

2021

BOARD OF
DIRECTORS'
REPORT

CONTENTS

- › 01
ECONOMIC UPDATE
- › 02
Financial Results
- › 03
Business Highlights
- › 04
SNB Capital Company's
Main Business Activities
- › 05
Remunerations and compensation
paid to Members of the Board of
Directors and senior executives
- › 06
Board of Directors and
Committees
- › 07
Any contractual interest
- › 08
Any business or
contracts
- › 09
Bank Borrowings
- › 11
Subsidiaries*
- › 13
SNB Capital Risk
Management
- › 15
Fines and Penalties
- › 10
Related Party Transactions
and Balances
- › 12
Results of the Annual
Audit for the effectiveness
of the Internal Control
Procedures of the Company
- › 14
Staff
- › 16
Appreciation



01

**ECONOMIC
UPDATE**

1. Economic Update

Volatility continued to be a key theme in 2021 as the world was unsettled between vaccination rollout hopes and COVID-19 new variants fears. Inflation, potential change in monetary policies direction, and supply chain disruptions have also contributed to the overall uncertainty. Nevertheless, the global GDP recovered strongly in 2021 as economic activity normalized post COVID-19 with ongoing support measures by various governments. Global GDP grew by 5.9% yoy in 2021, driven by Advanced economies (+5.0% yoy) and Emerging Markets (EM) (6.5% yoy). The US economy expanded by 5.6%, while the Euro Area and China recorded growth of 5.2% yoy and 8.1%, respectively.

Supported by a strong rebound in the global economy in 2021, equity markets continued their positive momentum which started in 2020. After strong gains of 14.1% in 2020, the MSCI World increased by another 20% in 2021. In addition, the S&P 500 reached an all-time high, increasing by 27% yoy, while Euro Stoxx 50 was up 12.7% yoy. Accommodating monetary policies, abundant market liquidity, and strong earnings growth were the key reasons behind the strong market performance. However, EM performance lagged, with MSCI EM declining by 4.6%, primarily driven by regulatory changes in China, which impacted various sectors such as technology and real-estate.

The global economy is expected to grow by 4.4% in 2022f. The US economy is expected to grow by 4.0%, primarily supported by the major infrastructure bill. The Euro Area is forecasted to grow by 3.9% in 2022f, while Emerging economies are expected to grow by 4.8%. The growth will be mainly driven by India (9.0%) and China (4.8%).

Global Growth (%)	Year over year						Q4 over Q4		
	Est.		Projections		Vs. Oct 2021 Projections		Est.		Projections
	2020	2021	2022	2023	2021	2023	2021	2022	2023
World Output	-3.1	5.9	4.4	3.8	-0.5	0.2	4.2	3.9	3.4
Advanced Economies	-4.5	5.0	3.9	2.6	-0.6	0.4	4.4	3.5	1.8
United States	-3.4	5.6	4.0	2.6	-1.2	0.4	5.3	3.5	2.0
Euro Area	-6.4	5.2	3.9	2.5	-0.4	0.5	4.8	3.2	1.8
Other Advanced Economies	-1.9	4.7	3.6	2.9	-0.1	0.0	3.8	3.4	2.5
Emerging Markets	-2.0	6.5	4.8	4.7	-0.3	0.1	4.0	4.3	4.8
China	2.3	8.1	4.8	5.2	-0.8	-0.1	3.5	5.1	5.0
India	-7.3	9.0	9.0	7.1	0.5	0.5	4.3	5.8	7.5
Middle East and Central Asia	-2.8	4.2	4.3	3.6	0.2	-0.2	-	-	-

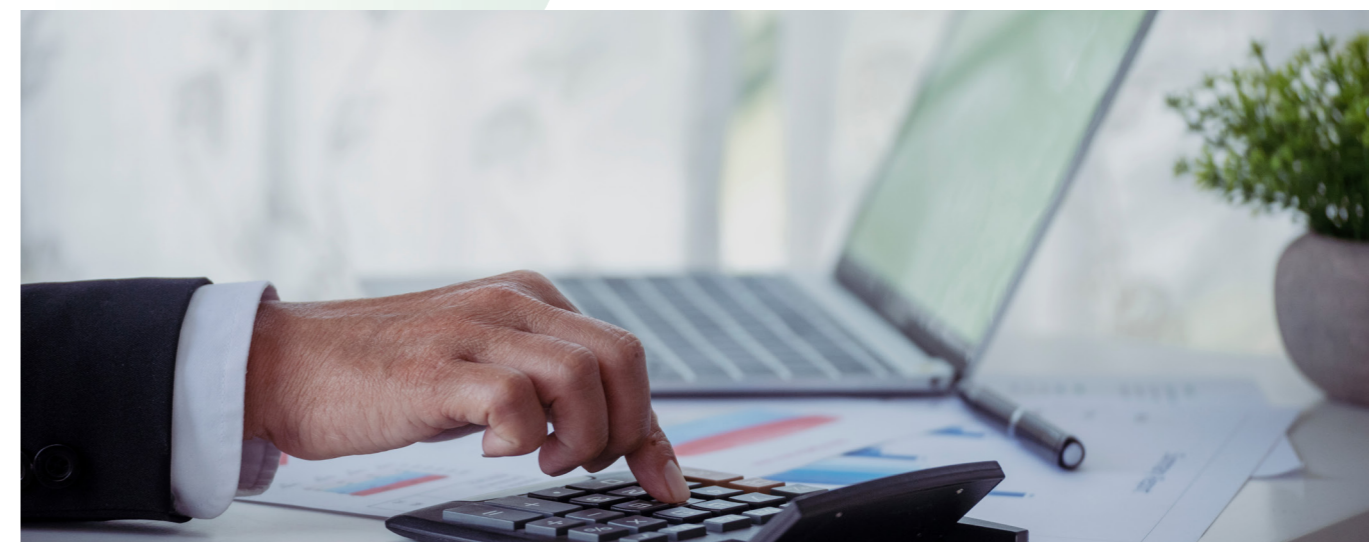
Saudi Macro review

Vision 2030 remains the primary growth driver of the Saudi economy. The progress on various VRPs, the Shareek Program, and the growing contribution of the development funds (PIF and NDF) will enable the private sector to increase its participation in the economy, leading to sustainable long-term growth. As a result, Saudi GDP is expected to record a remarkable growth of 7.4% in 2022f (according to MoF), driven by strong oil and non-oil GDP growth. The Saudi 2022f GDP growth followed an economic expansion of 3.3% in 2021 and a contraction of 4.2% in 2020.

Strong economic activity and favorable oil market dynamics are expected to lead to a budget surplus of SAR 90 billion in 2022f, the first surplus in 13 years. This reflects the government efforts to support fiscal sustainability and strengthen the fiscal position while continuing to implement structural reforms.

Oil

After a challenging year in 2020, oil prices moved in a positive trajectory during 2021. Prices started the year at US\$ 51.5, reached a high of US\$ 86.7, and averaged at US\$ 71.0 (+64.4% yoy) in 2021. Strong oil demand was driven by the recovery of the global economy post COVID-19 and major supply disruptions across the world. However, prudent OPEC+ policies and the use of strategic reserves maintained the market balance. The recovery in the oil market is expected to continue going forward, driven by higher demand, mainly from Asia.





Saudi Banks

The Saudi banking sector had an outstanding performance in 2021 on the back of an improved macro environment and an exceptional growth in lending. The sector maintained its resilience with stable credit quality metrics, healthy liquidity levels and strong capitalization. Mortgage financing continued to drive lending activities as a result of the Housing Program initiatives under Vision 2030. New Mortgages stood at SAR 152 billion in 2021, marginally higher than SAR 151 billion in 2020.

The Saudi banking sector outlook remains positive, driven by a favorable macro environment, higher oil prices, and the acceleration of Mega projects and the Shareek program. Moreover, the sector will be a key beneficiary of a higher interest rates environment.

Saudi and Regional Markets

The Saudi market recorded its best performance in more than 14 years, increasing by 29.8% yoy to close at 11,281 points. The strong market performance was driven by unprecedented earnings growth, positive sentiment, and higher liquidity levels. The Banking and Materials sectors were the key market drivers, increasing by 61% yoy and 28% yoy, respectively. The average daily value traded stood at SAR 8.9 billion vs. SAR 7.2 billion in 2020 and was significantly higher than the market's historical average of SAR 5.7 billion.

The GCC markets' performance was also strong. Abu Dhabi was the best performing market, up 68.2% yoy, followed by TASI (+29.8% yoy) and Kuwait (+29.3% yoy).

The background features a series of overlapping, curved shapes in various shades of green and teal, creating a dynamic, layered effect. The shapes are positioned behind the text, with some appearing to be in front of others, adding depth to the design.

02

**Financial
Results**

2. Financial Results

SNB Capital's consolidated operating income, for the year ended 31 December 2021 increased by 30 % from SAR 1,142 million in 2020 to SAR 1,487 million, due to business activities and merger between NCB Capital Company and Samba Capital & Investment Management Company ("Samba Capital"). The Company ended the year with a net income before zakat of SAR 1,048 million against a net income of SAR 815 million in 2020. Total equity increased from SAR 2,278 million in 2020 to SAR 4,691 million in the year 2021 due to the merger between NCB Capital and Samba Capital.

Total assets for the year 2021 stood at SAR 6,423 million (SAR 2,982 million in 2020) with investments increasing to SAR 3,346 million (SAR 1,628 million in 2020) and balances at banks of SAR 454 million (SAR 199 million in 2020).

Statement of Financial Position	2021	2020	2019	2018	2017
	Amount in SR '000				
Assets					
Cash and cash equivalent	453,988	198,666	97,215	126,471	150,030
Investments	3,345,958	1,628,177	970,364	693,315	736,939
Investment in an associate	2,161	2,173	18,101	29,605	31,825
Property and equipment	146,646	127,884	117,947	188,294	170,383
Investment properties	75,440	76,272	77,333	-	-
Right of use of asset	8,584	10,557	11,715		
Margin Receivables	1,802,031	635,137	378,552	246,765	78,577
Prepayments and other assets	587,949	302,986	242,967	191,600	133,606
Total assets	6,422,757	2,981,852	1,914,194	1,476,050	1,301,360
Liabilities					
Amount due to National Commercial Bank	35,000	34,776	31,125	37,185	8,261
Lease liabilities	9,782	11,470	12,039		
Bank borrowings	1,122,566	288,341	32,123		
Employee benefits	94,378	93,942	97,158	51,651	64,156
Account payable and accruals	470,444	275,465	222,244	238,453	222,474
Total liabilities	1,732,170	703,994	394,689	327,289	294,891
Equity					
Share capital	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
SNB Capital Funded Shares		(247,807)	(246,004)	(222,870)	(213,698)
Merger Services	500,000				
Statutory reserve	535,248	285,248	209,248	167,248	134,248
Other reserves	25,479	2,174	(211)	(26,609)	6,859
Share based payments	24,164	17,334	5,901	51,434	22,938
Retained earnings	2,604,932	1,213,418	540,833	169,790	45,485
Non- Controlling interest	764	7,491	9,738	9,768	10,637
Total equity	4,690,587	2,277,858	1,519,505	1,148,761	1,006,469

Statement of Profit or Loss	2021	2020	2019	2018	2017
	Amount in SR '000				
Fee from services, net					
Asset Management	668,194	538,737	502,244	512,185	442,728
Brokerage	546,384	428,524	123,431	136,769	149,921
Investment Banking	125,948	117,231	88,886	48,709	32,272
Other operating income	146,109	57,740	72,281	25,932	23,396
Total operating income	1,486,635	1,142,232	786,842	723,595	648,317
Salaries and employee related expenses	240,813	200,871	219,925	229,173	217,955
Depreciation	22,232	19,896	19,085	15,955	19,894
Other general and administrative expenses	168,374	101,094	87,109	104,784	118,826
Total operating expenses	431,419	321,861	326,119	349,912	356,675
Finance cost	(12,293)	(5,912)	(2,072)	(1,832)	-
Other non-operating income	5011	330	(1,195)	3,865	12,118
Net income before ZAKAT for the year	1,047,934	814,789	457,456	375,716	303,760

Statement of Cash Flows	2021	2020	2019	2018	2017
	Amount in SR '000				
Net cash (used in) / from operating activities	(1,696,043)	(134,352)	21,262	336,150	304,671
Net cash generated (used in) / from investing activities	1,136,178	(11,921)	(27,439)	(161,363)	18,774
Net cash (used in) / generated from financing activities	815,187	247,724	(23,079)	(198,346)	(286,447)
Net change in cash and cash equivalent	255,322	101,451	(29,256)	(23,559)	36,998

The External Auditor of SNB Capital did not list any reservations on the 2021 year-end financial statements.



03

**Business
Highlights**

3. Business Highlights

SNB Capital (or "the Company"), a Saudi closed Joint Stock Company and the product of the merger of NCB Capital Company and Samba Capital & Investment Management Company which was effected on 9 July 2021, continues to be well-positioned to capture future growth. In 2021, the firm's strategic focus areas were to:

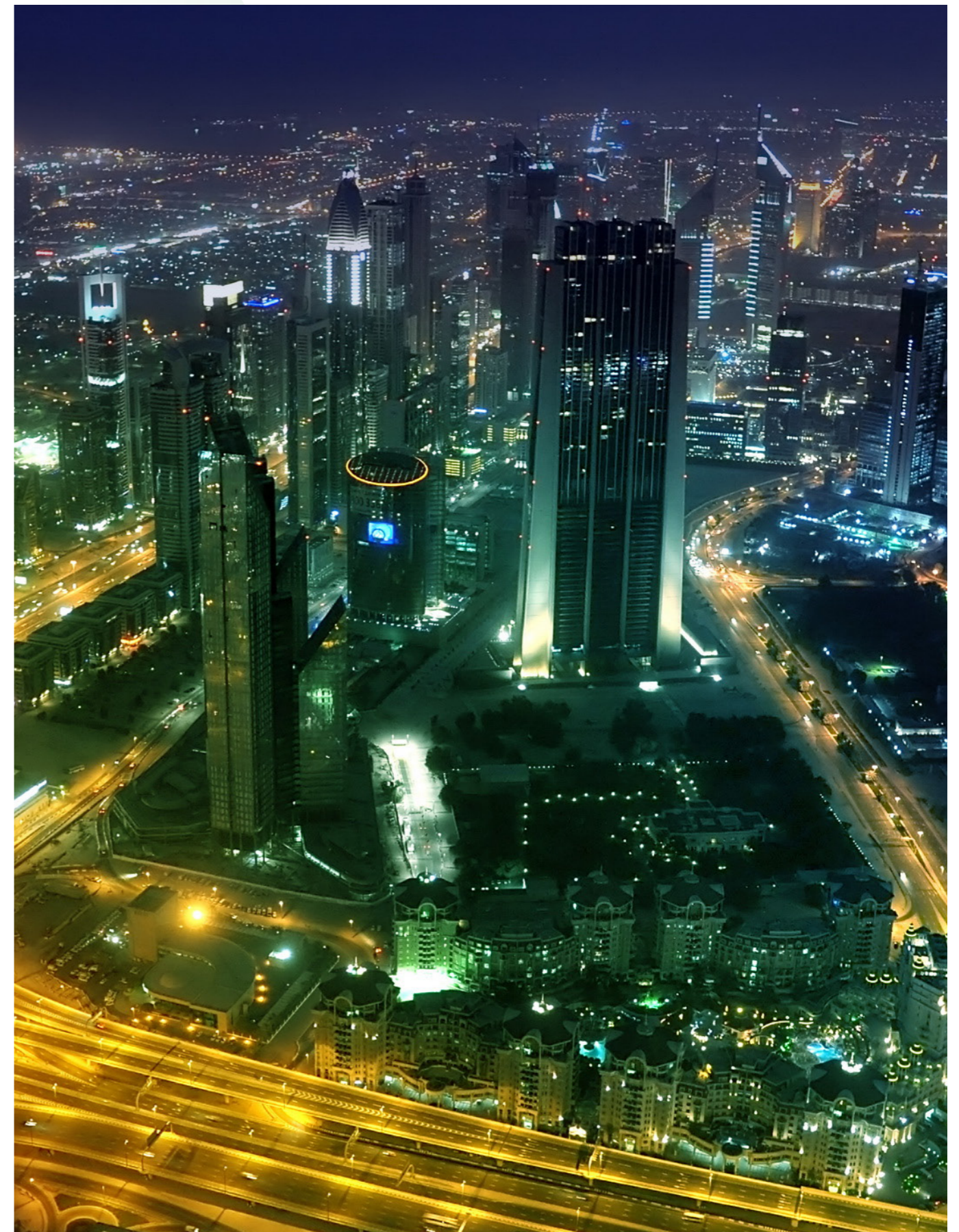
- Sustain and grow market leadership through product innovation,
- Grow recurring revenues by increasing assets under management,
- Grow brokerage and securities services revenue market share,
- Support the growing needs of Government-related entities in line with Vision 2030, and
- Continue to increase efficiency and improve productivity.

With the establishment of Principal Investments, SNB Capital now operates five business lines: Asset Management, Wealth Management, Investment Banking, Securities and Principal Investments and is licensed by the Capital Market Authority of Saudi Arabia, to carry out dealing, advising, arranging, custody and managing investments and operating funds, with respect to securities.

In 2021, SNB Capital managed to increase operating revenues by 30% (SAR 1,487 million in 2021 vs. SAR 1,142 million in 2020) and net income before Zakat by 29% (SAR 1,048 million in 2021 vs. SAR 815 million in 2020). SNB Capital also continued to improve efficiency and productivity, where it maintained its cost to income ratio in spite of a number of one-off merger-related expenses (30% in 2021 vs. 29% in 2020).

Going forward, SNB Capital aims to become the region's leading investment bank, while continuing to focus on enhancing the quality of our revenues and earnings by pursuing the following strategic pillars:

- Strengthen and future-proof existing businesses
- Shape the growth of local and regional capital markets
- Drive efficiency and productivity of assets and people



04

**SNB Capital
Company's
Main
Business
Activities**

4. SNB Capital Company's Main Business Activities

Asset Management

The Asset Management business is responsible for launching and managing Shariah-compliant and conventional mutual funds, closed-ended funds and separately managed accounts across the following asset classes: money market and fixed income, local and international equities, multi-asset, and alternatives (including private equity, real estate and private credit).

In Asset Management, SNB Capital continues to be the Kingdom's largest asset manager with SAR 251B in assets under management across various local and international asset classes as of Dec 2021. During the year, SNB Capital's KSA-based Product Development team launched 2 funds: 1 public endowment fund (KSU Endowment Fund), and 1 international private fund (NCB Capital Asia Mobility Fund). SNB Capital DIFC also launched 1 international private fund (NCB Capital Credit Fund II L.P.) in collaboration with a leading global asset manager. SNB Capital also maintained its MQ1 rating (Moody's highest rating for investment manager quality) as well as its claim of compliance with the Global Investment Performance Standards (GIPS).

A majority of SNB Capital's public funds delivered a strong performance in 2021, ranking in the first and second quartiles relative to their peers. Seven of SNB Capital's equities funds ranked in the top quartile relative to their peers; these included SNB Capital's Freestyle, Al-Fareed, and Small and Mid-Cap Equity Funds which also ranked among the top funds in the Kingdom across all asset classes. In Money Market & Fixed Income, top quartile funds included AIAhli ITF, AIAhli SRTF, AIAhli DSRTF, AIAhli Diversified USD. Finally, in Multi-Asset, SNB Capital's Moderate and Growth strategies ended the year in the top half vs. peers. In addition, AIAhli REIT Fund (1) performed well with a 7.0% dividend payout (55% increase vs. 2020), fully recovering from the effects of the pandemic on the real estate sector. SNB Capital also received multiple awards from Lipper, Global Business Magazine Global Business Outlook, Global Islamic Finance, World Economic Magazine, International Finance Magazine and World Business Outlook.



Wealth Management

The Wealth Management business serves SNB Capital's increasingly sophisticated institutional, high net worth, affluent and retail clients, offering them investment advisory services, as well as access to SNB Capital's market-leading asset management offerings. In addition, the Wealth Management business also offers employee savings programs to the Kingdom's leading Public and Private sector employers, positioning the firm as Saudi Arabia's largest employee savings fiduciary/provider.

During the year, SNB Capital Wealth Management successfully raised funds across a number of asset classes including Regional Equity, Multi-Asset and Alternatives. In the Alternatives space, Wealth Management successfully closed the NCB Capital Asia Mobility Fund, the NCB Capital Credit Fund I second close and the NCB Capital Credit Fund II. The business also added 2 new Corporate saving institutional clients to its employee savings program, cementing its position as one of the region's largest providers of such programs.

Investment Banking

The Investment Banking business offers Public and Private sector clients the full range of investment banking services, including: Equity Capital Markets (IPOs, rights issues, private placements), Debt Capital Markets, Mergers & Acquisitions and Debt Advisory services.

In 2021, SNB Capital acted as joint lead manager and bookrunner for SAR 33.4B early repurchase and issuance of KSA Government Sukuk; joint lead manager for the USD 5B KSA sovereign bond issuance; sole bookrunner and lead manager for USD 1.3B NCB Tier 1 perpetual sukuk, joint lead manager for USD 6B Saudi Aramco international sukuk issuance, joint lead manager & bookrunner for USD 1B Standard Chartered Bank sukuk. In addition, SNB Capital acted as financial advisor, lead manager & bookrunner for SAR 12B STC fully marketed offering (the first of its kind in the Kingdom), financial advisor lead manager, bookrunner, global coordinator & underwriter for SAR 3.8B Saudi Tadawul Group IPO, joint lead manager underwriter & bookrunner for SAR 3.6B Solutions by STC IPO, among several other notable transactions across its service lines.

Securities

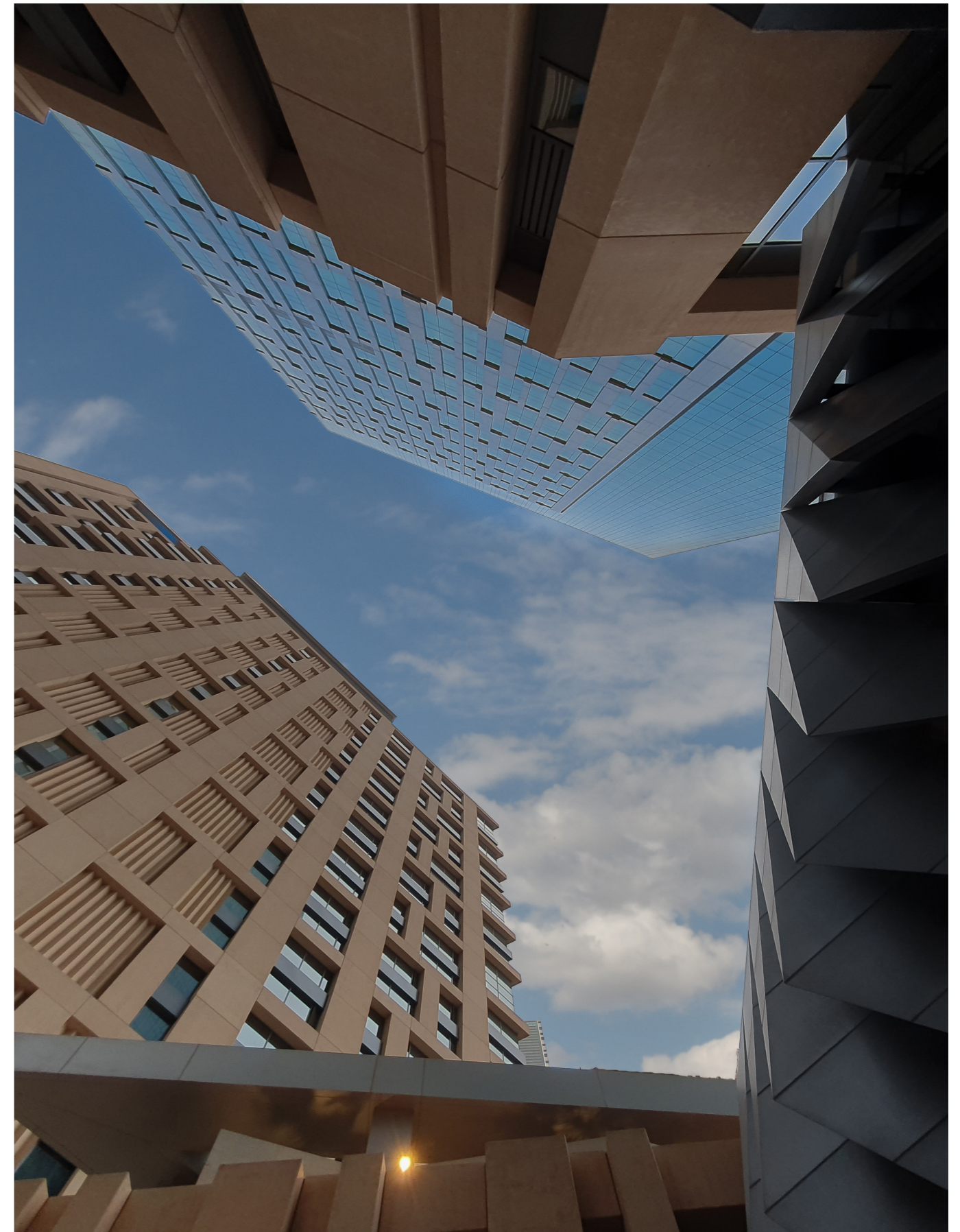
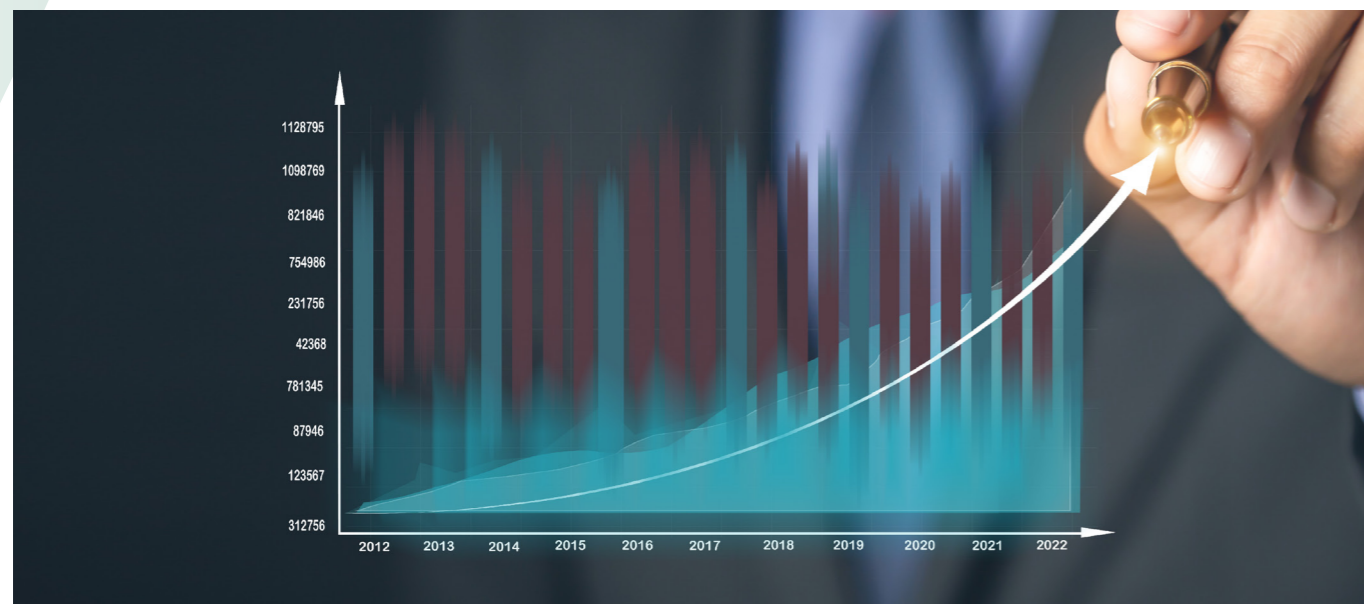
The Securities business offers the firm's institutional, high net worth, affluent and retail clients with: (i) local and international equity and fixed income brokerage services through multiple trading channels, (ii) dedicated on-the-ground equity research coverage across a broad range of sectors and listed companies, as well as (iii) SNB Capital's market-leading Securities Services offering which includes margin trading, global custody, employee share plan services and institutional coverage.

In Securities, SNB Capital succeeded in maintaining its #1 position with a 20.4% brokerage market share for 2021, while maintaining pricing discipline. The business also played a leading role in the execution of STC's fully marketed offering and added a new client to its Employee Share Plan Services (ESPS). Other Securities achievements during the year include the launch of a new Al Ahli Tadawul mobile application, as well as the enhancement of Margin Trading systems and product offerings. Finally, and building on SNB Capital's alliance with BNY Mellon to offer integrated local & international custody services, SNB Capital expanded its collaboration to launch a first-of-its-kind data management solution for KSA's large asset owners.

Principal Investments

The Principal Investments business is responsible for managing the firm's: (i) liquidity in line with the firm's business requirements and the applicable regulations, and (ii) investments across a broad range of asset classes. In addition to delivering appropriate risk-adjusted returns, the Principal Investments business is also responsible for providing for the funding requirements of the firm's different business lines as needed.

In Principal Investments, SNB Capital successfully migrated NCB Capital's and Samba Capital's legacy portfolios, finalized the division's governance framework, in addition to strengthening the Principal Investments team.



05

**Remunerations
and compensation
paid to Members
of the Board of
Directors and
senior executives**

5. Remunerations and compensation paid to Members of the Board of Directors and senior executives

Board of Directors

Statement	Executive Board Members	Non-Executive Board Members	Independent Board Members
Allowance for attendance of the Board of Directors' meetings	30,000	95,000	40,000
Allowance for attendance of the Committees' meetings	15,000	30,000	25,000
Periodic and annual remunerations	275,685	999,453	461,782
Incentive plans	—	—	—
Any compensations or other in kind benefits paid monthly or annually	—	—	—
Total	320,685	1,124,453	526,782

Senior Executives

Statement	Five of the senior executives who received the highest remunerations and compensations in addition to the CEO and CFO, if they are not among them
Salaries and wages	5,009,210
Allowances	2,737,023
Incentive plans (Including value of awards made to departing executives)	6,215,360
Periodic and annual Remunerations	16,193,800
Commissions	Nil
Any compensations or other in kind benefits paid monthly or annually	Nil
Total	30,155,393

There have been no arrangements whereby any member of the Board of Directors or the executive management waived any compensation or remuneration.





06

**Board of
Directors and
Committees**

6. Board of Directors and Committees

Board of Directors

The Board of SNB Capital consists of 6 members including 2 independent members, appointed by the ordinary general assembly. The Board meets on a quarterly basis at a minimum, or more as it may deem necessary.

Name	Position / Classification	Other Board Memberships
Ammar A. Al-Khudairy	<ul style="list-style-type: none"> Chairman Non-Executive Member 	<ul style="list-style-type: none"> Saudi National Bank. Amwal Capital Partners. Saudi Pharmaceutical Industries & Medical Appliances Corporation (SPIMACO). Real Estate Development Fund Almarai Company
Faisal O. Al-Saggaf	<ul style="list-style-type: none"> Vice Chairman Non-Executive Member 	<ul style="list-style-type: none"> Farouk & Maamoun Mohammed Said Tamer Industries Holding Co. Ltd. Isam Khairi Kabbani Group of Companies. Alamar Foods Company.
Rashed I. Sharif	<ul style="list-style-type: none"> CEO Executive Member 	<ul style="list-style-type: none"> Saudi National Bank. Saudi Telecom Company. Accor Invest Group. NEOM Tech & Digital Company
Mohammed A. Al-Shaikh	<ul style="list-style-type: none"> Non-Executive Member 	<ul style="list-style-type: none"> Saudi Credit Bureau (SIMAH). Riyadh Economic Forum.
Ahmed I. Al-Rabiah	<ul style="list-style-type: none"> Independent Member 	<ul style="list-style-type: none"> Al Rabiah Financial Consulting Firm – ARMAALY. Eastern Region Amana Development Company (Ashraq).
Abdullah AlAbduljabbar	<ul style="list-style-type: none"> Non-Executive Member 	<ul style="list-style-type: none"> Saudi Arabian Investments Company "Sanabil Investments" Richard Attias & Associates Saudi Digital Payments Company "STC Pay" Caffeine Inc Performance 54 Group Limited.

Meeting Attendance

Name	11 March	24 June	11 July	13 October	23 December	29 December	Total
Saeed M. AlGhamdi resigned w.e.f. 31 March 2021	√	-----	-----	-----	-----	-----	1
David J. Meek upto 08 July 2021	√	√	-----	-----	-----	-----	2
Talal A. Al Khereiji upto 08 July 2021	√	√	-----	-----	-----	-----	2
Adnan A. Soufi upto 08 July 2021	√	√	-----	-----	-----	-----	2
Abdullah F. Al Abduljabbar	√	√	√	x	√	√	5
Ammar A. Al-Khudairy w.e.f. 01 April 2021	-----	√	√	√	√	√	5
Faisal O. Al-Saggaf w.e.f. 09 July 2021	-----	-----	√	√	√	√	4
Rashed I. Sharif	√	√	√	√	√	√	6
Ahmed I. Al-Rabiah w.e.f. 09 July 2021	-----	-----	√	√	√	√	4
Mohammed A. Al-Shaikh w.e.f. 14 July 2021	-----	-----	-----	√	√	√	3

The Board of Directors has the widest authority in managing the affairs and business of the Company within and outside of the Kingdom and their responsibilities include:

1. Establish, monitor, review and guide the strategy and policies of SNB Capital and its subsidiaries (collectively "the Group") including approving the vision, mission, and philosophy and guiding principles of the Group.
2. Approve the annual business plan and the budget as submitted by the CEO and monitor the performance including interim and annual results.
3. Approve the overall performance objectives for the Group and review progress against these objectives.
4. Approve major companywide policies and reports such as the annual report, as well as exercise oversight over the adequacy of general fiduciary risk management within the Group.
5. Monitor and manage potential conflicts of interest in respect of management, Board members and shareholders. The Board must take all reasonable steps to avoid actual, potential or perceived conflicts of interests within the Group.
6. Monitor the proper application of the corporate governance framework, and periodically review the corporate governance arrangements.
7. Satisfy itself as to the integrity of the Group's financial information and to ensure the integrity of the Group's accounting and financial reporting systems, and that appropriate systems of control are in place.
8. Ensure that appropriate risk management systems, including risk frameworks, internal control and reporting systems and compliance frameworks are in place and operating efficiently.



Audit Committee

The Audit Committee consists of three members, all non-executives and includes two independent members. The Committee meets on a quarterly basis or more as it may deem necessary.

Name	Members
Ahmed AIDhabi	Chairperson
Faisal Al-Suwaillem	Independent Member
Abdulaziz AlBabtain	Independent Member

Meeting Attendance

Name	17 January	18 April	25 July	19 October	Total
Ms. Lama Ghazzaoui upto 09 February 2021	√	----	----	----	1
Abdullah Al-Anizi upto 08 July 2021	√	√	----	----	2
Ahmed AIDhabi w.e.f. 10 March 2021	----	√	√	√	3
Faisal Al-Suwaillem w.e.f. 09 July 2021	----	----	√	√	2
Abdulaziz AlBabtain	√	√	√	√	4



Responsibilities and Audit Committee Report

1. Review the effectiveness of internal controls across the Group and approve the system of internal controls over annual and interim financial reporting, including security and control over information technology across the Group.
2. Review the annual and interim financial statements, including any notes and/or disclosures before release and consider the accuracy and completeness of information and its consistency with the financial statements.
3. Oversee the work of the external auditor and approve all auditing and permitted non-audit services performed by external auditors.
4. Evaluate the internal audit and compliance functions. The Heads of Internal Audit and Compliance functions functionally report to the Chairperson of the Audit Committee.
5. Have access to the Group's officers, Board members or officers of SNB Capital and its subsidiary companies, external auditors or outside counsel, including access to all relevant information, as necessary to carry out its activities.
6. Review the external auditor's management letter and management's response, any material queries raised by the external auditor to management; review the annual Compliance and AML report submitted by the Head of Compliance, together with the MLRO's Annual Report.
7. Review and approve internal audit reports and where necessary recommend to the Board the steps required to mitigate issues raised by Internal Audit.
8. Review and approve the external auditors' proposed audit scope and approach, including co-ordination of the audit effort with Internal Audit.
9. Report regularly to the Board of Directors on committee activities and issues that arise with respect to the quality and integrity of the Group's financial statements and the performance and independence of the external and internal auditors.

The Management is responsible for establishing and maintaining an adequate and effective system of internal controls for implementing strategies and policies as approved by Board of Directors. The system of internal controls is based on what management considers to be appropriate for the Company's activities, to the materiality of the financials and other risks inherent in those activities and to the relative costs and benefits of implementing specific controls. It is designed to manage rather than eliminate the risk of failure to achieve business objectives and, as such, provides reasonable, but not absolute, assurance against the material misstatement and loss. In addition, the Board of Directors has formed an Audit Committee, which periodically reviews the reports submitted by the Internal Audit (Audit reports)/external auditors (Management Letter).

Such reports also include the evaluation of the effectiveness or otherwise of the internal controls on the stipulated scope of work. In view of the above, we believe that the Company has reasonably sound and effective system of internal controls in force, both in design and implementation. During the year, there have been no material observations in respect of effectiveness of internal control system and procedures of the Company.

Nomination and Remuneration Committee

The Nomination and Remuneration Committee consists of three members who meet twice a year or more as may be deemed necessary.

Name	Members
Abdullah Al-Abduljabbar	Chairman
Mohammad AlShaikh	Non-Executive
Sakhar Al- Rubian	Non-Executive

Meeting Attendance

Name	26 January	07 March	12 July	28 December	Total
David J. Meek Upto 08.07.2021	√	√	----	----	2
Adnan A. Soufi Upto 08.07.2021	√	√	----	----	2
Abdullah F. Al-Ab- duljabbar	√	x	√	√	3
Mohammad AlShaikh w.e.f 11 July 2021	----	----	√	√	2
Sakhar Al-Rubian w.e.f 11 July 2021	----	----	√	√	2

Responsibilities

1. Develop the general compensation policy and framework for the Company and its subsidiaries, after due discussion with the management and refer it to the Board for approval.
2. Oversee the development and implementation of the compensation framework within the Company and its subsidiaries to ensure it is in line with various jurisdictional regulations.
3. Develop and approve the Board of Directors' and Board committees' remuneration. If the Board is compensated as part of the dividends, to recommend to the Board and then to the General Assembly for approval in accordance with the Companies Regulations.
4. Review and approve award recommendations for the SNB Capital Executive Trust.
5. Approve SNB Capital's representatives on the Board of Directors of companies and establishments, both local and overseas that are owned fully or partially by the Company.
6. Clarifies the relation between the paid remunerations and the adopted remuneration policy, and highlighting any material deviations

7. Suggests clear policies and standards for membership of the Board and the Executive Management

8. Prepares a description of the capabilities and qualifications required for membership of the Board and Executive Management positions

9. Ensures annually the independence of Independent Directors and the absence of any conflicts of interest if a Board member also acts as a member of the Board of directors of another company

10. Determines the strengths and weaknesses of the Board and recommending remedy solutions that serve the Company's interests.

Board Risk Committee

The Board Risk Committee consists of three members who meet four times a year or more as may be deemed necessary.

Name	Members
Dr. Shujaat Nadeem	Chairman
Rashed Sharif	Member
Ramzy Darwish	Member

Meeting Attendance

Name	08 March	15 July	12 October	Total
David J. Meek Upto 08.07.2021	√	----	----	1
Talal A. Al Khereiji Upto 08.07.2021	√	----	----	1
Dr. Shujaat Nadeem w.e.f. 11 July 2021	----	√	√	2
Rashed Sharif	√	√	√	3
Ramzy Darwish w.e.f. 08.07.2021	----	√	√	2

Responsibilities

1. Annually review and recommend for Board approval risk management strategy, risk management policies, risk appetite and limits;
2. Review and recommend for Board approval the implementation of the enterprise risk management framework and periodic updates as and when required;
3. Annually review risk management structures and annual operating plans;
4. Quarterly review of risk management reports incorporating operational risk, liquidity risk, credit risk, capital adequacy, margin trading reports, fiduciary risk and reputational risk and margin trading;
5. Annually review and recommend for Board approval the ICAAP and quarterly review of capital adequacy monitoring;
6. Review and recommend for Board approval risk framework and oversight of proprietary book management;
7. Review and recommend for Board approval the margin trading program including funding, product programs and margin risk control framework

7. Any contractual interest, securities and warrants that are beneficially owned by the directors or executive management and their families in any of the Company's stocks or debt instruments

The Board confirms that none of the Directors or executive management and their families own any contractual interest, securities and warrants in any of the Company's stocks or debt instruments. The Company has a long term incentive program for its employees. Some members of the executive management are granted shares as staff compensation and for details please refer to the financial statements.

8. Any business or contracts in which the Capital Market Institution is a party thereto and a director, the chief executive officer, or Head of Finance, or any related person has an interest therein

The Board confirms that none of its members, the Chief Executive Officer and the Chief Financial Officer or any related person has any business or contracts to which the Company is party.

9. Bank Borrowings

The Board confirms that the Company has utilized a facility line from the Saudi National Bank in the amount of SAR 1,113.06 million for a period of maximum one year and as of 31 December 2021 the total principal amount is outstanding.

10. Related Party Transactions and Balances

The Company has mainly related party transactions with The Saudi National Bank, Key management personnel and funds managed by the Company and for details please refer to note 19 of the financial statements.

a) Transactions with The Saudi National Bank (the Bank – Parent Company)

	2021	2020
Transactions included in consolidated statement of profit or loss:		
Management and performance fee charged to the Bank	19,063	19,833
Investment banking fees charged to the Bank	--	310
Incentive expense charged by the Bank	3,200	7,134
IT related expenses charged by the Bank	32,889	30,608
Premises related expenses charged by the Bank	5,070	6,292
Finance cost of borrowing from the Bank	9,506	4,019
Rental income charged to the Bank	5,056	5,056

	2021	2020
Balances included in consolidated statement of financial position:		
Balances with the Bank	412,424	125,867
Amount due to the Bank	35,000	34,776
Bank borrowings (including accrued finance cost) (note (i) below)	1,122,566	288,341

i) During the year ended December 31, 2020, the Company obtained financing from National Commercial Bank ("the Parent" or "the Bank") with an approved facility limit of SR 850 million (further extended to SR 1,150 million during the year ended December 31, 2021), with final repayment due by December 18, 2022 and carrying profit at commercial market rate.

Assets held in a fiduciary capacity

Bank's assets under management	3,774,490	3,225,844
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b) Transactions with investment funds managed by the Group

	2021	2020
Transactions included in consolidated statement of profit or loss:		
Management fee earned on funds managed by the Group	511,117	448,833
Performance and transaction fee earned on funds managed by the Group	5,816	20,759
Balances included in consolidated statement of financial position:		
Investment in funds managed by the Group (note 9)	979,853	1,346,268
Management and performance fee receivable from funds managed by the Group	157,243	108,782

c) Transactions with key management personnel

	2021	2020
Transactions included in consolidated statement of profit or loss:		
Short term benefits	15,718	35,824
KEEP and other long term benefits	6,830	18,149
Board of Directors remuneration	2,820	2,820
Balances included in consolidated statement of financial position:		
End-of-service benefits	10,811	9,049
Loans and advances	691	153

11. Subsidiaries*

Entity Name	Capital	Ownership	Objective	Domicile of Residence & Place of Business
SNB Capital Real Estate Investment Company	SAR 10,000	100%	Hold and register real estate on behalf of real estate funds	Saudi Arabia
SNB Capital Dubai Inc.	USD 2,500,000	100%	Investment management services	DIFC, Dubai
The Capital Partnership (Cayman) Holdings Limited (SPV) ¹	USD 50,000	100%	Investments	Cayman Islands
ORYX Regional Private Equity Fund Company 2	BD 1,000	50%	Fund Company	Bahrain
BACO WLL ²	BD 20,000	100%	Employee Investment Scheme Programme	Bahrain
Samba Investment Real Estate Company	SAR 20,000	100%	Dealing in real estate investments	Saudi Arabia
Samba US Logistics Fund G.P.	USD 1	100%	Holding and managing principal investments	Cayman Islands
Samba US Logistics Fund L.P. ³	-	-	Holding and managing principal investments	Cayman Islands

1. Some subsidiaries are created by SNB Capital as Special Purpose Vehicles (SPVs) which don't have real commercial activities. Further details can be found in the Audited Financial Statements.

2. Via the holding company, SNB Capital Dubai Inc.

3. Partnership structure in which Samba US Logistics Fund G.P. is a General Partner

12

Results of
the Annual
Audit for the
effectiveness
of the Internal
Control
Procedures of
the Company

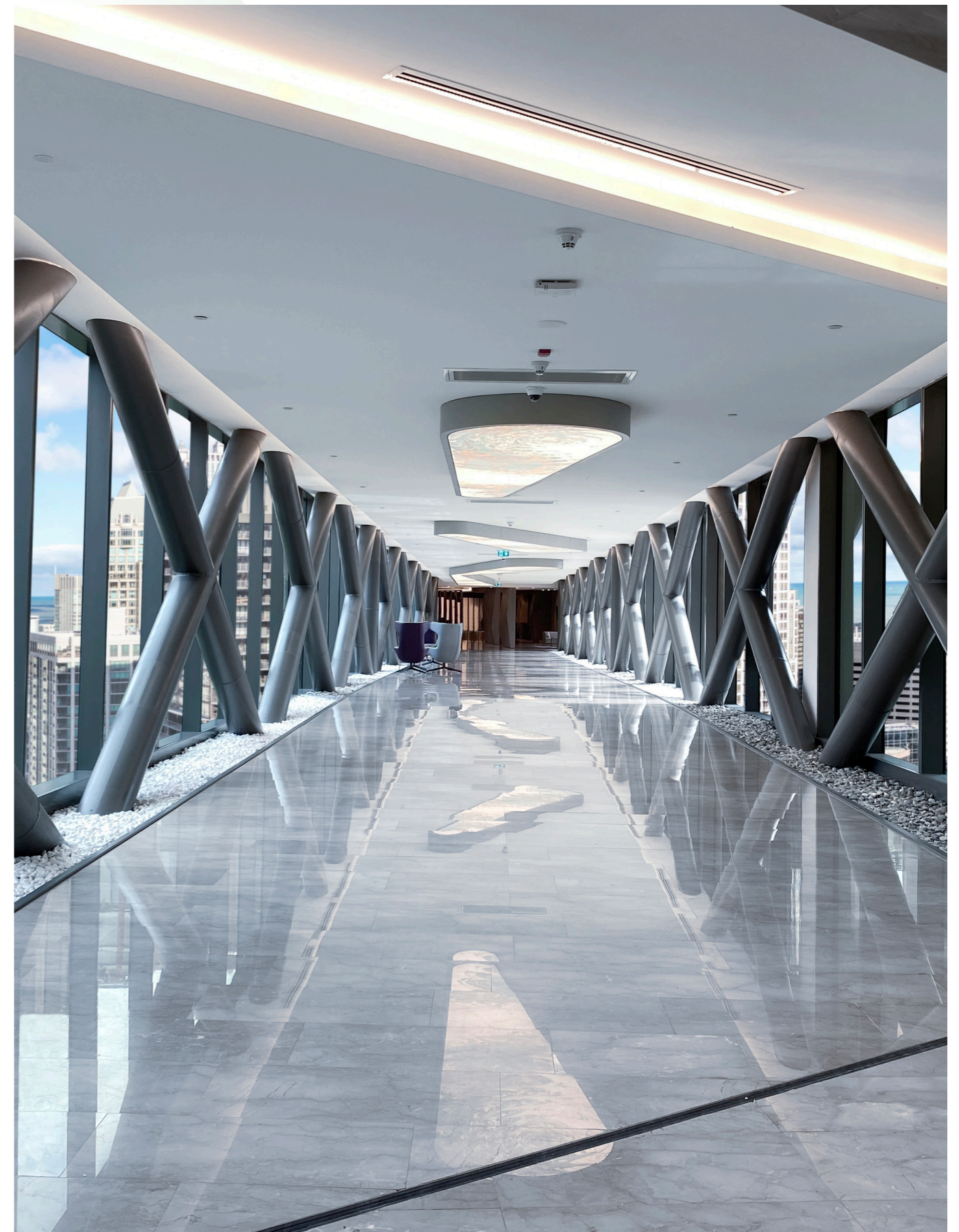
12. Results of the Annual Audit for the effectiveness of the Internal Control Procedures of the Company

SNB Capital's Internal Audit is an independent function that assesses the Company's internal control system, recommends management on developing control solutions, and monitors the implementation of these measures.

Internal Audit is mandated through Board Audit Committee's Annual Audit plan. It encompasses annual audit reviews, special reviews, advisory engagements and constant follow-ups on issues highlighted during the audits to ensure satisfactory closure throughout the year. Internal Audit during 2021 completed and finalized the audit plan for the year, including any amendments, as approved by the audit committee. It also validated successful closure of various findings during the year.

Opinion of the Audit Committee

Based on the periodic reports presented by the Internal Audit Division, the Compliance Division, the external auditors and the Compliance Committee to the Audit Committee during the fiscal year ending 31 December 2021, the Audit Committee confirms that the internal control measures did not show any significant gaps in the control environment of the Company's business that may affect the soundness and effectiveness of the efficiency of the financial and operational systems, controls, and procedures and that the assessment of the control measures adopted by the executive management will continue throughout the year.





13

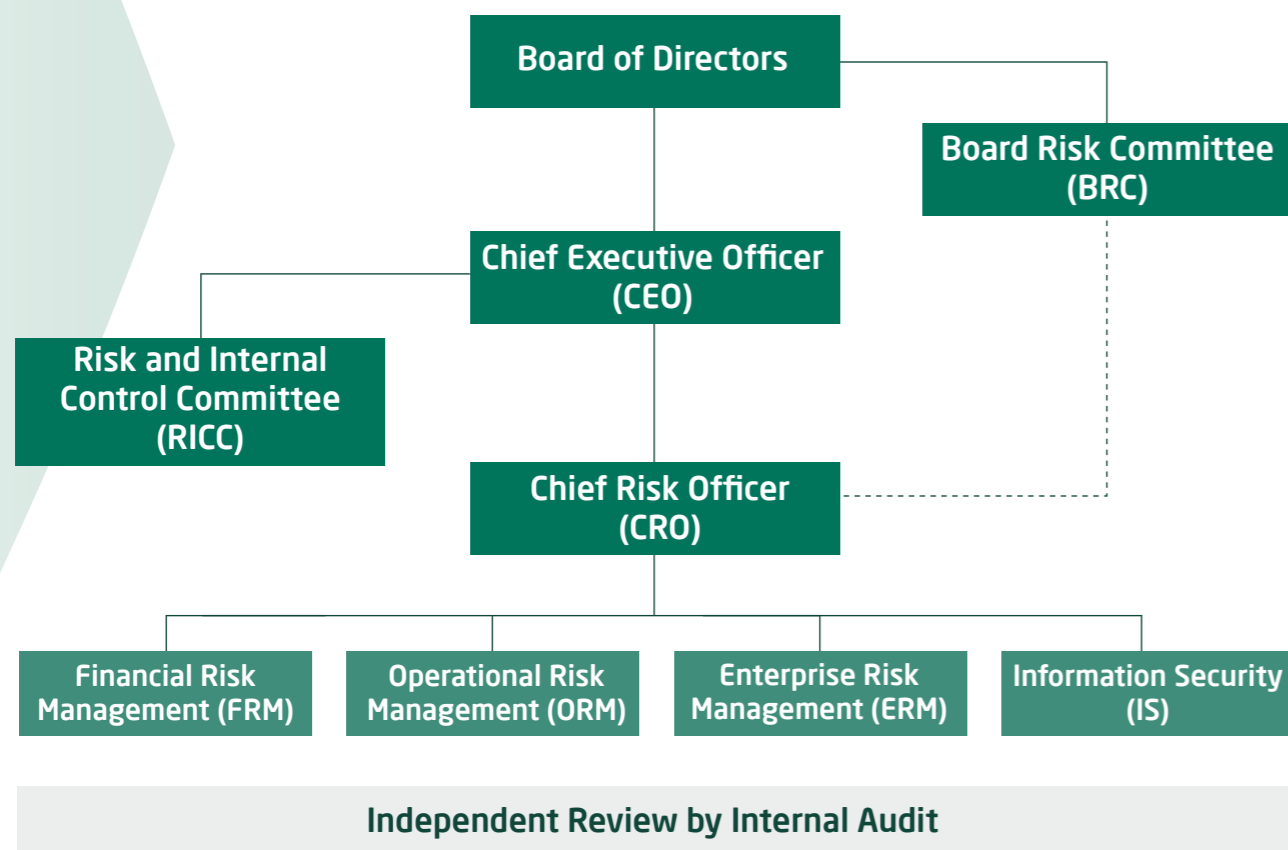
**SNB Capital
Risk
Management**

13. SNB Capital Risk Management

Risk Management is an integral function within SNB Capital and is responsible for the design, development and implementation of Risk Management Framework (including: policies, procedures, process, and systems) that caters for the identification, assessment, mitigation, monitoring and reporting of credit, market, liquidity, operational, fiduciary, strategic, information security and emerging risks arising from the business activities across all its business lines and support functions. Risk management helps ensure that SNB Capital's risk profile is in line with the Board approved Risk Appetite.

13.1 Risk Governance

In recognition to the role of risk, the Company has established the following Risk Management structure:



- The Board Risk Committee ("BRC") which assists the Board in discharging its responsibility for risk management oversight. The committee ensures risk management oversight and alignment of risk governance, risk appetite, and overall capital management. Members of the BRC are appointed by the Board. The Chief Risk Officer ("CRO") is not a member of the BRC, but an invitee. The committee meets at a minimum four times in a year.

- The Risk and Internal Control Committee ("RICC") which supports the Chief Executive Officer ("CEO") in the oversight of the management of operational risk within the

Company including supporting implementation of a robust internal control environment covering review and governance framework for policies and procedures, business continuity risk, outsourcing risk management, information security risk, fraud risk and operational risk events and incidences.

- The Risk Management Division ("RMD") which is independent of the businesses and forms the second line of defense. It provides independent oversight and ensures that at all times the Firm's risk profile is in line with Board approved Risk Appetite. The RMD is headed by the CRO who reports to the CEO under the oversight of the BRC.

Moreover, in its quest to establish a robust risk governance, SNB Capital's management has instituted various senior management committees to manage risks, as well as business and strategic issues that might affect the overall risk profile of the Company. The CRO is sitting in most of these critical senior management committees, making RMD a key part of the governance and decision making process within SNB Capital. SNB Capital's risk governance structure is further supported by:

- Risk Policies: Risk policies are developed to govern the risk management practice at SNB Capital by establishing clear set of roles and responsibilities and risk management principles.

- Standard Operating Procedures (SOPs): In addition to the above, all SNB Capital business and support functions operate on the basis of approved SOPs which are reviewed periodically.

- Risk Limits: SNB Capital has defined a set of risk limits at the corporate level. These risk limits are set to monitor adherence of the actual risk profile of the Company to the Board approved Risk Appetite.

13.2 Risk Management

Credit Risk

To manage counterparty credit risk, SNB Capital operates within the framework of approved counterparty limits for all lines of business. This includes periodic review of counterparties, brokers and investment guidelines. Credit guidelines at SNB Capital ensure that limits are approved for only those counterparties that meet the appropriate credit criteria and credit review. Essentially, credit risk mainly arises from Money Market and Multi Asset funds via Murabaha placements with highly rated banks and financial institutions. Furthermore, issuer risk is also endured by these funds but at a lower concentration via the investments in Sukuk.

SNB Capital is also exposed to credit risk through its principal investment and Margin Trading (MT) activities. The former exposure, composed mainly of placements with banks, and investments in Sukuk and other Fixed Income instruments is contained by dealing with highly rated banks and by performing a thorough risk review. The latter exposure (MT) is managed through strict collateralization rules, which are in compliance with the CMA regulatory requirements, with the setup of initial, maintenance, partial liquidation and full liquidation margin thresholds of respectively 200%, 175%, 165%, and 150%. The margin-trading program is also supported by a robust risk policy and governance framework.

Market Risk

SNB Capital is exposed to market risk on its proprietary investment portfolio in the form of interest rate risk, foreign exchange risk and equity price risk. On proprietary investments, the Company has an approved proprietary investment framework including board approved exposure limits to various asset classes, which limits risk exposure to the level of approved Risk Appetite. These exposure limits are monitored independently by the Risk Management Division. Further to the above, the Company has detailed risk policies on the management of market risk.

It is worth noting, that investment banking activities may give rise to market risk (as well as credit risk) in case SNB Capital is unable to fully place underwritten deals with investors. These risks are managed on a case-by-case basis and are mitigated through various arrangements including limits, capital adequacy thresholds and book building that minimize devolvement risks.

Balance Sheet Investment Risks

As part of the post-merger value realization efforts, the Company established a Principal Investment function, responsible for Balance Sheet management, capital adequacy optimization and overall balance sheet deployment and funding. The initial mandate of the function has been to establish investment policy guidelines and limits for these activities under the oversight of the Management Investment Committee, Board Risk Committee and the Board. All investment activities are monitored by Risk Management and reported to the oversight bodies regularly.

Fiduciary Risk

Since SNB Capital offers funds management, brokerage and advisory services, the primary risk is related to adequately adhering to fiduciary mandates in managing investment funds and customer portfolios. This risk is mitigated by the implementation of specific investment processes, and monitored by reviewing the invested portfolios in comparison to their guidelines and market specifications. SNB Capital management is fully cognizant of this risk and ensures that SNB Capital adheres to its fiduciary mandate.

From a governance perspective, SNB Capital has a Fiduciary Committee in place, composed of the Heads of Wealth Management, Legal, Finance, Risk, and Compliance, which is mandated to provide oversight on delivery of the client fiduciary obligations on a firm-wide basis. Moreover, SNB Capital has a number of Fund Boards with a mandate of providing oversight on public Equity Funds, Money Market and Fixed Income Funds, and Real Estate Funds.

Mutual Funds

SNB Capital manages significant volumes of client assets on both mutual funds and on a discretionary basis. All SNB Capital funds are managed according to approved investment guidelines and risk exposure limits. From an investment perspective, the money market mutual funds carry a relatively low level of market risk as they consist mainly of Murabaha deposits placed with highly rated financial institutions. These are short term in nature which makes them mostly immune to changes in interest rates. The Sukuk allocation of these funds remains relatively moderate and is driven by yield and duration management purposes. Among available measures, RMD reviews and monitors a set of indicators such as the weighted average maturity of the funds, maturity distributions, exposure and concentration to issuers, groups of issuers and economic sectors.

On the other hand, equity funds, when compared to money market and fixed income funds, are exposed to market volatility through equity price risk. This risk is managed through having defined asset allocation strategies and investment guidelines for the funds.

Discretionary Portfolios (DPMs)

All discretionary portfolios are managed according to the approved investment mandates and investment policy statement. Limits and restrictions on discretionary portfolios are independently monitored, on a daily basis, by RMD using automated software.

Closed-End Funds (CEFs)

During the course of the year, RMD performed periodic risk reviews of the Firm's CEFs and reported its findings to the Fiduciary Committee and the Board Risk Committee. Part of this CEF risk review process, RMD also monitors adherence of the CEFs to their Funds' investment guidelines and limits as per their respective Private Placement Memorandum ("PPM") documents.

Liquidity Risk

Effective liquidity risk management helps to ensure the Company's ability to meet its cash flow obligations and in maintaining diverse funding sources to support the business. Often, liquidity risk arises due to structural mismatches in the maturity pattern of assets and liabilities. SNB Capital's liquidity management strategy is characterized by the following elements:

- i. Board approved exposure guidelines requiring a significant portion of the proprietary investments to be in liquid form;
- ii. On client fiduciary portfolios and funds, liquidity risk managed through approved liquidity guidelines, limits, instruments, restrictions on remaining maturity and weighted maturity for money market and fixed income funds;
- iii. Preserving the liquidity and security of cash by investing in SNB Capital's own money

market funds or, alternatively, only with approved counterparties using short-term deposits or Murabahas;

iv. Investment of cash in highly rated counterparties, whose credit rating and condition are actively monitored independently by the Risk Management Division;

The Company relies on internal operating cash flows and capital as the key sources of funds on a going-concern basis. Should severe liquidity scenarios materialize, reserves or intra-group facilities are available.

Enterprise Risk Management (ERM)

SNB Capital has an Enterprise Risk Management ("ERM") function within the Risk Management Division. The main responsibility of the function is to develop and implement an ERM framework (including policies, processes and systems) that is compliant with the CMA regulation and aligned with international best practices (e.g. COSO ERM Framework).

The department's other key responsibilities include: corporate risk profile assessment (including strategic and emerging risks), review and monitoring of the Company's Risk Appetite, preparation of the ICAAP report (including: assessment of Pillar 2 risks and stress testing of SNB Capital's business plan and budget) and the Pillar 3 disclosure report, regular risk reporting to the Senior Management and the BRC.

During the course of the year, the ERM function has been supporting the Risk Team and the overall company in its merger efforts (including ERM framework alignment, Margin Trading portfolio migration).

Operational Risk

Operational Risk function is responsible for implementing the operational risk, Business Continuity Management, Policies, and Standard operating procedure frameworks and ensuring that the Company is able to anticipate, prepare for, respond and adapt to incremental change and sudden disruptions.

Operational Risk function is mainly divided into two main units:

a. Operational Risk:

This function implements the Company's Operational Risk Framework. Under this framework, the Company considers breakdowns in internal controls and corporate governance as the most important aspect of Operational risk as such breakdowns can lead to financial losses through error, fraud, or failure to perform in a timely manner. The Company recognizes that good management information systems (MIS), a strong internal control culture, and contingency planning are all crucial elements of effective operational risk management and takes measures to continually develop procedures and systems to support such requirements. Operational risks are reviewed continuously to update risk profiles and ensure that internal controls are proactively realigned to mitigate emerging risks. Individual line managers are responsible for identifying and assessing the operational risks of their area; this process is supported by the Chief Risk Officer.

The Company follows a structured method to identify and mitigate Operational Risk and this includes identification, quantification, and monitoring.

For low-probability high-impact insurable operating risks, the Company makes use of insurance policies and in this respect has insurance coverage under the following insurance policies:

- a) Professional Indemnity Insurance;
- b) Directors and Officers Liability Insurance;
- c) General Public Liability Insurance;
- d) Cybercrime Risk Liability Insurance;
- e) Bankers Blanket Bond Insurance; and
- f) Property All Risk Insurance.

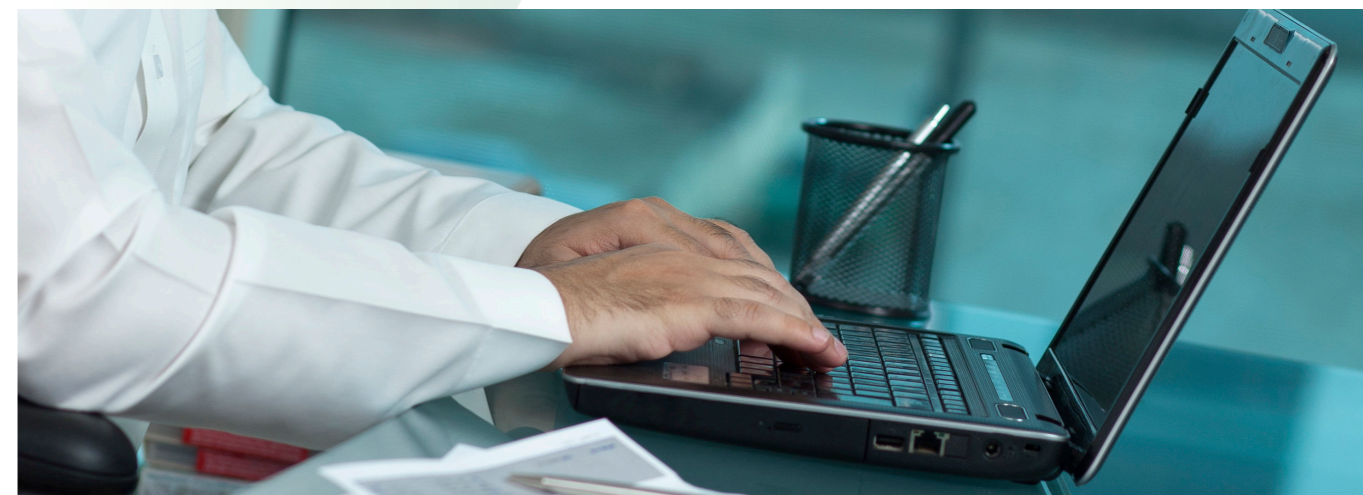
b. Resilience Risk: is further organized into two sub-units:

Business Continuity Management and Support (BCM): BCM program goal is to maintain and enhance the operational resilience within SNB Capital. Various plans and procedures such as Business Continuity Plans (BCPs), Incident and Crisis Management Plan, Strategy and Solutions are in place to strengthen the resilience of SNB Capital's business. In 2021 the company initiated a comprehensive review and refresh of its BCM including revision of its Information Technology Disaster Recovery framework. The Company's BCM's framework continued to be ISO Certified (ISO 22301).

Policies, and Standard Operating Procedures (SOPs): Establishment of Policies and Standard Operating Procedures governance framework which will ensure effectiveness and consistency of communication within SNB Capital, and the availability of clear, written Policies and Standard Operating Procedures that reflect current practice and community expectations assists in accountability. Further, written policies and procedures provide tangible evidence of intended practices that are consistent with SNB Capital's values. In 2021, post-merger the Company initiated a review and update of all policies and standard operating procedures across the firm.

Information Security

The Firm has established an Information Security Risk function within Risk Management Division, within the framework of a Service Level Agreement (SLA) with SNB. Information Security refers to the provision of organizational, technical and procedural measures necessary to safeguard information assets against: unauthorized access, disclosure, duplication, denial of use, modification, diversion, loss, theft or misuse, both intentional and unintentional. All information security controls are regularly reviewed and updated.



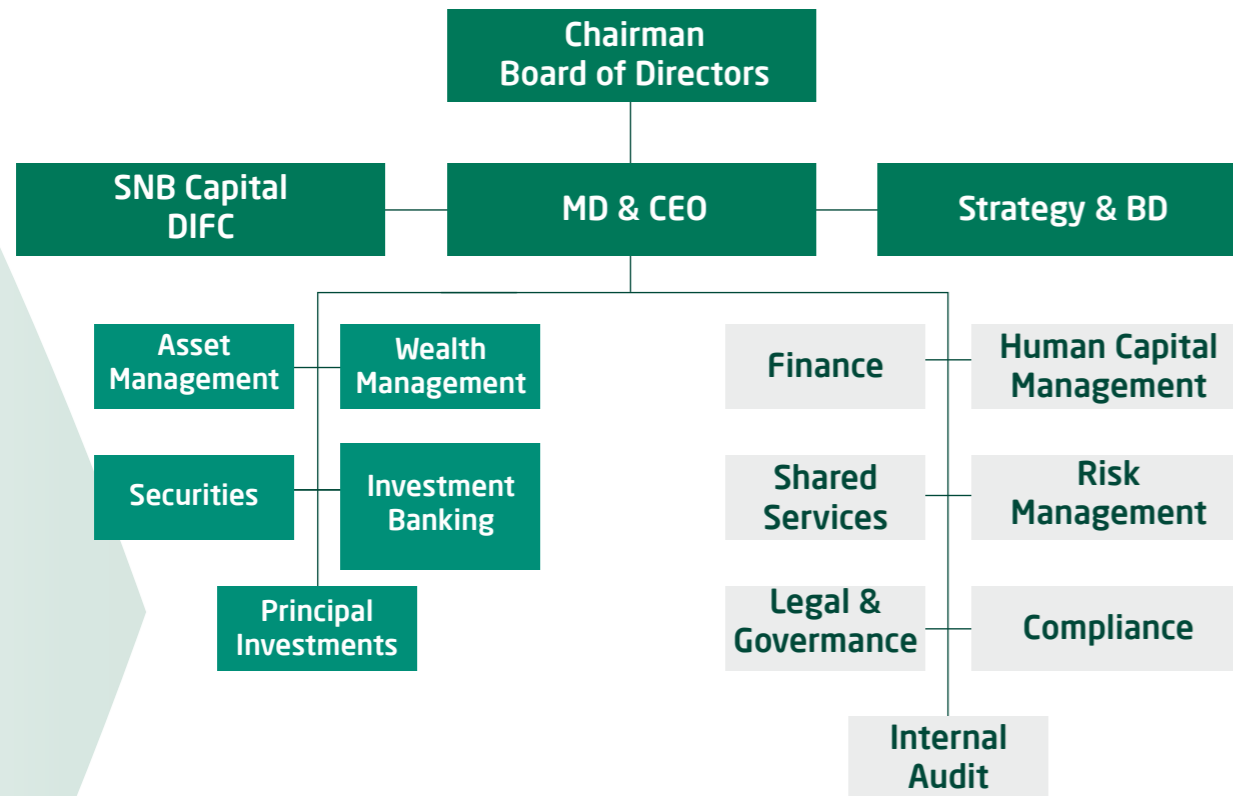


14

Staff

Staff

The Company and its subsidiaries' staffing by the end of December 2021 stood at 367 employees with a nationalization rate of 91%.



15. Fines and Penalties

In common with other multi-service financial institutions, SNB Capital is from time to time subject to regulatory and legal proceedings. Since inception, no such proceedings have been brought that, in our opinion, could have a negative impact on its ability to provide its services or discharge its obligations to the clients. In 2021, the Company was subjected to a number of fines imposed by the Capital Market Authority amounting to SAR 1.23 million, out of which SAR 930,000 were a result of providing incorrect information via "Nafith" and "Makken" portals, while the remaining were a result of minor procedural errors in connection to client disclosure requirements, requirements of clients' money rules, book building allocation, and clients' market conduct. The means of remedy will be in a form of enhancing / systemizing the current framework to ensure the non-occurrence of these observations.

16. Appreciation

The Board of Directors takes this opportunity to express its appreciation and gratitude to the Custodian of the Two Holy Mosques King Salman bin Abdulaziz and His Royal Highness the Crown Prince Mohammed bin Salman. Appreciation and gratitude are also extended to SNB Capital's customers, correspondents, shareholders and staff for their support during 2021. The Board also extends its thanks to the Capital Market Authority for their support and contribution to the development of the Capital Market sector.

May the peace, mercy and blessings of Allah be upon you.

