the Board members, senior executives or relatives do not hold any shares or debt instrument in the Company.

Appendix 3 states the remuneration and compensation paid to Board of Directors and five senior executives including the Chief Executive Officer and Chief Finance Officer.

7. Main Committees of the Board of Directors

The Board has delegated the following responsibilities to the Compliance Committee and Nomination & Remuneration Committee.

Compliance Committee

Members of the Committee:

Name	Position
Khalid Fayez	Chair (Appointed on 21 September 2023)
Razan Tabbara	Member (Resigned on 30 September 2024)
Fuad Khawaja	Member

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Wejdan Alfraihi	Member and Secretary (Resigned in April 2024)
Tamim Almazroa	Member and Secretary (appointed on 7 October 2024)
Ohud Alrubayan	Compliance officer and Deputy MLRO

Khalid Fayez is the new Chair for the Compliance Committee starting September 2023 replacing Fahad Aldaweesh.
The Committee met on four occasions in 2024 with its members in attendance.

The responsibilities of the Committee shall be to:

- Oversee the scope, structure and activities of compliance function to ensure compliance function carrying out its mandate.
- Regularly assess the compliance function independency.
- Ensure the firm's compliance with regulatory requirements and regulations.
- Assessing the compliance function controls regularly.
- Review and monitor the progress of correction actions and compliance plan implementation.
- Review the adequacy of internal policy and procedure to address the compliance need with the authority rules and regulation; and
- Communicating the deficiencies and recommending improvement to the Board of Directors.

Nomination and Remuneration Committee

Members of the Committee:

Name	Position
Tara Lamont	Chair
Bader Alamoudi	Member
Karin Ovegren ***(appointed Member effective 4 February 2024)***	Member
Office of the Secretary	Secretary

The Committee met four times during 2024 with all members in attendance during all meetings.

The responsibilities of the Committee shall be to:

- Recommend to the Board of Directors appointments to membership of the Board in accordance with the approved policies and standards; the Committee shall ensure that no person who has been previously convicted of any offense affecting honour or honesty is nominated for such membership.
- Annual review of the requirement of suitable skills for membership of the Board of Directors and the preparation of a description of the required capabilities and qualifications for such

membership, including, inter alia, the time that a Board member should reserve for the activities of the Board.

- Review the structure of the Board of Directors and recommend changes.
- Determine the points of strength and weakness in the Board of Directors and recommend remedies that are compatible with the company's interest.
- Ensure on an annual basis the independence of the independent members and the absence of any conflict of interest in case a Board member also acts as a member of the Board of Directors of another company.
- Draw clear policies regarding the indemnities and remunerations of the Board of Directors and top executives; in laying down such policies, the standards related to performance shall be followed.

8. Violations

No violations imposed by the Authority or from any supervisory, regulatory, or judicial body during 2024.

9. Internal Audit Reviews and Audit Committee Opinion

Internal Audit provides independent risk-based and objective assurance on the governance, risk management and internal control processes of the Company. The Annual audit plan and results are presented periodically to the Company's Board. in 2024,internal audit performed audit work to meet the requirement as per Article 62 of the Capital Market Authority's Capital Market Institutions Regulations.

Hussam Shobokshi
Chair of J.P. Morgan Saudi Arabia Company

Khalid Fayez
CEO of J.P. Morgan Saudi Arabia Company

Abdulaziz Almathami
CFO of J.P. Morgan Saudi Arabia Company

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Appendix 1:

a- Board Members Membership in Other Companies

Hussam Shobokshi
Chair and Independent Non-Executive Director *(appointed Chair from 11 September 2024)*

Entity	Position Held	Shareholding / Other Interests
-	-	-

Bader Alamoudi
Vice Chair and Non-Executive Director

Entity	Position Held	Shareholding / Other Interests
-	-	-

Khalid Fayez
CEO and Executive Director

Entity	Position Held	Shareholding / Other Interests
-	-	-

Tara Lamont
Non-Executive Director

Entity	Position Held	Shareholding / Other Interests
-	-	-

Karin Ovegren
Non-Executive Board Member

Entity	Position Held	Shareholding / Other Interests
-	-	-

Saad Alomran
Independent Non-Executive Director

Entity	Position Held	Shareholding / Other Interests
Tahweel integrated company	**Board member**	Shareholder
OMRAN Mohammed Alomran and partners investment company	**Board member**	Shareholder

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Appendix 2:
b- Board Members Interests

Hussam Shobokshi
Chair & Independent Non-Executive Director

Interests	Contract name	Amount	Period
-	-	-	-

Saad Alomran
Independent Non-Executive Director

Interests	Contract name	Amount	Period
-	-	-	-

There is no business or contracts to which the Capital Market institution is a party, or in which there was an interest of a member of the Board of Directors of the Capital Market institution or senior executives or any person related to any of them.

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Attendance Record of 2024 Board Meetings

Name	Position	13 Mar 2024	27 Jun 2024	11 Sep 2024	10 Dec 2024
Ziyad Al Saleh	Chair and Independent Non-Executive Director	Yes	Yes	Yes	N/A
Bader Alamoudi	Vice Chair and Non-Executive Director	Yes	Yes	Yes	Yes
Saad Alomran	Independent Non-Executive Director	N/A	N/A	N/A	Yes
Tara Lamont	Non-Executive Director	Yes	Yes	Yes	No
Karin Ovegren	Non-Executive Director	Yes	Yes	Yes	Yes
Hussam Shobokshi	Independent Non-Executive Director	Yes	Yes	Yes	Yes
Khalid Fayez	CEO and Executive Director	Yes	Yes	Yes	Yes

Attendance Record of 2024 Nomination and Remuneration Committee

Name	Position	7 May 2024	26 Jun 2024	19 Aug 2024	4 Dec 2024
Tara Lamont	Chair and Member	Yes	Yes	Yes	Yes
Bader Alamoudi	Member	Yes	Yes	Yes	Yes
Karin Ovegren	Member	Yes	Yes	Yes	Yes

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Attendance Record of 2024 Compliance Committee Meetings

Name	Position	12/3/2024 (Q1)	26/06/2024 Q2	19/09/2024 (Q3)	11/12/2024 (Q4)
Khalid Fayez (appointed on 21 September 2023)	Chair	Yes	Yes	Yes	Yes
Razan Tabbara (Resigned on September 30)	Member	Yes	Yes	Yes	NA
Fuad Khawaja	Member	Yes	Yes	Yes	Yes
Wejdan Alfraihi (Resigned on April)	Member and Secretary	Yes	NA	NA	NA
Ohud Alrubayan	Compliance officer and Deputy MLRO	No	Yes	Yes	No
Tamim Almazroa	Member	NA	NA	NA	Yes

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Appendix 3: Remuneration and Compensations

Remuneration and Compensations Disclosure in SAR

Statement	Executive Board Members[1]	Non-Executive Board Members	Independent Board Members
Allowance for attendance of the board of directors' sessions	-	-	383,333
Allowance for attendance of the committees' sessions	-	-	-
Periodic and annual remunerations	-	-	-
Incentive plans	-	-	-
Any compensations or other in-kind benefits paid monthly or annually	-	-	-
Total	**-**	**-**	**383,333**

	Five of the senior executives who received the highest remunerations and compensations in addition to the CEO and CFO, if they are not among them
Salaries and wages	7,021,134
Allowances	149,818
Periodic and annual remunerations[2]	5,090,728
Incentive plans[3]	1,453,696
Commissions	-
Any compensations or other in-kind benefits paid monthly or annually	-
Total	13,715,376

[1] The CEO is included in the top five Senior Executives. He is also an Executive Director but is not paid any specific fees for this role

[2] This includes annual bonuses (in cash and shares) paid / awarded in January 2025 in respect of the 2024 performance year

[3] This includes deferred compensation from prior years which vested / was paid during 2024 and non-annual payments such as dividend equivalents paid on unvested RSUs during the period, sign-on bonuses, overtime payments, end of service payments and severance payments

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Appendix 4: Audited Financial Statement

J.P. MORGAN SAUDI ARABIA COMPANY

(A Single Shareholder Closed Joint Stock Company)

FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024
AND INDEPENDENT AUDITOR'S REPORT

J.P. MORGAN SAUDI ARABIA COMPANY
(A Single Shareholder Closed Joint Stock Company)

FINANCIAL STATEMENTS
AND INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED DECEMBER 31, 2024

J.P. MORGAN SAUDI ARABIA COMPANY
(A Single Shareholder Closed Joint Stock Company)
Financial statements
For the year ended December 31, 2024

Independent auditor's report to the shareholder of J.P. Morgan Saudi Arabia Company

Our opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of J.P. Morgan Saudi Arabia Company (the "Company") as at December 31, 2024, 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, 2024;
- the statement of income for the year then ended;
- the statement of 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.

Other information

The board of directors is responsible for the other information. The other information comprises the board of directors' report for the year ended December 31, 2024 but does not include the financial statements and our auditor's report thereon, which is expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the board of directors' report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

PricewaterhouseCoopers Public Accountants (Professional Limited Liability Company), CR No. 1010371622, Share Capital SR 500,000, National Address: 2239 Al Urubah Road, Al Olaya District, Postal Code 12214 Secondary No. 9597, Riyadh, Kingdom of Saudi Arabia, Physical Address: Kingdom Tower 24th Floor
T: +966 (11) 211-0400, F: +966 (11) 211-0401, www.pwc.com/middle-east

Independent auditor's report to the shareholder of J.P. Morgan Saudi Arabia Company (continued)

Responsibilities of the board of directors and those charged with governance for the financial statements

The board of directors 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 the board of directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the board of directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the board of directors 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.

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 the board of directors.
- Conclude on the appropriateness of the board of directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Independent auditor's report to the shareholder of J.P. Morgan Saudi Arabia Company (continued)

Auditor's responsibilities for the audit of the financial statements (continued)

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

PricewaterhouseCoopers

Ali H. Al Basri
License Number 409

March 27, 2025

J.P. MORGAN SAUDI ARABIA COMPANY
(A Single Shareholder Closed Joint Stock Company)
Statement of financial position
(All amounts in Saudi Riyals thousands unless otherwise stated)

	Note	As at December 31, 2024	2023
Assets			
Current assets			
Cash and cash equivalents	4	**228,093**	171,602
Short-term deposits with a bank	5	**343,508**	272,207
Margin deposit with Muqassa	6	**68,650**	68,111
Trade receivables	7	**30,430**	50,057
Prepayments and other receivables	8	**277**	2,159
Total current assets		**670,958**	564,136
Non-current assets			
Property and equipment and right-of-use assets	9	**11,336**	10,355
Deferred tax asset	13.3	**1,119**	595
Total non-current assets		**12,455**	10,950
Total assets		**683,413**	575,086
Liabilities and equity			
Liabilities			
Current liabilities			
Trade payables	10	**6,677**	26,585
Accrued expenses and other current liabilities	11	**17,248**	12,784
Lease liabilities	12	**1,305**	3,037
Provision for income tax	13.2	**17,850**	13,179
Total current liabilities		**43,080**	55,585
Non-current liability			
Employees' end of service benefits ("EOSB")	14	**7,779**	7,245
Total non-current liability		**7,779**	7,245
Total liabilities		**50,859**	62,830
Equity			
Share capital	15	**93,750**	93,750
Statutory reserve	16	**34,052**	34,052
Re-measurement reserve for EOSB		**1,762**	1,322
Retained earnings		**502,990**	383,132
Total equity		**632,554**	512,256
Total liabilities and equity		**683,413**	575,086

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

J.P. MORGAN SAUDI ARABIA COMPANY
(A Single Shareholder Closed Joint Stock Company)
Statement of income
(All amounts in Saudi Riyals thousands unless otherwise stated)

	Note	For the year ended December 31, 2024	For the year ended December 31, 2023 *(Restated – note 21)*
Service fee income		**192,591**	144,440
Brokerage fee, net		**47,112**	29,305
Income from deposits		**16,178**	7,114
Operating income		**255,881**	180,859
Operating expenses			
Salaries and employee related benefits		**(37,093)**	(35,576)
Other general and administrative expenses	18	**(55,480)**	(17,672)
Rent and premises related expenses		**(925)**	(1,195)
Depreciation	9	**(5,844)**	(2,120)
Exchange (loss) / income, net		**(384)**	153
Total operating expenses		**(99,726)**	(56,410)
Income before income tax expense		**156,155**	124,449
Income tax expense	13.4	**(36,297)**	(25,677)
Income for the year		**119,858**	98,772

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

J.P. MORGAN SAUDI ARABIA COMPANY
(A Single Shareholder Closed Joint Stock Company)
Statement of comprehensive income
(All amounts in Saudi Riyals thousands unless otherwise stated)

		For the year ended December 31,	
	Note	**2024**	**2023**
Income for the year		**119,858**	98,772
Other comprehensive income			
Items that will not be reclassified subsequently to the statement of income:			
- Remeasurement gain on EOSB	14	**551**	740
- Deferred tax on remeasurements of EOSB		**(111)**	(148)
Other comprehensive income for the year		**440**	592
Total comprehensive income for the year		**120,298**	99,364

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

J.P. MORGAN SAUDI ARABIA COMPANY
(A Single Shareholder Closed Joint Stock Company)
Statement of changes in equity
(All amounts in Saudi Riyals thousands unless otherwise stated)

	Share capital	Statutory reserve	Re-measurement reserve for EOSB	Retained earnings	Total
January 1, 2024	**93,750**	**34,052**	**1,322**	**383,132**	**512,256**
Comprehensive income:					
Income for the year	**-**	**-**	**-**	**119,858**	**119,858**
Other comprehensive income for the year	**-**	**-**	**440**	**-**	**440**
Total comprehensive income for the year	**-**	**-**	**440**	**119,858**	**120,298**
December 31, 2024	**93,750**	**34,052**	**1,762**	**502,990**	**632,554**
January 1, 2023	93,750	34,052	730	284,360	412,892
Comprehensive income:					
Income for the year	-	-	-	98,772	98,772
Other comprehensive income for the year	-	-	592	-	592
Total comprehensive income for the year	-	-	592	98,772	99,364
December 31, 2023	93,750	34,052	1,322	383,132	512,256

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

J.P. MORGAN SAUDI ARABIA COMPANY
(A Single Shareholder Closed Joint Stock Company)
Statement of cash flows
(All amounts in Saudi Riyals thousands unless otherwise stated)

	Note	For the year ended December 31, 2024	2023
Cash flows from operating activities			
Income before income tax		**156,155**	124,449
Adjustments for:			
Depreciation	9	**5,844**	2,120
Provision for EOSB	14	**1,679**	1,589
Interest expense on lease liabilities	12	**40**	72
Changes in working capital:			
Margin deposit with Muqassa		**(539)**	(92)
Trade receivables		**19,627**	(41,963)
Prepayments and other receivables		**1,882**	605
Trade payables		**4,464**	13,861
Accrued expenses and other current liabilities		**(19,908)**	2,398
		169,244	103,039
EOSB (transfers / payments), net	14	**(594)**	84
Income tax paid during the year	13.2	**(32,261)**	(17,927)
Net cash generated from operating activities		**136,389**	85,196
Cash flows from investing activities			
Purchase of property and equipment	9	**(7,173)**	(6,910)
Short-term deposits with a bank		**(71,301)**	(6,851)
Net cash used in investing activities		**(78,474)**	(13,761)
Cash flows from financing activity			
Payments for lease liabilities	12	**(1,424)**	(2,026)
Cash used in financing activity		**(1,424)**	(2,026)
Net change in cash and cash equivalents		**56,491**	69,409
Cash and cash equivalents at the beginning of the year		**171,602**	102,193
Cash and cash equivalents at the end of the year		**228,093**	171,602
Income from deposit received		**16,178**	9,970
Supplemental non-cash information:			
Re-measurement reserve for employees' EOSB	14	**(551)**	(740)
Deferred tax on remeasurements of employees' EOSB		**111**	148
Additions to right-of-use assets	9	**-**	(1,180)
Re-measurement of right-of-use assets	9	**348**	(5)
Additions to lease liabilities	12	**1,305**	3,037

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

1 General information

J.P. Morgan Saudi Arabia Company (the "Company") is a single shareholder closed joint stock company established under the Regulations for Companies in the Kingdom of Saudi Arabia. The Company operates under commercial registration number 1010240801 issued in Riyadh on Dhul Qadah 17, 1428H (corresponding to November 26, 2007), Ministry of Investment of Saudi Arabia ("MISA") license number 2031026532-01 dated Shaban 22, 1428H (corresponding to September 4, 2007) and the Capital Market Authority ("CMA") license number 12164-37 dated Dhul-Hijaa 26, 1433H (corresponding to November 11, 2012).

The Company was converted from a limited liability company to a single shareholder closed joint stock company on Shaban 27, 1438H (corresponding to May 23, 2017) which is the date of conversion. Due to the change of the Company's status the name was changed from J.P. Morgan Saudi Arabia Limited to J.P. Morgan Saudi Arabia Company. The Company's financial statements are prepared from January 1 to December 31 of each Gregorian year.

Initially the Company was established to conduct investment banking activities in the field of arranging, advising, custody and dealing as an agent in respect of securities business, but does not deal in margin trading transactions. During 2012, the Company obtained provisional CMA licenses dated Dhul-Hijaa 26, 1433H (corresponding to November 11, 2012) to amend the business activities to conduct dealing as principal and agent, underwriting, arranging, advising and custody. However, there were no business activities executed by the Company with reference to some of these provisional licenses. During 2017, the Company was recognized by the Saudi Stock Exchange (Tadawul) as an Exchange member to perform brokerage activities. The membership was granted following fulfillment of technical and legal requirements laid down by the Tadawul.

2 Material accounting policy information

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

2.1 Basis of preparation

(i) Statement of compliance

The financial statements 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").

The accounting policies used in the preparation of these financial statements are applied consistently to all the years presented otherwise stated.

(ii) Basis of measurement

These financial statements have been prepared:

- under the historical cost convention except for:
- Employees' end of service benefits (EOSB) carried at present value using Projected Unit Credit Method.
- using the accrual basis of accounting.

(All amounts in Saudi Riyals thousands unless otherwise stated)

(iii) New standards effective in current year

The International Accounting Standard Board (IASB) has issued the following amendments to accounting standards, which were effective from January 1, 2024 but do not have any significant impact on the financial statements of the Company.

- Amendment to IFRS 16 – Leases on sale and leaseback – These amendments include requirements for sale and leaseback transactions in IFRS 16 to explain how an entity accounts for a sale and leaseback after the date of the transaction. Sale and leaseback transactions where some or all the lease payments are variable lease payments that do not depend on an index or rate are most likely to be impacted.

- Amendments to IAS 7 and IFRS 7 on Supplier finance arrangements – These amendments require disclosures to enhance the transparency of supplier finance arrangements and their effects on a company's liabilities, cash flows and exposure to liquidity risk. The disclosure requirements are the IASB's response to investors' concerns that some companies' supplier finance arrangements are not sufficiently visible, hindering investors' analysis.

- Amendment to IAS 1 – Non-current liabilities with covenants – These amendments clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability. The amendments also aim to improve information an entity provides related to liabilities subject to these conditions.

(iv) Accounting standards issued but not yet effective

The International Accounting Standard Board (IASB) has issued following accounting standards and amendments which were effective from periods on or after January 1, 2025. 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 IAS 21	Lack of exchangeability	January 1, 2025
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Effective date deferred indefinitely
IFRS 18	Presentation and Disclosure in Financial Statements	January 1, 2027
IFRS 19	Reducing subsidiaries` disclosures	January 1, 2027
Amendments to IFRS 9 and IFRS 7	Financial Instruments disclosures	January 1, 2027
IFRS S1	General requirements for disclosure of sustainability-related financial information	Annual periods beginning on or after January 1, 2024 but not yet endorsed in the Kingdom of Saudi Arabia
IFRS S2	Climate-related disclosures	Annual periods beginning on or after January 1, 2024 but not yet endorsed in the Kingdom of Saudi Arabia

(v) Foreign currency translations and presentation currency

(a) Reporting currency

These financial statements are presented in Saudi Riyals ("SR") which is the reporting currency of the Company.

(b) Transactions and balances

Foreign currency transactions are translated into Saudi Arabian 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 year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the statement of income. Such exchange adjustments were not significant for the year ended December 31, 2024 and 2023, respectively.

(vi) Critical accounting estimates and judgments

The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. Such estimates, assumptions 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. Although these estimates are based on management's best knowledge of current events and actions, actual results ultimately may differ from those estimates.

There are no significant estimates in the Company's financial statements that have a risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next twelve-month period.

2.2 Cash and cash equivalents

Cash and cash equivalents include cash in hand, cash 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.

2.3 Financial instruments

2.3.1 Classification and measurement of financial assets

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 income (FVSI)

Equity instruments

Equity instruments are those 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.

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 recognized in other comprehensive income and are not subsequently reclassified to the statement of income, including on disposal. Impairment losses (and reversal of impairment losses) are not reported separately from other changes in fair value. Currently, all the equity instruments have been classified as FVSI by the Company.

Debt instruments

Debt instruments if any held 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.

Business model: The business model reflects how the Company manages the assets in order to generate cash flows. That is, whether the Company's objective is solely to collect the contractual cash flows from the assets or is to collect both the contractual cash flows and cash flows arising from the sale of assets.

If neither of these is applicable (e.g. financial assets are held for trading purposes), then the financial assets are classified as part of 'other' business model and measured at 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
- how managers are compensated.

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

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.

SPPI: Where the business model is to hold assets to collect contractual cash flows or to collect contractual cash flows and sell, the Company assesses whether the financial instruments' cash flows represent solely payment of principal and interest (the "SPPI" test). In making this assessment, the Company considers whether the contractual cash flows are consistent with a basic lending arrangement i.e. 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 SPPI assessment is performed on initial recognition of an asset and it is not subsequently reassessed.

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

Amortized cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest (SPPI), and that are not designated at FVSI, are measured at amortized cost. The carrying amount of these assets is adjusted by any expected credit loss allowance recognized and measured as described in Note 2.3.2. Profit earned from these financial assets is recognized in the statement of income using the effective commission rate method.

*Fair value through statement of income (FVSI)***:** If debt instrument's cash flows do not represent solely SPPI or if it is not held within the held to collect or the held to collect and sell business model, or if it is designated at FVSI, then it is measured at FVSI. A gain or loss on a debt investment measured at FVSI, where cashflows do not represents solely SPPI, is recognized 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 FVSI, within "Net gain / (loss) on investments designated at FVSI or held for trading". Special commission income earned from these financial assets is recognized in the statement of income using the effective commission rate method.

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 amortized cost which are recognized in statement of income. When the 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 instruments 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, bank balances, short-term deposits with a bank, due from related parties and other receivables are categorized as held at amortised cost.

2.3.2 Impairment of financial assets

The Company estimates credit impairment through an allowance for expected credit losses ("ECLs"). ECLs are recognized for financial assets that are measured at amortised cost or at fair value through other comprehensive income ("FVOCI") and for specified lending-related commitments, such as loan commitments and financial guarantee contracts. The measurement of ECLs must reflect:

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

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

(i) A financial instrument that is not credit-impaired on initial recognition is classified in 'Stage 1' and has its credit risk continuously monitored.
(ii) If a significant increase in credit risks ('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) Purchase 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).

Impact of staging on measuring expected credit losses

ECLs are measured using a three-stage model based on changes in credit quality of the financial instrument since it was initially recognized ("initial recognition"):

Stage 1 - performing financial instruments that have not had a significant increase in credit risk since initial recognition;
Stage 2 - performing financial instruments that have experienced a significant increase in credit risk; and
Stage 3 - non-performing financial instruments that have been determined to be credit-impaired.

The financial assets of the Company that are subjected to ECL review include deposits with banks, due from related parties and other assets.

A significant exposure of the Company is held as deposits with J.P. Morgan Chase Bank, N.A, Riyadh Branch which is a Branch of J.P. Morgan Chase Bank, N.A and a local bank licensed and listed in the Saudi stock exchange. Both the Banks have sound credit rating as at the reporting date and therefore the Company considers that it has a low credit risk. The rating of the Banks as at December 31, 2024 and 2023 were no less than Aa3 and A2 respectively as per Moody's and no decline is seen in the credit rating till the reporting date. The ECL is insignificant and therefore no ECL is booked in the financial statements.

ECL on intercompany fees and other receivables is nil due to the factors mentioned in note 2.3.2.3.

2.3.2.1 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

Financial instruments that have experienced a significant increase in credit risk ("SICR") since initial recognition for which there is no objective evidence of impairment are included in Stage 2. For Stage 2 instruments, ECL is calculated considering the probability of default over the remaining life of the instrument on a collective basis and interest revenue is calculated on the gross carrying amount of the asset (that is, without deduction for the credit loss allowance).

The Company assesses for evidence of a SICR by considering whether there has been a change in the risk of a default occurring since the financial instrument was initially recognized.

Stage 3 - Credit impaired financial assets

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

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

Financial instruments are included in Stage 3 when there is objective evidence of impairment at the reporting date. For Stage 3 instruments, ECL is calculated considering the probability of default over the remaining life of each instrument ("Lifetime ECL") on an individual asset basis and interest revenue is calculated on the net carrying amount (that is, net of the allowance for credit losses).

All financial assets are considered to be credit-impaired and included in Stage 3 when one or more of the following events that have a detrimental impact on the estimated future cash flows of that financial asset has occurred:

a) Significant financial difficulty of the issuer or the borrower;
b) A default or past due event;
c) The Company or holders of debt securities have granted a concession to the borrower for economic or contractual reasons relating to the borrower's financial difficulty;
d) It has become probable the borrower will enter bankruptcy or other financial reorganisation;
e) An active market for that financial asset no longer exists because of the borrower's financial difficulties; or
f) A financial asset is purchased or originated at a deep discount that reflects a credit loss has been incurred.

The criteria above are consistent with how the Company defines 'default' for internal credit risk management purposes.

2.3.2.2 Transfer criterions

Staging considerations

Financial instruments that have not had a significant increase in credit risk (SICR) since initial recognition are included in Stage 1. For these instruments, 12-month expected credit losses are recognized and interest revenue is calculated on the gross carrying amount of the asset (that is, without deduction for credit allowance). 12-month ECL is the expected credit losses that result from default events that are possible within 12 months after the reporting date.

Financial instruments that have had a SICR since initial recognition but that do not have objective evidence of impairment are included in Stage 2. For these assets, lifetime ECL are recognized, but interest revenue is still calculated on the gross carrying amount of the asset. Lifetime ECL are the expected credit losses that result from all possible default events over the expected life of the financial instrument.

IFRS 9 requires that when determining whether the credit risk of a financial instrument has increased significantly, an entity shall consider the change in the risk of a default occurring since initial recognition. IFRS 9 points that credit risk increases significantly before a financial instrument becomes past due or other lagging borrower-specific factors (for example a modification or restructuring) are observed. Consequently, when reasonable and supportable information that is more forward-looking than past due information is available, it must be used to assess changes in credit risk.

The Company has developed its staging criteria by using both quantitative and qualitative considerations to determine if a loan has experienced significant increase in credit risk.

The Company considers a financial instrument to have experienced a SICR when any of the following quantitative or qualitative criteria have been met:

The Company determines whether the probability of a default ("PD") occurring has changed between a financial instruments initial recognition and the reporting date. If the change in PD exceeds certain relative and absolute thresholds, the instrument has experienced a SICR. The assessment of the PD takes into account reasonable and supportable information, including information about past events, current and future economic conditions.

The Company monitors borrowers that may become impaired by including them on its watch list. Obligors that are on the watch list are considered to have experienced a SICR. The Company also monitors changes in internal credit risk ratings (relative to the credit rating on initial recognition) and delinquency triggers to determine if a borrower has experienced a SICR.

Financial instruments that are in Stage 2 are moved to Stage 1 as described below in the period that the quantitative and qualitative criteria for a SICR no longer exist.

The approach for determining whether there has been a SICR depends on the type of instrument. For fee receivables arising from contracts with customers [e.g. brokerage fee receivables], the Company applies a provision matrix as a practical expedient for calculating expected credit losses. The matrix provides that in the case of institutional customers, a receivable is considered to have had a SICR (i.e. Stage 2) if it is 90 days past due and credit-impaired (i.e. Stage 3) if it is 180 days past due at which point an ECL for 100% of the amount owned is recognized. In the case of non-institutional customers, a receivable is considered to have had a SICR (i.e. Stage 2) if it is 30 days past due and credit-impaired (i.e. Stage 3) if it is 90 days past due at which point an ECL for 100% of the amount owned is recognized. The Company has not had significant losses on its fee receivable portfolios and are considered to be immaterial.

2.3.2.3 Expected credit loss measurement

Incorporation of forward-looking information

ECL estimates are derived from the Company's historical experience and future forecasted economic conditions. To incorporate forward-looking information into the ECL calculation, the Company develops forecasted economic scenarios.

The Company uses five forward looking scenarios (base, relative upside, extreme upside, relative downside and extreme downside cases). Each of these scenarios contains a set of macroeconomic variables that reflect forward-looking economic and financial conditions. Macroeconomic variables include, but are not limited to foreign exchange rates, inflation and GDP per country or country block. Macroeconomic variables for each scenario are projected over a reasonable and supportable forecast period of two years. After the forecast period, the losses revert to historical averages over a one-year transition period.

On a quarterly basis, the five economic scenarios are updated and probability weighted. The Company uses judgment to develop the scenarios and assign probability weightings. The most likely economic scenario in management's view is the base case which would generally be expected to be weighted more heavily than the other two scenarios.

The PD, LGD and EAD models are designed to forecast the credit quality and performance of the obligor based on industry, geography, rating and size of obligors, among other attributes of the portfolio. PD, LGD and EAD models are calibrated based on historical macroeconomic variables and use forecasted macroeconomic scenarios for projecting PD, LGD and EAD.

The Company has determined that ECLs on cash held with banks are immaterial due to low credit risk. In evaluating the lifetime ECL related to receivables from a bank, the Company determined the expected probability of default was extremely remote, and the magnitude of lifetime ECL related to exposures would be negligible as these are regulated and externally rated banking institutions that have significant capital, loss absorbing capacity and liquidity and have strong credit rating. The majority of the deposits held are short term in nature and can be withdrawn overnight.

For inter-company loans and receivables, the Company evaluates the counterparty based on the consolidated Company's resolution and recovery plan, tenor of the loan/receivable, and any collateral received. The Company has not experienced any losses on inter-company loans and receivables.

The Company continues to monitor its portfolios to ensure the described framework is appropriate and its exposure to credit risk and ECLs on these portfolios are adequately reflected in the allowance for credit losses.

For fee receivables arising from contracts with customers (e.g. advisory fee receivables), the Company applies a provision matrix as a practical expedient for calculating expected credit losses.

Measurement of ECL:

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

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

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

- Probability of Default ("PD"): The PD model estimates the probability of downgrade and default each quarter. The 12-month and lifetime PDs represent the probability of default occurring over the next 12 months and the remaining maturity of the instrument respectively. The model considers input variables that are region-, industry- and borrower segment-specific and considers both scenario- and borrower-specific information. PDs are determined at a facility-level based on risk ratings and other characteristics.

- Exposure at Default ("EAD"): The EAD model predicts gross exposure upon a borrower's default as a percentage of the total commitment at the reporting date under a given macroeconomic environment. The model estimates the probability of a change in the utilization, and direction and magnitude of the change. Input variables include exposure and utilization at the reporting date, facility purpose, industry and macro-economic variables ("MEVs").
- Loss Given Default ("LGD"): The LGD model estimates expected losses under given macroeconomic environments on the EAD given the event of default and, taking into account, among other attributes, the mitigating effect of collateral and the time value of money.

The 12-month ECL is calculated by multiplying the 12-month PD, EAD and LGD. Lifetime ECL is calculated using the lifetime PD instead.

2.3.3 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 commission and non-commission bearing financial liabilities other than those held at FVSI are measured at amortized cost. Amortized cost is calculated by considering any discount or premium on settlement.

2.3.4 Fair valuation of financial instruments

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

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

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

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

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

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.

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.

2.3.5 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.

2.4 Property and equipment

Property and equipment are stated at cost, net of accumulated depreciation and/or accumulated impairment losses, if any. Such cost includes the expenditure that is directly attributable to the acquisition of the items and borrowing cost (where applicable). All other repair and maintenance costs are recognized in the statement of income as incurred.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits will follow to the entity and the cost of that item can be measured reliably.

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

	Number of years
Furniture, fixtures and office equipment	5-10
Computer equipment	3

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 income when the asset is derecognized.

2.5 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 (CGU) fair value less costs of disposal and its value in use. It is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

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

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

2.6 Accrued expenses and other liabilities

Liabilities are recognized for amounts to be paid for goods or services received, whether or not billed to the Company. These are carried at amortised cost.

2.7 Provisions

Provisions, if any, are recognized when the Company has a present obligation (legal or constructive) 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 a reliable estimate can be made of the amount of the obligation.

2.8 Taxes

The Company is subject to income tax in accordance with the regulations of the Zakat, Tax and Customs Authority (the "ZATCA"). Income tax is charged to the statement of income. Additional amount payable, if any, at the finalization of final assessment are accounted for when such amount are determined.

Income tax based on the applicable income tax rate is adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses. Deferred income tax is provided in full, if material, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred tax assets are recognized only if it is probable that future taxable amounts will be available to utilize those temporary differences and losses.

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 realize 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)

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 and purchases is recognizes 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 receivable, including VAT.

2.9 Employees' end of service benefits (EOSB)

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 plans 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 statement of income while unwinding of the liability at discount rates used are recorded in profit or loss. Any changes in net liability due to actuarial valuations and changes in assumptions are taken as re-measurement in the other comprehensive income.

The employees' end of service benefits provision is made based on an actuarial valuation of the Company's liability under the Saudi Arabian Labor 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.

2.10 Revenue

The Company recognizes 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: Recognize revenue	The Company recognizes revenue (or as) it satisfies a performance obligation by transferring a promised good or service to the customer under a contract.

Based on the above five steps the revenue recognition policies for the various revenue stream is as follow:

Service fee income consists of the following:

- **Fees and commissions** are generally recognized on an accrual basis when the service has been provided. Fees and commission arising from negotiating or participating in the negotiation of a transaction for a third party – such as the arrangement of the acquisition of shares or other securities businesses are recognized on completion of the underlying transaction. Investment banking activities’ service fees are recognized based on the applicable client service contracts and agreements with other affiliated JPMorgan Chase & Co. entities.
- **Advisory and investment banking services revenue** is recognizes when services are determined as complete in accordance with the underlying agreement, agreed with the customer and invoiced, as generally set forth under the terms of the engagement.
- **Revenue recognition of retainer fees** is recognized over a period of time and it is generally linked to the timing of performance obligation (i.e. monthly, quarterly, etc.).
- **Success fees** are recognized upon the fulfillment of performance obligations. For example, either on the satisfaction of financial advisory services or completion of underwriting agreement.
- **Underwriting fees** are recognized when the Company has rendered all services to the issuer and is entitled to collect the fee from the issuer with no contingencies associated with the fees. Underwriting revenues are presented net of transaction-related expenses.
- **Custody fee** is recognized over the contractual servicing period.
- **Income from clients’ money** is recognized overtime as the services are rendered to client.

Brokerage income is recognized when the related transactions are executed by the customers at the price agreed in the contract with the customers, net of discounts and rebates. The performance obligation of the Company is satisfied when the customer carries out the transaction, which triggers immediate recognition of the revenue, as the Company will have no further commitments.

Income from deposits represents fixed deposit placement with banks. Income from deposits on all commission-bearing financial instruments is recognized in the statement of income using the effective yield method. This income is recognized on accrual basis when contractually earned.

2.11 Accounting for leases

Company as a lessee

Leases are recognizes 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

Lease liabilities are initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease, if that rate can be determined, or the Company's incremental borrowing rate. Generally, the Company uses the incremental borrowing rate as the discount rate.

Lease payments included in the measurement of lease liabilities comprise the following:

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

Subsequently, the lease liabilities are measure at amortised cost using the effective interest rate method. They are re-measured when there is a change in future lease payments arising from a change in rate, or if Company changes its assessment of whether it will exercise a purchase, extension or termination option. When the lease liabilities are re-measured in this way, a corresponding comprehensive income adjustment is made to the carrying amount of the right-of-use asset, or is recorded in statement of comprehensive income if the carrying amount of right-of-use asset reduced to zero.

Right-of-Use Asset

The Company measures the right-of-use asset 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.

Refundable security deposits are not included in the initial measurement of a right-of-use asset. However, the difference between the nominal amount of the refundable security deposits and its fair value at the commencement of the lease represents, an additional lease payment which is prepaid and accordingly added to the initial carrying amount of the right-of-use asset and released to the statement of comprehensive income over the lease term as part of the depreciation of those assets.

The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. In addition, the right-of-use assets is periodically reduced by impairment losses, if any, and adjusted for certain re-measurement of lease liabilities.

Lease term

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option or not exercise a termination option. Extension options are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). The lease term assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the lessee.

Short-term leases and leases of low-value assets:

The Company has elected not to recognize right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets, including IT equipment The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term."

(All amounts in Saudi Riyals thousands unless otherwise stated)

2.12 Expenses

Expenses are measured and recognized as a period cost at the time when they are incurred. Expenses related to more than one financial periods are allocated over such periods proportionately. Salaries and other employee related expenses are those which specifically relate to employee costs. All other expenses other than employees' costs, financial charges and allowance for impairment are classified as general and administrative expenses.

2.13 Assets held in trust or in a fiduciary capacity and clients' cash accounts

Assets held in trust or in a fiduciary capacity by the Company are not treated as assets of the Company and accordingly are treated as off-balance sheet items in these financial statements.

2.14 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 recognized but are disclosed where an inflow of economic benefits is probable.

3 Related party matters

In the ordinary course of its activities, the Company transacts business with its related parties. Related parties include J.P. Morgan Chase Bank, N.A. (Parent Bank) including foreign branches and affiliated entities; the board of directors; and key management personnel. Key management personnel are those persons, including non-executive director, having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly. The transactions with related parties are carried out on mutually agreed terms approved by the board of directors of the Company.

3.1 Related party balances

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

Due from related parties:	**2024**	**2023**
J.P. Morgan Chase Bank, N.A. – London Branch	**10,038**	5,822
J.P. Morgan Securities PLC	**9,987**	6,623
J.P. Morgan Chase Bank, N.A. – Riyadh Branch	**2,831**	7,686
J.P. Morgan Chase Bank Luxembourg S.A.	**1,566**	610
J.P. Morgan Chase Bank, N.A.- Dubai Branch	**979**	-
J.P. Morgan Chase Bank, N.A.	**881**	374
J.P. Morgan AG	**369**	-
J.P. Morgan Ventures Energy Company	**263**	-
J.P. Morgan SE - Dublin Branch	**248**	726
J.P. Morgan SE - Amsterdam Branch	**168**	-
J.P. Morgan (Suisse) SA - Zurich Branch	**111**	-
J.P. Morgan SE - Copenhagen Branch	**67**	-
J.P. Morgan Chase Bank, NY - IBF Branch	**59**	-
J.P. Morgan Securities plc – Paris Branch	**49**	25
J.P. Morgan SE - Stockholm Branch	**35**	-
J.P. Morgan Chase Bank, N.A. – Jersey Branch	**25**	4
J.P. Morgan SE - Helsinki Branch	**16**	-
J.P. Morgan SE - Oslo Branch	**16**	-
JPMorgan Chase Bank, N.A. - Mumbai Branch	**8**	-
J.P. Morgan Custody Services	**8**	-
J.P. Morgan SE - Brussels Branch	**4**	-
J.P. Morgan Ventures Energy Company	**-**	745
	27,728	22,615

(All amounts in Saudi Riyals thousands unless otherwise stated)

Due to related parties:	**2024**	**2023**
J.P. Morgan Chase Bank, N.A. – Riyadh Branch	**1,974**	1,915
J.P. Morgan Chase Bank, N.A.- Dubai Branch	**1,416**	7,126
J.P. Morgan Chase Bank, N.A. – London Branch	**1,285**	172
J.P. Morgan Securities PLC	**668**	15,224
J.P. Morgan Chase Bank Luxembourg S.A.	**8**	-
	5,351	24,437

3.2 Related party transactions

Significant transactions with related parties in the ordinary course of business are summarized below:

3.2.1 Service fee income attributions from:

	2024	**2023**
J.P. Morgan Chase Bank, N.A.- Riyadh Branch	**76,808**	50,295
J.P. Morgan Securities PLC	**55,986**	30,140
J.P. Morgan Chase Bank, N.A.- London Branch	**39,456**	33,234
J.P. Morgan Chase Bank Luxembourg S.A.	**5,124**	3,693
J.P. Morgan Chase Bank, N.A.	**2,961**	521
J.P. Morgan Ventures Energy Company	**2,334**	2,357
J.P. Morgan Securities plc – Paris Branch	**573**	374
J.P. Morgan AG – Frankfurt	**369**	-
J.P. Morgan SE – Dublin Branch	**248**	-
J.P. Morgan SE - Amsterdam Branch	**168**	-
J.P. Morgan (Suisse) SA - Zurich Branch	**111**	-
J.P. Morgan SE - Copenhagen Branch	**67**	-
J.P. Morgan Chase Bank, NY - IBF Branch	**58**	-
J.P. Morgan SE - Stockholm Branch	**35**	-
J.P. Morgan Chase Bank Jersey	**21**	-
J.P. Morgan SE – Helsinki Branch	**16**	-
J.P. Morgan SE – Oslo Branch	**16**	-
J.P. Morgan Chase Bank, N.A. - Mumbai Branch	**8**	-
J.P. Morgan Custody Services	**8**	-
J.P. Morgan SE – Brussels Branch	**4**	-
J.P. Morgan SE	**-**	631
J.P. Morgan Securities Taiwan Ltd	**-**	136
J.P. Morgan Chase Bank, N.A.- Jersey Branch	**-**	38
	184,371	121,419

3.2.2 Service fee income attributions to:

	2024	**2023**
J.P. Morgan Securities PLC	**27,338**	16,292
J.P. Morgan Chase Bank, N.A.- Dubai Branch	**1,987**	7,126
	29,325	23,418

3.2.3 Income from deposits

	2024	**2023**
J.P. Morgan Chase Bank, N.A.- Riyadh Branch	**15,971**	7,114

Key management personnel	**2024**	**2023**
Remuneration to key management personnel	**13,715**	12,830

(All amounts in Saudi Riyals thousands unless otherwise stated)

4 Cash and cash equivalents

	2024	2023
Cash at banks	**228,093**	171,602

5 Short-term deposits with a bank

The Company placed overnight placement of USD 91,602,037 with J.P. Morgan Chase Bank, N.A – Riyadh Branch with a commission rate of 4.38% per annum (December 31, 2023: USD 71,079,479 at 4.65% per annum).

	2024	2023
Short term deposits with a bank	**343,508**	272,207

6 Margin deposit with Muqassa

This represents margin collateral deposited with Securities Clearing Center Company (Muqassa) for brokerage settlement activities. Margin collateral is determined by Muqassa for Capital Market Institutions based on average portfolio balances by applying Standard Portfolio Analysis of Risk (SPAN) methodology.

7 Trade receivables

	Note	2024	2023
Due from related parties	3.1	**27,728**	22,615
Other receivables		**2,702**	27,442
		30,430	50,057

8 Prepayments and other receivables

	2024	2023
Prepaid expenses	**277**	349
VAT receivable	**-**	1,810
	277	2,159

9 Property and equipment and right-of-use assets

	Right-of-use assets	Furniture, fixtures and office equipment	Computer equipment	Total
Cost				
January 1, 2024	**9,976**	7,702	40	**17,718**
Additions	**-**	7,173	-	**7,173**
Re-measurement of ROU assets	**(348)**	-	-	**(348)**
December 31, 2024	**9,628**	**14,875**	**40**	**24,543**
Accumulated depreciation				
January 1, 2024	**6,190**	**1,133**	**40**	**7,363**
Charge for the year	**1,432**	**4,412**	**-**	**5,844**
December 31, 2024	**7,622**	**5,545**	**40**	**13,207**
Net book value as of December 31, 2024	**2,006**	**9,330**	**-**	**11,336**

(All amounts in Saudi Riyals thousands unless otherwise stated)

	Right-of-use assets	Furniture, fixtures and office equipment	Computer equipment	Total
Cost				
January 1, 2023	8,791	792	40	9,623
Additions	1,180	6,910	-	8,090
Re-measurement of ROU assets	5	-	-	5
December 31, 2023	9,976	7,702	40	17,718
Accumulated depreciation				
January 1, 2023	4,636	567	40	5,243
Charge for the year	1,554	566	-	2,120
December 31, 2023	6,190	1,133	40	7,363
Net book value as of December 31, 2023	3,786	6,569	-	10,355

10 Trade payables

	Note	2024	2023
Due to related parties	3.1	**5,351**	24,437
Other payables		**1,326**	2,148
		6,677	26,585

11 Accrued expenses and other current liabilities

	2024	2023
Employees' benefits	**5,896**	5,126
VAT payable	**5,013**	1,874
Income tax payable – ZATCA assessment	**4,340**	4,340
Accrued professional fee	**316**	300
General Organization for Social Insurance ("GOSI")	**230**	203
Accrued expense	**27**	91
Other	**1,426**	850
	17,248	12,784

12 Leases

(i) Amounts recognized in the statement of financial position

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

Right of use assets

	2024	2023
Carrying amount at the beginning of year	**3,786**	4,155
Remeasurement during the year	**(348)**	5
Additions during the year	**-**	1,180
Depreciation charge for the year	**(1,432)**	(1,554)
Balance as at December 31*	**2,006**	3,786

* Right of use assets are included in property and equipment (note 9).

(All amounts in Saudi Riyals thousands unless otherwise stated)

Lease liabilities

	2024	2023
Carrying amount at the beginning of year	**3,037**	3,806
Remeasurement during the year	**(348)**	5
Additions during the year	**-**	1,180
Interest expense on lease liabilities	**40**	72
Lease payments during the year	**(1,424)**	(2,026)
Balance as at December 31	**1,305**	3,037

(ii) Amounts recognized in the statement of income

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

	2024	2023
Depreciation charge of right-of-use assets	**1,432**	1,554
Interest expense on lease liabilities	**40**	72

13 Provision for income tax

13.1 Calculation of taxable income and income tax charge

The following are the significant components of income tax base of the Company for the year ended December 31:

	2024	2023
Income before income tax	**156,155**	124,449
Adjustments:		
Depreciation differences	**(1,666)**	(366)
Employee termination benefits	**1,164**	1,780
Others	**27,738**	83
Net adjusted income for the year	**183,391**	125,946
Tax base for the year	**183,391**	125,946
Income tax charge at 20%	**36,678**	25,189

13.2 Provision for income tax

The movement in the provision for income tax for the years ended December 31 is as follows:

Provision for income tax

	2024	2023
Balance at beginning of the year	**13,179**	5,917
Charged during the year	**36,678**	25,189
Provision for prior year	**254**	-
	36,932	25,189
Payments made during the year	**(32,261)**	(17,927)
Balance at the end of the year	**17,850**	13,179

(All amounts in Saudi Riyals thousands unless otherwise stated)

13.3 Deferred tax asset

Deferred tax asset as at December 31 relates to the following:

	2024	**2023**
Employee benefits obligations (16.3.1)	**1,556**	1,451
Lease liability	**261**	608
Exchange loss	77	31
Property and equipment and right-of-use-asset	**(775)**	(1,495)
Deferred tax asset, net	**1,119**	595

13.3.1 Deferred tax amounting to Saudi Riyals 0.1 million (2023: Saudi Riyals 0.1 million) pertaining to the remeasurement of EOSB gain is recognized in statement of comprehensive income.

13.4 Income tax expense and deferred tax expense / (reversal) for the year

Income tax and deferred tax expense for the year is as follows:

	2024	**2023**
Income tax expense – current	**36,932**	25,189
Income tax (reversal) / expense – deferred	**(635)**	488
Total income tax expense, net	**36,297**	25,677

As at December 31, 2024, deferred tax liability on remeasurements of post-employment benefit obligations amounting to Saudi Riyals 0.1 million (2023: Saudi Riyals 0.1 million) is added back to deferred tax (reversal) / expense in statement of income and charged to statement of other comprehensive income.

13.5 Status of final assessment

The Zakat, Tax and Custom Authority (ZATCA) had amended their initial assessment for the years 2008 through 2013 against which an appeal was already filed before the General Secretariat of Tax Committees (GSTC). Based on ZATCA's amendment letter, all material disallowances have been accepted except for the disallowance of the bonus expense. In light of the initiative issued by the ZATCA in accordance with the Ministry of Finance Resolution No. 2303 of 6/7/1442 AH, any delay fine will be waived if the principal amount of tax assessment is settled by the taxpayer. Given this initiative, the Company has settled under protest the principal amount of the tax assessment amounting to SR 2,823,860 and SR 621 for income tax and withholding tax, respectively.

The ZATCA has verbally confirmed that the delay fines were already removed. Hence, years 2008 through 2013 should already be closed and finalized.

Assessments for the years 2014 to 2016 and 2019 to 2022 are yet to be raised by ZATCA. However, the years 2014-2016 should be considered time barred due to expiration of statute of limitation. Furthermore, for the years 2019-2023, a reasonable estimation of the ultimate additional income tax and withholding tax liabilities if any, cannot be reliably determined at this stage.

The ZATCA has issued additional queries requesting for certain information in respect of years 2015 to 2019. The Company has responded to the ZATCA's queries.

During the year 2023, the ZATCA requested additional information related to the years 2017 and 2018 which resulted in additional tax liability for year 2017 of SAR 3,945 plus delay fine; the Company accepted the above liability due to immateriality of the amount. There was no additional tax liability as per final assessment for year 2018.

The Company has filed its tax returns with ZATCA for the years up to December 31, 2023; however, the final tax assessment has not yet been obtained as of the date of these financial statements.

14 Employees' end of service benefits ("EOSB")

	2024	2023
Balance at the beginning of the year	**7,245**	6,312
Provided during the year	**1,679**	1,589
Remeasurements gain	**(551)**	(740)
Benefits paid	**(482)**	(878)
Transfers*	**(112)**	962
Balance as at December 31	**7,779**	7,245

* This represents employees transferred between the Company and other JP Morgan entities.

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

Amounts recognized in the statement of income and comprehensive income

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

	December 31, 2024	December 31, 2023
Current service cost	**1,328**	1,313
Interest expense	**351**	276
Total amount recognized in profit or loss	**1,679**	1,589
Remeasurements		
Loss from change in financial assumptions	**(182)**	(637)
Experience loss	**(369)**	(103)
Total amount recognized in other comprehensive income	**(551)**	(740)

Principal actuarial assumptions

The following range of significant actuarial assumptions was used by the Company for the valuation of post-employment benefit liability:

	2024	2023
Valuation discount rate	**5.26%**	5.06%
Expected rate of increase in salary level across different age bands	**5%**	5%

Sensitivity analysis for actuarial assumptions

	Change in assumption		Impact on value of employee benefit obligations (SAR'000)	
	Increase in assumption	Decrease in assumption	Increase in assumption	Decrease in assumption
As at December 31, 2024				
Discount rate	**1%**	**1%**	**(7,173)**	**8,436**
Salary growth rate	**1%**	**1%**	**8,436**	**(7,173)**
As at December 31, 2023				
Discount rate	1%	1%	(6,691)	7,845
Salary growth rate	1%	1%	7,845	(6,691)

(All amounts in Saudi Riyals thousands unless otherwise stated)

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.

15 Share capital

The share capital of the Company consists of 9,375,000 shares with a par value of Saudi Riyals 10 per share distributed as follows:

Shareholder	Country of origin	Percentage	2024	2023
J.P. Morgan International Finance Limited	USA	100%	**93,750**	93,750

16 Statutory reserve

In accordance with the new Companies Law in Saudi Arabia, the requirement for companies to set aside a statutory reserve has been eliminated. Consequently, the management has decided to stop the appropriation for the statutory reserve for the year 2024. Previously, the Company was required to set aside a statutory reserve, after absorption of accumulated losses, if any, by the appropriation of 10% of net income until the reserve reaches at least 30% of the share capital. This reserve was not available for distribution.

The Company is still in the process of updating its By-Laws to reflect the above change. Once the By-Laws is updated, the reserve will be available for distribution to shareholder and with its approval, the reserve will be transferred to the retained earnings.

17 Commitments and contingencies

The Company has not been given, in the normal course of business, and has not committed to any guarantees during the year and has no outstanding guarantees from prior years.

18 Other general and administrative expenses

	2024	2023
VAT and withholding tax expense	**39,103**	1,529
Professional services*	**6,475**	7,365
Outsourcing services	**4,430**	3,970
Travel and entertainment	**2,678**	1,982
Technology and communication	**1,003**	765
Agent bank charges	**266**	736
Other	**1,525**	1,325
	55,480	17,672

*Professional services include auditors' remuneration for the statutory audit of the Company's financial statements and other related services for the year ended December 31, 2024 amounting to Saudi Riyals 344 thousands (2023: Saudi Riyals 328 thousands).

19 Financial instrument fair value

As at December 31, 2024 and 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 orderly 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 liability reflects its non-performance risk.

Management regularly reviews significant observable 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 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.

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.

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. During the year ended December 31, 2024 and December 31, 2023, there were no transfers into or out of Level 3 fair value measurements.

20 Financial instruments and risk management

Effective risk management is of primary importance to the Company. Risks include market risk (primarily foreign exchange risk, price risk and commission rate risk), credit risk, liquidity risk, fair value risk and operational risk. The Company ensures that it is conservatively capitalized relative to its risk levels, as well as external requirements and benchmarks.

Financial instruments carried on the financial position include cash and cash equivalents, due from related parties and other receivables, due to related parties, accrued expenses and other current liabilities. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

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

20.1 Market risk

Market risk is the risk associated with the effect of changes in market factors such as interest and foreign exchange rates, equity and commodity prices, credit spreads or implied volatilities, on the value of assets and liabilities held for both the short and long term.

a) Foreign exchange risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Company's foreign exchange risk arises from non-SAR positions. Management closely monitors the exchange rate fluctuations and believes that there is a minimal risk of losses due to exchange rate fluctuation since non-SAR open currency positions are primarily in USD which is pegged to SAR.

b) Commission rate risk including interest 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 positions and cash flows.

The Company's interest rate risk is minimal due to the short-term overnight nature of deposits held with banks.

(All amounts in Saudi Riyals thousands unless otherwise stated)

c) Equity price risk

Equity price risk is the risk that the value of a financial instrument will fluctuate because of changes in market prices, whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all instruments traded in the market.

As at December 31, 2024, the Company does not have any financial assets or liabilities designated as at FV and is therefore not exposed to price risk.

20.2 Credit risk

Credit risk is the risk associated with the default or change in credit profile of a client, counterparty or customer. The Company's credit risk arises from cash and deposits with banks, margin deposit with Muqassa, trade receivables and other receivables. Cash and deposits are placed with a branch of the Parent Bank (J.P.Morgan Chase Bank N.A.) in Saudi Arabia and local investment grade bank. Other assets are mostly having low credit risk and the impact of ECL is not considered significant.

	2024	**2023**
Cash and cash equivalents (note 4)	**228,093**	171,602
Short-term deposits with a bank (Note 5)	**343,508**	272,207
Margin deposit with Muqassa (note 6)	**68,650**	68,111
Trade receivables (Note 7)	**30,430**	50,057
	670,681	561,977

Credit risk measurement

The Company has most of its exposure based in the Kingdom of Saudi Arabia. The assessment of credit risk of a financial assets carried at amortized cost entails further estimations as to the likelihood of defaults occurring, of the association loss ratios and of default correlations between customers.

Credit quality analysis

The following table sets out the credit analysis for financial assets.

	December 31, 2024			
	Investment grade	**Non-investment grade**	**Unrated**	**Total**
Financial assets				
Cash and cash equivalents	**228,093**	-	-	**228,093**
Short-term deposits with a bank	**343,508**	-	-	**343,508**
Margin deposit with Muqassa	**68,650**	-	-	**68,650**
Trade receivables	**30,430**	-	-	**30,430**
Total	**670,681**	-	-	**670,681**

	December 31, 2023			
	Investment grade	**Non-investment grade**	**Unrated**	**Total**
Financial assets				
Cash and cash equivalents	171,602	-	-	171,602
Short-term deposits with a bank	272,207	-	-	272,207
Margin deposit with Muqassa	68,111	-	-	68,111
Trade receivables	50,057	-	-	50,057
Total	561,977	-	-	561,977

(All amounts in Saudi Riyals thousands unless otherwise stated)

Loss allowance on financial assets

	December 31, 2024			
	12 month ECL	Life time ECL not credit impaired	Lifetime ECL credit impaired	Total
Carrying amount	**670,681**	-	-	**670,681**
ECL	-	-	-	-
	670,681	-	-	**670,681**

	December 31, 2023			
	12 month ECL	Life time ECL not credit impaired	Lifetime ECL credit impaired	Total
Carrying amount	561,977	-	-	561,977
ECL	-	-	-	-
	561,977	-	-	561,977

20.3 Liquidity risk

Liquidity risk is the risk that the Company will be unable to meet its contractual and contingent obligations as they arise or that it does not have the appropriate amount, composition and tenor of funding and liquidity to support its assets and liabilities.

The Company's assets are mainly liquid overnight deposits or nostro accounts at banks. The Company has taken no loans and has other liabilities of Saudi Riyals 51 million as December 31, 2024 (2023: Saudi Riyals 63 million).

The Company's liquidity management process includes the following:

a) Day-to-day funding, managed by Finance department and individual business lines to ensure that requirements can be met and this includes replenishment of funds as they mature or are invested;
b) Monitoring financial position liquidity ratios against internal and regulatory requirements.

The following analyses the Company's financial liabilities based on the remaining period at the financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. All financial liabilities are due within one year and hence the impact of discounting is not significant.

	Due within 1 year	Due after 1 year
2024		
Trade payables	**6,677**	-
Accrued expenses and other liabilities excluding income tax payable	**12,908**	-
Lease liabilities	**1,305**	
Total	**20,890**	-

	Due within 1 year	Due after 1 year
2023		
Trade payables	26,585	-
Accrued expenses and other liabilities excluding income tax payable	8,444	-
Lease liabilities	3,037	
Total	38,066	-

20.4 Capital risk management

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, 2024, the Company was in compliance with the externally imposed capital restrictions.

20.5 Operational risk

Operational risk is the risk associated with an adverse outcome resulting from inadequate or failed internal processes or systems; human factors; or external events impacting the Company's processes or systems. Operational risk includes compliance, conduct, legal and estimations and model risk. Operational risk is inherent in the Company's activities and can manifest itself in various ways, including fraudulent acts, business disruptions (including those caused by extraordinary events beyond the Company's control), cyber-attacks, inappropriate employee behavior, failure to comply with applicable laws, rules and regulations or failure of vendors or other third party to perform in accordance with their agreements. Operational Risk Management attempts to manage operational risk at appropriate levels in light of the Company's financial position, the characteristics of its businesses, and the markets and regulatory environments in which it operates.

21 Restatement of comparative figures due to reclassification adjustment

The Company has re-evaluated the presentation of certain transactions and balances in the statement of income to determine if certain transactions have been presented appropriately in line with the requirements of IFRS Accounting Standards ("IFRS"). Where necessary, changes in presentation were made in accordance with IAS 8 "Accounting policies, changes in accounting estimates and errors".

Changes in comparatives in the statement of income

The Company holds clients' money in a fiduciary capacity and is not recognized in the statement of financial position of the Company. However, pursuant to the terms of the agreement with certain customers, the Company is permitted to invest clients' money in cash and cash equivalents and income generated from such investments is considered as a compensation for managing clients' money that is held in fiduciary capacity.

In prior period, income earned from clients' money was classified as income from deposits in the statement of income.

International Accounting Standard 1 - Financial Statement presentation (IAS 1) requires the profit or loss section or the statement of profit or loss to present (a) revenue, presenting separately interest revenue calculated using the effective interest method. Furthermore IAS 1 requires each material class of similar items to be aggregated and presented separately, and items should be presented based on the economic substance of the transactions and not merely the legal form.

As a result, management considered the above requirement and restated prior period statement of income by reclassifying income from clients' money from income from deposits to service fee income to reflect the substance of the income earned, that is fees earned for services performed to the client.

The above restatement had no effect on the Company's statement of financial position, net asset, statement of changes in shareholder's equity, statement of comprehensive income or statement of cash flows. The effect of this restatement on the statement of income for the year ended December 31, 2023 is summarized below.

(All amounts in Saudi Riyals thousands unless otherwise stated)

Statement of income

Financial statement line item	For the year ended		
	December 31, 2023 As previously stated	**Restatement due to reclassification adjustment**	**December 31, 2023 Restated**
Income from deposits	57,369	(50,255)	**7,114**
Service fee income	94,185	50,255	**144,440**

22 Fiduciary assets

Clients' money accounts

As at December 31, 2024, the Company holds clients' money accounts, with the bank, amounting to Saudi Riyals 0.6 billion (2023: Saudi Riyals 1.4 billion), to be used for investments upon client discretion. Consistent with the Company's accounting policy, such balances are not included in the Company's financial statements.

23 Subsequent events

There was no event subsequent to the statement of financial position date which requires adjustment to or disclosure in these financial statements.

24 Approval of the financial statements

These financial statements were authorized for issuance by the board of directors on March 12, 2025.