

Credit Suisse Saudi Arabia (CSSA)
Board of Directors Report
31 December 2024

CSSA Board of Directors Report for FY 2024

The Board of Credit Suisse Saudi Arabia is pleased to present the company's Board of Directors Report, in line with the requirements of Annex 6.1 of the Capital Market Institutions Regulations.

On the 19th March 2023, UBS Group AG, the publicly listed holding company of the UBS banking group with registered office in Zurich, Switzerland, and Credit Suisse Group AG, the publicly listed holding company of the Credit Suisse banking group with registered office in Zurich, Switzerland, entered into a merger agreement whereby UBS Group AG was the absorbing, surviving entity and Credit Suisse Group AG was the absorbed entity ceasing to exist on the 12th June 2023.

Pursuant to the above and on the 31st of May 2024, UBS Group AG announced that it had completed the merger of UBS AG and Credit Suisse AG. Consequently, Credit Suisse AG was deregistered and ceased to exist as a separate entity. UBS AG has succeeded to all the rights and obligations of Credit Suisse AG.

Credit Suisse Saudi Arabia's new Trading Record and Shareholder Register reflecting its new Shareholder UBS AG were issued on the 28th of October 2024.

While clients of Credit Suisse AG have become clients of UBS AG upon the merger, they will for an interim period interact with UBS using existing Credit Suisse platforms and tools. This is also the case for the clients of Credit Suisse Saudi Arabia. As of the date of publication of this Board of Directors report, it is expected that Credit Suisse Saudi Arabia will undergo its own corporate transaction with UBS Saudi Arabia over the course of 2025. This is however not expected to impact any of Credit Suisse Saudi Arabia's clients.

Chairman of the Board

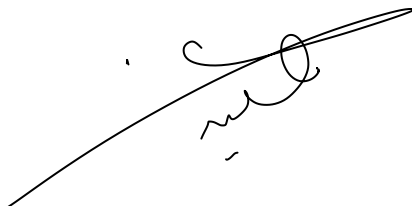


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Statement of the Board of Directors

Credit Suisse Saudi Arabia (“**CSSA**”) continued to face challenges in FY 2024 as a consequence of the events leading to the announcement of the merger between Credit Suisse and UBS in March 2023. However, the incoming UBS management continues to be confident in CSSA’s original business strategy and strongly supports the execution of CSSA’s long-term vision in line with UBS’ strategy for the region.

2024 has been a year marked by UBS integration efforts.

As of 31st of December 2024, both the Investment Banking and Equity Brokerage businesses had successfully integrated their front office operations with efforts ongoing for the integration of support functions and related infrastructure. As a result, both divisions witnessed a strong return of revenues and are on track to pre-2023 levels.

For the wealth management division, options are being explored to integrate operations for the various Saudi entities owned by the shareholder UBS AG; namely, UBS Saudi Arabia and Credit Suisse Saudi Arabia. In the meantime, and until the successful integration, business is expected to continue as normal except for CSSA’s discretionary mandate offering which has been discontinued from active offering effective 1st of January 2025.

On the governance side, the CSSA governance and control framework continues to remain robust and function effectively. Governance committees have continued to function as designed, were attended by the concerned participants and operate in alignment with the international standards of the UBS Group.

1. CSSA Overview

Company Profile

Credit Suisse Saudi Arabia (“**CSSA**” or the “**Company**”) is a closed joint stock company (single shareholder company) registered in the Kingdom of Saudi Arabia under Commercial Registration number 1010228645 dated 1 Safar 1428H (corresponding to 19 February 2007).

CSSA offers various innovative products and services designed to meet the investment and financial needs of its clients and is authorized by the Capital Markets Authority to conduct the following activities in or from the Kingdom:

- Dealing
- Managing Investments and Operating Funds (on hold effective 1st January 2025)
- Arranging
- Advisory
- Custody

CSSA holds license number 08104-37 dated 15/04/1432H (corresponding to 20 March 2011) issued by the Capital Market Authority (“**CMA**”) - previously license number 08100-37 dated 21/09/1429H (corresponding to 21 October 2008).

The share capital of the Company is and was held by the following shareholder during 2022, 2023 and 2024:

	31 December 2024		31 December 2023		31 December 2022	
	Percentage	No. of Shares	Percentage	No. of Shares	Percentage	No. of Shares
Credit Suisse AG			100%	73,750,000	100%	73,750,000
UBS AG	100%	73,750,000				

CSSA does not have any branches or subsidiaries and its affiliates include other UBS Group entities.

2. Principal Activities and Business Strategy

Wealth Management

Wealth management clients include individuals as well as corporates. The current platform enables the wealth management team to provide both execution and advisory services. CSSA offers investment recommendations and investment plans that are tailored to each clients' risk profile and appetite.

CSSA's product offering to its clients includes equities, fixed income products, structured products and investment funds managed by UBS and third parties.

Investment Banking

Investment banking activities continues to witness a health pipeline. The local team has gained a member to ensure it can adequately capitalize on positive business sentiments, drive forward the CSSA strategy locally while continuing to collaborate with specialists from different UBS locations / entities and provide unique and tailor-made solutions suited to clients based in the Kingdom. CSSA aims to continue to effectively contribute to the ambitious expansion of the capital markets in KSA.

Brokerage Services

The Brokerage business is focused on improving its execution capabilities and deepening its market knowledge in order to serve QFIs and support their requirements when accessing the Saudi market. The current platform aims to provide the best execution capabilities in the market.

With the ongoing evolution of the Saudi capital market, the management remains firmly committed to invest in the necessary technology to implement market driven change requirements and ensure the best experience for CSSA clients.

3. Corporate Governance and Management

CSSA's Board of Directors believes that a strong corporate governance framework consistent with the Capital Market Authority and UBS Global Standards is essential for effective corporate management and oversight. To ensure this, it pays utmost attention to corporate governance standards and best practices as it strives to enhance transparency and protect the interests of all stakeholders including its shareholder and its clients.

Board of Directors

CSSA's Board of Directors ("BoD") counted 5 members including 3 internal appointments and 2 independents as of 31st December 2024.

During 2024, George El Khoury was appointed to replace Gerhard Lohmann who resigned by amicable and mutual consent in 2023. Majid Al-Gwaiz also resigned by amicable and mutual consent in 2024.

With the term of the existing members of the Board of Directors coming to an end in November 2024, a renewal of three of its members was proposed to the Ministry of Commerce and Capital Market Authority as of the date of issue of this report.

The profile of the BoD as of 31st December 2024 remained the following:

Name	Title	Other Membership(s) / Directorship(s)
Dr. Walid S Abanumay	Chairman of the Board INDEPENDENT	Chairman of: <ul style="list-style-type: none"> Saudi Center for Commercial Arbitration Rawafed Al Joud, KSA Abanumay Industrial Co., KSA Arabian Waterproofing Co., KSA Member of the Board of: <ul style="list-style-type: none"> Solidere International, Dubai Beltone Gems Equity, Egypt Qimat Hatabah Real Estate Company, KSA
Bruno Daher	Vice Chairman of the Board NON- EXECUTIVE	WM Chairman Middle East UBS AG DIFC Branch Member of the Board of: <ul style="list-style-type: none"> Credit Suisse Qatar
Mohammed Hijazi	Member of the Board NON-EXECUTIVE	WM COO MENA UBS AG DIFC Branch Member of the Board of: <ul style="list-style-type: none"> Credit Suisse (Qatar) LLC UBS Qatar LLC Aventicum Capital Mgmt LLC Credit Suisse Saudi Arabia UBS Saudi Arabia Credit Suisse Istanbul Menkul Degerler A.S.
Dr. Tariq Al Naeem	Member of the Board INDEPENDENT	Chairman of: <ul style="list-style-type: none"> Liva Insurance, KSA Vice Chairman of: <ul style="list-style-type: none"> Edaa (Subsidiary of Tadawul Group), KSA Perfect Presentation 2P, KSA Member of the Board of: <ul style="list-style-type: none"> Abdul Latif Jameel Enterprises, KSA
Georges El Khoury	Member of the Board NON-EXECUTIVE	WM Location Head UBS AG DIFC Branch N/A

Furthermore, the BoD held 3 meetings in 2024. The attendance report for these meetings is as follows:

Members	Meeting Date:	Meeting Date:	Meeting Date:
	16 th Jan 2024*	18th Sep 2024	14 th Nov 2024
Dr. Walid S Abanumay	✓	✓	✓
Bruno Daher	✓	✓	✓
Mohammed Hijazi	✓	✓	-
Dr. Tariq Al Naeem	✓	✓	✓
Majid A Al-Gwaiz	✓	-	-
Georges El Khoury	✓	✓	✓

*The second meeting for FY 2023 was postponed until January 2024 due to scheduling conflicts and ongoing CS/UBS Group integration efforts.

CSSA Committees with Independent Members

Audit Committee (“AC”)

The AC reports directly to the BoD and meets a minimum of two (2) times during the year. The AC consists of at least three members including 2 Non- Executive Board Members.

The AC’s primary function is to assist the BoD in fulfilling its oversight responsibilities defined by law, company bylaws and internal regulations. It does so by:

- Monitoring and assessing the overall integrity of the financial statements and disclosures of the financial condition, results of operations and cash flows of the company
- Monitoring processes designed to ensure compliance by the company in all significant respects with legal and regulatory requirements, including disclosure controls and procedures, and the impact (or potential impact) of developments related thereto
- Monitoring the qualifications, independence, and performance of the External Auditors
- Monitoring the adequacy of financial reporting processes and systems of internal accounting and financial controls in the context of the consolidated financial statements taken as a whole.

The AC has the power to conduct or authorize investigations into any matter within the committee’s scope of responsibilities. The AC is authorized to obtain any information from any employee of the company, and it shall be empowered to obtain advice and assistance, at the company’s expense, from independent legal, accounting or other professional advisors without seeking BoD approval to assist in carrying out its responsibilities as set forth in its charter.

The profile of the AC as of 31 December 2024 was the following:

- Dr. Tariq Al Naeem, Chairman
- Mr. Mohammed Hijazi, Member
- Mr. Ahmed El Sarha, Member

During 2024, the Audit Committee held two (2) meetings. The attendance report for these meetings is as follows:

Committee Members	Meeting Date:	Meeting Date:
	28 th May 2024	3 rd Oct 2024
Dr. Tariq Al Naeem	✓	✓
Mr. Mohammed Hijazi	✓	✓
Mr. Ahmed El Sarha	✓	✓

4. Risk Management

CSSA’s Risk Appetite statements (RAS) which is implemented locally in accordance with its legal entity requirements was aligned with the General Principles of CS Group. However, during 2025, CSSA will undertake adjustments to the RAS to ensure full alignment with the UBS Group Risk Appetite Framework.

CSSA Risk Appetite is determined based on the following top-down strategic risk objectives (SROs):

1. Stability of Earnings

Maintain stable earnings and limit potential losses from identified and accepted risks, even during stress events.

Actively monitor risk exposures and concentrations within the portfolio that are most susceptible to earnings shocks, ensuring proactive risk mitigation.

2. Funding and Liquidity Adequacy

CSSA operates with minimal liabilities, and liquidity is managed at the group level. As CSSA does not accept third-party deposits, potential liquidity outflows are not a concern. Instead, funding is provided by the Group, and net cash on the balance sheet is deposited with UBSRB or a local bank.

3. Capital Adequacy

CSSA maintains sufficient capital reserves to withstand severe macroeconomic stress by ensuring:

Net Capital / Minimum Capital remains at an acceptable level (always above 1x).

Loss to Share Capital ratio remains consistently below 50%.

Risk exposure is managed within internally defined stress thresholds.

Risk Appetite Statement

The CSSA Risk Appetite Statement (RAS) provides a structured approach to risk management, outlining key principles, responsibilities, and major risks arising from the business strategy. It also defines the risk framework and governance structure necessary to manage these risks effectively.

Risk appetite represents the level of risk that CSSA is willing and prepared to accept to achieve its strategic objectives and business plan. The RAS links business strategy to measurable short- and medium-term risk tolerances across key risk categories, ensuring continuous monitoring and management.

However, risk appetite must always remain within risk capacity limits (i.e., capital constraints). Risk capacity defines the maximum level of financial risk CSSA can assume based on its ability to absorb losses.

Risk Profile and Controls

The Risk Profile provides a point-in-time assessment of CSSA net risk exposure, aggregated across relevant risk categories. This assessment incorporates quantitative risk metrics and qualitative risk observations. The size of the risk profile is restricted to the defined risk appetite through risk constraints, including limits and tolerances.

The Risk Appetite Statement not only defines CSSA willingness to take on risk but also serves as a critical risk control instrument, ensuring risk exposures remain within acceptable limits.

Governance and Oversight

Tolerance levels are set at specific trigger thresholds, with clearly defined escalation protocols to ensure appropriate action is taken when necessary. Ongoing risk monitoring and relevant management information is reported to the entity's bimonthly internal risk forum, noting that no limit breaches or triggers were reported to the CSSA Audit Committee or Board of Directors during 2024.

In the event of a risk tolerance breach:

- CSSA management team is responsible for escalating the issue to the local Risk Management forum RMF for resolution.
- Independent internal control functions may escalate issues directly to local Risk Management forum RMF if deemed necessary.
- Any proposed amendments to CSSA risk strategy must be approved by BoD and implemented by Senior Management.

Key Risk Categories Managed in 2024

- CSSA actively monitors and manages the following key risks:
- Credit Risk (Brokerage Services, Margin Limits, Unsettled Trades)
- Capital Risk (Minimum Capital Requirements, Loss-to-Capital Ratio)
- Operational Risk (Incidents, Fraud, Complaints, Control Failures)
- Market Risk (FX Sensitivity)
- Liquidity Risk (Operating Expenses)
- Conduct Risk
- Regulatory Reporting Risk
- Reputational Risk
- Climate Risk

5. Financial Performance and the Statutory Auditor's Report

Item (in Million SAR)	(Audited) Fiscal Year 2020	(Audited) Fiscal Year 2021	(Audited) Fiscal Year 2022	(Audited) Fiscal Year 2023	(Audited) Fiscal Year 2024
Current assets	574.4	428.1	444.9	411.8	405.8
Non-current assets	4.6	5	11.2	19.3	14.7
Total assets	579	433.1	456.1	431.1	420.5
Current liabilities	173.1	14.2	17.2	12	14.5
Non-current liabilities	7.5	3.9	9.7	7.7	6.4
Total liabilities	180.6	18.1	26.9	19.7	20.9
Shareholders' equity	398.4	415	429.2	411.4	399.6
Total liabilities and Shareholders' equities	579	433.1	456.1	431.1	420.5
Total revenues	34	62.5	60.1	12.9	19
Operating expenses	58.6	44.9	49.1	51.6	47
Profit/(Loss) before tax	-24.6	20	17.3	-18.2	-12.7
Net profits/(losses) after tax	-24.6	16.3	15.1	-18.4	-12.7

Item (in Million SAR)	(Audited) Fiscal Year 2024	(Audited) Fiscal Year 2023	Variance (%)	Material? (>15%)	Clarification for Material Variance
Fee and commission income, net	7.9	12.2	-35%	Yes	Increase in revenue from Cash Equities offset by decrease in Sub-custody fees
Arranging and advisory services	11.1	0.7	1486%	Yes	
Total revenues	19	12.9	47%	Yes	
Salaries and employees related expenses	20.2	20.9	-3%	No	
Telecommunication and data service charges	4	7.8	-49%	Yes	Higher expenses due to Office move in 2023
Consultancy, legal charges and other fees	4	2.9	38%	Yes	Increase related to integration expenses
Service level agreement charges	8	6.4	25%	Yes	Decrease in IT expenses charged to other entities
Depreciation and amortization	4.9	4.4	11%	No	
Other general and administrative expenses, Premises and expected credit loss	5.3	9.2	-42%	Yes	Mainly decrease in Irrecoverable VAT, office relocation expense and Insurance charges
Total operating expenses	47	51.6	-9%	No	
Net finance income from instruments at amortized cost	15.5	20.6	-25%	Yes	Lower amount placed in Term deposits and decrease in interest rates
Profit / (loss) before income tax	-12.7	-18.2	-30%	Yes	General increase in revenues and decrease in expenses
Profit / (loss) for the year after tax	-12.7	-18.4	-31%	Yes	General increase in revenues and decrease in expenses

6. Audit Report(s) and Audit Committee's Opinion

In 2020, the Capital Markets Authority (“CMA”) changed its regulations governing Capital Markets Institutions and the requirements to conduct internal audit reviews wherein the frequency was changed from annual to once every three years (see Article 62a). In line with these directions, Credit Suisse Saudi Arabia (CSSA) and CS Group Internal Audit (IA) agreed to change the frequency of the internal audit of CSSA to once every three (3) years or more frequently based on the outcome of the risk assessment prepared by Internal Audit.

The Credit Suisse Internal Audit team conducted its latest audit review in 2023. Since the parent bank merger in May 2024, the internal audit function for CSSA has been provided by UBS Group Internal Audit (GIA). In line with the above-mentioned CMA regulations and based on the GIA’s risk assessment, the next audit is planned for 2025. No audit work was required during 2024.

Furthermore, the results of the Risk and Control Self-Assessment performed for the location Saudi Arabia for 2024 highlighted the following:

People and integration risks remained the key risks to CSSA in 2024. This impacted multiple areas and affected various risk taxonomies including Employment or Licensing Practices, Internal and External Fraud, Corporate Governance and Frameworks, Data Management, Technology Production Stability and Business Continuity, Resilience and Crisis Management which remained rated as Medium in terms of Residual Risk after considering both the Inherent Risk and Control Environment. Not only the local but also the Sector Management is acutely aware of this and have taken steps to mitigate this risk as much as possible.

The Privacy, Data Ethics & Records Management and Cyber & Information Security risk taxonomies however remain rated as High. This is following a UBS Group level assessment and the result of group level risks identified with centrally driven remediation initiatives and risk mitigating measures that are also applicable to CSSA.

7. Sanctions and Statutory Penalties

No penalties, sanctions or precautionary measures were imposed on CSSA in 2024.

8. Remunerations for Board Members and Senior Executives:

Statement -Figures in SAR-	Executive Board Members	Non-Executive Board Members	Independent Board Members
Allowances for attendance of Board of Directors Meetings	-	-	30,000
Allowances for attendance of Committees Meetings	-	-	10,000
Periodic and Annual Remuneration	-	-	200,000
Incentive plans	-	-	
Any compensations or other in-kind benefits paid monthly or annually	-	-	
Total	-	-	240,000

Executive and non-executive board members, being employees of Credit Suisse Saudi Arabia or Credit Suisse Group, do not receive any allowances or additional compensation/benefits.

Statement -Figures in SAR-	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	4,596,260.31
Allowances	1,969,825.66
Periodic and annual remunerations	1,627,740.16
Incentive plans	
Commissions	
Any compensations or other in-kind benefits paid monthly or annually	
Total	8,193,826.13

No CSSA member of the BoD or senior executive waived any remuneration or compensation in 2024.

9. Further Acknowledgements

- None of the members of the BoD, Senior Executives or their relatives are beneficial owners of any interest, contractual securities or rights issue in the shares or debt instruments of Credit Suisse Saudi Arabia or any of its affiliates. For the avoidance of doubt, this does not include CSSA's parent company in which the BoD, Senior Executives or their relatives may hold interest, contractual securities or rights in the shares or debt instruments.
- As of 31st December 2024, CSSA did not have any loans.
- As of 31st December 2024, there is no business or contract to which Credit Suisse Saudi Arabia is a party, or in which it has an interest for one of the members of the board of directors of the company or for senior executives or for any person related to any of them.
- Transactions concluded between CSSA and connected parties are detailed under section 7 of the Notes to the Audited Financial Statements which are to be read in conjunction with this Board Report (related party transactions and balance details).