

STANDARD CHARTERED CAPITAL SAUDI ARABIA
Annual Report of the Director
As of 31 December 2023

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On behalf of the Board of Directors of Standard Chartered Capital Saudi Arabia (“the Company”), I am pleased to present the Annual Report of the Director along with the audited financial statements and the auditor’s report thereon for the fiscal year ended 31 December 2023.

Description of all major activities, plans and important decisions

Standard Chartered Capital Saudi Arabia is licensed on 01/10/1431 AH corresponding to 12/27/2009 AD to undertake the activities of Dealing as Principal and Underwriting, Arranging, Advisory, and Custody in the securities business. The Company practiced its business on 02/25/1431 AH corresponding to 01/29/2011 AD.

In 2023, the Company’s total revenues amounted thirty million five hundred twenty-two thousand eight hundred seventy Saudi Riyals (SAR 30,522,870), resulting in net income before deduction and tax calculation equivalent to four million seven hundred ninety-eight thousand seven hundred forty-nine Saudi Riyals (SAR 4,798,749). After deducting and calculating taxes, the net profits amounted to three million seven hundred fifty-two thousand three hundred ninety-nine Saudi Riyals (SAR 3,752,399). Earnings per share amounted to 0.38 Saudi Riyals.

The year 2023 saw Saudi Arabia’s GDP growth has been increasing; at the same time, inflation remained manageable. Thus, increasing the opportunity to invest, the Company has been able to attract new clientele and strengthen its relationships with its existing customers. Debt capital markets saw a ground-breaking year with being the only international bank to be involved on all Saudi deals in 2023. The issuance cements Standard Chartered's market-leading capital markets franchise in delivering Saudi credits and, more importantly, exemplifies the confidence clients have in Standard Chartered for holistic and strategic transaction structuring and execution. Standard Chartered was granted approval by the Saudi Exchange Market (Tadawul) to activate the Custody License on the third quarter of 2024 and Saudi Depository Center (Edaa) have held the launching ceremony at its headquarters on October 11th, 2023, announcing the official go-live of Standard Chartered Capital’s Custody business. With that, the Company expanded its team by attracting skilled and qualified Saudi employees to accommodate the increase in business.

The Company’s activities are adding more financial services such as shipping finance advisory and custody services. With the increased financial services we provide, we look forward to strengthening our operations in the kingdom and making it the place to go for financial services.

The economic scene for the year 2023 witnessed a significant increase in investment in non-oil sectors. As Vision 2030 approaches, and Saudi Arabia winning the rights to host the EXPO 2030 and the FIFA World Cup 2024, it makes Saudi Arabia an attractive place to increase foreign and local investment. With the constant expansion of more financial services, we look forward to capturing remunerative opportunities for Standard Chartered Capital Saudi Arabia.

1.1 The financial results of the Company and notes of the chartered accountant

In 2023, the Company achieved a net profit after tax of three million seven hundred fifty-two thousand three hundred ninety-nine Saudi Riyals (SAR 3,752,399) resulting in a net profit per share of 0.38 Saudi Riyals.

	2022 SAR	2023 SAR
Revenue		
Arranging, consultancy and services fee	<u>22,705,123</u>	<u>30,522,870</u>
Total Revenue	<u>22,705,123</u>	<u>30,522,870</u>
Expenses		
Operating expenses	<u>(20,755,727)</u>	<u>(28,317,023)</u>
Total Expenses	<u>(20,755,727)</u>	<u>(28,317,023)</u>
Operating Profit	1,949,396	2,205,847
Other investment income	<u>1,006,056</u>	<u>2,592,902</u>
Net profit before tax	<u>2,995,452</u>	<u>4,798,749</u>
Income tax		
Deferred	90,305	218,303
Current	<u>382,563</u>	<u>828,047</u>
Net profit for the year	<u>2,482,584</u>	<u>3,752,399</u>
Earnings per share	0.25	0.38

1.2 The external auditor's report

The financial statements of SCCSA have been audited by the auditors Ernst & Young Professional Services.

Board of Directors

As of December 31, 2023, the Board consisted of the following members:

Name	Designation	Classification	Other Directorships
Mr. Tahir Al Dabbagh	Chairman	Independent Non-Executive	Mohamed Yousuf Naghi & Brothers Group – Group Board Member Mulaga Investment Ltd. UAE – Board Member Mudaraba Al Maliya Co. Ltd. – Partner/Co-Founder Rabya Trading & Agriculture Co., Ltd. – Chairman, Audit Committee United Tri-Generation Co. (UTG) – Board Member Roots Group Arabia – Chairman, Board of Directors Tamwilly Int'l. (Previously Aqsat Int'l. Trdg. Co.) – Chairman, Audit Committee, Vice-Chairman and Board member Bayt Al Qoot UK LTD. – Board Member Wataniyah Insurance Company – Board Member Mudaraba Financial Company – Chairman, Board of Directors
Mr. Abdulelah Al Shaikh	Vice Chairman	Independent Non-Executive	Atta Education Company – Chairman, Audit Committee, and Board member Care Shield Holding Company – Member, Governance, Remuneration, and Nomination Committee SAMAMA Holding Co. – Board member SHL Finance Co. – Member, Risk Committee, Board member
Mr. Saqib Ahmad	Member	Executive	
Dr. Boutros Klink	Member	Non- Executive	-

Mrs. Hind Hissem	Member	Executive	-
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2.1 Board of Directors meetings

Board of Directors	Q1 12 Mar 2023	Q2 25 May 2023	Q3 07 Sep 2023	Q4 19 Nov 2023
Mr. Tahir Al Dabbagh	✓	✓	✓	✓
Mr. Abdulelah Al Shaikh	✓	✓	✓	✓
Dr. Boutros Klink	✓	✓	✓	✓
Mr. Saqib Ahmad	✓	✓	✓	✓
Mrs. Hind Hissem	✓	✓	✓	✓

Board Committees

3.1 Board Audit Committee

The Committee reviews, on behalf of the Board, the Company's internal financial controls to identify, assess, manage, and monitor risks and to review the Company's internal control environment.

The details of the membership and meeting attendance of the Audit Committee are given below:

Board of Directors	Q1 12 Mar 2023	Q2 25 May 2023	Q3 07 Sep 2023	Q4 19 Nov 2023
Mr. Abdulelah Al Shaikh	✓	✓	✓	✓
Ms. Hind Hissem	✓	✓	✓	✓
Mr. Saqib Ahmad	✓	✓	✓	✓

3.2 Board Nomination and Remuneration Committee

The Committee reviews, on behalf of the Board, the structure, size and composition of the Board and the requisites for its membership.

The details of the membership and meeting attendance of the Nomination and Remuneration Committee are given below:

Nomination and Remuneration Committee	Q4 19 Nov 2023
Mr. Abdulelah Al Shaikh	✓
Dr. Boutros Klink	✓
Mrs. Hind Hissem	✓

Compensation and remuneration of Board members and senior executives

Directors of the Board (other than the Independent Board Directors) were not paid any compensation, remuneration or fees in relation to their services as Board members of Standard Chartered Capital Saudi Arabia. Full details of the remuneration, fees and compensation paid to the Independent Non-Executive Board members in the year 2023 are provided in Appendix 1 (such payment represents their attendance fees of the Board and Committee meetings). Appendix 1 also provides details of compensation and bonuses for senior executives who were employed for the year ending December 31, 2023. There are no arrangements or waivers by the members of the Board or senior executives of any remuneration and compensation.

Penalties or Fines

There were no penalties or fines imposed on the Company during the year ending on December 31, 2023, by the Capital Market Authority or any other supervisory, regulatory, or judicial authority.

Results of the Annual Review of the Effectiveness of Internal Control Procedures and the Audit Committee's Opinion on the Efficiency of the Internal Control System

An Audit Committee meeting was held on Thursday March 14, 2024, in the presence of all its members. The committee discussed and reviewed the level of internal controls and governance based on the results of the annual review of the company's systems and control procedures for the year 2023, in addition to the administrative reports throughout the year. The committee has

provided its opinion on these results and the level of internal controls and governance to the Board of Directors.

The company has established effective internal controls and governance mechanisms to monitor and support its current activities and manage emerging risks. The Country Executive Risk Committee (“ERC”) provided adequate levels of governance oversight for key business risks and operates according to its approved terms of reference.

Management has established control monitoring activities and any concerns identified from these monitoring activities are escalated at the ERC and supervised till closure.

Currently there are no open issues. Information and cyber security, people and capacity, data sovereignty and operations and technology are key themes that are closely monitored by the Company.

Management has a good understanding of the current risks as well as any emerging risks and has implemented the Standard Chartered Group's enterprise risk management framework. In general, the current control environment is considered “Satisfactory” for the current business activities undertaken by the company.

Information related to any risks faced by the Capital Market Institution and the policy for managing and monitoring these risks

Operational risks:

Operational risk is the risk of direct or indirect loss due to an event or action resulting from the failure of internal processes, people, and systems, or from external events. Given the activity conducted by the Company is fee based under the Arranging License and the framework and controls in place, the operational risks remain low. Risk events embraced during the year were all tabled in Operational Risk system and discussed in Executive Risk Committee (“ERC”).

Credit risks:

Given the activity conducted by the Company is fee based under the Arranging License, the Company's credit risk is minimal.

Market risk:

Market risk is the potential for loss of earnings or economic value due to adverse changes in financial market rates or prices. For the Company, the market risk arises from the investment of the capital. This risk is minimal as the capital is invested in short term liquid deposits.

Company's business results in the last five financial years

	2019 SAR	2020 SAR	2021 SAR	2022 SAR	2023 SAR
Revenues					
Arranging/Advisory fees	<u>12,711,645</u>	<u>20,362,844</u>	<u>19,050,515</u>	<u>22,705,123</u>	<u>30,522,870</u>
Total operating income	<u>12,711,645</u>	<u>20,362,844</u>	<u>19,050,515</u>	<u>22,705,123</u>	<u>30,522,870</u>
Expenses					
Operating expenses	<u>(9,034,250)</u>	<u>(18,070,169)</u>	<u>(17,638,883)</u>	<u>(20,755,727)</u>	<u>(28,317,023)</u>
Total cost	<u>(9,034,250)</u>	<u>(18,070,169)</u>	<u>(17,638,883)</u>	<u>(20,755,727)</u>	<u>(28,317,023)</u>
Operating profits	3,677,395	2,292,675	1,411,632	1,949,396	2,205,847

Names and information of Subsidiaries of the Capital Market Institution

There is no subsidiary of Standard Chartered Capital Saudi Arabia.

Interests, contractual securities, and subscription rights of Board members

There are no interests, contractual securities, and subscription rights of the members of the company's Board of Directors in the shares or debt instruments of Standard Chartered Capital Saudi Arabia.

Information related to any loans made by the Capital Market Institution

The Company confirms that no loans have been made.

Transactions between the Company and any related person

The majority of the transactions carried out by the company are with Standard Chartered Bank ("the Bank"), as the company's role is limited to arranging these transactions between the Bank and its clients.

Information related to any business or contracts in which the Capital Market Institution is a party or in which a member of the Board has an interest

The company declares that there are no transactions or contracts between the company and any other party in which any of the members of the Board has an interest or in which any of the members of the Board is a party.

Appreciation and gratitude

We are pleased to take this opportunity to express our thanks and gratitude to our business partners for their support and trust. We also extend our sincere appreciation to the Capital Market Authority for its continued guidance and cooperation with the Company. In conclusion, we extend our thanks to our partners, colleagues, and employees for their utmost commitment.

On behalf of the Board of Directors

**Mr. Tahir AlDabbagh
Chairman
March 2024**

Appendix 1

Table of disclosure of remunerations and compensations for the fiscal year 2023

Statement	Executive Board Members	Non-Executive Board Members	Independent Board Members
Allowance for attendance of the board of directors' sessions	-	-	675,696
Allowance for attendance of the committees' sessions	-	-	-
Periodic and annual remunerations	-	-	-
Incentive plans	-	-	-
Any compensation or other in-kind benefits paid monthly or annually	-	-	-
Total	-	-	675,696

Statement	Five senior executives who received the highest remuneration and compensation, in addition to the CEO and the CFO if they were not among them
Salaries and wages	2,077,353
Allowances	1,087,110
Periodic and annual remunerations*	1,504,838
Incentive plans	
Commissions	
Any compensation or other in-kind benefits paid monthly or annually	
Total	4,669,301

*This entitlement is against the bonuses for the year 2023, to be paid at the end of March 2024

Appendix 2

Table of the company's assets, liabilities, and business results for the last five years

	2019 SAR*	2020 SAR*	2021 SAR*	2022 SAR*	2023 SAR*
Total assets	121,518,560	323,447,543	130,891,055	140,551,956	150,162,487
Total liabilities	13,473,533	215,791,481	24,074,484	32,444,680	40,589,237
Total operational revenue	12,711,645	20,362,844	19,050,515	22,705,123	30,522,870
Net profit after Tax deduction	4,354,710	2,603,435	1,411,934	2,482,584	3,752,399

**The financial statements for 2019, 2020, 2021, 2022, and 2023 have been prepared in accordance with International Financial Reporting Standards*