

The background of the lower half of the page features a large, abstract blue shape on the left side, which tapers towards the right. This shape is filled with a dense pattern of small, light blue dots. The rest of the background is white, also featuring a pattern of small, light blue dots that are more sparsely distributed than in the blue shape.

# Annual Report 2022

بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ



**The Custodian of the Two Holy Mosques**

**King Salman bin Abdulaziz Al Saud**

(May Allah protect him)



**His Royal Highness  
Prince Mohammad bin Salman bin Abdulaziz Al Saud**

**Crown Prince and Prime Minister**

(May Allah protect him)





# Table of Contents

## Overview

At a Glance	04
The anb Story	06
Share Information	08
Faster, Simpler Banking for Everyone	10

## Strategic Review

Chairman's Statement	14
Managing Director's Message	16
Chief Financial Officer's Review	18
Market Review	22
Business Review	24

## Directors' Report

Financial Highlights	39
Geographical Analysis of Revenues	40
Subsidiaries and Associates	41
Dividend Distribution Policy	42
Future Strategic Plans	43
Principal Activities	44
Micro, Small and Medium Enterprises (MSMEs)	45
Quantitative Disclosures	46
Risks Encountered or That Could Potentially be Encountered by the Bank	47
Corporate Governance in the Kingdom of Saudi Arabia	48
Board of Directors	48
Brief Description of Qualifications and Experiences of the Board Members, Board Committees and Senior Executives	50
Interests of Board Members, Senior Executives, Their Wives and Children	63
Remunerations of Board Members, Related Committees and Senior Executives	65
Penalties and Regulatory Restrictions	70
Related Party Transactions	72



# 01

## Overview

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At a Glance	04
The anb Story	06
Share Information	08
Faster, Simpler Banking for Everyone	10







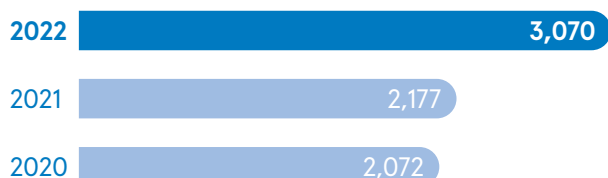
# At a Glance

During a year of strategic progress and resilient results, anb delivered a wide range of significant milestones and achievements towards our promise of faster and simpler banking, as we developed meaningful partnerships, unveiled our new brand identity, launched innovative offerings, accelerated digitization and invested for the future.

## Financial Highlights

### Net income after zakat and income tax attributable to equity holders of the Bank (SAR million)

**3,070** ▲ **41.1%**



### Equity attributable to equity holders of the Bank (SAR million)

**32,334** ▲ **4.0%**



### Loans and Advances, net (SAR million)

**143,829** ▲ **13.5%**



### Customers' deposits (SAR million)

**154,871** ▲ **14.1%**



## Operating Highlights

### **anb acquires stake in fintech Cashee**

The acquisition of the innovative UAE-headquartered fintech will support efforts to enhance anb's banking services for younger audiences and broaden the scope of financial knowledge and inclusion

### **anb and JCB sign acquiring agreement in Saudi Arabia**

The partnership will result in the launch of JCB Card acceptance at all anb POS, E-commerce, and ATM locations across the Kingdom

### **anb harnesses the power of real time data**

anb is unlocking the power of its operational and customer data to enable innovative new services that enhance customer experiences, and proactively collaborate with the Kingdom's new breed of agile fintechs

### **anb and UnionPay sign acquiring agreement in Saudi Arabia**

Whereby all cards branded with UnionPay will be accepted at all anb POS, E-commerce, and ATM locations across the Kingdom

### **anb advances collaboration and innovation with fintechs in Saudi Arabia**

anb is building data platforms to engage and collaborate with fintechs, while also introducing innovative new digital services and enhancing its competitiveness in the experience economy

### **anb organizes landmark Islamic Banking conference**

The large-scale, high-profile conference was attended by renowned Sheikhs, scholars and researchers from across Saudi Arabia and the GCC

### **anb implements disaster recovery orchestration and automation**

anb became the first bank in Saudi Arabia to successfully adopt patented Kyndryl Resiliency Orchestration, supporting the Bank's digital transformation and resiliency strategy

### **anb wins 'Best Digital Experience' at OutSystems Innovation Awards 2022**

The award recognizes anb's digital achievements

### **anb was named "Best Partner in 2022"**

Monsha'at announced anb as their "Best Partner" on the Monsha'at Platform (Finance Gate) for the second year in a row

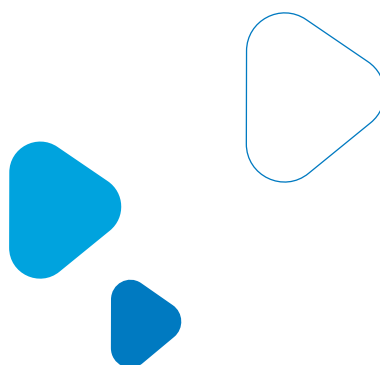
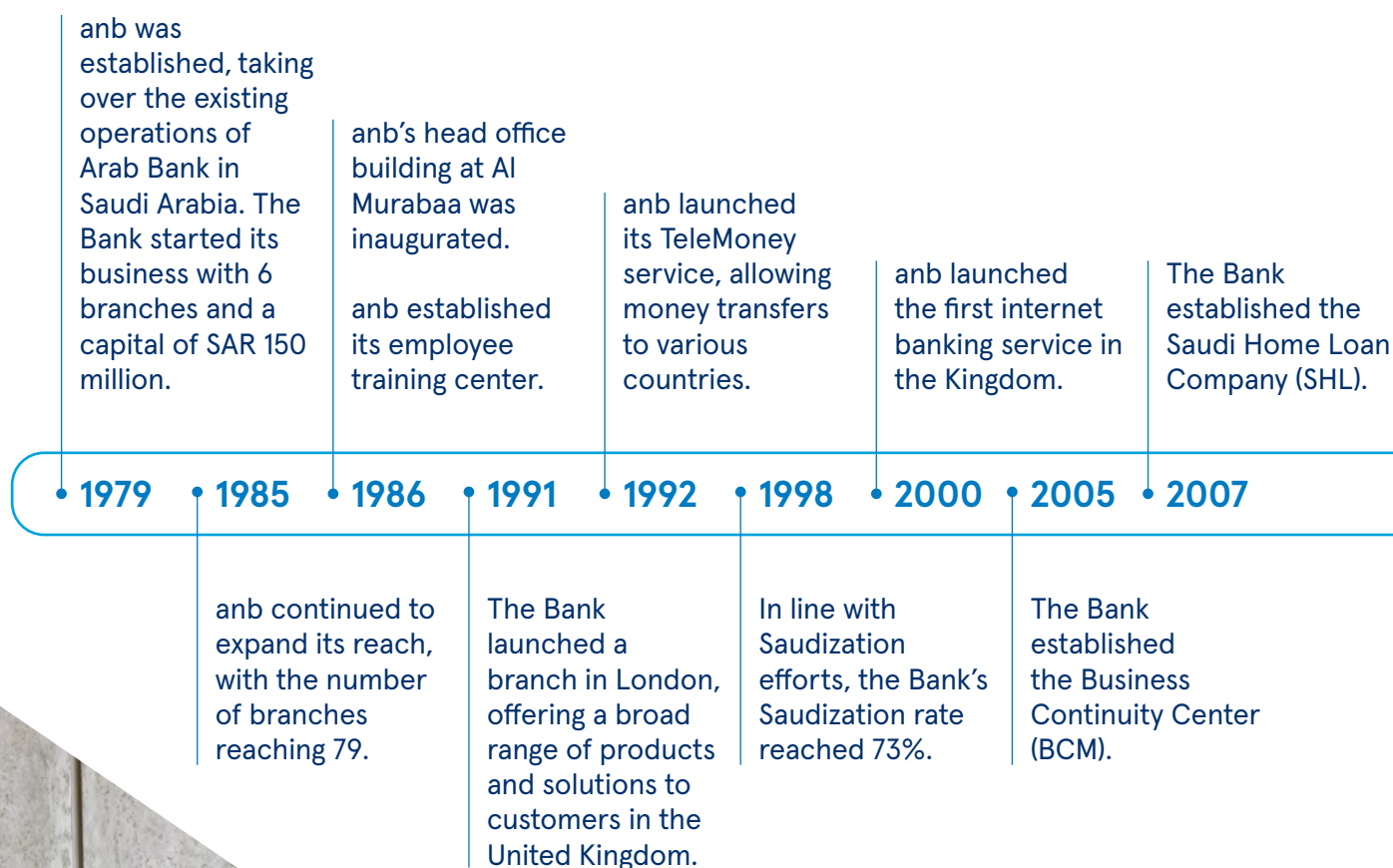
### **"Transport Finance Deal of the Year"**

One of anb's key structured and led transactions during 2022, namely Tibah Airports Development transaction, was recognized as the "Transport Finance Deal of the Year" by the Capital Markets and ESG Finance, Saudi Arabia

### **anb unveils new SME platform**

anb reinforced its position as the bank of choice in the Kingdom for SMEs, introducing new products and a new fully digitalized platform for faster, simpler SME lending

# The anb Story







anb launched its mobile service which was recognized as one of the best in the market.

The training center was transformed into anb Academy.

The Bank's Saudization rate reached 93%, of which 20% are female.

anb launched its corporate identity, moving towards "Faster and Simpler" banking solutions.

• 2008 • 2013 • 2015 • 2017 • 2018 • 2019 • 2021 • 2022

The Bank established the Arabian Heavy Equipment Leasing Company (AHL).

anb inaugurated its new head office tower in Riyadh.

anb opened its first digital branch in Prince Mohammed bin Abdulaziz Road (Tahlia Street), Riyadh.

anb appointed its first Saudi MD and CEO.

# Share Information

## Share information

Listing date:  
**1 December 1979**

Exchange:  
**Saudi Exchange  
(Tadawul)**

Symbol:  
**1080.SE**

ISIN:  
**SA0007879105**

Number of shares issued

**1,500m**

Closing price as of 31  
December 2022

SAR **32.05**

Market cap as of 31  
December 2022

SAR **48,075m**

Foreign ownership limit

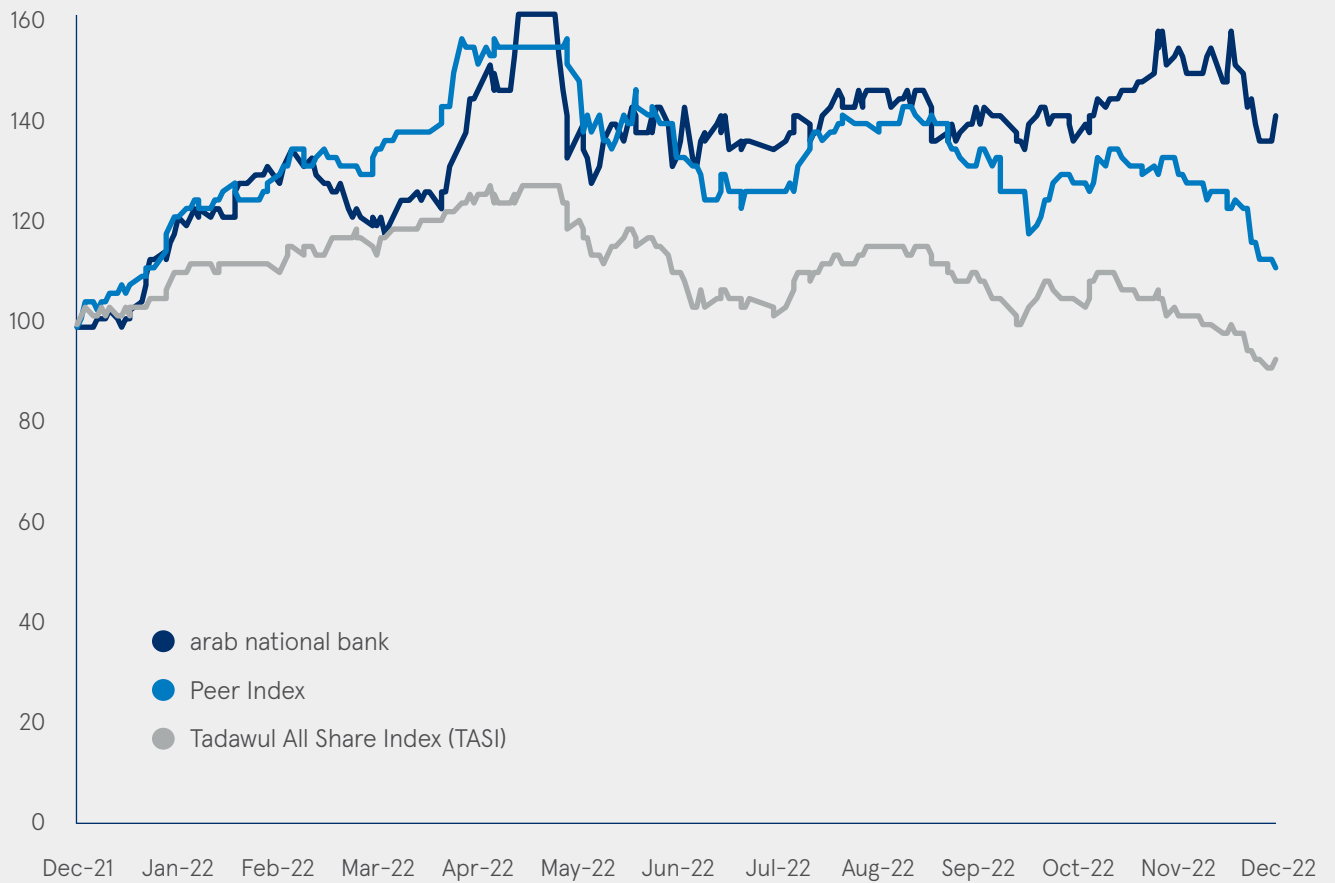
**49%**

Free float

**750.3m**



### Share price performance vs. Benchmark equity indices (%)





# Faster, Simpler Banking for Everyone



Promising faster and simpler banking for everyone, anb's new brand was launched and rolled out across all our touchpoints this year. With a fresh, striking visual identity and a compelling message, it will attract and engage current and new customers to be part of the anb journey.

But the promise at the heart of our new brand goes well beyond what you see in our branches or on our web-site. It cuts to the core of our operations and corporate culture, influencing the way our people think and act each day, guiding the partnerships we pursue and implement, shaping how we design and launch new offerings, focusing how we apply digital and data to drive efficiency and enhance performance, and affirming the investments that we make for today and the future.

Through this fully-integrated and embedded approach to what banking should be, we will deliver a fresh and differentiated experience to our customers and accelerate the Bank's growth and performance – and it has already started to deliver results. Our financial results and customer satisfaction scores reflect the passion with which we're pursuing our common purpose, and our work has been recognized through a range of prestigious awards.

While there is still much to be done, we are confident that we are on a path that will deliver robust growth and results for our shareholders and increase value creation for all our stakeholders in the years ahead.

# 02

## Strategic Review

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Chairman's Statement	14
Managing Director's Message	16
Chief Financial Officer's Review	18
Market Review	22
Business Review	24







# Chairman's Statement

## Faster, Simpler Banking for Everyone

I am pleased to share the Annual Report and closing accounts for the fiscal year 2022, a year of significant growth for our Bank as we transitioned to a new brand and value proposition of faster, simpler banking. Our stronger emphasis on a digitally driven customer experience has supported anb in delivering excellent results in 2022.

While the global economy faced numerous challenges in 2022, Saudi Arabia has been the fastest-growing G20 nation in the year under review. In contrast to the steep inflation growth seen around the world, the Kingdom is expected to report inflation of no higher than 3% for 2022, thanks to its tighter monetary policy.

The Kingdom's banking industry has enjoyed a robust performance in 2022. Saudi banks reported a surge in credit growth and deposits, and in keeping with global interest rate increases, the Saudi Central Bank's rate increases improved most banks' net interest margins. Government liquidity support contributed to these positive trends, and led to sustained growth in retail mortgages. As a result, Saudi Arabia's credit rating was lifted to 'positive' from 'stable' by Fitch Ratings.

Another key feature of the year was the quickening momentum in digitizing banking operations to unlock enhanced services, better connectivity, and wider financial inclusion. At anb, our focus on faster, simpler banking incorporated future-facing investment in technology to grow our business and strengthen our historical alignment with the Kingdom's ambitions.

### Growing Our Participation in Vision 2030

Our Vision Realization Office made strides in 2022, with a mandate to consolidate efforts to collaborate with all players in the market, Government entities and Vision 2030's giga projects. In formalizing our approach through the Vision Realization Office, we are positioning anb as a partner of choice, differentiated by our digital capabilities, enablement of fintechs and leadership in open banking readiness. This is further enhanced by our robust risk management, sound corporate governance, and growing ESG activities.

### Consolidating Our Focus on SMEs

In 2022, our banking operations targeting the SME segment were given particular prominence in our overall strategy, in line with Vision 2030 goals. We introduced AI-enabled loan platform and expanding the number and range of businesses we assist via key government schemes.

We also signed new agreements with the Tourism Development Fund for co-financing SMEs, and an agreement with SME Bank to expedite and facilitate SMEs' financing, which will expand our SME client base in different sectors.

### Enhancing Sustainability

Our remarkable performance during this transition year was enabled by anb's unwavering commitment to a compliance-driven corporate culture, excellence in corporate governance, and robust risk management.

Our compliance framework, policies and procedures are embedded across our organization, ensuring sound execution and sustainability of our strategy and business plans while protecting the interests of our Bank, shareholders, and customers. In 2022 we further improved our compliance infrastructure, advancing anti-fraud measures and tightening cybersecurity.

### Acknowledgments

On behalf of myself and the Bank's Board of Directors, I would like to express my appreciation to the Governors of the Saudi Central Bank (SAMA), and the Head of the Financial Market Authority for their leadership and outstanding management of the Kingdom's financial and banking sector and their continued efforts to advance our industry.

And finally, anb's Board of Directors, the executive management, and all our colleagues at the Bank are owed a huge debt of thanks for their commitment and contribution to the year's outstanding outcome.



« At anb, our focus on faster, simpler banking incorporated future-facing investment in technology to grow our business and strengthen our historical alignment with the Kingdom's ambitions »

**Salah Rashid Al-Rashed**  
Chairman of the Board





# Managing Director's Message

## Simplicity Driving Innovation and Excellence

In 2022, anb saw many improvements which raised operational efficiency and performance, enhanced our customers' banking experience and satisfaction, and contributed to another year of resilient results.

The 2022 year was significant in anb's history. We launched our new brand and its promise of faster, simpler banking to the market, supported by a strategic shift across the entire business, corporate culture, and leadership to deliver a differentiated customer experience aimed at driving performance. The impact, already evident in our financial results, customer satisfaction scores, and the prestigious awards we received in 2022, has validated our strategic vision, and provided further impetus to accelerate our transition.

In the 2022 financial year, anb's financial strength and resilience was reflected in its performance where it achieved net income after Zakat and income tax of SAR 3,070 million, compared to SAR 2,177 million in 2021, an increase of 41.1%, with ROA of 1.5%, ROE of 9.7% and Cost/Income ratio of 35.8%. This was driven by the 13.5% year-on-year increase in the net financing portfolio, leading total assets to reach SAR 212.6 billion as at 31 December 2022 – an increase of 10.5% year-on-year. Customer deposits increased by 14.1% year-on-year. anb remained well-capitalized with total CAR standing at 19.8% as of year-end 2022.

### Delivering Progress Across the Bank

Faster, simpler banking is also about preparing for the future by investing in technology and data to ensure we scale our business and further enhance service delivery and quality.

In 2022, our business verticals saw significant progress in advancing our engagement with our customers.

We placed all our business-related segments under one umbrella, **Wholesale Banking Group (WBG)**, to coordinate a seamless approach to corporate clients. While still early days, the establishment of a single, focused entity boosted the performance of its constituent parts. WBG achieved unprecedented growth in assets during the year – and delivered a significant increase in cross-sales, generating considerable business for our other business segments.

The **Corporate Bank** operation capitalized on the Kingdom's economic growth to grow its loan book in line with enhanced risk assessment standards. Project and Structured Finance performed exceptionally well, achieving new heights in asset growth and income and leading many prestigious multibillion projects in Saudi Arabia.

anb's ambition to be the number one provider of financial services to **SMEs** was advanced by expanding the number and range of businesses we support via the Kafakah and Monsha'at funding platforms. Additionally, our SME-related services and products were significantly enhanced by our new digital lending platform – the first of its kind in the Kingdom – permitting SMEs to manage their entire lending application on-line.

Our **Retail Banking** delivered strong results and continued to expand its product range and value proposition to increase growth in target segments. Process improvements, product innovations, and significant enhancements to customer journeys resulted in substantially better customer experience and engagement.

### Customer deposits

14.1%

▲ YoY

In addition, our Customer Experience Department continued to focus on enhancing customer journey, using data analytics, insights and real time feedback to improve every step in the customer journey. Our enhancements to our digital capabilities made a material contribution to increased customer usage of digital channels, which resulted in better retention scores and more product cross-selling.

Our **Private Banking** business continued to expand our HNW client base, leading to growth in our loan and deposits portfolios, and enabling the Private Bank to exceed its financial targets.

Meanwhile, **anb capital** returned exceptional growth under its new management team. In asset management, 5 of our funds were in the top quartile in their respective categories in terms of performance.

**13.5%**

YoY increase In the net financing portfolio

**SAR****212.6bn**

Total assets as at 31 December 2022

**19.8%**

Total CAR as of year-end 2022

**Accelerating Digital Transformation**

With anb's focus on digitalization, our state-of-the-art digital platform allows customers to transact and conduct all their banking requirements on-line. This enhanced functionality resulted in a pleasing improvement in our banking app's rating and the acquisition of new customers. We have also begun developing innovative digital products to educate younger customers as part of our social responsibility to promote financial awareness.

**Supporting and Engaging Our People**

All the progress we achieved this year was delivered by our employees, consequently we rolled out a number of new initiatives in 2022 to support our people and build employee engagement. Our Performance Management System was revamped to reinforce our pay-for-performance culture and reward employees for helping achieve the Bank's strategic objectives.

Our focus on investing in human capital is one of the pillars of our

strategy, and this approach has manifested itself in various levels of management across different business sectors.

**Acknowledgments**

I am grateful for the wisdom and support of the Board of Directors for their strategic insights and continued guidance. I would also like to express my gratitude and appreciation to our colleagues from across the Bank, as well as the executive management, for continuing to place our customers at the center of all that we do.

« The 2022 year was significant in anb's history. We launched our new brand and its promise of faster, simpler banking to the market »

**Obaid Abdullah Al-Rasheed**  
Managing Director and Chief Executive Officer



# Chief Financial Officer's Review

anb continued to effectively manage its business operations and successfully navigated financial sector developments to report a strong financial performance in 2022, maintaining a balance between Retail and Wholesale Banking and prioritizing digital transformation to provide faster and simpler banking services and solutions.

Despite the significant challenges and inflationary pressures facing the global economy, the Saudi economy is bucking the trend through its strong fiscal position and the Kingdom's ambitious Vision 2030 economic diversification projects.

Supported by these market tailwinds, anb continued to effectively manage its business operations and maintained a balance between Retail and Wholesale banking, while investing in its digital transformation to provide faster and simpler banking services and solutions. The Bank successfully navigated financial sector developments to report a strong financial performance in 2022.

During 2022, anb recorded 41.1% growth in net income after Zakat and tax, increasing from SAR 2,177 million in 2021 to SAR 3,070 million in 2022. Net customer lending grew by 13.5% and asset quality continued to steadily improve. Total assets increased by 10.5% to reach SAR 212,628 million as of year-end 2022 compared to SAR 192,502 million in 2021.

## Recent Operating Performance at a Glance

### Total Assets (SAR)

**212.6bn**

▲ 10.5%

### Customer Deposits (SAR)

**154.9bn**

▲ 14.1%

### Total Operating Income (SAR)

**6.9bn**

▲ 19.0%

### Net Commission Spread

**3.10%**

▲ 9.9%

### ROAE

**9.68%**

▲ 35.2%

### Loans and Advances, Net (SAR)

**143.8bn**

▲ 13.5%

### Shareholders' Equity (SAR)

**32.3bn**

▲ 4.0%

### Net Income after Zakat and Tax (SAR)

**3.1bn**

▲ 41.1%

### C/I Ratio

**35.81%**

▼ 9.1%

### ROAA

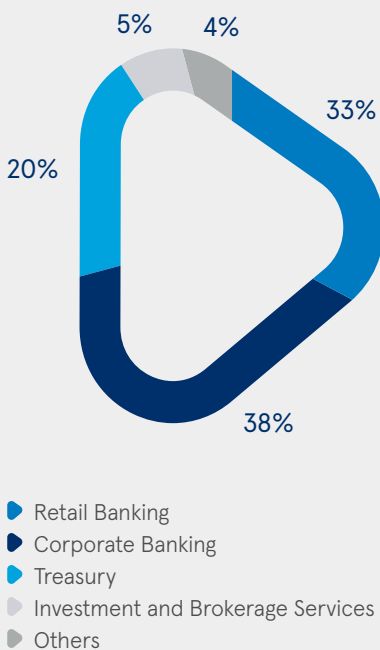
**1.52%**

▲ 29.9%



**NPL Coverage Ratio****148%****Total CAR****19.78%**

Tier 1 ratio 17.60%

**Operating Income by Business Segment****Net Income**

The Bank recorded a net income of SAR 3,070 million in 2022 compared to SAR 2,177 million in 2021, an increase of 41.1%. This growth was mainly driven by the increase in total operating income, which reflects to a large extent the increase in the demand for lending, as the portfolio of corporate loans, housing loans and private banking loans witnessed a remarkable growth and an improvement in the net commission spread this year, in addition to the increase in net banking fees, exchange income, dividend income and other operating income.

Accordingly, total operating income increased by 19.0% from SAR 5,765 million in 2021 to SAR 6,862 million in 2022, mainly due to the growth in the financing portfolio and an increase in the Bank's core operations. Accordingly, the net interest income reached SAR 5,636 million in 2022 compared to SAR 4,672 million for the previous year, an increase of 20.6%. This increase is mainly due to the growth in net financing and rising interest rates. Further, the net fee and commission income amounted to SAR 546 million, an increase of SAR 57 million over the previous year. Exchange income and dividend income reflected remarkable improvements, reaching SAR 354 million and SAR 160 million respectively in 2022; an increase of 59.3% and 82.2% respectively from the previous year.

During 2022, the Bank sold 30% of its shareholding (12 million shares) in Saudi Home Loans Company (an associate), as part of the associate's Initial Public Offering (IPO), for a gain of SAR 36.1 million – realized as gain on partial disposal of an investment in an associate.

Operating expenses increased by 11.6% to reach SAR 2,458 million from SAR 2,201 million in 2021, mainly due to the increase in consultancy services, communication expenses, rebranding costs and others, in addition to the increase in salaries and wages as well as training expenses. Despite the increase in total operating expenses, the higher income growth resulted in an improvement in the cost-to-income ratio by 356 basis points to reach 35.81% in 2022.

**Allowance Charges for Expected Credit Losses**

The Bank continued to improve its coverage ratio by assigning provision for credit losses of SAR 880 million in 2022, compared to SAR 1,034 million in previous year. ECL allowance for funded facilities reached SAR 3,920 million at year-end 2022 compared to SAR 3,113 million at the end of 2021. Credit quality remained stable, as evidenced by the NPL and NPL coverage ratios. The cost of risk reduced by 20bps to reach 0.63%. The NPL ratio increased by 10bps to reach 1.8% as of year-end 2022. NPL coverage ratio improved from 142% at the end of the financial year 2021 to reach 148% on 31 December 2022.

**Net income and Profitability Metrics**

The Bank's net income before zakat and income tax increased by 38.4% to reach SAR 3,636 million in 2022, compared to SAR 2,627 million in 2021. Zakat and income tax expense amounted to SAR 566 million for the year 2022, compared to SAR 450 million for the previous year.

The Bank's profitability and earnings metrics improved in 2022, as a result of the increase in the net income after zakat and tax. Earnings per share reached SAR 2.05 in 2022, up from SAR 1.45 in 2021. ROAA and ROAE increased to 1.52% and 9.68% respectively in 2022, compared to 1.17% and 7.16% respectively in 2021. Net commission spread and cost-to-income ratios improved as well to reach 3.10% and 35.81% respectively in 2022, compared to 2.82% and 39.37% respectively in 2021.

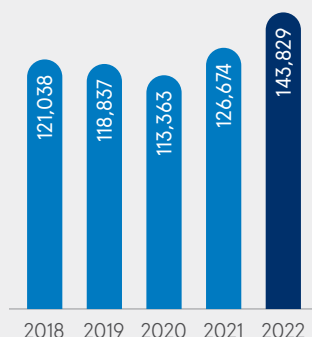
## Chief Financial Officer's Review (continue)

### Financial Position

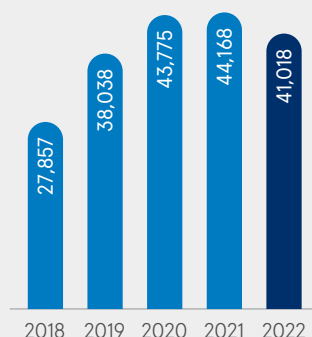
anb maintained its strong financial position as of year-end 2022, highlighted by robust growth in assets and liabilities during the year.

Below is a five-year summary of the Statement of Financial Position:

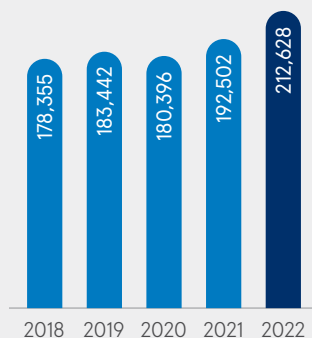
#### Loans and Advances, net (SAR million)



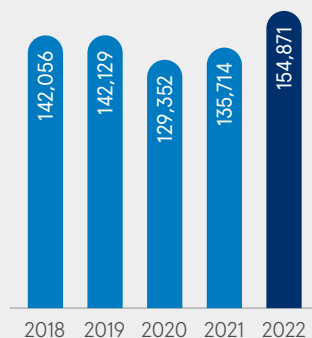
#### Investments (SAR million)



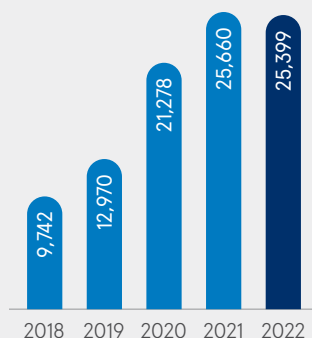
#### Total Assets (SAR million)



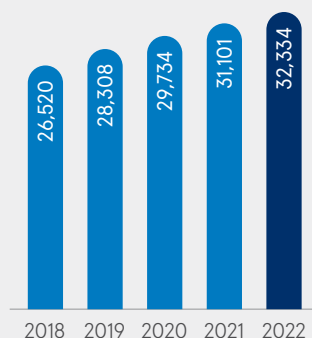
#### Customer Deposits (SAR million)



#### Total Liabilities (SAR million)



#### Total Shareholders' Equity (SAR million)



The Bank's balance sheet remains healthy, with growth in gross lending balances reaching SAR 147.7 billion and in deposit balances reaching SAR 154.9 billion at the end 2022. Net loans and advances have accelerated with 13.5% year-on-year growth in 2022, with progress made across both corporate and retail portfolios. Corporate financing witnessed a growth of 9.4% during the year, whereas retail financing grew by 23.8% during the year, mainly driven by private banking financing and mortgage financing.

anb maintained a healthy liquidity position throughout 2022, with Loan-to-deposit ratio (LDR) at 80.14% (below the regulatory maximum) as of 31 December 2022. The Bank's Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR) stood at 179.86% and 121.80% respectively, as of 31 December 2022, both well above the regulatory minimum.

anb remained well capitalized, as indicated by the Capital Adequacy Ratio of 19.78% as of year-end 2022, with Tier 1 Capital at 17.60%.

Going forward, anb is well positioned for continued growth, as it seeks to build on its strong position and the success of 2022 and deliver a resilient financial performance in 2023.

### Latifa Al-Sabhan

Chief Financial Officer





# Market Review

In 2022, the global economy faced a multitude of shockwaves as a result of the Russia-Ukraine crisis, deteriorating energy supply chain, record-breaking inflation and the lingering COVID-19 pandemic.

According to the International Monetary Fund (IMF), global inflation landed at 8.8% in 2022. The Fund characterized the year as “the weakest growth profile since 2001,” other than the global financial crisis and the pandemic. To counter this throughout the year, central banks across the globe hiked interest rates. As a result, the global economy experienced heightened financial vulnerability and volatility.

## The MENA Region

Overall, the Middle East and North Africa (MENA) region recorded robust expansion in 2022, registering a real GDP growth rate of 6.6%<sup>1</sup>. Moreover, driven by high energy prices and increased growth rates in non-oil sectors, GCC economies have buffered throughout the year, while the region's and middle-income and low-income economies experienced difficulties due to global slowdown paired with higher energy prices.

## The Saudi Arabian Economy

After recovering well from the COVID-19 pandemic recession, the Kingdom benefited from the global energy supply-demand crisis in 2022. In Q4 2022, Saudi Arabia's real GDP rose by 5.5% year-on-year (YoY), attributed to the growth in both oil activities, which increased by 6.1% YoY, and non-oil activities, which grew by 6.2% YoY.

In contrast to the growing global inflation rate, the general consumer price index (CPI) registered a 3.1% YoY increase in Q4, thanks to tighter monetary policy and a stronger US Dollar.

In addition, business infrastructure and facilities continued to improve because of large-scale public and private investment across various sectors, including tourism and hospitality, transport and logistics, energy and derivatives, and a range of consumer and business services.

## The Saudi Banking Sector

The Saudi banking sector registered a robust performance throughout 2022. Driven by improvement in the macroeconomic environment, Saudi banks reported a surge in credit growth and deposits. Throughout the year, SAMA hiked the Repo and Reverse Repo rates, and the rising policy rate scenario has benefitted the banking sector tremendously as net interest margins of most banks have revamped, given the faster repricing of loans.

1. S&P Global





# Business Review

## Retail Banking

Retail Banking maintained positive momentum during 2022 to deliver strong results and continues to expand our product range and value proposition to support growth in target segments with continued dedication to meeting our customers' needs.

### New Brand and New Capabilities

During a year of transformation and strategic progress, the Bank's dynamic leadership team launched our new brand image and embarked on a journey to grow in line with the market on all asset products, with a focus on improving profitability.

Building on the new brand image of the Bank, Retail Banking expanded our affluent and upper mass client base during 2022 by embarking on a range of process enhancements, product innovations and technology deployments. Combined with significant improvements in the capabilities of customer journeys, these improvements collectively acted as a catalyst for an improved customer experience and engagement.

During 2022, we enhanced our Customer Experience Department to focus efforts on customer-centric innovations that improve our customer's experience at every stage of their journey with the bank. Real time feedback is now obtained on services provided at our branches and performance is monitored on a continuous basis to identify opportunities for improvement.

Using data analytics and customer insights, the Bank is now capable of offering customized product solutions. The Bank has also launched renewed offers for housing finance, supporting growth in this sector.

This year has witnessed a significant increase in customers' use of digital channels, demonstrating the importance of the Bank's focus on investing in digital transformation. As a result, there has been a noticeable improvement in customer retention rates and cross-selling of products.

The Bank has also launched its new loyalty rewards program, which features many competitive advantages. All Bank customers can earn points when purchasing a product or using various banking services such as cards, transfers, financing solutions, or current and savings accounts. The program also offers flexibility in redeeming earned points in several ways, including cash, electronic vouchers at stores, or point transfers.

### Delivering Growth and Diversifying Offerings

Overall, anb's Retail Banking division achieved significant growth in its asset portfolio, reflecting improvements in sales primarily through enhancing efficiency and reducing service delivery times. The Bank's mortgage loans have also achieved steady growth, supported by positive market trends, and further reinforced by the launch of our new auto lease product.

The Bank continued its efforts to encourage customers to saving for the future. We strengthened our partnership with the Social Development Bank by providing innovative and attractive savings products. We also invested in "Cashee," a digital banking platform aimed at promoting financial inclusion, improving money management, and instilling a culture of saving among the youth.

The Bank also succeeded in expanding our credit card business, supported by the launch of our new multi-currency card and our new loyalty program, in addition to converting all cards to become Shariah-compliant. These key initiatives have contributed to attracting more customers and stimulating further growth.

In recognition of our strong reputation in the market and of our service offerings, anb was selected as a preferred service provider for financing programs of several major companies. The Bank was also among the first to introduce the new products launched by REDF, which demonstrates our ability to adapt to change and develop products, processes, and solutions that meet the market's needs.



## Private Banking

anb's Private Bank maintained its focus on providing tailored banking and investment products to meet the specific needs of our high net worth clientele, delivering growth and elevated experiences during an award-winning year.

At the heart of our Private Bank's approach is a focus on building strategic and enduring relationships with each one of our high net worth (HNW) clients. Our team of dedicated and highly skilled relationship managers works to understand individual client needs and offers a sophisticated suite of wealth management products and services that responds to those specific needs. This individual approach to account ownership builds a level of trust and knowledge that is the foundation of sustainable growth and success.

During 2022, we continued to grow our HNW client base, drive growth in our loan and deposits portfolios, and provide clients with attractive investment opportunities. This strong performance enabled us to exceed all financial targets for the year.

Benefiting from the resilience of our business model and client base, Private Bank is well positioned to sustain positive momentum in the year ahead. We will identify and support HNW clients and invest in developing the strong, trusted relationships needed to effectively fulfill their diverse banking needs.

We will particularly focus on providing our clients with suitable investment solutions, while seeking to enhance our liabilities portfolio and drive revenue through increased cross-selling across the Bank.



## Business Review (continued)

### London Branch

For over 3 decades, anb's London branch has enhanced the Bank's profile and visibility in one of the world's largest and most important financial centers. In 2022, the branch continued to support the diverse needs of anb customers with private or business interests in the UK.

Despite raising interest rates, the branch is aiming to offer both financing for property loans and competitive interest rates to those who want to place deposits with anb.

Furthermore, new services to private banking and VIP clients are being offered to provide broader and more personalized assistance, based on individual needs, through enhanced collaboration with a range of selected external business partners.





## Islamic Banking

anb Islamic Banking supports the progress of the Bank's strategy by developing and offering a wide range of Shariah-compliant banking products and services to support the diverse needs of anb customers. In 2022, we achieved significant milestones, including ensuring that our entire branch network is fully Shariah-compliant and driving the growth of Islamic assets and offerings.

Overseen by the Bank's Shariah Committee, which forms a key part of our governance framework, Islamic Banking is responsible for the provision of Islamic banking services, providing advice and support across all of our business segments to ensure that Islamic banking is mainstreamed in every element of our core work.

The committee plays a critical role in providing visibility, leadership and expertise to this critical area of our activity. We are currently in the process of extending the membership of this committee to ensure that it has the range of expertise we require, as the Bank develops new digital products to meet the changing needs and expectations of our customers.

This year, we have seen significant growth of Islamic assets in addition to an increase in the number and range of Shariah-compliant products and services offered by anb to meet the evolving needs of our customers.

We also achieved the key milestone of 100% Shariah-compliant branch network. This means that all of anb's branches provide only Shariah-compliant products and services to customers.

In addition, the Bank organized a high-profile Islamic banking conference attended by anb's Shariah Committee, renowned Sheikhs and Islamic scholars from across Saudi Arabia and the Gulf region, with an aim to develop the Islamic banking industry at local and international levels.

Also, earlier in 2022, anb organized the Islamic Banking forum, which brought together members of the Shariah Committee with selected anb customers to increase awareness and knowledge of Islamic banking business, services and products.





## Business Review (continued)

### anb capital

anb capital, the investment banking arm of anb, is a leading Saudi investment bank that provides the full spectrum of services regulated by the Capital Market Authority (CMA) of Saudi Arabia. During 2022, as revenues grew, the Company continued to invest in its resources, positioning itself for further growth over the coming years.

In asset management, 5 of our funds were ranked in the top quartile in their respective categories in terms of performance for the year 2022, based on information provided on the Saudi Stock Exchange web-site. We also upgraded our infrastructure during the year to enhance market access for our funds and discretionary portfolio management (DPM) clients as part of our continued evolution to stay ahead of market developments. Over the next 3 years, we plan to significantly expand our product offering to include new investment strategies, asset classes and geographies.

Our real estate department launched 5 new closed-ended funds in 2022, with new assets under management of SAR 6.5 billion, raising our overall real estate assets under management to more than SAR 10 billion. Funds launched include the SAR 3.5 billion Al Arabi Real Estate Opportunities Fund (III), which will invest in infrastructure in the Dirab region of Riyadh. We also launched 2 funds that will invest in the development of Taif, in line with the Government of Saudi Arabia's objectives for the region.

We continued to build up our investment banking presence during 2022, as we acted as joint bookrunner on the SAR 1.4 billion IPO of Riyadh Cables, as the sole financial adviser, underwriter and lead manager on a SAR 200 million rights issue for Wataniya Insurance Company, and as

co-underwriter for the IPOs of Al Dawaa Medical Services Company and Petro Rabigh. anb capital also supported the Public Investment Fund with its USD 3 billion green bond issuance which was completed during the year.

In brokerage, while market volumes declined in 2022, our market share among the bank-affiliated capital market institutions (CMIs) continued to improve. We are making considerable investments in enhancing our clients' trading experience, with a number of initiatives set to go live over the coming months. Brokerage has traditionally been a key business line for anb capital, and we plan to continue investing in it over the coming years.

As Riyadh emerges as a global financial center in line with Vision 2030, we believe that Saudi investment banks will play a pivotal role in the development of the Saudi capital markets by introducing new and innovative products for local investors as well as for an increasing number of foreign investors. Against this backdrop of the internationalization of Saudi capital markets and the opportunities that it represents, we at anb capital are committed to providing best-in-class investment advisory and financial management solutions for our clients, while also developing the next generation of Saudi talent.



## Wholesale Bank Group

Saudi Arabia's future prosperity and success will be driven by the development of a diverse, and growing business sector. Providing a wide range of financial products and solutions to cater to business needs is a critical part of the Bank's mission, which aims at contributing to sustainable economic growth and delivering on the goals of Saudi Vision 2030.

In line with this mission, and to optimize the end-to-end services and products provided to our clients, the Bank has implemented an initiative to group all business banking segments under one umbrella, the Wholesale Bank Group. The initiative aims to boost coordination and synergies amongst the business units under the umbrella of the Wholesale Bank Group, and enhance the value proposition offered to the clients by providing a more holistic and aligned set of products and services suited to their business needs.

While still in its early stage, the formation of the Wholesale Bank Group has had a notable impact on the performance of its constituent business units, which recorded an unprecedented growth in assets during the year – one of the highest amongst banks in the Kingdom. The Wholesale Bank Group also delivered significant growth in one of the key focus areas for the Bank, namely cross-sales, which generated considerable business for the Bank's other business segments.

### Corporate

Our corporate team focuses on providing responsive and tailored services to anb's large-segment corporate customer base to facilitate their ongoing success. These large corporates add enormous value to the wider economy. Our operational approach invests in the capacity, expertise and skills of our team to enable them to develop strong and enduring relationships with our corporate partners.

Despite the challenges faced in the global economy, Saudi Arabia's economy has experienced a noticeable growth, positioning it as the highest growing economy amongst the G20 countries. The Bank capitalized on the emerged opportunities to deliver loan book growth, whilst also ensuring that we met enhanced risk assessment standards.

Consistent with other areas within anb, Corporate Bank maintained the momentum on the digitalization of our products and services to better meet the changing needs and expectations of corporate customers. A large amount of work did go into making our transaction processes more efficient to provide a seamless customer experience.

### Project and Structured Finance

The Bank also maintains a leading position in the project and structured financing domain in the Kingdom, offering a range of related services including project and infrastructure finance, acquisition finance, asset-backed lending, syndicated corporate and contract finance, and syndicated loan agency services. With an experienced team of industry experts, Project and Structured Finance has structured and led financing for several marquee projects and transactions in the Kingdom.

During 2022, Project and Structured Finance performed exceptionally well, with an unprecedented growth in its asset book and income, which contributed to the Wholesale Bank Group achieving its strategic and growth targets. One of the key infrastructure financing transactions that were structured and led by the bank in 2022 through its Project and Structured Finance Department has been deservedly recognized as the "Transport Finance Deal of the Year" by the Capital Markets & ESG Finance, Saudi Arabia. The SAR 2.5 billion financing transaction was completed in record time for Tibah Airports Development Company – the developer and operator of Prince Mohammad Bin Abdulaziz International Airport (Madinah Airport). This is a landmark financing transaction for the strategically important Madinah Airport, which is the first and only airport in the Kingdom to be privatized on a public private partnership (PPP) basis.

Other key financing transactions led by Project and Structured Finance during 2022 include:

- Structuring and underwriting a SAR 2.2 billion financing for a power and water project belonging to one of the largest refining and petrochemical companies in the Kingdom.
- Sole global coordinator for a SAR 2.8 billion financing raised by a leading telecom operator in the Kingdom.
- Leading, structuring and underwriting a SAR 2.8 billion financing for a greenfield industrial gases project being developed in the Kingdom.



**The Bank was awarded "Transport Finance Deal of the Year" in the Kingdom for 2022.**

## Business Review (continued)

### Commercial

The commercial team focuses on providing financial services to middle market organizations. This middle market is an increasingly important driver of economic growth and development in Saudi Arabia, and requires bespoke solutions to support commercial customers in line with the growing economy.

To deliver to our commercial customers, we have prioritized placing relationships at the heart of everything we do. Activities are increasingly delivered through digital platforms, but we have also continued to focus on developing our face-to-face services throughout 2022 through our 3 regional offices in Riyadh, Jeddah and Khobar. We regard this direct contact with customers as critical in helping us to develop trusted relationships and to build in-depth knowledge of our customers' businesses and the financial solutions they require.

Our priority during 2022 was to maintain the level and standard of service that our customers expect. Not only did Commercial maintain the same levels of service, but it also expanded its customer base.

### Small and Medium Enterprises (SMEs)

SMEs are a strategically important element of the Saudi Arabian business community. This is reflected in the key prominence SMEs are given in Vision 2030. We also know that SMEs face particular challenges as they grow and require tailored products and support to provide the financial springboard for their future success.

The strategic importance of SMEs to the wider economy is why the Bank has set out its ambition to become a leading provider of financial services to this market segment.

SME has maintained its notable achievements in 2022 building on the success achieved in 2021, particularly in the number and range of businesses it is supporting through key government schemes, such as Kafalah and Monsha'at funding platforms.

The Bank is a leading supporter of clients financed through the Monsha'at funding platform, as it has been designated as the "Best Partner in 2022". Further, the Bank ranked second place for the number of businesses financed and





third place for the total amount financed to businesses through the Kafalah Program in 2022; in addition to being awarded as the “Best SME Bank in Saudi Arabia” for the year of 2022 by International Business Magazine.

The department has also continued launching new products for SMEs and developed a franchised and a fully digitalized platform for all SME lending. The on-line lending service was the first of its kind in the Kingdom, allowing SMEs to manage the entire loan application process on-line. In addition to that, customers, since the start of 2022, can open current accounts through the Bank's web-site without the need to visit a branch.

This demonstrates the ongoing level of commitment the Bank has in supporting SMEs and helping them to grow and perform their critical role within the Kingdom's economy. As we move forward, providing the financial infrastructure to help SMEs develop and grow will continue to be a central element of SME's overall business strategy.



### Transaction Banking Solutions (TBS)

TBS offers transaction banking solutions to companies of all sizes and business domains, including public sector entities. Supported by its digital platforms and embedded automation, TBS offers solutions in payments, receivable and liquidity management, account services, foreign exchange, card issuing, acquiring, escrow services that provide visibility, control and cash flow optimization – all while carefully managing operational risk associated with transactional services.

TBS' recent successes have been in positioning the Bank as an enabler to the rapidly developing fintech segment in the Kingdom, where it has successfully achieved over 50% market share in servicing transaction banking needs of Saudi Central Bank (SAMA) or Capital Market Authority (CMA) licensed fintechs.

### Vision Realization Office

In alignment with Vision 2030, an established Vision Realization Office in March 2022 as part of the Wholesale Bank Group. Vision Realization Office serves the public sector segment and addresses its banking requirements to operate and deliver their projects and services, as well as creating initiatives to realize the Vision 2030 objectives.

Our contribution to support the growth aspirations of Vision 2030 has been our top priority since the announcement of the Vision, and working together for a stronger economy is our ambition. Through a team of experienced bankers who understand the public sector operational environment, we strive to provide the best banking experience to the public sector's entities in terms of financial products and services and operational solutions.

Through our Vision Realization Office, we strive to contribute to the success of the Vision 2030 objectives through the following:

- Providing financial and banking services to the Kingdom's projects under a range of sectors, which include industrialization, tourism, entertainment, transportation and logistics, housing, aerospace, education, health and other sectors.
- Coordinating to provide value to public sector entities by offering tailored digitalized solutions for payments and fintech services to improve efficiency and cost-effectiveness.
- Introducing collaboration frameworks with public sector entities, which would support the private sector's contribution into the Kingdom's economy.

## Business Review (continued)

### Treasury Group

anb's Treasury Department delivered a positive and productive year, moving towards implementing a new strategy, accelerating automation and strengthening the capacity and capabilities of our team, in order to support the Bank's treasury requirements and achieve our financial targets for the year.

Treasury continued to create value for anb during 2022, achieving its overall financial targets for the year via prudent management of interest rates and timing of asset allocation.

Through proactive management of hedging towards the end of 2021, we provided meaningful protection in the face of a sharp rise in interest rates in 2022, while also effectively timing the deployment of investments subsequent to major market correction.

We continued to drive revenue diversification this year through an increase of trading, derivatives and forex income to compensate for a drop in Treasury NII. We also continued to enhance investment diversification and strengthen advisory services, to support revenue growth today and in the future.



## Human Resources Group

The Bank is committed to attracting, developing, supporting and retaining distinguished talents in all departments and business sectors, and prioritizes building a diverse and qualified workforce with an institutional culture that supports the Bank's strategy and objectives, based on its belief that its employees are the basis for its success.

The Bank focused its efforts on aligning with stakeholders' interests to improve performance and motivate its employees to move forward. Our performance management system was revamped, and our employees played a significant role in implementing this strategy based on our vision, mission, and commitment to our values, as we aim to be the best choice for our customers.

In order to achieve our ultimate goal of developing and retaining talent, internal and external talent programs have been designed and launched to build a group of qualified future leaders capable of filling advanced positions in the Bank.

The internal talent programs that were implemented during 2022 included the High Potential Cadres Program, which included a large number of the Bank's employees from various administrative levels. The program emphasized refining leadership skills in cooperation with a number of prestigious training centers.

Moreover, in order to ensure that all employees adhere to the corporate culture and behaviors, we have developed the Bank's core competency and leadership frameworks and integrated them into the performance management framework. This includes the assessment of competencies during performance appraisals. We also continued to focus on improving the employee experience and reviewing all policies to enhance the work environment by making it more attractive and distinctive.

In addition, the Human Resources Group launched a number of initiatives aimed at raising the value provided to employees by amending the compensation policy and adding a number of incentives and allowances, aimed towards improving performance levels and job satisfaction among the Bank's employees.





## Business Review (continued)

### Digital Transformation, Technology, and Processes

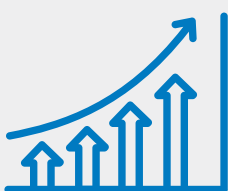
The Bank's digital strategy focuses on developing a comprehensive approach that ensures efficiency and flexibility, and enhances digital business models. We collaborate with leading global technology institutions to continually update our systems according to the highest standards.

During 2022, we focused our efforts on developing our technology infrastructure by building seamless and flexible systems that contribute to improving operational efficiency, data analysis, enhancing the quality of digital services, and improving the customer experience.

Moreover, the year witnessed the launch of our advanced anb connect platform, designed to provide open banking services, allowing our customers from companies and FinTechs to benefit from financial services in building, operating, and innovating solutions.

Following the launch of our Digital Office in 2021, anb continued to explore, engage, invest and transform by applying technology, building capabilities and launching initiatives to leverage the power of digitization to support our business and customers.

These efforts have enabled us to provide integrated services that allow customers to access multiple solutions, including online account opening, subscription to electronic services, account and investment management, financing solutions, credit cards, and insurance products through our leading digital platforms. Our digital services and IT units continuously work together to develop our services to meet our customers' needs.

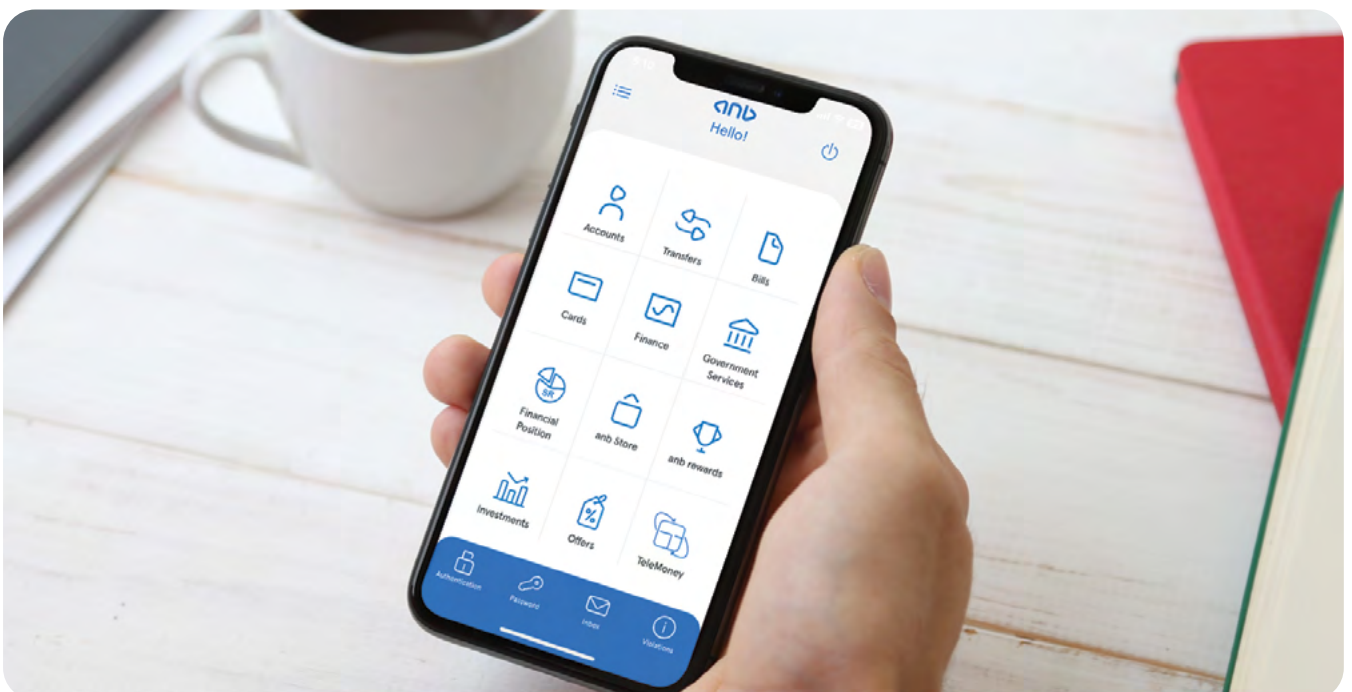


**Digital sales of credit cards and personal finance products have grown exponentially this year and anb was awarded the “Excellence in Mobile Banking” award among banks and financial institutions across Saudi Arabia.**

The journey has delivered excellent early results, as we have seen the app's rating improve and the number of new customers to the Bank increase. Digital sales of credit cards and personal finance products have grown exponentially this year and anb was awarded the "Excellence in Mobile Banking" award among banks and financial institutions across Saudi Arabia.

Tasked with expanding the Bank's digital offering, the Digital Office is driving change in this priority area for the Bank, which is expected to transform the Bank's customer base, in particular Millennials and Generation Z. As the new anb brand gains momentum and customers respond positively, we are working to improve the digital offering on the mobile app to increase trust and expand market share among Millennials and Generation Z, who continue to fuel the transformation. To compete with start-up challengers, anb is working on new growth opportunities and rapid adoption of go-to-market strategies that match our target audiences' habits, expectations and preferences.

With these segments in mind, anb is consistently working to improve savings habits in the Kingdom. We partnered with the Social Development Bank to develop innovative product features that help customers save more. In particular, anb's U-Account targets teens and young adults in the 15-23-year-old segment. This allows our younger customers to take charge of their finances and save for their future. To drive this further, anb has invested in Cashee, a financial education platform for children and youth.



# 03

## Directors' Report

Financial Highlights	39
Geographical Analysis of Revenues	40
Subsidiaries and Associates	41
Dividend Distribution Policy	42
Future Strategic Plans	43
Principal Activities	44
Micro, Small and Medium Enterprises (MSMEs)	45
Quantitative Disclosures	46
Risks Encountered or That Could Potentially be Encountered by the Bank	47
Corporate Governance in the Kingdom of Saudi Arabia	48
Board of Directors	48
Brief Description of Qualifications and Experiences of the Board Members, Board Committees and Senior Executives	50
Interests of Board Members, Senior Executives, Their Wives and Children	63
Remunerations of Board Members, Related Committees and Senior Executives	65
Penalties and Regulatory Restrictions	70
Related Party Transactions	72







# Directors' Report

for the financial year ended 31 December 2022

## 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 31 December 2022.

### Introduction

arab national bank (the Bank or anb), a Saudi Joint Stock Company, was incorporated pursuant to Royal Decree No. M/38 dated 18 Rajab 1399H (corresponding to 13 June 1979). The Bank's Head Office is located in Riyadh, and it operates through 127 branches and 75 remittance centers 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 profit after zakat and income tax attributable to equity holders of the Bank for the year 2022 amounted to SAR 3,070 million compared to SAR 2,177 million last year, an increase of 41.1%. Earnings per share amounted to SAR 2.05 compared to SAR 1.45 in 2021.

Net special commission income increased by 20.6% to reach SAR 5,636.5 million compared to SAR 4,672 million in the previous year, while fees and commission income increased by 11.6% to reach SAR 545.9 million from SAR 489.1 million in 2021. This resulted in total operating income increased by 19.0% from SAR 5,764.5 million in 2021 to SAR 6,862.2 million in the current financial year.

Operating expenses before provisions totaled SAR 2,457.7 million compared to SAR 2,201.4 million in 2021, an increase of 11.6%. The Bank assigned a provision charge for credit losses of SAR 879.8 million compared to SAR 1,034.5 million in 2021, a decrease of 14.9%, non-performing loans coverage reached a ratio of 148.1% as at 31 December 2022.

The Bank achieved in 2022 a profit of SAR 36.1 million as a result of selling 30% of the Bank's share in the Saudi Home Loan Company (SHL) as part of the public offering of the associated Company.

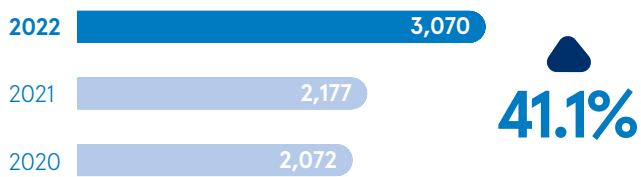
The Bank's loan portfolio amounted at year-end to SAR 143,829 million compared to SAR 126,674 million in 2021, an increase of 13.5 %; while its investment portfolio decreased to SAR 41,018 million from SAR 44,168 million in 2021, a decrease of 7.1%.

Total assets and customer deposits as at 31 December 2022 amounted to SAR 212,628 million and SAR 154,871 million, respectively.

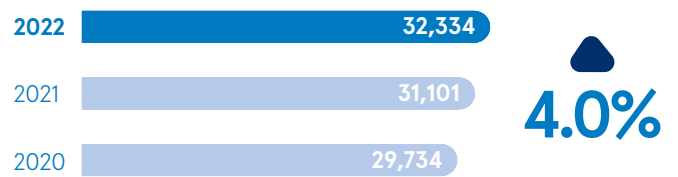
Equity attributable to equity holders of the Bank reached SAR 32,334 million compared to SAR 31,101 million in 2021, an increase of 4%.

# Financial Highlights

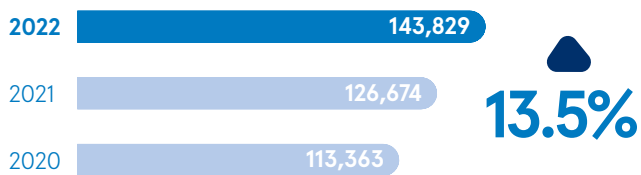
## Net income after zakat and income tax attributable to equity holders of the Bank SAR millions



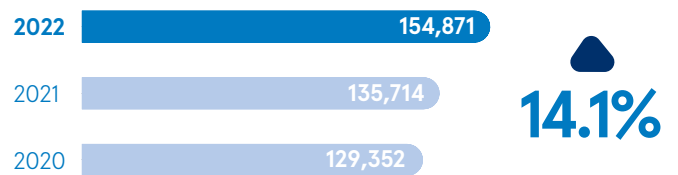
## Equity attributable to equity holders of the Bank SAR millions



## Loans and advances, net SAR millions



## Customers' deposits SAR millions





## Directors' Report for the financial year ended 31 December 2022

### Financial Highlights

	SAR millions				
	2022	2021	2020	2019	2018
Loans and advances, net	<b>143,829</b>	126,674	113,363	118,837	121,038
Investments, net	<b>41,018</b>	44,168	43,775	38,038	27,857
Customers' deposits	<b>154,871</b>	135,714	129,352	142,129	142,056
Equity attributable to equity holders of the Bank	<b>32,334</b>	31,101	29,734	28,308	26,520
Total assets	<b>212,628</b>	192,502	180,396	183,442	178,355
Total liabilities	<b>180,270</b>	161,374	150,630	155,099	151,798
Total operating income	<b>6,862</b>	5,765	5,824	6,733	6,535
Total operating expenses	<b>3,338</b>	3,236	3,317	3,192	3,236
Net income after zakat and income tax attributable to equity holders of the Bank	<b>3,070</b>	2,177	2,072	3,023	3,969

### Geographical Analysis of Revenues

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

	SAR'000s
Central Region*	<b>4,916,676</b>
Western Region	<b>1,069,760</b>
Eastern Region	<b>875,804</b>
Total	<b>6,862,240</b>

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

## Subsidiaries and Associates

### anb capital

In accordance with the directives of the Capital Market Authority (CMA), the Bank established a subsidiary named Arab National Bank Investment Company (ANBI), a wholly owned closed joint stock company, registered in the Kingdom of Saudi Arabia under commercial registration No. 1010239908 issued on 26 Shawal 1428H (corresponding to 7 November 2007). 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 CMA. The subsidiary commenced operations on 3 Muharam 1429H (corresponding to 12 January 2008). Accordingly, the Bank started to consolidate the mentioned subsidiary's financial statements with its financial statements with effect from 12 January 2008. On 19 Muharram 1436H (corresponding to 12 November 2014), 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 28 Muharram 1437H (corresponding to 10 November 2015) 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 26 Sha'ban 1437H (corresponding to 2 June 2016) 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 Safar 1437H, and the CMA's circular No. S/6/16287/15 dated 10 Rabi' Al-Awal 1437H. The General Assembly of anb capital approved on 28 Dhu Al-Qi'dah 1443H (corresponding to 27 June 2022) the name change of the Company from ANB Invest to anb capital.

### Arabian Heavy Equipment Leasing Company (AHEL)

An 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 15 Jumada I 1430H (corresponding to 10 May 2009). The Company's authorized and fully paid-up capital amounts to SAR 300 million representing 30 million shares of SAR 10 each as of 31 December 2022. The Company is engaged in the leasing of heavy equipment and operates in compliance with Shariah principles. The Bank started to consolidate the financial statements of this Company with effect from 10 May 2009 which was the Company's commencement date of business. On 6 May 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 31 December 2022. 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 activity is to finance the purchase of real estate products that are fully Shariah-compliant.

During 2022, the Bank sold 30% of its shareholding (12 million shares) as part of the Company's Initial Public Offering (IPO) for a gain of SAR 36.1 million which was recognized as a realized gain on partial disposal of an investment in an associate in the consolidated statement of income.

In Q2 2022, the Bank purchased 1.4 million shares for an amount of SAR 28 million (SAR 20 per share) representing 1.4% of SHL issued capital.

The Group continues to classify its remaining interest of 29.4% in the Company (29.4 million shares) as an associate as the Bank still exercises significant influence over SHL. The Bank's share in the associate is equity accounted.

### 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 28 Muharram 1435H (corresponding to 1 December 2013). 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 31 December 2022. The agency obtained its license from the Saudi Central Bank to start its activities in insurance agency and related business on 15 Jumada I 1435H (corresponding to 6 March 2014).

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

## Directors' Report for the financial year ended 31 December 2022

### 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 18 Jumada I 1425H (corresponding to 6 July 2004). The Company's capital amounts to SAR 1 million consisting of 10,000 parts (at a nominal value of SAR 100 each) as at 31 December 2022. The subsidiary is engaged in the purchase of land and real estates and invest them through sale or rent in favor of the Company, 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 Shaban 1436H.

### ANBC Business Gate Fund

The Bank owned indirectly 25.47% of ANBC Business Gate Fund (the Fund), which is a private closed-ended real estate investment fund launched on 25 August 2014 for a period of 5 years starting from date of closure of first offering on 11 January 2015. CMA has been informed of the offering of the Fund through letter number 8/14/411 dated 9 Shawwal 1435H (corresponding to 5 August 2014). 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 hotel operating income over the Fund term. The Fund's total shareholding reached SAR 950 million divided into 950,000 units, each with a value of SAR 1,000.

Since its launch, the Fund's period was extended a number of times. The last, being 14 December 2020, when the shareholders approved an extension to 31 December 2025.

On 26 May 2021, the Fund's total shareholding was reduced by an amount of SAR 375 million to reach SAR 575 million, instead of SAR 950 million, and each unit value is SAR 605.

At the end of May 2021, the Bank sold half of the group's share in the Fund to other shareholders. Consequently, the Bank's indirect ownership became 12.75% in the Fund instead of 25.47%. The Bank still has a significant influence over the Fund; thus, the Bank continued to classify its investment in the Fund as an investment in an associate and the Bank's share is equity accounted.

### 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, Shariah-compliant, private real estate fund established in the Kingdom of Saudi Arabia and launched on 22 May 2020 for a period of 12 years. CMA has been informed of the offering of the Fund on 4 June 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 into 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 3 Jumada I 1438H (corresponding to 31 January 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 50,000 consisting of 50,000 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 distributions 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 dividends, 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 interim dividends based on the Bank's financial situation.
5. Non-distributed earnings are transferred to the next year or to the general reserve.



**The Board proposed to distribute 2022 net income as follows:**

	SAR'000s
2022 net income – after zakat and income tax	3,070,405
Retained earnings from previous years*	6,059,669
<b>Total</b>	<b>9,130,074</b>
Distributed as follows:	
Transferred to statutory reserve	(768,000)
Total dividend distribution – interim and proposed (50.2% out of 2022 net income)	(1,542,830)
<b>Retained earnings for 2023</b>	<b>6,819,244</b>

\* Net of gain on derecognition of FVOCI equity investment.

**Future Strategic Plans**

The future strategic plans for the Bank are focused on prioritizing digital transformation, driving business growth, and maintaining a balance between retail and wholesale banking. Additionally, the Bank will focus on selective business opportunities to achieve expected returns as per approved plans.

The Bank aims to become a significant player in providing digital services and products, underpinned by digital transformation programs, and to become the employer of choice in the financial sector. The strategy is aligned with the current economic environment and the goals and objectives outlined in the Kingdom's Vision 2030.

- The strategy aims to give priority to digital transformation, recognizing that technology changes are happening 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.
- The demographics of the Kingdom of Saudi Arabia, with a young population, means that the provision of affordable housing is a key focus area for the Government. The Bank has geared itself to provide new services and products to support these ambitious plans, and the housing portfolio is currently undergoing rapid growth.
- The Bank also endeavors to benefit from digital platforms to provide saving products and instruments for all segments, with a particular focus on the youth segment. The Bank will provide customized services to this segment through designed programs covering a wide range of services that meet their financial requirements.
- In Wholesale banking, the Bank focuses on multiple fronts, Corporate, Commercial, and MSME banking:
  - In Corporate and Commercial banking, the initiatives put forward within the Kingdom's Vision 2030 are expected to provide significant opportunities over the mid-term to finance a number of large projects, including tourism, entertainment, and rural development sectors. The Bank strives to increase its competitive abilities to benefit from such opportunities to achieve its expected returns.
  - In support of the growth of Micro, Small, and Medium Enterprises (MSME), the Bank is expanding its footprint and range of products and services provided, through dedicated centers. These centers provide customized solutions covering financing, transaction banking, and account services.
- In Treasury, the Bank aims to diversify its income sources by expanding its product offerings and increasing cross-selling with Wholesale and Private banking clients to enhance existing relationships. In addition, Treasury will continue to manage the expected balance sheet growth in the business segments and ensure to maintain the Bank's healthy capital position is maintained.

## Directors' Report for the financial year ended 31 December 2022

### Principal Activities

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

<b>Retail Banking</b>	Deposits, credit facilities and investment products for individuals, and the Bank's London branch.
<b>Corporate Banking</b>	Loans and advances, deposits and other credit products for corporate and institutional customers, small to medium sized businesses.
<b>Treasury Banking</b>	Manages the Bank's trading and investment portfolios and its funding, liquidity, currency and commission rate risks.
<b>Investment and Brokerage Services</b>	Investment management services and asset management activities related to dealing, managing, arranging, advising and custody of securities.
<b>Other</b>	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 is consistent with the basis used in 2021. 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 31 December 2022 and its total operating income, expenses and net income for the year, by operating segments, are as follows:**

2022 SAR'000s	Retail Banking	Corporate Banking	Treasury	Investment and Brokerage Services	Other	Total
Total assets	54,906,322	94,194,082	61,038,440	551,411	1,937,838	<b>212,628,093</b>
Investments in associates	-	-	-	345,152	633,531	<b>978,683</b>
Total liabilities	72,862,044	85,898,001	19,694,474	120,875	1,695,042	<b>180,270,436</b>
Operating income/(expenses) from external customers	2,185,203	4,192,805	325,861	324,158	(165,787)	<b>6,862,240</b>
Intersegment operating income/(expenses)	109,136	(1,559,696)	1,017,376	-	433,184	-
Total operating income	2,294,339	2,633,109	1,343,237	324,158	267,397	<b>6,862,240</b>
Of which:						
Special commission income, net	2,265,318	2,071,162	846,309	103,307	350,356	<b>5,636,452</b>
ECL allowance charges and other provisions, net	137,309	732,192	10,336	-	-	<b>879,837</b>
Depreciation and amortization	155,526	29,900	685	3,835	23,662	<b>213,608</b>
Total operating expenses	1,563,715	1,542,895	126,869	101,105	2,951	<b>3,337,535</b>
Share in earnings of associates	-	-	-	34,189	73,942	<b>108,131</b>
Net income before zakat and income tax	730,624	1,090,214	1,216,368	257,242	338,388	<b>3,632,836</b>

### **Micro, Small and Medium Enterprises (MSMEs)**

MSME relationships are managed at anb by dedicated business units catering for the financial services requirements of (i) micro and small enterprises and (ii) medium-sized businesses. This division is necessary because of the different client coverage, credit underwriting and risk management / control models required for these 2 segments. In view of the importance of the sector, a work team has been allocated for small and micro enterprises whose annual sales do not exceed SAR 40 million, and another team specialized in the medium-sized enterprises' sector that operates within the framework of sales ranging from SAR 40 million to SAR 200 million. This specialization in relationship management comes from the Bank's keenness to cover and meet all the needs of these enterprises in view of their sizes and growth requirements.

Establishing a meaningful presence in the MSME segment is a key strategic priority and to this end, the Bank over the past 4 years expanded its distribution footprint by establishing 13 dedicated MSME centers across the Kingdom covering 9 cities. anb offers its clients a range of facilities including borrowing services that include Short and 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 a competitive price range.

anb is one of the leading participants of the Kafalah program, under the umbrella of Monshaat (Government's SME Authority) in participating with their developmental programs through launching new finance programs and awareness initiatives.

arab national bank is the first Bank to launch an electronic service that allow Micro and Small Enterprises to apply for facilities through the Bank's electronic gate, obtain the necessary approvals and sign the contracts electronically. In addition, anb has been designated as the best partner in 2022 on the Monshaat funding platform, and we have been awarded as the best SME for banking Saudi Arabia 2022 from International Business Magazine.

The Bank envisages growth in 2023 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 selected segments. Technology requirements including digital solutions will be a key enabler in this regard.

Building bench strength and a knowledge pool is another key dependency in our strategic plan. We plan to increase our staff strength in 2023 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 product propositions that meet the borrowing and non-borrowing financial servicing needs of the segment.

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



## Directors' Report for the financial year ended 31 December 2022

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 2022				As at 31 December 2021			
	Micro	Small	Medium	Total	Micro	Small	Medium	Total
Loans to MSMEs – on balance sheet (SAR millions)	773	4,048	10,542	15,363	261	3,735	10,660	14,656
Loans to MSMEs – off balance sheet (SAR millions)	114	876	2,714	3,704	82	685	2,304	3,071
On balance sheet loans to MSMEs as a percentage of total on balance sheet loans	0.52%	2.74%	7.14%	10.40%	0.20%	2.88%	8.21%	11.29%
Off balance sheet loans to MSMEs as a percentage of total off balance sheet loans	0.43%	3.31%	10.24%	13.98%	0.32%	2.66%	8.96%	11.94%
Number of loans (on and off balance sheet)	2,214	6,854	3,235	12,303	1,512	5,931	2,677	10,120
Number of customers (on and off balance sheet)	1,158	2,009	496	3,663	715	1,728	479	2,922
Number of loans guaranteed by Kafalah program (on and off balance sheet)	1,331	2,088	117	3,536	875	1,721	105	2,701
Amount of loans guaranteed by Kafalah program (on and off balance sheet) (SAR millions)	544	1,673	507	2,724	295	1,336	451	2,082

## Risks Encountered or That Could Potentially be Encountered by the Bank

### Risk Management

The post-COVID-19 changes on the overall banking sector dynamics highlighted the importance of having rigorous and robust approaches to identifying and managing emerging risks within the operating environment. anb's Risk Management Group (RMG) provides an independent and centralized risk management function to ensure that an optimal balance between risk and return is achieved given the Bank's strategic objectives. RMG is also responsible for implementing the Basel Accord's capital and liquidity adequacy rules and other related requirements. RMG performs a critical role in ensuring that our activities are prudent and reflect the dynamic nature of current and emerging risk factors.

The Bank is exposed to the following main risks:

#### a) Credit risk

Credit risk is the risk that a customer or counterparty 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 counterparty 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 obligors 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 2 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 position of the Bank. The latter refers to the risk where 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 all relevant market risks e.g., interest rate risk, FX risk and investment portfolio. The Board has also set a number of limits for liquidity risk to ensure that adequate level of high-quality liquid assets is maintained to meet Bank's obligations under both 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 the 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, Sharia non-compliance risk, regulatory risk and fraud risk.

#### d) Regulatory and reputational 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 the 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.

#### e) Digital transformation risk

The technology landscape has evolved in recent years due to the Bank's focus on delivery of services through digital channels, process automation, customers migration to on-line channels and increasing role of data analytics in management decision-making and regulatory reporting.

Digital transformation has triggered new risks including but not limited to third party risk, emerging technologies risk, fintech risk, data privacy risk, cloud computing risk, etc.

Mitigation of these risks is managed by the Information Technology Group as well as multiple control functions within the Risk Management Group e.g., Technology Risk, Information Security Risk, Business Continuity and Operational Risk departments.

## Directors' Report for the financial year ended 31 December 2022

### Corporate Governance in the Kingdom of Saudi Arabia

The Bank implements all the mandatory Corporate Governance rules issued by CMA. The following table stipulates the non-implemented provisions with justification:

SN.	Article No.	Justification
1.	Article No. 39	Guiding Article, however, partially implemented
2.	Article No. 41	Guiding Article, however, partially implemented
3.	Article No. 78	Guiding Article, however, partially implemented
4.	Article No. 85	Guiding Article, however, partially implemented
5.	Article No. 88	Guiding Article, however, partially implemented
6.	Article No. 89 – paragraph 3	Guiding paragraph
7.	Article No. 95	Guiding Article

### 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 is fully committed to the letter and spirit of the regulations.

The Bank's philosophy is to follow the best practice of corporate governance, in addition to adherence to the regulatory requirements of all the countries of its operations. Further, the Bank adheres to the Corporate Governance Regulations issued by the Saudi Central Bank and the Capital Market Authority, in addition to the Companies Law issued by the Ministry of Commerce in the Kingdom of Saudi Arabia.

### Sukuk

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

### Share Capital

As at 31 December 2022, the authorized and fully paid share capital of the Bank consists of 1,500 million shares of SAR 10 each. The ownership of the Bank's share capital is as follows:

Saudi shareholders	60%
Arab Bank PLC – Jordan	40%

### 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, who is supported by the Executive Committee (that comprise mainly of Board Members) as well as Board Committees.

The Board consists of 10 members. 6 represent Saudi shareholders and are elected at the shareholders' General Assembly Meeting for a term of 3 years, and Arab Bank PLC appoints the remaining 4 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 a no-objection letter from the Saudi Central Bank to assure his fitness and integrity.

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 distributions and approving the appointment of general managers and the 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 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 31 December 2022 that were appointed by Arab Bank PLC were Messrs. Mohammad Abdelfattah Alghanamah, Ziyad Anwar Akrouk, Nemeh Elias Sabbagh and Obaid Abdullah Al-Rasheed (Managing Director).

**As at 31 December 2022, the Board consisted of the following members:**

	<b>Name</b>	<b>Position</b>
1	Mr. Salah Rashid Al-Rashed	Chairman of the Board (Non-Executive)
2	Mr. Abdulmohsen Ibrahim Al-Touq	Deputy Chairman of the Board (Independent)
3	Mr. Obaid Abdullah Al-Rasheed	Managing Director (Executive)
4	Mr. Hesham Abdullatif Al-Jabr	Board Member (Non-Executive)
5	Mr. Ahmed Mohammed Abdelkader Al-Omran	Board Member (Non-Executive)
6	Dr. Mohammed Faraj Alkanani Al-Zahrani	Board Member (Independent)
7	Mr. Thamer Mesfer Awad Al-Wadai	Board Member (Independent)
8	Mr. Nemeh Elias Sabbagh	Board Member (Non-Executive)
9	Mr. Mohammad Abdelfattah Alghanamah	Board Member (Non-Executive)
10	Mr. Ziyad Anwar Akrouk	Board Member (Non-Executive)

## Directors' Report for the financial year ended 31 December 2022

Following is a brief description of qualifications and experiences of the Board Members, Board Committees and Senior Executives:

### a. Description of the Board Members and Board Committee Members' Qualifications and Experiences



**Mr. Salah Rashid Al-Rashed**

#### Position

- Chairman of the Board
- Chairman of the Executive Committee
- Member of the Nomination and Remuneration Committee

#### Qualifications

- Bachelor degree in Engineering from Washington University

#### Experience

Executive manager and partner at Rashid Abdulrahman Al-Rashid and Sons Co. He has 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 and Industry, a member of the Finance Committee and Chairman of the Investment Committee. He was also the Chairman and a member of many joint stock and limited liability companies.



**Mr. Abdulmohsen Ibrahim Al-Touq**

#### Position

- Deputy Chairman of the Board
- Member of the Executive Committee
- Member of the Risk Committee
- Member of the Strategy Committee

#### Qualifications

- Bachelor degree in Business Administration from King Saud University

#### Experience

Chief Executive Officer of Al-Touq Company, he has extensive 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.



**Mr. Obaid Abdullah Al-Rasheed**

#### Position

- Managing Director
- Chief Executive Officer
- Member of the Executive Committee
- Member of the Strategy Committee

#### Qualifications

- Bachelor degree in Business Administration from Saint Jose University in California, USA

#### Experience

Currently, he is the Managing Director and CEO at arab national bank, has wide experience of over 28 years in the banking industry in Retail Banking, Private Banking, Public Sector, Medium and Small Enterprises, Customer Care and Complaints Resolving. Furthermore, he is a Board Member for Saudi Home Loans (an associate company), Saudi Chemical Company and Doctor Sulaiman Alhabib for Medical Services Holding Group. He was also the Chairman of the Board of Arabian Heavy Equipment Leasing Company (a subsidiary).

**Mr. Hesham Abdullatif Al-Jabr****Position**

- Board Member
- Member of the Executive Committee
- Member of the Strategy Committee

**Qualifications**

- Management and Human Sciences/ (Secondary)

**Experience**

Board Member at Aljabr Holding Co. and Walaa Cooperative Insurance Company. He held board positions at many other companies including the Gulf Commercial Bank, the United Company for Gas Transportation and the Advanced Electronic Tools Co. Ltd. He is also a member of the Saudi Chinese Business Council and the Saudi Chinese Friendship Society. He has considerable experience in management, finance and investment and has attended many courses in marketing, sales and finance as well as various symposiums on governance.

**Dr. Mohammed Faraj Alkanani Al-Zahrani****Position**

- Board Member
- Chairman of the Nomination and Remuneration Committee
- Member of the Risk Committee
- Member of the Strategy Committee

**Qualifications**

- Ph.D. in Financial Sciences – Statistics from Oklahoma University
- Master's degree in Financial Sciences from Colorado University in Denver, USA
- Bachelor degree in Financial Sciences from King Fahad University for Petroleum and Minerals
- Chartered Financial Analyst (CFA)

**Experience**

Founding partner and CEO for the Development Alliance. Other leading roles include Supervisor of the endowment of King Fahad University for Petroleum and Minerals and Board Member for a number of listed and non-listed companies. He provides consultations and training for Aramco, Bin Laden group, Al Rajhi endowment and the General Presidency of the Two Holy Mosques endowments, and experienced in mergers and acquisitions for private companies. He was also the Dean of the Business Administration at King Fahad University for Petroleum and Minerals and worked in executive and non-executive education.

**Mr. Thamer Mesfer Awad Al-Wadai****Position**

- Board Member
- Member of the Nomination and Remuneration Committee
- Chairman of the Audit Committee

**Qualifications**

- Master's degree in Business Administration from Yamamah University
- Bachelor degree in Business Administration from Imam Mohammed Bin Saud University
- Accounting Diploma from the Institute of Public Administration

**Experience**

He occupied several positions: Assistant General Manager, Quality and Control Manager, and Board Member at MetLife-AIG-ANB for Cooperative Insurance, Head of Internal Audit for Saudi Customs Authority, Head of Internal Audit program for SAMBA Group, Internal Audit Assistant Manager for Al-Inma bank, and Authorised Officer for Fraud and Financial Crimes in Al-Awwal Bank. Currently, he is the Internal Audit Executive Manager for the Human Resources Development Fund, Head of the Audit and Risk Committee at the National Center for Waste Management and a member of the Audit Committee at Takamoul Holding Co. and Sawaid Company. Board Member and Head of the Audit Committee at Alteef Medicine Co. and Audit Committee member at Alnasban Holding Co.



## Directors' Report for the financial year ended 31 December 2022



**Mr. Ahmed Mohammed  
Abdelkader Al-Omran**

Representing the General  
Organization for Social Insurance

### Position

- Board Member
- Member of the Risk Committee

### Qualifications

- Master's degree in Computer Science from Florida Institute for Technology in USA
- Bachelor degree in Information Systems from King Saud University

### Experience

Currently, he is the Assistant Governor for Information Technology at 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 at the General Organization for Social Insurance. He was also a Board Member for SAMBA, the Saudi Group for Industrial Investment, Saudi Cement Company, Saudi Communications Company and Takaful Holding Company. He participated in many conferences and symposiums at local and international levels.



**Mr. Nemeh Elias Sabbagh**

### Position

- Board Member

### Qualifications

- Master's degree in International Economy and Middle East Studies and International Law from Johns Hopkins University
- Master's degree in Financial Sciences from Chicago University
- Bachelor degree in Economics and French language from Ostin University
- Graduate Management Program from the School of Business at Stanford University

### Experience

He held many positions including: the CEO for Arab Bank PLC, Jordan and he was the CEO of Bank Med in Lebanon from 2006 to 2009, CEO of arab national bank from 1998 to 2005, and General Manager for the International Banking Group at National Bank of Kuwait. Furthermore, he worked with Kuwait Industrial Bank and International Bank from 1976 to 1979. He was the Chairman of the Board at Europe Arab Bank PLC, Board Member of the Banks' Association in Jordan, Chairman of the Board of the Jordanian Capital and Investment Fund, Deputy Chairman of the Jordanian Co. for Payments and Clearing and a Participating President for the American University Trustee Council in Beirut. He obtained several awards including Strong CEOs in the Middle East award in 2021, Arab Bankers' Association award in London, Outstanding Contributions award in the Banking Sector in 2018, Outstanding Contributions award in 2017, Notable Contributions award in the Financial Services Sector in 2014, and the Arab Banking Figure award in 2014.



**Mr. Mohammad Abdelfattah  
Alghanamah**

### Position

- Board Member
- Member of the Executive Committee
- Chairman of the Risk Committee

### Qualifications

- Bachelor degree in Mathematics from King Saud University
- Diploma in Programming

### Experience

Board Member of arab national bank representing Arab Bank PLC - Jordan, has substantial experience in banking business, and membership of many banks and companies.



**Mr. Ziyad Anwar Akrouk**

#### **Position**

- Board Member
- Chairman of the Strategy Committee
- Member of the Risk Committee

#### **Qualifications**

- Master's degree in Business Administration: Finance from Syracuse University in New York, USA
- Bachelor degree in Science with Honors in Civil Engineering from University of Leeds in the United Kingdom

#### **Experience**

Currently he is the Head of Group Risk Management at Arab Bank PLC – Jordan. He was the Chief Executive Officer for Arab Bank PLC, United Kingdom, Citibank, Kuwait, Citibank, Jordan, and held other leadership positions, in addition to being a Board Member for Europe Arab Bank PLC, United Kingdom, Arab Bankers Association, United Kingdom, British Bankers Association, United Kingdom, Association of Foreign Banks, United Kingdom, and Association of Banks in Jordan.

## Directors' Report for the financial year ended 31 December 2022

### b. Description of the Audit Committee Members' Qualifications and Experiences

Member	Academic Qualifications	Practical Experience
<b>Mr. Thamer Mesfer Awad Al-Wadai</b>	<ul style="list-style-type: none"> <li>- Master's degree in Business Administration from Yamamah University</li> <li>- Bachelor degree in Business Administration from Imam Mohammed Bin Saud University</li> <li>- Accounting diploma from the Institute of Public Administration</li> </ul>	<p>He occupied several positions: Assistant General Manager, Quality and Control Manager and Board 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 Executive Manager for the Human Resources Development Fund, Head of Audit and Risk Committee at the National Center for Waste Management and a member of the Audit Committee for Takamoul Holding Co. and Sawaid Company. He is Board Member and Head of the Audit Committee at Alteef Medicine Co. and an Audit Committee member for Alnasban Holding Co.</p>
<b>Mr. Khaled M. Saad Albawardi</b>	<ul style="list-style-type: none"> <li>- Bachelor degree in Industrial Management from King Fahad University for Petroleum and Minerals</li> </ul>	<p>Extensive experience in management, investment and trade. He was Deputy Chairman of the Board of the Chamber of Commerce and Industry in the Eastern Region and was the Chairman and a Board Member for many joint stock companies, committees and social events; in addition to currently holding the position of Chief Executive Officer for Al Bawardi Group. He occupied the role of Board Member for several Boards such as the Civil Aviation Authority and Railways Public Authority, the Consultation Council for the Minister of Labor, the General Organization for Social Insurance (GOSI), as well as member of the Investment Committee of GOSI. He was also a Board Member for the Basic Chemical Industries Co., the Arab Company for Paper Manufacturing, the Ports General Authority and a member for a number of committees and councils for the Eastern Region Amara.</p>
<b>Mr. Abdulaziz Abdalmohsen Bin Hassan</b>	<ul style="list-style-type: none"> <li>- Bachelor degree in Law from King Saud University</li> </ul>	<p>Currently, he is a Board Member for Al Faisaliah Holding Group and Tadawul, Chairman of Al Alamiya for Cooperative Insurance, and a Board Member of the Saudi Fransi Capital. He was also 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. Furthermore, he worked in the Treasury department at SAMBA Group from 1994 to 2006. He also worked for Riyadh Bank in the Treasury department from 1992 to 1994 and was Deputy CEO and Head of the Treasury department for Muscat Bank from 2006 to 2008.</p>

**c. Description of the Senior Executives' Qualifications and Experiences**

Name	Position	Academic Qualifications	Practical Experience
<b>Mr. Nizar Al-Twajiri*</b>	<ul style="list-style-type: none"> <li>- Deputy Managing Director</li> <li>- Chairman of the Board at Al Arabi Heavy Equipment and Lease Co.</li> </ul>	<ul style="list-style-type: none"> <li>- Master's degree in Business Administration from University of Maine, USA</li> <li>- Bachelor degree in Computer Information Systems from King Saud University</li> </ul>	Mr. Al-Twajiri occupied the Deputy Managing Director position at arab national bank. He has over 20 years of experience in Corporate Banking at anb. As a member of both the Senior Credit Committee and the Assets and Liabilities Committee, he contributes significantly in managing the Bank's credit risks. Mr. Al-Twajiri also oversees the Strategic Investments Unit in addition to his contribution to achieve the strategic objectives of the Bank and the subsidiaries' businesses being a member in their Boards of Directors.
<b>Mr. Aiedh Al-Zahrani</b>	<ul style="list-style-type: none"> <li>- Chief Operating Officer (COO)</li> </ul>	<ul style="list-style-type: none"> <li>- Bachelor degree in Information Systems from King Saud University</li> <li>- Holds many specialized certificates including: Six Sigma Black and Green Belt, and TOGAF Architecture</li> </ul>	Mr. Al-Zahrani is the Chief Operating Officer (COO) at arab national bank. Before joining anb, he held a number of positions at Riyadh 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 solutions through technology integration. He is a member of various committees at anb including but not limited to: Information Steering Committee, Management Executive Committee, Enterprise Risk Committee, etc.
<b>Mr. Kamal A. Khodr</b>	<ul style="list-style-type: none"> <li>- Head of Risk Management</li> </ul>	<ul style="list-style-type: none"> <li>- Master's degree with specialization in Finance from Liverpool University, UK</li> <li>- Bachelor degree in Accounting and Business Administration from Richmond University London, UK</li> <li>- Executive Leadership Program, Harvard Business School</li> </ul>	Mr. Khodr 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, etc.), in addition to various other committees.
<b>Mr. Louai Al-Zaher</b>	<ul style="list-style-type: none"> <li>- Head of Wholesale Banking Group</li> </ul>	<ul style="list-style-type: none"> <li>- Bachelor degree in Accounting from King Fahd University of Petroleum and Minerals</li> </ul>	Mr. Al-Zaher is the Head of the Wholesale Bank Group. He has demonstrated his ability to build and maintain an effective business strategy with his more than 21 years of working experience in Corporate Banking. A committed team player possessing adequate communication and interpersonal skills with proven results by exceeding objectives. He participated and attended several courses pertaining to banking industries.
<b>Ms. Latifa Al-Sabhan</b>	<ul style="list-style-type: none"> <li>- Chief Financial Officer</li> <li>- Member of Audit Committee at anb capital</li> </ul>	<ul style="list-style-type: none"> <li>- Bachelor degree in Accounting &amp; Business Administration from University of Kansas, USA</li> <li>- Certified Public Accountant certificate (CPA), from Illinois, USA</li> </ul>	Ms. Al-Sabhan has vast experience with over 20 years in the banking business. She has experience in external and internal reporting, budgeting, strategic planning and expense control. She is also a member of key management committees at anb (Market Risk Policy Committee, ALCO, Management Executive Committee, etc.), and participated in the implementation of numerous banking systems.

\* Mr. Nizar Al Twajiri submitted his resignation from the Bank as Deputy Managing Director with effect from 31 December 2022 for personal reasons.



## Directors' Report for the financial year ended 31 December 2022

The Board held 4 regular meetings during 2022 and the attendance was as follows:

Date	Attendance Record	No. of Attendees
29 March 2022	Salah Rashid Al-Rashed, Obaid Abdullah Al-Rasheed, Abdulmohsen Ibrahim Al-Touq, Hesham Abdullatif Al-Jabr, Ahmed Mohammed Abdelkader Al-Omran, Mohammed Faraj Alkanani Al-Zahrani, Thamer Mesfer Awad Al-Wadai, Nemeh Elias Sabbagh, Mohammad Abdelfattah Alghanamah and Ziyad Anwar Akrouk.	10
21 June 2022	Salah Rashid Al-Rashed, Obaid Abdullah Al-Rasheed, Abdulmohsen Ibrahim Al-Touq, Hesham Abdullatif Al-Jabr, Ahmed Mohammed Abdelkader Al-Omran, Mohammed Faraj Alkanani Al-Zahrani, Thamer Mesfer Awad Al-Wadai, Nemeh Elias Sabbagh, Mohammad Abdelfattah Alghanamah and Ziyad Anwar Akrouk.	10
20 September 2022	Salah Rashid Al-Rashed, Obaid Abdullah Al-Rasheed, Abdulmohsen Ibrahim Al-Touq, Hesham Abdullatif Al-Jabr, Ahmed Mohammed Abdelkader Al-Omran, Mohammed Faraj Alkanani Al-Zahrani, Thamer Mesfer Awad Al-Wadai, Nemeh Elias Sabbagh, Mohammad Abdelfattah Alghanamah and Ziyad Anwar Akrouk.	10
20 December 2022	Salah Rashid Al-Rashed, Obaid Abdullah Al-Rasheed, Abdulmohsen Ibrahim Al-Touq, Hesham Abdullatif Al-Jabr, Ahmed Mohammed Abdelkader Al-Omran, Mohammed Faraj Alkanani Al-Zahrani, Thamer Mesfer Awad Al-Wadai, Nemeh Elias Sabbagh, Mohammad Abdelfattah Alghanamah and Ziyad Anwar Akrouk.	10

**An Ordinary General Assembly meeting was held on 12 April 2022 and following are the names of the Board Members who attended this meeting:**

1.	Mr. Salah Rashid Al-Rashed	Chairman of the Board
2.	Mr. Abdulmohsen Ibrahim Al-Touq	Deputy Chairman of the Board (virtually)
3.	Mr. Obaid Abdullah Al-Rasheed	Managing Director (CEO)
4.	Mr. Hesham Abdullatif Al-Jabr	Board Member
5.	Mr. Ahmed Mohammed Abdelkader Al-Omran	Board Member (virtually)
6.	Dr. Mohammed Faraj Alkanani Al-Zahrani	Board Member (virtually)
7.	Mr. Thamer Mesfer Awad Al-Wadai	Board Member
8.	Mr. Nemeh Elias Sabbagh	Board Member (virtually)
9.	Mr. Ziyad Anwar Akrouk	Board Member (virtually)

**Directors who were Board Members or managers in other companies inside or outside the Kingdom as at 31 December 2022 were as follows:**

Director	Board Membership in Companies or Managers in other Companies (inside / outside the Kingdom)
<b>Mr. Salah Rashid Al-Rashed</b>	1- Riyadh Cement Company 2- Tech Investment Company 3- Saudi Company for Electrical Works Services 4- Care & Science Medical Co. 5- Al-Rashid Trading & Contracting Co. 6- Al-Rashid Abetong Company 7- Gulf Complex Co. 8- Al-Rashid & Al-Omran Co. 9- Arabian Industries Company 10- Rashed Abdulrahman Alrashed & Sons Company 11- Gulf Applications Company 12- Supply Solutions for Information Technology Co. 13- Development Company for Investment, Real Estate and Tourism 14- Financial Union House Company 15- Malathak for Real Estate Investment and Installment Company 16- Salah Rashid Al-Rashed and Sons Co. 17- Al Awael Investment Holding Company 18- Rashid Development Company Ltd (Rashidco) 19- Rashid Al Rashid and Partners Company for Business and Development 20- Sanad Company for Health Care 21- Rashid Al Rashid and Partners Company for Trade Investment 22- Balance House Holding Co. 23- Rashid Al Rashid and Partners Company for Development and Real Estate Investment 24- Rashid Al Rashid Company for Global Unified Investment 25- Real Estate and Ammar Unified Co. 26- Abhar Construction Real Estate Co. 27- Diyari Company for Real Estate Development
<b>Mr. Abdulmohsen Ibrahim Al-Touq</b>	1- Al-Touq Company Ltd. 2- Dar Al-Tamleek Company 3- Saudi Networkers Services Company Ltd. 4- Steel Products Co. Ltd. 5- Bayader Countryside Communication Systems
<b>Mr. Hesham Abdullatif Al-Jabr</b>	1- Walaa Insurance Co. 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- Khuta Alkhair Co. 8- Einas Trading Co.
<b>Mr. Ahmed Mohammed Abdelkader Al-Omran</b>	1- Saudi Telecommunication Co. (STC) 2- Takamul Holding Company 3- Madad Business Company for Information Systems Technology 4- Masdar Company for Data Solutions

## Directors' Report for the financial year ended 31 December 2022

Director	Board Membership in Companies or Managers in other Companies (inside / outside the Kingdom)
<b>Dr. Mohammed Faraj Alkanani Al-Zahrani</b>	1- Leejam Sports Company 2- Saudi Real Estate Refinancing Company 3- Dahrn Techno Valley Holding Company 4- Dahrn Valley for Business Services Co. 5- Business Park Complex Company 6- Development Alliance Co.
<b>Mr. Thamer Mesfer Awad Al-Wadai</b>	1- Human Resources Development Fund 2- The National Center for Waste Management 3- Takamul Company for Business Services 4- Sawaid Company for Business Services 5- Alteef Medical Co. 6- Alnasban Holding Company
<b>Mr. Obaid Abdullah Al-Rasheed</b>	1- Saudi Home Loans (SHL) 2- Saudi Chemical Co. 3- Doctor Sulaiman Al Habib Holding Company for Medical Services 4- anb capital
<b>Mr. Nemeh Elias Sabbagh</b>	1- Arab Bank PLC (Jordan) 2- Europe Arab Bank – London
<b>Mr. Mohammad Abdelfattah Alghanamah</b>	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) 7- Oman Arab Bank (Sultanate of Oman)
<b>Mr. Ziyad Anwar Akrouk</b>	1- Arab Bank PLC (Jordan) 2- Jordanian Mortgage Refinancing Company (Jordan) 3- Al Nisr Alarabi Insurance Company (Jordan)

**Audit Committee members**

Director	Board membership in companies or managers in other companies (inside / outside the Kingdom)
<b>Mr. Thamer Mesfer Awad Al-Wadai</b>	1- Human Resources Development Fund 2- The National Center for Waste Management 3- Takamul Company for Business Services 4- Sawaid Company for Business Services 5- Alteef Medicine Co. 6- Alnasban Holding Company
<b>Mr. Khaled Mohammed Albawardi</b>	1- Mohammed and Abdulrahman Alsaad Albawadi Company 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- Abdulrahman Albawardi Holding Group 8- Almasader Alinshaeah Altijariya Company (LLC) 9- Ishraq for Development Co. 10- Binaa Company for Steel Industries
<b>Mr. Abdulaziz Abdulmohsen Bin Hassan</b>	1- The International Company for Cooperative Insurance 2- Al Faisaliah Holding Group 3- Saudi Fransi Capital

**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 Chairman of the Board (Chairman) and 4 other Board Members, among them the Managing Director was elected. The Executive Committee meets 6 times annually and whenever the need arises, and acts as a general management committee with authority delegated

to it by the Board. This Committee is responsible for implementing the Bank policy, monitoring business performance, and approving large capital expenditure projects.

During 2022, the Executive Committee comprised of the following Board Members:

1. Mr. Salah Rashid Al-Rashed (Chairman)
2. Mr. Obaid Abdullah Al-Rasheed
3. Mr. Abdulmohsen Ibrahim Al-Touq
4. Mr. Hesham Abdullatif Al-Jabr
5. Mr. Mohammad Abdelfattah Alghanamah



## Directors' Report for the financial year ended 31 December 2022

The Executive Committee held 15 meetings during 2022 and the attendance was as follows:

#	Date	Attendance Record	No. of Attendees
1.	18 January 2022	Salah Rashid Al-Rashed, Obaid Abdullah Al-Rasheed, Abdulmohsen Ibrahim Al-Touq, Hesham Abdullatif Al-Jabr and Mohammad Abdelfattah Alghanamah	5
2.	22 February 2022	Salah Rashid Al-Rashed, Obaid Abdullah Al-Rasheed, Abdulmohsen Ibrahim Al-Touq, Hesham Abdullatif Al-Jabr and Mohammad Abdelfattah Alghanamah	5
3.	15 March 2022	Salah Rashid Al-Rashed, Obaid Abdullah Al-Rasheed, Abdulmohsen Ibrahim Al-Touq, Hesham Abdullatif Al-Jabr and Mohammad Abdelfattah Alghanamah	5
4.	29 March 2022	Salah Rashid Al-Rashed, Obaid Abdullah Al-Rasheed, Abdulmohsen Ibrahim Al-Touq, Hesham Abdullatif Al-Jabr and Mohammad Abdelfattah Alghanamah	5
5.	12 April 2022	Salah Rashid Al-Rashed, Obaid Abdullah Al-Rasheed, Abdulmohsen Ibrahim Al-Touq, Hesham Abdullatif Al-Jabr and Mohammad Abdelfattah Alghanamah	5
6.	17 May 2022	Salah Rashid Al-Rashed, Obaid Abdullah Al-Rasheed, Abdulmohsen Ibrahim Al-Touq, Hesham Abdullatif Al-Jabr and Mohammad Abdelfattah Alghanamah	5
7.	7 June 2022	Salah Rashid Al-Rashed, Obaid Abdullah Al-Rasheed, Abdulmohsen Ibrahim Al-Touq, Hesham Abdullatif Al-Jabr and Mohammad Abdelfattah Alghanamah	5
8.	21 June 2022	Salah Rashid Al-Rashed, Obaid Abdullah Al-Rasheed, Abdulmohsen Ibrahim Al-Touq, Hesham Abdullatif Al-Jabr and Mohammad Abdelfattah Alghanamah	5
9.	26 July 2022	Salah Rashid Al-Rashed, Obaid Abdullah Al-Rasheed, Hesham Abdullatif Al-Jabr and Mohammad Abdelfattah Alghanamah	4
10.	6 September 2022	Salah Rashid Al-Rashed, Obaid Abdullah Al-Rasheed, Abdulmohsen Ibrahim Al-Touq, Hesham Abdullatif Al-Jabr and Mohammad Abdelfattah Alghanamah	5
11.	20 September 2022	Salah Rashid Al-Rashed, Obaid Abdullah Al-Rasheed, Abdulmohsen Ibrahim Al-Touq, Hesham Abdullatif Al-Jabr and Mohammad Abdelfattah Alghanamah	5
12.	24 October 2022	Salah Rashid Al-Rashed, Obaid Abdullah Al-Rasheed, Abdulmohsen Ibrahim Al-Touq, Hesham Abdullatif Al-Jabr and Mohammad Abdelfattah Alghanamah	5
13.	22 November 2022	Salah Rashid Al-Rashed, Obaid Abdullah Al-Rasheed, Abdulmohsen Ibrahim Al-Touq, Hesham Abdullatif Al-Jabr and Mohammad Abdelfattah Alghanamah	5
14.	6 December 2022	Salah Rashid Al-Rashed, Obaid Abdullah Al-Rasheed, Abdulmohsen Ibrahim Al-Touq, Hesham Abdullatif Al-Jabr and Mohammad Abdelfattah Alghanamah	5
15.	20 December 2022	Salah Rashid Al-Rashed, Obaid Abdullah Al-Rasheed, Abdulmohsen Ibrahim Al-Touq, Hesham Abdullatif Al-Jabr and Mohammad Abdelfattah Alghanamah	5

### Nomination and Remuneration Committee

The Nomination and Remuneration Committee is comprised of the following 3 Non-Executive Board Members:

1. Dr. Mohammed Faraj Alkanani Al-Zahrani (Chairman – Independent member)
2. Mr. Salah Rashid Al-Rashed (Non-Executive member)
3. Mr. Thamer Mesfer Awad Al-Wadai (Independent member)

The Committee has the authority to review and recommend to the Board, for its approval, amendments to the Bank's nomination and remuneration 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 nominations to Board membership and to nominate senior executives, through studying their qualifications, and submit related recommendations to the Board.

### The Nomination and Remuneration Committee held 3 meetings during 2022 and the attendance was as follows:

#	Date	Attendance Record	No. of Attendees
1.	15 March 2022	Mohammed Faraj Alkanani Al-Zahrani, Salah Rashid Al-Rashed and Thamer Mesfer Awad Al-Wadai	3
2.	21 June 2022	Mohammed Faraj Alkanani Al-Zahrani, Salah Rashid Al-Rashed and Thamer Mesfer Awad Al-Wadai	3
3.	6 December 2022	Mohammed Faraj Alkanani Al-Zahrani, Salah Rashid Al-Rashed and Thamer Mesfer Awad Al-Wadai	3

### Audit Committee

In its meeting held on 30 March 2020, the Extraordinary General Assembly formed an Audit Committee, based on a recommendation from the Board, comprising of the following Board Members:

1. Mr. Thamer Mesfer Awad Al-Wadai (Chairman / Independent Board Member)
2. Mr. Khaled Mohammed Albawardi (Independent member from outside the Board)
3. Mr. Abdulaziz Abdulmohsen Bin Hassan (Independent member from outside the Board)

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 also discusses its Annual Report with the Board at the end of the year. 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, discusses them with concerned officials and makes 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.

## Directors' Report for the financial year ended 31 December 2022

The Audit Committee held 10 meetings during 2022 and the attendance was as follows:

#	Date	Attendance Record	No. of Attendees
1.	21 February 2022	Thamer Mesfer Awad Al-Wadai, Khaled Mohammed Albawardi and Abdulaziz Abdulmohsen Bin Hassan	3
2.	28 March 2022	Thamer Mesfer Awad Al-Wadai, Khaled Mohammed Albawardi and Abdulaziz Abdulmohsen Bin Hassan	3
3.	24 April 2022	Thamer Mesfer Awad Al-Wadai, Khaled Mohammed Albawardi and Abdulaziz Abdulmohsen Bin Hassan	3
4.	7 June 2022	Thamer Mesfer Awad Al-Wadai, Khaled Mohammed Albawardi and Abdulaziz Abdulmohsen Bin Hassan	3
5.	21 July 2022	Thamer Mesfer Awad Al-Wadai, Khaled Mohammed Albawardi and Abdulaziz Abdulmohsen Bin Hassan	3
6.	25 July 2022	Thamer Mesfer Awad Al-Wadai, Khaled Mohammed Albawardi and Abdulaziz Abdulmohsen Bin Hassan	3
7.	18 September 2022	Thamer Mesfer Awad Al-Wadai, Khaled Mohammed Albawardi and Abdulaziz Abdulmohsen Bin Hassan	3
8.	20 October 2022	Thamer Mesfer Awad Al-Wadai, Khaled Mohammed Albawardi and Abdulaziz Abdulmohsen Bin Hassan	3
9.	21 November 2022	Thamer Mesfer Awad Al-Wadai, Khaled Mohammed Albawardi and Abdulaziz Abdulmohsen Bin Hassan	3
10.	18 December 2022	Thamer Mesfer Awad Al-Wadai and Abdulaziz Abdulmohsen Bin Hassan	2

### Strategy Committee

The Board formed a Strategy Committee comprised of the following Board Members:

1. Mr. Ziyad Anwar Akrouk (Chairman of the Committee)
2. Mr. Abdulmohsen Ibrahim Al-Touq
3. Mr. Obaid Abdullah Al-Rasheed
4. Mr. Hesham Abdullatif Al-Jabr
5. Dr. Mohammed Faraj Alkanani Al-Zahrani

The Strategy Committee is responsible for the strategic matters in general and in particular the monitoring of the implementation of the Strategy Plan.

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.

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 1 meeting in 2022 and the attendance was as follows:

#	Date	Attendance Record	No. of Attendees
1.	23 February 2022	Ziyad Anwar Akrouk, Obaid Abdullah Al-Rasheed, Abdulmohsen Ibrahim Al-Touq, Hesham Abdullatif Al-Jabr and Mohammed Faraj Alkanani Al-Zahrani	5

### Risk Committee

The Board formed a Risk Committee consisting of the following Board Members:

1. Mr. Mohammed Abdel-Fattah Alghanamah  
(Chairman of the Committee)
2. Mr. Abdulmohsen Ibrahim Al-Touq
3. Mr. Ahmed Mohammed Abdelkader Al-Omran
4. Dr. Mohammed Faraj Alkanani Al-Zahrani
5. Mr. Ziyad Anwar Akrouk

Roles and responsibilities of the Committee include developing a risk strategy in line with the Bank's nature and size of activities showing the Bank's risk appetite. The Committee ensures the strategy implementation and update based on internal and external developments for Board approval, 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.

### The Risk Committee held 4 meetings during 2022 and the attendance was as follows:

#	Date	Attendance Record	No. of Attendees
1.	28 March 2022	Mohammad Abdelfattah Alghanamah, Abdulmohsen Ibrahim Al-Touq, Ziyad Anwar Akrouk, Ahmed Mohammed Abdelkader Al-Omran and Mohammed Faraj Alkanani Al-Zahrani	5
2.	20 June 2022	Mohammad Abdelfattah Alghanamah, Abdulmohsen Ibrahim Al-Touq, Ziyad Anwar Akrouk, Ahmed Mohammed Abdelkader Al-Omran and Mohammed Faraj Alkanani Al-Zahrani	5
3.	19 September 2022	Mohammad Abdelfattah Alghanamah, Abdulmohsen Ibrahim Al-Touq, Ahmed Mohammed Abdelkader Al-Omran, Mohammed Faraj Alkanani Al-Zahrani and Ziyad Anwar Akrouk	5
4.	19 December 2022	Mohammad Abdelfattah Alghanamah, Abdulmohsen Ibrahim Al-Touq, Ahmed Mohammed Abdelkader Al-Omran, Mohammed Faraj Alkanani Al-Zahrani and Ziyad Anwar Akrouk	5

### Interests of Board Members, Senior Executives, Their Wives and Children

#### 1) Major shareholders

Name	At beginning of year 1 January 2022		Change during the year		At end of year 31 December 2022	
	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
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	5.65	-	-	84,813,142	5.65



## Directors' Report for the financial year ended 31 December 2022

### 2) Board Members, Senior Executives, Their Wives and Children

Name	At beginning of year 1 January 2022		Change during the year		At end of year 31 December 2022	
	Number of shares	Ownership %	Number of shares	Change %	Number of shares	Ownership %
Mr. Salah Rashid Al-Rashed	6,000	0.0004	-	-	6,000	0.0004
Mr. Abdulmohsen Ibrahim Al-Touq	300	0.00002	-	-	300	0.00002
Mr. Hesham Abdullatif Al-Jabr	18,021	0.0012	-	-	18,021	0.0012
Mr. Obaid Abdullah Al-Rasheed	92,750	0.0061	22,000	23.72	114,750	0.0076

**Note:** Board Member shares include those held by wives and children.

### Bank's Requests for the Shareholders' Register and the Dates of Such Requests

Date of request	Reason for request	No. of requests
2 January 2022	File for report and control	2
1 February 2022	File for report and control	1
1 March 2022	File for report and control	1
7 March 2022	File for report and control	1
3 April 2022	File for report and control	1
10 April 2022	File for General Assembly	1
10 April 2022	File for dividend distribution	1
8 May 2022	File for report and control	1
1 June 2022	File for report and control	1
30 June 2022	File for dividend distribution	1
3 July 2022	File for report and control	1
1 August 2022	File for report and control	1
4 September 2022	File for report and control	1
2 October 2022	File for report and control	1
1 November 2022	File for report and control	1
4 December 2022	File for report and control	1
1 January 2023	File for report and control	1
<b>Total</b>		<b>18</b>

## 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	Fixed remunerations - 2022							Variable remunerations -2022							Expense allowances
	Fixed amount	Board meetings attendance fees	Committee meetings attendance fees	In-kind benefits	Technical, managerial and consultancy remunerations	Remunerations for the Chairman, Managing Director, or Secretary if a member	Total	Percentage of the profits	Periodic remunerations	Short-term incentive plans	Long-term incentive plans	Granted shares	Total	Aggregate total	
<b>Independent members</b>	1,200	60	135	-	-	-	<b>1,395</b>	-	-	-	-	-	-	<b>1,395</b>	<b>12</b>
<b>Non-Executive members</b>	2,500	120	295	-	-	-	<b>2,915</b>	-	-	-	-	-	-	<b>2,915</b>	<b>138</b>
<b>Executive members</b>	400	20	80	-	-	-	<b>500</b>	-	-	-	-	-	-	<b>500</b>	<b>-</b>

Note that the remunerations for the Board Committees represent attendance fees of SAR 340,000 for the Executive Committee, SAR 45,000 for the Nomination and Remuneration Committee, SAR 25,000 for the Strategy Committee and SAR 100,000 for the Risk Committee.

## Directors' Report for the financial year ended 31 December 2022

### b) Audit Committee Members' Remunerations

The Audit Committee is comprised of 3 independent members including the Chairman, who is a Board Member, and 2 members who are not members of the Board. The following table shows the remunerations of the Audit Committee members:

	2022 SAR'000s			
	Fixed remunerations other than attendance fees	Attendance fees	Total	Expenses allowances
Chairman of the Audit Committee (from inside the Board)	300	50	350	-
Audit Committee members (from outside the Board)	600	95	695	13
<b>Total</b>	<b>900</b>	<b>145</b>	<b>1,045</b>	<b>13</b>

### 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.

The table below shows the remunerations and benefits paid to the 6 senior executives including the Chief Executive Officer and the Chief Financial Officer:

SAR'000s											
Fixed remunerations due for 2022				Variable remunerations paid in 2022							
Salaries	Allowances	In-kind benefits	Total	Periodic remunerations	Profits	Short-term incentives	Long-term incentives	Granted shares	Total	End of service benefits	Total
15,045	5,356	229	<b>20,630</b>	19,800	-	-	4,125	-	<b>23,925</b>	8,476	<b>53,031</b>

### 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 and ensure all operations are carried out pursuant to applicable legislative and internal guidelines.

Management has adopted an Internal Controls integrated framework as recommended by the Saudi Central Bank through its guidelines on Internal Controls. Such controls also include the corporate governance that defines the roles and responsibilities of the Board and its sub-committees.

The Internal Audit Division, as the third line of defense, provides 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 the 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 grass 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 effectively designed, has inherent limitations, and may not prevent or detect all control deficiencies. Moreover, the projection of current evaluations of the effectiveness on future periods is subject to a limitation that controls may become inadequate due to changes in conditions or compliance with policies and procedures.

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 Bank's internal control system.

### Results of the Review of Internal Control Procedures' Effectiveness

Minutes of the Audit Committee meetings and results of its works in 2022 submitted to the Chairman of the Board included the main observations and recommendations to rectify them. The Committee follows up on the performance of the Internal Audit Division and other related departments and is 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 2022 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 aspects and related results. In light of the meetings with the Bank's Chief Executive Officer and other concerned departments' officials and its discussion with them on the contents of such reports and performance of their sectors; as well as its meetings with representatives of the external auditors and the Chief Internal Auditor during this year, of which there were 10 meetings in 2022, the Committee concluded that the Bank's internal control environment reflects the effectiveness of its internal control procedures and that it is continuously making 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 the Internal Audit Division.



## Directors' Report for the financial year ended 31 December 2022

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. The Committee also discusses any changes in the policies and International Financial Reporting Standards (IFRS) to ensure proper implementation as well as the impact they may have on the Bank's current and future performance results and takes the necessary 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 Financial Statements, which are posted on the Bank's web-site ([www.anb.com.sa](http://www.anb.com.sa)). Investor information is also accessible on the Bank's web-site. 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.

### Credit Ratings

During 2022, 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 2022 was 4,029 compared to 4,059 at the end of 2021. The Saudization ratio for the Bank and its subsidiaries at the end of 2022 was 90%.

### Statutory Payments

Statutory payments during the year 2022 were as follows:

	SAR millions
Zakat attributable to Saudi shareholders	275.4
Income tax payable by the non-Saudi shareholders	290.4
GOSI	118.3
Withholding tax	44.7

### anb CSR Initiatives in 2022

anb strives to build a pioneer banking experience that reflects on the society and embodies the inclusive national development plan witnessed by the Kingdom's various sectors. The Bank developed a social responsibility strategy on a number of pillars to transform its activities from their traditional framework to a more effective system that aligns with institutional standards and is viable for measurement and enhancement. The transformation aims to lead positive changes for the targeted segments, and participates in achieving a sustainable effect in line with the national economy and development requirements of Vision 2030.

The Bank has set out a number of pillars representing the foundation of selecting the social initiatives in line with its strategy:

- Sustainability
- Empowerment and development
- Innovation
- Partnership
- Meaningful impact

**The strategy has yielded a number of social initiatives distributed among 5 main sectors as follows:**

Sector	Initiatives	Initiative framework
<b>Knowledge and Development Initiatives</b>	"We build generations with our contributions"	In order to enhance the Bank's efforts to empower young and emerging national competencies, this initiative was launched to undertake the development and rehabilitation of Computer and English language laboratories at the Ensan Social Club for Orphans in Riyadh. The aim was to develop the technical and linguistic skills of the club's members.
	Households' production empowerment	The Bank supported and motivated productive families/households as an extension of its previous initiatives. "It is their right to be supported and empowered " initiative was well represented in the establishment of "Yamam Café" at the Bank's headquarters in Riyadh. This initiative enables productive families to display and market their products and provides them with the necessary capabilities to improve and expand their sources of income.
<b>Health Initiatives</b>	"Preserving Wellness and Dignity"	A community initiative adopted by the Bank to distribute a set of multi-purpose electric wheelchairs to a number of Parkinson's patients, with the voluntary participation of a number of the Bank's employees who visited the patients in their homes to personally deliver the wheelchairs and check on their conditions.
	"I am Able to"	Coinciding with the Kingdom's celebrations of the 92nd National Day, the Bank, in partnership with Diriyah Hospital and the Saudi Society of Rheumatology, launched a national initiative that included 92 knee joint replacement surgeries for patients registered on waiting lists.
	Promoting awareness to deal with Autism	The Bank contributed to the production of an awareness film called (Al-Wadi) that addresses the best approach to deal with autistic children in the Kingdom. The film assists their parents in raising awareness to best handle their autistic children.
<b>Charity Volunteer Initiatives</b>	Furijat	In order to consolidate the values of social solidarity, the Bank contributed to supporting Furijat service by guaranteeing the payment of financial obligations to release 100 Saudi citizens who were detained for failing to pay their financial debts. Such contribution has had a positive impact on their families as it brought them immense joy and hope.
	Financial donation to Ihsan Platform	In continuation of its charitable contributions and direct donations, the Bank has made a financial donation of SAR 1 million to support charitable work in the Kingdom through the Ihsan platform.
<b>Environmental Initiatives</b>	"anb Green Initiative"	The Bank launched the second phase to support the Saudi Green Initiative by planting 7,000 seedlings in Um Shaqoq with the voluntary participation of more than 50 anb employees. This came as a contribution to the development of vegetation and combating desertification. The total number of seedlings for the 2 phases have reached 12,000 seedlings.

## Directors' Report for the financial year ended 31 December 2022

Sector	Initiatives	Initiative framework
Participation and Sponsorship	Hail International Rally sponsorship	The Bank sponsored the Hail International Rally as a contribution to developing the capabilities and feeding the energies of Saudi youth, as well as supporting the Kingdom's growing role as an attractive global destination for sport events. The contribution plays an important role in the Kingdom's developmental, economic, tourism and social dimensions. It also yields positive effects on the development of the local community in the Hail region.
	Sponsoring the Global Entrepreneurship Conference	The Bank co-sponsored the Global Entrepreneurship Conference in Riyadh in support of forums and events that provide insights and showcase experiences and innovative solutions to motivate entrepreneurs.
	Participation and sponsorship of the Innovation and Future of Government Work Conference	The Bank participated in sponsoring the Innovation and Future of Government Work Conference to support digital transformation plans and inspire modern practices in innovation to improve the government work environment according to the objectives of the Kingdom's Vision 2030, which supports the human and administrative capabilities of national competencies.
	Participation and sponsorship of the Tuwaiq Hope Trail Race	As an extension of its interest in supporting national sports events, the Bank sponsored the Tuwaiq Hope Trail Race, with the participation of a number of the Bank's employees. The initiative aims to align with the Kingdom's efforts to achieve a healthier society and consolidate the culture of running amongst youth.

### Penalties and Regulatory Restrictions

The penalties charged at the Bank during the year 2022 as a result of operational activities are detailed as follows:

#### Saudi Central Bank's Penalties:

Subject of violation	SAR'000s			
	Prior year 2021		Current year 2022	
	Number of penalties	Total amount of penalties	Number of penalties	Total amount of penalties
Violation to Saudi Central Bank's instructions	7	7,681.00	7	335.00
Violation to Saudi Central Bank's instructions related to customer protection	2	869.60	1	297.15
Violation to Saudi Central Bank's instructions related to exerting due diligence	-	-	-	-
Violation to Saudi Central Bank's instructions related to level of ATM / POS performance	1	50.00	-	-
Violation to Saudi Central Bank's instructions related to exerting due diligence on Anti-Money Laundering (AML) and CTF	-	-	2	428.23

**Other Regulatory Penalties:**

Name	SAR'000s				
	Prior year 2021		Current year 2022		
	Number of penalties	Total amount of penalties	Number of penalties	Total amount of penalties	Subject of Violation
Penalties by municipalities and Ministry of Municipal and Rural Affairs	46	414.8	69	288.80	Violation to license requirements
Civil defense penalties	2	62.0	2	14.00	Non-adherence to safety regulations
Ministry of Interior penalties	1	15.0	-	-	-
Penalties by the Royal Commission for Jubail and Yanbu	2	1.9	-	-	-
CMA penalties	-	-	1	100.00	Violation of the requirements of the articles of the executive regulations of the Anti-Money Laundering Law
General Organization for Social Insurance penalties (GOSI)	-	-	1	1.00	-

**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 studies the reasons thereof and sets up the necessary corrective plans and follows 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 2022 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.



## Directors' Report for the financial year ended 31 December 2022

### Related Party Transactions

a) The balances as at 31 December 2022 resulting from such transactions included in the Consolidated Financial Statements are as follows:

	SAR'000s
<b>Non-Saudi major shareholder and their affiliates:</b>	
Due from banks and other financial institutions	35,039
Due to banks and other financial institutions	305,146
Commitments and contingencies	1,312,641
<b>Directors, key management personnel, other major shareholders and their affiliates:</b>	
Loans and advances	6,646,210
Customers' deposits	12,417,319
Commitments and contingencies	2,059,518
<b>Bank's mutual funds and others:</b>	
Investments	138,016
Loans and advances	2,780,326
Customers' deposits	206,791
<b>Associates:</b>	
Investments in associates	978,683
Loans and advances	3,283,976
Customers' deposits	51,567

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

b) Income and expenses transactions with related parties included in the Consolidated Financial Statements for the year ended 31 December 2022 are as follows:

	SAR'000s
Special commission income	576,442
Special commission expenses	(296,899)
Fees and commission income	96,919
Gain on disposal of investment in an associate	36,050
Share in earnings of associates, net	72,081
Directors' remuneration	(7,512)
Insurance contracts	(64,620)

## Miscellaneous expenses for the year 2022 are detailed as follows:

Nature of item	Related party	Duration	Amount SAR'000s
<b>Rent expenses of branches and ATMs</b>			
Central warehouses	Central Warehouses Co. Ltd. (related party: Mr. Salah Rashid Al-Rashed - Chairman of the Board)	Annual	<b>1,499</b>
Al Rashed compound branch – Khobar	Rashed Trade and Contracting Co. Ltd. (related party: Mr. Salah Rashid Al-Rashed - Chairman of the Board)	Annual	<b>945</b>
Spaces for 4 ATMs in Al Rashed Compound – Khobar		Annual	<b>237</b>
Dhabab branch	Mrs. Maha Hmoud Obaid Abdullah Al-Rasheed (related party: wife of Mr. Obaid Abdullah Al-Rasheed - Managing Director and Chief Executive Officer)	10 years ending on 30 April 2031	<b>700</b>
<b>Total rent expenses of branches and ATMs</b>			<b>3,381</b>
Expenses of maintenance and purchases of money counting machines	Abana Projects Company (related party: Mr. Salah Rashid Al-Rashed - Chairman of the Board)	Purchase as needed	<b>19,999</b>
Labor expenses	Al Khaleej Training and Education Co. (related party: Mr. Salah Rashid Al-Rashed - Chairman of the Board)	As needed	<b>14,372</b>
Service of providing the Bank with details of consumer wages and status of work	The Saudi Credit Bureau – SIMAH - (related party: Mr. Kamal Khodr – senior executive)	As needed	<b>13,680</b>
Documenting approvals to issue bonds to order electronically	Takamul Company for Business Services (related party: Mr. Ahmed Mohammed Abdelkader Al-Omran – Board Member)	As needed	<b>786</b>
<b>Total</b>			<b>52,218</b>

## Directors' Report for the financial year ended 31 December 2022

### c) The total amount of compensation paid to key management personnel during the year ended 31 December 2022 is as follows:

	SAR'000s
Short-term employee benefits (Salaries and allowances)	57,091
Post-employment benefits (End of service indemnity and social security)	6,264

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 in this respect.

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 behavior through effective awareness programs.

The Bank sets out a Code of Ethical Behavior in order to formulate the values that guide behavior 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 Chartered and Professional Accountants (SOCPA). The Bank also prepares its Consolidated Financial Statements to comply with the requirements of the Banking Control Law, the Regulations for Companies in the Kingdom of Saudi Arabia and the Bank's by-laws. There are no significant differences to the accounting standards issued by SOCPA.

#### External Auditors

In its meeting held on 12 April 2022 the Ordinary General Assembly appointed Messrs. Deloitte and Touche and KPMG Al Fozan & Partners as external auditors of the Bank for the year 2022.

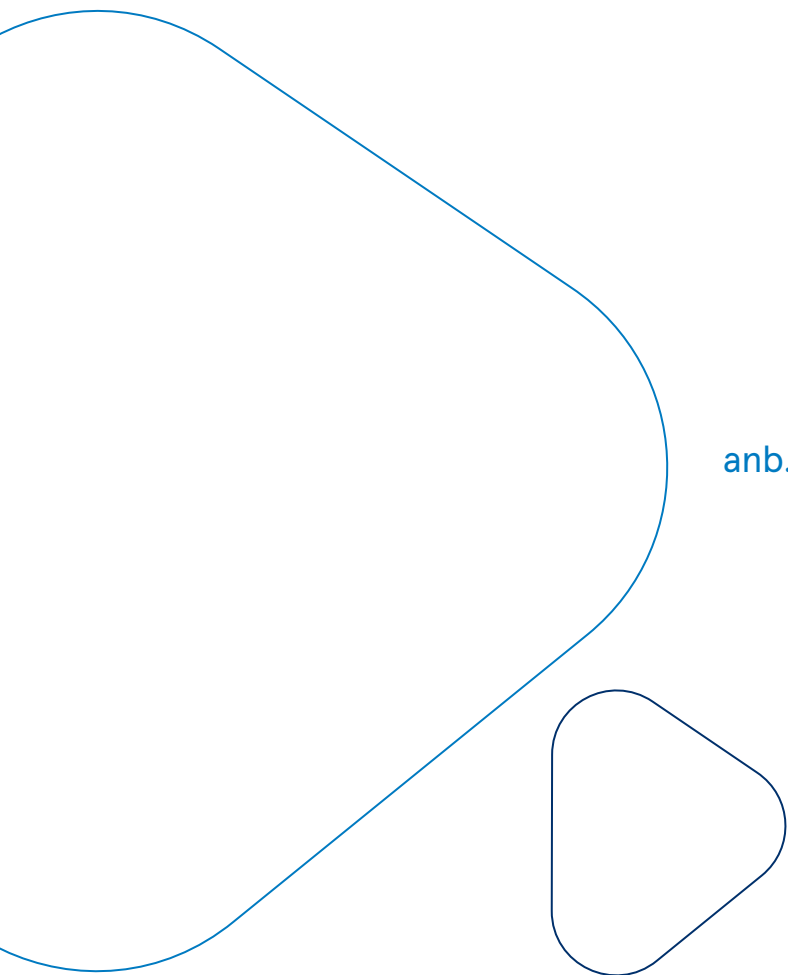
#### Statement of Directors' Responsibilities in Relation to the Consolidated Financial Statements

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.
- 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.

#### Board of Directors

23 February 2023



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