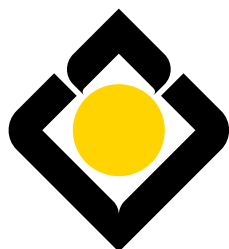


2022 BOARD OF DIRECTORS' REPORT



البنك السعودي للاستثمار
The Saudi Investment Bank

The Board of Directors of the Saudi Investment Bank ("the Bank") are pleased to present the Annual Board of Directors Report for the year ended December 31, 2022. In addition to the financial results, the Report includes information about the Bank's activities, achievements, strategies, the composition and oversight of the Board of Directors (hereinafter referred to as "the Board"), and its subcommittees, in addition to other complementary data to inform the reader.

Overview

The Bank is a Saudi joint stock company formed pursuant to a Royal Decree M/31 issued in 1976, with its Head Office in Riyadh. The Bank operates 51 branches located throughout the Kingdom of Saudi Arabia. The Bank's major shareholder with 25.61% is the General Organization for Social Insurance (GOSI).

The Bank's website address is www.saib.com.sa.

Main Banking Activities

The Bank offers conventional and Shariah compliant products and services for large corporate clients, individuals, and commercial businesses comprising small and medium size enterprises through the Bank's Head Office and a network of retail branches located throughout the Kingdom. The Bank also provides financial products and services to corporate, government, and public sector entities through its three Regional Offices located in Riyadh, Jeddah, and Al-Khobar. The Bank, through its wholly-owned subsidiary Alistithmar for Financial Securities and Brokerage Company (Alistithmar Capital), also provides brokerage services in the Saudi and international markets, as well as offering asset management products and services.

The Bank is subject to the laws and regulations of the Kingdom of Saudi Arabia and is regulated by the Saudi Central Bank ("SAMA"). The Bank also follows the regulations issued by the Ministry of Commerce ("MOC") and the Capital Market Authority ("CMA").

Significant Highlights

The Bank completed the implementation of the Three-year Strategy, with continued progress in several core business areas: increasing our customer base, improving service quality, and further automating the Personal Banking business. As part of our ongoing retail activities, the Bank continued to enhance the ALASALAH Islamic Banking brand. Under this brand, the Bank operates 48 Shariah compliant branches within the Kingdom.

The Bank is in the process of developing a new five-year strategy to re-define the core focus areas and the enablers.

The Bank also continued its credit rating review process with Standard & Poor's (S&P), Fitch, and Moody's Ratings the details of which are included later in this report.

During 2022, the Bank received a number of awards including:

- King Abdulaziz Quality Award 2022 (Silver Category)
- KSA's Most Innovative Bank for Trade Finance 2022 during the 10th Annual Trade Finance Summit.
- Best Cyber Security Bank - KSA 2022 - from International Finance Magazine
- Best Travel Card - Saudi Arabia - 2022 - from World Business Outlook
- Best Secure Bank – Saudi Arabia - 2022 - from Global Business Outlook

Basis of Preparation of the Bank's Consolidated Financial Statements

The consolidated financial statements as of and for the year ended December 31, 2022 have been prepared in accordance with International Financial Reporting Standards ("IFRS") as endorsed in KSA and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants ("SOCPA"); and are in compliance with the provisions of the Banking Control Law, the Regulations for Companies in KSA, and the Bank's By-laws.

Financial Position

A summary of the Bank's statement of financial position as of December 31, 2022 compared to December 31, 2021 follows.

Total Assets

Total assets were SAR 109.1 billion as of December 31, 2022 which were higher by SAR 7.5 billion or 7.38% compared to the December 31, 2021 amount of SAR 101.6 billion. The key balance sheet movements are discussed below.

Cash and Balances with SAMA

The Banks cash and balance with SAMA totaled SAR 6.4 billion as of December 31, 2022 compared to SAR 5.9 billion as of December 31, 2021.

Investments

The Bank's investment portfolio totaled SAR 28.2 billion as of December 31, 2022 compared to SAR 28.8 billion on December 31, 2021, representing a decrease of SAR 0.6 billion or 2.08%.

Loans and Advances, net

Loans and advances, net as of December 31, 2022 totaled SAR 68.9 billion compared to SAR 57.8 billion as of December 31, 2021, representing an increase of SAR 11.1 billion or 19.20%. Total performing loans increased to SAR 69.6 billion as of December 31, 2022 compared to SAR 58.7 billion as of December 31, 2021, which was primarily due to higher commercial loans.

Non-performing loans totaled SAR 1.1 billion as of December 31, 2022 which was the same as of December 31, 2021. Non-performing loans as a percentage of total loans and advances was 1.59% as of December 31, 2022, compared to 1.89% as of December 31, 2021.

The allowance for credit losses totaled SAR 1.8 billion as of December 31, 2022 which was 2.59% of total loans, and 162.99% of non-performing loans. The allowance for credit losses totaled SAR 2.0 billion as of December 31, 2021 which was 3.35% of total loans, and 177.04% of non-performing loans.

Loans and advances as of December 31, 2022 include non-interest based banking products including Murabaha agreements, Tawarruq, Istisna'a and Ijarah totaling SAR 52.2 billion, compared to SAR 41.9 billion as of December 31, 2021.

The Bank in the ordinary course of lending activities holds collateral as security to mitigate credit risk on its loans and advances. The collateral includes primarily time, demand, and other cash deposits, financial guarantees, local and international equities, real estate, and other assets. The estimated fair value of collateral held by the Bank as security for total loans and advances is approximately SAR 78.1 billion as of December 31, 2022, compared to SAR 72.2 billion as of December 31, 2021.

Customer Deposits

Customer deposits totaled SAR 69.6 billion as of December 31, 2022 compared to SAR 61.5 billion as of December 31, 2021, representing an increase of SAR 8.1 billion or 13.17%. Demand and other deposits totaled SAR 31.2 billion as of December 31, 2022 compared to SAR 34.2 billion as of December 31, 2021, representing a decrease of SAR 3.0 billion, or 8.65%. Demand and other deposits represent 44.89% of total deposits in 2022 compared to 55.61% of total deposits in 2021. Commission bearing deposits increased by SAR 11.1 billion during the year ended December 31, 2022, or 40.49%.

Total Equity

During the year ended December 31, 2022, the Bank's total equity increased to SAR 16.8 billion compared to SAR 16.3 billion as of December 31, 2021.

The percentage of total equity to total assets as of December 31, 2022 was 15.39%, compared to 16.04% as of December 31, 2021. The Bank's Shareholders' Equity leverage ratio was 8.03 on December 31, 2022 compared to 6.87 as of December 31, 2021.

Tier I Sukuk Program

The Bank completed the establishment of a Shariah compliant Tier I Sukuk Program (the Program) in 2016 and 2022. The Program was approved by the Bank's regulatory authorities. The following tranches of Tier I Sukuk issued under the program on the dates indicated below are outstanding as of December 31, 2022 and 2021:

	2022 SAR '000	2021 SAR '000
June 6, 2017	-	285,000
March 21, 2018	1,000,000	1,000,000
April 15, 2019	215,000	215,000
June 29, 2022	2,000,000	-
Total	<u>3,215,000</u>	<u>1,500,000</u>

The Tier I Sukuk securities are perpetual with no fixed redemption dates and represent an undivided ownership interest in the Sukuk assets, constituting an unsecured conditional and subordinated obligation of the Bank classified under equity. However, the Bank has the exclusive right to redeem or call the Tier I Sukuk debt securities in a specific period of time, subject to the terms and conditions stipulated in the Program.

Capital Adequacy

The Bank's objectives when managing capital are to comply with the capital requirements set by SAMA to maintain a strong capital base and safeguard the Bank's ability to continue as a going concern.

Capital adequacy and the use of Regulatory capital are regularly monitored by the Bank's management. SAMA requires the Bank to hold a minimum level of regulatory capital and maintain a ratio of total Regulatory capital to Risk Weighted Assets (RWA) at or above the requirement of 10.5%, which includes additional buffers as required by the Basel Committee on Banking Supervision.

The Bank monitors the adequacy of its capital using ratios established by SAMA. These ratios measure capital adequacy by comparing the Bank's eligible capital with its consolidated statement of financial position assets, commitments, and notional amounts of derivatives, at a weighted amount to reflect their relative risk.

As of December 31, 2022, the Bank's Tier I plus Tier II capital adequacy ratio was 18.22% compared to 20.84% as of December 31, 2021.

Summary Results of Operations

A summary of the Bank's operating results for the year ended December 31, 2022 compared to December 31, 2021 follows.

Operating Income

Total operating income reached SAR 3,265 million in 2022, compared to SAR 2,753 million in 2021, an increase of SAR 512 million, or 18.60%. A summary of the 2022 operating income compared to 2021 follows:

- Net special commission income, which includes special commission income from placements, investments, and loans, less special commission expense from deposits and other borrowings, reached SAR 2,832 million in 2022 compared to SAR 2,352 million in 2021, an increase of SAR 480 million, or 20.41%.

- Fees from banking services reached SAR 295 million in 2022, compared to SAR 326 million in 2021, a decrease of SAR 31 million, or 9.51%.
- Exchange income reached SAR 196 million in 2022, compared to SAR 162 million in 2021, an increase of SAR 34 million, or 20.99%.
- Other investment related gains earned from income recognized through profit and loss and sales of debt securities totaled SAR 12 million in 2022 compared to SAR 81 million in 2021.
- Unrealized fair value through profit and loss statement was a net loss of SAR 71 million in 2022 compared to a loss of SAR 183 million in 2021.

Geographical Distribution of Operating Income

The Bank's total operating income is entirely generated from its operations in the Kingdom of Saudi Arabia and is summarized below in SAR million.

	Central Region	Western Region	Eastern Region	Total
2022	2,536	445	284	3,265
2021	2,164	368	221	2,753

Operating Expenses Before Provisions for Credit and Other Losses

Operating expenses before provisions for credit and other losses totaled SAR 1,433 million in 2022 compared to SAR 1,270 million in 2021, an increase of SAR 163 million or 12.83%. A summary of these operating expenses follows:

- Salaries and employee related expenses in 2022 totaled SAR 747 million compared to SAR 687 million in 2021.
- Rent and premises related expenses in 2022 totaled SAR 68 million compared to SAR 70 million in 2021.
- Depreciation and amortization in 2022 totaled SAR 155 million compared to SAR 151 million in 2021.
- Other general and administrative expenses totaled SAR 463 million in 2022 compared to SAR 362 million in 2021.

Provisions for Credit and Other Losses

The provisions for credit and other losses incurred in 2022 compared to 2021 is summarized as follows:

	2022 SAR '000	2021 SAR '000
Provisions for credit losses:		
Due from banks and other financial institutions	(6,881)	5,430
Investments	(15,747)	(5,200)
Loans and advances	150,877	254,432
Financial guarantee contracts	37,556	(6,423)
Other assets	(9)	(181)
Provisions for credit losses	165,796	248,058
Provisions for real estate and other losses	25,773	23,008
Provisions for credit and other losses	191,569	271,066

Share in Earnings of Associates

The Bank's share in earnings of Associates totaled SAR 71 million in 2022, compared to SAR 55 million in 2021, an increase of SAR 16 million.

Provisions for Zakat

The provisions for Zakat totaling SAR 204 million in 2022 was lower than the SAR 206 million in 2021. A summary of the provisions for Zakat in 2022 compared to 2021 is summarized as follows:

	2022 SAR'000	2021 SAR'000
Provisions for Zakat		
- Provisions - current and prior period	204,110	239,393
- Reversal of Zakat - prior period	-	(33,782)
Provisions for Zakat, net	<u>204,110</u>	<u>205,611</u>

Net Income

The Bank reported net income for the year ended December 31, 2022 of SAR 1,508 million, an increase of SAR 446 million, or 42.00%, compared to the 2021 net income of SAR 1,062 million. The return on average assets was 1.43% in 2022 compared to 1.05% in 2021, and the return on average shareholders' equity was 10.63% in 2022 compared to 7.55% in 2021.

Profit Distribution

In accordance with Saudi Arabian Banking Control Law and the Articles of Association of the Bank, a minimum of 25% of the annual net income is required to be transferred to a statutory reserve until this reserve equals the paid-up capital of the Bank. Accordingly, SAR 377 million has been transferred from 2022 net income. The statutory reserve is not currently available for distribution.

During the three month period ended September 30, 2022, the Board of Directors proposed an interim cash dividend of SAR 300 million equal to SAR 0.3 per share, for the year 2022, to 1,000 million eligible shares. The proposed cash dividend was paid during the three month period ended September 30, 2022.

During the three month period ended December 31, 2022, the Board of Directors proposed another cash dividend of SAR 450 million equal to SAR 0.45 per share, for the year 2022, to 1,000 million eligible shares.

Net Income by Operating Segment

The income of the Bank's reportable operating segments for the years ended December 31, 2022 and 2021 is summarized as follows:

	2022 SAR'000	2021 SAR'000
Personal Banking	539,843	80,782
Corporate Banking	898,563	448,235
Treasury and Investments	474,488	752,288
Asset Management and Brokerage	81,963	111,487
Others	(282,892)	(125,525)
Income before provisions for Zakat	1,711,965	1,267,267
Provisions for Zakat	(204,110)	(205,611)
Net income	<u>1,507,855</u>	<u>1,061,656</u>

Five-year Financial Highlights

A summary of the Bank's operations, financial position, and key ratios follows.

	SAR in millions				
	2022	2021	2020	2019	2018
Operations					
Total income (1)	3,336	2,808	2,892	2,906	2,824
Total expense (2)	1,433	1,270	1,214	1,234	1,133
Operating profit before provisions	1,904	1,538	1,678	1,672	1,691
Provisions for credit and other losses	192	271	449	1,343	247
Provisions for Zakat and Income Tax	204	206	249	90	868
Net income	1,508	1,062	980	239	576
Financial Position					
Total assets	109,071	101,619	99,885	100,815	96,070
Loans and advances, net	68,883	57,798	55,074	57,112	59,413
Investments	28,180	28,842	30,514	26,175	24,638
Investments in associates	923	884	846	994	1,012
Term loans	-	-	2,006	2,012	2,030
Subordinated debt	-	-	-	-	2,006
Customer deposits	69,579	61,485	60,144	69,058	63,690
Shareholders' equity	13,575	14,801	13,331	12,007	11,621
Tier I Sukuk	3,215	1,500	2,000	2,000	1,785
Total equity	16,790	16,301	15,331	14,007	13,406
Key Ratios					
Return on average Shareholders' equity (%)	10.63	7.55	7.73	2.03	4.73
Return on average assets (%)	1.43	1.05	0.98	0.24	0.61
Capital adequacy (%)	18.22	20.84	21.21	18.26	19.31
Equity to total assets (%)	15.39	16.04	15.35	13.89	13.95

(1) Total income includes total operating income plus share in earnings of associates.

(2) Total expense includes total operating expenses before impairment charges.

Regulatory Payments

The Bank in the ordinary course of its business, makes regulatory payments including Zakat, Income Tax, Withholding Tax, Value Added Tax, and other regulatory payments.

A summary of the payments made during 2022 follows, which also includes regulatory fines incurred during the year.

Zakat Settlement

In December 2018, the Bank agreed with the Zakat, Tax and Customs Authority ("ZATCA") to a settlement of Zakat assessments for the years 2006 to 2017 for SAR 775.5 million. The discounted Zakat liability of SAR 711.8 million was fully provided for through a charge to the consolidated statement of income with the corresponding liability included in other liabilities as of December 31, 2018. The Bank has paid SAR 155 million on January 1, 2019 and SAR 124 million on December 1, 2019, December 1, 2020, December 1, 2021 and December 1, 2022 respectively, as per the settlement agreement. The undiscounted Zakat settlement liability remaining to be paid and the net discounted Zakat liability is as follows:

	SAR'000
December 1, 2023	124,072
Undiscounted Zakat settlement liability	124,072
Less: Discount	(4,182)
Net discounted Zakat liability	119,890

The Zakat settlement also included provisions for the Bank to calculate the Zakat liability for the year ended December 31, 2018 using the same methodology as was agreed in the settlement for the prior years. The 2018 Zakat was calculated based on this method and was also charged to the consolidated statement of income in 2018 and was settled by April 30, 2019.

The Zakat settlement also did not include the year 2005. However, the Bank provided for an additional Zakat liability for 2005 amounting to SAR 38.6 million which was charged to the consolidated statement of income in 2018 and was settled in 2019.

On March 14, 2019, the ZATCA published rules (the "Rules") for the computation of Zakat for companies engaged in financing activities and licensed by SAMA. The Rules are issued pursuant to the Zakat Implementing Regulations and are applicable for the periods beginning January 1, 2019. In addition to providing a new basis for calculation of the Zakat base, the Rules have also introduced a minimum floor and maximum cap at 4 times and 8 times respectively of net income. The Zakat liability for the Saudi shareholders will continue to be calculated at 2.5% of the Zakat base but it should not fall below the minimum floor nor should exceed the maximum cap as prescribed by the Rules.

The Bank has provided for Zakat for the years ended December 31, 2022 and 2021 on the basis of the Bank's understanding of these rules.

Withholding Tax

The Bank paid SAR 19.4 million to the ZATCA for Withholding Tax for the year ended December 31, 2022.

Value Added Tax (VAT)

The Bank paid SAR 109.3 million to the ZATCA for VAT for the year ended December 31, 2022.

Real Estate Transactions Tax (RETT)

The Bank paid SAR 11.5 million to the ZATCA for RETT for the year ended December 31, 2022.

Other Regulatory Payments

The Bank paid SAR 52.7 million to the General Organization for Social Insurance for its employees, including the employee share of SAR 24.3 million during the year ended December 31, 2022. The Bank also paid SAR 1.2 million for visa and other related governmental fees during the year ended December 31, 2022.

Regulatory Penalties and Fines

During 2022, the Bank paid SAR 1,442,850 to SAMA as a result of (8) regulatory fines and penalties. Below is a breakdown of regulatory fines borne by the Bank during 2022 and 2021.

Description of the Fine	Last Year		Current Year	
	# of SAMA Decisions	Amount In SAR	# of SAMA Decisions	Amount In SAR
Bank's violation of anti-financial fraud instructions	-	-	2	1,021,850
Violation Bank for examination instructions	-	-	3	400,000
Bank's violation the instructions of the SARIE system	-	-	1	1,000
Bank's violation of security safety instructions	-	-	1	5,000
Violation of the ATM Service Level Agreement	-	-	1	15,000
Violation of SAMA due diligence instructions	2	955,000	-	-
Violation of supplying counterfeit currency notes to SAMA	2	15,000	-	-
Violation of SAMA instructions in reports on precautionary measures to combat the Corona pandemic	1	5,000	-	-

During 2022, the Bank paid SAR 254,748 in penalties and fines to the following regulatory agencies:

- Fines paid to the Saudi Payments totaled SAR 19,748;
- One General Organization for Social Insurance fine was paid for SAR 10,000; and
- Fines paid to the Riyadh Municipality totaled SAR 225,000.

Our Strategy

The Bank's new strategy has been designed in conjunction with macro-trends and customer behavior analysis, competitor insights, banks current capabilities and international best practices.

The core objective of the strategy is to accelerate growth in core business segments in addition to the continuous investment and expansion of digital proposition.

The business strategy includes significant investment in Information Technology (IT), operations, risk and organization effectiveness to enable growth.

Overview of Strategy in Various Segments and Business Lines

Corporate Banking: accelerate profitable growth

- Increase customer centricity through redesigning operating model, coverage, and segmentation.
- Achieve customer primacy through revamping value proposition and launching new products and partnerships.
- Improve customer experience by streamlining and automating key processes.

Private Banking: accelerate profitable growth

- Elevate role of Private Banking to increase focus on high value customers.
- Improve customer experience through redesigning operating model, coverage, and segmentation.
- Become a bank of choice for High Net Worth (HNW) and Ultra High Net Worth (UHNW) customers through introducing new products, revamping the investment portfolio and redesigning key journeys.

Public Institutions: increase customer base and cross sell ratio

- Develop core offering for Public Institutions (PIs) given importance of segment in line with vision 2030.
- Optimize value proposition for PI customers by improving existing products and bringing the best of SAIB's cross functional offering.

Affluent Consumers: build differentiated value proposition

- Significantly improve digital.
- Improve overall value proposition for affluent consumers including journeys, products and investment proposition.

Treasury and Investment: enable and support funding of strategy

- Maintain optimal risk-return on investments.
- Balance mix of liabilities to lower cost of fund.
- Increase cross-sell of products.
- Maintain prudent capital management.

Key Enablers to Support Achieving the Strategic Direction**Risk: enhance enterprise risk management and capabilities**

- Automate key risk processes to speed up decision making.
- Review risk appetite to better cater for priority segments/sectors in line with new strategy.
- Increase reporting and insight capabilities to drive prudent risk practices.

Innovation to keep pace with future development

- Build new partnerships with fintech.
- Developing innovative solutions and products for select segments.

Information Technology: strengthen digital and analytics

- Introduce new tools to support front liners in Corporate Banking and Private Banking.
- Build automated testing and pipeline systems.
- Build centralized data warehouse and data lake for central data processing, advanced analytics and governance.
- Institutionalize Agile ways of working.

Organization: enhance organization effectiveness and culture

- Hire needed talents to support strategy execution.
- Improve organization health and culture.

Strengthen the Bank's Affiliates

- Strengthen cooperation with affiliates by cross selling, referrals, and incentives.

Micro, Small, and Medium Enterprises (MSME)**MSME summary and staffing**

The Bank's staff who serve MSME clients are spread throughout the Corporate Banking Departments, with the majority of the staff working in the Business Banking Department, with total staff of 26 employees at the end of 2022. The Bank actively participated in MSME financing awareness campaign in cooperation with The Small and Medium Enterprises General Authority "Monsha'at".

Quantitative Disclosures

The following tables summarize the key financial information for the Bank's credit facilities provided to the MSMEs during year 2022 and 2021.

	2022 SAR'000			
	Micro	Small	Medium	Total
Loans to MSMEs-on Balance Sheet (B/S)	259,760	1,559,675	4,873,396	6,692,831
Loans to MSMEs-off Balance Sheet (Notional amount)	133,507	281,533	932,335	1,347,375
On B/S MSMEs Loans as a % of total on B/S loans	0.37%	2.22%	6.95%	9.54%
Off B/S MSMEs position as a % of total off B/S position	1.09%	2.30%	7.63%	12.02%
Number of loans (on and off B/S)	534	446	689	1,669
Number of customers for loans (with Credit Facility Limit)	14	97	204	315
Number of loans guaranteed by Kafalah program (on and off B/S)	-	40	54	94
Amount of loans guaranteed by Kafalah program (on and off B/S)	-	182,097	171,240	353,337

	2021 SAR'000			
	Micro	Small	Medium	Total
Loans to MSMEs-on Balance Sheet (B/S)	244,294	927,326	4,512,837	5,684,457
Loans to MSMEs-off Balance Sheet (Notional amount)	80,124	282,277	1,307,613	1,670,014
On B/S MSMEs Loans as a % of total on B/S loans	0.42%	1.58%	7.68%	9.68%
Off B/S MSMEs position as a % of total off B/S position	0.64%	2.26%	10.50%	13.40%
Number of loans (on and off B/S)	505	410	805	1,720
Number of customers for loans (with Credit Facility Limit)	17	86	219	322
Number of loans guaranteed by Kafalah program (on and off B/S)	5	53	63	121
Amount of loans guaranteed by Kafalah program (on and off B/S)	8,843	86,008	233,658	328,509

Risk Management

The complexity of today's financial services sector in a globalized economy requires the identification, measurement, aggregation, and effective management of risks, including an efficient allocation of regulatory capital to support the balance sheet and derive an optimal risk and return ratio. The Bank endeavors to:

- Ensure that significant and measurable risks are identified, quantified and managed proactively;
- Enhance risk adjusted returns and provide financial comfort and stability to our many customers and other stakeholders.

The Bank's stakeholders including regulators and rating agencies also expect the Bank to have a clear and well-documented risk management framework in place that addresses the various dimensions of the Bank's business.

The Bank has comprehensive policies dealing with all aspects of risk management. The Board Approved Risk Management Policy Guide is the overarching policy document prepared in conformity with SAMA guidelines which covers in depth, the risks the Bank is exposed to in the pursuit of its business. It also describes the risk governance structures and risk management policies in place for the management, monitoring and control of the risks through the Board Approved policies such as Risk Appetite Framework Policy, Credit Policy Guide and the Treasury Policy Guide, Stress Testing Policy, Internal Capital Adequacy Assessment Plan Policy, Operational Risk Management Framework and Policy, and Cybersecurity Policy among others.

The Bank manages its risks in a structured, systematic, and transparent manner through a broad-based Risk Appetite Framework (RAF) approved by the Board of Directors that incorporates a comprehensive risk management into the Bank's organizational structure, risk measurement, and monitoring processes thereon. The Bank's RAF is aligned with the Bank's strategy, business planning, capital planning, policies and various other documents approved by the Board. The Bank's RAF is in compliance with the Financial Stability Board's "Principles for an effective Risk Appetite Framework" dated November 18, 2013, as adopted by SAMA.

The Bank's RAF includes the following key characteristics:

- The nature of risks to be assumed as a result of the Bank's strategy;
- The maximum level of risk at which the Bank can operate (Risk Capacity) and the maximum level of risk it should take (Risk Appetite);
- The maximum level of other quantifiable risks that should be considered (Other Risk Limits);
- The desired balance of risks versus returns by Business Line (Business Unit Risk Appetite measurements);
- The desired risk culture, compensation programs, business continuity management, information technology and cybersecurity risk, and the overall compliance environment of the Bank for a successful implementation of the RAF (Qualitative Reporting).

The Bank's Board is also responsible for establishing Corporate Governance processes in addition to approving and implementing other required policies to ensure compliance with SAMA guidelines, accounting and reporting standards, and best industry practices including Basel guidelines.

The Bank's Board approved "IFRS 9 Governance Framework Policy" addresses the Bank's IFRS 9 Approach and Methodology Policy, which is supplemented with additional management level policies including an IFRS 9 Data Management and Control Framework Policy, and the IFRS 9 Governance Framework along with related accounting and operating procedures.

The Board is supported by the Board Risk Committee, a sub-committee of the Board, responsible for reviewing and subsequently recommending risk management policies and other documents for Board approval and for monitoring risks within the Bank. At the Management level, the Bank operates various committees including an Enterprise Risk Management Committee, a Credit Committee, and an Asset Liability Committee, which are responsible for various areas of risk management. A Management level Expected Credit Loss Committee linked to the Bank's IFRS 9 Governance and Framework Policy is responsible for all aspects of IFRS 9 including the determination of expected credit loss calculations and provisioning levels.

Other Management level committees include the Operational Risk Management Sub-Committee, Business Continuity Management Sub-Committee, Cybersecurity Security Steering Committee, and the Structured Solution Approval Committee.

The Bank has a Risk Management Group headed by the Chief Risk Officer where the Risk Management Function is segregated into various departments / sub-divisions such as; Risk Analytics and Monitoring, Retail Risk Management, Market Risk Management, Credit Risk Review, Financial Restructuring, Cybersecurity, Operational Risk Management, Special Credit Unit, Legal Affairs, Retail Collection, Credit Administration, and Anti-Fraud, Anti-Bribery and Corruption.

In addition to the above, the Bank's Internal Audit Function Reports to the Audit Committee of the Board of Directors and provides an independent validation of business and support units' compliance with risk policies and procedures and the adequacy and effectiveness of the risk management framework on a Bank-wide basis.

The following provides a description of the Bank's significant risks including how the Bank manages these risks:

Credit Risk

Credit Risk arises from the potential that a borrower or counterparty will fail to meet its financial obligations to the Bank. The exposure to credit risk arises primarily from loans and advances, investments, and due from Banks and other financial institutions. Credit risk is also present in off-balance sheet financial instruments such as Letters of Credit, Acceptances, Guarantees, Derivatives, and Commitments to extend credit.

The Bank has a comprehensive framework for managing credit risk which includes an independent credit risk review function and credit risk monitoring process. The Bank assesses the probability of default of counterparties using internal rating tools. This is supplemented by external ratings assigned by the major rating agencies, where available.

In addition, the Bank has improved the overall credit risk control function by further investment in a post sanction review process to ensure credit underwriting standards are maintained.

Market Risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as commission rates, foreign exchange rates, and equity prices.

Commission rate risk arises from the possibility that changes in commission rates will affect either the fair values or the future cash flows of financial instruments. The Board of Directors has established commission rate gap limits for stipulated time periods. The Bank also routinely monitors its positions and uses hedging strategies to ensure maintenance of positions within established gap limits.

Currency risk is the risk of fluctuations in prevailing foreign currency exchange rates on its financial position and cash flows. The Board of Directors sets limits on the level of exposure by currency and in total for both overnight and intra-day positions, which are independently monitored.

Equity price risk is the risk of a decrease in fair values of equities in the Bank's investment portfolio as a result of possible changes in levels of equity indices and the value of individual shares. The Board of Directors sets limits on the level of exposure to each industry, and overall portfolio limit, which are independently monitored.

Liquidity Risk

Liquidity risk is when the Bank may be unable to meet its net funding requirements when needed and at an acceptable cost. Liquidity risk can be caused by market disruptions or credit rating downgrades for the Bank, which may cause certain sources of funding to dry-up unexpectedly.

The Bank's Management carefully monitors the maturity profile of its assets and liabilities to ensure that adequate liquidity is maintained on a daily basis. In addition, the Daily Liquidity Coverage Ratio, Net Stable Funding Ratio, and the Loans to Deposit Ratio are monitored regularly and independently to ensure compliance with SAMA guidelines. The Bank also conducts regular liquidity stress testing under a variety of scenarios which covers both normal and more severely stressed market conditions. All liquidity policies and procedures are subject to review and approval by the Bank's Asset and Liability Committee.

Operational Risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people, systems, or from external events.

The Bank's Operational Risk Management Framework and Policy provides a Bank-wide definition of operational risk and lays down a framework through which operational risks are identified, assessed, monitored, and controlled. The key components of this framework include the Risk and Control Self-Assessment (RCSA), Key Risk Indicators (KRIs), Scenario Analysis, and Incident Management, which are comprehensively documented in the Bank's operational risk procedures.

Operational risks and respective controls across business and support units of the Bank are regularly monitored through RCSA exercises, close monitoring of agreed action plans emanating from the RCSA exercises, and establishing an Operational Risk Appetite for the Bank. In addition, operational risk losses incurred by the Bank are analyzed for defining corrective actions to eliminate or minimize similar losses in the future. Global major operational loss incidents across the Banking industry are also duly analyzed to assess expected impact in case similar incidents are experienced by the Bank. The Bank's KRIs cover all the business and support units to facilitate proactive monitoring and management of operational risks.

Cybersecurity Risk

The Cyber and Information Security Risk landscape continues to be dynamic and challenging. The Bank proactively addresses on-going Cyber Security challenges and deploys dynamic defenses using multiple countermeasures for prevention, detection, and response. Various security measures are deployed using

the defense in-depth and multilayer security principle to ensure the effectiveness of the Bank's overall security posture.

The Bank has also strengthened its existing governance structure by implementing industry best security practices that ensures confidentiality, integrity, privacy, and availability, which are treated as an integral part of all business and technical processes. Alignment of information security and business objectives are maintained through the implementation of the Cyber and Information Security Strategy, which is supervised and monitored by the Cyber Security Steering Committee. Also, the Bank is continuously enhancing the security culture through various awareness and training programs targeting staff and customers.

Security assurance assessments are regularly performed on the Bank's systems and applications to ensure business services are secure and reliable. Furthermore, the Bank conducts independent internal and external audits by reputable vendors to ensure the effectiveness of implemented security controls and compliance with regulatory and international standards such as the SAMA Cyber Security Framework (CSF), National Cybersecurity Authority (NCA), SARIE, SWIFT and Payment Card Industry and Data Security Standard (PCI DSS). The result of the audit exercises evidences ongoing compliance with regulations and security standards and shows that the Bank's security posture is aligned with industry best practice.

The Bank has a 24/7/365 Security Operation Center (SOC) which continuously monitors and responds to cyber security threats and attacks in a timely manner, moreover SOC is continuously maturing its defense mechanism by using Cyber Threat Intelligence (CTI). As a result of implemented security measures, the Bank has maintained system and data integrity in the face of ongoing cyber-attacks targeting the Middle East and Saudi Arabia with no cyber and information security related downtime or operational losses incurred during 2022.

Anti-Fraud, Anti-Bribery and Corruption

Financial crimes are considered a significant risk for financial institutions and related stakeholders (which include customers, staff, shareholders, vendors, counterparties etc.). Occurrence of such crimes can have significant negative financial and reputational impacts.

Measures against financial crimes (including frauds, bribery and corruption) are managed by the Anti-Fraud, The Anti-Bribery and Corruption. The Anti-Fraud, Anti-Bribery and Corruption continuously enhances the Bank's fraud risk policies and procedures in response to emerging trends and regulations for financial crimes against financial services businesses. Relevant and contemporary measures have been put in place to ensure detection, prevention, monitoring and reporting of financial crimes against the Bank and its stakeholders.

Business Continuity Management

The Bank recognizes the importance of planning for Business Continuity. An effective Business Continuity Plan (BCP) helps in managing serious disruptive incidents in a controlled, timely and structured manner.

There are wide number of threats surrounding every business in the world. Natural and environmental disasters, biological diseases, political issues and economical challenges are all risks threatening the Bank's ability to continue delivering its critical services. Business Continuity Management monitors the development of such threats and ensures the preparedness to manage and recover from any disruptive incident utilizing the alternative resources and recovery procedures which are regularly validated and tested.

Business Continuity Department (BCD) updated all the information related to business processes across the Bank, analyzed how their disruption will impact the Bank and set the priority of recovering Bank operation to ensure the effective response and recovery from incidents through business impact analysis (BIA) report. Additionally, BCD enhanced the capacity of Business Continuity sites to align with latest emergency requirements identified by business units within SAIB BIA.

Moreover, BCD identified SAIB's technological single point of failure (SPOF) within\ between all SAIB's Data Centers by initiating technology (SPOF) assessment, which demonstrated that SAIB has no dependency on a single source of any critical technological asset.

During 2022, the Bank further strengthened its incident and crisis management capabilities by completing various detailed tests on different occasions. Crisis Management Team have tested the Bank's crisis management plan by simulating a crisis of having a partial power loss affecting the city of Riyadh. The test was successfully accomplished showing the importance of having well-maintained business continuity plans and recovery procedures, also indicated the readiness of the Bank recovery capabilities to deal with such an extreme scenario.

Further tests were conducted for Business Continuity Plans and IT Disaster recovery plan which were successfully completed, and ensured the readiness of disaster recovery data center and business continuity sites to handle the critical Bank operations. The Bank also proved the resiliency against critical third party failures by successfully conducting numerous tests simulating the scenario of losing (SMS, Internet or power) service providers through implemented alternative plans.

Business Continuity Department extended its training and awareness efforts to include the critical third parties by sharing a training material explaining their obligations and responsibilities to SAIB. Along with holding awareness sessions for all SAIB's staff to further enhance their knowledge in Business continuity field and illustrate their roles and responsibilities during incidents and crises.

The Bank will continue to comply with the requirements of SAIB's Internal Audit, SAMA BCM framework and remain certified with the requirements of ISO 22301. In addition to further enhance its capabilities to respond to major disruptive incidents that may require the activation of its continuity and emergency environments in the DRC for IT systems or its Business Continuity Sites by applying multiple testing scenarios in the coming year.

Information Technology Transformation Strategy

In 2022, Information Technology Group (ITG) continued to focus on the projects and initiatives resulted from Bank's three-year strategy and Bank transformation programs, ITG focus was mainly on enabling flexible infrastructure and innovative business solutions to meet increasing business demands, rising cost of capital, compliance with more stringent local and international regulatory requirements, and the Board of Directors mandate to support long term sustainability and effective governance.

ITG also continued the focus on executing IT strategy related projects which aim to define the digital and strategic moves for better enablement and alignment with business strategy for the Bank.

ITG has completed the following during 2022:

- Obtained the Saudi Central Bank's approval to roll out the first agent banking use case with Virgin Mobile to the public after the successful pilot launch of FriendiPay services.
- Completed the adaption of the cloud native infrastructure, which will bring the benefit of cloud computing scalability and ease of service delivery.
- Completed the migration of credit card business from AFS to be hosted within the Bank premises and implement the new card management solution.
- Rolled out phase two for the ITSM (IT service management) solution that covers the assets management and other ITSM services.
- Completed the Saudi Central Bank's IT mandate critical projects for 2022 including but not limited to (AML processes enhancement, Statements updates/enhancement, Tanfeeth 3 and 4, Cards Schemes, SADAD2, Natheer integration, account statements).
- Completed the integration with the new SIMAH commercial credit bureau.
- Automated major internal processes for banking operations (SWIFT incoming for Trade, 100% margin LG, SAMA deduction, IPS reconciliation, SWIFT STP based on currency rates)
- Implemented all Central Bank requirements related to fraud controls among all bank systems and channels for better monitoring and controls over suspicious activities and scenarios.
- Completed the policies and procedures for the new information technology governance framework in alignment with SAMA guidelines.
- Digitize many critical processes in the bank (HR offers and contracts, Fraud cases registration, campaign approval process and others)
- Completed the REDF buyout project that enable the Bank to host the buyout loans with REDF support.
- Completed the LIBOR transition to SOFR project and the FTP risk related LIBOR transition changes.

- Enhanced the internal IT system performance and availability (EOD automation, SADAD service availability during EOD, ERP integration with HR system)
- Implemented Cisco SD-Access and Cisco ISE to secure the Banks LAN networks in HO and Branches and adopt a zero-trust network
- Enhanced the IT security operations by implementing new tools.
- Completed critical upgrade projects for card systems, ATMs and Switches (Windows 10 upgrade for all ATMs, ITM migration to Teller-X, Apra connect and Apra vision).
- Completed the certification for GCC contactless, SAMA mandated enhancement for MBI 6.0.12 in addition to the migration of Mada Debit, Travel Card, Shopping Card and Credit Cards to R12 Full new Chip certification with card schemes.
- Launched of new Discover Card Scheme Acquiring POS/ATM
- Completed the Instant payment release 1 project mandated by Saudi payment for request to pay and account verification services.
- Enhanced the IT quality control function by improving and optimizing the process, implementing a new test management system, improving the performance and regression testing capability, and resource augmentation.
- Implementation of the new Personal Credit Risk Engine, for personal loans, which will help lower the risk for SAIB, and improve the personal loan processing time
- Improved ATM switch availability with DC-DRC Active-Active implementation, which guarantees availability of ATM services without interruption.

During 2022, ITG continue to provide the technical support to facilitate the employee's allocation to different business continuity centers by upgrading the Bank network and providing extra bandwidth, ITG at same time completed other major enhancements to existing systems as part of the Bank's continuous improvement initiatives.

Business Segments

In 2022, the Bank achieved a number of key milestones. The Bank continued developing products and services for its different segments in pursuit of fulfilling our customers' needs and expectations.

The Bank is managed on a line-of-business basis. Transactions between business segments are conducted on normal commercial terms and conditions through the use of funds transfer pricing and cost allocation methodologies. A detailed summary of the business segment results for 2022 and 2021 is presented in note 25 to the consolidated financial statements.

The Bank has three significant business segments, each of which is described below.

Personal Banking Group

Individual customers in SAIB are handled by Personal Banking, offering full suite of products and services under the umbrella of deposits and financing. Customers have a wide variety of financial products to choose from, depending on their needs, whether they want to invest their funds to gain profits or borrow in case of liquidity crunch. Apart from offering various deposit products including Current Account, Savings Account, Murabaha Deposit, Time Deposit etc. and number of financing products including Personal Finance, Auto Finance, Home Finance, REDF products etc. customers are also offered a range of card products which include Credit Cards, Travel Card, Shopping Card, Household Card, Student Card, Mada Debit Card etc. to cater to all customer segments and requirements. Customers have the choice of availing these products and services either through SAIB's branches across the Kingdom or through digital channels consisting of Internet Banking, Mobile Banking, ATMs, Interactive Teller Machines (ITMs) and Call Center or Telesales.

Corporate Banking Group

The Corporate Banking Group serves the financial needs of a range of business establishments from micro, small, and medium enterprises (MSMEs) to large corporate entities. The Group operates from three regional headquarters based in Riyadh, Jeddah, and Al-Khobar along with separate Business Segments covering Syndications, Project, and Structured Financing to provide tailor-made financial solutions and customized structures to an array of economic sectors.

Offerings span both conventional and Shariah compliant products and services and include facilities related to working capital, contract, project, real estate, and capital expenditure financing, while supporting

businesses with trade finance, cash management, and treasury services requirements. It continually strives to increase the range and quality of the Bank's product and service offerings to meet customers' evolving needs and expectations.

The Corporate Banking Group also provides ancillary business products and solutions to its customers, constantly liaising with cross-functional stakeholders and continues its focus and robust pursuit of enhancing the customer journeys by achieving higher levels of digitalization.

The Group has also undertaken strategic initiatives to align the business model to support the Saudi Government's Vision 2030 goals as it looks forward to continuing business growth and maximizing opportunities in the coming year.

Treasury and Investment Group

Treasury and Investment Group is responsible for the Bank's Asset-Liability management including interest rate, Liquidity and market risks as well as liquidity funding management. It also manages foreign exchange trading, structured products, as well as managing the Bank's Investment portfolio and derivative products.

Treasury and Investment Group also manages the Bank's Financial Institution, Strategic partnerships and Public Institution relationships.

Customer Programs

The Bank offers 3 key customer segment programs, based on a variety of factors consisting of salary, average balance or instant deposit of customers. Each segment is unique in its offering and offers hosts of benefits for customers.

Apart from the above, the Bank also offers an exclusive program for its high net-worth customers under the Private Banking program.

Silver, Gold and Platinum Customer Programs

Depending on the lifestyle needs of customers, the Bank offers 3 key segments for its Personal Banking clients which include Silver, Gold and Platinum segment programs. While Silver is for entry level customers, Gold and Platinum are specifically for a higher class of customer segments, offering exclusive services tailored to their financial requirements.

Private Banking

The Private Banking program offered by the Bank is the most exclusive program, offered to the high net worth segment of customers. The high-class services are offered through a highly skilled team of dedicated Relationship Managers who are there to assist the clients in all their financial requirements.

Digital Services

The Bank has been in the forefront of introducing various innovative services and products to its customers in order to provide a friendly digital banking experience that aligns with the Bank's strategy in digitalization. Accordingly, the Bank has introduced new technologies, channels, and services to meet the increasing business demands, which have positively impacted overall customer experience.

In addition, there have been several services and enhancements introduced to customers during 2022 including:

- The first Bank to launch the face recognition integration for online account opening with MyID app (Nafath).
- Introduce the new Travel Card Pro product that allow the customer to load the currency wallet with a credit limit amount granted by the Bank.
- Launched the chatbot solution across all channels (Web, retail internet banking, Messenger and Twitter).
- Upgraded the Corporate multi-currency card product to enable SADAD and MOI payments, spending control enhancement.
- Launched new credit card online services (Pay SADAD bills from credit cards and transfer from credit card to current account).

- Revamped the card processing and customer journey on the internet Banking channel to enhance and digitize the cards sales without the need to visit the branch.
- Enhanced the mortgage portal to allow non-SAIB customers requesting mortgage loans and proceed with account opening directly from the same portal.
- Introduce new card activation services for prepaid customers.
- Enhanced the Bank's loyalty offering by integration with the Saudia Airlines loyalty program.
- Extended the robotics usage across multiple processes in the Bank.
- Enhanced the customer experience of the online account opening process to minimize the number of fields and number of clicks and shorten the time of the overall process.
- Launched the new company admin portal that allows the corporate customer to manage the corporate users access without the need to send physical forms.
- Enhanced the mortgage portal to enable the digital signature for mortgage loans by the integration with e-signature provider.
- Enhanced the Tharwa portal by adding new features and enhanced the user experience as well the corresponding admin portal.
- Launched the new Travel and Shopping card additional card administration services.
- Launched digital and marketing campaigns for different products and services.
- Add the instant payment services through the corporate internet banking channel (CIB).

As digital business development grows in Saudi Arabia, the Bank continue to work on new and innovative FinTech-based initiatives to enable digital payment services.

Branch network and related services

As of December 31, 2022, the Bank has 51 branches and operates a network of 376 ATMs and Interactive Teller Machines throughout Saudi Arabia. The Bank also operates more than 9,000 Point of Sale (POS) terminals.

Personal Banking Assets and Liabilities – Islamic and Conventional

While the strategic direction for Personal Banking is to offer Shariah compliant products, as per the requirements of customers, the Bank does offer conventional products at a limited scale as well through its 3 conventional Banking branches.

The volume of financing compliant with Shariah controls amounted to SAR 52.2 billion, and the volume of deposits compliant with Shariah controls amounted to SAR 47.6 billion as of December 31, 2022.

Strategic partnerships

The Bank has three wholly-owned subsidiaries as follows:

- Alistithmar for Financial Securities and Brokerage Company (ICAP), which offers brokerage, asset management, investment Banking and other services in the Kingdom of Saudi Arabia. ICAP is a closed Joint Stock company with a total capital of SAR 250 million and no debt instruments issued. The Company provides brokerage services, investment management services to mutual funds and private portfolios, custody services and investment Banking advisory services. Assets under management totaled SAR 28,195 million as of December 31, 2022, of which SAR 8,963 million is considered Shariah approved.
- The Saudi Investment Real Estate Company. The total capital of the Company is SAR 500 thousand, with no debt. The primary purpose of the Company is to hold title deeds as collateral on behalf of the Bank for real estate related lending transactions.
- SAIB Markets Limited Company, was registered as a limited liability company in the Cayman Islands in July 2017 with a total capital of SAR 187.5 thousand, and no debt instruments issued. The objective of this Company is trading in derivatives and Repo activities on behalf of the Bank.

The Bank also has investments in three associate companies in Saudi Arabia as follows:

- American Express (Saudi Arabia) - ("AMEX"), is a Saudi closed joint stock company. The total capital is SAR 100 million and the Bank holds a 50% interest. The principal activities of AMEX are to issue credit cards and offer other American Express products and services in Saudi Arabia.
- Yanal Finance Company (formerly "Saudi ORIX Leasing Company") ("Yanal"). Yanal is a Saudi closed joint stock company in Saudi Arabia. The total capital is SAR 550 million, and the Bank

holds 38% of the outstanding shares. The primary business activities of Yanal include providing lease financing services in Saudi Arabia.

- Amlak International Finance Company ("Amlak"). Amlak is a Saudi joint stock company with a total capital of SAR 906 million. The Bank holds 22.41% of the outstanding shares. Amlak offers Shariah-compliant real estate financing, SME financing, and consumer financing in Saudi Arabia.

Credit Ratings

Credit ratings are an integral component for participation in the international financial markets. As the global economy becomes more integrated, credit ratings are necessary not only to ensure funding and obtain access to capital markets, but also to demonstrate a commitment to meeting a high level of internationally recognized credit and risk management standards and disclosure requirements.

During the year, the Bank continued its program of rating reviews with Standard & Poor's Ratings Services (S&P), Moody's, and Fitch Ratings. A summary of the Bank's current ratings follows:

Credit Rating Agency	Long-Term	Short-Term	Outlook
Moody's	A3	P-2	Stable
S&P	BBB	A-2	Stable
Fitch	BBB+	F2	Positive

The Bank's ratings are the result of our financial performance, asset quality and capitalization levels, supported by a stable strategy and adequate liquidity profile. Our ratings take into consideration the fact that the Bank operates in one of the strongest Banking sectors and best regulated markets in the Middle East. The ratings also reflect Saudi Arabia's sovereign credit ratings from Moody's, Fitch, and S&P in addition to the country's economic fundamentals, adherence to BIS norms, and G20 alignment.

Compliance Group

The Compliance Group ensures the Bank's compliance with all applicable laws and regulations issued by local and international regulatory bodies, and therefore plays an essential role to preserve the integrity and reputation of the Bank.

Compliance is a culture and it is everyone's responsibility starting with the Board and Executive Management and reaching out to all staff members within the Bank. A strong compliance culture is an integral part of the Bank's day-to-day business and operational activities.

The Main Roles and Responsibilities of the Compliance Group include:

- Supporting: Senior Management on implementing compliance practices.
- Circulating: the laws and regulations issued either by SAMA or other regulators submitted through SAMA and monitoring the compliance on implementation.
- Organizing responsibilities: through the Compliance Policy to all Bank's Departments' roles.
- Advisory: Compliance identifies regulatory risks that the Bank faces and provides advice to help mitigate such risks. It also resolves compliance related issues as they arise and advises business units to overcome these issues.
- Guidance and Awareness: on preparing periodic training sessions and circulating frequent awareness communications to ensure that all employees are up to date with the relevant regulators' rules and regulations to mitigate the risk.
- Identifying measures, and assessing the risk of non-compliance: related to the followings:
 - Bank's activities (regulation risks, financial risks, reputation risks and/or strategic risks).

- Products, services, on boarding relationships and/or major updates on current relationships.
- Indications of increasing customer complaints, fraud cases, notifications and/or increasing penalties.
- Assessment: by designing and helping in implementing controls to protect the Bank from regulatory risks and reputational risks. Compliance is one of the Bank's key success factors in protecting the Bank's reputation and credibility as well as safeguarding shareholders' and depositors' interests by:
 - Managing regulatory risks and avoiding financial penalties due to violations and/or unmanaged changes to rules and regulations.
 - Reviewing the standard operating and accounting procedures, products, services, forms, contracts and agreements to ensure they are in line with latest laws and regulations governing related business segments.
 - Assessing new laws and regulations and providing guidance on their implementation and advising lines of business on regulatory matters.
 - Ensuring effective controls are in place to protect the Bank from violating applicable rules and regulations.
- Monitoring: Compliance conducts periodical reviews of business areas to ensure that the effectiveness of controls is adequate. The Compliance monitoring function also generates necessary reporting that highlights all identified gaps and assesses the level of Compliance across the Bank.
- Correspondence: The Compliance function handles incoming and outgoing communications with regulatory bodies, ensures the Bank is represented appropriately, and assists in obtaining regulatory approvals for products, services, campaigns, and all other requests that are subject to regulatory no-objections.
- Compliance Program: Compliance clarifies roles and responsibilities from a regulatory perspective through implementing policies, procedures, non-compliance risk assessment and employees' awareness on a risk-based approach.
- Communication: Correct representation of the Bank with regulatory bodies through handling correspondence, and helping to obtain needed approvals related to products, services, campaigns and/or any other related no-objection requirements.
- Whistleblowing: As part of Compliance role, all raised reports related to violations and noncompliance are taken into consideration with extreme confidentiality, and would be handled according to the Bank's Policies and Violation Reporting Guidelines issued by SAMA.

Anti-Money Laundering and Counter Terrorist Financing Department

The Anti-Money Laundering (AML) and Counter Terrorist Financing (CTF) Department is an independent department that reduces the risk of money laundering and terrorist financing in addition to Anti-Concealment by setting the Bank's AML and CTF programs, and policies and procedures to comply with local and international standards.

The responsibilities of the AML and CTF Department include:

- Monitoring and identifying suspicious transactions, performing investigations, classifying suspicious activities, and reporting them to the General Administration of Financial Investigation.
- Reviewing products and services from a regulatory view point and following a risk based approach.
- Ensuring that enhanced due diligence is applied in all cases warranted to mitigate AML exposure.
- Monitoring and managing high risk accounts and related activities.
- Maintaining a sanction system and related controls.
- Identifying hits which require additional due diligence.
- Ensuring hits/alerts are handled in accordance with defined procedures and meet the standards for both quality and timelines.

- Monitoring and assisting in the resolution of complex issues.
- Handling and managing Self-Supervision unit requests in a timely manner and providing all required documents to SAMA.
- Implementing SAMA directives related to deduction and blocking and unblocking of Bank accounts.
- Preparing necessary technical reports in a timely manner and providing all required documents to SAMA.

Human Resources Group

The Bank has always invested in people development and engagement as a key strategic driver for the Human Resources. This forms a building block for the success of the Bank through the years.

Saudization and employee development

The Bank continues to invest in the employment and development of Saudi talents. As of December 31, 2022, the Saudization ratio was 91% with female staff representing 22% of the workforce. Around 80% of staff have received formal training and the Bank has offered eLearning modules via the learning management system to all staff.

Employee Benefits

Benefits payable to employees at the end of their services are accrued in accordance with guidelines set by the Saudi Labor Regulations and as per the Bank's accounting policies. The amount of provision made during the year ended December 31, 2022 for employees' end of service benefits was SAR 44.6 million. The balance of the accrued benefits outstanding is approximately SAR 221.3 million as of December 31, 2022.

In addition, the Bank grants to its eligible employee's other types of security and savings plans that are based on mutual contributions by the Bank and the employees. These contributions are paid to the participating employees at the respective maturity date of each Plan. The amount of provision made during the year ended December 31, 2022 for these plans was approximately SAR 55.0 million.

Related Party Balances and Transactions

In the ordinary course of its activities, the Group transacts business with related parties. Related parties, balances, and transactions are governed by the Banking Control Law and other regulations issued by SAMA. During 2021, SAMA issued its Key Principles of Governance in Financial Institutions operating in Saudi Arabia and during 2022, SAMA issued rules on Related Parties for Banks. These updates specify the definitions of related parties, the need to process the related transactions fairly and without preference, addresses the potential conflicts of interests involved in such transactions, and mandates transaction disclosure requirements pertaining to the related parties.

The Bank's related party identification and disclosure of transactions complies with the guidelines issued by SAMA, and has been approved by the Bank's Board of Directors. These guidelines include the following definitions of related parties:

- Management of the Bank, their relatives and/or their affiliated entities;
- Principal shareholders of the Bank and/or their relatives;
- Affiliates of the Bank, entities for which the investment is accounted for using the equity method of accounting, their management and relatives;
- Trusts for the benefit of the Bank's employees such as pension or other benefit plans that are managed by the Bank; and
- Any other parties whose management and operating policies can be directly or indirectly significantly influenced by the Bank.

Management of the Bank includes those persons who are responsible for achieving the objectives of the Bank and who have the authority to establish policies and make decisions by which those objectives are pursued. Management therefore includes the members of the Bank's Board of Directors, Chief Executive Officer (CEO), General Manager's (GM'S), their Deputies, Chief Financial Officer (CFO), Managers of key departments, officers of Risk Management, Internal audit, and Compliance functions, and similar positions in the Bank, in addition to incumbents of any other positions determined by SAMA.

Principal shareholders include those owners of record of more than five percent of the Bank's voting ownership and/or voting interest of the Bank.

Relatives include spouses, children, parents, grandparents, siblings, grandchildren, and offspring to whom a member of management of either the Bank, principal shareholder, or affiliate, might control or influence or by whom they might be controlled or influenced, because of the family relationship.

Related Party Balances

The balances as of December 31, 2022, resulting from such transactions included in the consolidated statement of financial position are as follows:

	SAR'000
Management of the Bank, their relatives and/or their affiliated entities:	
Loans and advances	248,303
Customers' deposits	2,134,535
Tier 1 Sukuk	25,300
Commitments and contingencies	508,353
Investments	607,740
Principal shareholders of the Bank and/or their relatives:	
Customers' deposits	3,823,077
Tier 1 Sukuk	50,000
Affiliates of the Bank, entities for which the investment is accounted for using the equity method of accounting, their management and relatives:	
Loans and advances	1,805,981
Customers' deposits	442,785
Tier 1 Sukuk	12,000
Commitments and contingencies	277,259
Trusts for the benefit of the Bank's employees such as pension or other benefits plans that are managed by the Bank:	
Customers' deposits and other liabilities	303,092

Related party transactions

Income and expense for the years ended December 31, 2022, pertaining to transactions with related parties included in the consolidated statement of income are as follows:

	SAR'000
Management of the Bank and/or members of their immediate family:	
Special commission income	31,582
Special commission expense	35,745
Fee income from Banking services	42
Other expenses	82,567
Principal shareholders of the Bank and/or members of their immediate family:	
Special commission expense	90,099
Rent and premises-related expenses (Building rental)	7,758
Affiliates of the Bank and entities for which the investment is accounted for by the Equity method of accounting:	
Special commission income	142,749
Special commission expense	2,692
Fee income from Banking services	1,019
Other income	7,999
Other expenses	16,215
Board of Directors and other Board Committee member remuneration	9,183

The Board of Directors and Board Committees

In the Extraordinary General Assembly meeting held on February 01, 2022, the Bank's Board Members were elected for a three year term starting from February 14, 2022.

Board members

The names of the members of the Board of Directors, Board Committees, and their classification, qualifications, and experience follows:

Mr. Abdallah Saleh Jum'ah

Classification: Non-Executive Member (Chairman)

Current job: Retired

Previous jobs:

1. President and Chief Executive Officer - Saudi Aramco
2. Executive Vice President for International Affairs - Saudi Aramco
3. Senior Vice President for Industrial Relations - Saudi Aramco
4. Vice President for Human Resources - Saudi Aramco

Qualifications:

1. Bachelor of Political Science, American University, Beirut and Cairo
2. Business Management Program, Harvard University, Cambridge, USA

Current Memberships:

1. The Chairman - The Saudi Investment Bank
2. Board Member - Hasana Investment Company
3. Board Member - Saudi Arabian Mining Co. (MA'ADEN)
4. Co-Chairman - US-Saudi Arabian Business Council
5. Board Member - AlRa'idah Investment Company

Previous Memberships:

In Kingdom

1. Board Member - Saudi Aramco
2. Board Member and CEO - Saudi Consolidated Electric Company (SCECO)
3. Board Member - Saudi Aramco Mobil Refinery Co. Ltd. (SAMREF)
4. Board Member - Saudi Airlines Corporation
5. Vice Chairman - Zamil Industrial Investment Co.

OOK (overseas)

1. Board Member - S-Oil, South Korea
2. Board Member - Petron Corporate, Philippines
3. Board Member - Motor Oil Hellas, Greece
4. Board Member - Saudi Petroleum International, United States
5. Chairman of the Board - Motiva Enterprise, United States
6. Board Member - Aramco Overseas Company, Holland
7. Board Member - Halliburton Company, United States
8. Member - JP Morgan Chase & Co. Int. Advisory Council, United States
9. Advisory Board Member - Schlumberger Business Consulting, France
10. Advisory Board Member - Reliance Int., India

Mr. Abdulaziz Al-Khamis

Classification: Non-Executive Member (Vice Chairman)

Current job: Retired

Previous jobs:

1. Vice Governor for Investment - Public Pension Agency
2. Director General for Financial Investment - Public Pension Agency
3. Fixed Income Chief Dealer, Investment Management Department - Saudi Central Bank
4. Assistant Chief Dealer, Investment Management Department - Saudi Central Bank
5. Senior Fixed Income Dealer, Investment Management Department - Saudi Central Bank
6. Investment Advisor, Alra'idah Investment Co

Qualifications: Bachelor of Economics, North-eastern University, Boston, USA

Current Memberships:

1. Vice Chairman - The Saudi Investment Bank
2. Vice Chairman - The Company of Cooperative Insurance (TAWUNIYA)
3. Vice Chairman - Tabuk Cement Co
4. Board Member - The United Insurance Company, Bahrain

Previous Memberships:

1. Board Member - Petrochem
2. Board Member - Sipchem
3. Board Member - Saudi Polymer Company
4. Board Member - Gulf Polymers Distribution Company, UAE

Mr. Abdul Rahman Al-Rawaf

Classification: Non-Executive Member

Current job: Business Man

Previous jobs:

1. General Manager of International Markets - Hasana Investment Company
2. General Manager of Deposit and Bond Management - Hasana Investment Company
3. Director of Investment Portfolio Management - General Organization for Social Insurance
4. Financial Analyst in the General Administration of Investment - General Organization for Social Insurance

Qualifications:

1. Bachelor of Science Business Administration, Arkansas State University
2. Master of Public Administration, University of Southern California

Current Memberships:

1. Board Member - The Saudi Investment Bank
2. Board Member - Qassim Cement Co.
3. Board Member - The Mediterranean and Gulf Insurance and Reinsurance Co. (MEDGULF)

Previous Memberships:

1. Board Member - The Industrialization and Energy Services Company.
2. Board Member - Sahara Petrochemical Company.
3. Board Member - Samba Financial.
4. Board Member - Bank Aljazira

5. Member of several committees (Audit, Executive Committee, Nominations and Rewards) in several other companies and Banks
6. Board Member - Jabal Omar Development Company

Mr. Mohammed Algrenees

Classification : Independent Member

Current job : Chief Investment Officer - Assila Investments

Previous jobs:

1. Head of Local Equity and Fixed income -Alraidah Investment Co.
2. Investment Portfolio Manager - HSBC, Saudi Arabia.
3. Head of Local Shares division - AlAhli capital company
4. Investment Portfolio Manager - Jadwa investment company

Qualifications: Bachelor of Chemical Engineering, Kuwait University, Kuwait

Current Memberships:

1. Board Member - The Saudi Investment Bank
2. Board Member - Taiba Investment Company
3. Board Member - Derayah GCC Growth and Income Fund
4. Board Member – Saudi Cremic Co.
5. Audit Committee Member - Bin Laden International Holding Group
6. Audit Committee Member - Alhasan shaker company
7. Board Member – Ruyat alwatan holding company

Previous Memberships:

1. Board Member - Alinma Development Fund Jabal Omar

Mr. Yasser Aljarallah

Classification: Independent Member

Current job : Chief Executive Officer and Co-Founder –Tharwaa Investment LLC, UAE

Previous jobs:

1. Co-Founder, PI Capital –USA.
2. Chief Executive Officer and Co-Founder - Tharwaa Alkhaleej General Trading LCC- UAE.
3. Co-Founder and Chief Executive Officer – Hadaf Aljazeera General Trading LLC-UAE.

Qualifications:

1. Bachelor of Economics, University of Southern California. USA
2. Master of Economics University of Southern California. USA

Current Memberships:

1. Board Member - The Saudi Investment Bank
2. Board Member - Inma medical services
3. Co-Founder and Board Member - Tharwa Escan Investments LLC.UAE
4. Chairman of the Board, Allied Cooperative Insurance Group (ACIG)

Previous Memberships:

1. Founder and Board Member - Methaq Takaful Insurance Company, UAE
2. Board Member - Advanced Emerging Capital, UK
3. Board Member - VC Bank, Bahrain

Mr. Mohammed Bamaga

Classification: Independent Member

Current job: Chief Executive Officer - Alqaryan Group

Previous jobs

1. Regional General Manager of Information Technology – SABIC.
2. Managing Director - Accenture Middle East
3. Director of Information Technology – Sadara Co
4. Executive vice president, Saudi Arabian Airlines.
5. Chief Executive Officer-Information Technology, Saudi Arabian Airlines

Qualifications: Bachelor of Management Information Systems from King Fahad University for Petroleum and Minerals, Saudi Arabia.

Current Memberships:

1. Board Member - The Saudi Investment Bank
2. Board Member - The Saudi Federation for Cybersecurity, Programming and Drones
3. Board Member - Alqaryan Group

Previous Memberships:

1. Member of the Advisory Board, Computer Sciences College, King Fahad University for Petroleum and Minerals
2. Board Member and Chairman of Audit and Risk Committees - Dammam Airports Company

Mr. Khaled Al Rowais

Classification: Independent Member

Current job: Retired

Previous jobs

1. Division Head, Banking Control Department – Saudi Central Bank.
2. Director of Project, Corporate Finance - SABIC
3. Treasurer - MA'ADEN
4. Executive Director, Strategy and Planning - MA'ADEN
5. Vice President, Finance and CFO - MA'ADEN
6. Vice President Phosphate - MA'ADEN
7. Senior Executive Advisor – Saudi Arabian Mining Company (MA'ADEN)

Qualifications:

1. Bachelor of Accounting, King Saud University - Saudi Arabia.
2. CPA, Colorado Society of CPAs - United States.

Current Memberships:

1. Board Member - The Saudi Investment Bank
2. Board Member and Member of Audit Committee - HASANA
3. Audit Committee Member - Saudi Electricity Company
4. Board Member and Member of Executive Committee - Saudi Mining Services Company
5. Audit Committee Member - TAQA Company
6. Audit Committee Member - The Company of Cooperative Insurance (TAWUNIYA)

Previous Memberships:

1. Chairman of the Board - Ma'aden Waad Shammal Phosphate Co.
2. Chairman of the Board - Ma'aden Phosphate Company
3. Board Member - Al Jazira Capital

4. Chairman of the Board - Ma'aden Aluminium Company
5. Chairman of the Board - Ma'aden Barrick Copper Company
6. Chairman of the Board - Ma'aden Gold and Base Metal Company
7. Member of Audit Committee - National Petrochemical Company (PETROCHEM)
8. Board Member and Chairman of Audit Committee and Member of Strategy Committee – Middle East Paper Co. (MEPCO)

Mr. Abdullah Al Zaben

Classification: Non-Executive Member

Current job: Director General - Sultan Bin Abdulaziz Medical and Educational Telecommunications Program Company

Previous jobs

1. Financial Resources Director - Sultan Bin Abdulaziz Al-Saud Foundation
2. Project Manager - The Arab Investment Company
3. Expert Assistant / Economic Researcher - Saudi Development Fund

Qualifications:

1. Masters in Economics / Finance, University of Alabama - USA.
2. Bachelor of Economics, College of Business Administration, King Saud University - Saudi Arabia

Current Memberships:

1. Board Member - The Saudi Investment Bank
2. Board Member - Mohammed Alali Alswailem for Trading and Contracting Company

Previous Memberships:

1. Chairman of the Board - Alistithmar Capital
2. Independent Board Member - Imar Al-Watan Real Estate Investment Co.
3. Board Member and Vice Chairman - Arab Syrian Hotel and Tourism Company, Syria
4. Board and Executive Committee Member - International Hotel and Tourism Co, Egypt

Mr. Mohammed AlKhalil

Classification: Non-Executive Member

Current job: Business Man

Previous jobs

Board Chairman Member and Chairman in several companies working in real estate, investment, tourism, charity and social community committees.

Qualifications:

Master in Business Administration, Colorado University - USA.
Bachelor of Computer Science Engineering, King Fahad University - Saudi Arabia

Current Memberships:

1. Board Member - The Saudi Investment Bank
2. Board Member - Seera Holding Company
3. Board Member - Alujain Holding Company
4. Chairman of the Board Managers - FAD Investment and Development Company
5. Board Member - Akwaan Real Estate Company
6. Board Member - Arkan Steel Company
7. Vice Chairman – Cementra
8. Chairman of the Board Managers - Kanolli Food Industries Company
9. Board Member - Tatweer Buildings Company
10. Chairman of the Board Managers - Enwan Al-Makan for Real Estate Dev. and Investment Co.

11. Vice Chairman - Elite Hospital Company
12. Chairman - Unaizah Investment Company
13. Vice Chairman - Unaizah Alwaqfia Company
14. Board Member – Althluf Real Estate Company
15. Board Member - United Real Estate Company
16. Board Member – Alwedyab Real Estate Company
17. Chairman - Roa'a Al-Madina Holding Company
18. Chairman – National Petrochemical Industrial Company (NAPET)
19. Board Member – AlMaqar Development and Development Company

Previous Memberships:

1. Board Member – Bilda Company for specialized commercial complexes.
2. Broad Member – Thakher Investment and Real Estate Development Company
3. Board Member – Riyadh Chamber of commerce cycle 16th
4. Broad Member – Tatweer Education Holding Co.
5. Board Member – Manafea Holding Company
6. Chairman – Middle East Real Estate Company.
7. Chairman of the Board Managers - International Environment Service Co.
8. Chairman of the Board Managers - Keram for Development and Investment Company

Audit Committee non Board Members

Mr. Fayez Belal

Classification: Independent Audit Committee Member

Current Job: Manager Finance and Accounting - Petro Rabigh

Previous Jobs:

1. Chief Financial Officer - Saudi Aramco Trading Company
2. Chief Financial Officer - Sasref
3. Chief Financial Officer- Petrolube Co
4. Manager Treasury Services - Saudi Aramco

Qualifications: Bachelor of Accounting, King Abdulaziz University KSA

Current Membership: Independent Audit Committee member - The Saudi Investment Bank

Mr. Alma Saeed AlMoter

Classification: Independent Audit Committee Member

Current Job: Technology and Functional Audit VP – STC

Previous Jobs:

1. Chief Audit Executive, VP –Solution
2. Corporate and Business Audit GM - STC
3. Investment and Operations Audit GM - STC
4. Investment and Special Assignment Audit Director - STC
5. Process Transformation and Sustainability Senior Manager - NWC
6. Quality and Compliance Senior Manager - NWC

Qualifications:

1. Master of Commerce, Griffith University, Australia
2. Bachelor of Accounting, King Abdul-Aziz University
3. CRMA, Certification in Risk Management Assurance The IIA
4. CFE, Certified Fraud Examiner, The ACFE
5. CIA, Certified Internal Auditor, The IIA

Current Membership: Audit Committee Member - The Saudi Investment Bank
Chairman of the Audit Committee – Samama Holding

Pervious Membership: Audit Committee Member – Jabal Omar Development Company

Mr. Bader Abdullah AlMazroua

Classification: Independent Audit Committee Member

Current Position: General Manager, Information Systems and Network Audit, STC

Previous Jobs:

1. Director, Infrastructure Design and Implementation Dept. - STC
2. Director, IT Security Dept. - STC
3. Director, Data Network Services - STC
4. Section Manager, Network Implementation - STC
5. Project Manager, IT Security - STC

Qualifications: Bachelor of Computer and Information Science, King Saud University

Current Membership:

1. Audit Committee Member - The Saudi Investment Bank
2. Audit Committee Member – Aqalat Company
3. Audit Committee Member – Intigral Company
4. Audit Committee Member – Tawal Company
5. Audit Committee Member – Sirar by stc

Shariah Committee non Board Members

Dr. Mohamed Elgari

Classification: Independent Member of the Shariah Committee

Current Job: Chairman of the Shariah Committee - The Saudi Investment Bank

Previous Jobs:

1. Professor of Islamic Economics, King Abdulaziz University
2. Director of Islamic Economics Research Center, King Abdulaziz University
3. Expert in Islamic Fiqh Academy, Organization of the Islamic Conference (Jeddah Complex)

Qualifications:

1. Bachelor of Islamic economic from King Abdulaziz University
2. Master's in Islamic Economic from University of California
3. PhD in Islamic Economic University of California

Current Memberships:

1. Chairman of the Shariah Committee Saudi Investment Bank
2. Member of the Islamic Classification Board of the Islamic Rating Agency (Bahrain).
3. Member of the Advisory Board of the Harvard Series in Islamic Law, Harvard Law School
4. Founding member of the National Society for Human Rights in Saudi Arabia
5. Member of the Shariah Board of the International Shariah Research Academy for Islamic Finance (ISRA), Malaysia

Previous Memberships:

1. Member of the Shariah Council, AAOIFI (Bahrain).
2. Member of the Scientific Committee of the Islamic Institute for Research and Training, Islamic Development Bank in Jeddah.

Dr. Ibrahim Al-Lahim

Classification: Independent Member of the Shariah Committee

Current Job: 1. Shariah Committee Member - The Saudi Investment Bank
2. Teaching staff Member at the College of Fundamentals of Religion and Sharia at Qassim University

Previous Job: Professor of the hadiths, the Qassim University

Qualifications:

1. Bachelor degree in Shariah, Sharia College, Al-Imam Muhammad Ibn Saud University, Riyadh, KSA
2. Master's degree in the Sunnah of the Prophet specializing in financial transactions ruling from Imam Mohammed bin Saud Islamic University
3. PhD in the Sunnah of the Prophet specializing in financial transactions ruling from Imam Mohammed bin Saud Islamic University

Current Memberships: Shariah Committee Member - The Saudi Investment Bank

Previous Memberships: Chairman of the Shariah Committee at MedGulf

Dr. Khaled AlSayari

Classification: Independent Member of the Sharia Committee

Current Job: Member of Saudi Investment Bank Sharia Committee
Professor at the College of Science and Theoretical Studies at the Saudi Electronic University

Previous Jobs: -

Qualifications:

1. Bachelor's Degree in Sharia from the College of Sharia, Imam Mohammad Ibn Saud Islamic University
2. Master's Degree in Comparative Jurisprudence from the Higher Judicial Institute
3. PhD in Comparative Jurisprudence from the Higher Judicial Institute

Current Memberships:

1. Member of the Shariah Committee at The Saudi Investment Bank
2. Member of the Shariah committee at the Saudi National Bank
3. Member of the Board of Directors at the Social Economy Association
4. Member of the Advisory Committee at The Scientific Society of Banking
5. Member of the Sharia Standards Committee at the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI)

Senior Management

The names of the Senior Management of the Bank with their qualifications and experience follows:

Mr. Faisal Al-Omran **Chief Executive Officer**

Mr. Al-Omran joined the Bank in 2007. Prior to his current position as CEO, Mr. Al-Omran was the Deputy CEO and prior to that Bank Treasurer and Chief Investment Officer. Mr. Al-Omran holds a Bachelor's Degree with Honours in Finance and Accounting from Northeastern University, and throughout his career he has attended various executive management courses at reputable institutions and universities including the London Business School and INSEAD.

Mr. Salman Al-Fughom **Deputy Chief Executive Officer**

Mr. Al-Fughom joined the Bank in 2006 in treasury investments. Prior to joining the Bank, he was an investment analyst at the Saudi Central Bank (SAMA), where he worked for almost three years. Mr. Al-Fughom also held the position of Treasurer and Chief Investment Officer in 2017 before being promoted to Deputy Chief Executive Officer in 2020. Mr. Al-Fughom holds a bachelor's degree in engineering and business management from the University of Greenwich and a master of science in investment management from Cass Business School, UK.

Mr. Shankar Chattanathan **Chief Financial Officer**

Mr. Chattanathan joined the Bank in November 2016 as DGM- Operations. He has more than 30 years of experience in the Banking industry. Prior to joining SAIB, he held the roles of Head of Operations in different Banks in the Middle East including SAIB (2009-2015) and senior operations roles in Citibank. Prior to his current position, he was the Deputy CFO for more than two years before being promoted as the Chief Financial Officer in February 2021. Mr. Chattanathan is an Associate member of the Institute of Chartered Accountants in India, as well as a Cost Accountant.

Mr. Saad AlMazroa **General Manager of Personal Banking**

Mr. Saad Joined the Bank in June 2021 as GM of Personal Banking. Saad has more than 24 years of experience in the Banking industry. Prior to joining SAIB, he worked for PwC as Partner in Transformation Management Advisory. He started his carrier in Al Rajhi Bank-Information Technology and became the CIO of the Bank then he moved as AGM in the Retail Banking for Consumer finance and Liabilities. He then worked in SAIB as CIO from 2012 to 2016 before moving as the COO for Bank Albilad and then PwC. Saad holds a bachelor degree in Information systems and has attended many leadership and business school courses.

Mr. Majed A. Fakeeh **General Manager of Corporate Banking**

Mr. Fakeeh joined the Bank in his current position in 2012. Prior to joining the Bank, he was Chief Corporate Banker and Senior Credit Officer at NCB, where he worked for twelve years. Mr. Fakeeh also held the positions of Team Leader and Senior Relationship Manager in Corporate Banking. He started his corporate Banking career 26 years ago when he joined SAIB as a Relationship Officer in 1995 until 2000. He holds a Bachelor's Degree in Business Administration majoring in Finance from King Saud University, and attended several executive management training programs with INSEAD and IMD. Beside his responsibilities as GM – Corporate Banking, he is a member of several management committees including the Credit Committee and the Asset-Liability Committee. In addition, he is a board member in Amlak International for Real Estate Financing (publicly listed company) since 2012, and a board member in Alistithmar Capital (CMA licensed company) since 2021.

Mr. Naif Al-Hammad **Treasurer and Chief Investment Officer**

Mr. Al-Hammad joined SAIB in April 2015 as Portfolio Manager – Investments. He was promoted to the Head of Investments in March 2018, Deputy Treasurer and Chief Investment Officer in March 2019 and

Treasurer and Chief Investment Officer in September 2020. Prior to joining the Bank, he was a Senior Credit Manager (Treasury) at Bank Aljazira, and worked with SAMA from 2006 to 2013 in various positions, the last one being the Head of the Risk Control Division. He holds a Bachelor Degree in Accounting from King Saud University and a Master of Arts in Economics from the University of Arkansas, USA. He has completed a number of professional trainings and certifications from leading international institutions.

Mr. Mohammed A. Al Fraih
Chief Operating Officer

Mr. Al-Fraih joined the Bank in 2016 as Chief Information Officer (CIO), and then he was appointed to his current position as Chief Operating Officer (COO). He has a distinguished track record of more than 24 years with extensive experience in multiple verticals including financial, telecommunications, and retail Industries. Mr. Al-Fraih holds a Bachelor Degree in Computer and Information Science from King Saud University, Riyadh, Saudi Arabia. He also has many Professional Certifications and had attended several Executive Programs in reputed business schools and institutions.

Mr. Mansour Al-Obaikan
Chief Risk Officer

Mr. Al-Obaikan joined the Bank in 2018, and was appointed as Chief Risk Officer in Dec 2019. Prior to joining the Bank, he worked in the Saudi British Bank from 2007 onwards in various positions in Corporate Banking and Global Banking and Markets. He holds a Bachelor of Honor's degree in Finance from Prince Sultan University, in addition to attending several management courses and professional programs at reputable institutions including HSBC U.K, HSBC India, HSBC Middle East, the International Institute for Management Development, INSEAD, IMD Business School, and Euromoney.

Ms. Monirah Al-Swaydani
Chief Governance Officer and Secretary of the Board and Acting General Manager of Human Resources

Ms. Al-Swaydani joined the Bank in 2017. She has held Senior positions in leading Banks where she accumulated experience in the Banking sector over the past 17 years with demonstrated history in Retail Banking, Credit risk and control, legal and operational procedures and Governance, Syndication, and Structured Finance. She holds a Bachelor's degree in English from King Saud University.

Mr. Badr Allaf
General Manager of Compliance Group

Mr. Allaf joined the Bank in 2017. Prior to joining the Bank, he was an executive team member and Chief AML and CTF Compliance Group at Bank AlJazira, where he worked for ten years. Mr. Allaf also held the position of western and southern regions Chief Compliance Officer at SAMBA Financial Group. Mr. Allaf holds a bachelor's degree in mechanical power engineering from King Abdulaziz University.

Mr. Rakan AlMusa
Chief Internal Auditor

Mr. Rakan AlMusa joined the Bank in 2021 as Chief Internal Auditor. He holds a bachelor degree in Business Administration (Finance) from King Saud University. He has a vast experience of managing audits at different managerial positions in SABB and Riyadh Bank. Prior to joining SAIB, he was the Head of Retail and Wealth Management Banking Audits in the Saudi British Bank (SABB). During his tenor with SABB he worked closely with HSBC Group auditors from across the globe including UK, Hong Kong and US. He was integral part of various structural changes in the Internal Audit. Also, he underwent various management development programs in SABB including attachment with different HSBC Group entities. In addition, he was Audit representative who participated in Integration activities post SABB and AlAwwal Banks' merger.

Board Committees and their Composition

The Board has the ultimate responsibility for the success, soundness and solvency of the Bank and is accountable for protecting depositors' and shareholders' funds. The main responsibilities of the Board members include challenging, contributing, approving and monitoring the business strategy of the Bank, approving and overseeing the implementation of the Bank's overall risk management strategies, monitoring and overseeing the Bank's performance and risks through laid down limits for management, including those for its subsidiaries. The Board operates through six Committees as given below:

1. The **Executive Committee** is comprised of five Board members. The Committee supervises the credit and financial policies of the Bank, and oversee the Bank's business strategy and its execution. The Committee's responsibilities also include reviewing, monitoring and approving key financial and non-financial business, and investment and operational decisions of the Bank within the authority defined by the Bank. Review of the risks relating to the Bank's subsidiaries and their potential impact.
2. The **Audit Committee** is comprised of five members, two Board members and three non-Board members. The Committee's activities include ensuring the quality and accuracy of financial accounting and financial statements including review of quarterly and annual financial statements and recommendation to the Board for approval, supervising and reviewing the effectiveness and independence of Internal Audit and External Auditors, reviewing the Compliance and Anti-money laundering processes including code of conduct and whistleblowing cases, reviewing and evaluating the nature and effectiveness of the Bank's Internal Control system including IT systems controls, their security and their vulnerabilities, and recommending the appointment of the External Auditors.
3. The **Nomination and Remuneration Committee** is comprised of four Board members. The Committee is responsible for recommending to the Board new membership appointments in accordance with the approved policies and standards, reviewing on an annual basis the requirements for the suitable skills for membership of the Board, reviewing the Board structure, and recommending changes thereto. It is also responsible to recommend to the Board the approval of the Bank's compensation policy and any required amendments, and other activities related to the Bank's compensation policies and guidelines. It is also responsible for approving the appointment and remuneration of senior executives of the Bank, reviewing and supervising the implementation of succession planning and training of the Bank's Board members, the CEO, and the direct reports of the CEO.
4. The **Governance Committee** is composed of three Board members. The Committee is responsible for promoting and implementing best practices of governance by acting on behalf of the Board to ensure the implementation of these practices in all activities of the Bank. The Committee also monitors the Bank's compliance with relevant local and international regulations. The Committee also monitors and guides the Governance function in the Bank, including its ownership of corporate governance policies, processes and procedures.
5. The **Risk Committee** is comprised of four Board members. The Committee supervises the risk management activities of the Bank including market, credit, operational, and other risks. The Committee's activities also include setting the Bank's Risk Management Strategy, setting the Bank's Risk Appetite framework, periodically reviewing the actual risk profile against the approved risk capacity and risk appetite, reviewing the Internal Capital Adequacy Assessment Plan and the Internal Liquidity Adequacy Assessment Plan, reviewing stress test results.
6. The **Shariah Committee** is comprised of three members. The Committee is responsible for providing Shariah opinions on submitted applications and related contracts and forms. The Committee is also responsible for ensuring the Bank's compliance with Shariah principles and decisions through the overseeing Shariah control function's reports and activities. In addition, the Committee answers Shariah related enquiries for the Bank and its customers.

The composition of the six Board Committees is presented below:

Executive Committee	Audit Committee	Nomination and Remuneration Committee	Governance Committee	Risk Committee	Shariah Committee
Mr. Abdulaziz Al-Khamis, (Chairman)	Mr. Khaled AlRowais (Chairman)	Mr. Mohammed AlGrenees (Chairman)	Mr. Yasser Aljarallah (Chairman)	Mr. Mohammed Bamaga (Chairman)	Dr. Mohamed Elgari (Chairman) (non-board)
Mr. Abdul Rahman Al-Rawaf	Mr. Mohammed Bamaga	Mr. Abdulaziz Al-Khamis	Mr. Khaled AlRowais	Mr. Mohammed AlGrenees	Dr. Ibrahim Al-Lahim (non-board)
Mr. Mohammed Saleh Alkhalil	Mr. Bader AlMazroua (non-board)	Mr. Yasser Aljarallah	Mr. Abdullah Al-Zaben	Mr. Khaled AlRowais	Dr. Khaled AlSayari (non-board)
Mr. Abdullah Sulaiman Al-Zaben	Mr. Alma AlMoter (non-board)	Mr. Abdul Rahman Al-Rawaf	-	Mr. Yasser Aljarallah	-
Mr. Mohammed Algrenees	Mr. Fayez Belal (non-board)	-	-	-	-

Directors' Attendance

The details of the attendance of the Board and non-Board members in the Bank's Board and Board Committee meetings held during the year follows.

Board Meetings

Five Board of Directors meetings were held during 2022 as follows:

Board Member	Board of Directors Meetings Attended				
	February 14, 2022	April 13, 2022	July 28, 2022	October 27, 2022	December 22, 2022
Mr. Abdallah Saleh Jum'ah		x	x	x	x
Mr. Abdulaziz Al-Khamis	x	x	x	x	x
Mr. Abdul Rahman Al-Rawaf	x	x	x	x	x
Mr. Mohammed Algrenees	x	x	x	x	x
Mr. Mohammed Bamaga	x	x	x	x	x
Mr. Yasser Aljarallah	x	x	x	x	x
Mr. Abdullah Al-Zaben	x	x	x	x	x
Mr. Khaled AlRowais	x	x	x	x	x
Mr. Mohammed Alkhalil	x	x	x	x	x

Executive Committee Meetings

Thirteen Executive Committee meetings were held during 2022 as follows:

Committee Member	Executive Committee Meetings Attended												
	Jan 31, 2022	Feb 28, 2022	Mar 28, 2022	Apr 20, 2022	May 30, 2022	Jun 27, 2022	Jul 25, 2022	Aug 29, 2022	Sep 26, 2022	Oct 31, 2022	Nov 28, 2022	Dec 18, 2022	Dec 26, 2022
Mr. Abdulaziz Al-Khamis	x	x	x	x	x	x	x	x	x	x	x	x	x
Mr. Abdul Rahman Al-Rawaf	x	x	x	x	x	x	x	x	x	x	x	x	x
Mr. Mohammed Algrenees	x	x	x	x	x	x	x	x	x	x	x	x	x
Mr. Mohammed Al Khalil		x	x	x	x	x	x	x	x	x	x	x	x
Mr. Abdullah AlZaben		x	x	x	x	x	x	x	x	x	x	x	x
Dr. Fouad Al-Saleh (A)	x												
Mr. Saleh Al-Athel (A)	x												

(A) Former Board member

Audit Committee Meetings

Seven Audit Committee meetings were held during 2022 as follows:

Committee Member	Audit Committee Meetings Attended						
	January 30, 2022	April 12, 2022	May 23, 2022	July 27, 2022	October 26, 2022	November 13, 2022	December 21, 2022
Mr. Mohammed Bamaga		x	x	x	x	x	x
Mr. Khaled Salem AlRowais			x	x	x	x	x
Mr. Fayez Belal	x	x	x	x	x	x	x
Mr. Alma Saeed AlMoter		x	x	x	x	x	x
Mr. Bader AlMazroa		x	x	x	x		x
Mr. Mohammad Al-Ali (B)	x						
Mr. Abdullah Al-Anizi (B)	x						
Mr. Monahy Al-Moreikhy (B)	x						

(B) Former member

Nomination and Remuneration Committee Meetings

Three Nomination and Remuneration Committee meetings were held during 2022 as follows:

Committee Member	Nomination and Remuneration Committee Meetings Attended		
	February 06, 2022	July 25, 2022	December 18, 2022
Mr. Mohammed Algrenees		x	x
Mr. Abdulaziz Al-Khamis	x	x	x
Mr. Abdul Rahman Al-Rawaf	x	x	x
Mr. Yaser Al-Jarallah		x	x
Dr. Fouad Al-Saleh (A)	x		
Mr. Saleh Al-Athel (A)	x		

(A) Former Board member

Governance Committee Meetings

Two Governance Committee meetings were held during 2022 as follows:

Committee Member	Governance Committee Meetings Attended	
	July 27, 2022	December 20, 2022
Mr. Yasser Aljarallah	x	x
Mr. Khaled Al Rowais	x	x
Mr. Abdullah Al Zaben	x	x

Risk Committee Meetings

Seven Risk Committee meetings were held during 2022 as follows:

Committee Member	Risk Committee Meetings Attended						
	February 23, 2022	March 10, 2022	April 12, 2022	July 24, 2022	August 22, 2022	October 26, 2022	December 08, 2022
Mr. Mohammed Bamaga	x	x	x	x	x	x	x
Mr. Mohammed Algrenees	x	x	x	x	x	x	x
Mr. Yasser Aljarallah	x	x	x	x	x	x	x
Mr. Khaled AlRowais	x	x	x	x	x	x	x

Shariah Committee Meetings

Six Shariah Committee meetings were held during 2022 as follows:

Committee member	Shariah Committee meetings attended					
	March 03, 2022	March 22, 2022	April 13, 2022	July 26, 2022	October 18, 2022	December 15, 2022
Dr. Mohamed Elgari	x	x	x	x	x	x
Dr. Khaled AlSayari	x	x	x	x	x	x
Dr. Ibrahim Al-Lahim	x		x	x	x	x

The details of the attendance of Board Members in shareholders' meetings held during the year follows:

Ordinary General Assembly Committee Meetings

One Ordinary General Assembly meeting was held during 2022 as follows:

Date of Meeting	Members Attended
April 19, 2022	Mr. Abdallah Saleh Jum'ah
	Mr. Abdulaziz Al-Khamis
	Mr. Abdul Rahman Al-Rawaf
	Mr. Khaled Al Rowais
	Mr. Abdullah Al Zaben
	Mr. Mohammed Al Khalil
	Mr. Yasser Aljarallah
	Mr. Mohammed Bamaga
	Mr. Mohammed Algrenees

Extraordinary General Assembly Committee Meetings

One Extraordinary General Assembly meeting was held during 2022 as follows:

Date of Meeting	Members Attended
February 01, 2022	Mr. Abdallah Saleh Jum'ah
	Mr. Abdulaziz Al-Khamis
	Mr. Abdul Rahman Al-Rawaf
	Dr. Fouad Al-Saleh
	Mr. Saleh Al-Athel
	Mr. Mohammad Al-Ali
	Mr. Yasser Aljarallah
	Mr. Mohammed Bamaga
	Mr. Mohammed Algrenees

Performance of the Board of Directors

Corporate Governance continues to be an important aspect of the business world where the Board of Directors are entrusted among other duties to oversee the Bank, implementation of the Bank's strategic objectives, approving risk strategy, approving corporate governance rules and principles of professional conduct, and supervision of Senior Management.

In the aim of reviewing the Board's effectiveness including its own controls and work procedures, the Board of Directors carries out an annual internal assessment of the Board as whole, its members, its Committees and Board Committees' members. The assessment is carried out by an external specialized consultant every three years.

Changes in the Bank's Ownership (Board of Directors and Senior Executives)

The Board of Directors is composed of natural persons represented on the Board in their personal capacities. Below is the list of the overall ownership of Bank's shares by the Board of Directors and senior executives and their immediate relatives who have an interest in such ownership.

Directors

No	Name	Shares at the Beginning of the Year	Shares at the End of the Year	Net Change	Percentage of Change
1	Mr. Abdallah Saleh Jum'ah	283,220	376,193	92,973	32.83%
2	Mr. Abdulaziz Al-Khamis	131,851	175,801	43,950	33.33%
3	Mr. Abdul Rahman Al-Rawaf	1,851	2,468	617	33.33%
4	Mr. Mohammed Algrenees	100	133	33	33.00%
5	Mr. Mohammed Bamaga	1,017	1,356	339	33.33%
6	Mr. Yasser Aljarallah	112,110,352	145,356,666	33,246,314	29.65%
7	Mohammed AlKhalil	100	133	33	33.00%

Senior Executives

No	Name	Shares at the Beginning of the Year	Shares at the End of the Year	Net Change	Percentage of Change
1	Mr. Faisal Al-Omran	18,209	24,278	6,069	33.33%
2	Mr. Salman Al-Fughom	12,000	16,000	4,000	33.33%
3	Mr. Naif Al-Hammad	153	204	51	33.33%

There were no debt instruments held by Board members or Senior executives during 2022.

Number of Orders Related to the Register of Company Shareholders and the Dates and Causes of Such Applications

The Bank ordered the following 13 registers on the dates indicated during 2022:

Date of Order	Reason of Order	Date of Order	Reason of Order
January 03	End of month report	July 04	End of month report
January 29	End of month report	August 02	End of month report
March 02	End of month report	September 04	End of month report
April 04	End of month report	October 03	End of month report
April 19	Prior to the General Assembly that was held on April 19, 2022	November 02	End of month report
May 09	End of month report	December 04	End of month report
June 02	End of month report		

Directors' and Senior Executives' Remuneration

The Bank's policy regarding remuneration of the Chairman and members of the Board of Directors is based on the limits set out in the Companies Regulations and the instructions of the Saudi Central Bank, as stated in the Bank's Governance Manual, which is available on the Bank's website.

The remuneration paid to Directors and Executives during the year ended December 31, 2022 was as follows:

Board Remuneration (SAR '000)														
	Fixed remunerations					Variable remunerations						End-of-service award	Aggregate Amount	Expenses Allowance
	Specific amount	Allowance for attending Board Meeting	Total Allowance for attending Committee Meetings	Remunerations of the chairman, Managing Director or Secretary, if a member	Total	Percentage of the profits	Periodic remunerations	Short-term incentive plans	Long-term incentive plans	Granted shares	Total			
First : Independent Directors														
Mohammed Algrenees	365	25	110	-	500	-	-	-	-	-	-	-	500	-
Yasser Aljarallah	420	25	55	-	500	-	-	-	-	-	-	-	500	-
Mohammed Bamaga	420	25	55	-	500	-	-	-	-	-	-	-	500	52
Khaled Al Rowais	350	25	60	-	435	-	-	-	-	-	-	-	435	-
Fouad Al-Saleh	44	-	10	-	54	-	-	-	-	-	-	-	54	-
Saleh Al-Athel	44	-	10	-	54	-	-	-	-	-	-	-	54	-
Mohammad Al-Ali	44	-	5	-	49	-	-	-	-	-	-	-	49	4
Total	1,687	100	305	-	2,092	-	-	-	-	-	-	-	2,092	56
Second : Non-Executive Directors														
Abdallah Saleh Jum'ah	1,800	-	-	-	1,800	-	-	-	-	-	-	-	1,800	-
Abdulaziz Al-Khamis	395	25	80	-	500	-	-	-	-	-	-	-	500	20
Abdul Rahman Al-Rawaf	395	25	80	-	500	-	-	-	-	-	-	-	500	-
Mohammed AlKhalil	355	25	60	-	440	-	-	-	-	-	-	-	440	-
Abdullah Al Zaben	345	25	65	-	435	-	-	-	-	-	-	-	435	-
Total	3,290	100	285	-	3,675	-	-	-	-	-	-	-	3,675	20

(SAR '000)

Non-Board Committee member remuneration	Audit Committee Members	Shariah Committee Members
Fixed Remuneration	750	567
Allowances for attending committee meetings	102	85
Total	852	652

There was no variable remuneration paid to the other non-Board Committee members during 2022.

Senior Executive remuneration	(SAR '000)
Fixed remuneration	Senior Executives
Salaries	15,144
Allowances	6,550
Sub total	21,694
Variable remuneration	
Deferred Amount	2,154
Short-term incentive plans	12,196
Sub total	14,350
End-of service award	1,736
Total	37,780

Board of Directors' Declaration

The Board of Directors hereby declares that to the best of its knowledge and belief and in all material respects:

1. Proper books of account have been maintained;
2. The system of internal control is sound in design and has been effectively implemented; and
3. There are no significant doubts concerning the Bank's ability to continue as a going concern.

Transactions with related parties include a set of business and contracts that are made for the account of the Bank in which the members of the board of directors have a direct or indirect interest and are as follows:

The Nature of the Contract	Related Party	Owner	End Date of the Contract	Annual Contract Value (SAR)
Health insurance Services to the employees of the Bank	Board Member Mr. Abdulaziz Al-Khamis is a member of the Board of Directors of Tawuniya Insurance Company	Tawuniya Insurance Company	July 31, 2023	27,164,488
Cyber Risk Insurance Services	Board Member Mr. Abdulaziz Al-Khamis is a member of the Board of Directors of Tawuniya Insurance Company	Tawuniya Insurance Company	July 31, 2023	1,449,988.91
Bankers Blanket Bond Insurance	Board Member Mr. Abdulrahman AlRawaf is a member of Board of Directors of Medgulf Insurance Company	Medgulf Insurance Company	August 20, 2023	4,426,833.75
General Insurance Policies	Board Member Mr. Abdulrahman AlRawaf is a member of Board of Directors of Medgulf Insurance Company	Medgulf Insurance Company	July 31, 2023	619,244.66

The Bank has worked on enhancing effective communication and transparency with all shareholders to ensure consistency and transparency of disclosures at all times. To this end the Bank has established procedures to ensure that shareholders' suggestions and feedback relating to the Bank and its performance are well reported to the Board.

Auditors

The Ordinary General Assembly meeting held on April 19, 2022 appointed Ernst & Young & Co. and Deloitte as the Bank's Auditors for the financial year 2022.

Auditors' Unmodified opinion on the annual financial statements

The 2022 auditor's report indicates that "the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2022, and its consolidated financial performance and its consolidated cash flows for the year then ended, in accordance with International Financial Reporting Standards ("IFRSs") as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants ("SOCPA") (collectively referred to as "IFRS as endorsed in the Kingdom of Saudi Arabia")".

The auditor's report also indicates that "nothing has come to our attention that causes us to believe that the Bank was not in compliance, in all material respects, with the applicable requirements of the Regulations for Companies, the Banking Control Law in the Kingdom of Saudi Arabia and the Bank's Articles of Association in so far as they affect the preparation and presentation of the consolidated financial statements for the year ended December 31, 2022".

The Board of Directors' Recommendation and Reason to Replace the Auditors

The Board of Directors has not recommended to replace the auditors before the end of their assignment period.

Corporate Governance, Community Service and Sustainability

The Bank's governance substantially complies with the Key Principles of Corporate Governance for Financial Institutions under the control and supervision of the Saudi Central Bank issued by SAMA on June 2022.

The Bank also complies with the Corporate Governance Regulations issued by the Capital Market Authority on August 22, 2022.

Bank's Code of Conduct and Ethical Standards

The Bank's ethical standards and Code of Conduct represent a standard and a guide for high ethical principles and professional business dealings practices. Through its Code of Conduct, the Bank is committed to instill and maintain a culture of professionalism where the utmost ethical standards prevail. The Bank's Code of Conduct is based on fundamental principles of integrity, confidentiality, and professionalism. It applies to all Directors, employees, consultants, affiliates, and any other person that may represent the Bank. The Bank operates under the governing authority of its Board of Directors, which oversees the implementation and effectiveness of the Bank's ethical standards and Code of Conduct.

Annual Review of the Effectiveness of Internal Control

The Bank's management is responsible for establishing and maintaining an adequate and effective internal control system which includes the policies, procedures and processes designed under supervision of the Board of Directors to achieve the strategic objectives of the Bank.

The Management of the Bank has adopted the internal controls integrated framework as recommended by the Saudi Central Bank through its guidelines on internal controls issued in 2013 and also emphasized upon in the Principles of Internal Auditing issued in December 2021. In line with SAMA and Basel guidelines, the Bank has adopted a three lines of defense model. Concerted and integrated efforts are made by all first line functions of the Bank to strengthen the control environment by continuous review of its processes, risks and controls through the "Risk and Controls Self-Assessment Process" to identify and address any control deficiencies. Each function, under the supervision of senior management, is also entrusted with the responsibility to oversee the rectification of control deficiencies identified by internal and external auditors, and various control units across the Bank. Second line functions such as Compliance, AML, Anti-fraud and Risk (Operational, Credit, Market and Cybersecurity) provide ongoing monitoring and oversight over respective risks to manage those appropriately.

In addition, Internal Audit (being third line) periodically validates the control environment and provides an independent reasonable assurance to the Board, on management of risks in achieving the Bank's strategic objectives. Internal control systems, no matter how well designed, have inherent limitations, and may not prevent or detect all control deficiencies. The projection of current evaluations of the effectiveness to future periods is subject to a limitation that controls may become inadequate due to changes in conditions or compliance with policies or procedures.

The scope of internal control system validation includes assessment of adequacy and effectiveness of the policies, procedures and related internal control system across the Bank. All audit reports together with the significant and material findings related to internal controls are submitted to the Audit Committee of the Bank on quarterly basis. The Audit Committee actively monitors the adequacy and effectiveness of the internal control system to ensure that identified risks are mitigated to safeguard the interests of the Bank.

Based on the results through ongoing testing and assessment of controls carried out during the year, Management considers that the Bank's existing internal control system is adequate and operating effectively. For further enhancing of controls, Management continuously evaluates the internal control system of the Bank.

Based on the above, the Board has duly endorsed Management's evaluation of the Bank's internal control system.

Community Service and Sustainability

Governed by the Bank's Sustainability Program, the Bank actively worked to maximize its corporate strategy, contribute to the community, and ensure alignment with Saudi Arabia's Vision 2030 for the long-term sustainability of our Bank and the Kingdom by supporting local companies and SMEs, employing and promoting Saudi nationals, especially women, contributing to the private sector's growth, promoting and enhancing a culture of innovation and promoting positivity, flexibility and discipline.

"Awn" (helping others) and "Hifth" (environmental protection) are 2 of the pillars of The Saudi Investment Bank's sustainability framework that highlights the Bank's social and environmental responsibility. The Bank has a responsibility to support the Saudi Arabian communities that form our customer base, and to help the disadvantaged. The Bank also has a responsibility to minimize its environmental footprint and conserve natural resources to ensure continued long-term value creation.

The Bank sponsored a number of projects ranging from sporting, cultural and youth activities to spread further guidance and awareness within society of financial products and services as well as its different inherited risks. Supporting various social projects and work to increase the level of awareness and guidance exercise due consideration for environmental and sustainability issues in the conduct of its business. Support and encourage small and medium enterprises without compromising the Bank and its stakeholders. Achieving sustainability development for the society as well as Bank employees.

Our sustainability strategy is to influence all stakeholders and to be aligned to practices that benefit society, the economy, and the nation as a whole. The Bank has a responsibility to its communities – from providing support to employees, to increasing awareness on important local issues and striving to make a positive impact within society.

SAIB recognizes the importance of sustainability, and continuously assesses new sustainable business opportunities. The Bank proactively supports sustainable initiatives through the financing of environmentally friendly projects that center around renewable energy, recycling, water treatment, wastewater treatment, hazardous waste disposal, and other environmental services.

Our Building Management System continues to reduce electricity consumption at our various buildings and shows reductions in electricity usage and resulting in a positive impact on the environment. Active campaigns to recycle paper and plastics continued with year on year recyclable metrics.

The Bank continues to retain its Global Reporting Initiative (GRI) Community Membership.

Conclusion

It is a pleasure, once again, for the Board of Directors to express its gratitude to the Government of the Custodian of the Two Holy Mosques, and in particular to the Ministry of Finance, as well as to the Saudi Central Bank, the Ministry of Commerce, and the Capital Market Authority, for their continued and constructive support. The Board of Directors would also like to thank its shareholders and customers for their support and trust which encourages us to achieve more. The Board of Directors acknowledges with appreciation the dedication and loyalty of the Bank's officers and staff to improve the performance of the Bank in order to achieve its strategic objectives.