



Board of  
Directors  
Report  
2018

## Introduction

Bank Aljazira here-in-after referred to as “the Bank” or “BAJ” is a joint Stock Company incorporated in the Kingdom of Saudi Arabia and formed pursuant to Royal Decree No. 46/M dated Jumad Al-Thani 12, 1395H (i.e. June 21, 1975). The Bank commenced its business on Shawwal 16, 1396H (i.e. October 9, 1976) with the takeover of the National Bank of Pakistan’s (NBP) branches in the Kingdom of Saudi Arabia and operates under commercial registration No. 4030010523 dated Rajab 29, 1396H (i.e. July 27, 1976) issued in Jeddah. The objective of the Bank is to provide a full range of Shari’ah compliant banking products and services comprising of Murabaha, Istisna’a, Ijarah and Tawarruq, which are approved and supervised by an independent Shari’ah Board.

The Bank is recognized as one of the leading Shari’ah compliant fast growing financial institution in Saudi Arabia, client-driven and service oriented Saudi Financial group which provides individuals, businesses and institutions with innovative Shari’ah compliant financial services through professional and dedicated staff.

The authorized, issued and fully paid share capital of the Bank consists of 820 million shares of SAR 10 each.

## Five-year financial highlights

Table below depicts the five year historical financial performance of the Bank:

Financial highlights					
In SAR millions, except where indicated)	2014	2015	2016	2017	2018
Loans and advances, net	41,245	42,174	42,099	39,790	40,897
Total assets	66,554	63,264	66,319	68,287	73,003
Customer deposits	54,569	49,765	51,602	50,278	51,804
Total Liabilities	60,396	55,851	58,216	59,459	61,759
Shareholders’ equity	6,158	7,413	8,104	8,829	11,244
Net income	572	1,287	872	858	1,000
Total Operating income	2,226	2,922	2,519	2,580	2,718
Net income growth (%)	(12.01)	124.84	(32.26)	(1.65)	16.65
Total Operating income growth (%)	21.04	31.23	(13.79)	2.43	5.36
Return on average equity (%)	9.63	18.97	11.24	10.13	9.97
Return on average assets (%)	0.90	1.98	1.35	1.27	1.42
Earnings per share (SR)	1.01	2.27	1.54	1.51	1.33

**Note:** The Earnings per Share have been retrospectively adjusted for prior periods to reflect the effect of the changes in weighted average number of shares due to bonus shares issued in 2017 and due to bonus element included in the right shares issued during the current year.

**Loans and Advances, net:** totaled SAR 40.9 billion at the year-end, registering an increase of 2.8% compared to SAR 39.8 billion in 2017. The Bank continued to further diversify the loan portfolio over various economic sectors and broadened the client base, thus lowering the risk concentration.

**Placements with Other Banks and Other Financial Institutions:** Total outstanding at the end of 2018 were SAR 1.3 billion versus SAR 369 million in 2017. This is a short term activity and represents the day to day liquidity / cash flow management.

**Investments Book:** The investment portfolio comprises of Sukuks, investment in equities and mutual funds. Total portfolio at the year-end was SAR 24.1 billion versus SAR 20.4 billion in 2017, increased by 18.1%. This increase is mainly due to investment in government Sukuks.

**Total Assets:** reached SAR 73 billion in 2018, as compared to SAR 68.3 billion in 2017, representing an increase of 6.9%.

**Customer Deposits:** increased by 3%, reaching SAR 51.8 billion in 2018, as compared to SAR 50.3 billion in 2017. The increase is mainly associated with the increase in Demand deposits by 6.5 % from 25 billion to 26.6 billion.

**Total Liabilities:** reached SAR 61.8 billion in 2018, as compared to SAR 59.5 billion in 2017, representing an increase of 3.9%.

## Geographical Analysis of Income

The table below depicts region-wise analysis of the total operating income of the Bank. The operating profit of Aljazira Capital (100 % subsidiary of the Bank) for the year ended amounted to SAR 172 million and is included below in groups total operating income:

Regions	Central	Eastern	Western	Head office	Total
SAR in 000's					
Total Groups Operating Income	1,036,822	417,394	62,872	1,201,010	2,718,098

## Main Business Segments/Sectors

The Bank's activities comprises mainly of the following business lines:

<b>Personal banking</b>	Deposit, credit and investment products for individuals.
<b>Corporate banking</b>	Loans, deposits and other credit products for corporate, small to medium sized business and institutional customers.
<b>Treasury</b>	Treasury includes money market, foreign exchange, trading and treasury services.
<b>Brokerage and asset management</b>	Provides shares brokerage services to customers (this segment includes the activities of the Bank's subsidiary Aljazira Capital Company).
<b>Takaful Ta'awuni</b>	Provides protection and saving products services. As required by the Insurance Law of Saudi Arabia, the Group has spun off its insurance business in a separate entity named Aljazira Takaful Ta'awuni Company (ATT). Current segment represents the insurance portfolio which will be transferred to ATT at an agreed value and date duly approved by SAMA.
<b>Others</b>	Others include investment in associate, inter segment income and expense eliminations and gain on sale of other real estate.

Table below depicts total operating income, total operating expenses, and net profit for each sector:

2018 (SR'000)	Personal Banking	Corporate Banking	Treasury	Brokerage and Asset Management	Takaful Ta'awuni	Others	Total
Total operating income	1,238,830	433,391	1,092,328	172,135	19,140	(237,726)	2,718,098
Total operating expenses	(886,675)	(380,059)	(299,096)	(137,638)	(28,144)	3,393	(1,728,219)
Share in profit of associates	-	-	-	1,490	-	8,938	10,428
Net income/(loss)	352,155	53,332	793,232	35,987	(9,004)	(225,395)	1,000,307

## Subsidiaries and Associates

Following table summarizes the names of every subsidiary/associate, its share capital, the Bank's ownership percentage in it, its main business, its principal country of operation and its country of incorporation as at 31st December 2018:

Subsidiaries / Associates	Country of incorporation	Country of operation	Nature of business	Share Capital	Ownership
<b>Subsidiaries:</b>					
Aljazira Capital Company	Saudi Arabia	Saudi Arabia	Brokerage, margin financing and asset management	SAR 500 million	100%
Aman Development and Real Estate Investment Company	Saudi Arabia	Saudi Arabia	Holding and managing real estate collaterals on behalf of the Bank	SAR 1 million	100%
Aman Insurance Agency Company	Saudi Arabia	Saudi Arabia	Acting as an agent for bancassurance activities on behalf of the Bank	SAR 500 Thousand	100%
Aljazira Securities Limited	Cayman Islands	Saudi Arabia	Carry out Shari'ah compliant derivative and capital market transactions	Authorized capital: 50,000 USD Paid up capital: 100 USD	100%
<b>Associate:</b>					
Aljazira Takaful Ta'awuni Company	Saudi Arabia	Saudi Arabia	Fully Shari'ah compliant protection and saving products	SAR 350 million	35%

The issued share capital of Aljazira Capital amounts to SAR 500 million comprising of 50 million shares of SAR 10 each. The issued share

capital of Aman Development and Real Estate Investment Company amounts to SAR 1 million comprising of 100 shares of SAR 10,000 each. The issued share capital of Aman Insurance Agency Company amounts to SAR 500 Thousands comprising of 50 thousand shares of SAR 10 each. The authorized capital of AlJazira Securities Limited Company amounts to USD 50,000, and its paid up capital is USD 100 comprising of 100 shares of USD 1 each. The issued share capital of Aljazira Takaful Ta'awuni amounts to SAR 350 million comprising of 35 million shares of SAR 10 each.

## Banks Profitability and growth in Financial Assets and Liabilities

The Bank has recorded a net profit of SAR 1,000.3 million for the year ended December 31, 2018. This represents an increase of SAR 142.8 million or 16.7 % compared to SAR 857.5 million for the same period in 2017. Net income has increased by 16.7% mainly due to an increase in operating income by 5.4%. This increase in operating income is mainly attributable to an increase in net special commission income by SAR 120.7 million, or 6.6% from SAR 1,817.6 million to SAR 1,938.3 million and net exchange income by SAR 42 million, or 28% from SAR 149.8 million to SAR 191.8 million. The effect of this increase was partially offset by decrease in fee and commission income (net) by SAR 17.4 million, or 2.9% from SAR 600.9 million to SAR 583.5 million. Earnings per share were SAR 1.33 for the year ended 31 December 2018 against SAR 1.51 for the same period last year, the decrease is due to an increase in weighted average number of shares due to right issue of 300 million share during the year.

Total assets were SAR 73 billion at 31 December 2018, compared with SAR 68.3 billion at 31 December 2017, an increase of 6.9 % or SAR 4.7 billion. Net loans and advances to customers amounted to SAR 40.9 billion at 31 December 2018, with an increase of SAR 1.1 billion, or 2.8 %, from SAR 39.8 billion at 31 December 2017. The Bank's investment portfolio totaled SAR 24.1 billion at 31 December 2018, an increase of SAR 3.7 billion or 18.1 % compared with SAR 20.4 billion at 31 December 2017. Total liabilities were SAR 61.8 billion at 31 December 2018, compared with SAR 59.5 billion at 31 December 2017, an increase of 3.9 % or SAR 2.3 billion. Customer deposits totaled SAR 51.8 billion at 31 December 2018, increase of SAR 1.5 billion, or 3.0 %, compared with SAR 50.3 billion at 31 December 2017. Subordinated Sukuk totaled SAR 2.0 billion at 31 December 2018.

## Borrowings and Sukuk in issue

In the context of normal business practices, the Bank exchanges borrowings and funds with banks and SAMA, in accordance with the commission rate accepted in the market and are appropriately disclosed in the consolidated financial statements of the Bank.

### SAR 2,000 million 10 year subordinated sukuk

On June 2, 2016, the Bank issued 2,000 Subordinated Sukuk Certificates (Sukuk) of SR 1 million each, with a profit distribution rate based on 6 month Saudi Inter-Bank Offered Rate (SIBOR), reset semi-annually in advance, plus a margin of 190 basis point per annum and payable semi-annually in arrears on June 2 and December 2 each year until June 2, 2026, on which date the Sukuk will expire. The Bank has a call option which can be exercised on or after June 2, 2021 on meeting certain conditions and as per the terms mentioned in the related offering circular. The Sukuk may also be called upon occurrence of certain other conditions as per the terms specified in the offering circular. These Sukuk are registered with Saudi Stock Exchange (Tadawul).

As at	
31 December 2018	
	SAR'000
SAR 2,000 million 10 year subordinated sukuk	2,000,000
<b>Total</b>	<b>2,000,000</b>

## Borrowing from Banks

Total outstanding at the end of 2018 were SAR 6.4 billion versus SAR 6.2 billion in 2017, higher by 4.1%. This is a short term activity and represents day to day liquidity / cash flow management.

## Staff Benefits and Schemes

Compensation and benefits levels and amounts are determined by conducting periodic salary benchmark surveys and through other means of market pay intelligence, in order to enable the Bank to keep abreast of the local and regional market conditions relating to bank staff employed in the Kingdom, which are contrasted to cyclical performance levels, and mitigated for any associated risks.

The distribution of compensation is composed of a pay mix of fixed and variable pay, allowances, periodic meritorious reward schemes and non-cash benefits in line with the standards and norms for the financial services industry in the Kingdom of Saudi Arabia.

According to the Labor Law of the Kingdom of Saudi Arabia and the Bank's internal policies, staff end of service benefits are due for payment at the end of a staffer's service period. The total accrued amount of End of Service Benefits outstanding at the end of December 2018 totaled SAR 266 million.

## Key Risks faced by the Bank

Bank Aljazira (BAJ) has adopted a fair, transparent and prudent approach towards Risk Management and thus continues to invest into building an infrastructure that is able to proactively identify, assess, measure and control the risks the Bank is faced with on an Enterprise

Wide basis. As a core risk management practice, the management keeps a close track of the top and emerging risks that are expected to emanate and challenge not only the International economies and financial markets but also their ripple effects on the Saudi Economy and thus the Financial Industry.

### Some of the most prominent regional and global issues during the year have been:

- Oil exports rose to record high as the kingdom made efforts to maintain oil market stability as it seeks to compensate for supply shortages after the United States imposed sanctions on exports in some countries. However, as a result of subsequent lifting of sanctions on oil exports in eight countries, oil prices falls again.
- Economic growth is expected to pick up given strong fiscal stimulus and diversification efforts to support the non-oil economy.
- External risks include further oil price falls due to a global oil supply glut, as the world's top three producers operate at record levels.
- Greater trade protectionism and a synchronized slowdown in global growth could also reduce demand for oil, leading to a further fall in prices.

### 1. Maintenance of Capital Adequacy:

Management ensured that the Bank continues to maintain adequate levels of quality capital, allowing it to support and maintain the envisaged growth in Risk Weighted Assets (RWA) and also meet the regulatory capital adequacy expectations. In this regard, the Bank has implemented a detailed and well thought out capital enhancement strategy, which takes into consideration underlying advantages, limitations, cost of capital generation and implementation timelines. The right issue during the year by the Bank signify Bank's efforts towards enhancing and strengthening its capital base.

In its endeavor to fortify the Bank's capital position, the management continues to remain at work and has chosen the optimal scenarios which would ensure not only the quantity of capital but also the quality of the capital whilst meeting the regulatory expectations.

### 2. Liquidity Management:

One of the key risks emanating from the recent global events and their impact on the regional and local financial markets has been the generation of liquidity / funds at a cost that does not outweigh the inflow of economic benefits derived from the financed assets. BAJ's management is cognizant of its liquidity requirements after taking into consideration the current and planned business requirements and has put in place a robust liquidity management framework which ensures a proactive identification of current and assessed liquidity requirements and gauges the same against the cost of such liquidity. The Bank's ALCO team remains focused on ensuring that the funding / liquidity remains at reasonable costs providing the Bank an opportunity to finance the growth of high yielding assets. The Bank has also implemented a comprehensive ILAAP (Internal Liquidity Adequacy Assessment Process) regime in accordance with regulatory mandate. ILAAP primarily focuses on the Bank's Liquidity Risk Assessment, Governance structure, associated strategies and contingency arrangements to deal with liquidity crunches.

### 3. Asset Quality:

Since January 2018 when IFRS-9 kicked in, the Implementation of IFRS 9 is unlikely to provide any further noticeable impact on the assets of the banks throughout the Kingdom. The Bank has therefore, focused on ensuring that the quality of assets, across its lines of businesses remains of a satisfactory quality, thus rationalizing any unwarranted classifications, provisioning and / or write-offs. The Bank has remained selective across all business segments and has approached its target customer segments with a well-defined approach based on:

- A clearly defined Credit Policy.
- Well defined Target Market, and Risk Acceptance Criteria
- Identified industry segments in terms of risks, rewards, regulatory requirements and their performance trends.
- Risk Appetite Framework to ensure risk associated with a particular Business line is duly reflected in the underlying Risk Appetite Matrices to be monitored, reviewed and reported in accordance with Board approved limits.
- Maintenance of a Target Obligor Risk Rating across its business segments and portfolios to ensure that the same supports the planned asset quality growth, probability of default and cost of credit estimates. The Bank has implemented IFRS-9 through a structured approach to adopt IFRS-9 Expected Credit Losses (ECL) framework in line with the regulatory mandate.

### Market Risk Management

The Bank's willingness to accept risk is influenced by various factors including market volatility, business direction, macroeconomic and subjective factors. This is managed and contained through relevant market risk limits and policies governed under the approved risk management framework and regulatory compliance. The Bank continuously monitors its market risk by quantifying its capital requirement, profit rate risk, currency risk and by ensuring that its Treasury Business operates within its respective limits. Market Risk is subject to the following drivers:

- Capital Adequacy Ratio (CAR)
- Liquid Assets Ratio

- Net Stable Funding Ratio (NSFR)
- Liquidity Coverage Ratio (LCR)
- Loan-to-Deposit Ratio (LDR)
- Concentration of Funding Sources
- Market Risk Factors

## Market Risks

Market risk is the risk that the fair value or the future cash flows of a financial instrument will fluctuate due to changes in market variables such as equity prices, profit rates, foreign exchange rates, and commodity prices.

## Management of Market Risks

Delegated by the Board, the Market Risk Policy Committee (MRPC) is responsible for the policies, limits and controls used in managing market risks. The Bank has an approved Market Risk Policy and Treasury Limits Package that clearly defines policies, procedures, and limits of market risk exposures.

The primary objective is to manage volatility in earnings and highlight the market risk and liquidity risk profile to Senior Management, Management Risk Committee, Asset and Liability Committee (ALCO), Board Risk Committee (BRC), the Board of Directors and SAMA.

## Foreign Exchange Risks

Foreign Exchange risk is the risk that financial assets that are denominated in foreign currency lose value, or financial liabilities that are denominated in foreign currency gain value. The MRPC has set limits on net open positions by currency. There are limits for USD, Other G10 Currencies, GCC Currencies, and currencies in other regions. The Bank has negligible exposure in foreign exchange because its assets and liabilities are mainly denominated in Saudi Riyals (SAR) and to a limited extent in United States Dollars (USD) or in USD-pegged currencies.

## Equity Price Risk

Equity price risk refers to the risk of a decrease in fair values of the Bank's investments in equities. The Bank's portfolio of securities is regularly marked to market and positive/negative changes are taken into the Bank's equity or income statement.

## Capital Treatment for Market Risk

Bank Aljazira computes the minimum capital requirements against market risk using the Standardized Approach. The capital serves as a financial buffer to withstand any adverse market risk movements. Profit rate risk and liquidity risks are covered under BASEL Pillar 2 risk assessments which are the primary risk factors experienced in the Bank's activities.

## Stress Testing

The Bank performs Stress Testing semi-annually to further evaluate potential losses. By evaluating the size of the unexpected losses, the Bank is able to understand the risk profiles and potential exposures to unlikely but plausible events in abnormal market conditions using multiple scenarios, and undertake the appropriate measures. Given the current economic environment, a broad spectrum of scenarios including liquidity and impact on sources of funding are considered in line with applicable regulatory guidelines. These scenarios are updated and may be redefined on an ongoing basis. The Stress Test results are reported to Senior Management, Board Risk Committee, Management Risk Committee, the Board and SAMA to facilitate and manage risk with more transparency.

## Liquidity Risk

Liquidity risk is the risk that the Bank will encounter difficulty in meeting obligations associated with its financial liabilities that are settled by delivering cash or other financial assets. Liquidity risk can be caused by market disruptions or credit downgrades, which may cause certain sources of funding to dry up. To mitigate this risk, management actively pursues the diversification of funding sources, assets are priced taking liquidity into consideration while the Bank maintains an adequate balance of cash and cash equivalents. The recent global financial crisis has resulted in a significant change in the regulation and supervision of liquidity risk in financial institutions. Arising from the Basel III liquidity risk management requirements, two ratios are used to manage liquidity risks: Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR).

## Liquidity Risk Management Approach

In terms of day-to-day liquidity management, Treasury Business Group ensures sufficient funding is available to meet the Bank's payment and settlement obligations on a timely basis. The process of managing liquidity risk also includes:

- Maintaining a sufficient amount of unencumbered high quality liquidity buffer as a protection against any unforeseen interruption to cash flow;
- Managing short term and long term cash flows via maturity mismatch report and various indicators;

- Monitoring depositor concentration at Bank level to avoid undue reliance on large fund providers;
- Diversifying funding sources to ensure proper funding mix which is also considered as part of Contingency Funding Plan (CFP) and tested on a regular basis;
- Ensuring that regulatory ratios such as SAMA Liquidity Ratio, LCR and NSFR are maintained above the required levels.
- Conducting semi-annual liquidity stress testing under various scenarios as part of prudent liquidity planning to examine the effectiveness and robustness of the liquidity plans.
- Instituting ILAAP (Internal Liquidity Adequacy Assessment Process) regime in accordance with regulatory mandate to focus on the Bank's Liquidity Risk Assessment.

All liquidity policies and procedures are governed by the Market Risk Policy Manual which is subject to review and approval every year by the Market Risk Policy Committee. In accordance with Banking Control Law and the regulations issued by SAMA, the Bank maintains a statutory deposit with SAMA equal to 7% of total demand deposits and 4% of customers' time deposits. In addition to the statutory deposit, the Bank also maintains liquid reserves of no less than 20% of its deposit liabilities in the form of cash and liquid assets which can be converted into cash within a period not exceeding 30 days. The bank is currently holding an investment portfolio, with a large portion of it comprising of SAMA Floating Rate Notes and Government Sukuk. This portfolio is considered high quality and liquid with availability of funding (up to 85-90% depending on instrument) through SAMA's repo window.

## Operational Risks

### Introduction

Operational risk is defined as the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. This definition includes legal risk, but excludes strategic and reputational risk. Operational risk has an enterprise wide presence and can arise from any activity within the Bank.

### Management of Operational Risks

The Operational Risk Framework is designed to establish an effective association between the risk management and the risk owners represented by various Business & Support groups within the Bank. Business & Support groups are responsible to manage the activities and risks within their respective groups, however processes have been established to involve the Operational Risk Division (ORD) to facilitate risk identification, measurement, assessment and control.

During the year, ORD conducted specialized data gathering through meetings with business and senior management endeavoring to gain a clear understanding of business directions by cascading the relevant business unit strategic objectives. The approach is designed to associate the management directions with the allocated operational risk appetite and the risk profile.

In preparation for and before commencing the risk identification and assessment activity across the Bank, a comprehensive risk awareness program is developed and implemented involving management, risk champions and respective risk owners.

Assessment of risks and categorizing them into levels of significance is conducted in consultation with business/ support groups to draw their attention to risks that require management attention.

The tools used to manage and monitor operational risks are as follows.

### Risk & Control Self-Assessment (RCSA)

Risk & Control Self-Assessment (RCSA) is a tool to monitor the performance of controls within a process. A risk register with controls is maintained and updated regularly as a part of this tool. The RCSA review cycle involves discussions with the business/ support groups and periodic submissions to the Management Risk Management Committee (MRC) to seek directions on risk acceptance and treatments including decision for taking actions to review and to improve the control environment.

The Bank's comprehensive RCSA program involves facilitation of workshops by ORD to identify risks and control within each business and support function level. The controls are periodically assessed to ensure the processes are functioning as per the design.

The Bank has also established a Policy and Product Review Committee to oversee the development of new or existing policies and products. Responsibility of the committee is to challenge the policy or product owners on various aspects of risks to ensure they are adequately addressed before operationalization.

### Key Risk Indicators (KRI)

Key Risk Indicators (KRI) is a metric to measure how risky a process is through early warning signals developed to indicate increasing risk exposures within the enterprise. KRI provides a trend of risk exposure by comparing it against the thresholds defined and accepted by the Bank.

KRIs for business and support groups are defined through workshops and periodically monitored by ORD. Trends highlighting risk exposures over the defined thresholds are analyzed and discussed with respective business or support groups to develop appropriate corrective action plans.

## Loss Data Management (LDM)

Loss Data Management is a centralized process to methodically record loss incidents occurring in the Bank to enable analysis of control failures and ensure such incidents do not recur.

The Bank has established an internal loss data collection process through which incidents are reported to ORD for the purpose of recording and further management reporting. A comprehensive Loss Database from 2013 till date is maintained by ORD.

## Business Continuity Management (BCM)

The bank has developed and maintained a full-fledged Business Continuity Management (BCM) program that focuses on protecting the human life and building the continuity and recovery capabilities of key processes and assets. The program is structured based on international standards, best practices and SAMA requirements & its scope extends to include:

- Crisis Management and Response
- Safety and Security
- People Continuity
- Business Recovery
- IT Disaster Recovery

The bank's BCM program is ongoing and is regularly reviewed by internal and external stakeholders. These features enhance the Bank's readiness and the capabilities to respond & manage adverse events, protect key assets. The results are minimized negative impacts, enhanced performance and reputation, and compliance to regulatory requirements.

## Outsourcing

Complying with SAMA regulations on outsourcing, ORD is involved in reviewing agreements related material outsourcing of banking activities. This involves a diligent review of operational risks and business continuity requirements that are associated with the outsourced activity.

## Measurement of Operational Risk (OR) Capital Charge

Operational Risk capital charge is calculated using the Basic Indicator Approach (BIA) as per SAMA and BASEL III regime. The BIA for operational risk capital charge calculation applies an alpha (15%) to the average of positive gross income that was achieved over the previous three years by the Bank. The Bank has an intent of migrating from BIA to the approach recommended by BCBS (Basel Committee on Banking Supervision) through its "Basel III – Finalizing post-crisis reforms" document issued in December 2017 and subsequent SAMA guidelines. The Bank is in the process of defining a road map to adopt the new approach as per the timelines suggested by the regulators.

The Bank will continue to collect loss data and map it against the business lines to establish a comprehensive Internal Loss data history before migrating to the new methodology subject to receiving SAMA's final guidelines on the same.

## Capital Adequacy under BASEL II and BASEL III

The Saudi Arabian Monetary Authority (SAMA) has been at the forefront of ensuring that the Saudi Banking Sector adopts and implements the best practices that Bank for International Settlements (BIS) proposes and has accordingly issued various guidelines to that effect. As per SAMA guidelines, BASEL III became effective January 1, 2013 and has brought significant amendments to the computation of regulatory capital and Pillar I risk weighted assets. Furthermore, the Pillar II and Pillar III requirements have also undergone an enhancement under this revised framework.

During 2017, Basel Committee on Banking Supervision (BCBS) issued comprehensive reforms to the existing Basel III framework. These new reforms seek to restore credibility in the calculation of Risk Weighted Assets (RWAs) and improve the comparability of bank's capital ratios. BCBS reforms seek revision to the standardized approaches for calculating Credit Risk, Market Risk, Credit Valuation Adjustment (CVA) and Operational Risk to bring about greater risk sensitivity and comparability. Constraints on using internal models aim to reduce unwarranted variability in banks' calculations of RWAs.

RWAs are an estimate of risk that determines the minimum level of regulatory capital a bank must maintain to deal with unexpected losses. A prudent and credible calculation of RWAs is an integral element of the risk-based capital framework. With the foregoing in mind, the Bank therefore, monitors the adequacy of its capital using standards and their underlying ratios as set and enforced by SAMA. The Bank's Internal Capital Adequacy Assessment Process (ICAAP) is designed to capture capital requirements for Pillar-II risks, on an as-is and forward looking basis while taking into consideration the Bank's current exposures and future growth plans. The ICAAP also assesses the resilience of the Bank's business and capital models under various levels of plausible and severe stress scenarios. Based on the Pillar II framework and on a fully consolidated basis, it reflects a risk centric and realistic approach to the assessment of BAJ current and planned capital requirements.

The capital adequacy disclosures have been prepared in accordance with the Basel disclosure guidelines, as issued by SAMA from time to time and as applicable to the Bank.

As a new requirement for 2018, the Saudi Arabian Monetary Authority (SAMA) requires that Banks develop the Internal Liquidity Assessment Plan (ILAAP) to be submitted by end of Q1 2018. The purpose of the ILAAP is to inform the Board of the Bank as well as the regulator of an assessment of the Bank's liquidity risks and the impact on regulatory requirements and capital, where relevant. ILAAP is



a tool that enables the Bank to systematically assess its liquidity requirements given its strategies, business plans, risks and policies. The Bank duly follows ILAAP guidelines and complies with regulatory guidelines in this regard.

## Accounting Standards

The Bank maintains proper books of accounts and records in an accurate manner. The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as modified by SAMA for the accounting of Zakat and income tax and in compliance with the provisions of Banking Control Law, the Regulations for Companies in the Kingdom of Saudi Arabia and by-laws of the Bank.

The accounting policies used in the preparation of annual consolidated financial statements for the year ended December 31, 2018 are consistent with those used in the preparation of the annual consolidated financial statements for the year ended 31 December 2017 except for changes in accounting policies due to adoption of complete version of IFRS 9 'Financial Instruments', adoption of IFRS 15 'Revenue from Contracts with Customers' and IFRS 7 (revised) 'financial instruments: disclosures'.

## Appointment of External Auditors

The External Auditors are responsible for the annual audit and quarterly review of the banks financial statements. The Bank's Annual General Meeting held on 09 May 2018 (corresponding to 23/08/1439) approved the recommendation of the Board of Directors and the Audit Committee to re appoint EY and KPMG Al Fozan and partners as the external Auditors of the Bank for the financial year ended 31 December 2018.

## Statutory Payments

The Bank has made the following payments during the year in respect of the mentioned captions:

Type of Statutory Payments	SAR in million
Zakat (related to 2017)	20.64
Income Tax (related to 2017)	2.58
Value Added Tax & Withholding Tax	55.96
Additional Zakat and withholding tax for previous years *	114.32
Advance Tax Payment for 2018	7.67
GOSI (including Bank and the employees)	75.36
Visa, Iqama and related services, etc	1.79

The zakat liability due for 2018 has been estimated at SAR 61.75 million that is attributable to Saudi shareholders. The Bank has adequate provision in the books to settle the estimated zakat liability. An amount of SAR 8.66 million has been estimated as income tax liability attributable to non-Saudi shareholders, and this will be ultimately borne by the non-Saudi shareholders themselves.

As per the Bank announcement on 20 December 2018, The Bank has reached a Settlement Agreement with General Authority of Zakat & Tax (GAZT) in order to settle outstanding Zakat liabilities for the previous years up to 2017 against a payment of amount SR 551 million, a 20% advance payment of this settlement has been made this year and the remaining amount will be paid in five equal installments during five years beginning on 1 December 2019 and ending on 1 December 2023.

\* This amount includes the amount of SAR 110.3 million as an advance payment from the Settlement Agreement with GAZT in order to settle outstanding Zakat liabilities for the previous years up to 2017.

## Penalties and Regulatory Restrictions

### Saudi Arabian Monetary Authority penalties

Subject of violation	Previous fiscal year		Current fiscal year	
	No. of Penalties	Total amount of Penalties SAR	No. of Penalties	Total amount of Penalties SAR
Violation of SAMA supervisory instructions	4	410,000	10	486,794
Violation of SAMA instructions for protecting customers	2	15,000	1	55,000
Violation of SAMA instructions related due diligence	Nil	-	2	570,000
Violation of SAMA instructions regarding the level of performance of ATMs and point of sale machine	1	20,000	Nil	-
Violation of SAMA instructions for due diligence in Anti money laundering and the financing of terrorism	1	215,000	1	75,000

## Other Penalties and Regulatory Restrictions

General Organization for Social Insurance, General Authority of Zakat and Tax and other government related entities have imposed fines on the Bank with a total of SAR 110.5 thousand during 2018 as specified below:

Name of the Authority	SAR in thousand
General Organization for Social Insurance (GOSI)	87.9
General Authority of Zakat and Tax (GAZT)	16.6
Eastern Province Municipality	5.0
Madinah Municipality	0.5
Saudi Industrial Property Authority	0.5
Total	110.5

## Related Party Transactions

In the ordinary course of its activities, the Group transacts business with related parties. In the opinion of the management and the Board of Directors, the related party transactions are conducted on approved terms. The related party transactions are governed by the limits set by the Banking Control Law and regulations issued by SAMA.

The balances as at December 31 resulting from such transactions included in the consolidated financial statements are as follows:

	2018 SR' 000	2017 SR' 000
<b>National Bank of Pakistan (shareholder)</b>		
Due from banks and other financial institutions	56	71
Due to banks and other financial institutions	174	190
<b>Subsidiary companies</b>		
Investments	501,480	501,480
Customer deposits	1,984	20,407
Due from banks and other financial institutions	505,825	656,118
Due to banks and other financial institutions	290,479	-
Receivables	210,184	184,984
Payables	15,369	16,365
Commitments and contingencies	530,247	630,247
Notional values of outstanding derivative contracts	2,958,992	4,369,369
<b>Associate and affiliate entities with significant influence</b>		
Investments	135,770	134,071
Customer deposits	374,417	401,763
Accrued expenses payables	3,700	2,211
<b>Directors, key management personnel, other major shareholders and their affiliates</b>		
Loans and advances	103,569	120,473
Customers' deposits	47,311	85,055
Contingencies and commitments	2,427	6,447

Other major shareholders represent shareholdings of more than 5% of the Bank's issued share capital.

	2018 SR' 000	2017 SR' 000
<b>Mutual Funds under subsidiary's management</b>		
Investments	33,456	60,870
Loans and advances, net	392,349	356,334
Customer deposits	548	531

Income, expenses and other transactions with related parties included in the consolidated financial statements are as follows:

	2018 SR' 000	2017 SR' 000
Special commission income	131,574	58,979
Special commission expense	155,321	57,990
Fees and commission income	31	132
Custody fee	839	-
Net share of expenses to associate	22,147	15,850
Insurance premium paid	40,311	38,114
Surplus distribution received from associate	1,450	1,524
Claims received	10,486	12,977
Directors' remuneration	7,834	7,562
Dividend received	7,350	5,250
Income under shared service agreements	3,391	3,988
Reimbursement of expense to a subsidiary	103	47
Expenses under revenue sharing agreement	-	3,109
Reimbursement of rent expense	8,825	9,355
Rent expense for branches	2,457	2,345
Operating expenses	92	-

The total amount of compensation paid to directors and key management personnel during the year is as follows:

	2018 SR' 000	2017 SR' 000
Short-term employee benefits	98,467	89,652
Termination benefits	29,633	25,735

Key management personnel are those persons, including executive directors, having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly.

The agreements and dealings between the Bank and Aljazira Takaful Taawuni Company (AJT), noting that the total dealings with the company in the previous year reached SAR 92.2 MM. These transactions are deemed to be related party transactions given that below member of the Board of directors of the Bank has direct or indirect interest in them as he is Deputy Chairman of Board of Directors for Bank Aljazira and the Chairman of AJT:

- Engr. Abdulmajeed Ibrahim Al-Sultan

'000 SAR

Nature of Contract	Period of the Contract	Transaction amount in 2018
Cost & Resource allocation arrangement - net amount	Ongoing	22,147
Personal Dinar Insurance Policy	One Year	15,709
Mortgage Insurance Policy	One Year	21,482
Group Life Insurance Policy	One Year	2,387
Staff Bait AlHasan Policy	One Year	733
Dividend Received	Dealings	7,350
Special commission expense	Dealings	10,467
Claims received	Dealings	10,486
Surplus distribution received	One Year	1,450
<b>Total</b>		<b>92,211</b>

The agreements and dealings between the Bank and Aljazira Capital, noting that the total dealings with the company in the previous year reached SAR 26.4 MM. These transactions are deemed to be related party transactions given that below members of Board of directors of the Bank had direct or indirect interests in them as they were both board members in the Bank and AJC:

- Mr. Nabil Dawood Al-Hoshan
- Mr. Mohammed Abdullah Al-Hagbani

:

'000 SAR

Nature of Contract	Period of the Contract	Transaction amount in 2018
Service Level Agreement	Effective, unless terminated	3,391
Special Commission expense on time deposits	Dealings	228
Special Commission income on money market placements	Dealings	13,114
Rent Expense for branches	Dealings	8,825
Custody fee	Effective, unless terminated	839
<b>Total</b>		<b>26,397</b>

List of rental contracts where the below listed members of board directors may have direct or indirect interest:

'000 SAR

Contractor	Name of the related party	Relationship	Nature of Contract	Period of the Contract	Amount Paid in Year 2018
Mr. Ahmed bin Othman Al-Kasabi	Eng. Tarek bin Othman Al-Kasabi	Brother of Mr. Ahmed bin Othman Al-Kasabi	Rental for Al-Hassan Bin Ali Road branch	10 years	277
Dallah Health Care Holding Company	Eng. Tarek bin Othman Al-Kasabi	Board member in Dallah Health Care Holding Company	Rental for ATM in Riyadh	5 years	30
Investor/ Consolidated Company for Real Estate Development Owner/ Consolidated Brothers Co.	Eng. Abdul Majeed bin Ibrahim Al-Sultan	Owns part of Consolidated Brothers Co. for development	Rental for Al-Mather Branch	12 years	900
Investor/ Consolidated Company for Real Estate Development Owner / Mr. Ibrahim bin Abdul Mohsen Al-Sultan	Eng. Abdul Majeed bin Ibrahim Al-Sultan	Son of Mr. Ibrahim bin Abdul Mohsen Al-Sultan	Rental for Heteen Branch	12 Years	920
Consolidated Brothers Co.	Eng. Abdul Majeed bin Ibrahim Al-Sultan	Owns part of Consolidated Brothers Co. for development	Rental for Al-Rehab Branch	12 years	330
<b>Total</b>					<b>2,457</b>

## Board of Directors' Assurance

The Board of Directors control the Bank's performance and operation through periodic meetings during the year, develops policies, and ensures proper implementation. In addition, the Board periodically reviews the effectiveness of existing regulations and internal controls and monitors the key sectors of the Bank to make sure that the general policies and risk management levels set by the Board are implemented.

Through the Audit Committee, the board also reviews the financial position of the Bank with the external auditors to ensure the integrity of its financial performance and full compliance with the laws and regulations and accounting standards applicable in the Kingdom of Saudi Arabia. The Board of Directors confirms its statutory responsibility for the accuracy of financial statements and that they fairly reflect the financial position of the Bank and its results, and ensure compliance of all its operations with the controls laid-down by the Shari'ah Board of the Bank.

The Board of Directors assures shareholders and other stakeholders that to the best of their knowledge and in all material aspects:

- Proper books of account have been maintained
- The system of internal control is sound in design and has been effectively implemented;
- There are no significant doubts concerning the bank's ability to continue as a going concern; and
- There is no contract the Bank is part of, where or when there were substantial interests for one of the Board members, Managing Director, Chief Financial Officer or any person who has a relationship with them, except for that which was mentioned in the Related Party Transactions in this report.

As indicated in their audit report, the Bank's auditors for the purpose of their review of the financial statements, have considered internal controls relevant to the preparation and fair presentation of the Bank's financial Statements in order to enable them to design audit procedures which are appropriate, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal controls. The auditors have reported to the Board certain deficiencies or recommendations arising from this exercise. In the managements opinion these items do not constitute material weaknesses. The Auditors have issued an unqualified audit report on the financial statements of the Bank.

## Description of the Company's policy for dividend distribution

The Bank complies with the rules and regulations issued by the various competent regulatory authorities and its Articles of Association in the process of dividend distribution. In this regard, the Bank pays dividends to shareholders in line with Article No (43) of the Bank's Articles of Association as follows:

The company's annual net profits, as determined, shall be distributed after deduction of general expenses and other costs, and after allocations of provisions against doubtful debts, losses on investments and other contingent liabilities which the Board of Directors considers necessary as required under the provisions of the Banking Control Law, as follows:

- a) Sums required for payment of the Zakat due on Saudi shareholders and the tax due on non-Saudi shareholders shall be calculated according to the laws and regulations in force in Kingdom of Saudi Arabia. Such sums shall be remitted by the Company to authorities concerned. Zakat paid in respect of the Saudi shareholders shall be deducted from their share in the net profits. Similarly, tax paid in respect of non-Saudi shareholders will be deducted from their share in the net profits.
- b) A minimum of 25% of net profits, after deduction of Zakat and Tax as hereinabove detailed in (a) will be transferred to statutory reserve until this reserve is equal to the paid up capital of the bank as a minimum.
- c) Out of the remainder of the profit after deduction of the statutory reserve and Zakat and tax, a sum of not less than 2.5% of the paid-up capital shall be allocated for distribution to Saudi and non-Saudi shareholders in proportion to the paid-up part of the shares of the Saudi and non-Saudi shareholders as recommended by the Board of Directors and endorsed by General Meeting. In case the remainder of the profits payable to the shareholders concerned is insufficient for paying such dividend, shareholders may not be entitled to claim the payment thereof in the following year or years. The General Meeting may not resolve to pay a percentage of the dividends which exceeds the percentage that is recommended by the Board of Directors.
- d) The remainder after the sums set forth in paragraph (a), (b), (c) herein have been allocated shall be utilized in the manner recommended by the Board of Directors and approved by the General Meeting.
- e) The respective percentage of shareholding of each of the Saudi and non-Saudi shareholders shall be maintained (observed) when calculating the sum to be allocated as statutory reserve and other reserves out of the net profit (after Zakat and Tax). Each of the two categories of shareholders shall participate in the transfer to such reserves on a pro-rata basis of their shareholding in the capital provided their contributions will be deducted from their shares in the net profits.

### Proposed way to distribute dividends for the year 2018

In 2018, a cash dividend of SR 262.4 million was distributed to the shareholders of the Bank for the financial year 2017 after the approval of the General Assembly which was distributed for eligible shares for distribution which equal to 820 million shares multiplied 0.32 SAR per share.

Based on the Bank's dividend announcement on 6th January 2019, which the Board of Directors of Bank Aljazira recommended on 30/04/1440 H corresponding to 6th January 2019 to distribute cash dividends to the shareholders of the Bank for the fiscal year 2018. Accordingly, the dividends will be distributed in a total amount of SAR 410 million, which equal to 820 million eligible shares for distribution multiplied 0.5 SAR per share. The eligibility of dividends to shareholders registered with the Securities Depository Center by the end of the second trading day after the date of the General Assembly, and will be announced later.

Note that the dividend distribution is subject to the approval of the General Assembly of the Bank, which will be announced later. It should be noted that the cash dividends transferred by the resident financial intermediary to nonresident foreign shareholders will be subject to a deduction withholding tax by 5% in accordance with to Article (68) of the Income Tax Law and Article (63) of its Implementing Regulations.

### Issuance of Right Shares

The shareholders of the Bank in their Extra Ordinary General Assembly meeting held on March 19, 2018 (corresponding to 2 Rajab 1439H), approved the increase in number of shares of the Bank from 520 million shares to 820 million shares through a rights issue of 300 million shares at an exercise price of SR 10 per share amounting to SR 3,000 million. During the second quarter, the Bank, after completing all legal formalities issued the rights shares.

### Banking Transactions with the Directors, CEO and CFO:

Notwithstanding the Related Parties Transactions (the details of which are as specified above) in this report which were conducted with third parties at an arm's length, no essential interests exist for any director, the CEO or the CFO.

### Credit Rating

Referred below are the latest credit rating of the bank:

Credit Ratings	Moody's	Fitch Rating
	Oct-2018	Sep-2018
Short term		F2
Long term		BBB+
Baseline Credit - Long term	baa3	
Outlook Rating	Stable	Stable
Deposits - Short term	Baa1 / P-2	

**Names of Board of Directors, Board Committee members and Executive management and their present and past positions, qualifications and experience:**

**a. Board of directors:**

S	Name	Present Position	Past Position	Qualifications	Experience
1	Eng. Tarek bin Othman Al-Kasabi	<ol style="list-style-type: none"> <li>1998 - Member, BAJ Board of Directors</li> <li>2016 - Chairman, BAJ</li> <li>1994 – Vice Chairman, Aseer Trading, Tourism and Manufacturing Company</li> <li>1995 – Chairman, Dallah Healthcare Company</li> <li>2010 - Chairman, Ataa Educational Company</li> <li>2012 – Chairman, Sarb Real-Estate Investment Company</li> <li>2008 – Chairman, Rozam Investment Company</li> <li>2006 - Board Director, Kingdom University (Kingdom of Bahrain)</li> <li>2013 – Chairman RZM Gayrimenkul Anonim Sirketi (Turkey)</li> <li>2013 – Chairman, NEBA Gerimenkul Yatirimlari VE Ticaret A.S (Turkey)</li> </ol>	<ol style="list-style-type: none"> <li>2008 -2013 – Chairman, Aljazira Capital</li> </ol>	Bachelor of Civil Engineering, King Saud University - 1976.	Member of the Board of BAJ since 1998, member of Executive Committee, Previous Chairman of Risk Committee. Chairman and member of the Boards of Directors of many investment companies in and out of the Kingdom of Saudi Arabia.
2.	Mr. Khalifa bin Abdul Latif Al-Mulhem	<ol style="list-style-type: none"> <li>2007 - Member, BAJ Board of Directors</li> <li>1995 – Member of the Board of Saudi White Cement Company</li> <li>2004 - Chairman of Advanced Petrochemical Company</li> <li>2012 – Member of the Board of Al Ettifaq Steel Company</li> <li>2007 - Member of the Board of International General Insurance (IGI) Company (Jordan)</li> <li>2013 - Member of the Board of Al Jazeera Support Services Company</li> <li>2017 - Member of the Board of National Shipping Company of Saudi Arabia</li> </ol>	<ol style="list-style-type: none"> <li>1985 – 2002 – Member of The Board of SABB</li> <li>1987-1994 – Member of the Board of Saudi Spanish Bank, Madrid</li> <li>2003 – 2012 – Member of the Board of Nama Chemicals Company</li> <li>2007-2012 – Member of the Board of Saudi United Cooperative Insurance Company (Walaa Cooperative Insurance Co.)</li> <li>2014-2017 – Member of the Board of GOSI</li> </ol>	Bachelor of Business Management, Colorado University, USA – 1978.	Member of the Board of BAJ since 2007, previous membership of SABB Board of Directors. Chairmanship and membership of companies of various other investment activities in and out of the Kingdom of Saudi Arabia.
3.	Mr. Nabil bin Dawood Al Hoshan	<ol style="list-style-type: none"> <li>2010 – CEO, BAJ</li> <li>2013 – Managing Director, BAJ</li> <li>2013 – Member of the Board, Aljazira Capital</li> </ol>	<ol style="list-style-type: none"> <li>1984 – 1998 – Head of Retail Banking Group, Central province, SABB</li> <li>1998 – 2001 : Head of Retail Banking Services, Eastern Province, SAMBA</li> <li>2001-2006: Head of Retail Banking, ANB</li> <li>2006-2010: Director of the Board of SABB Takaful</li> <li>2006-2010: Head of Retail Banking, SABB</li> </ol>	1984- Bachelor of Accounting, University of King Saud, Riyadh	Wide past experience in a number of Saudi banks at Corporate Banking Group, Retail Banking Group and branch network.
4.	Eng. Abdul Majeed bin Ibrahim Al-Sultan	<ol style="list-style-type: none"> <li>1993 - Member of the Board of Consolidated Brothers for Development Co.</li> <li>1998 - Member of the Board, Qassim Cement Company -</li> <li>2004 - Member of the Board, Aljazira Bank</li> <li>2013 - Chairman of the Board, Aljazira Takaful Taawuni Co.</li> <li>2013 – Member of the Board, Royal and Sun Alliance Insurance Company (Egypt).</li> </ol>	<ol style="list-style-type: none"> <li>1991 – 2007: Member of the Board, Saudi Packing Materials Manufacturing Company</li> </ol>	1989 – Bachelor of Engineering – King Saud University, Riyadh	Member of the Board of Directors of Bank Aljazira since 2004. Chairman of the Board, Aljazira Takaful Ta'awuni Company. Member of the Boards of various other investment companies in and out of the Kingdom of Saudi Arabia.

S	Name	Present Position	Past Position	Qualifications	Experience
5.	Mr. Mohammed Bin Abdullah Al Hagbani	<ol style="list-style-type: none"> <li>2010 - Member of the Board - Aljazira Capital</li> <li>2014 - CEO, Astra Industrial Group</li> <li>2014 - Chairman, Board of Managers, Astra Mining Company.</li> <li>2016 – Member of the Board of Bank Aljazira.</li> <li>2016 - Chairman of the Board, Aljazira Capital</li> <li>2017 – Member of the Board, Herfy Food Services Company</li> </ol>	<ol style="list-style-type: none"> <li>2009-2013 - Member of the Board of Bank Aljazira, representing GOSI</li> <li>2009-2013 – Member of the Board, National Petrochemical Company</li> <li>2005-2006: Portfolio Manager, Al Rajhi Bank</li> <li>Member of Advisors Committee, International Investment House, Kuwait</li> <li>2006-2013: Director of Investment Research, GOSI</li> <li>2008-2013: Member of Investment Committee, Tawuniya Insurance Company</li> <li>Member of Advisors Committee, Cerberus Capital Partner International (USA)</li> <li>Member of Investment Committee, Apollo Capital Management Company LP (USA)</li> <li>Member of Advisors Committee, Axa Capital Management Company (USA).</li> </ol>	2005 – Bachelor of Finance, University of Virginia For Technology, USA	Previous experience at Al Rajhi Bank and GOSI in addition to membership of the Boards of Directors of many financial and investment companies in and out of the Kingdom. Previous membership of the Board of Directors of Bank Al Jazira.
6.	Mr. Abdullah Bin Saleh Al Rasheed	<ol style="list-style-type: none"> <li>2016 – Member of the Board, Bank Aljazira</li> <li>2015 – Constituent Partner, CEO and Member of the Board, Aday Financial and Management Consulting Company</li> <li>2017 – Member of Audit Committee Saudi Gas Cylinder Factory</li> <li>Constituent Partner, CEO - Matjer Insurance World Company</li> <li>2018 – Member of the Board. Basma Real-Estate marketing Company</li> <li>2018 – Member of Audit Committee Majid Investment and Real Estate Company</li> </ol>	<ol style="list-style-type: none"> <li>1983-1984, Estimate Budgets Officer, ANB</li> <li>1984-1988: Financial Affairs Officer, Office of the Educational Attache of KSA in Canada</li> <li>1988-1992: Financial Affairs Officer, Ministry of Higher Education</li> <li>1992-2001- Assistant General Manager, Saudi Traveller Cheques Company</li> <li>2001-2005: Deputy Chief Financial Affairs and member of the Board, Al-Othaim Trading Company</li> <li>2006-2008: Deputy Chief of Finance and member of the Board of Abdullah Al-Othaim Markets Company</li> <li>2008-2014: Deputy Chief Officer, Khalid Al Baltan Group Co., Riyadh</li> </ol>	1983 – Bachelor of Management, King Saud University, Riyadh.	Previous experience at a number of Financial, Investment, Management and Retail companies



S	Name	Present Position	Past Position	Qualifications	Experience
7.	Mr. Abdulsalam Bin Abdulrahman Alagil	<ol style="list-style-type: none"> <li>1. 2002: Chairman of the Board of Governors, Saudi 21 Century Saudi Company.</li> <li>2. 2006: General Manager, Future Markets Company</li> <li>3. 2007: Chairman of Board of Governors, Advanced Markets Company</li> <li>4. 2008: Managing Director and Chairman of the Board, Riyadh Najd National School.</li> <li>5. Membe of the Board, Kinan Real-Estate Intrnational Development Company</li> <li>6. 2010: General Manager, Arabian Afras Company.</li> <li>7. 2013: Director of the Board, Etaam Charitable Society</li> <li>8. 2013: Chairman of the Board, National Harma Company</li> <li>9. 2013: Member of the Board, Wadi Harma Company</li> <li>10. 2014: Member of the Board of Governors, Khumasiat Taiba Company</li> <li>11. 2014: Member of the Board of Governors, Khumasiat Taba Company</li> <li>12. 2014: Member of the Board of Governors, Soroooh El Marakez Company Ltd.</li> <li>13. 2014: Director of the Board, Asala Holding Company.</li> <li>14. 2014: Member of the Board, Saudi Arabian General Investment Authority - SAGIA</li> <li>15. 2014: Director of the Board, Al Andalus Real-Estate Company</li> <li>16. Managing director, Jarir Commercial Investment Company.</li> <li>17. 2016: Managing director, Jarir Commercial Development Company.</li> <li>18. Chairman of the Board, Intiaz Al Arabia Company.</li> <li>19. Member of the Board of Directors, Bank Aljazira.</li> <li>20. 2017: Chairman of the Board of Governors, Arabian Horses Urban Development Company</li> <li>21. 2017: Chairman of the Board of Governors, Future Homes Company For Real-Estate Development and Investment.</li> <li>22. 2016: Mamber of the Board, Hamat Real-Estate Company</li> <li>23. 2016: Mamber of the Board of Governors, AlDhahia AlMithalia Company</li> <li>24. 2017: Chairman of the Board of Governors, Rabia fal company</li> <li>25. 2017: Chairman of the Board of Governors, Al Dhahia Al Mithalia Company</li> <li>26. 2017: Manager, Borooj Acquisition Company</li> <li>27. 2017: Manager, North Abhor Company</li> <li>28. 2018: Member of the Board, Intiaz Sports Company</li> </ol>	<ol style="list-style-type: none"> <li>1. 2008-2015: Member of the Board of Directors, Jarir Holding Company</li> <li>2. 2009-2013: Member of the Board of Directors, Malaz Insurance and Reinsurance Company.</li> <li>3. 2010-2013: Director of the Board, Herfy Food Services Company</li> <li>4. 2013-2016: Member of Advisory Committee, Capital Market Authority</li> </ol>	1990 – Bachelor of Science – Industrial Management – King Fahd University For Petroleum and Minerals	wide experience gained from occupying membership and chairmanship of many companies and institutions of various investment activities.

S	Name	Present Position	Past Position	Qualifications	Experience
8.	Dr. Saeed Bin Saad Al Martan	<ol style="list-style-type: none"> <li>2016: Member of the Board of Directors of Bank Aljazira.</li> <li>2018: Chairman of the Board, Spare Parts Company Limited, Jeddah</li> </ol>	<ol style="list-style-type: none"> <li>1972-1980: Assistant Teacher for higher studies, University of Riyadh</li> <li>1980-1992: Assistant Professor, Economics Department, King Saud University</li> <li>1984-1987: Acting and Vice Dean, University Studies Center For Girls, King Saud University</li> <li>1987-1992: Associate professor at Economics Department and Head of Economics Department, University of King Saud.</li> <li>1992-1998: Assistant General Manager and Manager of Islamic Banking Services Department, NCB</li> <li>1998-1999: Executive Advisor to the Chairman of Head Office Committee, NCB</li> <li>1999-2000: Executive Advisor to the Chairman and Managing Director, NCB</li> <li>2000-2004: CEO, Shamil Bank of Bahrain</li> <li>2000-2004: Deputy Chairman of the Board, Shamil Yemen-Bahrain Bank (Yemen)</li> <li>2000-2004: member of the Board of Directors, Faisal Financial Foundation. (Switzerland)</li> <li>2001-2004: Member of the Board of Directors, International Islamic Financial Market (Bahrain)</li> <li>2002-2005: Member of the Board of Directors, Solidarity Islamic Takaful Company (Bahrain)</li> <li>2004-2005: Executive Vice CEO, Dar Al Mal Al-Islami (Switzerland)</li> <li>2005-2006: Member of the Board of Governor, Al-Raed Islamic Fund</li> <li>2006-2008: CEO, Al-Sarat Financial and Economic Consulting Center.</li> <li>2008-2012: Chairman of the Board, Adeem Financial Company</li> <li>2009-2015: Member of the Board of Governors and General Manager, Business Solutions Company</li> <li>2007-2016: Chairman of the Board of Governors, Gulf Consultants Company for Financial Consultations.</li> <li>2005-2017P Chairman of the Board of Mnages, AlRiyadia Information Technology Company</li> <li>2015-2017: Member of the Board, Fortune Lights Real-Estate Investment Company.</li> </ol>	<p>1971: Bachelor of Economics and Political Science, Riyadh University</p> <p>1975: Masters Degree in economics, Nebraska Lincoln, USA</p> <p>1980: PhD in Economics- Nebraska Lincoln University (USA)</p>	Past wide experience at a number of local and international financial and investment institutions.
9.	Mr. Ibrahim Bin Abdulaziz Al-Shaia	<ol style="list-style-type: none"> <li>2014: Manager Finance, GOSI</li> <li>2016: Member of the Board of Directors, Bank Aljazira.</li> </ol>	<ol style="list-style-type: none"> <li>2002 – 2004: Financial Auditor, Al-Rashid Accountants, Auditors and Legal Consultants.</li> <li>2008-2009: Part-time advisor for development of financial and electronic administrative work, International Accounting and Auditing Authority for GCC Countries.</li> <li>2011-2014: Director of the Board, Safwa Cement Company</li> <li>2011-2015: Head of Budget Department, GOSI</li> </ol>	<p>2004: Bachelor of Accounting, King Saud University</p> <p>2008: Master of Professional Advanced Accounting, University of Queensland For Technology, USA</p>	Past and present experience in accounting and auditing fields at various financial and investment institutions

## b. Committee Members

S	Name	Present Position	Past Position	Qualifications	Experience
1	Eng. Tarek bin Othman Al-Kasabi	2016: Chairman of the Executive Committee, BAJ	1. 1998-2015: Member of BAJ Executive Committee 2. 2013-2015: Chairman of BAJ Risk Committee	Bachelor of Civil Engineering, King Saud University - 1976	Member of the Board of BAJ since 1998, member of Executive Committee, Previously Chairman of Risk Committee. Member of the Boards of many investment companies in and out of the Kingdom of Saudi Arabia
2	Mr. Khalifa bin Abdul Latif Al-Mulhem	1. 2007: Member of BAJ Executive Committee 2. 2016: Chairman of BAJ Remuneration and Nomination Committee	1. 2009-2011: Chairman of BAJ Risk Committee 2. 2013-2015: Member of BAJ Risk Committee	Bachelor of Business Management, Colorado University, USA – 1978.	Member of the Board of BAJ since 2007, past membership of SABB Board of Directors. Chairmanship and membership of various investment companies in and out of the Kingdom of Saudi Arabia
3	Mr. Nabil bin Dawood AlHoshan	1. 2013: Member of BAJ Executive Committee	1. 2013-2015: Member of BAJ Risk Committee 2. 2013-2015: Member of BAJ Remuneration and Nomination Committee	1984- Bachelor of Accounting, University of King Saud, Riyadh	Various past experience in a number of Saudi banks at Corporate Banking Group, Retail Banking Group and branch network
4	Eng. Abdul Majeed bin Ibrahim Al-Sultan	1. 2016: Member of BAJ Executive Committee 2. 2016-2017: Member of Khair Aljazira Le-Ahl Aljazira Committee. 3. 2018 - Chairman of Khair Aljazira Le-Ahl Aljazira Committee.	1. 2004-2012: Member of BAJ Executive Committee 2. 2004-2009: Chairman of BAJ Audit Committee	1989 – Bachelor of Engineering – King Fahd University For Petroleum and Minerals	Member of the Board of Directors of Bank Aljazira since 2004. Chairman of the Board, Aljazira Takaful Ta'awuni Company. Member of the Boards of other investment companies in and out of the Kingdom of Saudi Arabia
5	Mr. Ibrahim Bin Abdulaziz Al Shaia	1. 2016: Member of BAJ Executive Committee 2. 2016: Member of BAJ Risk Committee	1. 2010-2013: Member of Audit Committee, Saudi Fransi Insurance Company. 2. 2013-2015: Chairman, Audit Committee – Elite Cement Company	2004: Bachelor of Accounting, King Saud University 2008: Master of Professional Advanced Accounting, University of Queensland For Technology, USA	Previous and present experience in accounting and auditing fields at financial and investment institutions
6	Mr. Mohammed Bin Abdullah Al Hagbani	1. 2012: Member of Investment Committee, Jazira Capital 2. 2016: Chairman of BAJ Audit Committee	1. 2009-2013: Chairman of Audit Committee, National Petrochemical Company 2. 2010-2013: Chairman of BAJ Audit Committee	2005 – Bachelor of Finance, University of Virginia For Technology, USA	Past experience at Al Rajhi Bank and Gosi in addition to past membership of the Board of Directors of Bank Aljazira.
7	Mr. Abdusalam Bin Abdulrahman Al Agil.	1. 2001: Chairman of Audit Committee, Jarir Marketing Company 2. 2008: Member of Investment Committee, Kinan International Real-Estate Development Company 3. 2014: Member of Executive Committee, Asala Holding Company 4. 2014: Member of Audit and Risk Committee, General Investment Authority 5. 2016: Member of BAJ Remuneration and Nomination Committee	1. 2013-2016: Member of Advisors Committee, CMA	1990 – Bachelor of Science – Industrial Management – King Fahd University For Petroleum and Minerals	Wide experience gained from occupying membership and chairmanship of many companies and institutions of various investment activities

S	Name	Present Position	Past Position	Qualifications	Experience
8	Dr. Saeed bin Saad Almartan	1. 2016: Chairman of BAJ Risk Committee		1971: Bachelor of Economics and Political Science, Riyadh University 1975: Masters of Economics, IOWA University, USA 1980: Ph.D. of Economics, Nebraska Lincoln University, USA	Past wide experience at a number of local and international financial and investment institutions
9	Mr. Abdullah Bin Saleh Al Rasheed	1. 2016: Member of BAJ Risk Committee 2. 2016: Member of BAJ Remuneration and Nomination Committee 3. 2017: Member of Audit Committee, Saudi Gas Cylinder Factory. 4. 2018- Member of Audit Committee Majid Investment & Real Estate Development Company 5. 2018- Member of the Board Basma Real Estate Marketing Company		1983 – Bachelor of Management, King Saud University, Riyadh.	Past experience at a number of financial, consulting, administrative and retail companies
10	Mr. Fawaz Bin Mohammed Al-Fawaz	1. 2012: Member of BAJ Audit Committee 2. 2013: Member of Audit Committee, Malaz Insurance Company 3. 2015: Chief Financial Officer, National Industrialization Company	1. 1983-1999: Assistant Deputy Head of Finance, SABIC 2. 2000-2004: Director General of Services, Accounting Department, SABIC 3. 2004-2009: Director General of Finance, SABIC 4. 2007-2015: Deputy Chairman of the Board and Chairman of Audit Committee, Yanbu National Petrochemical Company	1983: Bachelor of Accounting, King Saud University	Wide past experience in accounting and auditing fields at investment institutions.
11	Mr. Taha Bin Mohammed Azhari	1. 2012: Member of BAJ Audit Committee 2. 2015: Senior Financial Officer, Saudi Civil Aviation Company Holding 3. 2017: Member of the Board of Directors, Batec Logistics and Investment Company 4. 2017: Director of the Board, Zahrat Al Waha Company.	1. 1993-1995: Financial Auditor, Arthur Anderson, Riyadh 2. 1995-1998: Internal Auditor, SAMBA Group 3. 1998-2001: Compliance and Quality Assurance Officer, SAMBA Group 4. 1999-2001: Internal Auditor, SAMBA Group 5. 2001-2004: Head of Internal Audit and Risk Group, Al-Othaim Trading Group. 6. 2004-2008: General Manager Finance Department, Saudi Super Stores Company (Carrefour) 7. 2008-20015: Economic Advisor to the CEO, National Water Company. 8. 2013-2016: member of Audit Committee, Aljazira Capital	1993: Bachelor of Accounting, King Saud University	Wide past experience in accounting and auditing fields at many financial and investment institutions in and out of the Kingdom

S	Name	Present Position	Past Position	Qualifications	Experience
12	Mr. Abdulaziz Bin Ibrahim Al-Hadlaq	<ol style="list-style-type: none"> <li>2013: Member of Khair Aljazira Le-Ahl Aljazira Committee.</li> <li>2017: Advisor to the Minister of Labour and Social Development, Ministry of Labour and Social development</li> </ol>	<ol style="list-style-type: none"> <li>1996-1998: Assistant General Manager, International Organizations Affairs, Ministry of Labour and Social Affairs.</li> <li>1998-2005: General Manager, International Organizations Affairs, Ministry of Labour and Social Affairs</li> <li>1996-2005: Member of the Board, International Work Organization</li> <li>2005-2006: General Supervisor of Public Affairs and Social Media Department, Ministry of Social Affairs</li> <li>2005-2007: Director of International Cooperation, Ministry of Social Affairs For Social Development</li> <li>2007-2011: Deputy Assistant Minister, Ministry of Social Affairs For Social Development</li> <li>2001-2013: Deputy Minister, Ministry of Social Affairs For Social Development</li> <li>2013-2017: Member of Shura Council</li> </ol>	1982: Bachelor of Social Services, King Saud University 1984: Diploma of Community Development, Research and Training Center. 1991: Diploma of International Development, Missouri Columbia University, USA 1992: Masters of Community Development, Missouri Columbia University, USA	Past experience at various departments of the Ministry of Social Affairs in addition to membership of many international community-related organizations

### c. Executive Management

Name: **Mr. Nabil AlHoshan**

Position: Chief Executive Officer and Managing Director

Educational and professional qualifications			
University	Field of Specialty	Qualifications	Year
King Saud University, Kingdom of Saudi Arabia	Accounting	Bachelor Degree	1984

Previous positions				
Sector	Legal Entity	Company/ Organization	Position	Duration of Service
Banks and Financial Services	Listed Joint-Stock Company	SABB	Head of Retail Banking - Central Region	1984 - 1998
Banks and Financial Services	Listed Joint-Stock Company	SAMBA	Head of Retail Banking - Eastern Region	1998 - 2001
Banks and Financial Services	Listed Joint-Stock Company	ANB	Head of Retail Banking	2001 - 2006
Insurance	Listed Joint-Stock Company	SABB Takaful	Member of Board of Directors	2006 - 2010
Banks and Financial Services	Listed Joint-Stock Company	SABB	Head of Retail Banking	2006 - 2010
Banks and Financial Services	Listed Joint-Stock Company	BAJ	Member of Nomination and Remuneration Committee	2013
Banks and Financial Services	Listed Joint-Stock Company	BAJ	Member of the Risk Management Committee	2013

Current Positions				
Sector	Legal Entity	Company/ Organization	Position	Appointment Date
Banks and Financial Services	Listed Joint-Stock Company	BAJ	CEO and Managing Director	2010
Banks and Financial Services	Listed Joint-Stock Company	BAJ	Executive Committee Member	2013
Banks and Financial Services	Listed Joint-Stock Company	BAJ	Managing Director	2013
Securities	Closed Joint-Stock Company	Aljazira Capital	Member of Board of Directors	2013

Name: **Mr. Yasser Al-Hedaithy**

Position: Head of Treasury Group

Educational and professional qualifications			
University	Field of Specialty	Qualifications	Year
King Saud University, Riyadh, Kingdom of Saudi Arabia	Accounting	Bachelor Degree	1994

Previous positions				
Sector	Legal Entity	Company/ Organization	Position	Duration of Service
Banks and Financial Services	Listed Joint-Stock Company	SAMBA	Director of Derivatives Trading	1994 – 2001
Banks and Financial Services	Listed Joint-Stock Company	SAMBA	Head of Trading Department - Treasury Group	2001 – 2008
Banks and Financial Services	Listed Joint-Stock Company	ANB	Head of Treasury Group	2008 – 2009
Investment	Limited Liability Company	Emaar Investment	Private Business Management	2009 – 2010

Current Positions				
Sector	Legal Entity	Company/ Organization	Position	Appointment Date
Banks and Financial Services	Listed Joint-Stock Company	BAJ	Senior Vice President and Head of Treasury Group	2010

Name: **Mr. Tarek Al-Shubaily**

Position: Head of Human Capital Group

Educational and professional qualifications			
University	Field of Specialty	Qualifications	Year
Ohio State University, United States of America	Business Administration	Bachelor Degree	1981

Previous positions				
Sector	Legal Entity	Company/ Organization	Position	Duration of Service
Oil	A Company owned by the Kingdom's Government	ARAMCO	Deputy Head of Finance and Administration	1982 – 1994
Trading	Limited Liability Company	Mada Trading Co. Ltd. - United Kingdom	Special Projects Deputy General Manager	1994 – 1995
Multi-investment	Limited Liability Company	Mawaridh Holding Co.	Assistant Vice Chairman	1996 – 1997
Banks and Financial Services	Listed Joint-Stock Company	SABB	Director General of Human Resources	1997 – 2008
Capital Market	Joint - Stock Company	Capital Market Authority (Tadawul)	Director General of Human Resources	March/ September 2009

Current Positions				
Sector	Legal Entity	Company/ Organization	Position	Appointment Date
Banks and Financial Services	Listed Joint-Stock Company	BAJ	Senior Vice President and Head of Human Capital Group	2010

Name: **Mr. Hamad Al-Ajaji**

Position: Head of Private Banking Group

Educational and professional qualifications			
University	Field of Specialty	Qualifications	Year
University of Tennessee, Knoxville - USA	Business Administration	Bachelor Degree	1984

Previous positions				
Sector	Legal Entity	Company/ Organization	Position	Duration of Service
Banks and Financial Services	Listed Joint-Stock Company	SABB	Chief Executive Officer - Credit Cards Divisions	1994 – 2002
Banks and Financial Services	Listed Joint-Stock Company	SABB	Chief Executive Officer - Consumer Credit Services	
Banks and Financial Services	Listed Joint-Stock Company	SABB	Chief Executive Officer - Credit Card Products Division	2002 – 2004
Banks and Financial Services	Listed Joint-Stock Company	SABB	Chief Executive Officer - Premiere Division	
Banks and Financial Services	Listed Joint-Stock Company	SABB	Head of Private Banking Group	2004 – 2011

Current Positions				
Sector	Legal Entity	Company/ Organization	Position	Appointment Date
Banks and Financial Services	Listed Joint-Stock Company	BAJ	Senior Vice President and Head of Private Banking Group	2012

Name: **Mr. Khalid Al-Othman**

Position: Head of Retail Banking Group

Educational and professional qualifications			
University	Field of Specialty	Qualifications	Year
London Business School - UK	Business Administration	Master Degree	2012

Previous positions				
Sector	Legal Entity	Company/ Organization	Position	Duration of Service
Banks and Financial Services	Listed Joint-Stock Company	Banque Saudi Fransi	Head of Retail Banking in Central Region	2003 - 2006
Banks and Financial Services	Listed Joint-Stock Company	NCB	Head of Retail Banking in Central Region	2006 – 2008
Banks and Financial Services	Listed Joint-Stock Company	Al Bilad Bank	Head of Retail Banking Branches	2008 - 2010
Banks and Financial Services	Listed Joint-Stock Company	BAJ	Head of Retail Banking Branches	2010 – 2011

Current Positions				
Sector	Legal Entity	Company/ Organization	Position	Appointment Date
Banks and Financial Services	Listed Joint-Stock Company	BAJ	Senior Vice President and Head of Retail Banking Group	2011

Name: **Mr. Hazim AL Megren**

Position: Acting Head of Corporate and Institutional Banking Group

Educational and professional qualifications			
University	Field of Specialty	Qualifications	Year
King Saud University - KSA	Computer Information Systems	B. A. Computer Science	1995

Previous positions				
Sector	Legal Entity	Company/ Organization	Position	Duration of Service
Banking	Listed Joint-Stock Company	SAMBA	Senior Relationship Manager (Assistant General Manager)	1995-2003
Banking	Closed Joint-Stock Company	Gulf International Bank	Corporate Banking Group (Vice President and Team Leader)	2003-2008
Banking	Listed Joint-Stock Company	Bank Aljazira	Regional Head Central Region Corporate Banking	2008-2018

Current Positions				
Sector	Legal Entity	Company/ Organization	Position	Appointment Date
Banking	Listed Joint-Stock Company	Bank Aljazira / Corporate & Institutional Banking Group	Vice President and Acting Head of Corporate and Institutional Banking Group	01 June 2008

Name: **Mr. Ahmed Al Hassan**

Position: Chief Operating Officer

Educational and professional qualifications			
University	Field of Specialty	Qualifications	Year
King Saud University - Kingdom of Saudi Arabia	Computer Sciences	Bachelor Degree	2002

Previous positions				
Sector	Legal Entity	Company/ Organization	Position	Duration of Service
Governmental	Governmental Body	SAMA	Systems Analyst	2002- 2005
Governmental	Governmental Body	SADAD	IT Director	2005-2009
Banks and Financial Services	Listed Joint-Stock Company	SABB	Director of Banking Channels Development	2009-2011
Banks and Financial Services	Listed Joint-Stock Company	BAJ	Head of Logistics Transformation Department	Feb 2011-Jun 2011
Banks and Financial Services	Listed Joint-Stock Company	BAJ	Head of IT Department	Jun 2011-2017

Current Positions				
Sector	Legal Entity	Company/ Organization	Position	Appointment Date
Banks and Financial Services	Listed Joint-Stock Company	BAJ	Senior Vice President and Chief Operating Officer	2017



Name: **Mr. Shahid Amin**

Position: Chief Financial Officer

Educational and professional qualifications			
University	Field of Specialty	Qualifications	Year
University of West London	Economics	Bachelor Degree	1990
The Association of Chartered Certified Accountants - UK	Accounting	Member FCCA	1997

Previous positions				
Sector	Legal Entity	Company/Organization	Position	Duration of Service
Financial Consultations	Shareholding Company	Lauren Consulting Group - London Branch	Senior Consultant	1998 – 2000
Financial Consultations	Private Company	BA Consulting- London Branch	Senior Consultant	2000 -2002
Banks and Financial Services	Shareholding Company	HSBC Group - London Branch, has been authorized to work in the Group's branch in Saudi Arabia	Head of Cost Management and Finance Coordinator	2002 – 2007
Banks and Financial Services	Listed Joint-Stock Company	SABB	Head of Finance Products Development	2007 - 2010
Banks and Financial Services	Shareholding Company	Al Hilal Bank	Executive Vice President for Finance and Strategic Planning	2010 - 2012

Current Positions				
Sector	Legal Entity	Company/Organization	Position	Appointment Date
Banks and Financial Services	Listed Joint-Stock Company	BAJ	Senior Vice President and Chief Financial Officer	2012

Name: **Mr. Khalid O. Al-Mogrin**

Position: Head of Legal and Board Secretary

Educational and professional qualifications			
University	Field of Specialty	Qualifications	Year
King Saud University, Kingdom of Saudi Arabia	Law	Bachelor Degree	1990
American University, Washington D.C. U.S.A	Law	Master of Law	1998

Previous positions				
Sector	Legal Entity	Company/Organization	Position	Duration of Service
Government	Government	Saudi industrial Development Fund, SIDF	Assistant Legal Advisor	1994 - 1995
Energy	Closed Joint-Stock Company	Arab petroleum Investment Corporation	Cases Researcher	1995 - 1999
Energy	Closed Joint-Stock Company	Arab petroleum Investment Corporation	Legal Counsel	1999 - 2001
Banks and Financial Services	Listed Joint-Stock Company	SAMBA	Senior Manager	2001 -2002
Banks and Financial Services	Listed Joint-Stock Company	SAMBA	Deputy of Legal Department Head	2002 - 2004
Government	Government	Communication and Information Technology Commission	Legal Counsel & Manager of Dispute Resolution	2004 - 2005
Banks and Financial Services	Listed Joint-Stock Company	Bank Albilad	GM of Legal Affairs	2005 - 2010

Current Positions				
Sector	Legal Entity	Company/Organization	Position	Appointment Date
Banks and Financial Services	Listed Joint-Stock Company	BAJ	Senior Vice President and Head of Legal and Board Secretary	2010

Name: **Dr. Fahad Al-Elayan**

Position: Head of Sharia and Social Responsibility Group

Educational and professional qualifications			
University	Field of Specialty	Qualifications	Year
Faculty of Sharia- Al Imam University	Education	Bachelor Degree	1990
Applied Linguistics - Al Imam University	Education	Master Degree	1995
Ohio University, United States of America	Education	PhD	2001

Previous positions				
Sector	Legal Entity	Company/Organization	Position	Duration of Service
Charity	Charity Foundation	King Abdul Aziz Public Library	Director of the National Cultural Project to boost the book interaction	2003
Education	Governmental Organization	Ministry of Education	Part time consultant	2003-2007
Education	Governmental Organization	Al Imam Mohammed bin Saud Islamic University, Saudi Arabia	Vice Dean of the University Center for Community Service and Continuing Education	2005-2008
Sport and Youth	Governmental Organization	General Sports Authority	Member of the Al Shabab Club's Board of Directors	2005-2014

Current Positions				
Sector	Legal Entity	Company/Organization	Position	Appointment Date
Education	Governmental Organization	Al Imam Mohammed Bin Saud Islamic University	Professor of Curricula and Methods of Language Teaching	2001
Banks and Financial Services	Listed Joint-Stock Company	Bank Aljazira	Head of Social Responsibility	2008
Banks and Financial Services	Listed Joint-Stock Company	Bank Aljazira	Senior Vice President and Head of Sharia and Social Responsibility Group	2015

Name: **Mr. Ibrahim Zaid Al-Gomllas**

Position: Acting Head of Internal Audit Group

Educational and professional qualifications			
University	Field of Specialty	Qualifications	Year
Arkansas State University	Computer Information System	Bachelors Degree	1989

Previous positions				
Sector	Legal Entity	Company/Organization	Position	Duration of Service
Governmental	Government	Ministry of Finance	System Analyst	1989-1993
Banks and Financial Services	Listed Joint-Stock Company	Riyad Bank	Senior System Analyst	1993-1997
Banks and Financial Services	Listed Joint-Stock Company	SAMBA	Assistant General Manager - Operation & Support Group	1997-2001
Banks and Financial Services	Listed Joint-Stock Company	SAMBA	Assistant General Manager – Internal Audit Group	2001-2010
Banks and Financial Services	Listed Joint-Stock Company	SAMBA	Assistant General Manager – Corporate Banking Group	2010-2012

Current Positions				
Sector	Legal Entity	Company/Organization	Position	Appointment Date
Banking	Listed Joint-Stock Company	Bank Aljazira	Head of Audit Operations Division	2012
Banking	Listed Joint-Stock Company	Bank Aljazira	Acting Head of Internal Audit	2018

Name: **Mr. Osama Al-Ibrahim**

Position: Chief Risk Officer

Educational and professional qualifications			
University	Field of Specialty	Qualifications	Year
King Fahd University of Petroleum and Minerals	Industrial Management	Bachelor Degree	1994

Previous positions				
Sector	Legal Entity	Company/ Organization	Position	Duration of Service
Banks and Financial Services	Listed Joint-Stock Company	SAMBA	Assistant General Manager Corporate & Investment Banking Group	1996 - 2006
Banks and Financial Services	Listed Joint-Stock Company	BAJ	Corporate Banking Regional Head – Central Region	2006 - 2008
Banks and Financial Services	Listed Joint-Stock Company	BAJ	Head of Corporate Banking	2008 - 2014
Banks and Financial Service	Listed Joint-Stock Company	BAJ	Acting Chief Risk Officer	2014 - 2017

Current Positions				
Sector	Legal Entity	Company/ Organization	Position	Appointment Date
Banks and Financial Services	Listed Joint-Stock Company	BAJ	Senior Vice President and Chief Risk Officer	2017

Name: **Mr. Sami Al-Rajhi**

Position: Head of Fawri Banking Services Group

Educational and professional qualifications			
University	Field of Specialty	Qualifications	Year
Nebras Commercial Secondary Institute, Riyadh, Saudi Arabia	Banking	Commercial Diploma	2002
The Arab Financial Academy for Banking & Financial Sciences - The Hashemite Kingdom of Jordan	Banking	Banking Diploma	2003

Previous positions				
Sector	Legal Entity	Company/ Organization	Position	Duration of Service
Banks and Financial Services	Listed Joint-Stock Company	Al Rajhi Bank	Operations Management Supervisor	1990-1993
Banks and Financial Services	Listed Joint-Stock Company	Al Rajhi Bank	transfer center Supervisor	1993-1996
Banks and Financial Services	Listed Joint-Stock Company	Al Rajhi Bank	transfer centers Supervisor	1996-2006
Banks and Financial Services	Listed Joint-Stock Company	Al Rajhi Bank	Director of Brokerage Department	2006-2007
Banks and Financial Services	Listed Joint-Stock Company	NCB	Director of Transfer Department	2007
Banks and Financial Services	Listed Joint-Stock Company	Al Bilad Bank	Director General of Injaz Sector	2008-2013

Current Positions				
Sector	Legal Entity	Company/Organization	Position	Appointment Date
Banks and Financial Services	Listed Joint-Stock Company	BAJ	Senior Vice President and Head of Fawri Banking Services Group	2013

Name: Mr. Yaqoob Al Oraini

Position: Chief Compliance and AML Officer

Educational and professional qualifications			
University	Field of Specialty	Qualifications	Year
Northern Colorado	Social Science & Sociology	Bachelor Degree	1998

Previous positions				
Sector	Legal Entity	Company/Organization	Position	Duration of Service
Banking	Listed Joint-Stock Company	SAMBA	Corporate Banking Senior Relationship Manager	1998 - 2004
Banking	Listed Joint-Stock Company	SAMBA	Compliance Senior Manager	2004 - 2005
Banking	Listed Joint-Stock Company	ANB	Private Banking Senior Relationship Manager	2005 - 2008
Banking	Listed Joint-Stock Company	Alawwal Bank	Corporate Banking Support Division Head	2008 - 2011
Banking	Listed Joint-Stock Company	Alawwal Bank	Chief Compliance Officer	2011 - 2018

Current Positions				
Sector	Legal Entity	Company/Organization	Position	Appointment Date
Banking	Listed Joint-Stock Company	Bank Aljazira / Compliance	Senior Vice President and Chief Compliance and AML Officer	08 April 2018

Details of the entities in/out of the Kingdom, in which members of BAJ Board of Directors hold/held board membership or management positions:

Director's name	Names of the companies in which members of the Bank Board hold present board membership or management positions	In /out of the Kingdom	Company type (Listed joint-stock/ulisted joint-stock/limited liability, etc...)	Names of companies in which members of the Bank Board held past board membership or management positions	In /out of the Kingdom	Company type (Listed joint-stock/ulisted joint-stock/limited liability, etc...)
(1): Tarek bin Othman Al-Kasabi	1. Aseer Trading, Tourism and Industry Company	In Kingdom	Listed Joint-Stock	1. Aljazira Capital	In Kingdom	Closed Joint-Stock
	2. Dallah Health Services Company	In Kingdom	Listed Joint-Stock			
	3. Ataa Educational Company	In Kingdom	Closed Joint-Stock			
	4. Serb Real-Estate Investment Company	In Kingdom	Closed Joint-Stock			
	5. Rozam Investment Company	In Kingdom	Closed Joint-Stock			
	6. Kingdom University Company (Bahrain Kingdom)	Out of Kingdom	Closed Joint-Stock			
	7. RZM Gayrimenkul Anonim Sirketi (Turkey)	Out of Kingdom	Closed Joint-Stock			
	8. NEBA Gerimenkul Yatirimlari VE Ticaret A.S (Turkey)	Out of Kingdom	Closed Joint-Stock			
(2): Mr. Khalifa bin Abdul Latif Al-Mulhem	1. Saudi White Cement Company	In Kingdom	Closed Joint-Stock	1. SABB 2. Namaa Chemicals Company	In Kingdom	Listed Joint-Stock
	2. Advanced Petrochemicals Company	In Kingdom	Listed Joint-Stock			
	3. Al Ettifaq Steel Industries Company	In Kingdom	Closed Joint-Stock			
	4. IGA Company (Jordan)	Out of Kingdom	Closed Joint-Stock			
	5. Jazira Support Services Company	In Kingdom	Closed Joint-Stock			
	6. Saudi National Shipping Company	In Kingdom	Listed Joint-Stock			
(3): Mr. Nabil bin Dawood AlHoshan	1. Aljazira Capital	In Kingdom	Closed Joint-Stock			
(4): Eng. Abdul Majeed bin Ibrahim Al-Sultan	1. Consolidated Brothers for Development Co.	In Kingdom	Limited Liability	1. Packing and Wrapping Manufacturing Company	In Kingdom	Listed Joint-Stock
	2. Qassim Cement Company	In Kingdom	Listed Joint-Stock			
	3. Aljazira Takaful Ta'awuni	In Kingdom	Listed Joint-Stock			
	4. Royal and Sun Insurance Company (Egypt)	Out of Kingdom	Listed Joint-Stock			

Director's name	Names of the companies in which members of the Bank Board hold present board membership or management positions	In /out of the Kingdom	Company type (Listed joint-stock/ulisted joint-stock/limited liability, etc...	Names of companies in which members of the Bank Board held past board membership or management positions	In /out of the Kingdom	Company type (Listed joint-stock/ulisted joint-stock/limited liability, etc...
(5): Mr. Mohammed Bin Abdullah Al Hagbani	1. Aljazira Capital 2. Astra Industrial Group 3. Astra Mining Company	In Kingdom In Kingdom In Kingdom	Closed Joint-Stock Listed Joint-Stock Limited Liability	1. Al Rajhi Bank 2. International Investment House (KWT) 3. GOSI 4. Tawunieh 5. Cerberus Capital Partener International Company 6. Apollo Capital Management Company (USA)	In Kingdom Out of Kingdom  In Kingdom In Kingdom Out of Kingdom  Out of Kingdom	Listed Joint-Stock Listed Joint-Stock  Government Body Listed Joint-Stock Partnership  Closed Joint-Stock
(6): Dr. Saeed bin Saad Almartan				1. King Saud University 2. NCB 3. Shamil Bank of Bahrain 4. Yemen-Bahrain Al-Shamel Bank (Yemen) 5. Faisal Bank Limited (Pakistan) 6. Faisal Financial Foundation (Switzerland) 7. International Islamic Financial Market (Bahrain) 8. Solidarity Islamic Takaful Company (Bahrain) 9. Dar Al Mal Al-Islami (Switzerland) 10. Al-Raed Islamic Fund (UK) 11. Al-Sarat Financial and Economic Consulting Center.	In Kingdom In Kingdom Out of Kingdom  Out of Kingdom Out of Kingdom Out of Kingdom Out of Kingdom Out of Kingdom Out of Kingdom Out of Kingdom Out of Kingdom In Kingdom	Government Body Listed Joint-Stock Listed Joint-Stock  Closed Joint-Stock Listed Joint-Stock Closed Joint-Stock Non-profit Listed Joint-Stock Closed Joint-Stock Limited Liability Consulting office
(7): Mr. Abdullah Bin Saleh Al Rasheed	1. Adae Financial and Management Consulting Co. 2. Matjer Insurance World Company 3. Basma Real Estate Marketing Company 4. Saudi Gas Cylinder Manufacturing Company 5. Majid Investment and Real Estate Development Company	In Kingdom In Kingdom In Kingdom In Kingdom In Kingdom	Limited Liability Closed Joint-Stock Limited Liability Closed Joint-Stock Closed Joint-Stock	1. ANB 2. Educational Attache of KSA in Canada 3. Ministry of Higher Education 4. Saudi Traveller Cheques Company 5. Al-Othaim Commercial Company 6. Al-Othaim Holding Company 7. Khalid Al Baltan Group, Riyadh	In Kingdom Out of Kingdom  In Kingdom In Kingdom In Kingdom In Kingdom In Kingdom	Listed Joint-Stock Government Body  Government Body Closed Joint-Stock Listed Joint-Stock Closed Joint-Stock Limited Liability
(8): Mr. Ibrahim Bin Abdulaziz Al Shaia	1. GOSI	In Kingdom	Government Body	1. Al-Rashid Accountants, Auditors and Legal Consultants. 2. International Accounting and Auditing Organization for GCC Countries. 3. Saudi Fransi Insurance Company 4. Safwa Cement Company	In Kingdom  In Kingdom In Kingdom In Kingdom	Limited Liability  Government Body Listed Joint-Stock Closed Joint-Stock

Director's name	Names of the companies in which members of the Bank Board hold present board membership or management positions	In /out of the Kingdom	Company type (Listed joint-stock/ulisted joint-stock/limited liability, etc...	Names of companies in which members of the Bank Board held past board membership or management positions	In /out of the Kingdom	Company type (Listed joint-stock/ulisted joint-stock/limited liability, etc...
(9): Mr. Abdulsalam Bin Abdulrahman Al Agil	1. Saudi 21 Century Company.	In Kingdom	Limited Liability	1. Jarir Holding Company	In Kingdom	Closed Joint-Stock
	2. Jarir Commercial Investments Company	In Kingdom	Closed Joint-Stock	2. Malaz Insurance and Re-Insurance Company	In Kingdom	Listed Joint-Stock
	3. Jarir Commercial Development Company	In Kingdom	Closed Joint-Stock	3. Herfy Food Services Company	In Kingdom	Listed Joint-Stock
	4. Future Markets Company	In Kingdom	Limited Liability	4. CMA	In Kingdom	Government Body
	5. Advanced Markets Company	In Kingdom	Limited Liability			
	6. Riyadh Najd National School.	In Kingdom	Closed Joint-Stock			
	7. Arabian Intiaz Company	In Kingdom	Closed Joint-Stock			
	8. Etaam Charitable Society	In Kingdom	Charitable Society			
	9. Taiba Khomasia Company	In Kingdom	Limited Liability			
	10. Taba Khomasia Company	In Kingdom	Limited Liability			
	11. Sorooth Al Marakez Company	In Kingdom	Limited Liability			
	12. General Investment Authority	In Kingdom	Government Body			
	13. Kinan International Real-Estate Development Company	In Kingdom	Closed Joint-Stock			
	14. Harma National Company	In Kingdom	Closed Joint-Stock			
	15. Wadi Harma Company	In Kingdom	Closed Joint-Stock			
	16. Asala Holding Company	In Kingdom	Closed Joint-Stock			
	17. Al Andalus Real-Estate Company	In Kingdom	Listed Joint-Stock			
	18. , Arabian Horses For Urban Development Company	In Kingdom	Limited Liability			
	19. Arabian Afras Company	In Kingdom	Close Joint-Stock			
	20. Hamat Real-Estate Company	In Kingdom	Limited Liability			
	21. AlWosta Medical Company	In Kingdom	Limited Liability			
	22. Sihat AlSharq Medical Company	In Kingdom	Limited Liability			
	23. Rabia Fal Company	In Kingdom	Limited Liability			
	24. AlDhahia Al Mithalia Company	In Kingdom	Limited Liability			
	25. Boroj Acquisition Company	In Kingdom	Limited Liability			
	26. North Abhor Company	In Kingdom	Limited Liability			
	27. Riyadh Intiaz Company	In Kingdom	Limited Liability			

## Composition of the Board of Directors and categories of membership:

Executive member/ Non-Executive member / Independent member

Serial No.	Director's name	Membership Category (Executive – Non-Executive – Independent)
1	Eng. Tarek bin Othman Al-Kasabi (Chairman of the Board)	Non-Executive
2	Eng. Abdul Majeed bin Ibrahim Al-Sultan (Deputy Chairman of the Board)	Non-Executive
3	Mr. Khalifa bin Abdul Latif Al-Mulhem	Non-Executive
4	Mr. Nabil bin Dawood Al-Hoshan	Executive
5	Mr. Mohammed Bin Abdullah Al Hagbani	Non-Executive
6	Mr. Abdulsalam Bin Abdulrahman Alagil	Independent
7	Dr. Saeed bin Saad Almartan	Non-Executive
8	Mr. Abdullah Bin Saleh Al Rasheed	Independent
9	Mr. Ibrahim Bin Abdulaziz Al Shaia	Independent

## Actions taken by the Board to notify its members – particularly non-executives – of shareholders suggestions and comments regarding the company and performance:

During the 55th extra-ordinary general meeting held on 19/03/ 2018, the 56th ordinary general meeting held on 09/05/2018 and the 57th ordinary general meeting held on 19/12/2018, some shareholders raised questions, inquiries and suggestions to the chairman and members of the Board regarding the bank's performance and results achieved for the fiscal year 2018. Clarifications and answers were made to all the questions and suggestions raised regarding the bank's performance and its Present and Future plans, with the participation of the chairman and Board members.

## Brief description of the responsibilities and functions of Board committees such as Audit, and Nomination and Remuneration Committees. Details of committee names, chairmen and members, number and dates of meetings and member attendance for each meeting are also listed:

### 1) Board Executive Committee

The Executive Committee of the Bank Aljazira consists of members chosen by the Board of Directors and chaired by the chairman of The Board of Directors at this session of the Board. The Board of Directors determines the authorities and powers of this Committee. It is the responsibility of the Executive Committee, in accordance with the delegated powers, to monitor the implementation of the strategy and policies set by the Board of Directors, risk management and control of the Bank's performance, recommend the balance sheet and action plan submitted for the fiscal year, and ensure proper implementation of the policies of the Board of Directors, in addition to monitoring the efficiency of internal control standards and policies implementation.

The Executive Committee for the current term has been re-formed at the Board of Directors' meeting (196) held on 23 Rabi Awal 1437 H (03 January 2016). The Committee held 9 meetings during 2018 (10 meetings in 2017), attended by members of the Committee as described in the table below:

	Name	Functional Duties	No. of meetings: 9 (nine) meetings								
			1st. meeting 29.01 2018	2nd. meeting 21.02 2018	3rd. meeting 19.03 2018	4th. meeting 09.05 2018	5th, meeting 03.06 2018	6th. meeting 16.09 2018	7th. meeting 24.10 2018	8th. meeting 21.11 2018	9th. meeting 19.12 2018
1	Eng. Tarek bin Othman Al-Kasabi	Chairman of Executive Committee	√	√	√	√	√	√	√	√	√
2	Eng. Abdul Majeed bin Ibrahim Al-Sultan	Member	√	√	√	√	√	√	√	√	√
3	Mr. Khalifa bin Abdul Latif Al-Mulhem	Member	√	√	√	X	√	√	√	√	√
4	Mr. Nabil bin Dawood Al-Hoshan	Member	√	√	√	√	√	√	√	√	√
5	Mr. Ibrahim Bin Abdulaziz Al Shaia	Member	√	√	√	√	√	√	√	√	√

### 2) Audit Committee:

This committee plays a key role in helping the Board of Directors to meet its supervisory duties in respect of the integrity of the bank's financial statements and the independency and qualifications of auditors, effectiveness of disclosure controls and procedures, effectiveness of internal audit and the external auditors, adequacy of the Bank's internal accounting systems and financial controls, bank's commitment to the ethical policies and regulatory and supervisory requirements in addition to management of risks and compliance and control activities in the bank.

The Committee reviews on quarterly basis the financial statements and assists the Board of Directors in carrying out the evaluation and annual review to ensure the effectiveness of internal controls, identify potential risks and develop strategic plans to mitigate them.

The results of the annual audit of the effectiveness of the internal control procedures of the Bank have reflected good and acceptable levels of controls. In this regard, BAJ adopts all policies and procedures required by the various statutory bodies and best of international practices

The Audit Committee consists of the chairman to be chosen from among the non-executive members of the Board of Directors and two independent members at least from outside the Bank. The meetings of Audit Committee are attended by the Chief Internal Audit and the Chief Financial Officer on a regular basis. The meetings are also attended by the CEO and senior executives as required.

The Audit Committee was re-formed for this term at the Board of Directors Meeting No. 196 held on 23 Rabia Awal 1437H (03 Jan 2016).

The Committee held 6 meetings during 2018 (6 meetings in 2017), attended by the Chairman and Members, as shown below table:

	Name	Functional Duties	No. of meetings: 6 (Six) meetings					
			1st. meeting 28.01.2018	2nd. meeting 01.04.2018	3rd. meeting 01.05.2018	4th. meeting 23.07.2018	5th, meeting 28.10.2018	6th. meeting 10.12.2018
1	Mr. Mohammed Bin Abdullah Al Haqbani	Chairman of Audit Committee	√	√	√	√	√	√
2	Mr. Fawaz Mohammed Al Fawaz	Member of Audit Committee	√	√	√	√	√	√
3	Mr. Taha Bin Mohammed Azhari	Member of Audit Committee	√	√	√	√	√	X

### 3) Nomination and Remuneration Committee (REMCO)

The Nomination and Remuneration Committee is a Board subcommittee reporting to the Board of Directors following the issuance of BAJ's Governance Policy. The Annual General Meeting sets, at a recommendation by the Board of Directors, the Committee's terms of reference. These terms of reference shall provide for the Committee's powers and responsibilities, its member nomination rules, membership term and remunerations. The functions and responsibilities of the committee focuses on recommending nominations to the Board of Directors as per the approved policies and standards, performing annual reviews on the skills required for the membership of the Board of Directors, performing reviews of the Board of Directors' structure and recommending those changes that can be carried out.

The Committee is also responsible for ensuring the independence of independent members and non - existence of any conflict of interests if any Director of the Board is also a member in any other company's board of directors, ensuring recommended appointment is commensurate with the proper skills and required qualifications, and development and review of remuneration of directors and senior executives.

The Nomination and Remuneration Committee was formed for the duration of the Board's term at the Board's Meeting No. 196 held on 23 Rabie I, 1437H (corresponding to January 03, 2016). The Committee held three meetings during 2018 (2 meetings during 2017), attended by the Chairman and Members of the Committee as described in the table below:

	Name	Functional Duties	No. of meetings: 3 (three) meetings		
			1st. meeting 15.02.2018	2nd. meeting 24.09.2018	3rd. meeting 19.12.2018
1	Mr. Khalifa bin Abdul Latif Al-Mulhem	Chairman of the Nomination and Remuneration Committee	√	√	√
2	Mr. Abdulsalam Bin Abdulrahman Alagil	Member of the Nomination and Remuneration Committee	√	√	√
3	Mr. Abdullah Bin Saleh Al Rasheed	Member of the Nomination and Remuneration Committee	√	√	√

### 4) Board Risk Committee

This committee assists the Board of Directors in fulfilling the responsibilities of overseeing the risks in the Bank's businesses and controls. Its duties and responsibilities are focused in the supervision and control. It reviews the ability of the Bank to manage and undertake risks based on appropriate analysis and formulation of appropriate risk management policies. It also approves the credit rating system in the bank and risk policies for assets and liabilities management as developed by the Assets and Liabilities Committee. The committee measures the exposures to financial risks and other significant exposures and the steps taken by management to monitor, control and report cases of risks, including, but not limited to, review of credits, market, liquidity, reputational, operational, fraud and strategic risks in addition to evaluating exposures, tolerance levels and approval of appropriate transactions or commercial restrictions. The committee reviews the scope of the risk management and the targeted activities related to the activities of the Bank's risk management.

The Board Risk Committee for the current term has been re-formed at the Board of Directors' meeting (196) held on 23 Rabie I, 1437 H (corresponding to January 03, 2016). The Committee held 4 meetings during 2018 (4 meetings in 2017), attended by the chairman and members of the Committee as described in the table below:



	Name	Functional Duties	No. of meetings: 4 (Four) meetings			
			1st. meeting 20.02.2018	2nd. Meeting 08.05.2018	3rd. meeting 17.09.2018	4th. Meeting 12.12.2018
1	Dr. Saeed bin Saad Almartan	Chairman of the Board Risk Committee	√	√	√	√
2	Mr. Abdullah Bin Saleh Al Rasheed	Member of the Board Risk Committee	√	√	√	√
2	Mr. Ibrahim Bin Abdulaziz Al Shaia	Member of the Board Risk Committee	√	X	√	√

### 5) Committee of the 'Khair Aljazira le Ahl Aljazira' program

This committee plays an important role in assisting the Board of Directors in the fulfillment of its social responsibilities related to the 'Khair Aljazira le Ahl Aljazira' program. It is responsible for the formulation of policies and procedures related to the activities and social responsibility programs, adoption of the annual budget for 'Khair Aljazira le Ahl Aljazira' program, approval of the annual plan for the program, creating solutions for the obstacles that might hinder the social responsibility programs and reviewing the objectives of the program through highlighting the bank's role in the community service. It also contributes and participates actively in many social responsibility programs in the Kingdom, builds cooperation and communication between the bank and the authorities related to those programs and the establishment of specific partnerships with associations and charities in the kingdom which contribute to highlight the role of the private sector in enhancing the process of social responsibility. The Committee also strives to create an appropriate environment to help the youth and rehabilitate them for the market, and it provides distinctive programs for rehabilitating disabled people. The Committee of the 'Khair Aljazira le Ahl Aljazira' program reports annually to the Board of Directors about the activities and programs of 'Khair Aljazira le Ahl Aljazira' program:

The Committee of the 'Khair Aljazira le Ahl Aljazira' program for the current term was re-formed at the Board of Directors' meeting (196) held on 23 Rabi I, 1437 H (corresponding to 03 January 2016). The Committee was formed under the chairmanship of Engineer Abdulmajeed Bin Ibrahim Al-Sultan and membership of Mr. Abdulaziz Bin Ibrahim Al-Hadlaq and Dr. Fahd Bin Ali Al-Elayan as per SAMA no-objection in their letter No. 391000052089 dated 06.05.1439 which was received on 28.01.2018. The Committee held 4 meetings during 2018 (2 meetings in 2017), as below:

	Name	Functional Duties	No. of meetings: 4 (Four) meetings			
			1st. meeting 01.02.2018	2nd. meeting 23.05.2018	3rd. meeting 02.10.2018	4th. Meeting 10.12.2018
1	Eng. Abdulmajeed bin Ibrahim Al-Sultan	Chairman of the 'Khair Aljazira le Ahl Aljazira' program Committee	√	√	√	√
2	Mr. Abdul Aziz bin Ibrahim Al-Hadlaq	Member of the 'Khair Aljazira le Ahl Aljazira' program Committee	√	√	√	√
3	Dr. Fahd Bin Ali Al Elayan	Member of the 'Khair Aljazira le Ahl Aljazira' program Committee	√	√	√	√

### Details of the dates of shareholders general meetings held during the fiscal year 2018 and names of board of directors who attended these meetings:

S	Name	Attendance record		
		1st. meeting 19.03.2018	2nd.meeting 09.05.2018	3rd.meeting 19.12.2018
1	Member (1): Eng. Tarek bin Othman Al-Kasabi	√	√	√
2	Member (2): Eng. Abdulmajeed bin Ibrahim Al-Sultan	√	√	√
3	Member (3): Mr. Khalifa bin Abdul Latif Al-Mulhem	√	X	√
4	Member (4): Mr. Nabil bin Dawood Al-Hoshan	√	√	√
5	Member (5): Mr. Mohammed Bin Abdullah Al Hagbani	√	√	√
6	Member (6): Dr. Saeed bin Saad Almartan	√	√	√
7	Member (7): Mr. Abdulsalam Bin Abdulrahman Alagil	√	√	√
8	Member (8): Mr. Abdullah Bin Saleh Al Rasheed	√	√	√
9	Member (9): Mr. Ibrahim Bin Abdulaziz Al Shaia	√	√	√

**Description of any interest, held by persons (except the Directors of the Board and senior executives and their relatives) in the voting shares who advised the company of such rights under Article 45 of the Listing Rules, and any change in such rights in the last fiscal year:**

S	Name of Interested Person	No. of shares at the beginning of the year	No. of shares at the end of the year	Net change	Change %
1	National Bank of Pakistan	30,333,332	30,333,332	-	Holding percentage of this shareholder was 5.83% at the beginning of the year, then changed down at the year end to 3.70% due to non-subscription to the rights issue
2	Sheikh Saleh Abdullah Mohammed Kamel	26,000,000	26,000,000	-	Holding percentage of this shareholder was 5% at the beginning of the year, then changed down at the year end to 3.17% due to non-subscription to the rights issue

**Description of any interest, securities and subscription rights held by the directors of the Board and senior executives and their relatives in the shares or debt instruments of the bank or any of its subsidiaries, and any change in such interest or rights in the last fiscal year:**

S	Name of interested person	Beginning of the year		End of the year		Net change	% change
		No. of shares	Debt instruments	No. of shares	Debt instruments		
1	Eng. Tarek bin Othman Al-Kasabi	15,913		25,093		9,180	58%
2	• Eng. Abdulmajeed bin Ibrahim Al-Sultan	1,732		2,731		999	58%
	• Brothers Consolidated Co. for Development	34,288,480		54,070,295		19,781,815	58%
3	Mr. Khalifa bin Abdul Latif Al-Mulhem	2,707,468		4,269,468		1,562,000	58%
4	Mr. Nabil bin Dawood Al- Hoshan	3,465		5,464		1,999	58%
5	Mr. Mohammed Bin Abdullah Al Hagbani	1,300		1,300		-	-
6	Dr. Saeed bin Saad Almartan	2,600		1,000		(1,600)	(62%)
7	Mr. Abdulsalam Bin Abdulrahman Alagil	1,300		1,300		-	-
8	Mr. Abdullah Bin Saleh Al Rasheed	1,300		2,050		750	58%
9	GOSI, represented by Mr. Ibrahim Bin Abdulaziz Al Shaia	25,890,372		25,890,372		-	-

\* The 55th Extra-Ordinary meeting (Second Meeting) held on 02 Rajab 1439H (19 March 2018) approved the increase of the Bank's capital from SAR 5.2 billion to SAR 8.2 billion which translates into an increase of the number of the bank's shares from 520 million shares to 820 million shares, by rights issue of SAR 3 billion for a nominal value of SAR 10 per share without issuance premium. Eligibility for rights issue was given to the shareholders registered in the bank's registers with the Securities Depository Company as at the end of trading on the above-mentioned General meeting day.

**Number and dates of Board meetings held in the last fiscal year, and attendance record detailing names of attending directors:**

Director's name	No of Meetings: 6 (Six) Meetings					
	1st meeting 29/1/2018	2nd meeting 19/03/2018	3rd meeting 09/05/2018	4th meeting 03/06/2018	5th meeting 16/09/2018	6th meeting 19/12/2018
Eng. Tarek Othman Al Kasabi	√	√	√	√	√	√
Eng. Abdulmajeed Ibrahim Al Sultan	√	√	√	√	√	√
Mr. Khalifa bin Abdul Latif Al-Mulhem	√	√	X	√	√	√
Mr. Nabil Dawood Al-Hoshan	√	√	√	√	√	√
Mr. Mohammed Bin Abdullah Al Hagbani	√	√	√	√	√	√
Dr. Saeed Saad Al Martan	√	√	√	√	√	√
Mr. Abdulsalam bin Abdurahman Alagil	√	√	√	√	√	√
Mr. Abdullah bin Saleh Al Rasheed	√	√	√	√	√	√
Mr. Ibrahim bin Abdulaziz Al Shaia	√	√	√	√	√	√

**Number, dates and reasons of Company's submissions to share registry:**

No of Company's submissions to share registry	Submission date	Reason
(1)	19/02/2018	Others
(2)	12/03/2018	Others
(3)	19/03/2018	General Meeting
(4)	25/03/2018	Others
(5)	26/03/2018	General Meeting
(6)	08/04/2018	Others
(7)	22/04/2018	Others
(8)	08/05/2018	Others
(9)	09/05/2018	General Meeting
(10)	13/05/2018	Profits File
(11)	29/05/2018	Others
(12)	27/06/2018	Others
(13)	28/08/2018	Others
(14)	02/10/2018	Others
(15)	17/10/2018	Others
(16)	02/12/2018	Others
(17)	12/12/2018	Others
(18)	16/12/2018	General Meeting

**Details of any arrangements or agreement under which any director of the board or senior executive of the bank has waived any remuneration or right:**

The Bank is not aware of any arrangements or agreements for the waiver by any of the directors of the board or senior executives of any of their rights to any remuneration.

### **Details of any arrangements or agreement under which any shareholder of the bank has waived any right to dividends:**

The Bank is not aware of any arrangements or agreements for the waiver by any of the bank shareholders of any of their rights to any dividends.

### **Payment of allowances and remuneration to Board members and senior executives:**

The Bank shall pay to directors the expenses and remuneration for attending the meetings of the Board of Directors. Total expenses and remunerations paid to Board members, its committees members and five senior executives including the Chief Executive Officer (CEO) and Chief Financial Officer (CFO) in 2018 were as follows:

	Fixed remunerations	Variable remunerations	End of Service Award	Aggregate Amount	Expenses Allowance
<b>Board of Directors</b>	4,050	130	-	4,180	72
- Independent Directors	1,350	50	-	1,400	25
- Non-Executive Directors	2,250	80	-	2,330	47
- Executive Directors	450	-	-	450	-
<b>Top 5 Senior Executives (including CEO and CFO)</b>	16,280	16,565	625	33,470	-
<b>Audit Committee Members</b>	300	85	-	385	-
<b>Remuneration &amp; Nomination Committee Members</b>	-	45	-	45	-
<b>Board Risk Committee Members</b>	-	55	-	55	-
<b>Excom Members</b>	-	185	-	185	-
<b>Khair Aljazira Le-Ahl Aljazira Committee Members</b>	-	60	-	60	-

Footnote, the Audit Committee and Khair Aljazira Le-Ahl Aljazira Committee includes members who are not Directors of the Board

## **Compensation Policy**

The remuneration of the Chairman and members of the Board of Directors shall be fixed at a minimum of SAR 360,000 and a maximum of SAR 500,000 per Director per annum, INCLUSIVE OF a per meeting stipend of SAR 5,000 for each director attending each meeting, but not inclusive of travel and accommodation expenses, provided that the total remuneration so paid to all directors combined shall not exceed 5% of the annual net profits, all of which are subject to proper disclosure, as per SAMA regulations conveyed via their Memorandum 371000078099 of 13/07/1437H, corresponding to April 20, 2016G, and further confirmed by SAMA follow up memorandum 381000063670, of 14/06/1438H, corresponding to 13/03/2017G, which clearly states that the SAR 500,000 cap is absolute and all-inclusive of the SAR 5,000 per director per meeting stipend, with exception for members of the Audit Committee.

## **Means used by the Board to assess its performance, the performance of its committees and members**

### **1. Introduction**

Part of every Director's responsibilities is to participate in an annual evaluation of the Board on which he serves, as decreed by SAMA in 2014G, and further enshrined by the CMA in 2017. This annual assessment is a valuable opportunity for Directors to take an honest, open look at their own performance and compare that with the opinions and outlook of their colleagues who share their responsibilities.

Accordingly, Bank Aljazira Corporate Governance (CG) framework, which was prepared by PWC Consulting and approved by the Board of Directors during their meeting number 187, held on July 08, 2014, specified a framework and path forwards for the ways and means by which this is accomplished.

However, annual assessments vary from one year to the next and are not always conducted in the same manner or follow the same format. Accordingly, there are 2 types of Board Assessments at Bank Aljazira, following the recommendations of the industry standards in this respect.

- Type “A” – The Annual Self-Assessment:- This is the “Lesser” assessment where the Board looks at itself and evaluates its own performance over the past year, and in-house specialists at the Bank tabulate the findings, analysis and suggest recommendations.
- Type “B” – The “Once per Term” Independent “Greater” 3rd Party assessment: - Where an outside consultant or specialized independent party performs the assessment, and tabulates findings, analysis and issues recommendations.

## 2. Details

At the start of the term of the last Board of Directors (2013 – 2015), the Board of Directors Institute (BDI) of the GCC was commissioned to conduct the “B” type assessment for the outgoing BAJ Board of Directors. It was named The BDI Board Effectiveness Initiative (BEI). This was repeated again in 2018 where the entire membership of the Board of Directors and all non-Director committee members underwent the evaluation and assessment exercise in April/May 2018.

The BDI BEI method executed in both 2013 and 2018 centered around a two-step approach:

- A standardized, online self-assessment survey filled by board members, followed by;
- A deep-dive, one-on-one interview with board members and senior managers of the bank.

A final report was issued at the beginning of 2014 summarizing the findings and recommendations of this review which outlined major areas of strength and areas for improvement. A full comprehensive report complete with all findings, analysis and recommendations was issued by BDI in September 2018 and presented to the entire Board the following month, before the dissolution of the old Board and of the new 2019–2021 term elections. The adopted recommendations were carried over by the new Board elected in December 2018, with the most salient elements slated for implementation under the direction of the Head of the Human Capital Group and REMCO Secretary.

This same methodology and protocol was closely followed and used in 2017 for the BAJ Board of Directors whose term ended in December 2018, in conducting a Type “A” self-assessments, after the conclusion of their initial 1 year tenure. The exercise was highly successful, and yielded meaningful results. The “A” type assessment will be repeated for the newly seated Board in late 2019, and repeated annually for the duration of the term.

## Internal Audit Group

The Bank’s Internal Audit Group performs internal independent audit and control review function for the Bank, covering all businesses, functions, and geographies. The group uses standardized audit methodologies to execute a rigorous assessment of risks and control environments.

The Chief Audit Executive manages the group and the Audit Committee has an oversight responsibility for ensuring that the group’s objectives are achieved. Internal Audit pursues a risk-based approach in the planning and execution of audit evaluation engagements. The scope of internal audit encompasses the examination and evaluation of the adequacy and effectiveness of the Bank’s controls, governance, risk management process, structure of internal control system, and the quality of performance in carrying out assigned responsibilities.

Internal Audit provides an independent and objective evaluation assurance of risk and control activity for senior management and furnishes them with recommendation and information concerning activities reviewed.

The Group maintains a Quality Assurance and Improvement Program that covers all aspects of the internal audit activity.

## Annual Review of the Effectiveness of Internal Control Procedures

Being a financial institution, the Bank attached high importance to the internal control environment. At the Bank, effective internal control procedures are in place across the organization, and their effectiveness is continuously monitored and tested by the control functions in the Bank, and additionally tested by the independent external auditors and regulatory inspection team.

The results of the annual audit of the effectiveness of the internal control procedures of the Bank have reflected good and acceptable levels of controls.

## Retail Banking

The Retail Banking Group continues to redefine banking services and reinforces BAJ position within the Saudi banking market by offering innovative products and smart banking solutions with a nationwide distribution network of 79 branches, 19 Ladies’ units, 618 ATMs and 8,630 Point of Sale devices. Our products and services are designed to meet the end-to-end needs of all customers from online account opening to time deposits, debit and credit cards to personal finance in addition to a wide range of mortgage finance products. Furthermore, our Electronic Banking services are among the best in the Saudi Market with Aljazira Phone being awarded for the best in customer service in the world. Aljazira SMART and Aljazira Online re-launch has made a great impact on usage and transaction based returns. Overall, the Group’s Loans book has increased by 7% in Q3 2018 to reach SAR 19,211 million from SAR 17,811 million in Sep 2017. The Liability portfolio has closed at SAR 34,149 million in Q3 2018.

Following the promising growth in the Real Estate finance market, the Bank’s real estate finance portfolio grew by 11% in 2018, with an estimated market share of 7% by year end. As part of 2020 National Transformation Program, BAJ has introduced several financing products in cooperation with Real Estate Development Fund such as subsidized funding that provides monthly subsidies to applicable candidates. Down payment guaranteed product on the other hand, offers a discounted down payment percentage from 10% to 5% of the property value. The bank is fully focused on maintaining its Real Estate financing leadership position in the market as it successfully launched rest of REDF solutions; Off-plan Sale, Self-Construction, Flexible Installments, Mortgage Guarantees & Down Payment

Support for Military Sector. All product applications are available for client use in branch, and soon to be, thru online for easy access.

## Private Banking Group

The Private Banking Group serves the high net worth individuals segment by providing a comprehensive array of private Sharia- compliant banking services and products. The group devotes all its experience and capabilities to achieve the financial goals and objectives of its customers in a professional and timely manner.

Customer deposits reached SAR 7,091 Million as of the end of 2018.

The Group cooperates closely with Al Jazira Capital to provide advisory services and investment opportunities for HNW individuals. This continuous cooperation has led to a significant increase in the size of our customer investment portfolios, where the total value of the Group's customer portfolios reached SAR 5,676 Million as of the end of 2018.

The Group meets the credit needs of its customers through its credit unit with an objective to meet the credit requirements of all its customers in a way that meets their finance needs and purpose of investments. Total credit facilities portfolio increased by 43% to reach to SAR 1,078 Million as of the end of 2018.

The Group serves its customers through 4 centers located in Riyadh, Jeddah, AlKhubar and Makkah. These centers offer all services and banking transactions needed by HNW individuals through highly qualified Saudi cadres.

During 2018, The Group signed a referral agreement with InvestCorp Bank with respect to the introduction of certain InvestCorp's offerings of investments in Shariah compliant real-estate portfolios.

## Banking Services Group - FAWRI

In 2018, Fawri continued to expand its foothold in the remittance industry of Saudi Arabia, by acquiring substantial market share relatively higher than the competition. In addition to constant revenue generation for the Bank, Fawri continued to overall business development including but not limited to; system development, remittance centers expansion, addition of new product lines and direct correspondent relations, launch of Fawri website and online remittance services for Bank Al Jazira customers being one of the breakthrough achievement. Besides, being pioneers in Marketing, Fawri persisted to its aggressive marketing approach and led from the front by conducting various marketing campaigns throughout the year, surpassing its competitors in garnering more visibility and customer reach.

In addition to 400,000+ payout network through partnership with MTOs - MoneyGram and Ria, Fawri DIRECT remittance services are now available for Philippines, Pakistan, Egypt, Nepal, Sri Lanka, Yemen and India and by the end of Q1 2019, targeting to add direct relations with correspondents in Sudan, Jordan, Turkey, Bangladesh and Indonesia.

Moving forward in 2019, Fawri is all set to enhance its market share and revenue pool by introducing cost-efficient products & services i.e. with the launch of SMART branches, varied electronic channels and Fawri Card.

## Enterprise Risk Management Group (ERMG)

During the year 2018 Bank Aljazira continued its drive to focus on strengthening the Risk Management culture and ensuring the same is institutionalized at an enterprise wide basis. With this objective set forth, the management remained committed to ensure that the bank adopts best in class risk management practices supported by necessary infrastructure, in terms of people, processes and systems so that the practices adopted become embedded in the cultural fabric of the bank.

The priority has been to strengthen the Enterprise Risk Management function with core emphasis on the following:

1. Building a robust architecture and risk strategy to facilitate not only the current business strategy but also to adapt to the changing business landscape and environment.
2. Investment in and development of risk analytics capabilities and technology to lay a strong foundation for the Risk Data Warehouse. In this regards the bank has planned to invest in relevant technology infrastructure to adopt the Basel Committee on Banking Supervision (BCBS) 239 practices. The ultimate vision of the bank is aimed at developing a state of the art Risk Data Warehouse serving as the single source of truth for all risk data and analytics needs.
3. Delineation of the approvals and review processes, ensuring that Risk Approvers and Reviewers remain independent with an objective of strict adoption to Credit Committee Culture and minimum four eyes principle.
4. Enterprise Information Security Function in line with the banks mission and strategy continued its effort to strengthen, protect information and information systems to ensure that the confidentiality, integrity and availability of all information is commensurate with mission needs, information value, and associated threats.
5. Alignment and strategizing Capital Adequacy process in sync with bank's strategic direction. The Internal Capital Adequacy Assessment Process (ICAAP) goals are being continually rationalized in accordance with the existing strategic focus and the business plan on an annual basis. Capital adequacy assessment has been carried out in accordance with the nature, size and complexity of the Bank's Business Model along with detailed documentation.
6. The Bank has also developed its Internal Liquidity Adequacy Assessment Process (ILAAP) Framework in accordance with regulatory mandate. ILAAP primarily focuses on the Bank's Liquidity Risk Assessment, Governance structure, associated strategies and contingency arrangements to deal with liquidity crunches.

7. Implementation of the Basel Program, perceived as a critical opportunity to:
  - a. Upgrade and align the bank's risk management policies and procedures to ensure that the same are in line with the global best practices and local regulatory requirements.
  - b. Develop, institutionalize and monitor detailed Risk Appetite Framework, which acts not only as a connection between the Board's strategy and Business execution of the same, but also serves as a feedback loop to ensure alignment of the strategy with the prevailing business and regulatory environment.
  - c. Review, validate and improve the Pillar – 2 Risk Assessment Models, on a continuing basis, aligning them to the industry's best practices and SAMA guidelines and expectations.
  - d. Automate Pillar-1 reporting to ensure that these reports are accurate, timely and remain in line with the regulatory expectations. In this respect the bank has successfully implemented the automated preparation and generation of the Pillar-1 regulatory reporting.
8. Refining and Strengthening the Stress Testing framework, prepared in light of best practices, SAMA and Basel bank guidelines enabling the bank to conduct Regulatory stress testing across various risk parameters and scenarios. Results of the stress testing are taken as a valuable feedback for business and capital planning purposes on a forward looking basis.
9. Ensuring that the bank remains the most compliant Financial Institution under IFRS-9. In this regards, the bank has delivered this key project to ensure that IFRS-9 implementation is given the focus and attention that it warrants. Accordingly, the bank is now fully compliant with IFRS-9 Expected Credit Loss (ECL) methods, appropriate scenarios and models well within SAMA guidelines.
10. Implementation of an Operational Risk Policy/ Framework that is compliant with the recommendations of the Basel Committee and SAMA. This framework aims to promote and encourage a culture of risk awareness and loss prevention across the Bank. It lays down the principles of how operational risks are identified, assessed, mitigated, monitored & reported within the Bank.
11. Ensuring through validation and calibration that Bank's credit risk rating models and score cards maintain their forecasting power to assess the risk associated with default of a prospective and / or existing customer. The bank has been at the forefront in successfully validating and implementing its recalibrated risk rating models.

## Corporate & Institutional Banking Group (CIBG)

### Corporate Banking Group (CBG)

Bank Aljazira presents a wide range of Shari'a compliant corporate banking products and services in Saudi Arabia. These instruments have enabled the Corporate Banking Group to build a world class relationship banking approach, and tailoring innovative solutions to fulfill the requirements of corporate and commercial clients, thus reflecting unmatched corporate banking expertise.

Our unique relationship with clients is not limited to offering unique financial banking services but including advisory solutions which has contributed to diversify our clients' base to include government and public sectors, financial institutions and top tier private sector companies. As such, it has positioned Bank Aljazira as a strategic partner to help clients achieve business growth. Our service standards continue to receive accolades from almost all strata of our clientele. The corporate dedicated team through its proven expertise has encouraged clients to explore and capitalize on our specialists in a number of areas, including sophisticated and flexible financial business solutions.

In line with its focus on cautious lending, Corporate Banking Group put in a solid performance in FY2018 which has been a turning point in its development and repositioning. Having re-strategized and introduced new resources, the Corporate Banking Group is now poised for growth.

Going forward, Corporate Banking Group will continue relying on our key strengths represented by our relationship-driven business model combined with a dedicated approach, strong focus on risk management, resilient revenues and proven management track record. Focusing on all major Regions of the Kingdom, our relationship team will cherish in forging close bonds with the existing clients, and nurturing potential relationships which will transpire into solid ones, with the passage of time.

In line with the 2030 vision, anticipated economic growth, and approved mega projects, we believe that we are fully equipped to exploit and adapt to the challenges presented by changing client needs, economic conditions and increased competition and regulation. For the coming year, with a view to strengthen our asset base, we aim to focus on both public and private sector clients, a slight shift from penetrating small sized clients to top tier ones- to those who have displayed the ability to weather the prevalent recessionary trends, without having to compromise on our strong asset quality. The Corporate Banking Team is also envisaging to capitalize on diversified lending opportunities that are bound to open up in various business sectors of the Kingdom and be a strong partner and contributor to the highly anticipated Vision 2030.

### Commercial Banking Services (CBS)

Commercial Banking Services (CBS) was established in 2012 to provide a wide range of commercial banking products and services to small and medium enterprises in the Kingdom. Operating out of three regional offices, CBS provide a full suite of products connecting and serving all commercial banking clients around the Kingdom via its various channels. Accordingly, customer base reached a current level of around 800 clients. Going forward, CBS will continue to provide enhanced services to play a pivotal role in delivering Sharia compliant offerings and providing services that exceed customer requirements.

SME's are the commercial backbone of any economy, and supporting their growth and prosperity at these critical times remains one of BAJ's main goals. Accordingly, and along with the kingdom's 2030 vision, the bank endeavors to increase SME's contribution to the overall GDP from 20% to 35%. To help achieve that goal, the bank continues its strategic alliances with government bodies that help and support this sector, such as the Saudi Industrial Development Fund, through the Kafalah program, where the bank is considered a very decent contender within the banks ranked at the second highest tier with the aim to reach top tier ranking in 2019. We are also working on increasing our alliances with other government bodies such as the General Authority for Small and Medium Enterprises (Monsha'at) and the Saudi Development Bank and BADER technology incubators, which will be extremely helpful for all parties.

2018 was a difficult year, as BAJ had to manage various challenges both internally and externally. Internally, in the form of a complete overhaul of policies and procedures, and externally through working in difficult overall market conditions and commercial environment. Operationally, Profits were lower than the previous year, with the bottom line being severely affected by strong provisions taken by the bank, which is in line with its conservative approach. Nevertheless, we have managed to overcome all obstacles and positioning ourselves for 2019.

Looking forward, we are to focus on growing this very important and profitable area of the bank, with the support and guidance of the banks higher management, whom are very confident that we can show a very strong turnaround and have BAJ's CBS become the top service provider for SME's in the kingdom..

## Global Transaction Services (GTS)

Global Transaction Services (GTS) has emerged as a critical component of Islamic Cash Management Services and Trade Finance over the years, proving to be an efficient and reliable partner to many enterprises in the Kingdom; encompassing SMEs, commercial businesses, large corporate entities, government, quasi-government (Public Sector), and financial institutions. GTS payment solutions cover a complete spectrum of domestic and international transactions offered via online corporate banking service channels, such as Aljazira Online (E-Corporate) and Aljazira Online Trade, which provide full support to all products offered by GTS as well as the commercial finance services such as enabling the full sight of the account information and the establishment of local or foreign payment services within a secure environment around the clock; these futures are in addition to salary management service offered under the name of "Rawatebcom" which simplifies the administrative procedures relating to payment of salaries of companies employees.

These services provided with high level of IT security and protection enabling the management of salary information easily and up to the satisfaction of customers. The growth strategy of GTS is aligned with the fundamental trends that are driving change in terms of digitization and processing modernization across all business sectors in Saudi Arabia.

## Specialized Finance (SFD)

The Specialized Finance Division continues to provide an innovative, customized, structured financial solutions to large institutional customers. SFD's objectives are to provide efficient and seamless client coverage for our offering of Sharia'h compliant specialized banking products and services for corporate and institutional clients and thereby generate attractive returns for our shareholders.

SFD continues to be instrumental in its leading role in syndicated finance arena with other leading banks to ensure constructive participation in major mega-deals by capitalizing on its expertise in structuring and playing various agency roles.

As part of our strategy, we are re-focusing and optimizing our client coverage model to the benefit of our core clients. Growth in large client activity is also expected to create opportunities in the institutional client segment, on which we will continue to consider on a selective basis. We expect the majority of growth to come primarily from announced government mega projects which will enable us to selectively deploy our capital into safe exposures and capture a market share in target institutional segments.

Looking ahead, we are confident of the Bank's ability to address all future challenges in a proactive and professional manner and remain aligned with the Government's focus on mega size projects, which will create sizeable lucrative opportunities.

## Financial Institutions Unit (FIU)

The Financial Institutions Unit (FIU) succeeded in managing and developing a rapidly growing global partner bank network to enable BAJ to cater to its core clients' banking needs around the world by enhancing the capabilities of BAJ for meeting customer requirements and facilitating the finance of money remittances and commercial transactions, In addition, FIU has the ambition to make BAJ the partner bank of choice in the kingdom.

The FIU maintain strong relationships with banks, financial institution, government and quasi-government bodies, investment and brokerage companies, insurance companies and export credits security companies. The unit is specialized in the management of international and regional trade transactions, cash management business needs along with an intensive insight into the dynamic variables of our Correspondents home countries.

## Public Sector Unit (PSU)

Public Sector is managing Government and quasi-government entities in the public sector. Our portfolio consists of various sectors such as the industrial, Petrochemical, Shipping, transportation and telecommunications. The complex nature and quality of the services required by Public Sector clients, the Unit employs a dedicated and well-established specialist team to serve the needs of public sector customers. The services provided by the team cover finance solutions, property finance, banking investment services, project finance, cash management solutions and electronic banking services, The unit provides to the Bank's Public Sector customers international trade finance services, products relating to capital and debt finance, treasury products and global banking services.



## Micro, Small and Medium size Enterprises (MSMEs)

- **Currently approved definition of MSMEs**

MSME clients are categorized in line with the regulatory guidance and internal policy of the Bank, and are segmented as follows:

Entity Type	Annual Revenues (Sales)SR MM	Number of Employees (Full Time)*
Micro Small	0 to 3	01 to 05
Small	3 to 40	06 to 49
Medium	40 to 200	50 to 249
Large	Greater than the above criteria	

\*Bank Aljazira considers Annual revenue as the main criteria, however, if this criteria is not available, then the number of full time employees becomes the main criteria for segmenting MSME clients.

- **Initiatives for MSMEs taken by the Bank**

- BAJ has established 3 dedicated centers for MSMEs located in 3 Regions (Central, Eastern & Western)
- Established Kafalah coordination team to streamline all matters between the bank and Kafalah program.
- Established a new Risk Acceptance Criteria/ Customer Selection Criteria which includes a scoring mechanism aimed to improve overall turnaround time.
- Established a dedicated Call Centre (MSME Phone Banking) to serve existing and new prospect clients. Toll free number "800 244 9090"
- Established an Acquisition and Business Intelligence unit mainly to acquire new to bank clients and to act as centralized unit for all corporate referrals.
- Established a new MSME segmentation module within the Bank core system to differentiate between clients segments, relationship, needs etc.
- Signed an initial agreement with the Saudi Industrial Development Fund (SIDF) to provide financial services to some of their clients (mainly trade related).
- Established a MSME Committee to review and discuss the overall performance on monthly basis headed by the CEO.
- Develop a dedicated training programs for RMs focusing on relationship, credit & risk management.
- In the final stages of concluding a Credit Card for MSME clients.
- Also in the final stages of launching a new proposition called "AMAAL" which is a package of integrated banking and financial solutions specifically catered for MSME clients
- Conducted a workshop with students from Al-Imam Mohammed Bin Saud University specialized in Finance and Banking.

- **MSMEs unit and staff**

MSMEs are managed by our Commercial Banking Services division within the Corporate & Institutional Banking Group (CIBG). Currently, CBS has more than 58 dedicated staff members serving our valued MSME clients.

### Number of training and workshop for staff and customers :

Number of training for Staff	20
Number of training for Customer	2

## Loans, Commitments and Contingencies granted to micro, small and medium enterprises:

	'000 SAR			
	2018			
	Micro	Small	Medium	Total
Loans to MSMEs on BS	42,278	240,622	83,650	966,550
Loans to MSMEs off BS	52,091	31,049	203,530	586,670
On BS MSMEs Loans as a % on Total BS Loans	0.1%	0.6%	1.7%	2.4%
Off BS MSMEs Loans as a % on Total BS Loans	0.1%	0.8%	0.5%	1.4%
Number of Loans on and Off	87	466	589	1142
Number of Customers for Loans	347	249	141	737
Number of Loans guaranteed by Kafalah program (on & Off)	43	84	7	134
Amount of Loans guaranteed by Kafalah program (on & Off)	26,244	55,193	9,868	91,305
	2017			
	Micro	Small	Medium	Total
Loans to MSMEs on BS	85,108	495,062	845,692	1,425,862
Loans to MSMEs off BS	31,969	159,058	468,856	659,883
On BS MSMEs Loans as a % on Total BS Loans	0.2%	1.2%	2.1%	3.6%
Off BS MSMEs Loans as a % on Total BS Loans	0.1%	0.4%	1.2%	1.7%
Number of Loans on and Off	236	427	297	960
Number of Customers for Loans	239	437	306	982
Number of Loans guaranteed by Kafalah program (on & Off)	48	86	6	140
Amount of Loans guaranteed by Kafalah program (on & Off)	50,508	80,665	6,724	137,897

## Treasury Group

Regional and local markets remained challenging throughout 2018 due to subdued oil prices, tightened liquidity and fierce business environment. Despite these challenges, Treasury continued to grow and showed strong financial performance while upholding prudent risk management. With its financial achievements, Treasury remains the main contributions to the bank's net income.

Liquidity in the local market endured pressure mounted by Quasi government withdrawals and aggressive debt issuances by the government. However, Treasury maintained strong liquidity position and ensured that funding requirements are met at optimal prices to support business growth.

New zero-risk-weighted government issuances of SAR 3.5 bln were added to the investment portfolio that resulted in portfolio increase to 23.8 bln, 17.3% growth over prior year. The new additions resulted in enhancement of liquidity and portfolio yield.

Customer business continued to thrive as it remained main focus. Treasury efforts in providing Shari'ah compliant solutions to customers along with better collaboration with other business groups for cross selling generated positive results. Considerable emphasis was placed to support FAWRI business line by means of pre-funding arrangement, which contributed to their continued success. All these efforts resulted in an overall growth of FX Income by 27% YOY basis thus increasing the market share.

The other achievements include bank's appointment as 'Primary Dealer' by the Debt Management Office (DMO) which provides unique opportunity to be the market maker and attain several other privileges. Treasury also established Special Purpose Vehicle (SPV) in order to comply with the international regulations & standards in carrying out day to day activities.

Treasury continued its efforts to upgrade infrastructure and completed the implementation of treasury systems, both Front Arena and Ambit Focus as per scheduled phases. The fully integrated front-to-back processing has enhanced Treasury's operational efficiency and product mix.

## Human Capital Group (HCG)

Following through from the goals and progress achieved in 2017, the HCG continued its vital strategic role in 2018 as a full practical, consultative, advisory and administrative partner to all business functions, while complying with all relevant regulatory guidelines and mandates, with continued focus on recruitment, development, systems application enhancements, leading to a mix of long term top talent retention and a noticeably improved performance excellence curve for the bank.

As before, the HCG continues to address the entire range of generalized and specialized HC roles and exercises line control oversight over all HC and staff issues and practices, including line HC management awareness and capability elevation, aimed at supporting and achieving the Bank's corporate goals and business targets to sustain continued growth and increased shareholder value, while enhancing BAJ reputation, as a workplace of choice.

In 2018, the HCG continued to collaborate with all business groups to increase proficiency and effectiveness of all our available human capital by focusing on the HC's Relationship Management role in conveying all strategic and critically important business line staff initiatives and programs to all business areas. This emphasized a dynamic approach spearheaded by the completion and launch of the several technology oriented initiatives designed to establish and enforce a cohesive and continual administrative self-services improvement and learning culture for all Bank personnel, and to advance the routine administrative capabilities and efficiencies of line managers by utilizing and expanding upon the latest technologies.

Additionally, 2018 was a regulatory intensive year for the HCG, which underwent several internal, regulatory and independent audits to assure the highest possible HC practices audit ratings for all financial and regulatory compliance audits and through the continual development and update of policy and practices enhancements to match developing and changing regulatory and governance demands.

As was the case in 2017, Saudi recruitment and training took a leading role in 2018, through the recruitment of (259) Saudi staff for all our business lines, as well as continuing to be a great talent attractor in general, in keeping with the bank's continued commitment towards numerous new job and internship training opportunities for high school and trade school diploma holders, undergrads & post graduate candidates.

The Bank has accordingly maintained its high success rate of effective Saudization of more than 93%. Furthermore, 2018, also reflected an optimum current bank needs and market demand training activity totals with more than (508) annual training events taking place, in addition to the administration of Bank and System wide required regulatory Compliance, Security and Anti Money Laundering and other compliance requirement refreshers for the entire bank population.

As a cumulative result, impressive significant improvement across all categories and overall ratings serve to even further consolidate the strong strategic partnership ties between the HCG and all other BAJ banking units, and establishing one of the most dynamic, attractive and satisfying yet challenging banking work environment.

## Bank Staff Ethical and Professional Principles

Bank Aljazira has a glowing record in pursuing exemplary conduct towards its stakeholders, customers, investors, and staff, as well as our regulatory and control authorities and entities, all of which stem from our standards, and aim at achieving our business objectives.

The Bank relies on a set of ethical and professional principles embedded in its Staff "Code of Conduct" that serve to create an ideal professional setting and growth with emphasis on a fully compliant crime, fraud, and corruption free environment.

The policies and practices of Bank Aljazira provide a stable conduct framework for its staff and associates that aid in taking prudent and appropriate long-term growth decisions. It is the responsibility of everyone to ensure full compliance with these policies and standards at all times, and to exhibit our professional and ethical principles in all of our dealings and interactions with others, whether internal or external in all elements of our society.

## Shari'ah Group

**Shariah Quality:** The Shariah Group of Bank Al-Jazira focuses on Shariah Quality control of the bank services and products with a view to achieve the expectations of its customers and shareholders as a pioneer Islamic bank through intensive review and audit of the bank's transactions to ensure all activities of the Bank and its subsidiaries are compliant with the Islamic Shariah rules. The Group submits quarterly reports to the bank's Shariah Board. The review of the Bank's transactions, in respect of the sample selection, is based on the international audit criteria for selection of samples..

**Services and Products:** The Shariah Group believes that innovation and development derived from the Islamic Shariah rules is an essential requirement to promote Islamic Banking industry in order to be able to grow, compete and meet the accelerating and renewable market requirements. Therefore, the Group permanently cooperates with business groups within the bank to innovate and develop their tools and services and seeks to automate a lot of their processes to facilitate customer's transactions and enable them to invest their time in a better manner avoiding human errors as far as possible.

**Research:** The Group is aware that to maintain the Bank's status as a pioneer bank in the Islamic banking field, it is required to collect information and prepare reports and questionnaires about Islamic banking market and its products and the extent of customers' satisfaction about it. So, the Research department of the Group continued to collect and analyze data and information, prepare various reports especially in respect of Islamic finance, Islamic insurance and investment in the Kingdom of Saudi Arabia, fields of competition, strengths and weaknesses and customers' expectations.

**Learning and Training:** The Bank considers its employees it's most valuable assets and most important tools for conducting its business. Therefore, the Shariah Group focuses on the development of employees' skills in the Islamic Banking field in cooperation with the HR Group. To this effect, the Group has- in cooperation with the HR Group conducted direct training courses in the Islamic Banking Industry to the bank staff.

### Publication of Books and Scientific Research Papers:

The Group has adopted a plan to spread knowledge through publishing and distributing of books and scientific research papers which cater for financial developments, particularly the Islamic finance issues. Published books and scientific research papers are distributed to students and educational and financial institutions. This year, the Group published and distributed a book ("Virtual currencies; their reality and Islamic Fiqh rules").

The role of the Bank's Shariah Group reflected positively on how the community and customers looked at the bank and enhanced the level of confidence in the Bank as an Islamic bank. It also contributed to the Bank's winning of many awards in the Islamic Financial Services field.

Our excellence and leadership in the Islamic banking industry is due to the Bank's compliance, in all its transactions, with the principles and rules of Islamic Shariah as well as with the decisions and recommendations of their honor the scholars, members of the bank's Shariah Board.

## Support Groups

During 2018 there were major restructuring in Support Group in order to achieve the objectives of the Bank and to keep pace with the development of the banking sector in the Kingdom, which is an important part of the Saudi Vision 2030. The Strategy and Business Transformation group was joined under the umbrella of the Support Group led by the Chief Operating Officer Mr. Ahmed Bin Sufian Al Hassan.

This management change has contributed to enhancing and continuing to provide the best services and support needed for all different groups and divisions to achieve the Bank's objectives.

### Logistics & Shared Services Group

Is the specialized group to provide all services and logistical support to Aljazira Group in terms of building branches and the maintenance of all Bank's buildings and properties and ensure it works around the clock in addition to administrative services, including but not limited to postal services / guards / hospitality and cleaning.

During this year 7 new Fawri remittance branches were delivered with modifications on some Fawri branches.

Successfully conducted 7 emergency evacuation drills in various locations across the Kingdom.

Also we have launched 15 operational automations serving different divisions in the Bank. And regarding to the Digital Archiving, we have scanned more than 13 million documents of customer records & stored in the local web application.

Replaced conventional lamps to LED lights in 12 main locations kingdom-wide for cost cutting initiative, also we have installed new corporate identity signage in 73 locations using new flex face materials & LED lamps which reduces the power consumptions by 30%.

### Properties & Contracts Management Division

Managing Real Estates 37 Properties with total value of SR 687 million.

Conducted 64 successful business continuity test with the participation of 175 employees, also we have conducted successful integrated exercise with IT full DR test under third party supervision.

Also, we have Launched AMAN system with link to the saved scanned documents to be later retrieved if requested.

### Bank Operations Division

Bank Operation division is responsible for processing all banks' incoming and outgoing local banks payments, swift/international payments, local and international check clearing/collection and direct debit mandate. The division also processes customers' personal and mortgage loans, account opening review, maintenance and KYC.

Treasury and trade finance operation processing commodity sales and purchase, time deposit and processes related to treasury products sales as well as import and export letters of credit and guarantee, import and export bill of collection and other services provided by the different businesses in the bank.

Bank operations' transaction volume has increased in the year 2018 due to increase in the sales of banks products and services..

### Information Technology Group

Information Technology Group (ITG) is continuing to build and maintain banking systems according to best technology standards to support existing and development of new banking products and services aligned with the Banks' strategic goals and objectives providing the eminent quality performance, protection and continuity for all BAJ services. ITG embarked, in partnership with all business areas, on vital projects to comply with predetermined regulatory deadlines, meet business objectives, support increasing expansion as well as the delivery of banks' internal initiatives along with the unavoidable systems upgrade.

Examples of major turning points achievements in 2018 are the completion of backup links installation and configuration for all RBG and Fawri Branches. Completion of Hardware Upgrade for Riverbed WAN Optimization Controller in Main Datacenter and Disaster Datacenter. Successfully concluded the Full Disaster Recovery Live test for bank systems operating for five Business days from Disaster Datacenter.

### Supplier Management & Cost Rationalization Division

Below are some of the major accomplishments of Supplier Management & Cost Rationalization Division throughout the year.

- Managed to save 11% on the cost of insurance.
- Succeeded to save SAR 22 million of overall bank procurements spending.
- Managed to reduce Support Group investment by 23%
- A Number of cost rationalization case studies were completed in areas like Telephone Billing, Postage & Courier services, & Hospitality services.
- Achieved a reduction on Bank wide Support investment by 4%
- Recovered pending payments of SAR 9 million.
- Capitalized on contracts benefits to get staff training & support.
- Enhanced processes such as Tender management & Outsourcing.

## Project Management Office

PMO has been providing vital support and organization to all BAJ annual projects in alignment with the concerned Businesses. We have delivered all SAMA required projects i.e. SAMA FCY Survey Project & SAMA Swift Security Controls Project.

PMO also managed to deliver critical projects for the bank such as F1 Online Account Opening, Multicurrency Card and Project-X moving credit card issuance from 3rd party overseas to In-House Production.

## Strategy & Innovation division

The strategy division is managing the connection between executive management direction and business groups. Frequent meetings have been performed during the year to identify high priority opportunities as well as planning our next year projects plan. We have worked closely with all business groups and provided our full support to assure all projects are executed as planned and on time.

Performance measurement tools has been used to update and report the strategic and key project progress to the executive management and board members.

During this year, we have started the processes of evaluating and selecting a leading external strategy consulting firms to help formulating the bank's 2019-2023 strategy.

Strategy division will continue its major role in supporting all business achieving their plans and help driving the bank towards achieving its vision.

## Digitalization & Automation Division

The objective of establishing the Digitalization & Automation Division is to focus on providing all the products and services of the bank through the digital banking channels, which facilitates the customer access at any time and from anywhere, which makes an exceptional customer experience with the bank, as well as the objective of automating the manual work to increase efficiency and reduce costs.

## Aljazira Capital Company

2018 was a successful year for Aljazira Capital (AJC). The company maintained its leading market position in the local equity market and further diversified its earning streams through its continued focus on the growth of its asset management, investment banking and custody businesses. The Company retained its leading local brokerage market position with a market share of 11.5% (2017: 12.6%).

AJC's local online trading platform, Tadawulcom, delivers a superior, competitively priced service to its local brokerage clients. The maintenance and development of this online trading platform as a fast, efficient and reliable service for the Company's institutional and individual clients is a priority for the Company. Margin finance facilities offered to AJC's clients on a selective basis provide those clients with the opportunity to enhance their trading returns through the use of leverage. AJC's local brokerage business executed trades during 2018 amounting to SAR 201 billion (2017: SAR 211 billion).

AJC's asset management product revenue grew during the year by 11%, from SAR 39.5 (2017) to SAR 43.7 million (2018). This growth stemmed from successes in marketing both AJC's public and private funds. Management is particularly pleased to note that AJC's Saudi Equity Fund retained its #1 ranking as the top performing fund in its category for the 5 year period to date. AJC's SAR Murabaha Fund also performed well: it is one of the top 3 performing funds in its category for the 5 year period to date. Management is also proud of the returns delivered to its clients from investment in AJC's private discretionary and non-discretionary portfolio management fund offerings during 2018.

AJC was pleased to receive from Thomson Reuters the 'Lipper Fund Award - Global Equities, 2018' in recognition of the superior performance of Aljazira International Equities Fund during the year.

AJC management looks to 2019 with optimism. Management believes that, notwithstanding the geopolitical uncertainties in the region, the economic prospects for the Saudi economy are positive and will spur the further development of the capital markets in the Kingdom of Saudi Arabia.

## Community Service

### Social Responsibility Group: (Khair Aljazira le Ahl Aljazira program) 2018

In its endeavors to achieve the objectives of sustained development in line with the principles of the Kingdom's Vision 2030, Bank Aljazira continued to implement its social responsibility programs through the conclusion of various social partnerships with non-profit institutions and charities and by introducing a set of high-quality programs targeting all categories of the society across the Kingdom, covering more than 96 cities and regions in the Kingdom.

Support and enablement of innovation and creativity skills, and business Entrepreneurship have been given a major share of attention by the bank this year. To this effect, Bank Aljazira program advocating innovation "Mubtakiroon" was implemented as a business platform for innovated projects in the industrial and software fields and was widely contributed to by a considerable number of female and male Entrepreneurs.

To provide training and rehabilitation to the needy segments of our community, the bank assisted small and micro projects by providing (interest-free loans) for productive families to enable them to establish their micro projects which success has consequently increased their income and improved their living standards.

During the holy month of Ramadan, the Bank, in participation with the National Committee for Prisoners Relief – Tarahum, contributed to the release of a number of financial-rights prisoners in the Northern Borders and Qassim regions.

The bank continued its focus on providing educational and professional rehabilitation to male and female youths by introducing training programs to prepare them to the labor market and to enable them to own life basic skills. In addition, the bank introduced programs targeting special needs individuals (Disabled, Blind, Deaf, Down syndrome, Hypertension, Distracted Attention, Autism and Learning Difficulties). Quality programs were also provided to the handicapped persons and their families covering training, rehabilitation and employment.

In its continuous endeavors to develop non-profit sector, the Bank has implemented a set of leading development programs for the social work leaders. It has also established the infra-structure for charitable and community societies by providing them with the basic equipment, as well as giving attention to volunteering activities which contribute to the spreading of financial, legal, health, educational and environmental awareness programs and others in the various cities and regions of the Kingdom.

The efforts of the Social Responsibility Group were rewarded by the bank's winning Princess Seta Bint Abdulaziz Award for Excellence in social work "National Achievement field" in its fifth session for BAJ Social Responsibility Program ('Khair Aljazira le Ahl Aljazira').

The number of male and female youths who benefited from the various activities and functions of ('Khair Aljazira le Ahl Aljazira') program in 2018 stood at 8,882 persons in the different cities and regions of the Kingdom of Saudi Arabia.

## Corporate Governance

Bank Aljazira is committed to the rules of the corporate governance to enable the successful application of the comprehensive internal control systems, disclosure and transparency policies. The Bank's activities are moving in full conformity with the Kingdom's laws and regulations. This has been showcased through the BAJ's wise utilization of the latest performance standards in the international banking, in supervising its performance, including the directives issued by the Saudi Arabian Monetary Authority, Capital Market Authority, and Ministry of Commerce and Investment.

## Future Plans

Bank Aljazira is one of the leading Sharia compliant financial services institutions in the Kingdom of Saudi Arabia. Over the past years the bank has applied a strategic transformation plan to become a full-fledged bank with a wide range of products and services. The bank's principal lines of business are Retail Banking, FAWRI (Remittance Business), Private Banking, Corporate Banking, Global Transaction Services and Treasury Services. These offerings are complimented with other financial services such as Takaful Insurance, Investment Banking, Asset Management, Brokerage and Securities Services provided by the bank subsidiaries (Aljazira Takaful and Aljazira Capital).

In 2018, the bank achieved several significant milestones and has continued to post strong asset growth. This has been driven by building a strong customer franchise with retail and corporate customers ranging from large corporations to SMEs, applying extensive focus towards cross selling of the bank's retail, treasury, corporate, finance and investment banking franchise. Moreover, many initiatives were successfully completed and contributed to increase the business profitability and customer service quality, many key initiatives were to enhance the bank efficiency that will scale up the Bank's service level.

In Retail Banking, we will continue our investments in leveraging new technologies to reach and serve our existing and potential customers starting from our end to end "Online Account Opening" service and going through our digital channels to apply for all the bank's products and services. Adding to that, we will continue to introduce new and innovative products and services that provide solutions to all segments with high quality of services levels coupled along with an optimized sales force to increase our market share, revenues and reduce expenses.

Branches expansion plans for both Bank and Fawri in addition to our ATM network will be built in a total new approach and concept addressing the new market trends and customer needs.

Corporate Banking has strengthened their business model aiming at better serving the Bank's corporate customers in providing banking solutions for corporate enterprises sectors and businesses through extensive packaged finance operations, trade and import operations, in addition, cash management services and e-banking have been instrumental in the overall growth of the Bank Aljazira's assets and profitability.

Bank Aljazira will continue its digital transformation strategy in introducing innovative products and services that meets our customer demands as well as our customer-centric approach to provide a positive customer experience before and after the banking relation in order to drive customer loyalty and grow business relationship.

## Awards and Certification

- Top CEO in GCC 2018 – Awarded to BAJ by Trends Magazine and INSEAD Business School
- Princess Sitah bin Abdulaziz for Excellence in Social Work National Achievement Award – Awarded to BAJ by His Highness Prince Fahd bin Abdullah bin Saud Al Kabeer and the Ministry of Labor and Social Development
- Contact Center Awards – Gold Medal and First Rank in Best Customer Service Category, Silver Medal for the Best Contact Center Category in Europe Middle East and Africa and Silver Medal for the Best Contact Center Manager in Europe Middle East and Africa – Contact Center World
- Critics Choice Best Islamic Digital Banking Award – Awarded to BAJ by Cambridge International Financial Advisory
- Critics Choice Best Islamic Retail Banking Innovation Award – Awarded to BAJ by Cambridge International Financial Advisory
- Best Customer Service Award Gold Medal and First Rank – Awarded to BAJ by Contact Center World
- Best Social Responsibility Program K.S.A. 2017 – CPI Financial

- Critics Choice Best Islamic Retail Bank in Saudi Arabia 2017 – Cambridge Analytica
- Contact Center Award – Silver Medal Best Customer Service 2017 in the Middle East, Europe and Africa
- Best Customer Service, Abshir Baezzak Program - Awarded to BAJ by Banker Middle East Product Awards
- Most Innovative Personal Banking Provider, Saudi Arabia – Awarded to BAJ by AI Global Media
- Top Three Banks with the Highest ATM Performance and Cash Management – Awarded to BAJ by Saudi Arabian Monetary Authority (SAMA)
- Best Private Bank in Saudi Arabia 2016 – Awarded to BAJ by Global Banking and Finance Review
- Best Regional Bank to Watch 2016 – Awarded to BAJ by Private Banker International
- Top 100 CEO in GCC – Awarded to BAJ by Trends Magazine and INSEAD Business School
- Best Donor Organization 2016 – Non Governmental Arab Grants Council
- Critics Choice Best Islamic Retail Bank in Saudi Arabia 2015 – Cambridge IF Analytica
- Best Remittance Middle East 2015 – CPI Financial
- Best Donor Organization – Non Governmental Arab Grants Council
- Best Private Bank 2015 – Global Banking and Finance Review
- Contact Center Award for Best Mid-Sized In-house Contact Center and Best Customer Service – Mid Sized Inhouse Center in EMEA 2015 Rank Number 1 – Contact Center World
- Okaz Awards for Professional Excellence – Okaz Newspaper
- Award for Being among the Top 100 Saudi Brands for 2015 – Al Watan Newspaper
- Data Quality Award – awarded to BAJ by Saudi Credit Bureau
- Best Retail Bank 2014 – World Finance Awards
- Best Credit Card 2014 – Banker Middle East Product Awards
- Best Real Estate Financing 2014 – Banker Middle East Industry Awards
- Best Islamic Bank – World Finance Award, KSA – World Finance Magazine
- Best Mobile Banking Award – MENA region by the EUROPEAN Magazine
- Ideal Institution award for Supporting Social and Developmental Actions – Bahrain / GCC Council of Ministers of Social Affairs.
- Award for being among the TOP 100 Saudi Brands in the presence of Prince Bandar Bin Khalid Al-Faisal, Chairman of Aseer Publishing, and Large Number of Government, Private and Media Representatives.
- 7 awards in the Contact Center World Awards – EMEA region 2013 Vienna as follows:
  - Gold Medal – Best Call Center Awards
  - Gold Medal – Best Customer Service Award
  - Silver Medal – Sales Incentives Award
  - Gold Medal – Executive Leader Award
  - Gold Medal – Technical Support Award
  - Gold Medal – Supervisor Award
  - Silver Medal – Call Center Agent Award
- Best Contact Center Manager in the Middle East – Dubai Insights Middle East
- Best Contact Center in the World 2013 Rank 1 and Gold Medal, Contact Center World
- Best Customer Service in the World 2013, Rank 1 and Gold Medal, Contact Center World
- Best Executive Leader in the World, Rank 2 and Silver Medal, Contact Center World
- Best Contact Center Manager in Europe, Middle East and Africa rank 1 and Gold Medal

## Gratitude

The Board of Directors of Bank Aljazira takes this opportunity to express their thanks and gratitude to our wise government under the leadership of the Custodian of the two Holy Mosques, King Salman bin Abdul Aziz Al Saud, HRH Prince Mohammad bin Salman Abdulaziz Al Saud, the Crown Prince and Deputy Prime Minister and Minister of Defense, and all Ministers.

We are also grateful for the continued support and guidance of the Ministry of Finance, the Ministry of Commerce and Industry, Saudi Arabian Monetary Authority and Capital Market Authority.

The Board also want to take this opportunity to express its sincere thanks and appreciation to the Bank's Shareholders and customers for their confidence and continued support and to the Bank's management and all staff members for their performance and achievements.