

بنك البلاد
Bank Albilad



First Sustainability Report

**DYNAMIC PERFORMANCE,
SUSTAINABLE OPERATIONS**



Custodian of the Two Holy Mosques

King Salman bin Abdulaziz Al Saud



His Royal Highness Prince

Mohammed bin Salman bin Abdulaziz Al Saud

Crown Prince, and Prime Minister

ABOUT THE REPORT

This report is Bank Albilad's inaugural sustainability report. It highlights the Bank's activities and its environmental, social, and governance (ESG) and sustainability performance throughout the reporting year, which covers the calendar year from 1 January 2021 to 31 December 2021, unless stated otherwise.

This report has been prepared in accordance with the GRI Standards: Core option. It focuses on the material sustainability issues of Bank Albilad and its stakeholders. The report is prepared in consideration with National Standards of Sustainability (NSS) of the Saudi Vision 2030 and The Saudi Exchange ESG Disclosure Guidelines. Sustainability Accounting and Standards Board (SASB) Guidance, along with "Commercial Banks" and "Investment Banking & Brokerage" sector-specific standards were also used as a reference for improving disclosure provided on material issues. The Bank's contributions to the United Nations' Sustainable Development Goals are also presented throughout the report.

The report covers all Bank Albilad's operating facilities located in the Kingdom of Saudi Arabia, relating to all of the Bank's operating divisions such as retail banking, business products, investment products (through Albilad Capital) and international remittance services (through Enjaz).

We welcome your feedback on our sustainability disclosures, and the report. Please share your opinions, comments and suggestions with us through IR@Bankalbilad.com.

Cautionary Message

This report is prepared for information purposes only. It should not be construed as an offer to sell or a solicitation of an offer to purchase or subscribe to any investment in the Bank. The information contained in this report may contain certain forward-looking statements and should be considered as good faith estimates. Actual results may differ materially from those in the forward-looking statements due to future events, uncertainties, and other risks. To the extent permitted by applicable laws and regulations in the Kingdom of Saudi Arabia, neither Bank Albilad nor any of its affiliates, their directors, officers and employees will be liable or have any responsibility of any kind for any loss or damage that may be incurred as a result of using the information contained in this report.

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CHAIRMAN'S STATEMENT



Dear Shareholders, Partners and Investors,

Peace be upon you and God's mercy and blessings

On my own behalf and on behalf of the Board of Directors, I am pleased to present to you Bank Albilad's first sustainability report.

Critical sustainability issues, such as climate change, pollution and overconsumption of resources, are just some of the growing challenges affecting our societies and environments. To overcome these challenges, the Kingdom, under the leadership of the Custodian of the Two Holy Mosques and His Highness the Crown Prince, has launched an ambitious roadmap that lays sustainability alongside the foundations and plans for success for the future. Vision 2030 and the National Transformation Programme support the achievement of the United Nations Sustainable Development Goals.

The end of 2021 witnessed two important events to promote sustainable development in the Kingdom, as His Highness the Crown Prince announced during the Saudi Green Initiative Forum the goal of reaching net zero by 2060 through the circular carbon economy approach. Saudi Exchange also launched an ESG Disclosure Guideline for all market participants. It will raise awareness of the importance of sustainability, assist companies, including banks, in strengthening their efforts towards sustainability, and disclose their performance and best practices in this regard.

As the Bank continues to strengthen its record in the field of sustainable development, we decided this year to focus on understanding the Bank's most relevant sustainability issues, developing a sustainability framework, strategy and policy, as well as publishing the first Sustainability Report to make the Bank's future approach towards sustainability and sustainable development more effective and efficient, contributing to achieving national and international sustainability target.

For example, under the "Sustainable Banking Practices" pillar, the Bank focuses on enhancing financial inclusion (e.g., providing retail banking services in remote locations), supporting the growth of small and medium enterprises, and other sustainable investments, which currently include two major renewable energy projects.

Therefore, on behalf of the Board of Directors, I am pleased to invite, through the first sustainability report, all stakeholders to participate in promoting this field and following up on the progress we have made and what will be achieved in the future hopefully, as disclosed in the current and subsequent sustainability reports, and related announcements, and one of the most important things in

this aspect was the opening of the Joint Operations Center to combat financial fraud, and the Innovation Center, which aims to stimulate the role of financial technology and digital entrepreneurship.

In conclusion, I extend on behalf of the members of the Board of Directors and the ambassadors of Bank Albilad, my sincere thanks and gratitude to the Custodian of the Two Holy Mosques and his faithful Crown Prince for their support, guidance and wise leadership to the financial and banking sector, and to all sectors for the growth and prosperity of the Kingdom and its citizens and residents.

I also express my appreciation and gratitude to the Ministry of Finance, the Ministry of Commerce, the Saudi Central Bank, and the Capital Market Authority, for their support to the financial and banking sector in the Kingdom through plans, programs, regulatory issuances, and insight that contributed to ensuring its stability.

I would also like to extend my thanks and appreciation to the executive management and all the ambassadors of Bank Albilad, our customers, investors, partners and shareholders for their continuous support and trust. I look forward to our continued progress towards achieving our sustainability goals and our contribution to the sustainability of the Kingdom through our efforts to support the Kingdom's Vision 2030.

Nasser Bin Muhammad Alsubaie
Chairman of the Board of Directors

CEO'S STATEMENT



Ladies and Gentlemen, Bank Albilad Stakeholders, Peace be upon you.

As a Bank that values initiative, innovation, care, partnership, trust, and accountability, we are very excited to welcome all valued stakeholders to Bank Albilad's first Sustainability Report. The importance of sustainability reporting continues to grow as governments, companies, investors, employees, communities, and many other interested parties recognize that our current way of living must create a long-lasting, sustainable, and positive impact. Many organizations have multiple opportunities to promote sustainable development, which facilitates effective risk management practices while at the same time lessening or mitigating the negative impacts resulting from existing operating models. We certainly appreciate that organizations can take some time to adapt and change their operating models. However, as the world and the Kingdom of Saudi Arabia have recognized through numerous sustainability-related ambitions, such as Vision 2030 and Saudi Green Initiative, it is critical we continue to promote sustainable operating models.

Bank Albilad's new 2022-2026 Strategy has fundamentally incorporated multiple sustainable principles. In the development of this strategy, which included consultations with key stakeholders, four strategic pillars were established: Sustainable Growth, Innovative Islamic Banking for SMEs, Partnership for Growth, and Digital Leadership. To complement this strategy and facilitate the adoption of sustainable business practices throughout the Bank, we also recently developed an ESG framework and strategy consisting of six thematic pillars: Transparent Effective Responsible Governance, Sustainable Banking Practices, Innovating for a Dynamic Business, Contributing to Communities, Acting on the Environmental Footprint, and Empowering Employees, each focused on addressing the sustainability issues most relevant to Bank Albilad.

We are proud to have promoted sustainable banking practices, as well as offering our customers with a range of innovative solutions that continue to meet customer needs and preferences. In early 2021, we entered into an agreement with SMSA Express to promote financial inclusion by providing banking services to underbanked population. The number of digital products availed by our customers in 2021 increased by 58 % when compared to 2020, and we are proud to report our overall customer satisfaction level increased significantly from 58.2 % in 2020, to 70.8% in 2021.

The Open Banking Framework recently introduced by Saudi Central Bank will create significant impact in the financial industry. It will encourage partnerships and cooperation among banks, fintechs and regulators in the best use of customer data. In the process, support to the introduction of new, innovative products and services for customers. We are proud to be the leading partner of the General Authority for Small and Medium Enterprises (Monsha'at) and the Bank of Small and Medium Enterprises in providing facilities to develop this important sector. Our various savings initiative made great progress in spreading the culture of savings,

All the above will enhance financial awareness and promote financial inclusion among the various segments of society thereby contributing to the Kingdom's economic growth in line with Financial Sector Development Program (FSDP) under Saudi Vision 2030.

Our highly talented workforce continued to adjust and evolve Bank Albilad's operational practices in response to the COVID-19 pandemic during 2021. We increased total training hours delivered by 54% compared to 2020 levels. Speaking about Bank Albilad's workforce, efforts to localize jobs did not prevent us from promoting diversity of our human capital with appropriate expertise from 24 different nationalities, accounting 7.5% of our total workforce in 2021.

Managing Bank Albilad's environmental footprint is an area we have been focusing on in recent times. We introduced various ways to incorporate more power-efficient materials in some of our branches, which included LED lighting and solar panel solutions, as well as reducing the energy consumed by the Bank's ATMs and increasing the amount of waste recycled annually.

Each year, the Bank supports our local communities through a variety of Corporate Social Responsibility (CSR) initiatives. These initiatives have helped to plant over 3,000 trees, advised over 120,000 beneficiaries on how to effectively save and buy a house, supported the development of a gastroenterology center that will serve six hospitals and 109 health centers, and distributed over 8,000 food baskets during the Holy Month of Ramadan. Where possible, the Bank also supports locally owned suppliers, which accounted for approximately 95% of total procurement expenditures in 2021.

Bank Albilad's overall governance systems continue to be regularly reviewed and enhanced, ensuring the Bank is operating with the highest standards. In 2021, we established a new Compliance and Anti-Fraud Committee, installed an automated compliance system, and continued to spread awareness throughout the Bank about 'Know Your Customer' policies and Anti-Money Laundering/Counter-Terrorist Financing risks. We are also proud to report zero instances of data security breaches over the past three years.

In this year and beyond, we will continue to adopt and promote sustainable business practices and we look forward to keeping all valued stakeholders and concerned parties updated on our progress.

To conclude, I express my sincerest gratitude to the Custodian of the Two Holy Mosques and the Crown Prince – may Allah protect them – and the Ministry of Finance, the Saudi Central Bank (SAMA), the Ministry of Commerce, and the Capital Market Authority, for their utmost support ensuring a robust and stable banking sector and economy.

I would also like to extend my thanks and appreciation to the Board of Directors, its committees, to all our Ambassadors, our customers, investors, partners and shareholders for their continuous support and looking forward to further growth to achieve the aspirations of all.

Abdulaziz M. Al-Onaizan,
Chief Executive Officer



Bank Albilad at a Glance

ABOUT US

Bank Albilad is a Saudi joint stock company, established by Royal Decree in 1425H (corresponding to 2004), with a corporate capital of SAR 10,000,000,000. It is headquartered in Riyadh, Kingdom of Saudi Arabia, and is listed on Tadawul, the Saudi Stock Exchange. The objectives of the Bank are to provide all Islamic Sharia compliant banking services.

The bank strives for excellence in the Islamic banking sector through innovation and genuine, Shariah-compliant products to personal, corporate and Small and Mid-size Enterprise (SME) clients, supporting the latter through specialized centers in a number of cities throughout the Kingdom, and operating more than 100 branches across the Kingdom of Saudi Arabia, along with sales centers and over 150 Enjaz remittance centers.¹

Bank Albilad owns Albilad Investment Company, which undertakes investment and asset management activities. It also owns Albilad Real Estate Company Ltd, which provides real estate-related services for customers.

The bank seeks to build trust, enhance credibility and provide continuous communications with all our stakeholders and the investment community.

¹ During the preparation of this report, "Enjaz" as a subsidiary was separated by the establishment of "Enjaz Payment Services" as a closed joint stock company, which is wholly owned by Bank Albilad and one of its other subsidiaries. To start operation from the beginning of October 2022.



Bank Albilad's operations fall under four main categories:



RETAIL

Bank Albilad aims to be a convenient retail bank by introducing new products and services, solutions and applications, focusing on digital innovation, smart branches, and adopting digital platforms across the retail banking customer base. To achieve sustained growth in retail banking, we will seek to develop and deploy innovative new products and services that proffer sustainable growth in revenue, net income, assets, fees and customer deposits.



TREASURY

The Bank's approach to sustaining and building its Treasury business involves increasing the Sukuk portfolio, securing a greater diversity of investments and the highly profitable FX business. Much of this activity will be well supported by the benefits of the new Temenos System T24, which will allow for more sophisticated products to be invested in and offered to customers – in addition to improving the operational efficiency of the business streams. Treasury is also expanding its financial counterparty relationships (domestic and international), its fixed income, alternative books, and advisory business.



CORPORATE BANKING

Bank Albilad's strategic priority for corporate banking is to grow its book of high-quality assets by being viewed as a preferred bank that provides corporate financing solutions based on Islamic Shariah. This will be achieved by focusing on fee-based income, improving cross-selling, and building a stronger presence in the market. The Corporate Banking team will also maintain its proven strategy of maintaining close contact with clients, enhancing customer engagement strategies and driving take-up of existing products and services.



INVESTMENT AND BROKERAGE (ALBILAD CAPITAL)

Albilad Capital will pursue a strategy of reaching out to institutional investors to market its multi-asset platform and promote its investment processes and product innovations. The business will also leverage the team's performance track record to actively market its DPM services in the equity and Sukuk markets. The investment banking team will also pursue a higher volume and value of high-profile Sukuks, IPOs, and mergers and acquisitions.

ENJAZ

As the Bank looks to unlock further value through diversification and digitization, it will accelerate the adoption of Enjaz¹ digital applications to expand its remittance business, accelerate the adoption of digital cards and increase market share through a growing network of Enjaz centers. A blend of digital and physical solutions – including the Enjaz digital account, Enjaz app and mobile branches – will enable the Bank to serve an increasingly diverse customer segment in multiple locations while also achieving operational excellence and efficiencies.

1. During the preparation of this report, "Enjaz" as a subsidiary was separated by the establishment of "Enjaz Payment Services" as a closed joint stock company, which is wholly owned by Bank Albilad and one of its other subsidiaries. To start operation from the beginning of October 2022.

105 

branches²

A3 

Moody's rating

152 

Enjaz Remittance Centers (2nd largest in the Kingdom)²

+930 

ATMs

7 

sales centers²

SAR 

1,686.5m

net income

3,500+ 

employees

SAR 

110,854m

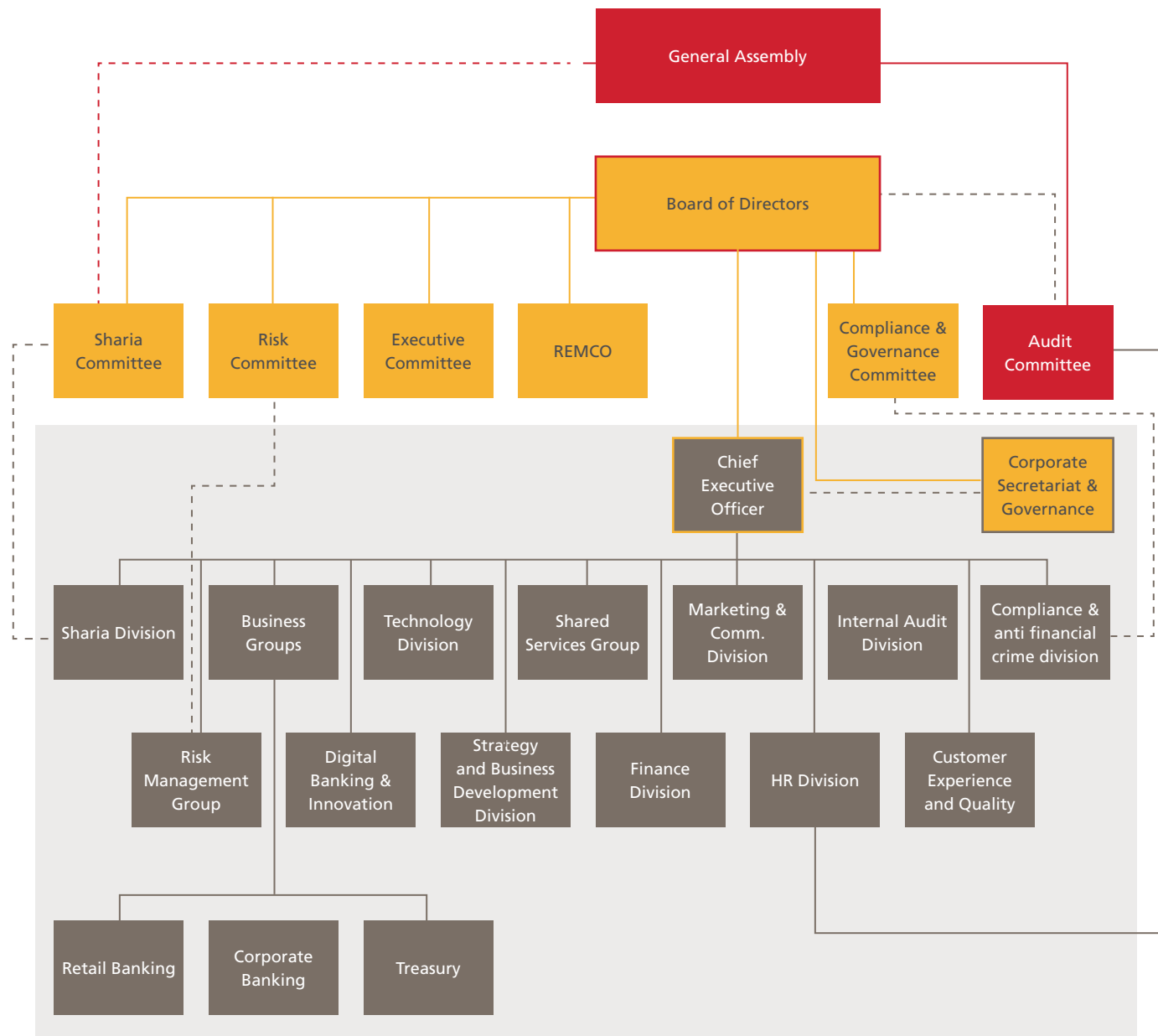
total assets

SAR10 bn 

capital

2. Information provided here is accurate as of December 2022.

ORGANIZATION STRUCTURE



OUR MISSION, VISION AND VALUES

Our Mission

Our mission is to leverage digital transformation, network, and human capital to deliver the highest levels of customer experience and competitive value propositions in the best interests of our clients, employees, shareholders, and the communities we serve.

Our Vision

Our vision is to be the preferred choice of innovative Islamic banking solution.

Our Values

Our values since our inception are:



Initiative and Innovation



Care and Partnership



Trust and Accountability

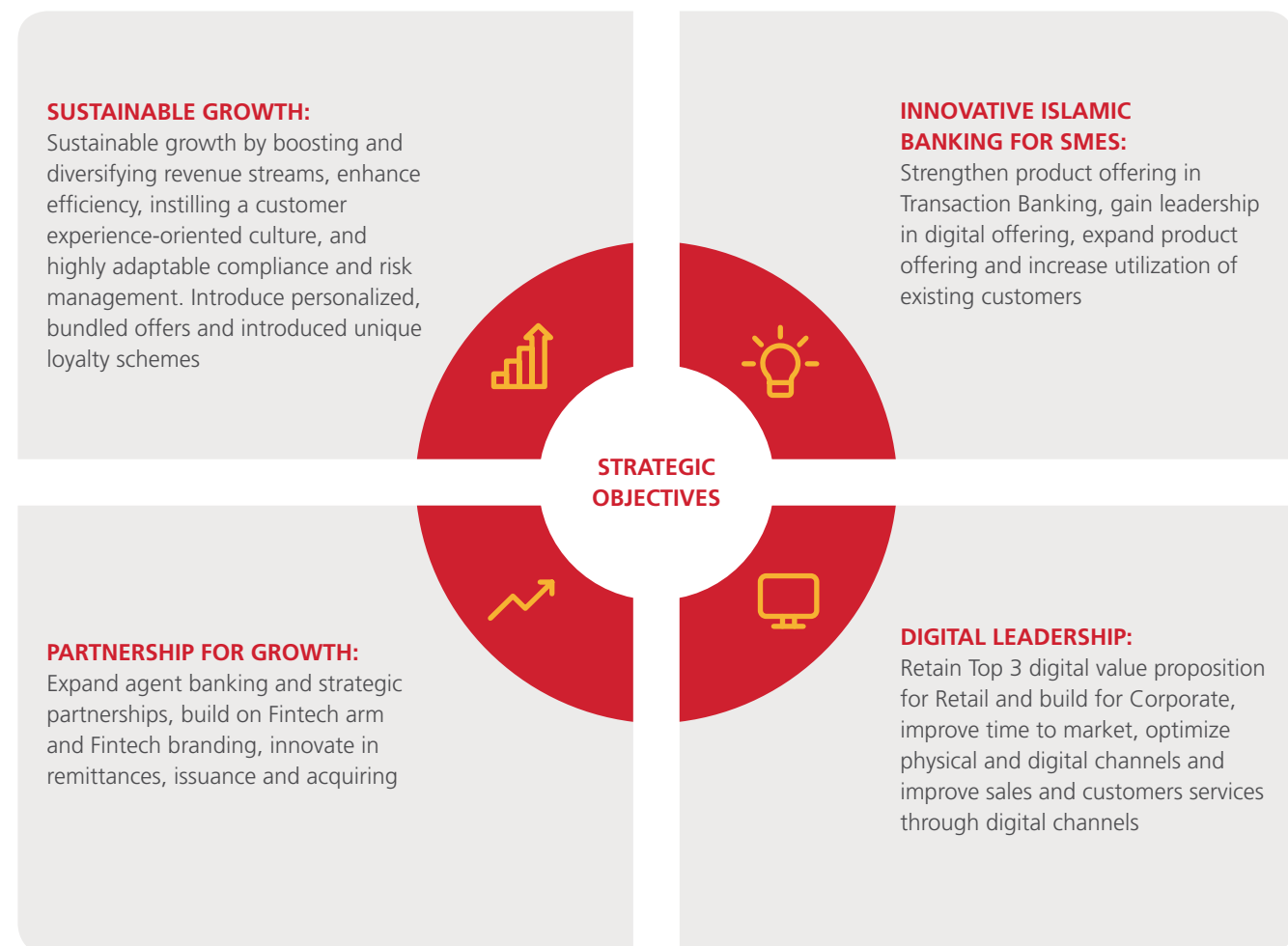
OUR STRATEGY

At the time of publishing this report, Bank Albilad had recently concluded the development of its new 2022-2026 Strategy.

The strategy is centered on leveraging the Bank’s banking channels, agents, fintech opportunities and internal expertise to achieve sustainable growth and boost revenue streams. The strategy also sets the foundations for a key strategic shift, which includes building cutting-edge technology and state-of-the art digital capabilities to ensure enhanced customer centricity, as well as translating customers’ needs into personalized experiences.

Key stakeholders of the Bank were engaged during the development of our new strategy, which ensured we evaluated important considerations and appropriately aligned our strategic priorities.

THE NEW STRATEGY COMPRISES FOUR KEY OBJECTIVES:

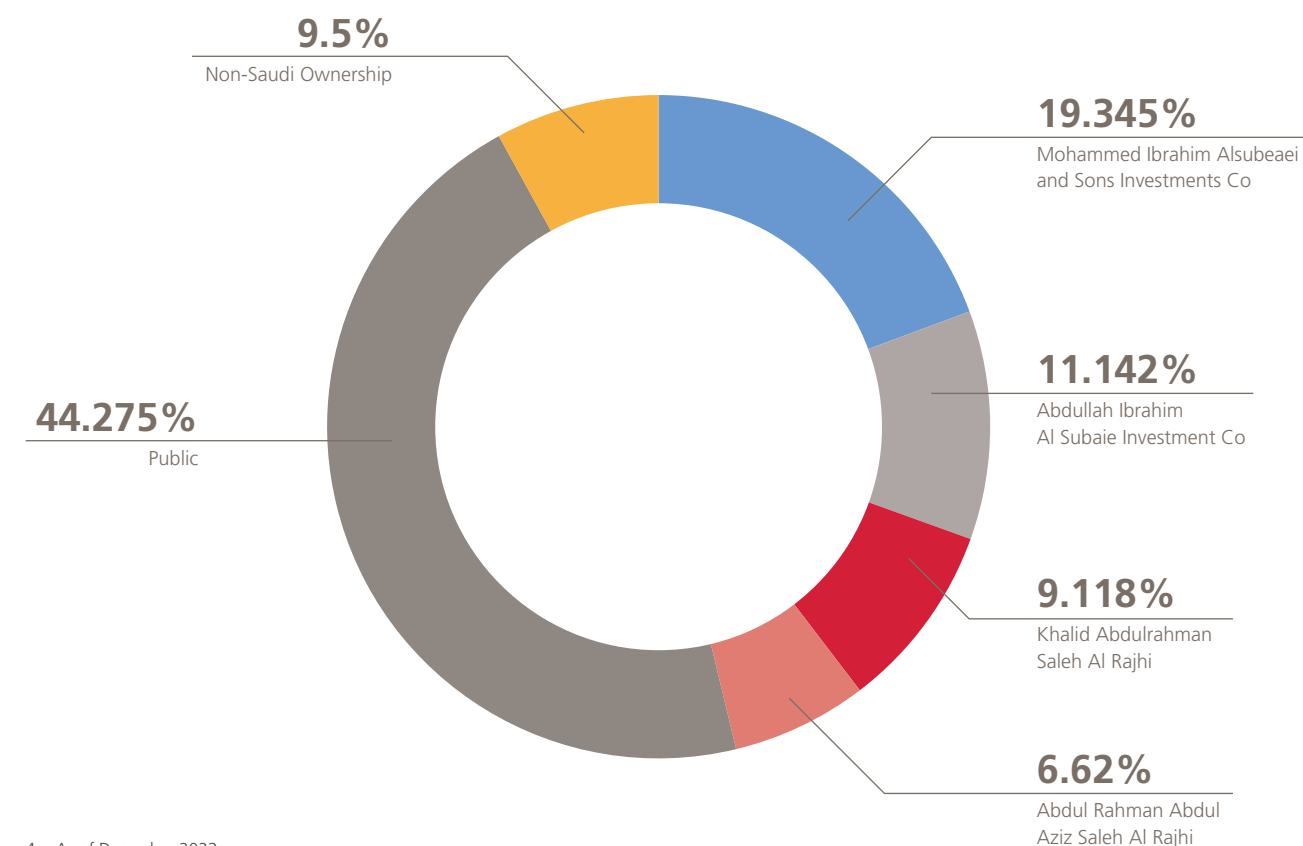


OWNERSHIP STRUCTURE

Bank Albilad was founded in 2004 by eight original shareholders.

The original shareholders to invest in the Bank then were: Mohammad & Abdullah AlSubaiei Exchange Co., Heirs of Abdulaziz bin Sulaiman AlMugairin, AlRajhi Trading Exchange Est., AlRajhi Trading Est., Mohammad Salih Sayrafi Est., Abdulmohsen AlOmari Est., Yousef Abdulwahab Numatallah Co. and Ali Hazaa’ & Partners for Trading & Exchange. These shareholders contributed SAR 1.5 billion towards Bank Albilad, while the public contributions amounted to SAR 1.5 billion.

OWNERSHIP STRUCTURE⁴.



4. As of December 2022.

OUR APPROACH TO SUSTAINABILITY

The bank recognizes that its role as a responsible corporation is to not only 'do no harm' - but to positively impact those parts of society and the natural world where we operate.

We strive to simultaneously meet our strategic objectives while addressing the needs of our key stakeholders (please refer to Appendix C). Both the Bank and its key stakeholders share a range of sustainability-related priorities and we look forward to progressively addressing these priorities together.



We recognize the importance of incorporating sustainability into its corporate strategies and policies and all other activities to provide adequate support and contribute to the achievement of the Kingdom's Vision 2030 and its ambitious sustainable development goals, the National Transformation Program to promote it, and other programs, as well as to further understand and address the sustainable priorities of key stakeholders, and is taking steps to fully adopt all these considerations in its management approach. During 2021, at the Saudi Green Initiative Forum, His Royal Highness Prince Mohammed bin Salman, Crown Prince and Prime Minister, unveiled the road map for Saudi Arabia's energy transformation and other ambitious initiatives, such as reducing carbon emissions to zero neutrality by 2060.



The bank will also take into consideration the Environmental, Social and Governance (ESG) Disclosure Guide published by Tadawul Saudi Arabia, directed at all exporters to consider when preparing their sustainability reports, with Tadawul emphasizing the growing importance of value creation for stakeholders rather than focusing solely on generating returns for investors.

SUSTAINABILITY GOVERNANCE

Operating responsibly is a part of the fabric of who we are, the prosperity of our stakeholders and our reputation. We are committed to ensuring that we operate responsibly and ethically.

We endeavor to contribute to sustainable development through both a qualitative and quantitative approach for both financial and non-financial management. We also realize the importance of our role in entrenching the concept of sustainability within our overall strategy and all our activities.

ONGOING DEVELOPMENTS

Bank Albilad is currently in the process of further enhancing and formalizing its approach towards incorporating and promoting ESG. Part of this process has included developing an ESG Policy and ESG Strategy. Our ESG policy will define the Bank's aspirations and commitments towards incorporating sustainable principles into our business activities. Our ESG Strategy will seek to complement our new and sustainability-based 2022-2026 Strategy, and will identify priority ESG actions for the Bank to focus on in the short-term.

The Sustainable Development Goals (SDGs) are a set of 17 target-based goals designed to address the most urgent challenges across the world today. Governments, businesses, and other organizations globally have pledged to support them to help bring about meaningful change, protect the planet, and achieve a more sustainable world.

As a leading financial institution in the region, Bank Albilad has an ethical, legal, and religious commitment to advance social responsibility within our community. Supporting the SDGs is an important way in which we can achieve this and throughout this report, we display the Goals we contribute most to.



MATERIAL ISSUES

Understanding the most important ESG issues a business needs to address is fundamental to long-term success. To start identifying and understanding the key ESG issues affecting Bank Albilad, we undertook a materiality assessment in 2021, which included the following:

- Reviewing reputable and leading sustainability standards, including those published by the GRI, Sustainability Accounting Standards Board (SASB) and the Principles for Responsible Investment (PRI).
- Reviewing the material ESG issues for the Banking Industry identified by a range of ESG Rating agencies.
- Reviewing the most recent sustainability reports published by local and international peers.
- Reviewing the objectives of key national and international sustainability-related ambitions, including Saudi's Vision 2030 and the United Nations Sustainable Development Goals (SDGs).
- Identifying and understanding key stakeholder interests and perspectives.

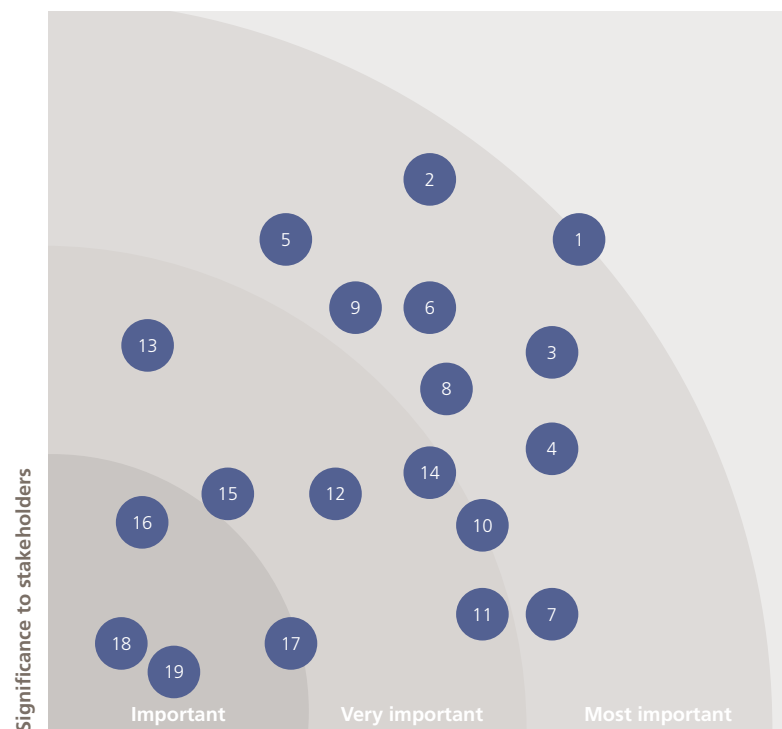
After identifying a complete list of possible ESG issues for the Bank to consider, we refined the list and prioritized the ESG issues based on:

- Where Bank Albilad has the greatest impact.
- Where Bank Albilad has the greatest potential to be impacted.
- The ESG issues that may significantly influence the assessments and decision making of our key stakeholders.

The results of the materiality assessment are presented below, where we have identified and prioritized 19 material ESG issues. Please note, for issues not categorized as 'Most Important', this does not mean they are unimportant or are not being addressed by Bank Albilad.

This materiality assessment has been of great benefit in enabling us to identify our strengths and our areas for development. Going forward, the analysis will form the basis for our work related to our ESG policies, strategies, goals, targets and actions relating to ESG and sustainability management in 2022 and beyond. We will also continue to review our materiality analysis to ensure it remains up to date in a changing landscape.

MATERIALITY MATRIX



Bank Albilad ESG / Sustainability Issues Ranking

- 1 Business ethics and compliance
- 2 Customer experience
- 3 Risk management and business continuity
- 4 Digitization
- 5 Customer privacy and cybersecurity
- 6 Talent development, attraction and retention
- 7 Corporate governance
- 8 Financial performance
- 9 Anti-money laundering and corruption
- 10 Employee engagement and wellbeing
- 11 Community investment and impact
- 12 Sustainable financial products
- 13 Climate change management, risks and opportunities
- 14 Financial inclusion and education
- 15 Diversity and equality
- 16 Human rights
- 17 Managing environmental impacts
- 18 Supply chain management
- 19 Localization

BANK ALBILAD'S ESG FRAMEWORK

In order to define what sustainability means for Bank Albilad, as well as guide and focus our ESG efforts, we developed an ESG Framework ('Framework'). The Framework has thematically grouped the material ESG issues we previously identified under one of six key sustainability pillars.

TRANSPARENT EFFECTIVE RESPONSIBLE GOVERNANCE:

- Business ethics and compliance
- Corporate governance
- Risk management and business continuity
- Anti-money laundering and corruption

SUSTAINABLE BANKING PRACTICES:

- Sustainable Financial Products
- Financial inclusion and education
- Financial performance

CONTRIBUTING TO COMMUNITIES:

- Community Investment and Impact
- Human rights
- Supply chain management

INNOVATING FOR A DYNAMIC BUSINESS STRUCTURE:

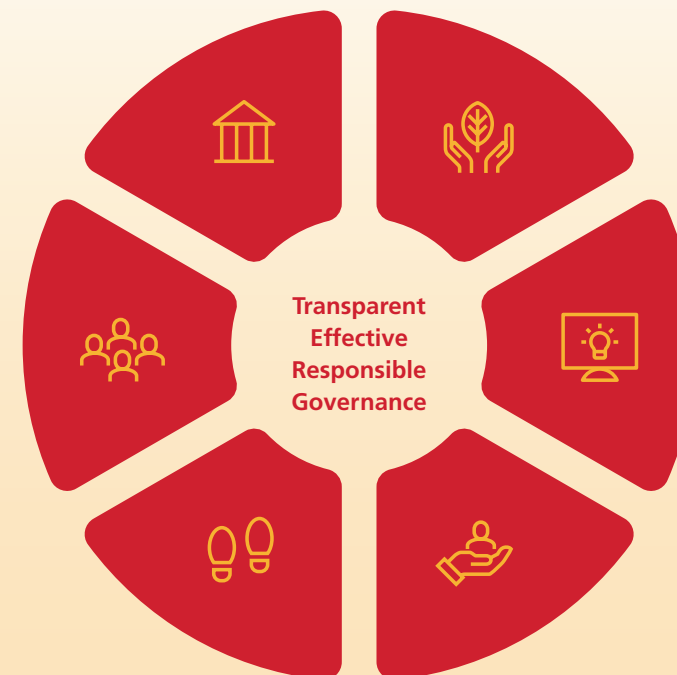
- Customer experience
- Digitization
- Customer privacy and cybersecurity

ACTING ON THE ENVIRONMENTAL FOOTPRINT:

- Climate change management, risks and opportunities
- Managing environmental impacts

EMPOWERING EMPLOYEES:

- Talent development, attraction and retention
- Employee engagement and wellbeing
- Diversity and equality
- Localization





02

Sustainable Banking Practices

Bank Albilad regards sustainable practices in the finance sector as a locomotive to sustainable growth which creates value for all stakeholders of the Bank, and the people of the Kingdom. As sustainability becomes more and more important each day for the business world in tackling environmental and societal issues, we have a crucial role to play in embedding such practices into our strategy and across all activities.

OUR CONTRIBUTIONS:



- A Thriving Economy
- Ambitious Nation



7 AFFORDABLE AND CLEAN ENERGY

8 DECENT WORK AND ECONOMIC GROWTH

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

11 SUSTAINABLE CITIES AND COMMUNITIES

13 CLIMATE ACTION

Material Issues

- Sustainable Financial Products
- Financial inclusion and education
- Financial performance

FINANCIAL INCLUSION & EDUCATION

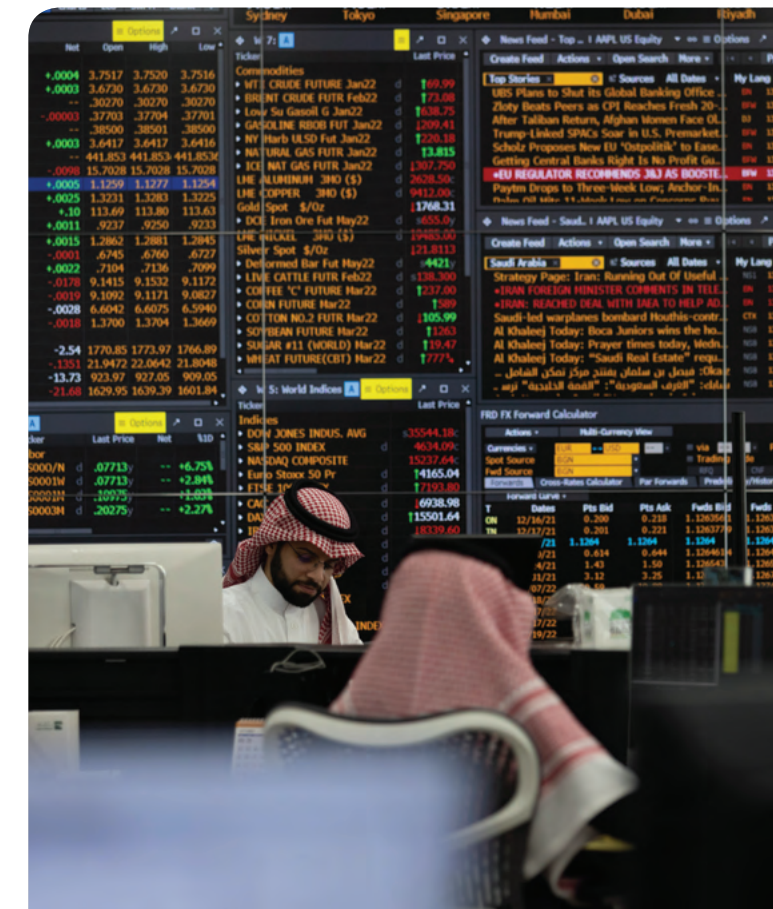
By serving underbanked individuals and micro SMEs, we believe that we can benefit society and still improve our bottom line. We accomplish this by bringing financial literacy and technological education to remote areas across the Kingdom, as well as providing affordable products and services to individuals and businesses that are excluded from traditional banking.

We were the first bank in Saudi Arabia to launch a financial inclusion service. This uses agents, often in remote locations, to provide financial services to the previously unbanked. Developing this network enables us to provide the latest digital services through our agents, offers financial inclusion, and is environmentally friendly, as people no longer have to make long journeys into cities to access financial services.

We now aim to expand this network to reach more locations across the Kingdom, increase the number of qualified agents, and enhance the customer experience.

HOUSE SAVINGS INITIATIVE

We aim to spread a culture of saving money and to encourage the building and buying of houses. We also want to correct misconceptions about working in the construction industry. In partnership with the Ministry of Housing, we set up a new initiative in 2021 to address these issues. So far, more than 38 ministries, authorities, private sector organizations, universities and schools have benefited, with more than 120,000 individual beneficiaries. The program's success had been recognized with the 'Best Corporate Social Responsibility' award from International Finance magazine.





SUSTAINABLE FINANCIAL PRODUCTS

Bank Albilad offers a number of programs and services aimed at boosting and supporting sustainable growth in Saudi Arabia’s economy. In particular, we provide support to SMEs, enabling them to build and grow their operations. These include:

- **Custom Clearance Program** – facilitating customs clearance and transit with letters of guarantee for the General Customs Authority and a simple and fast credit process.
- **Hajj and Omrah Program** – up to SAR 1.5 million to support the operational needs of SMEs during the Hajj season.
- **Payroll Financing Program** – enabling SMEs to pay their employees’ salaries on a fixed date each month, enabling them to be more competitive and attract and retain the best staff.
- **Point of Sale (POS) Financing Program** – supporting SMEs’ operational and expansion needs.
- **Franchise Program** – developing local brands and helping them to expand globally. It is sponsored by Monshaat and Bank Albilad as part of an agreement to support SMEs by providing financial guarantees to support enterprises with the necessary funding through strategic partnerships, national capabilities, and innovative data-driven technology tools. The program also aims to help attract international brands to support national economic diversification efforts, as well as help SMEs to upgrade their business activities in order to improve operational efficiencies and increase competitiveness.

SUPPORTING SUSTAINABLE INVESTMENTS

Investing in or lending to projects designed to mitigate climate change and provide sustainable solutions to challenges is a key way in which we as a Bank can help make a real difference. We particularly aim to support projects that align with and contribute to the Saudi Vision 2030.

FINANCING RENEWABLE ENERGY

The ambitious Saudi Vision 2030 aims to convert a large share of Saudi Arabia’s power capacity from energy derived from fossil fuels to greener, more sustainable sources. Supporting this, Bank Albilad is focusing on supporting major renewable energy projects.

We are taking a three-step approach to contribute to this vision. First, we are building relationships with large clients who themselves are focused on the development of green utility projects. Once those clients have been identified and the proper credit assessments completed, we engage with them to select appropriate projects. We then extend financial support to those projects with preferential pricing and conditions.



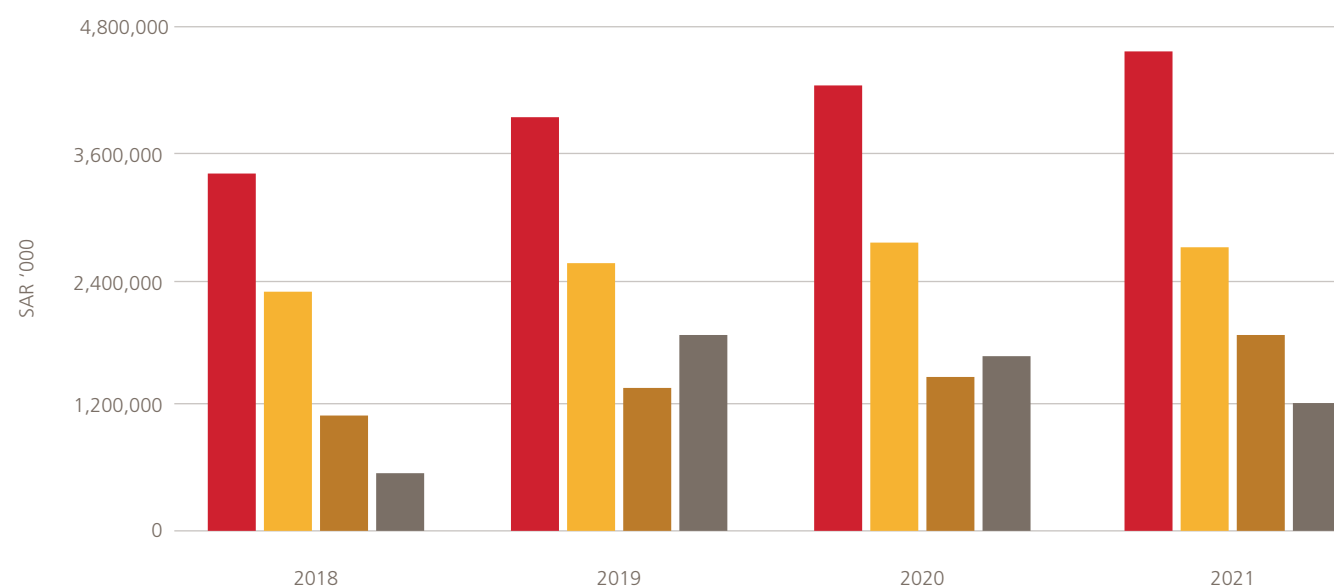
FINANCIAL PERFORMANCE

Maintaining our strong financial performance has always been a priority for the Bank, as we aim to continue delivering returns to shareholders and creating long-term value for investors.

Bank Albilad's strong financial performance during 2021 was positively affected as global economies showed signs of recovery from the COVID-19 pandemic. Compared to 2020, our net income for 2021 after zakat rose by 25% to SAR 1,686.5 million. During this same period, customer deposits also showed strong growth, increasing from SAR 71,553 million in 2020 to SAR 81,110 million in 2021.

More information regarding our financial performance is available at the [Annex](#), and Bank Albilad's [2021 Annual Report](#).

CONSOLIDATED INCOME STATEMENT



- Total operating income
- Total operating expenses
- Net income for the year
- Total comprehensive income for the year

Bank Albilad has been part of Forbes' Best Banks in the World list and was also named among the magazine's "100 Most Powerful Companies in the Middle East for 2021."

03

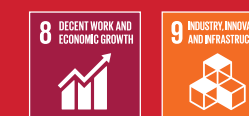
Innovating for a Dynamic Business Structure

Innovation is among Bank Albilad's values, and it is essential to move towards a more sustainable society more rapidly. As a business that aims for long-term success, we know the value of innovation and continual improvement as we seek new solutions to better serve our customers. Our digital transformation is leading innovation within Bank Albilad, enabling us to work more efficiently and to develop and bring to market new solutions that offer a better, faster, more efficient way of banking for more people.

OUR CONTRIBUTIONS:



- A Vibrant Society
- A Thriving Economy
- Ambitious Nation



Material Issues

- Customer experience
- Digitization
- Customer privacy and cybersecurity



OUR DIGITAL TRANSFORMATION





Digitalizing products is not only essential from a competitive business perspective – it is also an important way in which a business like ours can contribute to a more sustainable and environmentally friendly banking sector.

By continuing to digitize our products and services, our customers continue to gain many benefits, including easily opening new accounts, investment solutions, near-field communications (NFC) capabilities, instant payment systems (IPS), digital invoices and more. Moreover, these offerings help to create paperless environments and reduce our customers' need to travel to branches. We began this transformation with our Account Opening process in 2018 and extended it in 2021 with the launch of our digital personal finance services.

A key task of our Digital Banking and Innovation (DBI) team is to formulate and execute the Bank's digital transformation strategy. The team also leads on the overall migration of our products and services from conventional to digital channels. Our aim is to embrace digitalization as a more sustainable form of banking and to establish ourselves as a leader in the market. In doing so, we seek to enhance the customer experience and increase customer acquisition, increase profitability, and optimize cost efficiency, while providing a more sustainable service.


OUR TRANSFORMATIVE ACTIONS IN 2021




Throughout 2021, DBI worked on a number of digital transformation projects to develop innovative offerings and a new customer experience through our BAB Digi concept. Initiatives include:

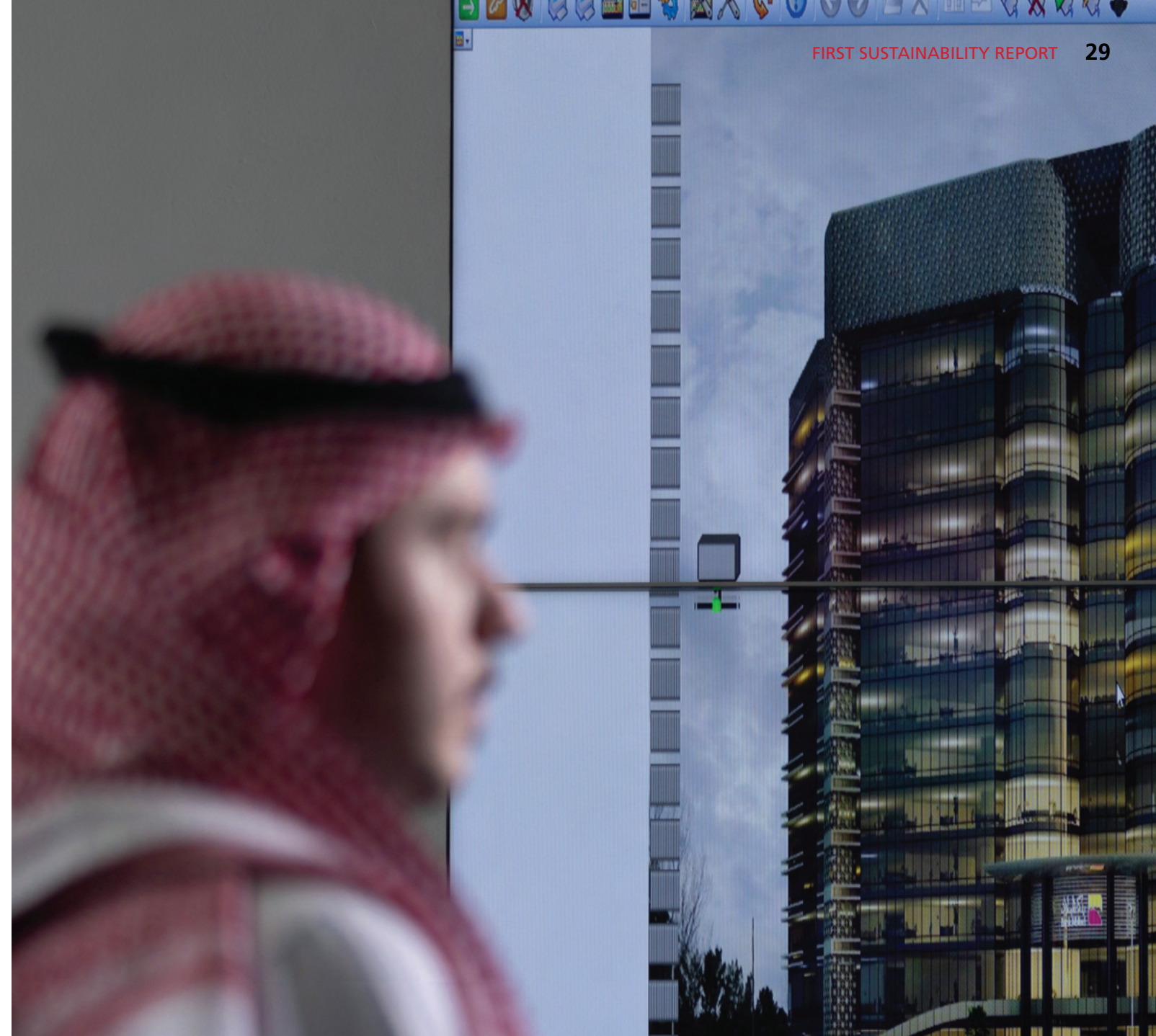
-  Digital account opening for retail, corporate and Enjaz customers
-  Digitizing e-commerce and point-of-sale products through Albilad Business Internet Banking
-  Developing an Enjaz online e-commerce store for remittances
-  Enabling digital applications for personal loans.

Looking ahead, we aim to increase digital customer acquisitions across all our products and services and continue to enhance the customer experience. Specifically, we aim to provide FinTech's and third-party providers with configurable application programming interfaces (APIs) – a software intermediary enabling two applications to communicate with each other.

94% 
percentage of our customers who were digitally active in 2021, compared to 80% in 2020. In 2021, 73% of accounts were opened digitally.

19 
different digital products were sold in 2021, compared to 12 in the previous year.

-  The Enjaz banking app has been downloaded over 1.5 million times.
-  The application was crowned the "most innovative Remittance application" by "International Finance".
-  50% of all Enjaz transactions were executed through digital channels in 2021.



BANK ALBILAD DIGI – PERSONAL FINANCE

Digital Personal Finance is a key element in our digital transformation journey. We wanted to offer an end-to-end process for customers to apply for personal financing without having to visit a branch.

The project relied on cross-functional teamwork between Digital Banking, Retail Banking, IT, and numerous other stakeholders. The first step was to understand the existing over-the-counter process and identify all requirements, challenges, and pain points. Subsequently, we began drawing the digital process with the aim of making it as simple and intuitive as possible, while still meeting all regulatory, risk, and security requirements.

Next came the technical design and development, which required integrations across mobile and internet banking. Once the process was complete, we were able to successfully launch the new channel.

Feedback so far has been positive, and an increasing number of customers are applying through our digital channels. Looking ahead, we will continue to enhance our process based on customer feedback, and to digitally transform other existing products and services.

CUSTOMER EXPERIENCE

Customer centricity is in our DNA and we are committed to continuously investing our resources into enhancing customer experiences.

Our digital transformation is already seeing our customer experience levels reach new heights, with a significant improvement in our customer satisfaction levels in 2021. Despite recording an increase in the number of customer complaints we received in 2021, we continued to understand and resolve all customer complaints, while simultaneously reducing the average amount of time taken to respond to customer complaints by a day and a half.

We recognize customer needs and preferences continue to evolve with time and we are determined to see customer satisfaction levels grow further in the coming years. In addition to our digital transformation strategy, other ways we strive to improve customer experiences is through regular training for our customer facing employees. These training sessions help our employees to develop their customer relationship management skills, as well as better understand how our products and services can meet our customers' needs.

★ **71%**

Our overall customer satisfaction in 2021 increased to 71%, compared to 58% the previous year.

📅 **29%**

reduction in the average number of working days to respond to customer complaints.

👍 **100%**

of customer complaints resolved.

PRIVACY & CYBERSECURITY

Safeguarding customer data is the Bank's highest priority. Using a robust framework, we continue to offer world-class protection that prevents and detects fraudulent behavior in real time.

Our cybersecurity programs are supported by relevant internal policies and procedures, which include monitoring and reviewing cyber threats at regular intervals. Through regularly scheduled internal and external audits, we periodically evaluate the adequacy of our security controls, as well as conducting independent third-party testing to identify any security gaps that can be addressed. And our Information Security team, who are responsible for ensuring data confidentiality, integrity, and availability, as well as improving the security and resilience of our infrastructures and services, continue to ensure the Bank is managing its data security practices adequately.

Ensuring the Bank complies with the comprehensive national data protection rules, issued by the Saudi Data and Artificial Intelligence Authority, is a priority for data privacy and cybersecurity practices. To ensure we continue to comply with these rules, we are in the process of enhancing the Bank's data protection and privacy policy. This policy will govern key data privacy and data security areas, including maintaining the Bank's compliance with the General Data Protection Regulations, based on the directions of the Saudi Central Bank and the National Data Management Office.

In the future, we will seek to further promote awareness of cybersecurity through education programs and awareness campaigns. During 2021, our main cybersecurity awareness activities included workshops, e-learning courses, regular email communications, social media, phishing exercises and customer SMS messages. We will also seek to incorporate new cybersecurity technologies as they become available, including the latest threat and vulnerability approach methodologies, deep threat and vulnerabilities analysis, and the latest threat and vulnerability attack scenario analysis. A key way we test the effectiveness of our cybersecurity technologies and approach is through red teaming, where an offensive security expert performs simulated attacks on our organization and reports their findings.

INFORMATION SECURITY AND CYBERSECURITY AWARENESS

Raising awareness of information security and cybersecurity is one of the Bank's most important programs to raise the awareness of customers, employees, or external parties that engage in one form or another with the Bank, with the aim of creating a conscious and high culture on information security and cybersecurity risks, and improving effective and correct decision-making in the event of cyber risk.



ACHIEVEMENTS

DIGITAL RISK PROFILE

The digital threat landscape is continually evolving and has changed further following the adoption of hybrid and flexible workplace arrangements and clients' take-up of digital services. We manage this by providing multiple layers of security solutions, including multi-factor authentication and behavior analytics.

THIRD-PARTY RELATIONSHIPS

As third-party and cyber risks continue to converge, there is an increased level of exposure arising from third-party relationships. To combat this, we have enhanced our cybersecurity resilience through continued improvements to our cybersecurity and risk programs.

INVESTING IN TECHNOLOGIES

We continue to invest in emerging technologies such as behavioral analytics, machine learning and much more to combat cybercrime and strengthen our end-to-end view of risks and controls across our business.

500,000+ 

The number of attempted cyber-attacks our systems defeated in 2021

REGULATORY COMPLIANCE

The Bank continues to upskill our staff and ensure we retain robust cybersecurity capabilities and expertise. We are committed to complying with leading cybersecurity standards for the financial sector, as well as the regulations issued by national and international regulatory bodies. Such standards and regulations include the Payment Card Industry Data Security Standard, the Society for Worldwide Interbank Financial Telecommunication (SWIFT), the Saudi Central Bank, and the National Cybersecurity Authority.

PROGRESS IN 2021

We continued to invest in initiatives that helped us achieve our information security objectives. A Security Architecture Assessment was conducted during 2021, which focused on holistically assessing the foundations of our defenses against cyber threats and ensuring we are completely protected by a strong, in-depth defense mechanism. Application Security Testing solutions were developed, which secured the software development lifecycle to protect new software against cyber threats.

Two challenges we faced during 2021 were our digital transformation and the development of a hybrid workspace and remote working capabilities in response to the COVID-19 pandemic. Our digitization efforts

involved increasing the number of new applications used, integrating multiple applications and devices, introducing new devices and implementing a range of infrastructure components. These efforts also increased the risk of cybersecurity threats for banking centers and their clients. Adapting to the COVID-19 pandemic resulted in changing work environments for our employees and the creation of hybrid workspaces, which combined on-site and remote working capabilities. Thankfully, we overcome these challenges by quickly adopting the latest cybersecurity solutions, performing security assessments and providing multiple layers of security.

04

Empowering Our Employees

At Bank Albilad, we recognize that our employees are our most valuable asset. We strive to create an office environment that is safe, diverse, respectful of human rights, provides equal opportunities, and promotes work-life balance, all of which we believe is essential to attracting and retaining the best talent possible. We invest in our people and align our Human Resources (HR) policies and practices in order to create such an environment and maintain a highly motivated and capable workforce.

As of 2021, Bank Albilad's workforce comprised 3,477 full-time employees, of which 21% were middle and senior managers, and 60% were aged between 31 to 50 years of age, respectively. Moreover, the full-time workforce was supported by 1,411 contractors and consultants, as well as 219 trainees and sponsored students.

OUR CONTRIBUTIONS:



- A Vibrant Society
- A Thriving Economy
- Ambitious Nation



Material Issues

- Talent development, attraction and retention
- Employee engagement and wellbeing
- Diversity and equality
- Localization



TALENT ATTRACTION, DEVELOPMENT, & RETENTION




Attracting and developing the best talent is key to the Bank’s successful future. We maintain a range of programs, courses and practices to enable the Bank to successfully develop all such talent.

Our 15–24 month management training program targets new graduates and helps us to identify the brightest young talent. For new employees, we conduct an orientation program called ‘Safir’, which includes content on fundamental Islamic finance principles.

To further assist our employees in understanding Islamic finance, mandatory Shariah-compliant banking awareness sessions are provided to all employees through our online learning academy (Albilad Academy). The academy also maintains a wide-range of other courses for our employees to take advantage of at their convenience, including courses on business management, banking, soft skill development and many other topics.



Training is central to the development and retention of a high-quality workforce. The training we provide is guided by our Learning and Development Policy, and a training needs analysis is conducted annually with all departmental managers and senior management. We offer both in-house and external training at specialist centers. For our executive management, training is also provided via executive training providers and international business schools. Specialist programs we have developed include:

- 
Albilad First-Time Manager
- 
Advanced Ambassador Program – an integrated learning journey with career advancement opportunities. This program targets middle management and strives to enrich their experiences, sharpen their skills, and support the fulfillment of their career aspirations through tailored Individual Development Plans.
- 
Technical Ambassador Program – targets fresh Saudi graduates from IT and information security majors. The program is tailored to each employee’s position within the Bank and involves training certifications from reputable organizations (e.g.: Microsoft, IBM, Cisco).

In 2021, following the easing of COVID-19 restrictions, we successfully increased the total number of training hours delivered to all staff by 54% to 65,944 hours, representing a significant increase compared with 42,760 training hours delivered in 2020.

SUCCESSION PLANNING











Succession planning is another key tool for talent retention, as well as helping secure the Bank’s future leadership. Key positions are identified along with all potential successors to those positions. Assessments are conducted to identify strengths and areas for development, and individual development plans are drawn up to support potential successors, who also receive individual coaching with quarterly progress reviews.

PERFORMANCE REVIEWS

All employees receive an annual performance review to help them reflect on their performance over the previous 12 months, and to identify strengths and areas for development. The results of our performance reviews feed into the development of IDPs for every employee.

WAGES & BENEFITS

The Bank offers a wide variety of benefits to our full-time employees, such as:

-  Basic salary
-  Housing allowance
-  Transport allowance
-  Annual performance bonus
-  Sales incentives
-  Annual ticketing
-  Nursery allowance
-  Hafez, a savings scheme to which the Bank contributes
-  Medical insurance
-  Medical insurance for parents

DIVERSITY & EQUALITY

A diverse workforce brings different ideas and perspectives, and helps us to connect better with our customer base. We are aware that this is not only necessary for a more just and discrimination-free environment, but also for unlocking new and different ideas and opportunities.

We continued to provide equal learning and career development opportunities for both male and female employees. Since 2020, the average number of training hours undertaken by our male and female employees has been nearly the same.

Beyond training, our female employees are eligible to receive up to 70 days of maternity leave before pregnancy and after delivery. For new fathers, parental leave is also available and they may take up to three working days within five days of the new baby's birthdate.

70 days

of maternity leave before pregnancy and after delivery

We have zero tolerance for any form of discrimination and harassment. These areas have been detailed and documented in our HR Policy and are also part of the Saudi Arabian labor law, which we fully comply with. Our HR policy details the Bank's internal mechanism for employees to raise grievances, all of which are heard by a committee that includes a legal HR advisor. During 2021, we are proud to report there were no instances of discrimination or harassment.



LOCALIZATION

In line with the Saudi Nationalization Scheme, we aim to increase the proportion of roles held by local Saudi nationals. We pay particular attention towards attracting Saudi nationals into IT roles, and through an intensive recruitment and training program, we aim to have a 100% nationalized IT team within the next five years. In 2021, 92.5% of our full-time workforce comprised local Saudi nationals. Over the last three years and since 2019, our total workforce has included 24 other nationalities and 100% of our senior management comprised local Saudi nationals.

EMPLOYEE ENGAGEMENT & WELLBEING

It is extremely important that our employees are able to enjoy a safe workplace. Due to the nature of our business activities, there are relatively fewer health and safety risks compared to other industries.

Still, we aim for zero fatalities and accidents across our workplaces. During the COVID-19 pandemic, we established a Coronavirus Risk Committee to oversee all health and safety issues at the Bank and to identify any necessary precautions to be implemented. We also provide training on first aid that covers all our employees. During 2021, no serious injuries to our employees were reported.

To further facilitate employee engagement, we launched a "Thursday with the CEO" campaign in 2021. The campaign provided non-management staff with the opportunity to participate in open discussions with our CEO, as well as take part in various contests to win prizes.

RECOVERING FROM THE PANDEMIC

The last two years, with the unprecedented COVID-19 pandemic, have been challenging times for everyone. We are proud of the fact that throughout the pandemic we have been able to maintain staff productivity levels while increasing staff engagement, key talent retention and the proportion of females working at the Bank, all while successfully managing the transition to digitalization. As we move out of the pandemic and new players disrupt the financial sector, it will be more important than ever to ensure we continue to attract and retain the finest talent available to us.

POST-COVID RETURN TO THE WORKPLACE

For most businesses, the COVID-19 pandemic led to unprecedented challenges and the need for us to adapt and implement new ways of working.

In particular, we needed to organize and regulate a new, remote working system, and develop appropriate and associated policies and procedures. We also had to create monitoring and measurement tools to ensure productivity was upheld, and to empower and engage staff to enable them to work successfully under the new arrangements. However, this also offered opportunities too, such as identifying jobs that could be performed remotely on a permanent basis and implementing online and distance learning training programs.

The biggest challenge in 2021, was organizing a 'back to work' program to enable staff to return to the workplace, and to re-engage them fully while implementing all necessary COVID-19 precautionary measures. To do so, we developed and implemented post-pandemic programs with face-to-face sessions, carried out training for managers, and designed an engagement program that included team-building exercises and initiatives.

The adaptability of our workforce throughout this unique period in history was impressive, which involved many collaborative efforts from our teams and colleagues. The Bank's financial and remaining key performance areas in 2021 stand as testimony to the success of the back to work program and the efforts of all our employees.

The COVID-19 pandemic certainly highlighted the importance of supporting staff health and wellbeing. We implemented a number of communications campaigns in 2021 to support our employees in these challenging times, including the *Albilad Gathering*. The Albilad Gathering brings staff together to hear specialist guest speakers give talks on health and wellbeing topics, such as diabetes, healthy food, the digestive system, and a range of environmental topics too. Another initiative, *Health Lounge*, enables staff to access a team of doctors via our health insurance provider, enabling them to receive health advice and diagnoses. We have also conducted first aid training sessions in cooperation with hospitals such as King Fahad Medical City.

We also launched other initiatives in 2021 to support staff wellbeing and engagement.



Team building – conducted in a resort, featuring exercises that engage and motivate staff in a fun atmosphere



05

Acting on the Environmental Footprint

The environmental issues such as impacts of climate change and pollution are becoming ever more dramatic and visible, and the pressure on resources and the natural world is growing at an unprecedented rate. Every organization has a role to play in combating this global issue. For a financial institution like us, it is critical that we both reduce our own footprint and use our resources and position to help others do the same.

OUR CONTRIBUTIONS:



- A Vibrant Society
- A Thriving Economy
- Ambitious Nation



7 AFFORDABLE AND CLEAN ENERGY	8 DECENT WORK AND ECONOMIC GROWTH	9 INDUSTRY INNOVATION AND INFRASTRUCTURE
12 RESPONSIBLE CONSUMPTION AND PRODUCTION	13 CLIMATE ACTION	

Material Issues

- Climate change management, risks and opportunities
- Managing environmental impacts

CLIMATE CHANGE MANAGEMENT, RISKS, AND OPPORTUNITIES

Climate change is perhaps the most pressing challenge facing all of us today, locally, regionally, and globally. The impacts of climate change are already being felt across the world, with rising temperatures, and an increasing frequency and severity of extreme weather events. Here in Saudi Arabia, related issues such as water scarcity and pressure on natural resources will become increasingly important.

As a major financial institution, Bank Albilad is in a position to help mitigate the effects of climate change in a number of ways. We provide investment and support towards projects that have the capabilities to address the negative impacts associated with climate change, such as major renewable energy generation projects that produce significantly less carbon emissions relative to conventional fossil fuel energy






sources. Worldwide, climate change is creating major investment opportunities, especially as the demand for new, climate change resilient infrastructure and renewable energy projects increases. We will continue to explore these opportunities in the future and further understand how the Bank can have a greater overall impact.



MANAGING OUR ENVIRONMENTAL IMPACTS

Managing the Bank’s own environmental impacts is important and we strive to appropriately manage the amount of waste we generate, as well as how we consume water and energy.

To improve the environmental performance of our buildings, we have begun to design, plan and implement a new prototype of green building design for our branches, which includes using more energy-efficient materials. In 2021, we launched this new prototype at the Al Naseem branch in Riyadh. The new design uses more energy-efficient materials that conform to LEED and Mostadam standards, including:

-  Solar panel systems
-  Infrared water taps
-  LED lighting, including for signboards
-  Motion sensors to control lighting
-  Plastic and paper recycling containers

REDUCING THE ENERGY USAGE OF OUR BRANCHES AND ATMS

We are installing astronomical timers in our branches and ATM network across the Kingdom. These timers enable electrical loads to be switched automatically based on preset schedules and are very accurate in terms of timing. So far, the timers are helping us to reduce our electricity consumption, as well as help the Bank to avoid signage malfunctions.

INCREASING RECYCLING

Plastic waste and paper usage are two important areas where businesses can make real improvements to preserve resources and reduce pollution and waste.

To address this, in 2021 we distributed recycling containers throughout our Head Office in Riyadh. Through awareness-raising communications, employees are encouraged to use the containers to recycle materials and dispose of waste responsibly.

To date, by using these containers, employees have contributed to recycling 2,536 kg of materials, saving the equivalent of 42 trees, 177,000 gallons of water, and more than 10.1 tons of CO2.

UTILIZING RENEWABLE ENERGY

At our Head Office in Albilad Tower, Riyadh, we are proud to showcase the vast solar energy system we have installed. The system covers approximately 1,780 square meters and has a capacity of 596,701 kilowatt hours (kWh), or approximately equivalent to 5% of our annual energy consumption. The system supplies the building with clean energy and helps to reduce the carbon emissions associated with our energy consumption. Specifically, the system makes creates positive environmental impacts by:



In the future, we are planning to install Electric Vehicle (EV) chargers at select branches too. The intention of the EV chargers is to promote renewable energy consumption among our employees and customers and to support sustainable transport systems.



80,000

liters of fuel per annum provided



194 tons

reduction of carbon dioxide emissions



1,872 kg

reduction in nitrogen and sulfur oxide emissions per annum

“Bank Albilad has undertaken this pioneering initiative out of its keenness to enhance its role in the Kingdom’s Vision 2030, specifically in the field of improving the environment and preserving natural resources. The solar energy system contributes to reducing electricity consumption and reducing costs to help establish environmentally friendly industries, including solar energy.”

Mr. Abdulaziz Al-Onaizan
CEO



06

Responsibility in the Supply Chain and Our Contribution to Communities

Social responsibility is an ethical, legal and religious commitment from the Bank toward our community to achieve solidarity and help protect the community’s social, environmental and economic interests. Our responsibility extends to our supply chain as we strive to protect human rights and aim to create positive value for all the links in our supply chain.

OUR CONTRIBUTIONS:



- A Vibrant Society
- A Thriving Economy
- Ambitious Nation



1 NO POVERTY	3 GOOD HEALTH AND WELL-BEING	4 QUALITY EDUCATION
8 DECENT WORK AND ECONOMIC GROWTH	17 PARTNERSHIPS FOR THE GOALS	

Material Issues

- Community Investment and Impact
- Human rights
- Supply chain management

COMMUNITY INVESTMENT & IMPACT

We believe that corporate social responsibility (CSR) is an ethical, legal, and religious commitment from the Bank toward our community.

We strive to promote sustainable development for the communities we are involved with by prioritizing and focusing on how to address important social and environmental issues. Accordingly, we support initiatives such as reforestation and raising environmental awareness, providing training and employment opportunities, helping young people to develop their potential, and supporting our staff to act as volunteers- where they can offer their expertise to non-profit organizations in fields such as accounting and IT.

Through the Bank's CSR Policy, we have supported over 50 initiatives and projects that promote sustainable development. Since 2019, the Bank has invested an average of SAR 14 million per year into local communities. Although the COVID-19 pandemic halted our employee volunteering efforts during 2020, we proudly doubled the number of employees volunteering in 2019 (400 volunteers) to 800 employee volunteers in 2021. We continue to explore new ways of supporting our local communities each year; listed below are some featured projects that we supported during 2021:

WADI AL-QURAINAH AFFORESTATION INITIATIVE
Our team of volunteer employees took part in this environmental project, part of the Green Saudi initiative, aimed at greening an area of land at Wadi Al-Qurainah by developing greater vegetation cover. Our team helped plant more than 3,000 trees.

AL-RASS GENERAL HOSPITAL INITIATIVE SUPPORT
We have a special initiative to support the development of the gastroenterology center at Al-Rass General Hospital. The project will serve a total of six hospitals, 109 health centers and 250 villages.

RAMADAN BASKET
Al-Bilad Ramadan Basket is a voluntary initiative to prepare and distribute food baskets to a number of charities and families in need during the Holy Month of Ramadan. In 2021, we distributed 8,000 food baskets throughout the Kingdom.

THE HOME RESTORATION INITIATIVE
To support the association by operating the volunteer unit for the purpose of spreading volunteer work and participation of the Albilad volunteer team.

Volunteer Sponsorship Statistics 2021:

1,206 
Number of volunteers

7,336 
Volunteer hours

347,503 
Economic return

100+ 
The number of homes is more than 100

IHSAN PLATFORM SUPPORT
Participation in the donation campaign for the Ihsan platform in month of Ramadan by One Million Riyals.

RECYCLING
Within the social responsibility programs for environmental preservation, Bank Albilad supports the plastic and paper recycling program, where recycling containers have been distributed to all floors in the head office building- Bank Albilad Tower in Riyadh.

The recycling process aims to preserve the environment through reducing pollution caused by plastic wastes and lesser dependence on logging to produce paper.

Ambassadors contributed to the recycling of 2,536 kg

Environmental impact:


42 
Trees saved through recycling


17.7 
gallons of water


10.1+ 
tons of CO2

ASSISTING YOUNG PEOPLE WITH AUTISM
In partnership with the Ministry of Education, Ministry of Human Resources and a group of banks, we helped establish a specialized Autism Center of Excellence in Riyadh. Costing SAR 286 million, the center is equipped with specialist devices to develop sensory perception and aid learning for more than 500 beneficiaries, as well as support research and studies in this field.

USE OF CLEAN ENERGY
The solar energy system was inaugurated in the Head Office Building - Albilad Tower in Riyadh over an area of 1,743 square meters to produce renewable and sustainable energy to preserve the environment, reduce environmentally harmful carbon emissions and contribute to the provision of:

80+ 
thousand liters of fuel per annum.

194 
tons per annum carbon dioxide emissions

1,872 
Reducing nitrogen and sulfur oxides emissions at a rate of 1,872 kilograms per annum.

SUPPORTING STUDENTS
Bank Albilad seeks to support young people by helping them to develop the skills and competencies needed in their future careers. We sponsor conferences and seminars, and support universities to publish scientific research in Islamic economics. Through our Tamheer program, we organize visits to our headquarters and on-the-job training opportunities for graduates specializing in Islamic economics and banking, enabling them to get better acquainted with the work of the banking sector.

In 2021, in partnership with King Khalid University, we launched an initiative to help students finance their studies on the university's Financial Risk program.

For a more comprehensive list of the community projects that have been supported, please refer to Bank Albilad's ['Social Responsibility'](#) page on its website.

SUPPLY CHAIN MANAGEMENT

The Bank's procurement activities are governed by our Supplier Code of Conduct ('Code'). All registered vendors are required to declare that they comply with the Code, and its key areas include compliance with the Kingdom's laws and regulations; Health, Safety and Environmental ('HSE') practices; and Ethical practices. In 2021, we engaged a total of 490 suppliers, of whom 83% (406) were local, accounting for 95% of our total spend.

We have contracts and the Procurement Policy that we adhere to in all our procurement activities. No supplier relationships were terminated in 2021, but three suppliers were on our blacklist.

95% 

of our expenditure in 2021, amounting to SAR 973.6 million was with local suppliers.

HUMAN RIGHTS

Bank Albilad believes in respecting and upholding human rights throughout our activities in line with our Code of Ethics and Conduct. All our human resources policies are fully compliant with Saudi labor law, and training sessions are provided to all managers on labor law and employee rights.



07

Transparent, Effective, Responsible Governance

We are committed to growing value for all our stakeholders with responsibility and accountability. We recognize and appreciate the role of an effective governance system in achieving sustainable growth through the formulation of strategic objectives, translating them into appropriate work programs, and working toward their achievement with a commitment to transparency, disclosure and fairness.

OUR CONTRIBUTIONS:



- Ambitious Nation



Material Issues

- Business ethics and compliance
- Corporate governance
- Risk management and business continuity
- Anti-money laundering and corruption




EFFECTIVE GOVERNANCE

Creating a strong culture of ownership and accountability provides clarity in decision making and guides overall performance.

To continuously reinforce such a culture, our Board of Directors ensure the Bank maintains a robust and effective corporate governance framework. All governance systems are designed to direct, control, and guide the Bank's activities. We also subject these systems to regular reviews in order to assess their effectiveness and to incorporate any new and relevant laws, regulations, and/or best practices. As the Bank operates in an environment with increased regulatory focus on governance and risk management practices, we regularly strive to demonstrate compliance with all requirements related to regulatory bodies, shareholder rights, and the Board of Directors.

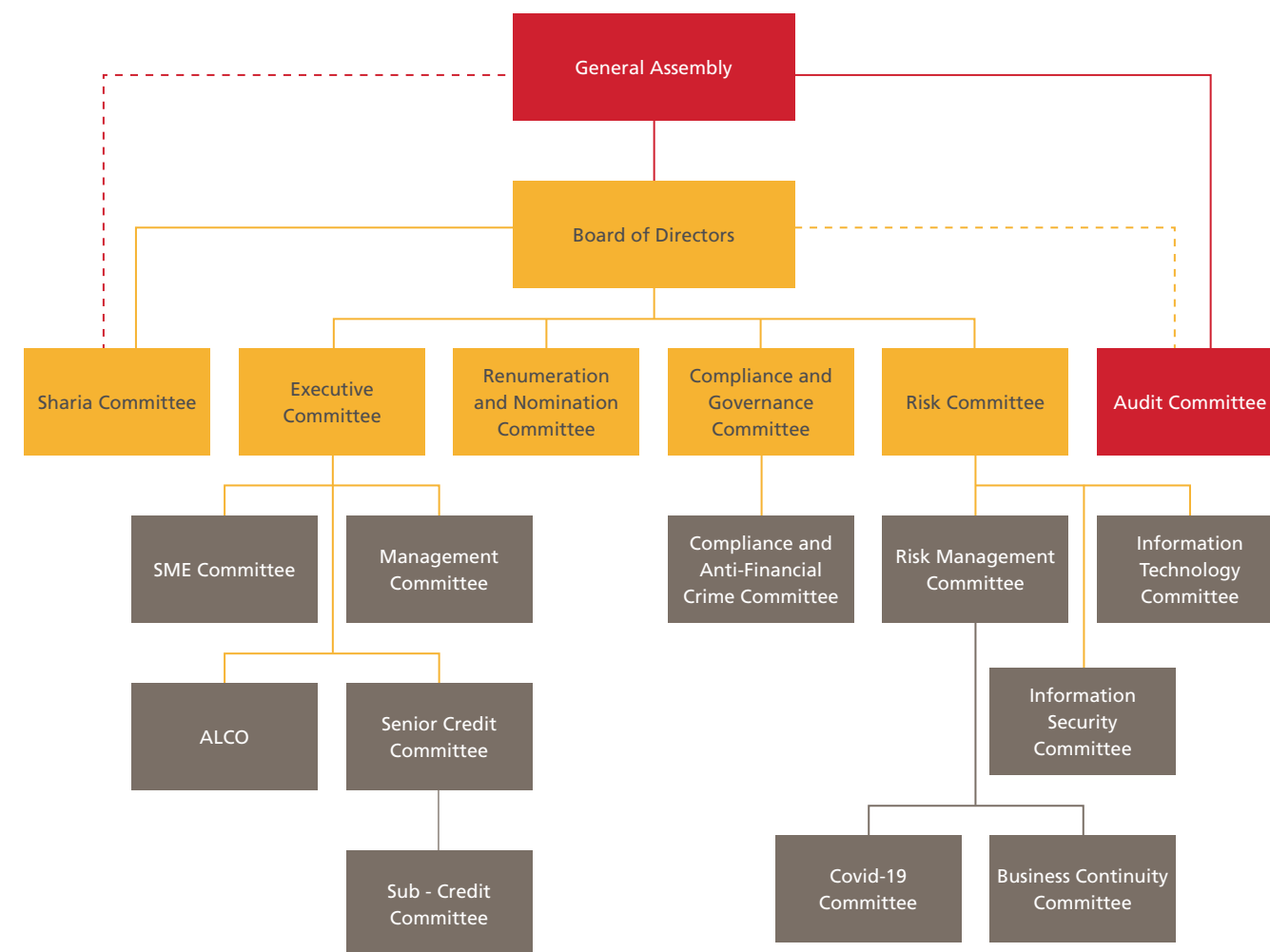
We have developed multiple foundational corporate governance documents to fundamentally guide all activities throughout the Bank. Our Code of Ethics and Conduct, applicable to all employees within Bank Albilad and its subsidiaries, emphasizes the importance of conducting our work with respect and dignity. Its main objectives are to establish professional and moral standards, ensure employee behavior is appropriate, assist in identifying and addressing behavioral problems, and inspire our employees. All new employees must undergo training on our Code of Ethics and Conduct and acknowledge that they accept its provisions.

The Articles of Association of Bank Albilad defines important base policies for key areas throughout the Bank, including capital, shares, Board of Directors, shareholders' associations, auditors, company accounts, dividends, disputes, and liquidation. Some of the policies governing the activities in each of these key areas have been further enhanced too. For example, our Shareholders Guide emphasizes the protection of shareholders' rights and encourages positive cooperation between the Bank and its shareholders. Other examples include our Dividends Policy and policies covering the acceptance of gifts, conflicts of interest, and recruitment of relatives.



Bank Albilad received the Excellence Award in the Corporate Governance Index (CGI). The Corporate Governance Center at Alfaisal University oversees the CGI, which assesses all publicly traded companies on the Saudi Stock Exchange (Tadawul) based on the governance practices mandated and recommended by the Capital Market Authority (CMA), the Saudi Central Bank (SAMA), and the Organization of Economic Cooperation and Development (OECD).

BOARD COMMITTEE STRUCTURE AND REPORTING LINES



BOARD OF DIRECTORS

Bank Albilad's Board of Directors ('Board') is the Company's highest governing body and maintains the broadest powers in managing the Bank after the General Assembly.

The Board is legally responsible to the shareholders for the conduct of the Bank's affairs, as well as organizing, controlling and supervising the Bank's executive management and monitoring its performance. The Board must adhere to guiding policies, such as our competition policies and rules for nominating and hiring Board Members.

The Board, which was elected by the General Assembly of the Bank and whose session began as of 17/4/2019, consists of eleven members, including four independent members, six non-executive members and one executive member. The seat of the chairman of the board was vacated on the death of the former Chairman of the Council (RIP) on 20 January 2021 and a replacement was elected. According to the organizing regulations, the Board must meet at least once a quarter, and the basic tasks and functions of the Board of Directors can be summarized as follows: tasks related to strategy, tasks related to financial matters, tasks related to internal control, tasks related to risks, tasks related to Sharia governance, tasks related to management performance, tasks related to organizational matters, tasks and responsibilities of the Board towards the Audit and Internal Audit Committee, rules of disclosure and transparency, proposal to the Ordinary and Extraordinary General Assembly regarding some issues that fall within the powers of the General Assembly, in addition to the general roles and responsibilities of the Board of Directors.

The board conducted nine meetings during the year 2021, and the attendance rate reached 100%.

100% 

attendance record for board meetings in 2021

On an annual basis, the Board and its committees have their performance evaluated through internal evaluation mechanisms, including forms, questionnaires, and reports. Every three years, an independent third-party is hired to conduct an evaluation on the performance of the Board and its committees too. In 2021, the overall outcome from the internal evaluation mechanisms ranged from 92% (very good) to 97% (excellent) for the Board and its committees.

For additional information on our Board Members, including professional experiences, qualifications, membership classifications, Board committee memberships, and other relevant information, please refer to our Investor Relations website.

DIRECTOR TRAINING

Each year, the Board receives training on a variety of topics that are important and highly relevant to the Bank. Most of this training was related to governance and other ESG-related topics; the remaining topics related to information security, banking and finance. Specifically, the training sessions covered:

- An introduction to the most important governance-related developments
- ESG and corporate governance, respectively. This included the most important indicators and applications of good governance, as well as the roles and responsibilities of the Boards and Executive Management
- Managing conflicts of interest, transactions of related parties and related irregularities
- Combating financial crimes and the most important associated regulations, concepts, and terminology.
- Key developments in the fight against financial crimes and associated effects on the Bank.
- The responsibilities and obligations of the Board, Board committees and Executive Management associated with financial crimes.

BOARD COMMITTEES

Taking into account the provisions of the Companies Law and its Implementing Regulations and related articles of the updated Corporate Governance Regulations, the main principles of governance in financial institutions subject to the control and supervision of the Central Bank, and the Bank's basic system, the Board of Directors has formed specialized committees according to the following:

EXECUTIVE COMMITTEE

The Executive Committee is responsible for supervising all the bank's business operations, making quick decisions regarding issues and matters related to the bank, reviewing, following up, and approving the basic financial, non-financial, commercial, investment and operational decisions within its powers. The committee shall submit, through its chairman, to the Board of Directors a report on any important issue, as well as specifying the topics that fall within its terms of reference to be presented to the Board, in addition to any issues that are not within the competence of other committees.

By the 31st of December, 2021, the Committee comprised five members of the board, one executive Board Members, and the rest are Non-executive board members. The Chairman was also a Non-Executive Board Member. The Committee held 18 meetings during 2021 and achieved an attendance rate of 98%.

NOMINATIONS AND REMUNERATIONS COMMITTEE

The main purpose of the Nomination and Remuneration Committee is to identify and make recommendations regarding candidates for the elections of the Board of Directors, whether as executive, non-executive or independent members, and the committees and sub committees of the board, in a way that ensures the availability of the minimum capabilities and skills required in membership and formation. The committee is also responsible for defining plans and policies of bonuses and compensation in the bank to ensure the protection of the interests of shareholders / investors and other stakeholders, in compliance with the instructions of the regulatory and supervisory authorities.

By the 31st of December, 2021, the Committee comprised three members and the Chairman was an Independent Board Member. The Committee held six meetings during 2021 and achieved an attendance rate of 100%.

RISK COMMITTEE

The Risk Committee's main purpose is to advise the Board on the Bank's current and future strategies related to its ability to adequately manage all relevant risks. Additional responsibilities of the Committee include supervising the implementation of risk management strategies, overseeing all activities of the Bank's Risk Management Group, and reviewing all internal risk policies for Board approval.

By the 31st of December, 2021, the Committee comprised three members and the Chairman was an Independent Board Member. The Committee held four meetings during 2021 and achieved an attendance rate of 100%.

COMPLIANCE AND GOVERNANCE COMMITTEE

The Compliance and Governance Committee ensures sound governance practices are adhered to throughout the Bank. Among its many responsibilities, its key responsibilities include ensuring the Bank's compliance with all relevant regulations, standards and rules; conducting reviews of the Bank's governance framework; and monitoring the effectiveness and independence of the Bank's compliance activities towards anti-money laundering and counter-terrorism financing.

By the 31st of December, 2021, the Committee comprised three members and the Chairman was an Independent Board Member. The Committee held five meetings during 2021 and achieved an attendance rate of 100%.

AUDIT COMMITTEE

The main purpose of the Audit Committee is to assist the Board of Directors in performing its duties and responsibilities by contributing to enhancing confidence in the fairness of financial reports, monitoring the Bank's business, protecting the Bank's assets and the interests of its customers, shareholders, investors and all stakeholders, and supervising the work of external auditors, internal auditors. The Committee exercises its duties independently in accordance with the systems, regulations and controls without interfering in decision-making or participating in the executive business.

By the 31st of December, 2021, the Committee comprised three members and the Chairman was an Independent Board Member. The Committee held seven meetings during 2021 and achieved an attendance rate of 100%.

SHARIAH COMMITTEE

The main purpose of the Shariah Committee is to assist the Board of Directors in performing its duties and responsibilities in enhancing confidence in the bank's Sharia compliance environment and principles, by expressing Sharia opinion and Sharia supervision over the Bank's business in a way that guarantees the protection of the interests of shareholders and all stakeholders. The committee exercises its functions independently to ensure that it is not exposed to any influence that may hinder it from issuing objective Sharia decisions regarding issues brought before it and issuing Sharia decisions regarding the practice of Islamic

banking activity in order to achieve the bank's vision, mission and values that preserve its identity, in accordance with the foundations, principles and provisions of Sharia. Responsibility for all its decisions related to Sharia matters.

Decisions of the Sharia Committee are binding. As of the 31st of December, 2021, the Committee comprised four non board members and held four meetings during 2021, achieving an attendance rate of 100%.

To further support the responsibilities of the Board and its committees, ten management committees have been established at the Bank to help oversee and report on a range of key areas. By the end of 2021, these committees included: Management Committee, Assets and Liabilities Committee, Committee for Compliance and Combating Financial Crimes, High Credit Committee, Sub Credit Committee, Risk Management Committee, Business Continuity Committee, Information Security Committee, SME and Micro Enterprises Committee, and the Corona Virus Risk Committee.

RISK MANAGEMENT & BUSINESS CONTINUITY

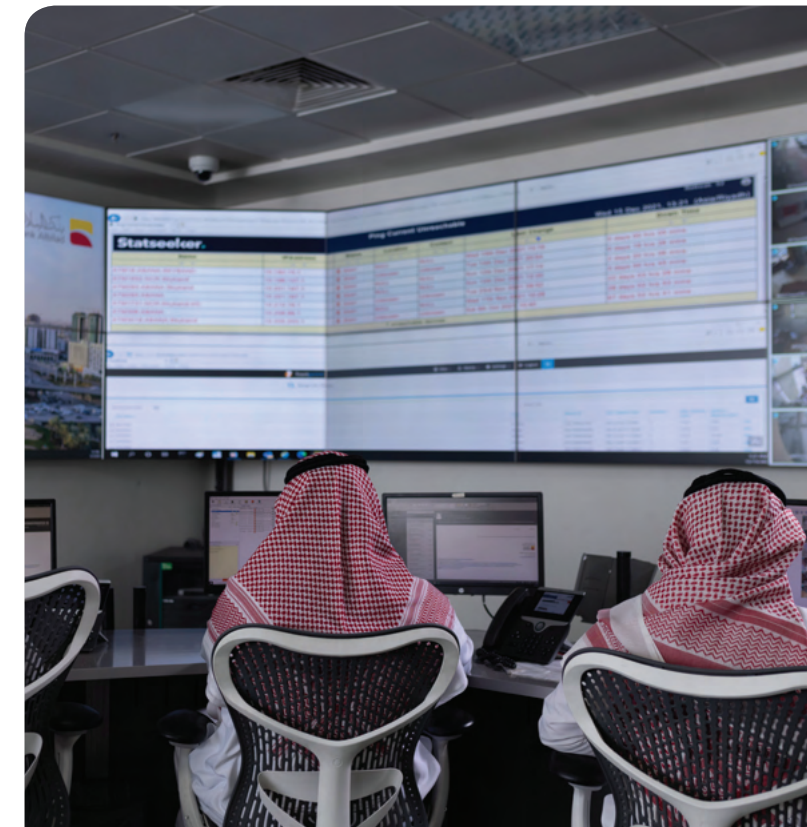
Risk Management Group (RMG) identifies, measures, controls and monitors all the risks that Bank Albilad is exposed to. Stemming from the nature of our business activities, key risks include credit risk, market risk, liquidity risk, operational risk, information security risk and business continuity. During the COVID-19 pandemic, the Bank implemented special measures to ensure business continuity of the Bank, as well as ensuring that risk management practices continue to operate as intended.

New Enterprise Risk Management (ERM) System was completely implemented during 2021. This new system reports the regulatory ratios for capital adequacy and liquidity from a single aggregated risk data mart. The Bank has also taken initiatives to modernize our risk-related IT infrastructure. On regular basis, the Bank validates its internal rating systems in line with regulations and best practices. As a result of Bank's efforts to improve information security practices, the Bank achieved full compliance with levels three and four maturity, as per SAMA's Cyber Security Framework.

The Bank has also progressed in adopting Basel III Reforms, a key challenge for the Banking Sector. Two key objectives of the reforms include helping the Banking Sector increase its capability to absorb shocks originating from financial and economic factors, and to improve risk management and governance practices. Revised frameworks were issued by the Saudi Central Bank (SAMA) in 2021 and 2022 for final implementation in 2023.

MANAGING ESG RISKS

Appropriately management of risks related to key ESG issues is a priority for Bank Albilad. Among the criteria, the Bank evaluates the credit provided to projects. The Bank consider if the project will involve any significant environmental impact(s). To further enhance our credit financing processes in the future, we are currently exploring ways to incorporate additional ESG principles and risks into these processes.



BUSINESS ETHICS & COMPLIANCE

A strong business ethic forms the foundation for developing relationships with stakeholders and is the cornerstone of the Bank's business practices. The Bank is committed to developing an environment that complies with the highest ethical and legal standards and seeks to integrate Bank Albilad's values into daily activities.

All of our employees can anonymously report any irregularities, suspicious activities, compliance violations or incidents, and instances of corruption and misconduct to our Compliance, Anti-Corruption and Whistleblowing Unit, or the specialist departments within our Compliance Division. We maintain a Whistle Blowing Policy to protect and guide our employees if they decide to report any incidents; the Bank will apply penalties and disciplinary measures against any employee that participates in retaliatory actions. Our Compliance Division has made a number of channels available to securely and anonymously report any incidents, including:



Electronic links through our internal network portal



Secure emails directly sent to the relevant specialist department(s)



Face to face discussions



A direct and recorded hotline.

The Bank applies strict penalties and disciplinary measures against anyone who has committed retaliation conduct with the intention to abuse or threaten the reporting person or the complainant, and to refer the matter to the competent authorities if the case requires or if the act of retaliation or abuse constitutes an offense in accordance with the regulations in force in the Kingdom.

As the compliance landscape is dynamic and rapidly changing, we actively monitor all such changes and strive to completely comply with all relevant and applicable laws, both domestically and internationally. Multiple internal policies are maintained and updated to support all of our compliance activities, all of which are subject to regular internal audits as per the Company's approved Internal Audit Plan.

ANTI-FINANCIAL CRIMES

A key compliance area for the Bank are the laws related to anti-financial crimes (AFC). The policies we maintain to ensure we comply with these laws include our Compliance Policy, AML and CTF Policy, Anti-Fraud Policy, Know Your Customer Policy, and Whistleblowing Policy. The Bank also uses an effective and automated management system and highly-trained staff to monitor daily transactions and protect the interests of the Bank. Regular and frequent AML and CTF-related training is provided to all of our employees, covering topics including: an introduction to the 'Know Your Customer' Policy, AML and CTF risks, and understanding the laws related to financial crimes. All AML and CTF-related training material is updated in accordance with international standards.

PROGRESS IN 2021

We completed the installation of our new automated compliance system and established a new Advisory and Awareness Unit within our Compliance and Anti-Fraud Committee Division. We also strengthened our compliance activities by merging our Anti-Fraud Committee and Compliance Committee into a new Compliance and Anti-Fraud Committee.

The scope of our Compliance Reporting and Whistleblowing Unit was enhanced to include anti-corruption, becoming the Compliance Anti-Corruption and Whistleblowing Unit.

All enquiries, complaints or issues received by the legal or compliance offices were resolved. These related mostly to:

- Ensure that new circulars, instructions, policies and procedures are applied and updated
- Review new automated products, services and regulations and request modification in accordance with internal laws and policies
- Consultations about non-compliance issues or incidents, misconduct, etc.

The Bank received no fines in 2021 for non-compliance with environmental laws and/or regulations.



08

Appendices

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102-47		20
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102-49		This is BAB's first sustainability report
102-50		4
102-51		This is BAB's first sustainability report
102-52		4

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	102-56	No external assurance
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Appendix B: Performance Indicators

Key Performance Indicators	2019	2020	2021
Customer Complaints & Satisfaction			
Number of complaints received	13,419	35,257	74,399
Number of complaints resolved	13,429	32,434	74,587
Average response rate for client complaints (working days)	5.3	6	4.27
Overall customer satisfaction	59.2%	58.2%	70.8%
Digitization			
Percentage of customers digitally active	85%	80%	94%
Percentage of active customers on application (30 days)	53%	51%	50%
Percentage of active customers on application (90 days)	65%	64%	61%
Percentage of new customers onboarded digitally	45%	68%	73%
Number of products offered digitally	11	12	19
Number of logins to the BAB mobile app (monthly average)	263,000	391,000	990,000
Percentage of retail transactions made through the app	99%	99%	99%
Data Security Breaches			
Number of data security breaches	0	0	0
Number of data security breaches involving customers' personally identifiable information	0	0	0
Percentage of data security breaches involving customers' personally identifiable information	0%	0%	0%
Customer Privacy			
Number of account holders whose information is used for secondary purposes	0	0	0
Wages & Benefits (SAR; thousands)			
Salaries paid (includes standard elements, basic pay and consolidated allowances etc.)	758,058	758,531	775,196
Benefits paid (includes elements such as pension, gratuity, medical insurance, annual passage, education etc.)	388,727	406,225	402,443
Basic remuneration of female to male (ratio)	5%	5%	6%
Average Training per Employee			
Male employees (hours)	27	14	15
Female employees (hours)	11	14	14
Senior management (hours)	20	21	13
Middle management (hours)	25	18	19
Non-management (hours)	26	13	14
Average training per all employees (hours)	19	14	15
Number of employees who completed sustainability-related awareness/training programs	0	50	0
Total Hours of Training Delivered			
All employees	71,224	42,760	65,944
Senior management	1,016	0	216
Middle management	15,176	7,758	11,904
Non-management	55,032	35,184	53,824
Male employees	67,568	40,440	59,392
Female employees	3,656	2,320	6,552
Islamic-Related Training			
Average training per employee (hours)	1	1	1
Total training delivered (hours)	1,145	1,113	402
Employee Demographics & Turnover			
New employees by gender			
Female	63	44	85

Key Performance Indicators	2019	2020	2021
Male	436	210	387
New employees by age			
Aged 18-30	373	157	327
Aged 31-50	121	86	142
Aged 51+	5	2	3
Employee turnover (voluntary and involuntary)			
Total number of employees who left the company	478	339	470
Full-time	478	339	470
Part-time	0	0	0
Senior management	2	2	1
Middle management	87	72	90
Non-management	389	265	379
Contract staff	337	261	370
Aged 18-30	195	155	213
Aged 31-50	259	163	247
Aged 51+	24	21	10
Employee turnover (voluntary only)			
Female	33	28	34
Male	345	251	302
Senior management	2	1	0
Middle management	80	65	64
Non-management	296	213	272
Contract staff	212	111	251
Aged 18-30	177	131	161
Aged 31-50	191	138	170
Aged 51+	10	10	5
Percentage of employee turnover (voluntary only)	10.7%	8.1%	9.6%
Nationalization			
Nationals among total full-time workforce	3,198	3,141	3,216
Percentage of nationals among full-time workforce	91.3%	91.7%	92.5%
Percentage of nationals in senior management	100%	100%	100%
Number of nationalities in total workforce	24	24	24
Parental Leave			
Number of employees taking parental leave	22	14	23
Number of employees returning to work after parental leave (return to work)	19	13	18
Number of employees returned from parental leave and still employed 12 months after their return to work (retention)	86%	93%	78%
Non-Discrimination			
Incidents of discrimination	0	0	0
Incidents of harassment	0	0	0
Grievances			
Number of grievances filed in the reporting period	11	8	16
Number of these grievance addressed or resolved	11	8	16
Number of grievances filed prior to the reporting period that were resolved during the reporting period	0	0	0
Team Competency			
Number of professional certifications in the information security, continuity, and privacy fields	40+	40+	40+
Performance Reviews			

Key Performance Indicators	2019	2020	2021
Percentage of employees who received a performance and career development review	100%	100%	100%
Senior management	100%	100%	100%
Middle management	100%	100%	100%
Non-management	100%	100%	100%
Male employees	100%	100%	100%
Female employees	100%	100%	100%
CSR Projects			
Number of CSR projects sponsored	14	3	10
Community Impact			
Amount of community investment (SAR Millions)	10	18	13
Community investment as a percentage of company revenue	0.28%	0.42%	0.25%
Total number of employee volunteering hours	1,200	N/A	2,500
Number of volunteers	400	N/A	800
Number of beneficiaries of community activities (thousands)	600	1,200	900
Energy Consumption			
Diesel consumption from operations and vehicles (L)	-	21,300	21,650
Electricity consumption (kWh)	-	66,279,495	69,996,577.5
Board of Directors			
Number of Board members	11	11	10
Total number of independent members	4	4	4
Percentage of Board seats occupied by independent members	36%	40%	40%
Number of non-independent members	7	7	6
Number of executive members	1	1	1
Number of non-executive members	6	6	5
Board seats held by male employees	11	11	10
Board seats held by female employees	0	0	0
Board of Directors Training			
Total training hours	10	n/a	12
Hours of training on Governance and other ESG-related topics	5	n/a	6
Hours of training on information security	1	n/a	1
Hours of training on banking and finance	1	n/a	2
Hours of training on other areas	3	n/a	3
Committee Chairs			
Number of Committee chairs	22	22	22
Number of Committees chaired by males	22	22	22
Number of Committees chaired by females	0	0	0
Internal Compliance Monitoring & Reporting			
Number of inquiries, complaints, or issues received by the legal and compliance office through an internal monitoring or reporting system	2,377	2,939	2,783
Percentage of inquiries, complaints, or issues received by the legal and compliance office through an internal monitoring or reporting system that were resolved	100%	100%	100%
Incidents of Non-Compliance			
Total incidents of non-compliance with laws and regulations	6	12	7
Saudi Arabia	6	12	7
Other countries of operation	0	0	0
Total number of legal proceedings lost associated with fraud, insider trading, antitrust, anti-competitive behavior, market manipulation, malpractice, or other related financial industry laws or regulations	95	95	118

Key Performance Indicators	2019	2020	2021
Total amount of monetary losses as a result of legal proceedings associated with fraud, insider trading, antitrust, anti-competitive behavior, market manipulation, malpractice, or other related financial industry laws or regulations (SAR)	1,929,876	4,659,008	3,172,050
Direct Economic Value Generated (SAR)			
Revenues (excluding share of profit from associates following latest presentation update in 2020)	3,945,347	4,262,047	4,583,950
Economic Value Distributed (SAR)			
Operating costs without provision	2,015,531	2,065,846	2,134,084
Employee compensation (staff expenses)	1,146,785	1,164,756	1,177,639
Payments to government (taxes and penalties) as per income statements	142,983	153,172	193,660
Total operating expenses	2,558,624	2,760,357	2,703,753
Economic Value Retained (SAR)			
Net profit	1,243,740	1,348,518	1,686,537
Total operating income	3,945,347	4,262,047	4,583,950
Shareholders' equity	9,425,923	10,740,897	11,980,090
Return on (average) equity	14.4%	13.4%	14.8%
Tier-1 capital notes	9,473,031	10,801,732	12,051,419
Subordinated debt	2,007,768	2,004,876	3,015,411
Capital resources (paid-up capital)	7,500,000	7,500,000	7,500,000
Shariah Supervisory Council (SAR)			
Zakat payment (payment during the year)	25,171	205,832	218,110

Appendix C: Our Stakeholders

Stakeholder	Modes of Engagement	Interests
Customers	Branches Service centers Call center Online banking Social media Company website Public events	Friendly & responsive customer service Data Security Data privacy Innovative products & services Digital banking services
Business Partners & Suppliers	Regular engagement & communications Tendering process Supplier Code of Conduct Annual & public reports Company website	Responsible & sustainable procurement Digital innovation & transformation Community investments Anti-money laundering, bribery & corruption Financial stability & systemic risk management
Investors & Shareholders	General Assemblies Annual & public reports Investor conferences & presentations Investor relations Press releases Company website	Economic performance Sustainable investments Business ethics Governance & compliance ESG ratings & indices
Regulators & Government Authorities	Board of Directors Engagement with government authorities Compliance reports and associated activities Annual & public reports	Governance, business ethics & compliance Anti-money laundering, bribery & corruption Economic performance Community investment & socioeconomic development Nationalization
Community	Volunteering & donation programs Education programs Partnerships Products & services Social media Public events Company website	Financial literacy Financial inclusion & accessibility Nationalization Governance, business ethics & compliance Community investments
Employees	Training & development programs Performance appraisals Rewards & recognition programs Company events Annual & public reports Company website	Fair compensation Talent development Diversity & inclusion Employee wellbeing Customer satisfaction

Appendix D: Islamic Banking Glossary

Murabaha: The concept of Murabaha in Islamic Fiqh differs from the concept of Murabaha to the purchase order used in banks. That is, Murabaha in Islamic Fiqh is a type of trust sales [e.g. Wadhi'ah (a sale with a specified loss), Tawliyyah (to sell as per the purchasing price without making profit), and Murabaha] in which the seller shall disclose to the buyer any factors affecting the commodity price such as the price of purchase, and whether it will be paid on a deferred basis or on the spot, and so on. Murabaha to the purchase order, however, is a finance instrument composed of a number of steps that begin with the client's request to purchase a commodity with a promise to purchase that commodity with a specified profit margin from the Bank if the bank purchases this commodity. This sale to the client may be a Murabaha sale in accordance with the Islamic Fiqh concept, which is the most preferable, or it may be a Musawamah (bargain) sale.

Ijarah Financing: It is a financing instrument that comprised of a number of steps that begin with a promise by the client to rent a commodity from the Bank, and the Bank then buys that commodity and rent it to the client with a specified rental fare and period. All terms of the Ijarah will apply throughout this period. If the client pays all rental installments and does not breach any of its obligation in the relevant agreement, the Bank then shall convey the ownership of the commodity to the client by sale based on a prior promise to sell or a gift, as it specified in the relevant agreement.

Musharaka: It is an investment partnership in which all partners are entitled to receive a portion of the profits of a certain project with mutually agreed percentage to each partner. Losses also will be shared between partners in proportion to the amount invested, and all partners shall participate in any amounts paid related to the relevant losses. One of Musharaka contract's forms the following:

Musharaka contract may involve import the commodities of Musharaka. Accordingly, the bank enters into partnership with the client, in the uncovered part, to buy the commodity, then, the bank sells its share to the client on the basis of deferred sale after the bank takes acquisition of title to, and Qabd (taking possession) of its share, provided that the sale to the client (the partner) shall not be based on a binding promise, or stipulated in the Musharaka (partnership) contract, and that there shall be no prior contractual commitment between the client and the original supplier of the commodities.

Mudaraba: Contract of Mudaraba in which the bank (Mudarib) and the client who is provider of the capital (rab al-maal) share the returns of investment transactions resulting from the amounts deposited in the account of Mudaraba. The profits are distributed between them based on their agreement. Moreover, it is not permissible to stipulate guarantee of the capital or a specific portion of the income on the Mudarib.

Gharar: Uncertainty and lack of knowledge of the specific sale descriptions, and this uncertainty can be either in the sold item or in the price of this item.

Current Account: Any amounts in current accounts are juristically considered as being Qards (loans) to the bank. The bank shall make such amounts available to the owner of a current account on demand. In addition, it is permissible for the bank (the debtor) to invest the money of current accounts owners (loaner) provided that the bank shall be under obligation to return such amounts of these accounts on demand without the client being eligible for the profits achieved by the bank

Sukuk: Sukuk are certificates representing undivided shares in ownership of tangible assets, usufructs and services or (in the ownership of) the assets of particular projects.

Rahen: A contract to hold an asset in favor of the creditor as a security of a certain debt, provided that the creditor (mortgagee) is entitled to possess this asset as either physically or constructively. In the event of default by the debtor (the mortgagor), the creditor has the right to sell the relevant asset without obtaining the Mortgagor's approval.

Qard Hasan: Qard Hasan is a free-interest loan.

Letter of Guarantee: A letter issued by the bank based on the request of its client, according to which the bank pledges to pay a certain amount in favor of a specific entity for a specific purpose within a specified period.

Khiyarush-Shart: Khiyarush-Shart (sale with termination option) is a condition that gives either or both of the contracting parties the right to cancel the contract during the period of option.

Zakat: A financial obligation to be paid to its designated purposes. It is imposed legally (Compliance with Sharia) on those who have money that reached the nisab (designated amount) and was transferred.



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