

Arab National Bank
Annual Report 2020



بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ



Contents

04	Chairman's Message	40	Consolidated Statement of Income
05	Financial Highlights	41	Consolidated Statement of Comprehensive Income
06	Directors' Report	42	Consolidated Statement of Changes in Equity
26	Business Review	43	Consolidated Statement of Cash Flows
31	Auditors' Report	44	Notes to the Consolidated Financial Statements
39	Consolidated Statement of Financial Position		



THE CUSTODIAN OF THE TWO HOLY MOSQUES
KING SALMAN BIN ABDULAZIZ AL SAUD



**HRH CROWN PRINCE, DEPUTY PRIME MINISTER,
MINISTER OF DEFENSE**
PRINCE MOHAMMAD BIN SALMAN BIN ABDULAZIZ AL SAUD

Chairman's Message



Salah R. Al-Rashed
Chairman

On behalf of the Board of Directors, it is my pleasure to present the annual report and closing accounts of Arab National Bank for the year ended December 31, 2020.

Throughout 2020, The COVID-19 pandemic caused turmoil in global markets, widespread destruction to businesses and wreaked death and havoc on humanity. The bank has had to adapt in this environment, taking utmost care to protect our business, staff and customers alike. Against this backdrop, the Bank has successfully managed to do so.

However, whilst revenues have been impacted, ANB has still managed to remain profitable, despite the severity of the prevailing disease. Net income before zakat and income tax reached SAR 2.6 billion, a decline of 27.6% compared to the previous year, while net income after zakat and income tax reached SAR 2.07 billion compared to 3.02 billion last year. The balance sheet stood at SAR 180.4 billion by year end, down from 183.4 billion in 2019.

The Bank's continued approach to manage credit risk conservatively, whilst focusing on cost control, has helped performance during this very difficult period. Low oil prices and subdued economic growth have not helped in this regard. Additionally, the balance achieved between Retail and Wholesale banking, along with strong Treasury performance has proven to be a useful mitigant to the downturn in economic activity.

The Bank is fully aware of the pivotal role played by the financial services sector in achieving the ambitious goals of Vision 2030 and the need to support the diversification of the economy, away from reliance on oil. The Bank's strategy is closely aligned with key focus areas of the National Transformation Program such as Public Private Partnership, SME growth, the planned emphasis on private housing ownership by Saudi citizens and the desire to encourage citizens to save regularly.

By accelerating the digital roadmap, ANB has ensured product and service offerings are readily available, anytime, anywhere, remotely via

internet and through a fully revamped mobile application. Personal, Corporate Banking, SME and Insurance clients are further enabled with digital capability to avail of Bank offerings, from the comfort and safety of their homes and offices. However, Branches continue to remain a key part of service delivery and the growth in digital channels does not detract from the human touch, demanded by some customer segments. The Bank continues to strive towards providing a first class 'end to end' customer experience, regardless of the manner in which our customers choose to engage.

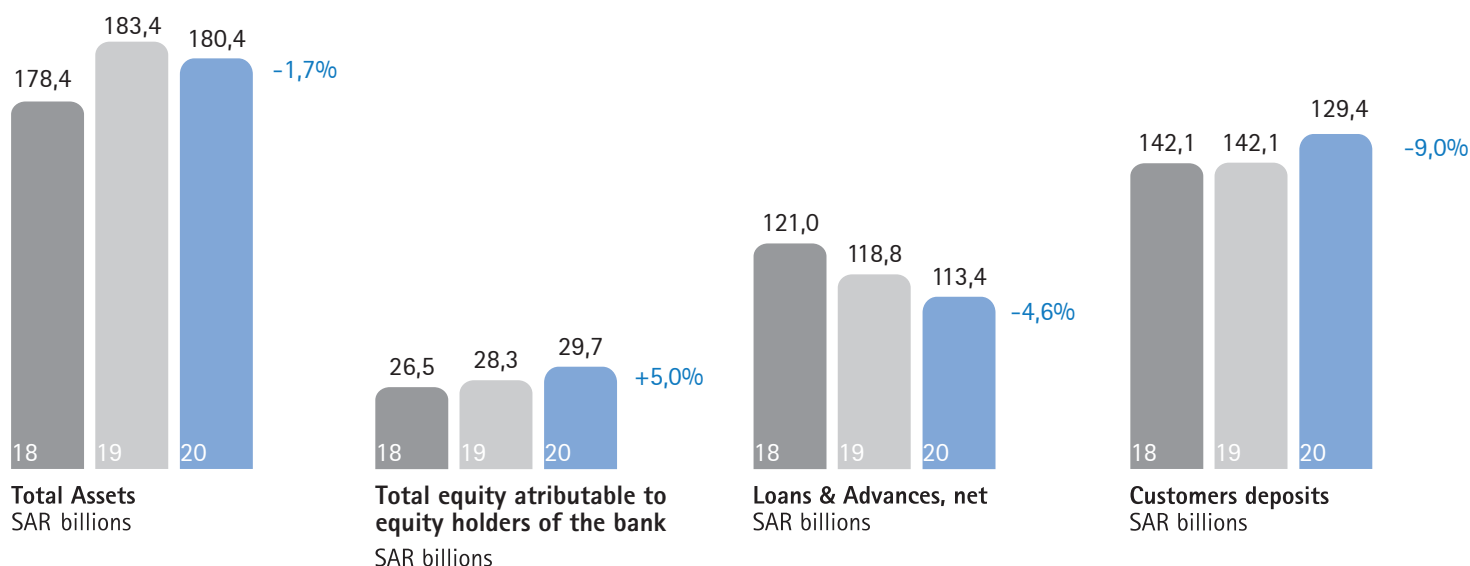
The Board recognizes the absolute criticality of having appropriate risk management, compliance and information security regimes in place with a 'zero tolerance' environment towards non-conformance. The threat posed by cyber-crime at both national and industry level continues to prevail, and whilst the threat can never be eradicated, the Bank ensures it has the best technical controls in place, to counter any such threat.

On behalf of the Board and myself, I would like to express my thanks and appreciation to the Custodian of the Two Holy Mosques, HRH the Crown Prince, the Minister of Finance, the Governor of the Saudi Central Bank (SAMA) and the Chairman of the Capital Market Authority (CMA) for their leadership and wisdom in guiding the economy during these challenging times and their continued support of the banking sector.

Finally, I wish to pay tribute to the efforts and achievements of the ANB employees whose commitment, dedication and contribution are fundamental to the success of the Bank. I look forward to the future with great optimism.

Salah R. Al-Rashed
Chairman

Financial Highlights



SAR Millions	2020	2019	2018	2017	2016
Net Commission income	4,869	5,553	5,151	4,665	4,145
Net Income Before Provisions for credit losses	3,857	4,523	4,308	4,176	3,580
Net Income Before Zakat and Income Tax	2,575	3,552	3,310	3,027	2,854
Net Income After Zakat and Income Tax	2,072	3,023	3,969	2,377	2,277
Expense to Revenue Ratio	35,2%	32,7%	34,47%	35,8%	38,9%
Return on Assets (ROA)*	1,4%	2,0%	1,9%	1,8%	1,7%
Return on Equity (ROE)*	8,9%	13,0%	13,0%	12,7%	12,6%
Investments	43,775	38,038	27,857	32,321	25,548
Loans and Advances, net	113,363	118,837	121,038	114,543	115,512
Total Assets	180,396	183,442	178,355	171,702	170,009
Customers Deposits	129,352	142,129	142,056	136,048	135,907
Total Equity attributed to equity holders of the Bank	29,734	28,308	26,520	24,370	23,235

BBB+

Standard & Poor's

A²

Moody's

BBB+

Fitch Ratings

Directors' Report for the financial year ended December 31, 2020

To: The Shareholders of Arab National Bank

The Board of Directors (the Board) is pleased to submit Arab National Bank's Annual Report for the financial year ended December 31, 2020.

Introduction

Arab National Bank (the Bank), a Saudi Joint Stock Company, was incorporated pursuant to Royal Decree No. M/38 dated Rajab 18, 1399H (corresponding to June 13, 1979G). The Bank's Head Office is located in Riyadh and it operates through 136 branches in the Kingdom of Saudi Arabia (the Kingdom) and one branch in London, UK. The Bank provides a full range of banking and financial services to its retail and corporate customers.

Financial Results

Net income before zakat and income tax attributable to equity holders of the Bank for the year 2020 amounted to SAR 2,575 million compared to SAR 3,552 million in 2019, a decrease of 27.5%.

Net special commission income decreased by 12.3% to reach SAR 4,869 million compared to SAR 5,553 million in the previous year, while fees and commission income decreased by 16.4% to reach SAR 550 million from SAR 658 million in 2019. This resulted in total operating income decreasing by 13.5% from SAR 6,733 million in 2019 to SAR 5,824 million in the current financial year.

Operating expenses before provisions totalled SAR 2,047 million compared to SAR 2,203 million in 2019, a decrease of 7.1%. The Bank continued to adopt conservative risk management policies to ensure it has adequate provision coverage. Provision charge for credit losses amounted to SAR 1,282 million compared to SAR 971 million in 2019 resulting in a non-performing loans coverage ratio of 99% as at December 31, 2020.

Net profit after zakat and income tax attributable to equity holders of the Bank for the year 2020 amounted to SAR 2,072 million compared to SAR 3,023 million last year. Earnings per share amounted to SAR 1.38 compared to SAR 2.02 in 2019.

The Bank's loan portfolio amounted at year-end to SAR 113,363 million compared to SAR 118,837 million in 2019, a decrease of 4.6%; while its investment portfolio increased to SAR 43,775 million from SAR 38,038 million in 2019, an increase of 15.1%.

Total assets and customer deposits as at December 31, 2020 amounted to SAR 180,396 million and SAR 129,352 million, respectively.

Equity attributable to equity holders of the Bank was SAR 29,734 million compared to SAR 28,308 million in 2019, an increase of 5.0%.

Financial Highlights

SAR millions					
	2020	2019	2018	2017	2016
LOANS AND ADVANCES, NET	113,363	118,837	121,038	114,543	115,512
INVESTMENTS, NET	43,775	38,038	27,857	32,321	25,548
CUSTOMERS' DEPOSITS	129,352	142,129	142,056	136,048	135,907
SHAREHOLDERS' EQUITY	29,734	28,308	26,520	24,370	23,235
TOTAL ASSETS	180,396	183,442	178,355	171,702	170,009
TOTAL LIABILITIES	150,630	155,099	151,798	146,636	146,084
TOTAL OPERATING INCOME	5,824	6,733	6,535	6,378	5,854
TOTAL OPERATING EXPENSES	3,317	3,192	3,236	3,375	3,025
NET INCOME BEFORE ZAKAT AND INCOME TAX ATTRIBUTABLE TO EQUITY HOLDERS OF THE BANK	2,575	3,552	3,310	3,027	2,854
NET INCOME AFTER ZAKAT AND INCOME TAX ATTRIBUTABLE TO EQUITY HOLDERS OF THE BANK	2,072	3,023	3,969	2,377	2,277

Geographical Analysis of Revenues

The Group's revenues are earned mainly through its activities in the Kingdom and are distributed as follows:

	SAR '000
CENTRAL REGION*	3,835,411
WESTERN REGION	1,189,023
EASTERN REGION	799,805
TOTAL	5,824,239

* Includes London branch revenues (not disclosed separately due to being immaterial to the Bank as a whole).

Directors' Report



Back Row (Starting from the right): Hesham Abdulatif Al-Jabr – Dr. Bassem Ibrahim Awadallah – Dr. Robert Eid (Managing Director), Mohamed Faraj Al Al-Kanani, Ahmed Mohammed Alomran

Front Row (Starting from the right): Ziad Anwar Akrouk – Abdulmohsin Ibrahim Al-Touq – Salah R. Al-Rashed (Chairman of Board of Directors) Thamer Mesfer Alwadai – Mohammed A. Alghanamah

Shareholders

Saudi Shareholders 60%
Arab Bank Plc 40%

Executive Committee

Dr. Robert Eid – Chairman
Salah R. Al-Rashed
Abdulmohsen Ibrahim Al-Touq
Hesham Abdulatif Al-Jabr
Mohammed A. Alghanamah

Nomination & Compensation Committee

Dr. Mohammed Faraj Al-Kanani – Chairman
Salah R. Al-Rashed
Thamer Mesfer Alwadai

Audit Committee

Thamer Mesfer Alwadai – Chairman
Khaled M.Saad Albawardi
Abdulaziz Abdulmohsen Bin Hassan

Risk Committee

Mohammed A. Alghanamah – Chairman
Abdulmohsin Ibrahim Al-Touq
Ahmed Mohammed Alomran
Mohammed Faraj A-Kanani
Ziad Anwar Akrouk

Strategy Committee

Ziad Anwar Akrouk – Chairman
Abdulmohsen Ibrahim Al-Touq
Dr. Robert Eid
Hesham Abdulatif Al-Jabr
Mohammed Faraj Alkanani

Subsidiaries and Associates

Arab National Investment Company (ANBI)

The Bank established a wholly owned subsidiary ANBI, a Saudi closed joint stock company, registered in the Kingdom under commercial registration No. 1010239908 issued on Shawal 26, 1428H (corresponding to November 7, 2007G). The subsidiary's authorized and issued capital is SAR 1,000 million (100 million shares), and its objective is to manage the Bank's investment services and asset management activities related to dealing, managing, arranging, advising and custody of securities regulated by the Capital Market Authority (CMA). The subsidiary commenced operations on Muharram 3, 1429H (corresponding to January 12, 2008G). On Muharram 19, 1436H (corresponding to November 12, 2014G), the subsidiary changed its legal structure from a limited liability company to a closed joint stock company. The objective of the subsidiary was amended and approved by the CMA on Muharram 28, 1437H (corresponding to November 10, 2015G) through a resolution number S/1/6/14832/15 to include dealing as a principal activity. The objective of the subsidiary was further amended on Sha'ban 26, 1437H (corresponding to June 2, 2016G) to provide loans to the subsidiary's customers to trade in financial papers as per the Saudi Central Bank's circular No. 371000014867 dated 5/2/1437H, and the CMA's circular No. S/6/16287/15 dated 10/3/1437H.

Arabian Heavy Equipment Leasing Company (AHEL)

A 87.5% owned subsidiary incorporated in the Kingdom of Saudi Arabia as a Saudi closed joint stock company under commercial registration No. 1010267489 issued in Riyadh on Jumada I 15, 1430H (corresponding to May 10, 2009G). The company's authorized and fully paid up capital amounts to SAR 300 million representing 30 million shares of SAR 10 each as of December 31, 2020. The company is engaged in the leasing of heavy equipment and operates in compliance with Shari'ah principles. On May 6, 2014 the Bank increased its ownership percentage in this subsidiary from 62.5% to 87.5%.

Saudi Home Loan Company (SHL)

A 40% owned associate incorporated in the Kingdom of Saudi Arabia as a Saudi closed joint stock company under commercial registration No. 1010241934. SHL's authorized and fully paid share capital amounts to SAR 1,000 million representing 100 million shares of SAR 10 each as of December 31, 2020. The company started its operations during the fourth quarter of 2007 and the Bank's share in the company is equity accounted. The company's activities is to finance the purchase of real estate products that are fully Shari'ah compliant.

MetLife – AIG – ANB Cooperative Insurance Company (MetLife)

During 2012, the Bank participated in setting up a Saudi joint stock company (MetLife) registered in the Kingdom of Saudi Arabia under commercial registration No. 1010391438.

In accordance with Cooperative Insurance Companies' Regulations, the company's executive bylaws and the laws effective in the Kingdom, the company transacts in cooperative insurance operations and related activities. Its principal lines of business include individual and group life, health, accident and all classes of general insurance. The company completed the legal formalities for incorporation on August 29, 2013, and its shares were listed on the Saudi Arabian Stock Exchange (Tadawul) on Muharram 23, 1435H (corresponding to November 26, 2013G). The Saudi Central Bank has provided the company with final approval to

conduct insurance business in the Kingdom on February 25, 2014. The company commenced its insurance operations during April 2014 and the Bank's share in the company is equity accounted.

The company's authorized and issued capital was SAR 180 million representing 18 million shares (at a nominal value of SAR 10 per share) as at December 31, 2019, of which the Bank owned 5.4 million shares (30%).

MetLife signed a binding merger agreement with Walaa Cooperative Insurance Company (Walaa) before the end of the year 2019. The company received approvals from all relevant government and regulatory authorities including the Saudi Central Bank and CMA. On January 27, 2020, the merger was approved through the Extraordinary General Assemblies held by both companies. On March 1, 2020 the resolution to merge MetLife in Walaa was announced; accordingly, MetLife was cancelled from listing on Tadawul.

ANB Insurance Agency

A wholly owned subsidiary incorporated in the Kingdom of Saudi Arabia during 2013 as a limited liability company under commercial registration No. 1010396423 issued in Riyadh dated Muharram 28, 1435H (corresponding to December 1, 2013G). The company's capital amounts to SAR 500,000 consisting of 50,000 parts at a nominal value of SAR 10 per part as of December 31, 2020. The agency obtained its license from the Saudi Central Bank to start its activities in insurance agency and related business on Jumada I 5, 1435H (corresponding to March 6, 2014G). The company acted as a sole agent for its principal, MetLife-AIG-ANB Cooperative Insurance Company.

In reference to the Article No (75) of the Insurance Company Control Law, the company requested to seize its operations on Dhul Qadah 28, 1441H (corresponding to July 19, 2020G). The request was approved by the Saudi Central Bank at Rabi' Al-Akhar 4, 1442H (corresponding to November 19, 2020G). The same was communicated to the Ministry of Commerce. The Company is currently in the process of completing the closure procedures with related regulatory bodies.

Al-Manzil Al-Mubarak Real Estate Financing Ltd.

A wholly owned subsidiary, registered in the Kingdom of Saudi Arabia as a limited liability company under commercial registration no. 1010199647 issued in Riyadh dated Jumada I 18, 1425H (corresponding to July 6, 2004G). The company's capital amounts to SAR 1 million consisting of 10,000 parts (at a nominal value of SAR 100 per part) as at December 31, 2020. The subsidiary is engaged in the purchase of lands and real estates and invest them through sale or rent in favour of the company, maintenance and management of owners and others' assets as guarantee, sale and purchase of real estates for financing purposes as per the Saudi Central Bank's approval No. 361000109161 dated 10/8/1436H.

ANBI Business Gate Fund

The Bank owns indirectly 25.47% of ANBI Business Gate Fund (the Fund), which is a closed-ended private placement real estate investment fund launched on August 25, 2014 for a period of 5 years starting from date of closure of first offering on January 11, 2015. CMA has been informed of the offering of the Fund through letter number 8/14//411 dated Shawwal 9, 1435H (corresponding to August 5, 2014G). The Fund's activity is to acquire real estate assets, an income generating real estate property located in the city of Riyadh, out of which the Fund will receive rental and

Directors' Report

hotel operating income over the Fund term. The Fund's total shareholding reached SAR 950 million divided to 950,000 units and each unit value is SAR 1,000. The Bank's share is equity accounted.

The Fund's tenor was extended for a period of six months ending on July 13, 2020 in accordance with the Fund's Board resolution dated December 10, 2019 which was later approved by the unitholders on December 11, 2019.

On June 21, 2020, the Fund's Board approved to extend the Fund's tenor for additional six months ending on December 31, 2020 which was later approved by the unitholders on July 17, 2020.

To ensure going concern of the Fund, the Fund's Board approved to extend the Fund's tenor for an additional five years ending on December 31, 2025, which was later approved by the unitholders.

Sara Second Real Estate Investment Fund

The Bank owns directly and indirectly 31.9% of Sara Second Real Estate Investment Fund (the Fund), which is a closed-ended, Sharia-compliant, private real estate fund established in the Kingdom of Saudi Arabia and launched on May 21, 2020 for a period of 12 years. CMA has been informed of the offering of the Fund on June 4, 2020. The Fund's activity is to acquire the Sara Village Residential Compound, an income generating real estate property located in Al Khobar, out of which the Fund will receive rental income over the Fund term. The Fund's total shareholding reached SAR 1,368 million divided to 136.8 million units of SAR 10 each. The Bank's share in the Fund is equity accounted.

It is to be noted that the above mentioned subsidiaries and associates' primary business is conducted in the Kingdom of Saudi Arabia.

ANB Global Markets Limited

The Bank established on January 31, 2017 ANB Global Markets Limited, as a limited liability company registered in the Cayman Islands. The Bank has 100% ownership. The company's capital amounts to USD 50 thousand consisting of 50 thousand parts (at a nominal value of USD (1) per part). The objective of ANB Global Markets Limited is trading in derivatives and Repo activities on behalf of the Bank.

Dividend Distribution Policy

The rules governing the Bank's dividend distribution are as follows:

1. In accordance with the Saudi Central Bank's requirements, a minimum of 25% of the Bank's annual net income is required to be transferred to a statutory reserve until such reserve equals the Bank's paid up capital;
2. The Board periodically reviews and analyzes the Bank's financial position, capital adequacy and growth projections. Accordingly, it proposes to the General Assembly whether to distribute dividends or not;
3. If the General Assembly decides to distribute a dividend, it will be distributed to shareholders in proportion to their shareholdings held at the eligibility date as per the dividend announcement;
4. The Board may also decide to distribute an interim dividend based on the Bank's financial position; and
5. Non-distributed earnings are transferred to the next year or to the general reserve.

The Board proposed to distribute 2020 net income as follows:

	SAR '000
2020 NET INCOME – AFTER ZAKAT AND INCOME TAX	2,072,212
RETAINED EARNINGS FROM PREVIOUS YEARS	4,627,232
Total	6,699,444
DISTRIBUTED AS FOLLOWS:	
TRANSFERRED TO STATUTORY RESERVE	(561,000)
TOTAL DIVIDEND DISTRIBUTION – INTERIM & PROPOSED (OUT OF 2020 NET INCOME)	-
NET LOSS ON DERECOGNITION OF FVOCI EQUITY	(577)
Retained earnings for 2020	6,137,867

Future Strategic Plans

The strategy is based upon achieving a balance between Retail and Wholesale banking, supported by a prudent risk culture and a focus on selective growth opportunities so that consistent and predictable earnings can be achieved.

The strategy is closely aligned to the economic environment and has been drawn up mindful of the goals and targets contained in the Kingdom's Vision 2030. The Bank aims to be a key contributor in providing the services and products that will be an essential part of such a fundamental transformation program. Three such focus areas within the strategy are:

- Public Private Partnerships are planned for a number of key sectors such as health, transport and education and large infrastructure projects, previously funded by the government, will now be the joint responsibility of the public and private sectors. This provides significant opportunities in the project finance area and the Bank will compete for business in this sector. Vision 2030 targets foreign direct investment to grow from 3.8% to 5.7% of GDP and the Bank is investing to ensure that the right products and services are in place to assist the growing requirements of foreign investors entering the Saudi market.
- Although the initiatives related to Public Private Partnerships, Privatization and Foreign Direct Investment proceed through cautious steps, nevertheless, they are expected to provide significant opportunities over the mid-term to finance a number of large projects.
- In support of the growth of SMEs, whose contribution to GDP is expected to grow from 20% to 35%, the Bank is expanding its footprint, and range of products and services provided, via dedicated SME Centers. These centers provide customized solutions covering financing, transaction banking and account services.
- The demographics of the Kingdom of Saudi Arabia with such a young population means that the provision of affordable housing is a key focus area for Government. The Bank has completed gearing itself to provide the new services and products to support such ambitious plans. The housing portfolio is currently undergoing rapid growth.

Directors' Report

(Continued)

Arab National Bank
Annual Report 2020

The Strategy also recognizes that technology changes continue at an ever increasing pace, significantly impacting the Bank and its customers. A Digital Transformation Program has been initiated to reflect the dynamics of the market and the increasingly sophisticated expectations of customers. The Strategy also recognizes the challenges that technology brings for fraudulent and criminal activity and endeavors to ensure that the best technical controls are in place.

Principal activities

For management purposes the Group is organized into the following major operating segments:

Retail banking	: Deposit, credit and investment products for individuals.
Corporate banking	: Loans and advances, deposits and other credit products for corporate and institutional customers, small to medium sized businesses and the Bank's London Branch;
Treasury banking	: Manages the Bank's trading and investment portfolios and its funding, liquidity, currency and commission rate risks;
Investment and brokerage services	: Investment management services and asset management activities related to dealing, managing, arranging, advising and custody of securities; and
Other	: Includes income on capital and unallocated costs and assets and liabilities of Head Office and other supporting departments.

Transactions between business segments are reported in accordance with the Group's transfer pricing system. The basis for determining the intersegment operating income/ (expenses) for the current year are consistent with the basis used for December 31, 2019. Segment assets and liabilities mainly comprise operating assets and liabilities.

The Group's primary business is conducted in the Kingdom of Saudi Arabia with one international branch in London, UK. However, the total assets, liabilities, commitments and results of operations of this branch are not material to the Group's overall consolidated financial statements.

The Group's total assets and liabilities as at December 31, 2020 and its total operating income, expenses and net income for the year then ended, by operating segments, are as follows:

2020	SAR - (000)					Total
	Retail banking	Corporate banking	Treasury	Investment and brokerage services	Other	
TOTAL ASSETS	40,672,018	76,951,380	60,532,743	779,503	1,460,198	180,395,842
INVESTMENTS IN ASSOCIATES	-	-	-	517,273	772,459	1,289,732
TOTAL LIABILITIES	65,167,293	67,453,814	16,294,583	81,581	1,632,427	150,629,698
OPERATING INCOME FROM EXTERNAL CUSTOMERS	2,189,483	3,323,672	101,902	193,337	15,845	5,824,239
INTERSEGMENT OPERATING INCOME/(EXPENSE)	18,137	(1,029,988)	875,721	-	136,130	-
Total operating income	2,207,620	2,293,684	977,623	193,337	151,975	5,824,239
OF WHICH:						
NET SPECIAL COMMISSION INCOME	2,029,990	1,886,069	794,594	26,739	131,265	4,868,657
FEES AND COMMISSION INCOME, NET	64,741	393,890	(1,042)	128,275	(36,175)	549,689
ALLOWANCE CHARGES FOR EXPECTED CREDIT LOSSES AND OTHER PROVISIONS, NET	80,199	1,202,003	-	-	-	1,282,202
REVERSAL OF IMPAIRMENT CHARGES FOR OTHER FINANCIAL ASSETS, NET	-	-	(11,408)	-	-	(11,408)
DEPRECIATION AND AMORTIZATION	165,665	9,600	1,276	5,051	38,680	220,272
TOTAL OPERATING EXPENSES	1,326,222	1,786,533	84,877	83,813	35,899	3,317,344
SHARE IN EARNINGS OF ASSOCIATES, NET	-	-	-	-	49,562	49,562
NET INCOME ATTRIBUTABLE TO EQUITY HOLDERS OF THE BANK	881,398	478,800	921,097	73,625	(282,708)	2,072,212
NET INCOME ATTRIBUTABLE TO NON-CONTROLLING INTEREST	-	-	-	-	(3,246)	(3,246)

Directors' Report

Micro, Small & Medium Enterprises (MSMEs)

MSME relationships are managed at ANB by dedicated business units catering for the financial services requirements of (i) micro & small enterprises and (ii) medium sized businesses. This bifurcation is necessary because of the different client coverage, credit underwriting and risk management / control models required for these two segments. The target market for this Unit are businesses with an annual turnover not exceeding SAR 40 million. In addition, the Commercial Banking Division (CBD) targets business entities with a turnover between SAR 40 million to SAR 200 million. In line with evolving banking needs, some SME relationships with large and more complex financing requirements are managed by specialized units within the CBD.

Establishing a meaningful presence in the MSME segment is a key strategic priority and to this end, the Bank over the past four years expanded its distribution footprint by establishing 10 dedicated MSME centers across the Kingdom covering 8 cities. ANB offers its clients a range of facilities including borrowing services that include Short & Medium Term Loans, and non-borrowing services such as Trade Services, Account Services, Internet Banking, Utility Bill Payment, Payroll Services and POS Merchant. For the Micro and Small sub-segments, the Bank offers customized solutions via Product Programs to cover a wide range of financing requirements along with competitive price range.

ANB is one of the leading participants of the Kafalah program. The Bank is also actively engaged with the Monshaat (Government's SME Authority) in participating with their developmental programs, through offering new financing and awareness programs.

ANB's SME Department has been working closely with Monshat to develop and launch customized product offerings for the high priority business segments identified in the 2030 Vision. The Bank has participated and co sponsored with Monshat, seminars and promotional events to enhance

networking and business and financial skills amongst MSMEs. ANB is amongst the top two banks in the provision of finance to MSMEs referred from the Monshat portal.

The Bank envisages growth in 2021 to be challenging with increasing competition amongst financial institutions in the MSME segment. The Bank will continue to focus on selective industry and geographic segments and endeavor to provide innovative and relevant research based financial services solutions to the select segments. Technology including digital solutions will be a key enabler in this regard.

Building bench strength and knowledge pool is another key dependency in our strategic plan. We plan to increase our staff strength in 2021 to cater for the growing business volumes. Training needs are identified at the start of the year based on competency gaps. Individuals are then assigned to appropriate external and internal programs.

The Bank is committed to play its part in facilitating the Government's initiatives to increase the GDP participation of the MSME segment by introducing new research based on product propositions that meet the borrowing and non-borrowing financial servicing needs of the segment.

ANB also remains committed to support the Kafalah program, partake in initiatives to promote the MSME segment as identified by Monshaat and other Government institutions.

ANB is also committed to the Saudi Central Bank's SME support program launched in March 2020 to alleviate the impact of the coronavirus restrictions on business. The Bank was amongst the top players to participate by providing credit relief to MSMEs in financing guaranteed program.

The year on year growth in the MSME business, as reported periodically to the Saudi Central Bank is highlighted as follows:

Quantitative Disclosures

Details	As at 31 December 2020				As at 31 December 2019			
	Micro	Small	Medium	Total	Micro	Small	Medium	Total
LOANS TO MSMEs – ON BALANCE SHEET (SAR MILLIONS)	131	2,668	10,019	12,818	93	1,265	5,825	7,183
LOANS TO MSMEs – OFF BALANCE SHEET (SAR MILLIONS)	59	759	2,197	3,015	60	796	2,214	3,070
ON BALANCE SHEET LOANS TO MSMEs AS A PERCENTAGE OF TOTAL ON BALANCE SHEET LOANS	0.11%	2.27%	8.54%	10.92%	0.08%	1.03%	4.77%	5.88%
OFF BALANCE SHEET LOANS TO MSMEs AS A PERCENTAGE OF TOTAL OFF BALANCE SHEET LOANS	0.23%	2.90%	8.41%	11.54%	0.19%	2.52%	7.02%	9.73%
NUMBER OF LOANS (ON AND OFF BALANCE SHEET)	1,088	5,804	4,702	11,594	329	2,427	3,685	6,441
NUMBER OF CUSTOMERS (ON AND OFF BALANCE SHEET)	375	1,519	749	2,643	203	1,246	793	2,242
NUMBER OF LOANS GUARANTEED BY KAFALAH PROGRAM (ON AND OFF BALANCE SHEET)	343	1,140	93	1,576	147	682	85	914
AMOUNT OF LOANS GUARANTEED BY KAFALAH PROGRAM (ON AND OFF BALANCE SHEET) – (SAR MILLIONS)	131	851	281	1,263	67	585	239	891

Risks encountered or that could potentially be encountered by the Bank

Risk Management

The Bank's Risk Management Group (RMG) provides an independent and centralized risk management function to ensure that best balance between risk and return is achieved in line with the Bank's strategic objectives. The Bank is mainly exposed to the following risks:

a) Credit Risk

Credit risk is the risk that a customer or counter-party may not settle an obligation for full value, either when due or at any time thereafter. This risk arises from the potential that a customer or counter-party is either unwilling to perform an obligation or its ability to perform such an obligation is impaired, resulting in an economic loss to the Bank. The Bank is exposed to credit risk when its business units extend credit to various counterparties.

Established Credit Risk policies and procedures provide control over credit risk portfolios through periodic assessment of the credit worthiness of obligors, quantifying maximum permissible exposure to specific obligor and continuous monitoring of individual exposures and portfolios.

b) Market Risk

Market risk is the risk that value of the Bank's on- and off-balance sheet positions will be adversely affected by movements in market rates or prices. Major market risk factors that the Bank is exposed to include Interest Rates (IR), Foreign Exchange (FX) rates and equity prices, which exist in both the trading book and the banking book, and could result in losses to earnings and capital.

Liquidity risk could be of two types: funding liquidity risk and market liquidity risk. The former is the risk that the Bank will not be able to efficiently meet both, expected and unexpected, current and future cash flows and collateral needs without affecting either daily operations or the financial condition of the Bank. The latter refers to the risk that the Bank cannot easily liquidate some or all of its holdings of liquid asset reserves without suffering a significant haircut due to inadequate market depth or market disruption.

Market risk is managed by effectively implementing Board-approved limits for interest rate risk, FX risk and investment portfolio. The Board has also set number of limits for liquidity risk to ensure that adequate level of high quality liquid assets are maintained to meet Bank's obligations under normal and stressed conditions.

c) Operational Risk

Operational risk is defined as the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. This definition includes legal risk, but excludes strategic and reputational risk.

Operational risks are inherent in Bank's products, activities, processes and systems. The Bank continually strives to reduce operational risks to acceptable levels.

Operational risks are managed through established risk management policies and procedures including a wide range of sources of operational risk such as business continuity, information security, technology risk, regulatory risk and fraud risk.

d) Regulatory and Reputation Risk

Reputational risk is the risk arising from adverse perception of the image of Arab National Bank on the part of customers, counterparties, shareholders, investors and /or regulators and supervisory authorities. It is also the potential risk that negative publicity, whether true or not, would cause a decline in the customer base, entail additional costs, affect Bank's brand value and/or result in revenue reductions.

The regulatory risks are related to imposing penalties by regulatory and supervisory authorities resulting from non-compliance to related regulations and instructions and resulting violations. Risks are managed mainly by the Bank's Compliance and Anti-Money Laundering Group as an independent body, which is assigned to evaluate such risks and formulate the controls' framework to mitigate such risks.

Corporate Governance in the Kingdom of Saudi Arabia

The Bank implements all the compulsory Corporate Governance rules issued by CMA in the Kingdom of Saudi Arabia.

Governance Message

Rational governance, along with adherence to the rules and regulations in force, represents an essential element directing ANB activities and operations. The Bank has instilled the rational management culture which ensured adherence to honesty and integrity, whereas the Board leads by example and management strives to have full commitment to regulations to the letter and spirit.

The Bank's philosophy is based on following the best practice of corporate governance, in addition to adherence to the regulatory stipulations of all the countries of its operations. Further, the Bank adheres to the corporate governance issued by the Saudi Central Bank, Capital Market Authority and the Companies Act issued by the Ministry of Commerce and Investment in the Kingdom of Saudi Arabia.

Sukuk

On October 7, 2015 the Bank issued SAR 2 billion, 10 year subordinated and unsecured Tier II Capital (Sukuk), callable in 5 years. These Sukuk carry a special commission rate of SIBOR plus 140 bps. At October 7, 2020 the Bank exercised its call option to early redeem 100% of the principal amount of outstanding notes, together with the accrued interest till the option redemption date.

On October 21, 2020 the Bank issued USD 750 million 10 year subordinated Tier II capital (Sukuk) callable in 5 years and carry a special commission rate of 3.326%.

Share Capital

As at December 31, 2020, the authorized and fully paid share capital of the Bank consists of 1,500 million shares of SAR 10 each.

The board of directors proposed a bonus share issue of 500 million shares of SAR 10 each through transfer of SAR 3 billion and SAR 2 billion from the statutory reserve and the retained earnings respectively, which was approved in the shareholders' extraordinary general assembly meeting held on March 27, 2019.

Directors' Report

Board of Directors

The Bank's management represented by the chairman and members of the Board is keen to deliver sustainable long-term value to shareholders. Implementation of the strategy set by the Board is delegated to the Managing Director and CEO, who is supported by the Executive Committee (that comprise mainly of board members) as well as Board Committees.

The Board consists of ten members. Six represent Saudi shareholders and are elected at the Shareholders' General Assembly Meeting for a term of three years, and Arab Bank PLC appointed the remaining four members. All directors can be reappointed. The nominated Board members should possess professional skills, financial expertise, suitable qualifications and personal qualities. Further, the Board member should be of good reputation, integrity, competency, accountability and ability to carry out his duties and responsibilities as a Board member. It is essential that prior to his appointment, the nominated Board member should complete the Fitness Form issued by the Saudi Central Bank where the Bank obtains no-objection letter from the Saudi Central Bank to assure his fitness and integrity. In addition, the Bank may assure his suitability through the Saudi Credit Bureau (SIMAH) for any defaults related to the nominated Board member (this applies to the resident members).

The Board has a clearly documented schedule of meetings and an agenda of key discussion points that include the agreement of strategy, budgets, major capital expenditures, policies covering treasury, credit and other business units, the annual internal audit plan and authority levels for expenditure as well as proposing dividend distribution and approving appointment of general managers and head of internal audit. All Directors have full and timely access to relevant information through the Board Secretary. They may also opt for independent professional advice at the Bank's expense where needed to discharge their responsibilities.

The Board ensures that the Bank's organization structure is effectively established to manage its business. This structure includes appropriate delegation of authority and accountability taking into account acceptable levels of risks. This is documented in the Bank's high level control framework which is reviewed by the Board annually.

Board members as at December 31, 2020 that were appointed by Arab Bank PLC were Dr. Bassem Ibrahim Awadallah, and Messrs. Mohammed A. Alghanamah, Ziad Anwar Akrouk and Dr. Robert Eid (Managing Director).

As at December 31, 2020, the Board consisted of the following members:

	Name	Position
1-	SALAH RASHED AL-RASHED	CHAIRMAN OF THE BOARD (NON-EXECUTIVE)
2-	DR. ROBERT EID	BOARD MEMBER (EXECUTIVE)
3-	ABDULMOHSEN IBRAHIM AL TOUQ	DEPUTY CHAIRMAN OF THE BOARD (INDEPENDENT) ▲
4-	HESHAM A. ALJABR	BOARD MEMBER (INDEPENDENT)*
5-	AHMED MOHAMMED A. ALOMRAN	BOARD MEMBER (NON-EXECUTIVE)
6-	DR. MOHAMMED FARAJ ALI ALKANANI	BOARD MEMBER (INDEPENDENT)
7-	THAMER MESFER ALWADAI	BOARD MEMBER (INDEPENDENT)
8-	DR.BASSEM IBRAHIM AWADALLAH	BOARD MEMBER (NON-EXECUTIVE)
9-	MOHAMMED A. ALGHANAMAH	BOARD MEMBER (NON-EXECUTIVE)
10-	ZIYAD ANWAR AKROUK	BOARD MEMBER (NON-EXECUTIVE)

* ACCORDING TO THE CAPITAL MARKET AUTHORITY DEFINITION OF INDEPENDENCY.

▲ ACCORDING TO THE SAUDI CENTRAL BANK DEFINITION OF INDEPENDENCY.

Following is a brief description of qualifications and experiences of the Board members and Board Committees and senior executives:

a- Brief description of the Board members and Board Committees members' qualifications and experiences

Member	Position	Academic Qualifications	Practical experience
SALAH RASHED AL-RASHED	<ul style="list-style-type: none"> - CHAIRMAN OF THE BOARD - MEMBER OF EXECUTIVE COMMITTEE - MEMBER OF THE NOMINATION AND COMPENSATION COMMITTEE 	<ul style="list-style-type: none"> - BACHELOR DEGREE OF ENGINEERING FROM WASHINGTON UNIVERSITY 	EXECUTIVE MANAGER AND PARTNER AT RASHID ABDULRAHMAN AL-RASHID AND SONS CO. HAS A WIDE AND EXTENSIVE EXPERIENCE IN FINANCE, BUSINESS, MANAGEMENT, COMMERCIAL AND INDUSTRIAL INVESTMENT. HE WAS A MEMBER OF THE CONSULTING AUTHORITY OF THE SUPREME ECONOMIC COUNCIL, BOARD MEMBER FOR THE CHAMBER OF COMMERCE & INDUSTRY, MEMBER OF THE FINANCE COMMITTEE AND HEAD OF THE INVESTMENT COMMITTEE. ALSO, HE WAS THE CHAIRMAN AND MEMBER OF MANY JOINT STOCK AND LIMITED LIABILITY COMPANIES.
ABDULMOHSEN IBRAHIM AL TOUQ	<ul style="list-style-type: none"> - DEPUTY CHAIRMAN OF THE BOARD - MEMBER OF EXECUTIVE COMMITTEE - MEMBER OF THE RISK COMMITTEE - MEMBER OF THE STRATEGY COMMITTEE 	<ul style="list-style-type: none"> - BACHELOR DEGREE OF BUSINESS ADMINISTRATION FROM KING SAUD UNIVERSITY 	CEO OF AL TOUQ COMPANY, HAS LONG EXPERIENCE IN MANAGEMENT, REAL ESTATE INVESTMENT, ENERGY, COMMUNICATION AND FINANCIAL SERVICES. MEMBER OF YOUNG PRESIDENTS ORGANIZATION (YPO) AND THE YOUTH BUSINESS LEADERS ORGANIZATION (YAL), AND HE IS A BOARD MEMBER IN A NUMBER OF LEADING CORPORATIONS IN THE KINGDOM AND ABROAD.
HESHAM A. ALJABR	<ul style="list-style-type: none"> - BOARD MEMBER - MEMBER OF EXECUTIVE COMMITTEE - MEMBER OF THE STRATEGY COMMITTEE 	<ul style="list-style-type: none"> - MANAGEMENT AND HUMAN SCIENCES/ (SECONDARY) 	HAS EXTENSIVE EXPERIENCE IN MANAGEMENT AND INVESTMENT, AND A BOARD MEMBER AT ALJABR HOLDING CO. AND NATILY COMPANY FOR FURNITURE AND INTERNAL DESIGN AND CEO FOR KIA CO. FURTHER, HE WAS A MEMBER OF THE GULF COMMERCIAL BANK, THE UNITED COMPANY FOR GAS TRANSPORTATION, THE ADVANCED ELECTRONIC MEDICAL LIMITED CO. AND HE IS A MEMBER OF THE SAUDI CHINESE BUSINESS COUNCIL AND THE SAUDI CHINESE FRIENDSHIP SOCIETY. EXPERIENCED IN FINANCE AND INVESTMENT AND ATTENDED MANY COURSES IN MARKETING, SALES AND FINANCE AND ATTENDED A SYMPOSIUMS IN GOVERNANCE.
DR. MOHAMMED FARAJ ALKANANI	<ul style="list-style-type: none"> - BOARD MEMBER - CHAIRMAN OF THE NOMINATION AND COMPENSATION COMMITTEE - MEMBER OF THE RISK COMMITTEE - MEMBER OF THE STRATEGY COMMITTEE 	<ul style="list-style-type: none"> - PHD IN FINANCIAL SCIENCES – STATISTICS FROM OKLAHOMA UNIVERSITY IN 2006, BACHELOR DEGREE IN FINANCIAL SCIENCES FROM KING FAHAD UNIVERSITY FOR PETROLEUM AND MINERALS, - MASTERS DEGREE IN FINANCIAL SCIENCES FROM COLORADO UNIVERSITY IN DENVER -USA, AND CHARTERED FINANCIAL ANALYST (CFA) 	FOUNDING PARTNER AND CEO FOR THE DEVELOPMENT ALLIANCE, WITH DIFFERENT LEADING ROLES, SUPERVISOR OF THE ENDOWMENT OF KING FAHAD UNIVERSITY FOR PETROLEUM AND MINERALS, BOARD MEMBER FOR A NUMBER OF LISTED AND NON-LISTED COMPANIES, PROVIDES CONSULTATIONS AND TRAINING FOR ARAMCO, BIN LADEN GROUP, AL RAJHI ENDOWMENT AND THE GENERAL PRESIDENCY OF THE TWO HOLLY MOSQUES ENDOWMENTS, EXPERIENCED IN MERGERS AND ACQUISITIONS FOR PRIVATE COMPANIES. HE WAS THE DEAN OF THE BUSINESS ADMINISTRATION UNIVERSITY AND HE WORKED IN THE EXECUTIVE AND NON-EXECUTIVE EDUCATION.
THAMER MESFER ALWADAI	<ul style="list-style-type: none"> - BOARD MEMBER - MEMBER OF THE NOMINATION AND COMPENSATION COMMITTEE - HEAD OF THE AUDIT COMMITTEE 	<ul style="list-style-type: none"> - BACHELOR DEGREE IN BUSINESS ADMINISTRATION FROM KING MOHAMMED BIN SAUD UNIVERSITY, MASTERS DEGREE IN BUSINESS ADMINISTRATION FROM YAMAMAH UNIVERSITY, AND ACCOUNTING DIPLOMA FROM THE INSTITUTE OF PUBLIC ADMINISTRATION 	HE OCCUPIED SEVERAL POSITIONS: ASSISTANT GENERAL MANAGER, QUALITY AND CONTROL MANAGER, BOARD MEMBER IN METLIFE-AIG-ANB FOR COOPERATIVE INSURANCE, HEAD OF INTERNAL AUDIT IN SAUDI CUSTOMS AUTHORITY, HEAD OF INTERNAL AUDIT PROGRAM IN SAMBA GROUP, INTERNAL AUDIT ASSISTANT MANAGER IN AL-INMA BANK, AND AUTHORISED OFFICER FOR FRAUD AND FINANCIAL CRIMES IN AL-AWWAL BANK. CURRENTLY, HE IS THE INTERNAL AUDIT GENERAL MANAGER IN THE CUSTOMS AUTHORITY.
AHMED MOHAMMED A. ALOMRAN (REPRESENTING THE GENERAL ORGANIZATION FOR SOCIAL INSURANCE)	<ul style="list-style-type: none"> - BOARD MEMBER - MEMBER OF THE RISK COMMITTEE 	<ul style="list-style-type: none"> - BACHELOR DEGREE IN INFORMATION SYSTEMS FROM KING SAUD UNIVERSITY, MASTERS DEGREE IN COMPUTER SCIENCE FROM FLORIDA INSTITUTE FOR TECHNOLOGY IN USA. 	CURRENTLY HE IS THE ASSISTANT GOVERNOR FOR INFORMATION TECHNOLOGY IN THE GENERAL ORGANIZATION FOR SOCIAL INSURANCE. HE WAS THE GENERAL MANAGER OF INFRASTRUCTURE FOR INFORMATION TECHNOLOGY, MANAGED THE INFRASTRUCTURE FOR NETWORK AND COMMUNICATION, INFORMATION SECURITY AND SYSTEMS AND OPERATIONS DEPARTMENT FROM 2001 TO 2011 IN THE GENERAL ORGANIZATION FOR SOCIAL INSURANCE. ALSO HE WAS A BOARD MEMBER IN SAMBA, THE SAUDI GROUP FOR INDUSTRIAL DEVELOPMENT, SAUDI CEMENT COMPANY, SAUDI COMMUNICATIONS COMPANY, TAKAFUL HOLDING COMPANY AND PARTICIPATED IN MANY CONFERENCES AND SYMPOSIUMS AT THE LOCAL AND INTERNATIONAL LEVELS.

Directors' Report

a- Brief description of the Board members and Board Committees members' qualifications and experiences (Continued)

Member	Position	Academic Qualifications	Practical experience
DR. BASSEM IBRAHIM AWADALLAH	- BOARD MEMBER	- MASTERS AND PHD DEGREES IN SCIENCE AND INTERNATIONAL RELATIONS AND INTERNATIONAL ECONOMY FROM GEORGETOWN UNIVERSITY IN USA	ANB BOARD MEMBER REPRESENTING ARAB BANK (PLC) JORDAN; AND HE IS CURRENTLY THE DEPUTY CHAIRMAN OF THE BOARD FOR ARAB BANK (PLC) JORDAN, AND HAS LONG EXPERIENCE IN INVESTMENT BANKING. OCCUPIED MANY OFFICIAL POSITIONS IN JORDAN AND HE WAS THE ECONOMIC CONSULTANT FOR THE MINISTRY OF PLANNING AND INTERNATIONAL COOPERATION.
MOHAMMED A. ALGHANAMAH	- BOARD MEMBER - MEMBER OF EXECUTIVE COMMITTEE - CHAIRMAN OF THE RISK COMMITTEE	- BACHELOR DEGREE IN MATHEMATICS FROM KING SAUD UNIVERSITY, IN ADDITION TO A DIPLOMA IN PROGRAMMING	BOARD MEMBER OF ARAB NATIONAL BANK REPRESENTING ARAB BANK (PLC) JORDAN, HAS A LONG EXPERIENCE IN BANKING BUSINESS. HE IS CURRENTLY THE HEAD OF THE CREDIT DEPARTMENT IN ARAB BANK (PLC) JORDAN.
ZIYAD ANWAR AKROUK	- BOARD MEMBER - CHAIRMAN OF THE STRATEGY COMMITTEE - MEMBER OF THE RISK COMMITTEE	- MASTERS IN BUSINESS ADMINISTRATION: FINANCE FROM SYRACUSE UNIVERSITY IN NEW YORK, USA, BACHELOR OF SCIENCE DEGREE WITH HONORS, IN CIVIL ENGINEERING FROM UNIVERSITY OF LEEDS IN THE UNITED KINGDOM.	CURRENTLY HE IS THE HEAD OF GROUP RISK AT ARAB BANK PLC - JORDAN. ALSO, HE WAS THE CHIEF EXECUTIVE OFFICER FOR EACH OF ARAB BANK PLC - UNITED KINGDOM, CITIBANK - KUWAIT, CITIBANK - JORDAN, AND OTHER LEADERSHIP POSITIONS, IN ADDITION TO BEING BOARD MEMBER FOR EACH OF ARAB BANK PLC - UNITED KINGDOM, ARAB BANKERS ASSOCIATION - UNITED KINGDOM, BRITISH BANKERS ASSOCIATION, UK, ASSOCIATION OF FOREIGN BANKS - UNITED KINGDOM, AND ASSOCIATION OF BANKS IN JORDAN.
DR. ROBERT M. EID*	- MANAGING DIRECTOR - CHIEF EXECUTIVE OFFICER - CHAIRMAN OF THE EXECUTIVE COMMITTEE - MEMBER OF THE STRATEGY COMMITTEE	- PHD DEGREE IN FINANCE AND BANKING SCIENCES FROM SORBON UNIVERSITY IN FRANCE	HAS A WIDE EXPERIENCE IN THE BANKING BUSINESS IN A NUMBER OF INTERNATIONAL BANKS; AND HE WAS A BOARD MEMBER AT METLIFE-AIG-ANB COOPERATIVE INSURANCE, AND CURRENTLY A BOARD MEMBER AT ARAB NATIONAL INVESTMENT CO. AND SAUDI HOME LOANS CO. HE WAS THE HEAD OF THE OVERSEAS BRANCHES AND SUBSIDIARIES NETWORK AT NATIONAL BANK OF KUWAIT, MANAGING DIRECTOR AT NATIONAL BANK OF KUWAIT INTERNATIONAL IN LONDON, DEPUTY CHAIRMAN OF THE BOARD AT NATIONAL BANK OF KUWAIT (LEBANON), BOARD MEMBER AT QATAR INTERNATIONAL BANK AND BOARD MEMBER AT THE ARAB BANKERS ASSOCIATION IN LONDON.

* DR. ROBERT EID- THE MANAGING DIRECTOR - SUBMITTED HIS RESIGNATION TO THE BOARD WITH EFFECT FROM 2/2/2021 FOR PERSONAL REASONS, AND THE BOARD HAS ACCEPTED THE RESIGNATION AND APPOINTED MR. OBAID AL RASHEED (DEPUTY CEO) AS THE MANAGING DIRECTOR AND CEO WITH EFFECT FROM 1/2/2021 AND THE SAUDI CENTRAL BANK'S NO OBJECTION WAS OBTAINED IN THIS REGARD. FURTHER, MR. NIZAR ALTWAIJRI WAS APPOINTED AS DEPUTY CEO WITH EFFECT FROM 1/2/2021.

b- Brief Description of the Audit Committee members' qualifications and experiences

Member	Academic Qualifications	Practical experience
THAMER MESFER ALWADAI	- BACHELOR DEGREE IN BUSINESS ADMINISTRATION FROM KING MOHAMMED BIN SAUD UNIVERSITY, MASTERS DEGREE IN BUSINESS ADMINISTRATION FROM YAMAMAH UNIVERSITY, AND ACCOUNTING DIPLOMA FROM THE INSTITUTE OF PUBLIC ADMINISTRATION	HE OCCUPIED SEVERAL POSITIONS: ASSISTANT GENERAL MANAGER, BOARD AND AUDIT COMMITTEE MEMBER AT METLIFE-AIG-ANB FOR COOPERATIVE INSURANCE, HEAD OF INTERNAL AUDIT IN SAUDI CUSTOMS AUTHORITY, HEAD OF INTERNAL AUDIT PROGRAM IN SAMBA GROUP, INTERNAL AUDIT ASSISTANT MANAGER IN AL-INMA BANK, AND AUTHORISED OFFICER FOR FRAUD AND FINANCIAL CRIMES IN AL-AWWAL BANK. CURRENTLY, HE IS THE INTERNAL AUDIT GENERAL MANAGER IN SAUDI CUSTOMS AUTHORITY.
KHALED M. SAAD ALBAWARDI	- BACHELOR DEGREE IN INDUSTRIAL MANAGEMENT FROM KING FAHAD UNIVERSITY FOR PETROLEUM AND MINERALS	HAS A LONG EXPERIENCE IN MANAGEMENT, INVESTMENT AND TRADE. HE WAS DEPUTY CHAIRMAN OF THE BOARD OF THE CHAMBER OF COMMERCE AND INDUSTRY IN EASTERN REGION, AND WAS A CHAIRMAN AND BOARD MEMBER FOR MANY JOINT STOCK COMPANIES, COMMITTEES AND SOCIAL EVENTS; IN ADDITION TO BEING CURRENTLY THE CHIEF EXECUTIVE OFFICER OF AL BAWARDI GROUP AND A BOARD MEMBER OF THE PORTS GENERAL AUTHORITY AND MEMBER FOR A NUMBER OF COMMITTEES AND COUNCILS FOR THE EASTERN REGION AMARA. HE OCCUPIED SEVERAL BOARDS OF DIRECTORS POSITIONS, SUCH AS BEING THE BOARD MEMBER OF THE CIVIL AVIATION AUTHORITY, RAILWAYS PUBLIC AUTHORITY, MEMBER OF THE CONSULTATION COUNCIL FOR THE MINISTER OF LABOR, BOARD MEMBER FOR THE GENERAL ORGANIZATION FOR SOCIAL INSURANCE (GOSI), MEMBER OF THE INVESTMENT COMMITTEE OF GOSI, BOARD MEMBER FOR THE BASIC CHEMICAL INDUSTRIES CO. AND BOARD MEMBER OF THE ARAB COMPANY FOR PAPER MANUFACTURING.
ABDULAZIZ ABDULMOHSEN BIN HASSAN	- BACHELOR DEGREE IN LAW FROM KING SAUD UNIVERSITY	CURRENTLY, HE IS A BOARD MEMBER IN AL FAISALIAH HOLDING GROUP AND TADAWUL, CHAIRMAN OF AL ALAMIYA FOR COOPERATIVE INSURANCE, AND WAS A MEMBER OF THE CONSULTATIONS COMMITTEE IN CAPITAL MARKET AUTHORITY, MANAGING DIRECTOR FOR SAUDI ARABIAN CREDIT SUISSE AND MANAGING DIRECTOR / CEO FOR RANA FOR INVESTMENT AND THE ARAB COMPANY FOR BUSINESS AND FINANCIAL PAPERS. FURTHER, HE WORKED FOR TREASURY IN SAMBA GROUP FROM 1994 TO 2006. HE WORKED ALSO FOR RIYADH BANK IN TREASURY DEPARTMENT FROM 1992 TO 1994 AND WAS DEPUTY CEO AND HEAD OF TREASURY DEPARTMENT FOR MUSCAT BANK FROM 2006 TO 2008.

c- Description of the Senior Executives' qualifications and experiences

Name	Current Position	Academic Qualifications	Practical experience
OBAID AL RASHEED	- DEPUTY CEO, AND HEAD OF RETAIL & PRIVATE BANKING	- BACHELOR DEGREE IN BUSINESS ADMINISTRATION FROM SAN JOSE STATE UNIVERSITY, CALIFORNIA, USA	CURRENTLY, HE IS DEPUTY CEO, AND THE HEAD OF RETAIL & PRIVATE BANKING AT ANB. HE HAS OVER 27 YEARS OF VAST EXPERIENCE IN BANKING INDUSTRY IN THE RETAIL, PRIVATE AND PUBLIC SECTORS, SMES AND CUSTOMER COMPLAINTS AND RESOLUTION DEPARTMENTS. HE IS A MEMBER OF KEY MANAGEMENT COMMITTEES (SENIOR CREDIT COMMITTEE, ASSET-LIABILITY COMMITTEE (ALCO), BUSINESS CONTINUITY, ETC.). HE IS THE CHAIRMAN OF THE BOARD OF AL ARABI HEAVY EQUIPMENT LEASE COMPANY (A SUBSIDIARY), AND A BOARD MEMBER OF SAUDI HOME LOANS (AN ASSOCIATE), SAUDI CHEMICAL COMPANY AND DR. SULAIMAN AL HABIB MEDICAL SERVICES HOLDING GROUP CO.
AIEDH AL ZAHRANI	- CHIEF OPERATING OFFICER (COO)	- BACHELOR DEGREE IN INFORMATION SYSTEMS FROM KING SAUD UNIVERSITY. - HOLDS MANY SPECIALIZED CERTIFICATES INCLUDING: SIX SIGMA BLACK AND GREEN BELT, AND TOGAF ARCHITECTURE	HE IS THE CHIEF OPERATING OFFICER (COO) AT ARAB NATIONAL BANK. BEFORE JOINING ANB, HE HELD A NUMBER OF POSITIONS AT RIYAD BANK INCLUDING CHIEF INFORMATION OFFICER AND DEPUTY VICE PRESIDENT OF BANKING SOLUTIONS SUPPORT. HE HAS OVER 22 YEARS OF EXPERIENCE IN THE DELIVERY OF STRATEGIC MANAGEMENT THROUGH TECHNOLOGY INTEGRATION. MEMBER OF VARIOUS COMMITTEES AT ANB INCLUDING BUT NOT LIMITED TO: INFORMATION STEERING COMMITTEE, MANAGEMENT EXECUTIVE COMMITTEE, ENTERPRISE RISK COMMITTEE ETC.
KAMAL A. KHODR	- HEAD OF RISK MANAGEMENT	- BACHELOR DEGREE IN ACCOUNTING & BUSINESS ADMINISTRATION FROM RICHMOND UNIVERSITY LONDON, UK - MASTERS DEGREE WITH CONCENTRATION IN FINANCE, LIVERPOOL UNIVERSITY, UK - EXECUTIVE LEADERSHIP PROGRAM, HARVARD BUSINESS SCHOOL	HAS DIVERSIFIED BANKING EXPERIENCE OF OVER 25 YEARS IN RISK MANAGEMENT AND CORPORATE BANKING. HE IS THE CHIEF RISK OFFICER AT ANB. BEFORE JOINING ANB, HE HELD SENIOR POSITIONS AT BANQUE SAUDI FRANSI AND ALAWWAL BANK. HE IS A MEMBER OF KEY MANAGEMENT COMMITTEES AT ANB: RISK COMMITTEE, OPERATION RISK COMMITTEE AND ALCO; IN ADDITION TO VARIOUS OTHER COMMITTEES.
NIZAR AL TWAJRI	- HEAD OF CORPORATE BANKING GROUP - BOARD MEMBER AT AL ARABI HEAVY EQUIPMENT & LEASE CO	- BACHELOR DEGREE IN COMPUTER INFORMATION SYSTEMS, KING SAUD UNIVERSITY - MASTERS DEGREE IN BUSINESS ADMINISTRATION FROM UNIVERSITY OF MAINE, USA.	NIZAR IS THE HEAD OF THE CORPORATE BANK GROUP AT ARAB NATIONAL BANK. HE HAS AN EXPERIENCE OF OVER 20 YEARS IN CORPORATE BANKING IN ANB. AS A MEMBER IN BOTH SENIOR CREDIT COMMITTEE & ALCO, HE CONTRIBUTED SIGNIFICANTLY IN MANAGING THE BANK'S CREDIT RISKS. NIZAR ALSO OVERSEES THE STRATEGIC INVESTMENTS UNIT IN ADDITION TO HIS CONTRIBUTION TO ACHIEVE THE STRATEGIC OBJECTIVES OF SUBSIDIARIES' BUSINESSES AS A MEMBER IN THEIR BOARDS OF DIRECTORS.
LATIFA AL SABHAN	- CHIEF FINANCIAL OFFICER - MEMBER AT ARAB NATIONAL INVESTMENT COMPANY AUDIT COMMITTEE	- BACHELOR DEGREE IN ACCOUNTING & BUSINESS ADMINISTRATION FROM UNIVERSITY OF KANSAS USA - CERTIFIED PUBLIC ACCOUNTANT CERTIFICATE (CPA), FROM ILLINOIS, USA	HAS A VAST EXPERIENCE WITH OVER 20 YEARS OF EXPERIENCE IN THE BANKING BUSINESS. LATIFA HAS EXPERIENCE IN EXTERNAL AND INTERNAL REPORTING, BUDGETING, STRATEGIC PLANNING AND EXPENSE CONTROL. A MEMBER OF KEY MANAGEMENT COMMITTEES AT ANB INCLUDING BUT NOT LIMITED TO: MARKET RISK POLICY COMMITTEE, ALCO, ETC. SHE PARTICIPATED IN THE IMPLEMENTATION OF NUMEROUS BANKING SYSTEMS.

Directors' Report

Four regular Board meetings were held during 2020 and were attended as follows:

Date	Attendance record	No. of Attendees
MARCH 24, 2020	SALAH RASHED AL-RASHED, ROBERT EID, AHMED ABDULLAH AL-AKEIL, KHALED M. SAAD ALBAWARDI, HESHAM ABDULLATIF AL-JABR, AHMED WAZIE ALQAHTANI, ABDULMOHSEN IBRAHIM AL TOUQ, MOHAMMED A. ALGHANAMAH, AND ZIYAD ANWAR AKROUK.	9
JUNE 16, 2020	SALAH RASHED AL-RASHED, ROBERT EID, MOHAMMED FARAJ ALKANANI, THAMER MESFER ALWADAI, HESHAM ABDULLATIF AL-JABR, AHMED MOHAMMED ALOMRAN, ABDULMOHSEN IBRAHIM AL TOUQ, BASSEM IBRAHIM AWADALLAH, MOHAMMED A. ALGHANAMAH AND ZIYAD ANWAR AKROUK.	10
SEPTEMBER 22, 2020	SALAH RASHED AL-RASHED, ROBERT EID, AHMED MOHAMMED ALOMRAN, MOHAMMED FARAJ ALKANANI, THAMER MESFER ALWADAI, HESHAM ABDULLATIF AL-JABR, ABDULMOHSEN IBRAHIM AL TOUQ, BASSEM IBRAHIM AWADALLAH, MOHAMMED A. ALGHANAMAH AND ZIYAD ANWAR AKROUK.	10
DECEMBER 21, 2020	SALAH RASHED AL-RASHED, ROBERT EID, AHMED MOHAMMED ALOMRAN, MOHAMMED FARAJ ALKANANI, HESHAM ABDULLATIF AL-JABR, THAMER MESFER ALWADAI, ABDULMOHSEN IBRAHIM AL TOUQ, BASSEM IBRAHIM AWADALLAH, MOHAMMED A. ALGHANAMAH AND ZIYAD ANWAR AKROUK.	10

An Extraordinary General Assembly meeting was held on March 30, 2020 and following are the names of the Board members who attended this meeting:

No.	Name	Position
1.	SALAH RASHED AL-RASHED	CHAIRMAN OF THE BOARD
2.	DR. ROBERT EID	MANAGING DIRECTOR (CEO)
3.	AHMED ABDULLAH AL-AKEIL	DEPUTY CHAIRMAN OF THE BOARD
4.	KHALED M. SAAD ALBAWARDI	BOARD MEMBER
5.	HESHAM ABDULLATIF AL-JABR	BOARD MEMBER
6.	AHMED WAZIE ALQAHTANI	BOARD MEMBER
7.	ABDULMOHSEN IBRAHIM AL TOUQ	BOARD MEMBER
8.	DR. BASSEM IBRAHIM AWADALLAH	BOARD MEMBER
9.	MOHAMMED A. ALGHANAMAH	BOARD MEMBER
10.	ZIYAD ANWAR AKROUK	BOARD MEMBER

Also, an Ordinary General Assembly meeting was held on June 3, 2020 and following are the names of the Board members who attended this meeting:

No.	Name	Position
1.	SALAH RASHED AL-RASHED	CHAIRMAN OF THE BOARD
2.	DR. ROBERT EID	MANAGING DIRECTOR (CEO)
3.	ABDULMOHSEN IBRAHIM AL TOUQ	DEPUTY CHAIRMAN OF THE BOARD
4.	HESHAM ABDULLATIF AL-JABR	BOARD MEMBER
5.	AHMED MOHAMMED ALOMRAN	BOARD MEMBER
6.	DR. MOHAMMED FARAJ ALKANANI	BOARD MEMBER
7.	THAMER MESFER ALWADAI	BOARD MEMBER
8.	DR. BASSEM IBRAHIM AWADALLAH	BOARD MEMBER
9.	MOHAMMED A. ALGHANAMAH	BOARD MEMBER
10.	ZIYAD ANWAR AKROUK	BOARD MEMBER

In the Extraordinary General Assembly meeting held on 30/3/2020, the following Board members were elected: Dr. Mohammed Faraj Alkanani, Mr. Ahmed Mohammed Alomran and Mr. Thamer Mesfer Alwadai to replace Messers. Ahmed Abdullah Al-Akeil, Khaled M. Saad Albawardi and Ahmed Wazie Alqahtani.

Directors with Board Membership or Managerial Positions in other companies inside or outside the Kingdom

Directors who were board members or managers in other companies inside or outside the Kingdom as at December 31, 2020 were as follows:

Director	Board membership in companies (inside / outside the Kingdom)
SALAH RASHED AL-RASHED	1-SAUDI WHITE CEMENT COMPANY
	2- TECH INVESTMENT COMPANY
	3- SAUDI SERVICES FOR ELECTRO MECHANIC WORKS
	4- GOLDEN CHICKEN FARM CO.
	5- CARE & SCIENCE MEDICAL CO.
	6- AL-RASHID TRADING & CONTRACTING CO.
	7- AL-RASHID ABETONG COMPANY
	8- RIYADH CEMENT COMPANY
	9- ALRASHED & AL-OMRAN CO.
	10- ARABIAN INDUSTRIES COMPANY
	11- RASHED ABDULRAHMAN ALRASHED & SONS COMPANY
	12- AL YAMAMA MEDICAL COMPANY
	13- GULF APPLICATIONS COMPANY
	14- SUPPLY SOLUTIONS FOR INFORMATION TECHNOLOGY
	15- DEVELOPMENT COMPANY FOR INVESTMENT, REAL ESTATE AND TOURISM DEVELOPMENT
	16- AL YAMAMA INVESTMENT AND INSTALLMENT COMPANY
	17- FINANCIAL UNION HOUSE COMPANY
	18- MALAZ FINANCIAL COMPANY
	19- INITIATIVES INFORMATION & COMMUNICATION COMPANY
	20- MALATH REAL ESTATE INVESTMENT AND INSTALLMENT COMPANY
	21- AMAD INTERNATIONAL COMPANY
	22- SALAH RASHED AL-RASHED AND SONS CO.
	23- ABANA ENTERPRISES GROUP CO.
	24- AL-YAMAMAH MARBLE AND GRANITE COMPANY
	25- PORCELAIN PIPE COMPANY
	26- AL AWAEI INVESTMENT HOLDING COMPANY
	27- RASHID DEVELOPMENT COMPANY (RASHIDCO)
ABDULMOHSEN IBRAHIM AL TOUQ	1-AL-TOUQ COMPANY
	2- DAR AL-TAMLEEK COMPANY
	3- SAUDI TELECOMMUNICATION SYSTEMS COMPANY
	4- SAUDI NETWORKERS SERVICES COMPANY LTD.
	5- ARABIAN COMPANY FOR INDUSTRIES LTD.
	6- STEEL PRODUCTS COMPANY LTD.
	7- EATHOS LTD.
	8- BAYADER COUNTRYSIDE COMMUNICATION SYSTEMS
	9- AL-HAZM ADVANCED COMPANY LTD.
	10- BARIQI COMPANY FOR COMMUNICATIONS AND INFORMATION TECHNOLOGY
HESHAM A. ALJABR	1- NATILY COMPANY FOR FURNITURE AND INTERNAL DESIGN
	2- AL JABR HOLDING COMPANY
	3- GULF CARTON FACTORY CO.
	4- CANNED BEVERAGES FACTORY CO.
	5- HAIER AND ALJABR SAUDI ELECTRONICS TRADING CO.
	6- NAMA ALMOSTAQBAL REAL ESTATE CO.
	7- AL JABR HOME APPLIANCES CO.
	8- KHUTA ALKHAIR CO.
	9- EINAS TRADING CO.

Directors' Report (Continued)

Director	Board membership in companies (inside / outside the Kingdom) (Continued)
AHMED MOHAMED A. AL OMRAN	1- SAUDI CEMENT COMPANY 2- SAUDI TELECOMMUNICATION COMPANY (STC) 3- TAKAMOL HOLDING COMPANY 4- MUDAD BUSINESS INFORMATION TECHNOLOGY COMPANY 5- MASDAR COMPANY FOR DATA SOLUTIONS 6- SAUDI INDUSTRIAL INVESTMENT COMPANY 7- SAMBA FINANCIAL GROUP
DR. MOHAMMED FARAJ ALKANANI	1- LEEJAM SPORTS COMPANY 2- SAUDI REAL ESTATE REFINANCING COMPANY 3- DAHRAN TECHNO VALLEY HOLDING COMPANY 4- DAHRAN VALLEY FOR BUSINESS SERVICES CO. 5- BUSINESS PARK COMPLEX COMPANY 6- NATIONAL BONDS CORPORATION LTD. 7- ALAHLI TAKAFUL CO. 8- CORPORATE GOVERNANCE CENTER 9- V CONSORTIUM
THAMER MESFER ALWADAI	NONE
DR. ROBERT EID	1- SAUDI HOME LOANS 2- ARAB NATIONAL BANK INVESTMENT COMPANY
DR. BASSEM IBRAHIM AWADALLAH	1- ARAB BANK PLC (JORDAN) – DEPUTY CHAIRMAN OF THE BOARD 2- AL-BARAKA ISLAMIC BANKING GROUP (BAHRAIN) 3- TOMOH ADVISORY – CHIEF EXECUTIVE OFFICER (UNITED ARAB EMIRATES) 4- WOJHAT FOR ECONOMIC CONSULTANCY
MOHAMMED A. AL-GHANAMAH	1- ARAB BANK PLC (JORDAN) 2- ARAB BANK PLC (SYRIA) 3- INTERNATIONAL ISLAMIC ARAB BANK (JORDAN) 4- AB INVEST (JORDAN) 5- ARAB NATIONAL LEASING COMPANY (JORDAN) 6- T- BANK (TURKEY)
ZIYAD ANWAR AKROUK	1- ARAB BANK PLC (JORDAN) 2- JORDANIAN MORTGAGE REFINANCING COMPANY (JORDAN) 3- AL NISR ALARABI INSURANCE COMPANY (JORDAN)

Audit Committee Members:

Name	Company's Membership (Inside and outside the Kingdom)
THAMER MESFER ALWADAI	NONE
KHALED M. ALBAWARDI	1- ATTKEN STEEL ENGINEERING FACTORY 2- ATTKEN INTERNATIONAL COMPANY LLC. 3- KHALED M. ALBAWARDI HOLDING GROUP 4- INTERNATIONAL TRANSPORTS & WAREHOUSING CO. LTD. 5- SAUDI DEVELOPMENT & EXPORT SERVICES CO. LTD. 6- EASTERN GATE LOGISTICS SERVICES CO. LTD. 7- MOHAMMAD AND ABDULRAHMAN ALBAWARDI CO. 8- ALMASADER ALINSHAEAH ALTIJARIYA COMPANY (LLC) 9- SAUDI MATERIALS RECYCLING CO. (SAMARCO)
ABDULAZIZ ABDULMOHSEN BIN HASSAN	1- THE INTERNATIONAL COMPANY FOR COOPERATIVE INSURANCE 2- AL FAISALIAH HOLDING GROUP

Principal Board Committees

The Board formed a number of committees, following are the main committees with their own specific terms of reference, functions and current members.

Executive Committee

The Executive Committee consists of the Managing Director and four other board members. Chaired by the Managing Director, the Executive Committee meets on average twice a month and acts as a general management committee with authority delegated to it by the Board. This Committee is responsible for implementing Bank policy, monitoring business performance, managing risks, ensuring the effectiveness of internal controls and approving large capital expenditure projects.

During 2020, the Executive Committee comprised of Dr. Robert Eid (Chairman), Salah Rashed Al-Rashed, Abdul Mohsen Ibrahim Al Touq, Hesham Abdullatif Al-Jabr, and Mohammed A. Alghanamah.

The Executive Committee held (17) meetings during 2020, following is the attendance record for these meetings:

#	Date	Attendance record	No. of attendees
1.	22/1/2020	DR. ROBERT EID, SALAH RASHED AL-RASHED, KHALED M. ALBAWARDI, HESHAM ABDULLATIF AL-JABR, MOHAMMED A. ALGHANAMAH	5
2.	5/2/2020	DR. ROBERT EID, SALAH RASHED AL-RASHED, KHALED M. ALBAWARDI, HESHAM ABDULLATIF AL-JABR, MOHAMMED A. ALGHANAMAH	5
3.	19/2/2020	DR. ROBERT EID, SALAH RASHED AL-RASHED, KHALED M. ALBAWARDI, HESHAM ABDULLATIF AL-JABR, MOHAMMED A. ALGHANAMAH	5
4.	4/3/2020	DR. ROBERT EID, SALAH RASHED AL-RASHED, KHALED M. ALBAWARDI, HESHAM ABDULLATIF AL-JABR, MOHAMMED A. ALGHANAMAH	5
5.	16/3/2020	DR. ROBERT EID, SALAH RASHED AL-RASHED, HESHAM ABDULLATIF AL-JABR, KHALED M. ALBAWARDI, MOHAMMED A. ALGHANAMAH	5
6.	24/3/2020	DR. ROBERT EID, SALAH RASHED AL-RASHED, KHALED M. ALBAWARDI, HESHAM ABDULLATIF AL-JABR, MOHAMMED A. ALGHANAMAH	5
7.	29/4/2020	DR. ROBERT EID, SALAH RASHED AL-RASHED, ABDULMOHSEN IBRAHIM AL TOUQ, HESHAM ABDULLATIF AL-JABR, MOHAMMED A. ALGHANAMAH	5
8.	9/6/2020	DR. ROBERT EID, SALAH RASHED AL-RASHED, ABDULMOHSEN IBRAHIM AL TOUQ, HESHAM ABDULLATIF AL-JABR, MOHAMMED A. ALGHANAMAH	5
9.	14/7/2020	DR. ROBERT EID, SALAH RASHED AL-RASHED, ABDULMOHSEN IBRAHIM AL TOUQ, HESHAM ABDULLATIF AL-JABR, MOHAMMED A. ALGHANAMAH	5
10.	18/8/2020	DR. ROBERT EID, SALAH RASHED AL-RASHED, ABDULMOHSEN IBRAHIM AL TOUQ, HESHAM ABDULLATIF AL-JABR, MOHAMMED A. ALGHANAMAH	5
11.	8/9/2020	DR. ROBERT EID, SALAH RASHED AL-RASHED, ABDULMOHSEN IBRAHIM AL TOUQ, HESHAM ABDULLATIF AL-JABR, MOHAMMED A. ALGHANAMAH	5
12.	22/9/2020	DR. ROBERT EID, SALAH RASHED AL-RASHED, ABDULMOHSEN IBRAHIM AL TOUQ, HESHAM ABDULLATIF AL-JABR, MOHAMMED A. ALGHANAMAH	5
13.	27/10/2020	DR. ROBERT EID, SALAH RASHED AL-RASHED, ABDULMOHSEN IBRAHIM AL TOUQ, HESHAM ABDULLATIF AL-JABR, MOHAMMED A. ALGHANAMAH	5
14.	10/11/2020	DR. ROBERT EID, SALAH RASHED AL-RASHED, ABDULMOHSEN IBRAHIM AL TOUQ, HESHAM ABDULLATIF AL-JABR, MOHAMMED A. ALGHANAMAH	5
15.	25/11/2020	DR. ROBERT EID, SALAH RASHED AL-RASHED, ABDULMOHSEN IBRAHIM AL TOUQ, HESHAM ABDULLATIF AL-JABR, MOHAMMED A. ALGHANAMAH	5
16.	8/12/2020	DR. ROBERT EID, SALAH RASHED AL-RASHED, ABDULMOHSEN IBRAHIM AL TOUQ, HESHAM ABDULLATIF AL-JABR, MOHAMMED A. ALGHANAMAH	5
17.	21/12/2020	DR. ROBERT EID, SALAH RASHED AL-RASHED, ABDULMOHSEN IBRAHIM AL TOUQ, HESHAM ABDULLATIF AL-JABR, MOHAMMED A. ALGHANAMAH	5

Directors' Report

Nomination and Remuneration Committee

The Nomination and Remuneration Committee was formed in 2010. It is currently comprised of three non-executive Board members: Dr. Mohammed Faraj Al-Kanani (Chairman) (Independent), Salah Rashed Al-Rashed and Thamer Mesfer Alwadai (Independent member). The Committee has the authority to review and recommend to the Board for its approval amendments to the Bank's compensation policy and practices and submit related recommendations to the Board for its approval. The Committee also reviews the level and composition of remuneration of key executives and recommends a risk adjusted bonus pool to the Board / Executive committee for approval. Further, the Committee determines the skills and capabilities required to reinforce the Board's performance, and the Board authorizes the Committee to review the Board's structure and to evaluate its performance whenever is needed. The Committee also ensures availability of adequate time to enable the member to perform his duties and responsibilities in addition to the individual contribution based on an approved mechanism to identify strengths and weaknesses and propose remedial actions and submit the appropriate recommendations to the Board to achieve the Bank's interests. The Committee's functions also include nomination to Board membership and to nominate senior executives through studying their qualifications and submit related recommendations to the Board.

At its meeting on March 27, 2011, the Extraordinary General Assembly endorsed the selection rules of the Nomination and Remuneration Committee's members, the Committee's method of work and the Committee members' remuneration as advised by the Board.

The Nomination and Remuneration Committee held (4) meetings during 2020, following is the attendance record for these meetings:

#	Date	Attendance record	No. of attendees
1.	22/1/2020	KHALED M. ALBAWARDI, SALAH RASHED AL-RASHED, AHMED ABDULLAH AL-AKEIL	3
2.	16/3/2020	KHALED M. ALBAWARDI, SALAH RASHED AL-RASHED, AHMED ABDULLAH AL-AKEIL	3
3.	9/6/2020	DR. MHAMMED FARAJ ALKANANI, SALAH RASHED AL-RASHED, THAMER MESFER ALWADAI	3
4.	8/12/2020	DR. MHAMMED FARAJ ALKANANI, SALAH RASHED AL-RASHED, THAMER MESFER ALWADAI	3

Audit Committee

The Audit Committee assists the Board in reviewing the effectiveness of the Bank's internal control processes, ensures accuracy and correctness of the Bank's financial statements, closing accounts and adherence to the regulatory requirements and accounting standards. The Audit Committee also approves the annual review plans of the Internal Audit Division and the Compliance and Anti-Money Laundering Group, assesses the results of their work and ensures the existence of control processes that ensure proper implementation of the Bank's procedures. The Committee studies the risk group reports, discuss them with concerned officials and make relevant recommendations.

It provides a direct channel between the external auditors and the Board, ensures the external audit is conducted in a thorough and effective manner and that the reports by the external auditors are properly actioned.

The Committee recommends the appointment of external auditors and reviews their audit plans and the results of the work performed. The Bank complies with the Rules and Guidelines for Banks in Saudi Arabia for Organizing Audit Committees issued by the Saudi Central Bank.

The Committee is comprised of three independent members, out of which the chairman is a board member and two non-board members. The Committee meets regularly with the Managing Director, Chief Financial Officer, Head of Internal Audit, Head of Compliance and Anti-Money Laundering Group, Head of Risk Management Group, External Auditors and other members of the management team as may be required for discussions and deliberations. The Committee discusses its annual report with the Board at the end of the year.

During 2020, the Audit Committee comprised of Thamer Mesfer Alwadai (Chairman / Board member - independent), Mr. Khaled Mohammed Albawardi and Mr. Abdulaziz Abdulmohsen Bin Hassan (members from outside the Board).

The Audit Committee held (9) meetings during 2020, following is the attendance record for these meetings:

#	Date	Attendance record	No. of attendees
1.	20/1/2020	AHMED ABDULLAH AL-AKIEL, SALEH A. AL- ISMAIL, MOHAMMED A. ALOMRAN	3
2.	18/2/2020	AHMED ABDULLAH AL-AKIEL, SALEH A. AL- ISMAIL, MOHAMMED A. ALOMRAN	3
3.	21/5/2020	KHALED M. ALBAWARDI, ABDULAZIZ ABDULMOHSEN BIN HASSAN	2
4.	7/6/2020	THAMER MESFER ALWADAI, KHALED M. ALBAWARDI, ABDULAZIZ ABDULMOHSEN BIN HASSAN	3
5.	19/7/2020	THAMER MESFER ALWADAI, KHALED M. ALBAWARDI, ABDULAZIZ ABDULMOHSEN BIN HASSAN	3
6.	6/9/2020	THAMER MESFER ALWADAI, KHALED M. ALBAWARDI, ABDULAZIZ ABDULMOHSEN BIN HASSAN	3
7.	25/10/2020	THAMER MESFER ALWADAI, KHALED M. ALBAWARDI, ABDULAZIZ ABDULMOHSEN BIN HASSAN	3
8.	23/11/2020	THAMER MESFER ALWADAI, KHALED M. ALBAWARDI, ABDULAZIZ ABDULMOHSEN BIN HASSAN	3
9.	10/12/2020	THAMER MESFER ALWADAI, KHALED M. ALBAWARDI, ABDULAZIZ ABDULMOHSEN BIN HASSAN	3

Strategy Committee

The Board formed a strategy committee of five members as follows:

- Mr. Ziyad Anwar Akrouk (Chairman);
- Mr. Abdulmohsen Ibrahim Al Touq;
- Dr. Robert Eid;
- Mr. Hesham Abdullatif Al-Jabr; and
- Dr. Mohammed Faraj Alkanani

The Strategy Committee assists the Board with strategic matters in general and with the monitoring of the Strategy Plan implementation in particular.

The Strategy Committee oversees the strategic planning process on behalf of the Board and ensures development, coordination, communication and integration of the Bank's strategic plan and its consistency with current

conditions with consideration to the future expectations. The Committee sets forth the process of strategy implementation and monitoring.

Also the strategy committee, in coordination with the Managing Director, ensures that accountabilities, decision making parameters and information channels exist for effective implementation of the Bank's strategy.

The Strategy Committee held one meeting in 2020, dated February 26, 2020; and following is the attendance record for this meeting:

Date	Attendance record	No. of attendees
26/2/2020	ZIYAD ANWAR AKROUK, AHMED ABDULLAH AL-AKIEL, DR. ROBERT EID, HESHAM ABDULLATIF AL-JABR, AHMED WAZIE ALQAHTANI	5

Risk Committee

The Board formed a risk committee consisting of the following five members:

- Mr. Mohammed A. Alghanamah (Chairman)
- Mr. Abdulmohsen Ibrahim Al Touq
- Mr. Ahmed Mohammed Alomran
- Dr. Mohammed Faraj Alkanani
- Mr. Ziyad Anwar Akrouk

Roles and responsibilities of the Committee are as follows:

- Developing a risk strategy for the Bank and setting its overall risk appetite.
- Ensuring that the Bank has an effective risk management framework for the identification, measurement, monitoring and control of the various risks to which the Bank is exposed, e.g. credit, market, liquidity, and operational risks.
- Ensuring that the Bank has well-defined risk management policies covering all key risks inherent to its activities.
- Review assessment of the Head of Risk Management and require management to ensure that the staff involved in risk management possesses sound expertise and knowledge to discharge their responsibilities as required.
- Ensuring that the Bank's credit and market risks exposures are maintained at prudent levels.

The Risk Committee held two meetings during 2020, following is the attendance record for these meetings:

#	Date	Attendance record	No. of attendees
1.	29/6/2020	MOHAMMED A. ALGHANAMAH, ABDULMOHSEN IBRAHIM AL TOUQ, ZIYAD ANWAR AKROUK, AHMED MOHAMMED ALOMRAN, DR. MOHAMMED FARAJ ALKANANI	5
2.	8/12/2020	MOHAMMED A. ALGHANAMAH, ABDULMOHSEN IBRAHIM AL TOUQ, AHMED MOHAMMED ALOMRAN, DR. MOHAMMED FARAJ ALKANANI, ZIYAD ANWAR AKROUK	5

Remunerations of Board Members' Related Committees and Senior Executives

The Bank adopts a remunerations policy (recommended by the Nomination and Remuneration Committee) and approved by the Board, which includes effective governance principles, remunerations and compensations standards, determines implementation scope, factors specifying remunerations amount and its distribution among the Groups and at individual level, and remunerations amount adjusted to risks. The Bank is committed to apply this policy upon payment with consideration to a number of practical facts that meet the Bank's interests, such as the Bank's achieved financial results and extent of growth sustainability, the Bank's non-financial performance of the different business units, extent of achieving the Bank's strategic objectives, application of a system for calculation of risk adjusted income, and evaluating the performance of management executives on the Bank's long-term performance. The Bank strives to achieve the risk adjusted income on one hand, and to maintain competent staff (vulnerable for attraction) on the other hand, with consideration to last years' remunerations and to the fact that employees' contracts do not include any future guaranteed remunerations.

a) Board Members' Remunerations

The Board approves the level of the remunerations of the Chairman and Board members, in accordance with a mechanism that takes into account the Saudi Central Bank's instructions (which states maximum and minimum for the Board remunerations), with consideration to performance of each member during the year. As per the policy stated above, the total annual remunerations paid to the Board members are detailed as follows:

	SAR '000	Independent members	Non-Executive members	Executive members
Fixed Remunerations	FIXED AMOUNT	1,600	2,080	400
	BOARD MEETINGS' ATTENDANCE FEES	80	95	20
	COMMITTEE MEETINGS' ATTENDANCE FEES	225	110	80
	IN- KIND BENEFITS	-	-	-
	TECHNICAL, MANAGERIAL, AND CONSULTANCY REMUNERATIONS	-	-	-
	REMUNERATIONS FOR THE CHAIRMAN, MANAGING DIRECTOR, OR SECRETARY, IF A MEMBER	-	-	-
	TOTAL	1,905	2,285	500
Variable Remunerations	PERCENTAGE OF THE PROFITS	-	-	-
	PERIODIC REMUNERATIONS	-	-	-
	SHORT-TERM INCENTIVE PLANS	-	-	-
	LONG-TERM INCENTIVE PLANS	-	-	-
	GRANTED SHARES	-	-	-
	TOTAL	-	-	-
	AGGREGATE TOTAL	1,905	2,285	500
	EXPENSES' ALLOWANCES	57	74	39

Directors' Report

Note that the remunerations for the Board Committees represent attendance fees of SAR 325 thousand for the Executive Committee, SAR 40 thousand for the Remunerations and Compensations Committee, SAR 10 thousand for the Strategy Committee and SAR 40 thousand for the Risk Committee.

b) Remunerations of Audit Committee Members

The Audit Committee comprised of three independent members including the Chairman who is a Board member and two members who are not members of the Board. The following table shows the remunerations of the Audit Committee members:

	SAR '000			
	Fixed remunerations other than attendance fees	Attendance fees	Total	Expenses' Allowances
CHAIRMAN OF THE AUDIT COMMITTEE (FROM INSIDE THE BOARD)	164	40	204	-
AUDIT COMMITTEE MEMBERS (FROM OUTSIDE THE BOARD)	400	90	490	13
TOTAL	564	130	694	13

c) Senior Executives' Remunerations

Based on recommendations of the Nomination and Remuneration Committee, the Board determines the senior executives' remunerations to be in line with the Bank's strategic objectives and to urge senior executives to achieve such objectives:

	SAR '000	
	Fixed Remunerations due for 2020	Variable Remunerations - actually paid in 2020
SALARIES	18,265	
ALLOWANCES	3,443	
IN- KIND BENEFITS	560	
TOTAL	22,268	
PERIODIC REMUNERATIONS	25,413	
PROFITS	-	
SHORT-TERM INCENTIVES	-	
LONG-TERM INCENTIVES	2,425	
GRANTED SHARES	-	
TOTAL	27,838	
END OF SERVICE BENEFITS	1,826	
TOTAL	51,932	

Interests of Board Members, Senior Executives, their wives and children

1- Major Shareholders

Name	At beginning of year January 1, 2020		Change during the year		At end of year December 31, 2020	
	Number of shares	Ownership %	Number of shares	Change %	Number of shares	Ownership %
ARAB BANK PLC	600,000,000	40.00	-	-	600,000,000	40.00
GENERAL ORGANIZATION FOR SOCIAL INSURANCE (GOSI)▲	173,665,966	11.58	-1,800,000	-1.04	171,865,966	11.46
RASHED ABDUL RAHMAN AL-RASHED AND SONS CO.	149,528,145	9.97	-	-	149,528,145	9.97
AL-JABR INVESTMENT AND REAL ESTATE CO.	84,813,142	5.66	-	-	84,813,142	5.66

▲ The total shares of the General Organization for Social Insurance includes the shares of Hassanah Investment Company (63,696,043 shares) which are wholly owned by the General Organization for Social Insurance.

2- Board Members, Senior Executives, their wives and children

Name	At beginning of year January 1, 2020		Change during the year		At end of year December 31, 2020	
	Number of shares	Ownership %	Number of shares	Change %	Number of shares	Ownership %
SALAH RASHED AL-RASHED	14,823	0.00	-4,823	-32.54	10,000	0.00
ABDULMOHSEN IBRAHIM AL-TOUQ	300	0.00	-	-	300	0.00
HESHAM ABDULLA-TIF AL-JABR	18,021	0.00	-	-	18,021	0.00
MOHAMMED FARAJ ALKANANI	-	-	-	-	-	-
AHMED MOHAMMED ALOMRAN*	-	-	-	-	-	-
THAMER MESFER ALWADAI	-	-	-	-	-	-
ZIAD ANWAR AKROOK**	-	-	-	-	-	-
MOHAMMED A. ALGHANAMAH**	-	-	-	-	-	-
ROBERT EID**	-	-	-	-	-	-
BASSEM IBRAHIM AWADALLAH**	-	-	-	-	-	-
OBAID A. AL RASHEED	42,750	0.00	50,000	116.96	92,750	0.00
RELATIVES OF ZUHAIR S. AL HERBISH	105,300	0.00	-	-	105,300	0.00

NOTE: BOARD MEMBER SHARES INCLUDE THOSE HELD BY WIVES AND CHILDREN.

* REPRESENTS GOSI AND DO NOT OWN ANY SHARES IN ARAB NATIONAL BANK.

** BOARD MEMBERS REPRESENTING ARAB BANK PLC DO NOT OWN ANY SHARES IN ARAB NATIONAL BANK.

Directors' Report (Continued)

Internal Control Framework

Senior Management is responsible for establishing and maintaining an adequate and effective internal control system for risk management within the bank's approved risk acceptance framework. The internal control system includes the policies, procedures and processes, which are designed under supervision of the Board to achieve the strategic objectives of the Bank and safeguard its assets.

Internal Audit Division as the third line of defense in providing an independent appraisal to the Board's Audit Committee and the management as to the effectiveness of internal controls, including conducting independent periodical reviews for the activities of the Compliance and Anti-Money Laundering Group, to ensure regulatory compliance and conformity with Bank's approved policies and procedures. All significant and material findings of Internal Audit reviews are reported to the Audit Committee of the Board through quarterly activity reports. The Audit Committee actively monitors the adequacy and effectiveness of the internal control system to ensure that identified risks are mitigated to safeguard the interest of the Bank and its stakeholders.

Concerted and integrated efforts are made by all functions of the Bank to improve the control environment at gross root level through continuous reviewing and streamlining of procedures to prevent and rectify any control deficiencies. Each function, under the supervision of the Senior Executive Management, is entrusted with the responsibility to oversee rectification of control deficiencies identified by control bodies.

The Compliance and Anti-Money Laundering Group works closely with the Risk Management Group and other control bodies in order to establish an effective control framework through its duties and responsibilities under the programs of Compliance and Anti-Money Laundering that sets out its planned activities such as the implementation and review of specific policies and procedures, compliance risk assessment, and establishing a strong compliance culture among employees, and submit relevant reports to the Audit Committee who in turn assesses those programs and sets out relevant recommendations.

The Bank's internal control system has been designed to provide reasonable assurance to the Board, on the management of risks to achieve the Bank's strategic objectives. Internal control systems, no matter how effective is designed, it has inherent limitations, and may not prevent or detect all control deficiencies. Moreover, 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 and procedures.

Management has adopted Internal Controls integrated framework as recommended by the Saudi Central Bank through its guidelines on Internal Controls.

Audit Committee also receives quarterly updates on the Internal Controls Gaps from Internal Audit Division of the Bank through the Audit reports that were issued. The updates include description of the internal controls gaps noted and the corrective action plans to adequately address those gaps by the Management.

Based on the results of the ongoing evaluation of internal controls carried out by the management during the year, the Management considers that the Bank's existing internal control system is adequately designed,

operating effectively and monitored consistently. Nevertheless, the Management continuously endeavors to enhance and further strengthen the internal control system of the Bank.

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

Results of the Review of Internal Control Procedures' Effectiveness

Minutes of the Audit Committee meetings and results of its works in 2020 submitted to the Chairman of the Board included the main observations and recommendations to rectify them. The Committee, through its follow up of the performance of the Internal Audit Division and other related departments and being informed of the different internal controls procedures' reports in the Bank; mainly the reports of Internal Audit, Risk Management Group, Compliance and Anti-Money Laundering Group and external audit reports during 2020 as well as other reports required by the Committee from time to time in relation to the activity of some departments to look into some of the work's aspects and related results, and in light of the meetings with the Bank's Chief Executive Officer and other concerned departments' officials and discussion with them on the contents of such reports and performance of their sectors; as well as its meetings with the Head of Information Technology Group, Head of Information Security, and representatives of the external auditors during this year, whereby the meetings held totaled (4) in 2020; thus, the Committee concluded that the Bank's internal control environment reflects the effectiveness of its internal control procedures and that it is in continued improvements to meet changes in business needs and responding to future developments. Further, the Committee concluded that other than what was indicated in the Committee's minutes and reports, the Committee is not aware of any significant comments that require disclosure. The corrective procedures for violations (if any) are being resolved on the spot under follow up and close supervision by Internal Audit Division.

Regarding the accounting policies applied in the Bank as well as implementation of all requirements and instructions of the Saudi Central Bank and other regulatory bodies, the Committee continually discusses such policies with the heads of the concerned departments in the Bank and the external auditors, on periodical basis, as well as discussing any changes in the policies and International Financial Reporting Standards (IFRS) to ensure proper implementation and their impact on the Bank's current and future performance results and take precautionary measures through appropriate procedures.

Communication with Shareholders

Communication with shareholders is given a high priority. Extensive information about the Bank's activities is provided in the Annual Report and Interim Condensed Consolidated Financial Statements, which are posted on the Bank's website. Further investor information is also accessible on the Bank's website, www.anb.com.sa. There is a regular dialogue with institutional investors through different communication channels. Inquiries from individuals on matters relating to their shareholdings and the Bank's business are welcomed and are handled in an informative and timely manner. All shareholders are encouraged to attend the Annual General Meeting to discuss the progress of the Bank.

Directors' Report

The Bank's requests for the shareholders' register and the dates of such requests

Date of request	Reason for request	No. of requests
21/1/2020	FILE FOR REPORT AND CONTROL	1
21/1/2020	FILE FOR GENERAL ASSEMBLY	1
2/3/2020	FILE FOR ANNUAL DIVIDEND DISTRIBUTION	1
30/3/2020	FILE FOR REPORT AND CONTROL	1
30/3/2020	FILE FOR SEMI-ANNUAL DIVIDEND DISTRIBUTION	1
29/4/2020	FILE FOR REPORT AND CONTROL	1
1/7/2020	FILE FOR REPORT AND CONTROL	1
5/8/2020	FILE FOR REPORT AND CONTROL	1
1/9/2020	FILE FOR REPORT AND CONTROL AND YEAR-END REPORT	1
1/10/2020	FILE FOR PLEDGES AND INFORMATION ON MORTGAGES	1
2/11/2020	FILE FOR REPORT AND CONTROL	1
1/12/2020	FILE FOR REPORT AND CONTROL	1
TOTAL		12

Credit Ratings

During 2020, the Bank's credit ratings granted by prominent international credit rating agencies were as follows:

STANDARD & POOR'S	BBB+
MOODY'S	A2
FITCH RATINGS	BBB+

Assignment of interests by ANB Directors/ Senior Executives/ Shareholders

The Bank is not aware of any arrangements or agreements whereby directors, senior executives or shareholders have assigned interests or rights to dividends or any salary or compensation.

Human Resources

Total number of staff at the end of 2020 was 3,959 compared to 4,170 at the end of 2019. The Saudization ratio at the end of 2020 was 89%.

Donations and Social Responsibility

ANB views with great importance its responsibility towards community and is always keen to empower this role out of a genuine interest to contribute to the community and its social development. During 2020, the Bank executed a number of activities, and provided financial support to a number of entities, bringing its total community contribution to SAR 26.5 million.

In the health field, the Bank has supported a number of initiatives with more than SAR 14 million, and in the area of community support, the Bank has adopted a number of social initiatives, providing in excess of SAR 11 million as donations.

To contribute to the economic development process, the Bank provided financial support of more than SAR 1.5 million to a number of entities. With regards to Saudization and to support national cadres, the Bank exerted relentless efforts to Saudize jobs and provide promising job opportunities for the nation's youth.

Major Initiatives – 2020

Beneficiary Entity	Description	Objective
COMMUNITY FUND - MINISTRY OF HUMAN RESOURCES & SOCIAL DEVELOPMENT	CASH DONATION	CONTRIBUTION TO SUPPORT THE NEEDIEST OF COVID-19 VICTIMS
HEALTH ENDOWMENT FUND - MINISTRY OF HEALTH	CASH DONATION	CONTRIBUTION TO NATIONAL HEALTH EFFORTS ON PREVENTION OF COVID-19
AUTISM CENTER OF EXCELLENCE, RIYADH	CASH CONTRIBUTION	CONTRIBUTION TO CENTER ESTABLISHMENT AS A MAJOR CENTER AND TERTIARY FACILITY FOR AUTISM CENTERS KINGDOM-WIDE
RIYADH - G20 SUMMIT	SPONSORSHIP & FINANCING	CONTRIBUTION TO SAUDI ARABIA'S EFFORTS TO HOST THE G-20 SUMMIT
BIBAN FORUM	FIELD PARTICIPATION	SUPPORT THE FORUM'S EFFORTS TO CREATE AN APPROPRIATE ENVIRONMENT FOR SMALL & MEDIUM ENTERPRISES
MUNICIPAL INVESTMENT FORUM (FURAS)	PARTICIPATION & CASH DONATION	CONTRIBUTION TO THE DEVELOPMENT OF A MUNICIPAL SECTOR INVESTMENT PLATFORM
CITIZENS & RESIDENTS	PRODUCTION OF AWARENESS VIDEOS	ENHANCE AWARENESS OF CITIZENS AND RESIDENTS ON THE IMPORTANCE OF COMPLYING WITH COVID-19 PRECAUTIONARY & PREVENTIVE MEASURES
EASTERN PROVINCE YOUTH COUNCIL	CASH CONTRIBUTION	CONTRIBUTE TO FURTHERANCE OF THE COUNCIL'S MISSION TO GROOM AND NURTURE SKILLS OF A GENERATION OF YOUNG SAUDI MALES AND FEMALES THRU TRAINING AND CERTIFICATION
COMMITTEE FOR THE WELFARE OF PRISONERS/EX-PRISONERS AND THEIR FAMILIES (TARAHUM), AL MADINA AL MUNAWARA	CASH DONATION	SUPPORT COMMITTEE EFFORTS TO CARE FOR CURRENT AND EX-PRISONERS & THEIR FAMILIES
INSTITUTE OF PUBLIC ADMINISTRATION - GRADUATE & JOB DAY	SPONSORSHIP AND CASH DONATION	SUPPORT IPA'S EFFORTS ON EMPLOYMENT OF SAUDI NATIONALS
TRAFFIC POLICE SAFETY AWARENESS AND ADVISORY OUTREACH CAMPAIGN SPONSORED BY THE SAUDI CENTRAL BANK AND NAJM	PUBLICATION OF CAMPAIGN MESSAGES	CONTRIBUTE TO TRAFFIC AWARENESS AND ENHANCE COMPLIANCE WITH SAFETY INSTRUCTIONS
SAUDI SOCIETY FOR PATIENTS WITH PARKINSON'S (PARALYSIS AGITANS)	CASH DONATION	SUPPORT SOCIETY EFFORTS TO SERVE PATIENTS WITH PARKINSON'S DISEASE
SAUDI ORGANIZATION OF CERTIFIED PUBLIC ACCOUNTANTS	CASH DONATION	PROMOTE SOCPA'S EFFORTS TO ADVANCE THE ACCOUNTANCY AND AUDIT PROFESSION, AND UPLIFT TRUST IN THE NATIONAL ECONOMY

Statutory Payments

Statutory payments during the year 2020 were as follows:

	SAR IN MILLIONS
ZAKAT ATTRIBUTABLE TO SAUDI SHAREHOLDERS	285
INCOME TAX PAYABLE BY THE NON-SAUDI SHAREHOLDERS	218
GOSI	58
WITHHOLDING TAX	8

Penalties and Regulatory Restrictions

The penalties charged during 2020 as a result of operational activities are detailed as follows:

Directors' Report

(Continued)

Arab National Bank
Annual Report 2020

– Saudi Central Bank's penalties:

Subject of Violation	Prior Year 2019		Current Year 2020	
	Number of Penalties	Amount of Penalties	Number of Penalties	Amount of Penalties
VIOLATION TO CENTRAL BANK'S INSTRUCTIONS	10	3,597.5	14	599.0
VIOLATION TO CENTRAL BANK'S INSTRUCTIONS RELATED TO CUSTOMER PROTECTION	1	20.0	1	630.0
VIOLATION TO CENTRAL BANK'S INSTRUCTIONS RELATED TO EXERTING DUE DILIGENCE	-	-	1	115.05
VIOLATION TO CENTRAL BANK'S INSTRUCTIONS RELATED TO LEVEL OF ATM / POS PERFORMANCE	-	-	-	-
VIOLATION TO CENTRAL BANK'S INSTRUCTIONS RELATED TO EXERTING DUE DILIGENCE ON ANIT-MONEY LAUNDERING (AML) AND CTF	-	-	-	-

– Other Regulatory Penalties:

Name	Prior Year 2019		Current year 2020		Subject of Violation
	Number of Penalties	Amount of Penalties	Number of Penalties	Amount of Penalties	
PENALTIES BY GAZT (*)	2	26,589	-	-	-
PENALTIES BY MUNICIPALITIES AND MINISTRY OF MUNICIPAL AND RURAL AFFAIRS	27	732	30	799.6	VIOLATION TO LICENSE REQUIREMENTS
PENALTIES BY CMA	-	-	1	30	VIOLATION TO ADHERENCE TO REGULATIONS
PENALTIES BY THE ROYAL COMMISSION FOR JUBAIL AND YANBU	-	-	1	2.1	VIOLATION TO LICENSE REQUIREMENTS
PENALTIES BY THE MINISTRY OF INTERIOR	-	-	1	0.5	TRAFFIC VIOLATION

(*) IN 2020, THE BANK RECOVERED SAR 15,315 THOUSAND OUT OF THE GAZT PENALTIES CHARGED IN 2019.

Protective Actions to Remedy Violations:

The Bank is keen to adhere to Regulatory and Supervisory Authorities' instructions and regulations, and the Bank has control bodies assigned to set forth the protective measures to mitigate violations and avoid its repetition in coordination with the concerned bodies. The Bank, promptly evaluates the violations and study the reasons thereof and set up the necessary corrective plans and follow them up with the concerned departments. The main methods to remedy violations and avoid repetition in the future include the following:

1. Upgrade the existing systems to introduce new technological tools.
2. Amend the related policies and procedures.
3. Introduce new controls to follow up the Bank's related businesses.
4. Awareness of employees on the related regulatory requirements.
5. Include the violations within control programs of the control departments in the Bank for follow up and to ensure implementation of the protective measures.

Conflicts of Interests

Following is a statement of the related parties' transactions as shown in the 2020 consolidated financial statements which include any contract in which any member of the Board or any of their affiliates has or had any material interest, in addition to the facilities granted to some Board members. All these facilities are governed by the Saudi Central Bank's instructions which stipulate that all facilities offered to non-banking parties should be fully guaranteed.

It is worth noting that the related party transactions are performed on an arm's length basis where no preference conditions or prices are granted for such transactions. Furthermore, the Bank did not have nor did it enter into any contract in which the Managing Director and/or the Chief Financial Officer has or had any material interest.

Related Party Transactions

a) The balances as at December 31, 2020 resulting from such transactions included in the consolidated financial statements are as follows:

	SAR '000
NON-SAUDI MAJOR SHAREHOLDER AND THEIR AFFILIATES:	
DUE FROM BANKS AND OTHER FINANCIAL INSTITUTIONS	28,673
DUE TO BANKS AND OTHER FINANCIAL INSTITUTIONS	600,828
COMMITMENTS AND CONTINGENCIES	1,402,699
DIRECTORS, KEY MANAGEMENT PERSONNEL, OTHER MAJOR SHAREHOLDERS AND THEIR AFFILIATES:	
LOANS AND ADVANCES	5,912,293
CUSTOMERS' DEPOSITS	6,875,297
COMMITMENTS AND CONTINGENCIES	1,732,474
BANK'S MUTUAL FUNDS:	
INVESTMENTS	266,201
LOANS AND ADVANCES	1,228,678
CUSTOMERS' DEPOSITS	410,899
ASSOCIATES:	
INVESTMENTS IN ASSOCIATES	1,255,803
LOANS AND ADVANCES	3,211,099
CUSTOMERS' DEPOSITS	16,508
COMMITMENTS AND CONTINGENCIES	100

Other major shareholders represent shareholdings (excluding the non-Saudi shareholder) of more than 5% of the Bank's issued share capital.

Directors' Report

b) Income and expenses transactions with related parties included in the consolidated financial statements for the year ended December 31, 2020 are as follows:

	SAR '000
SPECIAL COMMISSION INCOME	273,261
SPECIAL COMMISSION EXPENSES	(266,521)
FEES AND COMMISSION INCOME	60,250
GAIN ON DISPOSAL OF INVESTMENT IN AN ASSOCIATE	15,217
SHARE IN EARNINGS OF ASSOCIATES, NET	49,562
DIRECTORS' REMUNERATION	(6,709)
INSURANCE CONTRACTS	(31,690)

Miscellaneous expenses for the year 2020 are detailed as follows:

Nature of item	Related party	Duration	Amount
RENT EXPENSES OF BRANCHES AND ATMS			
- AL RASHED COMPOUND BRANCH - KHOBAR	AL - RASHED TRADE AND CONTRACTING CO. LTD. (RELATED PARTY: SALAH AL-RASHED - CHAIRMAN OF THE BOARD)	ANNUAL	735
- SPACES FOR (5) ATMS IN AL RASHED COMPOUND- KHOBAR		ANNUAL	241
-AL-MUBARAZ BRANCH - AL AHSA	AL-JABR INVESTMENT AND REAL ESTATE CO. (RELATED PARTY: HESHAM ABDULLATIF AL-JABR - BOARD MEMBER)	CONTRACT TERMINATES ON 31/8/2021	240
-AL JUBAIL ALBALAD BRANCH		CONTRACT TERMINATES ON 31/5/2021	788
-ATM LOCATION IN AL-MUBARAZ		CONTRACT TERMINATES ON 30/6/2021	48
-ATM LOCATION: TAKHASUSI - AROBA STREET	RASHED ABDRAHMAN AL-RASHED AND SONS' COMPANY (RELATED PARTY: SALAH AL-RASHED - CHAIRMAN OF THE BOARD)	5 YEARS ENDING ON 30/4/2023	45
BUSINESS GATE BRANCH	RIYADH BUSINESS GATE CO. (RELATED COMPANY)	5 YEARS ENDING ON 30/9/2022	759
DHABAB BRANCH	MRS. MAHA HMOUD OBAID AL-RASHEED (RELATED PARTY: WIFE OF MR. OBAID AL-RASHEED - DEPUTY CEO)	5 YEARS ENDING ON 30/4/2024	475
TOTAL RENT EXPENSES OF BRANCHES AND ATMS			3,331
LABOR EXPENSES	AL KHALEJ TRAINING AND EDUCATION CO. (RELATED PARTY: SALAH AL-RASHID- CHAIRMAN OF THE BOARD)	AS NEEDED	28,952
EXPENSES FOR MONEY TRANSPORT	SAUDI COMPANY FOR FINANCIAL SUPPORT SERVICES (SANID) (RELATED PARTY: FAHAD AL QADI - A SENIOR MANAGER)	AS NEEDED	15,890
EXPENSES OF MAINTENANCE AND PURCHASES OF MONEY COUNTING MACHINES	ABANA PROJECTS COMPANY (RELATED PARTY: SALAH AL-RASHED - CHAIRMAN OF THE BOARD)	PURCHASE AS NEEDED	2,125
TOTAL			50,298

c) The total amount of compensation paid to key management personnel during the year ended December 31, 2020 is as follows:

	SAR '000
SHORT-TERM EMPLOYEE BENEFITS (SALARIES AND ALLOWANCES)	61,830
POST-EMPLOYMENT BENEFITS (END OF SERVICE INDEMNITY AND SOCIAL SECURITY)	7,376

Key management personnel are those persons, including an executive director, having direct or indirect authority and responsibility for planning, directing and controlling the activities of the Bank.

ANB Code of Conduct

The Bank is committed to conduct its business in accordance with the highest ethical standards, relevant legislation and regulation. The Bank fully cooperates with regulators and supervisory bodies.

The Board sets the Ethics and Banking Practice Rules and encourages management and staff to act ethically and in accordance with applicable laws, rules, regulations and policies of the Bank, and in line with best practices.

The Board ensures, through senior management, that it has established through word and action the desired value-based culture and reinforces appropriate behaviour through effective awareness programs.

The Bank sets out a Code of Ethical Behaviour in order to formulate the values that guide behaviour and conduct of business across the organization.

Accounting Standards

The Bank prepares its consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements endorsed by the Saudi Organization for Certified Public Accountants (SOCPA). The Bank also prepares its consolidated financial statements to comply with the requirements of the Banking Control Law, the Provisions of the Regulations for Companies in the Kingdom and the Bank's by-laws. There are no significant differences to the accounting standards issued by the Saudi Organization for Certified Public Accountants (SOCPA).

External Auditors

In its meeting held on March 30, 2020 the Extraordinary General Assembly appointed Messrs. Ernst & Young and KPMG Al Fozan & Partners as external auditors of the Bank for the year 2020.

Statement of Directors' Responsibilities in Relation to the Consolidated Financial Statements

The Board, to the best of its knowledge, confirms that:

- ANB has properly maintained its accounting records;
- The internal control system was properly prepared and effectively implemented;
- There is no doubt that ANB has the resources to continue in business; and
- The Bank did neither have nor entered into any contract in which any member of the Board, the Managing Director, the Chief Financial Officer or any of their associates has or had any material interest except as disclosed in this report and in note No. 37 to the consolidated financial statements disclosing related parties transactions.

Board of Directors
February 23, 2021

Business Review



Dr. Robert Eid
Managing Director & Chief Executive Officer

2020 saw the COVID-19 pandemic wreak devastation on individuals, nations and the global marketplace, in general. Few would have predicted the global recession this pandemic would impose on society. In the US, congress passed a multi-billion dollar spending package, to which the president signed off on, in order to provide unemployment insurance, cash for households and businesses and funding for medical care and education. In the European Union, governments have provided extended support for the labor markets well into 2021, in an attempt to address the prevailing economic challenges. Whilst here in KSA, fall in oil production eased in Q3 2020, as output rose in September for the first time since April of that year. Uncertainty around the evolution of the pandemic and volatile global oil prices remain as real risks to domestic economic outlook.

Throughout this, man's innate ability to adapt and exist, saw major changes to operating models, with many organizations allowing employees to work remotely, whilst scientists raced against time, to find a vaccine to cure the raging pandemic.

As 2021 unfolds, the world is faced with both hope and challenges. Vaccine development and rollout has commenced and this provides hope that the catastrophic toll this disease has taken on humanity will subside, allowing economies, businesses and individuals return to some level of normality. However, as the disease continues to ravage poorer nations, with newer strains prevalent in South Africa, Brazil and the UK, challenges remain for the relevant authorities to protect its citizens, contain the spread on the virus and accelerate the rollout of vaccines, so life can return to normal and markets to equilibrium.

In KSA, strong leadership from the government has seen COVID-19 numbers significantly decrease. With vaccine rollout well underway, elimination of the disease in the Kingdom is a very real possibility.

During these challenging times the Bank has changed its operating model by focusing on two key areas:

- i. Ensuring the safety of employees by devising remote working capabilities, supported by emerging technologies. This facilitates staff collaboration across the enterprise, to maintain pre-COVID levels of productivity and activity.
- ii. By accelerating the digital roadmap, ANB has ensured Bank product and service offerings are readily available, anytime, anywhere, remotely via internet and mobile platforms. Personal, Corporate Banking, SMEs

and Insurance clients are further enabled with the digital capability to avail of Bank offerings, from the comfort and safety of their homes and offices. Eliminating the need to visit Bank branches and offices, further prevents the spread of the virus among clients and staff.

Notwithstanding, the Bank continued to focus on balanced growth and tight cost control. Whilst revenues have been impacted, ANB has still managed to remain profitable, despite the severity of the prevailing disease. Net income before zakat and income tax reached SAR 2.6 billion, a decline of 27.6% compared to the previous year, while net income after zakat and income tax reached SAR 2.07 billion, compared to 3.02 billion last year.

The balance sheet stood at SAR 180.4 billion by year end, down from 183.4 billion in 2019.

Consumer Bank

Consumer Bank continues to grow its key customer segments using innovative and competitive product offerings, underpinning customer acquisition. It made an exponential leap this year by fast-tracking digital transformation to alleviate difficulties caused by the COVID-19 pandemic. The bank continues to grow its key customer segments using innovative and competitive product offerings. Focused sales and deepened relationships with REDF/MOH resulted in an increase in the mortgage portfolio. Retail deposits remained stable, against the backdrop of steady liquidity in the market, despite continued government debt issuance.

The Bank has a total of 277 outlets: 135 male branches, 30 female branches, 11 sales centers, 87 remittance centers, 10 SME centers and 4 corporate branches. The physical presence of the Bank is complemented by the ever-increasing self-service capabilities: online & mobile banking, ATMs, ITMs, digital branches, enabling 24x7 banking for more convenient banking.

With a strategic focus on becoming a market leader in digital banking, ANB remains dedicated to the continuous enrichment of its offerings within its' digital roadmap, towards a resilient, future-proof banking model.

Throughout 2020, ANB has enriched the digital offering across its channels, mainly the new Mobile application, with a complete suite of advanced digital products and services, to better serve our customers e.g. online account opening, enrollment to electronic services, account and investments management, loans, debit and credit cards and insurance products, all made possible, without the need to visit a branch.

Delivering superior customer experience is one of the major priorities of the Bank. The Customer Experience Department is dedicated to enhancing the service culture, by optimizing efficiencies and adopting an agile approach to improve service quality. Service-measuring methodology continues to be a fundamental tool in defining and guiding action plans to deliver a positive, meaningful experience across all touch points. Periodic research and survey results allow the Department to undertake the correct action planning required, to facilitate effective customer-centric business decision making.

The Consumer Credit Advisory Unit provides guidance and financial awareness to customers seeking advice related to Consumer Credit Products. Additionally, customers applying for Real Estate Finance are contacted by an advisor who provides them with clear information and

Business Review

advice regarding their responsibilities, obligations, product risks, terms and conditions thereby assisting the customers in making informed decisions before committing to the product.

Private Bank

The Private Bank continues to provide High Net Worth clients with a comprehensive range of customized banking and investment products to meet their specific needs.

A team of dedicated and highly skilled Relationship Managers are employed, to deliver a sophisticated suite of wealth management products and services.

London Branch

ANB's presence in London is seen as an important strategic and international outlet for the Bank and its customers with selective growth seen in recent years continuing throughout 2020, albeit with much reduced customer traffic, due to the COVID-19 pandemic.

The focus remained on Saudi-centric business in Private Banking, Trade Finance, Corporate Banking and Treasury and in particular, UK residential and commercial Real Estate sectors, which represent an important attraction to Saudi investors. Thanks to the introduction of online / mobile enquiry capabilities for London Branch customers in 2020, the Bank was able to service its customers via the digital platform.

Corporate Bank

The Corporate Bank provides comprehensive relationship coverage, to ensure quality services and responsiveness to its corporate customer base. It offers a wide range of conventional and Shariah compliant banking products and solutions to its customers. The Working Capital, Term Loans, Project Financing, Trade, Cash Management & Treasury products and services are provided, with excellent customer service and client relationship management, via dedicated relationship teams and product specialists.

In 2020, COVID-19 had a major impact on the economy and businesses, with nearly all sectors impacted. The Corporate Bank supported its customers during this difficult period by implementing various SAMA support programs and initiatives (like Deferred Payment program for SMEs, payroll finance, restructuring loans, POS and eCommerce fee waivers, transaction fee waivers, etc.). It also conducted a rigorous review of its portfolio in view of new emerging challenges vis-à-vis the Banks' risk appetite. Furthermore, during this period Corporate Bank expanded and enhanced its digital banking services to ensure smooth and efficient transaction processing.

The Corporate Bank operates within the constraints of the Bank-wide conservative risk appetite. This ensures that lending guidelines match enhanced risk assessment standards and that the portfolio is managed prudently, ensuring strength and diversity across a broad spectrum of industries and groups. It has maintained a low level of non-performing loans and continued to adopt prudent banking practices.

The Bank embarks on the strategy of earning the trust and confidence of its corporate clients, by consistently supporting and building long-

term relationships. Its objectives include support for the development of major projects of strategic importance, within the Kingdom's Vision 2030, by pro-actively tracking the progress of various related initiatives and exploring business opportunities, to support such initiatives.

In order to best service its customer base, the Corporate Bank is increasingly implementing enhanced digital banking services for efficient transaction processing, online information and a unique customer experience, particularly in the areas of Transaction Banking and Trade Finance. In further aligning with Vision 2030 strategy, which encourages a move towards a cashless society, the Bank is focused on promoting services covering eCommerce, eWallets & offering POS services, which has expanded terminal numbers to over 25,700 serving more than 4,800 merchants.

Commercial Bank

Commercial Banking through the three Regional Offices in Riyadh, Jeddah and Khobar continues to build long-term relationships with customers and holds a well-defined and profitable mid-market franchise through a widely diversified range of banking products and services to satisfy clients' requirements/ needs. This led to the provision of suitable financing solutions that mitigated the challenges faced during 2020. This was achieved in line with the several initiatives launched by the Saudi Central Bank (SAMA) to support small and medium sized enterprises, to counter the negative effect on cash flow and supply chain, brought about by the pandemic.

This was achieved through teams of dedicated industry specialist relationship officers located in the three regional offices who have the appropriate knowledge to meet their customers' special requirement/ needs, of which, female staff represent 27%.

Small and Medium Enterprises (SMEs)

In alignment with Vision 2030, SME customers have become strategically important to the Bank. The Bank remains committed to establishing a meaningful presence in the underserved SME segment and to become a leading provider of financial solutions to SMEs.

The Bank is an active participant in the Kafakah Program and works closely with Monshaat (Government's SME Authority), participating in their various developmental programs and initiatives.

In addition, the Bank is also an active participant in SAMA's programs launched in March 2020 to support the SMEs and mitigate the potential economic impacts of the coronavirus outbreak.

SME clients are served through 10 dedicated centers located in key cities across the Kingdom. Specific research-based products have been developed for SMEs to cater for their borrowing, deposit and transactional banking requirements.

Islamic Banking

The Islamic Banking Division develops and supports Islamic banking services. It provides a variety of key services to the business units as follows:

Product & Business development: It develops Shariah-compliant products that provide financial solutions to customers. It also coordinates with all business segments in the Bank and supports them with the identified market segments/individual opportunities for Islamic banking.

Shariah Compliance: It reviews the activities of business units and affiliates to ensure compliance with Shariah Committee guidelines. During 2020, Shariah Committee reviewed Shariah compliance quarterly reports.

Shariah Advisory & Shariah Committee Secretariat: It responds to all inquiries related to Shariah-compliant products and services from all business segments within the Bank. It also coordinates and arranges the Shariah Committee meetings and reports decisions made there, to the concerned departments. During 2020, the Shariah Committee approved a number of new services and transactions.

Branch conversion: Currently, 161 branches, including 31 Ladies sections; are dedicated to providing Shariah-compliant products and services, representing 96% of the Bank's retail branch network.

Treasury

Despite a challenging year with the prevailing COVID-19 worldwide pandemic and low interest rate environment, Treasury reported a strong performance in 2020 due to its strategic investment decisions and pro-active management of interest rates, which resulted in improved investment returns. This was enhanced by the high market liquidity that enabled Treasury to efficiently manage the Bank's funding requirements. Notwithstanding the challenges posed by the pandemic, Treasury was able to seamlessly support customers with financial product offerings.

Strategic Investments

Strategic Investments broadly covers four different lines of business: Home Finance, Insurance, Heavy Equipment Leasing, and Investment Banking.

Saudi Home Loans (SHL)

Saudi Home Loans continues to be a leader in developing home finance products posting a satisfactory 2020 performance in a changing and challenging market compounded by the pandemic. By year-end, the loan book was in excess of SAR 4.3 billion, financing a total of around 7,100 housing units.

ANB/AIG/MetLife-Alico Insurance joint venture

During 2020, the Bank's joint venture with AIG and MetLife-Alico, which offers general and personal lines of insurance products, merged with one of the top performing insurance companies, Walaa Cooperative Insurance Company. The merger resulted in the Bank owning approximately 5% of the company. ANB Insurance Agency and Walaa signed one of the first bancassurance agreements under the new intermediary rules promulgated in 2020.

Al Arabi Heavy Equipment Leasing (AHEL)

AHEL, the crane and heavy equipment leasing subsidiary, focused on managing the challenging business environment experienced during 2020 against a backdrop of COVID-19 pandemic, a very competitive construction and contracting market.

ANB Invest

ANB invest is the investment arm of the bank that provides dealing, managing, arranging, advising and custody activities. During 2020, ANB invest business continued to exhibit strong results in its brokerage, investment banking and advisory lines. Revenue generated from brokerage and advisory business witnessed significant growth, thus making 2020 one of the best performing years for ANB Invest. The main catalyst behind this was the considerable increase focus on customers' needs, soaring of Tadawul's average value traded during the year, in addition to the Real Estate transactions, Secondary Market Purchase of Assets, and Ongoing Support for Structuring and Origination. The main generator of brokerage revenue is commissions earned on shares traded on the Saudi Stock Exchange (Tadawul & NOMU), in addition to income generated from margin trading activities.

Risk Management

Risk Management Group provides the Bank with an independent and centralized risk management function. Its role is to maintain balance between risks and returns, in line with the Bank's strategic objectives. The group is also responsible for implementing the Basel Accord's capital adequacy and other related requirements. Its activities cover the following key areas:

Credit risk

- Establishes lending policies, risk appetite framework, risk management policy, stress testing policy and concentration limits.
- Regularly assesses and reviews overall portfolio quality.
- Monitors and improves credit risk management techniques with a view to adopting industry best practices and complying with regulatory requirements.
- Performs independent risk reviews periodically, to validate effectiveness of the credit management system.

Market risk

- Identifies, measures, monitors, and reports market and liquidity risk using a combination of tools including rate sensitivities, gap analysis, value-at-risk and stress testing.
- Assists in managing maturity and interest rate risk profile of the Bank's balance sheet.
- Ensures that the Bank's market and liquidity risk policy and limits are in line with international best practices.
- Enhances market and liquidity risk management policies and procedures to meet regulatory requirements, which include updated Basel regulations.

Business Review

Operational Risk

- Develops operational risk management strategies in accordance with corporate governance standards and industry best practices.
- Develops a common understanding of Operational Risk across the Bank to identify, assess and manage operational risk exposure of business and support units.
- Assists business and support units to improve internal controls throughout the Bank, thereby reducing the probability and potential impact of operational risk losses.
- Works towards implementing new methodologies advised by Basel Committee on Banking Supervision and SAMA.

Business Continuity

- Develops business continuity policies for the Bank in line with industry standards and regulatory guidelines.
- Formulates business continuity plans to enable the Bank to continue its critical services in the event of disruption to normal operations.
- Tests the business continuity plans through a series of exercises.
- Promotes awareness and understanding of business continuity among the Bank's staff.
- Conducts BCM Training for business continuity teams.

Credit administration and control

- Authorizes credit disbursement and ensures compliance with approval conditions.
- Prepares and maintains custody of security documentation.
- Monitors limits and collateral coverage.
- Follows up on credit-related irregularities.
- Monitors regulatory limits.

Technology Risk

- Monitors effectiveness of technology risk management processes and controls for Information Technology and Electronic Banking services.
- Assesses the impact of internal and external risk factors in overall technology infrastructure and systems of the Bank.
- Coordinates implementation of regulatory requirements related to technology.
- Updates management on the status of technology controls and compliance with regulatory requirements.

Credit Group

The Credit Group is responsible for assessing and reviewing the Bank's credit risk, delivering credit services to clients and observing best risk management practices. It plays an essential role in safeguarding the sustainability of long-term profitability by balancing growth and credit quality.

Compliance and Anti Money Laundering (AML) Group

The Bank aims to be compliant with all laws, rules and regulations of relevant legislative bodies and financial regulators in all jurisdictions in which it operates. Such a commitment starts with the Board of Directors and Senior Management and is embedded within the Bank's culture across

all Business and Support units. The Bank is committed to protecting its reputation and credibility, thereby protecting shareholders and depositors thus providing safeguards against sanctions.

The Bank's Board has a collective responsibility for managing compliance risks across the group. The Compliance and AML Group is responsible for the following broad functions: Compliance Advisory, Compliance Monitoring, SAMA & Regulatory Affairs, Regulatory Technology, Governance & Effectiveness, and financial crimes prevention role covering anti-money laundering, combatting terrorism and proliferation financing and Anti-Fraud and Investigations.

The Bank operates a Group Compliance Model whereby the Compliance and AML Group oversees and reports Compliance and AML matters within the Bank's subsidiaries and London Branch. Business and Support Units management are responsible for managing compliance risks at a specific unit level, assisted by the Compliance and AML Group. All employees are expected to carry out their duties in compliance with laws, regulations, ethical standards, and must report any suspicious transactions or suspected misconduct in which Compliance and AML group shall conduct the required assessment and investigations (if deemed required). The Bank has adopted a number of policies and programs such as a Group Compliance, Anti-Money Laundering, Combating the Financing of Terrorism, Anti-fraud policies and Code of Conduct and Banking Practice to assist Business and Support units to effectively manage their compliance risks. This is complemented by a robust monitoring program and a regular reporting cycle to the Board Audit Committee, thereby providing reliable objective assurance to the Board.

Digital Transformation, Technology and Operations

Digitization and IT modernization are necessary drivers, supported by the continued strengthening of technology infrastructure. Digital focus defines the future.

The bank established a Digital Transformation Office (DTO) in order to accelerate and manage the execution of ANB digital transformation strategy. The Bank intends to leverage its infrastructure, as part of its digital roadmap to promote digital products and services, enhance customer experience (CX), and use automation to improve efficiency and control costs. In addition the Bank intends to utilize 'smart analytics', to expedite and strengthen its decision-making.

In 2020, the IT Group successfully delivered a revamped and functionally enhanced mobile application. The mobile application ensures a better 'end to end' customer experience by providing Consumer, Corporate, TeleMoney and Insurance products and services, without the need for the customer to visit a branch or department. In addition, two successful disaster recovery exercises were performed and core data center networks were upgraded.

Robotic Process Automation (RPA) is another key focus area of the DTO. To date, 30 processes have been automated and deployed successfully for Central Operations, Compliance and Anti Money Laundering, IT, Human Resource and Transaction Banking Services.

More than 898,000 requests / transactions have been executed successfully. The resulting cost efficiencies and related savings, to date, have been substantial.

Business Review (Continued)

The prevailing COVID-19 pandemic demands that ANB continue to accelerate digital transformation initiatives. At present, Business Groups, DTO and IT Group are working together relentlessly to progress many more initiatives including:

- Instant payment capability, allowing customers and merchants to transfer the funds in 'real time', without the need for waiting a day or more for clearing and settlement
- Electronic Letter of Guarantee (eLG), fully integrated with Tabadul Company in providing a trusted channel that serves as a mediator between banking firms, other government agencies (OGAs) and private entities that require the use of letters of guarantee in their businesses.
- ESAL service (Single and Group invoice query and payment) for Corporate Banking.
- Enhancing Point of Sale (POS) systems in order to improve merchant services and realize associated revenue this brings.

2020 has been a challenging year for all. COVID-19 has been a catalyst for change. Digital Transformation Office, IT Group and Central Operations Group have embraced this change and look forward to 2021 and the endless possibilities it will bring.

Human Resources

Attracting and retaining talent is a key focus of the Bank in terms of optimization human capital for meeting strategic objectives. The Bank has continued to increase Saudization and has achieved the highest category of Nitaqat and currently stands in the 'Platinum' zone having reached a Saudization rate of 94%. The Bank also continually strives to increase its female workforce that now stands at more than 20% of total headcount.

The Ministry of Human Resources and Social Development has awarded the Bank golden "Mowaamah" certification in recognition of the bank's efforts in implementing standards and best practices towards providing a supportive environment for people with disabilities.

Despite the challenges faced this year, providing development opportunities for our employees has been achieved through a blend of virtual and classroom training. Similarly, focusing on building the future leaders of ANB, our fast-track Truffles program has been revamped with a robust selection process and tailored development program. In addition, to ensure fairness and objectivity, Core and Leadership competencies were revamped, in addition to new Technical competencies being developed.

Aimed at mitigating the risk of COVID-19, whilst running critical functions, employee wellness was upheld and several initiatives in terms of awareness campaign, medical advice and a remote working policy were conducted.

61% of our employees participated in an Employee Survey and concerns highlighted were drilled down in focus groups thereafter. The main concerns raised are being analyzed and will be addressed.

Providing the best of services to our employees has been our key focus and several automation initiatives were launched.

Arab National Bank
P.O. Box 56921
Riyadh 11564
Kingdom of Saudi Arabia
Telephone: (+966) 11 402 9000
Facsimile: (+966) 11 402 7747
anb.com.sa