



2021 BOARD OF DIRECTORS' REPORT

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, 2021. 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 30.56% 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”).

COVID-19 Pandemic

The Coronavirus (“COVID-19”) pandemic (“the pandemic”) continues to disrupt global markets as many geographies are experiencing issues due to multiple new variants of this infection, despite having previously controlled the outbreak through aggressive precautionary measures. The Government of the Kingdom of Saudi Arabia, has managed to control the outbreak through the efforts and preventive measures implemented by the Custodian of the Two Holy Mosques’ Government in preventing the spread of the Coronavirus in order to preserve and protect the health of the citizens and residents of the Kingdom.

The Bank continues to be cognizant of both the micro and macroeconomic challenges that COVID-19 poses, the effects of which may be felt for some time.

In response to the pandemic, SAMA launched the Private Sector Financing Support Program (“PSFSP”) in March 2020 to eligible (Stage 1 and Stage 2) Micro Small and Medium Enterprises (“MSME”). As part of the PSFSP, the Bank deferred payments and extended maturities on lending facilities to all eligible MSMEs.

As part of the deferred payments program launched by SAMA in March 2020 and with the extensions to the program till March 2022 announced subsequently, the Bank deferred payments and extended maturities on lending facilities to all eligible MSMEs.

The payment reliefs were considered as short-term liquidity support to address the borrower’s potential cash flow issues. Since July 2021, SAMA advised that going forward, this support only applied to those MSMEs that were still affected by the COVID-19 precautionary measures.

In order to compensate the related cost that the Bank is expected to incur under the SAMA and other public authorities program, the Bank received commission free and commission bearing deposits from SAMA amounting to SAR 3.8 billion and SAR 2.5 billion respectively with varying maturities.



2021 BOARD OF DIRECTORS' REPORT

Significant highlights

Work continued on the implementation of the Bank's Three-year Strategy, with continued progress in several core business areas: increasing our customer base, improving service quality, and further automating the retail 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 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 2021, the Bank received a number of awards including from:

International Finance Magazine

- Best Digital Transformation Bank Saudi Arabia 2021
- Best Share Offering 'Treasury' – Saudi Arabia 2021

International Business Magazine

- Best Travel Card Saudi Arabia 2021
- Best Cashback Card Middle East 2021
- Best Cash Management Offering Saudi Arabia 2021
- Best Building Management System (Bank) Saudi Arabia 2021

World Economic Magazine

- Best Cash Management Bank Saudi Arabia 2021
- Best Consumer Credit Card Offering - Platinum Cashback Card
- Best Digital Banking Saudi Arabia 2021
- Most Innovative Banking Treasury Shares Sale Initiative Global 2021
- Best Treasury Management Bank Saudi Arabia 2021

World Business Outlook

- Best Loyalty Program Saudi Arabia 2021
- Most Innovative Financial Solutions Provider Personal Banking Saudi Arabia 2021
- Best Travel Card Globally 2021
- Most Innovative Financial Solutions Provider Corporate Saudi Arabia 2021
- Best Building Management System Saudi Arabia 2021
- Best Digital Bank Saudi Arabia 2021
- Best Treasury Sales Initiative Saudi Arabia 2021
- Best Secure Digital Banking Saudi Arabia 2021
- Best Cash Management Bank Saudi Arabia 2021

Hosted by the Al Faisal University

- Corporate Governance Excellence Award
- Corporate Governance Index Excellent Award

Basis of preparation of the Bank's consolidated financial statements

The consolidated financial statements as of and for the year ended December 31, 2021 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, 2021 compared to December 31, 2020 follows.



2021 BOARD OF DIRECTORS' REPORT

Total assets

Total assets were SAR 101.6 billion as of December 31, 2021 which were higher by SAR 1.7 billion or 1.70% compared to the December 31, 2020 amount of SAR 99.9 billion. The key balance sheet movements are discussed below.

Cash and balances with SAMA

The Banks cash and balance with SAMA totaled SAR 5.9 billion as of December 31, 2021 compared to SAR 8.3 billion as of December 31, 2020.

Investments

The Bank's investment portfolio totaled SAR 28.8 billion as of December 31, 2021 compared to SAR 30.5 billion on December 31, 2020, representing a decrease of SAR 1.7 billion or 5.57%.

Investments classified by major rating agencies as investment grade represented 87.84% of the Bank's investment portfolio as of December 31, 2021, compared to 88.26% as of December 31, 2020.

Loans and Advances, net

Loans and advances, net as of December 31, 2021 totaled SAR 57.8 billion compared to SAR 55.1 billion as of December 31, 2020, representing an increase of SAR 2.7 billion or 4.90%. Total performing loans increased to SAR 58.7 billion as of December 31, 2021 compared to SAR 55.7 billion as of December 31, 2020, which was primarily due to higher commercial loans and overdrafts.

Non-performing loans decreased to SAR 1.1 billion as of December 31, 2021 compared to SAR 1.2 billion as of December 31, 2020. Non-performing loans as a percent of total loans and advances was 1.85% as of December 31, 2021, compared to 2.04% as of December 31, 2020.

The allowance for credit losses totaled SAR 2.0 billion as of December 31, 2021 which was 3.29% of total loans, and 177.27% of non-performing loans. The allowance for credit losses totaled SAR 1.8 billion as of December 31, 2020 which was 3.09% of total loans, and 151.45% of non-performing loans.

Loans and advances as of December 31, 2021 include non-interest based banking products including Murabaha agreements, Tawarruq, Istisna'a and Ijarah totaling SAR 41.9 billion, compared to SAR 41.2 billion as of December 31, 2020.

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 72.2 billion as of December 31, 2021, compared to SAR 50.5 billion as of December 31, 2020.

Customer Deposits

Customer deposits totaled SAR 61.5 billion as of December 31, 2021 compared to SAR 60.1 billion as of December 31, 2020, representing an increase of SAR 1.4 billion or 2.33%. Demand and other deposits totaled SAR 34.2 billion as of December 31, 2021 compared to SAR 34.6 billion as of December 31, 2020, representing a decrease of SAR 0.4 billion, or 1.16%. Demand and other deposits represent 55.63% of total deposits in 2021 compared to 57.45% of total deposits in 2020. Special commission bearing deposits increased by SAR 1.7 billion during the year ended December 31, 2021, or 6.65%.

Term Loans

On June 19, 2016, the Bank entered into a five year medium term loan facility agreement for an amount of SAR 1.0 billion for general corporate purposes. The facility was fully utilized and was repaid on June 19, 2021. On September 26, 2017, the Bank entered into another five-year medium term loan facility agreement for an amount of SAR 1.0 billion for general corporate purposes. The facility was fully utilized on October 4, 2017 and was repaid on May 26, 2021.



2021 BOARD OF DIRECTORS' REPORT

The term loans were at market based variable commission rates. The Bank had an option to effect early repayment of the term loans subject to the terms and conditions of the related facility agreements. The facility agreements above included covenants which required maintenance of certain financial ratios and other requirements, with which the Bank was in compliance. The Bank also had no defaults of principal or commission on the term loans.

Total equity

During the year ended December 31, 2021, the Bank's total equity increased to SAR 16.3 billion compared to SAR 15.3 billion as of December 31, 2020.

The percentage of total equity to total assets as of December 31, 2021 was 16.04%, compared to 15.32% as of December 31, 2020. The Bank's shareholders' equity leverage ratio was 6.86 on December 31, 2021 compared to 7.49 as of December 31, 2020.

Treasury Shares

On June 14, 2018, the Bank entered into a Share Purchase Agreement with J.P. Morgan International Finance Limited (JP Morgan), to purchase 56,245,350 shares of the Bank owned by JP Morgan for SAR 13.50 per share equal to SAR 759.3 million, exclusive of transaction costs and estimated tax. The Bank subsequently received all required regulatory approvals and the agreement to purchase the shares was approved in an Extraordinary General Assembly meeting held on 16 Muharram 1440H, corresponding to September 26, 2018. On September 27, 2018, the Bank completed the purchase. The Treasury Shares purchased include transaction costs and estimated tax totaling SAR 787.5 million.

On November 29, 2018, the Bank entered into a Share Purchase Agreement with Mizuho Bank Ltd. (Mizuho), to purchase another 18,749,860 shares of the Bank owned by Mizuho for SAR 13.50 per share equal to SAR 253.1 million, exclusive of transaction costs and estimated Tax. The Bank received all regulatory approvals for the purchase, and the agreement to purchase the shares was approved in an Extraordinary General Assembly Meeting held on 21 Rajab, 1440H, corresponding to March 28, 2019. On May 28, 2019, the Bank completed the purchase. The Treasury Shares purchased include transaction costs of SAR 253.5 million.

The share capital of the Bank was not reduced as a result of these transactions with the cost of the shares purchased totaling SAR 1,041.1 million presented as a reduction of shareholders' equity.

During the year ended December 31, 2021, the Bank sold all of the Treasury Shares with a total proceeds from the sale amounting to SAR 1.03 billion, net of transaction costs.

Tier I Sukuk Program

The Bank completed the establishment of a Shariah compliant Tier I Sukuk Program (the Program) in 2016. The Program was approved by the Bank's regulatory authorities and shareholders. The following tranches of Tier I Sukuk issued under the program on the dates indicated below are outstanding as of December 31, 2021 and 2020:

	2021 SAR '000	2020 SAR '000
November 16, 2016	-	500,000
June 6, 2017	285,000	285,000
March 21, 2018	1,000,000	1,000,000
April 15, 2019	215,000	215,000
Total	<u>1,500,000</u>	<u>2,000,000</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.



2021 BOARD OF DIRECTORS' REPORT

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, 2021, the Bank's Tier I plus Tier II capital adequacy ratio stood at 20.84% compared to 21.21% as of December 31, 2020.

Summary results of operations

A summary of the Bank's operating results for the year ended December 31, 2021 compared to December 31, 2020 follows.

Operating Income

Total operating income reached SAR 2,768 million in 2021, compared to SAR 2,846 million in 2020, a decrease of SAR 78 million, or 2.74%. A summary of the 2021 operating income compared to 2020 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 2,360 million in 2021 compared to SAR 2,322 million in 2020, an increase of SAR 38 million, or 1.64%.
- Fees from banking services reached SAR 334 million in 2021, compared to SAR 303 million in 2020, an increase of SAR 31 million, or 10.23%. The increase was due to higher fees from the corporate and retail finance.
- Exchange income reached SAR 162 million in 2021, compared to SAR 177 million in 2020, a decrease of SAR 15 million, or 8.47%.
- Other investment related gains earned from income recognized through profit and loss and sales of debt securities totaled SAR 81 million in 2021 compared to SAR 108 million in 2020.
- Unrealized fair value through profit and loss statement was a net loss of SAR 183 million in 2021 compared to a loss of SAR 82 million in 2020.
- All other operating income totaled SAR 15 million in 2021, compared to SAR 18 million in 2020.

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
2021	2,179	368	221	2,768
2020	2,365	281	200	2,846

Operating expenses before provisions for credit and other losses

Operating expenses before provisions for credit and other losses totaled SAR 1,284 million in 2021 compared to SAR 1,214 million in 2020, an increase of SAR 70 million or 5.77%. A summary of these operating expenses follows:

- Salaries and employee related expenses in 2021 totaled SAR 687 million compared to SAR 672 million in 2020.



2021 BOARD OF DIRECTORS' REPORT

- Rent and premises related expenses in 2021 totaled SAR 138 million compared to SAR 128 million in 2020.
- Depreciation and amortization in 2021 totaled SAR 151 million compared to 145 million in 2020.
- Other general and administrative expenses totaled SAR 308 million in 2021 compared to SAR 269 million in 2020, an increase of SAR 39 million or 14.50%.

Provisions for credit and other losses

The provisions for credit and other losses incurred in 2021 compared to 2020 is summarized as follows:

	2021 SAR '000	2020 SAR '000
Provisions for credit losses:		
Due from banks and other financial institutions	5,430	1,114
Investments	(5,200)	1,726
Loans and advances	254,432	453,527
Financial guarantee contracts	(6,423)	(6,843)
Other assets	(181)	(111)
Provisions for credit losses	248,058	449,413
Provisions for real estate and other losses	23,008	-
Provisions for credit and other losses	<u>271,066</u>	<u>449,413</u>

The prevailing economic conditions do require the Bank to continue to revise certain inputs and assumptions used for the determination of Expected Credit Losses (ECL). These primarily revolve around either adjusting macroeconomic factors used by the Bank in the estimation of ECL or revisions to the scenario probabilities. As the situation continues to be fluid, the management considers certain effects cannot be fully incorporated into the ECL model calculations at this point in time. Accordingly, management's ECL assessment includes sector-based analysis depending on the impacted portfolios and macroeconomic analysis giving rise to overlays of SR 225 million as at December 31, 2021. The Bank will continue to reassess as more reliable data becomes available and accordingly determine if any adjustment in the ECL is required in subsequent reporting periods.

The Bank's ECL model continues to be sensitive to the above assumptions and is continually reassessed as part of its business as usual model refinement exercise.

Therefore, management also exercises expert credit judgement to estimate ECL by considering reasonable and supportable information not already included in the quantitative models. Accordingly, the Bank has recognized post-model overlays of SAR 112 million, SAR 102 million and SAR 11 million as of December 31, 2021 for its corporate, MSME and retail loans and advances portfolio respectively. Management are ready to adjust these numbers as more reliable data becomes available.

Share in Earnings of Associates

The Bank's share in earnings of Associates totaled SAR 55 million in 2021, compared to SAR 46 million in 2020, an increase of SAR 9 million.

Provisions for Zakat and Income Tax

The provisions for Zakat and Income Tax totaling SAR 206 million in 2021 was lower than the SAR 249 million in 2020. A summary of the provisions for Zakat and Income in 2021 compared to 2020 is summarized as follows:

	2021 SAR'000	2020 SAR'000
Provisions for Zakat		
- Provisions - current and prior period	239,393	246,201
- Reversal of Zakat - prior period	(33,782)	-
- For subsidiaries, prior periods	-	2,745
Provisions for Zakat, net	<u>205,611</u>	<u>248,946</u>



2021 BOARD OF DIRECTORS' REPORT

Net income

The Bank reported net income for the year ended December 31, 2021 of SAR 1,062 million, an increase of SAR 82 million, or 8.37%, compared to the 2020 net income of SAR 980 million. The return on average assets was 1.05% in 2021 compared to 0.98% in 2020, and the return on average shareholders' equity was 7.55% in 2021 compared to 7.73% in 2020.

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 266 million has been transferred from 2021 net income. The statutory reserve is not currently available for distribution.

The Board proposed a cash dividend for the year 2021 of SAR 525 million equal to SAR 0.70 per share, as well as a bonus share issue of 250 million shares with a par value of SAR 10 per share, i.e one Bonus share for each three shares outstanding. The Bonus shares were proposed to be issued from the Statutory Reserve. The proposed cash dividend and Bonus share issue were approved in an extraordinary general assembly meeting held on February 01, 2022.

Net income by operating segment

The income of the Bank's reportable operating segments for the years ended December 31, 2021 and 2020 is summarized as follows:

	2021 SAR'000	2020 SAR'000
Retail Banking	80,782	313,227
Corporate Banking	448,235	462,389
Treasury and Investments	752,288	651,011
Asset Management and Brokerage	111,487	80,571
Others*	(125,525)	(278,691)
Income before provisions for Zakat and Income Tax	1,267,267	1,228,507
Provisions for Zakat and Income tax	(205,611)	(248,946)
Net income	<u>1,061,656</u>	<u>979,561</u>

*Others include the net results related to Information Technology, Operations, Risk, and other support units.

Five-year financial highlights

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

	SAR in millions				
	2021	2020	2019	2018	2017
Operations					
Total income (1)	2,823	2,892	2,906	2,824	2,792
Total expense (2)	1,284	1,214	1,234	1,133	1,059
Operating profit before provisions	1,539	1,678	1,672	1,691	1,733
Provisions for credit and other losses	271	449	1,343	247	322
Provisions for Zakat and Income Tax (3)	206	249	90	868	-
Net income	1,062	980	239	576	1,411



2021 BOARD OF DIRECTORS' REPORT

	SAR in millions				
	2021	2020	2019	2018	2017
Financial position					
Total assets	101,588	99,885	100,815	96,070	93,796
Loans and advances, net	57,803	55,074	57,112	59,413	59,588
Investments	28,842	30,514	26,175	24,638	21,714
Investments in associates	884	846	994	1,012	1,020
Term loans	-	2,006	2,012	2,030	2,015
Subordinated debt	-	-	-	2,006	2,003
Customer deposits	61,515	60,144	69,058	63,690	66,943
Shareholders' equity	14,801	13,331	12,007	11,621	13,494
Tier I Sukuk	1,500	2,000	2,000	1,785	785
Total equity	16,301	15,331	14,007	13,406	14,279
Key ratios					
Return on average Shareholders' equity (%)	7.55	7.73	2.03	4.73	10.72
Return on average assets (%)	1.05	0.98	0.24	0.61	1.51
Capital adequacy (%)	20.84	21.21	18.26	19.31	20.38
Equity to total assets (%)	16.05	15.35	13.89	13.95	15.22

- (1) Total income includes total operating income plus share in earnings of associates.
(2) Total expense includes total operating expenses before impairment charges.
(3) The years prior to 2018 have not been adjusted for provisions for Zakat and Income Tax.

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 2021 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, SAR 124 million, SAR 124 million and SAR 124 million on January 1, 2019, December 1, 2019, December 1, 2020 and December 1, 2021 respectively, as per the settlement agreement.



2021 BOARD OF DIRECTORS' REPORT

The undiscounted Zakat settlement liability remaining to be paid and the net discounted Zakat liability is as follows:

	SAR'000
December 1, 2022	124,072
December 1, 2023	124,072
Undiscounted Zakat settlement liability	248,144
Less: Discount	(12,882)
Net discounted Zakat liability	235,262

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, 2021 and 2020 on the basis of the Bank's understanding of these rules.

Withholding tax

The Bank paid SAR 13.9 million to the ZATCA for Withholding tax for the year ended December 31, 2021.

Value Added Tax (VAT)

The Bank paid SAR 119.4 million to the ZATCA for VAT for the year ended December 31, 2021.

Real Estate Transactions Tax (RETT)

The Bank paid SAR 0.4 million to the ZATCA for RETT for the year ended December 31, 2021.

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 23.8 million during the year ended December 31, 2021. The Bank also paid SAR 1.2 million for visa and other related governmental fees during the year ended December 31, 2021.

Regulatory penalties and fines

During 2021, the Bank paid SAR 975,000 to SAMA as a result of (5) regulatory fines and penalties. Below is a breakdown of regulatory fines borne by the Bank during 2021 and 2020.

Description of the fine	Last Year		Current Year	
	# of SAMA Decisions	Amount In SAR	# of SAMA Decisions	Amount In SAR
Violating SAMA's Supervisory instructions	3	240,000	3	20,000
Violating SAMA's Instructions for Customer Due Diligence - AML & CTF	-	-	2	955,000
Violating SAMA's Instructions for Consumer Protection	1	1,680,000	-	-



2021 BOARD OF DIRECTORS' REPORT

Our Strategy

The Bank's Three-year Strategy 2020-2022 was approved in 2019, focusing on digital transformation and adoption of agility as primary enablers for growth. It also requires an understanding of target customer characteristics, needs and pain points in order to tailor and revamp its value proposition.

The new strategy aspires to record continuous growth focusing on a number of key areas, such as long term shareholder returns and profitability, above average Return on Equity (ROE), high levels of customer satisfaction and outstanding performance against peer group of competitors.

Key Elements of the Three-year Strategy

The main dimensions adapted for the successful implementation of the strategy includes:

Digitization

The Bank has completed the re-imagining of most of its customer's journeys while utilizing best in class IT tools and best practices of customer experience.

Agility

Agility has always been part of SAIB DNA, however the Bank has institutionalized the methodology and built the governance model around this methodology to "hardwire" it into the daily operations and work streams of the Bank.

Innovation

The Bank established the innovation and customer experience center which is the incubator of innovative ideas and product development. The center has adopted state of the art tools and techniques and is one of its kind in the market, engaging customers as part of the development cycle so as to ensure the voice of the customer is always considered to enrich the customer experience.

Speed

The Bank relies on automation to deepen efficiency gains by increasing speed, making the customer experience fast and easy and market leading in facility issuance, on-boarding, maintenance, and transaction turnaround times.

Focus

The Bank's strategy is customer centric, creating an exceptional customer experience with a focus on value for money, while also ensuring the Bank is efficient, effective, and economical.

Key enablers to support achieving the strategic direction

Transform Human Capital

- Efficient performance management to have clear accountability
- Leading training programs focusing on products & operations, required skills, talent program and innovation
- Effective recruiting & headcount management
- Promoting a supportive and open culture

Build an efficient organization

- Institutionalize fast and effective decision making
- Supporting a client focused approach
- Create clear accountability
- Support digital transformation
- Effective governance and compliance with rules and regulations



2021 BOARD OF DIRECTORS' REPORT

Strengthen IT capabilities

- Support business needs through highly effective “run the Bank” and “change the Bank” workflows
- Improve internal capabilities, and strengthen Information security
- Institutionalize Agile ways of working

Strengthen the Bank’s Affiliates

- Strengthen cooperation by cross selling, referrals, and incentives

Grow innovation capabilities

- Build an Innovation Center
- Build a dedicated team focused on realizing innovative ideas
- Support the development of value propositions to target customers
- Enhance product development

Alignment with Vision 2030

The Bank’s strategy is designed to support the Financial Sector Development Program, a Vision 2030 realization program, with a focus to improve banking services and digital transformation for greater efficiency and customer experience. Our new strategy promotes cashless transactions, a savings culture and financial literacy, banking services for the MSME segment so as to stimulate innovation and enable entrepreneurship, and supports the housing market by offering customized mortgage finance products.

Micro, Small, and Medium Enterprises (MSME)

MSME unit summary and staffing

The Bank’s staff who serve MSME clients are spread throughout the Corporate Banking Group, with the majority of the staff working in the Business Banking Department, with total staff compliment of 26 employees at the end of 2021.

Quantitative Disclosures

The following tables summarize the key financial information for the Bank’s credit facilities provided to the MSMEs during year 2021 and 2020.

	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



2021 BOARD OF DIRECTORS' REPORT

	2020 SAR'000			
	Micro	Small	Medium	Total
Loans to MSMEs-on Balance Sheet (B/S)	55,695	716,976	4,842,193	5,614,864
Loans to MSMEs-off Balance Sheet (Notional amount)	56,343	232,954	1,065,203	1,354,500
On B/S MSMEs Loans as a % of total on B/S loans	0.10%	1.26%	8.56%	9.92%
Off B/S MSMEs position as a % of total off B/S position	0.47%	1.94%	8.87%	11.28%
Number of loans (on and off B/S)	33	207	723	963
Number of customers for loans (with Credit Facility Limit)	18	82	222	322
Number of loans guaranteed by Kafalah program (on and off B/S)	5	58	78	141
Amount of loans guaranteed by Kafalah program (on and off B/S)	12,342	82,814	227,868	323,024

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; and
- 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 & Policy, 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 comprehensive risk management into the Bank's organizational structure, risk measurement, and monitoring processes. The Bank's RAF is aligned with the Bank's strategy, business planning, capital planning, and policies and 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); and
- 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).



2021 BOARD OF DIRECTORS' REPORT

The Bank's Board is responsible for establishing Corporate Governance processes and approving the Risk Appetite and related risk management framework. It is also responsible for approving and implementing 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 Group'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 recommending including but not limited to various 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 also operates which is responsible for all aspects of IFRS 9 including expected credit losses.

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.

At the departmental level, 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 & Monitoring Department, Retail Risk Management Department, Market Risk Department, Credit Risk Review Department, Financial Restructuring Department, Cybersecurity Division, Operational Risk Management Department, Special Credit Unit, Legal Affairs, Retail Collection and Credit Administration Department.

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 perform on 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 of 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 mitigate potential credit losses that may arise.

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.



2021 BOARD OF DIRECTORS' REPORT

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 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 & 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. The Bank has also deployed various security measures using the defense in-depth and multilayer security principle to ensure the effectiveness of the overall security posture of the Bank.

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. The Bank also continually ensures the alignment of the information security and business objectives through the implementation of the Cyber and Information Security Strategy, which is supervised and monitored by the Information Security Steering Committee. Also, the Bank is continuously enhancing the security culture through various awareness and training programs targeting staff and customers.



2021 BOARD OF DIRECTORS' REPORT

The Bank also constantly performs security assurance assessments on the Bank's systems and applications to ensure that the Bank's 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 proves that the Bank complies with regulations and security standards and shows that the Bank's security posture is up to industrial standards and is satisfactory.

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. As a result of implemented security measures, the Bank has been resilient to numerous cyber-attacks targeting the Middle East and Saudi Arabia with no cyber and information security related downtime or operational losses incurred during 2021.

Business Continuity Management

The Bank recognizes the importance of planning for Business Continuity. An effective Business Continuity Plan ('BCP') facilitates in mitigating a serious disruptive incident in a controlled, timely, and structured manner.

Business Continuity Management monitors the development of contemporary crises that may affect the continuity of the Bank's operations as a whole and critical operations in particular, the most important of which are the effects of pandemic crises such as Covid-19, which were successfully managed by relying on the Bank's strong infrastructure for business continuity through Corona Virus Response Committee, which has and is still acting as a command center to respond to the repercussions of this pandemic. The Bank was able to comply with all government regulations on time, manage work from home procedures smoothly, and maintain all premises with required precautionary procedures. Moreover, the bank has completed immunization conditions issued by government agencies on all employees to ensure the safety of Everyone, until the bank was able to return to business as usual by working onsite 100% while constantly observing precautionary measures.

During 2021, the Bank further strengthened the testing of its BCPs and procedures. Detailed tests were completed on different occasions to ensure the effectiveness of these plans and the effectiveness of the alternative environments. In October 2021 the bank also successfully conducted an IT Disaster Recovery test that extended for five business days to measure the bank's ability to activate critical systems at once from the disaster recovery data center (DRC) with no dependency on main data center (MDC) by simulating the scenario of facilities crises that may prevent access to the bank's facilities, which requires full activation for all the bank's alternative facilities that include sites and IT systems, considering that test included activating the crisis management plan, business continuity plans for all critical departments of the bank in addition to the IT disaster recovery plan.

The Bank was also able to accomplish the requirements of ISO 22301 for the second year in a row and successfully maintain the certificate for this global standard, which is mainly related to resiliency and business continuity. Being an ISO 22301 Certified organization provides more assurance to our stakeholders, be they customers, shareholders, regulators, management and staff, vendors, suppliers, and partners that the Bank is a resilient organization with a strong business continuity program that provides a safe environment against disruptions, disasters, or crises.

The Bank will continue to 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 2021, Information Technology Group (ITG) continued the 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 mandate to support long term sustainability and effective governance.



2021 BOARD OF DIRECTORS' REPORT

ITG has completed the following during 2021:

- Roll out the first agent banking case with Virgin Mobile utilizing the Bank's API management platform
- Complete the preparation for open banking project which will ready the Bank to launch more services supporting agent banking and Fintech companies.
- Rollout the new ITSM (IT service management) solution.
- Automate the backend processing for interbank payments and returns.
- Integrate with digital signature service providers to support different related use cases.
- Complete the SAMA mandate critical projects for 2021 including but not limited to AML processes enhancement, Statements updates, SMS updates, Tanfeeth, SADAD SOAP S2, Cards schemas, Natheer integration.
- Enable virtual desktop (VDI) as a new collaboration tool in addition to existing tools in support of a remote working environment and communication with external parties
- Design the new information technology governance framework in alignment with SAMA guidelines
- Launch new cashback credit card which provides cashback based on the monthly spent.
- Upgrade Treasury Voice & telephony systems (Hardware & Software) in both data centers.
- Implement new AML management solution for better monitoring and controls over suspicious activities & scenarios.
- Revamp the CRM complaints and services module to fulfill the new business requirements.
- Complete the CCTV project and install more than 4000 cameras on the bank branches and ATMs.
- Complete the instant payment project with Saudi Payments and enable new & additional channels.
- Complete the adaption of the cloud native infrastructure which will bring the benefit of cloud computing scalability and ease of service delivery.
- The first bank in KSA to adapt CISCO SD-WAN (software defined network) solution which will provide greater agility, insights and security. The bank will be able to consistently manage and automate policies, provide reliable services to its network users, devices, and business applications.
- Strengthen IT capabilities in digital experience and acquisition thorough Digital Wallets, AI and Data analytics.
- Enhanced integration capabilities to allow smooth integration with all e-government services, REDF, Bayan, GOSI, Tabadul, MOJ, SAKANI and other third-party service providers.
- Complete the IBOR transition project (transition from IBOR to risk free rate)
- Joined the Discover Global Network
- Enhance the monitoring capabilities for the cards and payment related systems.
- Implemented many new business solutions for Treasury, Personal Banking, Corporate Banking, Finance, HR, Risk, Information Security, Business Continuity, and Marketing.

During 2021, ITG continued to provide more collaboration tools in response to COVID-19 situation to enable remote working for bank employees. ITG also provided 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 2021, the Bank achieved a number of key milestones. The Bank continued developing products and services for it's 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 2021 and 2020 is presented in note 28 to the consolidated financial statements.



2021 BOARD OF DIRECTORS' REPORT

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

Retail Banking

Retail Banking offers conventional and Shariah compliant products and services for individuals, through the Head Office and a network of branches throughout Saudi Arabia. A full suite of products and services are offered which include accounts, fixed deposits, personal finance, home finance, Mada debit cards, credit cards, travel cards, shopping cards and prepaid cards. Services to customers are offered both digitally and through branches. Digital channels include internet banking, mobile banking, network of ATMs, Interactive Teller Machines (ITMs), and Call Center operating 24/7.

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 post-pandemic era.

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 and Public Institution relationships.

Customer programs and services

The Bank offers a range of programs and services to its Retail Banking customers as follows:

Silver, Gold and Platinum customer programs

The Bank provides its valued customers three customer programs, which are designed to meet its customers banking needs through a package of products and services that suit their different lifestyles. "Gold" and "Platinum" customer programs provide a high class banking relationship and exclusive services tailored for our elite customers; where we serve them in total privacy and luxurious comfort.

Private Banking services

The Bank provides its valued customers a unique combination of exclusive products and services through its Private Banking proposition offering elite benefits and advantages tailored to its private banking customers. It is backed by a highly skilled team of relationship managers who come with rich experience and provide valuable advice to our private clients.



2021 BOARD OF DIRECTORS' REPORT

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 2021 including:

- Enabled new e-saving product and additional accounts on through digital channels.
- Enabled virtual cards and access to card information through digital channels.
- Enhanced the corporate multi currency product to enable Mada cards in addition to the existing Travel Card Visa multi currency prepaid card.
- Enhanced retail account opening to allow customer registration to bank e-services during the onboarding process. This enhancement also allowed the customer to top-up the account and request Mada & travel cards, as well as allowing online account opening for non-Saudis.
- Revamped the loan processing and customer journey through internet banking channels to enhance and digitize loan sales without the need to visit the branch.
- Enhanced corporate customer on boarding to simplify and automate most of the on boarding steps and processes.
- Launched new credit card online services which allow the customer to view card pin, see card information, card activation, card blocking, request for supplementary cards and modify card repayment percentage).
- Launched the new PFM service (Personal Finance Management) that allow the customers to analyze their spending and assign budgets to spending categories.
- Enabled customers to digitally request for 100% cash margin LG directly via the retail and corporate internet banking portals and automated the end to end processing.
- Enabled access to ICAP Mutual Funds Management for retail and high net worth customers directly via the banks retail internet banking channel.
- Launched the new soft-token authentication method to enable corporate internet banking customer's login to the portals with no dependency on the legacy hard token approach.
- Enhanced the mortgage portal to allow non-SAIB customers requesting mortgage loans and proceeds without the need for an account opening directly from the same portal.
- Introduced the new Rafah Portal that allow the Bank to provide custom products & services for large corporates (custom loans and credit card products, in addition to other special benefits).
- Enhanced the corporate mobile application by adding the transfer and bill payment financial services function.
- Enable IPS (Instant payments) to the corporate internet banking channel.
- Extended robotics usage across multiple processes in the Bank.
- Added new services and enhancements to the internet banking channel, ATMs, and SAIB Interactive Voice Response (IVR) channel; and Internet and mobile banking improvements to international standards so to enhance the customer experience.
- Enhanced the overall capacity for the digital services network.

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

Branch network and related services

As of December 31, 2021, the Bank had 51 branches and operates a network of 379 ATMs & Interactive Teller Machines throughout Saudi Arabia. The Bank also operates more than 6,600 Point of Sale (POS) terminals.



2021 BOARD OF DIRECTORS' REPORT

Alasalah Islamic Banking services

Due to the increase in the importance of Islamic banking and its strategic direction, the Bank has continued its focus on the Alasalah program, which includes many Shariah compliant banking services and products approved by the Bank's Shariah Board. These services are offered through 48 branches in most major cities in the Kingdom.

The volume of financing compliant with Shariah controls amounted to SAR 41.9 billion, and the volume of deposits compliant with Shariah controls amounted to SAR 48.1 billion as of December 31, 2021.

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 29,531 million as of December 31, 2021, of which SAR 7,729 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 for Finance and Real Estate Development Co. ("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 finance products and services 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	Stable



2021 BOARD OF DIRECTORS' REPORT

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.
- Circulate: the laws and regulations issued by the regulator 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.
- Identify measure, and assess 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



2021 BOARD OF DIRECTORS' REPORT

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 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 Bank's policies and violation reporting guidelines issued by SAMA.

Anti-Money Laundering & Counter Terrorist Financing Department

The Anti-Money Laundering (AML) & 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 & CTF programs, and policies and procedures to comply with local and international standards.

The responsibilities of the AML & 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; and
- Preparing necessary technical reports in a timely manner and providing all required documents to SAMA.

Anti-Fraud, Anti-Bribery and Corruption Department

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 Department that operates within the Compliance Group. The Anti-Fraud, Anti-Bribery and Corruption Department 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.



2021 BOARD OF DIRECTORS' REPORT

The Anti-Fraud, Anti-Bribery and Corruption Department presents its findings and recommended action to Audit Committee quarterly.

Transformation Group

The Transformation Group acts as a catalyst that supports and accelerates the delivery and execution of the Bank's strategy by adopting best in class technologies, techniques and industry best practices.

During 2021, the Transformation group has led multiple initiatives in addition to strategic plan execution and has successfully:

- Launched & implemented numerous transformation projects aimed at capability building, optimization, digitization and automation;
- Established and launched value added partnerships with key market players and Fintech partners to enrich the Bank's overall offering to our most sought after target segments; and
- Supported various functions through Advanced Analytics capabilities where decision making processes were enhanced and data insights utilized

Human Resources Group

The Bank has always invested in people and their engagement as a key strategic driver. This is evident by "working environment" awards granted by several recognizing bodies. Building on this success, and further inspired by Vision 2030's quality of life, the Bank has adapted "Happiness" as an approach to doing business.

Saudization and employee development

The Bank continues to invest in the employment and development of Saudi talent. As of December 31, 2021, the Saudization ratio was 91% with female staff representing 24% of the workforce. Around 40% of staff have received formal training and the Bank has offered eLearning modules via the learning management system to the 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, 2021 for employees' end of service benefits was SAR 19.3 million. The balance of the accrued benefits outstanding is approximately SAR 193.7 million as of December 31, 2021.

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, 2021 for these plans was approximately SAR 52.5 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 2014, SAMA issued an update to its Principles of Corporate Governance for Banks operating in Saudi Arabia and during 2020, SAMA issued rules on Banks exposures to Related Parties. 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;



2021 BOARD OF DIRECTORS' REPORT

- 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 Board members, the CEO, GMs, their Deputies, 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, 2021, resulting from such transactions included in the consolidated statement of financial position are as follows:

	<u>SAR'000</u>
Management of the Bank, their relatives and/or their affiliated entities:	
Loans and advances	598,381
Customers' deposits	2,407,677
Tier 1 Sukuk	7,000
Commitments and contingencies	336,634
Investments	413,118
Principal shareholders of the Bank and/or their relatives:	
Customers' deposits	1,714,130
Tier 1 Sukuk	30,000
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	893,330
Customers' deposits	268,390
Tier 1 Sukuk	3,000
Commitments and contingencies	100,050
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	329,567

Related party transactions

Income and expense for the year ended December 31, 2021, pertaining to transactions with related parties included in the consolidated statement of income are as follows:

	<u>SAR'000</u>
Management of the Bank and/or members of their immediate family:	
Special commission income	18,774
Special commission expense	6,003
Fee income from banking services	138
Other expenses	15,719



2021 BOARD OF DIRECTORS' REPORT

Principal shareholders of the Bank and/or members of their immediate family:	
Special commission expense	4,583
Rent and premises-related expenses (Building rental)	7,758
Other expenses	4,587
Affiliates of the Bank and entities for which the investment is accounted for by the Equity method of accounting:	
Special commission income	30,452
Special commission expense	397
Fee income from banking services	433
Other income	5,320
Other expenses	16,702
Board of Directors and other Board Committee member remuneration	8,281

The Board of Directors and Board Committees

In the General Assembly meeting held on February 10, 2019, the Bank's board members were elected for a three year term starting from February 14, 2019.

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 Human Resources - Saudi Aramco
4. Senior Vice President for Industrial Relations - 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. Vice Chairman - Zamil Industrial
4. Board member - Ma'aden

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

OOK (overseas)

1. Board member - S-Oil, South Korea



2021 BOARD OF DIRECTORS' REPORT

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 - Tawuniya Insurance Company
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, Arkansas State University



2021 BOARD OF DIRECTORS' REPORT

2. Master of Public Administration, University of Southern California

Current Memberships:

1. Board Member - The Saudi Investment Bank
2. Board Member - Jabal Omar Development Company

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

Dr. Fouad Al-Saleh

Classification: Independent Member

Current job:

1. Chairman - Project & Construction Company (Saudi Projacs)
2. Chairman - Fouad Saud Al-Saleh & Associates

Previous jobs:

1. Chief of Contract Administration and Construction - Ministry of Defence
2. Assistant Director of Contract Administration and Construction - Ministry of Defence
3. Assistant Director of Construction and Maintenance Department - Ministry of Defence
4. Director of Project Management Department - Ministry of Defence
5. Director General of Construction Management Department - Ministry of Defence
6. Military Services with the Rank of Engineer Colonel

Qualifications:

1. Bachelor of Civil Engineering (Civil Engineer) St. Martin College, Olympia, Washington
2. Masters of Civil Engineering (Construction Management), University of Washington, Seattle
3. PhD of Civil Engineering (Construction Management), University of Washington, Seattle

Current Memberships:

1. Board member - The Saudi Investment Bank.
2. Chairman - Fouad Al-Saleh and associated for Engineering Consultation

Previous Memberships:

1. Member of American Association of Construction Managers
2. Member of American Society of Civil Engineers
3. Member of the Society of American Value Engineers
4. Member of British Arbitration Association
5. Member of Project Management Institute
6. Member of American Arbitration Association
7. Board member - The Saudi Electric Industries Company Limited (SEICO)
8. Board member - Saudi Manufacturing Company



2021 BOARD OF DIRECTORS' REPORT

Mr. Saleh Al-Athel

Classification: Independent Member

Current job: Retired

Previous job: Assistant General Manager, Saudi Industrial Development Fund (SIDF)

Qualifications:

1. Bachelor of Philosophy and Sociology, University of Damascus, Syria
2. Management Higher Diploma, University of Hartford, USA

Current Memberships:

1. Board Member - The Saudi Investment Bank
2. Board Member - Saudi Specialized Laboratories Company - Motabaqah

Previous Memberships:

1. Board Member - Saudi House for Consultation
2. Board Member - Saudi Electrical Industries Company
3. Board Member - Saudi Laboratory Company
4. Board Member - Saudi Telecommunication Company

Mr. Mohammad Al-Ali

Classification: Independent Member

Current job: Retired

Previous jobs:

1. Senior Vice President of Finance - Saudi Aramco
2. Financial Controller - Saudi Aramco
3. Chief Internal Auditor - Saudi Aramco
4. Director of International Accounting and Financial Reports - Saudi Aramco
5. Petroleum sales coordinator and financial accountant - Saudi Aramco

Qualifications:

1. Bachelor of Accounting, University of Texas Arlington
2. Master of Business Administration, University of Denver
3. Education program for executives, Carnegie Mellon University and Oxford University Creative Placement Center

Current Memberships:

1. Board Member - The Saudi Investment Bank
2. Board Member - Saudi Energy Efficiency Services Company
3. Board Member – Saudi Energy Efficiency Center

Previous Memberships:

1. Member of several executive committees of Saudi Aramco
2. Chairman of Saudi Aramco Investment Company
3. Chairman of Aramco International Overseas Company
4. Chairman of Saudi Aramco Trading
5. Board member of Arabic pipes
6. Chairman of the Board of Governors of the GCC-BDI "Board of Directors Institute"

Mr. Mohammed Algrenees

Classification : Non-executive Member

Current job : Business Man



2021 BOARD OF DIRECTORS' REPORT

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 Investment Fund

Previous Memberships:

1. Board Member – Alinma Development Fund Jabal Omar

Mr. Yasser Aljarallah

Classification:

Independent Member

Current job

1. Chief Executive Officer & Co-Founder –Tharwaa Investment Company, UAE

Previous jobs:

1. Co-Founder, PI Capital –USA.
2. Chief Executive Officer & Co-Founder - Tharwaa Alkhaleej General Trading LCC- UAE.
3. Co-Founder & Chief Executive Officer – Hadaf Aljazeera General Trading LLC-UAE.
4. Chief Executive Officer & Co-Founder -Rawafed Investment Company, KSA

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 LLC –KSA
3. Co-Founder & Board Member - Tharwa Investments LLC.UAE
4. Board Member - Tharwa Escan Investments LLC UAE

Previous Memberships:

1. Founder & 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:

Executive Vice President - Saudi Airlines

Previous jobs

1. Regional General Manger of Information Technology–SABIC.
2. Managing Director - Accenture Middle East
3. Director of Information Technology – Sadara Co

Qualifications:

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



2021 BOARD OF DIRECTORS' REPORT

Current Memberships:

1. Board Member - The Saudi Investment Bank
2. Board Member - The Saudi Federation for Cybersecurity, Programming and Drones
3. Board Member and Chairman of the Audit Committee – Alqaryan Group

Previous Memberships:

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

Audit Committee non Board Members

Mr. Monahy Al-Moreikhy

Classification: Independent Audit Committee Member

Current job: Retired

Previous Jobs:

1. Head of Internal Audit - Bank Albilad
2. Department Manager of automated audit - Al Rajhi Bank
3. Department Manager of IS Operation & Control - Al Rajhi Bank
4. Department Manager of IS Audit & Security - AlRajhi Bank.
5. Manager of Programming Systems - Ministry of Defense.

Qualifications: Bachelor of Computer Science and Mathematics, University of East Washington

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

Mr. Abdullah Al-Anizi

Classification: Independent Audit Committee Member

Current Job: Group Chief Audit Executive - Saudi Telecom Group

Previous Jobs:

1. General Manager of Information Systems and Network Audit - Saudi Telecom Group
2. General Manager investment and Operational audit - Saudi Telecom Group
3. Senior Manager - SAMBA Financial Group

Qualifications:

1. Bachelor of Information Systems from the Faculty of Computer Science, King Saud University.
2. Executive Master of Business Administration, King Fahd University of Petroleum and Minerals
3. Certified Internal Auditor.
4. Certified Information System Auditor.
5. Certification in Risk Management (IIA).
6. Certified Fraud Examiner

Current Memberships:

1. Independent Audit Committee member - The Saudi Investment Bank
2. Independent Audit Committee member - Solutions Company
3. Independent Audit Committee Member - National Sukuk company



2021 BOARD OF DIRECTORS' REPORT

Mr. Fayez Belal

Classification: Independent Audit Committee Member

Current Job: Manager Finance & 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

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 from King Abdulaziz University in Jeddah
2. Master's degree from University of California
3. PhD degree 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. Abdulaziz Almezeini

Classification: Independent Member of the Shariah Committee

Current Job: Shariah Committee Member - The Saudi Investment Bank

Previous Job: Legal associate at Al-Gasim law firm in association with Allen & Overy LLP in Riyadh

Qualifications:



2021 BOARD OF DIRECTORS' REPORT

1. PhD degree in law and specialization in Islamic finance from Georgetown University in Washington, D.C. The thesis was entitled "Selling debt in Islamic jurisprudence, comparative analytical comparative study."
2. Master's degree in law and specialization in Financial regulations and regulations of Georgetown University in the American capital Washington.
3. Master of Systems from the Higher Institute of Judiciary at Imam Muhammad bin Saud Islamic University in Riyadh. The research was titled: "Internal Crimes of Information in Financial Markets, A Comparative Juristic Study".
4. Bachelor in Islamic Law, Faculty of Shariah, Imam Muhammad bin Saud Islamic University, Riyadh

Current Memberships:

1. Shariah Committee Member - The Saudi Investment Bank
2. Member of the faculty of the Higher Judicial Institute at Imam Muhammad bin Saud Islamic University in Riyadh.

Previous Memberships: Chairman of The Preparatory Committee at The Saudi Investment Bank

Dr. Ibrahim Al-Lahim

Classification: Independent Member of the Shariah Committee

Current Job:

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

Previous Job: Professor of the hadiths of judgments and Faculty member at the College of Shariah and Fundamentals of Religion, the Qassim University

Qualifications:

1. Bachelor degree in Islamic law (Shariah), College of Islamic law (Shariah), Al-Imam Muhammad Ibn Saud University, Riyadh, KSA
2. Master's degree in the Sunnah of the Prophet, Faculty of the fundamentals of religion in Riyadh
3. PhD in the Sunnah of the Prophet on the subject of the hadiths of judgments

Current Memberships: Shariah Committee Member - The Saudi Investment Bank

Previous Memberships: Chairman of the Shariah Committee at MedGulf

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.



2021 BOARD OF DIRECTORS' REPORT

Mr. Shankar Chattanathan **Chief Financial Officer**

Mr. Chattanathan joined the Bank in November 2016 as DGM- Operations. He has more than 25 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 Retail 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 & Chief Investment Officer in March 2019 and Treasurer & 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 with a minor in Finance 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.



2021 BOARD OF DIRECTORS' REPORT

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 & 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 & Secretary of the Board**

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 16 years with demonstrated history in Retail banking, Credit risk & control, legal and operational procedures & Governance, Syndication, and Structured Finance. She holds a Bachelor's degree in English from King Saud University.

Ms. Nasreen Al-Dossary **General Manager of Human Resources**

Ms. Al-Dossary joined the Bank in 2018. Prior to joining the Bank, she has had around 23 years of varied work experience across various industries. She was the first Vice President of the National Committee for Women and Chairman of Business Women Committee at the Eastern Province Chamber of Commerce. Also a Board member for many companies. She holds a Master's Degree in Business Administration from the University of Hull, and has published a number of papers related to Human Resource management at many international conferences and symposiums. The last position held prior to joining the bank was Vice President Human Resources for J.P.Morgan Saudi Arabia and Bahrain.

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 & 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 & 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 & 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.



2021 BOARD OF DIRECTORS' REPORT

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 and review of the risks relating to the Bank's subsidiaries and their potential impact.
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 Shariah control function. 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. Mohammad Al-Ali (Chairman)	Dr. Fouad Al-Saleh (Chairman)	Mr. Yasser Aljarallah (Chairman)	Mr. Mohammed Algrenees (Chairman)	Dr. Mohamed Elgari (Chairman)
Mr. Abdul Rahman Al-Rawaf	Mr. Mohammed Bamaga	Mr. Abdulaziz Al-Khamis	Mr. Mohammad Al-Ali	Mr. Mohammad Al-Ali	Dr. Ibrahim Al-Lahim
Dr. Fouad Al-Saleh	Mr. Abdullah Al-Anizi (non-board)	Mr. Saleh Al-Athel	Mr. Saleh Al-Athel	Mr. Yasser Aljarallah	Dr. Abdulaziz Almezeini
Mr. Saleh Al-Athel	Mr. Monahy Al-Moreikhy (non-board)	Mr. Abdul Rahman Al-Rawaf	-	Mr. Mohammed Bamaga	-
Mr. Mohammed Algrenees	Mr. Fayez Belal (non-board)	-	-	-	-



2021 BOARD OF DIRECTORS' REPORT

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

Four Board of Directors meetings were held during 2021 as follows:

Board member	Board of Directors meetings attended			
	April 7, 2021	July 15, 2021	October 15, 2021	December 16, 2021
Mr. Abdallah Saleh Jum'ah	x	x	x	x
Mr. Abdulaziz Al-Khamis	x	x	x	x
Mr. Abdul Rahman Al-Rawaf	x	x	x	x
Dr. Fouad Al-Saleh	x	x	x	x
Mr. Saleh Al-Athel	x	x	x	x
Mr. Mohammad Al-Ali	x	x	x	x
Mr. Mohammed Algrenees	x	x	x	x
Mr. Mohammed Bamaga	x	x	x	x
Mr. Yasser Aljarallah	x	x	x	x

Executive Committee meetings

Twelve Executive Committee meetings were held during 2021 as follows:

Committee member	Executive Committee meetings attended											
	Jan 25, 2021	Feb 22, 2021	Mar 30, 2021	Apr 26, 2021	May 31, 2021	Jun 28, 2021	Jul 26, 2021	Aug 30, 2021	Sep 27, 2021	Oct 25, 2021	Nov 29, 2021	Dec 27, 2021
Mr. Abdulaziz Al-Khamis	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
Dr. Fouad Al-Saleh	x	x	x	x	x	x	x	x	x	x	x	x
Mr. Saleh Al-Athel	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

Audit Committee meetings

Five Audit Committee meetings were held during 2021 as follows:

Committee member	Audit Committee meetings attended				
	January 28, 2021	April 06, 2021	July 14, 2021	October 05, 2021	December 15, 2021
Mr. Mohammad Al-Ali	x	x	x	x	x
Mr. Mohammed Bamaga	x	x	x	x	x
Mr. Abdullah Al-Anizi	x	x	x	x	x
Mr. Monahy Al-Moreikhy	x	x	x	x	x
Mr. Fayez Belal	x	x	x	x	x



2021 BOARD OF DIRECTORS' REPORT

Nomination and Remuneration Committee meetings

Six Nomination and Remuneration Committee meetings were held during 2021 as follows:

Committee member	Nomination and Remuneration Committee meetings attended					
	February 18, 2021	March 30, 2021	April 26, 2021	July 14, 2021	November 16, 2021	December 13, 2021
Dr. Fouad Al-Saleh		x	x	x	x	x
Mr. Abdulaziz Al-Khamis	x	x	x	x	x	x
Mr. Abdul Rahman Al-Rawaf	x	x	x	x	x	x
Mr. Saleh Al-Athel	x	x	x	x	x	x

Governance Committee meetings

Two Governance Committee meetings were held during 2021 as follows:

Committee member	Governance Committee meetings attended	
	April 06, 2021	December 15, 2021
Mr. Yasser Aljarallah	x	x
Mr. Mohammad Al-Ali	x	x
Mr. Saleh Al-Athel	x	x

Risk Committee meetings

Five Risk Committee meetings were held during 2021 as follows:

Committee member	Risk Committee meetings attended				
	February 25, 2021	March 15, 2021	June 14, 2021	August 26, 2021	November 15, 2021
Mr. Mohammed Algrenees	x	x	x	x	x
Mr. Mohammad Al-Ali	x	x	x	x	x
Mr. Yasser Aljarallah	x	x	x	x	x
Mr. Mohammed Bamaga	x	x	x	x	x

Shariah Committee meetings

Four Shariah Committee meetings were held during 2021 as follows:

Committee member	Shariah Committee meetings attended			
	March 25, 2021	July 01, 2021	October 07, 2021	December 30, 2021
Dr. Mohamed Elgari	x	x	x	x
Dr. Abdulaziz Almezeini	x	x	x	
Dr. Ibrahim Al-Lahim	x	x	x	x

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

Extraordinary General Assembly Committee meetings

Two Extraordinary General Assembly meetings were held during 2021 as follows:

Date of meeting	Members Attended
April 21, 2021	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



2021 BOARD OF DIRECTORS' REPORT

August 04, 2021

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. Mohammed Algrenees
 Mr. Yasser Aljarallah
 Mr. Mohammed Bamaga

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	283,220	-	0.00%
2	Mr. Abdulaziz Al-Khamis	1,666	131,851	130,185	7814.23%
3	Mr. Abdul Rahman Al-Rawaf	1,666	1,851	185	11.10%
4	Dr. Fouad Al-Saleh	619,303	671,894	52,591	8.49%
5	Mr. Saleh Al-Athel	253,153	295,723	42,570	16.82%
6	Mr. Mohammad Al-Ali	2,498	2,775	277	11.09%
7	Mr. Mohammed Algrenees	100	100	-	0.00%
8	Mr. Mohammed Bamaga	1,015	1,017	2	0.20%
9	Mr. Yasser Aljarallah	101,593,098	112,110,352	10,517,254	10.35%

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	18,209	-	0.00%
2	Mr. Salman Al-Fughom	35,000	12,000	(23,000)	-65.71%
3	Mr. Mansour Al-Obaikan	7,794	-	(7,794)	-100.00%
4	Mr. Naif Al-Hammad	153	153	-	0.00%

There were no debt instruments held by Board members or Senior executives during 2021.



2021 BOARD OF DIRECTORS' REPORT

Number of orders related to the register of company shareholders and the dates and causes of such applications

The Bank ordered the following 15 registers on the dates indicated during 2021:

Date of order	Reason of order	Date of order	Reason of order
January 04	End of month report	August 02	Prior to the general assembly that was held on 04/08/2021
February 02	End of month report	August 09	Based on the company procedure
March 02	End of month report	August 15	Based on the company procedure
April 04	End of month report	September 02	End of month report
April 25	End of month report	October 04	End of month report
May 03	End of month report	November 02	End of month report
June 02	End of month report	December 02	End of month report
July 27	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, 2021 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														
Fouad Al-Saleh	390	20	80	-	490	-	-	-	-	-	-	-	490	-
Saleh Al-Athel	380	20	95	-	495	-	-	-	-	-	-	-	495	-
Mohammad Al-Ali	420	20	60	-	500	-	-	-	-	-	-	-	500	44
Yasser Aljarallah	445	20	35	-	500	-	-	-	-	-	-	-	500	-
Mohammed Bamaga	430	20	50	-	500	-	-	-	-	-	-	-	500	54
Total	2,065	100	320	-	2,485	-	-	-	-	-	-	-	2,485	98
Second : Non-Executive Directors														
Abdallah Saleh Jum'ah	1,200	-	-	-	1,200	-	-	-	-	-	-	-	1,200	-
Abdulaziz Al-Khamis	390	20	90	-	500	-	-	-	-	-	-	-	500	-
Abdul Rahman Al-Rawaf	390	20	90	-	500	-	-	-	-	-	-	-	500	-
Mohammed Algrenees	395	20	85	-	500	-	-	-	-	-	-	-	500	-
Total	2,375	60	265	-	2,700	-	-	-	-	-	-	-	2,700	-

(SAR '000)

Non-Board Committee member remuneration	Audit Committee Members	Shariah Committee Members
Fixed Remuneration	750	465
Allowances for attending committee meetings	101	55
Total	851	520

There was no variable remuneration paid to the other non-Board committee members during 2021.



2021 BOARD OF DIRECTORS' REPORT

Senior Executive remuneration	(SAR '000)
<i>Fixed remuneration</i>	Senior Executives
Salaries	14,594
Allowances	6,321
Sub total	20,915
<i>Variable remuneration</i>	
Deferred Amount	1,919
Short-term incentive plans	10,872
Sub total	12,791
End-of service award	2,435
Total	36,141

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, 2022	26,077,239

The Bank has worked in 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 Extraordinary General Assembly meeting held on April 21, 2021 appointed KPMG Al Fozan and Partners and Ernst & Young & Co. as the Bank's auditors for the financial year 2021.

Auditors' Unmodified opinion on the annual financial statements

The 2021 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, 2021, 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, 2021".



2021 BOARD OF DIRECTORS' REPORT

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 Principles of Corporate Governance for Banks Operating in Saudi Arabia issued by SAMA in March 2014.

The Bank also complies with the Corporate Governance guidelines included in the Rules Governing the Companies in the Kingdom of Saudi Arabia issued by the Capital Market Authority on January 14, 2021.

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. Concerted and integrated efforts are made by all functions of the Bank to strengthen the control environment by continuous review of its processes, risks and controls through the "Risk & 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.

In addition, Internal Audit 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 internal control system across the Bank. All significant and material findings related to internal controls are reported to the Audit Committee of the Bank. 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.



2021 BOARD OF DIRECTORS' REPORT

The key principles of corporate sustainability policy are to maximizing shareholders' value; provide banking services, support and sponsorship that meets the requirements and needs of businesses/stakeholders. Meet the credit needs of the local economy through granting loans and facilities for productive businesses. Provide innovate products that encourage economic development. Conducting the business with the highest local and international standards / principles of ethics, ensuring fair treatment of its different stakeholders including its shareholders, customers, vendors, employees as well as the public.

Support various social projects and 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.

The Bank recognizes its important role in helping the Kingdom and the community grow and in developing a sustainable economy. Our sustainability strategy is to influence all stakeholders and to be aligned to practices that benefit society, the economy, and the nation as 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 reduces electricity consumption from our various buildings and shows reductions of over 250 Mwh in electricity usage and resulting 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) Gold 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.