

Board of Directors
Annual Report
2023



Chairman's Statement

The Board of Directors of Nayifat Finance Company is pleased to submit to you the annual report on the company's business for the financial year ending on 31/12/2023 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 been a leader in the non-banking financial institutions market since its inception more than 20 years ago and in order to move to the next phase of our ambitious strategy, the company is updating its automated and administrative systems to keep pace with market and technical developments.

The successful transformation of the Saudi capital markets has created an investment environment comparable to developed countries, and I am confident that Nayifat is well qualified to benefit from this achievement which will help achieve our strategic objectives to support the financing needs of the young and ambitious Saudi society.

I would like to extend my thanks and appreciation to my brothers and colleagues in the Board of Directors and its committees for their effective contribution and participation in all the company's decisions to reflect the success of this business, 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 Al Omair

Chairman

An overview of Nayifat and the nature of its activities:

Nayifat Finance Company is a Saudi public shareholding company (licensed, controlled and supervised by the Saudi Central Bank), established in 2002 in Riyadh with a capital of SAR 10 million, and its capital today is SAR 1200 million. Nayifat is the first non-banking financial institution to receive a license from the Saudi Central Bank in 2014 and is one of the leading companies in the consumer finance market.

The company offers its customers fully Shariah-compliant products and services, including consumer finance, financial leasing, credit card financing, SME finance, and debt crowdfunding through financial technology.

Nayifat Finance Company is one of the leading non-banking financial institutions focused on meeting the financing needs of individuals in the Kingdom of Saudi Arabia, and the company enjoys a leading position in the retail finance market, and is poised to seize the available growth opportunities based on its comprehensive product range, extensive branch network, tight risk management framework, and leading brand, The company has demonstrated a high ability to grow and be flexible in dealing with market conditions, adapting its strategies to keep pace with changes in the consumer finance market and the SME financing market in 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 2023 (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 2023:

- On 19-06-2023, Tadawul announced the results of the Extraordinary General Assembly Meeting, which included the approval of the company's capital increase, and the results of the General Assembly included the approval of the following:
 - Annual financial statements, auditor's report and Board of Directors' report for the fiscal year 2022.
 - Discharge the members of the Board of Directors from liability for their performance and remuneration for the fiscal year 2022.
 - Appointment of the company's auditor (KPMG Career Consultants).
 - Increase the company's capital from SAR 1 billion to SAR 1200 million by granting bonus shares to shareholders worth SAR 200 million.
 - Amending the company's articles of association in accordance with the new Companies Law.
 - Approving a number of internal policies and regulations of the company (corporate governance regulations - charter of the nomination, remuneration and Audit committees - conflict of interest policy and competition standards - remuneration policies and membership in the board of directors - social responsibility policy)
 - Business and contracts with related parties (Yaqeen Capital - Albuyauk Chartered Accountants)

- On 10-08-2023, it was announced in Tadawul that the company had received the approval of the Saudi Central Bank to renew the company's license to practice financing activities in the Kingdom of Saudi Arabia for a period of five years ending on 25/02/1450 AH, in the following activities: (financing the activity of small and medium enterprises, financial leasing, credit card financing, consumer financing, and debt crowdfunding).

Key developments and future expectations:

The company has supported and strengthened the capital base and future activities of Nayifat Company by raising the company's capital from one billion Saudi riyals to 1200 million Saudi riyals by granting bonus shares to shareholders worth 200 million Saudi riyals, in order to enable the company to achieve future growth rates and plans and diversify investments in the coming years. The company also closed the Khobar and Qatif branches, as part of the company's plan for digital transformation, 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 its level of reach through a strong distribution network across the Kingdom.
- Enjoy a unique market position, leading market share, competitive price products, good positioning to take advantage of identified growth opportunities and a comprehensive product range developed (SME Finance/Lease/Credit Card Finance/Consumer Finance/Debt Crowdfunding using FinTech).
- Strong financial performance coupled with a proven 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 company's purpose is to practice financing activity in accordance with the provisions of the Companies Law, the Finance Companies Control Law, its Executive Bylaws, the relevant regulations, and the rules and instructions issued by the Saudi Central Bank, and the company carries out its work 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
- Debt crowdfunding through Fintech.

Branches of the company:

The company has twenty-five (25) branches, and the company's branch network is distributed over most regions of the Kingdom.

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

(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 Department:

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 Department:

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 Department:

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 Department:

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 Department:

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 & Training Department:

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 Department:

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 Department:

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 Department:

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 Department:

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:

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 or its authorized representative shall verify the Company's compliance with the Corporate Governance Regulations and continuously review and update them in accordance with regulatory requirements and best practices.

Compliance and AML/CFT Department:

It is an independent department that falls under the Audit Committee, which ensures compliance with all regulatory requirements, financing systems and executive regulations issued by the Saudi Central Bank and the regulatory authorities, as well as compliance with the rules of combating money laundering and terrorist financing issued by the Saudi Central Bank, and 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 Department:

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 Department:

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 2023 the company decided to hire (EY) to carry out all internal audit work to ensure work efficiency.

Risk Department:

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.

Debt Crowdfunding (ULEND):

It is the financing of borrowers wishing to capital by raising funds through a number of lenders wishing to earn profits and this is done through licensed digital platforms, and there are three parties involved in crowdfunding, whether with equity or investment loans, namely: borrowers in need of financing, the crowdfunding platform itself, individuals wishing to finance, and the company has developed a platform dedicated to that, which is ULEND.

Financial and Operational Performance:

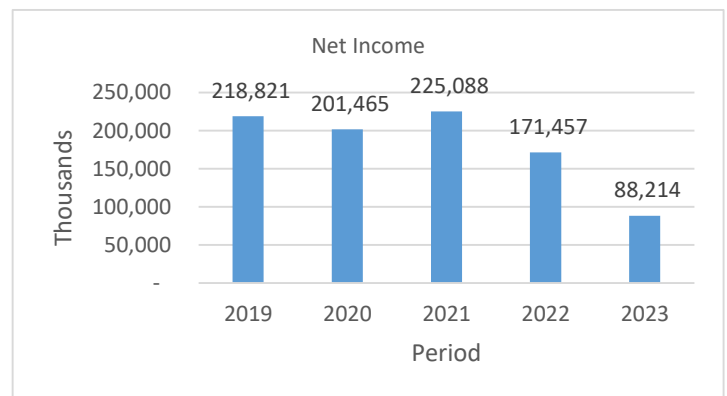
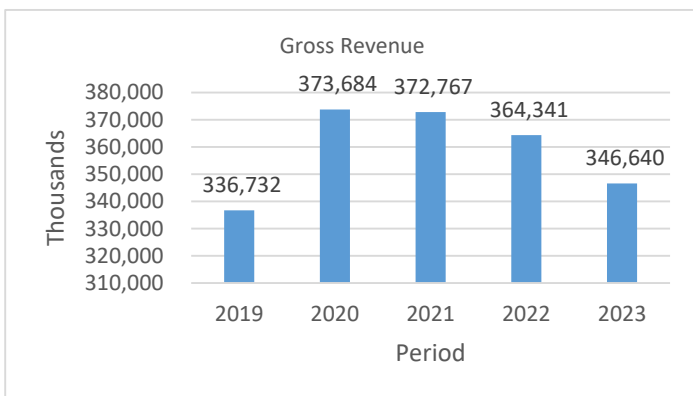
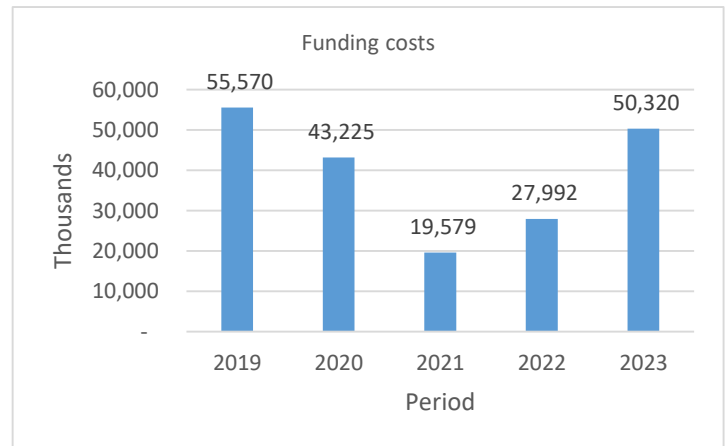
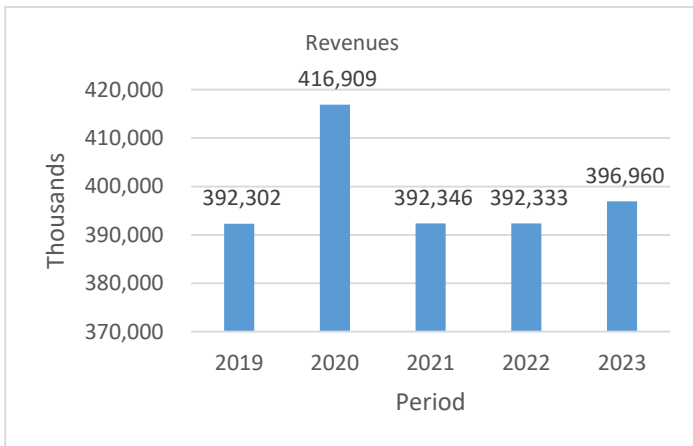
The impact of the main activities on the company's business volume and its contribution to the results during the past five years are as follows: (Thousand Saudi Riyals)

Statement	2023	
	Revenues	%
Consumer	321,306	81%
SME	59,697	15%
Credit cards	14,253	4%
Total	395,256	100%

* There are no subsidiaries of the company.

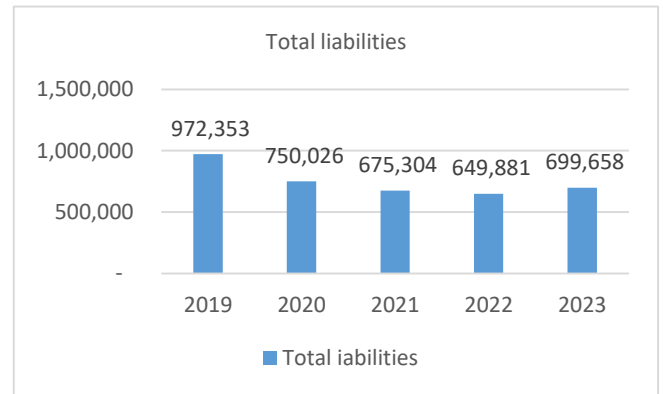
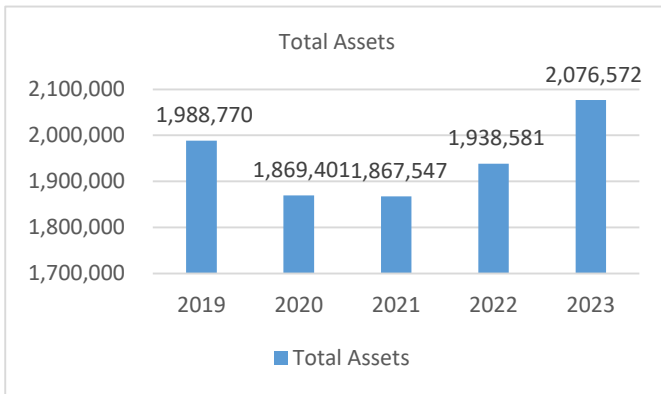
Comparing business results for the last five years: (Thousand Saudi Riyals)

Statement	2023	2022	2021	2020	2019
Revenues	396,960	392,333	392,346	416,909	392,302
Funding costs	50,320	27,992	19,579	43,225	55,570
Gross Revenue	346,640	364,341	372,767	373,684	336,732
Net income	88,214	171,457	225,088	201,465	218,821



Assets and Liabilities: (Thousand Saudi Riyals)

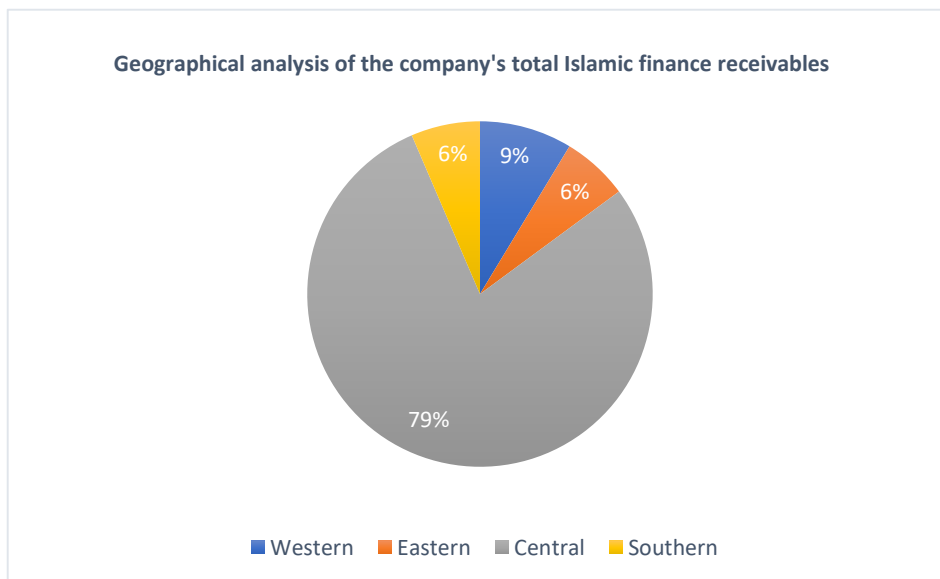
Statement	2023	2022	2021	2020	2019
Current assets	784,024	734,001	711,820	720,200	675,295
Non-current assets	1,292,548	1,204,580	1,155,727	1,149,201	1,313,475
Total assets	2,076,572	1,938,581	1,867,547	1,869,401	1,988,770
Current liabilities	317,825	322,169	307,696	382,574	454,042
Non-current liabilities	381,833	327,712	367,608	367,452	518,311
Total Liabilities	699,658	649,881	675,304	750,026	972,353



A geographical analysis for the Gross receivables of company's Islamic financing and its subsidiaries for the year 2023:
(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
34,278	25,526	310,872	24,580	395,256

* 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	2023	2022	Changes (+) or (-)	%
Revenues	395,256	392,041	3,215	1%
Revenue costs	50,320	27,992	22,328	80%
Total Profit	344,936	364,049	(19,113)	-5%
Other operational revenues	1,704	292	1,412	484%
Other operational expenses	240,026	173,187	66,839	39%
Operational profit before zakat	106,614	191,154	(84,540)	-44%

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 established with 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 decrease in the level of capital adequacy and liquidity above the prescribed levels, (2) the total distributions in the fiscal year do not exceed the profits realized during the last fiscal year, and (3) Comply with any other conditions determined by the Saudi Central Bank, in addition to the obligation to obtain its no-objection before approving or recommending any distribution of profits or any other distributions or advertise it.

The distribution of dividends is subject to a number of restrictions provided for in the Articles of Association of the Company (Article 46) as follows:

- A general reserve of (10%) of the net profits shall be set aside and allocated for a specific purpose or purposes determined by the Ordinary General Assembly upon the proposal of the Board of Directors.
- 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 dividends as much as possible to the shareholders.
- No less than 5% of the company's paid-up capital shall be distributed thereafter to the shareholders.
- Subject to the provisions prescribed in Article (20) of this Law, a percentage not exceeding (10%) of the remainder shall be allocated after the above to the remuneration of the Board of Directors, provided that the entitlement to this remuneration shall be proportionate to the number of meetings attended by the member.
- The remainder shall then be distributed to the shareholders as a share in the 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 in accordance with the resolution of the General Assembly issued in this regard or in accordance with the decision of the Board of Directors to distribute interim dividends, and the resolution shall indicate the maturity date and the date of distribution, and the eligibility for profits shall be for the shareholders registered in the shareholders' records at the end of the day specified for maturity, and the Board of Directors shall implement the Assembly's decision regarding the distribution of profits within the period specified by law.
- 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 in one of the banks with which the company deals, however, this does not relieve the company of its legal responsibility to shareholders with regard to the distribution of dividends.

Dividends distributed during the year 2023:

No.	Percentages of dividends distributed during the year 2023 *			Dividends proposed to be distributed at the end of 2023 *	Total dividends distributed during the year 2023
	1 st Quarter	2 nd Quarter	3 rd Quarter		
Percentage	-	-	-	-	-
Total	-	-	-	-	-

There are no dividends distributed during the year 2023, noting that in 2023 the company increased its capital from one billion Saudi riyals to 1200 million Saudi riyals by 20% by granting bonus shares to shareholders worth 200 million Saudi riyals, where (1) shares were granted for every (5) shares owned, in order to support and strengthen the capital base and future activities of the company to enable it to achieve growth rates and diversify investments and support its future growth plans during the coming years.

* The proposed method of distributing dividends at the end of 2023:

There are no recommendations issued by the Board of Directors of Nayifat Company until 31/12/2023 regarding the distribution of dividends.

Statutory payments during the year 2023:

Statement	2023		Payment reason
	Paid	Due until the end of the financial period and has not been paid	
Zakat and income tax	25,479,793	-	Zakat and income tax
value added tax	4,656,037	-	value added tax
Social Security	6,790,000	-	Social insurance contributions
Ministry of Labor	174,250	-	Ministry of Labor payments
Government payments	289,186	-	Government payments
Saudi Central Bank	680,000	-	Supervision fee
TADAWUL	253,871	-	Listing Fee
EDAA	1,933,925	-	Listing Fee and Annual Fee
Total Payments	40,257,061	-	

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

The Board of Directors of the Company consists of eight (8) members appointed by the General Assembly, which was held on 25/09/2022 for a period of three years, including three non-executive members, three independent directors and two executive members, as follows:

Name	Position	Nationality	Membership	Appointment date
Saleh Nasser AlOmair	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





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.

- 1- 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, Determining the optimal capital structure for the company, its strategies and financial objectives, and approving all kinds of discretionary budgets, Supervising the main capital expenditures of the company, owning and disposal of assets, Setting performance objectives and monitoring the implementation and overall performance of the company, Periodically reviewing and approving the organizational and functional structures of the company, 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 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, Ensuring the integrity of the financial and accounting systems, including those related to the preparation of financial reports, 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, 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 Increase or decrease the company's capital, and 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 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,
- 9- creating additional financial reserves or allocations for the company, the method of distributing the net profits of the company.
- 10- Preparing and approving the company's initial and annual financial statements before publishing them.
- 11- Preparing and approving the Board of Directors' report before its publication.
- 12- Ensure the accuracy and integrity of the data and information to be disclosed, in accordance with the applicable disclosure and transparency policies and systems.
- 13- Establishing effective communication channels that allow shareholders to see continuously and periodically the various aspects of the company's activities and any material developments.
- 14- 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.
- 15- 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.
- 16- 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>Saleh Nasser AlOmaid Chairman Independent</p>	 <p>AbdulMohsen Mohammad Alsaleh Vice Chairman Non-Executive</p>
Academic and scientific qualifications	<p>M.Sc., Change Management, Swansea University, Wales, UK, 2010 B.Sc., Business Administration, University of South Florida, USA, 1981 American Fellowship in Medical Insurance, American Medical Insurance Association (HIAA), USA, 2000 Certificate of Professional Competency in General Insurance, Chartered Insurance Institute, UK, 1994</p>	<p>Bachelor of Business Administration and Economics, University of Withier, 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) 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) 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) 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) 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) 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). 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). 2006 – 2010: CEO of Solidarity Saudi Takaful Company (a public shareholding company working in the field of insurance / within the Kingdom). 1993 – 2006: Vice President of Tawuniya Insurance Company (a public shareholding company working in the field of insurance / inside the Kingdom). 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 & Remuneration Company (a public shareholding company working in the field of insurance / inside the Kingdom) 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) 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) 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) 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) 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) 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) 1980 – 1999: Consultant of the Saudi American Bank (a public shareholding company operating in the banking sector / inside the Kingdom) 1975 – 1980: Vice President of Citibank Saudi Arabia (a public shareholding company operating in the banking sector / inside the Kingdom) 1975 – 1980: Head of Private Banking Citibank Saudi Arabia (Public Joint Stock Company operating in the banking sector / within the Kingdom)</p>
	 <p>Ataa Hamad AlBayouk Board Member Non-Executive</p>	 <p>Salman Abdulaziz Bin Shehween Board Member Non-Executive</p>
Academic and scientific qualifications	<p>B.Sc., Accounting and Business Administration, King Saud University, Saudi Arabia, 1963 Fellowship from the Society of Chartered Accountants, United Kingdom, 1973 Fellowship from the Association of Accountants and Auditors, Egypt, 1974 Certified Translator from the Ministry of Commerce License No. 106, Kingdom of Saudi Arabia, 1985 Management Consultant, Ministry of Commerce, License No. 87, Kingdom of Saudi Arabia, 1990 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) From 1985 – Director at Al-Buick Translation Company (a professional sole proprietorship working in translation / within the Kingdom) From 1985 – Partner in Al-Farabi Trading Company Ltd. (a limited liability company working in the field of general trading / within the Kingdom) From 1990 – Director at Al-Faisaliah Management Consulting Company (a professional sole proprietorship working in the field of management consulting / within the Kingdom) 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)</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) From 2022 – Vice Chairman of FALCOM Holding Company (a closed joint stock company operating in the financial and investment services sector / inside the Kingdom) 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>

	<p>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>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)</p>	
Previous work experience	<p>1973 – 2001 Managing Partner at Ernst & Young Riyadh (a closed joint stock company working in the field of chartered accounting / within the Kingdom)</p> <p>1970 – 1973 Trainee Accountant at Neville Russell (Chartered Accountants UK, working in the field of Chartered Accountancy / Outside the Kingdom)</p> <p>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)</p>	<p>2020 – 2022: Board Member of FALCOM Holding Company (a closed joint stock company operating in the financial and investment services sector / inside the Kingdom)</p> <p>Assistant General Manager of Recruitment in Riyadh (Government Sector / Inside the Kingdom)</p> <p>Director General of Recruitment in the Eastern Province (government sector / inside the Kingdom)</p> <p>Director General of the General Administration of Expatriates (Government Sector / Inside the Kingdom)</p> <p>Director General of Financial and Administrative Affairs at the Ministry of Interior (Government Sector / Inside the Kingdom)</p>
	 <p>Yousef Ibrahim AlShaer Board Member independent</p>	 <p>Bandar Muhammad AlBaiz Managing Director & CEO Executive</p>
Academic and scientific qualifications	<p>B.Sc. Electrical and Electronics Engineering - University of Central Florida - United States – 1984</p> <p>Executive Management Course - Michigan State University - United States - 1997</p>	<p>B.Sc., Accounting, King Saud University, Saudi Arabia, 2001</p>
Membership in Nayifat	<p>Member of the Risk Committee / Member of the Assets and Liability Committee</p>	<p>Member of the Executive Committee / Member of the Assets and Liabilities Committee / Member of the Strategic Committee</p>
Current positions	<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)</p> <p>From 1989 – Founder and CEO of Petra Electronics and Communications Company (a sole proprietorship working in the field of contracting / inside the Kingdom)</p>	<p>From 2022 – Managing Director and CEO of Nayifat Finance Company (Public Joint Stock Company / Inside the Kingdom)</p> <p>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)</p>
Previous work experience	<p>2018 – 2020: Board Member of CCC (a leading customer experience management company / within the Kingdom)</p> <p>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)</p> <p>1984 – 2014: Chief Technology Officer, Samba Financial Group (a public shareholding company operating in the banking sector / within the Kingdom)</p>	<p>2014 – 2022: Director of Operations Department at Yaqeen Financial Company, (a joint stock company working in the field of financial services / inside the Kingdom)</p> <p>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)</p> <p>2007 – 2013: Operations Supervisor (Acting) at Yaqeen Capital Company (a closed joint stock company working in the field of financial services / inside the Kingdom)</p> <p>2005 – 2006: Client Account Manager in Al Jazeera Capital (Limited Liability Company working in the field of securities / within the Kingdom)</p> <p>2002 – 2005: Assistant Operations Manager at Riyadh Bank (a joint stock company working in the field of securities / inside the Kingdom)</p>
	 <p>Saad AbdulMohsen Alhumaidi Board Member independent</p>	 <p>Turki Nasser AlQahtani Board Member Executive</p>
Academic and scientific qualifications	<p>Bachelor of Accounting – University of Northern Colorado – 2004</p> <p>Certified Fraud Examiner (CFE) – USA – 2020</p>	<p>Master of Business Administration - Arab Academy for Science and Technology - 2009</p> <p>Bachelor of Business Administration - King Abdul-Aziz University - 2006</p> <p>Administrative Advisor - Mistry of Commerce – SA – 2020</p> <p>SHRM Advanced /Master's Certificate in HRM - SHRM-USA – 2020</p>
Membership in Nayifat	<p>Chairman of the Audit Committee / Chairman of the Nomination and Remuneration Committee</p>	<p>Credit Committee Member / Strategic Committee Member</p>
Current positions	<p>From 2023 – Member of the Board of Directors of No. Twenty-One Company for Art Production (Limited Liability Company / within the Kingdom)</p> <p>From 2023 – Member of the Board of Directors of the Red Palm Company for Art Production (Limited Liability Company / 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)</p> <p>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)</p> <p>From 2015: General Manager of Advanced Time Company (a company in the investment and development sector / inside 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)</p> <p>From 2016 – Human Resources Manager at Nayifat Finance Company (a public shareholding company working in the finance and investment sector / within the Kingdom)</p>
Previous work experience	<p>2019 – 2023: Board Member of Al Hammadi Company (a public shareholding company operating in the investment and development sector / within the Kingdom)</p> <p>2009 – 2014: Compliance Manager at Amana Cooperative Insurance Company (a public shareholding company operating in the insurance sector / within the Kingdom)</p> <p>2007 – 2009: Assistant Business Risk Team Leader at Ernst & Young (Chartered Accountants / Inside the Kingdom)</p> <p>2006 – 2007: Credit Officer at Al Rajhi Bank (a public shareholding company operating in the banking sector / inside the Kingdom)</p> <p>2005 – 2006: External Auditor at PricewaterhouseCoopers (Chartered Accountants / Inside the Kingdom)</p>	<p>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)</p> <p>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)</p>

Board Meetings Held During the Year 2023:

The Board of Directors held (7) meetings during the year 2023, and the following is a statement of the names of the members of the Board of Directors and attendance according to the following schedule:

No	Name	Membership	Dates of the Board meeting for the year 2023							Attendance number	Attendance rate
			02-15	04-10	07-26	09-06	11-02	12-12	12-26		
1	Saleh Nasser AlOmair	Chairman	√	√	√	√	√	√	√	7/7	%100
2	AbdulMohsin Mohammed ALSaleh	Vice Chairman	√	√	√	√	√	√	√	7/7	%100
3	Ata Hamad AlBayouk	Board Member	√	√	√	√	×	√	×	7/5	%71
4	Salman Abdulaziz Shehween	Board Member	√	√	√	×	×	√	√	7/5	%71
5	Yosef Ibrahim AlShaer	Board Member	√	√	√	√	√	√	√	7/7	%100
6	Bandar Mohammed AlBaiz	MD/CEO	√	√	√	√	√	√	√	7/7	%100
7	Saad AbdulMohsen AlHamidi	Board Member	√	√	√	√	√	√	√	7/7	%100
8	Turki Nasser AlQahtani	Board Member	√	√	√	√	√	√	√	7/7	%100

General assemblies of shareholders held during the fiscal year 2023:

One meeting of the General Assembly (Extra Ordinary) was held during the year 2023, 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 2023	Attendance number	Attendance rate
			06-18		
1	Saleh Nasser AlOmair	Chairman independent Chairman of the Executive Committee - Chairman of the Credit Committee	√	1/1	%100
2	AbdulMohsin Mohammed ALSaleh	Vice Chairman Non-Executive Chairman of the Strategic Committee	√	1/1	%100
3	Ata Hamad AlBayouk	Board Member Non-Executive Chairman of Risk Committee - Chairman of Assets and Liability Committee	×	0/1	0
4	Salman Abdulaziz Bin Shehween	Board Member Non-Executive	√	1/1	%100
5	Yosef Ibrahim AlShaer	Board Member independent	√	1/1	%100
6	Bandar Mohammed AlBaiz	MD/CEO Executive	√	1/1	%100
7	Saad AbdulMohsen AlHamidi	Board Member independent Chairman of Audit Committee - Chairman of N&R Committee	√	1/1	%100
8	Turki Nasser AlQahtani	Board Member Executive	√	1/1	%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 2023, 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:

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. 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. Masters in Economics from the University of California, USA, 1981. 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. Master's degree in Sociology from King Saud University in the Kingdom of Saudi Arabia, 2008. Masters in Islamic Economics from the American University in Washington, USA, 2007. Bachelor's degree in Sociology from Imam Mohammed ad bin Saud Islamic University in the Kingdom of Saudi Arabia, 1994. PhD in Islamic Economics, 2019.
Current positions	2014 – Chairman of the Sharia Committee at Al-Amthal Finance Company. 2008 – Sharia Advisor at the Saudi Royal Court, and Chairman of the Sharia Committee of the Arab National Bank. 2000 – Member of the Shariah Board of the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI). 1990 - Member of a group of private and public Legal boards and bodies, most of which are Legal boards of financial institutions. 1980 - Member of the Islamic and International High Academy. 1971 - Member of the Council of Senior Scholars in the Kingdom of Saudi Arabia.	2014 – Member of the Sharia Committee of Al-Amthal Finance Company. 2000 - Member of the Legal Board of the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI). 2005 - Expert in the Islamic Fiqh Academy - Organization of Islamic Cooperation. 1998 - Member of the Legal Board of the Dow Jones Islamic Stock Index (New York). 1990 - Member of the editorial board of the "Islamic Economy" magazine of the International Association of Islamic Economics (Britain). 1990 - Member of the editorial board of the magazine "Al Fiqh Council" issued by the Fiqh Council of the Muslim World League. 1998 - Member of a group of Legal boards and boards of financial institutions worldwide. 1985 - Expert in the International Islamic Fiqh Academy of the Organization of the Islamic Conference.	2023 – Chairman of the Sharia Committee at Alpha Arabia Finance Company. 2017 – Director of Sharia Supervision Department at FALCOM Holding. 2015 – Secretary and member of the Sharia Committee of Yaqeen Capital. 2014 – Secretary and member of the Sharia Committee of Al-Amthal Finance Company. 2014 – Secretary and member of the Sharia Committee of Nayifat Finance Company.
Previous work experience	1996 - 2000: Head of the Court of Cassation in the Western Region in Makkah Al Mukarramah. 1976 - 1996: Cassation judge in the Court of Cassation in the Western Region in Makkah Al-Mukarramah. 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. 1969 - 1971: Member of the Supreme Judicial Council in the Kingdom of Saudi Arabia. 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. 1975 - 2008 Professor of Islamic Economics at King Abdulaziz University in Jeddah.	2006 – 2017: Director of Sharia Supervision Department at Yaqeen Financial Company (formerly FALCOM Financial Services). 2010 – 2019: Collaborating lecturer at Imam Muhammad bin Saud Islamic University. 1994-2005: Student counselor at the Ministry of Education. 1993 – 1994: Social worker at the Ministry of Labor and Social Development.

Meetings: The committee held (8) meetings during the year 2023:

No.	Name	Membership	Sharia Committee meetings in 2023								Total	Attendance rate
			01-26	03-16	03-30	04-05	08-20	09-20	12-17	12-28		
1	Sheikh / Abdullah Al-Manea	Chairman	√	√	√	√	√	√	√	√	8/8	100%
2	Dr. Mohammed Al-Qari	Member	√	√	√	√	√	√	√	√	8/8	100%
3	Sheikh / Abdul Rahman Al-Nafisah	Member	√	√	√	√	√	√	√	√	8/8	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 Bachelor of Accounting – King Fahd University of Petroleum – 1994
Current positions	From 2018: Member of the Board of Directors and Chairman of the Audit Committee of Al Hammadi Holding Company From 2019: Chairman of the Audit Committee of Zamil Industry, Trade and Transport Company From 2021: Financial and accounting consulting From 2021: Member of the Board of Directors and Chairman of the Audit Committee of Themar Development Holding Company From 2021: Chairman of the Audit Committee at Mishari Al-Shathri Engineering Consultancy Company From 2021: Chairman of the Audit Committee of Sudair Pharmaceutical Company From 2022: Member of the Audit Committee of Nayifat Finance Company (independent from outside the Board) From 2022: Member of the Board of Directors and Chairman of the Audit Committee of the Library Marketing Company From 2022: Member of the Board of Directors and Chairman of the Audit Committee of Al-Shalawi Contracting Company From 2023: Chairman of the Audit Committee of Watan Al-Awwal Human Resources Company From 2023: Member of the Board of Directors and Chairman of the Audit Committee of United Pharma From 2023: Member of the Board of Directors and Chairman of the Audit Committee of Ikhwan Trading Company Member of the Audit Committee in a number of companies: (From 2021 at Raya Company - From 2022 at the Basic Chemical Industries Company – From 2015 at Medical Care and Sciences Company – From 2021 at Malaz Financial Company – From 2023 at Al-Jouf Cement Company – From 2023 at Ahmed Abdulwahab Abed Trading Company.
Previous work experience	2019 – 2020: Financial and Administrative Consultant at Takamul Holding Company 2017 – 2019: Chief Internal Audit Officer at Saudi Technology Development and Investment Company (TAQNIA) 2015 – 2017: Vice President of Internal Audit at Petroleum, Chemicals and Mining Company 2011 – 2015: Chief Financial Officer at Business Triangle Company 2007 – 2010: Executive Director of Internal Audit at Saudi Research and Marketing Group Company 2004 – 2007: Executive Director of Internal Audit at Nadeec Agricultural Company 2001 – 2004: Internal Audit Manager at STC 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 Master of Finance - University of Newcastle 2009 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) From 2019: General Manager of Industrial Investments and Finance – NEOM From 2021: Chairman of the Board of Directors of the Saudi Coffee Company (closed joint-stock company) Since 2019: Member of the Board of Directors of Al Hammadi Investment Company (Public Shareholding) 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 2010 – 2017: Head of Investment Team - The Arab Investment Co. 2005 – 2010: Credit Insurance Manager - Saudi Fund for Development

Meetings: The Committee held (15) meetings during the year 2023:

NO	Name	Membership	Audit Committee Meetings in 2023														Total	Attendance rate	
			02-14	02-27	03-07	04-16	04-17	06-18	07-18	07-25	08-27	10-03	10-17	10-22	12-20	12-24			12-25
1	Mr. Saad Abdulmohsen AlHamidi	Chairman	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	15/15	%100
2	Mr. Aziz Mohammed AlQahtani	Member	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	15/15	%100
3	Mr. Fahad Sulaiman AlNuhait	Member	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	15/15	%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 (3) meetings during the year 2023:

No	Name	Membership	N&R Committee Meetings in 2023			Total	Attendance rate
			02-13	07-26	10-03		
1	Saad AbdulMohsen AlHamidi	Chairman	N/A	N/A	N/A	3/3	100%
2	Saleh Nasser AlOmair	Member	N/A	N/A	N/A	3/3	100%
3	Ata Hamad AlBayouk	Member	N/A	N/A	N/A	3/3	100%
4	Salman Abdulaziz Shehween	Member	N/A	N/A	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 AlBayouk	Chairman
Mr. Salman Abdulaziz Shehween	Member
Mr. Yosef Ibrahim AlShaer	Member

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

Meetings: The Committee held (7) meetings during the year 2023:

No	Name	Membership	Risk Committee Meetings in 2023						Total	Attendance rate	
			02-09	05-09	05-22	06-20	08-07	10-29			11-30
1	Ata Hamad AlBayouk	Chairman	√	√	√	√	√	√	√	7/7	100%
2	Salman Abdulaziz Shehween	Member	√	√	√	√	√	√	×	7/6	% 86
3	Yosef Ibrahim AlShaer	Member	√	√	√	√	√	√	√	7/7	100%

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 (5) meeting during the year 2023:

No	Name	Membership	Strategic Committee Meetings in 2023					Total	Attendance rate
			01-24	05-24	07-24	09-05	12-07		
1	AbdulMohsin Mohammed ALSaleh	Chairman	√	√	√	√	√	5/5	100%
2	Bandar Mohammed AlBaiz	Member	√	√	√	√	√	5/5	100%
3	Turki Nasser Hamad AlQahtani	Member	√	√	√	√	√	5/5	100%

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 (7) meetings during the year 2023:

No	Name	Membership	Executive Committee Meetings in 2023							Total	Attendance rate
			02-15	03-21	04-10	07-26	08-23	11-02	12-26		
1	Mr. Saleh Nasser AlOmair	Chairman	√	√	√	√	√	√	√	7/7	% 100
2	Mr. AbdulMohsin Mohammed ALSaleh	Member	√	√	√	√	×	√	√	7/6	%86
3	Mr. Salman Abdulaziz Shehween	Member	√	√	√	√	×	×	√	7/5	%71
	Mr. Bandar Mohammed AlBaiz	Member	√	√	√	√	√	√	√	7/7	% 100

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 2023:

No	Name	Membership	Credit Committee Meetings in 2023							Total	Attendance rate
			01-24	02-13	03-20	05-23	09-20	11-21	12-04		
1	Saleh Nasser AlOmair	Chairman	√	√	√	√	√	√	√	7/7	100%
2	AbdulMohsin Mohammed AlSaleh	Member	√	√	√	√	√	√	√	7/7	100%
3	Turki Nasser AlQahtani	Member	√	√	√	√	√	√	√	7/7	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 2023:




No	Name	Membership	Assets and Liabilities Committee Meetings in 2023				Total	Attendance rate
			02-09	05-09	07-19	10-29		
1	Ata Hamad AlBayouk	Chairman	√	√	√	√	4/4	100%
2	Yosef Ibrahim AlShaer	Member	√	√	√	√	4/4	100%
3	Bandar Mohammed AlBaiz	Member	√	√	√	√	4/4	100%

Senior Management

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

Bander Mohammed AlBaiz - MD / CEO (Please refer to the Biographies of Board Members)	Turki Nasser AlQahtani - Head of HR (Please refer to the Biographies of Board Members)
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	 Talal Shamroukh AlOmani Head of Compliance & AML/CFT	 Safwat Khaled Waleed Acting CFO	 Tariq Mubarak Al Yami Head of Credit
Academic and scientific qualifications	Bachelor of Business Administration and Information Systems from Emporia State University - Kansas - USA 2014	Chartered Accountant (ICAP – 2002)	General Secondary School, Kingdom of Saudi Arabia, 1994. Certified Credit Risk Specialist from the International Academy of Business and Financial Management, USA
current positions	2022 - present: Head of Compliance & AML/CFT at Nayifat Finance Company	2023 - present: Acting CFO at Nayifat Finance Company	2016 - present: Head of Credit Department, Nayifat Finance Company
Previous work experience	2020-2022: Head of Compliance & AML/CFT (MEDGULF Insurance) 2019-2020: Senior Compliance AML/CFT (Kingdom Insurance Brokerage) 2016 – 2019: AML/CFT Compliance and Combating Officer (SAICO Insurance) 2014 – 2016: Compliance Specialist (MEDGULF Insurance)	Safwat Khalid has 25 years of experience mainly in Banking and Financial Services sector. Prior to Nayifat, he worked in Samba Financial Group for 14 years and worked in different capacity within Finance & Accounts department. Some of the salient achievements during his careers were IFRS 9 & VAT implementation, Core Banking integration and ERP implementation offering operational efficiencies, scalability and productivity.	2001 - 2016 : Director of Customer Asset Management, Samba Financial Group.

	 Louay Omar Ali Bakraa Head of SME	 Muhammad Saad AlSuhaim Head of the Cyber Security	 Ali Hassan Alshawaf Chief Risk Officer
Academic and scientific qualifications	Bachelor's degree in Accounting and Information Systems - Prince Sultan College of Tourism and Management -Kingdom of Saudi Arabia, 2011 Diploma in Business administration -University of Hail - Kingdom of Saudi Arabia - 2006	B.Sc. in Information Systems – Northridge University, California, Los Angeles, USA, 2012 Certified Ethical Hacker 2019 Certified Information Systems Auditor 2019	B.Sc. in Quantitative Methods, King Saud University, 2002
current positions	2019 - present: Head of the Small and Medium Enterprises Finance Department at Nayifat Finance Company	2020 - present: Head of Cyber Security at Nayifat Finance Company	From 11/2023 until now: Chief Risk Officer at Nayifat Company
Previous work experience	2018 - 2019: Regional Director of Small and Medium Enterprises Financing at Nayifat Finance Company 2018 - 2018: Senior Business Banking Relationship Manager at Alawwal Bank. 2015 - 2018: Corporate Banking Relationship Manager at Bank Al Jazira. 2013 - 2015: Assistant Director of Business Banking Relationship at Alawwal Bank. 2007 - 2013 : Corporate Services Coordinator at Alawwal Bank,	2019-2020: Acting Cybersecurity Manager at Deutsche Gulf Finance. 2017-2019: IT Supervisor at Deutsche Gulf Finance Company. 2015-2017: IT Specialist at Deutsche Gulf Finance.	2021 – 2023: Chief Risk Officer, Quara Finance, closed shareholding operating in the finance services sector. 2008 – 2021: Senior Credit Manager at SABB Bank in Riyadh, a public shareholding company operating in the banking services sector. 2006-2008: Credit Analyst at Arab Bank, a public shareholding company operating in the banking services sector. 2003-2005: Assistant Director of Samba Financial Group, a public shareholding company operating in the banking services sector.

	 Ahmed Ibrahim Farea Hemli Head of Admin & Training	 Hussain Mohammed AlShakrah Head of Governance	 Mohamed Ahmed Balbeed Acting Operations Manager
Academic and scientific qualifications	Bachelor of Business administration, King Faisal University, Kingdom of Saudi Arabia - 2014. Diploma in English, Imam Mohammed bin Saud Islamic University - 2004 .	Certificate of Mini MBA from the Arab Federation for Human Resources Development in Turkey, 2012. Bachelor of Arts, College of Arts, King Saud University - Riyadh, 2002. Certified Accountant for Non-Accountants Course from the Chamber of Commerce and Industry in Riyadh, 2004.	Commercial Secondary Diploma in Office Work – 2002 English Language Diploma - 2012
current positions	2016 - present: Director of administrative Affairs and Training Department at Nayifat Finance Company.	2021 - present: Governance Manager	From 2023 until now: Acting Director of Operations at Nayifat Company 2017 – Present: Operations Department at Nayifat Company.
Previous work experience	2012 - 2016: Head of HR at Nayifat Finance Company. 2011 - 2012: Head of HR in Supply and Projects Co (AUVA). 2005-2011: Payroll and wages officer at Riyadh Cables Co 1999 - 2004: Head of Personnel Affairs - Bait Al-Saqqaf Tring Corporation.	2009 - 2022: Secretary of the Board of Directors at Nayifat Finance Company. 2009 - 2017: Director of the Small and Medium Enterprises Finance Department at Nayifat Finance Company. 2002 - 2009: Director of Credit Department and Risk Committee at Nayifat Finance Company. 2000 - 2002: Credit Cards Coordinator at Alawwal Bank. 1996 - 2000: Credit Cards Coordinator in Samba Group.	2015 – 2016: Owner of Mohammed Ahmed Balubaid Medical Corporation. 2015 – 2015: Personnel Supervisor at Al Yamnia Motors Company. 2005 – 2011: Fraud Analyst at Samba Financial Group.

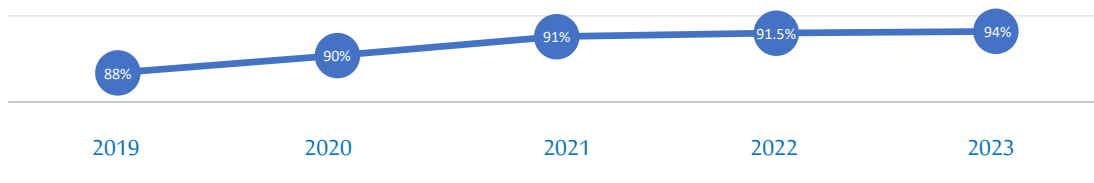
	Munira Muhammad Saleh Alqasim Customer Care Manager
Academic and scientific qualifications	Bachelor of Da'wah and Media from Imam Muhammad bin Saud University 2011
current positions	From 12/2023 until now: Customer Care Manager
Previous work experience	2021 – 2023: Senior Supervisor of Internal Complaints and Central Bank Complaints - SAMA is interested in Nayifat Company. 2018 – 2021: Central Bank Complaints Supervisor - SAMA is interested in Nayifat Company. 2016 – 2017: Customer Care Representative at Nayifat Company. 2014 – 2016: Sales Representative at Nayifat Company.

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 the company's employees by the end of 2023 is (337) employees, including 29% of the country's girls, with a localization rate of 94%, 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 2023, Board members and senior executives were provided with an awareness session in the field of anti-money laundering and terrorist financing, anti-fraud, cybersecurity, and corporate governance by the Financial Experts Institute for Training, and they were also provided with a training session on business continuity, and employees were provided with developmental and mandatory courses such as courses in the field of money laundering and counter-terrorism.

Saudization



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 proposes 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, the quality of risk management, the efficiency of internal control systems and others have been achieved, and the performance evaluation procedures were written and clear, and included the skills and experience possessed by the Board, and the performance evaluation included the evaluation of the work mechanisms of the Board in general, The individual evaluation of the members of the Board of Directors took into account the extent of the member's effective participation and commitment to the performance of his duties and responsibilities, including attending the meetings of the Board and its committees and allocating the necessary time to them.

Remuneration Policy for Board Members, Committees and Executive Management:

In granting the remuneration of the members of the Board, committees and executive management, the Board of Directors approved the company's policy on the remuneration of members of the Board, committees and executive management, approved by the General Assembly on 18-06-2023, where the policy included the following rules and standards in granting remuneration:

• General rules and standards:

Without prejudice to the regulations governing this policy, the following rules and criteria shall be taken into account when determining the remuneration of the members of the Board of Directors, committees and executive management:

- 1) That the remuneration be based on the recommendation of the Nomination and Remuneration Committee.
- 2) The remunerations should be fair and proportionate to the competences of the board member or committee member or executive and the actions and responsibilities he undertakes and assumes, in addition to the objectives set by the Board of Directors to be achieved during the fiscal year, in order to achieve harmony with the company's strategy and objectives.
- 3) The remuneration shall be reasonably sufficient to attract, motivate and retain Board members, committees and executives with appropriate experience and competence, and link the variable portion of the remuneration to the Company's annual performance for the purpose of urging the members of the Board of Directors, committees and executive management to make the Company successful throughout the year and the session of each Board.
- 4) Remunerations are determined based on the functional level, the tasks and responsibilities of the occupant, scientific qualifications, practical experience, skills and level of performance.
- 5) Harmony with the size and nature of the company's risks.
- 6) Remunerations are determined in coordination with the Nominations and Remunerations Committee when new appointments are made.
- 7) The members of the Board of Directors may not vote on the item of remuneration of the members of the Board of Directors at the General Assembly meeting.

• Remuneration of members of the Board of Directors and Committees:

- 1) The remuneration of the members of the Board of Directors may be a certain amount and/or attendance allowance for meetings and/or in-kind benefits and/or a certain percentage of the company's net profits in accordance with the table included in this policy, and two or more of these remunerations and benefits may be combined, taking into account the controls set by the competent authorities.
- 2) A member of the Board of Directors may obtain remuneration for his membership in any of the committees emanating from the Board, or for any additional executive, technical, administrative or advisory work or positions - under a professional license - assigned to him in the Company, in addition to any other remuneration obtained as a member of the Board of Directors, in accordance with the controls set by the competent authorities and the Company's Articles of Association.
- 3) 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 company's articles of association, and after distributing a profit to shareholders of not less than (5%) of the company's paid-up capital, provided that the entitlement to this remuneration is proportional to the number of sessions attended by the member.
- 4) The remuneration of independent directors shall not be a percentage of the profits achieved by the company or be based directly or indirectly on the profitability of the company.
- 5) A special remuneration shall be granted to the Chairman of the Board of Directors in addition to any other remuneration he receives, upon a recommendation issued by the Nomination and Remuneration Committee, provided that it does not exceed the maximum limit set for it (according to the table included in this policy), and the Board of Directors has the authority to approve and disburse it.
- 6) The remuneration of the chairmen and members of the committees shall be a certain amount and/or attendance allowance for the sessions (according to the schedule included in this policy), and they may be combined, taking into account the controls set by the competent authorities.
- 7) The Board of Directors shall appoint a secretary chosen from among its members or others, and shall determine his terms of reference and remuneration based on a recommendation from the Nomination and Remuneration Committee.
- 8) Each member of the Board and the committees (members of the Board or from outside), including the Chairman of the Board, shall be paid the actual expenses they incur in order to attend the meetings of the Board or committees emanating from the Board of Directors, including travel, accommodation and subsistence expenses.
- 9) Remuneration may be granted to members of the Board of Directors and committees in the form of shares, after fulfilling all the statutory controls established in this regard, in which case the entered value of the shares shall be the market value at maturity date.
- 10) The remuneration of the members of the Board of Directors and the committees may vary in size to reflect the extent of the member's experience, terms of reference, tasks entrusted to him, his independence, the number of sessions he attends and other considerations.
- 11) Remuneration shall be paid to the members of the Board, its committees and the Secretary by a decision of the Board of Directors without the need to refer to the General Assembly.

• Executive Management Remuneration:

- 1) The Board of Directors determines, on the recommendation of the Nominations and Remunerations Committee, the types of rewards awarded to Executive Management of the company, such as fixed or short- and long-term performance-related Remunerations.

- 2) The CEO's Remuneration is determined by a decision of the Board of Directors and the Board may authorize the determination of this Remuneration and other benefits of the Nominations and Remunerations Committee.
- 3) Executive Management are awarded annual bonuses based on performance evaluation, in addition to fixed compensation and bonuses according to their employment contracts.
- 4) Bonuses may be awarded to Executive Management in the form of shares, after all established statutory controls have been completed, in which case the value entered into the shares is the market value at the due date.
- 5) Evaluating the performance of Executive Management is based mainly on their professional performance during the year and their professional interaction in achieving the company's strategic objectives.

● **Remunerations suspension or refund**

- 1) If the General Assembly decides to terminate the membership of the absent members of the Board of Directors due to his failure to attend three consecutive meetings of the Board or five separate meetings during his term of office without a legitimate excuse accepted by the Board of Directors, such member shall not be entitled to any remuneration for the period following the last meeting he attended, and he must return all remuneration paid to him during that period.
- 2) If the Audit Committee or the Authority finds that the remuneration disbursed to any of the members of the Board of Directors or to the Executive Management is based on incorrect or misleading information presented to the General Assembly or included in the annual report of the Board of Directors, he shall return them to the Company, and the Company shall have the right to demand his refund.

Relationship between remunerations awarded and remuneration policy:

The remunerations granted to members of the Board, committees and executive management during the year 2023, 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, the committees and the executive management, the Board of Directors has adopted the Company's policy on the remuneration of the members of the Board, committees and executive management.

A- Board members' remuneration for the fiscal year 2023: (SAR)

	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 of the board member	Total	percentage of profit	Regular Remunerations	short term incentive plans	long term incentive plans	Granted Shares (Value is entered)				Total
First: Independent members																
1-Saleh Nasser AlOmar	500,000	21,000	65,000	-	-	1,500,000	2,086,000	-	100,000	-	-	-	2,186,000	-	2,186,000	-
2-Yosef Ibrahim AlShaer	500,000	21,000	33,000	-	-	-	554,000	-	-	-	-	-	554,000	-	554,000	-
3-Saad AbdulMohsen AlHamidi	500,000	21,000	54,000	-	-	-	575,000	-	150,000	-	-	-	725,000	-	725,000	-
Second: Non-Executive members																
4-AbdulMohsin Mohammed AlSaleh	500,000	21,000	68,000	-	-	-	589,000	-	250,000	-	-	-	839,000	-	839,000	-
5-Ata Hamad AlBayouk	500,000	15,000	42,000	-	-	-	557,000	-	-	-	-	-	557,000	-	557,000	-
6-Salman Abdulaziz Shehween	500,000	15,000	42,000	-	-	-	557,000	-	50,000	-	-	-	607,000	-	607,000	-
Third: Executive members																
7-Bandar Mohammed AlBaiz	500,000	21,000	48,000	-	-	-	569,000	-	100,000	-	-	-	669,000	-	669,000	-
8-Turki Nasser AlQahtani	500,000	21,000	50,000	-	-	25,000	596,000	-	50,000	-	-	-	646,000	-	646,000	-
Total	4,000,000	156,000	402,000	-	-	1,525,000	6,083,000	-	700,000	-	-	-	6,783,000	-	6,783,000	-

B- Compensation and remuneration of five senior executives who received the highest remuneration, including the CEO and CFO, for the year 2023: (SAR)

	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	Granted Shares (Value is entered)	Total			
Total	3,378,344	1,192,432	-	4,570,767	-	-	-	-	-	4,570,767	-	-	4,570,767

* 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, representing in creating a climate of competition and job instability.

C- Remuneration of committee members for the year 2023: (SAR)

Statement	Fixed Remunerations (other than attendance allowance)	Allowance for attendance	Total
Audit Committee			
Saad AbdulMohsen AlHamidi (Chairman)	150,000	45,000	195,000
Aziz Muhammad Alqahtani	100,000	45,000	145,000
Fahad Suleiman Alnahit	100,000	45,000	145,000
Total			485,000
Executive Committee			
Saleh Nasser AlOmair (Chairman)	100,000	21,000	121,000
AbdulMohsin Mohammed AlSaleh	50,000	18,000	68,000
Salman Abdulaziz Shehween	50,000	15,000	65,000
Bandar Mohammed AlBaiz	50,000	21,000	71,000
Total			325,000
Nominations and Remunerations Committee			
Saad AbdulMohsen AlHamidi (Chairman)	-	9,000	9,000
Saleh Nasser AlOmair	-	9,000	9,000
Ata Hamad AlBayouk	-	9,000	9,000
Salman Abdulaziz Shehween	-	9,000	9,000
Total			36,000
Credit Committee			
Saleh Nasser AlOmair (Chairman)	-	35,000	35,000
AbdulMohsin Mohammed AlSaleh	-	35,000	35,000
Turki Nasser AlQahtani	-	35,000	35,000
Total			105,000
Risk Committee			
Ata Hamad AlBayouk ¹ (Chairman)	-	21,000	21,000
Salman Abdulaziz Shehween	-	18,000	18,000
Yosef Ibrahim AlShaer	-	21,000	21,000
Total			60,000
Asset and Liability Committee			
Ata Hamad AlBayouk (Chairman)	-	12,000	12,000
Yosef Ibrahim AlShaer	-	12,000	12,000
Bandar Mohammed AlBaiz	-	12,000	12,000
Total			36,000
Strategic committee			
AbdulMohsin Mohammed AlSaleh (Chairman)	200,000	15,000	215,000
Bandar Mohammed AlBaiz	50,000	15,000	65,000
Turki Nasser AlQahtani	50,000	15,000	65,000
Total			345,000
Sharia committee			
Sheikh / Abdullah Suleiman AlManea	-	24,000	24,000
Dr. Mohammed Ali AlQari	-	24,000	24,000
Sheikh /Dr. Abdul Rahman Abdulaziz AlNafisah	-	24,000	24,000
Total			72,000
Total Committee's Remunerations	900,000	564,000	1,464,000

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 top 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.

The company has implemented all the provisions contained in the Corporate Governance Regulations issued by the Board of the Capital Market Authority, with the exception of the following provisions, which were not applied during the year 2023.

Article	Article text	Reasons for not applying
7	Communication with Shareholders: (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: (e) Third Party Evaluation	Indicative paragraph
51	Audit Committee Formation Composition of the Audit Committee: a) An audit committee shall be formed by a resolution of the Company's Board.	The company has complied with the provisions of Article (79) of the main principles of governance issued by the Saudi Central Bank, and the provisions of Article (38) of the Company's Articles of Association, which stipulates that the formation of the Audit Committee shall be by a resolution issued by the Ordinary General Assembly of Shareholders.
82	Social work initiative: 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: 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
85	Social work initiative: 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: 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 realizes the importance of its commitment to its role towards society as an integral part of it, and the company also realizes 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, and the company has participated in more than one initiative during the past years, and discounts were granted to a number of the company's customers during the fiscal year 2023, with the aim of helping them end their debts.

The company's requests for the shareholders' register, the dates of those requests and their reasons during 2023:

No.	Request date	Request Reasons
1	٢٠٢٣/٠٦/١٨م	General Assembly Meeting
2	٢٠٢٣/٠٦/١٤م	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 2023 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 2023:

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	Yaqeen Capital	Abdulmohsen Muhammad Alsaleh Salman Abdulaziz bin Shehween	Indirect (Related- Parties) Indirect (Related- Parties)	Managing the investment portfolio, and acting as an agent for Nayifat clients to sell their financing goods, without any preferential conditions.	1,000,000 SAR
2	AlBayouk Chartered Accountants	Ata Hamad AlBayouk	Direct (Owner)	VAT accounting and ZAKAT, without any preferential terms.	312,800 SAR

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 2023:

Who has the interest?	Property Type	Beginning of 2023		End of 2023		Net change	% change
		Number of Shares	Debt instruments	Number of Shares	Debt instruments		
Members of the Board of Directors for the current session, which began on 25/09/2022 for three years							
Abdulmohsen Muhammad ALSaleh Vice Chairman	Direct	100	-	120	-	20	%20
	Indirect	-	-	-	-	-	-
Bander Mohammed AlBaiz Board Member	Direct	12,266	-	14,719	-	2,453	%20
	Indirect	104,500	-	125,400	-	20,900	%20
Saad AbdulMohsen AlHumaidi Board Member	Direct	1,000	-	1,200	-	200	%20
	Indirect	-	-	-	-	-	-
Turki Nasser AlQahtani Board Member	Direct	47,915	-	57,498	-	9,583	%20
	Indirect	-	-	-	-	-	-
Senior Executives							
Bander Mohammed AlBaiz MD/CEO	Direct	12,266	-	14,719	-	2,453	%20
	Indirect	104,500	-	125,400	-	20,900	%20
Turki Nasser AlQahtani Head of HR	Direct	47,915	-	57,498	-	9,583	%20
	Indirect	-	-	-	-	-	-
Huaasin Mohammed AlShakarah Head of Governance	Direct	116,219	-	139,462	-	23,243	%20
	Indirect	-	-	-	-	-	-
Ahmed Ibrahim Hamli Head of administration and Training	Direct	28,985	-	34,782	-	5,797	%20
	Indirect	-	-	-	-	-	-

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 Subject of the violation	2022		2023	
	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	4	570,000 SAR
Violation of Saudi Central Bank's Customer Protection Instructions	-	-	1	-
violates the Central Bank's cybersecurity instructions	-	-	1	10,000 SAR
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's violation of the supervisory and supervisory instructions of the Central Bank - General Directorate of Control of Finance Companies, which resulted in: 1- Warning the company not to repeat such violations or violate any of the financing systems, executive regulations and relevant regulatory instructions. 2- Obliging the company to pay a fine of (100,000) Saudi Riyals.	The company's non-commitment to obtain the Central Bank's non-objection to the provision of electronic services during the period from 15/2/1444 AH until 27/8/1444 AH.	Saudi Central Bank	The company's board of directors and team are keen to comply with the laws, regulations and instructions of the regulatory authorities, and will work to comply with this.
The company's violation of the supervisory and supervisory instructions of the Central Bank - General Directorate of Control of Finance Companies, which resulted in:	The company does not comply with a number of provisions of the Finance Companies Control Law, its executive	Saudi Central Bank	Compliance with and compliance with the provisions and regulations of the Central Bank.

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
1- Warning the company not to repeat such violations or violate any of the financing systems, executive regulations and relevant regulatory instructions. 2- Obliging the company to pay a fine of (385,000) Saudi Riyals. Oblige the company to correct these violations immediately.	regulations, and the relevant instructions of the Central Bank.		
The company's violation of the Central Bank's instructions for customer protection – Execution Operations Department, which resulted in: 1- Warning the company not to repeat such violations or violate any of the financing systems, executive regulations and relevant regulatory instructions. 2- The company shall, within five working days from the date of this decision, take the necessary measures to comply with the content of the judicial decision No. (400464402280832) dated 4/6/1444 AH.	The company's non-compliance with the judicial decision No. (400464402280832) dated 4/6/1444 AH corresponding to 28/12/2022 AD, issued by the Execution Court in Riyadh, which includes the executive seizure of the balances of one of our customers, through the company's collection of three installments by direct debit on the customer's account after the issuance of the judicial decision.	Saudi Central Bank	Compliance with the non-repetition of such operations and compliance with the instructions and regulations of the Central Bank.
The company's violation of the Central Bank's instructions on cybersecurity – General Directorate of Cyber Risk Control, which resulted in: 1- Warning the company not to repeat such violations or violate any of the financing systems, executive regulations and relevant regulatory instructions. 2- Obliging the company to pay a fine of (10,000) Saudi riyals.	Repeated delay of the company in raising the status of its commitment in the SWIFT system through the systems designated for this by the end of the year 2022, in accordance with the relevant regulatory requirements, which is contrary to what is stipulated in officer (C-1,3-2-3) of the Information Security Regulatory Manual	Saudi Central Bank	Expedite and not delay in raising the status of the company's commitment to the SWIFT system.
The company's violation of the supervisory and supervisory instructions of the Central Bank - General Directorate of Control of Finance Companies, which resulted in: 1- Warning the company not to repeat such violations or violate any of the financing systems, executive regulations and relevant regulatory instructions. 2- Obliging the company to pay a fine of (85,000) Saudi Riyals. 3- Oblige the company to correct these violations immediately.	The company does not comply with the provisions of the Finance Companies Control Law, its Executive Bylaws and the relevant Central Bank instructions.	Saudi Central Bank	Compliance with and compliance with the provisions and regulations of the Central Bank.
The company's violation of the supervisory instructions of the Central Bank - General Directorate of Control of Finance Companies, which resulted in: 1- Warning the company not to repeat such violations or violate any of the financing systems, executive regulations and relevant regulatory instructions. 2- Oblige the company to correct this violation immediately.	The company's failure to comply with the standard form of the consumer finance contract for individuals	Saudi Central Bank	Compliance with the instructions of the Central Bank related to the model formula

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 2023. 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 in 2023, 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:

Nayifat hired an external independent company (Ernst & Young), which is considered one of the large companies, to carry out all internal audit work for the year 2023, in order to ensure the efficiency of work, and there are no recommendations for the 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 2023.

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	57,606,618	9,601,103	%20
(2)	Saud H. AlDossary	5,112,983	6,135,579	1,022,596	%20

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 2023, 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 2023.

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 related to any financing facilities on the company (whether payable on demand or otherwise), a statement of the total indebtedness of the company and its subsidiaries*, the amount of the principal of the financing facility, the shares of its donor, its duration and the remaining amount: (SAR Millions)

#	Banks	Total Limit	Total Outstanding	Limit Available	Period (months)	Loan term	Type of facility
(1)	ALINMA	200	44	156	48	+ 3M SAIBOR	Revolving
(2)	BJAZ	300	275	25	48	+ 1M SAIBOR	Revolving
(3)	ENBD	200	84	116	48	+ 1M SAIBOR	Revolving
(4)	NBB	200	89	111	36	+ 3M SAIBOR	Revolving
(5)	SNB/SAMBA	200	108	92	36	+ 3M SAIBOR	Revolving
(6)	AlBilad	300	-	300	48	+ 6M SAIBOR	Revolving
(7)	Riyad	400	17	346	48	+ 3M SAIBOR	Revolving
(8)	SABB /AlAwwal	214	4	209	48	+ 1M SAIBOR	Revolving
Total		2,014	622	1,355			

* 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