



2023
SUSTAINABILITY
REPORT



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



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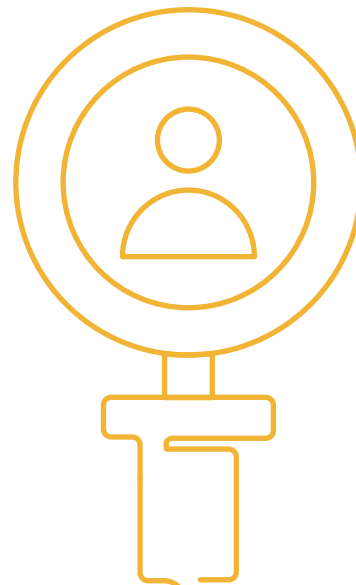
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About this Report

We are pleased to present Bank Albilad's ESG Report, covering the period from 1 January 2023 to 31 December 2023.

This report provides a discussion and analysis about the Bank's sustainability initiatives and performance. Throughout the report, you will find details of Bank Albilad's contributions towards Saudi Arabia's Vision 2030 objectives and United Nations' Sustainable Development Goals.

Global reporting standards

This report has been prepared with reference to the GRI Standards and aligns with the National Standards of Sustainability (NSS) and Saudi Exchange ESG Disclosure Guidelines. The report also considers sector-specific standards published by the Sustainability Accounting Standards Board (SASB) Guidance.

Scope

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



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.

Chairman's Statement

Welcome to Bank Albilad's Sustainability Report. On behalf of the Board of Directors, I thank you for your continued support as we continue to integrate sustainability into our operations in line with the Kingdom's Vision 2030 and regional sustainability trends.

Lately we have seen a strong regional and global shift towards sustainability, with Saudi Arabia, guided by Vision 2030, leading the Middle East in economic diversification and sustainable development. Vision 2030, Saudi Arabia's ambitious blueprint to achieve a range of sustainability-based and long-term goals, such as addressing climate change, pollution, and resource overconsumption, continues to be our guidepost in the development of the Bank's corporate strategy and overall journey, which we are proud to fully align with.

In support of Vision 2030 and other sustainability ambitions, such as the United Nations Sustainable Development Goals, many Saudi Arabian banks are adopting sustainable financing frameworks, which enable them to issue financial instruments that are clearly defined as sustainable, such as green sukuk.

The Bank will be exploring the development of its own sustainable financing framework too, as it continues to build on a range of products and services in line with Vision 2030 and sustainable economic development goals, as well as support the Saudi Central Bank's (SAMA) sustainability-related ambitions.

Aligned with these developments, as well as the Saudi Green Initiative and ESG Disclosure Guidelines issued by the Saudi Exchange, we continue to focus on understanding and addressing key sustainability challenges for the Bank and its valued stakeholders. Through our sustainability framework, detailed throughout this report, we intend to constantly communicate and focus our internal efforts regarding how we are addressing and improving our approach towards these challenges.

As we navigate the evolving sustainability landscape, Bank Albilad remains committed to aligning our operations with Vision 2030. Our commitment to sustainable development goes beyond compliance, driven by a belief in building a resilient, sustainable economy for Saudi Arabia. We believe we can play an important role in the Kingdom's transformation through guiding strategic investments, innovation, and collaboration.

In closing, I extend on behalf of the members of the Board of Directors and the ambassadors of Bank Albilad, my sincerest gratitude to the Custodian of the Two Holy Mosques and the Crown Prince – may Allah protect them – for their support, guidance, and 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 Capital Market Authority, and the Saudi Central Bank, for ensuring the stability of the financial and banking sectors of the Kingdom through their sound and timely plans, programs, and regulations.

Finally, I extend my utmost appreciation to our customers, investors, partners and shareholders for their trust and confidence throughout these years and to the executive management and ambassadors of Bank Albilad. I would like to take this opportunity to formally thank them all for their contributions to another successful year. With your help, I look forward to our continued progress towards achieving and ensuring long-term value for the Bank.

Nasser Bin Muhammad Alsubaie
– Chairman of the Board of Directors



As we navigate the evolving sustainability landscape, Bank Albilad remains committed to aligning our operations with Vision 2030.



CEO's Statement

I welcome you to Bank Albilad's 2023 Sustainability Report. This report is a reflection of our journey and a testament to our unwavering commitment towards embodying the values of initiative, innovation, care, partnership, trust, and accountability. In today's world, sustainability is no longer a choice, but a necessity and we are proud in having put into action sustainable operating models in the banking industry.

The Kingdom of Saudi Arabia's Vision 2030 and the Saudi Green Initiative reflect the paramount importance of adopting and implementing sustainable practices. ESG is a major component of our business strategy and integrates sustainable practices in all aspects of our operations, focusing on the six thematic pillars of: Transparent, Effective, Responsible Governance; Sustainable Banking Practices; Innovating for a Dynamic Business; Contributing to Communities; Acting on the Environmental Footprint; and Empowering our Employees.

As part of our commitment to sustainable banking practices and financial inclusion, we continue to support the objectives of the Financial Sector Development Program (FSDP), one of which is to increase the contributions of small

and medium enterprises (SMEs) to the Kingdom's GDP to 35 percent by 2030. This is being made possible through a range of service offerings and partnership with Monsha'at in providing financial guarantees and technical knowhow as well.

Our commitment to empowering employees remains a priority, with a continued focus on diversity, professional development, and job localization. Our workforce now includes representation from 20 different nationalities, making up 6.9% of our employee base. We launched the Bilad Academy, to promote continuous learning and comply with SAMA's mandatory course certifications. Additionally, we introduced various training programs, including a 15–24-month management training program for new graduates and other specialized programs.

Our workforce now includes representation from 20 different nationalities, making up 6.9% of our employee base.

The Bank's commitment to reducing its environmental impact is being advanced through implementation of energy-efficient and renewable technologies, as well as green building designs. We introduced a new prototype for green building design in our new standalone branches, featuring solar panel systems, infrared water taps, LED lighting, motion sensors, and recycling containers. Additionally, our large-scale solar energy system at the Albilad Tower Head Office enabled us to reduce carbon emissions by 194 tons per year.

We are actively engaged in Corporate Social Responsibility (CSR) initiatives that make profound impact on our communities. This year, we undertook meaningful community service

with over 5,400 employee volunteering hours and supported various activities, such as the Ramadan Basket initiative, benefiting over 32,000 individuals. We also collaborated with the Blind Vision Charity to provide over 300 audiobook devices for students with visual impairment.

Our governance practices continue to evolve, with the establishment of an Anti-Fraud committee at executive management level and an automated compliance system. These efforts, along with our strong corporate governance framework and zero instance of data security breaches over the past three years, reflect our commitment to maintaining the highest standards of governance and operational integrity.

Innovation is integral to our dynamic business strategy. Our digital transformation efforts led to the introduction of new products and services, enhancing the customer experience. Notable achievements in this area include the launch of digital personal finance services, instant payment systems, and digital invoices.

Finally, 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 Ministry of Commerce, the Capital Market Authority, and the Saudi Central Bank (SAMA), for their continued support in ensuring a robust and stable banking sector and economy.

Our accomplishments were made possible because of the enduring trust and support of the Bank's various stakeholders. I am grateful to our customers, partners, and shareholders for their untiring support to the Bank throughout the year. I would like to thank our Board of Directors, for their guidance, encouragement, and support to continue driving progress through innovation.

And I thank our management team and ambassadors for their untiring commitment to find new ways to serve our customers better and passion for innovation.

Together, we are charting a course towards a sustainable and prosperous future.



Abdulaziz M. Al-Onaizan
– Chief Executive Officer



1

BANK PROFILE

- Vision, Mission & Values
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Vision, Mission & Values

VISION

To be the preferred choice of innovative Islamic banking solutions.

MISSION

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.

VALUES

- Initiative and Innovation
- Care and Partnership
- Trust and Accountability

Key Facts

Bank Overview

Established under Royal Decree in 1425H (2004), Bank Albilad is a prominent Saudi joint stock company listed on the Saudi Stock Exchange (Tadawul) with a capital of SAR 10 billion at the end of 2023. It is headquartered in Riyadh, Kingdom of Saudi Arabia, and offers a suite of Islamic Sharia-compliant banking solutions. It is committed to innovating within the sector, providing genuine Shariah-compliant products and services to meet a range of client needs, including personal banking customers, corporations, and SMEs, which it supports through over 100 branches in numerous cities across Saudi Arabia.

The Bank has received the following credit ratings:

Moody's:

- Long-term: A3
- Short-term: P-2
- Future Overview: Positive

Fitch:

- Long-term: A-
- Short-term: F2
- Future Overview: Stable

- Bank Albilad is the 16th largest bank in the Middle East in terms of market value, according to the Forbes 2023 ranking.
- The Bank is the 5th largest retail network.
- It operates through a network of 108 branches, providing comprehensive coverage and convenience for customers across the Kingdom.
- The proposed cash dividend in 2023 is 5% at SAR 0.50 per share after Zakat, with a total dividend of SAR 500 million.

Subsidiaries

Bank Albilad owns Albilad Investment Company, which focuses on investment and asset management, and Albilad Real Estate Company Ltd, which carries out registration procedures related to real estate guarantees obtained by the Bank from its customers. In addition to Enjaz Payment Services Company, which is fully licensed by the Saudi Central Bank as a Major Electronic Money Institution.

Retail Banking

The Retail Banking Group at Bank Albilad is dedicated to achieving excellence in Islamic banking by introducing a comprehensive range of innovative products, services, and digital solutions. We aim to become the preferred banking partner within the Kingdom, catering to individual customers across various segments, including private banking and affluent clients, and serving SMEs, non-borrowing corporates, and government entities.

To realize this vision, Bank Albilad is keen on enhancing convenience and sustaining growth across its retail banking offerings through digital innovation, intelligent branches, and comprehensive digital platforms. We focus on developing and deploying new products and services that align with Islamic banking principles, aiming to promote sustainable growth in revenue, net income, assets, fees, and retail customer deposits. By prioritizing these areas, Bank Albilad is committed to offering a superior banking experience tailored to meet the evolving needs of our diverse clientele.

Treasury Operations

The Bank's treasury operations are crucial for all retail and corporate banking activities, which has established a solid financial and operational base that boosts confidence among the Bank's key stakeholders. Efforts to ensure efficient operations have been a priority, with a focus on offering contemporary and Sharia-compliant solutions to a diverse range of customers.

During 2023, our primary focus remained on increasing product offering for our customers and continuation of our digitalization journey to improve customer interaction and experience. Additionally, we increased our Treasury investment book size, which will provide diversified and stable accrual income over the years.

Introduction of Treasury Management System (TMS) became the base for further product development. It has provided an effective basis for managing risk and maintaining liquidity. This is vitally important for Treasury to position itself for next-generation banking. The Bank aims to consolidate and maintain this growth while ensuring strict adherence to Sharia-compliance and regulatory standards.





Corporate Banking

The Corporate Banking Group (CBG) at Bank Albilad manages relationships with various entities, offering Sharia-compliant financial services to a wide range of clients, from large corporations to MSMEs, financial institutions, and government entities. In 2023, the Bank increased its market share in corporate banking, achieving 15% asset growth by year end.

The CBG focuses on providing tailored financing solutions and efficient services, with a special emphasis on supporting MSMEs. Significant milestones during the year including successfully executing the First Syndicated Loan (Club Deal), arranged and managed by CBG, and participating in the "Open Banking" project to drive efficiency and maximize returns. These efforts align with Vision 2030, supporting the MSME sector and contributing to Saudi Arabia's economic growth.

Albilad Capital

Albilad Capital is known for its innovative and comprehensive financial products and services for both institutional investors and individuals. In 2023, it focused on expanding its client base with investment services and solutions, resulting in a 13% year-on-year increase in revenue and growth in assets under management and custody. With a reputation for pioneering innovative investment services, Albilad Capital continued to introduce new solutions, such as launching unique Exchange Traded Funds (ETFs) like the "Albilad MSCI US Equity Tech ETF" and gaining approval for the "Albilad MSCI Saudi Growth ETF," which has created an opportunity to invest in SMEs. These initiatives reflect Albilad's Capital commitment to leveraging technology and meeting the evolving needs of its customers while complying with Sharia principles.

Enjaz Payment Services

Enjaz operated its first full year independently during 2023, offering payment services for retail and corporate customers while engaging with emerging FinTech companies across 60 cities in Saudi Arabia. It recorded significant growth, including a 19% increase in card usage, 48% in digital onboarding, and a 16% rise in customer balances. Enjaz prioritizes innovation, investing in technological capabilities to launch new services and enhance customer experience and operational efficiency. Its physical presence across the Kingdom positions it as an ideal partner for FinTech companies with digital-only operations.

Strategic Objectives

Strategic Objectives and Future Vision

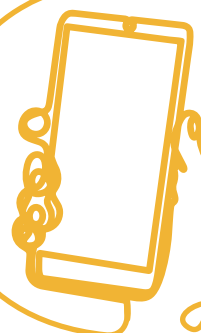
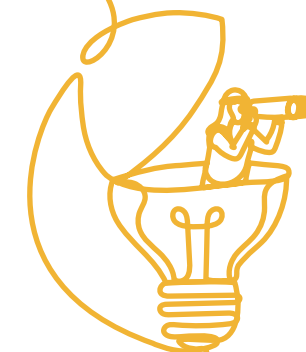
Bank Albilad's business strategy will leverage its banking channels, agents, fintech innovations, and expertise to achieve sustainable growth and enhance revenue streams. Its strategic vision incorporates cutting-edge technology and digital capabilities to ensure customer-centric services and personalized banking experiences.

The key objectives of the strategy are as follows:



SUSTAINABLE GROWTH

INNOVATIVE ISLAMIC BANKING FOR SMEs



DIGITAL LEADERSHIP

The strategy's goals include maintaining and improving profitability, maximizing legacy business growth, enhancing the card product portfolio, sustaining mortgage finance market

share, innovating with personal finance products, and strengthening product offerings for transactional banking.





Vision 2030 Strategic Alignment

Bank Albilad is strategically positioned to significantly support the realization of the ambitious goals set forth by Vision 2030. This wide-ranging blueprint aims to diversify the Saudi

economy beyond oil, as well as seeks to enhance the quality of life for all residents and position the Kingdom on the global stage as a vibrant society, a thriving economy, and an ambitious nation.



Bank Albilad & Vision 2023 Alignment



Vision 2030 Programs



Financial Sector Development Program



National Transformation Program



Quality of Life Program



Housing Program



Human Capability Development Program

Program Objectives

- Enable Financial Institutions to Support Private Sector Growth
- Promote and Enable Financial Planning
- FinTech Strategy

- Grow SME Contribution to the Economy

- Enable the Development of the Tourism Sector

- Enable Suitable Home Ownership Among Saudi Families

- Enhance Family Involvement in Preparing for their Children's Future
- Build a life-long Learning Journey

BAB Strategic Objectives

- Sustainable Growth
- Innovative Islamic Banking for SMEs
- Digital Leadership

- Sustainable Growth
- Innovative Islamic Banking for SMEs

- Innovative Islamic Banking for SMEs

- Sustainable Growth

- Sustainable Growth



2

ESG FRAMEWORK

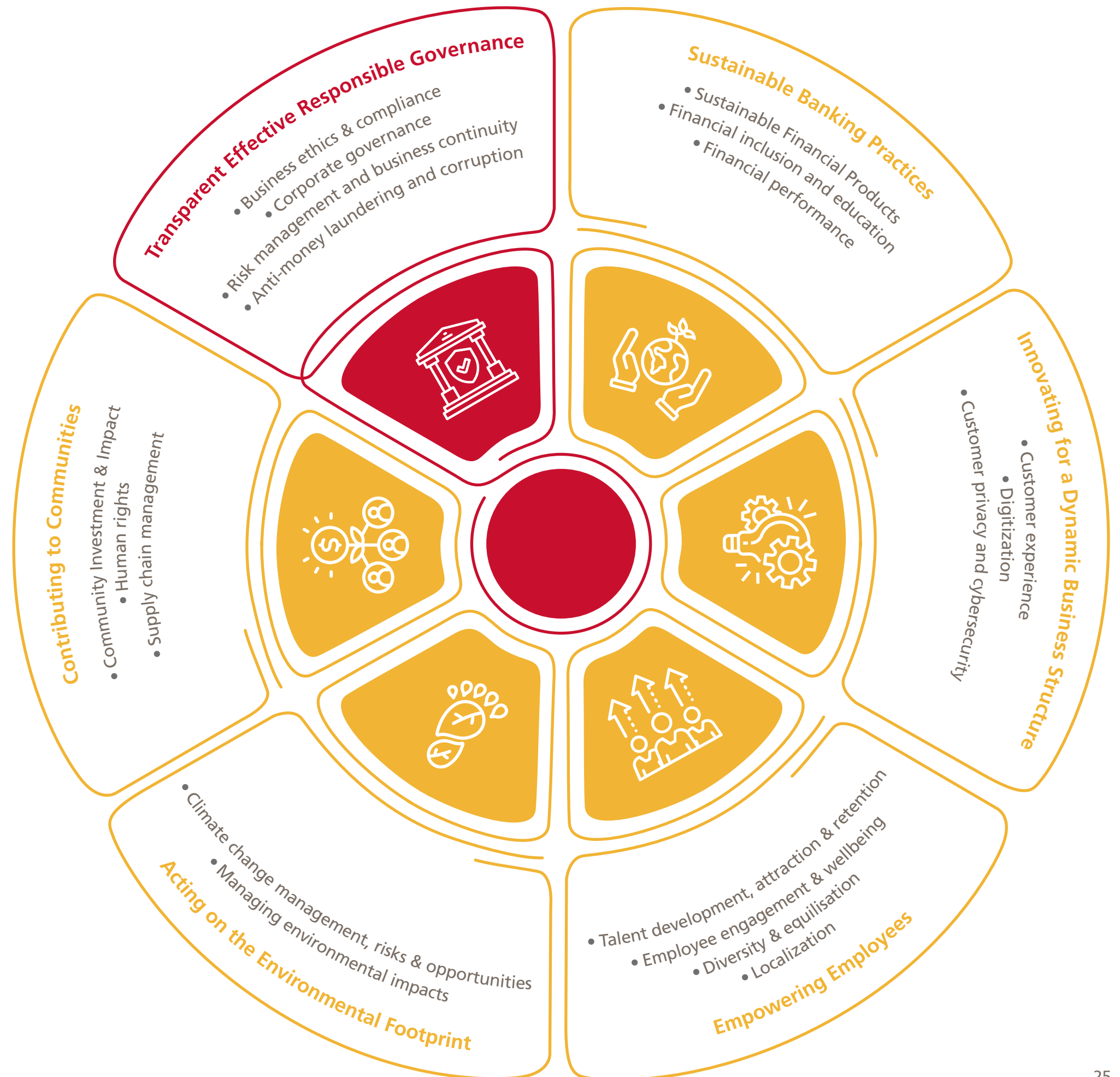
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Bank Albilad maintains a comprehensive ESG Framework that guides its sustainability initiatives and strategies. The Framework focuses on the ESG issues relevant to the Bank and its stakeholders. It is based on six key pillars and aligns sustainability priorities and commitments with the Bank's mission, values and operations. The Framework is regularly reviewed and enhanced to ensure its continued relevance.

Sustainability 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.



Material ESG Issues

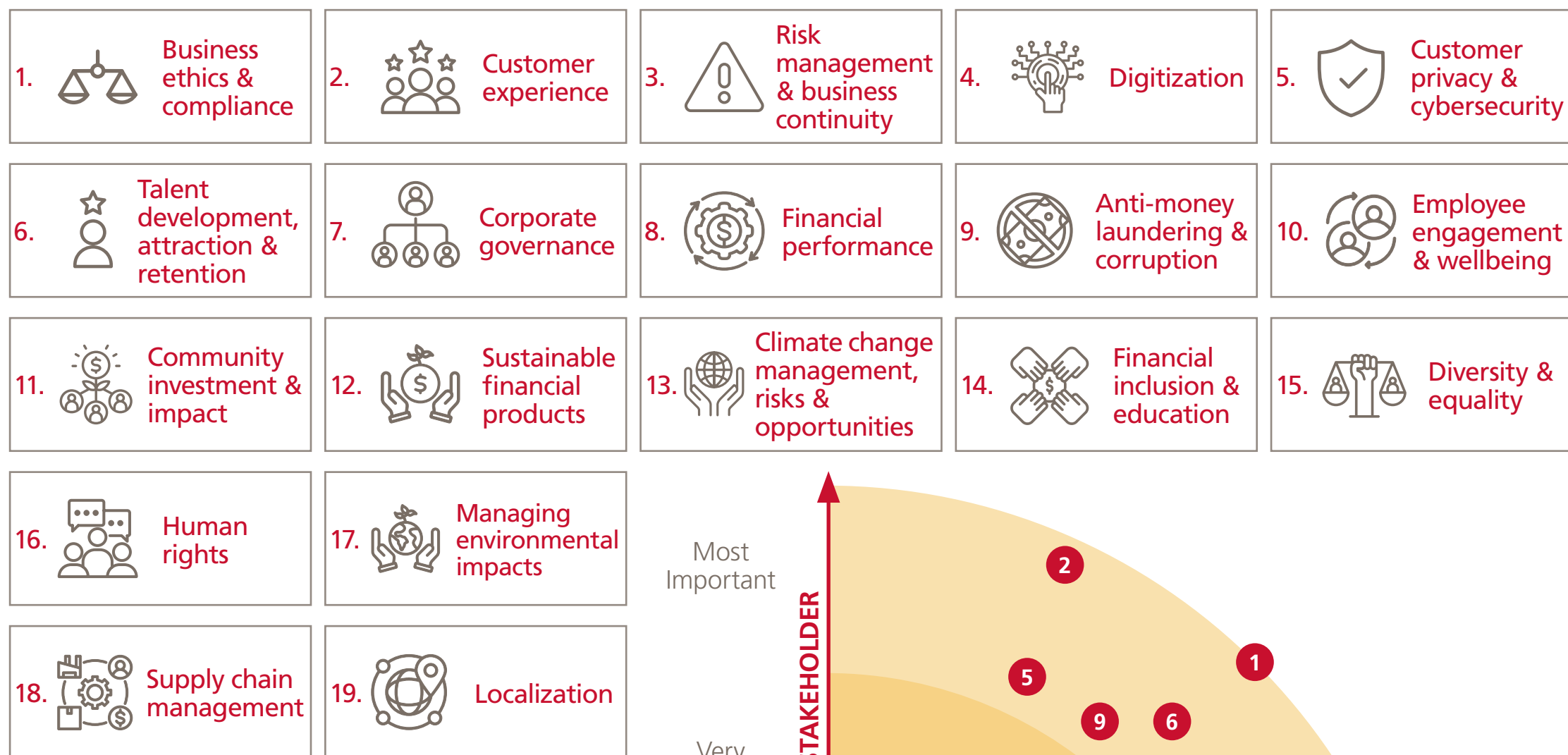
Bank Albilad has conducted a materiality assessment to identify and understand the ESG considerations that are most important to the Bank and its stakeholders. This assessment involved a comprehensive review of reputable sustainability standards, including those published by the GRI, SASB, and the Principles for Responsible Investment (PRI). It also included consideration of:

- ESG issues specific to the banking industry, as identified by various ESG rating agencies;
- the ESG reports published by local and international peers;
- the objectives of relevant national and international sustainability-related ambitions, including Saudi's Vision 2030 and the United Nations Sustainable Development Goals (SDGs); and
- stakeholder interests and perspectives.

After identifying and listing all possible ESG issues for consideration, the list was refined and prioritized based on where Bank Albilad currently has the most significant impact, where it has the greatest potential to be impacted, and those ESG issues that may significantly influence the assessments and decision-making of its key stakeholders. A total of 19 material ESG issues were identified.

This materiality assessment has been valuable in identifying the Bank's strengths and areas that require attention or development. The identified material issues guide the Bank's ESG policies, strategies, goals, targets, and actions related to ESG and sustainability management. Bank Albilad will continue to review its materiality analysis to ensure it remains relevant in the rapidly changing sustainability landscape.

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 sustainability management.

We will also continue to review our materiality analysis to ensure it remains up to date in a changing landscape.



ESG Performance Highlights



Sustainable Banking Practices

- Zakat payment of SAR 234,883 ('000), used to support a range of diverse social welfare initiatives throughout the Kingdom.
- Launched a program to support and finance the capital and operating expenditures of schools in local communities.
- Continued to offer Franchise Program, supporting the development and global expansion of local brands with support from Monsha'at.
 - 14% increase in net income after Zakat compared to 2022.



Innovating for a Dynamic Business Structure

- First bank in Saudi Arabia to be technically licensed by SAMA for Open Banking services.
- Opened our Horizon innovation center, enabling the Bank to explore, experiment, validate, and generate new ideas and concepts through a structured innovation process.
- Increased customer satisfaction from 70.8% to 93.9%.
- Executed 315 deals under our co-financing agreement with the SME Bank.
 - Zero security breaches over the past 3 years.



Empowering our employees

- Increased total training hours delivered to employees by 29% compared to 2021.
- 100% of employees underwent a performance review.
- Enhanced employee benefits by improving annual leave plans, our savings program, and implemented a new grading system.
- Zero instances of discrimination over the past 3 years.
- Over 93% of workforce accounted for by local nationals.



Acting on the Environmental Footprint

- Started implementing a new prototype for green building design across our branches, aimed at significantly reducing our ecological footprint.
- Equipped 13 standalone branches with parking and charging facilities for electric cars.
- Implemented Building Management Systems in 14% of our branches.
- Recycled approximately 4,550 kg of plastic and paper.



Contributing to Communities

- Supported 32 participants in the inaugural Hackathon Albilad for Islamic Banking to develop new Islamic banking products.
- Launched Albilad Verse, a one-of-a-kind branch dedicated to providing financial education to children.
- Sponsored the Mowaamah app, an innovative tool designed to ease the lives of people living with disabilities.
 - Through the Jood Housing Platform, donated SAR 10,000,000 to support the provision of houses for 5,250 vulnerable families.



Transparent, Effective, Responsible Governance

- 50% of the Board of Directors were independent members.
- Successfully implemented an Operational Risk Solution, significantly enhancing the risk management capabilities.
- Enhanced our Compliance & Anti-Financial Crime Division with 3 dedicated business units.
- Resolved 100% of the inquiries, complaints, or issues received by the legal and compliance office through an internal monitoring or reporting system over the past 3 years.



3




SUSTAINABLE BANKING PRACTICES

- Financial Inclusion & Education 32
- Promoting Sustainable Development 33

Bank Albilad views sustainable practices in the finance sector as a key driver of sustainable economic growth, creating value for all stakeholders and benefiting the people of the Kingdom.

As the importance of addressing existing and emerging sustainability issues continues to become increasingly important across all industries, we are committed to addressing these types of issues and empowering our customers to do the same.

MATERIAL TOPICS

-  Financial inclusion & education
-  Sustainable financial products
-  Financial performance

UN SDGs



VISION 2030

-  A Thriving Economy
-  Ambitious Nation



Financial Inclusion & Education

Serving underbanked individuals and SMEs benefits society and enables the Bank to improve its bottom line. We provide financial literacy and technological education to remote areas across the Kingdom.

We were the first bank in Saudi Arabia to launch a financial inclusion service. This service uses agents, often in remote locations, to provide financial services to the previously unbanked. Developing this network has enabled us to also offer the latest digital banking services to ensure greater financial inclusion in an environmentally friendly manner, as people no longer have to make long journeys into cities to access banking and other financial services. We aim to expand this network to more locations across the Kingdom in the coming years, increase the number of qualified agents while enhancing the customer experience.

House Savings Initiatives

Our House Savings Initiative promotes a culture of saving money and encourages the construction and purchasing of houses. The initiative was established in 2021 in conjunction with the Ministry of Municipalities and Housing. Since then, there have been more than 120,000 individual beneficiaries across 38 ministries, various authorities, private sector organizations, universities, and schools.

Bank Albilad's range of Shariah-compliant savings products also contributes to the overarching Vision objective to increase household savings from 6% to 10% of total household income; whilst our homeownership solutions are helping to meet the Kingdom's target to increase homeownership to 70% by 2030 from 60% in 2020.

Schools Financing Program

At the end of 2023, Bank Albilad established a program to support and finance the capital and operating expenditures of schools in the communities in which we operate.



Promoting Sustainable Development

Sustainable financial products

Bank Albilad offers various programs and services to foster sustainable growth throughout Saudi Arabia's economy. For our SME customers, we strive to support their growth and help them establish and expand their operations through a variety of offerings, including:

- **Custom Clearance Program:**
This program facilitates customs clearance and transit with letters of guarantee for the General Customs Authority, as well as an expedited and simple credit process.
- **Hajj and Umrah Program:**
SMEs can receive up to SAR 1.5 million to support their operational needs during the Hajj season.
- **Payroll Financing Program:**
This program enables SMEs to pay their employees' salaries on a fixed date each month, making them more competitive and capable of attracting and retaining talented employees.
- **Point of Sale (POS) Financing Program:**
This supports SMEs' operational and expansion needs.
- **Franchise Program:**
Through this program, we have supported the development and global expansion of local brands. Monsha'at and Bank Albilad jointly sponsor this program, as part of an agreement to support SMEs by providing financial guarantees for enterprises to access funding via strategic partnerships, national capabilities, and innovative data-driven technology tools. The program also aims to attract international brands to support national economic diversification efforts and help SMEs upgrade their business activities to improve operational efficiencies and increase competitiveness.



Financing Renewable Energy

We recognise that investing in, or lending to, projects that help to mitigate climate change and promote sustainability is crucial for making a real difference, as is supporting projects that align with the Saudi Vision 2030.

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. To support this, Bank Albilad is focusing on supporting a number of major renewable energy projects.

Our approach is three-pronged:

1.

Firstly, we are building relationships with large clients who are also focused on the development of green utility projects.

2.

Secondly, once those clients have been identified and the proper credit assessments completed, we engage with them to select appropriate projects we can support.

3.

Finally, we then extend financial support to those projects with preferential pricing and conditions.

Albilad Capital

Albilad Capital, the investment arm of Bank Albilad, has solidified its position as a leader in the finance and investment sector. This recognition was underscored when the firm played a pivotal role as a Bookrunner for the Public Investment Fund's inaugural international Sukuk issuance of USD 3.5 billion. This significant transaction showcased Albilad Capital's expertise and capability in handling large-scale and complex deals.

The excellence displayed in managing this deal was independently acknowledged when Albilad Capital received awards for Islamic Capital Markets Deal of the Year and Sukuk Deal of the Year. These accolades are testament to Albilad Capital's innovative approach to finance and its ability to meet investor needs with groundbreaking products.

Albilad Capital received awards for Islamic Capital Markets Deal of the Year and Sukuk Deal of the Year.

Albilad Capital: An Increasing Focus on Sustainability

Albilad Capital is committed to capturing growth in the Saudi market, focusing on institutional investors, organizational excellence, and pioneering in the regional Exchange-Traded Funds (ETF) market. Albilad Capital acknowledges the significance of risks posed by climate change, natural resource constraints, and human rights concerns, and incorporates the mitigation of these factors into its diversification strategies and investment actions.

To deliver on its sustainability objectives, Albilad Capital:

- is well positioned to integrate ESG factors with Shariah compliance, solid governance, and business sustainability into its investment analysis;
- thoroughly analyzes macro and micro risks, including any climate change and human rights concerns, incorporating these into five-year forecasts;
- recognizes the importance of integrating ESG factors into its diversification strategies to mitigate risks and balance financial returns with sustainable outcomes;
- continuously enhances its ESG efforts, expanding analysis and incorporating innovative research methodologies;
- leverages its strong in-house research capabilities and will focus on integrating ESG factors into investment recommendations;

- plans to engage with portfolio companies and issuers on ESG issues to promote greater transparency and accountability; and
- remains committed to generating financial returns while contributing to positive societal and environmental outcomes.



Enjaz Payment Services Company

Enjaz Payment Services Company (‘Enjaz’), launched towards the end of 2022, is a fully licensed subsidiary of Bank Albilad that is responsible for all payment and transfer activities.

In 2023, Enjaz achieved its first full year of operations as an independent entity and made significant progress across multiple areas throughout the Kingdom.

Infrastructure &
Network

- Upgraded core banking system
- Completed implementation of an end-to-end anti-fraud solution

Products & Services

- Achieved a growth rate of 49% for customer base
- Use of Enjaz App increased by 64%
- Launched a ‘top up’ service via card or Apple Pay
- Card usage increased by 19%
- Digital onboarding increased by 48%
- Customer balances increased by 16%

Corporate
Governance

- Developed and approved 48 policies, including 147 related procedures

Partnerships

- Signed an agreement with MadfooatCom to enable utility payments to Jordan

Marketing

- Increased Enjaz App registrations by 42%
- Over 20 card offers
- Conducted 12 world-wide marketing campaigns
- Over 6 banks migrated to instant payment (API)

Corporate Social
Responsibility

- Shared over 3,000 food baskets during Ramadan
- Sponsored Philippine Community Basketball Championship and Indian cultural events

Enjaz primarily supports its retail and corporate customers through three main categories of products and services, which include the Enjaz App, prepaid cards, and KIOSKS. Throughout the year, it focused on improving customer experiences by implementing a range of initiatives, including launching a 24 hours a day, 7 days a week, multi-

language call center; implementing strict service level agreements (SLA) for resolving customer complaints; and enhancing customer KIOSK experiences. In 2024, Enjaz will continue to focus on improving customer experiences by partnering with FinTech companies and striving to meet customer needs through innovation.

Key Product & Service Offerings		
Enjaz App	Prepaid Cards	KIOSKS
<ul style="list-style-type: none">• Digital onboarding• View transactions• Top Up by card and Apple Pay• Deposit and withdrawal• Bill payment• Receive transferred funds• Wallet to Wallet transfer• Remittance• Access to customer support• E-commerce Remittance• Virtual prepaid card	<ul style="list-style-type: none">• Issued during onboarding• Card cancellation• Physical card printing• Free access to a vast network of Bank Albilad ATMs	<ul style="list-style-type: none">• Pay by Point of Sale remittance• Pay by cash remittance

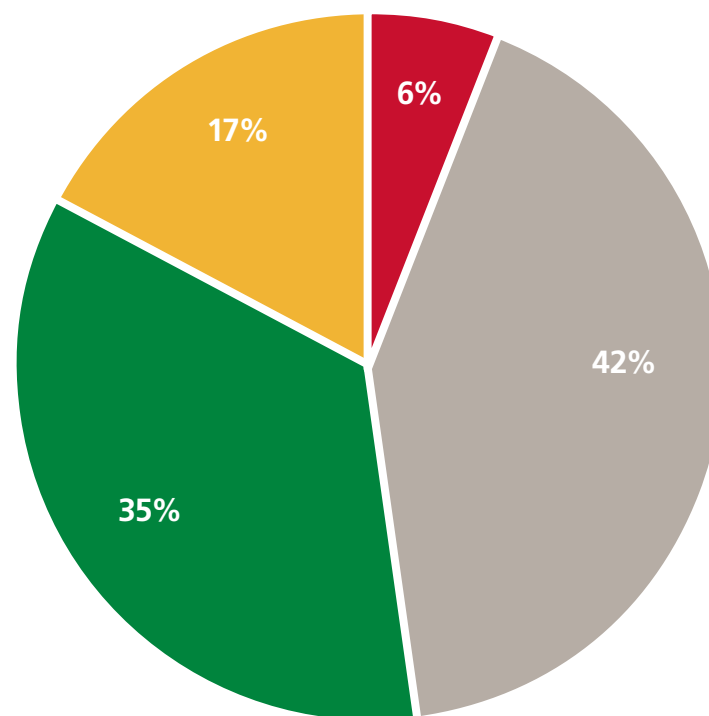
Financial Performance

Bank Albilad focuses on achieving consistently strong financial performance to benefit its shareholders and create long-term value for investors. For the year ended December 2023, the Bank's financial results demonstrated continued growth, with net income after Zakat reaching SAR 2,369 million compared to SAR 2,082 million in 2022, a 14% increase. Moreover, for the period from 1 April 2023 to 31 March 2024, external auditor fees totalled SAR 3,700,000. More information about our financial performance can be found in Bank Albilad's 2023 Annual Financial Statements.

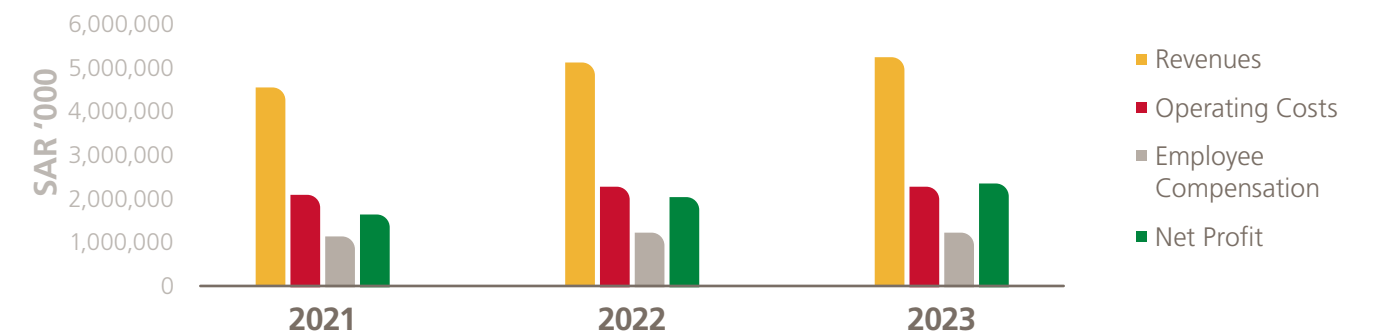
As per the guidelines outlined by the Zakat, Tax, and Customs Authority (ZATCA), the official body overseeing Zakat collection in Saudi Arabia, the Bank calculates and pays Zakat accordingly. Zakat is allocated towards supporting a range of diverse social welfare initiatives throughout the Kingdom and over the past 3 year, our average Zakat payment has been approximately SAR 236,569,000.

Composition of 2023 Revenues

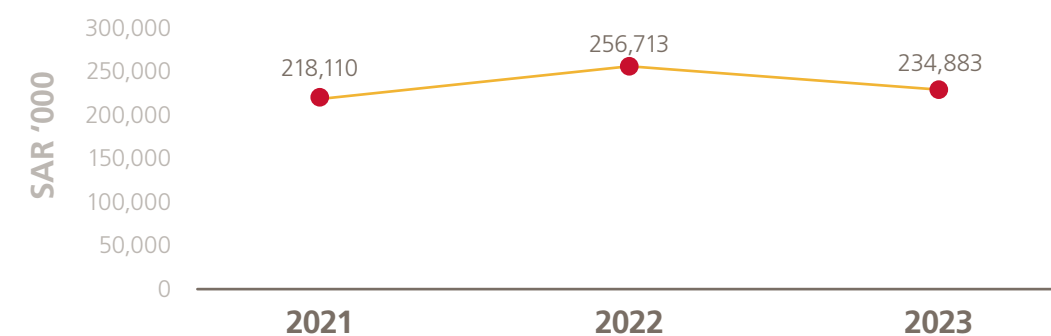
- Investment banking and brokerage
- Treasury
- Corporate Banking
- Retail Banking



Economic Values



Zakat Payment





4

INNOVATING FOR A DYNAMIC BUSINESS STRUCTURE

- Digitization 42
- Customer Experience 45
- Privacy & Cybersecurity 49

Innovation is one of Bank Albilad's core values and is important for accelerating the transition to a more sustainable society. As a business committed to playing our part in the development of that sustainable society, we recognise the importance of innovation and continuous improvement in finding new solutions that better serve our customers.

Our ongoing digital transformation is a key driver of innovation, allowing us to work more efficiently and develop new and enhanced solutions that provide a better, faster, and more efficient way of banking.

MATERIAL TOPICS



Digitization



Customer Experience



Customer privacy & cybersecurity

UN SDGs



8 DECENT WORK AND ECONOMIC GROWTH



9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

VISION 2030



A Vibrant Society



A Thriving Economy



Ambitious Nation



Digitization

Digitalizing products is essential for maintaining a competitive edge and enables our business to contribute to the development of a more sustainable and environmentally friendly banking sector. By continuing to digitize our products and services, our customers benefit from quickly opening new accounts, accessing investment solutions, utilizing near-field communication (NFC) capabilities, instant payment systems (IPS), receiving digital invoices, and more. These offerings help create paperless environments and reduce the need for customers to travel to branches. We began this transformation with our Account Opening process in 2018 and have since continue to advance our digital capabilities.

Our Digital Banking and Innovation (DBI) team, which oversees the migration of our products and services from conventional to digital channels, plays a crucial role in formulating and executing the Bank's digital transformation strategy. Through this team, the Bank strives to enhance customer experience, increase customer acquisition, improve profitability, and optimize efficiencies while providing more sustainable services.

The Bank's digital strategy intends to achieve four key goals:

- Embracing the BAB Digi Concept, which will be to offer all products and services digitally.
- Introducing the Open Banking Concept to empower strategic alliances.
- Transforming the Bank digitally through inorganic growth.
- Repositioning the Bank through Horizon, our innovation center.

Open Banking

The launch of Open Banking and Banking as a Service in November 2022 has further increased financial inclusion and literacy. Open Banking creates an ecosystem that secures customers' financial data ownership and allows the provision of specific services through Third-Party Providers (TPPs), leading to innovative and customized financial solutions. Key benefits of Open Banking include:

- Paving the way for new business models based on sharing consented data
- Enabling innovative and customized financial services, increased banking system efficiency
- Improving customer experience and satisfaction
- Creating new revenue streams and collaboration opportunities
- Increasing transparency and understanding of finances
- Facilitating easier product and service comparisons
- Enhancing financial inclusion and access to credit
- Making payment systems more efficient and convenient
- Offering personalized deals and rewards

In 2023, Bank Albilad became the first bank in Saudi Arabia to be technically licensed by SAMA for Open Banking services.

Horizon

Horizon is our innovation center designed to facilitate collaboration within the innovation ecosystem. It allows us to explore, experiment, validate, and generate new ideas and concepts through a structured innovation process.

The Center provides access to cutting-edge financial technologies, educational resources, and networking opportunities. Overall, the Horizon plays a vital role in enabling Bank Albilad to remain an innovative leader in Islamic banking, offering modern financial solutions that meet changing customer needs. For more information, visit [Bank Albilad Horizon](#).

Remaining Digital Initiatives & Practices

In the support of the Bank's digital ambitions, several digital initiatives have enabled the Bank to establish and reinforce its position itself as one of the leading digital banks in the Kingdom.

Partnerships	Mega Deals
<p>Entered 24 agreements with FinTech and TPPs, supporting the introduction of new products and services and enhancing overall customer experience. Services under the Banking as a Service (BaaS) and Open Banking (OB) agreements include:</p> <ul style="list-style-type: none">• Account opening and maintenance, payment processing, and card services• Application interface, registration and onboarding, and login/authentication• Simple account and IBAN creation, balance and transaction history, and fund transfers• Remittance, beneficiary management, SADAD/ Ministry of Interior (MOI) bill payments, and merchant support• Cards (virtual and physical) issuance and management, ATM cash withdrawals using cards and/or QR codes• Enhanced Customer Relationship Management (CRM) support	<p>Secured major contracts with two significant companies in the telecom and transportation sectors in Saudi Arabia, Mobily Pay and Careem. These deals involve the implementation of various essential digital services, including:</p> <ul style="list-style-type: none">• Simple account opening for retail and merchant purposes• Know Your Customer (KYC)/ Know Your Business (KYB)/ Anti-Money Laundering (AML) validation• SADAD/ MOI bills payments• ATM services• Visa Mada Cards / Bin Sponsorship• International remittance• Sanctioning• Local bank peer-to-peer transfers



Notable Benefits of Digital Banking Services

- **Paper reduction.** Banks can support the reduction of lower emissions by adopting paperless operations, embracing real-time payment processing, moving activities to the cloud, and expanding beyond traditional branch banking. Bank Albilad has reduced its carbon footprint by digitally transforming the customer onboarding process for account opening, finance, and saving products. By offering products, services, and transactions through digital channels, the need for branch visits reduces. Additionally, the shift from issuing plastic cards to digital cards reduces the use of resources and waste generation.
- **Financial inclusion.** Digital banking enhances financial inclusion by providing access to banking services across various regions of the Kingdom. We have introduced new services targeting youth aged 15 to increase their awareness of banking and financial services.
- **Enhanced security.** By implementing customer behavior monitoring and governance tools across the Bank's digital channels, we can effectively enhance overall security, better understand typical customer behaviors, and reduce the likelihood of fraud and cybersecurity instances from occurring.

Additional ways the Bank ensures its digital activities continue to advance and mature involves the establishment of important policies, as well as introducing emerging technologies into its digital banking ecosystem.

Specific security and privacy policies have been established, ensuring the Bank's digital activities comply with all relevant SAMA regulations, recognized security standards, and best practices, such as clearly defining how to appropriately collect, store, and use customer data. A policy has also been established to ensure we effectively identify, assess, and appropriately manage digital risks, which continue to evolve as technology advances and consumer behaviours change.

We have also implemented Artificial Intelligence (AI) and chatbots to our operations, which support the improvement of overall customer experiences, such as by providing a more personalized experience, and streamline our operations.

We continue to promote and enhance online and mobile banking services to encourage digital transactions. This includes digital KYC checks, account openings, card applications, as well as providing e-statements, creating new payment solutions, and identifying new customer segments, such as Kids Account and Visitors Account. Overall, we strongly encourage our customers to use our online and mobile banking services by enhancing our digital offerings, ensuring high levels of service availability, conducting social media campaigns, and training our relationship managers to promote these services.



Customer Experience

At Bank Albilad, customer experience is a priority, and as a Shariah-compliant bank, fair treatment of customers is fundamental. The Bank has achieved notable success in enhancing customer experience through various initiatives. This includes the successful launch of new card products, such as the Medad Multi-currency prepaid card, introducing an e-commerce financing program, and launching its first 'new-generation' branch, a smart branch equipped with the latest technologies to reduce our environmental impacts while providing an enriching customer experience.

To ensure we treat our customers fairly, and support them in times of financial distress, we comply with SAMA-issued guidelines and principles and strive to support our customers where possible. In cases of financial distress due to job loss, income reduction, or other factors, we offer solutions like payment holidays, rescheduling the finance period to lower monthly installments, or even rescheduling at a nil rate. By complying with SAMA's Responsible Lending Guidelines and Banking Consumer Protection Principles, respectively, we ensure that a customer's debt burden ratio aligns with their monthly income, as well as ensure that all customers are treated in a transparent, honest, and fair manner.

Retail

Customers' ever-changing needs and behaviors require banks to develop new products and services. To ensure Bank Albilad continues to meet these changing needs and behaviors, it invests into resources and technologies to enhance its digital capabilities, streamline internal processes, and introduce new products and services quickly.

Throughout 2023, such investments included ongoing testing and refinement of the Bank's CRM system and Voice of Customer (VoC) Platform, respectively. The intention of the VoC Platform is to conduct customer satisfaction surveys to understand and measure customer experience. The Platform supports multilingual capabilities and will enable the Bank to collect and analyze customer experience data through multiple channels, as well as display data through real-time dashboards.

New Retail Products & Services

- Tamkeen Plus credit cards
- Medad Multi-currency prepaid cards
- Investment Wakalah, a Shariah compliant direct investment product where a customer appoints the Bank to invest their funds

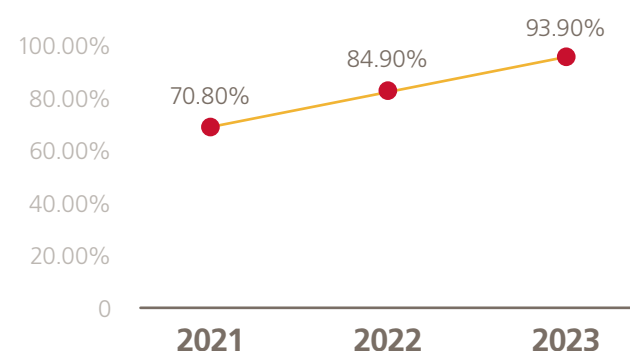


93.9% overall customer satisfaction

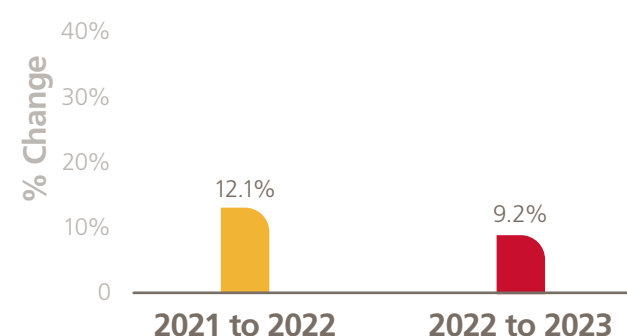
The total number of retail banking customers grew by 5% during 2023. The associated value of our retail banking portfolio also increased to approximately SAR 48 billion, representing an increase of 9% compared to 2023.

Supporting this growth has been the Bank's newly introduced retail products and services, enhanced digital capabilities, its ability to consistently resolve customer complaints, and the significant increases in overall customer satisfaction, which increased from 70.8% in 2021 to 93.9% in 2023.

Overall Customer Satisfaction



Growth of Retail Loan Portfolio



The notable increases achieved in overall customer satisfaction has been supported through a variety of means. For the employees engaging with customers, the Bank provides continuous training and circulates internal customer awareness messages regarding customer experiences. We have also successfully obtained ISO 10002 Quality Management – Customer Satisfaction – Guidelines for Complaints Handling and ISO 10004 Quality Management – Customer Satisfaction – Guidelines for Monitoring and Measuring certifications.

In the coming years, we will continue to improve our end-to-end customer experiences, supported by proactive customer lifecycle management and customer care.

Housing Solutions

Aligned with Vision 2030's housing initiatives, Bank Albilad works with the Ministry of Housing to provide home finance solutions for the low-salaried and low-income segments of the population. We have also initiated discussions with a major real estate developer to promote environmentally friendly housing units, offering lower finance rates through Bank Albilad. Additionally, we have introduced a Balloon Payment Program for mortgages, which allows customers to minimize their payments in the short-term.

Corporate

The Corporate Banking Group (CBG) at Bank Albilad manages all relationships with corporate clientele, including SMEs. As a Sharia-compliant bank, we provide corporate clients with entirely Sharia-compliant financial solutions. For all forms of corporate banking, terms and conditions are set out in the facility letter agreement and through the risk acceptance criteria prepared by our Credit Risk Division, we have defined the acceptability of specific industries.

Throughout 2023, we strategically continued to support SMEs through several key approaches, which included:

- Offering direct financing.
- Introducing additional financing programs for a range of industries, including education, health care, manufacturing, and contracting.
- Establishing a special unit focused on developing customized financing programs for microenterprises.
- Continuing to support SME's through the Kafalah program and SME Bank.

Kafalah Program

The Small and Medium Enterprises Loan Guarantee Program (Kafalah) offers guarantees to financiers, enabling them to provide more financing to MSMEs, which ultimately encourages financiers to increase engagement with the SME sector.

SME Bank

The SME Bank aims to support the Kingdom's Vision 2030 goals to raise the SME sector's contribution to the GDP to 35% by 2030 and to increase the volume of financing provided to SMEs.



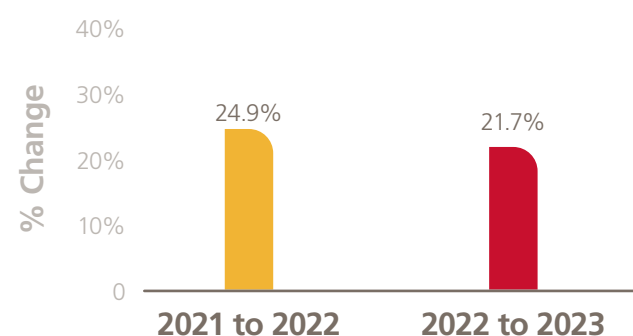


As a result of these efforts, the total number of new SME customers increased by almost 22% compared to 2022, which was strongly supported through the co-financing relationship with the SME Bank. The total number of deals executed under the co-financing agreement reached 315.

Looking ahead to 2024, we have several plans to continue supporting SMEs. Due to the success of the Kafalah program and our partnership with the SME Bank, we will continue to provide support to SMEs under this program and co-financing agreement, as well as enhance and develop customized financing programs and expand our support to targeted industries. More specifically, we aim to:

- Offer innovative financing programs and services. These programs will be supported by the growth in e-commerce, expansion of our specialist teams, product bundling, digitization of SME programs, and strengthening our relationships with the Government and private sector.
- Provide focused support to the middle market segment.
- Streamline our SME credit processes by reducing turnaround time for credit applications and implementing credit parameters more suitable for SMEs.
- Collaborate with the Bank's Digitization and Business Innovation Department to support business internet and mobile banking, the deployment of chatbots, and improve customer experience and feedback mechanisms.

Growth for SME Banking Customers



Privacy & Cybersecurity

At Bank Albilad, we place a high priority on information security and safeguarding customer data. We use a robust framework to offer world-class protection that prevents and detects fraudulent behavior in real time. Our cybersecurity programs are supported by internal policies and procedures, which include regular monitoring and review of cyber threats. We also conduct internal and external audits and independent third-party testing to identify and address any security gaps. Our Information Security team is responsible for ensuring data confidentiality, integrity, and availability, as well as improving the security and resilience of our infrastructure and services.

Compliance with the comprehensive national data protection rules issued by the Saudi Data and Artificial Intelligence Authority is a priority for our data privacy and cybersecurity practices. We continue to enhance the Bank's data protection and privacy policy to ensure continued compliance with these rules, including maintaining compliance with the General Data Protection Regulations based on the directions of the Saudi Central Bank and the National Data Management Office.

During 2023, our Information Security team achieved key milestones by aligning its strategies with the Bank's vision and regulatory requirements. Notable accomplishments included implementing a robust cybersecurity strategy, updating policies, and enhancing overall cybersecurity standards.

A Progressive Cybersecurity Strategy

A key component of our cybersecurity strategy included aligning our Information Security Strategy with the Bank's vision, mission, legal, and regulatory requirements of SAMA, the National Cybersecurity Authority (NCA), and industry best practices. We also identified and defined cybersecurity strategy objectives, drivers, and Key Performance Indicators (KPIs) that considered internal and external stakeholder expectations, such as the results from capability assessments, global risks, and information security priorities, resulting in 13 projects and 24 initiatives to be implemented over a four-year period.

Strengthening the Bank's Security Posture

We continue to strengthen and reinforce our security posture through a range of initiatives. Throughout the year, this including file encryption, deploying privileged access management (PAM), red teaming, reviewing cyber threat intelligence, adopting incident response tools, implementing a Fidelis security solution, and the adoption of a more cohesive, streamlined approach to information security governance, risk management, and compliance (GRC) through a comprehensive and automated GRC solution deployed across the entire Bank. Moreover, we enhanced our Security Operations Center (SOC) by refining its existing tools and processes, enhancing its communication capabilities, increasing the extent of automation used, and integrating KPI and Key Risk Indicators (KRIs) to assess the Bank's overall security posture.

Recognizing the value of public and private partnerships, our information security practices strategically prioritize collaborations to tackle a complex and evolving security landscape. Strategic alliances with the Government and regulatory authorities, as well as our peers in the Banking sector, allow us to share and receive insights, threat intelligence, and best practices.



The SOC team gathers cyber threat intelligence from external and internal sources. External data might come from public sector organizations or regulatory bodies like SAMA and NCA, while internal intelligence is sourced from private sector tools and frameworks. This intelligence is carefully analyzed and shared with internal and external stakeholders to strengthen our defense against potential threats.

To evaluate the current state of our information security controls, we conducted a risk assessment in alignment with our Enterprise Risk Management practices and Information Security Policy. Adding to this assessment, we also reviewed our adherence to relevant cybersecurity standards established by the SAMA Cyber Security Framework and ISO 31000 (risk management).

In alignment with our Information Security Strategy, we plan to continue strengthening the Bank's security posture through a variety of initiatives, including:

- Continuing to conduct planned information security awareness programs
- Exploring collaboration opportunities
- Conducting and addressing the results of information security risk assessments
- Reinforcing security monitoring and threat and intelligence capabilities
- Continuing to report on established KPIs and KRIs on a quarterly basis to the Bank's Information Security Steering Committee.

Internal & External Audits

We ensure the integrity of our privacy and security management systems through rigorous internal and external audits. Our internal audits, conducted on monthly, quarterly, and yearly schedules, provide a thorough review of our controls, policies, standards, and procedures. External audits are carried out annually by respected third-party firms for an additional objective and comprehensive evaluation. Periodic regulatory audits also play a crucial role in our compliance and improvement efforts. These practices are essential for maintaining the highest standards of privacy and security, in line with regulatory requirements and industry best practices.

Notable Achievements

Throughout the year, the Information Security team executed numerous awareness programs. 45 awareness activities were initially planned for 2023 and we successfully completed 38 by the year end. This shows that we were able to execute most of our intended awareness initiatives, contributing to the promotion of various educational and informative activities.

The team also implemented comprehensive KPIs and KRIs, successfully resolved all information security audit observations, executed a range of Information security projects, and addressed 100% of e-service requests, which mostly related to problems associated with internal networks, the internet, VPN access, and email and system synchronization issues.

Moreover, our information security practices achieved SAMA/NCA compliance and maintained PCI-DSS Certification, the global data security

standard adopted by payment card brands for all entities that process, store, or transmit cardholder data and/or sensitive authentication data.

Data Privacy

Bank Albilad ensures its data security practices remain effective and that the Board of Directors is regularly updated on all data privacy, security, and fraud matters via regular updates from the Risk Management Committee. Through our data governance and protection policies, we comply with the Personal Data Protection Law and industry best practices, including General Data Protection Regulation. For all third parties that the Bank shares data with, we require them to adhere to our data privacy and information security policies, and compliance is enforced through contractual agreements and periodic reviews, which are conducted by our information security governance and monitoring team.

Bank Albilad employs a multi-layered approach to information security, using advanced technologies to ensure resilience and stay protected against evolving threats. The Bank is committed to timely notification of internal stakeholders, senior management, and regulatory authorities in the event of data breaches or policy changes, as well as swift mitigation of potential impacts. In response to any data security breaches, the information security team takes immediate corrective action, including thorough investigations, conducting necessary fixes, and enhancing security control measures. The team continuously improves security controls to stay ahead of evolving threats, ensuring a secure banking environment.

The Bank maintains a data retention commitment of 10 years, as outlined in the Security Disposal Standard and Information Security Policy. This is to ensure secure data disposal in compliance with regulatory requirements, and to safeguard data privacy. Bank Albilad has also drafted a Privacy Notice addressing customer rights and a corresponding Data Subject Rights Procedure, which is still to be implemented.

The Bank has recorded zero security breaches over the past 3 years.

Key Technologies Ensuring Data Privacy at the Bank

- Endpoint Detection and Response (EDR)
- Intrusion Prevention System (IPS)
- Security Information and Event Management (SIEM)
- File Integrity Monitoring (FIM)
- Data Loss Prevention (DLP)
- Right Management System (RMS)

Awareness & Training

In the world of information security, effectively informing all stakeholders – including employees, contractors, consultants, and customers – on data privacy and security practices is very important. To this end, we roll out comprehensive awareness programs that span a variety of topics, such as data handling procedures, privacy policies, and the critical importance of protecting customer information. We use newsletters, emails, classroom sessions, and intranet updates to disseminate this essential information. For our customers, we ensure transparency with clear and accessible privacy notices, both online and in our branches, that explain how we collect, use and protect their data.

We also organize information security and data privacy training sessions according to an annual plan, created in conjunction with the HR and Training Department. These sessions, delivered by internal staff and external vendors, offer a complete educational experience. We regularly assess the effectiveness of this training too and monitor quarterly reports to adapt to new challenges and understand emerging needs.

Quarterly KPIs & KRIs Report to Information Security Steering Committee

- Achieve > 80% on strategy projects and initiatives
- Achieve 100% compliance requirement to SAMA/NCA controls
- Address 100% of security incidents and ensure timely reports to regulators
- Enhance security awareness and achieve > 90% compliance



5

EMPOWERING OUR EMPLOYEES

- Human Capital 54
- Diversity & Equality 58
- Workplace Wellness 60

At Bank Albilad, we recognize that our employees are our most valuable asset. We strive to create a work environment that is safe, and a culture that is diverse, respects human rights, provides equal opportunities, and promotes work-life balance.

These elements are essential to attracting and retaining the best talent. We also align our Human Resources policies and practices to create and maintain a highly motivated and capable workforce.




MATERIAL TOPICS

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

UN SDGs



VISION 2030

-  A Vibrant Society
-  A Thriving Economy
-  Ambitious Nation

Human Capital

Given that talent development, attraction and retention has been identified as a material ESG issue for Bank Albilad, our strategic focus is on nurturing a workforce that is positioned and equipped for excellence. The demands of the dynamic market in which we operate, coupled with the imperative for a diverse workforce, make appropriate talent acquisition and retention a priority and our talent strategy is the foundation on which such talent optimization is achieved.

Our human capital strategy is centred on a robust training framework steered by our Learning

and Development Policy and a dedicated talent development unit. The approach involves conducting an extensive training needs analysis across all organizational levels, which then informs the development of our comprehensive training programs. These programs blend in-house and external learning resources, including specialist centers and prestigious international business schools for executive management. Over the last three years, we have invested an average of SAR 3,618 per Full-Time Equivalent (FTE) employee in training and development.

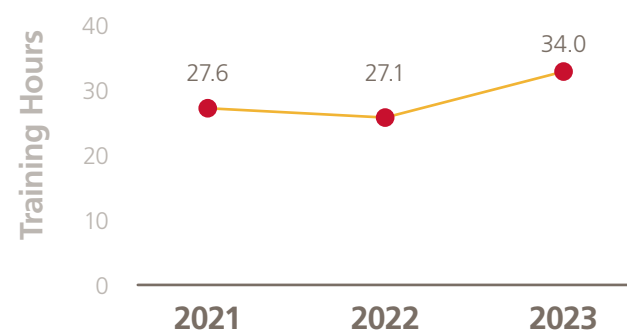
Investing in Our Workforce

Our diverse suite of training programs caters to various career stages and departments within the Bank. A significant milestone in 2023 was the inauguration of the Bilad Academy in the Almalaz building, serving to enhance our overall training infrastructure. Moreover, our compliance with SAMA regulations regarding mandatory course certifications exemplifies our commitment to regulatory compliance and excellence.

Since 2021, the average hours of training provided to our employees have increased considerably, increasing by 23% from 2021 to 2023.



Average Training per Full-Time Employee*



* Includes training received by contract and Enjaz employees

Training Area	Description	Participants in 2023
Management Training Program	A 15-to-24-month initiative targeting new graduates and aimed at nurturing promising young talent.	181
Safir Orientation Program	A comprehensive induction covering fundamental Islamic finance principles for new hires.	301
Albilad Academy	An online learning platform offering Shariah-compliant banking awareness sessions. This awareness training is mandatory learning for all employees. The Academy also offers an array of courses in business management, banking, and soft skills development.	2,600
Specialized Programs for Career Advancement	Comprising the Albilad First-Time Manager Program, the Advanced Ambassador Program for middle management, and the Technical Ambassador Program for IT and information security graduates, these programs are augmented with individual development plans to support career aspirations.	900
Management and Leadership Development	Our Management Development Program, Advanced Ambassador Program, and Advanced Leadership Program are tailored to foster leadership skills across various organizational levels.	201

Community Training & Awareness

Bank Albilad is committed to enriching our community and fostering social responsibility among our employees. In support of this commitment, we hosted public speakers on the importance of social relationships, volunteering, and participating in environmental campaigns. Through our Tamheer Program, we also offer young Saudi graduates with on-the-job training opportunities to support them in entering the labour market.

In line with our dedication to sustainability, we are developing comprehensive training programs to ensure awareness among our employees. These programs cover key areas such as governance, compliance, anti-fraud, and ESG courses.

Our roadmap for the future includes refining our learning and talent management strategies. This entails coaching our training team to meet set objectives and meticulously monitoring the implementation of talent projects, particularly in succession planning. Through these concerted efforts, we aim to achieve and retain organisational excellence.



Performance Reviews

All employees undergo annual performance reviews to assess their performance over the past year and to pinpoint areas of strength and potential areas for improvement. The outcomes of these reviews inform Individual Development Plans (IDPs) for each employee, which involve assigning and agreeing upon appropriate training to help the employee with their overall career development. Throughout the year, 100% of all employees underwent such a performance review.

Since 2021, 100% of all employees underwent performance reviews

We have established a structured mechanism for addressing grievances related to performance appraisal results. This mechanism is detailed on the Bank's intranet and explained to new employees as part of their orientation program. Employees who feel the need to challenge their appraisal outcome can initiate the grievance process by submitting a form through the system. This form must include a detailed justification for the grievance and any supporting evidence. The employee's direct manager first reviews the submission and, if deemed valid, it is escalated to the Grievances Committee.

To ensure an impartial and thorough review, the Performance Management Unit within the HR Division has a committee to investigate all such grievances and make a fair and impartial decision. This committee is led by the Executive Vice President (EVP) of HR, ensuring that the matter is handled at a senior level and that it receives the serious attention it deserves. Moreover, should the circumstances require it, HR policies are in place to reclaim any incentives paid to employees.

Succession Planning

Succession planning is a crucial tool for retaining talent and ensuring the future leadership of the Bank. It ultimately reduces any business disruptions from occurring due to leadership changes and seamlessly supports the Bank in achieving its strategic objectives. Senior executives go through a specific succession planning process, which includes identifying key positions and successors for those positions, conducting assessments, creating IDPs, and providing quarterly coaching sessions and regular reviews to ensure and monitor progress.

Workforce

Similar to previous years, we continued to optimize our workforce throughout 2023, focusing strategically on efficiency and effectiveness. Our full-time employees now number 2,770 employees, representing a decrease of 21% due to the Bank no longer accounting for Enjaz employees, now a separate entity. Of these full-time employees, 17% occupy middle and senior management positions, highlighting our commitment to strong and focused leadership and effective governance. Additionally, a significant 62% of our workforce are professionals aged between 31 to 50 years.

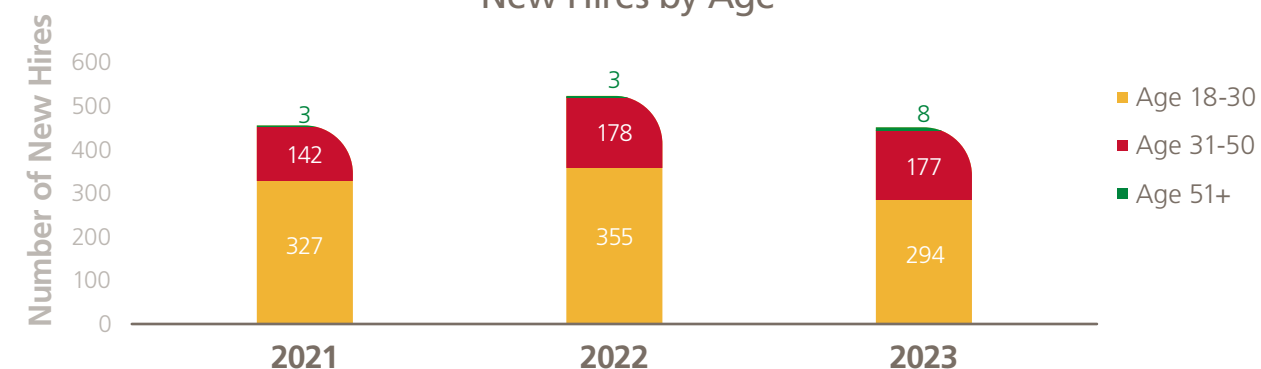
In support of our workforce, we employed the services of 949 contractors and consultants and 86 trainees and sponsored students, ensuring a dynamic and flexible talent pool that can adapt to changing market demands and dynamic strategic priorities.

In addition to providing significant training and development opportunities for our employees, we also strive to provide a comprehensive range of benefits, helping to further attract and retain talented employees. The benefits include housing and transport allowances, annual performance bonuses, sales incentives, annual air tickets and allowances, nursery allowances, a savings scheme with contributions from the Bank, medical insurance, and even the option of medical insurance for parents of employees.

During the past year, we further enhanced the benefits we offer by improving annual leave plans (increased the total number of days off), our savings program (increased the Bank participation percentage), and implemented a new grading system (additional grading levels added and increased overall flexibility). In 2024, we plan to conduct a compensation and benefits review to ensure alignment with the broader market.

Total employee turnover, including voluntary and involuntary departures, only declined by 1% compared to the previous year. Notably, voluntary turnover reduced by almost 3% compared to 2022.

New Hires by Age



Diversity & Equality

With a workforce comprising over 25 nationalities, we support cultivating a diverse and inclusive workforce. In 2023, we continued to champion equal learning and career development opportunities for all employees, regardless of gender, and our initiatives are designed to support our employees through different stages of their lives and careers. Female employees benefit from up to 70 days of maternity leave, ensuring they have the time and support needed during the all-important first few months of parenthood. New fathers are included in this commitment, with up to three working days of parental leave within the first five days following the birth of their child. These measures reflect our understanding of, and respect for, the importance of family.

In line with our goal to create a workspace that reflects our values, we introduced a childcare allowance, supporting parents in balancing their professional and personal responsibilities. Additionally, we have enhanced our physical workspace to support our female employees, providing dedicated prayer rooms, parking and spaces in our cafeteria. These efforts are part of our broader commitment to ensuring Bank Albilad is not only a great place to bank but also a great place to work.

Bank Albilad has a zero-tolerance policy towards discrimination and harassment. Our commitment to creating a safe and respectful workplace is enshrined in our HR Policy, which aligns with Saudi Arabian labour law. This policy also provides a specific mechanism for employees to report grievances, which is overseen by a committee that includes a legal HR advisor and that hears every concern presented by our employees.

Localization

At Bank Albilad, we are committed to contributing to the Saudi Nationalization Scheme, a strategic initiative to enhance the employment of Saudi nationals across various sectors. To achieve our ambitions, we offer a range of initiatives, including:

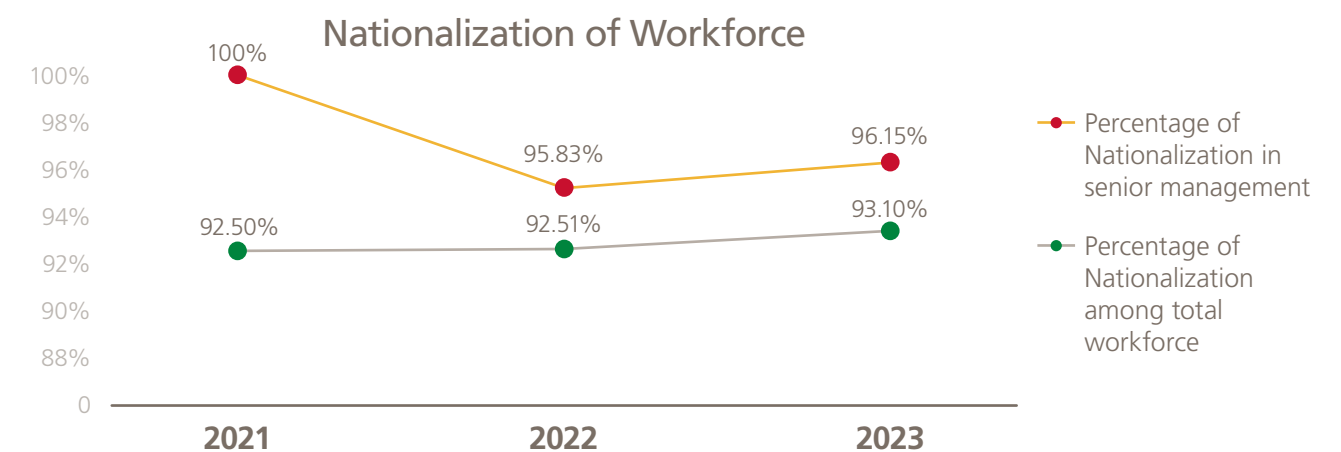
- **Tamher program:** fresh graduates gain on-the-job experience by working within a function at the Bank.
- **Various internship and summer training opportunities:** Students from leading Saudi universities gain on-the-job experience by working within a function at the Bank for three months.
- **GDP programs under the Albilad Futures initiative:** Designed for recent graduates, typically those with no more than one year's worth of professional experience, the Bank provides training and development opportunities over a multi-year period, including technical skills, soft skills, job rotations, on-the-job training, and coaching sessions.

These programs are specifically tailored to build national capabilities in technical and specialized fields, ensuring that graduates are ready to enter the workforce and equipped to excel in their chosen fields.

Furthermore, recognizing the importance of continuous development, we have instituted several programs to identify and nurture high-potential (HiPo) employees. These are designed to fast-track the development of our most promising employees, equipping them with the skills and knowledge to take on leadership roles within the organization and contribute to our growth and the broader economic objectives of the Kingdom. Two HiPo programs that we offer

include the Advance Ambassador program (AAP) and Advance Leadership Program (ALP). Through third-party administered assessments, individual development needs are assessed and subsequent development plans are prepared and executed for each participant of the program.

The AAP program targets employees that have recently been promoted to a management position, while the ALP program targets the development of experienced managers recently promoted to the C-suite. Both programs run for a period of two years.



Workplace Wellness

The nature of our business activities inherently poses relatively fewer health and safety risks compared to many other sectors however, our Health & Safety Policy still comprehensively covers various human and environmental health aspects, underlining our commitment to ensuring no harm to our people or the world in which we operate. Moreover, our in-house clinic (Albilad Clinic) is available for emergency guidance and referrals for hospital care. Our ultimate objective remains to avoid any workplace accidents and fatalities.

To raise awareness about health and safety and reinforce healthy working practices, several campaigns, awareness sessions, and training courses were conducted throughout the year, including:

- **Albilad Gathering:** Focused on all aspects of staff wellness, including breathing techniques for physical and mental wellbeing, as well as environmental sustainability and waste management.
- **Breast Cancer Awareness:** Emphasizing early detection and support.
- **Seasonal Influenza Vaccination:** To protect employees from seasonal health risks.
- **Blood Donation:** Encouraging community contribution.
- **Periodic Fire Drills:** Ensuring emergency preparedness for all employees, including for those with disabilities.

- **Health Lounge:** Providing medical examinations for diagnosis and health monitoring, including blood pressure, blood sugar, vision, dental, body mass index (BMI), and consultation with a health insurance company doctor.
- **Training Sessions:** Covering important health and safety topics, such as healthy breathing techniques (175 employees participated), first aid (101 employees participated), security and safety (118 employees participated), and stress side effects (197 employees participated).

We strive to better understand the needs of employees and to subsequently make improvements to the Bank's workplace practices, fostering improved employee wellbeing, productivity, increased retention, and helping to attract the talented employees we seek. Throughout the year, we introduced several programs to increase employee engagement, including:

- **Work Remote Service (WRS):** A pilot initiative within the Technology Division for flexible work arrangements.
- **Junior Ambassador:** An engaging event for our employees' children, making the workplace family-friendly.
- **Meet With the CEO:** Quarterly sessions fostering transparency and open dialogue with our CEO.
- **Albilad Sports Championships:** Including football and padel championships to promote teamwork.
- **"Share Your Voice" Employee Engagement Survey:** A survey to understand employee experiences, which saw an 81% participation rate.

To continue making improvement with how we engage our employees, we plan to implement various initiatives related to the results of our employee surveys, as well as roll-out an HR mobile application. Our continued efforts in these areas underscore our commitment to fostering a healthy, safe, and engaging workplace for all employees.



6

ACTING ON THE ENVIRONMENTAL FOOTPRINT

- Climate Change 64
- Environmental Management 65

Given the escalating severity and visibility of environmental issues, including the impacts of climate change and pollution, the strain on resources and the natural world is intensifying. The responsibility to combat these global challenges fall upon every organization, which must take proactive steps towards making a positive collective impact.

For a financial institution like Bank Albilad, there is a dual responsibility: not only must we strive to minimize our own environmental footprint, we must also make use of the unique opportunity, and obligation, we have to leverage our resources and influential position to encourage and enable others, including our clients, to adopt more sustainable practices.




MATERIAL TOPICS

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

UN SDGs



VISION 2030

-  A Vibrant Society
-  A Thriving Economy
-  Ambitious Nation

Climate Change

Climate change represents a critical global challenge, impacting us locally, regionally, and globally. It manifests through rising temperatures and increasingly frequent and severe extreme weather events that are impacting nations worldwide. In Saudi Arabia, the ramifications of climate change are particularly acute, given its arid climate, vast desert landscapes, and the subsequent issues of water scarcity and natural resource depletion. These environmental challenges threaten the nation's sustainability and pose significant economic stability risks, especially considering the country's heavy reliance on fossil fuel industries.

As part of its Vision 2030 program, the government has set ambitious goals to reduce CO2 emissions by 278 million tons annually by 2030, achieve net zero emissions by 2060, and invest in renewable energy and climate-resilient infrastructure. By embracing sustainable urban development and transitioning to a green economy, Saudi Arabia aims to mitigate the impacts of climate change and secure a more resilient future for its citizens.

We acknowledge the pressing nature of climate change and its potential impacts on our environment and economy, and we recognize and embrace our responsibility to contribute to mitigating these effects. To this end, we are committed to investing in, and supporting, projects with the potential to address the adverse impacts of climate change. Our efforts include significant backing for renewable energy generation projects, which are crucial to producing substantially lower carbon emissions.

The shift towards renewable energy and climate-resilient infrastructure represents a crucial area for sustainable development investment.

At Bank Albilad we are committed to leading by example, exploring and investing in innovative solutions that mitigate the effects of climate change and drive sustainable economic growth. We are dedicated to the ongoing exploration of these opportunities and continually enhancing our understanding of how we can maximize our impact in the fight against climate change.

Environmental Management

At Bank Albilad, we strive to manage our environmental footprint effectively. We recognize the responsibility of managing waste, optimising water and energy consumption, and mitigating our environmental impact. Our commitment to environmental stewardship is a response to global sustainability challenges and a proactive pursuit of innovation and excellence in sustainable practices.

To give effect to our dedication to sustainability, we have embarked on a journey to revolutionize the environmental performance of our infrastructure, operations, and community engagements. A cornerstone of this initiative is designing, planning, and implementing a new prototype for green building design across our branches, aimed at significantly reducing our ecological footprint.



Key components of this green building design include:

- **Solar Panel Systems:** These systems capture renewable energy, showcasing our commitment to reducing reliance on fossil fuels and lowering our carbon footprint.
- **Infrared Water Taps:** By installing these taps, we aim to minimize water wastage, reflecting our responsible stewardship of this precious resource.
- **LED Lighting:** Our use of LED lighting, including for signboards, significantly lowers our energy consumption, contributing to our broader energy efficiency goals.
- **Motion Sensors:** Integrated into our lighting systems, motion sensors ensure energy is used judiciously, optimizing lighting usage and enhancing energy conservation efforts.
- **Recycling Containers:** These are positioned throughout our facilities for paper and plastic waste and align with our commitment to sustainable waste management practices.



Summary of Notable Environmental Practices

Renewable Energy	Recycling
<p>As part of our commitment to reducing our reliance on carbon-intensive, fossil fuels, we have installed an expansive solar energy system that covers roughly 1,780 square meters of roof space at our headquarters in Riyadh, the Albilad Tower.</p> <p>This system has an impressive capacity of 596,701 kilowatt-hours (kWh) annually, accounting for about 5% of our total energy consumption, and helps the Bank to reduce its annual carbon emissions by 194 tons and nitrogen and sulfur oxide emissions by 2 tons.</p>	<p>Starting in 2021, we distributed recycling containers throughout our Head Office in Riyadh as part of our broader strategy to conserve resources and curtail pollution and waste, with a particular focus on reducing plastic and paper usage.</p> <p>The collective efforts of Bank Albilad’s employees have made a significant impact, resulting in the recycling of approximately 4,550 kg of plastic. Furthermore, the paper recycling efforts have led to the recycling of an impressive 12,000 kg of paper. These achievements highlight the potential for corporate entities to play a crucial role in environmental conservation.</p>
Electric Vehicle Charging Stations	Sustainability Studies for New Projects
<p>We have equipped 13 of our standalone branches with parking and charging facilities for electric cars, encouraging our employees and visitors to use eco-friendly transportation.</p>	<p>All new projects at Bank Albilad undergo a comprehensive sustainability study, considering certifications such as LEED and Mostadam. We prioritize the use of energy-efficient materials in all such projects</p>
Transition to Energy-Efficient Lighting	Solar Water Heating
<p>In the Malaz building, we have replaced 1,733 fluorescent lights with LEDs, significantly reducing our energy consumption while maintaining optimal lighting quality.</p>	<p>Solar water heating systems have been installed in 14% of our branches to further decrease our dependence on non-renewable energy sources. We plan to expand this initiative to more branches in the coming years.</p>
Astronomical Timers	Building Management System (KNX)
<p>In our continuous pursuit of energy conservation, we are rolling out the installation of astronomical timers to improve the energy usage of our branches and ATMs. Astronomical timers help to precisely manage electrical loads by automatically switching operations based on sunrise and sunset times specific to our region. We’re already observing promising results from the adoption of these cutting-edge timers.</p>	<p>We have implemented KNX systems in 14% of our branches. These systems optimize energy consumption by controlling lighting, air conditioning and shading. We have also incorporated insulated double glass and walls to minimize heat transfer, thereby reducing energy needs for heating and cooling.</p>



7

CONTRIBUTING TO COMMUNITIES

- Social Responsibility 70
- Sustainable Supply Chain Management 74

At Bank Albilad, we are committed to being socially responsible. We believe it is our ethical, legal, and even spiritual obligation to support and contribute to the well-being of the community we serve.

By promoting solidarity and working to protect the social, environmental, and economic interests of our community, we are working to have a positive and lasting impact. We also recognize that this responsibility extends beyond our immediate operations. We are thus also dedicated to upholding human rights and creating positive value throughout our entire supply chain.

MATERIAL TOPICS

-  Community investment and impact
-  Human rights
-  Supply chain management

UN SDGs



VISION 2030

-  A Vibrant Society
-  A Thriving Economy
-  Ambitious Nation

Social Responsibility

The Bank is a strong believer in supporting the communities where it operates and respecting human rights. Our products and services inherently support a range of social goals, such as facilitating economic growth to create job opportunities, enabling individuals from all socioeconomic backgrounds to participate in the nation's financial system, contributing towards financial stability to support social welfare, and protecting our customers from financial exploitation and unethical behaviour. Beyond these inherent

social goals, Bank Albilad also identifies wider community issues that it seeks to support.

Simultaneously, we strive to ensure human rights are appropriately respected. We ensure this by maintaining an appropriate Code of Ethics and Conduct, complying with Saudi Arabia's labor laws in our human resources policies, and providing training to all managers and employees on employee rights.

Community Investment and Impact

Our dedication to corporate social responsibility (CSR) is rooted in a desire to promote sustainable development across the communities we serve. Identifying and prioritizing important social and environmental issues ensures that our CSR initiatives are impactful, align with our broader vision, and support the objectives of the Kingdom's Vision 2030 and global sustainability targets. Through our Department of Social Responsibility and CSR Policy, we measure the short-, medium- and long-term progress of our CSR initiatives.

We dedicate a portion of our social responsibility budget towards supporting licensed charitable institutions.

A significant portion of the budget is reserved for charitable institutions supporting the same social and environmental issues addressed by the Bank. These institutions are selected based on their long-term plans, demonstrating a clear commitment to sustainable operations and the potential for a lasting partnership with the Bank. We also recognize the dynamic nature of social responsibility and thus allocate a percentage of our social responsibility budget to initiatives outside of the Bank's main issues of concern. These initiatives are chosen for their strategic importance, demonstrating our commitment to addressing a broad spectrum of societal needs.

Summary of Notable CSR Activities

Hackathon Albilad for Islamic Banking

Introduced the inaugural Hackathon Albilad, a program aimed at promoting interaction and collaboration among innovators, developers, and technology enthusiasts to contribute to the development and digitalization of Islamic banking through innovative technological solutions. The program attracted 32 participants who developed new Islamic banking products, with some also using the hackathon as a first step to establish small start-up companies.

Albilad Verse

Launched Albilad Verse, a one-of-a-kind branch dedicated to providing financial education to children. With operations set to commence during 2024, Albilad Verse represents a significant step towards empowering the younger generation with essential knowledge about finance and banking. The planning phase for this project has been completed, and we anticipate it will substantially impact financial literacy among our nation's youth.

Mowaamah App

Sponsored the Mowaamah app, an innovative tool designed to ease the lives of people living with disabilities.

Savings is a Lifestyle

A program developed by academics and certified trainers to promote financial awareness and a culture of saving among government and private agency employees. This initiative includes three tracks: personal saving, residential saving, and investment saving and, to date, it has trained 25,000 individuals across 25 organizations.

CONTINUED OVER >



CSR initiatives are selected based on five key criteria:

1. Priority for the community: the initiatives we support should address pressing societal needs and contribute to the community's welfare.
2. Enhancing pride among partners and national ambassadors.
3. Alignment with the Bank's interests within the community context.
4. Uniqueness and ability to enhance the Bank's brand image.
5. Consistency with the Bank's overall strategy



Summary of Notable CSR Activities (CONT)

Education

- **Your Job is Your Scholarship:** Involves hiring new graduates in finance and banking fields and placing them in an intensive two-year work program, with a regular salary, full employee benefits and multiple development courses.
- Internships for senior university students.
- Support students with disabilities by sponsoring programs that provide equipment to assist them in their studies. In 2023, we collaborated with Blind Vision Charity to provide over 300 audiobook devices to students with visual disabilities.

Healthcare & Environmental Protection

- **Blood Donation Campaign:** In collaboration with public hospital blood banks, we organized a campaign at Albilad Tower to encourage Bank Albilad ambassadors to donate blood. This resulted in 110 volunteers donating blood.
- **Onaizah Charity:** Supported the Taheel Society's home health care program in the Qassim region, providing 50 male and female beneficiaries with home health care.
- **Underwater Cleaning Initiative:** Initiated a campaign to remove harmful waste from the sea of the east region in Halfmoon AL Khobar and Dammam Corniche. With the help of 20 professional divers and 130 volunteers, over half a ton of waste was collected.
- **Ematah Charity:** Donated to Ematah Charity to fund the production of an awareness video about the importance of keeping the country clean.

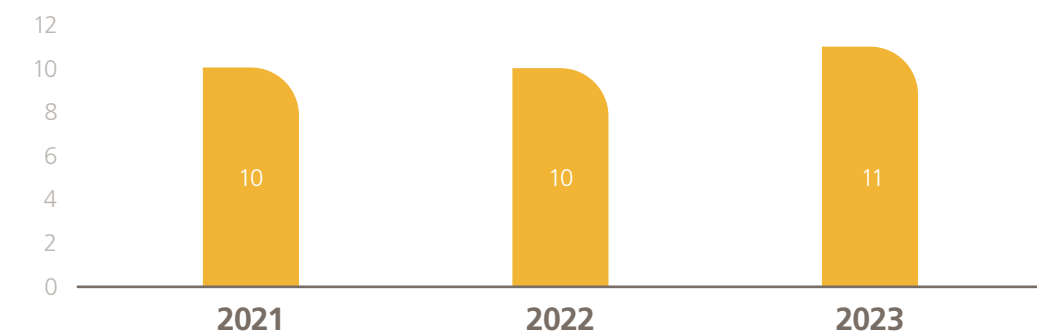
Remaining Initiatives

- **Ramadan Basket:** Prepare food baskets for needy people during Ramadan. In 2023, a total of 8,000 baskets were provided, benefiting over 32,000 individuals.
- **Jood Housing Platform:** Donated SAR 10,000,000 to support the provision of houses for 5,250 vulnerable families.
- **Restoration Society:** Institutional excellence partner to the Restoration Society, supporting the charity work mechanism and helping to create a robust business model.

To monitor the effectiveness of the CSR initiatives we support, Bank Albilad follows a rigorous post-implementation process. This involves daily updates from the charity or agency responsible for implementing the initiative, ensuring that the project is on track, confirming that the beneficiaries receive the donations or services, and identifying any requirement for volunteers.

To attract volunteers for our CSR initiatives, we promote these initiatives across our internal communication platforms. Once a CSR initiative has completed, we evaluate the initiative's success by typically measuring the number of beneficiaries and the overall value added to the community.

Number of Projects Sponsored



In the future, we intend to increase the scope and scale of our social responsibility activities, especially by focusing on the following objectives:

- Increasing the number of initiatives launched each year.
- Expanding the total volunteer work hours contributed by our employees and partners.
- Establishing clear timelines for the implementation of each initiative.
- Assessing and optimizing the cost-effectiveness and social return on investment of our initiatives.

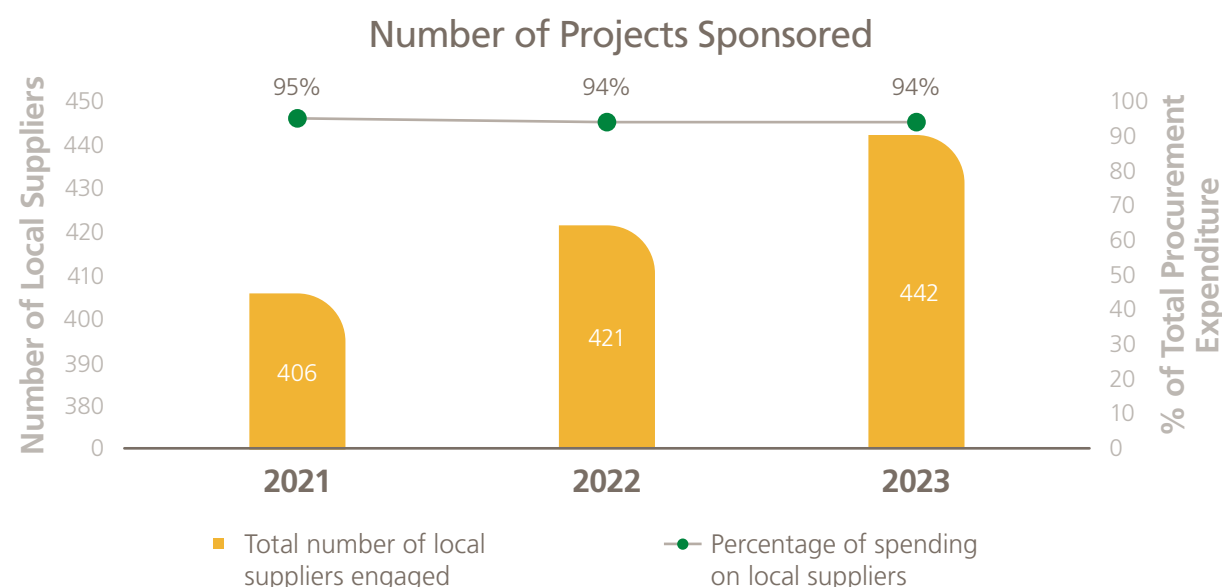


Sustainable Supply Chain Management

Our overall procurement requirements are clearly integrated into our Supplier Code of Conduct ('Code'), which mandates compliance with the Kingdom's legal frameworks; specific Health, Safety, and Environmental (HSE) practices; and established ethical standards.

All registered suppliers have complied with our Code

All registered suppliers have complied with our Code. Compared to 2022, our total procurement spending remained at relatively similar levels, including the percentage of total procurement expenditure directed towards local suppliers, which has averaged 94% over the past 3 years. By prioritizing local suppliers, we not only stimulate economic activity but also foster strong relationships built on trust and shared values.



Throughout the year, we worked with our suppliers to overcome several challenges, ultimately striving to find win-win solutions to benefit both the Bank and its valued suppliers. These challenges included resolving issues with landlords, some of which maintained either expired and/or incomplete documentation for land lease agreements. We also tried to create advance payment schemes and expedite the supplier registration process to formalize supplier relationships faster, especially for urgent operational support sought after by the Bank.

Despite these challenges, we still recorded numerous noteworthy achievements, showcasing our proactive approach to supplier relationship management and operational efficiency:

- Successfully registered 245 new vendors, enhancing our supplier database.
- Achieved a significant amount in savings through strategic service and rental contract management.
- Approved and released 2,185 purchase orders.
- Successfully implemented a digital signature mechanism, enhancing our process efficiency.

To encourage stronger supplier relationships and increase our supply chain support for Bank Albilad, we intend to streamline our procurement operations further and promote advance payments to landowners. We will be working towards the complete automation of our sourcing process and integrate all ATM and branch contracts under the EJAR platform. We will also be aiming to secure advance payment agreements with the various landowners that the Bank engages with, ultimately creating more mutually beneficial agreements in the process.

8

EFFECTIVE GOVERNANCE




- Corporate Governance
- Risk Management

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85

We are committed to creating value for all stakeholders through responsible and accountable practices. We acknowledge the importance of an effective governance system in achieving sustainable growth.

We also set strategic objectives and translate them into suitable work programs, ensuring they are accomplished in a transparent and fair manner.

MATERIAL TOPICS

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

UN SDGs



VISION 2030

-  Ambitious Nation



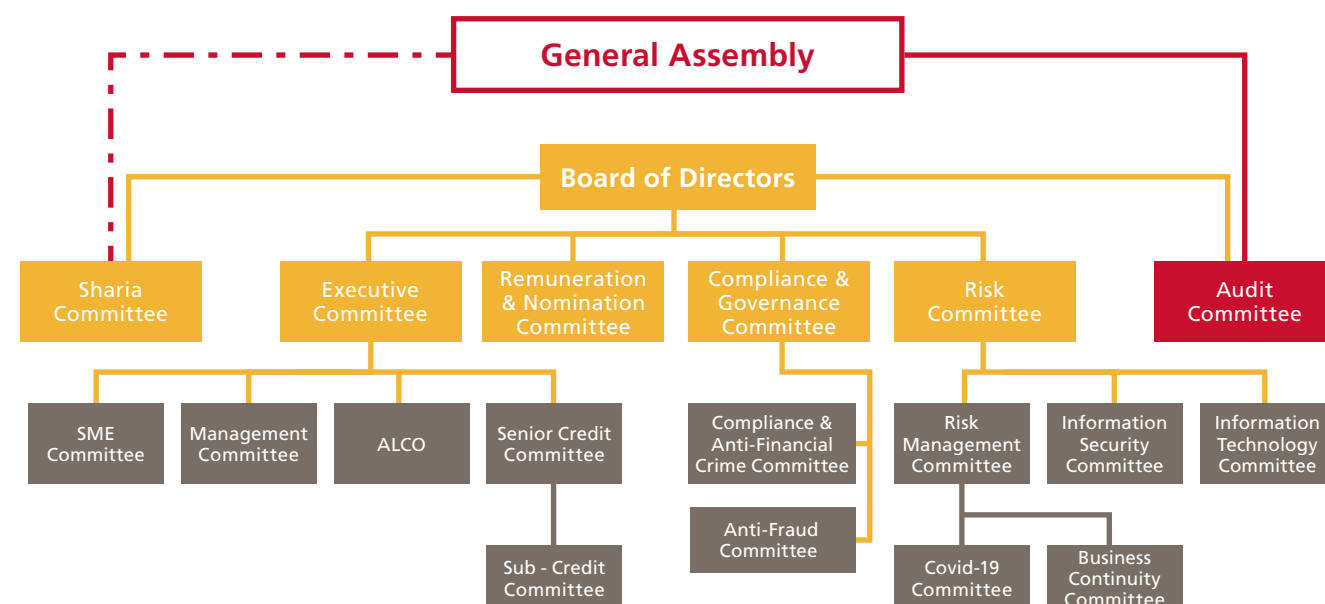
Corporate Governance

Bank Albilad is committed to maintaining high standards of corporate governance. The Board of Directors ('Board') and its Board Committees play a central role in establishing the necessary governance structures and frameworks to ensure the Bank creates and protects stakeholder value. Underpinning our corporate governance practices are two foundational documents:

- **Articles of Association:** Established essential base policies covering many critical areas, including capital management, shares, the Board, shareholder associations, audits, company accounts, dividends, disputes, and liquidation procedures.

- **Code of Ethics and Conduct:** Applicable to all employees and the Bank's subsidiaries. The Code is built around the principles of respect, dignity, and the establishment of professional and moral standards. It aims to ensure appropriate employee behavior, resolve behavioral issues, and motivate our workforce towards excellence. As part of our onboarding process, all new hires must undergo training on this Code of Ethics and Conduct and acknowledge its terms, reinforcing our culture from the start.

Supporting these foundational documents are complementary and additional policies, including the Governance Guide, Governance Guide Appendix, Shareholders Guide, Dividends Policy, and a comprehensive policy on the acceptance of gifts, conflict of interest, and the recruitment of relatives. Collectively, these policies are designed to uphold high standards of integrity and ethical conduct across all levels of the organization.



Board of Directors

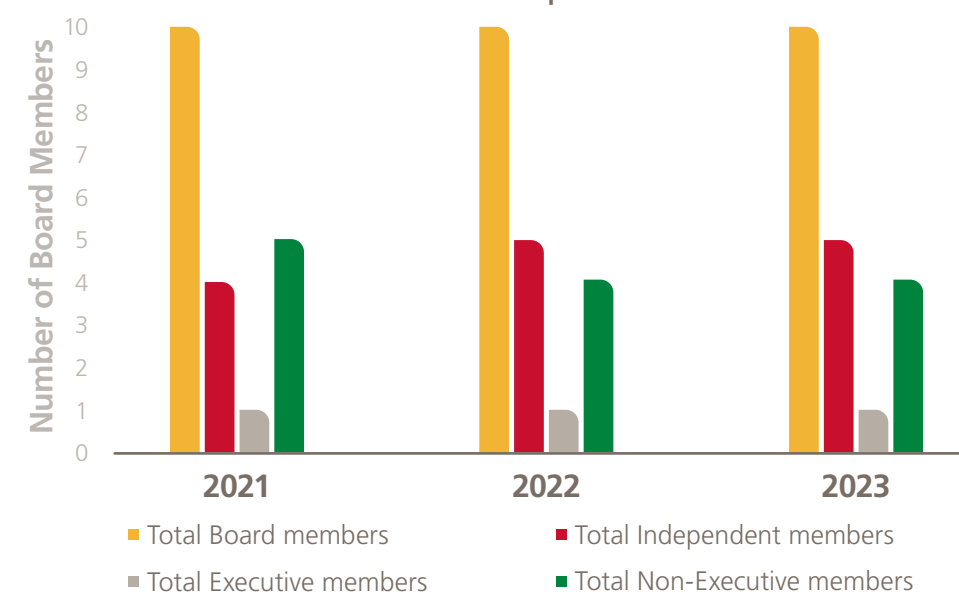
After the General Assembly, the Board holds the highest and most extensive authority throughout the Bank after the General Assembly. The Board's primary legal obligation is to the shareholders and focuses on organizing, controlling, and supervising the executive management and monitoring the Bank's overall performance. While conducting its oversight responsibilities, the Board adheres to guiding principles, such as competition policies, clearly defined standards for appointing Board Members, and policies for managing conflicts of interest and related party transactions, all of which also serve to protect minority shareholder rights.

Independent Board members have accounted for 50% of the Board's composition, helping to foster independent decision-making and mitigate conflicts of interest. Moreover, throughout 2023, the Board held 7 meetings and maintained a high attendance rate, signally the Board's strong commitment to effectively guiding the Bank.

Board Member Election Process

1. **Nomination announcement:** An announcement to the stock market outlining the nomination process and the required candidate information.
2. **Application review:** After the application period closes, all nominees are thoroughly reviewed and forwarded to the Remuneration and Compensation Committee for further evaluation; which subsequently may recommendations to the Board.
3. **Central Bank approval:** The Board submits the proposed list of candidates to SAMA to obtain non-objection certificates.
4. **General Assembly meeting:** Once all regulatory requirements are met, the Bank publishes invitations for the General Assembly meeting for elections.

Board Composition





The Board and its committees undergo annual performance evaluations through internal mechanisms. An independent third-party evaluation is also conducted every three years to assess the Board and its committees' effectiveness and efficiency.

Board Training

Bank Albilad ensures its Board remains well-informed on important topics that directly impact the Bank. With a comprehensive annual training agenda, the focus is broad, encompassing ESG matters, information security, and banking and finance fundamentals. These sessions are carefully curated to address the evolving landscape of the banking sector.

Key areas of the training include:

- **Introduction to governance developments:** Provides an in-depth analysis of the latest trends and developments in governance. It aims to equip directors with the knowledge needed to navigate the complexities of governance in the banking industry.
- **ESG and corporate governance:** Focuses on the principles of ESG and its integration into corporate governance. It delves into the key indicators, applications, and the pivotal role of the Board and Executive Management in promoting good governance practices.

In 2023, these evaluations showcased the Board's dedication to corporate governance excellence.

For comprehensive information about our Board Members, including their professional backgrounds, qualifications, membership classifications, and committee affiliations, please refer to Bank Albilad's 2023 Annual Report.

- **Conflict of interest management:** Addresses the management of conflicts of interest, transactions involving related parties, and the handling of irregularities. It is designed to ensure transparency and integrity.
- **Combating financial crimes:** Covers the essential regulations, concepts, and terminology associated with financial crimes. It also highlights key developments in the fight against financial crimes and their implications for the Bank.
- **Responsibilities regarding financial crimes:** Outlines the responsibilities and obligations of the Board, Board Committees, and Executive Management regarding financial crimes. This ensures that all levels of leadership are aware of their roles in preventing financial crimes within the organization.

Board Committee

Supporting the Board's oversight responsibilities are several Board Committees.

Executive Committee

The Executive Committee plays a vital role in ensuring effective decision-making at the highest levels to achieve the Bank's objectives. By maintaining a flexible timetable, the Committee supports the Board in fulfilling its responsibilities, enhancing the Board's capacity to promote, monitor, and implement the Bank's strategy. This leads to regular performance reviews and monitoring of the Bank's operations. The Committee also provides recommendations and makes decisions to support the Board in its duties.

During 2023, the Committee held 13 meetings, with full attendance from all members.

Audit Committee

The Audit Committee is tasked with overseeing internal audit activities, ensuring its independence and effectiveness. This oversight involves examining reports issued by the audit function, implementing corrective actions, and endorsing the internal audit plan. The Committee is also responsible for appointing external auditors, evaluating their performance, confirming their independence, and ensuring a thorough audit process. Additionally, the Committee scrutinizes contracts and transactions proposed by the Bank with related parties and performs other supervisory duties as mandated by regulations approved by the General Assembly.

During 2023, the Committee held 7 meetings, with full attendance from all members.

Nomination & Remuneration Committee

The Nomination and Remuneration Committee is responsible for annually reviewing the necessary skills required for the Board of Directors and its Committees. The Committee also regularly assesses the structure and composition of the Board and its Committees, providing recommendations on members' strengths and weaknesses and suggesting ways to address them. It offers recommendations on candidates for the Board and its Committees, outlining the qualifications and expertise required for membership. Ensuring the independence of Board members to prevent conflicts of interest is another crucial responsibility of the Committee. The Committee also studies and proposes policies related to remuneration, rewards, and policies for the Board, Executive Committees, and other Committees. It reviews tasks related to roles and human resources structures, providing recommendations on these matters to the Board.

During 2023, the Committee held 8 meetings, with full attendance from all members.



Compliance & Governance Committee

The Compliance and Governance Committee is responsible for overseeing and upholding the highest governance standards by ensuring that the Bank's activities adhere to sound governance practices. It ensures compliance with local, regional, and international regulations, standards, and rules and continuously reviews the governance framework. The Committee also reviews and submits recommendations on regulations for Board Committees and Executive Management to the Board. Additionally, it monitors and ensures the Bank has mechanisms to identify conflicts of interest, approves the annual commitment plan/program, and reviews the annual compliance report submitted to the Central Bank. The Committee also monitors the adequacy, effectiveness, and independence of the compliance sector and anti-fraud and money laundering mechanisms and reviews compliance and reports, ensuring any identified gaps or irregularities are effectively addressed.

During 2023, the Committee held 5 meetings, with full attendance from all members.

Risk Committee

The Risk Committee is primarily responsible for offering the Board guidance and advice regarding current and future strategic plans. This includes assessing the Bank's ability to handle risks and overseeing the Executive Management's execution of these objectives. The Committee supports the Board in supervising all activities and decisions related to the Risk Management Group at the Bank, which encompasses various types of risks such as market, credit, investment, financial, operational, liquidity, reputation, business continuity, and technical systems risks. The Committee also reviews the Bank's internal risk policies and presents them to the Board for approval, seeks approval for acceptable credit risks, responsibilities, and other approved risks, conducts periodic reviews of risk limitations and new products, and ensures compliance with regulatory authorities.

During 2023, the Committee held 5 meetings, with full attendance from all members.

Shariah Committee

The Shariah Committee plays a crucial role in ensuring compliance with Shariah laws within the banking institution. Its responsibilities include approving all products, contracts, and agreements to ensure they adhere to Shariah principles. The decisions made by the Shariah Committee are binding and contribute to the development of Shariah-compliant products. The Committee raises awareness about Islamic banking solutions and concepts both within and outside the Bank, promoting the understanding and adoption of Islamic financial principles.

During 2023, the Committee held 22 meetings, with full attendance from all members.

Shariah Governance

Through our Shariah Committee, supported by the Sharia Division, Bank Albilad strives to completely comply with all relevant Shariah laws. Focusing on several important areas to maintain and promote Sharia compliance throughout the Bank, both the Sharia Committee and Division oversee the following responsibilities:

Compliance:

Ensure the Bank's transactions and products comply with Sharia principles. This involves issuing Sharia decisions on the Bank's operations, advising the Board on rectifying any activities that do not align with Sharia law, and presenting all transactions, products, services, and activities to the Shariah Committee, furnishing them with all necessary information, documents, records, forms, contracts, and agreements.

The Bank's efforts align with SAMA's Risk Management Framework for Sharia-compliant banking, including adherence to additional capital adequacy and disclosure requirements. This ensures that we operate within the guidelines set by the regulatory authority. Moreover, to enhance transparency, the Sharia Committee's decisions have been made available on our website, allowing stakeholders to access and understand the reasoning behind our adherence to Sharia principles.

Product Development:

Contribute towards the development of Sharia-compliant banking products, guiding the development process from inception to customer delivery within regulatory frameworks. This process ensures that all products offered by the Bank are in line with Islamic principles and meet the needs of customers seeking Sharia-compliant financial solutions. Approval is required from the Shariah Committee for any new product, service, contract, agreement, and related amendments before their implementation.

In alignment with Sharia principles, we do not engage in traditional lending practices. Instead, we offer our customers financing or investment products that comply with Sharia criteria. These products are predominantly based on Islamic financial instruments such as Murabaha (cost-plus sale), Wakala (agency agreement), Mudharaba (profit-sharing), and leasing.





Assurance:

Evaluations of the Bank's compliance to Sharia laws are conducted, including through internal audits. This ongoing assessment helps maintain the integrity of the Bank's operations and reinforces its commitment to Sharia governance. In 2023, we identified 29 findings of non-compliance with Sharia principles. Notably, the findings were assessed as low- to medium-risk, and most have been successfully resolved.

Awareness & Education:

Enhancing the understanding of Sharia governance and transactions among employees, shareholders, and other stakeholders. This is accomplished through targeted communications, partnerships, course offerings, and informational resources designed to educate and raise awareness about the importance of adhering to Islamic principles in banking practices. Throughout 2023, the Bank's awareness and educational activities included:

- In partnership with the Saudi Banks Media and Awareness Committee, the Bank has focused on improving the public's understanding of Islamic banking practices.
- The Bank engaged with King Saud University students, introducing them to Islamic banking and the pivotal role of the Sharia Committee.

- An informational screen has been established in the Bank Albilad Sharia Publications Gallery to enhance internal awareness, complemented by awareness messages and courses through Al Bilad Academy.
- Published the "Shariah Guide to Personal Finance" and "إجارة العين لمن باعها", aiming to educate and foster understanding of Sharia-compliant financial practices among the public. These publications serve as valuable resources for individuals seeking to learn more about Islamic banking principles.
- Responding to customers' Sharia-related inquiries.
- Enforcing penalties determined by the Shariah Committee on employees who violate Sharia regulations. Our human resources department outlines and sanctions these penalties.

Purification:

Establishing standards for calculating and disbursing purification amounts, as well as ensuring the financial purity of transactions and operations. These standards serve as a framework for maintaining the Bank's compliance with Sharia principles and promoting financial integrity.

Risk Management

Our Risk Management Group (RMG), under the guidance of the Risk Committee, oversees the Bank's risk management strategies and practices. Its main role is to support the identification, assessment, and mitigation of, in alignment with our risk appetite, inherent risks that may impact the Bank. Five critical areas of focus for the RMG include ensuring robust operational practices to effectively maintain capital adequacy, liquidity, asset quality, profitability, and cybersecurity.

In 2023, the RMG continued to refine and improve the Bank's risk management approach, placing a strong emphasis on compliance with regulatory standards and integrating best practices to ensure robust operational resilience and fraud prevention. We successfully deployed an Operational Risk Solution, an important tool in cataloguing operational incidents and losses and supporting compliance with the Basel Reforms on minimum capital requirements. At the beginning of 2023, we proudly achieved full compliance with Basel III Reforms, a milestone that underscores our

dedication to upholding the highest standards in financial stability and risk management.

To bolster our defences against fraud, we significantly enhanced our IT infrastructure by deploying two advanced anti-fraud systems. These systems are designed to monitor client behaviours and transactional activities, enabling the early detection and prevention of fraudulent activities. We also reintegrated the "Anti-Fraud Function" under the RMG, marking a strategic realignment to further bolstering the RMG's capacity to address fraud risks comprehensively.

In compliance with SAMA's business continuity requirements, we have successfully obtained ISO 22301 (security and resilience) certification. These ISO standards define the necessary Business Continuity Management Systems (BCMS) standards to ensure the Bank's operations can continue during and after a crisis, highlighting our commitment to operational resilience.

CASE STUDY

Hackathon Albilad harnesses tech innovation for banking sustainability

In 2023, the inaugural Hackathon Albilad was launched as a way of leveraging technology to enhance Islamic banking. The event brought together leading minds in the digital space to develop pioneering applications (apps) aimed at driving the digitalization and accessibility of Islamic banking services.

The hackathon focused on promoting interaction and collaboration among innovators, developers, and technology enthusiasts to contribute to advancing the Islamic banking field through innovative technological solutions. The event attracted 32 participants and saw the development

of new Islamic banking products, as well as the launch of multiple start-up companies.

The focus areas for participants included enhancing economic performance, developing from within, empowering communities, responsible operations, and improving Islamic banking.

The program's outcomes were notable. Eight companies contributed eight different products, and three companies won SAR 50,000 as seed funding for their start-up companies. Plans are already underway for the next Hackathon Albilad, which will build on the success of this pioneering initiative.





CASE STUDY

Enhancing operational risk management through a centralized solution

As a leading bank, we recognize the crucial role of effective operational risk management in ensuring financial stability, regulatory compliance, and customer trust. Driven by the need to enhance our operational risk capabilities, we embarked on an initiative to improve our process for registering operational incidents and losses.

Our primary objective was to centralize operational risk activities through a single solution, streamlining the reporting process and automating various operational risk tasks, including risk control, operational loss tracking, risk assessment, and document review.

To achieve this objective, we implemented an Operational Risk System Solution. This comprehensive solution provided a unified platform for managing all aspects of operational risk, enabling us to effectively monitor, assess, and mitigate potential risks.

The implementation process involved close collaboration between our operational risk team, IT division, and the solution provider. The team worked diligently to integrate the solution with our existing systems, ensuring a seamless transition and minimal disruption to ongoing operations.

The successful implementation of the Operational Risk System Solution has significantly enhanced our operational risk management capabilities. With a centralized approach, we can now efficiently track and analyze operational incidents and losses, identifying patterns and potential areas of concern.

The automated reporting and risk assessment features have reduced manual efforts, allowing our operational risk team to focus on proactive risk mitigation strategies. The solution has also improved collaboration across departments, fostering a culture of risk awareness and accountability.

Looking ahead, we plan to leverage the data insights provided by the solution to continuously refine our operational risk management practices. By staying vigilant and adaptable, we aim to maintain our strong economic performance and uphold responsible operations.

In support of Vision 2030, the Bank recognizes the need to consider ESG risks into its credit and customer evaluations. Currently, we aim to diversify the sectors we provide financial support towards to avoid concentrations in high-risk environmental sectors. During our credit evaluations, reputational risks are considered, as well as how the financial support provided will

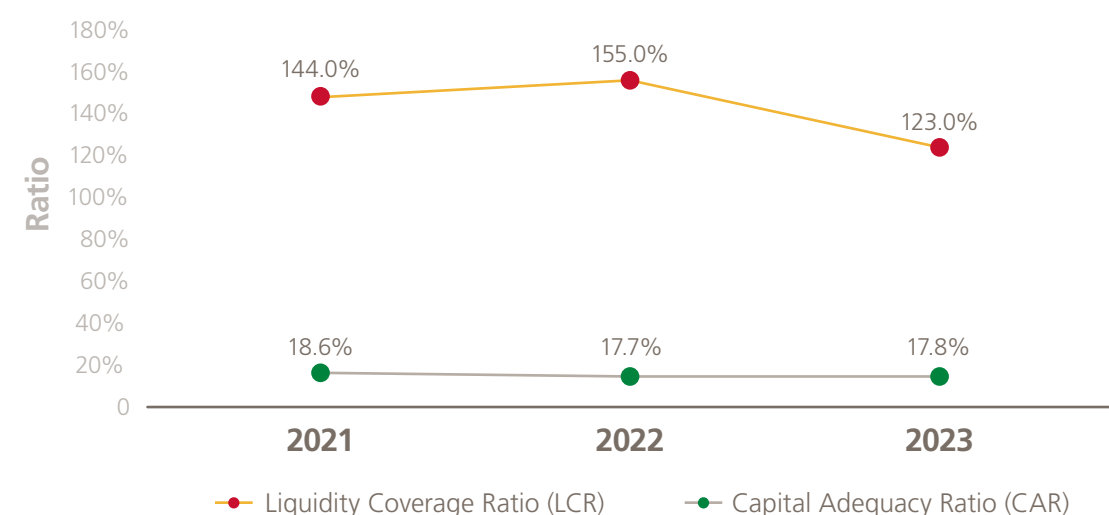
be used. To start considering climate risks into our evaluations, which we recognize as a growing imperative throughout all financial systems, the Bank has working with other local banks, under the guidance of SAMA, to establish the Kingdom's national framework towards addressing climate risks.

Stress Testing

In compliance with SAMA's regulations, Bank Albilad conducts stress tests twice a year, sharing the results with senior management, the Board, and SAMA. We also carry out annual stress testing as part of our Internal Capital Adequacy Process (ICAAP), using various scenarios and shocks to cover macroeconomic and idiosyncratic situations.

These tests help us assess our financial resilience and preparedness for potentially adverse scenarios, allowing us to identify vulnerabilities and take corrective actions to mitigate risks. Thanks to our prudent risk management practices and proactive approach to stress testing, we maintained robust liquidity throughout 2023, demonstrating our ability to navigate challenging market conditions while supporting our business operations and meeting our obligations.

Ability to Meet Financial Obligations





Business Ethics & Compliance

At Bank Albilad, we firmly believe that a strong business ethic is not just a principle but the bedrock upon which we build and nurture our relationships with stakeholders. Our commitment to ethical excellence and legal compliance guides every decision and action we take, reflecting our proactive approach to fostering a culture that meets and exceeds high ethical and legal standards. To seamlessly integrate our core values into our daily activities, we have established a comprehensive framework that empowers our employees and strengthens our operational integrity.

Recognizing the critical importance of transparency and accountability, we maintain a Compliance, Anti-Corruption, and Whistleblowing Unit, along with specialized departments within our Compliance & Anti-Financial Crime Division. These entities are at the forefront of our efforts to ensure a secure and ethical working environment. We regularly encourage our employees through quarterly awareness messages to anonymously report any irregularities, suspicious activities, compliance violations, incidents, or corruption

and misconduct. Our Whistle Blowing Policy is designed to offer guidance and protection to those who report incidents, ensuring they can do so without fear of retaliation. We apply strict penalties and disciplinary measures against anyone found engaging in retaliatory conduct, emphasizing our zero-tolerance stance.

To facilitate the reporting process, we maintain several secure and anonymous channels available to our employees, including electronic links accessible through our internal network portal, secure emails that can be directly sent to the relevant specialist departments, opportunities for face-to-face discussions, and a direct, recorded hotline. Our dedicated teams continuously monitor domestic and international legal and regulatory changes, ensuring that Bank Albilad remains in full compliance. This involves the regular maintenance and updating of our internal policies, all of which undergo thorough reviews during our internal audits, as covered under our approved Internal Audit Plan.

Anti-Financial Crimes

Compliance with laws related to anti-financial crimes (AFC) is of paramount importance to us. Our dedicated AFC policies, including the Compliance Policy, Anti-Money Laundering (AML) and Counter-Terrorism Financing (CTF) Policy, Anti-Fraud Policy, Know Your Customer (KYC) Policy, and Whistleblowing Policy, form the cornerstone of our commitment to upholding the highest standards of integrity and accountability.

We maintain an effective, automated management system complemented by highly trained employees responsible for monitoring daily transactions and safeguarding the Bank's interests. To enhance the proficiency of our employees, we conduct regular and comprehensive AML and CTF training, encompassing various topics, and ensuring that all training materials are consistently updated to reflect changes in international standards.

Throughout 2023, we successfully implemented bank-wide controls in alignment with the SAMA Counter-Fraud Framework and introduced two innovative systems to fortify our counter-fraud capabilities:

- The first system enhances our ability to monitor customer behaviour, including internet and mobile banking logins and customer geolocation.
- The second system enables us to scrutinize financial and non-financial transactions, such as transfers within the same account and internal, local, and international transfers.

The Compliance & Anti-Financial Crime Division reports directly to the Executive Management, as well as the Governance & Compliance Committee and Compliance & AFC Committee. Our internal reporting structures also include direct reporting to business units and during 2023, we implemented strategic structural changes within the Compliance & Anti-Financial Crime Division to streamline and strengthen our governance processes. Specifically, we established the following business units:

- **Self-Supervisory Unit:** reports directly to the Chief Compliance Officer (CCO), who is tasked with addressing inquiries from SAMA regarding suspected transactions.
- **Tanfeeth Unit:** under the purview of Regulatory Compliance, focuses on account restrictions based on regulatory instructions.
- **Advisory & Awareness Unit:** created to offer advisory services regarding banking laws and regulations and to foster a strong compliance culture within the Bank through regular awareness messages.

Throughout 2023, we proudly addressed 100% of the inquiries, complaints, or issues received by the legal and compliance office through an internal monitoring or reporting system. Most of the inquiries related to adhering to specific internal and/or SAMA-related policies, procedures, and regulations/circulars.

Looking ahead, we aim to continue enhancing the Bank's compliance-related capabilities by addressing the results on annual internal audit findings, if any, as well as pursuing partnerships with FinTech companies, adopting market-leading AML solutions with Artificial Intelligence and machine learning capabilities, and continuing to cultivate a robust compliance culture throughout the Bank.





APPENDIX

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Appendix A.

GRI Content Index

STATEMENT OF USE

Bank Albilad has reported in accordance with the GRI Standards for the period of 1st January to 31st December 2023.

GRI 1 USED

GRI 1: Foundation 2021

GRI STANDARD	DISCLOSURE	LOCATION AND/OR DIRECT ANSWER
GRI 2: GENERAL DISCLOSURES 2021	2-1 Organizational details	16
	2-2 Entities included in the organization's sustainability reporting	6
	2-3 Reporting period, frequency and contact point	6, 108
	2-4 Restatements of information	Not applicable
	2-5 External assurance	Not applicable
	2-6 Activities, value chain and other business relationships	16-18
	2-7 Employees	99-101
	2-8 Workers who are not employees	99
	2-9 Governance structure and composition	78-82
	2-10 Nomination and selection of the highest governance body	79, 81
	2-11 Chair of the highest governance body	79 & please refer to Bank Albilad's 2023 annual report
	2-12 Role of the highest governance body in overseeing the management of impacts	79
	2-13 Delegation of responsibility for managing impacts	79
	2-14 Role of the highest governance body in sustainability reporting	79
	2-15 Conflicts of interest	78, 80
	2-16 Communication of critical concerns	88-89
	2-17 Collective knowledge of the highest governance body	80 & please refer to Bank Albilad's 2023 annual report

GRI STANDARD	DISCLOSURE	LOCATION AND/OR DIRECT ANSWER
GRI 2: GENERAL DISCLOSURES 2021 (CONTINUED)	2-18 Evaluation of the performance of the highest governance body	80
	2-19 Remuneration policies	81
	2-20 Process to determine remuneration	81
	2-21 Annual total compensation ratio	Confidential
	2-22 Statement on sustainable development strategy	8-11
	2-23 Policy commitments	58, 78, 88-89
	2-24 Embedding policy commitments	30, 40, 52, 62, 68, 76
	2-25 Processes to remediate negative impacts	56
	2-26 Mechanisms for seeking advice and raising concerns	56
	2-27 Compliance with laws and regulations	78, 82-84
	2-28 Membership associations	www.bankalbilad.com
	2-29 Approach to stakeholder engagement	106-107
	2-30 Collective bargaining agreements	Not applicable
GRI 3: MATERIAL TOPICS 2021	3-1 Process to determine material topics	26-27
	3-2 List of material topics	27
	3-3 Management of material topics	30-31, 40-41, 52-53, 62-63, 68-69, 76-77
GRI 201: ECONOMIC PERFORMANCE 2016	201-1 Direct economic value generated and distributed	38-39
GRI 202: MARKET PRESENCE 201	202-2 Proportion of senior management hired from the local community	102
GRI 203: INDIRECT ECONOMIC IMPACTS 2016	203-1 Infrastructure investments and services supported	34, 36, 42, 72-73
	203-2 Significant indirect economic impacts	34, 36, 42, 46-48
GRI 204: PROCUREMENT PRACTICES 2016	204-1 Proportion of spending on local suppliers	74, 103



GRI STANDARD	DISCLOSURE	LOCATION AND/OR DIRECT ANSWER
GRI 205: ANTI-CORRUPTION 2016	205-2 Communication and training about anti-corruption policies and procedures	98
GRI 206: ANTI-COMPETITIVE BEHAVIOR 2016	206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	105
GRI 207: TAX 2019	207-1 Approach to tax	38
GRI 302: ENERGY 2016	302-1 Energy consumption within the organization	102
	302-2 Energy consumption outside of the organization	103
GRI 305: EMISSIONS 2016	305-5 Reduction of GHG emissions	67
GRI 306: WASTE 2020	306-2 Management of significant waste-related impacts	44, 65-67
GRI 401: EMPLOYMENT 2016	401-1 New employee hires and employee turnover	100-101
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	57
	401-3 Parental leave	101
GRI 403: OCCUPATIONAL HEALTH AND SAFETY 2018	403-1 Occupational health and safety management system	60
	403-3 Occupational health services	60
	403-5 Worker training on occupational health and safety	60
	403-6 Promotion of worker health	60
	403-9 Work-related injuries	102
GRI 404: TRAINING AND EDUCATION 2016	404-1 Average hours of training per year per employee	98
	404-2 Programs for upgrading employee skills and transition assistance programs	55
	404-3 Percentage of employees receiving regular performance and career development reviews	99

GRI STANDARD	DISCLOSURE	LOCATION AND/OR DIRECT ANSWER
GRI 405: DIVERSITY AND EQUAL OPPORTUNITY 2016	405-1 Diversity of governance bodies and employees	99-101
GRI 406: NON-DISCRIMINATION 2016	406-1 Incidents of discrimination and corrective actions taken	29
GRI 413: LOCAL COMMUNITIES 2016	413-1 Operations with local community engagement, impact assessments, and development programs	70-73
GRI 414: SUPPLIER SOCIAL ASSESSMENT 2016	414-1 New suppliers that were screened using social criteria	103
GRI 417: MARKETING AND LABELLING 2016	417-1 Requirements for product and service information and labeling	Please refer to "Banking Consumer Protection Principles" found under www.bankalbilad.com
GRI 418: CUSTOMER PRIVACY 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	49-51





Appendix B.

Performance Indicators

KEY PERFORMANCE INDICATORS	UNITS	2021	2022	2023
ECONOMIC PERFORMANCE				
DIRECT ECONOMIC VALUE GENERATED				
Revenues	SAR '000	4,583,950	5,191,432	5,302,788
ECONOMIC VALUE DISTRIBUTED				
Operating costs (without provision)	SAR '000	2,134,084	2,320,057	2,338,001
Employee compensation (staff expenses)	SAR '000	1,177,639	1,259,120	1,328,868
Dividends paid to shareholders (cash and stock)				
• Cash dividend	SAR '000	0	500,000	0
• Stock dividend (bonus shares)	SAR '000	0	2,500,000	0
Total Expenses	SAR '000	2,703,753	2,870,709	2,661,831
ECONOMIC VALUE RETAINED				
Net profit	SAR '000	1,686,537	2,081,688	2,368,938
Total operating income	SAR '000	4,583,950	5,191,432	5,302,788
Shareholders' Equity	SAR '000	11,980,090	13,398,948	15,258,110
Return on (average) equity	%	14.85%	16.40%	16.53%
Tier-1 Capital notes	SAR '000	12,051,419	13,446,502	15,281,887
Sukuk	SAR '000	3,015,411	3,040,452	3,051,613
Capital resources	SAR '000	7,500,000	10,000,000	10,000,000

KEY PERFORMANCE INDICATORS	UNITS	2021	2022	2023
ZAKAT				
SHARIA SUPERVISORY COUNCIL				
Zakat Payment	SAR '000	218,110	256,713	234,883
Number of members	#	3	3	3
RETAIL CUSTOMERS				
CUSTOMER AND FINANCE PORTFOLIO				
Total value of retail loan portfolio	SAR'000	39,452,277	44,242,658	48,291,015
CUSTOMER SATISFACTION				
Number of complaints received	#	74,399	54,163	86,651
Number of complaints resolved	#	74,587	54,347	85,823
Average response rate for client complaints	Working days	4.27	4.95	4.15
Overall Customer Satisfaction	%	70.80%	84.90%	93.89%
DATA PRIVACY				
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
TRAINING & DEVELOPMENT				
Average monetary amount spent per Full Time Equivalent (FTE) in training and development	SAR/	2,656	4,336	3,618



KEY PERFORMANCE INDICATORS	UNITS	2021	2022	2023
AVERAGE TRAINING PER EMPLOYEE				
Male employees	Hours	19	27	24
Female employees	Hours	21	20	25
Senior management employees	Hours	29	34	25
Middle management employees	Hours	24	27	24
Non-management employees	Hours	20	26	25
Average training per employee	Hours	27.6	27.1	34
TOTAL TRAINING DELIVERED				
Total training delivered	Hours	82,064	103,576	113,064
Senior management employees	Hours	592	1,712	1,952
Middle management employees	Hours	8,192	11,584	16,208
Non-management employees	Hours	67,072	90,248	94,904
Male employees	Hours	73,256	91,032	94,048
Female employees	Hours	8,808	12,544	19,016
PARTICIPATION IN SPECIFIC TRAINING AREAS (NUMBER OF EMPLOYEES)				
Islamic principles	#	356	3,692	855
Compliance	#	10	126	158
Anti-corruption	#	56	39	40
Code of conduct/ ethics	#	722	111	95
AML/ CTF	#	357	3,315	1,429
Health & safety	#	Not Applicable	Not Applicable	280
Customer relationship management	#	94	615	279
Financial inclusion	#	1475	359	637

KEY PERFORMANCE INDICATORS	UNITS	2021	2022	2023
PERFORMANCE REVIEWS				
Percentage of employees who received a performance and career development review	%	100%	100%	100%
Senior management employees	%	100%	100%	100%
Middle management employees	%	100%	100%	100%
Non-management employees	%	100%	100%	100%
Male employees	%	100%	100%	100%
Female employees	%	100%	100%	100%
WORKFORCE				
WORKFORCE SIZE				
Total number of employees	#	3,477 ¹	3,513 ¹	2,770
Full-time employees	#	3,477 ¹	3,513 ¹	2,770
Part-time employees	#	0	0	0
Trainees and sponsored students	#	95	76	86
Total number of contractors and/or consultants	#	1,411	1,048	949
WORKFORCE BY EMPLOYMENT LEVEL				
Full-time employees in senior management	#	15	25	27
Female		0	0	0
Male	#	15	25	27
Full-time employees in middle management	#	364	425	436
Female	#	6	14	15
Male	#	358	411	421
Full-time employees staff (other levels)	#	3,093	3,063	2,307



KEY PERFORMANCE INDICATORS	UNITS	2021	2022	2023
WORKFORCE BY AGE PROFILE (FULL-TIME EMPLOYEES)				
Age 18-30	#	1,261	1,232	945
Age 31-50	#	2,089	2,141	1,714
Age 51+	#	127	140	111
NEW HIRES & TURNOVER				
Average hiring cost per full-time employee	SAR	221,258	226,241	263,928
NEW EMPLOYEE HIRES BY GENDER				
Female	#	85	101	83
Male	#	387	435	430
NEW EMPLOYEE HIRES BY AGE				
Age 18-30	#	327	355	310
Age 31-50	#	142	178	196
Age 51+	#	3	3	7
EMPLOYEE TURNOVER (VOLUNTARY AND INVOLUNTARY)				
Total number of employees who left the company	#	470	558	421
Full-time	#	470	588	421
Part-time	#	0	0	0
Senior management	#	1	1	1
Middle management	#	90	67	61
Non-management employees	#	379	490	359
Contract staff	#	370	478	587
Age 18-30	#	213	209	193
Age 31-50	#	247	326	214
Age 51+	#	10	31	19
Percentage of employee turnover (voluntary and involuntary)	%	13.5%	16.1%	15.19%

KEY PERFORMANCE INDICATORS	UNITS	2021	2022	2023
EMPLOYEE TURNOVER (VOLUNTARY ONLY)				
Full-time	#	34	65	64
Part-time	#	302	457	329
Senior management	#	0	1	1
Middle management	#	64	58	59
Non-management employees	#	272	463	330
Contract staff	#	251	318	549
Age 18-30	#	161	222	174
Age 31-50	#	170	280	200
Age 51+	#	5	20	19
Percentage of employee turnover (voluntary)	%	9.6%	14.85%	12.0%
WAGES & BENEFITS				
Salaries paid (includes standard elements basic pay and consolidated allowances etc.)	SAR M	775,196	830,167	591,941
Benefits paid (includes elements such as Pension, Gratuity, Medical Insurance, Annual Passage, Education etc.)	SAR	402,443	428,953	114,040
PARENTAL LEAVE				
Number of employees that took parental leave	#	14	12	14
Number of employees who returned to work after parental leave ended (return to work)	#	14	12	14
Number of employees returned from parental leave who were still employed twelve months after return to work (retention)	#	14	12	14
Return to work rate	%	100%	100%	100%
Retention rate	%	100%	100%	100%



KEY PERFORMANCE INDICATORS	UNITS	2021	2022	2023
GRIEVANCES				
Number of grievances filed in the reporting period	#	4	38	30
Number of these grievance addressed or resolved	#	4	38	30
Number of grievances filed prior to the reporting period that were resolved during the reporting period	#	0	0	0
NATIONALIZATION				
Nationals among total full-time workforce	#	3,216 ¹	3,250 ¹	2,579
NATIONALIZATION IN MANAGEMENT				
% of Nationalization in senior management	%	100%	95.83%	96.15%
% of Nationalization among total workforce	%	92.5%	92.51%	93.10%
NUMBER OF NATIONALITIES				
Total number of nationalities	#	24	24	20
HEALTH & SAFETY				
Employee total recordable injuries	#	2	1	3
Employee occupational illness rate	%	0.05%	0.02%	0.10%
EMPLOYEE ENGAGEMENT & ABSENTEEISM				
Employee engagement Participation	%	-	-	82%
Employee absentee rate	%	-	1.93%	1.99%
ENERGY CONSUMPTION				
Total m2 of space across all facilities (office, storage, facilities, etc.)	m2	4,500	6,750	15,750
DIRECT ENERGY CONSUMPTION				
Diesel consumption from operations and vehicles	Litres	21,650	7,150	12,000

KEY PERFORMANCE INDICATORS	UNITS	2021	2022	2023
INDIRECT ENERGY CONSUMPTION				
Electricity consumption (office, storage, facilities, etc.)	kWh	69,996,577.5	69,613,467.98	43,736,965.77
COMMUNITY INVESTMENT				
Amount of community investment	SAR M	13	9	11
Community investment as a % of company revenue	SAR	0.25%	0.173%	0.207%
Total number of employee volunteering hours	Hours	2,500	5,100	5,400
Number of volunteers	#	800	1,700	1,800
Number of beneficiaries of community activities	# Thousands	750	900	1,200
Number of projects sponsored	#	10	10	11
PROCUREMENT				
Total number of local suppliers engaged	#	406	421	442
Procurement spending on local suppliers	SAR	973,602,723	1,261,912,489.70	1,237,740,497
Total procurement spending	SAR	1,029,939,948	1,345,613,796.75	1,322,410,549.59
Total number of suppliers engaged	#	490	530	563
Percentage of spending on local suppliers (%)	%	95%	94%	94%
Number of suppliers assessed against sourcing code of conduct	#	All suppliers	All suppliers	All suppliers
Number of suppliers blacklisted	#	3	0	0



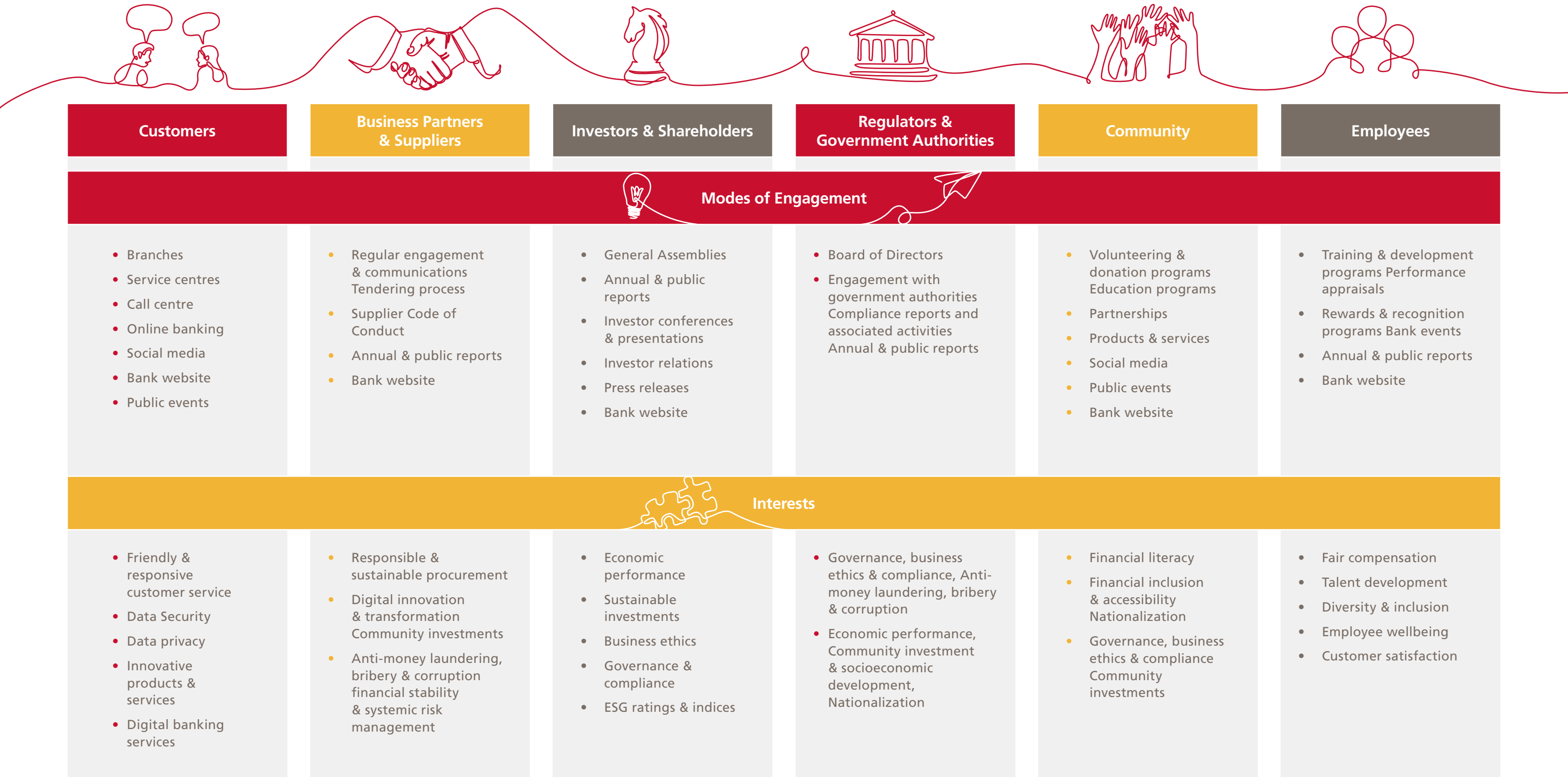
KEY PERFORMANCE INDICATORS	UNITS	2021	2022	2023
BOARD OF DIRECTORS				
Total number of board members	#	10	10	10
Total number of independent members	#	4	5	5
Percentage of board seats occupied by independent members	%	40%	50%	50%
Total number of executive members	#	1	1	1
Total number of non-executive members	#	5	4	4
Total board seats occupied by men	#	10	10	10
Total board seats occupied by women	#	0	0	0
Percentage of Board seats occupied by women	%	0	0	0
ENERGY CONSUMPTION				
Liquidity Coverage Ratio (LCR)	%	144	155	123
Capital Adequacy Ratio (CAR)	%	18.6	17.70	17.76

KEY PERFORMANCE INDICATORS	UNITS	2021	2022	2023
COMPLIANCE				
INTERNAL MONITORING & REPORTING				
Number of inquiries, complaints, or issues received by the legal and compliance office through an internal monitoring or reporting system	#	187	206	188
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	#	7	7	13
Saudi Arabia	#	7	7	13
Total number of legal proceedings lost associated with fraud, insider trading, anti-trust, anti-competitive behaviour, market manipulation, malpractice, or other related financial industry laws or regulations	#	118	1	2



Appendix C.

Our Stakeholders



Appendix D. Islamic Banking Glossary

Murabaha:

A form of finance that consists of several steps starting with the customer making a promise to purchase a commodity from the bank. The bank then purchases the commodity and sells it to the customer on a deferred payment basis with a specified profit margin. It is consistent with the Fiqh-based Murabaha in a number of characteristics.

Ijarah Financing:

A form of finance that consists of a number of steps starting with the customer making a promise to lease a commodity from the bank. The bank then purchases the commodity and leases it to the customer for a specific rental fee and term. The rulings pertaining to Ijarah (lease) are applied during the period of lease. If the customer pays the lease instalments in full without violating his obligations to the contract, the bank then transfers the ownership of the commodity to him through a sale contract based on a prior promise or through a hibah (gift) as stated in the contract.

Musharaka:

It is an investment partnership in which all partners are entitled to receive a portion of the profits with a mutually agreed percentage. Losses also will be shared between partners in proportion to the amount invested, and all partners contribute to the partnership by paying money.

Mudaraba:

It is an investment partnership in which the Mudarib (entrepreneur) and the Rab al-maal (investor) share the returns of investment transactions, and the profits are distributed between them based on their agreement, and the Mudarib does not guarantee the capital or profits.

Gharar:

Uncertainty and lack of knowledge in the consequence of a matter.

Current Account:

It is an account opened in the name of the customer, in which the credit and debit amounts for current (on demand) deposits are recorded, as such that the customer can withdraw them at any time without prior notice, and only the final balance is due. Any amounts in current accounts are considered in Islamic Fiqh 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 account owners (loaner), and the bank shall 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.

Rahn (collateral):

To make a financial asset or so tied to a debt so that the asset or its value is used for repayment of the debt in case of default.

Qard (Loan):

Paying money to someone who will benefit from it then return a substitute.

Letter of Guarantee:

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

Khiyarush-Shart (Choice condition):

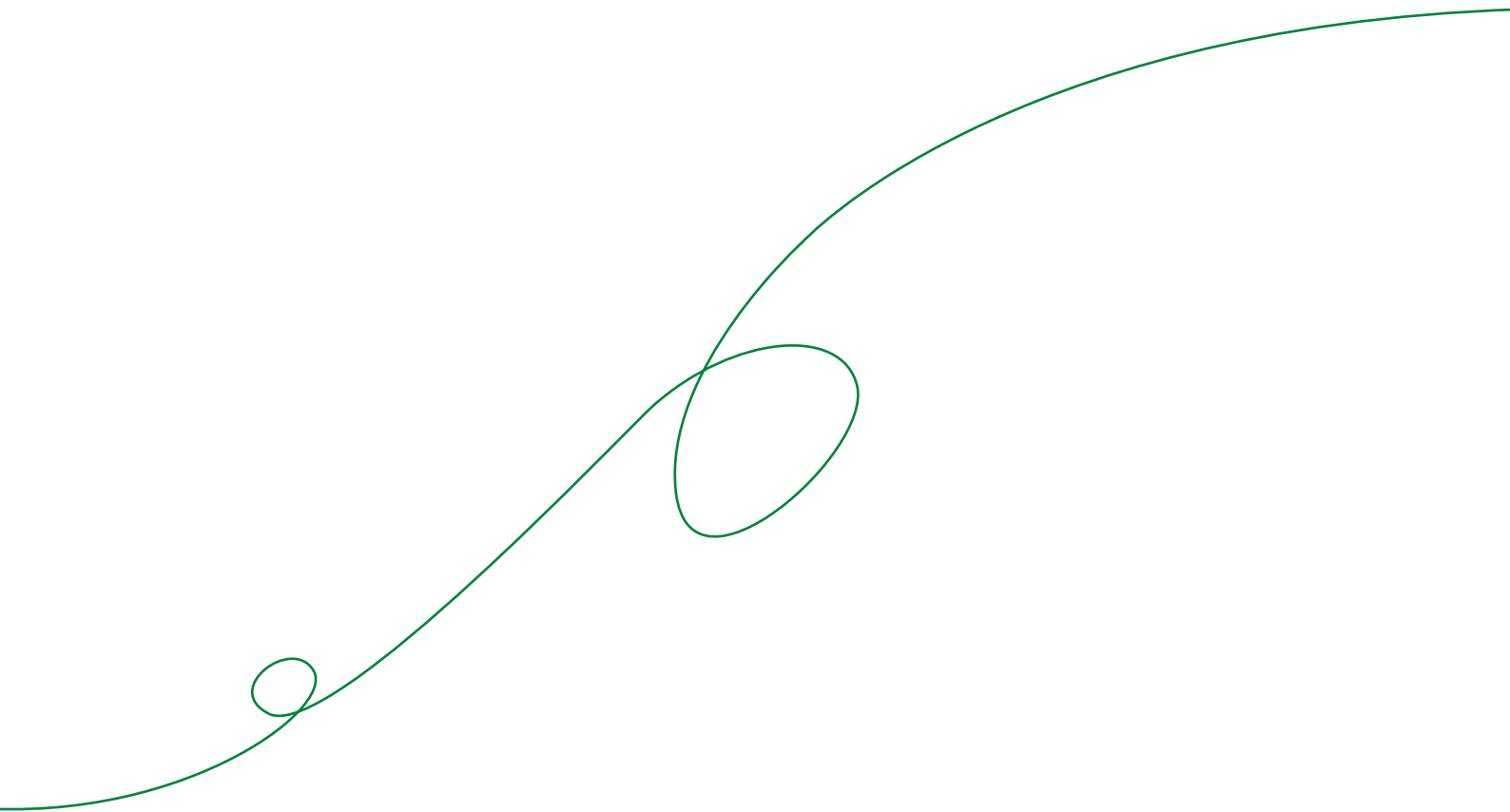
An option stipulated by the contracting parties giving either or both of them the right to revoke the contract within a specified period of time.

Zakat:

A financial obligation to be paid to its designated purposes. It is imposed on those who have money that reached the nisab (designated amount) and was held for one hijri year.

Investment Wakalah:

It is an investment method, in which the client appoints the bank to invest his money in investment purposes, and the agent is entitled to the agency fee according to what they agree upon.



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