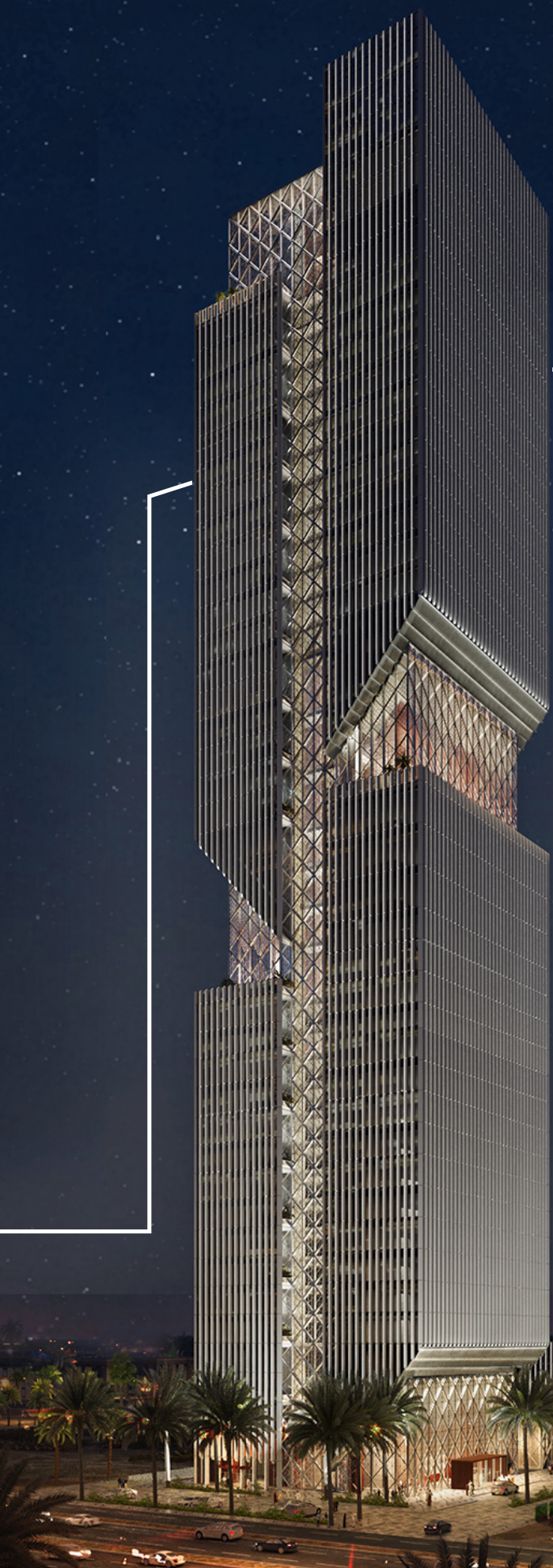


مصرف الإنماء  
alinma bank



# Board Of Directors' Report

# 2023







“My primary goal is to create an exemplary and leading nation in all aspects, and I will work with you in achieving this endeavor”

**King Salman Bin Abdulaziz Al Saud**  
Custodian of the Two Holy Mosques



“We are a G20 country. One of the biggest world economies. We are in the middle of 3 continents. Changing Saudi Arabia for the better means helping the region and changing the world”

**Mohammed Bin Salman Bin Abdulaziz Al Saud**  
Crown Prince, Prime Minister, Chairman of the Council of  
Economic and Development Affairs

## Board of Directors' Report 2023

**The Board of Directors of Alinma Bank are pleased to present their 15th Board of Directors' Report for the year ended December 31, 2023. This report provides a summary of the Bank's operations and financial results, as well as the governance structure that enabled the Bank to conduct its business and successfully navigate through the challenges it faced in 2023, while aligning with its future vision. It also supports the compliance of sound corporate governance and ethical principles.**

### Governance at Alinma Bank

Effective corporate governance is critical to the proper functioning of Alinma Bank. The Bank's safety and soundness are key to financial stability, and the manner in which we conduct our business is therefore central to our economic health.

The Saudi Central Bank (SAMA) has issued "Key Principles of Governance in Financial Institutions", which contains 7 primary principles that are in accordance with best practices recognized internationally. The members of the Board of Directors and senior Management of the Bank are required to apply these principles, in addition to understanding the related risks, within the Bank's operating environment. The Bank also abides by the rules and regulations issued by the Capital Market Authority (CMA) that are designed to reinforce transparency and disclosure standards to safeguard investors and their decisions. The governance activities extend to complying with the requirements of Tadawul (Saudi Exchange) in the listing of the Bank in the securities market in the country.

These governance principles are intended to assist the Bank in enhancing our corporate governance framework, and to help Board Members and senior Managers to oversee the Bank's activities. Corporate governance is a key element to improving economic efficiency and growth as well as enhancing investor confidence. The governance framework is implemented through 6 Board Committees.

The Bank has designed comprehensive disclosure policies and regulations that require all Stakeholders to have access to material information and developments. The Bank has also designed and implemented training and sharing of information programs to assist new Board Members in fulfilling their obligations and duties in the oversight of the operations.

### Governance structure

#### Board composition and appointment

The Bank is governed by a Board of Directors consisting of 9 members who are appointed by the Shareholders at the General Assembly for a period of 3 years.

The Board sets out and ensures clear lines of responsibility and accountability at all levels of the Bank. Members of the Board elect a Non-Executive Director as the Chairman of the Board of Directors, who ensures fair representation.

#### Capital and shares issued

The paid-up capital of the Bank is SAR 20,000,000,000 divided into 2,000 million ordinary shares, with a nominal value of SAR 10 each.

#### Corporate governance provisions implementation

The Bank complies generally in implementing the provisions provided by the Corporate Governance Regulation issued by the Capital Market Authority (CMA) and with the Key Principles of Governance in Financial Institutions and other directives issued by the Saudi Central Bank (SAMA), as well as the Companies Law issued by the Ministry of Commerce. The Bank strives to ensure compliance with all governance regulations and to keep pace with any developments arising on the matter.



## Names, qualifications, experience, and current and previous positions of the Board and Committee Members and the Executive Management

### (A) Board of Directors



**Dr. Abdulmalek Abdullah Al-Hogail**  
Board Committees (A) (B)

#### Current positions

- Chairman of the Board of Directors and Member of Board Committees

#### Previous positions

- Vice President and Executive Director of Finance – Al-Faisaliah Group
- Faculty Member - Institute of Public Administration

#### Qualifications

- PhD in Accounting/Finance - Case Western Reserve University, USA
- Fellowship of the American Institute of Certified Public Accountants (AICPA) - Certified Public Accountant (CPA)
- Fellowship of the Saudi Organization for Chartered and Professional Accountants (SOCPA)
- Fellowship of the American Institute of Certified Finance Managers - (CFM)
- Fellowship of the American Institute of Certified Management Accountants - (CMA)



**Saad Abdulaziz Alkroud**  
Board Committees (B) (F)

#### Current positions

- Vice Chairman of the Board of Directors and Member of Board Committees
- Chief of Staff and Secretary General to the Board - Public Investment Fund

#### Previous positions

- Director General of Stakeholder Management Department - Public Investment Fund
- Advisor to the Chairman of the Board of Directors - Abdullatif Alissa Group Holding Company

#### Qualifications

- Master in Management and Leadership - University of Laverne California, USA



**Ahmed Abdullah Alsheikh**  
Board Committees (D) (F)

#### Current positions

- Member of the Board of Directors and Member of Board Committees
- Board Member - The National Housing Company

#### Previous positions

- Deputy Governor for Supervision - Saudi Central Bank (SAMA)
- Deputy for Market Institutions - Capital Market Authority
- General Director of Supervision of Market Institutions - Capital Market Authority
- Director of Governance Department - Capital Market Authority
- Head of the Supervision Unit for Local Banks - Saudi Central Bank (SAMA)
- Part-time Advisor to several government entities

#### Qualifications

- Bachelor in Accounting - King Saud University, Kingdom of Saudi Arabia

(A) Executive Committee (B) Nomination and Remuneration Committee (C) Audit Committee  
(D) Risk Committee (E) Shariah Committee (F) Governance and Sustainability Committee

## Board of Directors' Report 2023

### (A) Board of Directors (continued)



**Anees Ahmed Moumina**  
Board Committees (A) (D)

#### Current positions

- Member of the Board of Directors and Member of Board Committees

#### Previous positions

- Board Member - Saudi National Bank
- Board Member - Almarai Company
- Group CEO - Savola Group
- Group CEO - Sedco Holding Group
- Regional General Manager and Senior Credit Officer - Samba Financial Group (Samba)
- Assistant Brand Manager - Procter & Gamble Co

#### Qualifications

- Master in Engineering Management Sciences - George Washington University, USA



**Haitham Rashid Al-Sheikhmubarak**  
Board Committees (C) (D)

#### Current positions

- Member of the Board of Directors and Member of Board Committees

#### Previous positions

- Head of Wealth Management - Saudi Fransi Capital
- Acting Chief Executive Officer - Saudi Fransi Capital
- Head of Asset Management - Arab National Investment Company
- Head of Portfolio Management - Saudi National Bank (SNB)

#### Qualifications

- Master in Business Administration (Investment Management) - University of North Carolina, USA
- Chartered Financial Analyst (CFA) Fellowship - USA
- Chartered Market Technician (CMT) Fellowship - USA



**Mohammed Abdulrahman Bindayel**  
Board Committees (A) (B)

#### Current positions

- Member of the Board of Directors and Member of Board Committees
- Chief Executive Officer - Cultural Development Fund

#### Previous positions

- Executive Director of Investment Operations - Raidah Investment Company (RIC)
- Treasury Department - Saudi Aramco

#### Qualifications

- Master in Business Administration - The American University, USA

(A) Executive Committee (B) Nomination and Remuneration Committee (C) Audit Committee  
(D) Risk Committee (E) Shariah Committee (F) Governance and Sustainability Committee



**Dr. Saud Mohammed Al-Nimir**  
**Board Committees (B) (F)**

**Current positions**

- Member of the Board of Directors and Member of Board Committees

**Previous positions**

- Professor, Department of Public Administration - King Saud University, Kingdom of Saudi Arabia

**Qualifications**

- PhD in Public Administration - Florida State University, USA



**Abdullah Abdulaziz Alromaizan**  
**Board Committees (A) (D)**

**Current positions**

- Member of the Board of Directors and Member of Board Committees
- Chief of Real Estate Investments - Mohammed Ibrahim Al Subeai and Sons Investment Company

**Previous positions**

- Assistant General Manager for Real Estate Investments and Local Infrastructure - Hassanah Investment Company
- Portfolio Manager, Local Real Estate and Infrastructure Department - Al Raidah Investment Company
- Team Leader, Corporate Banking - Saudi National Bank (SNB)
- Relationship Officer, Corporate Banking - Arab National Bank
- Assistant Portfolio Manager - Al Romaizan Group

**Qualifications**

- MBA - London Business School (LBS), UK



**Abdulrahman Mohammed Ramzi Addas**  
**Board Committees (A) (C)**

**Current positions**

- Member of the Board of Directors and Member of Board Committees

**Previous positions**

- Owner of the office of Abdulrahman bin Mohammed Ramzi Addas for Non-Securities Financial Consultations
- Managing Director of Real Estate Investments - SEDCO Company
- Head of Corporate Sector - Saudi National Bank (SNB)
- Chief Risk Officer - Saudi National Bank (SNB)
- Head of Credit Approvals Department, General Administration - Saudi National Bank (SNB)

**Qualifications**

- Master in Financial Management - University of Denver, USA

(A) Executive Committee (B) Nomination and Remuneration Committee (C) Audit Committee  
(D) Risk Committee (E) Shariah Committee (F) Governance and Sustainability Committee

## Board of Directors' Report 2023

### (B) Non-Board Committee Members

#### (B/1) Audit Committee

Name	Current positions	Previous positions	Qualifications
<b>Dr. Saad Saleh Al-Rowaite</b>	<ul style="list-style-type: none"> <li>Member of the Audit Committee - Alinma Bank</li> <li>Secretary General - Riyadh Charitable Foundation for Sciences</li> <li>Professor of Accounting and Auditing - King Saud University, Kingdom of Saudi Arabia</li> <li>Vice President for Administrative and Financial Affairs - Prince Sultan University, Kingdom of Saudi Arabia</li> </ul>	<ul style="list-style-type: none"> <li>Part-time Consultant - Ministry of Health</li> <li>Head of Accounting Department - King Saud University, Kingdom of Saudi Arabia</li> </ul>	<ul style="list-style-type: none"> <li>PhD in Accounting - University of Colorado, USA</li> </ul>
<b>Maher Saad Al-Aiyadhi</b>	<ul style="list-style-type: none"> <li>Member of the Audit Committee - Alinma Bank</li> <li>Chief Internal Audit Officer - Royal Commission for Al-Ula (RCU)</li> </ul>	<ul style="list-style-type: none"> <li>Chief Auditor - SADARA</li> <li>Audit Manager, Operation Support and Support Services Vice President - Saudi Center of International Strategic Partnership (SCISP), Aramco</li> <li>Deputy Chief Auditor - Fujian Refining and Petrochemical Company Ltd.</li> <li>Chief Auditor - Beijing Services</li> <li>Finance Representative at SADAF - SABIC</li> <li>Chief Auditor - Deloitte</li> </ul>	<ul style="list-style-type: none"> <li>Bachelor in Accounting - King Fahd University of Petroleum and Minerals, Kingdom of Saudi Arabia</li> <li>Certified Internal Auditor (CIA)</li> <li>Certified in Risk Management Assurance (CRMA)</li> <li>Certified Port Facility Security Officer (PFSO)</li> <li>Chinese Certified Internal Auditor (C-CIA)</li> </ul>
<b>Othman Mohammed Al-Tuwaijri</b>	<ul style="list-style-type: none"> <li>Member of the Audit Committee - Alinma Bank</li> <li>Vice President of the Finance Sector - Elm Company</li> </ul>	<ul style="list-style-type: none"> <li>Executive Director of Financial Operations - Elm Company</li> <li>Audit Director and Licensed Partner - Ernst &amp; Young Company</li> </ul>	<ul style="list-style-type: none"> <li>Bachelor in Accounting - King Saud University, Kingdom of Saudi Arabia</li> <li>Certified Public Accountant (CPA)</li> </ul>

#### (B/2) Shariah Committee

Name	Current positions	Previous positions	Qualifications
<b>Dr. Abdullah Wikayyil Al-Sheikh*</b>	<ul style="list-style-type: none"> <li>Chairman of the Shariah Committee - Alinma Bank</li> </ul>	<ul style="list-style-type: none"> <li>Professor, Department of Sunnah and its Sciences, College of Fundamentals of Religion, College of Shariah, College of Da'awa and Information - Imam University, Kingdom of Saudi Arabia</li> <li>Professor of Postgraduate Studies - Department of Sunnah and its Sciences and the College of Education, Presidency of Girls' Education</li> <li>Consultant to a law firm for a period of 4 years</li> </ul>	<ul style="list-style-type: none"> <li>PhD in Sunnah and its Sciences - Imam University, Kingdom of Saudi Arabia</li> </ul>
<b>Dr. Abdulrahman Saleh Al-Atram**</b>	<ul style="list-style-type: none"> <li>Vice Chairman of the Shariah Committee - Alinma Bank</li> </ul>	<ul style="list-style-type: none"> <li>Associate Professor, Department of Jurisprudence, College of Shariah - Imam University, Kingdom of Saudi Arabia</li> <li>Assistant Professor, Department of Jurisprudence, College of Shariah - Imam University, Kingdom of Saudi Arabia</li> <li>Lecturer, Department of Jurisprudence, College of Shariah - Imam University, Kingdom of Saudi Arabia</li> </ul>	<ul style="list-style-type: none"> <li>PhD in Jurisprudence - Imam University, Kingdom of Saudi Arabia</li> </ul>



Name	Current positions	Previous positions	Qualifications
<b>Dr. Suleiman Turkey Al-Turkey</b>	<ul style="list-style-type: none"> <li>Member of the Shariah Committee - Alinma Bank</li> <li>Associate Professor, Department of Shariah Policy, Higher Judicial Institute - Imam University, Kingdom of Saudi Arabia</li> </ul>	<ul style="list-style-type: none"> <li>Lecturer, Department of Shariah Policy, Higher Judicial Institute - Imam University, Kingdom of Saudi Arabia</li> <li>Lecturer, Department of Jurisprudence, College of Shariah - Imam University, Kingdom of Saudi Arabia</li> </ul>	<ul style="list-style-type: none"> <li>PhD in Jurisprudence - Imam University, Kingdom of Saudi Arabia</li> <li>PhD in Law - London University, UK</li> </ul>
<b>Dr. Yousef Abdullah Al-Shubaily***</b>	<ul style="list-style-type: none"> <li>Member of the Shariah Committee - Alinma Bank</li> <li>Professor of Comparative Jurisprudence - Higher Judicial Institute</li> </ul>	<ul style="list-style-type: none"> <li>Deputy of Comparative Jurisprudence Department - Higher Judicial Institute</li> </ul>	<ul style="list-style-type: none"> <li>PhD in Comparative Jurisprudence - Imam University, Kingdom of Saudi Arabia</li> </ul>
<b>Dr. Khalid Abdulrahman Almohana****</b>	<ul style="list-style-type: none"> <li>Member of the Shariah Committee - Alinma Bank</li> <li>Faculty Member, College of Shariah - Imam Muhammad bin Saud Islamic University, Kingdom of Saudi Arabia</li> </ul>	<ul style="list-style-type: none"> <li>Vice Dean - College of Shariah for Postgraduate Studies and Scientific Research</li> <li>Member of the Board of Directors - Saudi Judicial Association</li> </ul>	<ul style="list-style-type: none"> <li>Doctorate in Islamic Jurisprudence, Fiqh - Imam Muhammad bin Saud Islamic University, Kingdom of Saudi Arabia</li> <li>Master in Law - School of Law, Middlesex University, London, UK</li> </ul>

\* Dr. Abdullah Wikayyil Al-Sheikh was appointed to the position of Chairman of the Shariah Committee, from the position of Vice Chairman of the Shariah Committee, effective from July 4, 2023.

\*\* Dr. Abdulrahman Saleh Al-Atram was appointed to the position of Vice Chairman of the Shariah Committee, from the position of Chairman of the Shariah Committee, effective from July 4, 2023.

\*\*\* Dr. Yousef Abdullah Al-Shubaily resigned from the Shariah Committee on January 1, 2023.

\*\*\*\* Dr. Khalid Abdulrahman Almohana assumed the position as a member of the Shariah Committee effective from January 1, 2023.

### (B/3) The Governance and Sustainability Committee

Name	Current positions	Previous positions	Qualifications
<b>Dina Hassan Alnahdi</b>	<ul style="list-style-type: none"> <li>Member of the Governance and Sustainability Committee - Alinma Bank</li> <li>Chairman of the Board of Directors - Circular Economy Company</li> </ul>	<ul style="list-style-type: none"> <li>Chief Executive Officer - Environmental Technology Company (ENTEC)</li> <li>Member of the Industrial Sector Council - Jeddah Chamber of Commerce</li> </ul>	<ul style="list-style-type: none"> <li>Master in Environmental Management - Open University, UK</li> <li>Honorary Doctorate in Environmental Sustainability - United Nations University</li> </ul>

### (B/4) Risk Committee

Name	Current positions	Previous positions	Qualifications
<b>Mohammed Awad Almalki</b>	<ul style="list-style-type: none"> <li>Member of the Risk Committee - Alinma Bank</li> <li>Cybersecurity Management Director - Cultural Development Fund</li> </ul>	<ul style="list-style-type: none"> <li>Director of the Cybersecurity Governance Department - Saudi Industrial Development Fund</li> </ul>	<ul style="list-style-type: none"> <li>Bachelor in Computer Science - University of Otago</li> <li>Certified Data Privacy Solutions Engineer (CDPSE)</li> <li>Certified Information Systems Auditor (CISA)</li> </ul>

## Board of Directors' Report 2023

### (C) Executive Management



**Abdullah Ali AlKhalifa**  
Chief Executive Officer

#### Previous positions

- Chief Financial Officer - Banque Saudi Fransi
- Chief Financial Officer - Al Rajhi Bank
- Chief Financial Officer - Arab National Bank

#### Qualifications

- Master in Accounting - University of Miami, USA



**Saleh Abdullah AlZumaie**  
Deputy Chief Executive Officer and  
Head of Retail and Digital Banking

#### Previous positions

- General Manager of Digital and Payments - Al Rajhi Bank
- General Manager of the Retail Banking Group - Al Rajhi Bank
- Manager of the Remittances Department - Al Rajhi Bank
- Manager of the Investment Department - Al Rajhi Bank

#### Qualifications

- Bachelor in English Language - Imam Muhammad bin Saud Islamic University, Kingdom of Saudi Arabia



**Jameel Naif Hamdan**  
Head of Corporate Banking

#### Previous positions

- General Manager of Corporate Banking - Bank AlBilad
- Acting Head of Corporate Banking Group - Banque Saudi Fransi
- Group Head of Business Banking Group - Banque Saudi Fransi
- Head of a Department in the Corporate Banking Group - Alawwal Bank

#### Qualifications

- Bachelor in Administrative Sciences - King Saud University, Kingdom of Saudi Arabia



**Abdullah Jamaan AlZahrani**  
**Head of Treasury**

**Previous positions**

- Head of Investment and Treasury - Gulf Bank
- Senior Vice Treasurer - Riyad Bank
- Assistant General Manager of the Governor - Arab Bank

**Qualifications**

- Bachelor in Industrial Management - King Fahd University of Petroleum and Minerals, Kingdom of Saudi Arabia



**Adel Saleh Abalkhail**  
**Chief Financial Officer (CFO)**

**Previous positions**

- Deputy General Manager of the Financial Group - Al Rajhi Bank
- CFO - Al Rajhi Bank, Malaysia
- CFO - Al Rajhi Bank, Jordan
- Manager of the Reports and Budget Department at the Financial Group - Al Rajhi Bank

**Qualifications**

- Master in Accounting - University of Illinois, USA
- Master of Finance - University of Illinois, USA
- Certified Public Accountant (CPA)
- Certified Public Accountant (SOCPA)



**Meshary Abdulaziz AlJubair**  
**Chief Operating Officer (COO)**

**Previous positions**

- General Manager of the Information Technology Division - Alinma Bank
- Deputy General Manager of the Information Technology Division - Alinma Bank
- Manager of Information Security Planning Department - Saudi Telecom Company
- Manager of Systems Department - SAMA

**Qualifications**

- Bachelor in Science, Computer Engineering - King Saud University, Kingdom of Saudi Arabia

## Board of Directors' Report 2023

### (C) Executive Management (continued)



**Dr. Mohammed Sultan Alsehali**  
Chief Internal Audit Officer

#### Previous positions

- Executive Director - Pwc Company
- Head of the Accounting Department, College of Business Administration - King Saud University
- Team Leader of the Regulatory Bodies Development Project - King Saud University

#### Qualifications

- PhD in Accounting - University of Melbourne, Australia



**Eyad Osama AlOthman**  
Chief Legal and Corporate Governance Officer

#### Previous positions

- Legal Advisor to the Chairman of the Board of Directors - Capital Market Authority (CMA)
- Legal Consultation Unit Manager - Albilad Bank
- Senior Legal Advisor - Yousef and Mohammed Al-Jadaan Office for Legal Consultation and Law Firm

#### Qualifications

- Bachelor in Law - King Saud University, Kingdom of Saudi Arabia



**Meshal Hamad Alrabiah**  
Chief Risk Officer (CRO)

#### Previous positions

- Deputy General Manager, Market Risk, ERM, and Basel - Alinma Bank
- Assistant General Manager, Market Risk, ERM, and Basel - Alinma Bank
- Senior Manager, Market Risk, ERM, and Basel - Alinma Bank

#### Qualifications

- Master in Management - University of Leeds MT, UK





**Yaser Abdulaziz AlMarshde**  
Chief Shariah Officer (CSO)

#### Previous positions

- Chief of Shariah Advisors and Chairman of the Council of Shariah Scholars - Al Rajhi Bank
- Senior Shariah Advisor and Chairman of the Council of Shariah Scholars - Al Rajhi Bank

#### Qualifications

- Master in Islamic Jurisprudence (Shariah Law), Higher Institute of Judiciary - Imam Muhammad bin Saud Islamic University, Kingdom of Saudi Arabia



**Hisham Abdullah AlTuraigi**  
Chief Credit Officer (CCRO)

#### Previous positions

- Director of Credit Risk Management - Alinma Bank
- Manager of the Credit Evaluation Department - Al Rajhi Bank

#### Qualifications

- Master in Accounting - King Saud University, Kingdom of Saudi Arabia



**Abdullah Mohammed AlSalamah**  
Chief Human Capital Officer (CHCO)

#### Previous positions

- Deputy General Manager of the Human Capital Division - Alinma Bank
- Deputy General Manager of the Information Technology Division - Alinma Bank
- Manager of the Information Security Awareness Department - Saudi Telecom Company
- Teaching Assistant - King Saud University

#### Qualifications

- Master in Information Systems - King Saud University, Kingdom of Saudi Arabia

## Board of Directors' Report 2023

### (C) Executive Management (continued)



**Saud Aied Al Mufaddaly**  
**Chief Compliance Officer (CCO)**

#### Previous positions

- Acting Head of Compliance - Riyadh Bank
- Deputy Head of Compliance and Anti-Financial Crimes Sector - Riyadh Bank
- Head of the Compliance and Anti-Financial Crimes Department - Banque Saudi Fransi
- Head of Anti-Money Laundering, Counter Financing of Terrorism, and Sanctions - Saudi Awwal Bank

#### Qualifications

- Bachelor in Economics - King Saud University, Kingdom of Saudi Arabia



**Fahad Abdulaziz AlMohaimeed**  
**Chief Strategy and Sustainability Officer**

#### Previous positions

- Head of Islamic Banking - Arab National Bank
- Head of Shariah Affairs - Arab National Bank
- Product Development Manager - Saudi Awwal Bank

#### Qualifications

- Bachelor in Finance - King Saud University, Kingdom of Saudi Arabia

## Names of the companies inside and outside the Kingdom in which a Board Member is a Manager or a member of their current or previous Board

Member name	Current			Previous		
	Company name	Inside / outside the Kingdom	Position	Company name	Inside / outside the Kingdom	Position
Dr. Abdulmalek Abdullah Al-Hogail	Bahri (formerly known as the National Shipping Company of Saudi Arabia)	Inside the Kingdom	• Board Member	Saudi Electricity Company	Inside the Kingdom	• Board Member
	Americana Restaurants International Company	Outside the Kingdom	• Vice Chairman of the Board of Directors	National Chemical Carriers Co., Ltd.	Inside the Kingdom	• Chairman of the Board of Directors
	The Kuwait Food Company (Americana Group)	Outside the Kingdom	• Vice Chairman of the Board of Directors	Accenture PLC	Outside the Kingdom	• Board Member
				Tibbiyah Holding	Inside the Kingdom	• Board Member
				SPIMACO	Inside the Kingdom	• Board Member
				Philips Healthcare Saudi Arabia Ltd.	Inside the Kingdom	• Board Member
				Electronics and Systems Holding Company	Inside the Kingdom	• Board Member
				Alinma Investment	Inside the Kingdom	• Board Member
				Al Faisaliah Group	Inside the Kingdom	• Vice President and Chief Financial Officer
Saad Abdulaziz Alkroud	Public Investment Fund	Inside the Kingdom	• Secretary General of the Board of Directors and Chief of Staff	Public Investment Fund	Inside the Kingdom	• Director General of Stakeholder Management Department
	Southern Province Cement Company	Inside the Kingdom	• Chairman of the Board	Alissa Group	Inside the Kingdom	• Advisor to the Chairman of the Board
	Diriyah Gate Co. Ltd.	Inside the Kingdom	• Board Member	Wealth and Diversification Management Company (MIAS)	Inside the Kingdom	• Vice President
	Saudi Company for Technology Development and Investment	Inside the Kingdom	• Chairman of the Board			
	AlBalad Development Company	Inside the Kingdom	• Board Member			
	Dan Company	Inside the Kingdom	• Chairman of the Board			
	El Seif Engineering Contracting	Inside the Kingdom	• Vice Chairman of the Board			
	King Faisal Specialist Hospital and Research Center	Inside the Kingdom	• Board Member			

## Board of Directors' Report 2023

Member name	Current			Previous		
	Company name	Inside / outside the Kingdom	Position	Company name	Inside / outside the Kingdom	Position
Ahmed Abdullah Alsheikh	Non-Oil Revenues Development Center	Inside the Kingdom	<ul style="list-style-type: none"> <li>Chairman of the Audit Committee.</li> </ul>	Ministry of Industry	Inside the Kingdom	<ul style="list-style-type: none"> <li>Non-Executive Advisor</li> </ul>
				Saudi Tadawul Group	Inside the Kingdom	<ul style="list-style-type: none"> <li>Member of the Joint Committee with the aim of completing the settlement and clearance projects</li> </ul>
				Capital Market Authority	Inside the Kingdom	<ul style="list-style-type: none"> <li>Member of the Joint Committee with the aim of completing the settlement and clearance projects and Deputy Chairman of the Authority for Market Institutions</li> </ul>
				Saudi Arabian Monetary Authority (SAMA)	Inside the Kingdom	<ul style="list-style-type: none"> <li>Member of the Joint Committee with the aim of completing the settlement and clearance projects and Deputy Portfolio Manager for Oversight</li> </ul>
				National Housing Company (NHC) General	Inside the Kingdom	<ul style="list-style-type: none"> <li>Board Member and Member of the Audit Committee</li> </ul>
				Organization for Social Insurance (GOSI)	Inside the Kingdom	<ul style="list-style-type: none"> <li>Board Member</li> </ul>
				Council of Economic and Development Affairs	Inside the Kingdom	<ul style="list-style-type: none"> <li>Board Member, Member of the Sub-Committee of the Permanent Committee, Member of the Strategic Committee, Member of the Housing Program Committee, and Member of the Permanent Committee</li> </ul>
				International Public Sector Accounting Standards Board (IPSASB)	Inside the Kingdom	<ul style="list-style-type: none"> <li>Member of the Executive Committee for Governance</li> </ul>
				Exclusive Accommodation Center	Inside the Kingdom	<ul style="list-style-type: none"> <li>Supervisory Committee Member and Executive Committee Member</li> </ul>
				SHL Finance Company	Inside the Kingdom	<ul style="list-style-type: none"> <li>Board Member</li> </ul>
				Saudi Export-Import Bank	Inside the Kingdom	<ul style="list-style-type: none"> <li>Chairman of the Audit Committee</li> </ul>
				TSB Bank	Inside the Kingdom	<ul style="list-style-type: none"> <li>Board Member</li> </ul>
				Ministry of Housing	Inside the Kingdom	<ul style="list-style-type: none"> <li>Part-time Advisor</li> </ul>



Member name	Current			Previous		
	Company name	Inside / outside the Kingdom	Position	Company name	Inside / outside the Kingdom	Position
Anees Ahmed Moumina	Jeddah Urban Development and Renewal Company	Inside the Kingdom	• Board Member	Panda Company	Inside the Kingdom	• Vice Chairman of the Board
	Alinma Investment	Inside the Kingdom	• Board Member	Afia International Company	Inside the Kingdom	• Vice Chairman of the Board
	Dr. Soliman Fakeeh Hospital	Inside the Kingdom	• Board Member	United Sugar Company	Inside the Kingdom	• Vice Chairman of the Board
	Dar Altamleek	Inside the Kingdom	• Board Member	Kinan International Real Estate Development Company	Inside the Kingdom	• Board Member
	Abdullatif Jameel for Business	Inside the Kingdom	• Board Member	AlKabeer Group	Inside the Kingdom	• Board Member
	Halwani Company	Inside the Kingdom	• Board Member	SEDCO Holding	Inside the Kingdom	• The Chief Executive Officer (CEO) of the Group
	Moroojeddah Company	Inside the Kingdom	• Board Member	Elaf Group	Inside the Kingdom	• Board Member
	Jeddah Transport Company	Inside the Kingdom	• Board Member	Dunya AlAswaf Company (AlShayaka)	Inside the Kingdom	• Chairman of the Board
				Ewan GRC	Inside the Kingdom	• Chairman of the Board
				Samba Financial Group	Inside the Kingdom	• Regional General Manager for the Western Region and Senior Credit Officer
Haitham Rashid Al Sheikhmubarak	Derayah Financial	Inside the Kingdom	• Audit Committee Member	Saudi Fransi Capital	Inside the Kingdom	• Acting Chief Executive Officer and Head of Wealth Management
	Golf Saudi	Inside the Kingdom	• Audit Committee Member	The Investor Company	Inside the Kingdom	• Board Member
				King Abdullah Humanitarian Foundation	Inside the Kingdom	• Board Member
Mohammed Abdulrahman Bindayel	Cultural Development Fund	Inside the Kingdom	• Chief Executive Officer (CEO)	Raidah Investment Company	Inside the Kingdom	• Chief Operating Officer (COO)
Dr. Saud Mohammed Al-Nimir	Saudi Public Transport Company (SAPTCO)	Inside the Kingdom	• Board Member	Saudi Electricity Company	Inside the Kingdom	• Board Member
	Madaen Star Real Estate	Inside the Kingdom	• Audit Committee Member	Solidarity Insurance	Inside the Kingdom	• Board Member
				Central Riyadh Company	Inside the Kingdom	• Audit Committee Member

## Board of Directors' Report 2023

Member name	Current			Previous		
	Company name	Inside / outside the Kingdom	Position	Company name	Inside / outside the Kingdom	Position
Abdullah Abdulaziz Alromaizan	Mohammed Ibrahim Al Subaie and Sons Investment Company (MASIK)	Inside the Kingdom	• Chief Real Estate Investment Officer	Alromaizan Group	Inside the Kingdom	• Assistant Portfolio Manager
				Arab National Bank	Inside the Kingdom	• Relationship Officer, Corporate Banking
				Saudi National Bank	Inside the Kingdom	• Team Leader, Corporate Banking
				Raidah Investment Company	Inside the Kingdom	• Portfolio Manager, Local Real Estate and Infrastructure Management
				Hassana Investment Company	Inside the Kingdom	• Assistant Director General, Local Real Estate and Infrastructure Investments
Abdulrahman Mohammed Ramzi Addas	Kinan International Real Estate Development Co.	Inside the Kingdom	• Audit Committee Member and Board Member	Albilad Bank	Inside the Kingdom	• Board Member, Chairman of the Compliance and Governance Committee, and Chairman of the Nominations and Rewards Committee
	Al Rabie Saudi Foods Co. Ltd.	Inside the Kingdom	• Chairman of the Audit Committee and Board Member	ARCOMA Company	Inside the Kingdom	• Board Member
	Diyar Al Khayal for Real Estate Development	Inside the Kingdom	• Chairman of the Board	Sedco Capital	Inside the Kingdom	• Board Member
	TSB Bank	Outside the Kingdom	• Chairman of the Board and Risk Committee Member	Abdulaziz Al-Sughayir Holding Company	Inside the Kingdom	• Board Member
	Environmental Fund	Inside the Kingdom	• Chairman of the Investment Committee, Member of the Nominations and Rewards Committee, and Board Member	ACWA Power	Inside the Kingdom	• Board Member
				Growth Cable Development Limited Company	Inside the Kingdom	• Chairman of the Board
				AlSorayai Group	Inside the Kingdom	• Board Member
				Quantum Investment Bank	Outside the Kingdom	• Board Member
				AMS Baeshen Company	Inside the Kingdom	• Board Member
				The Savola Group	Inside the Kingdom	• Board Member and Member of the Nominations and Rewards Committee
				Red Sea Markets Company Limited	Inside the Kingdom	• Board Member

## Composition of the Board and classification of its members, as of December 31, 2023

Member name	Position	Membership rating (Executive/Non-Executive/Independent)
Dr. Abdulmalek Abdullah Al-Hogail	Chairman	Independent
Saad Abdulaziz Alkroud	Vice Chairman	Non-Executive
Abdullah Abdulaziz Alromaizan	Member	Independent
Ahmed Abdullah Alsheikh	Member	Independent
Haitham Rashid Al-Sheikhmubarak	Member	Independent
Mohammed Abdulrahman Bindayel	Member	Non-Executive
Dr. Saud Mohammed Al-Nimir	Member	Independent
Abdulrahman Mohammed Ramzi Addas	Member	Independent
Anees Ahmed Moumina	Member	Non-Executive

## Meetings of the Board of Directors during the last financial year

The Board held 7 meetings in 2023, as reflected below.

Member name	Feb 01	Mar 01	Apr 03	Jun 21	Sep 26	Dec 28	Dec 29	Total
Dr. Abdulmalek Abdullah Al-Hogail	✓	✓	✓	✓	✓	✓	✓	7
Saad Abdulaziz Alkroud	✓	✓	✓	✓	✓	✓	✓	7
Abdulrahman Mohammed Ramzi Addas	✓	✓	✓	✓	✓	✓	✓	7
Haitham Rashid Al-Sheikhmubarak	✓	✓	✓	✓	✓	✓	✓	7
Mohammed Abdulrahman Bindayel	✓	✓	✓	✓	✓	✓	✓	7
Dr. Saud Mohammed Al-Nimir	✓	✓	✓	✓	✓	✓	✓	7
Abdullah Abdulaziz Alromaizan	✓	✓	✓	✓	✓	✓	✓	7
Ahmed Abdullah Alsheikh	✓	✓	✓	✓	✓	✓	✓	7
Anees Ahmed Moumina	✓	✓	✓	✓	✓	✓	✓	7

## Board of Directors' Report 2023

### Procedures taken by the Board to inform its members, and Non-Executive Directors in particular, of Shareholders' suggestions and remarks on the company and its performance

The Board is keen to enable Shareholders to exercise their rights, present observations, and raise inquiries during the General Assembly Meetings. These are documented by way of minutes of the meetings. Additionally, the Board allocates different means of communication to receive Shareholders queries and observations, if any.

### A brief description of the duties, competencies, and working of the Board Committees

The Executive Committee, as well as the Nomination and Remuneration, Audit, Risk, Shariah, and Governance and Sustainability Committee's, assist the Board in performing its duties and responsibilities, by encouraging independent opinions and enhancing greater synergies across Alinma Bank.

#### (A) The Executive Committee

Responsible to the Board, the Executive Committee has overall authority to review, approve, or reject operating expenses, capital expenditure, and credit provisions that fall beyond the delegated authority of the CEO, to approve credit facilities recommended by the Executive Management, and to approve debt restructuring or write-off. The Committee is composed of 5 members and is headed by the Chairman of the Board. A total of 11 meetings were held by the Executive Committee during the year under review, attended by members as shown below:

Member name	Meeting date – 2023											Total
	Jan 18	Feb 28	Apr 04	Apr 16	May 21	Jun 11	Jul 10	Sep 05	Oct 04	Nov 08	Dec 12	
Dr. Abdulmalek Abdullah Al-Hogail (Chairman)	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	11
Abdulrahman Mohammed Ramzi Addas	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	11
Mohammed Abdulrahman Bindaayel	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	11
Anees Ahmed Moumina	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	11
Abdullah Abdulaziz Alromaizan	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	11



## (B) Nomination and Remuneration Committee

The Nomination and Remuneration Committee was formed by the Board of Directors and comprises of 4 members. The Committee is responsible for developing policies for the nomination and remuneration of the members of the Board of Directors, its Committees, and senior Executives in accordance with relevant instructions of the Saudi Central Bank (SAMA) and the Capital Market Authority (CMA). The Committee is also responsible for overseeing and following up the implementation of rewards and incentives for the Bank's staff in such a manner that guarantees protection of the interests of Shareholders, investors, and other Stakeholders. Such rewards and incentives are in line with instructions of regulatory and supervisory authorities. The Committee held 8 meetings during 2023, which were attended by members as shown in the table below:

Member name	Meeting date – 2023								Total
	Jan 04	Jan 25	Feb 27	May 17	Jun 01	Jun 20	Sep 06	Dec 19	
Dr. Saud Mohammed Al-Nimir (Chairman)	✓	✓	✓	✓	✓	✓	✓	✓	8
Dr. Abdulmalek Abdullah Al-Hogail	✓	✓	✓	✓	✓	✓	✓	✓	8
Saad Abdulaziz Alkroud	✓	✓	✓	✓	x	x	✓	✓	6
Mohammed Abdulrahman Bindayel	✓	✓	✓	x	✓	✓	✓	✓	7

## (C) Audit Committee

The Audit Committee is the internal control mechanism that independently assures the Bank's adherence to all regulatory, accounting, and fiscal requirements, while also coordinating with external auditors to ensure their independence. The Committee is composed of 5 Independent members and a total of 7 meetings were held in 2023, which were attended by members as shown in the table below:

Member name	Meeting date – 2023							Total
	Jan 31	Feb 14	Apr 18	Jul 23	Sep 11	Oct 23	Dec 12	
Abdulrahman Mohammed Ramzi Addas (Chairman)	✓	✓	✓	✓	✓	✓	✓	7
Haitham Rashid Al-Sheikhmubarak	✓	✓	✓	✓	✓	✓	✓	7
Dr. Saad Saleh Al-Rowaite	✓	✓	✓	✓	✓	✓	✓	7
Maher Saad Al-Aiyadhi	✓	✓	✓	✓	✓	✓	✓	7
Othman Mohammed Al-Tuwaijri	✓	✓	✓	✓	✓	✓	✓	7

## Board of Directors' Report 2023

### (D) Risk Committee

The Risk Committee was formed to assist the Board of Directors in overseeing the enterprise risk management process and to discharge other related responsibilities, such as ensuring the development of strategies and comprehensive policies for risk management that are in line with the nature and volume of the Bank's activities; taking into account cyber and technical risks, and verifying the implementation, review, and update of the same based on internal and external changes; ensuring that an acceptable risk appetite is set and maintained by the Bank and submitting a recommendation of the same to the Board. The Risk Management Committee is composed of 5 members and a total of 5 meetings were held in 2023, which were attended by members as shown below:

Member name	Meeting date – 2023					Total
	Feb 02	May 07	Jul 17	Nov 05	Dec 24	
<b>Haitham Rashid Al-Sheikhmubarak (Chairman)</b>	✓	✓	✓	✓	✓	5
<b>Abdullah Abdulaziz Alromaizan</b>	✓	✓	✓	✓	✓	5
<b>Ahmed Abdullah Alsheikh</b>	✓	✓	✓	✓	✓	5
<b>Anees Ahmed Moumina</b>	✓	✓	✓	✓	✓	5
<b>Mohammed Awad Almalki*</b>	✓	✓	✓	✓	✓	5

\* Mohammed Awad Almalki was appointed as a non-Board Member of the Risk Committee effective from January 10, 2023.

### (E) Shariah Committee

Alinma Bank is committed to conduct its business in compliance with Shariah. Article (49) of the Articles of Association stipulates "The business of the company shall be governed by Shariah provisions and controls". The Shariah Committee is responsible for considering all Bank transactions, contracts, agreements, forms, documents, etc., and issuing the necessary decisions or directives in this regard. The Committee contributes towards the innovation and development of products in light of the provisions of Islamic Shariah for various Bank departments and is responsible for monitoring the Bank's compliance with the provisions of Islamic Shariah in all its activities and transactions, and ensuring that the Committee's decisions are properly implemented. The Shariah Committee is composed of 4 members, all of whom are specialized in the jurisprudence of Islamic finance and economics. The Committee held 28 meetings during 2023, as shown in the following table:

Meeting date – 2023	Dr. Abdullah Wikayyil Al-Sheikh (Chairman)*	Dr. Abdulrahman Saleh Al-Atram**	Dr. Suleiman Turkey Al-Turkey	Dr. Khalid Abdulrahman Almohana***
1. January 18	✓	✓	✓	✓
2. January 25	✓	✓	✓	✓
3. February 01	✓	✓	✓	✓
4. February 15	✓	✓	✓	✓
5. February 20	✓	✓	✓	✓
6. March 01	✓	✓	✓	✓
7. March 29	✓	✓	✓	✓
8. April 03	✓	✓	✓	✓
9. April 11	✓	✓	✓	✓

	Meeting date – 2023	Dr. Abdullah Wikayyil Al-Sheikh (Chairman)*	Dr. Abdulrahman Saleh Al-Atram**	Dr. Suleiman Turkey Al-Turkey	Dr. Khalid Abdulrahman Almohana***
10.	May 03	✓	✓	✓	✓
11.	May 17	✓	✓	✓	✓
12.	May 31	✓	✓	✓	✓
13.	June 13	✓	✓	✓	✓
14.	August 01	✓	✓	✓	✓
15.	August 16	✓	✓	✓	✓
16.	August 23	✓	✓	✓	✓
17.	August 29	✓	✓	✓	✓
18.	August 31	✓	✓	✓	✓
19.	September 06	✓	✓	✓	✓
20.	September 13	✓	✓	✓	✓
21.	October 04	✓	✓	✓	✓
22.	October 18	✓	✓	✓	✓
23.	October 25	✓	✓	✓	✓
24.	November 28	✓	✓	✓	✓
25.	December 05	✓	✓	✓	✓
26.	December 06	✓	✓	✓	✓
27.	December 21	✓	✓	✓	✓
28.	December 27	✓	✓	✓	✓
	Total	28	28	28	28

\* Dr. Abdullah Wikayyil Al-Sheikh was appointed as the Chairman of the Shariah Committee, from Vice Chairman of the Shariah Committee, effective from July 4, 2023.

\*\* Dr. Abdulrahman Saleh Al-Atram was appointed as Vice Chairman of the Shariah Committee, from Chairman of the Shariah Committee, effective from July 4, 2023.

\*\*\* Dr. Khalid Abdulrahman Almohana was appointed as a member of the Shariah Committee, effective from January 1, 2023.

## Board of Directors' Report 2023

### (F) Governance and Sustainability Committee

Formed in 2022, the Committee's core function is to assist the Board in monitoring the general framework of governance across Alinma Bank, studying the topics presented by the Executive Management, and ensuring all tools required for sound governance including policies, procedures, and manuals are reviewed, updated, and are in compliance with regulatory requirements and best practices within the Bank's operational parameters. The 4 member Committee held 6 meetings during 2023, which were attended by members as shown below:

Member name	Meeting date – 2023						Total
	Feb 08	Feb 21	Mar 21	Jun 07	Sep 12	Dec 29	
Saad Abdulaziz Alkroud (Chairman)	✓	✓	✓	✓	✓	✓	6
Dr. Saud Mohammed Al-Nimir	✓	✓	✓	✓	✓	✓	6
Ahmed Abdullah Alsheikh	✓	✓	✓	✓	✓	✓	6
Dina Hassan Alnahdi*	✓	✓	✓	✓	✓	✓	6

\*Dina Hassan Alnahdi was appointed as a non-Board Member of the Governance and Sustainability Committee, effective from January 1, 2023.

### Methods adopted by the Board to assess its performance, the performance of its Committees, and Members

The Board of Directors conducted an internal assessment of the Board, its members, and its Committees to assess the performance of the Board, its members, and Committees during the reporting period, and review their effectiveness.

### Training and development for Board Members, Committee Members, Senior Executives, and Bank employees

Alinma Bank provides all members of the Board of Directors and members of the Committees with continuous training and development opportunities year after year. This proactive approach reflects Alinma Bank's desire to develop its leadership and governance, and all other areas in general. This ensures that it continues to remain at the forefront of banking standards.

The Bank has a comprehensive human capital policy that includes a dedicated training and development policy focusing on defining the education and development strategy, implementation stages, and identification mechanisms through:

- Continuous development of the skills of the Bank's employees to empower them to deliver high-performance levels to contribute to achieving the Bank's strategic objectives.
- Supporting the Bank's growth through the implementation of its succession and localization plans through various specialized training and development programs.
- Contributing to the implementation of the Bank's social responsibility policy (cooperative training, summer training, etc.).
- Optimal utilization of resources through building strategic partnerships with education and development service providers with a high level of professionalism and expertise.

The policy also includes:

- Gathering and analyzing training and development needs.
- Building an education and development plan.
- Preparing the education and development budget.
- Preparing education and development schedules.
- Selecting training service providers.
- Implementing education and development.
- Evaluating the effectiveness of education and development.
- Internal training facilitator.

### Succession planning

The aim of succession planning is to identify strategic and sensitive positions within the Bank, nominate qualified leaders to fill these positions, and develop plans to ensure their readiness, thereby achieving the Bank's objectives.

The succession planning policy includes:

- Periodic study of succession planning, defining criteria and guidelines to identify strategic and sensitive positions, which are of utmost importance within the Bank, for approval by the CEO.
- Reviewing and monitoring development plans for candidates for sensitive positions, ensuring the suitability of candidates for these positions.
- Reviewing and updating competencies for strategic and sensitive positions.
- Monitoring the career paths of leaders and supervisors included in the succession plan to ensure the availability of an alternative for every strategic and sensitive position within the Bank at any given time.

## Board of Directors' Report 2023

### Remuneration of Board Members, Committee Members, and Executive Management

Alinma Bank strictly adheres to the provisions of the Companies Law and instructions issued by the supervisory bodies for the banking sector in the Kingdom, when demarcating remuneration of the Board of Directors. Compensation policies determine the compensation of employees and senior Executives in accordance with their respective contracts and the policies and resolutions approved by the Board of Directors in this regard, in light of the relevant rules and regulations.

#### (A) Board Member remuneration

Members of the Board of Directors	Fixed remunerations						Variable remunerations								
	*Specific Amount	Allowance for attending Board meetings	Total allowance for attending Committee meetings	In-kind benefits	Remunerations for technical, managerial, and consultative work	Remunerations of the Chairman, Managing Director, or Secretary, if a member	Total (SAR)	Percentage of the profits	Periodic remunerations	Short-term incentive plans	Long-term incentive plans	Granted shares	Total (SAR)	End-of-service award	***Grand total
First: Independent Directors															
Dr. Abdulmalek Abdullah Al-Hogail**	750,000	35,000	95,000	–	–	3,000,000	3,880,000	–	–	–	–	–	–	–	3,880,000
Dr. Saud Mohammed Al-Nimir	750,000	35,000	70,000	–	–	–	855,000	–	–	–	–	–	–	–	855,000
Abdulrahman Mohammed Ramzi Addas	750,000	35,000	90,000	–	–	–	875,000	–	–	–	–	–	–	–	875,000
Haitham Rashid Al-Sheikhmubarak	750,000	35,000	60,000	–	–	–	845,000	–	–	–	–	–	–	–	845,000
Ahmed Abdullah Alsheikh	750,000	35,000	55,000	–	–	–	840,000	–	–	–	–	–	–	–	840,000
Abdullah Abdulaziz Alromaizan	750,000	35,000	80,000	–	–	–	865,000	–	–	–	–	–	–	–	865,000
Total	4,500,000	210,000	450,000	–	–	3,000,000	8,160,000	–	–	–	–	–	–	–	8,160,000
Second: Non-Executive Directors															
Saad Abdulaziz Alkroud	750,000	35,000	60,000	–	–	–	845,000	–	–	–	–	–	–	–	845,000
Anees Ahmed Moumina	750,000	35,000	80,000	–	–	–	865,000	–	–	–	–	–	–	–	865,000
Mohammed Abdulrahman Bindayel	750,000	35,000	90,000	–	–	–	875,000	–	–	–	–	–	–	–	875,000
Total	2,250,000	105,000	230,000	–	–	–	2,585,000	–	–	–	–	–	–	–	2,585,000
Grand Total	6,750,000	315,000	680,000	–	–	3,000,000	10,745,000	–	–	–	–	–	–	–	10,745,000

\* This specific amount includes annual remuneration for membership of the Board of Directors and fixed remunerations for membership of Committees in accordance with the section 5.1 of the "Remunerations and Allowances Policy for members of the Board of Directors, Committees, Secretariat, and Executive Management".

\*\* Special reward for the Chairman of the Board of Directors, in accordance with section 5.7 of the "Remunerations and Allowances Policy for members of the Board of Directors, Committees, Secretariat, and Executive Management".

\*\*\*The change in the maximum limit for remuneration for members of the Board of Directors came in accordance with the applicable regulations and instructions and the remuneration policy and allowances for members of the Board of Directors, its Committees, the Secretariat, and the Executive Management approved by the General Assembly.

## (B) Committee Member remuneration

\*Remuneration for Committee Members (within the Board) is included in the Board Member remuneration stated in clause (A) on the opposite page.

Audit Committee Member	Fixed remuneration (except for the allowance for attending Committee meetings)	Committee meeting allowance	Total (SAR)
Abdulrahman Mohammed Ramzi Addas	150,000	35,000	185,000
Maher Saad Al-Aiyadhi	150,000	35,000	185,000
Haitham Rashid Al-Sheikhmubarak	150,000	35,000	185,000
Othman Mohammed Al-Tuwaijri	150,000	35,000	185,000
Dr. Saad Saleh Al-Rowaite	150,000	35,000	185,000
<b>Total</b>	<b>750,000</b>	<b>175,000</b>	<b>925,000</b>

Nomination and Remuneration Committee Member	Fixed remuneration (except for the allowance for attending Committee meetings)	Committee meeting allowance	Total (SAR)
Dr. Saud Mohammed Al-Nimir	150,000	40,000	190,000
Dr. Abdulmalek Abdullah Al-Hogail	150,000	40,000	190,000
Saad Abdulaziz Alkroud	150,000	30,000	180,000
Mohammed Abdulrahman Bindayel	150,000	35,000	185,000
<b>Total</b>	<b>600,000</b>	<b>145,000</b>	<b>745,000</b>

Risk Committee Member	Fixed remuneration (except for the allowance for attending Committee meetings)	Committee meeting allowance	Total (SAR)
Haitham Rashid Al-Sheikhmubarak	150,000	25,000	175,000
Ahmed Abdullah Alsheikh	150,000	25,000	175,000
Anees Ahmed Moumina	150,000	25,000	175,000
Abdullah Abdulaziz Alromaizan	150,000	25,000	175,000
Mohammed Awad Almalki*	146,250	25,000	171,250
<b>Total</b>	<b>746,250</b>	<b>125,000</b>	<b>871,250</b>

\* Membership on the Risk Committee started on January 10, 2023.



## Board of Directors' Report 2023

Executive Committee Member	Fixed remuneration (except for the allowance for attending Committee meetings)	Committee meeting allowance	Total (SAR)
Dr. Abdulmalek Abdullah Al-Hogail	150,000	55,000	205,000
Mohammed Abdulrahman Bindayel	150,000	55,000	205,000
Anees Ahmed Moumina	150,000	55,000	205,000
Abdullah Abdulaziz Alromaizan	150,000	55,000	205,000
Abdulrahman Mohammed Ramzi Addas	150,000	55,000	205,000
<b>Total</b>	<b>750,000</b>	<b>275,000</b>	<b>1,025,000</b>

Governance and Sustainability Committee Member	Fixed remuneration (except for the allowance for attending Committee meetings)	Committee meeting allowance	Total (SAR)
Saad Abdulaziz Alkroud	150,000	30,000	180,000
Dr. Saud Mohammed Al-Nimir	150,000	30,000	180,000
Ahmed Abdullah Alsheikh	150,000	30,000	180,000
Dina Hassan Alnahdi*	150,000	30,000	180,000
<b>Total</b>	<b>600,000</b>	<b>120,000</b>	<b>720,000</b>

\* Membership on the Governance and Sustainability Committee started on January 1, 2023.

Shariah Committee Member	Fixed remuneration (except for the allowance for attending Committee meetings)	Committee meeting allowance	Total (SAR)
Dr. Abdulrahman Saleh Al-Atram	300,000	140,000	440,000
Dr. Abdullah Wikayyil Al-Sheikh	300,000	140,000	440,000
Dr. Sulaiman Turkey Al-Turkey	300,000	140,000	440,000
Dr. Khalid Abdulrahman Almohana*	300,000	140,000	440,000
<b>Total</b>	<b>1,200,000</b>	<b>560,000</b>	<b>1,760,000</b>

\* Membership on the Shariah Committee started on January 1, 2023.

### (C) Senior Executive remuneration

Top 6 senior Executives who received the highest remuneration and compensation, including the CEO and CFO.

Fixed remuneration					Variable remuneration								
	Salaries	Allowances	In-kind benefits	Total (SAR)	Periodic remuneration	Profit	Short-term incentive plans	Long-term incentive plans	Granted shares	Total (SAR)	End of service benefits	Total remuneration of Executives on the Board, if any	Grand total (SAR)
Total	13,380,730	6,960,382	–	20,341,112	13,050,000	–	–	380,053	4,795,698	18,225,751	1,376,687	–	39,943,550

**Any punishment, penalty, precautionary procedure, or preventive measure imposed on the Bank by any supervisory, regulatory, or judiciary authority, describing the reasons for non-compliance, the imposing authority and the measures undertaken to remedy and avoid such non-compliance in the future**

In exercising its day-to-day operations, the Bank applies all banking and regulatory rules issued by supervisory authorities. The Bank is keen to reduce violations and, if they do occur, take the necessary and immediate corrective action.

**First/Saudi Central Bank (SAMA):**

The following table shows fines imposed on the Bank during the preceding financial year 2022 and the current year 2023:

Violation	Financial year 2022		Financial year 2023	
	Number of penalties	Total amount (SAR)	Number of penalties	Total amount (SAR)
Violation of SAMA supervisory directives	17	10,383,835	11	8,532,300.00
Violation of SAMA directives related to customer protection	-	-	1	20,000.00
Violation of SAMA directives related to conducting due diligence	-	-	1	1,907,000.00
Violation of SAMA directives related to ATMs and POS performance level	-	-	-	-
Violation of SAMA directives related to conducting due diligence with respect to anti- money laundering and terrorism financing	-	-	1	150,000.00
<b>Total</b>	<b>17</b>	<b>10,383,835</b>	<b>14</b>	<b>10,609,300.00</b>

**Second/Ministry of Municipal and Rural Affairs and Housing:**

The entity that imposed the fine	Reasons for imposing the fine	The corrective plan	Total amount
Municipality of Riyadh	Failure to comply with legislation regarding ATM rebound	The regulations regarding ATM setback have been updated by the Municipality, and the Bank will strive to comply with the updated regulations	SAR 863,500.00
Municipality of Riyadh	The presence of a hole in the ATM entry path	The issue has been addressed by the maintenance company. The company has been alerted to the necessity of monthly maintenance and follow-up for ATMs, providing the Bank with a monthly report, and notifying the Bank immediately in case of any observations on the ATM pathway	
Municipality of Jeddah	Absence of a renovation license for one of the branches for the project of adding self-service facilities to the branch	Ensuring the issuance of a renovation permit for any branch of the Bank before commencing renovation works	
Municipality of Riyadh	Advertisement stickers inside ATM rooms and advertisement stickers on the metal cover of ATM machines and construction rooms, totaling 187 ATMs Absence of a pathway and deduction from parking space for 17 ATMs, and lack of available capacity for 76 ATMs	The Bank will strive to comply with regulatory requirements and legislation	

## Board of Directors' Report 2023

### Results of annual review of the effectiveness of the internal control procedure and the opinion of the Audit Committee with respect to the adequacy of the Bank's internal control system

The Bank adopts and bases its internal control framework on the three lines of defense model. Business departments and divisions function as a first line, as their activities take into account the laws and regulations issued by the regulatory authorities. The Compliance Division, Risk Division, and Finance Division represent the second line, which provides oversight, assessment, and monitoring of the risk management activities carried out in daily transactions, credit operations, and information security. Departments and divisions, both in the first and second lines, submit periodic reports to the Management's internal committees and the Board's committees to ensure the Bank meets the regulatory requirements and achieves the business objectives.

The Internal Audit Division represents the third line and conducts tests and necessary reviews for all of the Bank's divisions, based on the Audit Committee's approved risk-based plan. The Internal Audit Division affirms its organizational and functional independence within the Bank, which enables it to carry out tasks and responsibilities effectively without any due influence.

Based on the responsibility of the Bank's Management in terms of preparing a comprehensive and effective system for internal controls, to achieve the approved objectives of the Bank, an internal control system has been developed that suits the Bank's activities and takes into account the relative importance of financial and other risks inherent to these activities. An internal control system has been designed to manage and control risks in a timely manner. This provides a reasonable amount of continuous control and early detection and handling of potential risks.

The internal control system is based on the vision and assessment of the Bank's Management to put in place a control system commensurate with the relative importance of financial and other risks inherent to the Bank's activities, with a reasonable cost and benefit in order to achieve specific controls. The internal control system has been designed to mitigate risks in order to achieve specific objectives. It is therefore designed to give reasonable assurances to avoid material errors and relevant losses.

The Audit Committee periodically reviews the reports prepared by internal and external auditors. These reports include an assessment of the adequacy and effectiveness of internal controls currently in place.

Based on the aforementioned, we believe that the Bank has a reasonably adequate and effective internal control system in terms of design and implementation. During 2023, there were no material observations relating to the effectiveness of the internal control system and procedures in the Bank.

### Bank's social contributions

During the year 2023, the Bank implemented several social contributions, activities, and initiatives as follows:

- The Bank has allocated SAR 1 Mn. to support the national campaign for charitable and humanitarian work (Ihsan), dedicated to charitable and social activities. The campaign was launched under the gracious patronage of our Custodian of the Two Holy Mosques, King Salman bin Abdulaziz Al Saud.
- Providing support to the Friends of The Football Players Charity with the aim of empowering the children and families of former players in various empowerment areas such as education and small-scale projects.
- Providing educational grants worth SAR 5 Mn. for children from low-income families as part of the Bank's strategic direction towards achieving financial inclusion. The program includes skills empowerment and guidance for children from these families during their educational journey to prepare them for future careers, thereby empowering them to positively impact their living conditions and the surrounding community.
- Supporting a financial portfolio for micro-enterprises with SAR 5 Mn., aimed at empowering over 286 productive families as part of the Bank's strategic direction towards achieving financial inclusion.
- Sponsoring and supporting the International Exhibition for Talented Individuals in Engineering and Mathematics (ISEF), in which the Kingdom of Saudi Arabia owns 35 seats. Talented individuals achieved impressive results in the 2023 edition of the exhibition.

## The General Assembly Meeting dates during the last fiscal year and names of the Board Members who attended

The Ordinary General Assembly Meeting was held on April 30, 2023 and attendance at the meeting is reflected below:

Member name	Attendance record
Dr. Abdulmalek Abdullah Al-Hogail (Chairman)	✓
Saad Abdulaziz Alkroud (Vice Chairman)	✗
Abdullah Abdulaziz Alromaizan	✗
Ahmed Abdullah Alsheikh	✓
Haitham Rashid Al-Sheikhmubarak	✓
Mohammed Abdulrahman Bindayel	✓
Dr. Saud Mohammed Al-Nimir	✓
Abdulrahman Mohammed Ramzi Addas	✓
Anis Ahmed Muminah	✓

Names of the preliminary committees of the Presidents of the General Assembly or its designated members	Attendance record
Dr. Abdulmalek Abdullah Al-Hogail (Chairman of the Executive Committee)	✓
Haitham Rashid Al-Sheikhmubarak (Chairman of the Risk Committee)	✓
Dr. Saud Mohammed Al-Nimir (Chairman of the Nomination and Remuneration Committee)	✓
Abdulrahman Mohammed Ramzi Addas (Chairman of the Audit Committee)	✓
Dr. Abdulrahman Saleh Al-Atram (Chairman of the Shariah Committee)	✓

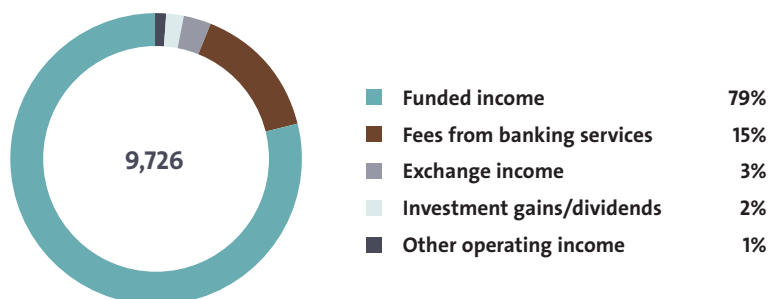
## A description of the main scope of business of the Bank and its affiliates and a statement of each activity and how it affects the Bank's businesses and results

The primary activity of Alinma Bank, as a banking institution, lies in providing a comprehensive range of banking services that are Shariah compliant. The Bank is committed to understanding and meeting the needs of its customers, while maintaining a distinctive competitive edge in the market. These services are delivered through 108 branches, supported by multiple digital platforms employing the latest technologies, as well as a professional human workforce with high levels of efficiency and training. Accessible channels include the Bank's website ([www.alinma.com](http://www.alinma.com)), the Alinma Bank application, phone services, and email. Additionally, the Bank has an expanding network comprising 1,504 ATMs spread across the Kingdom of Saudi Arabia. Throughout the provision of these services, the Bank is dedicated to aligning with the objectives of Saudi Vision 2030, aimed at reducing unemployment rates, empowering women, and providing financial resources for all.

## Board of Directors' Report 2023

The chart below reflects the activities of the Bank, and their share of contribution to the Bank's gross revenue:

### Operating Income Composition (SAR Mn.)



### Future plans

The Bank will continue to enhance its ambitious plans through the introduction of more Shariah compliant products and services. With investments in the latest technology and a focus on digital banking, the aim is to increase the customer base of individuals and corporates and increase the financing portfolio and customer deposits.

The Bank will continue its efforts related to operational quality, speed of procedures, and continuous improvement of the customer experience to enhance customer satisfaction levels. The Bank will also continue to focus on sustainability and social responsibility, implementing relevant initiatives in these areas.

In order to keep pace with the changing banking environment, in 2021 Alinma Bank prepared an ambitious and detailed strategy for the years 2021 to 2025 and has achieved 81% of the initiatives proposed.

### Information on any risks facing the Bank and the policy of managing and monitoring these risks

During the normal course of business, the Bank is exposed to various risks. Systems and procedures are in place in Alinma Bank to identify, control, and report the major risks that could be encountered by the Bank. The major risk types that might be encountered by the Bank are as follows:

#### (A) Operational risk

Operational risks represent risks that occur as a result of human errors or errors in the systems used by the Bank's operations, or due to a lack of clarity or non-compliance with operational controls related to internal procedures. These risks can lead to negative impacts, financial losses, and other hazards that may directly affect the continuity of business operations.

Within this context, operational risk management aims to apply the required level of methodologies for dealing with operational risks and ensures the implementation of internal controls to mitigate the damage caused by these risks to the Bank and its strategic objectives. Operational risk management also emphasizes the presence of an effective approach followed by the Bank's departments to identify operational risks related to each department area and to determine appropriate corrective plans. This enables departments to achieve their goals more effectively.

The operational risk management framework includes continuous coordination with all Bank departments to verify the effectiveness of the mechanism for dealing with operational risks and the effectiveness of the controls implemented to mitigate their impact.

## (B) Credit risk

Credit risk is the risk that a counterparty may fail to meet its obligations towards the Bank and, therefore, could result in a financial loss for the Bank, making it the major risk faced by the Bank. Alinma Bank actively manages its credit risk exposure through the establishment of credit risk policies and procedures which provide guidance on target market, risk acceptance criteria, minimum disclosure from customers, review and approval process, concentration limits, in addition to day-to-day account management. To ensure the integrity of the credit check, the Bank formed an independent risk management group whose task is to implement and follow up the credit risk policy, credit operations, and related documents after approval. Additionally, the Group is responsible for following up on any credit problems that may arise in customer's finances.

## (C) Market risk

Market risk is the risk that the fair value or the future cash flows of the financial instruments will fluctuate due to changes in market variables such as equity prices, profit rates, foreign exchange rates, and commodity prices. The Bank has a Market Risk Management team under the Risk Management Group that regularly monitors market risks, including liquidity risk of the Bank.

## (D) Liquidity risk

Liquidity risk is the risk that the Bank will encounter difficulty in meeting obligations associated with its financial liabilities that are settled by delivering cash or other financial assets. Liquidity risk can be caused by market disruptions or credit downgrades, which may cause certain sources of funding to dry up immediately. To mitigate this risk, the Bank's Management has diversified funding sources, and assets are managed with liquidity taken into consideration, maintaining an adequate balance of cash and cash equivalents. Exposure to the above-mentioned risks is monitored by the Board of Directors and other Management committees. The Board of Directors has also constituted a Risk Committee to assist it in overseeing the liquidity risk management process and to discharge related responsibilities.

## (E) Mitigating risks through insurance coverage

The Bank currently has insurance policies covering potential risks that may arise from damages to assets, including property insurance covering all risks, as well as insurance documents covering internal fraud and embezzlement operations. Additionally, the Bank has an insurance policy covering the lives of Board Members and employees, as well as liability insurance towards third parties. Furthermore, the Bank has a credit life insurance program covering the debts of borrowers in the mortgage portfolio

## Assets, liabilities, and results of the last 5 fiscal years

Operating results	SAR (Mn.)				
	2023	2022	2021	2020	2019
Income from investment and financing, net	7,655	6,066	5,140	4,648	4,323
Fee, exchange, and other income	2,071	1,897	1,519	1,034	1,287
Total operating income	9,726	7,963	6,660	5,682	5,610
Operating expenses*	(3,032)	(2,761)	(2,372)	(2,062)	(2,087)
Net income before provisions	6,694	5,202	4,288	3,620	3,523
Provision for financing and other assets	(1,299)	(1,189)	(1,266)	(1,418)	(706)
Net income before Zakat	5,395	4,013	3,022	2,202	2,816
Zakat	(556)	(414)	(312)	(236)	(282)
Net income after Zakat	4,839	3,599	2,709	1,966	2,535

\*Share on profit and loss from associates and joint ventures is included

## Board of Directors' Report 2023

All major banking activities of Alinma Bank showed positive growth during 2023, with total assets rising from SAR 200,436 Mn. in 2022 to SAR 236,715 Mn. in 2023, an increase of 18%. Likewise, the finance portfolio increased by 18.5% to SAR 173,624 Mn. as at December 31, 2023, compared to SAR 146,492 Mn. in 2022.

Financial position	SAR (Mn.)				
	2023	2022	2021	2020	2019
Financing, net	173,624	146,492	126,271	111,196	94,801
Investments	43,236	38,529	33,278	29,526	23,478
Total assets	236,715	200,436	173,476	156,877	131,839
Customers' deposits	187,901	145,168	121,061	119,454	102,063
Total liabilities	202,381	168,560	142,765	132,448	109,395
Shareholders' equity	34,334	31,876	30,711	24,429	22,445

### Geographical analysis of the Bank and its subsidiaries revenues

Almost the entire revenue recorded by Alinma Bank for the 2023 fiscal year was derived from banking activities carried out across the Kingdom of Saudi Arabia. The Bank's business locations are divided into 5 regions. The following table shows the Bank's total operating income allocation across these regions during 2023.

Total revenues	SAR (Mn.)					Total
	Western region	Eastern region	Northern region	Southern region	Central region	
Financial year ended December 31, 2023	1,007	1,161	134	158	7,266	9,726
Financial year ended December 31, 2022	653	589	105	108	6,508	7,963



**Any material differences in the results compared to the previous year's results, along with any expectations announced by the Bank**

Description	SAR (Mn.)			
	2023	2022	Changes (+) (-)	Percentage change
Income from investment and financing, net	7,655	6,066	1,589	26.2%
Fee, exchange, and other income	2,071	1,897	174	9.2%
Total operating income	9,726	7,963	1,763	22.2%
Operating expenses*	(3,032)	(2,761)	(271)	9.8%
Net income before provisions	6,694	5,202	1,492	28.7%
Provision for financing and other assets	(1,299)	(1,189)	(110)	9.3%
Net income after Zakat	4,839	3,599	1,240	34.5%

\*Share on profit and loss from associates and joint ventures is included.

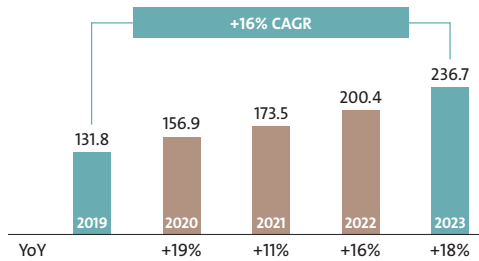
**Adhering to the approved accounting standards set by the Saudi Organization for Chartered and Professional Accountants (SOCPA)**

The Bank follows, in the preparation of its consolidated financial statements, the International Financial Reporting Standards (IFRS) adopted in the Kingdom of Saudi Arabia, as well as the regulations, standards, and other issuances issued by the Saudi Organization for Chartered and Professional Accountants (SOCPA), in accordance with the Banking Control Law, Companies Law applicable in the Kingdom of Saudi Arabia, and the Bank's bylaws. Additionally, the accounting policies applied in preparing the Bank's consolidated financial statements as of December 31, 2023, are in line with those applied in preparing the consolidated financial statements for the year ended December 31, 2022, except for the application of some amendments to the International Financial Reporting Standards that became mandatory for application in the annual financial reporting periods beginning on or after January 1, 2023. There is no material impact on the Bank's consolidated financial statements as a result of applying these amendments.

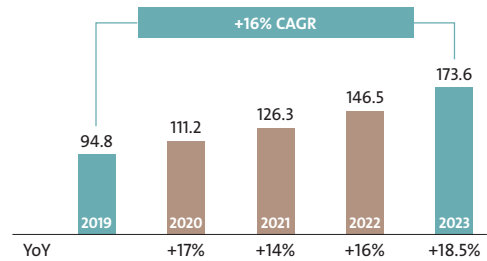
## Board of Directors' Report 2023

### Financial results

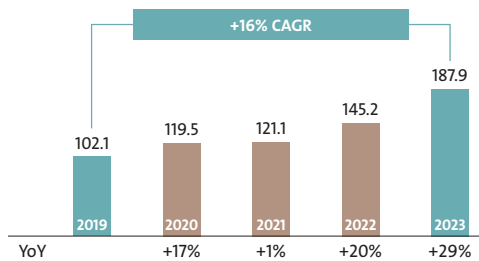
Total assets (SAR Bn.)



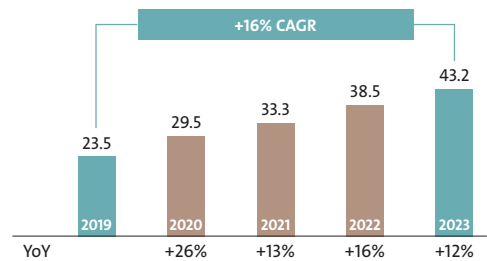
Financing (SAR Bn.)



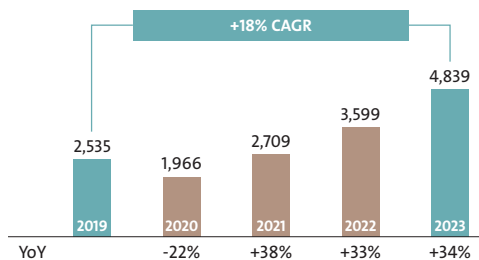
Customers' deposits (SAR Bn.)



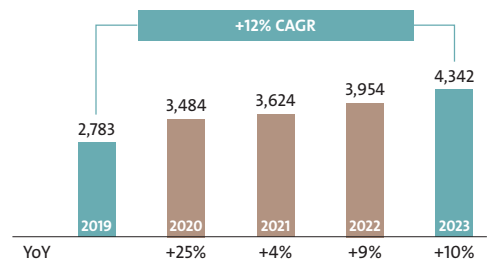
Investments (SAR Bn.)



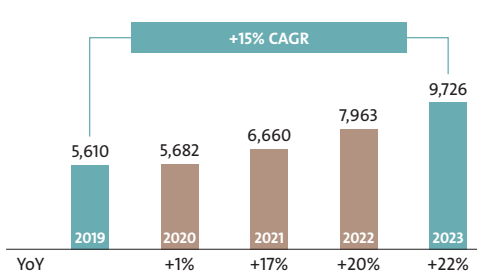
Net income (SAR Mn.)



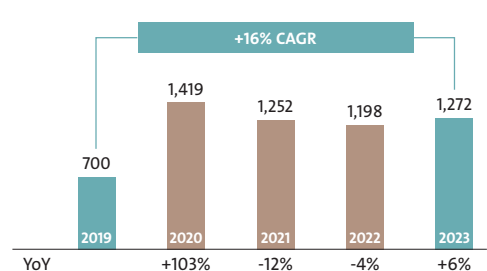
Total operating expenses (SAR Mn.)



Total operating income (SAR Mn.)



Impairments for financing (SAR Mn.)



## The subsidiary companies of the Bank

Alinma Bank owns 5 subsidiary companies conducting different business activities. Following are the corporate details of its subsidiaries:

Subsidiary	Capital	Bank's ownership percentage	Main scope of business	Country of operation	Country of Establishment
Alinma Investment Company (Closed Joint Stock Company)	Authorized: SAR 1,000 Mn. Paid up: SAR 500 Mn.	100%	Dealing as principal and agent, undertaking coverage and management, arranging, providing advice, and filing in securities business	Kingdom of Saudi Arabia	Kingdom of Saudi Arabia
Tanweer Real Estate Company (Limited Liability Company)	SAR 100,000	100%	Facilitates mortgage financing and to hold, on behalf of the Bank, the titles to real-estate owned/pledged as collateral against financing extended by the Bank	Kingdom of Saudi Arabia	Kingdom of Saudi Arabia
Saudi Fintech Company (Closed Joint Stock Company)	SAR 100 Mn.	100%	Providing digital financial products and services in cooperation with banks, together with the digital financial platforms and engaging in the banking agency activities to provide the e-commerce payment services	Kingdom of Saudi Arabia	Kingdom of Saudi Arabia
Isnad Company (Limited Liability Company)	SAR 500,000	100%	Providing outsourced staff to the Bank (customer services, management support, technical support)	Kingdom of Saudi Arabia	Kingdom of Saudi Arabia
Alinma SPV Limited	USD 50,000	100%	Executing financial derivatives transactions and repurchasing agreements with international banks	Kingdom of Saudi Arabia	The Cayman Islands

In addition to the above-mentioned subsidiaries, the Bank has effective control over the funds listed below. The financial statements of these funds are consolidated with those of the Bank:

Investment fund	Purposes	Net assets	Percentage of ownership	Country of Establishment	Principal place of business
Alinma Sukuk Fund	To invest in a basket of local sovereign Sukuks issued by the Kingdom of Saudi Arabia	SAR 429 Mn.	92.2%	Kingdom of Saudi Arabia	Kingdom of Saudi Arabia
Alinma IPO Fund	To achieve capital appreciation over the long-term by investing mainly in Saudi joint stock companies	SAR 195 Mn.	69.2%	Kingdom of Saudi Arabia	Kingdom of Saudi Arabia
Dhahban Real Estate Fund	To achieve medium-term capital growth through direct investment in the real estate sector in the city of Jeddah	SAR 616 Mn.	99.8%	Kingdom of Saudi Arabia	Kingdom of Saudi Arabia
Alinma Fund for Private Equity Investments	To distribute cash returns and/or achieve capital growth through investments in a private company	SAR 224 Mn.	99.9%	Kingdom of Saudi Arabia	Kingdom of Saudi Arabia

## Board of Directors' Report 2023

Alinma Cooperative Insurance Agency, a fully-owned subsidiary of the Bank, established on 29 Rabi Al Awwal 1435H (corresponding to January 30, 2014), was liquidated during the year and its commercial registration cancelled on 15 Muharram 1445H (corresponding to August 2, 2023).

The below table summarizes the operational activities and gross revenues of the subsidiary companies together with their contributions to the Bank's results:

	Activity's profit (SAR Mn.)	Percentage
Fund Management	451	44%
Investment Banking and Brokerage	155	15%
Others	429	41%
Total Operating Income	1,035	100%

### Details of shares and debt instruments issued by each subsidiary company

Name of subsidiary company	Shares		Debt instruments	
	Number of shares	Bank's ownership %	Number of debt instruments	Bank's ownership
Alinma Investment Company	50,000,000	100%	—	—
Saudi Fintech Company	10,000,000	100%	—	—
Isnad Company	50,000	100%	—	—
Tanweer Real Estate Company	10,000	100%	—	—
Alinma SPV Limited	50,000	100%	—	—

### Dividends distribution policy

Annual or interim (semi-annual, quarterly) net profits of the company shall be distributed after deducting general expenses and other costs and forming necessary reserves against bad debts, investment losses, and contingent liabilities in line with the Banking Control Law and SAMA's instructions. The Bank also aims to distribute quarterly dividends of no less than 50% of the Bank's annual profits, bearing in mind that dividend distributions may be subject to change based on any substantial or circumstantial changes in the Bank's strategy, future growth opportunities, regulatory or supervisory requirements, as follows:

1. Calculation and payment of the Zakat and tax amounts to the concerned authorities.
2. Transferring no less than 25% of the remaining net profit after the Zakat deduction to the statutory reserve account until it becomes at least equal to the paid-up capital.
3. Allocating (from the remaining profit after deducting the Zakat and reserve amounts) at least 5% of the paid-up capital to be distributed to Shareholders as proposed by the Board of Directors and decided by the General Assembly. If the remaining profit is insufficient to cover this amount (5%), Shareholders shall have no right to claim the payment of the same in the next year/years. The General Assembly shall have no right to distribute profits in excess of the amounts proposed by the Board of Directors.
4. The remaining balance (after allocating the amounts referred to in points 1, 2, and 3) shall be used as proposed by the Board of Directors and decided by the General Assembly.

5. Based on a proposal made by the Board of Directors, the General Assembly may allocate part of the net profit to establish social institutions for the Bank's staff or to assist existing ones.
6. The Board of Directors may distribute interim dividends (semi-annual or quarterly) in accordance with the regulations governing such distribution.
7. Dividends are paid to Shareholders according to the decision of the General Assembly in this regard. The distribution decision specifies the eligibility date and distribution date, and the eligibility shall be for the Shareholders register at the end of the dividend's eligibility date.

**Description of any interest in a class of voting shares held by persons (other than the company's Directors, Senior Executives and their relatives) who have notified the company of their holdings pursuant to Article (85) of the Rules on The Offer of Securities and Continuing Obligations, along with any change to such rights during the last fiscal year.**

The following table shows major Shareholders of the Bank during the financial year 2023:

Name	Beginning of the year		End of the year	
	Shares	Ownership %	Shares	Ownership %
Public Investment Fund	200,000,000	10%	200,000,000	10%

**Due to banks and other financial institutions**

Total outstanding funding from the financial sector as of December 31, 2023 amounted to SAR 7,431 Mn., with amounts due for funding maturing by March 2024. The aggregate maximum exposure during 2023 was SAR 7,982 Mn. These borrowings represent short-term interbank deposits for liquidity management purposes, and neither the Bank nor its subsidiaries have any loans maturing upon demand.

**Description of the class and number of any convertible debt instruments, contractual securities, preemptive right, or similar rights issued or granted by the Bank during the fiscal year, as well as stating any compensation obtained by the Bank in this regard**

The Bank did not issue any convertible debt instruments, contractual securities, preemptive right, or similar rights during the fiscal year ending on December 31, 2023.

**Description of any conversion or subscription rights under any convertible debt instruments, contractually based securities, warrants, or similar rights issued or granted by the Bank**

**Tier 1 Sukuk**

On July 1, 2021 the Bank, through a Shariah compliant arrangement, issued Tier 1 Sukuk (the "Sukuk"), amounting to SAR 5 Bn. The issuance was approved by the regulatory authorities and the Board of Directors of the Bank.

The applicable profit rate is 4% per annum from date of issue up to 2026 and is subjected to reset every 5 years, as explained in Note (18) of the Bank's consolidated financial statements for the period ending on December 31, 2023.

**Description of any redemption, purchase, or cancellation by the Bank of any redeemable debt instruments and the value of such securities outstanding, distinguishing between those listed securities purchased by the Bank and those purchased by its subsidiaries**

The Bank did not conduct any redemption operations during the fiscal year ending on December 31, 2023.

## Board of Directors' Report 2023

### Description of any interest, contractual securities, and subscription rights of Board Members, Senior Executives, and their relatives in the shares or debt instruments issued by the Bank or any of its subsidiaries and any change therein during the last financial year

Description of all ownership by members of the Board of Directors, their spouses, and children in shares and Sukuks issued by the Bank, or any of its subsidiaries

Name	Beginning of the year		End of the year		Net change	Change %
	No of shares	Sukuk	No. of shares	Sukuk		
1. Dr. Abdulmalek Abdullah Al-Hogail	400,000	3	400,000	3	-	-
2. Saad Abdulaziz Alkroud	-	-	-	-	-	-
3. Anees Ahmed Moumina	14,288	-	14,288	-	-	-
4. Mohammad Abdulrahman Dayel	1,333	-	1,333	-	-	-
5. Ahmed Abdullah Alsheikh	1	-	100,000	-	99,999	100%
6. Abdullah Abdulaziz Alromaizan	-	-	-	-	-	-
7. Abdulrahman Mohammed Ramzi Addas	2,145	-	2,145	-	-	-
8. Dr. Saud Mohammad Al-Nimir	72,840	-	77,390	-	4,550	6.25%
9. Haitham Rashid Al-Sheikhmubarak	50	-	50	-	-	-

Description of all ownership by members of the Executive Management, their spouses, and children in the shares and Sukuks issued by the Bank, or any of its subsidiaries

Name	Beginning of the year		End of the year		Net change	Change%
	No. of shares	Sukuk	No. of shares	Sukuk		
1. Abdullah Ali Al-Khalifa	-	-	51,465	-	51,465	100.0%
2. Meshary Abdulaziz AlJubair	187,723	-	209,561	-	21,838	11.6%
3. Abdullah Jamaan AlZahrani	95,825	-	136,102	-	40,277	42.0%
4. Abdullah Mohammed AlSalamah	70,176	-	70,341	-	165	0.2%
5. Eyad Osama AlOthman	150,000	-	90,000	-	(60,000)	-40.0%
6. Fahad Abdulaziz AlMohaimed	-	-	4,803	-	4,803	100.0%
7. Yaser Abdulaziz AlMarshde	161,814	-	172,189	-	10,375	6.4%
8. Hisham Abdullah AlTuraigi	123	-	100	-	(23)	-18.7%
9. Dr. Mohammed Sultan Alsehali	52,539	-	73,593	-	21,054	40.1%
10. Meshal Hamad Alrabiah	7,000	-	15,695	-	8,695	124.2%

## Requests for Shareholder records

The table below lists the number of Bank requests of Shareholder records, dates, and reasons thereof:

	Date of request – 2023	Nature of requests
1.	January 02	Update Shareholder register
2.	February 01	Update Shareholder register
3.	February 13	Update Shareholder register
4.	March 01	Update Shareholder register
5.	April 03	Update Shareholder register
6.	April 30	Meeting of the General Assembly
7.	May 02	Second half 2022 dividends
8.	May 09	Update Shareholder register
9.	May 31	First quarter 2023 dividends
10.	July 05	Update Shareholder register
11.	August 13	Second quarter 2023 dividends
12.	October 03	Update Shareholder register
13.	November 06	Update Shareholder register
14.	November 12	Third quarter 2023 dividends
15.	December 06	Update Shareholder register



## Board of Directors' Report 2023

### A description of any transactions between the Bank and any related party

During its normal course of business, the Bank deals with related parties. Transactions with related parties shall be subject to the ratios stipulated in the Banking Control Law and the instructions of SAMA. The table below shows the balances resulting from transactions with related parties and included in the consolidated financial statements as at December 31, 2023.

	2023 (SAR'000s)	2022 (SAR'000s)
<b>Directors, key Management personnel, major Shareholders, and affiliates</b>		
Financing to key Management personnel	56,022	50,503
Financing to other related parties	1,433,866	935,993
Customers' deposits*	58,959	107,960
Investments in associates and joint ventures	15,637	70,214
<b>Bank's mutual funds</b>		
Investments in mutual funds	953,614	625,708
Investment funds finance	-	-
Deposits from mutual funds	335,531	796,174

\*Customers' deposits mainly include deposits from major Shareholders, affiliates, and Directors. The Bank has transactions with government and government-related entities which are conducted within the normal course of business.

### (A) Income and expenses pertaining to transactions with related parties included in the consolidated statement of income are as follows:

	2023 (SAR'000s)	2022 (SAR'000s)
Income on financing	91,421	20,413
Return on time investments	137,129	3,803
Fee from banking services, net	434,278	378,163
Directors' remuneration	7,870	9,086

The advances and expenses related to Executives are in line with the normal employment terms.

**(B) The total amount of compensation to key Management personnel during the year is as follows:**

	2023 (SAR'000s)	2022 (SAR'000s)
Short-term employee benefits	101,839	80,604
End of service benefits	4,254	7,312

**Auditors' opinion**

The audit report did not include any reservations on any item in the financial statements for the fiscal year ending on December 31, 2023, and the Board of Directors has not made any recommendation to change the external auditors before the end of the specified period.

**Statement as to the value of any investments made or any reserves set up for the benefit of the employees of the Bank**

Benefits and compensation are paid to employees in accordance with the provisions of the Saudi Labor Law. As at December 31, 2023, the balance due to employees on account of the end of service benefits obligation amounted to SAR 485 Mn. Additionally, the Bank makes monthly contributions towards the General Organization for Social Insurance (GOSI) for staff welfare as per the Saudi Labor Law.

**Information relating to any business or contract to which the Bank is a party and in which a Director of the Bank, a Senior Executive, or any person is related to any of them.**

Company name	Work or contract nature	Total paid amount during the year 2023 (SAR)	Work or contract duration	Work or contract conditions	Name of the Director/senior Executive or any person related to any of them
1. Alinma Tokio Marine Company*	Insurance Policy: Banker's blanket bond, Officers and Executive's Liability Insurance, covering all risks related to the Bank's properties, third-party liability insurance, and insurance for ATMs at the airport	6,937,088.04	From June 1, 2023 to May 31, 2024	No preferential terms	<ul style="list-style-type: none"> <li>Abdullah Ali Al-Khalifa (CEO at Alinma Bank) (Non-Executive Member at Alinma Tokio Marine Company)</li> <li>Meshal Hamad Alrabiah (CRO at Alinma Bank) (Risk Committee Member at Alinma Tokio Marine Company)</li> </ul>
2. Alinma Tokio Marine Company*	Insurance Policy: Social Protection Insurance	1,639,862.82	From January 1, 2023 to December 31, 2023	No preferential terms	<ul style="list-style-type: none"> <li>Abdullah Ali Al-Khalifa (CEO at Alinma Bank) (Non-Executive Member at Alinma Tokio Marine Company)</li> <li>Meshal Hamad Alrabiah (CRO at Alinma Bank) (Risk Committee Member at Alinma Tokio Marine Company)</li> </ul>

\*The merger of Alinma Tokio Marine Company into Arabian Shield Cooperative Insurance Company was completed in November 2023.

## Board of Directors' Report 2023

### A description of any arrangement or agreement under which a Director or a senior Executive of the Bank has waived any remuneration

The Bank does not have any information about any arrangement or agreement by virtue of which any Board Members or senior Executives have waived the right to receive any remunerations or compensations.

### A description of any arrangement or agreement under which a Shareholder of the Bank has waived any rights to dividends

The Bank does not have any arrangement or agreement by virtue of which any Shareholders have waived the right to receive any dividend from the Bank.

### 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

The following table shows the value of regulatory and outstanding payments for the financial period ended December 31, 2023:

Statement	(SAR Mn.)		Brief description
	Paid amount	Outstanding amount until the end of the annual financial period	
Zakat	413.76	556.32	The amount paid represents the Zakat paid for the year 2022, and the accrued amount represents the Zakat calculated for the financial year 2023 payable in April 2024
Withholding tax	39.21	1.7	The amount paid represents the withholding tax paid for the period from December 2022 to November 2023 and the accrued amount represents the withholding tax for December 2023, payable in January 2024
Value Added Tax	218.51	7	The amount paid represents the VAT paid for the period from December 2022 to November 2023 and the accrued amount represents the VAT for December 2023, payable in January 2024

### Board of Directors' declarations

The Bank adheres to the following when preparing the consolidated financial statements:

- A. International Financial Reporting Standards adopted in the Kingdom of Saudi Arabia and other standards and pronouncements adopted by the Saudi Organization for Chartered and Professional Accountants (SOCPA), collectively referred to as "Adopted Standards in the Kingdom of Saudi Arabia".
- B. Provisions of the Banking Control Law and the Companies Law applicable in the Kingdom of Saudi Arabia and the Bank's bylaws.

C. The Board of Directors affirms the following:

1. The financial statements prepared by the Bank's Management fairly represent its financial position, results of operations, cash flows, and changes in equity.
2. Appropriate accounting policies are consistently applied to the Bank's circumstances when preparing financial statements, as explained in Note (3) of the Bank's consolidated financial statements. Estimates and fundamental judgments are used in preparing the financial statements, as outlined in Note 2(e) of the Bank's consolidated financial statements.
3. The accounting books have been prepared correctly.
4. The internal control system has been established on sound principles and effectively implemented.
5. There is no significant doubt about the Bank's ability to continue its operations.
6. Except for the information provided in Note (35) in the consolidated financial statements, the Bank did not engage in any contracts during the fiscal year 2023 that involves significant interest for any members of the Board of Directors, the CEO, or the CFO, and any related parties.

### Information relating to any competing business with the Bank or any of its activities that any member of the Board is engaging in or was engaging in such competing businesses

Member name	Company name	Main business	Business terms
Anees Ahmed Mومينا	Dar Al Tamleek	Buying, selling, and owning real estate and land and investing in them, as well managing financing programs for others	There are no preferential terms

### Treasury shares, value, and details

The Bank held part of its shares at intervals during 2010 and 2011, with a view to granting them to a specified category of employees who meet relevant terms. Pending the transfer of share ownership, the shares are treated as treasury shares used to finance long-term employee remuneration plans paid on a stock basis, as shown in Note (22) and (17) of the Bank's consolidated financial statements for the period ended December 31, 2023.

In addition to the above, the Extraordinary General Assembly, in its meeting held on April 30, 2023, approved an employee stock grant program. Under this program, 5 million shares of the Bank's stock were purchased as treasury shares to be allocated to the employee shares program. The Bank has completed the purchase of these shares during the current period.

The details of the treasury shares held by the Bank are as follows:

Number of treasury shares held by the Bank as on December 31, 2023	Value (SAR)
12,735,419	225,611,004

## Board of Directors' Report 2023

### Dividend distributions

The following details show the percentages of profits distributed to Shareholders during various periods of the fiscal year 2023.

For the fiscal year 2023	Total distributed amount (SAR)	Number of eligible dividend shares	Share's portion of the distribution (after deducting Zakat)	Distribution percentage to nominal share value (%)	Due date	Distribution date
Second half of 2022	996,095,989	1,992,191,796	0.50	5%	April 30, 2023	May 11, 2023
First quarter of 2023	498,049,786	1,992,199,143	0.25	2.5%	May 29, 2023	June 12, 2023
Second quarter of 2023	596,160,521	1,987,201,737	0.30	3%	August 9, 2023	August 23, 2023
Third quarter of 2023	596,178,596	1,987,261,988	0.30	3%	November 8, 2023	November 22, 2023
<b>Total</b>	<b>2,686,484,801</b>					

\*Alinma Bank announced its Board of Directors' decision on December 31, 2023, to recommend to the Extraordinary General Assembly a capital increase to SAR 25 Bn., representing a 25% increase. This will be achieved through the issuance of bonus shares in a 1:4 ratio, capitalizing SAR 5 Bn. from retained earnings.

### Disclosures related to micro, small, and medium enterprises

MSMEs shall be defined as follows:

Type of enterprise	Revenues (SAR Mn.)	Staff
Micro enterprise	0 to 3	1 to 5
Small enterprise	< 3 to 40	6 to 49
Medium enterprise	< 40 to 200	50 to 249

The total number of employees in the SME sector in the Bank stood at 42 employees at the end of the fiscal year 2023.

During 2023, the Bank focused on developing the business of the SME sector through:

- Digital transformation to support and finance small and micro enterprises.
- Signing partnership agreements and designing and launching new financing products and programs.
- Improving and developing workflow procedures.

**Digital transformation:** A digital pathway has been established to keep pace with the escalating developments in financial technology through a digital platform (Iz AlA'mal) to provide various banking services and facilities to qualified small and micro enterprise customers after a fully automated credit assessment. This new direction aims to enhance customer experience and achieve growth in the portfolio of small and micro enterprise financing by establishing sustainable digital financing channels with regulatory measures for risk management, and will be officially launched in the first half of 2024

**Partnerships and new financing products and programs:** The small and medium-sized enterprises (SMEs) sector succeeded in introducing new products and partnerships in 2023 to meet the diverse needs of micro, small, and medium enterprises across various sectors, including:

- E-commerce financing targeting companies and e-commerce platforms.
- Updating the point of sale financing product by increasing the funding limit to SAR 7.5 Mn.
- Enhancing the collaboration with the General Authority for Small and Medium Enterprises (Monsha'at) by increasing financing opportunities through signing an agreement with the "Tamoh" program.
- Signing an agreement with the General Union of Cars to support and finance transportation companies operating in the Hajj and Umrah sectors.
- Signing an agreement with the "Nesnad" program, a subsidiary of SABIC, to finance promising opportunities in the small and medium-sized enterprises sector.
- Expanding financing for small and medium projects under the umbrella of the Kafalah program through various financing programs.

**Improving and developing workflow procedures:**

Key improvements in the small and medium enterprises (SMEs) sector that were implemented in 2023 include:

- Launching the first phase of the Credit Limit Order (e-CLO) system, which included financing programs for small and medium enterprises. This system involves studying the customer's requests and granting facilities to corporate sector clients through an integrated system, aimed at expediting business procedures and enhancing customer experience.

	Number of training days
Number of man-days training provided to SMEs staff	353

## Board of Directors' Report 2023

The following are the main performance indicators of the SME sector during the year 2023 compared to 2022:

	2023 (SAR'000s)			
	Micro enterprise	Small enterprise	Medium enterprise	Total
Small and medium enterprises financing - On balance sheet	1,055,045	2,729,302	4,717,628	8,501,975
Small and medium enterprises financing - Off balance sheet	9,316	166,855	492,137	668,308
SMEs financing as a percentage of total financing - On balance sheet	0.59%	1.53%	2.65%	4.77%
SMEs financing as a percentage of total financing - Off balance sheet	0.03%	0.46%	1.35%	1.84%
Number of financing transactions (On/Off balance sheet)	4,299	1,714	1,258	7,271
Number of financing customers (On/Off balance sheet)	4,206	716	171	5,093
Number of financing transactions guaranteed by the Kafalah program	157	1,091	391	1,639
Total financing amounts guaranteed by the Kafalah program	75,799	850,013	405,534	1,331,346

	2022 (SAR'000s)			
	Micro enterprise	Small enterprise	Medium enterprise	Total
Small and medium enterprises financing - On balance sheet	110,362	1,626,408	2,781,396	4,518,166
Small and medium enterprises financing - Off balance sheet	3,403	104,221	230,722	338,346
SMEs financing as a percentage of total financing - On balance sheet	0.07%	1.08%	1.85%	3.00%
SMEs financing as a percentage of total financing - Off balance sheet	0.01%	0.44%	0.98%	1.48%
Number of financing transactions (On/Off balance sheet)	171	1,092	1,138	2,401
Number of financing customers (On/Off balance sheet)	339	518	176	1,033
Number of financing transactions guaranteed by the Kafalah program	127	712	373	1,212
Total financing amounts guaranteed by the Kafalah program	60,726	561,060	502,239	1,124,025



## **Kafalah Program**

The Bank continued its contribution in supporting micro, small, and medium enterprises through the Kafalah program, where several achievements were made in 2023.

Key achievements of the Kafalah program during 2023:

- The financing amounts under the Kafalah program recorded a growth rate of 18%.
- The number of financing transactions under the Kafalah program increased by a growth rate of 35%.

## **Acknowledgement**

The Alinma Bank Board of Directors greatly appreciates the noteworthy progress made in 2023 in line with the Bank's overarching strategy to be recognized as the fastest and most convenient bank in the Kingdom. This progress included the expansion of product and service offerings powered by the enhancement of digital capabilities and emerging technologies, while maintaining a strong balance sheet. During 2023, Alinma Bank experienced a growth in our customer base and overall operations, which positively impacted the Bank's financial results.

The Board of Directors would like to take this opportunity to thank the Bank's customers and Shareholders for placing their trust in the Bank and its Board. We also wish to thank the Government and regulatory authorities for their guidance, support, and cooperation.

Most importantly, appreciation is also extended to Alinma Bank's employees, for their sincere and diligent efforts in working towards the Bank's goals.

Lastly, the Board of Directors and all employees of the Bank express their gratitude and appreciation to the Custodian of the Two Holy Mosques, King Salman bin Abdulaziz Al Saud, and His Highness the Crown Prince Mohammed Bin Salman Bin Abdulaziz Al Saud , Prime Minister, for their tireless service to the Kingdom and its people.