

**Board of Directors**  
**Annual Report**  
**2022**





### Chairman's Statement

The Board of Directors of Nayifat Finance Company is pleased to present to you the annual report on the company's business for the financial year ended 31/12/2022 for review and discussion in the General Assembly, and the report includes a review of the company's operational and financial performance, financial statements and explanations, as well as detailed information about the members of the Board of Directors and its committees.

Nayifat has achieved a leading place in the market of non -banking financial institutions since its foundation more than 20 years ago and for the move to the next stage of our ambitious strategy, the company's shares in the Saudi financial market have been offered 'TADAWUL' in order to focus on the important opportunities provided by the vision 2030, including the successful transformation of Saudi financial markets, which created an investment environment comparable to developed countries. I am confident that the Nayifat Company has sufficient qualifications to take advantage of this achievement, which will help in achieving our strategic goals to support financing needs for young Saudi society and ambition.

I would like to extend my thanks and appreciation to the members of the Board of Directors for the previous session, which ended on 24/09/2022, for their contribution and active participation during their term of office, wishing them continued success.

I would also like to extend my thanks and appreciation to my brothers and colleagues in the Board of Directors and Board Committees for the current session for their effective contribution and participation in all the company's decisions to reflect the success of these works, and I also extend my thanks and appreciation to all the company's customers, valued shareholders and strategic partners for their continuous support and confidence in Nayifat.

We also thank the company's management and employees for their efforts and their effective role in enhancing the company's goals and strategies, wishing everyone further progress and achievement.

At Nayifat, we look forward to the future with confidence, and we are confident in our ability to achieve sustainable growth for the company's business, maintain a stimulating work environment, achieve the desired level of customer satisfaction, and achieve rewarding returns for the company's shareholders.

**Saleh Nasser AlOmar**

Chairman

#### **An overview of Nayifat and the nature of its activities:**

Nayifat Finance Company is a public Saudi joint stock company (Licensed and subject to the supervision of the Saudi Central Bank), established by the Ministry of Commerce Resolution No. 361 BC issued on 11/29/1430 AH (corresponding to 11/17/2009 AD) and Resolution No. 188/BC dated 06/09/1431 AH (corresponding to 05/23/2010 AD) According to Commercial Register No. 1010176451 issued on 02/21/1423 AH (corresponding to 05/04/2002 AD) in Riyadh, its headquarters is located in Al -Wurud District, Olaya Highway, , P.O. Box 27389, Postal Code 11417, Riyadh, Kingdom of Saudi Arabia,

Nayifat Finance Company was established with a capital of 10 million Saudi riyals, and its capital today is one billion Saudi riyals. The company was the first non -banking financial institution to obtain a license from the Saudi Central Bank in 2014, and the Nayifat is one of the leading companies in the consumer financing market.

The company provides its customers with fully compatible products and services with the principles and provisions of Islamic Sharia, including consumer financing, credit cards financing, financing of SME, and Fintech solutions.

Nayifat Finance Company is one of the most prominent non -banking financial institutions that focus on meeting the financing needs of individuals in the Kingdom of Saudi Arabia, and the company has a pioneering position in the individual financing market, and is preparing to seize the growth opportunities available by the group of its comprehensive products, the wide branch network, and its tight framework for management The risks, its leading brand, and the company expressed a high ability to grow and flexibility in dealing with market conditions, and adapting its strategies to keep pace with the market changes of consumer financing and the small and medium enterprise financing market in the Kingdom of Saudi Arabia.

#### **Vision:**

We strive to become the first provider of financing services in the Kingdom of Saudi Arabia while supporting the ambitions of Vision 2030 in building a vital society and a prosperous economy.

#### **Mission:**

We seek to continue our legacy as a leading non -banking financial institution by facilitating the financing needs of all individuals in the Kingdom of Saudi Arabia, by providing an innovative set of products and services compatible with Islamic law in the areas of consumer financing, Financial leasing, financing of small and medium -sized companies, credit cards, and collective financing in debt Through financial technology.

#### **Description of Company's important plans and decisions during the year 2022 (structural changes / expansion of its business / cessation of its operations) and future expectations for the company's business:**

##### **Prominent decisions and events during the year 2022:**

- On 13-04-2022 AD, the extraordinary general assembly agreed to the following:
  - annual financial statements, External Auditor report, and the Board of Directors report for the fiscal year 2021 AD
  - Eliminate the members of the Board of Directors for their performance and reward for the fiscal year 2021 AD
  - Appointment the company's External auditor (KPMG).
  - Amending 22 articles of the company's By-Laws articles in line with the instructions of the supervisory authorities, as well as to change the company's legal status to a public joint stock company.
  - Adoption of a number of internal policies and regulations of the company (the company's governance regulation - Nominations and Remunerations Committee charter - Audit committee charter – Conflict of interests and competition policy - Remunerations and membership in Board policies - social responsibility policy)
  - The dividends distributed during the year 2021 AD

- Business and contracts with the related parties (Yaqeen – Bayouk Legal Accountants - ITIS - Ernst & Young)
- On 15-05-2022 AD, Company announced in TADAWUL about the distribution of dividends to shareholders for the Q4 of 2021 and the Q1 of 2022.
- On 06-06-2022 AD, Company announced in TADAWUL about receiving the final license from Saudi Central Bank to practice ULEND using FINTECH.
- On 21-06-2022 AD, Company announced in TADAWUL the approval of Saudi central bank to assign Mr. Chan Kon Veng as the Acting CEO of Nayifat.
- On 27-06-2022 AD, Company announced in TADAWUL the approval of Saudi central bank to nominate Mr. Youssef Ibrahim AlShaer as a Board member.
- On 25-09-2022 AD, the extraordinary general assembly agreed to the following:
  - Recommendation of the Board of Directors to appoint Mr. Yousef bin Ibrahim AlShaer as an (independent) member of the Board of Directors starting from the date of his appointment on 27/06/2022.
  - Election of the members of the Board of Directors, the Audit Committee and the Sharia Committee for the new session of the Board from 25-09-2022 for a period of three years.
  - Amending Article (3) of the Company's Articles of Association, related to (the Company's Objectives) by adding the ULEND activity.
  - Business and contracts with related parties (Yaqeen Financial Company)
- On 27-09-2022, Company announced in TADAWUL that the Chairman and Vice-Chairman of the Board of Directors, the appointment of the Managing Director and CEO of the Company, the formation of the Committees and the appointment of the Company's representatives at the Capital Market Authority, the Saudi Stock Exchange (TADAWUL) and the EDAA.
- On 27-09-2022, Company announced in TADAWUL regarding the resignation of Mr. Mohammed bin Ali AlHokal, the Board member, due to personal circumstances.
- On 30-11-2022 Company announced in TADAWUL that the Board of Directors recommended increasing the company's capital by 20% from one billion riyals to one billion and two hundred million riyals by granting bonus shares to shareholders by capitalizing part of the balance of profits and part of the company's statutory reserve, and the increase in capital is conditional on obtaining the approval of the official authorities and the extraordinary general assembly on the increase in capital and the number of shares granted.

#### Key developments and future expectations:

The company obtained the approval of the Saudi Central Bank to add ULEND activity through Fintech to the company's license, and this step comes as a continuation of the company's policy to provide a series of integrated solutions and reach the largest segment of customers in the world of non-banking finance, which will be reflected in the company's future expectations, the most important of which are as follows:

- A leading brand in the Saudi consumer finance and SME finance sector, based on a good customer base and achieving steady growth in the size of its operations and the level of its spread through a strong distribution network across the Kingdom.
- Enjoying a unique position in the market, a leading market share, competitive products in prices, and a good position that allows taking advantage of specific growth opportunities and the comprehensive product range developed (financing the activity of small and medium enterprises / financial leasing / financing credit cards / consumer financing / ULEND using Fintech).
- Strong financial performance coupled with a track record of high returns supported by strong risk management.
- Greater room for growth supported by a strong capital position while maintaining dividends.
- Strong shareholder base supporting a highly experienced Board of Directors.

### Strategic Goals

- The continued growth of the economy of the Kingdom of Saudi Arabia, the initiatives of Vision 2030, the expansion of the non-banking financial institutions sector and the Financial Sector Development Program will enhance the presence of non-banking financial institutions in the financial services sector within the Kingdom, which will enhance the demand for financing, and are based on the following:
- The company's strategy aims to provide Sharia-compliant financing in an innovative manner, with simplified and easy procedures for its customers.
- In pursuit of its aspirations, the company continues to focus on its core business in the Sharia-compliant finance sector that it offers to its clients. The company also aims to improve its business by increasing the number of customer categories and geographical spread.
- The company focuses on maintaining the quality and strength of its credit portfolio to ensure sustainable growth, and the company seeks to achieve the growth of its portfolio without affecting its quality and profitability while adhering to its credit standards in its attempt to increase its customer base and grow its financing portfolio.

### Main Activities

The purpose of the company is to engage in financing activity in accordance with the provisions of the Companies Law, the Finance Companies Control Law, its Executive Regulations, relevant Laws, and the rules and instructions issued by the Saudi Central Bank. The company operates under the license to practice financing activities issued by the Saudi Central Bank with license No. 5/A/201312 dated 28/02/1435H (corresponding to 31/12/2013G).

The Company's activities in accordance with the license to practice financing activities are as follows:

- Consumer Finance
- Finance lease
- Financing the activity of small and medium enterprises
- Credit Card Financing
- ULEND activity using Fintech

### Branches of the company:

The company has twenty-seven (27) branches, and the company's branch network is distributed over most regions of the Kingdom.

|                     |                |                    |          |            |
|---------------------|----------------|--------------------|----------|------------|
| Riyadh – Olaya      | Dammam         | Jeddah - Alandalus | Abha     | Tabuk      |
| Riyadh – Khurais    | Al Khobar      | Jeddah - Alfayhaa  | jazan    | Sakakah    |
| Riyadh - Exit 10    | Hofuf          | Makkah             | Najran   | Hail       |
| Riyadh - Al Badi'ah | Qatif          | Taif               | Bisha    | Al Baha    |
| Al Kharj            | Jubail         | Madinah            | Majma'ah | Al Dawadmi |
| Buraydah            | Hafar Al-Batin |                    |          |            |

(There are no subsidiaries of the company inside or outside the Kingdom)

### Main Functions and Departments

The Board of Directors is responsible for the general supervision and control of the company's business, and the Managing Director and CEO are responsible for managing the company's general day-to-day business through an effective executive team represented by the company's various departments, and each senior management has separate policies and procedures that clarify its tasks and responsibilities, and the following is an overview of them:

#### Sales and Marketing:

The company has an extensive and multi-channel sales network that includes traditional channels (i.e. via branch network, direct sales and telesales) as well as modern channels (i.e. online sales activities). In addition to sales teams that focus on retail sales to achieve better market share by investing in their range of products and services.

#### Operations:

Operations management supports the implementation of all activities related to contracts, business support and internal process control by segregating tasks based on quality and cost considerations and maintaining business performance, and the operations department includes a team of experienced and qualified professionals who are well suited to various techniques and tools to facilitate business processes and ensure the quality of services provided to the company.

#### Credit:

The company aims to reduce credit risk by preparing preliminary evaluation criteria that potential customers must meet to be eligible for facilities, in addition to conducting a database study and analyzing credit scores through the Saudi Credit Bureau (SIMAH) and other external order evaluation systems and determining the customer's position in the market, The company has a highly qualified credit department that verifies its customers' compliance with the requirements of the Saudi Central Bank, their eligibility for financing, and the soundness of their financial position, which reduces the potential credit risks that the company may be exposed to.

#### Collection:

The collection department follows an effective and detailed collection strategy to ensure a high recovery rate for overdue accounts, and the collection department tracks customers and ensures that payments are made regularly to reduce any losses incurred by the company to a minimum, which enables the company to maintain a low loss rate, and the company's advanced automatic communication system facilitates the collection process by automatically contacting defaulting customers, The legal affairs team also undertakes legal action against defaulting customers and files cases before the competent courts to ensure the company's rights, and the company includes two teams that support the collection department, namely the collection operations support team and the customer care and complaints team.

#### Human Resources Management:

The company invests in the workforce to take full advantage of their potential in developing products, services, sales channels and infrastructure, through the Human Resources Department to attract highly qualified employees and evaluate the capabilities of candidates to meet the company's career needs, and develop the competencies, skills and capabilities of existing employees to achieve a high level of performance in line with the company's vision, and the company has built performance-based reward and incentive programs to motivate the company's employees. Work has also been done to develop employment plans in line with the Kingdom's Vision 2030 and the company's strategic directives by injecting new blood and supporting the employment of young national cadres. To ensure that it keeps pace with the expected growth, the company gives high priority to training and development and seeks to focus on developing the competencies, skills and capabilities of its employees to achieve a high level of performance, and the Training Department works in coordination with other departments to ensure that all employees receive appropriate and appropriate training, to carry out their role efficiently.

**Administrative Affairs:**

The company includes a management team of qualified people who have great experience in the sector and extensive knowledge of the market, and this team provides support services to all departments and sections of the company, and the company's management team has extensive knowledge and great experience, and bears great responsibilities in managing the company's strategy and following up on administrative processes.

**Customer Care:**

The company focuses on customer care and prioritizes providing quality services to customers to support the continuous growth of its business, customer care systems are regularly updated by maintaining the use of the latest technology, the company has attracted qualified and experienced staff to meet customer aspirations and resolve any complaints efficiently and without delay, The company also has multiple channels including telephone line service, complaints submitted to the company's website, email, instant messaging services, and surveys, as tools to receive customer feedback, the team provides after-sales services and conducts customer satisfaction surveys to ensure that their expectations are met, customer care staff receive comprehensive training to improve their abilities and skills in communicating with customers and addressing their complaints, and the company seeks to continue to provide the utmost care to customers in order to maintain their loyalty and satisfaction.

**Financial and Treasury:**

The Company's Financial Department has multiple functions, including Treasury and Financial Accounting, Information Systems and Reporting Management, with highly qualified finance and accounting staff and the highest levels of professional excellence, exemplified by the early implementation of IFRS 9. The department also uses the latest accounting and reporting software.

**SME:**

The company has created financial solutions compatible with the principles and provisions of Islamic Sharia to finance small and medium enterprises, and through the establishment of strong and well-established commercial relations with some commercial, industrial and service sectors in the Kingdom, The financing is granted to small and medium enterprises that need financing to expand their current activity, and the financing of Nayifat covers all activities in the economic sectors in the Kingdom of Saudi Arabia, including industrial activities, commercial activities, transport and communications, education, contracting, medical services, and financing is granted for the purpose of purchasing fixed assets, expanding the activity or financing capital.

**IT**

The company uses the latest technologies to manage its business in an inexpensive and effective manner and is committed to applying information technology systems and processes that provide updated information about its business and allow it to make strategic decisions based on this information, which keeps pace with its growth, and the company evaluates the information technology environment and updates the information technology infrastructure on a regular basis, The IT Department focuses on developing plans to attract, grow and retain a strong and diverse IT team while expanding company-wide education and training programs, and seeks to improve IT knowledge, experience and opportunities for all disciplines within the department.

**Governance Management:**

The Board of Directors seeks to apply the highest standards of governance and best practices, and to comply with all laws, rules, executive regulations and circulars issued by the regulatory authorities.

It also seeks to enhance the axes of effective governance through: (activating the supervisory role of the Board of Directors - protecting the rights of stakeholders - work ethics and transparency - performance measurement and accountability - internal control). In order to ensure compliance with effective governance, the Board of Directors has authorized the Governance Department to verify, continuously review and update the Company's compliance with the Company's Corporate Governance Regulations in accordance with regulatory requirements and best practices.

**Compliance and AML/CFT:**

The Kingdom's finance sector is regulated by the Saudi Central Bank, and the Compliance Department ensures compliance with all regulatory requirements, financing regulations and executive regulations issued by the Saudi Central Bank and regulatory authorities. As well as compliance with the rules of combating money laundering and terrorist financing issued by the Saudi Central Bank, the Compliance Department includes highly experienced national cadres, and the company provides the necessary technical support to ensure that the Compliance Department performs its work to the fullest.

**Cyber Security:**

The protection of IT assets is critical for the company to ensure the reliability of its information systems and the accuracy of data in these systems, therefore, the company applies cybersecurity procedures and policies to its employees, consultants and others related to the company, The Cybersecurity Department has adopted comprehensive policies to protect the Company in all respects, including Information Security Policy, Data Management and Classification Policy, Physical Environment Security Policy, Information Security Management Policy, Internet Usage Policy, Network Security Management Policy, and Information Technology Management Policy, The company also implements a strict risk management policy for its IT assets through improved asset management, threat and vulnerability analysis, and response and recovery procedures and plans.

**Internal Audit:**

It is an independent department that falls under the Audit Committee, which carries out internal audit work independently and objectively with the aim of adding added value to the company and improving its operations, which in turn helps achieve the company's objectives by following a systematic and systematic approach to evaluate and develop the effectiveness of governance, risk management and control processes, and in 2022 the company decided to hire (Protiviti) to carry out all internal audit work to ensure work efficiency.

**Risk Management:**

It is an independent department that falls under the Risk Committee, it monitors credit risk (for companies and individuals), market risks and operational risks in addition to all risks that are noted by the Saudi Central Bank, and develops and activates policies and procedures, measures and evaluates the company's risk tolerance, and it also prepares periodic reports to the Risk Committee and the Board of Directors that include an analysis of the risks faced by the company to reduce future risks.



### Financial and Operational Performance:

The impact of the main activities on the company's business volume and its contribution to the results during the past five years are as follows: (Thousand Saudi Riyals)

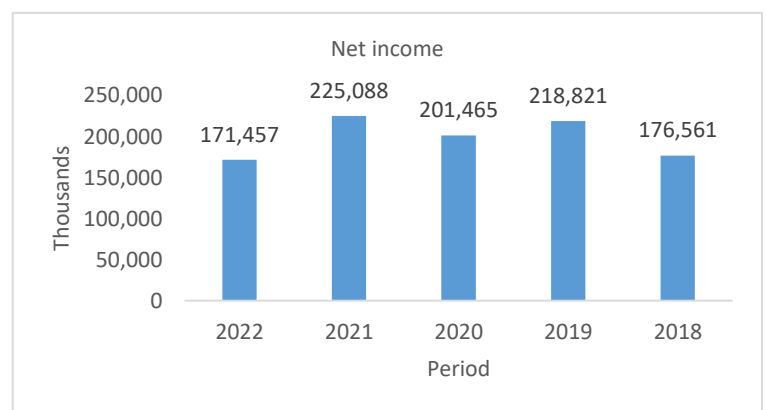
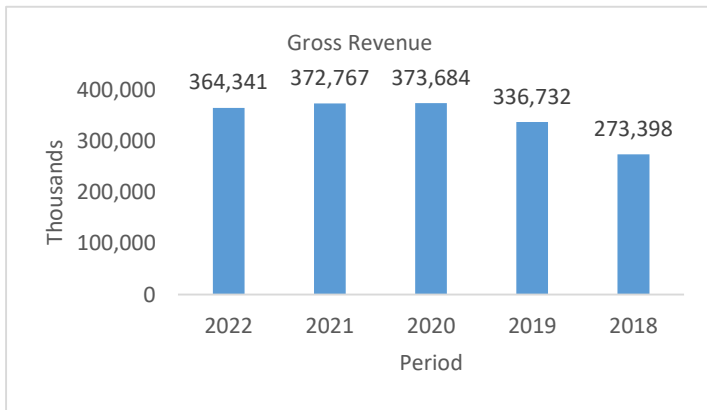
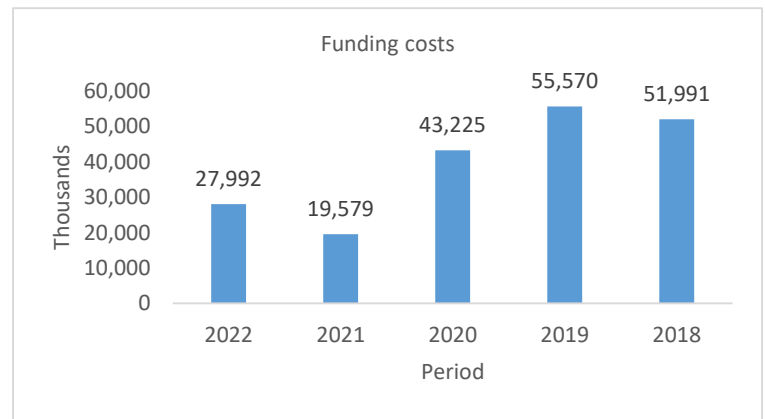
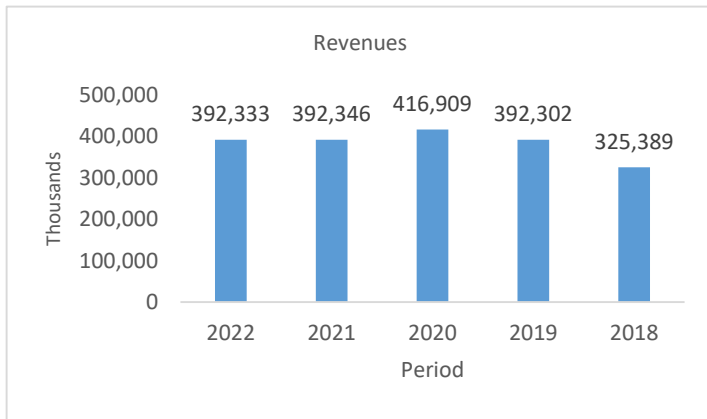
| Statement    | 2022           |             |
|--------------|----------------|-------------|
|              | Revenues       | %           |
| Consumer     | 339,340        | 86.6%       |
| SME          | 41,282         | 10.5%       |
| Credit cards | 11,419         | 2.9%        |
| <b>Total</b> | <b>392,041</b> | <b>100%</b> |

\* There are no subsidiaries of the company.

### Comparing business results for the last five years: (Thousand Saudi Riyals)

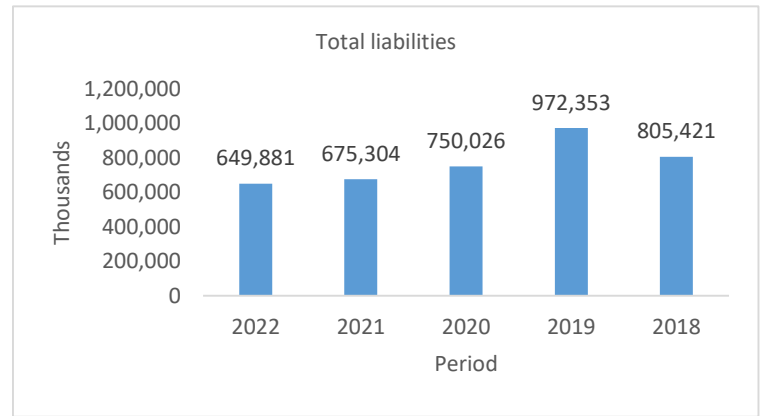
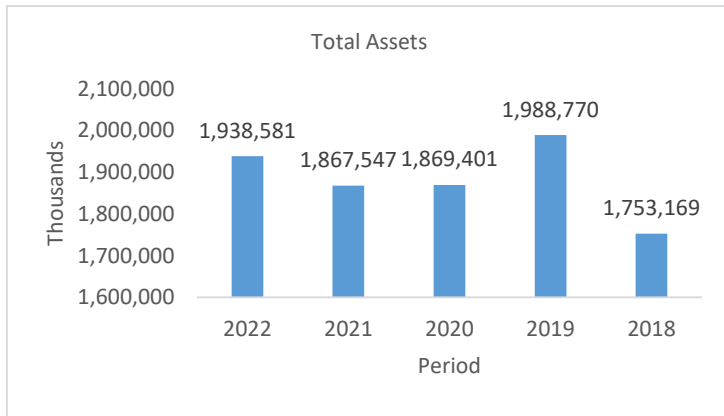
| Statement     | 2022    | 2021    | 2020    | 2019    | 2018    |
|---------------|---------|---------|---------|---------|---------|
| Revenues      | 392,333 | 392,346 | 416,909 | 392,302 | 325,389 |
| Funding costs | 27,992  | 19,579  | 43,225  | 55,570  | 51,991  |
| Gross Revenue | 364,341 | 372,767 | 373,684 | 336,732 | 273,398 |
| Net income    | 171,457 | 225,088 | 201,465 | 218,821 | 176,561 |

\* Some items have been reclassified for presentation and comparison purposes in the approved financial statements for the year 2022.



**Assets and Liabilities: (Thousand Saudi Riyals)**

| Statement                | 2022             | 2021             | 2020             | 2019             | 2018             |
|--------------------------|------------------|------------------|------------------|------------------|------------------|
| Current assets           | 734,001          | 711,820          | 720,200          | 675,295          | 696,199          |
| Non-current assets       | 1,204,580        | 1,155,727        | 1,149,201        | 1,313,475        | 1,056,970        |
| <b>Total assets</b>      | <b>1,938,581</b> | <b>1,867,547</b> | <b>1,869,401</b> | <b>1,988,770</b> | <b>1,753,169</b> |
| Current liabilities      | 322,169          | 307,696          | 382,574          | 454,042          | 458,036          |
| Non-current liabilities  | 327,712          | 367,608          | 367,452          | 518,311          | 347,385          |
| <b>Total Liabilities</b> | <b>649,881</b>   | <b>675,304</b>   | <b>750,026</b>   | <b>972,353</b>   | <b>805,421</b>   |

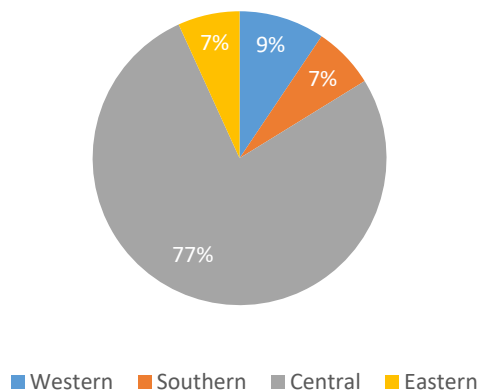


**A geographical analysis for the Gross receivables of company's Islamic financing and its subsidiaries for the year 2022:**

(Thousand Saudi Riyals)

| Geographical analysis of the company's total Islamic finance receivables (Thousand Saudi Riyals) |                 |                |                |                |
|--|-----------------|----------------|----------------|----------------|
| Western Region   | Southern Region | Central Region | Eastern Region | Total          |
| 36,945   | 26,677          | 301,830        | 26,589         | <b>392,041</b> |

\* There are no subsidiaries of the company.



**A clarification of any material differences in the operating outcomes from the outcomes of the previous year or any expectations announced by the company:** (Thousand Saudi Riyals)

| Statement                       | 2022    | 2022    | Changes (+) or (-) | %     |
|---------------------------------|---------|---------|--------------------|-------|
| Revenues                        | 392,041 | 390,855 | 1,186              | 0.30% |
| Revenue costs                   | 27,992  | 19,579  | 8,413              | 43%   |
| Total Profit                    | 364,049 | 371,276 | (7,227)            | -2%   |
| Other operational revenues      | 292     | 1,491   | (1,199)            | -80%  |
| Other operational expenses      | 173,187 | 122,179 | 51,008             | 42%   |
| Operational profit before zakat | 191,154 | 250,588 | (59,434)           | -24%  |

**Clarification of any difference from the accounting standards approved by the Saudi Organization for Certified Public Accountants:**

The financial statements have been prepared in accordance with the International Financial Reporting Standards adopted in the Kingdom of Saudi Arabia and amended by the Saudi Central Bank with respect to accounting for Zakat and Income Tax.

**Dividend Policy:**

According to Article (107) of the Companies Law: "The shareholder shall be entitled to the rights related to shares, which include the right to receive a share of the net profits to be distributed",

According to Article (Twenty-Six) of the Executive Bylaws of the Finance Companies Control Law, the company must meet the following conditions: (1) Ensure that the distribution does not lead to a lower level of capital adequacy and liquidity than the prescribed levels. (2) The total distributions in the fiscal year shall not exceed the profits achieved during the last fiscal year (3) Compliance with any other conditions determined by the Saudi Central Bank, in addition to the obligation to obtain a no-objection before appropriating, recommending or announcing any dividend or any other distribution.

The distribution of dividends is subject to a number of restrictions provided for in the Articles of Association of the Company (Article 49) as follows:

- Ten percent (10%) of the net profits shall be set aside for the formation of the statutory reserve, and the ordinary general assembly may decide to suspend this retainer when the said reserve reaches thirty percent (30%) of the paid-up capital.
- The Ordinary General Assembly may, upon the proposal of the Board of Directors, set aside ten percent (10%) of the net profits to form an agreed reserve and allocate it for a specific purpose or purposes to be decided by the Ordinary Assembly.
- The Ordinary General Assembly may decide to form other reserves to the extent that it is in the interest of the company or ensures the distribution of fixed profits as much as possible to shareholders.
- The remainder shall then be distributed to the shareholders a percentage of not less than (5%) of the company's paid-up capital.
- Subject to the provisions prescribed in Article Twenty-One (21) of the Company's Articles of Association, a percentage not exceeding 10% of the remainder shall be allocated to the remuneration of the Board of Directors, provided that the entitlement to this remuneration shall be proportional to the number of sessions attended by the member.
- The remainder is then distributed to shareholders as a share of profits or transferred to the retained earnings account.
- The company may also distribute interim dividends to its shareholders on a semi-annual or quarterly basis by a decision of the Board of Directors, if the company's financial situation allows and liquidity is available in accordance with the controls and procedures set by the competent authority.

- The shareholder shall be entitled to his share in the profits, whether in cash or shares granted in accordance with the resolution of the General Assembly issued in this regard, or the decision of the Board to distribute interim dividends, and the resolution shall indicate the maturity date and the date of distribution. Dividends shall be eligible for shareholders registered in the shareholders' records at the EDAA Center on the second trading day after the maturity date.

Dividends are distributed in Saudi Riyals, and the Company may, for the purpose of organizing and completing the dividend distribution process, use an external party represented by one of the commercial banks with which the Company deals, however, this does not relieve the Company of its legal responsibility to shareholders with respect to the distribution of dividends.

#### Dividends distributed during the year 2022:

| No.        | Percentages of dividends distributed during the year 2022 * |                         |                         | Dividends proposed to be distributed at the end of 2022 * | Total dividends distributed during the year 2022 |
|------------|---|-------------------------|-------------------------|---|--|
|            | 1 <sup>st</sup> Quarter                                     | 2 <sup>nd</sup> Quarter | 3 <sup>rd</sup> Quarter |   |  |
| Percentage | 0.385   | -                       | -                       | -   | 37,500,000 SAR                                   |
| Total      | 37,500,000  | -                       | -                       | -   |  |

#### \* The proposed method of distributing dividends at the end of 2022:

On 19/11/2022, the Board of Directors of Nayifat Company recommended increasing the company's capital from one billion riyals to one billion and two hundred million riyals, by granting bonus shares to shareholders at a rate of one share for every five shares, by capitalizing part of the balance of retained profits in the amount of (169.7) million riyals, and part of the company's statutory reserve balance in the amount of (30.3) million riyals, provided that the approval of the official authorities and the extraordinary general assembly is obtained and all procedures are completed accordingly.

#### Regular payments during the year 2022:

| Statement            | 2022       |   | Payment reason                 |
|----------------------|------------|---|--------------------------------|
|                      | Paid       | Due until the end of the financial period and has not been paid |                                |
| Zakat and income tax | 31,607,865 | -   | Zakat and income tax           |
| value added tax      | 4,657,309  | -   | value added tax                |
| Social Security      | 6,512,000  | -   | Social insurance contributions |
| Ministry of Labor    | 221,000    | -   | Ministry of Labor payments     |
| Government payments  | 271,139    | -   | Government payments            |
| Saudi Central Bank   | 50,000     | -   | Supervision fee                |
| TADAWUL              | 306,138    | -   | Listing Fee                    |
| EDAA                 | 678,500    | -   | Listing Fee and Annual Fee     |
| Total Payments       | 44,303,951 |   |                                |

### Composition of the Board of Directors and Classification of its Members:

The Board of Directors shall manage the Company, which consists of nine (9) members appointed by the General Assembly by cumulative voting for a maximum period of three years, after fulfilling the suitability requirements determined by the Saudi Central Bank and obtaining a letter of no objection from it.

In reference to the results of the Extraordinary General Assembly on 29/02/1444H corresponding to 25/09/2022G, the members of the Board were elected for the new session, which began on 25/09/2022 AD for a period of three years, and due to the resignation of one of the members on 26/09/2022 AD, the current composition of the Board consists of eight (8) members, including three non-executive members, three independent members and two executive members, as follows a list of the members of the current Board and the previous Board:

### List of the members of the Board for the current session, which began on 25/09/2022 for a period of three years:

| Name                              | Position                  | Nationality | Membership    | Appointment date |
|-----------------------------------|---------------------------|-------------|---------------|------------------|
| Saleh Nasser AlOmaid              | Chairman                  | Saudi       | Independent   | 25/09/2022       |
| AbdulMohsin Mohammed AlSaleh      | Vice Chairman             | Saudi       | Non-Executive | 25/09/2022       |
| Ata Hamad AlBayouk                | Board Member              | Saudi       | Non-Executive | 25/09/2022       |
| Salman Abdulaziz Shehween         | Board Member              | Saudi       | Non-Executive | 25/09/2022       |
| Yosef Ibrahim AlShaer             | Board Member              | Saudi       | Independent   | 25/09/2022       |
| Bandar Mohammed AlBaiz            | Managing Director and CEO | Saudi       | Executive     | 25/09/2022       |
| Saad AbdulMohsen AlHamidi         | Board Member              | Saudi       | Independent   | 25/09/2022       |
| Turki Nasser AlQahtani            | Board Member              | Saudi       | Executive     | 25/09/2022       |
| Mohammed Ali AlHokal <sup>1</sup> | Board Member              | Saudi       | Independent   | 25/09/2022       |

1- On 26/09/2022, Mr. Mohammed AlHokal submitted his resignation from the membership of the Board of Directors.

### List of members of the previous and outgoing Board on 24/09/2022:

| Name  | Position                  | Nationality | Membership    | Appointment date |
|---|---------------------------|-------------|---------------|------------------|
| Saud Huwaimel AlDosari                          | Chairman                  | Saudi       | Non-executive | 25/09/2019       |
| Abdulaziz Saud AlBLEhed                         | Vice Chairman             | Saudi       | Independent   | 25/09/2019       |
| Ata Hamad AlBayouk                              | Board Member              | Saudi       | Non-executive | 25/09/2019       |
| Mohammed Ali AlHokal                            | Board Member              | Saudi       | Independent   | 09/08/2021       |
| Fahad Saleh AlMusabhi                           | Board Member              | Saudi       | Non-executive | 25/09/2019       |
| AbdulMohsen AbdulRahman AlSowailem <sup>1</sup> | Managing Director and CEO | Saudi       | Executive     | 25/09/2019       |
| Saleh Nasser AlOmaid                            | Board Member              | Saudi       | Independent   | 25/09/2019       |
| Mohammed Taher AlLouzi                          | Board Member              | Jordanian   | Independent   | 25/09/2019       |
| Bandar Mohammed AlBaiz                          | Board Member              | Saudi       | Non-executive | 25/09/2019       |
| Yosef Ibrahim AlShaer <sup>2</sup>              | Board Member              | Saudi       | Independent   | 27/06/2022       |

1- Mr. Abdul Mohsen AlSowailem submitted his resignation from the membership of the Board and committees and from his position as MD/CEO, and the last day on the date of membership was 22/06/2022.

2- Mr. Yusef AlShaer was appointed as a member of the Board of Directors, succeeding Mr. AbdulMohsen AlSowailem, starting from 27/06/2022 till the end of the Board session.





### Duties and Responsibilities of Board of Directors





Taking into account the competencies established for the General Assembly in the Companies Law, its executive regulations and the company's articles of association, the Board of Directors shall have the widest powers in managing the company and directing its work to achieve its objectives.

- Develop plans, policies, strategies and the main objectives of the company, supervise their implementation and review them periodically, and ensure the availability of the necessary human and financial resources to achieve them, including:
  - Setting the company's comprehensive strategy, main work plans, risk management policies and procedures, reviewing and directing them and working to provide the necessary technical systems to identify and manage major risks such as market risk, counterparty risk, underwriting risk, operational risk, anti-money laundering risk, setting performance objectives and monitoring implementation and overall performance in the company.

- B- Determining the optimal capital structure for the company, its strategies and financial objectives, and approving all kinds of discretionary budgets.
  - C- Supervising the main capital expenditures of the company, owning and disposal of assets.
  - D- Setting performance objectives and monitoring the implementation and overall performance of the company.
  - E- Periodically reviewing and approving the organizational and functional structures of the company.
  - F- Verifying the availability of the human and financial resources necessary to achieve the company's objectives and main plans.
- 2- Developing systems and controls for internal control and general supervision over them, including:
- A- Develop a written policy to address actual and potential conflict of interest cases for each of the Board members, executive management and shareholders, including misuse of the company's assets and facilities, and misconduct resulting from transactions with related parties.
  - B- Ensuring the integrity of the financial and accounting systems, including those related to the preparation of financial reports.
  - C- Ensuring the application of appropriate control systems to measure and manage risks, by developing a general perception of the risks that the company may face, creating an environment familiar with the culture of risk management at the company level, and presenting it transparently with stakeholders and related parties to the company.
  - D- Annual review of the effectiveness of the company's internal control procedures.
- 3- Preparing clear and specific policies, standards and procedures for membership in the Board of Directors - in a manner that does not conflict with the mandatory provisions in these regulations - and implementing them after approval by the General Assembly.
- 4- Develop a written policy regulating the relationship with stakeholders in accordance with the provisions of this regulation.
- 5- Develop policies and procedures that ensure the company's compliance with the rules and regulations and its obligation to disclose material information to shareholders and stakeholders, and verify compliance by the executive management with them.
- 6- Overseeing the company's financial management, its cash flows, and its financial and credit relations with others.
- 7- To propose to the extraordinary general assembly what it deems appropriate regarding the following:
- A- Increase or decrease the company's capital.
  - B- Dissolving the company before the expiry date specified in the company's articles of association or deciding its continuation.
- 8- Suggesting to the Ordinary General Assembly what it deems appropriate regarding the following:
- A- Using the company's optional reserve in the event that it was formed by the extraordinary general assembly and that it was not allocated for a specific purpose.
  - B- Creating additional financial reserves or allocations for the company.
  - C- The method of distributing the net profits of the company
- 9- Preparing and approving the company's initial and annual financial statements before publishing them.
- 10- Preparing and approving the Board of Directors' report before its publication.
- 11- Ensure the accuracy and integrity of the data and information to be disclosed, in accordance with the applicable disclosure and transparency policies and systems.
- 12- Establishing effective communication channels that allow shareholders to see continuously and periodically the various aspects of the company's activities and any material developments.
- 13- Forming specialized committees emanating from it by decisions specifying the duration of the committee, its powers and responsibilities, and how the board will monitor it, provided that the formation decision includes naming the members and specifying their duties, rights and duties, and evaluating the performance and work of these committees and their members.
- 14- Determining the types of remuneration granted to the company's employees, such as fixed remuneration, performance-related remuneration, and remuneration in the form of shares, in a manner that does not conflict with the regulatory controls and procedures issued in implementation of the Companies Law for Listed Joint Stock Companies.
- 15 - Setting the values and standards that govern work in the company.

**Names of the Board members, committees' members, and the executive management, and their current and previous positions, qualifications and experience:** (Names of companies inside or outside the Kingdom in which a member of the company's board is a member of its current and previous boards or one of its managers)

|  |   |  |   |  |
|--|---|--|---|--|
|  |    | <p><b>Saleh Nasser AlOmar</b><br/>Chairman   Independent</p>       |   | <p><b>AbdulMohsen Mohammad Alsaleh</b><br/>Vice Chairman   Non-Executive</p> |
| Academic and scientific qualifications | <p>M.Sc., Change Management, Swansea University, Wales, UK, 2010<br/>B.Sc., Business Administration, University of South Florida, USA, 1981<br/>American Fellowship in Medical Insurance, American Medical Insurance Association (HIAA), USA, 2000<br/>Certificate of Professional Competency in General Insurance, Chartered Insurance Institute, UK, 1994</p>   |  | <p>Bachelor of Business Administration and Economics, University of Thier, California, USA, 1967.</p>   |  |
| Membership in Nayifat                  | <p>Chairman of the Executive Committee / Chairman of the Credit Committee / Member of the Nomination and Remuneration Committee</p>   |  | <p>Chairman of the Strategic Committee / Member of the Credit Committee / Member of the Executive Committee</p>   |  |
| Current positions                      | <p>From 2022 – Chairman of the Board of Directors of Nayifat Finance Company (a public shareholding company operating in the finance and investment sector / inside the Kingdom)</p>  |  | <p>From 2022 – Vice Chairman of the Board of Directors at Nayifat Finance Company (a public shareholding company operating in the finance and investment sector / inside the Kingdom)<br/>From 2022 – Chairman of the Board of Directors of FALCOM Holding Company, Chairman of the Executive Committee and Member of the Nomination and Remuneration Committee (a closed joint stock company operating in the financial and investment services sector / within the Kingdom)<br/>From 2020 – Chairman of the Board of Directors of Yaqeen Capital, Chairman of the Executive Committee, Chairman of the Risk Committee and Member of the Nomination and Remuneration Committee (a closed joint stock company operating in the financial and investment services sector / inside the Kingdom)<br/>Since 2010 – Chairman and owner of Masader Holding Company (a closed joint stock company operating in the sectors of trade, manufacturing, contracting and real estate. / inside the Kingdom)</p>   |  |
| Previous work experience               | <p>2020 – 2022: Member of the Board of Directors of Investment Funds at Yaqeen Capital Company, (a closed joint stock company operating in the financial and investment services sector / inside the Kingdom)<br/>2017 – 2019: Member of the Board of Directors of the United Insurance Company, and Chairman of the Risk Committee. (A public shareholding company working in the field of insurance / inside the Kingdom)<br/>2010 – 2013: Member of the Board of Directors and Chairman of the Executive Committee of Najm Insurance Services Company, (a closed joint stock company working in the field of managing activities related to insured car accidents / inside the Kingdom).<br/>2011 – 2013: CEO of Amana Cooperative Insurance Company and member of the Investment Committee. (A joint stock company working in the field of insurance / inside the Kingdom).<br/>2006 – 2010: CEO of Solidarity Saudi Takaful Company (a public shareholding company working in the field of insurance / within the Kingdom).<br/>1993 – 2006: Vice President of Tawuniya Insurance Company (a public shareholding company working in the field of insurance / inside the Kingdom).<br/>1982 – 1990: Director of Strategic Training and Human Resources at Saudi Telecom Company (a public shareholding company operating in the telecommunications services sector / within the Kingdom).</p> |  | <p>2007-2022: Founder, Board Member and Member of the Nomination and Remuneration Committee at Malath Insurance &amp; Remuneration Company (a public shareholding company working in the field of insurance / inside the Kingdom)<br/>2015 – 2020: Member of the Board of Directors of Yaqeen Capital Company (a closed joint stock company operating in the financial and investment services sector / inside the Kingdom)<br/>2007 – 2016: Chairman of the Board of Directors of the Saudi Industrial Exports Company (a public shareholding company working in the field of industries / within the Kingdom)<br/>2008 – 2016: Member of the Board of Directors of the Warehousing and Support Services Company (a company working in providing logistics services and solutions / within the Kingdom)<br/>2009 – 2015: Chairman of the Board of Directors of the Packaging Materials Manufacturing Company (FIPCO) (a public joint stock company operating in the basic materials sector / within the Kingdom)<br/>2011 – 2014: Member of the Board of Directors of Barclays Bank Saudi Arabia (a public joint stock company operating in the banking sector / inside the Kingdom)<br/>1990 – 2009: Member of the Board of Directors of the Packaging Materials Manufacturing Company (FIPCO) (a public joint stock company operating in the basic materials sector / within the Kingdom)<br/>1980 – 1999: Consultant of the Saudi American Bank (a public shareholding company operating in the banking sector / inside the Kingdom)<br/>1975 – 1980: Vice President of Citibank Saudi Arabia (a public shareholding company operating in the banking sector / inside the Kingdom)<br/>1975 – 1980: Head of Private Banking Citibank Saudi Arabia (Public Joint Stock Company operating in the banking sector / within the Kingdom)</p> |  |
|  |    | <p><b>Ataa Hamad AlBayouk</b><br/>Board Member   Non-Executive</p> |   | <p><b>Salman Abdulaziz Bin Shehween</b><br/>Board Member   Non-Executive</p> |
| Academic and scientific qualifications | <p>B.Sc., Accounting and Business Administration, King Saud University, Saudi Arabia, 1963<br/>Fellowship from the Society of Chartered Accountants, United Kingdom, 1973<br/>Fellowship from the Association of Accountants and Auditors, Egypt, 1974<br/>Certified Translator from the Ministry of Commerce License No. 106, Kingdom of Saudi Arabia, 1985<br/>Management Consultant, Ministry of Commerce, License No. 87, Kingdom of Saudi Arabia, 1990<br/>Membership (Founding Member) in the Saudi Organization for Accountants and Auditors, Kingdom of Saudi Arabia, 1992</p>  |  | <p>Bachelor of Sharia – Imam Muhammad bin Saud University – 1400 AH / Training courses at the Institute of Management Courses at the National Information Center</p>  |  |
| Membership in Nayifat                  | <p>Chairman of the Risk Committee / Chairman of the Assets and Liabilities Committee / Member of the Nomination and Remuneration Committee</p>  |  | <p>Member of the Risk Committee / Member of the Nomination and Remuneration Committee / Member of the Executive Committee</p>   |  |
| Current positions                      | <p>Since 2001 – Director at Al-Buick Chartered Accountants, (a professional sole proprietorship working in financial services / within the Kingdom)<br/>From 1985 – Director at Al-Buick Translation Company (a professional sole proprietorship working in translation / within the Kingdom)<br/>From 1985 – Partner in Al-Farabi Trading Company Ltd. (a limited liability company working in the field of general trading / within the Kingdom)<br/>From 1990 – Director at Al-Faisal Management Consulting Company (a professional sole proprietorship working in the field of management consulting / within the Kingdom)<br/>Since 2016 – Member of the Board of Directors of Nayifat Finance Company (a public shareholding company operating in the finance and investment sector / within the Kingdom)<br/>Since 2016 – Member of the Board of Directors of the Gulf Integrated Company for Industry (a closed joint stock company working in the field of plastic industries / within the Kingdom)</p>  |  | <p>From 2022 – Member of the Board of Directors of Nayifat Finance Company (a public shareholding company operating in the finance and investment sector / inside the Kingdom)<br/>From 2022 – Vice Chairman of FALCOM Holding Company (a closed joint stock company operating in the financial and investment services sector / inside the Kingdom)<br/>Since 2021 – Member of the Board of Directors of Yaqeen Capital Company (a closed joint stock company operating in the financial and investment services sector / inside the Kingdom)</p>  |  |

|  |   |   |
|--|---|---|
|  | Since 2017 – Member of the Board of Directors of Integrated Paths Car Rental Company (a closed joint stock company working in the field of car rental / within the Kingdom)   |   |
| Previous work experience               | 1973 – 2001 Managing Partner at Ernst & Young Riyadh (a closed joint stock company working in the field of chartered accounting / within the Kingdom)<br>1970 – 1973 Trainee Accountant at Neville Russell (Chartered Accountants UK, working in the field of Chartered Accountancy / Outside the Kingdom)<br>1963 – 1970 Accountant and Deputy Director of Financial Department at Petromin Company (a public joint stock company working in refining oil and its derivatives / inside the Kingdom)  | 2020 – 2022: Board Member of FALCOM Holding Company (a closed joint stock company operating in the financial and investment services sector / inside the Kingdom)<br>Assistant General Manager of Recruitment in Riyadh (Government Sector / Inside the Kingdom)<br>Director General of Recruitment in the Eastern Province (government sector / inside the Kingdom)<br>Director General of the General Administration of Expatriates (Government Sector / Inside the Kingdom)<br>Director General of Financial and Administrative Affairs at the Ministry of Interior (Government Sector / Inside the Kingdom)   |
|  |  <p><b>Yousef Ibrahim AlShaer</b><br/>Board Member   independent</p>   |  <p><b>Bandar Muhammad AlBaiz</b><br/>Managing Director &amp; CEO   Executive</p>   |
| Academic and scientific qualifications | B.Sc. Electrical and Electronics Engineering - University of Central Florida - United States – 1984<br>Executive Management Course - Michigan State University - United States - 1997   | B.Sc., Accounting, King Saud University, Saudi Arabia, 2001   |
| Membership in Nayifat                  | Member of the Risk Committee / Member of the Assets and Liability Committee   | Member of the Executive Committee / Member of the Assets and Liabilities Committee / Member of the Strategic Committee  |
| Current positions                      | From 2022 – Member of the Board of Directors of Nayifat Finance Company (a public shareholding company operating in the finance and investment sector / inside the Kingdom)<br>From 1989 – Founder and CEO of Petra Electronics and Communications Company (a sole proprietorship working in the field of contracting / inside the Kingdom)   | From 2022 – Managing Director and CEO of Nayifat Finance Company (Public Joint Stock Company / Inside the Kingdom)<br>Since 2013 – Member of the Board of Directors of Nayifat Finance Company (a public shareholding company operating in the finance and investment sector / inside the Kingdom)  |
| Previous work experience               | 2018 – 2020: Board Member of CCC (a leading customer experience management company / within the Kingdom)<br>2018 – 2020: Member of the Board of Directors and Chairman of the Information Technology Committee at Al Yusr Leasing and Finance Company (a closed joint stock company operating in the finance sector / inside the Kingdom)<br>1984 – 2014: Chief Technology Officer, Samba Financial Group (a public shareholding company operating in the banking sector / within the Kingdom)  | 2014 – 2022: Director of Operations Department at Yaqeen Financial Company, (a joint stock company working in the field of financial services / inside the Kingdom)<br>2013 – 2014: Director of Operations Department (in charge) at Yaqeen Capital Company (a closed joint stock company working in the field of financial services / inside the Kingdom)<br>2007 – 2013: Operations Supervisor (Acting) at Yaqeen Capital Company (a closed joint stock company working in the field of financial services / inside the Kingdom)<br>2005 – 2006: Client Account Manager in Al Jazeera Capital (Limited Liability Company working in the field of securities / within the Kingdom)<br>2002 – 2005: Assistant Operations Manager at Riyadh Bank (a joint stock company working in the field of securities / inside the Kingdom) |
|  |  <p><b>Saad AbdulMohsen Alhumaidi</b><br/>Board Member   independent</p>   |  <p><b>Turki Nasser AlQahtani</b><br/>Board Member   Executive</p>  |
| Academic and scientific qualifications | Bachelor of Accounting – University of Northern Colorado – 2004<br>Certified Fraud Examiner (CFE) – USA – 2020  | Master of Business Administration - Arab Academy for Science and Technology - 2009<br>Bachelor of Business Administration - King Abdul-Aziz University - 2006<br>Administrative Advisor - Mistry of Commerce – SA – 2020<br>SHRM Advanced /Master's Certificate in HRM - SHRM-USA – 2020  |
| Membership in Nayifat                  | Chairman of the Audit Committee / Chairman of the Nomination and Remuneration Committee   | Credit Committee Member / Strategic Committee Member  |
| Current positions                      | From 2022 – Member of the Board of Directors of Nayifat Finance Company (a public shareholding company operating in the finance and investment sector / inside the Kingdom)<br>From 2015: General Manager of Advanced Time Company (a company in the investment and development sector / inside the Kingdom)<br>Since 2019: Board Member of Al Hammadi Company (a public shareholding company operating in the investment and development sector / within the Kingdom)<br>Since 2019: Member of the Board of Directors of Al-Baha Company (a public shareholding company operating in the investment and development sector / within the Kingdom) | From 2022 – Member of the Board of Directors of Nayifat Finance Company (a public shareholding company operating in the finance and investment sector / inside the Kingdom)<br>From 2016 – Human Resources Manager at Nayifat Finance Company (a public shareholding company working in the finance and investment sector / within the Kingdom)   |
| Previous work experience               | 2009 – 2014: Compliance Manager at Amana Cooperative Insurance Company (a public shareholding company operating in the insurance sector / within the Kingdom)<br>2007 – 2009: Assistant Business Risk Team Leader at Ernst & Young (Chartered Accountants / Inside the Kingdom)<br>2006 – 2007: Credit Officer at Al Rajhi Bank (a public shareholding company operating in the banking sector / inside the Kingdom)<br>2005 – 2006: External Auditor at PricewaterhouseCoopers (Chartered Accountants / Inside the Kingdom)  | 2008 – 2016: Director of Human Resources and Administrative Affairs at the Packaging Materials Manufacturing Company (FIPCO) (a public joint stock company operating in the basic materials sector / within the Kingdom)<br>2000 – 2008: Assistant CEO and Human Resources Manager at Al Duhami Trading and Contracting Company (a limited liability company operating in the trading and contracting sector / within the Kingdom)  |



## Board Meetings Held During the Year 2022:

The Board of Directors held (7) meetings during the year 2022, and the following is a statement of the names of the members of the Board of Directors for the previous and current session and attendance:

| No   | Name   | Membership    | Dates of the Board meeting for the year 2022 |       |       |       |       |       |       | Attendance number | Attendance rate |
|--|--|---------------|--|-------|-------|-------|-------|-------|-------|-------------------|-----------------|
|  |  |               | 04-11  | 05-23 | 05-26 | 09-21 | 09-26 | 12-01 | 12-26 |                   |                 |
| <b>Members of the current session of the Council, which began on 25/09/2022 for a period of 3 years ending on 24/09/2025</b> |  |               |  |       |       |       |       |       |       |                   |                 |
| 1  | Saleh Nasser AlOmair <sup>3</sup>                | Chairman      | √  | √     | √     | √     | √     | √     | √     | 7/7               | %100            |
| 2  | AbdulMohsin Mohammed AlSaleh                     | Vice Chairman | N/A  | N/A   | N/A   | N/A   | √     | √     | √     | 3/3               | %100            |
| 3  | Ata Hamad AlBayouk <sup>3</sup>                  | Board Member  | √  | √     | √     | √     | √     | √     | √     | 7/7               | %100            |
| 4  | Salman Abdulaziz Shehween                        | Board Member  | N/A  | N/A   | N/A   | N/A   | √     | √     | ×     | 3/2               | %67             |
| 5  | Yosef Ibrahim AlShaer <sup>1,3</sup>             | Board Member  | N/A  | N/A   | N/A   | N/A   | √     | √     | √     | 3/3               | %100            |
| 6  | Bandar Mohammed AlBaiz <sup>3</sup>              | MD/CEO        | √  | √     | √     | √     | √     | √     | √     | 7/7               | %100            |
| 7  | Saad AbdulMohsen AlHamidi                        | Board Member  | N/A  | N/A   | N/A   | N/A   | √     | √     | √     | 3/3               | %100            |
| 8  | Turki Nasser AlQahtani                           | Board Member  | N/A  | N/A   | N/A   | N/A   | √     | √     | √     | 3/3               | %100            |
| <b>Members of the previous session of the Council, which ended on 24/09/2022</b>   |  |               |  |       |       |       |       |       |       |                   |                 |
| 1  | Saud Huwaimel Al Dosari                          | Chairman      | √  | √     | √     | √     | N/A   | N/A   | N/A   | 4/4               | %100            |
| 2  | Abdulaziz Saud Al blehed                         | Vice Chairman | √  | √     | √     | √     | N/A   | N/A   | N/A   | 4/4               | %100            |
| 3  | Mohammed Ali Al-Hokal <sup>4</sup>               | Board Member  | √  | √     | √     | √     | N/A   | N/A   | N/A   | 4/4               | %100            |
| 4  | Fahad Saleh Al Musabhi                           | Board Member  | √  | √     | √     | √     | N/A   | N/A   | N/A   | 4/4               | %100            |
| 5  | Abdulmohsen Abdulrahman Al Sowailem <sup>2</sup> | MD/CEO        | √  | √     | √     | √     | N/A   | N/A   | N/A   | 4/4               | %100            |
| 6  | Mohammed Taher Al Louzi                          | Board Member  | √  | √     | √     | √     | N/A   | N/A   | N/A   | 4/4               | %100            |

1- Mr. Youssef Al-Shaer was appointed as a member of the Council, succeeding Mr. Abdul Mohsen Al-Swailem, from 27/06/2022 until the end of the Council's session on 24/09/2022.

2- Mr. Abdul Mohsen Al-Swailem submitted his resignation from the membership of the Board and committees and from his position as Managing Director and Chief Executive Officer, and the last day on the date of membership was 22/06/2022.

3- The members who are still members of the Council from the previous session and were elected in the current session are: (Mr. Saleh Nasser Al-Omair - Mr. Ata Al-Bayouk - Mr. Bandar Al-Baiz - Mr. Youssef Al-Shaer)

4- Mr. Mohammed Al-Hokal submitted his resignation from the membership of the Council for the current session on 26/09/2022 due to personal circumstances.

## General assemblies of shareholders held during the fiscal year 2022:

Two meetings of the General Assembly were held during the year 2022, and the following is a statement of the dates of their holding and the names of the members of the Board of Directors and the heads of the committees attending according to the following schedule:

| No   | Name                                | Membership  | General Assemblies in 2022 |       | Attendance number | Attendance rate |
|--|-------------------------------------|---|----------------------------|-------|-------------------|-----------------|
|  |                                     |   | 04-13                      | 09-25 |                   |                 |
| <b>Members of the current session of the Council, which began on 25/09/2022 for a period of 3 years ending on 24/09/2025</b> |                                     |   |                            |       |                   |                 |
| 1  | Saleh Nasser AlOmair                | Chairman   independent<br>Chairman of the Executive Committee - Chairman of the Credit Committee        | √                          | √     | 2/2               | %100            |
| 2  | AbdulMohsin Mohammed AlSaleh        | Vice Chairman   Non-Executive<br>Chairman of the Strategic Committee                                    | N/A                        | N/A   | N/A               | N/A             |
| 3  | Ata Hamad AlBayouk                  | Board Member   Non-Executive<br>Chairman of Risk Committee - Chairman of Assets and Liability Committee | √                          | √     | 2/2               | %100            |
| 4  | Salman Abdulaziz Bin Shehween       | Board Member   Non-Executive  | N/A                        | N/A   | N/A               | N/A             |
| 5  | Yosef Ibrahim AlShaer               | Board Member   independent  | N/A                        | N/A   | N/A               | N/A             |
| 6  | Bandar Mohammed AlBaiz              | MD/CEO   Executive  | √                          | √     | 2/2               | %100            |
| 7  | Saad AbdulMohsen AlHamidi           | Board Member   independent<br>Chairman of Audit Committee - Chairman of N&R Committee                   | N/A                        | N/A   | N/A               | N/A             |
| 8  | Turki Nasser AlQahtani              | Board Member   Executive  | N/A                        | N/A   | N/A               | N/A             |
| <b>Members of the previous session of the Council, which ended on 24/09/2022</b>   |                                     |   |                            |       |                   |                 |
| 1  | Saud Huwaimel Al Dosari             | Chairman   Non-Executive<br>Chairman of Strategy Committee - Chairman of Credit Committee               | √                          | √     | 2/2               | %100            |
| 2  | Abdulaziz Saud Al blehed            | Vice Chairman   independent<br>Chairman of Executive Committee  | ×                          | √     | 2/1               | %50             |
| 3  | Mohammed Ali Al-Hokal               | Board Member   Independent<br>Chairman of Audit Committee - Chairman of Assets and Liability Committee  | √                          | √     | 2/2               | %100            |
| 4  | Fahad Saleh Al Musabhi              | Board Member   Non-Executive  | √                          | √     | 2/2               | %100            |
| 5  | Abdulmohsen Abdulrahman Al Sowailem | MD/CEO   Executive  | √                          | √     | 2/2               | %100            |
| 6  | Mohammed Taher Al Louzi             | Board Member   independent<br>Chairman of the Nomination and Remuneration Committee                     | √                          | √     | 2/2               | %100            |

## Board Committees and Responsibilities:

### Sharia Committee

The Sharia Committee supervises the company's business from a Sharia point of view, and it was formed by a decision of the General Assembly on 25/09/2022 AD, and the Committee is responsible for setting the Sharia controls that govern the company's business, issuing decisions and fatwas related to the company's business, approving products and ensuring their compliance with the provisions and principles of Islamic Sharia, approving documents, records, contracts and correspondence, and reviewing the current contract forms, documents and applications in the company to consider the extent of compliance with Islamic Sharia, Reviewing all products implemented by the company for the first time to demonstrate its compliance with the provisions of Islamic Sharia, setting the basic principles for drafting its contracts and documents, informing the Board of Directors and recommending appropriate actions to rectify the situation if it is proven to the Committee that the company has engaged in financing activities that are not in accordance with the provisions and principles of Islamic Sharia, Submit a comprehensive annual report to the Board of Directors and the Saudi Central Bank showing the extent of compliance with the principles of Islamic Sharia through the transactions that have been reviewed, and inform the Central Bank of cases in which non-compliant business is not dealt with effectively or appropriately, or that the company has not taken any corrective measures in this regard, and the Sharia Committee has submitted the annual report for the fiscal year 2022, in which it confirmed the company's commitment to the provisions and principles of Islamic Sharia, in accordance with fatwas and directives issued by it.

### Membership:

The previous session of the Committee ended on 24/09/2022 and the formation of the Committee continued as it is without change from the following members, for the new session that began on 25/09/2022 for a period of three years, and their appointment was approved by the Extraordinary General Assembly of the Company on 25/09/2022:

| Name   | Position |
|--|----------|
| Sheikh/ Abdullah bin Sulaiman Al-Manea (Independent from outside the Board)          | Chairman |
| Dr. Mohammed bin Ali ElQari (Independent from outside the Board)                     | Member   |
| Sheikh/ Dr. Abdulrahman bin Abdulaziz Al-Nafisa (Independent from outside the Board) | Member   |

|  | Sheikh / Abdullah bin Suleiman Al-Manea  | Dr. Mohammed bin Ali Al-Qari   | Sheikh / Dr. Abdul Rahman bin Abdulaziz Al-Nafisah  |
|--|--|--|---|
| Academic and scientific qualifications | Bachelor's degree in Arabic from Imam Mohammed ad bin Saud University in Saudi Arabia, 1957.<br>MA in Comparative Jurisprudence from the Higher Judicial Institute in the Kingdom of Saudi Arabia, 1969.   | PhD in Economics from the University of California, USA, in 1984.<br>Masters in Economics from the University of California, USA, 1981.<br>Bachelor's degree in Economics from King Abdulaziz University in the Kingdom of Saudi Arabia, 1975.   | Bachelor's degree in Sharia from Imam Mohammed ad bin Saud Islamic University in the Kingdom of Saudi Arabia, 2015.<br>Master's degree in Sociology from King Saud University in the Kingdom of Saudi Arabia, 2008.<br>Masters in Islamic Economics from the American University in Washington, USA, 2007.<br>Bachelor's degree in Sociology from Imam Mohammed ad ibn Saud Islamic University in the Kingdom of Saudi Arabia, 1994.<br>PhD in Islamic Economics, 2019. |
| Current positions                      | 2008 - Shari Legal advisor at the Saudi Royal Court.<br>1990 - Member of a group of private and public Legal boards and bodies, most of which are Legal boards of financial institutions.<br>1980 - Member of the Islamic and International High Academy.<br>1971 - Member of the Council of Senior Scholars in the Kingdom of Saudi Arabia.   | 2000 - Member of the Legal Board of the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI).<br>2005 - Expert in the Islamic Fiqh Academy - Organization of Islamic Cooperation.<br>1998 - Member of the Legal Board of the Dow Jones Islamic Stock Index (New York).<br>1990 - Member of the editorial board of the "Islamic Economy" magazine of the International Association of Islamic Economics (Britain).<br>1990 - Member of the editorial board of the magazine "Al Fiqh Council" issued by the Fiqh Council of the Muslim World League.<br>1998 - Member of a group of Legal boards and boards of financial institutions worldwide.<br>1985 - Expert in the International Islamic Fiqh Academy of the Organization of the Islamic Conference. | B.Sc., Sociology, Imam Muhammad bin Saud Islamic University, Saudi Arabia, 1993.<br>M.Sc., Sociology, King Saud University, Saudi Arabia, 2008.<br>M.Sc., Islamic Economics, American University in Washington, USA, 2008.<br>Bachelor's degree in Sharia from Imam Muhammad bin Saud Islamic University, Saudi Arabia, 2017.<br>PhD in Islamic Economics, Istanbul University, Turkey, 2019.   |
| Previous work experience               | 1996 - 2000: Head of the Court of Cassation in the Western Region in Makkah Al-Mukarramah.<br>1976 - 1996: Cassation judge in the Court of Cassation in the Western Region in Makkah Al-Mukarramah.<br>1975 - 1976: Deputy General to the Grand Mufti of the Kingdom, Sheikh Abdulaziz bin Baz, may God have mercy on him, in legal, administrative and financial affairs.<br>1969 - 1971: Member of the Supreme Judicial Council in the Kingdom of Saudi Arabia.<br>1957 - 1969: Member of Iftaa under the chairmanship of the Grand Mufti of the Kingdom of Saudi Arabia, Sheikh Mohammed ad bin Ibrahim, may God have mercy on him. | 2000 - 2008 Director of the Islamic Economics Research Center at King Abdulaziz University.<br>1975 - 2008 Professor of Islamic Economics at King Abdulaziz University in Jeddah.  | 1994 - 2005: Student advisor at the Ministry of Education.<br>1992 - 1993: Social worker in the Ministry of Labor and Social Development.   |

**Meetings:** The committee held (10) meetings during the year 2022:

| No. | Name                             | Membership | Dates of the Sharia Committee meetings for the year 2022 |       |       |       |       |       |       |       |       |       | Total | Attendance rate |      |
|-----|----------------------------------|------------|--|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-----------------|------|
|     |                                  |            | 01-20  | 02-02 | 03-09 | 04-13 | 05-18 | 06-22 | 07-27 | 08-10 | 10-13 | 11-28 |       |                 |      |
| 1   | Sheikh / Abdullah Al-Manea       | Chairman   | √  | √     | √     | √     | √     | √     | √     | √     | √     | √     | √     | 10/10           | 100% |
| 2   | Dr. Mohammed Al-Qari             | Member     | √  | √     | √     | √     | √     | √     | √     | √     | √     | √     | √     | 10/10           | 100% |
| 3   | Sheikh / Abdul Rahman Al-Nafisah | Member     | √  | √     | √     | √     | √     | √     | √     | √     | √     | √     | √     | 10/10           | 100% |

**Audit Committee**

The Audit Committee is responsible for monitoring the company's business, verifying the integrity and integrity of its reports and financial statements and the availability of internal control systems therein, and the tasks and responsibilities of the Audit Committee include studying the financial statements, expressing opinion and recommendation thereon to ensure their integrity, fairness and transparency, in addition to studying and reviewing the company's internal and financial control systems and risk management, studying internal audit reports and following up on the implementation of corrective actions for the observations contained therein, It also recommends to the Board the nomination and dismissal of auditors, determines their fees and evaluates their performance, after verifying their independence and reviewing the scope of their work and the terms of their contract. In addition to reviewing the results of the reports of the regulatory authorities, verifying that the company has taken the necessary measures in this regard, and verifying the company's compliance with the relevant laws, regulations, policies and instructions.

**Membership:**

For the current session, which began on 25/09/2022 for a period of three years, the Committee consists of the following members:

| Name   | Position |
|--|----------|
| Mr. Saad AbdulMohsen AlHamidi                                    | Chairman |
| Mr. Aziz Mohammed AlQahtani (Independent from outside the Board) | Member   |
| Mr. Fahad Suliman AlNuhait (Independent from outside the Board)  | Member   |

|   |  |
|---|--|
| Mr. Saad Abdulmohsen AlHamidi (Chairman of the Committee) / (Please refer to the CVs of the Board of Directors) |  |
| Mr. Aziz Mohammed AlQahtani (Committee Member)  |  |
| Academic and scientific qualifications  | Master of Accounting – King Fahd University of Petroleum – 2000<br>Bachelor of Accounting – King Fahd University of Petroleum – 1994   |
| Current positions   | From 2022: Member of the Audit Committee of Nayifat Finance Company (Independent from outside the Board)<br>From 2021: Financial and Accounting Consulting<br>Since 2017: Member of the Board of Directors and Chairman of the Audit Committee of Alujain Company<br>Since 2018: Member of the Board of Directors and Chairman of the Audit Committee of Al Hammadi Holding Company<br>From 2021: Chairman of the Audit Committee of Themar Development Holding Company<br>From 2022: Member of the Board of Directors and Chairman of the Audit Committee of Al-Shalawi Contracting Company<br>From 2021: Member of the Board of Directors and Chairman of the Audit Committee of Mansour Rabie Medical Company<br>From 2019: Chairman of the Audit Committee at Zamil Industry, Commerce and Transport Company<br>From 2021: Chairman of the Audit Committee at Mishari Al-Shathri Engineering Consultancy Company<br>From 2021: Chairman of the Audit Committee of Sudair Pharmaceutical Company<br>Member of the audit committee in a number of companies: (from 2020 at Mouwasat Medical Services Company - from 2021 at Raya Company - from 2022 at Basic Chemical Industries Company – from 2020 at ArcelorMittal Iron and Steel Company – from 2015 at Inaya and Medical Sciences Company – from 2021 at Malaz Financial Company). |
| Previous work experience  | 2019 – 2020: Financial and Administrative Consultant at Takamul Holding Company<br>2017 – 2019: Chief Internal Audit Officer at Saudi Technology Development and Investment Company (TAQNIA)<br>2015 – 2017: Vice President of Internal Audit at Petroleum, Chemicals and Mining Company<br>2011 – 2015: Chief Financial Officer at Business Triangle Company<br>2007 – 2010: Executive Director of Internal Audit at Saudi Research and Marketing Group Company<br>2004 – 2007: Executive Director of Internal Audit at Nadec Agricultural Company<br>2001 – 2004: Internal Audit Manager at STC<br>1994 – 2001: Internal Auditor at Saudi Aramco   |

| Mr. Fahad Sulaiman AlNuhait (Committee Member) |   |
|--|---|
| Academic and scientific qualifications         | Leadership Program - Harvard Business School - 2018 / CFA Charter-holder - CFA Institute - 2017<br>Master of Finance - University of Newcastle 2009<br>Bachelor of Financial Management - King Saud University - 2004   |
| Current positions                              | From 2022: Member of the Audit Committee of Nayifat Finance Company (Independent from outside the Board)<br>From 2019: General Manager of Industrial Investments and Finance – NEOM<br>From 2021: Chairman of the Board of Directors of the Saudi Coffee Company (closed joint-stock company)<br>Since 2019: Member of the Board of Directors of Al Hammadi Investment Company (Public Shareholding)<br>Since 2021: Member of the Board of Directors of the Saudi Jordanian Investment Fund (closed shareholding) |
| Previous work experience                       | 2017 – 2019: General Manager of Investments – Dussur<br>2010 – 2017: Head of Investment Team - The Arab Investment Co.<br>2005 – 2010: Credit Insurance Manager - Saudi Fund for Development  |

### Meetings: The Committee held (14) meetings during the year 2022:

| NO  | Name                          | Membership | Audit Committee Meetings in 2022 |       |       |       |       |       |       |       |       |       |       |       |       |       | Total | Attendance rate |      |
|---|-------------------------------|------------|----------------------------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-----------------|------|
|   |                               |            | 01/30                            | 02/14 | 02/24 | 03/02 | 03/09 | 03/10 | 04/24 | 07/28 | 10/02 | 10/18 | 10/20 | 12/11 | 12/20 | 12/24 |       |                 |      |
| Members of the current session of the Committee, which began on 25/09/2022 for a period of 3 years ending on 24/09/2025 |                               |            |                                  |       |       |       |       |       |       |       |       |       |       |       |       |       |       |                 |      |
| 1   | Mr. Saad AbdulMohsen AlHamidi | Chairman   | N/A                              | N/A   | N/A   | N/A   | N/A   | N/A   | N/A   | N/A   | N/A   | √     | √     | √     | √     | √     | √     | 6/6             | 100% |
| 2   | Mr. Aziz Mohammed AlQahtani   | Member     | N/A                              | N/A   | N/A   | N/A   | N/A   | N/A   | N/A   | N/A   | N/A   | √     | √     | √     | √     | √     | √     | 6/6             | 100% |
| 3   | Mr. Fahad Suliman AlNuhait    | Member     | N/A                              | N/A   | N/A   | N/A   | N/A   | N/A   | N/A   | N/A   | N/A   | √     | √     | √     | √     | √     | √     | 6/6             | 100% |
| Members of the previous session of the Committee, which ended on 24/09/2022   |                               |            |                                  |       |       |       |       |       |       |       |       |       |       |       |       |       |       |                 |      |
| 1   | Mohammed bin Ali Al-Hokal     | Chairman   | √                                | √     | √     | √     | √     | √     | √     | √     | √     | N/A   | N/A   | N/A   | N/A   | N/A   | N/A   | 8/8             | 100% |
| 2   | Khalid Muhammad Albassam      | Member     | √                                | √     | √     | √     | √     | √     | √     | √     | √     | N/A   | N/A   | N/A   | N/A   | N/A   | N/A   | 8/8             | 100% |
| 3   | Abdullah Saleh Alharbi        | Member     | √                                | √     | √     | √     | √     | √     | √     | √     | √     | N/A   | N/A   | N/A   | N/A   | N/A   | N/A   | 8/8             | 100% |

### Nomination and Remuneration Committee

The tasks and responsibilities of the Nomination and Remuneration Committee include preparing a clear policy for the remuneration of the members of the Board of Directors, committees emanating from the Board and the executive management, reviewing it periodically and evaluating its effectiveness in achieving the objectives envisaged from it, taking into account in this policy the adoption of standards related to performance, disclosure and verification of their implementation, and recommending to the Board of Directors the remuneration of the members of the Board of Directors and the committees emanating from the company's senior executives in accordance with the approved policy, The Committee also proposes clear policies and criteria for membership in the Board of Directors and the Executive Management, recommends to the Board of Directors the nomination of its members, and re-nominates them in accordance with the approved policies and standards, and reviews the structure of the Board of Directors and the Executive Management and makes recommendations regarding the changes that can be made, and coordinates with the Human Resources Department to develop a replacement and succession plan and policy, and ensure the commitment of the executive management to it. In addition to annually verifying the independence of independent members, and the absence of any conflict of interest if the member is a member of the board of directors of another company, developing job descriptions for executive members, non-executive members, independent directors and senior executives, identifying weaknesses and strengths of the board of directors, and proposing solutions to address them.

#### Membership:

For the current session, which began on 25/09/2022 for a period of three years, the Committee consists of the following members:

| Name                          | Position |
|-------------------------------|----------|
| Mr. Saad AbdulMohsen AlHamidi | Chairman |
| Mr. Saleh Nasser AlOmair      | Member   |
| Mr. Ata Hamad AlBayouk        | Member   |
| Mr. Salman Abdulaziz Shehween | Member   |

(Member CVs – Please refer to the Board Biographies section)

### Meetings: The Committee held (4) meetings during the year 2022:

| No  | Name                      | Membership | N&R Committee Meetings in 2022 |       |       |       | Total | Attendance rate |
|---|---------------------------|------------|--------------------------------|-------|-------|-------|-------|-----------------|
|   |                           |            | 02/07                          | 05/25 | 07/18 | 11/16 |       |                 |
| Members of the current session of the Committee, which began on 25/09/2022 for a period of 3 years ending on 24/09/2025 |                           |            |                                |       |       |       |       |                 |
| 1   | Saad AbdulMohsen ALHamidi | Chairman   | N/A                            | N/A   | N/A   | √     | 1/1   | 100%            |
| 2   | Saleh Nasser AlOmar       | Member     | N/A                            | N/A   | N/A   | √     | 1/1   | 100%            |
| 3   | Ata Hamad AlBanyouk       | Member     | N/A                            | N/A   | N/A   | √     | 1/1   | 100%            |
| 4   | Salman Abdulaziz Shehween | Member     | N/A                            | N/A   | N/A   | √     | 1/1   | 100%            |
| Members of the previous session of the Committee, which ended on 24/09/2022   |                           |            |                                |       |       |       |       |                 |
| 1   | Mohammed Taher Al Louzi   | Chairman   | √                              | √     | √     | N/A   | 3/3   | 100%            |
| 2   | Abdulaziz Saud Al blehed  | Member     | √                              | √     | √     | N/A   | 3/3   | 100%            |
| 3   | Fahad Saleh Al Musabhi    | Member     | √                              | √     | √     | N/A   | 3/3   | 100%            |
| 4   | Bandar Mohammed Al Baiz   | Member     | √                              | √     | √     | N/A   | 3/3   | 100%            |

### Risk Committee

The Risk Committee shall develop a comprehensive risk management strategy and policies commensurate with the nature and size of the Company's activities, verify their implementation, review and update, determine and maintain an acceptable level of risk to which the Company may be exposed and verify that the Company does not exceed it, in addition to verifying the feasibility of the Company's continuation and successful continuation of its activity, While identifying the risks that threaten its continuation, supervising the company's risk management system, evaluating the effectiveness of systems and mechanisms for measuring and following up the risks to which the company may be exposed, to identify their shortcomings, in addition to preparing detailed reports on risk exposure and proposed steps to manage these risks, submitting them to the Board of Directors, and making recommendations to the Board on issues related to risk management.

### Membership:

For the current session, which began on 25/09/2022 for a period of three years, the Committee consists of the following members:

| Name                          | Position |
|-------------------------------|----------|
| Mr. Ata Hamad AlBanyouk       | Chairman |
| Mr. Salman Abdulaziz Shehween | Member   |
| Mr. Yosef Ibrahim AlShaer     | Member   |

(Member CVs – Please refer to the Board Biographies section)

### Meetings: The Committee held (4) meetings during the year 2022:

| No  | Name                             | Membership | Risk Committee Meetings in 2022 |       |       |       | Total | Attendance rate |
|---|----------------------------------|------------|---------------------------------|-------|-------|-------|-------|-----------------|
|   |                                  |            | 02/06                           | 05/17 | 08/14 | 11/03 |       |                 |
| Members of the current session of the Committee, which began on 25/09/2022 for a period of 3 years ending on 24/09/2025 |                                  |            |                                 |       |       |       |       |                 |
| 1   | Ata Hamad AlBanyouk <sup>1</sup> | Chairman   | √                               | √     | √     | √     | 4/4   | 100%            |
| 2   | Salman Abdulaziz Shehween        | Member     | N/A                             | N/A   | N/A   | √     | 1/1   | 100%            |
| 3   | Yosef Ibrahim AlShaer            | Member     | N/A                             | N/A   | N/A   | √     | 1/1   | 100%            |
| Members of the previous session of the Committee, which ended on 24/09/2022   |                                  |            |                                 |       |       |       |       |                 |
| 1   | Abdulaziz Saud AlBlaihed         | Member     | √                               | √     | √     | N/A   | 3/3   | 100%            |
| 2   | Saleh Nasser AlOmar              | Member     | √                               | √     | √     | N/A   | 3/3   | 100%            |

1- Mr. Atta AlBanyouk continues to chair the Committee from the previous session.

### Strategic Committee:

The Strategic Committee aims to assist the Board of Directors in fulfilling its oversight responsibilities related to the Company's long-term strategy, risks and opportunities related to this strategy, strategic decisions related to investments, mergers, acquisitions and liquidations by the Company, overseeing the long-term strategic development and implementation of the Company, seeking good investment opportunities to expand and grow the Company's business, as well as evaluating existing products and proposing new products, And study and read the market well to know the most important challenges and obstacles facing the company and affect its results and growth and submit recommendations to the Board.

### Membership:

For the current session, which began on 25/09/2022 for a period of three years, the Committee consists of the following members:

| Name                             | Position |
|----------------------------------|----------|
| Mr. AbdulMohsin Mohammed AlSaleh | Chairman |
| Mr. Bandar Mohammed AlBaiz       | Member   |
| Mr. Turki Nasser Hamad AlQahtani | Member   |

(Member CVs – Please refer to the Board Biographies section)

### Meetings: The Committee held (1) meeting during the year 2022:

| No  | Name                                  | Membership | Strategic Committee Meetings in 2022 |       |       |       |       | Total | Attendance rate |
|---|---------------------------------------|------------|--------------------------------------|-------|-------|-------|-------|-------|-----------------|
|   |                                       |            | 04/10                                | 06/15 | 08/30 | 11/16 | 12/26 |       |                 |
|   |                                       |            | 12/06                                |       |       |       |       |       |                 |
| Members of the current session of the Committee, which began on 25/09/2022 for a period of 3 years ending on 24/09/2025 |                                       |            |                                      |       |       |       |       |       |                 |
| 1   | AbdulMohsin Mohammed AlSaleh          | Chairman   |                                      |       | √     |       |       | 1/1   | 100%            |
| 2   | Bandar Mohammed AlBaiz                | Member     |                                      |       | √     |       |       | 1/1   | 100%            |
| 3   | Turki Nasser Hamad AlQahtani          | Member     |                                      |       | √     |       |       | 1/1   | 100%            |
| Members of the previous session of the Committee, which ended on 24/09/2022   |                                       |            |                                      |       |       |       |       |       |                 |
| 1   | Saud Huwaimel Al Dosari               | Chairman   |                                      |       | N/A   |       |       | -     | -               |
| 2   | Abdul Mohsen Abdul Rahman Al-Suwailem | Member     |                                      |       | N/A   |       |       | -     | -               |
| 3   | Mohammed Taher Al Louzi               | Member     |                                      |       | N/A   |       |       | -     | -               |

### Executive Committee:

The main role of the Executive Committee is to provide support and assistance to the company's management and work with it side by side in order to achieve its objectives and implement its plans, policies and main strategies, and the committee also reviews the proposed short- and medium-term business, financial and operational plans in line with the company's approved long-term plans, and the committee also reviews the annual budgets and operating and capital expenditures, It reviews management reports on matters of material importance and recommends action to the Board, monitors the Company's performance and requests explanations for any deviations or deviations from approved plans and budget.

### Membership:

For the current session, which began on 25/09/2022 for a period of three years, the Committee consists of the following members:

| Name                             | Position |
|----------------------------------|----------|
| Mr. Saleh Nasser AlOmair         | Chairman |
| Mr. AbdulMohsin Mohammed AlSaleh | Member   |
| Mr. Salman Abdulaziz Shehween    | Member   |
| Mr. Bandar Mohammed AlBaiz       | Member   |

(Member CVs – Please refer to the Board Biographies section)

### Meetings: The Committee held (6) meetings during the year 2022:

| No  | Name  | Membership | Strategic Committee Meetings in 2022 |       |       |       |       |       | Total | Attendance rate |
|---|---|------------|--------------------------------------|-------|-------|-------|-------|-------|-------|-----------------|
|   |   |            | 04/10                                | 06/15 | 08/30 | 11/16 | 12/26 | 12/29 |       |                 |
| Members of the current session of the Committee, which began on 25/09/2022 for a period of 3 years ending on 24/09/2025 |   |            |                                      |       |       |       |       |       |       |                 |
| 1   | Mr. Saleh Nasser AlOmair <sup>1</sup>           | Chairman   | N/A                                  | N/A   | √     | √     | √     | √     | 4/4   | 100%            |
| 2   | Mr. AbdulMohsin Mohammed AlSaleh                | Member     | N/A                                  | N/A   | N/A   | √     | √     | √     | 3/3   | 100%            |
| 3   | Mr. Salman Abdulaziz Shehween                   | Member     | N/A                                  | N/A   | N/A   | √     | ×     | ×     | 3/1   | %33             |
| 4   | Mr. Bandar Mohammed AlBaiz <sup>2</sup>         | Member     | √                                    | √     | √     | √     | √     | √     | 6/6   | 100%            |
| Members of the previous session of the Committee, which ended on 24/09/2022   |   |            |                                      |       |       |       |       |       |       |                 |
| 1   | Abdulaziz Saud Al blehed                        | Chairman   | √                                    | √     | √     | N/A   | N/A   | N/A   | 3/3   | 100%            |
| 2   | AbdulMohsen AbdulRahman AlSuwailem <sup>3</sup> | Member     | √                                    | √     | N/A   | N/A   | N/A   | N/A   | 2/2   | 100%            |
| 3   | Fahad Saleh Al Musabhi                          | Member     | √                                    | √     | √     | N/A   | N/A   | N/A   | 3/3   | 100%            |

1- Mr. Saleh Al-Omair joined the membership of the Committee (as a member) from the date of obtaining the Non Objection of the Saudi Central Bank on 24/08/2022, and his membership in the Committee (as a Chairman) continues for the new session that began on 25/09/2022 for a period of three years.

2- Mr. Bandar AlBaiz continues as a member of the Committee for the new session.

3- Mr. Abdulmohsen AlSuwailem submitted his resignation from the membership of the Committee on 22/06/2022.

### Credit Committee

The Credit Committee is responsible for overseeing and reviewing the Company's fiduciary activities, including credit objectives, credit risk, credit policies, controls and procedures, reviewing credit risk exposure, reviewing and approving credit policies and procedures and ensuring that any deviations/exceptions to policies are reported to the Board of Directors in respect of which it may recommend corrective action; In addition to setting credit limits for management's approval of Islamic finance products for consumers and SMEs, and providing guidance to management (where necessary) to prepare a credit risk analysis report, review the credit risk of the portfolio periodically, and review and evaluate information related to the company's credit risk, Review the credit process, including the Company's credit risk management strategies, policies, controls and systems, and ensure that the systems put in place by the Board of Directors for the evaluation, management and control of products are functioning effectively.

### Membership:

For the current session, which began on 25/09/2022 for a period of three years, the Committee consists of the following members:

| Name                             | Position |
|----------------------------------|----------|
| Mr. Saleh Nasser AlOmair         | Chairman |
| Mr. AbdulMohsin Mohammed AlSaleh | Member   |
| Mr. Turki Nasser AlQahtani       | Member   |

(Member CVs – Please refer to the Board Biographies section)

### Meetings: The Committee held (7) meetings during the year 2022:

| No  | Name                         | Membership | Strategic Committee Meetings in 2022 |       |       |       |       |       |       | Total | Attendance rate |
|---|------------------------------|------------|--------------------------------------|-------|-------|-------|-------|-------|-------|-------|-----------------|
|   |                              |            | 01/18                                | 02/15 | 02/21 | 08/14 | 08/29 | 10/26 | 11/16 |       |                 |
| Members of the current session of the Committee, which began on 25/09/2022 for a period of 3 years ending on 24/09/2025 |                              |            |                                      |       |       |       |       |       |       |       |                 |
| 1   | Saleh Nasser AlOmair         | Chairman   | N/A                                  | N/A   | N/A   | N/A   | N/A   | √     | √     | 2/2   | 100%            |
| 2   | AbdulMohsin Mohammed AlSaleh | Member     | N/A                                  | N/A   | N/A   | N/A   | N/A   | √     | √     | 2/2   | 100%            |
| 3   | Turki Nasser AlQahtani       | Member     | N/A                                  | N/A   | N/A   | N/A   | N/A   | √     | √     | 2/2   | 100%            |
| Members of the previous session of the Committee, which ended on 24/09/2022   |                              |            |                                      |       |       |       |       |       |       |       |                 |
| 1   | Saud Huwaimel Al Dosari      | Chairman   | √                                    | √     | √     | √     | √     | N/A   | N/A   | 5/5   | 100%            |
| 2   | Mohammed Ali al-Hokal        | Member     | √                                    | √     | √     | √     | √     | N/A   | N/A   | 5/5   | 100%            |
| 3   | Fahad Saleh Al Musabhi       | Member     | √                                    | √     | √     | √     | √     | N/A   | N/A   | 5/5   | 100%            |

### Assets and Liabilities Committee

The responsibility of the Assets and Liability Committee is to monitor the liquidity and capital adequacy of the Company, review long-term investments in the Company's equity, review liquidity and cash flows, set budget growth targets, monitor the distribution of profits to investors, develop an appropriate asset and liability management policy, and establish procedures that enable the identification, evaluation and management of risks that may affect the assets and liabilities of the Company, Including determining the Company's risk tolerance levels in relation to its assets and liabilities, in addition to reviewing and analyzing the liquidity position on a periodic basis, monitoring the liquidity management activities carried out by the Company, reviewing the prices of the Company's products and the extent to which the Company's profits are affected under changing interest rate scenarios in the market, Review economic trends in general and advise on market trends, competition, regulations and other issues that have an impact on liquidity risk and volatility of assets/liabilities/income/profit faced by the Company, and review the contingency plan to ensure that the Company is prepared for any liquidity risk crisis.

### Membership:

For the current session, which began on 25/09/2022 for a period of three years, the Committee consists of the following members:

| Name                       | Position |
|----------------------------|----------|
| Mr. Ata Hamad AlBAYOUK     | Chairman |
| Mr. Yosef Ibrahim AlShaer  | Member   |
| Mr. Bandar Mohammed AlBaiz | Member   |

(Member CVs – Please refer to the Board Biographies section)

**Meetings:** The Committee held (3) meetings during the year 2022:







| No  | Name                               | Membership | Strategic Committee Meetings in 2022 |       |       | Total | Attendance rate |
|---|------------------------------------|------------|--------------------------------------|-------|-------|-------|-----------------|
|   |                                    |            | 04/07                                | 08/25 | 12/21 |       |                 |
| Members of the current session of the Committee, which began on 25/09/2022 for a period of 3 years ending on 24/09/2025 |                                    |            |                                      |       |       |       |                 |
| 1   | Ata Hamad AlBayouk                 | Chairman   | N/A                                  | N/A   | √     | 1/1   | 100%            |
| 2   | Yosef Ibrahim AlShaer              | Member     | N/A                                  | N/A   | √     | 1/1   | 100%            |
| 3   | Bandar Mohammed AlBaiz             | Member     | N/A                                  | N/A   | √     | 1/1   | 100%            |
| Members of the previous session of the Committee, which ended on 24/09/2022   |                                    |            |                                      |       |       |       |                 |
| 1   | Mohammed Ali AlHokal               | Chairman   | √                                    | √     | N/A   | 2/2   | 100%            |
| 2   | AbdulMohsen AbdulRahman ALSuwailem | Member     | √                                    | √     | N/A   | 2/2   | 100%            |
| 3   | Saleh Nasser AlOmair               | Member     | √                                    | √     | N/A   | 2/2   | 100%            |




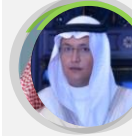

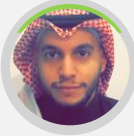




## Senior Management

Senior management consists of qualified and experienced members with the knowledge and experience necessary to manage the company's business in line with the company's objectives and strategy.

| Bander Mohammed AlBaiz (Please refer to the Biographies of Board Members)<br>MD / CEO |  |   |  |
|---|--|---|--|
|   |  <p><b>Gohar Iqbal Sheikh</b><br/>Chief Financial Officer and Treasurer</p>   |  <p><b>Sultan Shweith AlNefai</b><br/>Head of Operations</p>   |  <p><b>Mohammed AbdulRahman AlShami</b><br/>Chief Risk Officer</p>  |
| Academic and scientific qualifications  | Member of the Institute of Chartered Accountants of Pakistan. Bachelor of Commerce, University of Karachi, Pakistan, 1983.   | Bachelors of Business administration - Marketing, King Abdulaziz University, Kingdom of Saudi Arabia, 2000.   | Bachelor of Business administration - Northeastern University, Boston, USA, 1998.<br>Master's in Business administration - Northeastern University, Boston, USA, 2002.<br>Certified Internal Auditor (CIA) certificate from the Association of Internal Auditors in the United States of America, 2007.<br>( CME1) Certificate from the Capital Market Authority in the Kingdom of Saudi Arabia, 2013. |
| current positions   | 2020 - present: Director of Financial and Treasury Department - Nayifat Finance Company  | 2015 - present: Head of Operations Department at Nayifat Finance Company.   | 2017 - present: Director of Risk Department at Nayifat Finance Company   |
| Previous work experience  | 2019 - 2020: Director of the Financial and Strategic Department - Nayifat Finance Company.<br>2018 - 2019: Financial Controller, Mezzan Bank.<br>2008 - 2017: Financial Director, Bank Albilad.<br>2005 - 2008: Director of the Department of Financial Affairs and Operations, Islamic Bank of Pakistan.<br>1998-2005: Financial Director, Mezzan Bank.<br>1992 - 1998: Vice President of the Financial Department, Crescent Bank for Investment.<br>1989 - 1992: Vice President of Financial Affairs, National Development Finance Corporation.<br>1988 - 1989: Director of Internal Audit, Welcome Pakistan.<br>1983 - 1988: Chartered Accountant, Ernst & Young - Pakistan, Audit Office | 2010-2015: Senior Manager - Director of Corporate Services Branches in the Central Corporate Banking Region- Riyadbank<br>2008-2010: Asst. Director of Customer Service- Riyadbank.<br>2005 - 2008: Customer Service Supervisor at Riyadh Bank.<br>2000 - 2005 : Public Relations Officer and Tender Supervisor at the Ministry of Interior, a government agency. | 2004-2013: Senior Manager - Risk Advisory Services at Ernst & Young, Riyadh, Saudi Arabia.<br>2013 - 2016: Head of Risk at SFC<br>2016 - 2017: Head of Risk at Albilad Capital Company.<br>2017-2017: Head of Consulting Services at Atta Al-Bayouk Office of Chartered Accountants.   |
|   |  <p><b>Bander Mohammed AlSamman</b><br/>Head of Marketing and Sales</p>   |  <p><b>Talal Shamroukh AlOmani</b><br/>Head of Compliance &amp; AML/CFT</p>  |  <p><b>Turki Nasser AlQahtani</b><br/>Head of HR</p>  |
| Academic and scientific qualifications  | MBA, Missouri State University, USA, 2000<br>Executive Leaders Diploma – INSEAD – 2017   | Bachelor of Business Administration and Information Systems from Emporia State University - Kansas - USA 2014   | Master's in Business administration - Arab Academy for Science and Technology, Alexandria, Egypt, 2009.<br>Bachelor of Business administration - King Abdulaziz University, Kingdom of Saudi Arabia, 2006.<br>Administrative Consultant, Ministry of Commerce License 14990<br>Certified Manager by the American Society for Human Resources ( SHRM )  |
| current positions   | 2022 – present: Head of Marketing and Sales Department at Nayifat Finance Company  | 2022 - present: Head of Compliance & AML/CFT at Nayifat Finance Company   | 2022 - present: Board Member in Nayifat Finance Co.<br>2016 - present: Head of HR in Nayifat Finance Company.  |
| Previous work experience  | 2020-2022: Head of Consumer Banking Group at (FAB).<br>2018-2020: Executive Consultant at Jabal Omar Dev Co.<br>2014-2018: Asset GM Head of Retail Assets at Alawwal Bank<br>2012-2014: Assistant General Manager Head of Finance Business at Samba Group<br>2005 - 2011: Assistant General Manager Head of Credit Card Products / Administration / Acquisitions at Samba Group<br>2001-2005: Head of Credit Card Products at NCB<br>1998 – 2001: Product Development Manager, NCB<br>1994 – 1998: Chief Public Relations Officer, NCB<br>1993 – 1994: Marketing Officer, Arab National Bank   | 2020-2022: Head of Compliance & AML/CFT (MEDGULF Insurance)<br>2019-2020: Senior Compliance AML/CFT (Kingdom Insurance Brokerage)<br>2016 – 2019: AML/CFT Compliance and Combating Officer (SAICO Insurance)<br>2014 – 2016: Compliance Specialist (MEDGULF Insurance)  | 2008 - 2016: Head of Human and Administrative Resources in the Packaging Materials Manufacturing Company (FIPCO).<br>2000 - 2008 : Assistant CEO and Head of Human Resources at Al Duhami Tring and Contracting Company.   |

|  |   |   |   |
|--|---|---|---|
|  |  <p><b>Hussain Mohammed AlShakrah</b><br/>Head of Governance</p>   |  <p><b>Ahmed Ibrahim Farea Hemli</b><br/>Head of Admin &amp; Training</p>  |  <p><b>Tariq Mubarak Al Yami</b><br/>Head of Credit</p>  |
| Academic and scientific qualifications | Bachelor of Arts, College of Arts, King Saud University - Riyadh, 2002.<br>Certified Accountant for Non-Accountants Course from the Chamber of Commerce and Industry in Riyadh, 2004.<br>Certificate of Mini MBA from the Arab Federation for Human Resources Development in Turkey, 2012.  | Bachelor of Business administration, King Faisal University, Kingdom of Saudi Arabia - 2014.<br>Diploma in English, Imam Mohammed bin Saud Islamic University - 2004.   | General Secondary School, Kingdom of Saudi Arabia, 1994.<br>Certified Credit Risk Specialist from the International Academy of Business and Financial Management, USA                 |
| current positions                      | 2021 - present: Head of Governance  | 2016 - present: Director of administrative Affairs and Training Department at Nayifat Finance Company.  | 2016 - present: Head of Credit Department, Nayifat Finance Company  |
| Previous work experience               | 2009 - 2022: Secretary of the Board of Directors at Nayifat Finance Company.<br>2009 - 2017: Director of the Small and Medium Enterprises Finance Department at Nayifat Finance Company.<br>2002 - 2009: Director of Credit Department and Risk Committee at Nayifat Finance Company.<br>2002 - 2002: Credit Cards Coordinator at Alawwal Bank.<br>1996 - 2002: Credit Cards Coordinator in Samba Group.          | 2012 - 2016: Head of HR at Nayifat Finance Company.<br>2011 - 2012: Head of HR in Supply and Projects Co (AUVA).<br>2005-2011: Payroll and wages officer at Riyadh Cables Co<br>1999 - 2004: Head of Personnel Affairs - Bait Al-Saqqaf Tring Corporation.  | 2001 - 2016 : Director of Customer Asset Management, Samba Financial Group.   |
|  |  <p><b>Louay Omar Ali Bakraa</b><br/>Head of SME</p>  |  <p><b>Mohammed Ali Salman</b><br/>Head of the FinTech</p>  |  <p><b>Muhammad Saad ALSuhaim</b><br/>Head of the Cyber Security</p>                              |
| Academic and scientific qualifications | Bachelor's degree in Accounting and Information Systems - Prince Sultan College of Tourism and Management - Kingdom of Saudi Arabia, 2011<br>Diploma in Business administration -University of Hail - Kingdom of Saudi Arabia - 2006  | BC of, Libraries and Information - King Saud University, 2005<br>Higher Diploma - Human Resources Management- King Saud University, 2010.<br>Certificate ( RBPFC ) in the basics of retail banking - Saudi Arabian Monetary Agency - Banking Institute 2015 | B.Sc. in Information Systems – Northridge University, California, Los Angeles, USA, 2012<br>Certified Ethical Hacker 2019<br>Certified Information Systems Auditor 2019               |
| current positions                      | 2019 - present: Head of the Small and Medium Enterprises Finance Department at Nayifat Finance Company  | 2021 - present: Head of Fintech at Nayifat Finance Company  | 2020 - present: Head of Cyber Security at Nayifat Finance Company   |
| Previous work experience               | 2018 - 2019: Regional Director of Small and Medium Enterprises Financing at Nayifat Finance Company<br>2018 - 2018: Senior Business Banking Relationship Manager at Alawwal Bank.<br>2015 - 2018: Corporate Banking Relationship Manager at Bank Al Jazira.<br>2013 - 2015: Assistant Director of Business Banking Relationship at Alawwal Bank.<br>2007 - 2013 : Corporate Services Coordinator at Alawwal Bank, | 2016-2021, Vice President of Digital Channels, Riyadh Bank.<br>2008-2015 Digital Channels Development Officer - SABB  | 2019-2020: Acting Cybersecurity Manager at Deutsche Gulf Finance.<br>2017-2019: IT Supervisor at Deutsche Gulf Finance Company.<br>2015-2017: IT Specialist at Deutsche Gulf Finance. |

## Human Capital:

The human capital of Nayifat Company is a major axis of its success, and the company pays great attention to this in terms of attracting and retaining qualified people, and creating a competitive environment that is compatible with the aspirations of the company, and the company's human resources department seeks to develop all means and programs aimed at creating a competitive work environment and raising the percentage of stability and competitiveness, and the number of employees of the company by the end of 2022 (354) employees, including 29% from the daughters of the country, with a localization rate of 91.5%, and the company was classified within the platinum range According to the NITAQAT program, The company also pays great attention to training, whether at the level of the Board or at the level of executive management, and during the year 2022, Board members and senior executives were provided with an awareness session in the field of combating money laundering and terrorist financing, anti-fraud, cybersecurity, and corporate governance by the Institute of Money Experts As well as the requirements of reporting and compliance with corporate governance regulations and ongoing obligations issued by the Saudi market "TADAWUL", and employees were provided with development and mandatory courses such as courses in the field of money laundering and counter-terrorism for Training, and they were also provided with a training session for awareness purposes regarding the responsibilities and obligations of the Board of Directors.

## Where applicable, the means used by the Board in evaluating its performance and the performance of its committees and members

The Nomination and Remuneration Committee proposed the necessary mechanisms to evaluate the performance of the Board, its members, committees and executive management using key performance indicators related to the extent to which the company's strategic objectives are achieved, the quality of risk management, the efficiency of internal control systems, and others, and the performance evaluation procedures were written and clear, and included the skills and experience possessed by the Board, and the performance evaluation included evaluating the work mechanisms in the Board in general, The individual evaluation of the members of the Board of Directors took into account the extent of the effective participation of the member and his commitment to perform his duties and responsibilities, including attending the meetings of the Board and its committees and allocating the necessary time to them.

In its meeting on 13/02/2022, the Nomination and Remuneration Committee recommended to the Board the annual remuneration of the members of the Board of Directors for the year 2022 (to be submitted to the vote within the items of the Annual General Assembly Meeting).

### Remuneration Policy for Board Members, Committees and Executive Management:

- General rules and standards: Without prejudice to the provisions of the Companies Law, the Capital Market Law and their Implementing Regulations, and the Company's Articles of Association, the following rules and standards shall be taken into account when determining the remunerations of members of the Board, committees and executive management:
  - 1) The remuneration shall be based on the recommendation of the Nomination and Remuneration Committee.
  - 2) The remuneration shall be fair and proportionate to the competencies of the board member, committee member, or executive, and the work and responsibilities he undertakes and bears, in addition to the objectives set by the Board of Directors to be achieved during the fiscal year, and in a manner that achieves consistency with the company's strategy and objectives.
  - 3) That the remuneration be reasonably sufficient to attract, motivate and retain members of the Board, committees and executives with appropriate experience and competence, and link the variable portion of the remuneration to long-term performance in order to motivate the members of the Board, committees and executive management for the long-term success of the company.
  - 4) Remunerations are determined based on the job level, the tasks and responsibilities assigned to the incumbent, educational qualifications, practical experience, skills and level of performance.
  - 5) Compatibility with the size and nature of the company's risks.
  - 6) The remuneration is determined in coordination with the Nomination and Remuneration Committee upon new appointments.
- Remuneration of Board and Committee Members:
  - 1) The company's articles of association indicate the method of remuneration for members of the board. This remuneration may be a fixed mount, attendance allowance for meetings, in-kind benefits, or a certain percentage of net profits, Two or more of these benefits may be combined.
  - 1) If the remuneration is a certain percentage of the company's profits, this percentage may not exceed (10%) of the net profits, after deducting the reserves decided by the general assembly in application of the provisions of the law and the company's articles of association, and after distributing a profit to shareholders of no less than (5%) from the paid-up capital of the company, provided that the entitlement to this remuneration is proportional to the number of sessions attended by the member, and any assessment to the contrary is void.
  - 2) The minimum annual remuneration for the chairman and members of the Board shall be (300,000) three hundred thousand Saudi Riyals, provided that the amount of the remuneration for each of them does not exceed (500,000) five hundred thousand Saudi Riyals, with the exception of the Audit Committee, in accordance with the regulations set by the competent authorities.
  - 3) A special remuneration is granted to the Chairman of the Board in addition to the annual remuneration, pursuant to a recommendation from the Nomination and Remuneration Committee and a decision issued by the Board.
  - 4) The report of the Board to the Ordinary General Assembly must include a comprehensive statement of all that the members of the Board received during the fiscal year in terms of remuneration, expense allowance and other benefits, and it must also include a statement of what the members of the Board received in their capacity as workers or administrators, or what they received in exchange for technical work. It shall also include a statement of the number of board sessions and the number of sessions attended by each member from the date of the last meeting of the general assembly.
  - 5) The board appoints a secretary to be chosen by it from among its members or from others, and defines his competence and remuneration.
  - 6) Each member of the Board and its emanating committees (both members of the Board or outside), including the Chairman, shall be paid the actual expenses incurred by them in order to attend meetings of the Board or committees emanating from the Board, including travel, accommodation and subsistence expenses.
  - 7) It is permissible to grant remunerations to members of the Board and committees in the form of shares, after fulfilling all the statutory controls established in this regard, and in this case, the value entered for the shares shall be the market value at the date of maturity.
  - 8) The remunerations of the members of the Board and the committees may be of varying amounts to reflect the member's experience, competencies, tasks entrusted to him, his independence, the number of sessions he attends, and other considerations.
  - 9) If the General Assembly decides to terminate the membership of a member of the Board who is absent due to his failure to attend three consecutive meetings of the Board without a legitimate excuse, this member is not entitled to any remunerations for the period following the last meeting he attended, and he must return all the remunerations that were paid to him during that period.
- Executive Management Remuneration:
  - 1) The Board of Directors shall determine, upon the recommendation of the Nomination and Remuneration Committee, the types of remuneration to be granted to senior executives of the Company, such as fixed remuneration or short- and long-term performance-related remuneration.
  - 2) The CEO's remuneration shall be determined by a resolution of the Board of Directors and may be authorized by the Board to determine such remuneration and other benefits to the Nomination and Remuneration Committee.
  - 3) Senior executives are awarded annual bonuses based on performance appraisal, in addition to compensation and fixed bonuses according to the employment contracts concluded with them.
  - 4) Remuneration may be granted to senior executives in the form of shares, after fulfilling all the statutory controls prescribed in this regard, in which case the entered value of the shares shall be the market value at maturity.
  - 5) The performance evaluation of senior executives is mainly based on their professional performance during the year and the extent of their professional interaction in achieving the company's strategic goals.

### Relationship between remunerations awarded and remuneration policy:

The remunerations granted to members of the Board, committees and executive management during the year 2022, were in line with the remuneration policy, and there was no deviation from this policy.

### Statement of the necessary details regarding the remuneration and compensation paid:

In determining the remuneration of the members of the Board, committees and executive management, the Board of Directors relied on the results of the performance evaluation from the Nomination and Remuneration Committee, which established a general framework and criteria for performance evaluation, in addition to its adoption of the company's policy for the remuneration of board members, committees and management.

#### A- Board members' remuneration for the fiscal year 2022:

|  | Fixed Remunerations |  |  |                  |   |   |                  | Variable Remunerations |                       |                            |                           |                                   | End of service benefits | Grand total | Expenses allowance |          |
|--|---------------------|--|--|------------------|---|---|------------------|------------------------|-----------------------|----------------------------|---------------------------|-----------------------------------|-------------------------|-------------|--------------------|----------|
|  | A certain amount    | Allowance for attending board sessions | Total allowance for attending committee sessions | In-kind benefits | Rewards for technical , administrative and advisory | Remuneration of the chairman of the board, the managing director or the secretary if he is a member | Total            | percentage of profit   | Regular Remunerations | short term incentive plans | long term incentive plans | Granted Shares (Value is entered) |                         |             |                    | Total    |
| <b>Members of the Board for the current session, which began on 25/09/2022</b> |                     |  |  |                  |   |   |                  |                        |                       |                            |                           |                                   |                         |             |                    |          |
| <b>First: Independent members</b>  |                     |  |  |                  |   |   |                  |                        |                       |                            |                           |                                   |                         |             |                    |          |
| 1-Saleh Nasser AlOmair   | 353,699             | 21,000                                 | 39,000   | -                | -   | 402,740   | 816,439          | -                      | 26,849                | -                          | -                         | -                                 | 26,849                  | -           | 843,288            | -        |
| 2-Yosef Ibrahim AlShaer  | 207,398             | 12,000                                 | 6,000  | -                | -   | -   | 225,398          | -                      | -                     | -                          | -                         | -                                 | -                       | -           | 225,398            | -        |
| 3-Saad AbdulMohsen AlHamidi  | 134,247             | 9,000                                  | 21,000   | -                | -   | -   | 164,247          | -                      | 40,274                | -                          | -                         | -                                 | 40,274                  | -           | 204,521            | -        |
| <b>Second: Non-Executive members</b>   |                     |  |  |                  |   |   |                  |                        |                       |                            |                           |                                   |                         |             |                    |          |
| 4-AbdulMohsin Mohammed AlSaleh   | 134,247             | 9,000                                  | 22,000   | -                | -   | -   | 165,247          | -                      | 67,124                | -                          | -                         | -                                 | 67,124                  | -           | 232,371            | -        |
| 5-Ata Hamad AlBayouk   | 353,699             | 21,000                                 | 18,000   | -                | -   | -   | 392,699          | -                      | 13,425                | -                          | -                         | -                                 | 13,425                  | -           | 406,124            | -        |
| 6-Salman Abdulaziz Shehween  | 134,247             | 3,000                                  | 12,000   | -                | -   | -   | 149,247          | -                      | 13,425                | -                          | -                         | -                                 | 13,425                  | -           | 162,672            | -        |
| <b>Third: Executive members</b>  |                     |  |  |                  |   |   |                  |                        |                       |                            |                           |                                   |                         |             |                    |          |
| 7-Bandar Mohammed AlBaiz   | 353,699             | 21,000                                 | 33,000   | -                | -   | -   | 407,699          | -                      | 26,850                | -                          | -                         | -                                 | 26,850                  | -           | 434,549            | -        |
| 8-Turki Nasser AlQahani  | 134,247             | 9,000                                  | 13,000   | -                | -   | 26,849  | 183,096          | -                      | 13,425                | -                          | -                         | -                                 | 13,425                  | -           | 196,521            | -        |
| <b>Total</b>   | <b>1,805,483</b>    | <b>105,000</b>                         | <b>164,000</b>                                   | <b>-</b>         | <b>-</b>  | <b>429,589</b>  | <b>2,504,072</b> | <b>-</b>               | <b>201,372</b>        | <b>-</b>                   | <b>-</b>                  | <b>-</b>                          | <b>201,372</b>          | <b>-</b>    | <b>2,705,444</b>   | <b>-</b> |

|  | Fixed Remunerations |  |  |                  |  |   |                  | Variable Remunerations |                       |                            |                           |                                   | End of service benefits | Grand total      | Expenses allowance |          |
|--|---------------------|--|--|------------------|--|---|------------------|------------------------|-----------------------|----------------------------|---------------------------|-----------------------------------|-------------------------|------------------|--------------------|----------|
|  | A certain amount    | Allowance for attending board sessions | Total allowance for attending committee sessions | In-kind benefits | Rewards for technical , administrative and | Remuneration of the chairman of the board, the managing director or the secretary if he is a member | Total            | percentage of profit   | Regular Remunerations | short term incentive plans | long term incentive plans | Granted Shares (Value is entered) |                         |                  |                    | Total    |
| <b>Members of the Board for the previous session ending on 24/09/2022:</b> |                     |  |  |                  |  |   |                  |                        |                       |                            |                           |                                   |                         |                  |                    |          |
| <b>First: Independent members</b>  |                     |  |  |                  |  |   |                  |                        |                       |                            |                           |                                   |                         |                  |                    |          |
| 1-Abdulaziz Saud AlBLEhed  | 219,452             | 12,000                                 | 27,000   | -                | -  | -   | 258,452          | -                      | -                     | -                          | -                         | -                                 | -                       | -                | 258,452            | -        |
| 2-Mohammed Ali AlHokal   | 221,096             | 12,000                                 | 45,000   | -                | -  | -   | 278,096          | -                      | -                     | -                          | -                         | -                                 | -                       | -                | 278,096            | -        |
| 3-Mohammed Taher AlLouzi   | 219,452             | 12,000                                 | 9,000  | -                | -  | -   | 240,452          | -                      | -                     | -                          | -                         | -                                 | -                       | -                | 240,452            | -        |
| <b>Second: Non-Executive members</b>                                       |                     |  |  |                  |  |   |                  |                        |                       |                            |                           |                                   |                         |                  |                    |          |
| 4-Saud Huwaimel AlDosari   | 219,452             | 12,000                                 | 15,000   | -                | -  | -   | 246,452          | -                      | -                     | -                          | -                         | -                                 | -                       | -                | 246,452            | -        |
| 5-Fahad Saleh AlMusabhi  | 219,452             | 12,000                                 | 33,000   | -                | -  | -   | 264,452          | -                      | -                     | -                          | -                         | -                                 | -                       | -                | 264,452            | -        |
| <b>Third: Executive members</b>  |                     |  |  |                  |  |   |                  |                        |                       |                            |                           |                                   |                         |                  |                    |          |
| 6-AbdulMohsen AlSuwailem <sup>1</sup>                                      | 143,014             | 9,000                                  | 12,000   | -                | -  | -   | 164,014          | -                      | -                     | 1,000,000                  | 2,806,000                 | -                                 | 3,806,000               | 1,341,569        | 5,311,583          | -        |
| <b>Total</b>   | <b>1,241,918</b>    | <b>69,000</b>                          | <b>141,000</b>                                   | <b>-</b>         | <b>-</b>                                   | <b>-</b>  | <b>1,451,918</b> | <b>-</b>               | <b>-</b>              | <b>1,000,000</b>           | <b>2,806,000</b>          | <b>-</b>                          | <b>3,806,000</b>        | <b>1,341,569</b> | <b>6,599,487</b>   | <b>-</b> |

1- He submitted his resignation from the membership of the Board and the committees and from his position as Managing Director and Chief Executive Officer, and the last day on the date of membership was 22/06/2022.

**B- Compensation and remuneration of five senior executives who received the highest remuneration, including the CEO and CFO, for the year 2022:**

|              | Fixed Remunerations |            |                  |           | Variable Remunerations |         |                            |                           |                                  |         | End of service benefits | Total executive remuneration for the board, if any | Grand total |
|--------------|---------------------|------------|------------------|-----------|------------------------|---------|----------------------------|---------------------------|----------------------------------|---------|-------------------------|--|-------------|
|              | salaries            | Allowances | In-kind benefits | Total     | Regular Remunerations  | Profits | short term incentive plans | long term incentive plans | Graded Shares (Value is entered) | Total   |                         |  |             |
| <b>Total</b> | 2,474,478           | 1,184,825  | -                | 3,659,303 | 385,000                | -       | -                          | -                         | -                                | 385,000 | 781,078                 | 487,946  | 5,313,327   |

\* The bonuses granted to the company's senior executives were disclosed in total, without disclosing them in detail, in order to protect the interests of the company because of the damages that may be caused to it if mentioned in detail, represented in creating a climate of competition and job instability.

**C- Remuneration of committee members for the year 2022:**

| Statement  | Fixed Remunerations (other than attendance allowance) | Allowance for attendance | Total  |
|--|---|--------------------------|--------|
| <b>Audit Committee</b>   |   |                          |        |
| <b>Members of the current session of the Committee, which began on 25/09/2022 for a period of 3 years ending on 24/09/2025</b> |   |                          |        |
| Saad AbdulMohsen AlHamidi (Chairman)   | 40,274  | 18,000                   | 58,274 |
| Aziz Muhammad Alqahtani  | 26,849  | 18,000                   | 44,849 |
| Fahad Suleiman Alnahit   | 26,849  | 18,000                   | 44,849 |
| <b>Members of the previous session of the Committee, which ended on 24/09/2022:</b>  |   |                          |        |
| Mohammed Ali AlHokal (Chairman)  | -   | 24,000                   | 24,000 |
| Khalid Muhammad Albassam   | -   | 24,000                   | 24,000 |
| Abdullah Saleh AlHarbi   | -   | 24,000                   | 24,000 |
| <b>Executive Committee</b>   |   |                          |        |
| <b>Members of the current session of the Committee, which began on 25/09/2022 for a period of 3 years ending on 24/09/2025</b> |   |                          |        |
| Saleh Nasser AlOmair <sup>1</sup> (Chairman)   | 26,849  | 12,000                   | 38,849 |
| AbdulMohsin Mohammed AlSaleh   | 13,425  | 9,000                    | 22,425 |
| Salman Abdulaziz Shehween  | 13,425  | 3,000                    | 16,425 |
| Bandar Mohammed AlBaiz <sup>3</sup>  | 13,425  | 18,000                   | 31,425 |
| <b>Members of the previous session of the Committee, which ended on 24/09/2022:</b>  |   |                          |        |
| Abdulaziz Saud AlBlehed (Chairman)   | -   | 9,000                    | 9,000  |
| AbdulMohsen AbdulRahman AlSuwailem <sup>2</sup>  | -   | 6,000                    | 6,000  |
| Fahad Saleh AlMusabhi  | -   | 9,000                    | 9,000  |
| <b>Nominations and Remunerations Committee</b>   |   |                          |        |
| <b>Members of the current session of the Committee, which began on 25/09/2022 for a period of 3 years ending on 24/09/2025</b> |   |                          |        |
| Saad AbdulMohsen AlHamidi (Chairman)   | -   | 3,000                    | 3,000  |
| Saleh Nasser AlOmair   | -   | 3,000                    | 3,000  |
| Ata Hamad AlBayoutk  | -   | 3,000                    | 3,000  |
| Salman Abdulaziz Shehween  | -   | 3,000                    | 3,000  |
| <b>Members of the previous session of the Committee, which ended on 24/09/2022:</b>  |   |                          |        |
| Mohammed Taher AlLouzi (Chairman)  | -   | 9,000                    | 9,000  |
| Abdulaziz Saud AlBlehed  | -   | 9,000                    | 9,000  |
| Fahad Saleh AlMusabhi  | -   | 9,000                    | 9,000  |
| Bandar Mohammed AlBaiz   | -   | 9,000                    | 9,000  |
| <b>Credit Committee</b>  |   |                          |        |
| <b>Members of the current session of the Committee, which began on 25/09/2022 for a period of 3 years ending on 24/09/2025</b> |   |                          |        |
| Saleh Nasser AlOmair (Chairman)  | -   | 10,000                   | 10,000 |
| AbdulMohsin Mohammed AlSaleh   | -   | 10,000                   | 10,000 |
| Turki Nasser AlQahtani   | -   | 10,000                   | 10,000 |

1 - Mr. Saleh AlOmair joined the Committee (as a member) from the date of obtaining the Non-Objection of Saudi Central Bank on 24/08/2022, and his membership in the Committee (as a Chairman) continues for the new session that began on 25/09/2022 three years.

2 - Mr. AbdulMohsen AlSuwailem submitted his resignation from the membership of the Committee on 22/06/2022.

3 - Mr. Bandar AlBaiz continues to be a member of the Committee.

| Statement  | Fixed Remunerations (other than attendance allowance)   | Allowance for attendance | Total          |
|--|---|--------------------------|----------------|
| <b>Credit Committee</b>  |   |                          |                |
| <b>Members of the previous session of the Committee, which ended on 24/09/2022:</b>  |   |                          |                |
| Saud Huwaimel AlDosari (Chairman)  | -   | 15,000                   | 15,000         |
| Mohammed Ali AlHokal   | -   | 15,000                   | 15,000         |
| Fahad Saleh AlMusabhi  | -   | 15,000                   | 15,000         |
| <b>Risk Committee</b>  |   |                          |                |
| <b>Members of the current session of the Committee, which began on 25/09/2022 for a period of 3 years ending on 24/09/2025</b>                     |   |                          |                |
| Ata Hamad AlBayouk <sup>1</sup> (Chairman)   | -   | 18,000                   | 18,000         |
| Salman Abdulaziz Shehween  | -   | 9,000                    | 9,000          |
| Yosef Ibrahim AlShaer  | -   | 9,000                    | 9,000          |
| <b>Members of the previous session of the Committee, which ended on 24/09/2022:</b>  |   |                          |                |
| Abdulaziz Saud Alblehed  | -   | 9,000                    | 9,000          |
| Saleh Nasser AlOmair   | -   | 9,000                    | 9,000          |
| 1- Mr. Atta AlBayouk continues to chair the Committee from the previous session.   |   |                          |                |
| <b>Asset and Liability Committee</b>   |   |                          |                |
| <b>Members of the current session of the Committee, which began on 25/09/2022 for a period of 3 years ending on 24/09/2025</b>                     |   |                          |                |
| Ata Hamad AlBayouk (Chairman)  | -   | 3,000                    | 3,000          |
| Yosef Ibrahim AlShaer  | -   | 3,000                    | 3,000          |
| Bandar Mohammed AlBaiz   | -   | 3,000                    | 3,000          |
| <b>Members of the previous session of the Committee, which ended on 24/09/2022:</b>  |   |                          |                |
| Mohammed Ali AlHokal (Chairman)  | -   | 6,000                    | 6,000          |
| Saleh Nasser AlOmair   | -   | 6,000                    | 6,000          |
| AbdulMohsen AbdulRahman AlSuwailem <sup>1</sup>  | -   | 6,000                    | 6,000          |
| 1- Submitted his resignation from the membership of the Committee on 22/06/2022.   |   |                          |                |
| <b>Strategic committee</b>   |   |                          |                |
| <b>Members of the current session of the Committee, which began on 25/09/2022 for a period of 3 years ending on 24/09/2025</b>                     |   |                          |                |
| AbdulMohsin Mohammed AlSaleh (Chairman)  | 53,699  | 3,000                    | 56,699         |
| Bandar Mohammed AlBaiz   | 13,425  | 3,000                    | 16,425         |
| Turki Nasser AlQahtani   | 13,425  | 3,000                    | 16,425         |
| <b>Members of the previous session of the Committee, which ended on 24/09/2022:</b>  |   |                          |                |
| Saud Huwaimel Al Dosari (Chairman)   | -   | -                        | -              |
| AbdulMohsen AbdulRahman AlSuwailem <sup>1</sup>  | -   | -                        | -              |
| Mohammed Taher Allawzi   | -   | -                        | -              |
| 1- Submitted his resignation from the membership of the Committee on 22/06/2022.   |   |                          |                |
| <b>Sharia committee *</b>  |   |                          |                |
| <b>Members of the current session of the Committee, which began on 25/09/2022 for a period of 3 years ending on 24/09/2025</b>                     |   |                          |                |
| Sheikh / Abdullah Suleiman AlManea   | An amount of SAR 170,000 was paid during the year 2022 as allowances and bonuses to the members of the Sharia Committee |                          | 170,000        |
| Dr. Mohammed Ali AlQari  |   |                          |                |
| Sheikh /Dr. Abdul Rahman Abdulaziz AlNafisah   |   |                          |                |
| * All members continue to be members of the Committee for the current session, as the formation of the Committee continued as it is without change |   |                          |                |
| <b>Total Committee's Remunerations</b>   | <b>411,645</b>  | <b>405,000</b>           | <b>816,645</b> |

**The provisions of the Corporate Governance Regulations that have been applied, and what have not been applied, and the reasons for that:**

The company gives high priority and great attention to the implementation of all provisions related to the application of governance issued by the regulatory authorities, and the Board of Directors has the primary and pivotal role in this, and the company emphasizes its great interest in the continuous review of the practices and activities implemented in the company to ensure the application of all standards, procedures, prevailing systems and Sharia requirements imposed by the law, and related to governance in particular.

The company has implemented all the mandatory provisions contained in the Corporate Governance Regulations in the Kingdom of Saudi Arabia issued by the Board of the Capital Market Authority. With the exception of some of the following guiding provisions, which were not applied during the year 2022:

| Article | Article text   | Reasons for not applying  |
|---------|--|---|
| 7       | Communication with Shareholders:<br>(d) The Company shall appoint a responsible person responsible for the Company's investor relations related tasks in order to achieve effective and fair communication between the Company and the shareholders.   | Indicative paragraph  |
| 39      | Evaluation:<br>(e) Third Party Evaluation  | Indicative paragraph  |
| 82      | Social work initiative:<br>The board of directors sets the programs and determines the necessary means to present the company's initiatives in the field of social work.   | Indicative Article  |
| 84      | Social Responsibility:<br>The Ordinary General Assembly shall establish, upon the proposal of the Board of Directors, a policy that ensures that a balance is established between its objectives and the objectives that the Society aspires to achieve, in order to develop the social and economic conditions of the Society.  | Indicative Article<br>(The company has a social responsibility policy approved by the Board of Directors) |
| 85      | Social work initiative:<br>The board of directors sets the programs and determines the necessary means to present the company's initiatives in the field of social work.   | Indicative Article  |
| 95      | Formation of a Corporate Governance Committee:<br>If the Board of Directors forms a committee specialized in corporate governance, it must delegate to it the competencies stipulated under Article 92 of these Regulations. This committee must follow up on any issues related to governance applications, and provide the Board of Directors, at least annually, with the reports and recommendations it reaches. | Indicative Article  |

**Social Contributions:**

The company recognizes the importance of its commitment to its role towards society as an integral part of it, and the company also recognizes the importance of its social role in a way that achieves solidarity among members of society in application of the principles derived from the tolerant Islamic Sharia, which urged righteousness, piety and cooperation among all members of society.

The company granted discounts to 685 customers during the fiscal year 2022, with the aim of helping them end their debts in the company, and the value of these discounts amounted to SAR 2,102,619.

**The company's requests for the shareholders' register, the dates of those requests and their reasons during the year 2022:**

| No. | Request date | Request Reasons                        |
|-----|--------------|--|
| 1   | 2022/04/13   | Extraordinary General Assembly Meeting |
| 2   | 2022/08/22   | Company procedures                     |
| 3   | 2022/09/25   | Extraordinary General Assembly Meeting |
| 4   | 2022/11/08   | Company procedures                     |

**If the auditor's report contains reservations about annual financial statements, the Board's report must clarify those reservations, their reasons and any information related to them:**

There are no reservations about the 2022 financial statements in the Auditor's Report (KPMG).

**A description of any transaction between the company and a related party, or any business or contracts in which the company is a party, and in which or was in which an interest for a member of the Board, the CEO, the chief financial officer, its senior executives, or any person related to any of them, during the year 2022:**

**Mechanism for approval of transactions with related parties:**

With reference to Article (71) of the Companies Law, a member of the Board of Directors shall, upon becoming aware of any interest, whether direct or indirect, in the business and contracts that are for the account of the Company, inform the Board thereof, and such notification shall be recorded in the minutes of the Board meeting at its meeting. Such a member may not participate in voting on the resolution issued in this regard in the Council and the General Assemblies. The Board shall inform the General Assembly when it convenes of the works and contracts in which the Board member has a direct or indirect interest, and a special report from the Company's auditor shall be attached to the notification prepared in accordance with the auditing standards adopted in the Kingdom.

According to the company's policy on related party dealings, the audit and risk committees review any contracts or transactions to which the company is a party, in which there is or in which there is an interest of a member of the board of directors, the CEO, the CFO, its senior executives or any person related to any of them, and then a recommendation is submitted to approve the transactions to the board of directors, which in turn informs the general assembly when it convenes about these works and contracts.

| # | Company's name   | Board Member  | Interest (direct / indirect)   | Nature and terms of the transaction   | Amount (including VAT) |
|---|--|---|--|---|------------------------|
| 1 | Yaqaen Capital   | Abdulmohsen Muhammad Alsaleh<br>Salman Abdulaziz bin Shehween<br>AbdulMohsen AbdulRahman ALSuwailem <sup>1</sup><br>Bandar Mohammed AlBaiz <sup>2</sup> | Indirect (Related- Parties)<br>Indirect (Related- Parties)<br>Indirect (Related- Parties)<br>Indirect (Related- Parties) | lease of the company's headquarters in Yaqaen's building "First Party Nayifat and second party Yaqaen Capital", without any preferential terms.   | 983,538                |
| 2 | Yaqaen Capital   | Abdulmohsen Muhammad Alsaleh<br>Salman Abdulaziz bin Shehween<br>AbdulMohsen AbdulRahman ALSuwailem <sup>1</sup><br>Bandar Mohammed AlBaiz <sup>2</sup> | Indirect (Related- Parties)<br>Indirect (Related- Parties)<br>Indirect (Related- Parties)<br>Indirect (Related- Parties) | lease of the company's Olaya branch in Yaqaen's building "First Party Nayifat and second party Yaqaen Capital", without any preferential terms.   | 227,010                |
| 3 | Yaqaen Capital   | Abdulmohsen Muhammad Alsaleh<br>Salman Abdulaziz bin Shehween<br>AbdulMohsen AbdulRahman ALSuwailem <sup>1</sup><br>Bandar Mohammed AlBaiz <sup>2</sup> | Indirect (Related- Parties)<br>Indirect (Related- Parties)<br>Indirect (Related- Parties)<br>Indirect (Related- Parties) | lease of Olaya warehouses in Yaqaen's building "First Party Nayifat and second party Yaqaen Capital", without any preferential terms.   | 72,450                 |
| 4 | Yaqaen Capital   | Abdulmohsen Muhammad Alsaleh<br>Salman Abdulaziz bin Shehween<br>AbdulMohsen AbdulRahman ALSuwailem <sup>1</sup><br>Bandar Mohammed AlBaiz <sup>2</sup> | Indirect (Related- Parties)<br>Indirect (Related- Parties)<br>Indirect (Related- Parties)<br>Indirect (Related- Parties) | lease of warehouse in Yaqaen's building "First Party Yaqaen Capital and second party Nayifat", without any preferential terms.  | 11,500                 |
| 5 | Yaqaen Capital   | Abdulmohsen Muhammad Alsaleh<br>Salman Abdulaziz bin Shehween<br>AbdulMohsen AbdulRahman ALSuwailem <sup>1</sup><br>Bandar Mohammed AlBaiz <sup>2</sup> | Indirect (Related- Parties)<br>Indirect (Related- Parties)<br>Indirect (Related- Parties)<br>Indirect (Related- Parties) | Portfolio Investment Manager, without any preferential terms.   | 12,176,000             |
| 6 | AlBayouk Chartered Accountants                         | Ata Hamad AlBayouk  | Direct (Owner)   | VAT accounting and ZAKAT, without any preferential terms.   | 273,000                |
| 7 | (ITIS) Information Technology Integrated Solutions Co. | Fahad Saleh AlMasabahi <sup>3</sup>   | Direct (Owner)   | Technical services and technical consultancy for IT and cyber-Security, in addition to technical support, periodic maintenance and renewal of licenses, without any preferential terms. | 3,659,994              |

1- Mr. Abdulmohsen ALSuwailem submitted his resignation from the membership of the Board of Directors and committees and from his position as Managing Director and CEO from 22/06/2022.

2- Mr. Bandar AlBaiz's relationship with Yaqaen Financial Company (indirect relationship / Operations Manager) ended, as he submitted his resignation from his position immediately upon his appointment as MD/CEO of Nayifat Finance Company, and he started his work in Nayifat on 16/10/2022.

3- The membership of Mr. Fahad Al-Masbahi in the Board of Directors of Nayifat Finance Company ended at the end of the Board session on 24/09/2022.

**Information related to any competing business of the company or any of the branches of the activity practiced by it and practiced or used to be practiced by any member of the Board of Directors, including the names of those concerned with the competing business, and the nature and conditions of such business.**

None.



A description of any interest, contractual securities and subscription rights belonging to the members of the company's board of directors, senior executives and their relatives in the shares or debt instruments of the company or any of its subsidiaries, and any change in that interest or those rights during the fiscal year 2022:

| Who has the interest?   | Property Type | Beginning of 2022 |                  | End of 2022      |                  | Net change | % change |
|---|---------------|-------------------|------------------|------------------|------------------|------------|----------|
|   |               | Number of Shares  | Debt instruments | Number of Shares | Debt instruments |            |          |
| <b>Members of the Board of Directors for the current session, which began on 25/09/2022 for three years</b> |               |                   |                  |                  |                  |            |          |
| Abdulmohsen Muhammad AlSaleh<br>Vice Chairman   | Direct        | 100               | -                | 100              | -                | 0          | % 0      |
|   | Indirect      | -                 | -                | -                | -                | -          | -        |
| Bander Mohammed AlBaiz<br>Board Member  | Direct        | 0                 | -                | 12,266           | -                | 12,266     | % 100    |
|   | Indirect      | 104,500           | -                | 104,500          | -                | 0          | % 0      |
| Saad Abdulmohsen AlHumaidi<br>Board Member  | Direct        | 1,000             | -                | 1,000            | -                | 0          | % 0      |
|   | Indirect      | -                 | -                | -                | -                | -          | -        |
| Turki Nasser AlQahtani<br>Board Member  | Direct        | 36,915            | -                | 47,915           | -                | 11,000     | % 29.8   |
|   | Indirect      | -                 | -                | -                | -                | -          | -        |
| <b>Senior Executives</b>  |               |                   |                  |                  |                  |            |          |
| Bander Mohammed AlBaiz<br>MD/CEO  | Direct        | 0                 | -                | 12,266           | -                | 12,266     | % 100    |
|   | Indirect      | 104,500           | -                | 104,500          | -                | 0          | % 0      |
| Turki Nasser AlQahtani<br>Head of HR  | Direct        | 36,915            | -                | 47,915           | -                | 11,000     | % 29.8   |
|   | Indirect      | -                 | -                | -                | -                | -          | -        |
| Huaasin Mohammed AlShakarah<br>Head of Governance   | Direct        | 116,219           | -                | 116,219          | -                | 0          | % 0      |
|   | Indirect      | -                 | -                | -                | -                | -          | -        |
| Sultan Shuwait AlOtaibi<br>Head of Operations   | Direct        | 52,736            | -                | 44,000           | -                | )8,736(    | (% 16.6) |
|   | Indirect      | -                 | -                | -                | -                | -          | -        |
| Ahmed Ibrahim Hamli<br>Head of administration and Training  | Direct        | 32,245            | -                | 32,245           | -                | 0          | % 0      |
|   | Indirect      | -                 | -                | -                | -                | -          | -        |
| Mohammed Ali AlSalman<br>Fintech Manager  | Direct        | 5,260             | -                | 5,260            | -                | 0          | % 0      |
|   | Indirect      | 18                | -                | 18               | -                | 0          | % 0      |

Any penalty, sanction, precautionary measure, or precautionary restriction imposed on the company by the Authority or any supervisory, regulatory or judicial body, with a statement of the reasons for the violation, the signatory to it, and ways to remedy and avoid it in the future.

| Saudi Central Bank Executive Decisions<br>Subject of the violation  | 2022                          |                       | 2021                          |                       |
|---|-------------------------------|-----------------------|-------------------------------|-----------------------|
|   | Number of Executive Decisions | Total amount of fines | Number of Executive Decisions | Total amount of fines |
| Violation of Saudi Central Bank's supervisory instructions  | 3                             | 100,000 SAR           | 1                             | 50,000 SAR            |
| Violation of Saudi Central Bank's Customer Protection Instructions  | -                             | -                     | -                             | -                     |
| Violation of Saudi Central Bank's instructions to conduct due diligence in combating money laundering and terrorist financing | -                             | -                     | -                             | -                     |

| Sanction / penalty / precautionary measure / precautionary restriction  | Reasons for the violation   | The signatory of the violation | Ways to remedy it and prevent it from recurring in the future  |
|---|---|--------------------------------|--|
| The company violated the supervisory and supervisory instructions of the Central Bank regarding the requirements for appointment to leadership positions, which resulted in the following:<br>1. Warn the company not to repeat such violations or violate any of the relevant applicable laws, regulations and instructions.<br>2. Obliging the company to pay a fine of (100,000) Saudi Riyals. | Nayifat Company announces through (TADAWUL) the nomination and appointment of a number of leadership positions before obtaining the prior written no-objection of the Central Bank. | Saudi Central Bank             | Substantial amendments have been made to the company's disclosure and transparency policy to avoid repeat violation. |

| Sanction / penalty / precautionary measure / precautionary restriction   | Reasons for the violation   | The signatory of the violation | Ways to remedy it and prevent it from recurring in the future   |
|--|---|--------------------------------|---|
| Nayifat Finance Company violated the supervisory and supervisory instructions of the Central Bank - General Department of Cyber Risk Control, which resulted in:<br>1- Warning the company not to repeat such violations or violate any of the financing regulations, executive regulations and relevant regulatory instructions.  | Nayifat Finance Company's failure to register by raising the status of its commitment to the SWIFT system in the platform by the end of 2021.                                       | Saudi Central Bank             | The company's commitment to raising the requirements on the SWIFT system.   |
| Nayifat Finance Company's violation of the Central Bank's supervisory and supervisory instructions - General Department of Control of Finance Companies, which resulted in:<br>1- Warning the company not to repeat these violations or violate any of the financing regulations, executive regulations and relevant regulatory instructions.  | Nayifat Finance Company's failure to complete the electronic linking process for the credit capacity assessment service with the Saudi Credit Bureau within the specified deadline. | Saudi Central Bank             | Fulfill and complete all electronic integration requirements with the Saudi Credit Bureau Company.  |
| Nayifat Finance Company's violation of the supervisory and supervisory instructions of the Central Bank regarding the requirements for appointment to leadership positions, which resulted in:<br>1- Warning the company not to repeat such violations or violate any of the relevant applicable laws, regulations and instructions.<br>2- Obliging the company to pay a fine of (50,000) fifty thousand Saudi Riyals. | Continuation of the work of the Director of Credit Cards Department in his position after the expiry of the period specified in the No Objection Letter on the appointment.         | Saudi Central Bank             | The company's board of directors and its team are keen to comply with the rules, regulations and instructions of the regulatory authorities, and will work to provide Saudi cadres to fill the aforementioned position as soon as possible. |
| The company violated the instructions of the municipality by placing a billboard or a promotional poster on the glass of the façade (the company's branch in Makkah), which arranged the following:<br>- Obliging the company to pay a fine of (1,600) Saudi Riyals.   | The presence of a promotional poster on the glass of the façade without a license   | Makkah Municipality            | The violation was removed and all branches were circulated with a commitment not to place any advertising posters, billboards or shopping without obtaining a license from the municipality.  |

## Risks

### Credit risk, default and collection risk

The company is exposed to the risk of its customers not being obligated to pay the financing amounts due on them in favor of the company, as well as the practical failure of the company to implement the guarantees provided to it to guarantee the payment of the financing and the collection of its dues. The company's performance, revenues and profits depend on the financial solvency of its customers (which consist mainly of individual customers, credit card customers and customers from small and medium enterprises) and the stability of their credit status, bearing in mind that the company does not periodically assess the credit status of customers after granting and disbursing the funds to them. The company further does not monitor the actual use of the financing amount once it is disbursed, which limits its ability to accurately classify the financing portfolio and its ability to take the required actions in the necessary time in case the credit situation deteriorates to its customers, which increases the possibility of default by customers.

### Risks related to the company's financial resources and liquidity

The company is exposed to liquidity risk, which lies in the lack of sufficient financial resources to meet its financial obligations when they become due, or the high cost of liquidity that it needs. These risks are related to financing operations, and these risks can be realized when a gap occurs between the value of cash flows provided to customers as financing on the one hand (assets of receivables for financing) and cash flows collected from customers (finance installment payments and repayment of remaining balances) on the other hand, or when the company relies on a particular source of financing (short or long term) or other market conditions worsen. Such a decrease in liquidity may have a negative impact on the company's business, financial position, results of operations and future prospects.

### Operational risk

Operational risk is defined as the risk of loss resulting from the inefficiency or failure of internal processes, the failure of people or systems, or those resulting from external accidents. The company's operational risk management framework and policy includes a comprehensive definition of operational risks across the company as a whole. The framework also defines the tools and processes through which operational risks are identified, assessed, monitored and controlled. Key components of this framework include risk and control self-assessment (RCSA), key risk indicators (KRIs), scenario analysis and incident management, which are comprehensively documented in a company's operational risk procedures.

### Market related risks

The growth rate of the non-banking finance sector in the Kingdom may be different from the company's expectations as a result of several factors, the most important of which is the ability of finance companies to compete with commercial banks, the diversity of products and ease of procedures for obtaining financing, in addition to a number of other factors outside the control of the company, such as an increase in unemployment or a significant decrease in the salaries of public sector employees, including any slowdown or decline in the pace of economic growth in the Kingdom. Accordingly, any negative impact on the non-banking financing sector will have a negative impact on the company's business, financial position, results of operations and future prospects.

#### Risks related to over-indebtedness and credit ratings

A number of factors - if they occur - such as the low cost of financing or the high credit rating of the company will contribute to the increase in the financing provided by commercial banks to the company, and in the event that the company takes excessive borrowing decisions; The company will be unable to meet its obligations in times of financial crisis, which will adversely affect the company's business, financial position, results of operations and future prospects. If the company's financial debt ratio increases, the company may be unable to meet its obligations in times of financial crises, which will negatively affect the company's business, financial position, results of operations and future prospects. The increase in the volume of indebtedness represents a level of risk on the company's general financial position and its financial solvency, as the realized losses can lead to an increase in the company's liabilities compared to its assets, which may have a negative impact on the company's financial position, and thus increase the cost of financing provided by commercial banks, which will have a negative impact on the company's profitability.

#### Risks related to fluctuations in financing cost and profit rate

The company's business depends on obtaining financing from the lending commercial banks, and the profit margins realized from the financing contracts granted mainly depend on the availability of liquidity with the financiers and profit rates based on the SAIBOR rate. The current assets represented in the financing portfolio that generate profits for the company generate profit on the basis of a fixed profit rate, while the liabilities that carry financing burdens on the company are calculated on the basis of a fluctuating profit rate.

Different profit rates for assets and liabilities, in addition to the mismatch in the maturity dates of these assets and liabilities, may expose the Company to the risk of profit rate price mismatch. The Company does not guarantee that it will be able to maintain the rate of profitability by increasing the profit rates paid by its customers in order to compensate for any increase in the rates of profit it pays on its obligations. Any increase in the profit rate of the financing granted to it with its inability to pass on this increase by increasing the total profit margin rate paid by its customers may actually lead to the company's inability to maintain the rate of profitability of the financing products it provides, which leads to a decrease in the company's profit margins on financing products, and the increase in profit rates will lead to a decrease in the attractiveness of financing products, in general, to existing and advanced customers. On the other hand, the company may not be able to benefit from lower profit rates in the future as this will result in lower profit margin.

#### Risks related to the company's reliance on IT systems and exposure to cyber security risks

The Company's IT systems and those of major service providers or partners in credit cards and electronic services are at risk of interruption due to fire, flood, explosion or other forms of terrorist acts, natural and other human-caused disasters. The occurrence of any of these or other events with similar effects mentioned above will have a negative impact on the Company business.

#### Risks related to the reputation and protection of the trade name and trademark of the company

The company relies in marketing its services and products on its reputation associated with its trade name and trademark, which supports its business and its competitive position in the market. Thus, the success of the company depends to a large extent on its ability to maintain and enhance the strength and value of its trademark, and this depends on many factors, including the reputation of the company, the financing products it offers and the reputation of its trademark. The company registered its trademarks "Nayifat" and "ULEND" in the Kingdom of Saudi Arabia. If the Company fails to successfully protect its Intellectual Property Rights - or if any third parties steal, breach or otherwise infringe the Company's Intellectual Property Rights - the value of the Company's trademark may be damaged.

#### Risks related to risk management policies and procedures

The nature of the company's business, which is finance, involves many risks associated with this business, which is an integral part of it. Accordingly, the company's incurring some losses as a result of these actions is inevitable, but the company's success in overcoming these losses comes from its ability to create a kind of balance between the risks that it may be exposed to on one hand and the returns that it reaps on the other hand, and this requires the company to carefully manage the risks to which it is exposed. The company has developed and updated its business risk management strategies and procedures, which include credit risk, asset and liability management risk, market risk and operational risk. Risk management policies depend on observing the historical behavior of the market, so the company anticipates the future direction of economic variables and takes into consideration the probabilities, which are the most likely results and their consistency with the information used by the company for other purposes, such as strategic planning and preparing financial budgets and reflecting more optimistic and pessimistic results. Therefore, it is possible that these policies fail to accurately predict future risks that may exceed the expected risks and the nature and complexity of these risks may change rapidly over time. As a result, the Company's exposure to unknown risks will have a material adverse impact on its financial position and operating results.

#### Risks associated with changing the applied accounting policies

IFRS – 9 has been adopted by Saudi Central Bank (SCB) to be effective from 1st January 2018. Nayifat Financing Company has early adopted the Standard with effect from 1st January 2017. The company has been following the IFRS – 9 in accordance with the guidelines provided by SCB. The company has been following the flow rate approach upto 31st December 2021, however in order to be more effective and reflective of the changes in the Standard and the requirement of the SCB the company moved to the ODR approach during the year 2022. The change considered segmentation of the portfolio, forward looking Macro Economic Factors as well as historical collection patterns to calculate the Expected Credit Losses. Currently the company is applying the writing off policy for all financing which is more than 720 days past due to the extent of 60% only with the remaining 40% being considered as normal financing without any provision against it. SCB has introduced the Regulation for Credit Exposure and Provision in November 2020 whereby all financing more than 360 days past due after being classified as Non-performing have to be written off with effect from 31st December 2023. The IFRS – 9 on the other hand specifies that financing to be written off only when all the resources have been exhausted for the possibility of recovery. Any changes that may occur to the write-off policy, whether voluntary or as a result of the instructions of the Saudi Central Bank, resulting in a shortening of this period, will have a negative impact on the company's business, its financial position and the results of its operations.

## Declarations:

### Actions taken by the Board of Directors to inform its members - especially non-executives - of the shareholders' proposals and comments regarding the company and its performance:

There are no comments or suggestions received from the shareholders regarding the company and its performance during 2022. In the event of receiving any suggestions or comments from the shareholders, the Board of Directors informs its members, especially the non-executives, by putting them on the agenda of the first meeting of the Board to be discussed and the necessary recommendations or decisions taken towards them.

### The results of the annual review of the effectiveness of the company's internal control procedures and the audit committee's opinion on the adequacy of the company's internal control:

The internal control system aims to ensure that the company's objectives are effectively and efficiently achieved, that laws, regulations and policies are complied with, and that potential risks are managed. The company's management is responsible for preparing a comprehensive and effective control system commensurate with the level of risks to which the company may be exposed, and the audit committee continuously reviews the periodic reports prepared by internal and external auditors and the company's various departments related to internal control.

Based on the results of the annual audits, the Audit Committee would like to point out that it did not find that there are material issues that can be mentioned in the report, and we also point out that there is continuous communication between the Audit Committee and the executive management in the company regarding periodic follow-up to evaluate and review the control system to ensure the achievement of the internal control objectives of improving the efficiency of operations and raising their effectiveness while adhering to the relevant laws and regulations.

### Recommendation of the Audit Committee regarding the need to appoint an internal auditor in the company:

The company decided to use (Protiviti) Co., which is one of the large companies, to carry out the entire internal audit work for the year 2022 to ensure the efficiency of the work, and there are no recommendations from the Audit Committee in this regard.

### Recommendations of the Audit Committee that conflict with the decisions of the Board of Directors or that the Board refused to accept regarding the appointment and dismissal of the company's auditor, determining his fees, evaluating his performance or appointing the internal auditor, and the justifications for those recommendations and the reasons for not taking them into account:

None

### In the event that the Board of Directors recommends changing the auditor before the end of the period for which he is appointed, the report must contain that, with a statement of the reasons for recommending the change:

No recommendation was issued by the Board of Directors to replace the auditors during the year 2022.

### The name of each subsidiary company, its capital, the company's ownership percentage in it, its main activity, the country where it operates, and the country where it is established:

None

### Details of shares and debt instruments issued for each subsidiary company:

None

### A description of any interest in a class of voting shares held by persons (other than directors, senior executives and their relatives) who have informed the Company of those rights under Article 85 of the Registration and Listing Rules, and any change in those rights during the last financial year:

| #   | Who has the interest | Number of shares at the beginning of the year | Number of shares at the end of the year | Net change | Change % |
|-----|----------------------|---|---|------------|----------|
| (1) | Falcom Holding Co.   | 48,005,515                                    | 48,005,515                              | 0          | %0       |

A description of the categories and numbers of any convertible debt instruments and any contractual securities, subscription right memoranda or similar rights issued or granted by the company during the fiscal year 2022, with an explanation of any compensation obtained by the company in exchange for that.

None

A description of any transfer or subscription rights under convertible debt instruments, contractual securities, subscription right memoranda, or similar rights issued or granted by the company during the fiscal year 2022.

None

A description of any redemption, purchase or cancellation by the Company of any convertible debt instruments, and the value of the remaining securities, with a distinction between the listed securities purchased by the Company, and those purchased by its subsidiaries:

None

A statement of any arrangement or agreement under which a member of the company's board or a senior executive has waived any remuneration:

None

A statement of any arrangement or agreement under which a shareholder of the company has waived any rights to profits:

None

A statement of the value of any investments or reserves established for the benefit of the company's employees:

None

Disclosure of details of the treasury shares held by the company and details of the uses of these shares:

None

Information relating to any loans on the Company (whether payable upon demand or otherwise), a statement of the total indebtedness of the Company and its subsidiaries\*, any amounts paid by the Company in repayment of loans during the year, the amount of principal, the name and duration of the donor, and the remaining amount: (Saudi Riyal)

| #            | Banks                     | Amount of principal debt | Loan term | Amount paid by the company in repayment of loan during the year | Remaining amount   | total indebtedness of company |
|--------------|---------------------------|--------------------------|-----------|---|--------------------|-------------------------------|
| (1)          | SNB                       | 103,333,333              | 36        | 17,499,998  | 85,833,335         | 85,833,335                    |
| (2)          | SABB                      | 8,750,000                | 48        | 2,500,000   | 6,250,000          | 6,250,000                     |
| (3)          | BJazira                   | 190,616,686              | 60        | 34,638,325  | 155,978,361        | 155,978,361                   |
| (4)          | ENBD                      | 124,000,000              | 48        | 21,895,832  | 102,104,168        | 102,104,168                   |
| (5)          | NBB                       | 141,375,000              | 48        | 39,250,000  | 102,125,000        | 102,125,000                   |
| (6)          | Bilad                     | 78,874,993               | 48        | 41,000,000  | 37,874,993         | 37,874,993                    |
| (7)          | Rajhi                     | 62,500,000               | 48        | 62,500,000  | -                  | -                             |
| (8)          | Saudi Central Bank (SAMA) | 17,970,000               | -         | 5,690,996   | 12,279,004         | 12,279,004                    |
| (9)          | RIBL                      | 138,170,988              | 48        | 74,868,849  | 63,302,139         | 63,302,139                    |
| <b>Total</b> |                           | <b>865,591,000</b>       |           | <b>299,844,000</b>  | <b>565,747,000</b> | <b>565,747,000</b>            |

\* There are no subsidiaries of the company inside or outside the Kingdom.

#### Other declarations:

In light of the responsibility entrusted to the Board of Directors and its keenness on the continuity of the company and its preservation for the purpose for which it was founded, and in light of the information provided by the company's management, confirms the following:

1. The Account records have been set up correctly.
2. The internal control system was prepared on sound foundations and effectively implemented.
3. There is no doubt whatsoever about the Company's ability to continue its activity.
4. There are no competing works related to any of the members of the Board of Directors.

#### Conclusion:

The Board of Directors would like to thank the shareholders for their continuous support and confidence that pushes for more efforts and giving, as well as the Board of Directors thanks and appreciates the company's employees for their efforts, wishing further progress and achievement, and the Board of Directors thanks the Saudi Central Bank and the Capital Market Authority for their efforts in supporting this sector by strengthening the regulatory and supervisory foundations and increasing transparency to serve customer segments and increase the strength of the national economy.

#### Best Regards