

سيتي جروب العربية السعودية  
Citigroup Saudi Arabia



**Citigroup Saudi Arabia**

**Board Report 2023**



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## 1. Overview

Citigroup Saudi Arabia (“**CSA**” or “Company”) was established as a closed Joint Stock Company (JSC) on October 11<sup>th</sup> 2017 and licensed by the Capital Market Authority (“**CMA**”) with license number 17184-31 with effect from April 25, 2017. CSA started conducting business on January 22, 2018. The paid up capital of CSA is SAR 187,500,000.

CSA is wholly owned by Citigroup Financial Products Inc. (“**CFPI**”). CFPI also owns Citigroup Global Markets Holding Bahamas Limited (“**CGMHL**”), Citigroup Global Markets Switzerland Holding GmbH (“**CGMSH**”) and Citigroup Global Markets (International) Finance GmbH (“**CGMIF**”). CFPI is a fully owned subsidiary of Citigroup Global Markets Holding Inc. (“**CGMHI**”), which in turn is wholly owned by Citigroup Inc. CFPI, CGMHI and Citigroup Inc. are all incorporated and headquartered in the United States of America.

CSA is located in Riyadh on the 20th floor of Kingdom Tower, P. O. Box 301700, Riyadh 11372, Central Province, Kingdom of Saudi Arabia.

Citigroup Saudi Arabia trades cash equity products on Tadawul since November 2019 and is a Non-Clearing Member (“**NCM**”) as it complies with the conditions Muqassa has set to fulfil such a role.

The local Securities Services business of CSA has completed the onboarding of Citi NA’s global custody business from the earlier local custodian. Also, Citi Global Markets Limited “Citi’s International Broker Dealer Entity” is planning to follow suit during 2024 by moving its custody and assets servicing business in Saudi to CSA. Moreover, Securities Services has managed implementation of the market mandated Post Trade Transformation Program (PTTP), offering service enhancements to clients from the 1st day e.g. real time settlement, enhanced cut off times, SWIFT connectivity, and no trading interruption. It is worth noting that CSA Securities Services has reached maturity phase with the existing portfolio of clients in addition to pursuing business growth strategies and product differentiations, with potential for further growth.

All transactions between CSA and any Related Party (in the ordinary course of business) in the 2023 fiscal year are as disclosed in Appendix 4.

CSA appointed the following individuals in key positions during the financial year ending 31 December 2023:

### Fahad Aldeweesh – Chief Executive Officer and Board Member

Fahad joined Citigroup Saudi Arabia in 2023. Fahad has 20 years of industry experience as a banker, in which he has accumulated a deep understanding of the Saudi banking industry. He has extensive experience in the Saudi capital markets and has worked on some of the Kingdom’s highest profile transactions in the last two decades. Furthermore, Fahad has acquired considerable experience in leadership and management roles. He has joined Citigroup from J.P. Morgan Saudi Arabia where he spent nine years most recently as CEO and head of investment banking.



#### Ali Husein Alireza – Non-executive Board Member

Ali Husein Alireza was appointed as a non-executive board member to Citigroup Saudi Arabia's board of directors. Ali is the managing director of Haji Husein Alireza Company Limited. He currently holds a number of important leadership and management roles. He earned his master's degree in business administration from Pepperdine University in California and a bachelor's degree in business and finance from the University of Southern California in Los Angeles.

#### Mutlaq Al Morished – Chairman

Already a non-executive member of the Board, Mutlaq Al Morished was appointed as its Chairman.

#### Majed Alhassoun – Executive Board Member

In addition to his current role as head of Investment Banking, Majed Alhassoun was appointed as an executive member of the Board.

#### Yidhir Talbi – Head of Cash Equities Operations

Previously a member of the Audit Committee, Yidhir Talbi was appointed as head of Cash Equities Operations.

## 2. Licenses

### **Arranging**

CSA arranges transactions in debt/equity capital markets and assists its clients in arranging world class markets and securities services solutions and M&A structuring/corporate finance advisory by drawing on its local expertise and international affiliate network.

### **Advising**

CSA's Investment Banking unit provides comprehensive corporate financial advisory and capital raising services. Clients receive financial solutions and strategic advisory services on a wide range of public and private M&A transactions and capital-raising/ structuring and restructuring activities including mergers, acquisitions, divestitures, financial restructurings and distributing equity.

### **Dealing**

CSA helps issuers with their primary and secondary market needs. Citi provides issuers with underwriting and capital markets transactions services for the primary market, and provides trading for the secondary market..

CSA is a member of the Tadawul. It provides agency cash equity brokerage services to Qualified Foreign Investors, seeking investment opportunities in the Kingdom of Saudi



Arabia.CSA may on occasion deal as Principal in fulfilling its obligations to the Tadawul and its clients.

### Custody

CSA is a Custody Member of the central securities depository (CSD), Edaa, and provides its clients with safekeeping and asset servicing services to instruments listed on the local Exchange.

### 3. Financials

Summarised forms of Statement of financial position and Statement of profit and loss and other comprehensive income of CSA as at December 31, 2023 are presented below.

Statement of financial position					
SAR '000	31 December 2023	31 December 2022	31 December 2021	31 December 2020	31 December 2019
Deposits with Banks	239,750	224,902	238,236	194,733	169,984
Premises, plant and equipment	4,205	5,799	6,823	7,534	8,328
Deferred Tax	1,104	2,437	598	328	701
Other assets	19,876	158,970	18,119	7,534	23,297
<b>Total assets</b>	<b>264,934</b>	<b>392,108</b>	<b>263,776</b>	<b>210,128</b>	<b>202,310</b>
Other liabilities	17,106	161,655	18,940	5,336	14,765
Income tax payable	3,305	-	6,965	3,246	571
<b>Total liabilities</b>	<b>20,411</b>	<b>161,655</b>	<b>25,905</b>	<b>8,582</b>	<b>15,336</b>
Share capital	187,500	187,500	187,500	187,500	187,500
Accumulated profits	50,216	37,553	44,971	12,279	(836)
Statutory reserve	6,807	5,400	5,400	1,767	310
<b>Total equity</b>	<b>244,523</b>	<b>230,453</b>	<b>237,871</b>	<b>201,546</b>	<b>186,974</b>
<b>Total liabilities and equity</b>	<b>264,934</b>	<b>392,108</b>	<b>263,776</b>	<b>210,128</b>	<b>202,310</b>



Statement of profit and loss and other comprehensive income					
	2023	2022	2021	2020	2019
<b>SAR '000</b>					
Arrangement fee	9,298	5,774	36,191	6,906	14,174
Financial advisory fee	20,955	-	36,010	30,588	2,834
Brokerage commission	17,330	18,945	12,191	8,511	-
Custody fees	12,277	11,975	585	-	-
Other income	5,947	2,284	1,457	2,107	8,856
<b>Total operating income</b>	<b>65,807</b>	<b>38,978</b>	<b>86,434</b>	<b>48,112</b>	<b>25,864</b>
Salaries and benefits	21,378	21,663	22,174	14,011	12,101
Other operating expenses	25,721	26,613	18,806	15,884	9,893
<b>Total operating expenses</b>	<b>47,099</b>	<b>48,276</b>	<b>40,980</b>	<b>29,895</b>	<b>21,994</b>
<b>Net profit/(loss) before income tax</b>	<b>18,708</b>	<b>(9,298)</b>	<b>45,454</b>	<b>18,217</b>	<b>3,870</b>
<b>Net income/(loss)</b>	<b>14,070</b>	<b>(7,418)</b>	<b>36,325</b>	<b>14,572</b>	<b>3,095</b>

Year 2023 revenue closed at SAR 65.8 million, showing an increase of SAR 26.8 million (-69%) when compared to 2022, largely driven by higher performance of investment banking business owing to closure of some landmark deals. Like previous years, the flow businesses of Equity brokerage and Security services continue to exhibit sustained momentum. Management is optimistic that as the global economic outlook get better, the business will continue to sustain this momentum and continue to remain focused on the execution of the company's strategic plan and the Company shall continue to leverage on market opportunities arising within the Kingdom.

Expenses closed at SAR 47.1 million, depicting a marginal decrease of 2% (SAR 1.2 million) when compared to prior year, a phenomenon that is largely attributable to maintenance of very good control around discretionary spends as well as robust expense discipline. Consequently, the company closed at a Net income of SAR14.1 million, representing an increase of SAR21.5 million (290%) when compared with prior year.

The management of the Company expects a sustained momentum in the financial performance as the global economic situation improves, as it continues to stay focused on



execution of its overall strategy.

The balance sheet as of December 31st, 2023 contracted by 32% or SAR 127.1 million when compared to 2022, the main driver being the paydown on overdraft facility (SAR 138 million) obtained during last year to support the equity brokerage business on the back of the new trade settlement system. It is expected that the balance sheet will show similar trends in the future.

There was no outstanding loan payable to any of the related parties as of December 31, 2023. Additionally, there are no reservations in the audited annual financial statements for the year ending with 31 December 2023.

#### 4. Company's Risk

##### Operational Risks

CSA has adopted group issued Operational Risk Management policy (ORM) Policy which is designed to maintain a sound and well-controlled operational environment.

Operational risk is defined as the risk of loss resulting from inadequate or failed internal processes, people, and systems or from external events. This definition of operational risk includes legal risk—which is the risk of loss (including litigation costs, settlements, and regulatory fines) resulting from the failure of Citi to comply with laws, regulations, prudent ethical standards, and contractual obligations in any aspect of Citi's business—but excludes strategic and reputation risks.

Citi's operational risk is managed through an overall framework designed to balance strong corporate oversight with well-defined independent risk management. This framework includes:

- recognized ownership of the risk by the businesses.
- oversight by Citi's independent control functions; and
- independent assessment by Citi's Internal Audit function.

The Operational Risk Management ("ORM") Policy and ORM Framework (described in the ORM Policy) collectively enables effective management of operational risks across Citi., by amongst other things bringing or maintaining operational risk exposures within operational risk appetite and adhering to regulatory requirements. This Policy and underlying Standards and Procedures, apply to all Operational Risks, including Compliance Risk, Conduct Risk, and Legal Risk (GRC Risks) as well as all the Level 1 Risk Categories of the Governance Risk and Compliance ("GRC") Taxonomy.

The goal is to keep operational risk at appropriate levels relative to the characteristics of Citi's businesses, the markets in which it operates its capital and liquidity, and the competitive, economic, and regulatory environment.

To anticipate, mitigate and control operational risk, Citi maintains a system of policies and has established a consistent framework for monitoring, assessing, and communicating operational risks and the overall effectiveness of the internal control environment across Citi.



## Risk Lifecycle of Operational Risk

### Risk Identification

The Operational Risk Identification, Measurement, Monitoring and Mitigation Standard defines what Operational Risk identification methodology must be applied for what kind of Operational Risks, at what level of granularity and with what frequency, and includes but is not limited to requirements around Manager's Control Assessments ("MCAs"), Emerging and Concentration of Operational Risks.

Businesses and Functions systemically, methodologically, periodically and in compliance with regulatory requirements identify the Operational Risks they are exposed to, including existing and emerging risks, and including Operational Risks that result from the introduction of new or changes to existing products, or result from significant changes in organizational structures, systems, processes or personnel.

Citigroup Saudi Arabia manages Operational Risk at the MCA Governance Entity (MGE) level. Risk identification is at a product (ICG, Markets) and functional (Finance, HR etc.) level. Citigroup Saudi Arabia executes its risk management requirements through attaining the necessary transparency into the risk processes and outcomes delivered by the business, and holding relevant business owners accountable, as well as identifying and managing risks pertaining to the legal entity management process.

### Manager's Control Assessment ("MCA")

The MCA program, documented in the Operational Risk Identification, Measurement, Monitoring and Mitigation Standard, is a comprehensive self-assessment program, with methodology and tools to allow management to conduct risk and control identification, assessment and monitoring and residual risk management.

Businesses and Functions have processes in place to self-identify, assess, monitor, and mitigate operational risks, following MCA methodology. Further details can be found in the Governance, Risk and Compliance and Manager's Control Assessment Procedures.

### Risk Measurement

The Operational Risk Identification, Measurement, Monitoring and Mitigation Standard defines what estimation and aggregation methodologies is applied to determine the likelihood of materialization of Operational Risk exposures, and the resulting impact (potential or materialized), and includes but is not limited to requirements around the utilization of metrics, monitoring methodologies, and other methodologies.

Citigroup Saudi Arabia follows the Operational Risk Identification, Measurement, Monitoring and Mitigation Standard in estimating and aggregating the Operational Risks it is exposed to.

Citigroup Saudi Arabia utilises MCA to monitor the effectiveness of controls at the end of the quarter. Apart from that, Governance Committee forum also discusses operational losses and issues management, ensuring that all the key metrics are within the acceptable thresholds and if any further action is needed.

### Risk Monitoring





Businesses and Functions monitor and report the Operational Risk exposures to the Governance Committee on a quarterly basis at a minimum. Further detail can be found in the ORM Policy and Standards.

The Operational Risk is monitored through various risk metrics, analysis of exposures including but not limited to the consideration of exposure rate of change, internal and external events/ factors / loss data, and analysis, MCAs, risks stemming from new business activities.

### **Risk Control**

Businesses and Functions have processes in place that allow them to bring Operational Risk exposures within acceptable levels as determined by the Operational Risk Appetite Framework as per the Operational Risk Management Policy.

The First Line of Defense is responsible for implementing and maintaining effective controls to reduce the Operational Risks they are exposed to within Operational Risk appetite in accordance with the requirements of the Operational Risk Management Policy. The second line of defense provides credible challenge to the first line implementation of Operational Risk Management Policy and Standards.

Citigroup Saudi Arabia implements necessary controls in the entity management process, as required to manage risk to an acceptable level, and review the effectiveness of key controls implemented by the businesses operating in the entity.

Operational Risk is managed through local and regional in-business risk & control resources supported by a centralized team of Operational Risk specialists. Localized governance is achieved through Citigroup Saudi Arabia Governance Committee subject also to Middle East and Africa (MEA) Business Risk and Controls Committee (BRCC) oversight.

### **Risk Escalation**

A critical element of active Operational Risk management is proactive anticipation of Operational Risk and related events to support timely escalation and mitigation.

The Operational Risk Events Escalation, Management, Capture and Lessons Learned Standard in line with Citi's Escalation Policy defines what Operational Risk events are escalated to whom within what timeframe and what processes Businesses and Functions have in place that make sure that impact is avoided or reduced while an Operational Risk event unfolds, allowing for specialized treatment and day-to-day management of frequently occurring Operational Risk events.

Citigroup Saudi Arabia employees are required to escalate concerns in accordance with Citi's Escalation Policy.

### **Risk Reporting**

Operational risk reports are produced at the franchise level. This provides senior management with the relevant aggregated Operational Risk information in order to inform their risk decisions at all levels of governance. Businesses and Functions monitor and report the Operational Risk exposures to the Governance Committee on a quarterly basis at a minimum. Citigroup Saudi Arabia produces Operational Risk reports at a franchise level that are reported to the Governance Committee on a quarterly basis.



All Internal Operational Risk Events (“Events”) are required to be reported into the CitiRisk Operational Risk System Loss Capture System (LCS) designed to capture and store information related to internal operational risk events. This database serves the global requirements at the group level and has the capability to produce reports in line with the regulatory requirements.

Operational Risk Events are classified into Event Categories. There are five categories of operational risk event. These are:

- Fraud, Theft & Unauthorized Events
- Employment Practices and Workplace Environment – related Events
- Clients, Products & Business Practices - related Events
- Physical Asset & Infrastructure Events
- Execution, Delivery & Process Management - related Events

These are known as Level 1 Operational Risk Event Categories; each is further divided into several subcategories, and these are known as Level 2 and Level 3 Operational Risk Event Categories.

**Lessons Learned Report:** Businesses and First Line Functional Specialists are required to publish a Lessons Learned Report for adverse events that are considered significant, the minimum qualifying criteria and thresholds for when a Lessons Learned Report should be initiated are mentioned in the Policy.

For 2023, there was one significant Operational Risk Events reported amounting a loss of SAR 738,248 due to Equity Trading due to manual booking error pertaining to Citibank Saudi Arabia.

Issues and Corrective Action Plans (CAPs) must be documented in Issue & CAP Management System (iCAPS) to assist businesses and functions in providing transparency on trends, managing risk, and strengthening control environment. Guidance is provided via the Assessment, Issue and Corrective Action Plan Policy. Issues reported are rated using a 1 – 5 severity scale, with Level 1 indicating “most severe” and Level 5 indicating “least severe”. Individual issues are assessed using Probability and Significance of Impact criteria, each of which is assessed independently of one another:

Probability - based on the anticipated frequency of the Issue occurrence / materialization, within a year, regardless of the significance of impact.

Significance of Impact of one severe, realistic Issue occurring / materializing within a year.

Additionally, as part of the GRC & MCA Central Procedures, high severity issues (Level 1 to 3) are required to be mapped to appropriate Activity, Risk and Control within the Units MCA as this impacts the overall Residual Risk Rating.



## Credit Risks

The local credit risk assumed in Saudi Arabia is with respect to the capital placed with two local banks rated as detailed below.

BANK NAME	TYPE	AMOUNT' SAR	Moody's / S&P Rating
Saudi Awwal Bank	Demand deposit	6,126,058.84	A2 / N/A
Saudi National Bank	Demand deposit, Placement- 3month, Accrued interest on placement	179,522,640.56	A1 / A-
<b>Total</b>		<b>185,648,699.40</b>	

Credit profile of these banks is monitored on a quarterly basis.

CSA does not extend any credits to third parties. So, other than capital placed with these two banks, there is no credit risk taken by CSA

## Market Risks

There are no significant Market, Liquidity, or Interest Rate risk as there is no trading activity and capital is kept as short-term cash placements.

## 5. Board Members and Meetings

As at December 31, 2023 the Board of Directors is comprised of 6 members, including independent members. The Board consists of 2 independent members, 2 dependent members and 2 executive members.

There were a total of four board meetings held in the 2023 fiscal year. Details of the Board Members, their classification, and the Board Secretary, together with their attendance of the Board Meetings is listed at Appendix 2.

As a matter of a Citi's global policy, Citi employees who serve on Citi boards do not receive additional remuneration for their role as a director.

Details of the remuneration and compensation paid to the Board of Directors and five of the most senior executives who have received the highest remunerations and compensations (in addition to the Chief Executive Officer and Chief Financial Officer if they are not among them) are included at Appendix 3.

## 6. Board Member Interests

Details of Board member's appointments as a board member in other companies inside and outside the Kingdom of Saudi Arabia are listed in Appendix 1.



Neither the board members, senior executives nor relatives thereof have any interest, contractual securities or subscription rights in the shares or debt instruments of CSA or its affiliates thereof. Neither the board of directors nor any senior executives or any person related to them had any interest in any business or contracts to which CSA was a party to in the financial year ending 31 December 2023.

## 7. Main Committees of the Board of Directors

CSA has two main committees: the Audit Committee and the Nomination and Remuneration Committee

### Audit Committee

The members of the Audit Committee and their attendance at meetings is as follows:

Name	Position	Number of Meetings attended in 2023
Ali Husein Alireza	Member/Chairman	2
Carmen Haddad	Member	2
Raza Jaffri	Member	2
Fahad Aldeweesh	Member	1
Olukayode Bababunmi	Secretary	2

Meeting date	Members in attendance
12 June 2023	1) Ali Alireza Husein 2) Carmen Haddad 3) Olukayode Bababunmi 4) Raza Jaffri
5 December 2023	1) Ali Husein Alireza, 2) Fahad Aldeweesh 3) Carmen Haddad 4) Olukayode Bababunmi 5) Raza Jaffri

The responsibilities of the Audit Committee are as follows:

- Monitor Citigroup Saudi Arabia's business and access records and documents and request any clarification from the Board or Executive Management;
- Review and discuss any significant Internal Audit findings that have been reported to management, management's responses, and the progress of the related corrective action plans;
- Review and evaluate the adequacy of the work performed by the Internal Audit and ensure that Internal Audit is independent with unrestricted access to the Committee and has adequate resources to fulfil its duties, including implementation of the annual audit plan.



- (iv) Review CSA's financial statements and the reports and notes submitted by the Independent Auditors and provide the Board with its opinion in respect of the same;
- (v) Provide any concerns or recommendations to the Board of Directors regarding the effectiveness of Citigroup Saudi Arabia's internal control over financial reporting and the engagement of the independent audit firm; and
- (vi) Initiate other inquiries as it may deem appropriate or as supplemented by local laws and/or regulations.

#### Nomination and Remuneration Committee

The members of the Nomination and Remuneration Committee and their attendance at meetings is as follows:

Name	Position	Number of Meetings attended in 2023
Carmen Haddad	Member/Chairman	1
Mutlaq H. Al-Morished	Member	1
Dania Ashgar	Member	1
Moutaz Al Kalash	Secretary	1

Meeting date	Members in attendance
12 December 2023	1) Carmen Haddad 2) Mutlaq Al-Morished 3) Dania Ashgar 4) Moutaz Al-Kalash

The responsibilities of the Nomination and Remuneration Committee are to:

- (i) identify individuals qualified to become Board members including independent board members that meet the guidelines established by the Capital Market Authority and receive the approval of the Citi EMEA Nomination Committee;
- (ii) Review the composition of each committee of the Board and recommend Directors to serve as members of each committee or recommend any changes to the composition of such committees;
- (iii) review the structure, size and compensation; including skills, knowledge and experience required of the Board of Directors and its committees and recommend changes; and
- (iv) ensure that the Directors are provided with information in relation to the Company's policies and procedures which includes, without limitation, providing such Directors the Company's code of conduct policies.



## 8. Violations

No fines, sanction, precautionary measure, or precautionary restriction have been imposed by the CMA or any other regulatory, supervisory or judicial authority on CSA during the 2023 fiscal year.

## 9. Internal Audit Reviews

Article 62 of the CMA's Capital Market Institutions Regulations states that a capital market institution's internal and external auditors must review books, accounts and other records related to securities business at least once every three years, and when necessary. CSA's Internal Audit has devised a risk-based audit cycle and completed the Saudi Arabia Country Audit which assessed the design and operating effectiveness of the controls operating in country in April 2023 rated 'Moderate Improvements Needed'. Key controls over a number of areas within the audit scope that cover Equity business, Compliance, Securities Services, Finance Tax calculation, New Product Approval, Entitlements, and control assessments were operating effectively. Issues were identified relating to (i) Inadequate Implementation of the Saudi Arabia Post Trade Technology Program (PTTP), (ii) Inadequate Third Parties Management Oversight and Monitoring, (iii) Incomplete Contracts Reporting to Tax Authority, (iv) Inadequate Tracking for sanctions List and AML Name Search Requests, and (v) Lack of Continuous Professional Development (CPD) Monitoring for Independent Board of Directors (BoD).

One issue relating to the implementation of the post trade technology program has been closed and validated by Internal Audit, and all drafted action plans due before December 31, 2023 relating to other issues were closed and confirmed in audit system. Four issues are open and will be validated and closed by Internal Audit.

The Saudi Arabia entity risk assessment based on the below 27 principal risks factors and measurement of controls factors indicate a cycle of 3 years audit in line with the regulatory requirements.

Risk Factors	Measurement of Control Factors
Reputational Risk	Impact of Outstanding Internal Audit Issues to the entity
Strategic Risk	
Ethics and Culture Risk	Impact of Outstanding Regulatory Issues to the entity
Retail Credit Risk	
Wholesale Credit Risk	Impact of other Third-Party Issues to the entity
Interest Rate Risk	
Price Risk	Impact of outstanding Management's Self-Assessment Issues to the entity
Liquidity Risk	
Money Laundering Risk	Magnitude of Operational Losses resulting from the entity
Sanctions Risk	
Compliance Risk	
Customer or Client Conduct Risk (includes Sales Practices)	



Market Conduct and Integrity Risk
Bribery Risk
Legal Risk
Financial Statement Reporting Risk
Regulatory and Management Reporting Risk
Fraud Risk
Processing Risk (includes coverage of Size Risk)
Physical Damage Risk
Governance & Risk Oversight Risk
Model Risk
Data Management Risk
Human Capital Risk
Third Party Risk
Technology Risk
Information Security Risk

The Audit Committee considered the overall results of the internal oversight measures employed by CSA and was of the opinion that CSA's current operations are effective and the committee was satisfied that there were no major concerns. The Audit Committee also reiterated the need for CSA to continuously follow the established in-house country management plan, operational risk management policies and to ensure that all open issues identified by audit and operational risk management are completed by CSA.

The year 2023 is marked by the validation of the regulatory issues of the Tadawul review of compliance with trading and membership rules.

Chairman

Mutlaq Hamad Al Morished

Chief Executive Officer

Fahad Aldeweesh

Chief Financial Officer

Olukayode Bababunmi



Market Conduct and Integrity Risk
Bribery Risk
Legal Risk
Financial Statement Reporting Risk
Regulatory and Management Reporting Risk
Fraud Risk
Processing Risk (includes coverage of Size Risk)
Physical Damage Risk
Governance & Risk Oversight Risk
Model Risk
Data Management Risk
Human Capital Risk
Third Party Risk
Technology Risk
Information Security Risk

The Audit Committee considered the overall results of the internal oversight measures employed by CSA and was of the opinion that CSA's current operations are effective and the committee was satisfied that there were no major concerns. The Audit Committee also reiterated the need for CSA to continuously follow the established in-house country management plan, operational risk management policies and to ensure that all open issues identified by audit and operational risk management are completed by CSA.

The year 2023 is marked by the validation of the regulatory issues of the Tadawul review of compliance with trading and membership rules.

Chairman

Mutlaq Hamad Al Morished

Chief Executive Officer

Fahad Aldeweesh

Chief Financial Officer

Olukayode Bababunmi





**Appendix 1: Board Member's Membership in other Companies**

Name	Organisation	Position	Country of Registration
Carmen Christina Haddad	Injaz Al Arab	Regional Board Member	Jordan
	US Saudi business Council	Board Member	United States of America
Ali Husein Alireza	Altamayuz Academy	Board Member	Saudi Arabia
	Haji Husein Alireza & Co	Managing Director and Board Member	Saudi Arabia
	Hertz Rental and Leasing	Chairman	Saudi Arabia
	National Computer Systems Company	Chairman	Saudi Arabia
	Ajil Financial Services Company	Chairman	Saudi Arabia
	The Arabian Petroleum Supply Company	Chairman	Saudi Arabia
	Jeddah Province Governate Advisory Council	Member	Saudi Arabia
	Republic of Mexico in Jeddah	Honorary General Council	Saudi Arabia
Pepperdine University Alumni Board of Advisors	Member	USA	
Mutlaq H. Al-Morished	National Metal Manufacturing & Casting Co. (Maadaniyah)	Board Member/Chairman	Kingdom of Saudi Arabia
	Tasnee	Board Member	Kingdom of Saudi Arabia
	Aluminium Bahrain B.S.C. (ALBA)	Board Member	Bahrain
	Gulf Petrochemical & Chemical Association	Board Member	United Arab Emirates
	GCC Board Directors Institute	Board Member	United Arab Emirates
	Saudi General Authority for Military Industries	Board Member	Kingdom of Saudi Arabia
	A. M. Bin Saedan Real Estate Co	Board Member	Kingdom of Saudi Arabia
	TRONOX (NYC)	Board Member	United States of America
	National Industrialization Company (TASNEE)	Board Member/ Chief Executive Officer	Kingdom of Saudi Arabia
Fahad Al Deweesh	No other outside directorships		
Majed Al Hassoun	No other outside		



Name	Organisation	Position	Country of Registration
	directorships		
Ebru Packan	No other outside directorships		



## Appendix 2: 2023 Board Member Classification and Meeting Attendance Record

Name	Position
<u>Carmen Christina Haddad</u>	Non-executive board member/Vice-chairwoman
<u>Ali Husein Aireza</u>	Independent board member
<u>Mutlaq Al Morished</u>	Independent board member
Ebru Pakcan	Non-executive board member
Majed Al Hassoun	Executive board member
Fahad Aldeweesh	Executive board member
Fauzia Kehar	Board Secretary

Meeting date	Directors in attendance
27 April 2023	1) Carmen Christina Haddad 2) Ebru Pakcan 3) Ali Husein Aireza 4) Mutlaq Al Morished
24 July 2023	1) Carmen Christina Haddad 2) Ebru Pakcan 3) Ali Husein Aireza 4) Mutlaq Al Morished
05 October 2023	1) Carmen Christina Haddad 2) Ebru Pakcan 3) Ali Husein Aireza 4) Mutlaq Al Morished
14 December 2023	1) Carmen Christina Haddad 2) Ebru Pakcan 3) Ali Husein Aireza 4) Mutlaq Al Morished 5) Fahad Aldeweesh 6) Majed Al Hassoun



### **Appendix 3: Remuneration and Compensation**

All figures are in Saudi Arabian Riyals (SAR)

Statement	Executive Board Members*	Non-Executive Board Members	Independent Board Members
Allowance for attendance of the board of directors' sessions	0	0	0
Allowance for attendance of the committees' sessions	0	0	0
Periodic and annual remunerations	0	0	0
Incentive plans	0	0	0
Any compensations or other in-kind benefits paid monthly or annually	0	0	750,000
Total:	0	0	750,000

\*As members of the board of directors.



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	6,167,063
Allowances	2826366
Periodic and annual remunerations	1753872
Incentive plans	0
Commissions	0
Any compensations or other in-kind benefits paid monthly or annually	0
Total:	10,747,301



#### **Appendix 4: Transactions between CSA and Related Parties**

During the course of the year, CSA received and paid out revenue from related parties in accordance with the provisions of the geographic revenue attribution (GRA) transfer pricing policy established by Citigroup Inc. (the "Parent"). The revenue earned and paid according to the GRA transfer pricing policy, which intends to reward each related party for their relative functions, assets and risks.

In addition, Citigroup Saudi Arabia acted as broker on behalf of QFI clients of Citigroup Global Markets Limited ("CGML") and was paid brokerage fees in accordance with the agreement in place between CGML and CSA .

The table below summarizes details of transactions with related parties that occurred during the year.

S/N	Transaction description	Related party name	Related party country	Amount (SAR)	Transaction Type	GRA (Y/N)
1	M+A client advisory services	CITIGROUP GLOBAL MARKETS LIMITED	United Kingdom	21,016,314.88	Revenue receipt	Y
2	DCM client advisory services	CITIGROUP GLOBAL MARKETS LIMITED	United Kingdom	1,395,195.44	Revenue receipt	Y
3	ECM client advisory services	CITIGROUP GLOBAL MARKETS LIMITED	United Kingdom	(3,794,318.85)	Revenue pay out	Y
4	DCM client advisory services	Citibank, N.A. UAE- DIFC Branch	United Arab Emirates	(62.52)	Revenue pay out	Y
5	ECM client advisory services	Citibank, N.A. UAE- DIFC Branch	United Arab Emirates	(596,705.54)	Revenue pay out	Y
6	DCM client advisory services	Citibank Europe PLC	United Kingdom	7,009.26	Revenue receipt	Y
7	DCM client advisory services	CITIBANK N.A LONDON BRANCH	United Kingdom	(463,179.14)	Revenue pay out	Y
8	Equity brokerage commission	CITIGROUP GLOBAL MARKETS LIMITED	United Kingdom	17,329,873	Revenue receipt	N