

UBS Saudi Arabia

(A Closed Joint Stock Company)

Board of Directors' Annual Report

As of 31 December 2024

UBS Saudi Arabia is a Saudi closed joint stock company incorporated in the Kingdom of Saudi Arabia with a paid capital of 110,000,000 Saudi Riyals under commercial register number 1010257812 having its registered office at Laysen Valley building 6, P.O. Box 75724, Riyadh 11588, Kingdom of Saudi Arabia. UBS Saudi Arabia is authorised and regulated by the Capital Market Authority to conduct securities business under licence number 08113-37.

UBS Saudi Arabia is a subsidiary of UBS AG. UBS AG is a public company limited by shares, incorporated in Switzerland with its registered offices at Aeschenvorstadt 1, CH-4051 Basel and Bahnhofstrasse 45, CH-8001 Zurich

Board of Directors' Annual Report As of 31 December 2024

1. Activities

UBS Saudi Arabia, (the "Company" or "UBS SA") is a closed joint stock company registered with the Capital Market Authority (CMA) under license number 08113-37 dated 4 Rajab 1429H (corresponding to 7 July 2008). The Company is licensed in dealing as agent (except in the Saudi Arabia stock market), dealing as underwriting, managing client portfolios, arranging, advising, and in custody of securities.

The Company is owned 100% by UBS AG.

2. Overall Status

2024 Summary Initiatives:

UBS Saudi Arabia continues to develop its business in Saudi Arabia with primary focus on Global Wealth Management. Some highlights for UBS Saudi Arabia in 2024 are as follows:

- ❖ Started exploring options to integrate operations for the various Saudi entities owned by the Parent company UBS AG; namely, UBS Saudi Arabia, and Credit Suisse Saudi Arabia;
- ❖ Seamlessly incorporated the regulatory developments issued by the CMA and other regulators; and,
- ❖ Increased the UBS Saudi Arabia profile and footprint through more unique Wealth Management clients events that took place throughout 2024.

Financially, UBS SA continued to rely on transfer pricing methodologies as financial support for its operations in the Kingdom for 2024.

2025 initiatives:

Progress integration of the operations in the Kingdom while growing UBS Group AG's presence in the Kingdom of Saudi Arabia by expanding both client base as well as client offerings in the market across all business lines, namely Global Wealth Management and Investment Banking

3. Board of Directors Members

Mr. Ghassan Soufi left the Board on 4 February 2024.

Mr. Niels Zilkens was appointed Non Executive Vice Chairman of the Board on 12 March 2024.

Mr. Mohammed Hijazi was appointed Non Executive Director on 12 March 2024.

Mr. Mark Petheram left the Board, the Audit Committee and the Nomination and Remuneration Committee on 5 May 2024.

Mr. Niels Zilkens was appointed Chairman of the Nomination and Remuneration Committee on 9 May 2024.

Mr. Mohammed Hijazi was appointed Chairman of the Audit Committee on 9 May 2024.

Mr. Bassel Zaouk was appointed Executive Director on 26 June 2024.

Mr. Mohammed Hijazi left the Board on 20 November 2024.

Structure of the Board of Directors as at the end of the year:

Ramzi Abukhadra	Chairman – Independent Director
Niels Zilkens	Vice Chairman – Non Executive Director Chairman of the Nomination and Remuneration Committee
Mohammad Hijazi (until 20 November 2024)	Board Member - Non Executive Director Chairman of the Audit Committee
Schady Saeb	Board Member - Non Executive Director Member of the Audit Committee, and of the Nomination and Remuneration Committee Chairman of the Risk Forum
Wahdan Alkadi	Board Member - Independent Director Member of the Audit Committee, and of the Nomination and Remuneration Committee - Independent Director
Bassel Zaouk	Board Member – Executive Director (CEO)

Board meetings and attendance:

Four Board meetings were held in 2024 on 16-Feb-24, 9-May-24, 19-Aug-24, and 4-Dec-24. The attendance was as follows:

Name	Position	Dates of meetings			
		16 February	9 May	19 August	4 December
Ramzi Abukhadra	Chairman - Independent Director	√	√	√	√
Niels Zilkens	Vice Chairman – Non Executive Director	N/A	√	√	√
Mark Petheram (until 5 May)	Member – Non Executive Director	x	N/A	N/A	N/A
Mohammad Hijazi (until 20 November)	Member – Non Executive Director	N/A	√	√	N/A
Wahdan Alkadi	Member – Independent Director	√	√	√	√
Schady Saeb	Member – Non Executive Director	√	√	√	√
Bassel Zaouk	Member – Executive Director (CEO)	N/A	N/A	√	√

Companies where UBS SA's Board members are also members of their boards:

Director's Name	Inside KSA	Outside of KSA
Ramzi Abukhadra	Mayaasim Al-Khaleej Al-Sariya Al-Khadra' Al-Zaitouna Al-Nadija Yamam Al-Mostakbal Abdulmohsin Al-Hokair Group for Tourism & Development - Until March 2024 Al-Hokair Holding Golden Brown Cookies Saudi Puzzle	ADF Property Company - Cayman Islands Venus Pharmaceutical- GCC
Niels Zilkens	N/A	UBS Qatar LLC
Wahdan Alkadi	Assir Municipality Company Chubb Arabia Cooperative Insurance Company Al Baha Municipality Company Alinma Hospitality Fund Jabal Omar Development Company	N/A
Schady Saeb	N/A	N/A
Bassel Zaouk	N/A	N/A
Mark Petheram (until 5 May)	N/A	N/A
Mohammad Hijazi (until 20 November)	Credit Suisse Saudi Arabia	Credit Suisse (Qatar) LLC UBS Qatar LLC Aventicum Capital Mgmt LLC Credit Suisse Istanbul Menkul Degerler A.S.

4. Subsidiaries of UBS Saudi Arabia

UBS Saudi Arabia does not own any subsidiary.

5. Governance at UBS Saudi Arabia

Governance at UBS SA is enabled through its Board, the Audit Committee, the Nomination and Remuneration Committee, and the Risk Forum. The Board establishes other committees and forums as required. A brief on each body is described hereafter:

The Audit Committee

The Audit Committee (the "AC") is responsible for activities that might involve a conflict of interest, such as ensuring the integrity of the financial and non-financial reports. It manages the relationship with the external auditors and UBS AG's Group Internal Audit. The Audit Committee is comprised of the following members:

Mohammad Hijazi (until 20 November)	Chairman of the Committee	Board Member – Non Executive
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Wahdan AlKadi	Committee Member	Board Member – Independent
Schady Saeb	Committee Member	Board Member – Non Executive
Fady Fakhoury	Secretary	Corporate Administrator and Secretary of the Board.

The AC met twice in 2024 as follows:

Name	Position	Attended ✓		Did Not Attend X	
		5 June	11 November		
Mohammad Hijazi (until 20 November)	Chairman of the Committee	✓	✓		
Wahdan AlKadi	Member – Independent Director	✓	✓		
Schady Saeb	Member – Non Executive Director	✓			X

The Nomination and Remuneration Committee (NRC)

The Nomination and Remuneration Committee is responsible for the “nomination to membership of the Board and committees, appointment of executive directors, and determination of their remuneration.

The Nomination and Remuneration Committee is comprised of the following members:

Mark Petheram (until 5 May)	Chairman of the Committee	Board Member – Non Executive
Niels Zilkens (from 9 May)	Chairman of the Committee	Board Member – Non Executive
Wahdan AlKadi	Committee Member	Board Member – Independent
Schady Saeb	Committee Member	Board Member – Non Executive
Fady Fakhoury	Secretary	Corporate Administrator and Secretary of the Board.

The NRC met once in 2024 as follows:

Name	Position	Attended ✓		Did Not Attend X	
		6 June			
Niels Zilkens	Chairman of the Committee	✓			
Wahdan AlKadi	Member – Independent Director	✓			
Schady Saeb	Member – Non Executive Director	✓			
Mark Petheram	Member – Non Executive Director				N/A

Risk Forum

The Forum ensures that the risk appetite of UBS Saudi Arabia is properly defined through policies and procedures and is consistent with its strategy, as well as with applicable regulatory requirements. It is responsible for the effectiveness of risk management and control. Furthermore, it is responsible for initiating and monitoring actions to prevent, control, mitigate and / or eliminate any identified deficiencies. The Risk Forum is comprised of the following members:

Name of Members	
Schady Saeb	UBS SA Non Executive Board Member - (Chair)
Bassel Zaouk	CEO, UBS Saudi Arabia
Fady Fakhoury	UBS SA Business Risk Organization (Secretary)
Hussain Al-Huraiz	UBS SA C&ORC and MLRO
Imran Ali	UBS SA Finance Manager
Matteo Galetti	MEA Business Risk Organization
Jae-Min Kan	Head C&ORC, Middle East
Thomas Ineke	WM Lead Market Head Saudi Arabia
Arne Balthesen	Head BRP TIGA, ME, EE
Zi Udezue	Group Operating Head MENA
Thomas Birrer	Head, Quality Desk CH

The Risk Control Forum met four times in 2024 as follows:

Name	Position	Attended ✓ Attend x		Did Not	
		20 January	25 May	31 July	29 October
Schady Saeb	UBS SA Non Executive Board Member - (Chair)	✓	✓	✓	✓
Bassel Zaouk	UBS SA CEO	N/A	✓	✓	X
Ghassan Soufi	UBS SA CEO (Until February 2024)	✓	N/A	N/A	N/A
Fady Fakhoury	UBS SA Business Risk Organization (Secretary)	✓	✓	✓	✓
Hussain Al Huraiz	UBS SA C&ORC and MLRO	✓	✓	X	X
Imran Ali	UBS SA Finance Manager	✓	✓	✓	✓
Matteo Galetti	MEA SA Business Risk Organization	✓	✓	✓	✓
Jae-Min Kan	Head C&ORC, Middle East	X	X	X	✓
Arne Balthesen	Head BRP TIGA, ME, EE	✓	✓	✓	X
Zi Udezue	Group Operating Head MENA	✓	✓	✓	X
Thomas Birrer	Head, Quality Desk CH	✓	✓	X	✓
Thomas Ineke	WM Lead Market Head Saudi Arabia	✓	X	✓	X

6. The Expected Risks

Risk Type	Level of Risk
Credit risk	Credit risk is the risk of loss resulting from failure by a counterparty (including issuers) to meet its contractual obligations with UBS SA. The business model of the Company is such that it does not grant funding to third parties. The small amount of credit risk exposure that arises in the Company is mainly as a result of bank deposits and receivables. Any credit exposure arising in the Company is subject to the general policies and controls for the recognition of the financial strength of the counterparties involved. The Company is not subject to significant credit risk since most of its receivables are from related parties and the term deposits and bank balances are with a counterparty that has an investment grade credit rating (i.e. where the counterparty is rated at 'BBB' or higher by Standard and Poor's or Moody's).
Market Risk	Market risk is the risk of loss resulting from adverse movements in the level and in the volatility of market prices of assets, liabilities and financial instruments. The business model of UBS SA is such that it is not exposed to risks associated with trading as it does not perform proprietary investments. The business is an agency business whereby there is no intention to hold open positions in the normal course of business.
Operational Risk	Operational risk is the risk resulting from inadequate or failed internal processes, people and systems, or from external causes (deliberate, accidental or natural). An Operational Risk Event may be a direct financial loss (e.g. negative cash flow, asset write down, claim, litigation, fines or other penalties imposed on UBS SA) or indirect in the form of revenue forgone as a result of business suspension. The Company manages its operational risk by ensuring effective segregation of tasks and duties, reinforcing organizational ethics and by conducting periodic risk assessment.
Liquidity risk	Liquidity risk is the risk that UBS SA will not be able to meet efficiently both expected and unexpected current and future cash flows needs without affecting either daily operations or the financial condition of the Company. The nature of the business model translates to low levels of liquidity risk. The Company manages its liquidity risk by ensuring that sufficient cash and cash equivalents are available to meet liabilities as they arise.

7. Financial Results

Statement of Financial Position since year 2020:

	2024 SR	2023 SR	2022 SR	2021 SR	2020 SR
Right-of-use asset	0	157,099	931,506	1,950,783	3,121,117
Property and Equipment	35,937	52,523	69,109	93,285	98,671
Current Assets and Deferred Tax Asset	126,092,419	119,536,107	115,843,903	113,894,315	112,725,953
Total Assets	126,128,356	119,745,729	116,844,518	115,938,383	115,945,741
Non-Current Liabilities	1,649,642	1,553,369	1,400,916	2,340,194	3,476,799
Current Liabilities	6,229,344	2,068,570	2,291,277	2,438,754	2,583,398
Total Liabilities	7,878,986	3,621,939	3,692,193	4,778,948	6,060,197
Share Capital	110,000,000	110,000,000	110,000,000	110,000,000	110,000,000
Retained Earning and Statutory Reserve	8,249,370	6,123,790	3,152,325	1,159,435	-114,456
Total Liabilities and Shareholder's Equity	126,128,356	119,745,729	116,844,518	115,938,383	115,945,741

Statement of Comprehensive Income since year 2020:

	2024 SR	2023 SR	2022 SR	2021 SR	2020 SR
Service and Other Fees	22,433,998	13,331,661	15,608,151	17,010,294	15,313,428
Arranging fees	0		0	0	0
Special Commission Income	6,840,510	5,961,854	2,269,086	498,356	1,063,975
Direct Cost			0		0
General and Administrative Expenses ¹	-20,410,475	-12,140,547	-14,189,183	15,452,141	13,950,439
Rent Income					0
Income Tax Charge for the Year	-1,917,391	-1,540,350	-1,001,743	-440,726	-739,829
Re-measurement of employees' end-of-service benefits	128,938	80,963	296,579	-341,892	-10,693
Net Income (Loss) for the Year	7,075,580	5,693,581	2,982,890	1,273,891	1,676,442

- The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs") that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are endorsed by the Saudi Organization for Certified Public Accountants ("SOCPA").
- There is no doubt in the Company's ability to continue its operations.
- There are no significant differences in the operating results from the prior year's results or any declared expectations by the Company.
- The audit report doesn't include any qualified opinion on the financial statements.

¹ Costs increased in 2024 due to the team's expansion.

8. The Compensation and the Remuneration for the Members of the Board of Directors and the Senior Executives

Details of remunerations and compensations attributed to the board members for the year 2024 are illustrated in the following table. The remuneration of the Independent Directors are; (a) SR. 3,000 per meeting for the Independent Director; and (b) SR. 6,000 per meeting for the Independent Chairman. The payment takes place once the shareholders' approval is obtained at the ordinary general assembly that will be conducted before the end of June 2025.

Statement	Executive Board Members ²	Non-Executive Board Members	Independent Board Members
Allowance for attendance of the board of directors' sessions	-	-	36,000
Allowance for attendance of the committees' sessions	-	-	9,000
Periodic and annual remunerations	-	-	-
Incentive plans	-	-	-
Any compensations or other in-kind benefits paid monthly or annually	-	-	-
Total:	-	-	45,000

Statement	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	5,112,678
Allowances	1,138,670
Periodic and annual remunerations	This is the same as Salary, Allowance and Incentive Amounts in this table.
Incentive plans ³	6,415,000
Commissions	-
Any compensations or other in-kind benefits paid monthly or annually	-
Total	12,666,348

9. The Conflict of the Interests of Members of the Board of Directors and the Senior Executives

- The Company does not have any contracts or any interest with any of the members of the Board of Directors or with the Chief Executive Officer or the Finance Manager or the other senior executives of the Company or with any person with a relationship with any of them.
- The Company did not offer a cash loan of any kind to the members of the Board or guarantee any loan held by any of them with others.

² The CEO is an Executive Member of the Board and his compensation is included in the top five Senior Executives. The CEO, as an employee of UBS Saudi Arabia, does not receive any fees for his role as Executive Member of the Board.

³ This includes deferred compensation for future years such as sign-on bonuses, end of service payments and severance payments

10. Company's Loan

There are no loans on the company to be reported as of December 31, 2024.

11. Transaction concluded between UBS SA and a connected person

		<i>Amount of transactions</i>	
		<i>2024</i>	<i>2023</i>
<i>Name of related party</i>	<i>Nature of transactions</i>	<i>SR</i>	<i>SR</i>
UBS Switzerland AG	Service fee income (see note (a) & (b))	22,373,148	13,267,422
	Reimbursement of expenses	-335,888	-387,106
UBS AG London Branch	Service fee income (see note (a))	60,807	64,239
	Reimbursement of expenses		-1,327
UBS AG Stamford Branch	Maintenance expenses (IT)	1,301,227	1,366,095
	Reimbursement of expenses	0	0
UBS Group AG	Reimbursement of expenses	0	745,002
CSSA	Payable under Sub-lease expenses	363,315	0
	Receivable under expenses	57,809	
Board of Directors ("BOD")	Board fees to independent board member	45,000	45,000
Key management personnel	Salaries and other benefits	12,666,348	4,895,943
		2024	2023
		SR	SR
Due from related parties		1,655,937	523,791
Due to related parties		493,817	151,161

a) The Company has signed service agreements to reflect any support services provided to the booking centers UBS Switzerland AG and UBS AG London Branch. The service fee is charged on the basis of a mark-up on expenses (excluding income tax) incurred by the Company.

Service and arranging fee income are recognized when the related services are performed and are accounted for on an accrual basis.

b) UBS Switzerland AG is the custodian of the Company's client assets and money amounting to SR 359.7 million as at the reporting date on 31 Dec. 2024 (and SR 365.7 million at 31 December 2023). Control functions including reconciliation controls are performed by the custodian.

12. Results of the Annual Review of the Effectiveness of Internal Audit Procedures, in addition to the opinion of the Audit Committee on the adequacy of the internal system of the company

No annual review of the effectiveness of Internal Audit Procedures was conducted in the year 2024.

13. Statement of any arrangement or agreement whereby a member of the Board of Directors of the Company or a senior executive waives any remuneration

There are no arrangements or waiver agreement whereby a board member or a senior executive waived any remuneration.

14. Contingent Liabilities and Regulatory Fines

There were no lawsuits, fines or other obligations against UBS Saudi Arabia during 2024.

Kind Regards



Ramzi Abukhadra
Chairman of the Board