



anbcapital

2023 ANNUAL REPORT

For the year ended 31 December 2023

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King Salman Bin Abdulaziz Al Saud

The Custodian of the Two Holy Mosques



Prince Mohammad Bin Salman Bin Abdulaziz Al Saud

The Crown Prince and Prime Minister

Table of Content

1. Strategy and Our Business Report	8
a. Message from the Chairperson	9
b. Our client centric business	17
c. Corporate information and organizational structure	19
d. Key Initiatives and business developments in 2023	21
e. Client Focused Business Strategy and priorities for 2024	22
f. Financial information for the past 5 years and key highlights for 2023	23
g. Our client trusted key business activities	26
h. anb capital's associates	29
2. Corporate Governance	31
a. Board of Directors	33
b. Board Committees	37
c. Directors' and Senior Executive remuneration report	44
d. Board of Directors and Senior Management Interests	45
e. Internal Control, Risk and Compliance Functions	46
f. Risk Management	50
g. Statement of the responsibilities of the members of the Board of Directors related to the financial statements	54
3. Other information	55
a. Related party transactions and balances	57
b. Code of Ethical Business Conduct	59
c. Fines and penalties	59
d. Borrowings	59
e. Statutory reserve	59
f. Audited Financial Statements	60

The logo for anbcapital, featuring the letters 'anb' in a stylized blue font followed by the word 'capital' in a white sans-serif font, all set against a dark blue rectangular background.

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Section 1

Strategy and Our Business Report

Message from the Chairperson



Under the guidance of our visionary leaders, the Saudi economy has shown extraordinary resilience in the face of global challenges and uncertainties. Against this backdrop, anb capital has continued to flourish, achieving successes across all its businesses. Our success is testament to our team's dedication, our investment strategies, and the unwavering trust of our esteemed partners. We are fully committed to supporting Vision 2030, by introducing financial innovations to the Saudi capital markets and nurturing local talent.

As we embark on a new year full of opportunities, I am delighted to present anb capital's Annual Report for the fiscal year ending 31 December, 2023. This report reflects our journey of continuous growth, resilience, and strategic advancements, providing insights into our achievements and outlining our outlook for 2024.

Fueled by Perseverance

Samra Al-Kuwaiz
Independent Director and
Chairperson of the Board

A New Vision Statement

In 2023, we introduced our vision statement, which is to be the premier enabler of the Kingdom's emergence as a global investment powerhouse. Our new vision and mission statements guide our organizational culture, inform our strategic and tactical decision-making processes, and help us establish our priorities. We feel that agreement on vision and mission statements was necessary for us to come together as a cohesive entity with a united vision on how to forge our destiny and to provide us with a distinct sense of purpose as a Capital Market Institution.



Sustained Improvement

anb capital, as a prominent financial institution serving Saudi corporates, derives substantial value from its robust relationships within the market. These relationships play a pivotal role, particularly in capital market transactions. Our strategic focus centers on leveraging our existing client connections and capitalizing on our areas of strength within our business lines. By doing so, we strategically target clients where we hold a competitive advantage.

Our approach is multifaceted, emphasizing several key factors:

Team Strength

We recognize that collaborative teamwork is essential for success. Our cohesive teams work synergistically to deliver exceptional outcomes for our clients.

Idea Generation

We prioritize innovative thinking and generate superior ideas that drive value and growth.

Content Quality

Our commitment to high-quality content ensures that our clients receive accurate, insightful, and actionable information

Execution Excellence

We execute transactions with precision and efficiency, meeting the highest standards of professionalism.

We continued our forward trajectory in 2023 by completing milestone transactions, building infrastructure and bringing in best-in-class talent from local and international markets. We revitalized our investment banking presence with the completion of sell-side advisory services to Saudi Tabreed District Cooling Company and Tamimi Markets, both of which sold 30% shareholding to the Public Investment Fund ("PIF"). Our asset management and real estate departments further diversified their product offerings and achieved notable successes, while our brokerage business continued to evolve to address changing market dynamics.

Our 2023 revenues and profits were the highest since our inception in 2008, a remarkable feat that further motivates us to pursue growth and leadership in the Kingdom. Our plans encompass launching internally managed funds and feeder funds under our new private equity business line, advancing our infrastructure by introducing state-of-the-art trading applications that are easy to use and aimed to transform the investment journey for our clients, launching equity sell side research capabilities and introducing an institutional sales trading desk.

In real estate, we focused on development funds given the market environment, and launched three funds during the year with more than SAR 1.8 Bn in AUM. We also monetized the assets of Al Mubarak Real Estate Income Fund II, which owned Riyadh Gallery Mall, and generated significant alpha for unitholders earlier than the expected closing date of the fund, showcasing the demand for our real estate products in the market. Our medium-term plans include launching a mix of development and income funds, geographic expansion to include international funds, and the introduction of Real Estate Investment Trust (REIT) – a new fund category for us.

Overview of Global and Regional

In October 2023, the International Monetary Fund ("IMF") released its latest World Economic Outlook, signaling a discernible downturn in growth. These projections signal a deceleration in the global economy, a consequence of the steps taken to bring down inflation. Global growth forecast is now 3.0% for 2023 and 2.9% for 2024, lower than the 2022 growth rate of 3.5% and significantly below the average of 3.8% observed over the 2000–19 period. The economic slowdown is more noticeable in advanced economies compared to emerging markets and developing nations, with the notable exception of the US.

The encouraging news is the IMF now anticipates a reduction in the number of countries that would have experienced a recession in 2023 and dispels earlier fears of a global economic downturn, instead stating that a "soft landing" is a more likely scenario. This cautious optimism is fueled by the recent easing of inflation, suggesting a potential peak in 2022.

For emerging markets and developing economies, growth is predicted to moderate from 4.1% in 2022 to 4.0% in 2023 and 2024. However, beneath this overall trajectory lie regional variations, as two of the five major geographic regions forecast an increasing GDP growth rate in 2023 followed by a downturn in 2024. Growth in emerging and developing Asia is projected to increase from 4.5% in 2022 to 5.2% in 2023, followed by a decline to 4.8% in 2024 driven by the property crisis, consumer malaise and investor skepticism in China. Similarly, emerging and developing Europe is projected to grow by 2.4% in 2023 and then by 2.2% in 2024.

There is global anticipation of a gradual decline in headline inflation from its peak of 8.7% in 2022 (annual average) to 6.9% in 2023 and then to 5.8% in 2024. The 2024 forecast has been revised upwards by 0.6%, reflecting elevated core inflation.

On a year-over-year basis, global headline inflation is projected to come down to %4.8, still ahead of the pre-pandemic (19–2017) annual average of about %3.5 percent. Monetary tightening, while beginning to yield results, is not the only for the projected inflation decline in 2023 decline; other reasons include the impact of dollar appreciation (a stronger dollar has meant a slowdown in trade), and escalating trade barriers. In 2022, countries implemented almost 3,000 new trade restrictions, up from less than 1,000 in 2019.



The global economic landscape hints at a more equitable distribution of risks surrounding the outlook for global growth. Economic resilience surpassing expectations and a decline in inflation, contrary to predictions in some instances, have been observed. Furthermore, the resolution of US debt ceiling tensions in the earlier part of the year, coupled with prompt interventions by Swiss and US authorities to mitigate banking sector turbulence, has alleviated immediate concerns of broader financial stress. However, apprehensions about global inflation and recession linger as we move forward, highlighting the nuanced nature of the current economic climate.

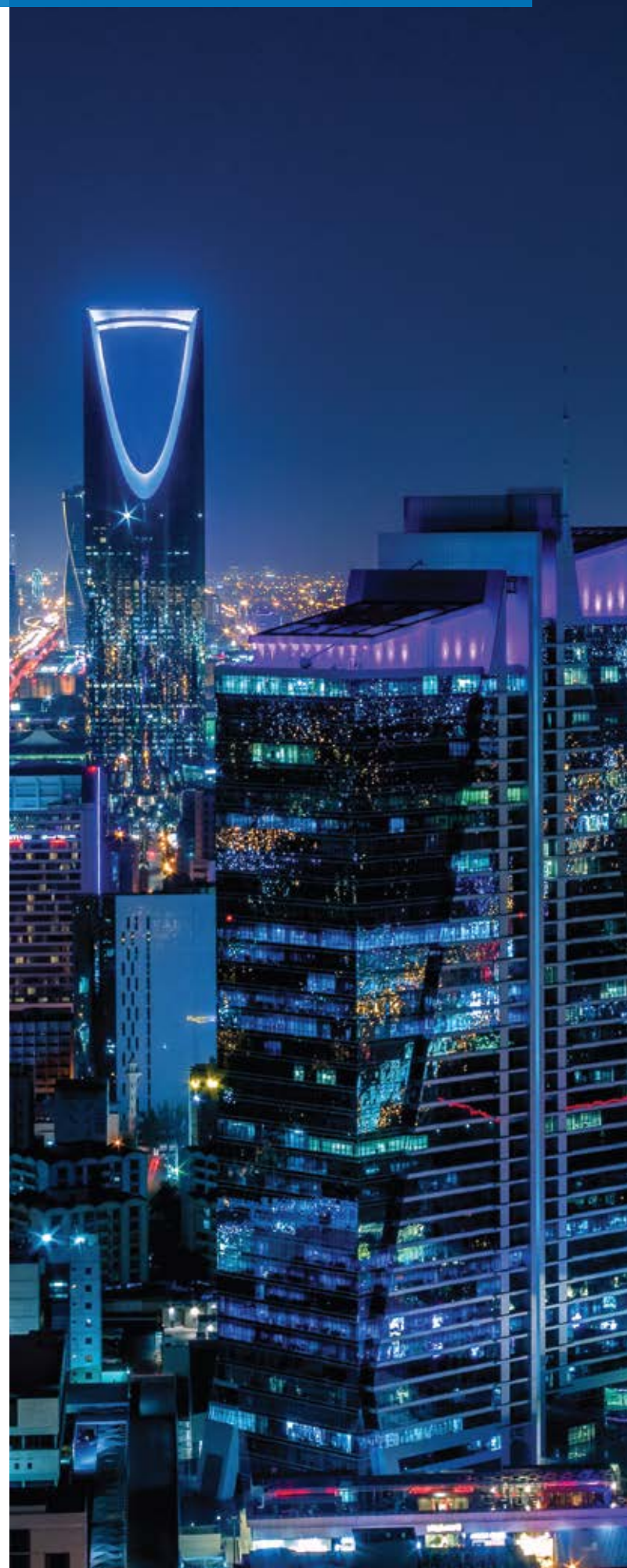
Overview of Domestic Economic Performance

The economic topography in 2023 witnessed an overall decline in growth primarily because of lower output in the oil sector, the non-oil sector is expected to have experienced robust expansion, particularly in sub-sectors such as Transport, Storage, and Communications.

Throughout 2023, global oil prices appeared weak against a backdrop of lackluster demand in key markets. This situation persisted despite agreements on supply cuts within the OPEC+ consortium and global disruptions in the supply chain, exacerbated by heightened geopolitical tensions. The overall trends have meant a challenging dynamic for oil producers.

Actual government spending for the fiscal year 2023 is estimated at SAR 1,275 billion, a significant increase compared to the initially planned expenditure of SAR 1,114 billion. This higher-than-anticipated spending is attributed, in part, to government policies strategically crafted to mitigate the impact of elevated global inflation on domestic real incomes. An integral aspect of this strategy involves an expanded social support framework targeting specific groups. Concurrently, focused development spending aimed at diversifying the economy and bolstering the private sector's role led to a surge in expenditures on goods and services.

The weakened economic growth trajectory of 2023, brought about by reduced output in the oil sector and its base effects, is complemented by the better performance in the non-oil sector. Investor and broader private sector confidence remain buoyant, driven by the government's strategic allocation of funds to Vision Realization Programs (VRPs) and broader infrastructure investments. This continued commitment reflects the government's vision and determination to foster a resilient and diversified economic environment.



Prospects for 2024

Vision 2030 has highlighted the financial sector as a key area of development to support Saudi Arabia's economic advancement. Despite grappling with short-term challenges posed by inflation, supply chain disruptions, and escalating interest rates, we firmly believe that opportunities for capital market players such as ourselves will continue to grow as Saudi Arabia's global prominence increases. Riyadh's emergence as a global financial hub and the sophistication of our expanding client base underscore the transformative trajectory of our financial institution. To capitalize on the upcoming opportunities and to address challenges requires us to harness local talent and develop best-in-class products that cater to our clients' evolving demands.

On 6 December, 2023 Saudi Arabia's cabinet endorsed the budget for fiscal 2024. The government's strategic focus remains on balancing public spending to propel economic diversification, fostering growth in non-oil revenues while ensuring fiscal sustainability. The strong growth in domestic non-oil GDP has been a bulwark supporting public non-oil revenues in 2023, despite the impact of diminished international oil prices on total revenues. We expect that 2024 will see continued growth in the non-oil economy, which will drive broader economic activity and subsequently bolster non-oil revenues. The results of the government's commitment to prudent spending, coupled with investments in diverse initiatives to expand and diversify the economy, will become evident over the coming years.

However, the trajectory of economic expansion and diversification is not without its share of challenges. Global inflationary pressures, although on a declining trend, persist and are widespread across advanced and emerging market economies. Additionally, geopolitical tensions imply further uncertainty and volatility for real economies and financial markets.

These uncertainties, which unfolded against the backdrop of major central banks significantly raising interest rates to counter domestic inflationary pressures, dampened demand in oil-consuming economies.

The Saudi capital markets are on the brink of tremendous opportunities, propelled by projects being executed under Vision 2030. As these initiatives take shape, the capital markets must evolve and expand to meet the dynamic requirements of the Kingdom's public and private sectors. This, in turn, creates growth avenues for Saudi investment banks, positioning us to capitalize on these opportunities and contribute significantly to the economic landscape.

anbcapital



Summing Up

As we embark on our next chapter, we remain dedicated to delivering high-quality services to our clients and leveraging opportunities in the Saudi capital markets. We anticipate another year of progress in 2024, confident in our ability to navigate challenges and contribute to the Kingdom's economic prosperity.

I would like to express my sincere appreciation to all of anb capital’s employees for their dedication and commitment in delivering outstanding results and fostering a culture of high performance. Our CEO, Khalid Alghamdi, has proven to be a transformative leader who has put in place a strategy for our future growth and we commend his achievements this year. I would also like to acknowledge our esteemed clients and our shareholder, Arab National Bank, who believe in us and share our vision, enabling us to realize our full potential.

On behalf of the Board of Directors and the senior management team, I convey our heartfelt gratitude to our visionary leadership in the Kingdom, the Custodian of the Two Holy Mosques King Salman bin Abdulaziz, may God protect him, and his trusted Crown Prince, His Royal Highness Prince Muhammad bin Salman, may God protect him, for their continued support to bring prosperity to our beloved Kingdom and its people.



Samra Al-Kuwaiz

Independent Director and
Chairperson of the Board



Our Client-Centric Business

As the Saudi capital markets continue to evolve and local investors become more demanding, we have continued to expand our product offerings to address the market requirements. We are adding global, thematic, and income funds to our asset management offering. Additionally, we are diversified in real estate across Saudi Arabia, and we also aim to expand internationally. In brokerage, we have added many more markets and we continue to enhance the trading experience for our clients.

We recognize that the institutional business has become increasingly important over the recent years. As a result, we are currently establishing our research desk and expanding trading services for our institutional clients.

We interface with our clients through several business activities, bringing value to our customers making full use of our system capabilities, our enterprising people, and our financial innovations; anb capital operates a comprehensive ecosystem of advisory capabilities that offer end-to-end investment management, financial advisory and trading solutions to our clients.

Capital Markets Services

We are one of the pioneers of brokerage services in the Kingdom, and we have recently updated our trading platform. We will continue to make further enhancements to offer a superior experience to our clients. We are also working towards introducing an ecosystem to support brokerage, including sell-side research and an institutional trading desk.



Investment Management Services

We pride ourselves on being market leaders in investment management and discretionary portfolio management services. We believe that we have one of the most competent investment management teams in the Kingdom of Saudi Arabia. We launched multiple funds in 2022 and 2023 with diverse investment strategies across different classes, increasing our Asset under management (AUM) to SAR 12.2 billion.

Advisory and Investment Banking Services

Our Advisory and Investment Banking service line has recently been reenergized with the completion of high profile transactions in 2023. We have recently restructured the Investment Banking department, deploying best-in-class talent from within Saudi Arabia and abroad. We are increasingly active in Saudi capital markets, and expect to see a number of deals going to market in 2024 and beyond.



Corporate information and organizational structure

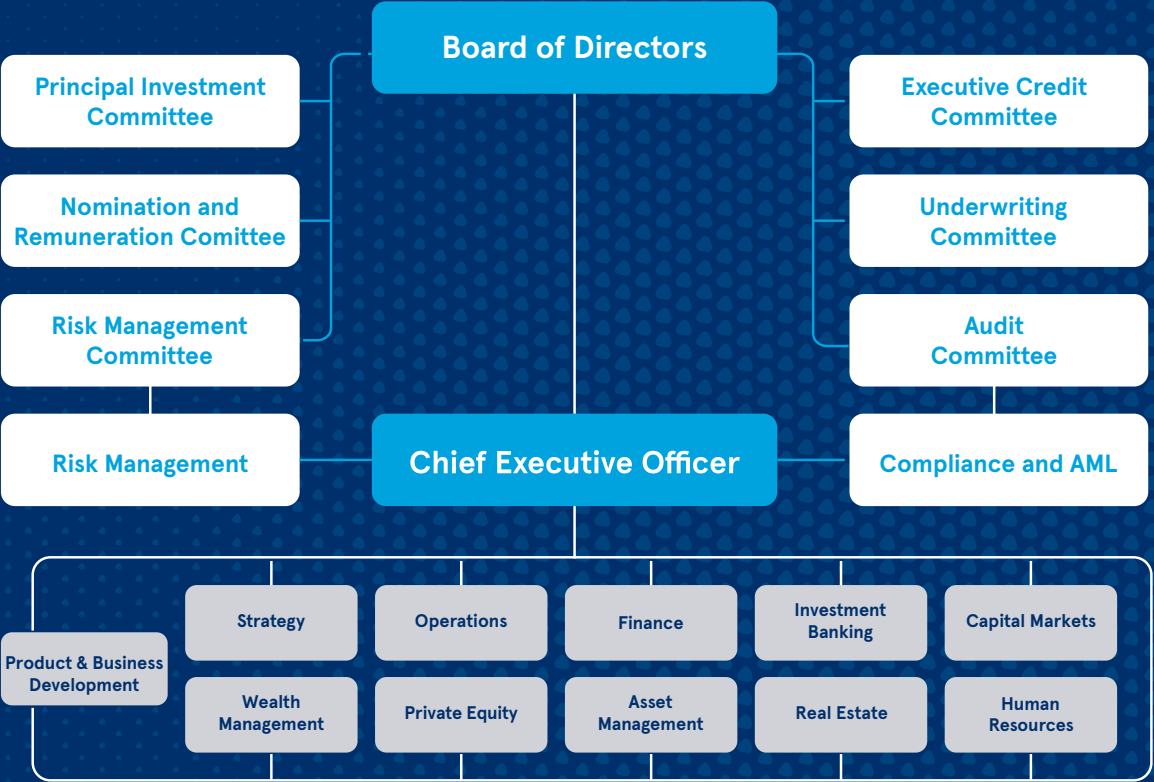
anb capital Company ("anb capital" or the "Company"), a Saudi closed joint stock company (Unified number 7001548267), is a fully integrated Capital Market Institution ("CMI") regulated by the Capital Market Authority ("CMA") according to the resolution number 4-36-2007 dated 19 Jumada al Thani 1428 corresponding to 05 July 2007.

anb capital is a wholly owned subsidiary of Arab National Bank ("anb" the "Bank") and acts as the latter's sole investment arm. anb capital operates under the License number 37-07072 issued by the CMA. anb capital commenced its operations in January 2008 with a capital of SAR 400 million paid in full. In March 2017, anb capital's paid up capital was increased to SAR 1,000 million, paid in full.

The Company's operations include dealing as an agent as well as a principal, discretionary portfolio management, arranging, brokerage, advising and custody activities, underwriting, asset management and investment banking activities in the Kingdom of Saudi Arabia.

Our services comprise a vast array of investment management activities, Islamic and conventional, and related activities such as the establishment and management of public equity portfolios, direct investments and the management of real estate funds.

The following is the Company's organizational structure as of 31 December 2023:



Our Vision

Our vision is to be the premier enabler of the Kingdom's emergence as a global investment powerhouse

Our Mission



Unlocking Our Potential

Attracting and investing in the best people to mobilize our mission.



Innovating for Excellence

Building and investing in world class technologies to strengthen and enable our platform.



Enriching Our Stakeholders' Experiences

Developing, sourcing, and investing in best-in-breed product offerings and financial technology innovations to serve the evolving and latent needs of our customers and the Saudi capital markets



Forging a Lasting Legacy

Leading and completing landmark transactions to fortify our legacy in the Kingdom's renaissance.



Leading by Example

Advocating and adopting transparency, accountability, equality, best practices, and shareholder participation by going public.



Key Initiatives and business developments in 2023

This was an important year for the investment banking business, which began the year by completing two high profile transactions in the mergers & acquisitions space. In the first transaction, anb capital advised Saudi Tabreed District Cooling Company on the sale of a %30 shareholding to the Public Investment Fund ("PIF") of Saudi Arabia. In the second transaction, anb capital advised Tamimi Markets on the sale of a %30 equity stake, also to the PIF. With a number of deals on the way that will go to market over the coming months and years, the investment banking business has now begun to establish a firm footing in the Saudi capital markets.

The asset management business continued to gain ground in 2023 with four new funds and new investment strategies launched, which greatly expanded its product offering. anb capital's Equity funds continue to outperform their relative benchmarks, while its Money Market fund was the top performer for the year in Saudi Arabia based on information provided on the Saudi Stock Exchange website. anb capital has plans to take new products to the market in the coming months, including thematic funds and innovative investment strategies.

The number of our brokerage clients now approximates 300,000. We believe that this demonstrates the quality of our services, our ability to innovate and our perpetual focus on meeting our clients' expectations.



The real estate department launched three new closed-ended funds in 2023 and added SAR 1.8 Bn of new assets under management. Two of the funds launched will invest in projects in the city of Riyadh, while the third fund will invest in a development in the city of Buraidah. The year also witnessed the successful exit of Almubarak Real Estate Income Fund II.

anb capital retained its ranking among bank-affiliated capital market institutions in the Kingdom in terms of brokerage volumes. With the dynamics of the brokerage market changing, anb capital is investing in new technologies and service propositions to change how its brokerage business is positioned. anb capital expects brokerage to continue to be one of its main revenue drivers in the coming years, and accordingly, will invest in its development in line with the market's evolution.



Client Focused Business Strategy and priorities for 2024

Vision 2030 has identified the financial sector as a key area for the development of the Saudi economy, and we believe that the growing significance of Saudi Arabia as a global financial hub will present attractive opportunities for capital market institutions such as ours. With Riyadh's emergence as a prominent financial center and the Saudi investor base's increasing interest in innovative

products and opportunities, our product offerings will need to evolve to cater to their requirements. We expect within three years, anb capital will significantly strengthen its existing business lines and further contribute to the development of the Saudi capital markets by introducing new offerings and services, as well as enhancing the capabilities of local talent. Currently, we are focusing on laying the groundwork for sustained growth in the coming years. Our primary focus is on expanding our investment management offerings considerably by launching new funds at regular intervals until the end of 2024. Additionally, we aim to continue our progress in the real estate sector by introducing new funds, including REITs, and contributing to the development of the real estate sector, in alignment with Vision 2030 goal of enhancing the quality of life for Saudi citizens.

Our business strategy and priorities for 2024 and beyond for each of our business lines, as agreed by the Board of Directors and senior management, are as follows:

Scale up our Asset Management:	Expand AUM under current offering Diversify our product offering Grow DPMs Build and launch digital wealth management platform
Revamp Brokerage services and increase the market share:	Develop margin lending Build sell-side research Enhance trading platform Introduce dedicated institutional sales trading desk
Continue growing Real Estate:	Expand advisory pipeline Introducing REITs Offer new funds congruent with market conditions
Develop Private Equity:	Set up funds in fintech, technology and retail sectors Build joint ventures and partnerships with key players
Focus Investment Banking:	Complete M&A and public offering transactions in pipeline Sign high profile transactions Enhance the anb capital brand in Saudi capital markets
Stay at the forefront of technological innovations	Implement the second phase of the electronic e-invoicing system as per Zakat, Tax and Customs Authority requirements Update ("CRM") system. Enhance trading platforms for regional and global markets

Financial Information

for Past 5 Years and Key Highlights for 2023

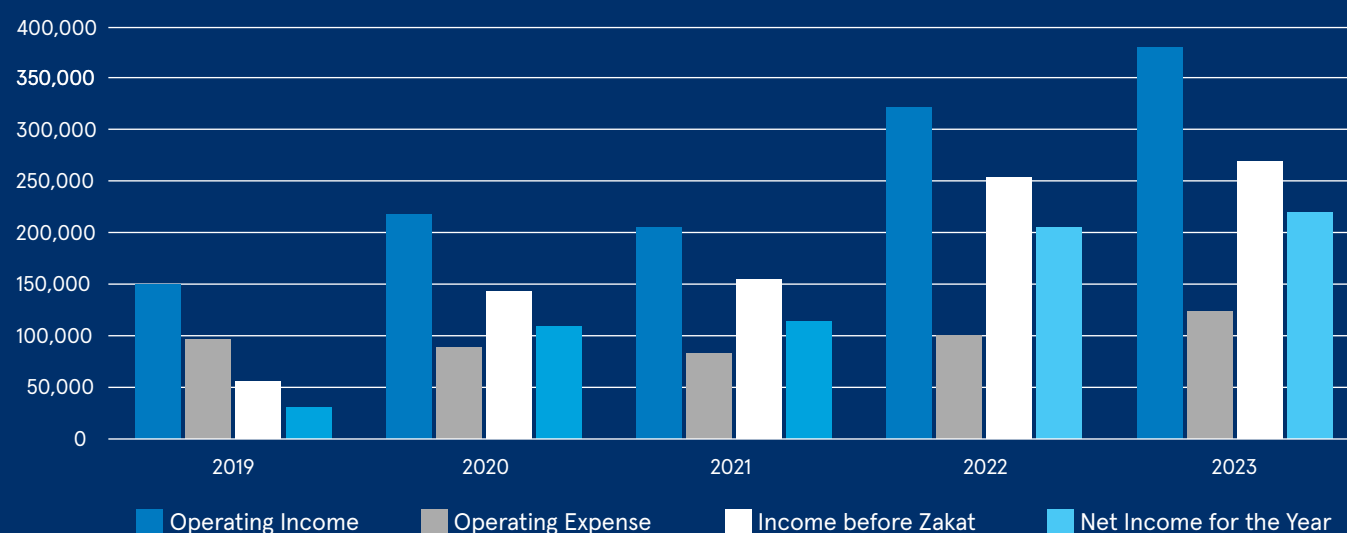
Statement of Financial Position (SAR'000)

	2023	2022	2021	2020	2019
Total Assets	1,970,341	1,939,642	1,699,757	1,577,035	2,180,389
Total Liabilities	433,815	127,736	89,917	82,783	795,968
Total Equity	1,536,526	1,811,906	1,609,839	1,494,252	1,384,421

Statement of profit & loss and other Comprehensive income (SAR'000)

	2023	2022	2021	2020	2019
Total Operating income	385,054	324,356	205,400	218,401	150,144
Total operating expenses	(123,431)	(101,060)	(82,889)	(79,964)	(74,390)
Income before Zakat	270,942	257,253	155,070	144,616	56,849
Zakat and income tax	(50,312)	(50,621)	(38,698)	(35,810)	(25,946)
Net income for the year	220,630	206,632	116,372	108,806	30,903

Year-on-Year Financial Performance – 2019–2023 (SAR'000)

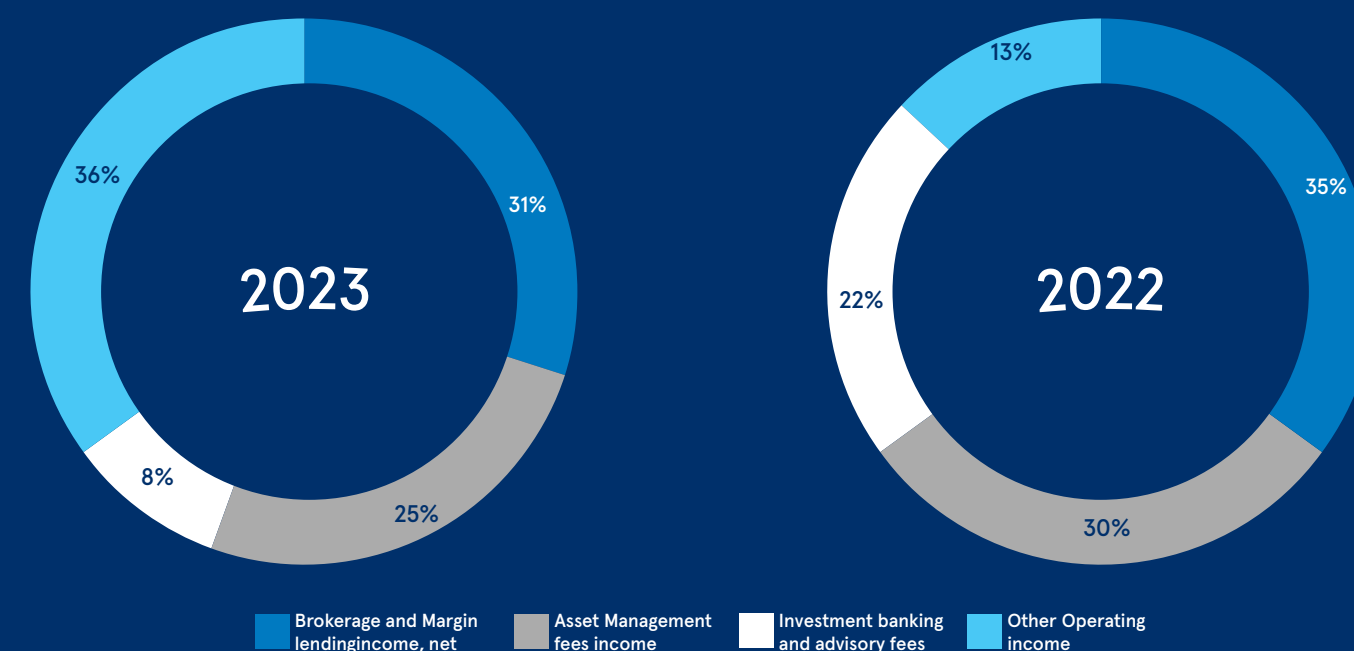


In 2023, we introduced our vision statement, which is to be the premier enabler of the Kingdom's emergence as a global investment powerhouse. Our new vision and mission statements guide our organizational culture, inform our strategic and tactical decision-making processes, and help us establish our priorities. We feel that agreement on vision and mission statements was necessary for us to come together as a cohesive entity with a united vision on how to forge our destiny and to provide us with a distinct sense of purpose as a Capital Market Institution.

Total assets of
SAR **1970**
million

Cash and cash equivalents
SAR **263**
million

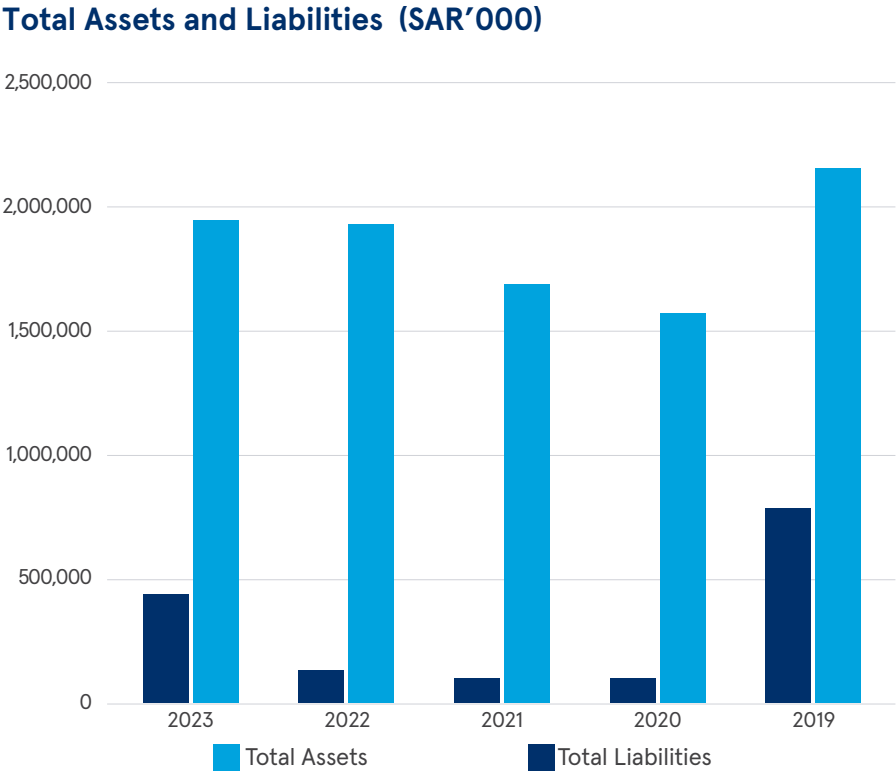
Cash and cash equivalents on statement of financial position (cashflow of SAR -30 million before utilizing overdraft facility) Cash and cash equivalents decreased from SAR 532 million on 31 December 2022 to SAR 263 million on 31 December 2023. This decrease is mainly attributed to negative cash flows from operating and financing activities amounting to SAR -97 million and SAR -210 million, respectively. We would like to point out that anb capital utilized an overdraft of 293 million to turn its cash flows positive.



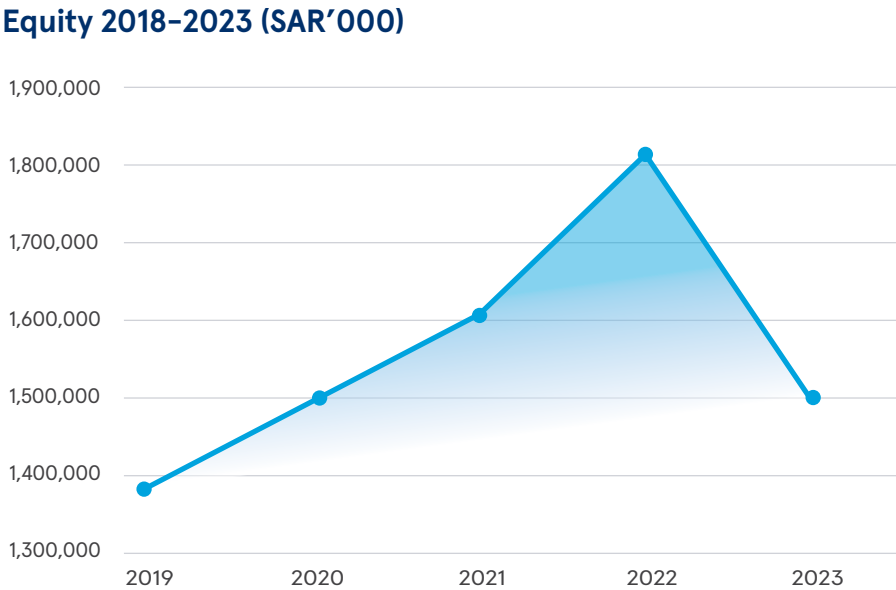
Our revenue growth in 2023 compared to 2022 was primarily driven by interest income on deposits, margin income and returns from our proprietary investments.

While brokerage commissions decreased as the value traded on the Saudi Stock Exchange declined, overall brokerage revenue increased because of (i) increased margin lending through most of the period, (ii) higher interest rates on margin lending limits.

The Company maintains a large balance of liquid assets which are invested in high-quality instruments supporting its solvency. During the year, the Company's liquidity was mainly supported by its operations.



The total assets as at December 31, 2023 of SAR 1.97 billion were approximately the same as the previous year's closing figure of SAR 1.93 billion. Our assets grew in line with our revenues during the year, as we recorded profits from operations, and then made a significant dividend distribution to our shareholders representing 50% of our paid-up capital.



As shown in the chart, anb capital's equity was on an upward trend since 2019, as the Company continued to generate profits without distributing dividends. In 2023, the Company's Board of Directors decided to distribute dividends of SAR 500 million, resulting in the 15% decrease in equity for the year.

Our client trusted key business activities

Dealing Services:
Brokerage and Margin Financing

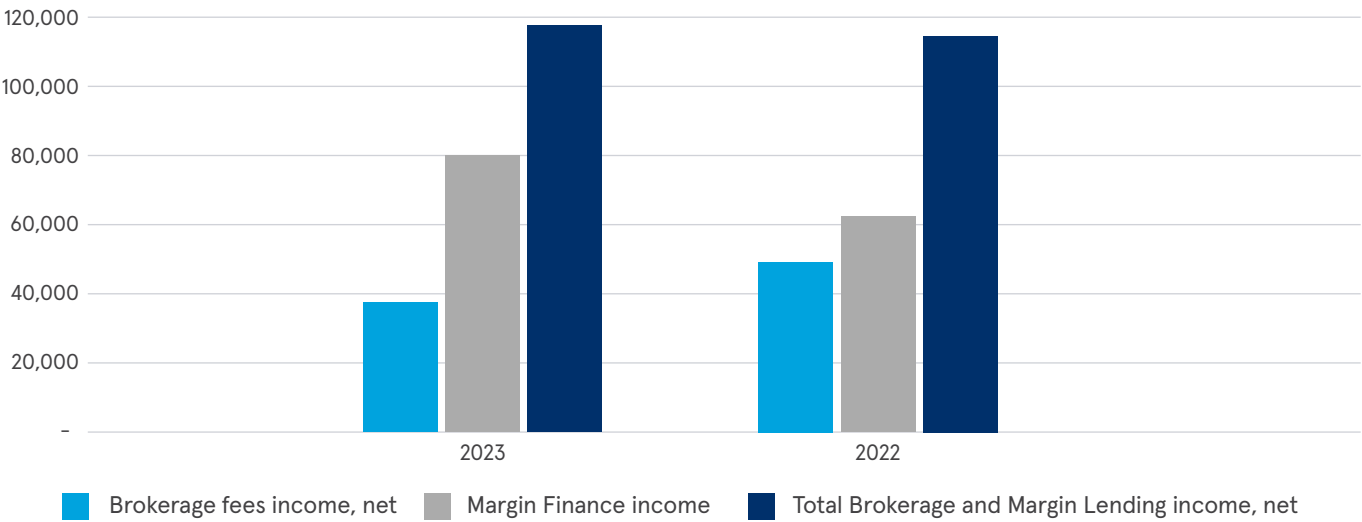
Listing activity in Saudi Arabia slowed down in 2023 as interest rates were high. Still, the Saudi Stock Exchange continues to be the largest stock market in the region. At the end of 2023 Tadawul All Share Index ("TASI") closed at 11,967 points compared to 10,478 points for the previous year, an increase of 14.21%.

The market capitalization of the Saudi Exchange at the end of 2023 reached SAR 11,259 billion (US \$ 3,002 billion), an increase of 14% over the previous year.

The total value traded in 2023 was SAR 1,333 billion (US\$ 356 billion) compared to SAR 1,708 billion (US\$ 455 billion) for 2023, a decrease of 22%.

During the year, 8 initial public offerings ("IPOs") took place on the Main Market of the Saudi Exchange, compared to 17 IPOs (excluding funds) in 2022. The total number of listed companies increased to 231 by the end of 2023. The total value of IPOs on the Main Market in 2023 was SAR 11.9 billion (US\$ 3.2 billion), which was a 68% decline over the SAR 37.0 billion (US\$ 9.9 billion) offered in 2022.

Brokerage and Margin Financing income 2023 vs 2022 (SAR'000)



anb capital generated 31% of its operating income for 2023 through its Brokerage and Margin Lending services, capitalizing on IPO activities in the Saudi stock market as well as the increase in interest rates. In 2023, net Brokerage and Margin Lending income was SAR 120 million, up from SAR 114 million in 2022, an increase of 5%. Despite the highly competitive nature of the local brokerage services sector, anb capital increased its revenue by improving the customer journey and optimizing turnaround on service requests.

Our client trusted key business activities

Dealing Services:
As Principal for Own Investments

anb capital also deals as a principal for its own investments and has invested in various associates, funds, and equity instruments which generated significant returns for us last year. Our share of earnings of associates amounted to SAR 11.9 million in 2023 compared to SAR 34.1 million the previous year. anb capital also generated a gain on investment at fair value of SAR 45 million compared to a loss of SAR 1 million in 2022.

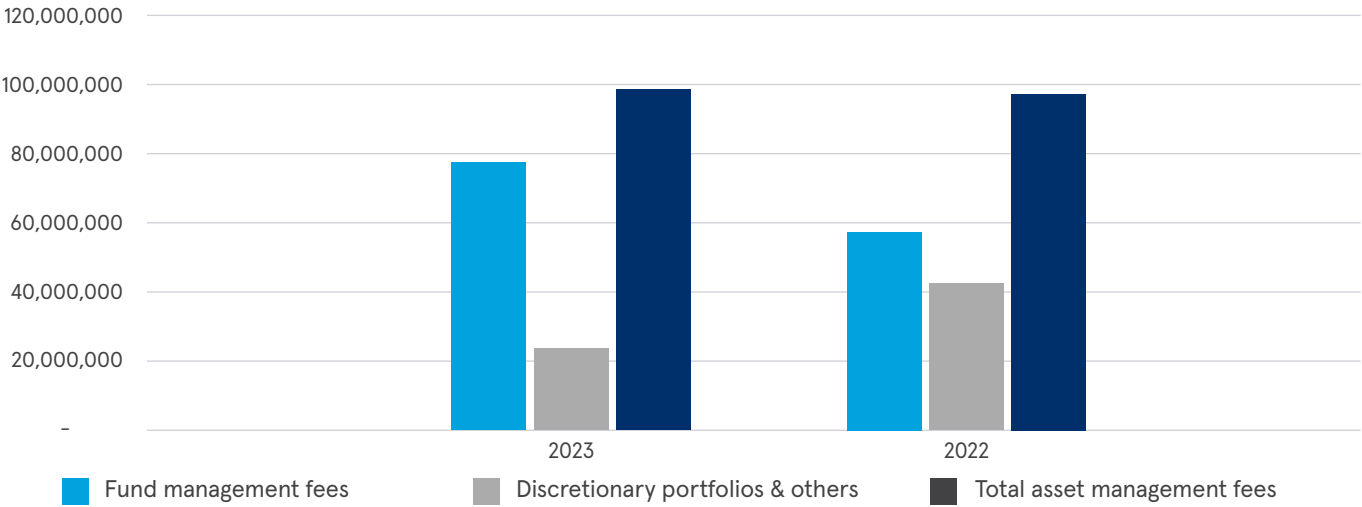
Managing Services: Asset Management

anb capital's asset management division provides a diverse range of mutual funds, as well as private portfolio management services, to meet the diverse risk appetites and liquidity requirements of its individual and institutional clients.

Shariah-compliant and conventional mutual funds are available in our product portfolio. These funds invest in stocks, bonds, Sukuk, real estate, money market instruments, Murabahas, REITs and other asset classes. anb capital's mutual funds are managed internally by some of Saudi Arabia's most knowledgeable fund managers, with the assistance of a professional research team.

Asset Management also offers customized investment solutions for our clients' private investment portfolios (discretionary portfolio management, or "DPM"). Our DPM are invested in stocks, Sukuk, money market instruments, and Murabahas, among other asset classes. These investments are made locally and regionally in accordance with clients' investment objectives, risk tolerance, and investment time horizon.

Asset Management 2023 vs 2022 (SAR'000)



Overview of Global and Regional

Asset Management revenue was SAR 97 million for the twelve months of 2023 compared to SAR 96 million for the same period of last year, an increase of SAR 1 million or 1%. This increase is mainly attributable to:

- Our DPM business, where our revenues rose by SAR 2.8 million, an increase of 18% over last year's figure of SAR 15.2 million, and
- The increase was offset by a slight decrease in management fees from equity and money market funds by 0.3 million Saudi riyals.
- Real estate fund management revenues slightly decreased from SAR 63.4 million in 2022 to SAR 61.1 million in 2023. In 2022, we had closed the SAR 3.5 Bn Alarabi Real Estate Opportunities Fund III (the Dirab fund), where anb capital generated subscription fees of SAR 23 million. This was an exceptionally large transaction, and we did not expect to close another fund of this magnitude in 2023.
- We have established a specialized private equity department and launched our first private equity fund which generated management fee of SAR 1 million.

We launched 7 new funds in 2023 (4 equity funds and 3 real estate funds). We have built our resources and infrastructure capabilities, and we expect our Asset Management business to grow significantly in 2024 and beyond.

The total value of anb capital's AUM was SAR 12.2 billion at the close of 2023, compared to SAR 11.2 billion at the close of 2022.

Arranging and Advising Services: Advisory and Investment Banking

We continued to build up our investment banking presence during 2023. We began the year by completing two high profile transactions in the mergers & acquisitions space. In the first transaction, anb capital advised Saudi Tabreed District Cooling Company on the sale of a 30% shareholding to the Public Investment Fund ("PIF") of Saudi Arabia. In the second transaction, anb capital advised Tamimi Markets on the sale of a 30% equity stake, also to the PIF. With a number of deals on the way that will go to market over the coming months and years, the investment banking business has now begun to establish a firm footing in the Saudi capital markets.

Investment banking revenue remained in line with previous year at SAR 9 million. Real Estate advisory revenues were SAR 24 million for 2023 compared to SAR 63 million for 2022. The decrease of SAR 39 million in 2023 is linked to the Alarabi Real Estate Opportunities Fund III (the Dirab fund) launched in 2022, where anb capital generated structuring fees SAR 35 million.

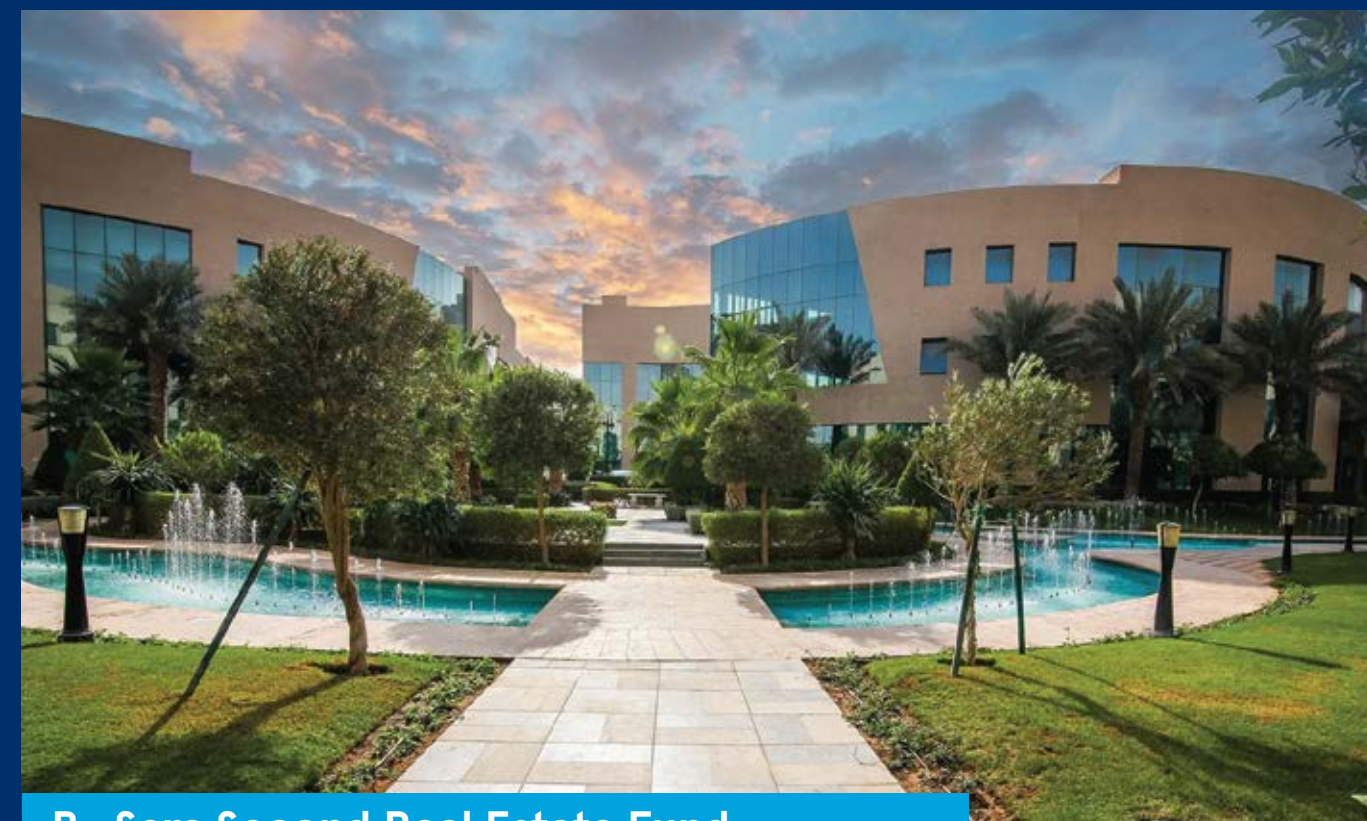
anb capital associates



A- anb Business Gate Real Estate Fund

In 2015, anb capital subscribed to 25.47% of the units of the anb Business Gate Fund, amounting to SAR 242 million. This is a privately placed closed-end real estate investment fund. The fund's purpose is to acquire real estate assets – an income generating real estate property located in the city of Riyadh – from which the fund receives rental and hotel operating income over the fund term. The fund's term ends on December 31, 2025.

In May 2021, anb capital sold 50% of its holding in the anb Business Gate Fund and now has a 12.74% holding in the fund. anb capital retains significant influence over the anb Business Gate Fund because it manages the fund under an agreement with the fund's unitholders. Our profit and loss account for 2023 included an amount of SAR 3.2 million which was our share of profit from this fund, compared to SAR 9.0 million in 2022. Furthermore, the fund distributed dividends of SAR 12.7 million during the year, resulting in a decrease in the book value of our investment from SAR 40.7 million to SAR 31.1 million.



B- Sara Second Real Estate Fund

On May 21, 2020, the Company paid SR 325 million for 23.76% of the units in the Sara Second Real Estate Fund. This is a closed-ended privately placed real estate investment fund launched on May 21, 2020 for a period of 12 years beginning with the launch of the fund.

The fund may be terminated and liquidated early upon the decision of the fund manager and the approval of the fund's board of directors, and/or in accordance with the relevant provisions of the fund's terms and conditions.

An amount of SAR 8.8 million was accounted for in our profit & loss account as our share of profit in the fund for 2023 compared to SAR 25.1 million for 2022. Furthermore, the fund distributed dividends of SAR 15.9 million during the year, resulting in a decrease in the book value of our investment from SR 304.5 million to SR 297.4 million.

Since anb capital exercises significant influence on the above two funds by virtue of its shareholding in them, these investments have been classified as "investment in associate companies."

The Company has no local or foreign subsidiaries. Further, the Company also does not jointly manage or exercise significant influence over any foreign company or has investments in private equity in which the Company owns majority of the voting rights.

Section 2

Corporate Governance

Board of Directors



Samra A. Al-Kuwaiz

- Chairperson of Board of Directors
- Independent Member

Our business is overseen by our Board of Directors. The Company's board of directors consists of 7 members, including 3 independent members. The Board's policy is to appoint and retain non-executive Directors who bring relevant expertise as well as broad perspectives to the Company and its decision-making framework.

Background

Ms. Al-Kuwaiz's experience encompasses managing partner and co-founder roles at many Saudi companies as well as an academic position at King Saud University where she was a lecturer. She was previously the board member, partner and CFO of Osool Capital, the first independent licensed brokerage firm in Saudi Arabia. In 2011, Ms. Al-Kuwaiz was named among the most powerful Arab women by Arabian Business.

Other positions and membership

Board member and executive director at
Al Hasil Holding
Executive director at
Areej AlAnaqa Trading



Obaid A. Al-Rasheed

- Vice Chairman of Board of Directors
- Non-Executive Member



Bassam R. Al-Mubarak
Non-Executive Member

Background

Mr. Al-Rasheed was appointed member of the Board of Directors at anb capital on 20 February, 2021. Mr. Obaid A. Alrasheed is the Managing Director and Chief Executive Officer of Arab National Bank. He has more than 37 years of banking experience, during which he has held several leadership positions at Arab National Bank. Mr. Al-Rasheed holds a bachelor's degree in business administration from San Jose State University, California, USA.

Other positions and membership

Board member at
Saudi Home Loans Company (SHL)
Saudi Chemical Company
Dr. Sulaiman Al Habib Medical Services Group Company
Managing Director at
Arab National Bank
Executive committee member at
Saudi Business Center
Federation of Saudi Chambers

Background

Mr. Bassam Al-Mubarak was appointed to the Company's Board of Directors on March 2015 ,02. Mr. Al-Mubarak was the Chief Executive Officer and Board Member at anb capital from 2014 until May 2021, when he moved to the Bank as the Head of Strategic Investments. Mr. Al-Mubarak joined the Bank in June 2007 and headed the brokerage department at anb capital before being appointed in September 2014. Mr. Al-Mubarak holds a Political Science Degree from King Saud University in Riyadh, KSA.

Other positions and membership

Board member at
Al Arabi Heavy Equipment Lease Co.



Khalid S. Al-Ghamdi
Executive Member

Background

Mr. Al-Ghamdi was appointed to the Company’s Board of Directors on 16 August 2022. Mr. Al-Ghamdi has completed over USD 50 billion of transactions acting as advisor and arranger to private sector and government entities in KSA including over USD 40 billion in IPOs in the Saudi market alone. He has also participated on several committees set up by the CMA and the Saudi Stock Exchange to assist in the development of the regulatory framework for the Saudi Capital Markets. Prior to joining anb capital, Khalid was the CEO of Credit Suisse Saudi Arabia and the Managing Director of Mizuho Saudi Arabia. Mr. Al-Ghamdi completed his MBA in Finance from the University of Colorado at Boulder, USA.

Other positions and membership

No other board memberships
CEO at
anb capital

Background

Mr. Al-Bassam began his career at McKinsey before moving on to Saudi Aramco as a portfolio manager, where he stayed for nearly seven years. Mr. Al-Bassam then co-founded a technology company and a venture capital platform in the United States while pursuing his MBA before joining Jadwa as an investment advisor. He assumed the CEO position of Abdullah Ibrahim Mohammed Al Subeaei Investment Company (AIMS) where he stayed until July 2023. He currently holds the CEO position of Aljomaih Holding. He completed his bachelor’s degree from Northeastern University in Boston and his MBA

Other positions and membership

Board member at
Pergola Investment
Alujain Co
Beech Real Estate Development company
Aljomaih Water & Energy
Aldara Real Estate Development
Sulaiman Al Rajhi Holding
Khebrat AIA'mal
Saudi Reinsurance Company
Jorhom Company

CEO at:
Aljomaih Holding



Raad A. Al-Abdulkader
Independent Member

Background

Mr. Al-Abdulkader is a leading Saudi businessman with varied interests. He has previously held board positions at other financial institutions and brings years of expertise and relationships to anb capital. Mr. Al-Abdulkader completed his bachelor’s degree in finance from Lebanon.

Other positions and membership

Board member and executive director at
AMA Group
Abdulkader Furniture Co.
Board member at
Knowledge Net
MAX Care
HOME TOWN
TIB AL FARABI
2 CONNECT
AFAQ SCHOOLS
INFONAS
T-7
INTERPAID CAPITAL
Executive director at
Raad Abdulaziz Kader Trading
Raad Abdulaziz Alabdulkader Est.

Background

Mr. Louai has been a member of the Board of Directors of anb capital since 19 February 2023

Louai is a seasoned banker with over two decades of experience. He is currently the Head of Wholesale Bank Group at the Bank, where he oversees the entire credit book and provides banking services to corporate clients, financial institutions, and other institutional banking segments.

Louai joined anb in January 2000 and has held several leadership positions in corporate banking, project & structured finance, debt restructuring, and investment banking over the years, during which the bank has led several notable financings in the infrastructure, transportation, energy, petrochemical, and mining sectors. He spearheaded the formation of anb's Wholesale Bank Group and was named its Head in July 2022. Mr Al-Zaher holds a Bachelor’s degree in Accounting from King Fahd University of Petroleum and Minerals (KFUPM) and an MBA in Finance from the University of Leicester, UK.

Other positions and membership

No other board memberships
Head of Wholesale Bank Group at anb



Louai A. Al-Zaher
Non-Executive Member

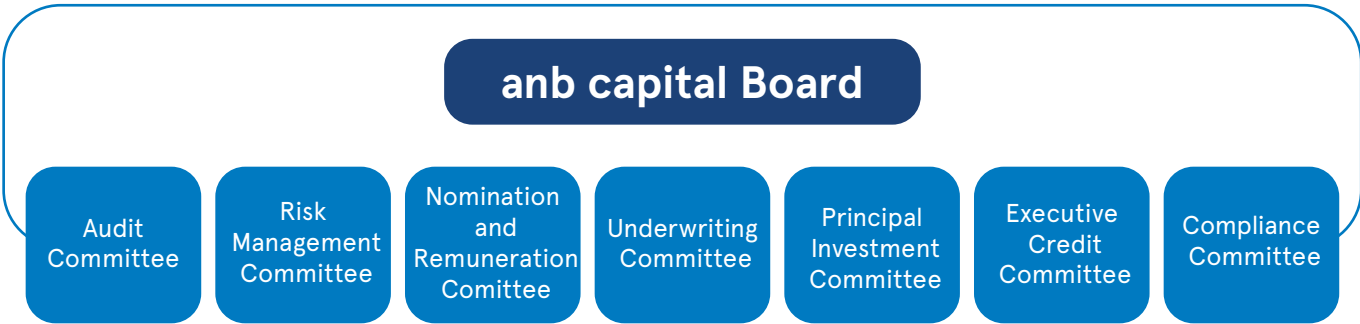
Powers of the Board of Directors

With the exception of the various powers entrusted to the General Assembly of the Shareholders, the Board of Directors has powers to manage the Company’s business, organize and direct the affairs of the Company and formulate its strategies in order to achieve the Company’s objectives. The Board of Directors, in the performance of its duties, exercises all these powers and performs all such acts in accordance with the Company’s by-laws and all relevant laws, regulations and corporate governance standards.

Name	Position	25 -Jan - 23	1 - Jun- 23	25 -Jul- 23	1 -Nov- 23	25 -Jan- 2024
Samra A. Al-Kuwaiz	• Chairperson of Board of Directors • Independent Member	✓	✓	✓	✓	✓
Obaid A. Al-Rasheed	• Vice Chairman of Board of Directors • Non-Executive Member	✓	✓	✓	✓	✓
Bassam R. Al-Mubarak	• Non-Executive Member	✓	✓	✓	✓	✓
Raad A. Al-Abdulkader	• Independent Member	✓	✓	✓	✓	✓
Abdulaziz A. Al-Bassam	• Independent member	✓	✓	✓	✓	✓
Louai A. Al-Zaher*	• Non-Executive Member	-	✓	✓	✓	✓
Khalid S. Al-Ghamdi	• Executive Member	✓	✓	✓	✓	✓

* New board member appointed on 31 January 2023 replacing Mr. Nizar Al-Twajiri who resigned from his board membership on 31st December, 2022.

Board’s Committees



The Board has established various committees (the “Committees”) that oversee and make recommendations to the Board on important issues of policy and governance. The Committees operate within specific terms of reference approved by the Board.

For the purpose of this report, we have included the compliance committee that is established under the audit committee under the board.

The following is a description of the main tasks and membership of the Committees:

Audit Committee

The Audit Committee consists of 3 independent members, The Audit Committee assists the Board in discharging its responsibilities for financial reporting, internal control and the relationship with the external auditors.

Name	Position	Background
Raad A. Al-Abdulkader	• Chairman of the Committee • Independent Member	Mr. Al-Abdulkader is a leading Saudi businessman with varied interests. He has also previously held board positions at other financial institutions and brings years of expertise and relationships to anb capital’s board. Mr. Al-Abdulkader completed his bachelor’s degree in finance from Lebanon.
Ziyad Al-Hazzani	• Independent Member	Mr. Al-Hazzani has extensive experience serving on audit committees in the Kingdom. He is currently serving as a senior advisor at the Ministry of Finance and has over 8 years of experience in the banking industry. Mr. Al-Hazzani completed his master’s degree from the George Washington University.
Mohammed Al-Gassim	• Independent Member	Mr. Mohammad Al-Gassim holds the position of Chief Executive Officer at Kafaa Investment Company. Mr. Al-Gassim also serves as an Independent Member and Chairman of the Audit Committee at Umm Al-Qura for Development and Construction, and as Head of the Audit and Risk Committee at Dar Al-Majid Real Estate Development Company. He is also an Independent Member of the Audit and Risk Committee at Hassana Investment Company and at GEMS Education. He also holds several positions at the General Organization for Social Insurance and at Arsan Contracting Company. He also acts as financial advisor to a number of other companies.

The duties and responsibilities of the committee include the following:

- Supervising the Company’s internal audit function, in-house or outsourced to Arab National Bank’s internal auditor, to ensure its effectiveness.
 - Reviewing the internal audit work program, key internal audit findings and ensuring the implementation of corrective measures taken against those findings.
 - Recommending the appointment, dismissal and the remuneration of external auditors to Board.
 - Supervising the activities of the external auditors, ensuring and their compliance with auditor independence requirements, approving scope of the audit and other related work and fees.
 - Reviewing external auditor audit plan and recommending changes if required.
- Reviewing and recommending the interim (if any) and annual financial statements to the Board.
 - Reviewing the appropriateness of accounting policies.
 - Meeting the external and internal auditors (separately) at least once a year to discuss issues arising from their audits.
 - Reviewing the compliance manual and policies and procedures for the Compliance Department and monitoring the effectiveness of the Company’s compliance activities.
 - Review Compliance Committee’s reports and receive periodic status update from the Compliance Division on compliance/AML matters.
 - Reviewing inspection reports issued by CMA and other regulatory bodies.

The Audit Committee meets on a quarterly basis or more if required. The committee held (4) meetings for the fiscal year related to the year 2023.

Name	Position	20 - Mar - 23	20 - Jun- 23	17 -Oct- 23	20 - Dec- 23
Raad A. Al-Abdulkader	• Chairman of the Committee • Independent Member	✓	✓	✓	✓
Mohammad Al-Gassim	• Independent Member	✓	✓	✓	✓
Ziyad Al-Hazzani*	• Independent Member	✓	✓	✓	✓

*New committee member replacing Mrs. Latifa Al-Sabhan who resigned from her committee membership on 17th January, 2023.

Risk Management Committee

The Board Risk Committee consists of 5 members who meet twice a year or more, if required.

Name	Position	Background
Samra A. Al-Kuwaiz	· Chairperson of the Committee · Independent Member	Ms. Al-Kuwaiz is the Board Chairperson at anb capital.
Khalid S. Al-Ghamdi	· Executive Member	Mr. Al-Ghamdi is the CEO of anb capital.
Kamal Khodr	· Non-Executive Member	Mr. Khodr is the CRO of Arab National Bank.
Bassam R. Al-Mubarak	· Non-Executive Member	Mr. Al-Mubarak is a member of the Company's Board of Directors.
Tariq Javid	· Independent Member	Mr. Javed is a seasoned central banker and worked for 33 years as Senior Advisor with SAMA, the central bank of Saudi Arabia. His experience is mainly in the areas of Governance, Risk Management, Accounting Standards and Digital/Fintech solutions. He is currently providing consultancy and advisory services to banks and financial institutions in the region.

The key responsibilities and functions of the committee include the following:

● Reviewing risk management processes on a regular basis which help identify, measure, control and monitor risks within the Company, and annually reporting to the Board on the adequacy of such processes.	● Reviewing and approving the Company's Internal Capital Adequacy Assessment Process. ● Reviewing the Capital Adequacy Model (CAM) monthly reports submitted to the CMA. ● Reviewing the adequacy and effectiveness of any significant outsourcing.
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The Committee held (3) meetings for the year 2023

Name	Position	12 - Apr - 23	21 - Aug - 23	4 - Dec- 23
Samra A. Al-Kuwaiz	· Chairperson of the Committee Independent Member	√	√	√
Bassam R. Al-Mubarak	· Non-Executive Member	√	√	√
Kamal Khodr	· Non-Executive Member	√	√	√
Khalid S. Al-Ghamdi	· Executive Member	√	√	-
Tariq Javid*	· Independent Member	-	√	√

* New committee member replacing Mr. Nizar Al-Twaijri who resigned from his committee membership on 31st December, 2022.

Nominations and Remunerations Committee:

The Nomination and Remuneration Committee consists of 3 members who meet twice a year or more if required:

Name	Position	Background
Obaid A. Al-Rasheed	· Chairman of the Committee · Non-Executive Member	Mr. Al-Rasheed is the Managing Director and Chief Executive Officer of Arab National Bank. He has more than 37 years of banking experience, during which he held several leadership positions at Arab National Bank.
Abdulaziz A. Al-Bassam	· Independent Member	Mr. Al-Bassam began his career with McKinsey and later joined Saudi Aramco as portfolio manager. He is currently the CEO of Aljomaih holding.
Bader Al-Otaibi	· Non-Executive Member	Mr. Al-Otaibi holds the position of Head of Human Resources at Arab National Bank.

The responsibilities of the committee include the following:

● Recommend to the Board appointments to membership of the Board in accordance with the approved policies and standards; the Committee ensures that no person who has been previously convicted of any offense affecting honor or honesty is nominated for such membership. ● Annual review of the suitability of skills available to the Board and, where relevant, the identification of the set of skills and capabilities required to enhance the performance of the Board, including the time that a director should reserve for this responsibility. ● Review the structure of the Board and, where needed, recommend changes.	● Assess Board performance to establish strengths and weaknesses and make recommendations to the Board accordingly. ● Ensure on an annual basis the independence of the independent members and the absence of any conflict of interest in case a Board member also acts as a member of the Board of Directors of another company. ● Approve the compensation of top executives. ● Determine clear policies regarding the indemnities and remunerations of the Board members and top executives; in laying down such policies, the standards related to performance shall be followed. ● Supervise the development of a compensation policy for submission to the Board for approval.
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The committee held (4) meetings for the fiscal year related to the year 2023:

Name	Position/Role	3 - Jan - 23	18 - Jan- 23	28 -Sep- 23	11 - Dec- 23
Obaid A. Al-Rasheed	· Chairman of the Committee · Non-Executive Member	√	√	√	√
Bader Al-Otaibi	· Non-Executive Member	√	√	√	√
Abdulaziz A. Al-Bassam	· Independent Member	√	√	√	√

Compliance and Anti-Money Laundering Committee

The Compliance and Anti-Money Laundering Committee consists of 6 members who meet four times a year or more, if required.

Name	Position	Background
Marzouk Hammouda	• Chairman of the Committee • Non-Executive Member	Mr. Hammouda is Assistant Head of Compliance at Arab National Bank.
Khalid S. Al-Ghamdi	• Executive Member	Mr. Al-Ghamdi is the CEO of anb capital.
Randa Al-Jarboua	• Executive Member	Ms. Al-Jarboua is the Chief of Compliance & Anti-Money Laundering at anb capital.
Hesham Al-Haqbani	• Executive Member	Mr. Al-Haqbani is Director of Compliance at anb capital.
Fahad M. Al-Mazyad	• Executive Member	Mr. Almazyad is the Chief Operating Officer of anb capital.
Loay Al-Salman	• Executive Member	Mr. Al-Salman is the Chief Financial officer of anb capital

The committee held 5 meetings during the year 2023:

Name	Position	11 -Jan- 23	13-Mar-23	13-Jun-23	05-Oct-23	13-Dec-23
Marzouk Hammouda	• Chairman of the Committee • Non-Executive Member	✓	✓	✓	✓	✓
Khalid S. Al-Ghamdi	• Executive Member	✓	✓	✓	✓	✓
Randa Al-Jarboua	• Executive Member	✓	✓	✓	✓	✓
Hesham Al-Haqbani	• Executive Member	✓	✓	✓	✓	✓
Loay Al-Salman	• Executive Member	✓	✓	✓	✓	✓
Fahad M. Al-Mazyad*	• Executive Member	-	-	-	-	✓

*New committee member replacing Mr. Bilal Raghieb who resigned from his committee membership on 22 March, 2023.

The key responsibilities and functions of the committee include the following:

- Ensuring that appropriate policies and procedures are in place.
 - Safeguarding the Company’s reputation with clients and regulatory agencies including the CMA and Tadawul.
 - Reviewing and understanding changes in compliance and governance requirements and ensuring their implementation.
- Overseeing the implementation of a formal corporate compliance program and performing annual review of corporate compliance program.
 - Ensuring compliance with the Company’s Code of Ethical Behavior.
 - Ensuring findings from internal auditors, external auditors or CMA inspection teams be closed in a timely fashion.
 - Ensuring appropriate and timely satisfactory resolution of CMA regulations breaches.

Underwriting Committee

Committee members are:

Name	Position	Background
Obaid A. Al-Rasheed	• Chairman of the Committee Non-Executive Member	Mr. Al-Rasheed is the Managing Director and Chief Executive Officer of Arab National Bank. He has more than 37 years of banking experience, during which he held several leadership positions at Arab National Bank.
Bassam R. Al-Mubarak	• Non-Executive Member	Mr. Al-Mubarak is a member of anb capital’s Board of Directors.
Loay Al-Salman	• Executive Member	Mr. Al-Salman is the CFO of anb capital.
Khalid S. Al-Ghamdi	• Executive Member	Mr. Al-Ghamdi is the CEO of anb capital.

The committee did not hold any meeting in 2023 and all underwriting proposals for IPO or right issues were approved by circulation. The authority and key responsibilities of the committee include:

- Assessing and taking suitable decisions on underwriting proposals of equity or debt issues submitted to the committee by the Investment Banking Department.
- Reviewing and managing assets held-on-book as a result of prior underwritings and taking appropriate decisions, including as to provisioning or orderly disposal, related to such assets.

Principal Investment Committee

The members are:

Name	Position	Background
Abdulaziz A. Al-Bassam	• Chairman of the Committee • Independent Member	Mr. Al-Bassam is an independent Board member at anb capital.
Khalid S. Al-Ghamdi	• Executive Member	Mr. Al-Ghamdi is the CEO of anb capital.
Loay Al-Salman	• Executive Member	Mr. Al-Salman is the CFO of anb capital.
Mohammed Ahab Minhas	• Executive Member	Mr. Minhas is the Chief Strategy Officer of anb capital.
Muhammad Sajid	• Executive Member	Mr. Sajid is the Chief Risk Officer of anb capital.

The committee held 1 meeting during the year 2023:

Name	Position	04 - Oct - 2023
Abdulaziz A. Al-Bassam	• Chairman of the Committee • Independent Member	✓
Khalid S. Al-Ghamdi	• Executive Member	✓
Loay Al-Salman	• Executive Member	✓
Mohammed Ahab Minhas	• Executive Member	✓
Muhammad Sajid	• Executive Member	✓

The following is the summary of key responsibilities and functions of the committee:

- Approval or disapproval of any offer made by the management to invest or exit from the investment in any security in the Kingdom of Saudi Arabia or the GCC countries.
 - Review the Company’s investment activities and performance.
 - Recommending to the Board of Directors any changes to investment limits

The Principal Investment Committee can only approve the following transactions.

 - High risk investments/divestments of up to SAR 50 million
 - Low risk investments/divestments of above SAR 50 million

Investments beyond the above thresholds are referred to the Board for approval.

Executive Credit Committee

The ECC comprise a two-tier membership (Tier-1 and Tier-2). The Board has approved the following memberships for the ECC.

Members of the committee include:

Tier 1 – Credit applications for margin lending of up to SAR 100 million to be approved by:

Name	Position	Background
Abdulaziz Al-Subaihen	· Chairman of the Committee · Non-Executive Member	Mr. Al-Subaihen is the Head of Credit – Retail & Private Bank at Arab National Bank.
Khalid S. Al-Ghamdi	· Executive Member	Mr. Al-Ghamdi is the CEO of anb capital.
Loay Al-Salman	· Executive Member	Mr. Al-Salman is the CFO of anb capital.

Tier 2 – Credit applications for margin lending above SAR 100 million and any other exceptions, such as PEP or related party transactions, to be approved by:

Name	Position	Background
Obaid A. Al-Rasheed	· Chairman of the Committee · Non-Executive Member	Mr. Al-Rasheed is the Managing Director of Arab National Bank.
Khalid S. Al-Ghamdi	· Executive Member	Mr. Al-Ghamdi is the CEO of anb capital.
Loay Al-Salman	· Executive Member	Mr. Al-Salman is the CFO of anb capital.
Abdulaziz Al-Subaihen	· Executive Member	Mr. Al-Subaihen is the Head of Credit – Retail & Private Bank at Arab National Bank.

No meeting was held during the year 2023 and all credit proposals were approved by circulation, 15 credit proposals were approved by Tier 2 Executive Credit Committee. The following is a summary of the committee’s key responsibilities:

- ▶ Setting credit limits for other committees – if any.
- ▶ Deciding to write off customer debts.
- ▶ Approving exposure to related parties on a fully secured basis.
- ▶ Approving margin trading facilities to politicians (including politically exposed persons) and charitable organizations.
- ▶ Approving exposure to capital market institutions & financial Institutions.



Directors’ and Senior Executives Remuneration Report

Transactions with related parties included in the financial statements:

Statement (SAR)	Executive Board Members*	Non-Executive Board Members	Independent Board Members	Total
Allowance for attendance of the board of directors’ sessions	12,000	36,000	36,000	84,000
Allowance for attendance of the committees’ sessions	-	28,000	42,000	70,000
Periodic and annual remunerations	200,000	800,000	1,050,000	2,050,000
Incentive plans	-	-	-	-
Any compensations or other in-kind benefits paid monthly or annually	-	-	-	-
Total	212,000	864,000	1,128,000	2,204,000

*As members of the Board of Directors.

Senior Executives

Statement (SAR)	Five of the senior executives who received the highest remunerations and compensations in addition to the CEO and CFO, if they are not among them*
Salaries and Wages	6,397,800
Allowances	3,097,842
Periodic and annual remunerations	4,750,000
Incentive plans	-
Commissions	-
Any compensations or other in-kind benefits paid monthly or annually	1,201,696
Total	15,447,338

*Six senior executives who received the highest remuneration and compensation (including the CEO and the Chief Financial Officer).

There have been no arrangements whereby any member of the Board of Directors or the executive management waived any compensation or remuneration.

Board of Directors and Senior Management Interests

Any contractual interest, securities and warrants that are beneficially owned by the directors or executive management and their families in any of the Company's stocks or debt instruments

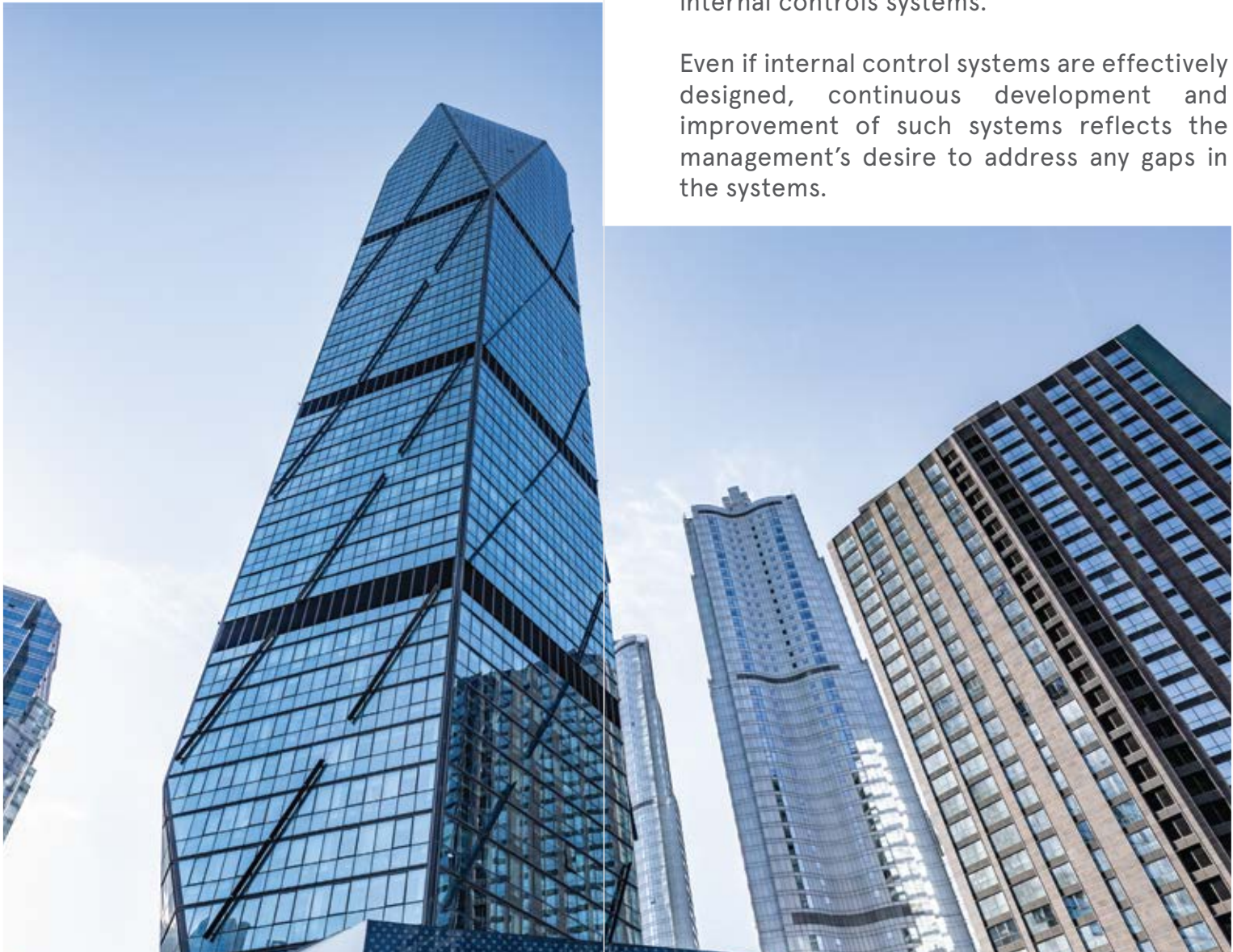
During the year 2023, margin credit facilities for local share trading for a period of 12 months were extended to the following members of the Board of Directors and their related parties:

Name	Position	Limit (SAR)	Average utilization (SAR)
Mr. Bassam R. Al-Mubarak	Non-executive	10,000,000	575,871
Mr. Khalid S. Al-Ghamdi	Executive board member and CEO of anb capital	5,000,000	4,729,628
Mr. Abdualazez M. Al-Abdulkader	Relative of a Board Member	24,000,000	9,064,620
Mr. Mohammad A. Al-Abdulkader	Relative of a Board Member	5,000,000	1,353,701
Mrs. Fatima A. Al-Rashed	Relative of a Board Member	15,000,000	1,913,313
Mrs. Hayfa R. Al-Mubarak	Relative of a Board Member	1,300,000	-

The Board confirms that there are no other facilities granted to any member of the Board or executive management and their family members other than the facilities stated above until December 31, 2023, and the facilities granted were approved by the Company's Executive Credit Committee . These facilities are subject to a coverage ratio of 200%, margin call at 175%, and liquidation threshold of 150%, and there are no preferential terms on the facility contracts granted to the members of the Board of Directors mentioned above.

Any business or contracts in which the Authorized Person is a party thereto and a director, the chief executive officer, or Head of Finance, or any related person has an interest therein

The Board confirms that none of its Members or the Chief Executive Officer or the Chief Financial Officer or any related person has any business or contracts to which anb capital is party and there is no agreement with any member of the Board or executive management and their families other than those mentioned above.



Internal Control, Risk and Compliance Functions

Internal Control Systems

Internal Control Systems are an integral part of any organization's Risk Management. The Directors have the responsibility to ensure that the effectiveness of the Company's internal control in order to achieve the Company's strategic objectives. The senior management is responsible for the development and implementation of the internal control processes in addition to ensuring and monitoring their effectiveness and accuracy.

The Audit Committee is responsible for overseeing the effectiveness of internal controls and reports to the Board about the ongoing effectiveness of the Company's internal controls systems.

Even if internal control systems are effectively designed, continuous development and improvement of such systems reflects the management's desire to address any gaps in the systems.

Internal Audit Department

The Internal Audit Department of the Bank, in accordance with the service level agreement, regularly reviews the effectiveness of internal controls at anb capital's business units and departments to ensure compliance with the approved policies and procedures of the Company.

The Internal Audit Departments follows a Risk-based Methodology taking into account organizational, residual and other relevant risks within the activities and processes of the business. Any control weaknesses observed are highlighted based on their risk category in the internal audit report along with necessary remediation plans. Findings are submitted to the senior management and to the compliance management for their actions.

Internal Audit reports are submitted to the Audit Committee through annual reports. All business units and business process owners make efforts to improve the control environment in their respective areas by executing procedures to prevent and remediate control deficiencies. Each business unit is handed the task of mitigating the risks pertaining to it and the senior management is entrusted with the task to monitor the implementation of corrective actions and controls highlighted by both internal and external auditors.

The Audit Committee is responsible for overseeing the effectiveness and sufficiency of the internal control system. Their role is to ensure that risks are appropriately addressed in a timely manner, safeguarding the interests of the Company and its stakeholders.

Internal Control, Risk and Compliance Functions

Compliance Department and Anti-Money Laundering

An Anti-Money Laundering (AML) compliance program helps businesses to uncover suspicious activity associated with criminal acts, including money laundering. Our Compliance and AML department is responsible for approving the institution's overall AML strategy and for overseeing its implementation. This means that the department must collectively possess adequate knowledge, skills and experience to understand the money laundering risks for the institution's activities and business model. The AML function must also have knowledge of the national legal and regulatory framework.

The Compliance and AML department is subject to periodic reviews by the Internal Audit department to ensure that it carries out its responsibilities effectively. The annual compliance program defines the compliance plan and addresses matters such as the implementation and review of policies and procedures, the assessment of the risks of non-compliance, independent reviews by management, and the education of employees about the importance of compliance.

Risk Management

The role of the Company's risk management is to evaluate and manage organizational and business risks, monitor those risks, and report findings to the Risk Management Committee and senior management. The concerned business units document and accordingly manage the risks, identify and document controls, and evaluate and self-assess the effectiveness of such controls.

The concerned business units, in coordination with the Risk Management Department, identify their key risk indicators ("KRIs"), so that their risks are evaluated and categorized into "high", "medium" or "low" categories based on pre-defined criteria. The concerned business units also determine all risks that are included in Control Risk Self-Assessment ("CRSA"), in order to carry out a self-assessment of such risks. Finally, the assessments are communicated to the Risk Committee and Senior Management for their review and evaluation.



Business Continuity

The Company's business continuity requirements are implemented under the service agreement executed with the Bank, which generally includes providing the appropriate support to the Company as summarized below:

Developing the Company's business continuity policies and procedures in line with best practices.

Developing plans to enable the Company to continue and to implement its basic and critical operations in cases of failure.

Conducting continuous tests of the business continuity plan to validate its operating effectiveness for the Company's operations and activities.

Promoting awareness and understanding of business continuity requirements among Company employees.

Internal Control, Risk and Compliance Functions

Based on the results of the continuous evaluation of the internal controls related to business continuity that the Company carried out during the year 2023, the Company believes that its current continuity processes are designed appropriately and are operating effectively. It is worth noting that the Company's management constantly strengthens and develops its process and control systems.

Results of the Annual Audit for the Effectiveness of the Internal Control Procedures of the Company

The Audit Committee and the Risk Management Committee continuously oversee, monitor, and assess the internal control systems. Their ongoing efforts include informing the Board of Directors about the actions taken in this context.

This collaborative approach enables the Board to evaluate the effectiveness of the internal control systems.

The Audit Committee and the Risk Management Committee diligently examine reports pertaining to the Company's internal control systems. These reports primarily originate from the Internal Audit Department, Risk Management Department, and the Compliance Department. During meetings with the heads of these departments, both committees assess the efficacy of the implemented procedures and engage in discussions regarding the contents of regular departmental reports. Subsequently, the committees relay the findings from these various departmental reports to the Board of Directors

Regarding the accounting policies, the Audit Committee performs the following:

- Assesses the appropriateness of the policies adopted by the Company considering the requirements of the CMA and other regulatory bodies.
- Discusses any changes in such policies or International Financial Reporting Standards ("IFRS") as issued by International Accounting Standards Board ("IASB"), as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are endorsed by the Saudi Organization for Chartered and Professional Accountants ("SOCPA"), with Company officials and external auditors to ensure their compliance with the requirements of the relevant standards and pronouncements.

Opinion of the Audit Committee:

Based on the periodic reports presented by the Internal Audit Department, the Compliance Department, the external auditors and the Compliance and Anti-Money Laundering Committee during the fiscal year ending 31 December, 2023, the Audit Committee confirms that the internal control systems were in place throughout the year and that the system of internal controls was operating effectively and that there had been no significant (high risk) weaknesses noted during the year ended 31 December, 2023

Risk Management

The Company's objectives with respect to managing risk are the creation and protection of shareholder value. Risk is inherent in the Company's activities, but is managed through a process of ongoing identification, measurement and monitoring. The process of risk management is critical to the Company's continuing profitability. The Company is exposed to market risk (which includes interest rate risk, currency risk and equity price risk), liquidity risk, credit risk and investment holding period risk arising from the financial instruments that it has invested in.



Risk management structure

The Company's Board of Directors is ultimately responsible for the overall risk management of the Company.

Risk measurement and reporting system

The Company's risks are measured using a method that reflects both the expected loss likely to arise in normal circumstances and unexpected losses that are an estimate of the ultimate actual loss based on statistical models. The models make use of the probabilities derived from historical experience, adjusted to reflect the prevailing economic environment. Monitoring and controlling of risks primarily based on limits established by the Board of Directors. These limits reflect the business strategy, including the risk that the Company is willing to accept and the market environment. In addition, the Board monitors and measures the overall risk in relation to the aggregate risk exposure across all risk types and activities.

Risk mitigation

The Company has investment guidelines that set out its overall business strategies, its tolerance for risk and its general risk management philosophy.

Excessive risk concentration

Concentration indicates the relative sensitivity of the Company's performance to developments affecting a particular industry or geographical location. Concentrations of risk arise when a number of financial instruments or contracts are entered into with the same counterparty, or where a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations of liquidity risk may arise from the repayment terms of financial liabilities, sources of borrowing facilities or reliance on a particular market in which to realize liquid assets. Concentrations of foreign exchange risk may arise if the Company has a significant net open position in a single foreign currency, or aggregate net open positions in several currencies that tend to move together.



Credit Risk

In order to avoid excessive concentrations of risk, the Company's policies and procedures include specific guidelines to focus on maintaining a diversified portfolio. The investment manager is instructed to reduce exposure or to use derivative instruments to manage excessive risk concentrations when they arise.

Credit risk refers to the risk that a party to a financial instrument will default on its contractual obligations resulting in financial loss to the Company. The Company has adopted a policy of only dealing with creditworthy counterparties, for whom the credit risk is assessed to be low. The Company attempts to control credit risk by monitoring credit exposures, limiting transactions with specific non-related counterparties, and continually assessing the creditworthiness of such non-related counterparties. The Company maintains bank accounts with financial institutions that have high credit ratings.

Concentration of credit risk arises when a number of counterparties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions.

No significant concentrations of credit risk were identified by the management at end of 2023

The Company also provides margin financing for local share trading where the shares are pledged as a guarantee in order to reduce exposure to credit risk. The facilities offered to investors are subject to a coverage ratio of 200%, a demand ratio of 175%, and a liquidation ratio of 150%.

Market risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rates, foreign exchange rates and equity prices. The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimizing the return.

Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair values of financial instruments. The Board of Directors has established limits on the interest gaps for stipulated periods.

Equity price risk

Equity price risk is the risk of unfavorable changes in the fair values of equity instruments as a result of changes in the value of individual shares. The equity price risk exposure arises from the Company's investments in equity securities. The Company's investments are susceptible to market price risk arising from uncertainties about future prices. The Board manages this risk through diversification of its investment portfolio in terms of geographical distribution and/or industry concentration

Operational risks

Operational risk is defined as the risk of loss resulting from inadequacy or failure in internal processes, people and systems or from external events. Operational risks are related to all activities and operations of the concerned business units, and the Company ensures appropriate policies, process, procedures, and systems are put in place to manage operational losses. The Company has taken an adequate insurance policy and has developed a well-documented Business Continuity Plan to manage unforeseen crises and ensure continuity of operations efficiently.

Regulatory risks

Regulatory risks relate to the risk of direct or indirect losses (including fines from regulatory authorities) arising from non-compliance with relevant regulations and guidance. Risks are mainly managed by the Company through the Compliance and Anti-Money Laundering and Terrorist Financing function, which is an independent body that has been entrusted with the tasks of reviewing the organizational risks faced by the Company and taking the necessary steps to manage and mitigate such risks through compliance programs.

Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in raising funds to meet its financial obligations. Liquidity risk may result from an inability to sell a financial asset quickly at an amount close to its fair value. Liquidity risk is managed by ensuring that sufficient funds are available from Shareholders and related parties at all times to meet upcoming commitments.

Statement of the responsibilities of the members of the Board of Directors related to the financial statements

The Board of Directors, to the best of its knowledge, confirms the following:

- The account records have been properly prepared.
- The internal control system was prepared on sound bases and was effectively implemented.
- That there is no doubt about the company's ability to continue as going concern.
- These financial statements were approved by the Board of Directors on 10 Ramadan 1445 AH - 20 March 2024.
- Please also refer to the Company's website www.anbcapital.com.sa for the independent auditor's report and audited financial statements with related notes for 2022 ,2023.

The logo for anbcapital, featuring the letters 'anb' in a stylized blue font followed by the word 'capital' in a white sans-serif font, all set against a dark blue rectangular background.

anbcapital

Section 3

Other information

Related party transactions and balances

The Company's transactions during the year with related parties:

Name	Relationship
Arab National Bank	Shareholder
Senior Management Staff	Higher Management
Board of Directors	Board of Directors

Balances arising from transactions with related parties included in the financial statements:

Description (SAR)	31 -Dec - 23	31 -Dec - 22	Duration	Nature and terms of business
Assets				
Cash & Cash Equivalent and investments includes:				
Current account	262,600,462	266,052,437	Indefinite	Company's current accounts with the Bank
Demand deposits	-	266,782,892	Indefinite	Company's savings accounts with the Bank
Fee Receivables includes:				
Accrued corporate finance fees	1,041,563	351,563	Indefinite	Credit and strategic advice to the Bank under a service provision agreement and advisory agreements that are subject to termination by either party
Accrued special commission income	140,907	579,083	Indefinite	Accrued interest on funds managed by the Company
Receivables against margin lending	4,833,862	6,315,976	one year	Receivables against margin lending from Board members

Transactions with related parties included in the financial statements:

Description (SAR)	2023	2022	Duration	Nature and terms of business
Operating income:				
Fees includes:				
Income from the Bank	7,506,788	6,207,486	Indefinite	Fees received by the Company for managing private portfolios of the Bank under a portfolio management contract
Corporate finance income from the Bank	2,400,000	1,800,000	Indefinite	Credit and strategic advice to the Bank under a service provision agreement and advisory agreements that are subject to termination by either party
Special commission income	89,027,575	40,510,163	Indefinite	Special commission on demand deposit with the Bank
Advisory fee	10,000,000	10,000,000	Indefinite	Consulting services for transactions with the Bank or investment funds under a service provision agreement and advisory agreements that can be terminated by either party
Special commission income on margin lending	439,916	785,565	Indefinite	Special commission income on margin lending on facilities extended to board members
Expenses				
Shared service cost allocated by the Bank	(6,422,844)	(6,422,844)	Indefinite	Cost of administrative and support services provided by various department of the Bank under service provision agreements
Fees of independent board members & committees	(2,204,000)	(500,000)	Defined by Companies' law	Meeting Fees and compensation for independent board members and sub-committees
Salaries and related benefits for key management	(15,447,338)	(16,658,820)	Indefinite	Salaries of senior company executives

Code of Ethical Business Conduct

The Company ensures that its activities are conducted in accordance with the requirements of ethical standards, statutory requirements and related regulations issued by the regulatory authorities.

The Company’s board of directors, through its senior management, emphasizes the development and application of the required professional values and standards through effective and continuous awareness programs.

The management and all employees ensure to fulfil their ethical responsibilities in accordance with the professional code of conduct and ethics endorsed in the Kingdom of Saudi Arabia.

Statutory payments

Description	SAR '000
Tadawul brokerage fees	40,192
Zakat for Saudi Shareholders	29,148
Income tax for non-Saudi shareholders	18,893
GOSI charges	3,572
CMA License fees	245
Tadawul License fees	205
Withholding Tax	182
CMA fees for employee registration	50
Ministry of Commerce registration fees	2
Total	92,489

Fines and Penalties

The Company conducts its activities in accordance with the CMA and its implementing regulations. During the year ended 31 December, 2023, there were no penalties or fines imposed on the Company by CMA. Furthermore, there is no sanction, precautionary measure, or precautionary restriction that has been imposed on the Company by the CMA or from any supervisory, regulatory, or judicial body.

Borrowings

The Company maintains a credit line with the Bank of SAR 2 billion to finance any credit requirements for margin lending purposes. As of 31 December 2023, the utilized amount from that credit line amounted to SAR 293 million.

Statutory reserve

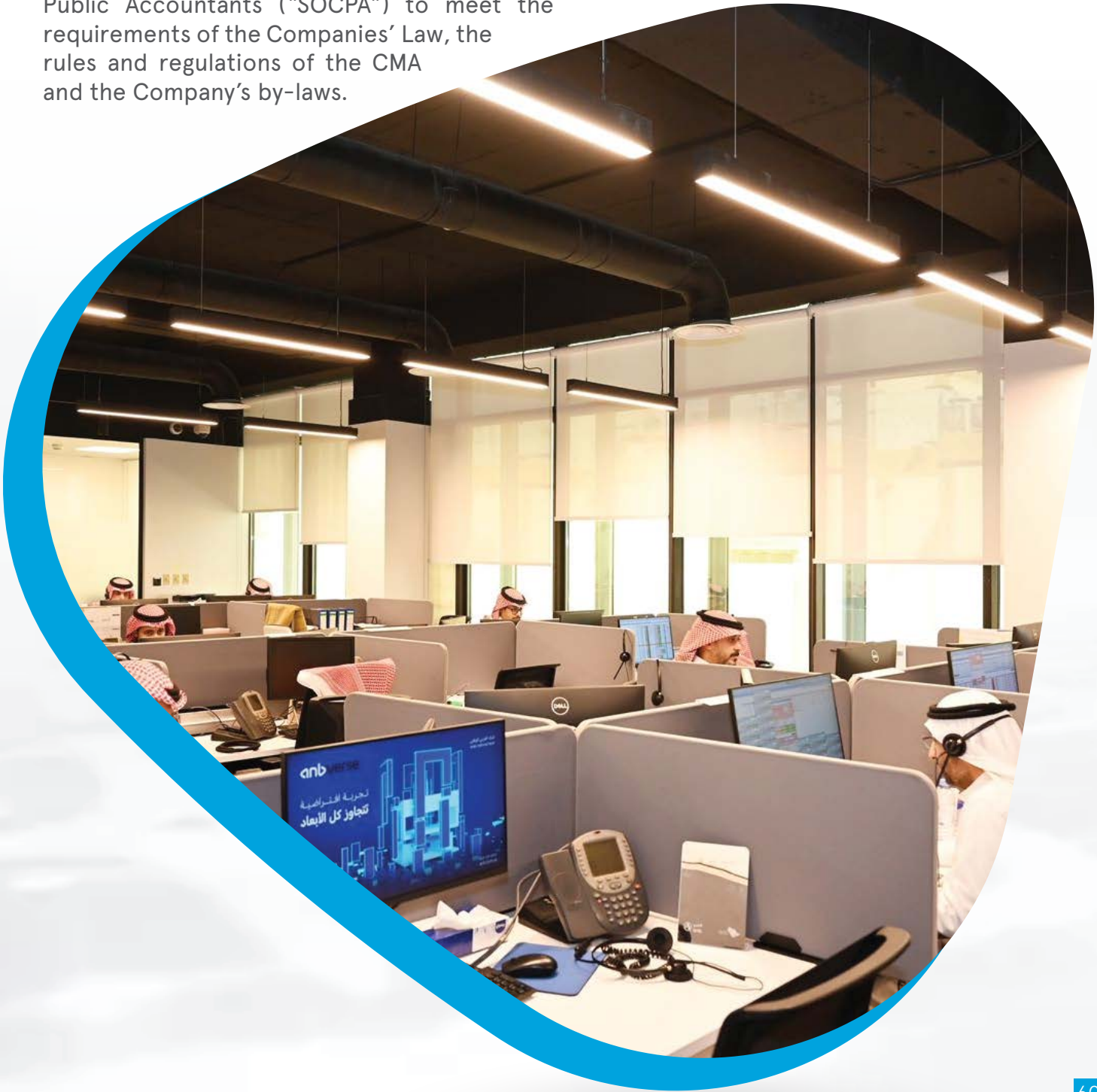
In accordance with the Companies’ Law in the Kingdom of Saudi Arabia, the Company must transfer 10% of its annual net income to statutory reserves until the reserve equals 30% of its capital and this reserve is not available for-profit distribution.

Audited Financial Statements Accounting Standards

The Company prepares its financial statements in accordance with International Financial Reporting Standards ("IFRS") as issued by International Accounting Standards Board ("IASB"), as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are endorsed by the Saudi Organization for Certified Public Accountants ("SOCPA") to meet the requirements of the Companies’ Law, the rules and regulations of the CMA and the Company’s by-laws.

External auditors

In the meeting of the Annual General Assembly held on [17/10/1444 AH] corresponding to [17/05/2023], the Assembly agreed to appoint Messrs. KPMG Al Fozan and Partners as the Company’s external auditor for the fiscal year 2023, noting that the certified accountant’s report did not include any qualification or reservations on the annual financial statements.





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