

2021

Annual Report

For the year ended 31 December, 2021



العربي للاستثمار
anb invest
Licensed by CMA

بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ



King Salman Bin Abdulaziz Al Saud
The Custodian of the Two Holy Mosques



Prince Muhammad Bin Salman Bin Abdulaziz
His Royal Highness, Crown Prince, Deputy Prime Minister,
Minister of Defense of the Kingdom of Saudi Arabia

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CLIENT TRUST IS THE BASE OF OUR EXCELLENCE

Most Customer-Focused Brokerage House
In the MENA region

Message from the Chairman



"Delivering for our stakeholders through turbulent times"

I am honored to present to you the 14th Annual Report for Arab National Investment Company ("ANB Invest" or the "Company") for the fiscal year ended 31 December, 2021. During the year, our focus continued to be on the well-being of our employees against the backdrop of perpetual challenges posed by the Covid-19 pandemic. We managed productivity while maintaining adherence to government-mandated Covid protocols and health and safety guidelines. Our people are our biggest asset, and we will continue to build an atmosphere of trust and cooperation at our organization.

Despite the continued market and economic challenges posed by the Covid-19 pandemic, I am happy to share the news on behalf of the Board of Directors that the Company continued its upward

growth trajectory for yet another year and performed well, demonstrating the expertise, resilience, and adaptability of our people, and the ability of our organization to respond positively to challenges and unprecedented situations.

Our financial performance during the year has been strong, with net income growing by 7% from SAR 109 million to SAR 116 million. This growth was based on the performances of our brokerage & margin financing services and our asset management services, who achieved year-on-year growth of 8% and 10%, respectively.

The total assets of the Company as at 31 December, 2021 were SAR 1.7 billion, compared to SAR 1.58 billion as at 31 December, 2020, an increase of 8%. Our equity and liquidity positions remained strong. At the end of December 2021, equity stood at SAR 1.61 billion, an increase of SAR 116 million over the prior year. Furthermore, we were able to generate a positive net cash flow of SAR 107 million from our business, the main contributor to which were the returns from our investing activities. In addition, the capital adequacy ratio as on 31 December, 2021 was 3.25 times with a capital surplus of SAR 1.1 billion, indicating the Company's strong base to support business and future growth.

Our client base has now grown to more than 300,000 customers who have placed their trust in our insight, knowledge, and professionalism. Consequently, ANB Invest's market share in brokerage also grew, moving us from the 12th position at the beginning of the year to the 8th position by September 2021. Furthermore, the Company also launched two new private funds in 2021. Both of these funds experienced high levels of demand, with subscription requests for one of the funds exceeding 400% of the equity capital being raised.

With market conditions favorable, we partially exited from one of our real estate investments and sold 50% of our stake realizing SAR 145 million in proceeds and generating a gain of SAR 27 million, achieving a return of 30%. After the disposal of these partial investments, we continued to maintain stakes in our real estate-based associates worth of SAR 359 million as at 31 December 2021 (around 21% of our total assets).

ANB Invest has also secured several investment banking mandates, including an international USD Sukuk issuance, an IPO on the Main Market and one on the Parallel Market, a Rights Issue, and two M&A transactions. We believe that these transactions, which will be completed over the coming months, will demonstrate our capital market strengths to internal and external stakeholders.

Global and Saudi Economic update

By the end of 2021, the global economy had witnessed another year of challenges with disrupted supply chains, price pressures, and new Covid-19 variants continuing to impact economic recovery. According to the International Monetary Fund's (IMF) World Economic Outlook report published in October 2021, the global economic recovery is continuing, even as the pandemic resurges. The fault lines opened up by Covid-19 are looking more persistent—near-term divergences are expected to leave lasting imprints on medium-term performance. Vaccine access and early policy support are the principal drivers of the gaps. Threat of new variants have increased uncertainty about how quickly the pandemic can be overcome.

The IMF report of October 2021 further states that the global economy is expected to grow by 5.9% year-on-year in 2021 and by 4.9% in 2022. In most cases, rising inflation reflects pandemic-related

supply-demand mismatches and higher commodity prices compared to their low base from a year ago. For the most part, price pressures are expected to subside in 2022. In some emerging market and developing economies, price pressures are expected to persist because of elevated food prices, lagged effects of higher oil prices, and exchange rate depreciation lifting the prices of imported goods. However, uncertainty surrounds inflation prospects — primarily stemming from the path of the pandemic, the duration of supply disruptions, and how inflation expectations may evolve in this environment.

The average price of oil (Brent) witnessed a rise of 68% for the year to record about \$70.68 per barrel compared to \$41.96 per barrel during the previous year. The observed rise in oil prices for 2021 was driven by the increased pace of vaccine rollouts around the world which alleviated the effect of the pandemic, the rise in global demand for transportation, and the efforts made by OPEC member states since the outbreak of Covid-19 to rebalance the oil markets.

From Saudi Arabia's perspective, the realistic and responsible policies and measures taken by our government to deal with Covid-19 limited the humanitarian, financial, and economic repercussions of the pandemic. Government efforts were aimed at providing strong support to the health and private sectors while maintaining financial sustainability for the medium and long terms. It is worth noting that Saudi Arabia has administered more than 61 million Covid-19 vaccine doses as of the writing of this report, and more than 70% of the population has been fully vaccinated. It is for this reason that the Omicron variant which emerged in late 2021 presented limited risks to the Saudi economy.

Despite a jump in government spending, the Kingdom's actual deficit for 2021 went down to SAR 73.4 billion compared to the projected deficit of SAR 85 billion

for the year. The Kingdom's revenues for the year stood at SAR 930 billion, while expenditures were around SAR 1.02 trillion. Total expenditures exceeded the budget for FY2021 because of several factors, the most important of which was the expenditure associated with Covid-19.

According to estimates of the General Authority for Statistics, Saudi Arabia's GDP increased by 7.0% in real terms in the third quarter of 2021 compared to the same quarter of 2020. Economic growth was mainly driven by oil activities, which increased by 9.3% year-on-year (12.7% q-o-q). Non-oil activities grew by 6.3% y-o-y and 2.6% q-o-q, and government activities by 2.7% y-o-y and 1.1% q-o-q. Preliminary estimates indicate that real GDP is expected to have increased by 2.9% in FY 2021.

The Saudi economy is expected to grow by a strong 7.4% in 2022 on the back of improved oil prices. The Government continues to focus on the diversification of the Kingdom's income, empowering the private sector, and implementing wide structural changes through various Vision 2030 programs. The budget estimates for the fiscal year 2022 show total expected revenues of SAR 1,045 billion and total expenditures are estimated at around SAR 955 billion, with SAR 90 billion in surplus (2.5% of GDP). The budget for FY2022 reflects the Government's continued efforts to implement reforms that support developing the management of public finance, while simultaneously exercising fiscal discipline and enhancing spending efficiency to maintain the previously announced spending ceilings.

Considering our growth strategy and the government's target for FY 2022 to support the ongoing gradual recovery in economic activity, while maintaining the initiatives that have been in place in recent years, in addition to upholding the commitment to achieving the goals of Saudi Vision 2030, we are hugely optimistic for the future sustainable growth

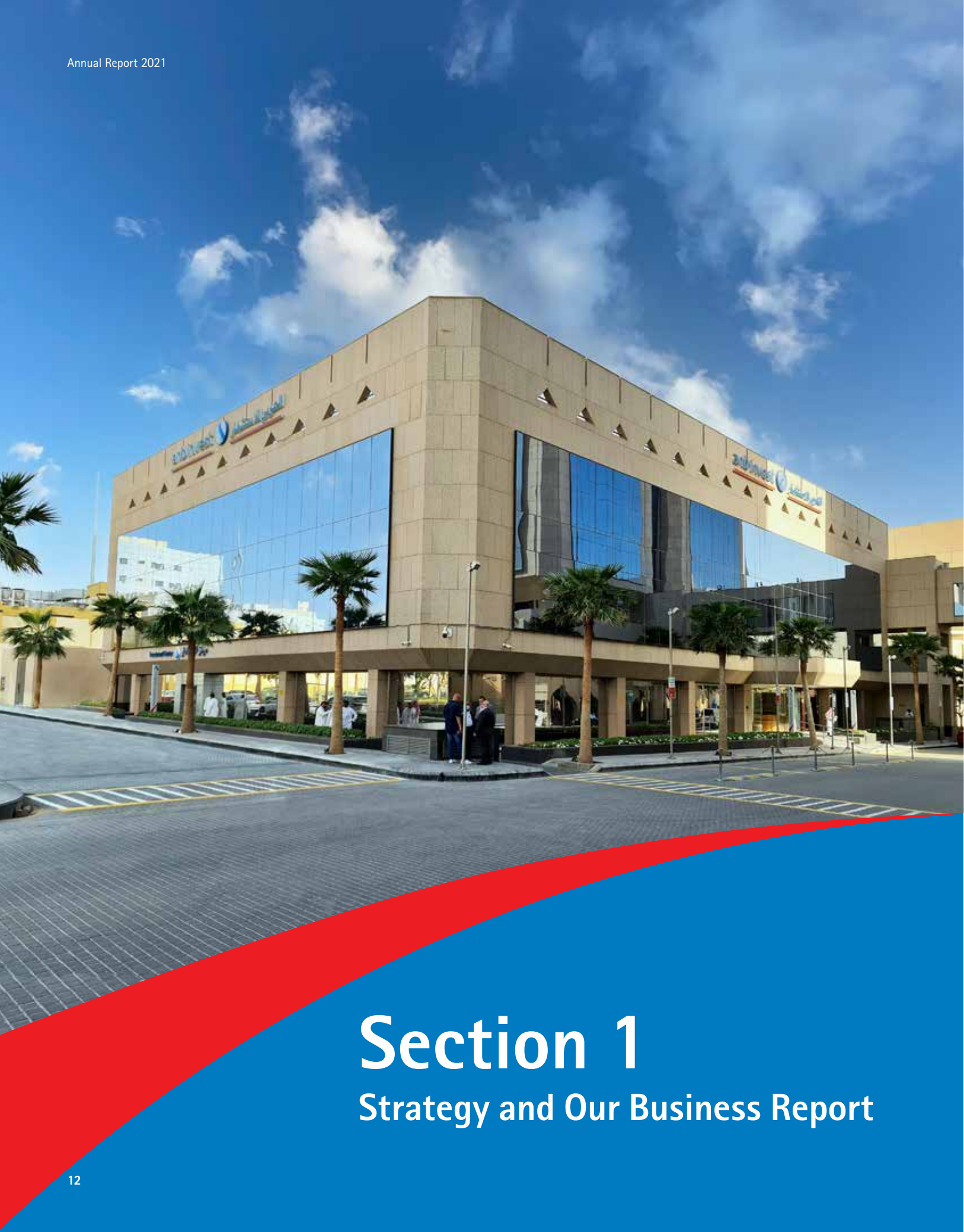
of our business.

At the end, we take this opportunity to extend our thanks and appreciation to all the employees of ANB Invest for their untiring efforts towards our achievements, and we also express our sincere gratitude to the esteemed members of the Board of Directors for their immense support. We also extend our sincere thanks and gratitude to our clients, investors and our shareholders, and we also thank the Capital Market Authority, the Saudi Central Bank and the Saudi Stock Exchange for their support and guidance.

On behalf of the members of the Board of Directors and senior management, I extend my best wishes and sincere gratitude to 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 for the Kingdom's financial sector.

We ask the Almighty to bless and protect our country, its people and the world from this pandemic.

Raied A. Al-Seif
Chairman of the Board




Section 1

Strategy and Our Business Report

Our Client Trusted Business

We operate through several key business activities that also encapsulate how we interact with our clients. Through a combination of our core business activities, the optimal use of technology and our enterprising people, ANB Invest now offers a full ecosystem of advisory capabilities for the benefit of our clients.




Brokerage & Margin Financing Services

We were one of the first investment companies to launch a comprehensive trading and trade execution service for investment in shares in Saudi companies.

ANB Invest Tadawul is one of the latest services to be added to the range of services provided by brokerage division.

SAR 99 million
Commission and interest income – local and international markets, GCC markets and other markets in the Middle East




Asset Management Services

Our market-leading asset management business along with our discretionary portfolio management services are managed internally by some of the most competent investment managers in Saudi Arabia, with the help of a professional research team.

We strive to provide our clients with products which meets their current and future needs.

SAR 47 million
Fee-based revenue




Advisory and Investment Banking


Our advisory and investment banking service line possesses some of the strongest expertise available in the Saudi market.

Our objective is to always provide the soundest possible advice to our clients with respect to their fund-raising and structuring requirements. This commitment to the best interests of our clients is the core value of our investment banking business.

SAR 18 million
Fee-based revenue



SAR 7.4 billion
Assets Under Management



300,000
Customers and increasing

Corporate information and organizational structure

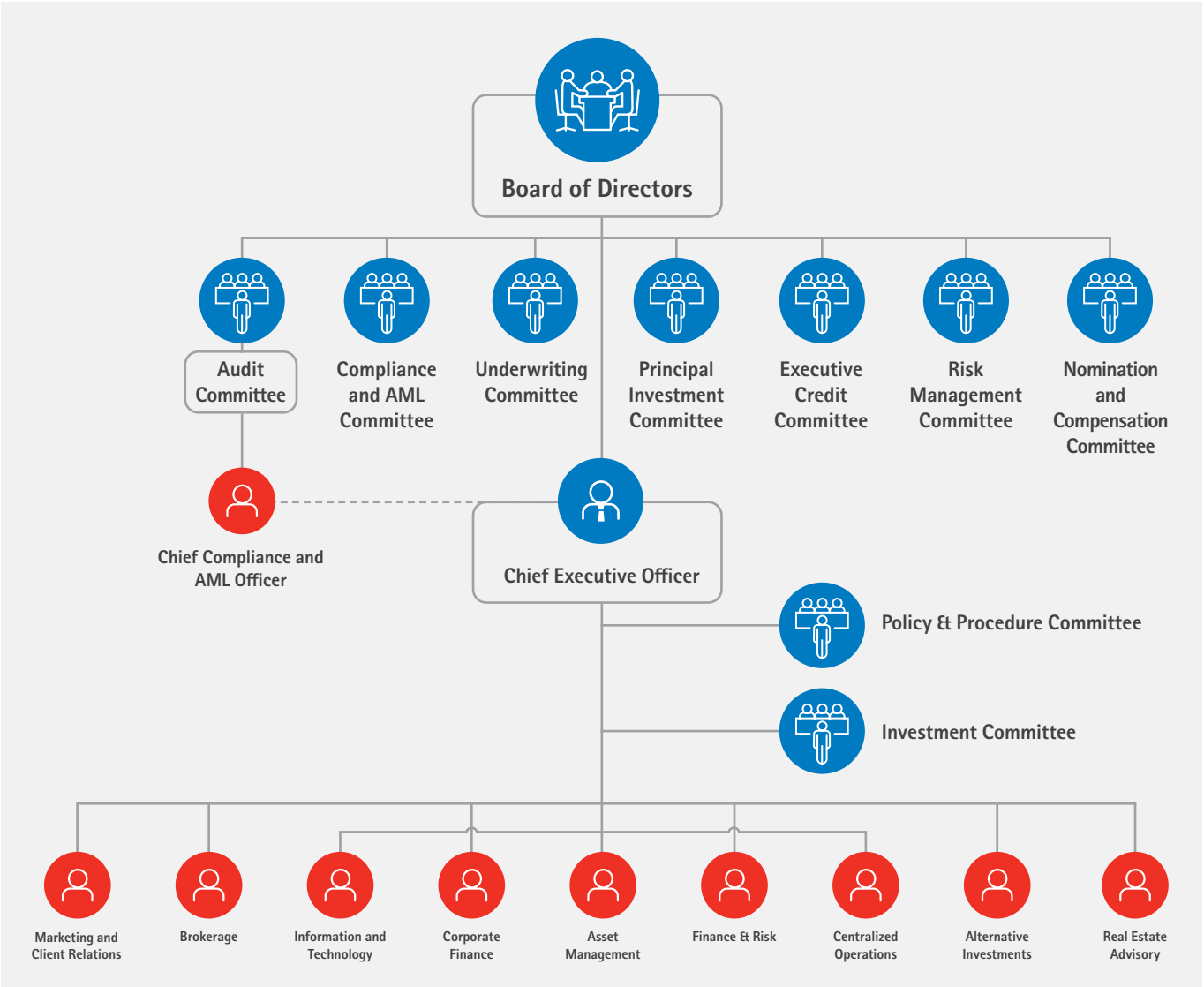
Arab National Investment Company ("ANB Invest" or the "Company"), a Saudi closed joint stock company (Unified number 7001548267) is a fully integrated Capital Market Institution ("CMI") regulated by the Capital Market Authority ("CMA") according to resolution number 2007-36-4 dated 19 Jumada al-Thani 1428 corresponding to 05 July 2007. ANB Invest's operations include dealing as a principal as well as an agent, underwriting asset management and investment banking activities, discretionary portfolio management, brokerage, arranging, advising and custody activities in the Kingdom of Saudi Arabia.

Our service offering encompasses various investment activities in Islamic and other related investments such as the establishment and management of public equity portfolios, direct investments and real estate funds.

Based on the directive of CMA in its letter dated 10 Rabi Al Awal 1437 H (corresponding to 21 December 2015), ANB Invest obtained a margin lending facility from Arab National Bank effective from 1 April 2017. As such, ANB Invest amended its objectives to include margin lending. ANB Invest is a wholly-owned subsidiary of Arab National Bank ("the Bank") and acts as the latter's sole investment arm. ANB Invest holds License number: 07072-37.

ANB Invest started its operations in January 2008 with a capital of SAR 400 million paid in full. In March 2017, ANB Invest's capital was increased to SAR 1,000 million, paid in full.

The following is the Company's organizational structure as of 31 December 2021:



Key Initiatives and business developments in 2021

ANB Invest is the investment banking arm of the Bank and provides a full suite of investment management, brokerage and advisory services for the Bank's clients in Saudi Arabia and beyond. Our service offering includes Shari'ah compliant investment advice (asset management, real estate advisory, alternative investments), brokerage, margin financing, and investment banking.

ANB Invest aims to become one of the leading investment banks in Saudi Arabia. In 2021, with the full support of the Bank, ANB Invest continued to develop its expertise, product offering, and systems in order to enhance the breadth and quality of its services.

Over the last 12 months, the global economy's return to normalcy and growth provided a positive macro backdrop for our investment activities. This growth environment, combined with continued low returns from traditional banking products, led to an increase in the scale and reach of our investment activities.

By the end of 2021, our client base had grown to more than 300,000 customers who placed their trust in our insight, knowledge, and professionalism. Consequently, ANB Invest's market share in brokerage also grew, moving us from 12th position at the beginning of the year to 8th position by September 2021.

ANB Invest also launched two new private funds in 2021. Both these funds experienced high levels of demand, with subscription requests for one of the funds exceeding 400% of the equity capital raised. ANB Invest also partially exited from one of its real estate investments, recording a strong return of 30%, and thereby delivering value to investors and shareholders.

ANB Invest has also secured several investment banking mandates, including an international USD Sukuk issuance, an IPO on the Main Market and one on the Parallel Market, a Rights Issue, and two M&A transactions. We believe that these transactions, which will be completed over the coming months, will demonstrate our capital market strengths to internal and external stakeholders.



"By the end of 2021, our client base had grown to more than 300,000 customers who placed their trust in our insight, knowledge, and professionalism."

Plans and Initiatives for 2022

The summary of the key plans and initiatives which the Company's senior management has put in place is as follows:



Business plans and initiatives

Scale up our Asset Management:

- Expand AUMs under current offering.
- Diversify our product offering.
- Grow DPMs.
- Build and launch digital wealth management platform.

Revamp brokerage services and increase the market share

- Enhance trading platform.
- Build sell-side research.
- Expand market access.
- Develop margin lending.

Continue growing Real Estate

- Expand AUMs under current offering.
- Expand advisory pipeline.
- Grow Real Estate proprietary investments.

Focus Investment Banking

- Double down on ECM and M&A.
- Enhance our communication and visibility in the market.

Create new revenue streams

- Build joint-venture.
- Unleash latent demand by increasing digitization of services.
- Develop innovative products and services.

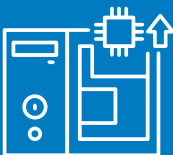
Develop alternative investments

- Build joint venture and partnerships with key players.
- Setup an environmental / Green energy funds.



People focused initiatives

- Enhance employee performance appraisal process.
- Be the employer of choice and make ANB Invest the preferred place of work.
- Inspire our people to deliver the best that they can.



Systems related improvement plans

- The Post Trade Program (PTP) will be launched, through which the role of clearing the investment process will be developed and electronic linkage with the new CSD deposit system and the new clearing system CCP will be established.
- Upgrade the trading platforms (via the Internet and smart devices) in the local market to modern and advanced platforms to improve the customer experience.
- Enhance trading platform in regional and global markets.
- Perform a full-fledged upgrade to the ANB Invest's infrastructure including staff computers and equipment.
- Upgrade various systems such as the asset management system, Interactive Voice Response (IVR) and accounting systems.
- Perform full implementation of state-of-art Customer Relationship Management ("CRM") system.
- Implement the second phase of the electronic e-invoicing system as per Zakat, Tax and Customs Authority requirements.

2022

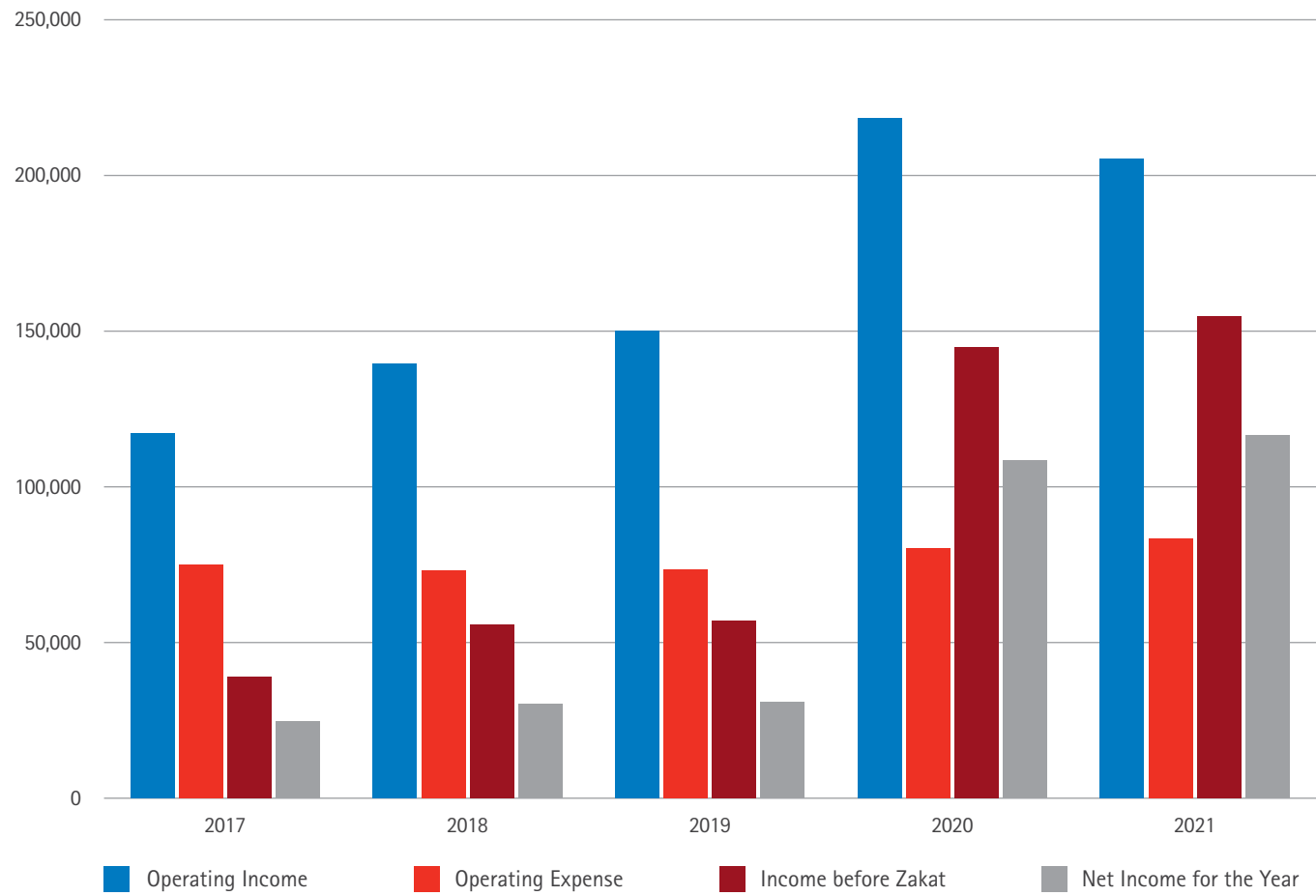


Financial information for the past 5 years and key highlights for 2021

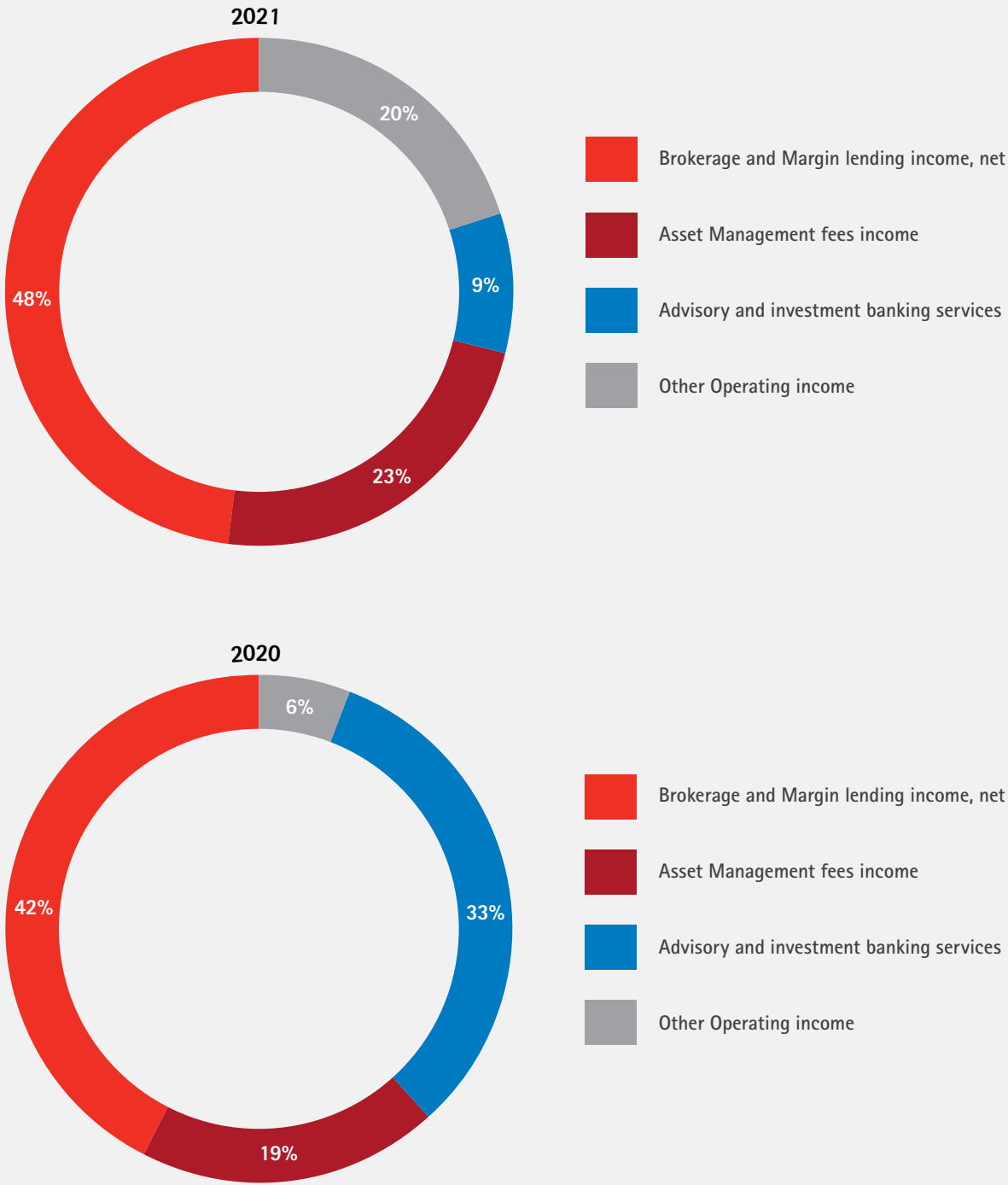
Statement of Financial Position (SAR'000)	2021	2020	2019	2018	2017
Assets	1,699,757	1,577,035	2,180,389	2,046,392	1,940,651
Liabilities	89,917	82,783	795,968	692,404	613,826
Equity	1,609,839	1,494,252	1,384,421	1,353,988	1,326,825

Statement of profit & loss and other comprehensive income (SAR'000)	2021	2020	2019	2018	2017
Operating income, net	205,400	218,401	150,144	140,119	116,628
Operating expenses	(82,889)	(79,964)	(74,390)	(72,388)	(74,927)
Income before Zakat and income tax	155,070	144,616	56,849	55,494	39,699
Zakat and income tax	(38,698)	(35,810)	(25,946)	(24,929)	(14,601)
Net income for the year	116,372	108,806	30,903	30,565	25,097

Year-on-Year Financial Performance – 2017-2021 (SAR'000)



ANB Invest posted net income of SAR 116 million for 2021, an increase of 7% over the 2020 figure. As depicted in the graph above, the Company's net income has seen steady growth over the past five years. This was made possible by the growth in our core business activities such as income from Brokerage and Margin Financing, which contributed to 48% of ANB Invest's total operating income for 2021 (FY 2020: 42%), and Asset Management, which contributed to 23% of the total operating income for 2021 (FY 2020: 19%), as indicated in the charts below.



SAR 205 million
Operating income for 2021

The overall increase in net income for FY 2021 vs. FY 2020 is attributed to:

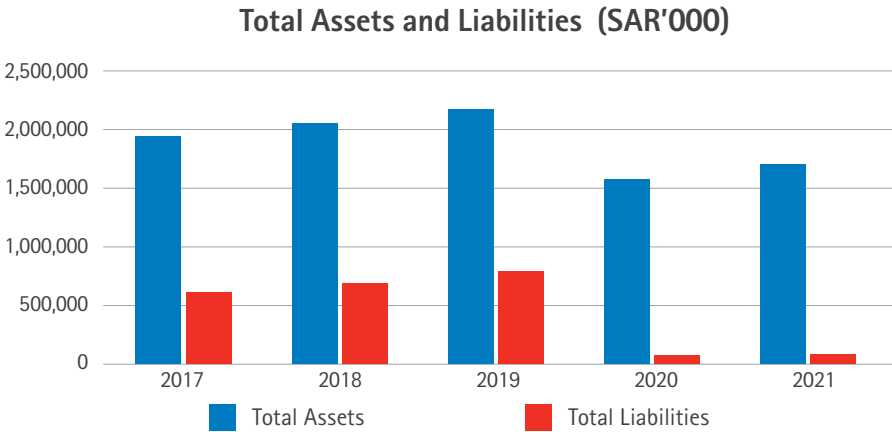
- an increase in Brokerage and Margin Financing income of SAR 8 million (8% increase vs. FY 2020);
- an increase in Asset Management fees of SAR 4 million (10% increase vs. FY 2020);
- an increase in Other Operating Income of SR 28 million (200% increase vs. FY 2020) which included SAR 27 million of revenue generated through the partial disposal of an investment in a real estate-based associate (Business Gate Fund). This constituted around 23% of the Company's net income for the year and delivered a return of 30% for the fund's shareholders.

Furthermore, the Company was able to earn SAR 33 million of revenues from its share in the earning of associates (109% increase vs. FY 2020).

The aforementioned increases were somewhat offset by a drop in Advisory and Investment Banking Services which generated around SAR 18 million in 2021 compared to SAR 52 million last year.

The total operating expenses for the year ended 31 December, 2021 were around SAR 83 million, which were marginally higher than last year, mainly due to increases in salaries and related benefits of SAR 1.8 million (3% increase vs. FY 2020).

SAR 1.7 billion
Total assets for the year 2021



SAR 235 million
Cash and cash equivalent

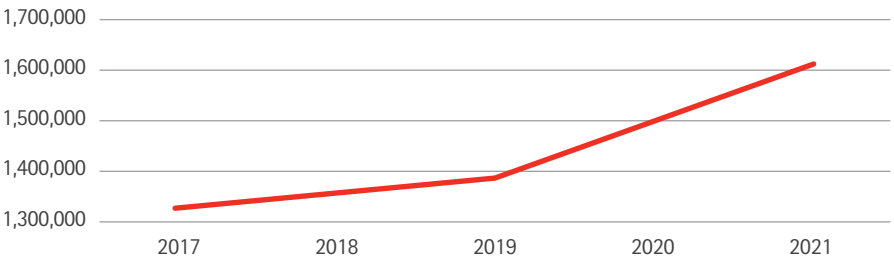
The total book value of the assets as at 31 December, 2021 was around SAR 1.70 billion, an increase from the SAR 1.58 billion reported in assets at the close of 2020. The increase in total assets is mainly attributed to the growth in Margin Financing related receivables from SAR 671 million at the close of FY 2020 to SAR 910 million at the close of FY 2021, constituting a SAR 239 million or a 36% increase.

Cash and cash equivalents also increased by SAR 107 million from SAR 128 million on 31 December, 2020 to SAR 235 million on 31 December, 2021. This increase is mainly attributed to positive cash flows from investing activities amounting to SAR 228 million generated primarily from the disposal of the investment in Business Gate Fund.

In 2015, ANB Invest had acquired 25.47% of the units of the ANBI Business Gate Fund (real estate fund) for SAR 242 million. In 2021, the fund restructured its capital by increasing leverage and reducing equity. Subsequently, ANB Invest reduced its investment to SAR 50 million (12.74% holding) generating positive cash flows for the year.

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 and the disposal of a partial investment in an associate.

Equity 2017-2021 (SAR'000)



As depicted in the chart above, the Company's equity has been on an upward trend for the past 5 years mainly driven by its remarkable operating results. In 2021, the Company's equity closed at SAR 1.61 billion, compared to SAR 1.49 billion for 2020. The Company's board of directors does not intend to distribute dividends from the net income for the year 2021. However, this position is subject to the final approval of the next meeting of the General Assembly.

SAR 1.61 billion
Equity of the Company in 2021

Our client trusted key business activities

We operate across three core services offering conventional and Shariah-compliant products to our client. Our client base includes private & institutional investors.

Dealing Services: Brokerage and margin financing

ANB Invest is a leading Saudi financial services firm that offers brokerage services for securities listed on local and international stock exchanges. We provide our services to more than 300,000 registered accounts through various channels including phone orders, mobile phone apps, web platforms, and an interactive voice response (IVR) system. Brokerage services are also provided through ANB Invest's 8 investment centers spread across the Kingdom.

In addition to the local market, ANB Invest provides its clients with the opportunity to access international equity markets directly from the Kingdom of Saudi Arabia. We offer trading services on the US Stock Market, Dubai Financial Market, Abu Dhabi Securities Exchange, Qatar Exchange, Kuwait Stock Exchange, Muscat Securities Markets, Bahrain Stock Exchange and the Egyptian Exchange.

As described in the Key Initiatives and Business Development section earlier, during 2021, several projects related to system enhancements were completed so that we can continue to provide the best possible services to our growing number of customers.

During 2021, the Saudi Stock Exchange witnessed another year of strong growth.

- At the end of the year, the Tadawul All Share Index ("TASI") closed at 11,281.71 points compared to 8,689.53 points at the end of the previous year, gaining 2,592.18 (29.83%) points.
- TASI's peak during 2021 was at 11,939.58 points achieved on 21 October, 2021.
- Total Market Capitalization at the end of the year 2021 reached SAR 10,009.15 billion, an increase of 9.97% over the previous year.
- The total value of shares traded for the year 2021 reached SAR 2,235.90 billion compared to SAR 2,087.80 billion for the previous year, an increase of 7.09%.

"ANB Invest provides clients with the opportunity to access international equity markets, directly from the Kingdom."

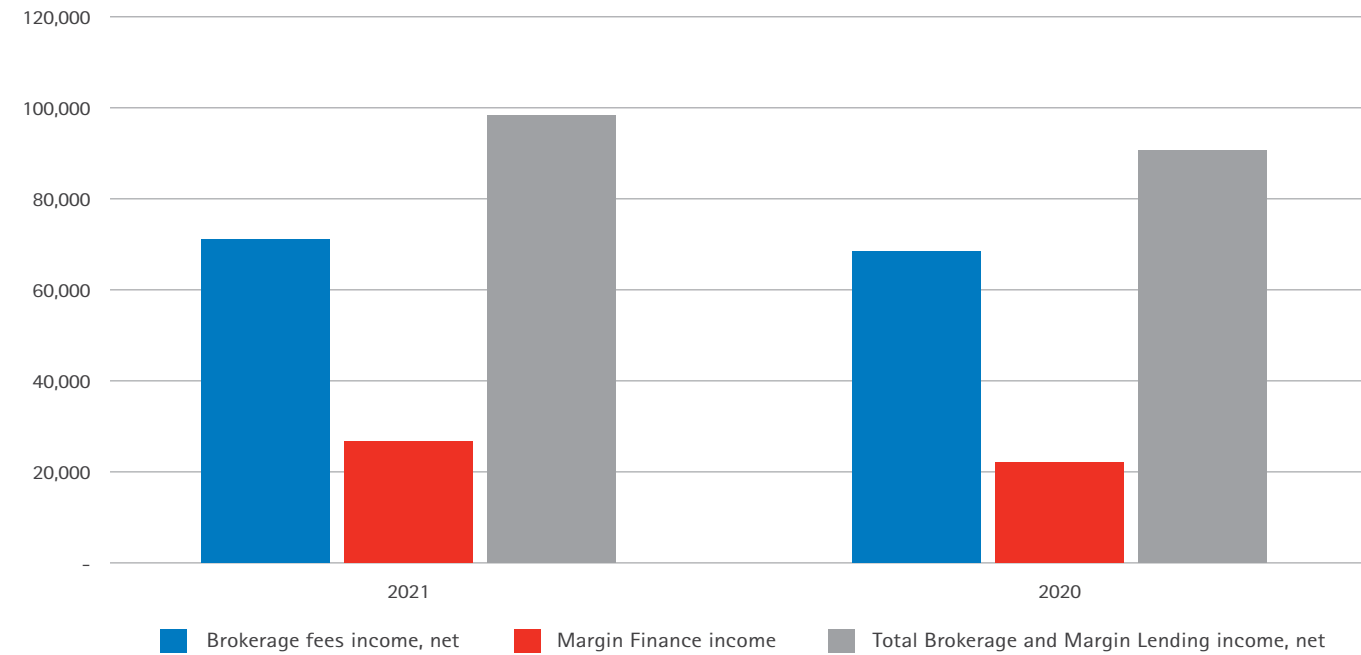
48% Operating Income

Generated through brokerage and margin financing services

- The total number of transactions executed during the year 2021 reached 91.87 million compared to 76.69 million trades for the previous year, an increase of 19.80%.
- The volume traded for the year 2021 reached 67.53 billion shares compared to 80.03 billion shares traded during the previous year, a decrease of 15.61%.
- The daily average number of transactions executed during the year 2021 reached 367.47 thousand trades compared to 305.52 thousand trades during the previous year, an increase of 20.27%.
- The daily average value of shares traded during the year 2021 reached SAR 8,943.60 million compared to SAR 8,317.93 million for the previous year, an increase of 7.52%.

Nine companies offered their shares to the investing public of Saudi Arabia through initial public offerings ("IPOs") in 2021. At the end of the year, the total number of listed companies reached 210. The total offered value during the year was SAR 17.18 billion with 235.59 million shares/units. The market capitalization of all IPOs that took place during 2021, as on 31 December, 2021 was SAR 117.60 billion which represented 1.17% of the total market capitalization at that date.

Brokerage and Margin Financing income 2021 vs 2020 (SAR'000)



SAR 98 million

Net brokerage fees generated

Capitalizing on the increased trading and IPO activities in the Saudi stock market, ANB Invest generated 48% of its operating income for 2021 through its Brokerage and Margin Financing services, an overall growth of 8%. The net Brokerage and Margin Financing income generated during FY 2021 was SAR 99 million as compared to SAR 91 million in FY 2020. Despite the highly competitive nature of the local brokerage services sector, ANB Invest increased its income by creating an effortless experience for customers by enhancing the delivery channels and optimizing its Tadawul AL-Arabi services. This is a superior solution that provides an intuitive trading platform with integrated market monitoring and technical analysis features, encouraging clients to become better investors.

Dealing Services: As Principal for Own Investments

ANB Invest 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. During the year 2021, the Business Gate Fund (an associate) made a capital distribution of SAR 95.5 million. Furthermore, a partial disposal of a 12.74% stake in the Business Gate Fund resulted in the recognition of a SAR 27.1 million gain. ANB Invest also witnessed a significant increase in its share of earnings of associates which amounted to SAR 33 million in 2021 compared to SAR 16 million the previous year.

SAR 33 million

Share of earnings in associates for the year 2021

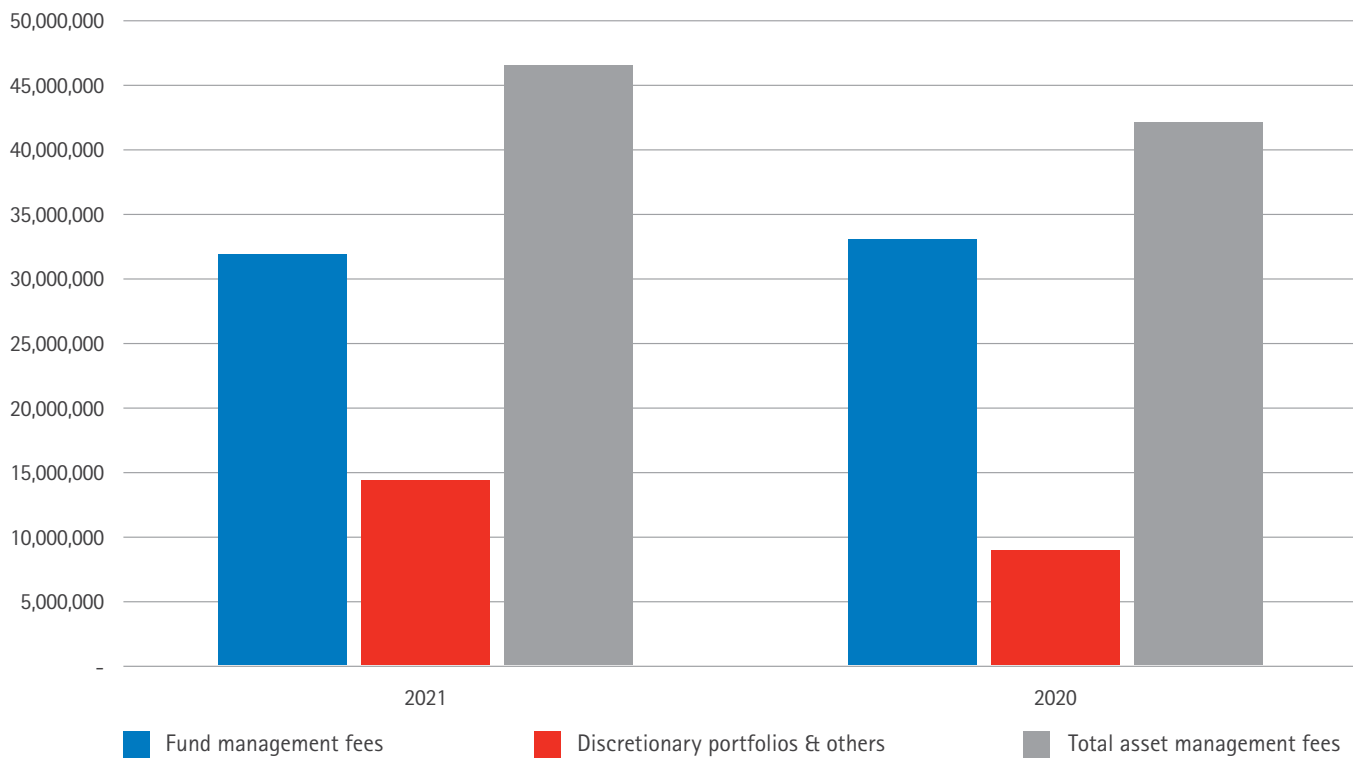
Managing Services: Asset Management

ANB Invest's asset management division offers a wide range of mutual funds in addition to private portfolios management services in accordance with the various risk appetites and liquidity needs of its individual & institutional clients.

Our mutual funds include Shariah-compliant and conventional funds. These funds invest in shares, bonds, Sukuk, real-estate, money market instruments, and Murabahas. ANB Invest's mutual funds are managed internally by some of the most competent fund managers in Saudi Arabia with the help of a professional research team.

Asset management also provides tailored investment solutions for our clients' private investment portfolios (discretionary portfolio management ("DPM"). Our DPM funds are deployed in stocks, Sukuk, money market instruments and murabahas. These investments are made locally, in the Gulf, and internationally, in line with the client's investment objectives, risk appetite, and investment time horizon.

Asset Management 2021 vs 2020 (SAR'000)



SAR 47 million

Asset management revenues for the year 2021

Asset management revenues for the year 2021 approximated SAR 47 million representing 23% of ANB Invest's operating income, up from 19% last year. This was an increase of SAR 4 million, a growth of 10% over 2020. Although income from Fund Management fees marginally decreased by SAR 1.1 million (3% lower than last year), it was more than compensated for by the growth in revenues from DPM services of about SAR 5.3 million (58% growth vs. last year). This increase in income from discretionary portfolios was a result of organic growth and onboarding of new clients.

Managing Services: Asset Management

The total value of ANB Invest's Assets Under Management (AUM) was SAR 7.4 billion at the close of 2021, compared to SAR 7.5 billion at the close of 2020. Fixed income and money market funds represented 36% of the AUM, while local equity funds contributed 9% of the AUM. Multi assets and private investment portfolios and the real estate private funds represented 36% and 19%, respectively, of the AUM.

Arranging and Advising Services: Advisory and Investment Banking

ANB Invest offers a wide range of integrated investment banking services across different industries. The Investment Banking Department provides advice and innovative solutions for managing IPOs, right issues, private sales of equity, and debt offerings. Access to the extensive corporate client network of ANB Invest and the Bank benefits our Investment Banking practice as we can reach into these resources to find potential counterparties for our transactions.

The Investment Banking team has acquired broad experience in the acquisition and disposal of assets and companies in various sectors including financial institutions and telecommunications. The team provides valuable expertise in evaluating businesses and identifying value in order to help achieve the strategic objectives of our merger & acquisition ("M&A") clients.

ANB Invest's advisory services include, without limitation, structuring and advising on the offering of various products such as Commercial Paper, Senior Bonds, Subordinated Bonds, Sukuk and Project Finance.

In addition to core advisory and managing services, ANB Invest has also emerged as a leader in advisory services for real estate investments.

ANB Invest has signed a service provider agreement with the Bank to provide arrangement and advisory fees to the latter. The services provided include (1) real estate advisory, (2) debt arrangement, (3) the purchase of assets in the secondary market and (4) ongoing support for structuring and origination.

Advisory and Investment Banking services' revenues for the year 2021 were SAR 18 million. This constituted 9% of ANB Invest's total revenues for 2021 as compared to 32% of total revenue last year. In 2020, ANB Invest was able to generate much higher Advisory and Investment Banking revenues (SAR 71 million) due to one-off real estate advisory related transactions for two private funds.

SAR 7.4 billion

Asset Under Management (AUM) at the close of 2021

SAR 18 million

Advisory and Investment Banking services' revenues for the year 2021

Our Associates

A- ANBI Business Gate Fund Real Estate Fund

In 2015, ANB Invest subscribed to 25.47% of the units of the ANBI Business Gate Fund, amounting to SAR 242 million. This was a private placement of a 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.

During May 2021, ANB Invest sold 50% of its holding in the Business Gate Fund and now has a 12.74% holding in the fund, the carrying value of which is around SAR 51 million.

ANB Invest continues to exercise significant influence over the Business Gate Fund as it manages the fund under the terms of an agreement with fund's unitholders.

B- Sara Second Real Estate Fund

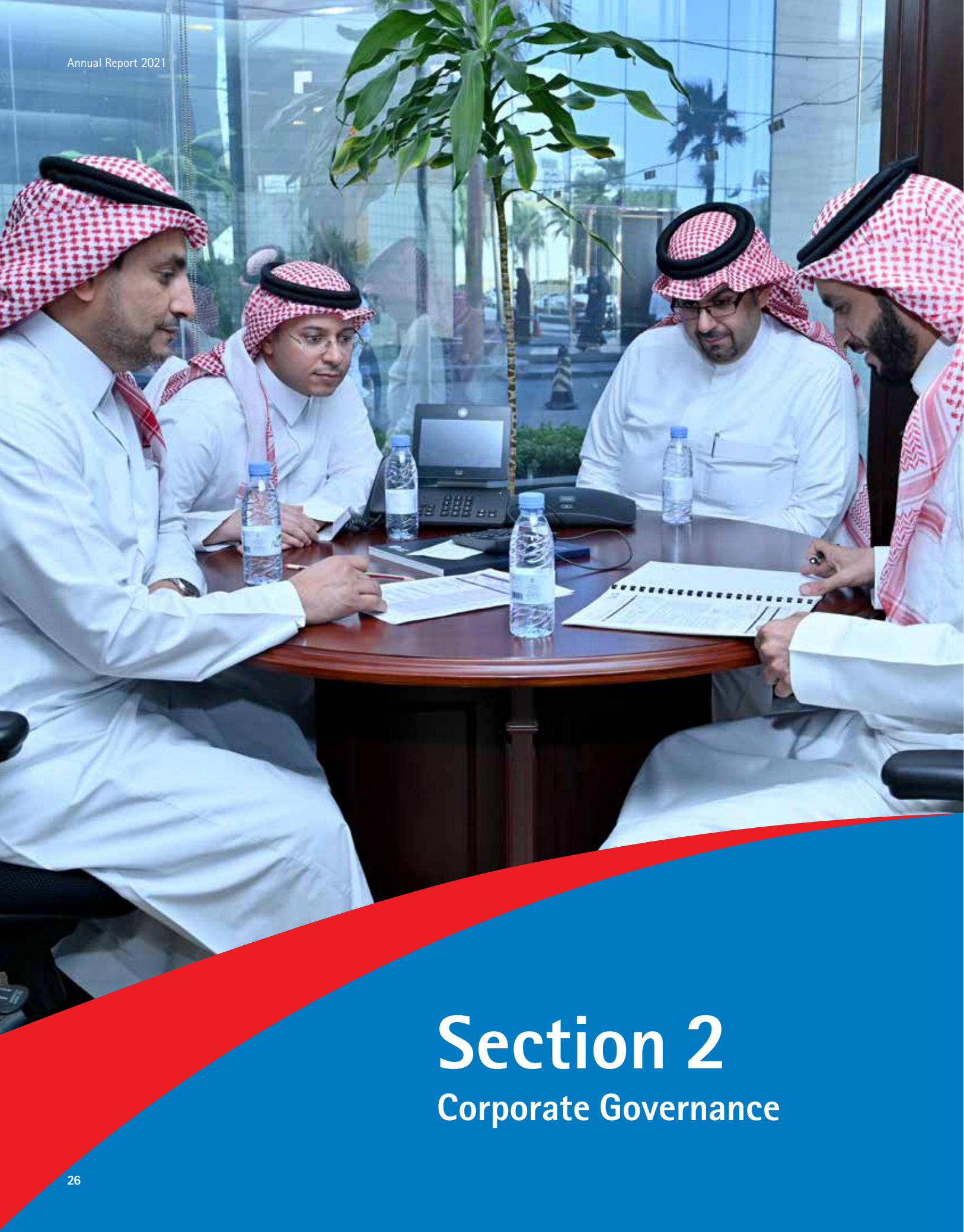
On 21 May 2020, ANB Invest subscribed to 23.76% of the units of the Sara Second Real Estate Fund, managed by Malaz Capital, amounting to SAR 325 million. This was a private placement of a closed-end real estate investment fund. The carrying value of the fund was SAR 308 million as at 31 December, 2021.

Since ANB Invest exerts a significant influence on the above two funds by virtue of its share in them, these investments have been classified as investment in associate companies.

SAR 51 million

Carrying value of holding in Business Gate Fund as of May 2021





Section 2

Corporate Governance

Board of Directors

Our business is overseen by our Board of Directors. The Company's board of directors consists of (6) members, including (2) independent members. The Board's policy is to appoint and retain non-executive Directors who bring relevant expertise as well as a wide perspective to the Company and its decision-making framework.



Raied A. Al-Seif
Chairman
Independent Member

Background

Mr. Raed Al-Saif was appointed Chairman of the Board of Directors on 7 October, 2015. He previously worked as a member of the Board's Audit Committee.

Prior to that, Mr. Al-Seif held the position of Division Head at the Bank, leading a team of relationship managers for 7 years. Mr. Al-Seif holds a Bachelor Degree in Accounting from College of Administrative Science from King Saud University in Riyadh-KSA.

Other positions and membership

- Chief Executive Officer of Sultan Holding Company
- Member of the Board of Directors of the following:
 - Saudi Mobile Telecommunications Company (Zain - Saudi Arabia).
 - Arabian Shield Insurance
 - ABC Company
 - Ideal Factory Company
 - Al Nafoura Food Catering Company
 - Al Nafoura Fish Company
 - Al Nafoura & Al Muthali United Company
 - The Diplomat Taste Company for Sweets
 - Dar El-Sallal Factory Company
 - Dipolmat Factory Company for Sweets and Pastries
 - Diploma Art Trading Company



Zuhair S. Al-Herbish
Vice Chairman
Non-Executive Member

Background

Mr. Zuhair Al-Harbash was appointed to the position of Board Member and Chairman of the Board of Directors on 13 August, 2011. He relinquished the chairmanship of the Board of Directors in October 2015 while retaining the position of a member of the Board of Directors, and on 27 April, 2017, Mr. Al-Herbish was appointed Vice Chairman of the Board. We would like to highlight that Mr. Al-Herbish joined Arab National Bank in September 1995 and was appointed Head of the Legal Affairs Department in September 1996. He also participates as a member of the Nominations and Remunerations Committee emanating from the Board of Directors.

Prior to that, he was a legal advisor to the Committee for Settlement of Banking Disputes at SAMA.

Mr. Al-Herbish holds a LL.B. (Bachelor of Laws) from King Saud University, Riyadh-KSA and a LL.M. (Master of Laws) from Washington College of Law, USA. In addition, he is a Certified Arbitrator from the Ministry of Justice in Saudi Arabia

Other positions and membership

- Member of multiple departments' Committee of ANB, such as Compliance, Outsourcing, Products and Procedure, HR Administration and Information Security.



Sami A. Al-Omran
Independent Member

Background

Mr. Al-Omran has been an independent member of the Board of Directors at ANB Invest since 31 October, 2011.

He joined the Arab National Bank in 1992 as a Credit Analyst. He built his career by managing corporate portfolios. In 2004, Mr. Al-Omran established his own company "Sami Al Omran Financial Consultancy Firm – Riyadh, KSA". Prior to joining ANB, he worked as an Agriculture Engineer at Almarai Company – Riyadh, KSA.

Mr. Al-Omran holds a Bachelor Degree in Agriculture Sciences from the King Saud University in Riyadh-KSA

Other positions and membership

- Not a member of the board of directors of any other companies.



Obaid A. Al-Rasheed
Non-Executive Member

Background

Mr. Al-Rasheed was appointed member of the Board of Directors at ANB Invest on 20 February, 2021.

Mr. Obaid A. 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 has held several leadership positions at the bank.

Mr. Al-Rasheed holds a Bachelor Degree in Business Administration from San Jose State University, California, USA.

Other positions and membership

- Vice Chairman of the Board of Directors of the Saudi Home Loans Company (SHL)
- Vice Chairman of the Board of Directors of the Saudi Chemical Company,
- Member of the Board of Directors of Dr. Sulaiman Al Habib Medical Services Group Company.



Fahad A. Al-Kadi
Non-Executive Member
Chairman of Audit Committee

Background

Mr. Al-Kadi has been a member of the Board of Directors of ANB Invest since 30 July, 2013. With over 38 years of retail banking experience, Mr. Al-Kadi brings a wealth of expertise and leadership to ANB Invest.

Mr. Al-Kadi held the position of Head of Retail Banking at ANB until his retirement in July 2021. In this position he led the team to implement a strategy optimizing the Bank's marketing efforts while introducing new products, improving its content strategy and expanding its customer base. Mr. Al-Kadi began his career as Head of Customer Services in the Saudi Electricity Company.

Mr. Al-Kadi holds a Bachelor Degree in Economics from King Saud University in Riyadh, Kingdom of Saudi Arabia.

Other positions and membership

- Member of the Board of Directors of the Saudi Financial Support Services Company (SANID)



Bassam R. Al-Mubarak
Non-Executive Member

Background

Mr. Bassam Al-Mubarak was appointed as a member of ANB Invest's Board of Directors on 2 March, 2015.

Mr. Al-Mubarak was also the Chief Executive Officer of ANB Invest from 2014 until May 2021. He then moved to the Bank as the Head of Strategic Investments Department and remains a Board Member at ANB Invest. It is worth noting that Mr. Al-Mubarak joined Arab National Bank in June 2007 and headed the brokerage department at ANB Invest before being appointed as its CEO in September 2014.

Mr. Al-Mubarak holds a Political Science Degree from the King Saud University in Riyadh-KSA.

Other positions and membership

- Member of the Board of Directors of Arabian Heavy Equipment Lease co.

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 ANB Invest's business, organize and direct its affairs and formulate its strategies in order to achieve its business objectives. The Board of Directors, in the performance of its duties, exercises all these powers and performs all such acts in accordance with ANB Invest's by-laws and all relevant laws, regulations and corporate governance standards.

Board of Directors meetings attendance details

Name	Position	6 Apr, 2021	27 Jun, 2021	21 Oct, 2021	11 Jan, 2022
Raied A. Al-Seif	Chairman of Board of Directors	✓	✓	✓	✓
Zuhair S. Al-Herbish	Vice Chairman of Board of Directors & Non Executive	✓	✓	✓	✓
Sami A. Al-Omran	Independent Member	✓	✓	✓	✓
Obaid A. Al-Rasheed	Non-Executive Member	✓	✓	✓	✓
Fahad A. Al-Kadi	Non-Executive Member	✓	✓	✓	✓
Bassam R. Al-Mubarak	Non-Executive Member	✓	✓	✓	✓

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 the specific terms of reference approved by the Board.

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

Audit Committee

The Audit Committee consists of 3 members, including two non-executive members and one independent member of the Board of Directors. The Audit Committee assists the Board in discharging its responsibilities for financial reporting, internal control and the relationship with the external auditors.

Name	Position and Roles	Position
Fahad A. Al-Kadi	Chairman	Mr. Fahad is a member of ANB Invest's Board of Directors.
Latifa Al Sabhan	Member	Ms. Latifa holds the position of Chief Financial Officer at Arab National Bank.
Mohammed Al Moghaiwli *	Independent Member	Professor at the Accounting Department at King Saud University - specializing in financial analysis and auditing.

* Mohammed Al Moghaiwli resigned from Audit Committee member role on 29 December, 2021 and was replaced by Ms. Samra Al Kuwaiz

The duties and responsibilities of the committee include the following:

- Supervising ANB Invest's internal audit function, in-house or outsourced to Arab National Bank's internal auditor, to ensure its effectiveness.
- Reviewing the internal audit work programme, 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 ANB Invest'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 2021.

Name	Position	22 Mar, 2021	17 Jun, 2021	11 Oct, 2021	21 Dec, 2021
Fahad A. Al-Kadi	Chairman of Audit Committee	✓	✓	✓	✓
Latifa Al Sabhan	Member	✓	✓	✓	✓
Mohammed Al Moghaiwli.	Independent Member	✓	✓	✓	✓

Risk Management Committee

The Board Risk Committee consists of 6 members who meet twice a year or more, if required.

Name	Position and Roles	Position
Khalid S. Al Ghamdi	Chairman	Mr. Khalid S. Al Ghamdi holds the position of CEO of ANB Invest.
Bilal Raghib	Member	Mr. Raghib holds the position of Chief Operating Officer at ANB Invest.
Randa Al-Jarboua	Member	Ms. Randa holds the position of Head of Compliance and Anti-Money Laundering at ANB Invest.
Loay Al-Salman	Member	Mr. Al-Salman holds the position of Chief Financial Officer at ANB Invest.
Kashif UI Haq Khan	Member	Mr. Kashif Al-Haq is Head of Operations Risk Management at Arab National Bank.
Muhammed Sajid	Member	Mr. Sajid holds the position of Head of Credit Risk at Arab National Bank.

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

- Reviewing risk management processes on regular basis which identify, measure, control and monitor risks within ANB Invest and annually reporting to the Board on the adequacy of such processes.
- Reviewing and approving ANB Invest'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.

The Committee held (2) meetings during the year 2021

Name	Position	26 May, 2021	29 Dec, 2021
Khalid S. Al Ghamdi	Chairman of the Committee	✓	✓
Bilal Raghib	Member	✓	✓
Randa Al-Jarboua	Member	✓	✓
Loai Al-Salman	Member	✓	✓
Kashif UI Haq Khan	Member	✓	✓
Muhammed Sajid	Member	✓	✓

Nominations and Remunerations Committee:

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

Name	Position and Roles	Position
Obaid A. Al-Rasheed	Chairman	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 held several leadership positions at the bank.
Zuhair S. Al-Herbish	Member	Mr. Zuhair holds the position of Head of Legal Affairs Department at Arab National Bank
Bader AlOtaibi	Member	Mr. Badr holds the position of Head of Human Resources at the 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 so as 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.

The committee held (2) meetings for the fiscal year related to the year 2021:

Name	Position	27 Oct, 2021	26 Dec, 2021
Obaid A. Al-Rasheed	Chairman of the Committee	✓	✓
Zuhair S. Al-Herbi	Member	✓	✓
Bader AlOtaibi	Member	✓	✓

Compliance and Anti-Money Laundering Committee

The Compliance and Anti-Money Laundering Committee consists of 8 members who meet four times a year or more, if required.

Name	Position and Roles	Position
Mazin Malki	Chairman	Mr. Mazen holds the position of Head of Compliance and Anti-Money Laundering at Arab National Bank.
Khalid S. Al Ghamdi	Member	Mr. Khalid S. Al Ghamdi holds the position of CEO of ANB Invest.
Majed N. Al-Otaibi	Member	Mr. Al-Otaibi holds the position of Head of Asset Management at ANB Invest.
Bilal Raghib	Member	Mr. Raghib holds the position of Chief Operating Officer at ANB Invest.
Randa Al-Jarboua	Member	Ms. Randa holds the position of Head of Compliance and Anti-Money Laundering at ANB Invest.
George Oueijan	Member	Mr. Oueijan holds the position of Head of Corporate Finance Department at ANB Invest.
Abdulrahman Alnami	Member	Member of the Compliance Department of the Arab National Bank - assigned by the Board of Directors
Waleed Alomary	Member	A representative from the internal audit team of Arab National Bank.

The committee held (4) meetings during the year 2021:

Name	Position and Role	10 Mar, 2021	14 Jun, 2021	20 Sep, 2021	16 Dec, 2021
Mazin Malki	Chairman of the Committee	✓	✓	✓	✓
Bassam R. Al-Mubarak*	Member	✓	-	-	-
Khalid S. Al Ghamdi*	Member	-	✓	✓	✓
Majed N. Al-Otaibi	Member	✓	✓	✓	✓
Bilal Raghib	Member	✓	✓	✓	✓
Randa Al-Jarboua	Member	✓	✓	✓	✓
George Oueijan	Member	✓	✓	✓	-
Abdulrahman Alnami	Member – Member from ANB Compliance Department	✓	✓	✓	✓
Waleed Alomary	Member – Chief of Internal Audit of ANB	-	✓	✓	✓

*Mr. Bassam R. Al-Mubarak stepped down from his role as CEO of ANB Invest and was replaced by Mr. Khalid S. Al Ghamdi

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

- Ensuring that appropriate policies and procedures are in place.
- Safeguarding ANB Invest'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 ANB Invest'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 membership includes:

Name	Position and Roles	Position
Obaid A. Al-Rasheed	Chairman	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 held several leadership positions at the bank.
Fahad A. Al-Kadi	Member	Mr. Fahad is a member of ANB Invest's Board of Directors.
Khalid S. Al Ghamdi	Member	Mr. Khalid S. Al Ghamdi holds the position of CEO of ANB Invest.

The committee did not hold any meeting in 2021 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 and orderly disposal, related to such assets.

Principal Investment Committee

The membership of the committee includes:

Name	Position and Roles	Position
Raied A. Al-Seif	Chairman	Mr. Raied A. Al-Seif is Chairman of the Board of ANB Invest.
Khalid S. Al Ghamdi	Member	Mr. Khalid S. Al Ghamdi holds the position of CEO of ANB Invest.
Kamal Khodr	Member	Mr. Kamal Khodr is Chief Risk Officer at Arab National Bank.

On 21 October 2021, Board of Directors appointed Mr. Kamal Khodr, Chief Risk Officer at the Arab National Bank as a member of the Principal Investment Committee to replace Mr. Majed Al-Otaibi, Head of Asset Management at ANB Invest.

No meeting was held during the year 2021 and all investment proposals were approved by circulation 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 of any security in the Kingdom of Saudi Arabia or the GCC countries.
- Review ANB Invest's investment activities and performance.
- Recommending to the Board of Directors any changes investment limits.

Executive Credit Committee

The Executive Credit Committee members includes Mr. Raied A. Al-Seif (independent member and committee chairperson), Mr. Zuhair S. Al-Herbish/Mr. Bassam AlMubarak (non-executive committee member), and Mr. Khalid S. Al Ghamdi (committee member).

The committee meetings are held through circulation and [20] transactions were forwarded for margin financing for approval during the year 2021. The following is the summary of key responsibilities and functions of the committee:

- Setting credit limits for other committees.
- 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 Top Five Senior Executive remuneration report

Directors' Remuniratoin

Statement	Executive Board Members*	Non-Executive Board Members	Independent Board Members
Allowance for attendance of the board of directors' sessions	-	-	370,000
Allowance for attendance of the committees' sessions	-	-	-
Periodic and annual remunerations	-	-	-
Incentive plans	-	-	-
Any compensations or other in-kind benefits paid monthly or annually	-	-	-
Total	-	-	370,000

*As members of the board of directors.

1. According to the Company's regulations, non-independent board members (executive and non-executive) do not receive any remuneration for their membership in the board.
2. Only independent members of the Board received remuneration for their membership in the Board.

Top Five Executives' Remuneration

Statement	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	6,761,886
Allowances	2,463,716
Periodic and annual remunerations	4,900,000
Incentive plans	-
Commissions	-
Any compensations or other in-kind benefits paid monthly or annually	1,038,385
Total	15,163,987

*Five 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 2021, margin credit facilities for local share trading for a period of 12 months were extended to Mr. Bassam R. Al-Mubarak and Mr. Fahd A. Alkadi (both non-executive and non-independent members) with a value of SAR 10 million and SAR 8 million, respectively. The average utilization of the facilities granted amounted to Mr. Bassam R. Al-Mubarak and Mr. Fahad A. Alkadi amounted to SAR 6 million and SAR 2.6 million, respectively, during the year.

Furthermore, margin credit facilities for local share trading were granted to the Chairman of the Board of Directors, Mr. Raed Ali Al-Saif with a value of SAR 5 million. The average utilization of the facilities granted amounted to SAR 3.8 million.

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 above mentioned until 31 December, 2021, and the facilities granted to them were approved by the Company's Executive 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 and the Chief Financial Officer or any related person has any business or contracts to which ANB Invest 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

The Directors have overall responsibility for the Company's internal controls and for ensuring their ongoing effectiveness to achieve the Company's strategic objectives. The Company has adopted an integrated framework for internal control as recommended by CMA. Senior management is responsible for developing and implementing the internal control processes and reviewing their adequacy and effectiveness.

Together with other relevant board committees, the Audit Committee provides comfort to the Board about the ongoing effectiveness of the Company's internal control systems.

Although the internal control systems have been effectively designed, the continuous development and improvement of the systems evidence the management's willingness to address any gaps in such systems.

Internal Audit Department

In accordance with the service level agreement, the Internal Audit Department of Arab National Bank regularly reviews the effectiveness of internal controls of all business units and departments ensuring compliance with the statutory requirements and the approved policies and procedures of the Company.

The Internal Audit Department reviews are performed in accordance with a risk-based assessment methodology taking into consideration organizational and other relevant risks within the activities of business units. All control weaknesses are highlighted based on risk category in the internal audit report along with necessary remediation plans, and the findings are submitted to the senior management and compliance management for their necessary actions.

Internal audit reports containing material findings are submitted to the Audit Committee through semi-annual reports. All business units of the Company exert efforts to improve the control environment by executing procedures to prevent and remediate control deficiencies. Each business unit, under the oversight of the Company's senior executive management, is entrusted with the task of monitoring the corrective actions that are carried out to address the deficiencies in the control systems that have been identified by the internal and external auditors.

The Audit Committee monitors the adequacy and effectiveness of the internal control system to ensure that the identified risks are addressed appropriately and in a timely manner to protect the interests of the Company and its stakeholders.

Compliance Department and Anti-Money Laundering

The Compliance and Anti-Money Laundering Department works closely with the Risk Department, the Internal Audit Department and other control departments to monitor the Company's activities in order to achieve an effective control system. Risks are assessed from an overall or holistic perspective. All relevant functions then work on their individual initiatives while collaborating with other efforts, ensuring a joint effort to mitigate risks related to non-compliance.

The Compliance and Anti-Money Laundering Department is subject to independent periodic reviews by the Internal Audit Department to ensure that it carries out the responsibilities and duties entrusted to it under the annual compliance program. 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 design, develop, evaluate and manage organizational and business risks, monitor those risks, and report to the Risk Management Committee and senior management. The concerned business units document and follow the design and accordingly manage the risks, identify and document controls, and evaluate and self-assess the effectiveness of those controls.

The concerned business units, in coordination with the Risk Management Department, identify their key risk indicators ("KRIs"), so that those risks are evaluated and categorized into high, medium and 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 Arab National 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 Company's operations and activities.
- Promote awareness and understanding of business continuity requirements among Company employees.

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

The Audit Committee and the Risk Management Committee supervise, follow up and review the internal control systems on an ongoing basis and work to inform the Board of Directors of the steps taken in this regard, which contributes to enabling the Board to assess the effectiveness of the internal control systems.

The Audit Committee and the Risk Management Committee review the reports related to the Company's internal control systems, the most important of which are the reports of the Internal Audit Department, Risk Management and Compliance Department. Through its meetings with the heads of these departments, the Audit Committee and Risk Management Committee assess the effectiveness of the procedures performed and discusses the contents of periodic department reports. The two committees communicate the results of the reports prepared by the various departments to the Board of Directors.

Based on the results of the continuous evaluation of the internal controls related to business continuity that the Company carried out during the year 2021, 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.

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

- Assess the appropriateness of the policies adopted by the Company considering the requirements of the CMA and other regulatory bodies.
- Discuss 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, 2021, 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, 2021.

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, and credit risk and investment holding period risk arising from the financial instruments that it holds.

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 economic environment.

Monitoring and controlling risks is primarily set up to be performed 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 of the Company. In addition, the Board monitors and measures the overall risk in relation to the aggregate risk exposure across all risk type 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 2021.

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 maximum risk resulting from financial instruments equals their fair value. 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 those risks through compliance programs.

Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in raising funds to meet commitments associated with financial instruments. 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 any future commitments, and financing facilities are available.

For more information and details related to risks and the policy for managing and monitoring these risks, you can refer to the Company's website (www.anbinvest.com.sa) within the third pillar disclosures.

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 21 Sha'ban 1443 AH – 24 March 2022.

Please also refer to the Company's website www.anbinvest.com.sa for the independent auditor's report and audited financial statements with related notes for 2021 and 2020.

Related party balances

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

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

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

Description	Dec 31, 2021	Dec 31, 2020	Duration	Nature and terms of business
Assets				
Cash & Cash Equivelant and investments includes:				
Current account	18,284,789	19,839,655	Indefinate	Company's current accounts with ANB
Demand deposits	216,957,795	108,127,723	Indefinate	Company's savings accounts with the ANB
Fee Receivables includes:				
Fees from mutual Funds	18,896,209	24,147,538	Indefinate	Management fees of funds managed by the company
Other receivables from managed funds	177,894	15,590,903	Indefinate	Other receivables from managed funds
Income from corporate finance fees from ANB	1,559,063	2,421,563	Indefinate	Credit and strategic advice to the ANB under a service provision agreement and advisory agreements that are subject to termination by either party
Special commission income from ANB	547,916	423,440	Indefinate	Special commission on demand deposit with ANB

Section 3
Other Information

Transactions with related parties included in the financial statements:

Description	31 Dec, 2021	31 Dec, 2020	Duration	Nature and terms of business
Operating income:				
Fees includes:				
Income from bank	6,667,038	4,714,124	Indefinite	Fees received by the company for managing private portfolios of the ANB under a portfolio management contract
Corporate finane income from ANB	2,550,000	4,350,000	Indefinite	Credit and strategic advice to the ANB under a service provision agreement and advisory agreements that are subject to termination by either party
Special commission income	10,464,625	13,898,700	Indefinite	Special commission on demand deposit with ANB
Advisory fee	10,000,000	50,300,500	Indefinite	Consulting services for transactions with ANB or investment funds under a service level agreement and advisory agreements that can be terminated by either party
Expenses				
Shared service cost allocated by ANB	(6,422,844)	(6,422,844)	Indefinite	Cost of administrative and support services provided by various department of ANB under service provision agreements*
Fees of independent board members & committees	(370,000)	(370,000)	Defined by Companies' law	Meeting Fees and compensation for independent board members and sub-committees
Salaries and related benefits for key management	(15,893,234)	(14,865,729)	Indefinite	Salaries of senior company executives

Service Level Agreements:

The Company has entered into a major service level agreement with Arab National Bank (the parent company), which covers aspects related to information technology, information security, human resources, finance, operations, business continuity, legal affairs, internal audit, risk management, property management, marketing consultancy, Islamic banking, counterparty risk analysis, archiving, and application of tax compliance law requirements (FATCA & CRS) and keeping the Company's policies and procedures through the (NetConsent) system. We have also entered into service level agreements with a number of other third parties in connection with Custody, Due Diligence, Know Your Customer and other services.

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	SR'000
Tadawul brokerage fees	69,139
Zakat for Saudi shareholders	24,010
Income tax for non-saudi shareholders	13,743
GOSI charges	2,462
CMA license Fees	200
Tadawul license Fees	205
Withholding tax	79
CMA fees for employee registration	40
Ministry of Commerce registration fees	26
Total	109,904

Fines and Penalties

The Company conducts its activities in accordance with the CMA and its implementing regulations. During the year ended 31 December, 2021, there were no penalties or fines imposed on the Company by CMA.

Borrowings

The Company does not have any borrowings from any bank. However, the Company maintains a credit line with Arab National Bank of SAR 1 billion to finance any credit requirements for margin lending purposes.

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.

Pillar III Disclosure

These disclosures were prepared in accordance with the requirements of the capital adequacy rules, and according to the prescribed formula the CMA published regarding the quantitative and qualitative disclosures related to the Pillar III. To view the disclosures, please visit the Company's website link at www.anbinvest.com.sa.

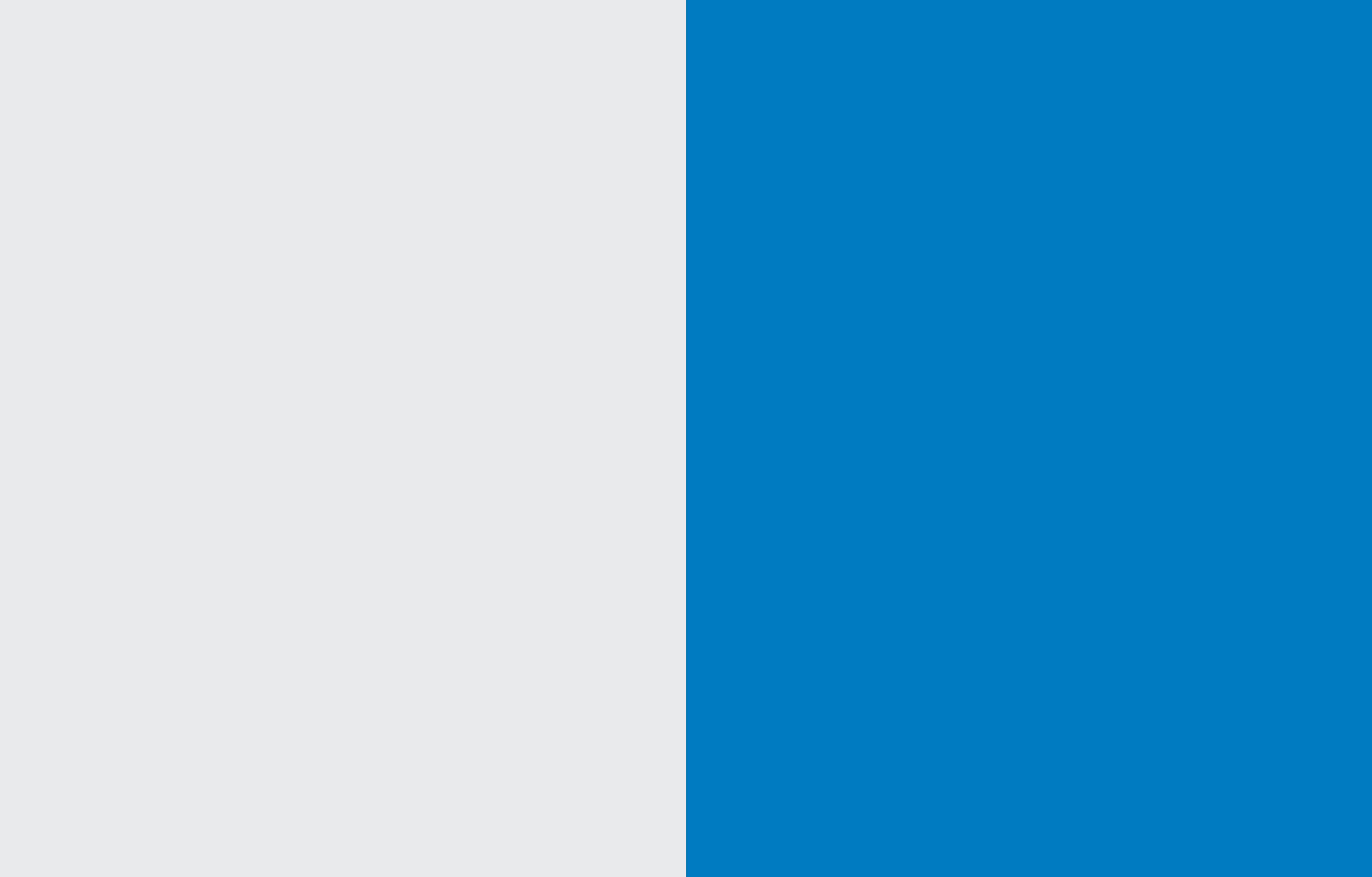
Audited Financial Statements

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 Chartered and Professional 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 Extra Ordinary General Assembly held on 17 Dhul Hijjah 1442 corresponding to 27 June, 2021, the Assembly agreed to appoint Messrs. Ernst & Young as the Company's external auditor for the fiscal year 2021, noting that the certified accountant's report did not include any qualification or reservations on the annual financial statements.





العربي للاستثمار
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