



# Board of Directors' Report 2024



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**King Salman bin Abdulaziz Al-Saud**  
The Custodian of the Two Holy Mosques



His Royal Highness Prince Mohammed bin Salman bin Abdulaziz Al-Saud  
Crown Prince and Prime Minister

# Chairman's Message



**Taha Abdullah AlKuwaiz**

2024 has been a defining year for Derayah as we strengthened our position as a leading independent investment institution in the region. Guided by our mission to provide the most comprehensive investment services tailored to every investor, we remained dedicated to delivering innovative financial solutions, achieving sustainable growth, and upholding rigorous governance standards.

The investment landscape is rapidly evolving, driven by regulatory advancements, digital transformation, and increasingly sophisticated investors. Throughout the year, we strategically positioned ourselves to leverage these developments, expanding our capabilities across securities brokerage, asset management, and advisory services. We also continued to invest significantly in enhancing our proprietary digital platform, ensuring a seamless, fast, and secure experience for our clients. Our strong financial performance and resilience amid market fluctuations underscore the strength of our business model, our robust product and service offerings, and our proven ability to attract and retain an

extensive client base. This success is also a reflection of the deep expertise and dedication of our talented team in both investment and technology.

A pivotal milestone for Derayah in 2024 was our strategic decision to launch an initial public offering (IPO), listing 20% of our issued share capital on the Main Market of the Saudi Exchange. This decision aligns perfectly with our vision of becoming the Kingdom's most enriching financial institution, distinguished by innovative products and exceptional service. It was an ideal time to invite new shareholders to participate in our growth journey, particularly given the transformative developments within the financial sector and the compelling global market opportunities available.

Looking ahead, our strategic priorities for 2025 are clear: we will continue to drive innovation, strengthen our technology and operational platforms, and expand our investment offerings, creating long-term value for our shareholders, clients, and the broader financial ecosystem. Aligned with Saudi Arabia's Vision 2030, we remain committed to supporting the Kingdom's objectives of enhancing financial market infrastructure and broadening investment accessibility.

On behalf of the Board of Directors, I extend my sincere gratitude to our clients, employees, and shareholders for their ongoing trust and commitment. To our new shareholders, I warmly welcome you and look forward to working closely together as we elevate Derayah to even greater heights.

# CEO's Message



**Mohammed Al-Shammasi**

As I reflect on 2024, I am proud to highlight a year marked by strategic milestones, innovative advancements, and a steadfast commitment to our stakeholders. Our journey has been characterized by significant achievements that have not only strengthened our position as Saudi Arabia's leading independent capital market institution but have also paved the way for future growth and value creation.

A significant moment in our history was our successful initial public offering (IPO) on the Main Market of the Saudi Exchange in March 2025. The IPO garnered an overwhelming response, with the institutional book-building process attracting orders worth SAR 243 billion, leading to an oversubscription of 162 times. This monumental achievement not only underscores the confidence investors have in our vision and strategy but also enhances our ability to pursue growth opportunities and deliver value to our shareholders.

In 2024 our financial performance was strong, demonstrating resilience amid market uncertainties. We

achieved a remarkable 41% year-on-year increase in operating income to SAR 877 million, with net profits reaching SAR 444 million, representing a 35% increase compared to the previous year. Our growth was driven by strong performance across our core business: brokerage and asset management.

I am particularly proud to report that our AuM exceeded SAR 17 billion in 2024, marking a 66% increase from 2023—outpacing the growth of the broader Saudi asset management market. We also achieved a SAR 47 billion increase in client assets, representing a 33% year-on-year increase. These achievements are testaments to our ability to expand our client base by offering a diverse range of investment opportunities across both public and private markets, while consistently delivering superior returns through our actively managed funds.

We have never been busier. In response to evolving market needs and to retain and grow our client base, we introduced several key innovations, products and services:

- **Enhanced Payment Solutions:** We enabled electronic payments through Apple Pay, simplifying transactions for our clients.
- **Fintech Collaborations:** Recognizing the transformative power of technology, we facilitated access for multiple fintech companies to a diverse range of Derayah Financial funds, fostering innovation and expanding investment opportunities.
- **Global Partnerships:** Our strategic partnership with Alpaca, a global leader in financial brokerage infrastructure technology, aims to deliver digital-driven trading solutions that empower investors in both local and international markets, while opening seamless access to Saudi Arabia's stock market for foreign non-resident investors.
- **Platform and App Overhaul:** We launched a new app and platform designed to enhance user experience by providing real-time price displays, interactive charts, and a modern, seamless interface. This platform

- ensures easy access to news, reports, analyses, and fundamental market data, empowering our clients with timely and relevant information., key in making informed investment decisions.
- **Derayah Global Lite:** We introduced the "Derayah Global Lite" service, offering commission-free trading on U.S. stocks. Additionally, the platform now includes a Shariah-compliant stock tracking feature and free real-time U.S. stock prices for Derayah Global clients.
- **Institutional Brokerage Enhancements:** We streamlined the process of opening institutional investor accounts and developed an advanced trading platform for order execution. This expands access to local and global markets while enabling asset managers to directly access the Saudi market.
- **Primary Dealer in Government Debt Markets:** Through a strategic partnership with the National Debt Management Center (NDMC), we are now acting as a primary dealer in government debt markets and have begun receiving subscriptions for government debt issuances from both local and international investors.
- **IPO Subscription Service:** We launched the IPO subscription service on the Main Market of the Saudi Exchange, allowing primary subscribers and their family members to participate, thereby broadening investment access.

As we look to the future, our strategic priorities are centered around creating greater value for all stakeholders, including our newly onboarded shareholders:

- **Driving Growth Through Innovation:** We aim to build on our proven track record of innovation and exceptional user experience to seize opportunities driven by the digitalization transforming Saudi capital markets. Our focus will be on enhancing our product portfolio, expanding our market presence, and diversifying our offerings.
- **Expanding into High-Growth Segments:** We will continue to strengthen our brokerage and asset & wealth management businesses by pioneering first-to-market products, expanding our funds offering, and offering wealth-tech innovative services like Derayah Smart to meet evolving client needs.
- **Scaling the Business While Strengthening Client Relationships:** Our focus will be on client acquisition, retention, and personalized support, leveraging digital capabilities, data analytics, and strategic investments to create a virtuous cycle of growth and loyalty.

Our strategic initiatives are aligned with the Kingdom's Vision 2030, and I am confident we have the right team and the right product and the right services to navigate the evolving financial landscape, seizing opportunities that drive sustainable growth and success.



# Overview

# About Derayah

Derayah is Saudi Arabia's leading independent digital investment platform, committed to simplifying investments, making wealth creation accessible to every investor.

- Derayah is the Kingdom's leading independent digital investment platform, committed to simplifying investments, making wealth creation accessible to every investor.
- Established in 2009G, Derayah has successfully evolved into a technology-led provider of brokerage and asset & wealth management solutions, delivering cutting-edge solutions to its diverse and expanding client base, with client accounts expanding 15-fold since 2016G.
- Derayah's strengths lie in a deep understanding of financial markets, guided by a visionary founder-led Board of Directors and led by an experienced executive management team with extensive knowledge in capital markets and investments; a proprietary, purpose-built technology infrastructure designed for scalability, agility and a superior digital user experience; and continuous product innovation that keeps the Company ahead of market trends and sensitive to client needs.
- Derayah's strengths are further supported by a large and growing addressable market, favorable industry dynamics and technology transformative agendas in the financial sector.
- Derayah's main business segments include brokerage and asset & wealth management:
  - Market-leading digital brokerage platform: Derayah offers a unique brokerage platform, that serves as a single access point to 43 local, regional, and international markets, and providing clients with access to a variety of financial instruments, including equities, fixed income, and derivatives.
  - Fast-growing asset & wealth management business: Derayah manages SAR 17 billion of assets (as of 31 Decemeber 2024G), covering both public and private markets

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## Vision

Our vision is to be the most enriching financial institution with the most innovative products and superior service in Saudi Arabia.

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## Mission

Our mission is to be the first and most inclusive investment option, by providing accessible and comprehensive investment opportunities that will help our clients achieve their future goals.

# Derayah At a Glance

## Operational Highlights

### Leading Digital Broker



#### Brokerage

# #1

**Independent Digital Broker** by brokerage revenues<sup>1</sup>

# 3<sup>rd</sup>

**Largest CMI<sup>2</sup>** by market share<sup>3</sup>

# 15<sup>x</sup>

**Client Account Growth** from 2016G - 2024G

# c.100%

**Online Client Acquisition<sup>4</sup>**

- 1 2024 local (non-margin) & international brokerage revenue reached SAR 460 million
- 2 Capital Markets Institution
- 3 c.13% market share in KSA's online brokerage for 2024
- 4 since 2018

### Growing and Diversified Asset Management Business



#### Asset & Wealth Management

# 47B

**in Client Assets<sup>5</sup>** as of FY24; +33% from 31 December 2024G

# SAR17.2B

**AUM** as of FY24; +66% from 31 December 2024G

# 68%

**in Public Markets Funds<sup>6</sup>**

# 32%

**in Private Markets Funds<sup>7</sup>**

- 5 Client Assets is the sum of Assets Under Custody (AUC) and Asset Under Management (AUM)
- 6 Public markets funds defined as funds with underlying public assets
- 7 Private market funds defined as funds with underlying private assets

## Financial Highlights

Solid financial track-record, and a healthy, debt-free balance sheet, yielding attractive returns to shareholders

# SAR877M

**Total Operating Income (2024G)**

# 33%

**Operating Income CAGR (2020G-2024G)**

# SAR444M

**Net Income (2024G)**

# 44%

**Net Income CAGR (2020G-2024G)**

# 51%

**Net Profit Margin (2024G)**

# 50%

**RoAE (2024G)**

# 66%

**Dividend Payout Ratio (2024G)**

# Derayah's Timeline

## A Growth Story Underpinned by Continuous Product and Service Innovation

● 2009

Derayah's establishment as the first brokerage with purpose-built technology in KSA

● 2012

Launch of Equity Portfolio Management Services

● 2016

Roll-out of International Brokerage, being a first mover in KSA

Launch of the Freestyle Fund

● 2019

Launch of USD Trading Finance Fund

● 2022

Establishment of Digital Bank D360

● 2025

Derayah IPO

● 2011

Launch of SAR Trading Finance Fund - Derayah's first Private Credit Fund

● 2013

Launch of Derayah's First Real Estate Fund

● 2018

Launch of Full Digital Onboarding in KSA

Listing of Derayah REIT

● 2020

Launch of Derivative Trading in KSA

● 2023

Freestyle Fund: Best Performing Public Shariah Fund in KSA

● Innovative Foundations  
● Digital Transformation



# Strategic Direction

# Investment Highlights

## A Compelling Opportunity to be Part of a Highly Profitable Digital Growth Story



**KSA's leading independent digital broker**, Serving all types of investors as a preferred gateway to local, regional, and international markets



**Strong asset management expertise** driving market share growth and expansion into high-margin asset classes



Proprietary purpose-built technology enabling a superior digital user experience and the ability to unlock swifter market response, agile scaling, and efficient operations



Solid financial track record with a consistent growth trajectory, strong profitability, and robust returns



Led by a highly experienced founder-led team with a successful execution track record



Favorable industry outlook bolstered by KSA's economic strength, ongoing financial sector reforms, and digitally savvy population

## Favorable industry outlook bolstered by KSA's economic strength, ongoing financial sector reforms, and a digitally savvy population

As the largest economy in the GCC, Saudi Arabia benefits from a young, economically active population, rising wealth, and nearly universal internet penetration. Driven by Vision 2030's ambitious Financial Sector Development Program, sectors such as digital brokerage and asset management continue to experience robust growth, projected at annual rates of 12% and 15%, respectively, through 2028.

## KSA's leading independent digital broker, serving all types of investors as a preferred gateway to local, regional, and international markets

Derayah is among Saudi Arabia's top three brokers by revenue and market share, distinguished by its proprietary platforms that grant seamless access to 43 local, regional, and global markets, complemented by advanced API connectivity for third-party integrations. Driven by robust digital adoption, Derayah's client base has grown 15x since 2016, with approximately 72% of current clients aged 40 or younger, highlighting its strong resonance with younger, digitally savvy investors and its scalable appeal to underserved market segments.

## Strong asset management expertise driving market share growth and expansion into high-margin asset classes

Derayah has significantly expanded its asset management offerings across public and private markets, more than tripling its AUM from SAR 5.6 billion in 2020G to SAR 17 billion as of 2024G, significantly outperforming industry averages. Driven by innovative products such as the Saudi Freestyle Fund, Discretionary Portfolios, Derayah's REIT, and Trade Finance Fund. The company maintains global standards compliance, including an MQ2 rating from Moody's and adherence to Global Investment Performance Standards (GIPS®).

## Proprietary purpose-built technology enabling a superior digital user experience and the ability to unlock swifter market response time, agile scaling, and efficient operations

Derayah's internally developed technology infrastructure delivers enhanced scalability, reduced latency, and improved transaction speeds, supported by substantial IT investments that have nearly tripled since 2018G. The fully digital client journey—including seamless mobile onboarding, real-time platforms, and omni-channel capabilities—combined with agile collaboration between technology and business teams, positions Derayah uniquely for innovation, superior customer satisfaction, and continued market differentiation.

## Solid financial track record with a consistent growth trajectory, strong profitability, and robust returns

The Company has consistently delivered strong financial performance, underpinned by operating income growth at an impressive 33% CAGR from 2020G to 2024G, driven by significant increases in brokerage and asset management revenues. Profitability has surged, with net profit increasing by 44% CAGR during this period. Supported by operational efficiency improvements, a capex-light business model, and strong returns—including a 50% ROE as of 2024G—Derayah remains well-positioned to sustain profitable growth and deliver exceptional shareholder value.

## Led by a highly experienced founder-led team with a successful execution track record

Derayah benefits from the visionary leadership of co-founder and Chairman Mr. Taha Al-Kuwaiz. Supported by a seasoned management team with over 150 years of combined experience across diverse sectors, Derayah demonstrates exceptional operational capabilities and strategic agility. This dynamic leadership fosters innovation, enhances client-centric solutions, and ensures consistent delivery of superior results and sustained market outperformance.

# Path to Future Growth

## Driving growth through innovation

Derayah aims to build on its proven track record of innovation and exceptional user experience to seize opportunities driven by the digitalization and consumerization transforming Saudi capital markets. The Company will prioritize enhancing its product portfolio, expanding its market presence, and diversifying its offerings.

## Scaling the business while strengthening client relationships

Derayah will focus on client acquisition, retention, and personalized support, leveraging digital capabilities, data analytics, and strategic investments like Bank D360 to create a virtuous cycle of growth and loyalty.

## Expanding into high-growth segments

The Company will continue to strengthen its brokerage and asset & wealth management businesses by pioneering first-to-market products, tapping into high-margin asset classes, and wealth-tech innovative services like Derayah Smart to meet evolving client needs.

## Future Growth Strategy Centered Around Enhancing and Cross-selling Product and Tech Offering...



Where we Lead

### Maintain Prominence in Brokerage

- ✓ Refine and diversify offering
- ✓ Pricing and value-added services
- ✓ Pioneer first-to-market products



Where we Grow

### Grow Asset Management

- ✓ High-margin asset classes
- ✓ Growth in both public and private markets



Where we Expand

### Expand Digital Wealth Management

- ✓ Derayah Smart (Robo-advisory)
- ✓ Fund Supermarket
- ✓ Assisted digital advisory



# Business Overview

Derayah has proven itself to be Saudi Arabia's leading independent digital investment platform, with both the brokerage and asset management businesses positioned well for long term success. Through our comprehensive suite of investment opportunities, we aim to provide our clients with innovative products and superior services that can help them achieve their future goals.

## Brokerage

Digital Brokerage Platform Offering Access To 43 Markets, Complemented by a Differentiated Proposition

### Market Access

- 2 Local markets
- 8 Regional markets
- 33 Global markets

### Products

Equities, ETFs, Options, Futures, CFDs, Bonds, Commodities, etc.

### Diversified Clients

Retail and Institutional brokerage

### Margin Lending

Innovative margin lending products

## Asset & Wealth Management

Comprehensive Asset Management Offering for Diverse Risk-Reward Profiles

### Public Market Funds

- Equities
- DPMs
- Fixed Income
- Cash Management

### Private Markets Funds

- Credit
- Real Estate (Inc. REITs)
- Venture Capital

Innovative Wealth Management Solutions Tailored for a Wider Range of Client Needs

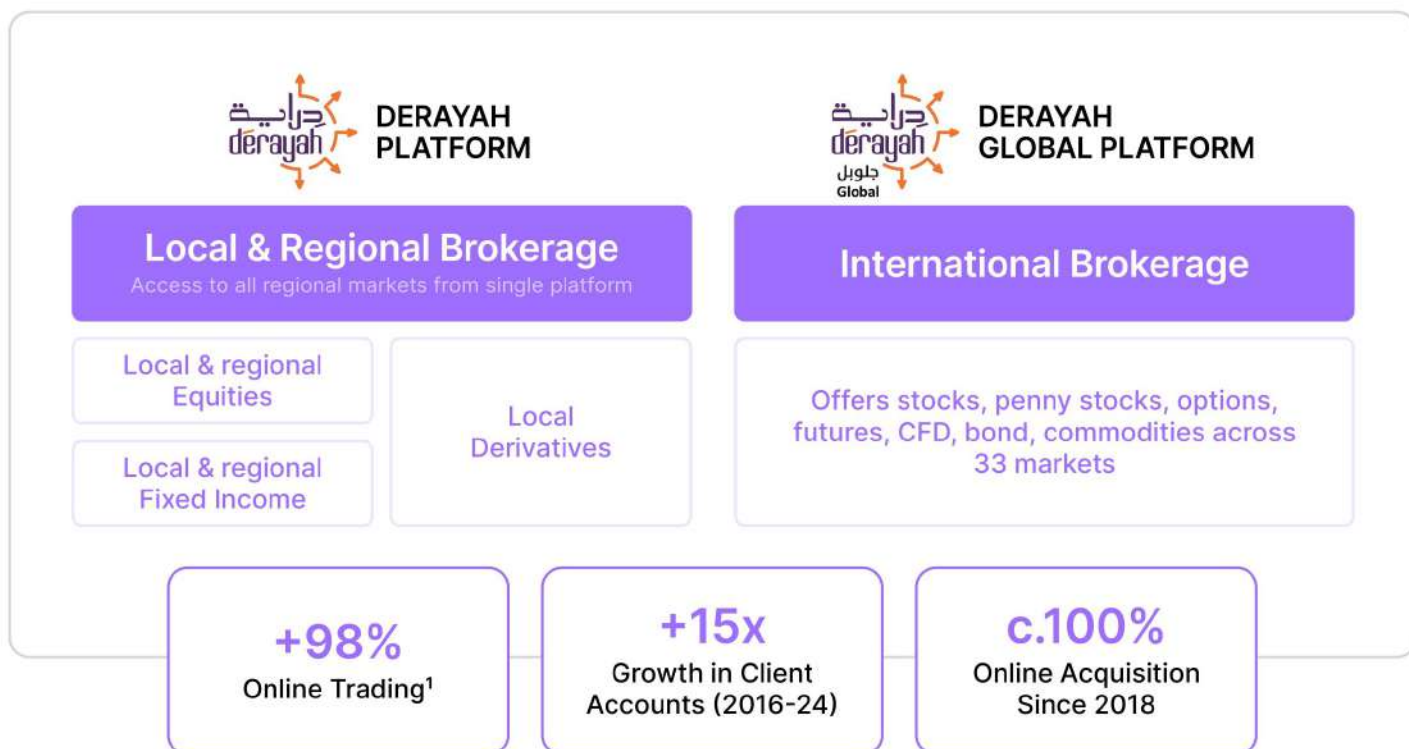
### Fund Supermarket

- 50+ Mutual Funds
- 8 Investment managers

### Derayah Smart

- Strategies tailored to client's risk/return profile
- Asset classes: Equity, Money Markets & Sukuks

# Brokerage



Derayah is the leading independent digital investment platform in KSA, offering clients a unique brokerage offering in local, regional and international markets. As of end2024 the Company held a 13% internet trading brokerage market share in KSA, making it the third-largest digital brokerage in the Kingdom and a significant increase from 5% market share in 2018G. The Company's international trading operations further diversify and boost its total brokerage revenue.

Pioneering the market with full digital client onboarding and continuously enhancing its offerings, the Company's account base has grown 15-fold since 2016G, reaching 532,000 accounts in 2024G, nearly 100% of clients were acquired online since late 2018G. These achievements are a testament to the Company's successful strategy in scaling and growing its brokerage business.

The Company offers trading services in the local and regional markets through its Derayah Platform which

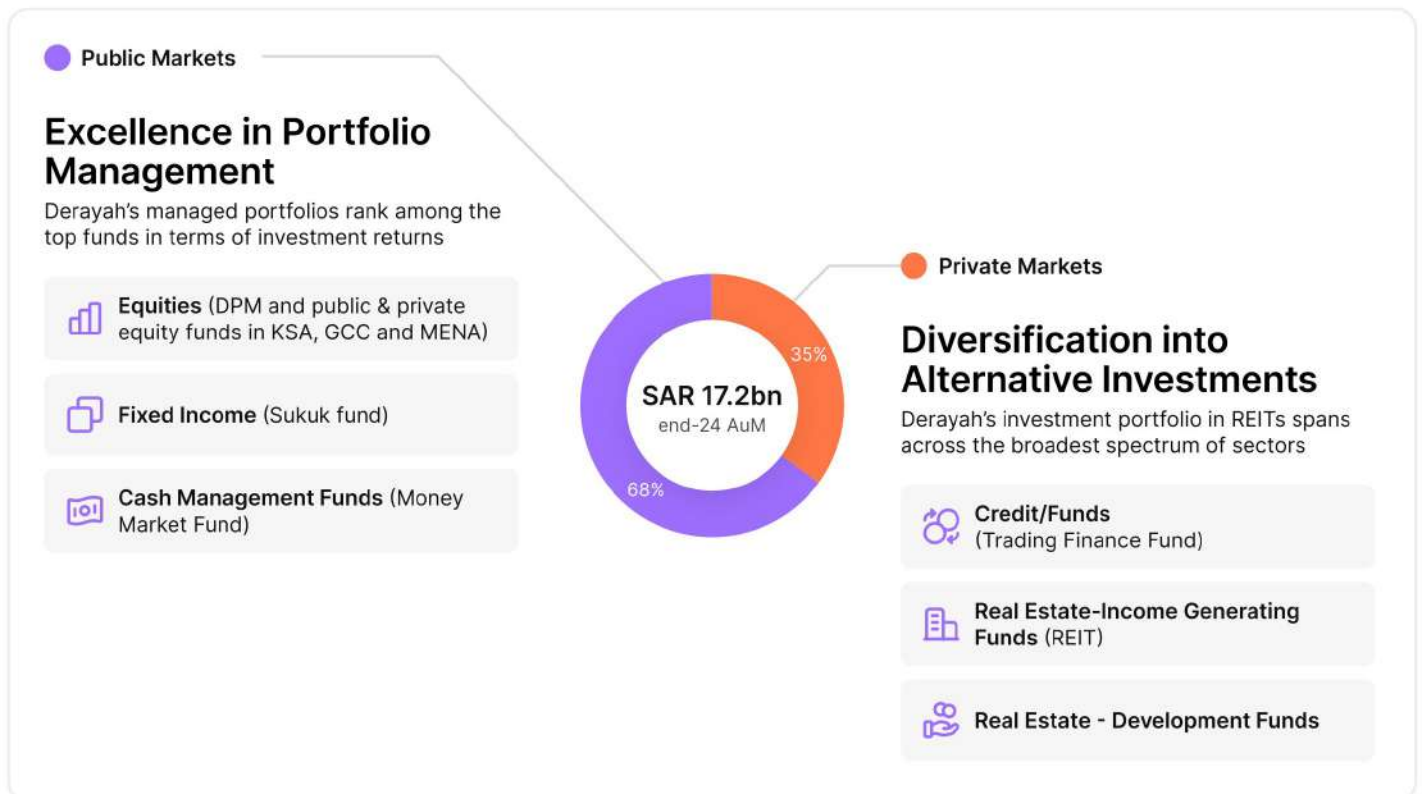
supports trading equities, fixed income, and derivatives, among others, providing clients with access to all regional markets from a single platform and buying power. The Company further enhances its role as the leading independent investment platform by offering margin lending in the form of Sharia compliant financing solutions which allow clients to purchase stocks in the Saudi equities market. This is further complemented by distinct features where users can open a local brokerage account without needing a current account, sign up via a mobile app thus simplifying onboarding, have a comprehensive 360-degree investment overview and transfer funds to multiple IBANs and the use of modern payment methods such as Apple Pay.

For trading in international markets, the Company offers the Derayah Global platform, which allows trading across 33 global markets, notably across 3 US markets and in a variety of financial instruments, including stocks, traded funds, penny stocks, options, futures, contracts for

difference, bonds and commodities. The Derayah Global platform also features fast onboarding and instant cash transfers offering the capability of investing in different markets using the same purchasing power. This differentiated offering allows clients to diversify their portfolios and take advantage of global investment opportunities.

Derayah's comprehensive brokerage offering, providing access to global markets through multiple customer channels and proprietary technology, positions it strongly among the global digital brokerage players. This differentiates Derayah's unique value proposition as being aligned with global digital brokerage players while outperforming on growth and profitability. With nearly 100% of its trading conducted online and with a strong focus on innovative product development, the Company's platforms are designed to proactively meet the evolving needs of its clients and solidify its leadership position in the Saudi market. The Company believes its proprietary technology and continuous innovation are key market differentiators, providing a unique edge over competitors. Additionally, the Company has pioneered API connectivity and integration with third-party applications such as TickerChart, Mubasher, Dawul, Bloomberg and Trading View, to enhance the client experience. These strategic advancements have positioned Derayah as a leader and an enabler within the ecosystem.

# Asset Management



In recent years, the Company has actively grown its asset management business by expanding its product offerings with a focus on both Saudi public and private markets. The diverse range of products, combined with seamless onboarding and competitive investment returns, has gained significant traction among clients. This led to a near tripling in assets under management (AUM) to approximately SAR 17.2 billion in 2024G from SAR 5.6 billion in 2020G, representing a CAGR of 32% over the period, outpacing the overall market growth in the same period. Consequently, the Company's market share in the asset management market rose from approximately 0.85% in 2020G to approximately 1.5% in 2024G.

The Company has strategically expanded its product offerings into high-margin investment products and asset classes providing clients with a complete suite of in-house products and in collaboration with external

parties building on its strengths in asset management. The Company's public market funds, including equities (DPMs, public equities), fixed income, and money market funds, increased by 96% in 2024, fuelled by strong growth in DPMs and public equity funds, notably the flagship Derayah Saudi Freestyle fund. At the same time, the Company enhanced its private funds.

The Company is one of the few asset managers in KSA that is fully compliant with the Global Investment Performance Standards (GIPS®) and with an MQ2 Investment Manager Quality rating by Moody's, underscoring its dedication to maintaining high standards in investment management.

#	Mutual Funds
<b>Privately Placed Funds (with a closed capital)</b>	
1	Derayah Real Estate Income Fund III
2	Derayah Ventures Fund
3	Derayah Private Equity Fund
4	Derayah Global Ventures Fund
5	Derayah Retail Fund
6	Derayah Private Fund 30
7	Wadi Mashariee Fund
8	Al Waha Real Estate Fund
9	Tawafuq Real Estate Fund
10	Derayah Gulf Real Estate Fund
11	Derayah Private Fund 40
12	Derayat Al Rimal Real Estate Fund
<b>Privately Placed Funds (with an open capital)</b>	
1	Derayah SAR Trade Finance Fund
2	Derayah USD Trade Finance Fund
3	Derayah Private Fund 10
4	Derayah Private Fund 20
5	Derayah Ventures Asian Fund
6	Derayah Private Fund 15
7	Derayah Private Fund 25
8	Derayah Sukuk Fund
9	Derayah Private Fund 35
10	Derayah Private Fund 40
<b>Publicly Offered Funds (traded)</b>	
1	Derayah REIT
<b>Publicly Offered Funds (with an open capital)</b>	
1	Derayah Saudi Equity Fund
2	Derayah GCC Growth and Income Equity Fund
3	Derayah Freestyle Saudi Equity Fund
4	Derayah Money Market Fund



# Financial Overview

# CFO's Message



**Bilal Bushnaq**

I am pleased to report an outstanding financial performance for Derayah in 2024, marked by robust growth, increased profitability, and continued operational excellence. The year was notable for significant achievements across our core segments—brokerage, asset management, and special commission income—which contributed to a strong total operating income of SAR 877 million, reflecting a 41% increase from the previous year.

Net profit grew impressively by 35%, reaching SAR 444 million, underscoring Derayah's ability to deliver sustained profitability and shareholder value. Our strategic emphasis on diversification and innovation has paid off, evident in the notably high net profit margin, which stood at 50.6%, and our industry-leading return on average equity (ROAE) of 50.2%.

The Brokerage segment, a cornerstone of our business, posted revenues of SAR 490 million, a 26% increase from 2023, driven by heightened client engagement and robust trading volumes across both local and international markets. We proudly hold a 13% market

share in Saudi internet brokerage, positioning us as the third-largest provider in the Kingdom.

In Asset Management, we experienced exceptional growth, with AuM surging 66% to SAR 17.2 billion. Revenue in this segment grew by an impressive 77%, reaching SAR 145 million, a reflection of our expanding product offerings and our continued commitment to delivering superior investment solutions and competitive returns.

Our Special Commission Income saw remarkable expansion as we effectively leveraged our financial ecosystem, achieving a 50% increase year-on-year to SAR 203 million. This was facilitated by strategic utilization of client assets under custody, exceeding SAR 30 billion, and the successful launch of our securities lending service.

Operating expenses increased in line with revenue growth, reflecting disciplined investments in technology, marketing, and business development initiatives. Despite these necessary investments, our cost-to-income ratio slightly improved to 40.9% from 41.2% last year, demonstrating enhanced operational efficiency. Derayah's financial strength is further evident in our balance sheet, which remains debt-free.

A key milestone of Derayah was our successful IPO and listing on the Main Market of the Saudi Exchange in March 2025. The IPO has provided us with a well-balanced capital structure, and has broadened our shareholder base, reinforcing our commitment to transparency and corporate governance, crucial for our continued expansion in KSA's dynamic financial sector.

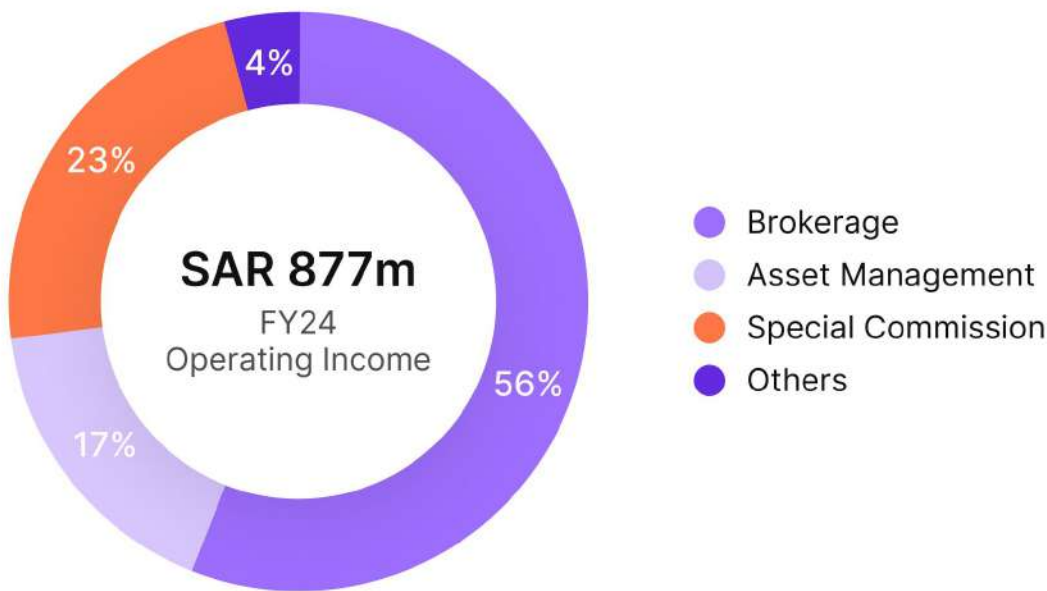
Looking ahead, we remain committed to driving growth through continued innovation, operational excellence, and prudent capital management. We will invest strategically in digital solutions, further diversify our product offerings, and maintain a client-centric approach, ensuring sustained value creation for our shareholders and stakeholders.

# Financial Performance

For the full year 2024, Derayah recorded an impressive operating income of SAR 877 million, reflecting a robust 41% increase year-on-year, driven by strong performance across all core income lines. This translated into a net profit of SAR 444 million, up 35% from the previous year, underscoring Derayah’s sustained profitability.

The Company maintained a strong return on average equity (ROAE) of 50.2% and a solid net profit margin of 50.6%, highlighting its operational efficiency and strategic growth initiatives.

The Company generates all its revenues from Saudi Arabia



# Revenue Growth Across Core Business Segments

Derayah's top-line expansion was propelled by significant growth across its core income streams, including brokerage, asset and wealth management, as well as special commission income. The Company's diversified revenue streams and continued investment in innovation have reinforced its leadership position in the financial sector.

## Brokerage

Derayah offers its clients a unique digital brokerage platform with access to local, regional, and international markets. As of December 31, 2024, the Company held a 13% market share in internet trading brokerage in Saudi Arabia, positioning it as the third-largest brokerage in the Kingdom. The Brokerage segment recorded a 26% revenue increase, reaching SAR 490 million, up from SAR 389 million in 2023.

This strong financial performance was underpinned by robust trading activity across all brokerage offerings. The total traded value across local (non-margin) and international markets exceeded SAR 360 billion in 2024, representing an 18% year-on-year increase. Revenue from Local (non-margin) and International trading in 2024 increased to SAR 460 million, a 26% rise, outpacing the increase in traded value and signaling an improvement in net commissions generated during the year.

Derayah also enhanced its brokerage offerings through Sharia-compliant margin lending solutions, enabling clients to purchase stocks in the Saudi equities market. Revenue from margin trading surged by 38% year-on-year to SAR 31 million, supported by an 18% increase in the Trading Finance Fund, which closed the year at SAR 1.49 billion.

## Asset Management

In 2024, Derayah strengthened its position in the asset management sector, actively expanding its product portfolio with a focus on Saudi public and private markets. The combination of a diverse product range, seamless onboarding, and competitive investment returns continued to attract investors. As a result, Derayah's assets under management (AUM) increased sharply, reaching SAR 17.2 billion in 2024 from SAR 10.3 billion in 2023, marking a 66% year-on-year growth.

Consequently, revenue from asset management rose by 77% to SAR 145 million, up from SAR 82 million in the previous year. The growth in revenues outpaced the increase in AUM, indicating further expansion in blended margins during the year.

## Special Commission Income

Derayah continued to diversify its revenue streams through enhanced management of client assets under custody. The Company's Assets under custody including cash increased by close to 20% exceeding SAR 30 billion. Derayah strategically increased the utility of those assets to further strengthen the revenue base through investing in income-generating financial products in addition to the launch of the securities lending service, launched in late 2023. Through this service, the Company lends securities for varying durations, generating additional income shared with clients based on agreed terms.

Special commission income witnessed a substantial 50% increase year-on-year, reaching SAR 203 million in 2024, reflecting Derayah's ability to leverage its financial ecosystem for enhanced profitability.

During the year, operating costs increased inline with the

growth in revenues and on the back of continued investments in the business which led to increased expenditure in IT and marketing for example. Nevertheless, Derayah maintained a disciplined cost structure with cost-to-income ratio improving slightly, decreasing from 41.2% in 2023 to 40.9% in 2024, demonstrating the Company's ability to scale efficiently while sustaining profitability.

As a result, Derayah reported solid core operational results, with operating profit increasing by 41% year-over-year, reaching SAR 518 million for the full year 2024, which implies a strong operating profit margin of approximately 60%.

Overall, net profit for 2024 reached SAR 444 million, reporting a strong 35% annual increase and recording a net profit margin of 50.6%. Derayah's solid financial performance in 2024 reflects its strong market position, diversified revenue streams, and commitment to innovation. With continued investments in technology, client-centric solutions, and operational efficiency, Derayah is well-positioned to drive further growth and deliver sustainable value to its stakeholders in the years ahead.

# Income statement

## Statement of income for the last five fiscal years

(SAR Million)	2024 G	2023 G	Change (2024 G- 2023 G)	2022 G	2021 G	2020 G
<b>Revenue from Contracts with Customers</b>	635.1	470.0	35.1%	613.7	575.1	268.6
Brokerage Service	490.4	388.6	26.2%	379.7	510.3	221.5
Asset Management Service	144.7	81.5	77.6%	70.2	64.8	47.1
Advisory	-	-	NA	163.8	-	-
Special Commission Income	203.5	135.6	50.0%	35.2	8.4	5.9
Gain on Investments, Net	35.9	17.0	111.3%	(5.3)	3.2	0.6
Dividend Income	2.2	0.9	143.2%	1.8	2.3	2.1
<b>Total Operating Income</b>	<b>876.7</b>	<b>623.5</b>	<b>40.6%</b>	<b>645.5</b>	<b>588.9</b>	<b>277.3</b>
<b>Salaries and Employees Related Expenses</b>	(151.6)	(127.5)	18.8%	(157.1)	(98.3)	(82.1)
<b>Other General &amp; Administration Expenses</b>	(194.5)	(120.4)	61.5%	(115.4)	(111.9)	(72.6)
Marketing Expenses	(7.5)	(6.0)	23.6%	(9.3)	(6.1)	(3.1)
Finance Charges	(6.8)	(2.6)	155.5%	(2.1)	(1.3)	(0.6)
Impairment Charge for Credit Losses	1.3	(0.4)	NA	(0.2)	(0.0)	(4.4)
<b>Total Operating Expenses</b>	<b>(359.0)</b>	<b>(257.1)</b>	<b>39.6%</b>	<b>(284.1)</b>	<b>(217.6)</b>	<b>(162.8)</b>
<b>Operating Profit</b>	<b>517.7</b>	<b>366.5</b>	<b>41.3%</b>	<b>361.4</b>	<b>371.3</b>	<b>114.5</b>
Other (Expense)/ Income	10.0	9.4	6.0%	(0.3)	7.0	4.9
Share of Loss in an Associate	(72.0)	(27.9)	157.7%	(38.2)	-	-
<b>Income Before Zakat</b>	<b>455.7</b>	<b>347.9</b>	<b>31.0%</b>	<b>322.8</b>	<b>378.3</b>	<b>119.4</b>
Zakat	(11.8)	(18.2)	-35.4%	(15.3)	(12.8)	(14.9)
<b>Net Income</b>	<b>443.9</b>	<b>329.7</b>	<b>34.6%</b>	<b>307.5</b>	<b>365.5</b>	<b>104.5</b>

# Balance Sheet

In 2024, Derayah's balance sheet showcased substantial growth, reflecting the company's strong financial position, strategic expansion, and disciplined asset management.

Total assets increased by 17.7% to reach SAR 1.23 billion. This stemmed primarily from additional investments in financial instruments which consists mainly of investments in local equities, funds and debt securities, both government and corporate. During the year, the Company also acquired a piece of land on which it plans to construct a new head office as well as an investment property for leasing purposes reinforcing Derayah's long-term growth strategy. Return on Average Assets (ROAA) for full year 2024 increased to 39.1% in 2024 up from 33.7% in 2023.

Total Liabilities increased moderately by 16.8% to SAR 268.7 million, largely driven by an increase in accrued expenses and other payables, inline with business expansion.

Shareholders' Equity saw a notable rise of 18.0% to SAR 957.8 million. During the year, the share capital of the Company increased from SAR 162.3 million to SAR 499.5 million by issuing 33.7 million shares through capitalization of retained earnings amounting to SAR 337.2 million. Additionally, the share's par value was reduced from SAR 10 each to SAR 2. Derayah maintained a strong return to shareholders with return on equity (ROE) increasing to 50.2% in 2024 up from 43.1% in 2023.

(SAR Million)	2024 G	2023 G	Change (2024 G-2023 G)	2022 G	2021 G	2020 G
<b>Current assets</b>	456.7	507.2	-10.0%	377.0	546.7	223.2
<b>Non-current assets</b>	769.9	534.6	+44.0%	539.9	197.3	154.5
<b>Total assets</b>	<b>1,226.5</b>	<b>1,041.8</b>	<b>+17.7%</b>	<b>916.9</b>	<b>744.1</b>	<b>377.7</b>
<b>Current Liabilities</b>	151.7	114.4	+32.5%	89.9	114.3	87.4
<b>Non-current Liabilities</b>	117.0	115.5	+1.3%	108.7	25.3	14.9
<b>Total Liabilities</b>	<b>268.7</b>	<b>230.0</b>	<b>+16.8%</b>	<b>198.6</b>	<b>139.6</b>	<b>102.3</b>
<b>Total Shareholder's Equity</b>	957.8	811.8	+18.0%	718.3	604.4	275.5
<b>Total Liabilities and Shareholder's Equity</b>	<b>1,226.5</b>	<b>1,041.8</b>	<b>+17.7%</b>	<b>916.9</b>	<b>744.1</b>	<b>377.7</b>

A statement of the value of any paid and outstanding statutory payment on account of any zakat, taxes, fees or any other charges that have not been paid until the end of the annual financial period with a brief description and the reasons therefor.

Statement Paid	Paid	Due and not paid until the end of the annual financial period	Brief description of it
Zakat	11,354,471	24,568,277	Assessment for the years 2024, 2023, 2022
Value added tax	121,957,069	16,692,257	Due for the month of Dec-24
General Organization for Social Insurance	7,807,163	833,264	Due for the month of Dec-24
Board Members	2,655,753	2,710,914	
Ministry of Labor	256,055	-	
Ministry of Municipal	31,639	-	
GOSI	7,807,163	833,264	Due for the month of Dec-24
Tadawul	260,000	-	
<b>Total</b>	<b>152,129,313</b>	<b>45,637,976</b>	

## The profit distribution ratios allocated to shareholders during the various periods of the fiscal year

Amount (SAR)	%	Share Amount	Date
73,030,559	45%	(SAR 4.5 per share)	25 March 2024 G
73,030,559	45%	(SAR 4.5 per share)	1 July 2024 G
145,602,116	30%	(SAR 0.6 per share)	30 September 2024 G
		<b>291,663,234</b>	<b>Total</b>

## Details on Treasury Shares Held by the Company and Their Intended Use

On 01/01/1446H (corresponding to 07/07/2024G), Derayah's Extraordinary General Assembly approved a new employee stock program designed to provide additional incentives to employees ("the New Employee Stock Program"). The program includes 6,300,000 shares issued by the Company through the capitalization of a portion of retained earnings and held as treasury shares. It also includes 765,000 shares previously held by Darayah Alinma Trading Company, which had not been allocated to any employees and were returned to the Company to be added to the treasury shares designated for this program. The General Assembly authorized the Company's Board of Directors and the Nomination and Remuneration Committee to implement the New Employee Stock Program and set its terms and conditions. As of the date of this prospectus, the Company is considering granting a portion of these treasury shares to certain employees under the New Employee Stock Program. This is subject to the Board of Directors' approval of the program's terms, including the vesting conditions for any granted shares. It should be noted that the vesting date for any granted shares will fall after the listing date.

## Interests of the Board Members and Senior Executives

The interests of the members of the Board of Directors, senior executives, and their relatives in Derayah Financial company shares are represented by ownership in the company's stock. There has been no change in these interests during the year 2024.



# Risk Management

# Risk Management

## Introduction

The primary objective of risk management at Derayah is to identify the risks associated with its activities and to determine the level of risk that the Company is willing to assume. This can only be achieved through the implementation of effective risk management policies and procedures that ensure compliance with regulatory requirements and mitigate business risks.

Additionally, the risk management oversees the ongoing internal assessment of capital adequacy, which the Company deems essential to effectively cover potential risks.

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## Risk Management Strategy

Risk management policy includes a clear strategy that articulates the acceptable risk appetite and types of risk-related activities. Derayah has paid particular attention to business risks and establishes effective response strategies to manage potential risks, providing a comprehensive framework to support effective risk management processes.

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## Risk Management Policy

Risk management policy is directly determined by the Board of Directors, which holds the authority to update or amend it. The Board is also responsible for overseeing and approving the risk management strategy, related policies, internal compliance, and internal controls. The risk management policy is determined directly by the Board of Directors, which has the authority to update or amend it. The Board is responsible for overseeing and approving the risk management strategy and related policies, internal compliance and internal controls. Risk governance and oversight is delegated to the Compliance and Risk Committee, which provides direct oversight of all risk-related issues.

Senior management, under the direction of the Board of Directors, is responsible for assessing risks and associated compliance and internal control measures while reporting on the efficiency and effectiveness of risk management practices. Any exceedance of limits is reported by the management function to the CEO and the Compliance and Risk Committee, with limits being reviewed and revised as needed.

The risk management, compliance, and internal control process includes:

1. Identifying and assessing significant risks that may affect the achievement of Derayah's objectives and mitigating them through preventive controls.
2. Developing risk management strategies to address potential risks and designing and implementing appropriate risk management policies and procedures.
3. Monitoring the performance of risk management procedures and recommending improvements where needed.

To ensure the continuous development of its risk management framework in the Saudi markets, and in response to evolving laws and regulations, Derayah invests in specialized programs to enhance and implement a risk management framework that complies with modern laws and regulations and conforms to local and international standards.

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## Risk Management Function Structure

The Risk Management Team at Derayah is responsible for overseeing risks associated with the Company's operations. It is equipped with adequate resources to effectively fulfill its responsibilities in accordance with well-documented policies. Senior management, in collaboration with Derayah employees, is accountable

for monitoring risks across various departments. The Risk Management Department, in turn, prepares and submits reports to the Risk Management and Investment Committee as well as the Compliance and Risk Committee. Additionally, it has direct access to the Board of Directors and undergoes periodic reviews conducted by the Internal Audit Department.

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## Reporting

The Risk Management Department at Derayah follows the methodology of "identifying, assessing, and effectively managing risks," which has resulted in building a solid risk management framework and a comprehensive, efficient system across various business functions.

A variety of reports and relevant information are prepared, submitted, and reviewed by authorized stakeholders on a daily, monthly, quarterly, and annual basis. These stakeholders include the relevant departments, the Board of Directors, regulatory bodies, and shareholders.

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## Types of risks

Credit risk refers to the likelihood that a counterparty may fail to meet its obligations under agreed-upon terms. The primary objective of credit risk management is to maximize returns while maintaining an optimal level of risk within acceptable standards.

Derayah offers a margin financing product and engages with other counterparties as part of its investment activities. To effectively manage credit risk, the Company has implemented the following controls:

### 1. Credit risk

- Establishing clear policies for assessing counterparty risk and defining selection criteria.
- Defining lending policies, approval matrices, single-client credit limits, portfolio concentration limits, and specific limits for individual clients.
- Conducting risk classification before onboarding clients for assessment, using available data from SIMAH.
- Aligning risk data with financial products.
- Continuously monitoring collaterals.

- Periodically assessing and reviewing the overall portfolio quality.
- Tracking and enhancing credit risk management methods to ensure an effective internal risk approach for counterparty risk management.
- Setting, reviewing, and monitoring credit concentration limits.
- Conducting independent periodic reviews of credit risk to validate the efficiency and effectiveness of the credit management system.

### 2. Market risk

Market risk refers to the potential decline in investment value due to price fluctuations. The key factors contributing to market risk include interest rate risk, foreign exchange rate risk, equity price volatility risk, and commodity price volatility risk.

According to established policies, market risks are identified as follows:

- Equity price risk: The risk associated with fluctuations or changes in stock prices.
- Interest rate risk: The risk arising from changes or fluctuations in interest rates.
- Implementing procedures to identify, monitor, and report market risks using a range of tools, including securities analysis, Value at Risk (VaR), and stress testing.
- Ensuring that market risk limits at Derayah are approved and aligned with the Company's risk tolerance capacity, while also complying with capital adequacy requirements and regulatory rules
- Assessing exposure limits at the asset and geographical distribution levels, with liquidity being a key consideration.

### 3. Operational risk

Operational risk refers to the potential for losses resulting from inadequate or missing internal controls, processes, systems, human errors, or external events. It also includes legal risks.

Operational risks are inherent across all business functions and may arise due to fraud, negligence, errors, omissions, or system failures. To mitigate these risks, Derayah has established a robust control and governance framework, along with a well-defined self-assessment risk evaluation process to ensure effective operational risk management.

For the calculation of capital requirements for

operational risk, the Company follows the Basic Indicator Approach, as outlined in the revised Capital Adequacy Rules.

#### 4. Liquidity risk

Liquidity risk arises when the maturity of assets does not align with liabilities, potentially increasing the likelihood of incurring losses. Liquidity risk also occurs when financial instruments or assets cannot be liquidated quickly enough to prevent or minimise losses or realise profits.

To minimize exposure to illiquid assets and mitigate liquidity risk, Derayah has established policies and procedures that enable effective cash flow monitoring and cash position management. This allows the Company to maintain a sufficient level of liquid and cash-equivalent assets to meet its current and future financial obligations efficiently

#### 5. Technology Risk

Technology risk refers to potential threats and uncertainties associated with the use and reliance on various technological tools, systems, and processes. As companies increasingly integrate technology into their operations, exposure to technology-related risks has also grown. Therefore, understanding and effectively managing these risks is crucial to maintaining the security, integrity, and functionality of technology-dependent systems.

- **Data leakage:** The widespread use of digital data and increased system interconnectivity have made organizations more vulnerable to data breaches. A data breach occurs when unauthorized individuals gain access to sensitive information, such as personal data, financial records, or intellectual property. The consequences of a breach can lead to financial losses, reputational damage, and legal repercussions, highlighting the need for robust data security measures to protect an organization's digital assets.
- **System Failure and Downtime:** The increasing reliance on technology exposes organizations to system failures and downtime. Whether caused by technical malfunctions, hardware failures, or unforeseen events, disruptions in technology-dependent operations can lead to loss of productivity, revenue, and customer satisfaction.
- **Emerging Technologies:** While adopting new and innovative technologies offers significant competitive advantages, it also introduces uncertainties and

risks. These may include technical malfunctions, connectivity challenges, and unforeseen consequences that could impact operational efficiency.

Derayah takes a proactive approach to carefully evaluating and managing technology-related risks. The Company systematically assesses, addresses, and mitigates these risks by implementing robust cybersecurity measures, conducting regular risk assessments, staying informed about industry regulations, investing in employee training, establishing contingency plans to address potential disruptions. By adopting a proactive risk management strategy, Derayah ensures it maximizes the benefits of technological advancements while minimizing potential adverse impacts.



# Governance

# Compliance

## Introduction

All Derayah Financial activities and policies are subject to the laws and regulations issued by regulatory authorities overseeing securities trading, primarily the Capital Market Authority (CMA). The Company is committed to implementing best practices and industry standards at local, regional, and international levels. Derayah seeks to adopt a continuous and effective compliance approach to ensure an efficient compliance program that keeps pace with all relevant developments in the business environment. The Compliance Department plays a critical role in combating illegal and criminalized financial activities that are deemed unlawful under the Kingdom's regulations. This is achieved by verifying sources of funds, thereby contributing to the integrity of the financial system.

To remain aligned with the evolving regulatory landscape in securities trading, the Compliance Department regularly reviews internal policies and procedures to ensure adherence to relevant laws and regulations. It also submits periodic reports to the Governance, Risk, and Compliance Committee and develops effective mechanisms and directives for all employees to ensure full compliance with applicable regulations.

Compliance management serves as a cornerstone of governance, reinforcing adherence to regulatory standards and internal policies. Through a proactive approach rooted in continuous improvement and risk management, Derayah strives to embed a culture of compliance as a fundamental aspect of its work environment. Our commitment to transparency and accountability extends beyond mere legal compliance; it fosters trust, credibility, and organizational excellence.

## Compliance with the Provisions of the Corporate Governance Regulation

As Derayah Financial is not subject to the Corporate Governance Regulation issued by the Capital Market Authority (CMA) for the fiscal year 2024, given its status as an unlisted company, the Company has proactively worked towards full compliance with all mandatory provisions of the CMA's Corporate Governance Regulation by the end of 2024. This effort is in preparation for its planned listing on the Main Market.

## Fines

In 2024, the Capital Market Authority (CMA) imposed a total of SAR 810,000 in fines on the Company. Derayah Financial has taken all necessary corrective measures to enhance operational efficiency and address the issues that led to these fines. Below is an explanation of the information related to the fines received by the Company:

- SAR 200,000 in relation to Article (13)(b) of the Real Estate Investment Funds Regulation and Article (5)(b) of the Capital Market Institutions Regulation.
- SAR 300 thousand in relation to Article (3)(a) of the Financial Market Institutions Regulation.
- SAR 300,000 in relation to Article (55)(c) of the Financial Market Institutions Regulation.
- SAR 10,000 in relation to Article (75)(a) of the Financial Market Institutions Regulation.

# Governance practices framework

The primary sources of corporate governance in the Kingdom include the Corporate Governance Regulations issued by the Capital Market Authority (CMA), select provisions of the Companies Law, and best practices in corporate governance in the Kingdom.

The Corporate Governance Regulations define the framework that governs relationships among the Board of Directors, Executive Management, shareholders, and other stakeholders. This framework establishes rules and procedures to facilitate effective decision-making, with the overarching objective of protecting shareholders' rights, safeguarding stakeholder interests, and fostering the principles of credibility, fairness, competitiveness, and transparency in the Company's operations within the financial market and broader business environment.

Additionally, the Corporate Governance Regulations mandate the establishment of clear disclosure and transparency mechanisms to ensure that the Board of Directors acts in the best interests of shareholders while providing an accurate and fair representation of the Company's financial position and operational performance.

The Company firmly believes that its commitment to corporate governance regulations and full compliance with relevant laws and regulations play a pivotal role in its long-term success. Derayah Financial remains dedicated to continuously updating and refining its internal corporate governance policies as needed, ensuring alignment with best governance practices and evolving regulatory requirements.

## Board of Directors Responsibilities and Competencies of the Board of Directors

Taking into account the authorities vested in the General Assembly, the Board of Directors is granted the broadest powers to manage the Company, formulate its policies, determine its investment strategies, oversee its operations and financial affairs, establish new entities, invest in other companies, and conduct its business activities both domestically and internationally. These powers are subject to any explicit exclusions outlined in the Companies Law or matters that fall within the exclusive jurisdiction of the General Assembly.

Among its key responsibilities and powers, the Board of Directors is entrusted with the following:

1. Representing the Company in its dealings with third parties, including government and private entities, civil courts, police departments, chambers of commerce, industrial chambers, special authorities, and various companies and institutions, participating in tenders, making payments and receipts, and issuing official acknowledgments on behalf of the Company.
2. The Board of Directors has the authority to sign all types of contracts, documents, and instruments, including but not limited to:
  - Articles of association of companies in which the Company is a partner, along with all related amendments, supplements, and resolutions.
  - Agreements and deeds executed before a notary public and government authorities.
  - Loan agreements on behalf of the Company.
  - Guarantees and sureties on behalf of the Company, whether in its own capacity or as a

- partner or shareholder in its subsidiaries and/or companies in which it holds shares.
- Issuance of general powers of attorney on behalf of the Company.
  - Execution of sales, purchases, releases, acceptance, receipts, delivery, leasing, renting, collection, and payment transactions.
  - Opening of all types of bank accounts and handling letters of credit, withdrawals, and deposits with banks and licensed investment companies.
  - Issuance of bank guarantees related to the Company's business or its investments in other companies.
  - Granting guarantees of all kinds on behalf of the Company, including guarantees for the Company's obligations in its subsidiaries and/or companies in which it holds shares.
  - Signing and submitting all types of undertakings, acknowledgments, guarantees (bank or otherwise), bonds, and sureties on behalf of the Company, whether related to its own operations, its investments in subsidiaries and affiliated companies, or guarantees securing the Company's obligations in such companies.
  - Signing all official papers, documents, checks, and executing banking and investment transactions.
3. Appointing and dismissing employees and workers, requesting visas, recruiting workforce from outside the Kingdom, contracting with them, setting their salaries, issuing residency permits, and handling sponsorship transfers and waivers.
  4. Purchasing, selling, and transferring ownership of land and real estate, including accepting releases, making payments, merging title deeds, subdividing and partitioning properties, receiving and updating title deeds, registering title deeds in the comprehensive system, modifying boundaries, lengths, areas, plot numbers, maps, and title deed dates, as well as converting square yards to square meters and feet to meters in title deeds. Additionally, appearing before a notary public for all related matters.
  5. Approving and finalizing the procedures for mortgaging and de-mortgaging the lands and real estate owned by the Company.
  6. Entering into loan agreements with government financing funds and institutions, regardless of their term, and entering into commercial loan agreements, provided that their term does not exceed the Company's term.
  7. Distributing interim dividends.
  8. The Company may, under certain circumstances, deem it appropriate to release its debtors from their obligations, provided that the Board of Directors' minutes and decision observe to the following conditions:
    - a. The discharge must take place only after one full year has passed since the debt was incurred.
    - b. The maximum amount that may be discharged for each debtor within a given year must be clearly defined.

The authority to grant discharge is exclusively vested in the Board of Directors and cannot be delegated.
  9. The Board of Directors may delegate all or some of its powers to a Director or other individuals, with the right to revoke such delegation in whole or in part as deemed necessary.

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## Composition of the Board of Directors

Derayah's Board of Directors consists of nine (9) members who are highly experienced, competent, and reputable professionals appointed by the Ordinary General Assembly. The Board is composed of six (6) non-executive, non-independent members and three (3) independent members.

In accordance with the Company's Bylaws, the term of office for each Director, including the Chairman of the Board, shall not exceed four (4) years per session. The Board of Directors shall convene periodically as deemed necessary, with a minimum of four (4) meetings per year.

The roles and responsibilities of the Board of Directors are defined by the Companies Law, the Corporate Governance Regulations, and the Company's Bylaws and Internal Governance Manual.

## Members of the Board of Directors

No	Name	Position	Nationality	Date of appointment	Capacity
1	Taha Abdullah Ibrahim Al-Kuwaiz	Chairman	Saudi	15/02/1445H Corresponding to 31/08/2023G	Non-Executive/ Non-Independent
2	Ibrahim Abdulaziz Ibrahim Aljammaz	Vice Chairman of the Board	Saudi	15/02/1445H Corresponding to 31/08/2023G	Non-Executive/ Non-Independent
3	Khaled Mohammed Ali Aba Al-Khail	Director	Saudi	15/02/1445H Corresponding to 31/08/2023G	Non-Executive/ Non-Independent
4	Zaki Abdulaziz Al-Showaier	Director	Saudi	15/02/1445H Corresponding to 31/08/2023G	Non-Executive/ Non-Independent
5	Hashem Othman Ibrahim Al-Hekail	Director	Saudi	15/02/1445H Corresponding to 31/08/2023G	Non-Executive/ Non-Independent
6	Abdulwahab Saeed Abdullah Al-Sayed	Director	Saudi	15/02/1445H Corresponding to 31/08/2023G	Non-Executive/ Non-Independent
7	Yasser Abdulaziz Mohammed Al-Qadi	Director	Saudi	15/02/1445H Corresponding to 31/08/2023G	Non-Executive/ Independent
8	Faisal Hamad Abdullah Al-Sugair	Director	Saudi	15/02/1445H Corresponding to 31/08/2023G	Non-Executive/ Independent
9	Abdullah Abdulrahman Abdulrazzaq Al-Saeed	Director	Saudi	15/02/1445H Corresponding to 31/08/2023G	Non-Executive/ Independent

## Board meetings during the year 2024G

	25 March 2024 G	28 April 2024 G	4 June 2024 G	28 October 2024 G	11 December 2024 G
Taha Al-Kuwaiz	Attended	Attended	Attended	Attended	Attended
Zaki Alshowaier	Attended	Attended	Attended	Attended	Attended
Ibrahim Aljammaz	Attended	Attended	Attended	Attended	Attended
Abdullah Al-Saeed	Attended	Attended	Attended	Attended	Attended
Khaled Aba Al-Khail	Attended	Attended	Attended	Attended	Attended
Abdulwahab Al-Sayed	Attended	Attended	Attended	Attended	Attended
Faisal Alsugair	Attended	Attended	Attended	Attended	Attended
Hashem Al-Hekail	Attended	Attended	Attended	Attended	Attended
Yasser Al-Qadi	Attended	Attended	Attended	Attended	Attended

## Biographies of Members of the Board of Directors

<b>Name</b>	Taha Abdullah Ibrahim Al-Kuwaiz
<b>Nationality</b>	Saudi
<b>Current Position</b>	Chairman – non-executive and non-independent
<b>Academic Qualifications</b>	Bachelor's degree in Computer Science, King Fahd University of Petroleum and Minerals, Kingdom of Saudi Arabia, 1984G.
<b>Other Current Positions</b>	<ul style="list-style-type: none"> <li>• Chairman of the Board of Directors of D360 Bank, a closed joint-stock company operating in the digital banking sector, 2022G to present.</li> <li>• Director at Olayan Holding Company, a closed joint-stock company operating in the multiple business sector, 2018G to present.</li> </ul>
<b>Previous Positions</b>	<ul style="list-style-type: none"> <li>• Vice Chairman of Saudi Telecom Company, a listed joint-stock company operating in the telecommunications sector, 2016G to 2019G.</li> <li>• Director at the Real Estate Development Fund, a government fund operating in the Government sector, 2016G to 2019G.</li> <li>• Director at Saudi Kayan Petrochemical Company, a listed joint-stock company operating in the petrochemical sector, 2009G to 2015G.</li> <li>• Vice Chairman of Bank AlJazira, a listed joint-stock company operating in the banking sector, 2007G to 2015G.</li> <li>• Chairman of Saudi Tadawul Group Holding Company, a listed joint-stock company operating in the financial market sector, 2011G to 2014G.</li> <li>• Vice Chairman of Saudi Tadawul Group Holding Company, a listed joint-stock company operating in the financial market sector, 2007G to 2011G.</li> <li>• Deputy General Manager and Head of the Support and Central Sectors Sector of National Commercial Bank (currently Saudi National Bank), a listed joint-stock company operating in the banking sector, 2004G to 2006G.</li> <li>• Vice Chairman of Arab Financial Services Company, a closed joint-stock company operating in the finance sector in Kingdom of Bahrain, 2000G to 2005G.</li> <li>• Head of the Support Sector of National Commercial Bank (currently Saudi National Bank), a listed joint-stock company operating in the banking sector, 2001G to 2004G.</li> <li>• Head of the Systems and Operations Department of National Commercial Bank (currently Saudi National Bank), a listed joint-stock company operating in the banking sector, 1999G to 2001G.</li> <li>• Director of Bank Technology at the Saudi Arabian Monetary Agency (currently the Saudi Central Bank), a government agency and the Central Bank of the Kingdom, 1990G to 1999G.</li> <li>• Director of the Banking Technology Department of the Saudi Arabian Monetary Agency (currently the Saudi Central Bank), a government agency and the Central Bank of the Kingdom, 1987G to 1990G.</li> </ul>

<b>Name</b>	Ibrahim Abdulaziz Ibrahim Al-Jammaz
<b>Nationality</b>	Saudi
<b>Current Position</b>	Vice Chairman – non-executive and non-independent
<b>Academic Qualifications</b>	Bachelor's degree in Industrial Engineering, King Saud University, Kingdom of Saudi Arabia, 1999G.
<b>Other Current Positions</b>	<ul style="list-style-type: none"> <li>• Manager at Daleel Investment Company, a limited liability company operating in the investment sector, 2024G to present.</li> <li>• Director at Dr.Sulaiman Al Habib Medical Services Group, a listed joint-stock company operation in the health care section, 2024G to present.</li> <li>• Chairman of Tuwaiq Agricultural Company, a limited liability company operating in the agricultural sector, 2023G to present.</li> <li>• Chairman of AlJammaz Agriculture Company, a limited liability company operating in the agriculture sector, 2023G to present.</li> <li>• Director and Member of the Executive Committee of D360 Bank, a closed joint-stock company operating in the digital banking sector, 2022G to present.</li> <li>• Manager at Nukhbat Farzan Investment Company, a limited liability company operating in the investment sector, 2022G to present.</li> <li>• Manager at AlJammaz Administrative Services Company, a limited liability company operating in the administrative services sector, 2022G to present.</li> <li>• Manager at Farzan Investment Company, a limited liability company operating in the investment sector, 2021G to present.</li> <li>• Chairman of Alamar Foods Company, a listed joint-stock company operating in food sector, 2021G to present.</li> <li>• Manager at Jazl Investment Company, a limited liability company operating in the investment sector, 2020G to present.</li> <li>• Manager at AlJammaz Retail Company, a limited liability company operating in the retail sector, 2020G to present.</li> <li>• Director at Himaah Al Riyada Company (Endeavor Saudi Arabia), a non-profit company operating in the social service sector, 2019G to present.</li> <li>• Chairman of Abdulaziz Ibrahim AlJammaz &amp; Brothers Company, a closed joint-stock company operating in investment sector, 2018G to present.</li> <li>• Chairman of Ayar International Contracting Co., a limited liability company operating in the contracting sector, 2018G to present.</li> <li>• Manager at Premium Choco Gift Company (Patchi), a limited company in the United States of America operating in the food sector, 2016G to present.</li> <li>• Director at Cedrus Invest Bank, a joint-stock company in the Republic of Lebanon operating in the banking sector, 2011G to present.</li> <li>• Manager at Benchmark Saudi Arabia Company, a limited liability company operating in the real estate sector, 2010G to present.</li> <li>• Manager at Olaya Real Estate Investment, a limited liability company in the Arab Republic of Egypt operating in the real estate sector, 2007G to present.</li> <li>• Chairman of United Chocolate and Gifts Company (Patchi), a limited liability company operating in the food sector, 2007G to present.</li> <li>• Manager at Saudi Lebanese Chocolate and Sweets Factories Company (Patchi), a limited liability company operating in the food sector, 2007G to present.</li> <li>• Director at Sovanna Cayman Islands, a limited company in the Cayman Islands operating in the investment sector, 2000G to present.</li> <li>• Chairman of Jawaher Al Rabwa Real Estate Development Company, a limited liability company operating in the real estate development sector, 2024G to present.</li> <li>• Chairman of Tilal Al Rabwa Real Estate Development Company, a limited liability company operating in the real estate sector, 2022G to present.</li> </ul>
<b>Previous Positions</b>	<ul style="list-style-type: none"> <li>• Chairman of Jawaher Al Rabwa Real Estate Development Company, a limited liability company operating in the real estate development sector, 2024G to present.</li> <li>• Chairman of Tilal Al Rabwa Real Estate Development Company, a limited liability company operating in the real estate sector, 2022G to present.</li> <li>• Executive Chairman of Alamar Foods Company, a listed joint-stock company operating in the food sector, 2012G to 2021G.</li> <li>• Vice Chairman of Abdulaziz Ibrahim AlJammaz &amp; Brothers Company, a closed joint-stock company operating in the investment sector, 2003G to 2012G.</li> <li>• Sales Manager at AlJammaz Distribution Company, a limited liability company operating in the information technology sector, 1999G to 2003G.</li> <li>• Sales executive at AlJammaz Distribution Company, a limited liability company operating in the information technology sector, 1997G to 1999G.</li> </ul>

<b>Name</b>	Khaled Mohammed Aba Al-Khail
<b>Nationality</b>	Saudi
<b>Current Position</b>	Director – non-executive and non-independent
<b>Academic Qualifications</b>	Bachelor's degree in Financial Sciences, King Fahd University of Petroleum and Minerals, Kingdom of Saudi Arabia, 2003G.
<b>Other Current Positions</b>	<ul style="list-style-type: none"> <li>• Director at Yanal Finance Company, a closed joint-stock company operating in the finance sector, 2015G to present.</li> <li>• Director at Sanad Investment Company, a closed joint-stock company operating in the investment sector, 2006G to present.</li> </ul>
<b>Previous Positions</b>	<ul style="list-style-type: none"> <li>• Director of Gulf Chemicals &amp; Industrial Oils Co., a closed joint-stock company operating in the manufacturing sector, 2007G to 2024G.</li> <li>• Member of the Nomination and Remuneration Committee at the Company, 2013G to 2023G.</li> <li>• Credit Analyst at Banque Saudi Fransi, a listed joint-stock company operating in the banking sector, 2003G to 2006G.</li> </ul>

<b>Name</b>	Zaki Abdulaziz Ali Al-Showaier
<b>Nationality</b>	Saudi
<b>Current Position</b>	Director - non-executive and non-independent
<b>Academic Qualifications</b>	High school diploma, Kingdom of Saudi Arabia, 1980G.
<b>Other Current Positions</b>	<ul style="list-style-type: none"> <li>• Director of Alamar Foods Company, a listed joint-stock company operating in the consumer services sector, 2023G to present.</li> <li>• Vice Chairman of D360 Bank, a closed joint-stock company operating in the digital banking sector, 2022G to present.</li> <li>• Managing Director and Vice Chairman of Al-Showaier Investment and Real Estate Development Company, a closed joint-stock company operating in the real estate development sector, 2009G to present.</li> </ul>
<b>Previous Positions</b>	<ul style="list-style-type: none"> <li>• Real Estate Marketing Manager at Al-Showaier Investment and Real Estate Development Company, a closed jointstock company operating in the real estate development sector, 1987G to 2009G.</li> <li>• Buildings Supervisor, Procurement Officer and Buildings Department Manager at Al-Showaier Investment and Real Estate Development Company, a closed joint-stock company operating in the real estate development sector, 1981G to 1987G.</li> </ul>

<b>Name</b>	Hashem Othman Ibrahim Al-Hekail
<b>Nationality</b>	Saudi
<b>Current Position</b>	Director - non-executive and non-independent
<b>Academic Qualifications</b>	<ul style="list-style-type: none"> <li>• Bachelor's degree in Social Work from King Saud University, Kingdom of Saudi Arabia, 1981G.</li> <li>• Diploma in Finance Control, Institute of Management, Kingdom of Saudi Arabia, 1983G.</li> </ul>
<b>Other Current Positions</b>	<ul style="list-style-type: none"> <li>• Director and member of the Risk Committee, Saudi Mortgage Guarantees Services Company, a closed joint-stock company operating in the insurance sector, 2023G to present.</li> <li>• Director of Saudi Tadawul Group Holding Co., a listed joint-stock company operating in the financial market sector, 2022G to present.</li> <li>• Chairman of Bwa for Information Technology (BwaTech), a closed joint-stock company operating in the FinTech sector, 2020G to present.</li> </ul>
<b>Previous Positions</b>	<ul style="list-style-type: none"> <li>• Deputy Governor for Banking Operations and Financial Sector Development at the Saudi Arabian Monetary Agency (now the Saudi Central Bank), a Government agency and the central bank of the Kingdom, 2013G to 2020G.</li> <li>• Director of Business Systems Development at the National Commercial Bank (now the Saudi National Bank), a publicly listed company operating in the banking sector, 2001G to 2006G.</li> </ul>

<b>Name</b>	Abdulwahab Saeed Abdullah Al-Sayed
<b>Nationality</b>	Saudi
<b>Current Position</b>	Director - non-executive and non-independent
<b>Academic Qualifications</b>	Bachelor's degree in Business Administration, King Saud University, Kingdom of Saudi Arabia, 1996G.
<b>Other Current Positions</b>	<ul style="list-style-type: none"> <li>• Director of Tawafuq Real Estate Services Company, a closed joint-stock company operating in the real estate sector, 2022G to present.</li> <li>• Director of Alarabi Alargan Real Estate Development Fund 1, a Real Estate Investment Trust (REIT) licensed by the CMA operating in the real estate sector, 2021G to present.</li> <li>• Director of Derayah REIT, an exchange-traded fund (ETF) operating in the real estate sector, 2018G to present.</li> <li>• Director of Tharwa Town, a closed joint-stock company operating in the real estate sector, 2016G to present.</li> <li>• Director of Motoon Real Estate Company, a closed joint-stock company operating in the real estate sector, 2009G to present.</li> <li>• Director of Akwan Real Estate Co., a closed joint-stock company operating in the real estate sector, 2007G to present.</li> <li>• Vice Chairman of Alsayed Sons Company, a limited liability company operating in the import and export sector, 1993G to present.</li> </ul>
<b>Previous Positions</b>	N/A

<b>Name</b>	Yasser Abdulaziz Mohammed Al-Qadi
<b>Nationality</b>	Saudi
<b>Current Position</b>	Director - non-executive and independent
<b>Academic Qualifications</b>	<ul style="list-style-type: none"> <li>• Master's degree in Financial Business Administration, University of Maine, Portland, United States, 2003G.</li> <li>• Bachelor of Science in Finance, Portland University, United States, 2001G.</li> </ul>
<b>Other Current Positions</b>	<ul style="list-style-type: none"> <li>• Director and Chairman of the Nomination and Remuneration Committee of Lumi Rental Company, a listed joint-stock company operating in the transportation sector, 2023G to present.</li> <li>• Director and Managing Director of Khwarizmi Holding, a closed joint-stock company operating in the transportation sector, 2023G to present.</li> <li>• Director of Jabal Omar Development Company, a listed joint-stock company operating in the real estate management and development sector, 2021G to present.</li> <li>• Member of the Executive Committee of the Aspiration Program at the Small and Medium Enterprises General Authority (Monsha'at), a Government agency operating in the SME sector, 2019G to present.</li> <li>• Member of the Logistics Committee at the Riyadh Chamber of Commerce, a non-profit agency operating in the commercial activities sector, 2018G to present.</li> <li>• Director and Managing Director of Kadi Group Holding Company, a closed joint-stock company operating in the investment sector, 2017G to present.</li> <li>• Chief Executive Officer at Kadi Group Holding Company, a closed joint-stock company operating in the investment sector, 2017G to present.</li> <li>• Director and Managing Director of Zajil Shipping and Logistic Services, a closed joint-stock company operating in the transportation sector, 2017G to present.</li> </ul>
<b>Previous Positions</b>	<ul style="list-style-type: none"> <li>• Director of the National Shipping Company of Saudi Arabia (Bahri), a listed joint-stock company operating in the maritime transportation sector, 2020G to 2023G.</li> <li>• Member of the Board of Trustees of Oqal Group, an endowment company operating in the startup sector, 2019G to 2021G.</li> <li>• Member of the Logistics Committee at Asharqia Chamber, a non-profit agency operating in the commercial activities sector, 2018G to 2021G.</li> <li>• Chairman of Oqal Group, an endowment company operating in the startup sector, 2015G to 2019G.</li> <li>• Executive Vice President of Logistics at Kadi Group Holding Company, a closed joint-stock company operating in the investment sector, 2009G to 2015G.</li> <li>• Business Development Manager at Al Jeraisy Group Company, a closed joint-stock company operating in the investment sector, 2006G to 2008G.</li> <li>• Financial Analyst at Al-Faisaliah Group, a closed joint-stock company operating in the investment sector, 2004G to 2006G.</li> </ul>

<b>Name</b>	Faisal Hamad Abdullah Al-Sugair
<b>Nationality</b>	Saudi
<b>Current Position</b>	Director - non-executive and independent
<b>Academic Qualifications</b>	<ul style="list-style-type: none"> <li>• PhD in Civil and Structural Engineering, Stanford University, United States, 1988G.</li> <li>• Master of Science in Civil and Structural Engineering, Stanford University, United States, 1984G.</li> <li>• Bachelor's degree in Civil Engineering, King Saud University, Saudi Arabia, 1982G.</li> </ul>
<b>Other Current Positions</b>	<ul style="list-style-type: none"> <li>• Director of the Public Transportation Authority, a Government agency operation in the transportation sector, 2024G to present.</li> <li>• Director of Royal Saudi Airlines, a Government agency operating in the Royal Aviation sector, 2024G to present.</li> <li>• Vice Chairman of Northern Region Cement Co. and Chairman of the Audit Committee, a listed joint-stock company operating in the cement manufacturing sector, 2023G to present.</li> <li>• Director of Thakher Development Company, a joint-stock company operating in the real estate sector, 2021G to present.</li> </ul>
<b>Previous Positions</b>	<ul style="list-style-type: none"> <li>• Chief Executive Officer at the Saudi Center for International Strategic Partnerships (SCISP), a Government agency operating in the international relations development sector, 2018G to 2023G.</li> <li>• Vice Chairman of Advanced Electronics Company (AEC), a limited liability company operating in the manufacturing sector, 2017G to 2021G.</li> <li>• Chairman of Saudi Civil Aviation Holding Co., a limited liability company operating in the aviation sector, 2015G to 2018G.</li> </ul>

<b>Name</b>	Abdullah Abdulrahman Abdulrazzaq Al-Saeed
<b>Nationality</b>	Saudi
<b>Current Position</b>	Director - non-executive and independent
<b>Academic Qualifications</b>	<ul style="list-style-type: none"> <li>• Master of Science in Engineering and Management Science, Stanford University, United States, 2016G.</li> <li>• Bachelor of Science in Chemical Engineering and Applied Mathematics, Massachusetts Institute of Technology, United States, 2015G.</li> </ul>
<b>Other Current Positions</b>	<ul style="list-style-type: none"> <li>• Chief Strategy and Finance Officer at Mozn Systems for Communication and Information Technology, a limited liability company operating in the information technology sector, 2018G to present.</li> </ul>
<b>Previous Positions</b>	<ul style="list-style-type: none"> <li>• Consultant at McKinsey &amp; Company, a limited liability company operating in the consulting sector, 2016G to 2018G.</li> </ul>

<b>Name</b>	Mohammed Ahmed Saud Al-Yami
<b>Nationality</b>	Saudi
<b>Current Position</b>	Secretary of the Board of Directors
<b>Academic Qualifications</b>	Bachelor's degree in Management Information Systems, King Fahd University of Petroleum and Minerals, Saudi Arabia, 2005G.
<b>Other Current Positions</b>	<ul style="list-style-type: none"> <li>• Chairman of the Audit Committee at Lendo Saudi Arabia, a closed joint-stock company operating in the payments and FinTech sector, 2021G to present.</li> </ul>
<b>Previous Positions</b>	<ul style="list-style-type: none"> <li>• Compliance and Anti-Money Laundering Officer at Al Arabi Investment Group Co., a closed joint-stock company operating in the securities business sector, 2013G to 2014G.</li> <li>• Director of Global Brokerage at Al Arabi Investment Group Co., a closed joint-stock company operating in the securities business sector, 2008G to 2013G.</li> <li>• Product Manager for electronic trading in Gulf markets, Samba Financial (now known as SNB Capital), a closed jointstock company operating in the securities industry, 2006G to 2008G.</li> </ul>

## Methods relied upon by the Board of Directors to evaluate its performance and the performance of its committees and members:

- a. The Board of Directors, based on the Nomination and Remuneration Committee (NRC)'s proposal, conducts an annual assessment of its performance, as well as the performance of its members, using Key Performance Indicators (KPIs) related to strategic objectives, risk management, and internal control systems. Any identified strengths and weaknesses are addressed through proposed corrective measures.
- b. The procedures of performance assessment shall be documented in writing, clearly defined, and disclosed to the Board members and relevant parties.
- c. The evaluation includes an assessment of the Board's collective skills and experience, identification of strengths and weaknesses, and proposing solutions such as appointing qualified professionals to enhance the Board's performance. The assessment also covers the Board's operational mechanisms, ensuring efficiency and effectiveness.
- d. Individual performance assessment of Board members considers their active participation, commitment to responsibilities, attendance at Board and committee meetings, and time dedication to their roles.
- e. The Board shall arrange for an independent third-party assessment of its performance at least once every three years.
- f. Non-Executive Directors shall conduct a periodic assessment of the Chairman's performance, incorporating feedback from Executive Directors, while ensuring the Chairman is not present during the discussion. The assessment aims to identify strengths and weaknesses and propose improvements in the best interest of the Company.
- g. The Board of Directors shall assess the performance of its committees and their members to ensure that their activities align with the Company's strategic objectives and governance framework. Any areas for improvement are addressed through appropriate measures to enhance the effectiveness and contributions of committees.

## Board of Directors Committees

### Nomination and Remuneration Committee

The Nomination and Remuneration Committee was formed pursuant to a Board resolution dated 13/03/1445H (corresponding to 28/09/2023G). The committee's charter was subsequently amended and approved by the Board of Directors on 29/11/1445H (corresponding to 06/06/2024G), and later approved by the General Assembly on 01/01/1446H (corresponding to 07/07/2024G).

The Nomination and Remuneration Committee currently consists of three (3) members, appointed by the Company's Board of Directors. According to the committee's charter, the membership term is three (3) years, renewable, the majority of the members must be non-executive, at least one member must be independent, and the Committee Chairman must be an independent member.

Responsibilities of the Nomination and Remuneration Committee include, but are not limited to:

1. Proposing clear policies and criteria for membership on the Board of Directors and Executive Management.
2. Providing recommendations to the Board of Directors for the nomination and re-nomination of its members, ensuring that no candidate convicted of crimes related to dishonesty or moral turpitude is nominated.
3. Preparing descriptions of the capabilities and qualifications required for membership on the Board of Directors and Executive Management positions.
4. Determining the time a Director should allocate for Board activities.
5. Undertaking an annual review of the skills and experience required of Directors and Executive Management.
6. Ensuring the independence of independent Directors annually and ensuring the absence of any conflicts of interest if a Director serves on the board of another company.
7. Providing job description for executive, non-executive, and independent Directors, as well as Executive Management.
8. Evaluating the strengths and weaknesses of the Board and recommending remedial solutions that serve the Company's best interests.
9. Regularly (at least annually) reviewing the structure, size, and composition of the Company's Board (including skills, knowledge, experience, and

9. diversity), and making appropriate recommendations to the Board (which in turn will make recommendations to the General Assembly).
10. Developing procedures to be followed in the event of a vacancy on the Board or among Senior Executives.
11. Developing a clear policy on the remuneration of Directors, Board committees, and Executive Management, and submitting it to the Board for consideration prior to its approval by the General Assembly, provided that such policy takes into account performance-based criteria, disclosure, as well as ensuring implementation thereof.
12. Clarifying the relationship between remuneration granted and the applicable remuneration policy, and stating any material deviation from such policy.
13. Periodically reviewing the remuneration policy and assessing its effectiveness in achieving the intended objectives.
14. Making recommendations to the Board on the remuneration of the Company's Directors, Board committees, and Senior Executives in accordance with the approved policy.

### Members of the Nomination and Remuneration Committee

Name	Position
<b>Abdullah Al-Saeed</b>	Chairman of the Nomination and Remuneration Committee - non-executive and independent Director
<b>Ibrahim Al-Jammaz</b>	Member of the Nomination and Remuneration Committee - non-executive and independent Director
<b>Saud Al-Sayed</b>	Member of the Nomination and Remuneration Committee - member from outside the Board of Directors

### Nomination and Remuneration Committee meetings during the year 2024G

Name	18 March 2024 G	3 April 2024 G	9 May 2024 G
<b>Ibrahim Al-Jammaz</b>	Attended	Attended	Attended
<b>Abdullah Al-Saeed</b>	Attended	Attended	Attended
<b>Saud Al-Sayed</b>	Attended	Attended	Attended

## Executive Committee

- The Executive Committee was formed pursuant to a Board resolution dated 19/10/1445H (corresponding to 28/04/2024G), and its charter was prepared and approved by the Board on 10/06/1446H (corresponding to 11/12/2024G).
- The Executive Committee currently comprises four (4) members appointed by the Company's Board of Directors.

Responsibilities of the Executive Committee include, but are not limited to:

1. Reviewing and submitting recommendations to the Board of Directors regarding the Company's strategic plans, Company objectives, annual business plan, commercial and financial objectives and annual budget.
2. Reviewing periodic management reports and evaluating performance before referring them to the Board of Directors.
3. Approving the appointments of the Directors of subsidiaries.
4. Approving the establishment and/or termination of joint ventures and/or subsidiaries.
5. Approving key performance indicators and evaluating the performance of the CEO.
6. Ensuring the effective operation of the Company's committees.

## Members of the Executive Committee

Name	Position
<b>Taha Abdullah Al-Kuwaiz</b>	Chairman of the Executive Committee – Non-Executive and independent Director
<b>Ibrahim Abdulaziz Ibrahim Al-Jammaz</b>	Member of the Executive Committee – Non-Executive and independent Director
<b>Zaki Abdulaziz Al-Showaier</b>	Member of the Executive Committee – Non-Executive and independent Director
<b>Mohammed Saeed Al-Shammasi</b>	Member of the Executive Committee – Member from outside the Board of Directors

## Meetings of the Executive Committee for the year 2024G

Name	16 October 2024 G	25 November 2024 G
<b>Taha Abdullah Al-Kuwaiz</b>	Attended	Attended
<b>Ibrahim Abdulaziz Ibrahim Al-Jammaz</b>	Attended	Attended
<b>Zaki Abdulaziz Al-Showaier</b>	Attended	Attended
<b>Mohammed Saeed Al-Shammasi</b>	Attended	Attended

## Governance, Risk and Compliance Committee

The Governance, Risk and Compliance Committee was formed pursuant to a Board resolution dated 13/03/1445H (Corresponding to 28/09/2023G), and the Governance, Risk and Compliance Committee's charter was prepared and approved by the Board on 10/06/1446H (corresponding to 11/12/2024G).

The Governance, Risk and Compliance Committee currently comprises five (5) members from among the Board of Directors and others, who were appointed by the Company's Board of Directors. The term of membership is three (3) years and may be renewed.

Responsibilities of the Governance, Risk and Compliance Committee include, but are not limited to:

1. Ensuring that the Company has appropriate policies and procedures in place to ensure compliance with the applicable laws, regulations and rules.
2. Providing adequate resources to the Company's compliance and risk management staff and ensuring that they have all the necessary information.
3. Ensuring that the Company establishes and implements appropriate risk management systems and mechanisms.
4. Ensuring that all Company employees comply with governance, compliance and risk management requirements.
5. Ensuring that the necessary notifications are sent to the official competent authorities.
6. Preparing appropriate reports on governance, compliance and risk management procedures and submitting them to the Board of Directors.
7. Submitting an annual report to the Board of Directors on the committee's deliberations and findings, including reporting any violations of any laws or regulations or non-compliance by the Company with risk management programs, and providing a copy of the report to the Audit Committee.
8. Determining margin lending and making recommendations thereon to the Board of Directors and operating in accordance therewith.

## Members of the Governance, Risk and Compliance Committee

Name	Position
<b>Yasser Abdulaziz Mohammed Al-Qadi</b>	Chairman of the Governance, Risk and Compliance Committee – Non-Executive and Independent Director
<b>Mohammed Saeed Al-Shammasi</b>	Member of the Governance, Risk and Compliance Committee - Member from outside the Board of Directors
<b>Bilal Khalid Mahmoud Bushnaq</b>	Member of the Governance, Risk and Compliance Committee - Member from outside the Board of Directors
<b>Mohammed Ahmed Saud Al-Yami</b>	Member of the Governance, Risk and Compliance Committee - Member from outside the Board of Directors
<b>Abdul Fattah Ibrahim Al-Tawil</b>	Member of the Governance, Risk and Compliance Committee - Member from outside the Board of Directors

## Governance, Risk and Compliance Committee meetings during the year 2024G

Name	27 March 2024 G	30 December 2024 G
<b>Yasser Abdulaziz Mohammed Al-Qadi</b>	Attended	Attended
<b>Abdul Fattah Ibrahim Al-Tawil</b>	Attended	Attended
<b>Bilal Khalid Mahmoud Bushnaq</b>	Attended	Attended
<b>Mohammed Ahmed Saud Al-Yami</b>	Attended	Attended
<b>Mohammed Salman Saeed</b>	Attended	Attended

## Audit Committee

The Audit Committee was formed in accordance with Article Fifty-One (51) of the Corporate Governance Regulations issued by the Capital Market Authority. The Ordinary General Assembly of Derayah Financial approved the formation of the committee during its meeting held on 15 Safar 1445H (corresponding to August 31, 2023G).

The term of the Audit Committee begins from the date of the Ordinary General Assembly meeting on 15 Safar 1445H (corresponding to August 31, 2023G) and extends for a period of three years.

Additionally, the Extraordinary General Assembly of Derayah Financial, in its meeting held on 1 Muharram 1446H (corresponding to July 7, 2024G), approved the following:

1. Appointing Dr. Faisal Al-Suqair as Chairman of the Audit Committee, effective from the date of the decision.
2. Amending the name of the Audit and Review Committee to become the Audit Committee.
3. Updating the Audit Committee Charter in accordance with best practices and regulatory standards.

## Responsibilities of the Audit Committee

### Internal Audit

**The duties of the Committee in relation to the internal audit shall include**

- Examining and reviewing Derayah's internal and financial control systems and risk management system.
- Analyzing the internal audit reports and following up the implementation of the corrective measures in respect of the remarks made in such reports.
- Monitoring and overseeing the performance and activities of the internal auditor and internal audit department of Derayah to ensure the availability of the necessary resources and their effectiveness in performing the assigned activities and duties.
- Providing a recommendation to the Board on appointing the Head of the internal audit department, and suggest his/her remunerations.
- The Head of Internal will report functionally to the Audit Committee and administratively to the CEO.

- The Head of Internal Audit is evaluated annually by the Audit Committee to ensure the continued effectiveness and independence of the Internal Audit department.

### Financial Reports

**The duties of the Committee in relation to the financial reports shall include**

- Analyzing Derayah's interim and annual financial statements before presenting them to the Board and providing its opinion and recommendations thereon to ensure their integrity, fairness, and transparency.
- Providing its technical opinion, at the request of the Board, regarding whether the Board's annual report and Derayah's financial statements are fair, balanced, understandable, and contain information that allows General Assembly to assess Derayah's financial position, performance, business model, and strategy.
- Analyzing any important or non-familiar issues contained in the financial reports.
- Accurately investigating any issues raised by Derayah's chief financial officer or any person assuming his/her duties or Derayah's compliance officer or external auditor.
- Examining the accounting estimates in respect of significant matters that are contained in the financial reports.
- Examining the accounting policies followed by Derayah and providing its opinion and recommendations to the Board thereon.

### Compliance assurance

**The duties of the Committee in relation to compliance shall include**

- Reviewing the findings of the reports of supervisory authorities and ensuring that Derayah has taken the necessary actions in connection therewith.
- Ensuring Derayah's compliance with the relevant laws, regulations, policies, and instructions.
- Reviewing the contracts and proposed Related Party transactions and providing its recommendations to the Board in connection therewith.
- Reporting to the Board any issues in connection with what it deems necessary to act on, and providing recommendations as to the steps that should be taken.
- Without prejudice to the authorities of the Committee mentioned in the Charter, Derayah's Executive Management may create a management-level committee to handle the day-to-day management of compliance-related matters.

## Members of the Audit Committee

The Audit Committee consists of (4) four members as shown in the following table:

Name	Position	Capacity
<b>Dr. Faisal Al-Suqair (*)</b>	Board Member - Chairman	Independent member
<b>Ibrahim Alhurabi</b>	Member	Independent member
<b>Adel Abbas</b>	Member	Independent member
<b>Haitham Almubarak (**)</b>	Member	Independent member

(\*) The Extraordinary General Assembly of Derayah Financial, in its meeting held on 1 Muharram 1446H (corresponding to July 7, 2024G), approved the appointment of **Dr. Faisal AlSuqair** as Chairman of the Audit Committee, effective from the same date and continuing until the end of the committee's current term.

This appointment followed the resignation of the previous Chairman, **Mr. Hashem Alhekail**, in June 2024.

Additionally, the Audit Committee held two meetings after its reformation, on September 11, 2024G, and December 17, 2024G.

(\*\*) on December 8, 2024G, **Dr. Faisal AlSuqair**, Chairman of the Audit Committee, approved the resignation of Audit Committee member **Mr. Haitham Almubarak**, with his last day of membership in the committee set for December 31, 2024G.

## Audit Committee Meetings

Name	Position	Meeting				
		25 February 2024 G	6 March 2024 G	24 June 2024 G	11 September 2024 G	17 December 2024 G
<b>Dr. Faisal Alsugair</b>	Chairman	Not a member	Not a member	Not a member	Attended	Attended
<b>Mr. Hashem Alhekail</b>	Chairman	Attended	Attended	Attended	Not a member	Not a member
<b>Ibrahim Alhurabi</b>	Member	Attended	Attended	Attended	Attended	Attended
<b>Adel Abbas</b>	Member	-	Attended	Attended	Attended	Attended
<b>Haitham Almubarak</b>	Member	Attended	Attended	Attended	Attended	Attended

## Technology Committee

The Technology Committee is responsible for developing and approving a technology strategy that aligns with the company's overall objectives. It establishes governance policies, ensures adherence to industry best practices, and oversees the execution of key technology projects. The committee also supports digital transformation efforts, sets priorities for technology initiatives, and reviews both capital and operational expenditures related to technology investments.

### Committee Members

Name	Position
Hashem Al-Hogail	Chairman of the Technology Committee – Non-Executive Board Member – Non-Independent
Abdullah AISaeed	Member of the Technology Committee – Non-Executive Board Member – Independent
Hussain Buhaliqah	Member of the Technology Committee (Non-Board Member)

### Committee Meetings

Name	5 December 2024 G
Hashem Al-Hogail	Attended
Abdullah AISaeed	Attended
Hussain Buhaliqah	Attended

## Dividend Distribution Policy

Darayah's dividend policy is designed to ensure a consistent, transparent, and strategic approach to distributing dividends, aligned with the company's financial strategy and long-term goals.

The policy outlines clear guidelines for determining dividend payouts, considering factors such as financial performance, growth prospects, and market conditions. It also aims to provide predictability and fairness in the timing and method of distributions, ensuring equitable treatment for all shareholders.

## Remuneration Policy

### Board Members

Board members may receive fixed compensation, meeting attendance allowances, in-kind benefits, a share of net profits, or a combination of these. The specific amounts are determined by the Ordinary General Assembly. Compensation must be fair, performance-linked, and reflective of each member's contributions to Darayah's success.

### Executive Management

Executive management compensation includes fixed pay, performance-based bonuses, long-term incentives, in-kind benefits, or a mix of these elements. Remuneration is determined based on the role's market value or job evaluation, individual performance, and the unique skills each executive brings to Darayah. It must be fair, motivating, and aligned with both individual and company performance. The Nomination and Remuneration Committee reviews executive compensation annually, considering the Board's recommendations.

Name of each affiliate company, its capital, the Company's ownership percentage, the main scope of business, country of operation and country of incorporation:

No	Subsidiary Name	Main Scope of Business	Capital	Country of Establishment	Year of Establishment	Ownership Percentage
1	Derayah for Technology Services Egypt	Production, analysis and design of computer systems, software, databases and other types of digital systems, in addition to providing technical services and technical support.	USD 1,000,000	Arab Republic of Egypt	2023 G	99.5%
2	D360 Bank	Undertaking all types of banking and investment activities (except for securities) for its own account and for the account of others inside and outside the Kingdom.	SAR 1,650,000,000	Kingdom of Saudi Arabia	2022 G	20%

### Derayah for Technology Services Egypt

Derayah Technology Services Egypt was established with a capital of USD 1 million. As the subsidiary does not have a material impact on the financial statements, it is not consolidated in the financial reports. The sole purpose of the affiliate is to provide IT services exclusively to Derayah Financial.

### D360 Bank

D360 Bank was established, with a capital of one billion, six hundred and fifty million Saudi Riyals (SAR 1,650,000,000), to operate as a digital bank.

Key milestones in the Bank establishment include:

- On 14/07/1443H (corresponding to 15/02/2022G), the Minister of Finance issued the necessary decision approving the licensing of D360 Bank.
- On 22/07/1443H (corresponding to 23/02/2022G), the Saudi Central Bank (SAMA) issued a letter of notification for the bank's license to conduct banking activities.
- On 15/09/1443H (corresponding to 16/04/2022G), the Ministry of Investment issued an investment license due to the foreign ownership structure of D360 Bank.
- On 26/12/1443H (corresponding to 25/07/2022G), the Ministry of Commerce issued resolution no. 1119, officially announcing the establishment of D360 Bank.
- On 03/02/1444H (corresponding to 30/08/2022G), the commercial register of Bank D360 was issued under number 1010822737.
- On 16/06/1446H (corresponding to 17/12/2024G), D360 Bank obtained the Saudi Central Bank's (SAMA) non-objection to commence banking activity.

## General Assembly Meetings during the year of 2024G

Dates of General Assembly Meetings	Attended Board Member	Attended Shares Value	Attended Shares Percentage
7 July 2024 G	Taha Al-Kuwaiz	SAR 13,959,655	86.2%

## Interests of Directors and Senior Executives in contracts and agreements concluded with the Company or its Subsidiaries

- As of 21/04/1446H (corresponding to 24/10/2024G), the Company entered into a share purchase agreement with Mr. Hashem Othman Al-Hekail, Mr. Abdullah Al-Fawzan, and Anova Investment Company. Under this agreement, some of the existing partners in Bwa for Information Technology Company (including the Company) acquired additional shares at an agreed price, while a new investor was introduced. As a result, the Company's ownership in Bwa for Information Technology Company increased to 16.87%. It is important to note that Director Hashem Othman Al-Hekail has a direct interest in this contract, as he is a party to the agreement and, as of the date of this report, holds 47.70% of Bwa for Information Technology Company's shares. Consequently, Articles 27 and 71 of the Companies Law apply to this agreement, requiring approval from the Company's General Assembly. The Ordinary General Assembly granted this approval in its meeting held on 20/07/1446H (corresponding to 20/01/2025G).
- On 27/05/2024G, the Company also entered into a lease agreement with Al-Showaier Real Estate Investment and Development Company, under which warehouses were leased to the Company. Director Zaki Al-Showaier has an indirect interest in this transaction due to his ownership of shares in the lessor company and his position as a board member. Therefore, Articles 27 and 71 of the Companies Law also apply to this agreement, necessitating approval from the Company's General Assembly. The Ordinary General Assembly approved this agreement in its meeting held on 20/07/1446H (corresponding to 20/01/2025G).

- Derayah Real Estate Custody Company, a special purpose vehicle (SPV) owned by Derayah REIT, a public fund managed by the Company, entered into a lease agreement on 18/09/2024G with Saeed Electricity Company. Saeed Electricity Company is a firm in which Director Abdulwahab Saeed Al-Sayed has an indirect interest, as he holds ownership in Alsayed Sons Group, which in turn holds a stake in Saeed Electricity Company. Accordingly, Articles 27 and 71 of the Companies Law apply to this agreement, requiring approval from the Company's General Assembly. The Ordinary General Assembly approved this agreement during its meeting on 20/07/1446H (corresponding to 20/01/2025G).
- The Director Abdulwahab Al-Sayed and a number of his relatives hold full ownership of all units of Derayah Private Fund 45. Consequently, Director Abdulwahab Al-Sayed has a direct interest in the terms and conditions of the agreements concluded between the Company, in its capacity as the fund's manager, and himself along with his relatives. This agreement was also approved by the Company's Ordinary General Assembly in its meeting on 20/07/1446H (corresponding to 20/01/2025G).

### Business of Directors that competes with the Company

- Director Hashem Othman Ibrahim Al-Hekail holds a 47.70% stake in BwaTech. BwaTech fully owns Bwa Investment Company, which operates in financial technology services. Bwa Investment Company enables its clients to participate in and invest in third-party funds through its digital platform. As a result, Bwa Investment Company is engaged in business activities that could potentially compete with the Company. The Company's Ordinary General Assembly approved Mr. Hashem's involvement in these business activities, which may pose competitive implications, during its meeting held on 20/07/1446H (corresponding to 20/01/2025G).
- Director Khaled Mohammed Ali Aba Al-Khail has an indirect ownership interest in Yanal Finance Company and also serves as a Board Member of Yanal Finance. Yanal Finance Company engages in activities that could potentially compete with D360 Bank, as Yanal provides financing and lending services, which are also core offerings of D360 Bank. The Company's Ordinary General Assembly approved Mr. Khaled's involvement in these business activities, which may present competitive concerns, during its meeting held on 20/07/1446H (corresponding to 20/01/2025G).



## Committees Members Remuneration

	Fixed Remuneration (Except for the allowance for attending Board meetings)	Allowance for attending Board meetings	Total
<b>Audit Committee Members</b>			
1-Hashem Alhekail	60,000		60,000
2-Haithem Al-Sheikh Mubarak	100,000		100,000
3-Adel Abbas	100,000		100,000
4- Faisal Alsugair	40,000		40,000
5-Ibrahim Alharabi	100,000		100,000
<b>Total</b>	<b>400,000</b>		
<b>Nomination and Remuneration Committee Members</b>			
1- Abdullah Al-Saeed	100,000		100,000
2- Ibrahim Al-Jammaz	100,000		100,000
3-Saud Al-Sayed	100,000		100,000
<b>Total</b>	<b>300,000</b>		

## Remuneration of the Top Five Senior Executives, Including the CEO and CFO

Senior Executives	<b>Total</b>
	28,271,604 SAR



# Internal Audit

# Internal Audit

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## Introduction

The Audit Department of Derayah Financial presents this Annual Report for 2024, highlighting the committee's role in overseeing internal control systems, ensuring compliance with accounting and regulatory standards, and promoting principles of governance and transparency. The report also includes the results of the annual review of the effectiveness of internal control procedures, the committee's recommendations, and the company's compliance with applicable regulations and standards.

The Audit Committee is committed to monitoring and assessing the efficiency and effectiveness of internal control and internal audit systems, ensuring the accuracy and integrity of financial reports, and enhancing shareholder and stakeholder confidence. Additionally, the committee works closely with the Internal Audit Department and the external auditor to ensure the company's adherence to best practices and international auditing and control standards.

This report presents the results of the annual internal control assessment, the committee's responsibilities, and recommendations aimed at enhancing the internal control framework and strengthening corporate compliance.

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## Audit Committee

The Audit Committee was formed in accordance with Article Fifty-One (51) of the Corporate Governance Regulations issued by the Capital Market Authority. The Ordinary General Assembly of Derayah Financial approved the formation of the committee during its meeting held on 15 Safar 1445H (corresponding to August 31, 2023G).

The term of the Audit Committee begins from the date of

the Ordinary General Assembly meeting on 15 Safar 1445H (corresponding to August 31, 2023G) and extends for a period of three years.

Additionally, the Extraordinary General Assembly of Derayah Financial, in its meeting held on 1 Muharram 1446H (corresponding to July 7, 2024G), approved the following:

1. Appointing **Dr. Faisal Al-Suqair** as Chairman of the Audit Committee, effective from the date of the decision.
2. Amending the name of the Audit and Review Committee to become the Audit Committee.
3. Updating the Audit Committee Charter in accordance with best practices and regulatory standards.

# Responsibilities of the Audit Committee

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## Internal Audit

### The duties of the Committee in relation to the internal audit shall include

- Examining and reviewing Derayah's internal and financial control systems and risk management system.
- Analyzing the internal audit reports and following up the implementation of the corrective measures in respect of the remarks made in such reports.
- Monitoring and overseeing the performance and activities of the internal auditor and internal audit department of Derayah to ensure the availability of the necessary resources and their effectiveness in performing the assigned activities and duties.
- Providing a recommendation to the Board on appointing the Head of the internal audit department, and suggest his/her remunerations.
- The Head of Internal will report functionally to the Audit Committee and administratively to the CEO.
- The Head of Internal Audit is evaluated annually by the Audit Committee to ensure the continued effectiveness and independence of the Internal Audit department.

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## Financial Reports

### The duties of the Committee in relation to the financial reports shall include

- Analyzing Derayah's interim and annual financial statements before presenting them to the Board and providing its opinion and recommendations thereon to ensure their integrity, fairness, and transparency.
- Providing its technical opinion, at the request of the Board, regarding whether the Board's annual report and Derayah's financial statements are fair, balanced, understandable, and contain information that allows

General Assembly to assess Derayah's financial position, performance, business model, and strategy.

- Analyzing any important or non-familiar issues contained in the financial reports.
- Accurately investigating any issues raised by Derayah's chief financial officer or any person assuming his/her duties or Derayah's compliance officer or external auditor.
- Examining the accounting estimates in respect of significant matters that are contained in the financial reports.
- Examining the accounting policies followed by Derayah and providing its opinion and recommendations to the Board thereon.

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## Compliance assurance

### The duties of the Committee in relation to compliance shall include

- Reviewing the findings of the reports of supervisory authorities and ensuring that Derayah has taken the necessary actions in connection therewith.
- Ensuring Derayah's compliance with the relevant laws, regulations, policies, and instructions.
- Reviewing the contracts and proposed Related Party transactions and providing its recommendations to the Board in connection therewith.
- Reporting to the Board any issues in connection with what it deems necessary to act on, and providing recommendations as to the steps that should be taken.
- Without prejudice to the authorities of the Committee mentioned in the Charter, Derayah's Executive Management may create a management-level committee to handle the day-to-day management of compliance-related matters.

## External Auditors

### The duties of the Committee in relation to the external auditors shall include:

- Providing recommendations to the Board to nominate external auditors, dismiss them, determine their fees, and assess their performance after verifying their independence and reviewing the scope of their work and the terms of their contracts.
- Verifying the independence of the external auditor, its objectivity, fairness, and effectiveness of the audit activities, taking into account the relevant rules and standards.
- Reviewing the plan of Derayah's external auditor and its activities and ensuring that there is no violation or failure in their performance and that it does not provide any work that are beyond its scope of work and provides its opinion thereon.
- Responding to queries of Derayah's external auditor.
- Reviewing the external auditor's reports and its comments on the financial statements and following up the procedures taken in connection therewith.
- Analyzing and addressing any restrictions on the external auditor's that may affect his/her ability to perform his/her duties and tasks.
- Discussing and raising inquiries to the external auditor as needed

## Other Responsibilities

### The Committee shall also have the following responsibilities

- Perform any other activities consistent with the Charter, DoA Matrix, Derayah's Bylaws, the CGRs and any relevant governing laws, as the Board deems necessary and appropriate;
- Develop at the end of each year an annual plan and schedule of the Committee's activities for the coming year. This includes the Committee's periodic meetings, meetings with management, and other activities considering the Committee's roles and responsibilities defined within the Charter
- Review & approve previous Committee minutes of meeting and follow up on decisions taken and documented in the action sheet of prior Committee meetings in order to ensure that matters raised have been resolved
- Institute and oversee special investigations as needed;

- Review minutes of meeting of the related management committees
- The Committee shall submit an annual report to the General Assembly containing details of its performance of its competencies and tasks stipulated in the Companies Law and its Implementing Regulations, provided that it includes its recommendations and opinion on the adequacy of Derayah's internal and financial control and risk management systems.
- The Committee should be aware of the Professional Conduct Policy and should review procedures for its distribution, monitor compliance, and approve waivers.

## Members of the Audit Committee

The Audit Committee consists of (4) four members as shown in the following table:

Name	Position	Capacity
<b>Dr. Faisal Al-Suqair (*)</b>	Board Member - Chairman	Independent member
<b>Ibrahim Alhurabi</b>	Member	Independent member
<b>Adel Abbas</b>	Member	Independent member
<b>Haitham Almubarak (**)</b>	Member	Independent member

(\*) The Extraordinary General Assembly of Derayah Financial, in its meeting held on 1 Muharram 1446H (corresponding to July 7, 2024G), approved the appointment of **Dr. Faisal AlSuqair** as Chairman of the Audit Committee, effective from the same date and continuing until the end of the committee's current term.

This appointment followed the resignation of the previous Chairman, **Mr. Hashem Alhekail**, in June 2024.

Additionally, the Audit Committee held two meetings after its reformation, on September 11, 2024G, and December 17, 2024G.

(\*\*) on December 8, 2024G, **Dr. Faisal AlSuqair**, Chairman of the Audit Committee, approved the resignation of Audit Committee member **Mr. Haitham Almubarak**, with his last day of membership in the committee set for December 31, 2024G.

## Audit Committee Meetings

Name	Position	Meeting				
		25 February 2024 G	6 March 2024 G	24 June 2024 G	11 September 2024 G	17 December 2024 G
Dr. Faisal Alsugair	Chairman	Not a member	Not a member	Not a member	Attended	Attended
Mr. Hashem Alhekail	Chairman	Attended	Attended	Attended	Not a member	Not a member
Ibrahim Alhurabi	Member	Attended	Attended	Attended	Attended	Attended
Adel Abbas	Member	-	Attended	Attended	Attended	Attended
Haitham Almubarak	Member	Attended	Attended	Attended	Attended	Attended

## Audit Committee Recommendation on the Appointment of the Head of Internal Audit

In line with the company's strategic direction to enhance the efficiency of the Internal Audit function, the Audit Committee recommended in October 2024 the appointment of **Mr. Mazen Ahmed Alkhelaiwi as Head of Internal Audit** at Derayah financial company, with his official duties commencing on January 1, 2025. This recommendation was approved and implemented in accordance with the company's established procedures.

This appointment is expected to strengthen the effectiveness of internal auditing, support the implementation of best practices in governance and internal control, and enhance the company's capabilities in risk assessment and continuous compliance with applicable regulations and standards.

## Results of the annual audit of the effectiveness of the Company's internal control procedures, and the Audit Committee's opinion on the adequacy of the Company's internal control system

### Executive Management's Responsibility for Internal Control

The Executive Management of Derayah Financial is responsible for establishing, maintaining, and ensuring the effectiveness of an adequate internal control system, thereby achieving the highest standards of governance and compliance. The internal control system encompasses policies, procedures, and processes designed in coordination with relevant committees and the Board of Directors, aiming to support the company's strategic objectives and enhance operational efficiency.

### The Role of Internal Audit in Evaluating Internal Controls

The Internal Audit Department (IAD) operates independently from Executive Management and is responsible for assessing the efficiency and effectiveness of the internal control system across the company's various departments. Additionally, it evaluates compliance with established policies and procedures. All findings and recommendations issued by the Internal Audit Department are reported to the Audit Committee for review and necessary actions, strengthening the internal control environment and ensuring the effective implementation of recommendations.

## Enhancing the Control Environment and Continuous Development

All company departments work diligently and collaboratively to identify and rectify any control deficiencies as soon as they are discovered. The company places a strong emphasis on continuous review and updates of procedures to improve and enhance the internal control environment. Under the supervision of Executive Management, each department is delegated the responsibility of overseeing the implementation of corrective actions for any deficiencies identified by Internal Audit.

## Effectiveness of the Internal Control System

The internal control system has been designed to provide a reasonable level of assurance to the Audit Committee, Board of Directors, and Executive Management those risks are being effectively managed to support the achievement of the company's long-term objectives.

Throughout 2024, the Audit Committee reviewed reports issued by Internal Audit and monitored the implementation of management recommendations to ensure ongoing improvements in the internal control environment and the mitigation of operational and financial risks.

As part of its 2025 strategic objectives, the Internal Audit Department, under the guidance of the Audit Committee, aims to strengthen governance by updating internal policies and procedures. Additionally, it will evaluate the feasibility of implementing a new technology system this year or next to enhance efficiency and effectiveness, ultimately contributing to a more robust internal control system for the company.

## Audit Committee's Opinion on the Effectiveness of Internal Control

Based on periodic reviews and reports submitted by Internal Audit and the External Auditor, the Audit Committee believes that the company's control environment is strong and well-structured, providing high levels of transparency and accountability. Additionally, internal and external audit functions work in coordination to mitigate operational and financial risks, thereby supporting strategic decision-making based on accurate and reliable financial information.

Furthermore, audits conducted during 2024 confirmed that the systems and procedures for identifying,

evaluating, and managing risks have been adequately implemented with no significant deficiencies in the control environment. However, it is important to acknowledge that no control system can provide absolute assurance, as it is not possible to guarantee the comprehensiveness of all examinations and evaluations of internal controls. This is because audit procedures rely on a risk-based approach and random sampling, which is a standard auditing practice.

## Audit Committee Recommendations Conflicting with Board of Directors' Decisions

The Audit Committee confirm that it has not issued any recommendations that contradict the Board of Directors' decisions regarding the appointment, dismissal, evaluation, or fee determination of the internal auditor. Moreover, all recommendations made by the committee, whether related to this matter or others, have been duly acknowledged and considered. This reflects the strong collaboration between the committee and the Board of Directors and reinforces their mutual commitment to regulatory compliance and the promotion of best governance practices.

## Compliance with the Standards of the Saudi Organization for Chartered and Professional Accountants (SOCPA)

All audit and accounting systems and procedures implemented within the company comply with the standards set by the Saudi Organization for Chartered and Professional Accountants (SOCPA). This reflects the company's ongoing commitment to best practices in auditing and accounting. It also ensures the quality and efficiency of financial and control processes, in alignment with sound governance requirements.

### Accounting Updates and Compliance with New Standards

As part of its ongoing commitment to enhancing compliance with accounting standards, the company implemented a set of new standards issued by SOCPA in 2024, which were adopted in alignment with management's compliance framework. This has contributed to:

1. Enhancing financial transparency
2. Improving the accuracy of financial reports
3. Strengthening and sustaining a more robust control environment

### Ongoing Commitment to Enhancing Control and Audit Mechanisms

In addition to complying with existing standards, the company continues to develop and enhance its internal control mechanisms and audit procedures to ensure alignment with the latest updates in professional and regulatory standards. This reflects its sustainable approach to strengthening financial and governance controls.

## New Accounting Standards and Adopted Amendments

First: Standards and Amendments Effective as of January 1, 2023

The management has assessed the new amendments to accounting standards and interpretations that became mandatory for financial reporting periods beginning on or after **January 1, 2023**, which include:

Date	Description	Standard	Explanation
1 January 2023 G	IFRS 17 Insurance Contracts, including amendments Initial Application	IFRS 17 & IFRS 9	N/A
1 January 2023 G	Disclosure Initiative: Accounting Policies	IAS 1 & IFRS Practice statement 2	Complained
1 January 2023 G	Definition of Accounting Estimates	IAS 8	Complained
1 January 2023 G	Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction	IAS 12	N/A

Second: Newly Issued Standards and Amendments That Will Become Mandatory Starting From first of January 2024

Date	Description	Standard	Explanation
1 January 2024 G	Classification of Liabilities as Current or Non-current 1 and non-current liabilities with covenants	IAS 1	Complained
1 January 2024 G	Lease Liability in a Sale and Leaseback	IFRS 16	N/A
1 January 2024 G	Supplier Finance Arrangements	IAS 7 & IFRS 7	N/A
1 January 2025 G	Lack of Exchangeability	IAS 21	2025
Effective date deferred indefinitely	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	IFRS 10 & IAS 27	TBD

Finally, the company remains fully committed to the accounting and professional standards issued by SOCPA, with a strong focus on enhancing financial governance and transparency. It also ensures compliance with the latest regulatory developments to improve the efficiency and accuracy of financial and control processes.

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## External Auditor's Qualifications on the Annual Financial Statements

The annual financial statements for the year 2024 were reviewed by the external auditor and contained no qualifications, reflecting the accuracy and integrity of the company's financial reports and auditing processes.

The absence of any qualifications reaffirms the company's commitment to accounting standards and financial transparency, serving as a positive indicator of the company's strong financial position.

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## Replacement of the External Auditor

The Audit Committee has not recommended replacing the external auditor before the end of their statutory term, as the external auditor has completed their full tenure in accordance with the applicable regulations and laws.

Furthermore, the relationship between the company and the external auditor is based on the principles of professionalism and independence, ensuring that financial audits are conducted with accuracy and reliability.

# Declarations & Conclusion

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## Declarations

Based on the reviews and assessments conducted throughout the year, the Audit Committee affirms the following:

- The company maintains accurate and reliable accounting records that faithfully reflect its financial position in accordance with regulatory requirements and international accounting standards.
- An effective internal control system has been designed and implemented, ensuring the highest levels of efficiency and compliance with relevant laws and regulations.
- There are no material uncertainties regarding the company's ability to continue its operations and achieve its strategic objectives.

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## Conclusion

The Audit Committee of Derayah Financial remains committed to enhancing internal control systems, ensuring compliance with regulatory standards, and promoting governance best practices. The committee will continue to monitor and assess risk management processes, internal audit activities, and financial reporting to support the company's long-term stability and stakeholder confidence.