

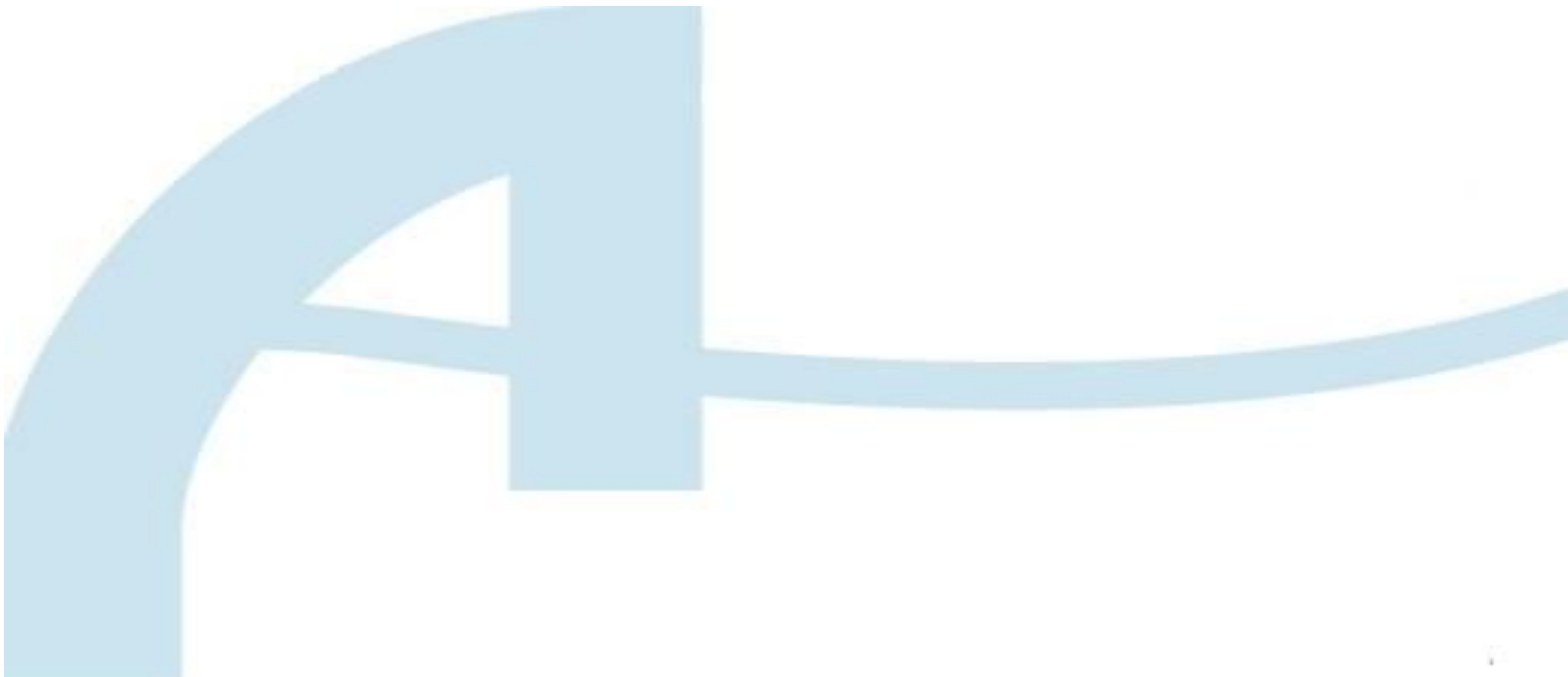


أجل. . AJIL

شركة أجل للخدمات التمويلية  
AJIL Financial Services Company

BOARD OF DIRECTORS'

REPORT 2022



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## 1- Chairman's Message

*I am pleased to present the annual Board of Directors' report of AJIL Financial Services Company (AJIL) for the year ended on 31st December 2022.*

*With the blessing of Almighty God, after 2 consecutive years of reporting losses and despite various challenges during 2022, I'm happy that our management team has been successful in improving the company's results and returning to profitability, although relatively modest, with a profit of SR 13.3 M (compared to losses of SR 179.9 M in 2021), I believe that 2022 was a year of recovery and expect to achieve better results in the coming years as we see clear signs of improvement of the economy and overall business landscape.*

*Furthermore, the company has also been able to improve on various fronts, namely in the areas of collection, cyber security, and other support functions. This is important in light of the increasing regulatory and compliance requirements.*

*From the business point of view, due to continued constraints in the supply of various classes of equipment and machines, we witnessed a 19% contraction in our financial lease portfolio. However, our Murabaha portfolio grew well during the year serving our customers' working capital requirements and their growth plans. Accordingly, the company achieved a 13% growth over the last year by booking new business amounting to SR 1,135 M during the year (compared to SR 1,006M in 2021). The increase in new business helped the company grow its portfolio and net financing revenue to SR 118.7 M (compared to SR 100.1M in 2021). Furthermore, the control over general and administrative expenses resulted in a higher operating profit of SR 51.45 M (compared to SR 38.3 M in 2021).*

*During 2022, management was also able to strengthen its collection strategy and write-off policy which enabled us to significantly reduce our Non-Performing Loans' percentage from 23% as of 31 December 2021 to 13% as of 31 December 2022.*

*Our plans for the coming years include the digitalization of a number of processes in order to increase efficiencies, reach and market share. Further, we will continue to invest in our workforce in terms of improving their knowledge and experience.*

*As Chairman of the Board of Directors, I would like to take this opportunity to confirm to our Shareholders and to all other stakeholders that the Board and Management are continuously focusing their efforts on identifying opportunities to enhance market reach and business performance while ensuring compliance with the regulations.*

*In conclusion, I would like to thank all the stakeholders for supporting AJIL. I also thank the management and all the staff members for the hard work and dedication they have shown in sailing AJIL through the past few challenging years and remain optimistic to further improve our results during the coming years.*

*Yours' Sincerely  
Ali Hussein Alireza*

## 2- Business and Strategy

### 2.1 A Year in View:

Thomas Edison said, “Good fortune is what happens when opportunity meets with planning”. The year 2022 was the year of planning for opportunities we identified earlier.

The company showed significant growth in business and improved its financial ratios during the year. In order to continue with this growth trend, we also worked on a number of initiatives for the years to come. We are pleased to report that the core of our plan is to improve customer’s experience by providing digital services with required levels of cybersecurity controls. Throughout the year 2022, we directed our investments to build our capacity in terms of technology and cyber security.

### 2.2 Strategy:

Our priority is to serve SME customers with an extended mix of products and services that suit their requirements. We are targeting the highest level of expertise and services across a wide scope of financial solutions to our customers, supporting their operations and growth as they realize their full potential.

We are committed to Vision 2030 and strongly believe in the role of SMEs in the development of the Kingdom. We are looking forward to continuing with our role as enabler for SMEs to grow and contribute to the growth of the Kingdom’s economy. It is also important to highlight the great support which the SME special programs, led by the Saudi Central Bank, played in SME financing and development during 2022. Moving forward, we plan on further enhancing our partnership with the Saudi Central Bank and SME Bank for such initiatives.

We are aiming to improve our reach throughout the Kingdom by introducing digital channels in addition to improving the transaction journey for our customers by using a number of services available in the Kingdom.



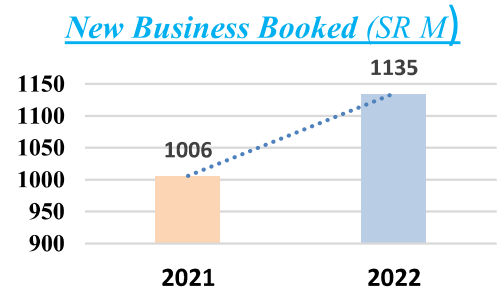
### 3- Financial Highlights

Below is a summary of key financial indicators for 2022 in comparison to 2021:

#### 3.1 Business Performance:

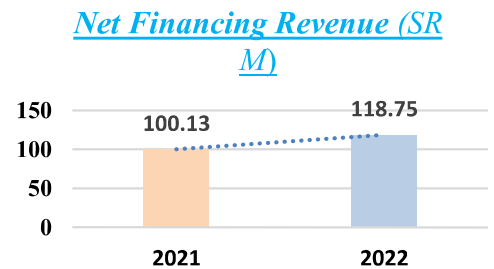
In terms of booking new business, the company showed growth of 13% over the last year. This is the result of positive indicators of the Saudi Economy. This growth trend is expected to continue in the coming years in line with the expected GDP growth and the company's plan to achieve a higher market share.

Our strategic plans to digitalize various processes will play a key role in achieving sustainable growth and returns.



#### 3.2 Net Financing Revenue:

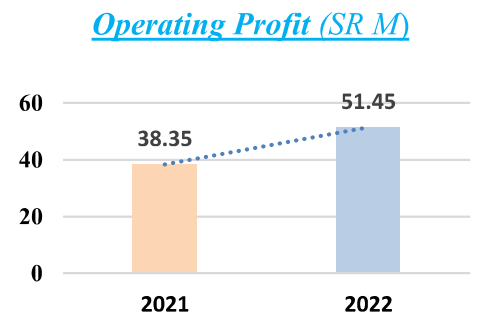
During the year, the company secured due benefits from Micro, Small and Medium Entities (MSME) support programs of the Saudi Central Bank. The company's ability to control cost of financing contributed to achieving a 17% increase in net financing revenue of the company.



#### 3.3 Operating Profit:

Despite continuous increase in several elements of cost, the company's cost of operations remained well in control during 2022. The business operations of the company recorded 34% growth in profit before provisions for expected credit losses.

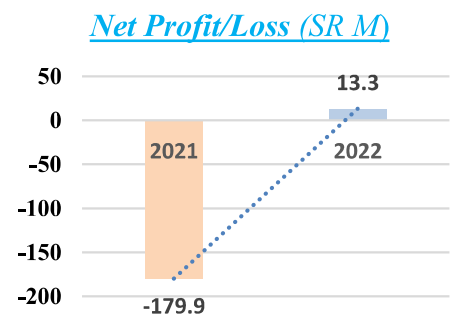
As a part of its strategic objectives, the company is heading towards digital transformation to build its capacity to serve a larger number of customers within an optimal cost-benefit matrix.



### 3.4 Net Profit / Loss:

The Company achieved 99% of budgeted revenue for the year 2022. Moreover, operating cost, provision for expected losses and financial charges remained under control and lower than the budget.

This resulted in exceeding the budgeted profitability by 10% with Net Profit of SR 13.3 million compared to Net Loss of SR 179.9 million for the prior year.



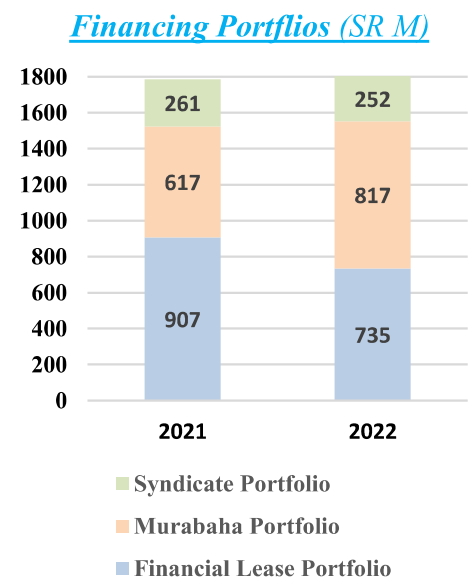
### 3.5 Business Portfolios:

Revenue generating portfolio has increased from SR 1,785 million in 2021 to SR 1,804 million in 2022.

We note that, due to constraints in the supply of equipment and machines, we witnessed 19% contraction in our financial lease portfolio.

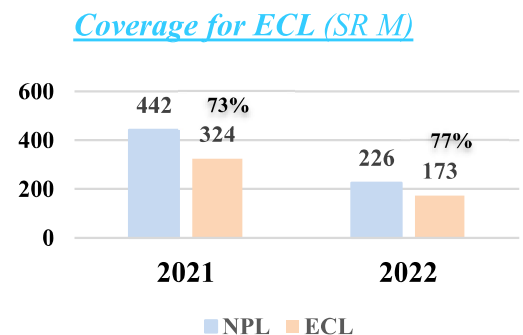
However, our Murabaha portfolio grew well during the year (32% growth) serving our customers' working capital requirements and their growth plans. Most of the Murabaha financing deals are collateralized by either mortgage of real estate or the guarantees issued by Kafalah program.

Furthermore, in 2022, the company entered into syndicate financing contracts amounting to SR 111.8 million with its syndicate partners compared to SR 155.5 million in 2021 and generated revenues not only as a financier but also as a managing partner. Our portion of this portfolio has reduced by 4% (SR 252 M vs SR 261M) during the year 2022.



### 3.6 Coverage for Expected Credit Losses (ECL):

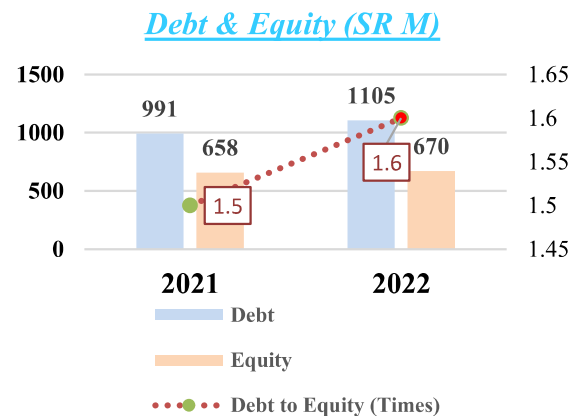
During 2022, the company strengthened its collection strategy and write-off policy, as a result, our NPL percentage has reduced from 23% as of 31 December 2021 to 13% as of 31 December 2022. Furthermore, NPL coverage has increased from 73% to 77%.



### 3.7 Debt and Equity:

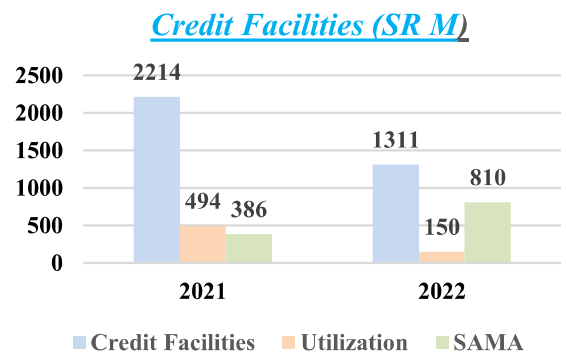
Despite losses in 2021 and 2020 causing reduced equity level, the company is maintaining a healthy debt to equity ratio of 1.6 times (compared to 1.5 in 2021).

The company manages its liquidity risk by ensuring that adequate bank facilities are available to meet any commitments, as they arise. In addition, the company is carefully maintaining a mix of medium-term and short-term liabilities to align the maturities of liabilities in line with the maturities of assets for effective cash flow management.



### 3.8 Credit Facilities:

The company is maintaining healthy relationships with a number of banks in Saudi Arabia. Due to extension of SAMA Loan Guarantee Program for another year till March 2023, our utilization of banking lines has reduced significantly. Therefore, banks have also reduced our credit facilities. However, we are confident that these lines would be back to their prior years' level as soon as we start utilizing our facilities.



During 2022, the company borrowed SR 485 million from Saudi Central bank under Loan Guarantee Program and received deposits of SR 44 million under SAMA Deferral Program to support its MSME customers under these programs.

### 3.9 Financial Reporting Standards:

AJIL maintains proper books of accounts in compliance with the Implementing Regulations of the Law on Supervision of Finance Companies. The annual audited financial statements for the year ending 31 December 2022, which are an integral part of this report, have been prepared in accordance with International Financial Reporting Standards (IFRS) that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Certified Public Accountants (SOCPA).

### 3.10 Zakat & Taxes:

The company is calculating the Zakat and Taxes as per laws and regulations applicable in the Kingdom of Saudi Arabia. The company has submitted the Zakat and tax return for the year ended 31 December 2021 within the stipulated timeline. The company has calculated Zakat accruals of SR 3.9 million for the year ended 31 December 2022 based on the new Zakat rules for financing activities. The company has secured an unrestricted Zakat and Tax Certificate valid until 30 April 2023.

### 3.11 Employee Benefits Scheme:

AJIL works in a highly competitive business segment where our people are our primary assets. It is only by taking care of the physical and emotional wellbeing of our employees that we can hope to remain a market leader.

To support the ongoing physical wellness of employees, AJIL offers subsidized memberships to leading fitness centers in Saudi Arabia. We support families and provide a schooling allowance for managerial employees. We are a committed equal opportunities employer and nurturing and advocating talent remains a priority.

To ensure employees' wellbeing, the company offers special leave allowances and travel benefits to its employees which help them to spend quality time with their families and friends during vacations.

In addition to the above, we are providing quality comprehensive health insurance coverage to our employees and their families.

## 4- Ownership Structure

The share capital of the company is divided into 50,000,000 shares of SR 10 each.

### 4.1 Shareholders as at 31 December 2022:

Shareholder	Percentage of Shareholding	No. of Shares
Riyad Bank	48.46%	24,230,769
Zahid Group Holding Company Limited	34.62%	17,307,692
Al Yemni Investment Co.	6.92%	3,461,539
Khaled Ahmed Al Juffali Company	5.00%	2,500,000
Husein Alireza Sons Company Limited	5.00%	2,500,000
<b>Total</b>	<b>100.00%</b>	<b>50,000,000</b>

### 4.2 Changes in Shareholding Structure during the Year:

During the year 2022, the ownership structure of the company remained unchanged.

## 5- Board of Directors

AJIL is managed by a Board of Directors (the Board) consisting of eight members elected by the General Assembly for a term ending on 13 September 2023. The Board in its current term includes three independent members and five non-executive members.

### 5.1 Board of Directors Composition:

#	Name	Position	Classification
1	Mr. Ali Alireza	Chairman	Non-Executive
2	Mr. Mohammad Abo Al-Naja	Vice Chairman	Non-Executive
3	Mr. Mohammed Al-Salah	Member	Non-Executive
4	Mr. Usman Mahmood	Member	Non-Executive
5	Mr. Haytham Zahid	Member	Non-Executive
6	Mr. Amr Al-Kabbani	Member	Independent
7	Dr. Faisal Baassiri	Member	Independent
8	Mr. Majid Al-Osailan	Member	Independent

### 5.2 Board Members' Qualifications:

Name	Current Positions	Previous Positions and Experience	Qualifications
<b>Mr. Ali Alireza (Chairman)</b>	<ul style="list-style-type: none"> <li>Managing Director of Haji Husein Alireza &amp; Company</li> <li>Chairman of Hertz Rental and Leasing</li> <li>Chairman of National Computer Systems Company (NATCOM)</li> <li>Member of the Board of Arabian Petroleum Supply Company (APSCO)</li> <li>Member of the Credit Committee for AJIL Financial Services Company</li> <li>Member of the Nomination &amp; Remuneration Committee for AJIL Financial Services Company</li> </ul>	<ul style="list-style-type: none"> <li>Chairman of SAMBA Capital (2018-2020)</li> <li>Member of the Board of SAMBA Financial Group (2003-2020)</li> <li>Member of the Executive Committee of SAMBA Financial Group (2003-2020)</li> <li>Chairman of Gulf One Investment Bank, Bahrain (2006-2014)</li> <li>Chairman of Al Alamiya for Cooperative Insurance Company, KSA (2009-2018)</li> </ul>	<ul style="list-style-type: none"> <li>Master's degree in Business Administration from Pepperdine University in Los Angeles.</li> <li>Bachelor's degree in Business Administration from the University of Southern California in Los Angeles.</li> </ul>
<b>Mr. Mohammad Abo Al-Naja (Vice Chairman)</b>	<ul style="list-style-type: none"> <li>Chief Corporate Banking Officer at Riyadh Bank</li> <li>Member of the Credit Committee for AJIL Financial Services Company</li> </ul>	<ul style="list-style-type: none"> <li>Executive Vice President – Corporate Banking Division at Riyadh Bank (2018-2020)</li> <li>Executive Vice President – Corporate Banking Services at Riyadh Bank (2014-2018)</li> <li>Senior Vice President – Corporate Banking (Multinational) at Riyadh Bank (2013-2014)</li> <li>Vice President – Manager, Corporate Banking (Central Region) at Riyadh Bank (2010-2013)</li> </ul>	<ul style="list-style-type: none"> <li>Bachelor's degree in Law from King Saud University.</li> </ul>

Name	Current Positions	Previous Positions and Experience	Qualifications
		<ul style="list-style-type: none"> <li>Senior Relationship Manager at Riyadh Bank (2004-2010)</li> </ul>	
<b>Mr. Mohammed Al-Salah (Member)</b>	<ul style="list-style-type: none"> <li>Senior Vice President – Manager, Corporate and Government Banking at Riyadh Bank</li> </ul>	<ul style="list-style-type: none"> <li>Vice President – Manager, Corporate Banking (Central Region) at Riyadh Bank (2013-2017)</li> <li>Team Leader Corporate Banking Sector at Riyadh Bank (2009-2013)</li> </ul>	<ul style="list-style-type: none"> <li>Bachelor's degree in Industrial Engineering from King Saud University.</li> </ul>
<b>Mr. Usman Mahmood (Member)</b>	<ul style="list-style-type: none"> <li>Chief Financial Officer and Group Strategist at Zahid Group</li> <li>Member of the Board of Altaaqa Alternative Solutions Holding Limited</li> <li>Member of the Board of Altaaqa Alternative Solutions Global FZE</li> <li>Member of the Board of OCS Arabia LLC</li> <li>Member of the Board of EJAR - The Machinery Rental Alternative Company Limited</li> <li>Member of the Board of SAFEER</li> <li>Member of the Board of MTD Arabia</li> <li>Member of the Board of Arabian Vehicles and Trucks Industry Machinery Company Limited</li> <li>Member of the Credit Committee for AJIL Financial Services Company</li> </ul>	<ul style="list-style-type: none"> <li>Director Finance and Accounting - Zahid Tractor and Heavy Machinery Company Limited (1996-2017)</li> <li>Chief Executive Officer – AJIL Financial Services Company (2008-2013)</li> <li>Member of the Board of Arabian Vehicles and Trucks Industry Machinery Company Limited (2019-2021)</li> </ul>	<ul style="list-style-type: none"> <li>Associate member of the Chartered Institute of Management Accountants England &amp; Wales.</li> <li>Associate member of British Institute of Management</li> <li>Bachelor's degree in Economics from University of the Punjab.</li> </ul>
<b>Mr. Haytham Zahid (Member)</b>	<ul style="list-style-type: none"> <li>Group President- Investments at Zahid Group</li> <li>Chairman of Zahid Travel Group</li> <li>Chairman of OCS Arabia LLC</li> <li>Chairman of Wared Logistics</li> <li>Member of the Board of Zahid Tractor and Heavy Machinery Company Limited</li> <li>Member of the Board of Altaaqa Alternative Solutions Holding Limited</li> <li>Member of the Board of Altaaqa Global</li> <li>Member of the Board of Z5G Holding Co</li> </ul>		<ul style="list-style-type: none"> <li>Bachelor's degree in Economics from Brown University, Providence.</li> </ul>



Name	Current Positions	Previous Positions and Experience	Qualifications
	<ul style="list-style-type: none"> <li>Member of the Board of Hospitality Ventures</li> <li>Member of the Board of Universal Excellence Trading LLC</li> <li>Member of the Board of Perpetua Holding GmbH</li> <li>Member of the Board of Perpetua Holding Europe</li> <li>Member of the Board of Perpetua Holding NA Ltd.</li> <li>Member of the Board of Saudi Company for Site Technology. Ltd</li> <li>Chairman of the Executive Committee for AJIL Financial Services Company</li> </ul>		
<b>Mr. Amr Al-Kabbani (Member)</b>	<ul style="list-style-type: none"> <li>Chief Executive Officer at Isam Khairi Kabbani(IKK) Group of Companies</li> <li>Member of the Board of Isam Khairi Kabbani(IKK) Group of Companies</li> <li>Chairman of the Audit Committee for AJIL Financial Services Company</li> </ul>	<ul style="list-style-type: none"> <li>Chief Operating Officer at Isam Khairi Kabbani(IKK) Group of Companies (2011-2015)</li> <li>Regional Manager for the Gulf Countries at Credit Agricole Corporate &amp; Investment Bank, Dubai, UAE (2004-2011)</li> </ul>	<ul style="list-style-type: none"> <li>Bachelor's degree in International Business Administration from the American College in Paris</li> </ul>
<b>Dr. Faisal Baassiri (Member)</b>	<ul style="list-style-type: none"> <li>Managing Partner of Faisal Adnan Baassiri Law Firm in association with Ashurst LLP in Saudi Arabia</li> <li>Lawyer to the French Consulate</li> <li>Member of the Board of Gulf General Cooperative Insurance Company (GGI)</li> <li>Chairman of the Nomination &amp; Remuneration Committee of GGI</li> <li>Chairman of the Nomination &amp; Remuneration Committee for AJIL Financial Services Company</li> </ul>	<ul style="list-style-type: none"> <li>Head of Legal Affairs at SEDCO Holding (2006-2012)</li> </ul>	<ul style="list-style-type: none"> <li>PhD in Law from Université Panthéon-Assas (Paris II)</li> <li>Baccalaureate in Economics from Institut Florimont, Geneva, Switzerland</li> </ul>
<b>Mr. Majid Al-Osailan (Member)</b>	<ul style="list-style-type: none"> <li>Chairman of the Energy and Environment Committee under the Saudi International Chamber of Commerce (ICC)</li> <li>Chairman of National Gas Distribution Company</li> <li>Chairman of the Audit Committee of Al-Abdullatif</li> </ul>	<ul style="list-style-type: none"> <li>Deputy Chief Executive Officer at City Cement Company (2016-2019)</li> <li>Member of the Audit Committee for Al-Abdullatif industrial &amp; investment (2016-2019)</li> </ul>	<ul style="list-style-type: none"> <li>Master's degree in Business Administration from International University of America</li> <li>Bachelor's degree in Administrative Science</li> </ul>

Name	Current Positions	Previous Positions and Experience	Qualifications
	Industrial Investment Company • Vice-Chairman of Green Solutions for Environmental Services Company • Vice-Chairman of the National Committee of Cement Manufacturing • Member of the Saudi International Chamber of Commerce (ICC) • CEO and Member of the Board of City Cement Company • Member of the Executive Committee for City Cement Company • Member of the Board of Al-Abdullatif Industrial Investment Company • Member of the Risk Committee in Al-Abdullatif Industrial Investment Company • Member of the Executive Committee for AJIL Financial Services Company	• Member of the Board of National Distribution Gas (CJSC) (2016-2019) • Member of the Board of Saudi Makamin (2016-2019) • Member of the Audit Committee for Murabaha Installments Company (2015-2016) • Chief Finance & Administration Officer at City Cement Company (2014-2016) • Chief Financial Officer at City Cement Company (2012-2014) • Senior Relationship Manager at Riyadh Bank (2010-2012)	Accounting from King Saud University

### 5.3 Board of Directors Meetings:

The Board conducted seven meetings during the year 2022. The following table details the Board meetings' attendance:

#	Name	01 Mar 2022	14 Apr 2022	25 Apr 2022	21 Jul 2022	06 Oct 2022	13 Oct 2022	15 Dec 2022	Total	Attendance Rate
1	Mr. Ali Alireza	✓	✓	✓	✓	✓	✓	✓	7	100%
2	Mr. Mohammad Abo Al-Naja	✗	✓	✓	✓	✓	✗	✓	5	72%
3	Mr. Mohammed Al-Salah	✗	✓	✗	✗	✓	✓	✓	4	57%
4	Mr. Usman Mahmood	✓	✓	✓	✓	✓	✓	✓	7	100%
5	Mr. Haytham Zahid	✓	✓	✓	✗	✓	✓	✓	6	86%

#	Name	01 Mar 2022	14 Apr 2022	25 Apr 2022	21 Jul 2022	06 Oct 2022	13 Oct 2022	15 Dec 2022	Total	Attendance Rate
6	Mr. Amr Al-Kabbani	✓	✓	✓	✓	✓	✓	✓	7	100%
7	Dr. Faisal Baassiri	✗	✓	✓	✓	✓	✓	✓	7	86%
8	Mr. Majid Al-Osailan	✓	✓	✓	✓	✓	✓	✓	7	100%

#### 5.4 Remuneration of the Board of Directors:

The remuneration of the Board members for the year ended 31 December 2022 was as follows:

Board Member Name	Position	Remuneration (SAR)
Mr. Ali Alireza	Chairman	150,000
Mr. Mohammad Abo Al-Naja	Vice Chairman	150,000
Mr. Mohammed Al-Salah	Member	150,000
Mr. Usman Mahmood	Member	150,000
Mr. Haytham Zahid	Member	150,000
<b>Total Remuneration of Non-Executive Board Members</b>		<b>750,000</b>
Mr. Amr Al-Kabbani	Member	150,000
Dr. Faisal Baassiri	Member	150,000
Mr. Majid Al-Osailan	Member	150,000
<b>Total Remuneration of Independent Board Members</b>		<b>450,000</b>
<b>Total Remuneration of Board of Directors</b>		<b>1,200,000</b>

## 6- Board Committees

### 6.1 Audit Committee:

The primary role of the Audit Committee is to assist the Board in fulfilling its oversight responsibilities with respect to accounting and financial reporting, adequacy and effectiveness of the internal control environment, compliance with laws and regulations, and internal and external audit processes.

#### 6.1.1 Audit Committee Composition:

#	Name	Position	Classification
1	Mr. Amr Al-Kabbani	Chairman	Independent
2	Mr. Tariq Zaino	Member	Independent
3	Mr. Mohammed Al-Fadhel	Member	Non-Executive

#### 6.1.2 Audit Committee Members' Qualifications:

Name	Current Positions	Previous Positions and Experience	Qualifications
<b>Mr. Amr Al-Kabbani (Chairman)</b>	<ul style="list-style-type: none"> <li>Chief Executive Officer at Isam Khairi Kabbani(IKK) Group of Companies</li> <li>Member of the Board of Isam Khairi Kabbani(IKK) Group of Companies</li> <li>Member of the Board of AJIL Financial Services Company</li> </ul>	<ul style="list-style-type: none"> <li>Chief Operating Officer at Isam Khairi Kabbani(IKK) Group of Companies (2011-2015)</li> <li>Regional Manager for the Gulf Countries at Credit Agricole Corporate &amp; Investment Bank, Dubai, UAE (2004-2011)</li> </ul>	<ul style="list-style-type: none"> <li>Bachelor's degree in International Business Administration from the American College in Paris</li> </ul>
<b>Mr. Tariq Zaino (Member)</b>	<ul style="list-style-type: none"> <li>Member of the Audit Committee for Saudi Reinsurance Company</li> <li>Founder of Zaino CPA (Tariq H. Zaino Chartered Accountant Co.)</li> </ul>	<ul style="list-style-type: none"> <li>Audit Director at General Zakat &amp; Tax Authority (2017-2019)</li> <li>Consultant and Financial Analyst at Capital Market Authority – Appeal Committee (2014-2017)</li> <li>Manager – Zakat and Tax at Ernst &amp; Young (2012-2014)</li> <li>Assistant Manager – Zakat and Tax at Ernst &amp; Young (2006-2012)</li> <li>Accountant at Saudi Chemical Company (2004-2006)</li> </ul>	<ul style="list-style-type: none"> <li>Bachelor's degree in Accounting from King Saud University</li> <li>Member of SOCPA</li> </ul>

Name	Current Positions	Previous Positions and Experience	Qualifications
<b>Mr. Mohammed Al-Fadhel (Member)</b>	<ul style="list-style-type: none"> <li>Senior Vice President – Manager MSME Department at Riyadh Bank</li> </ul>	<ul style="list-style-type: none"> <li>Senior Vice President – Manager Retail Control &amp; Support Department at Riyadh Bank (2019-2021)</li> <li>Vice President – Head of Corporate Credit Policy &amp; Strategy at Riyadh Bank (2015-2019)</li> <li>Member of the Board of AJIL Financial Services Company (2015-2019)</li> <li>Assistant Vice President – Head of Multinational Credit Review at Riyadh Bank (2014-2015)</li> <li>Credit Manager at Riyadh Bank (2010-2014)</li> <li>Assistant Manager Credit at Riyadh Bank (2009-2010)</li> </ul>	<ul style="list-style-type: none"> <li>Bachelor's degree in Business Administration from King Saud University</li> </ul>

#### 6.1.3 Audit Committee Meetings:

During 2022, the Audit Committee held eight meetings. The following tables detail the Audit Committee meetings' attendance:

#	Name	21 February 2022	3 March 2022	21 April 2022	19 May 2022	31 July 2022
1	Mr. Amr Al-Kabbani	✓	✓	✓	✓	✓
2	Mr. Tariq Zaino	✓	✓	✗	✓	✓
3	Mr. Mohammed Al-Fadhel	✓	✓	✓	✓	✓

#	Name	17 August 2022	23 October 2022	28 November 2022	Total	Attendance Rate
1	Mr. Amr Al-Kabbani	✓	✓	✓	8	100%
2	Mr. Tariq Zaino	✓	✓	✓	7	88%
3	Mr. Mohammed Al-Fadhel	✓	✓	✓	8	100%

## 6.2 Nomination & Remuneration Committee (NRC):

The primary role of the NRC is to assist the Board of Directors in fulfilling its responsibilities with respect to the following:

- Nominating candidates to the membership of the Board, its Committees and the Executive Management;
- Review the company's remuneration policy that governs the compensation of the Board, Board Committees' and Executive Management members;
- Evaluate the performance of the members of the Board and its Committees; and
- Review the company's compensation and benefits policy and incentives scheme.

### 6.2.1 NRC Composition:

#	Name	Position	Classification
1	Dr. Faisal Baassiri	Chairman	Independent
2	Mr. Ali Alireza	Member	Non-Executive
3	Mr. Mohammed Zaher Al Munajjed	Member	Independent

### 6.2.2 NRC Members' Qualifications:

Name	Current Positions	Previous Positions and Experience	Qualifications
<b>Dr. Faisal Baassiri (Chairman)</b>	<ul style="list-style-type: none"> <li>• Managing Partner of Faisal Adnan Baassiri Law Firm in association with Ashurst LLP in Saudi Arabia</li> <li>• Lawyer to the French Consulate</li> <li>• Member of the Board of Gulf General Cooperative Insurance Company (GGI)</li> <li>• Chairman of the Nomination &amp; Remuneration Committee of GGI</li> <li>• Member of the Board of AJIL Financial Services Company</li> </ul>	<ul style="list-style-type: none"> <li>• Head of Legal Affairs at SEDCO Holding (2006-2012)</li> </ul>	<ul style="list-style-type: none"> <li>• PhD in Law from Université Panthéon-Assas (Paris II)</li> <li>• Baccalaureate in Economics from Institut Florimont, Geneva, Switzerland</li> </ul>
<b>Mr. Ali Alireza (Member)</b>	<ul style="list-style-type: none"> <li>• Managing Director of Haji Husein Alireza &amp; Company</li> <li>• Chairman of Hertz Rental and Leasing</li> <li>• Chairman of National Computer Systems Company (NATCOM)</li> <li>• Member of the Board of Arabian Petroleum Supply Company (APSCO)</li> <li>• Member of the Credit Committee for AJIL Financial Services Company</li> </ul>	<ul style="list-style-type: none"> <li>• Chairman of SAMBA Capital (2018-2020)</li> <li>• Member of the Board of SAMBA Financial Group (2003-2020)</li> <li>• Member of the Executive Committee of SAMBA Financial Group (2003-2020)</li> <li>• Chairman of Gulf One Investment Bank, Bahrain (2006-2014)</li> <li>• Chairman of Al Alamiya for Cooperative Insurance Company, KSA (2009-2018)</li> </ul>	<ul style="list-style-type: none"> <li>• Master's degree in Business Administration from Pepperdine University in Los Angeles.</li> <li>• Bachelor's degree in Business Administration from the University of Southern California in Los Angeles.</li> </ul>

Name	Current Positions	Previous Positions and Experience	Qualifications
	<ul style="list-style-type: none"> <li>Chairman of the Board of AJIL Financial Services Company</li> </ul>		
<b>Mr. Mohammed Zaher Al Munajjed (Member)</b>	<ul style="list-style-type: none"> <li>Vice Chairman and Member of the Board of Kindasa Water Services</li> <li>Chairman of the Audit Committee for Kindasa Water Services</li> <li>Member of the Executive Committee for Kindasa Water Services</li> <li>Member of the Board of Gulf General Cooperative Insurance Company (GGI)</li> <li>Member of the Nomination &amp; Remuneration Committee of GGI</li> <li>Member of the Board of Red Sea International</li> <li>Chairman of Nomination &amp; Remuneration Committee of Red Sea International</li> <li>Member of the Audit Committee of Red Sea International</li> <li>Chairman of the Board of Saudi Support Services Company</li> </ul>	<ul style="list-style-type: none"> <li>Member of the Board of ROLACO trading company (2017-2020)</li> <li>Chairman of the Nomination &amp; Remuneration Committee of GGI (2009-2019)</li> <li>Member of the Board of Credit Suisse Saudi Arabia (2012-2017)</li> <li>Chairman of the board of Grameen Jameel Pan Arab Micro Finance Ltd (2007-2017)</li> </ul>	<ul style="list-style-type: none"> <li>Master's degree in Business Administration from Harvard Business School in USA.</li> <li>Master's degree in French International Law from the St Joseph University in Beirut.</li> <li>Bachelor's degree in Business Administration from the American University in Lebanon.</li> </ul>

### 6.2.3 NRC Meetings:

During 2022, the NRC held four meetings. The following table details the NRC meetings' attendance:

#	Name	17 February 2022	16 March 2022	28 March 2022	05 October 2022	Total	Attendance Rate
1	Dr. Faisal Baassiri	✓	✓	✓	✓	4	100%
2	Mr. Ali Alireza	✓	✓	✓	✓	4	100%
3	Mr. Mohammed Zaher Al Munajjed	✓	✓	✓	✓	4	100%



### 6.3 Risk Management and Credit Committee (RMCC):

The primary role of the RMCC is to assess the company's risk profile and key areas of risk and identify mitigating factors related therewith.

#### 6.3.1 RMCC Composition:

#	Name	Position	Classification
1	Mr. Abdulrahman Al-Zuwaidi*	Chairman	Non-Executive
2	Mr. Mahmood Kamel	Member	Non-Executive
3	Mr. Mohammed Barig Ahmed Siraj	Member	Non-Executive
4	Mr. Naief Arab	Member	Executive

\* Mr. Al-Zuwaidi has resigned from the committee's membership effective from 1 November 2022

#### 6.3.2 RMCC Members' Qualifications:

Name	Current Positions	Previous Positions and Experience	Qualifications
<b>Mr. Abdulrahman Al-Zuwaidi (Chairman)</b>	<ul style="list-style-type: none"> <li>Executive Vice President, Internal Control &amp; Market Risk at Riyad Bank</li> </ul>	<ul style="list-style-type: none"> <li>Member of The Audit Committee for Saudi Orix Leasing Company (2020-2020)</li> <li>Member of the Nomination &amp; Remuneration Committee for Tabadul (2019-2020)</li> <li>Member of the Board of Oasis Flower for Trading Co (2017-2020)</li> <li>Chief Executive Officer at MEDGULF Saudi Arabia (2017-2018)</li> <li>Member of The Audit Committee for Saudi Orix Leasing Company (2015-2018)</li> <li>General Manager - Corporate Governance at The Saudi Investment Bank (2016-2017)</li> <li>Consultant at The Saudi Investment Bank (2014-2015)</li> <li>General Manager - Corporate Banking at Al Rajhi Bank (2013-2014)</li> <li>Division Head - Institutional Banking Group at NCB (2002-2013)</li> </ul>	<ul style="list-style-type: none"> <li>Bachelor's degree in Business Administration from Kensington University, USA.</li> </ul>
<b>Mr. Mahmood Kamel (Member)</b>	<ul style="list-style-type: none"> <li>Corporate Credit Manager &amp; Head of Risk at Zahid Tractor &amp; Heavy Machinery Co. Ltd</li> </ul>	<ul style="list-style-type: none"> <li>Corporate Credit Manager at Zahid Tractor &amp; Heavy Machinery Co. Ltd (2015-2017)</li> <li>Regional Credit Manager at Zahid Tractor &amp; Heavy Machinery Co. Ltd (2009-2015)</li> <li>Credit Risk Manager at NCB (2007-2009)</li> <li>Regional Manager at AJIL Financial Services Company (2005-2007)</li> </ul>	<ul style="list-style-type: none"> <li>Bachelor's degree in Business Administration from Ain Shams University, Cairo, Egypt.</li> </ul>

Name	Current Positions	Previous Positions and Experience	Qualifications
		<ul style="list-style-type: none"> <li>Executive Manager - Credit Administration/Control &amp; Risk Management at the United Bank of Egypt (2004-2005)</li> <li>Manager - Credit Administration/Control &amp; Risk Management at Credit Agricole Egypt (1999-2004)</li> <li>Head - Financial Institutions &amp; Correspondent Banking at Societe Arabe Internationale de Banque (1994-1999)</li> <li>Assistant Manager - Financial Institutions at UBS, Egypt (1989-1994)</li> </ul>	
<b>Mr. Mohammed Barig Ahmed Siraj (Member)</b>	<ul style="list-style-type: none"> <li>Vice President Group Affairs at Zahid Tractor &amp; Heavy Machinery Co. Ltd</li> <li>Member of the Board of Zahid Travel Group</li> <li>Member of the Board of OCS Arabia</li> <li>Member of the Board of Tasleeh</li> <li>Vice Chairman of the Board of Hala (a Saudi Fintech)</li> <li>Chairman of the Audit Committee of Hala (a Saudi Fintech)</li> <li>Member of the Investment Committee of Nor Nouf ventures</li> </ul>	<ul style="list-style-type: none"> <li>Director of IT at Zahid Tractor &amp; Heavy Machinery Co. Ltd (2013-2020)</li> <li>Member of the Board of CIMC Arabia &amp; CIMC Vehicles Bahrain Factory (2014-2021)</li> <li>Member of the Board of OCS Arabia (2014-2016)</li> <li>Executive Member of the Board of AlAghar (2010-2020)</li> <li>CEO at ICT Ventures JSC (2008-2012)</li> <li>Independent Member of the Board of 3 of Bakheet Investment Group's Funds (2011-2014)</li> <li>Board Observer in Mobidiv, ITS<sup>2</sup>, &amp; IdealRatings (2009-2012)</li> <li>Vice President Information Technology at General Authority of Civil Aviation (2005-2008)</li> <li>IT Consultant at Communication and Information Technology Commission (2004-2005)</li> <li>RASiM Establishment (2002-2004)</li> <li>Chief Technology Officer at Arabia Online Ltd. (2000-2002)</li> <li>Assistant General Manager of the Broadcast Center at ARAB RADIO &amp; TELEVISION [ART] (1997-2000)</li> <li>Information Technology Manager at Albaraka Investment &amp; Development Co. (1993-1997)</li> <li>Information Systems Specialist at SAUDIA AIRLINES (1988-1992)</li> </ul>	<ul style="list-style-type: none"> <li>Master's degree in Electrical &amp; Computer Engineering from University of California at Santa Barbara</li> <li>Bachelor's degree in Electrical &amp; Computer Engineering from University of California at Santa Barbara</li> </ul>
<b>Mr. Naief Arab (Member)</b>	<ul style="list-style-type: none"> <li>Chief Operating Officer at AJIL Financial Services Company</li> </ul>	<ul style="list-style-type: none"> <li>Head of Treasury &amp; Funding at AJIL Financial Services Company (2016-2018)</li> </ul>	<ul style="list-style-type: none"> <li>Bachelor's degree in Finance from</li> </ul>

Name	Current Positions	Previous Positions and Experience	Qualifications
	<ul style="list-style-type: none"> <li>Secretary of the Board of Directors of AJIL Financial Services Company</li> <li>Member of the Risk Management and Credit Committee for AJIL Financial Services Company</li> <li>Member of the Audit &amp; Risk Committee for Sunbulah Group</li> </ul>	<ul style="list-style-type: none"> <li>Risk &amp; Treasury Manager at AJIL Financial Services Company (2016-2016)</li> <li>Head Of Compliance at AJIL Financial Services Company (2013-2016)</li> <li>Team Leader (Corporate Banking Group) at National Bank of Kuwait (2009-2013)</li> <li>Senior Relationship Manager (Corporate Banking Group) at Bank Al-Jazira (2008-2009)</li> <li>Relationship Manager(Corporate Banking Group) at Arab National Bank (2006-2008)</li> <li>Relationship Manager (Corporate &amp; Investment Banking Group) at Samba Financial Group (2002-2005)</li> </ul>	Bentley University, USA

### 6.3.3 RMCC Meetings:

During 2022, the RMCC held four meetings. The following table details the RMCC meetings' attendance:

#	Name	07 April 2022	10 April 2022	29 June 2022	05 October 2022	Total	Attendance Rate
1	Mr. Abdulrahman Al-Zuwaidi	✓	✗	✓	✓	3	75%
2	Mr. Mahmood Kamel	✓	✓	✓	✓	4	100%
3	Mr. Mohammed Barig Ahmed Siraj	✓	✓	✓	✓	4	100%
4	Mr. Naief Arab	✓	✓	✓	✓	4	100%

### 6.3.4 Changes to the RMCC's Composition:

The revised RMCC composition effective from 4 January 2023 is as follows:

#	Name	Position	Classification
1	Mr. Abdulaziz Alasker	Chairman	Non-Executive
2	Mr. Mahmood Kamel	Member	Non-Executive
3	Mr. Mohammed Barig Ahmed Siraj	Member	Non-Executive
4	Mr. Naief Arab	Member	Executive

#### 6.4 Executive Committee:

The primary role of the Executive Committee is to assist the Board of Directors in fulfilling its responsibilities with respect to developing and monitoring the performance of the company's Strategic and Business Plans.

##### 6.4.1 Executive Committee Composition:

#	Name	Position	Classification
1	Mr. Haytham Zahid	Chairman	Non-executive
2	Mr. Majid Al-Osailan	Member	Independent
3	Mr. Matar Al Khateeb	Member	Executive

##### 6.4.2 Executive Committee Members' Qualifications:

Name	Current Positions	Previous Positions and Experience	Qualifications
<b>Mr. Haytham Zahid (Chairman)</b>	<ul style="list-style-type: none"> <li>Group President- Investments at Zahid Group</li> <li>Chairman of Zahid Travel Group</li> <li>Chairman of OCS Arabia LLC</li> <li>Chairman of Wared Logistics</li> <li>Member of the Board of Zahid Tractor and Heavy Machinery Company Limited</li> <li>Member of the Board of Altaaqa Alternative Solutions Holding Limited</li> <li>Member of the Board of Altaaqa Global</li> <li>Member of the Board of Z5G Holding Co</li> <li>Member of the Board of Hospitality Ventures</li> <li>Member of the Board of Universal Excellence Trading LLC</li> <li>Member of the Board of Perpetua Holding GmbH</li> <li>Member of the Board of Saudi Company for Site Technology. Ltd</li> <li>Member of the Board of AJIL Financial Services Company</li> </ul>		<ul style="list-style-type: none"> <li>Bachelor's degree in Economics from Brown University, Providence.</li> </ul>
<b>Mr. Majid Al-Osailan (Member)</b>	<ul style="list-style-type: none"> <li>Chairman of the Energy and Environment Committee under the Saudi International Chamber of Commerce (ICC)</li> <li>Chairman of National Gas Distribution Company</li> <li>Chairman of the Audit Committee of Al-Abdullatif Industrial Investment Company</li> </ul>	<ul style="list-style-type: none"> <li>Deputy Chief Executive Officer at City Cement Company (2016-2019)</li> <li>Member of the Audit Committee for Al-Abdullatif industrial &amp; investment (2016-2019)</li> <li>Member of the Board of National Distribution Gas (CJSC) (2016-2019)</li> </ul>	<ul style="list-style-type: none"> <li>Master's degree in Business Administration from International University of America</li> <li>Bachelor's degree in Administrative Science Accounting</li> </ul>

Name	Current Positions	Previous Positions and Experience	Qualifications
	<ul style="list-style-type: none"> <li>Vice-Chairman of Green Solutions for Environmental Services Company</li> <li>Vice-Chairman of the National Committee of Cement Manufacturing</li> <li>Member of the Saudi International Chamber of Commerce (ICC)</li> <li>CEO and Member of the Board of City Cement Company</li> <li>Member of the Executive Committee for City Cement Company</li> <li>Member of the Board of Al-Abdullatif Industrial Investment Company</li> <li>Member of the Risk Committee in Al-Abdullatif Industrial Investment Company</li> <li>Member of the Board of AJIL Financial Services Company</li> </ul>	<ul style="list-style-type: none"> <li>Member of the Board of Saudi Makamin (2016-2019)</li> <li>Member of the Audit Committee for Murabaha Installments Company (2015-2016)</li> <li>Chief Finance &amp; Administration Officer at City Cement Company (2014-2016)</li> <li>Chief Financial Officer at City Cement Company (2012-2014)</li> <li>Senior Relationship Manager at Riyadh Bank (2010-2012)</li> </ul>	from King Saud University
<b>Mr. Matar Al Khateeb (Member)</b>	<ul style="list-style-type: none"> <li>General Manager at AJIL Financial Service Company</li> </ul>	<ul style="list-style-type: none"> <li>Member of the Audit Committee of Jeddah Chamber of Commerce (2019-2022)</li> <li>Member of the Risk Management and Credit Committee of AJIL Financial Service Company (2014-2020)</li> <li>Chief Financial Officer at AJIL Financial Services Company (2009-2016)</li> <li>Regional Manager Finance &amp; Accounts at Zahid Tractor &amp; Heavy Machinery Co. Ltd (2002-2009)</li> </ul>	<ul style="list-style-type: none"> <li>Master's Degree in Political Sciences from Institut D'Etudes Politiques, Aix-En-Provence, France</li> </ul>

#### 6.4.3 Executive Committee Meetings:

During 2022, the Executive Committee held four meetings. The following table details the Executive Committee meetings' attendance:

#	Name	10 April 2022	28 June 2022	07 November 2022	05 December 2022	Total	Attendance Rate
1	Mr. Haytham Zahid	✓	✓	✓	✓	4	100%
2	Mr. Majid Al-Osailan	✓	✓	✓	✓	4	100%
3	Mr. Matar Al Khateeb	✓	✓	✓	✓	4	100%

## 6.5 Credit Committee:

The primary role of the Credit Committee is to approve credit facilities that exceed the limit delegated to the management as defined in AJIL's Delegation of Authority Matrix.

### 6.5.1 Credit Committee Composition:

#	Name	Position	Classification
1	Mr. Ali Alireza	Member	Non-executive
2	Mr. Mohammad Abo Al-Naja	Member	Non-executive
3	Mr. Usman Mahmood	Member	Non-executive

### 6.5.2 Credit Committee Members' Qualifications:

Name	Current Positions	Previous Positions and Experience	Qualifications
<b>Mr. Ali Alireza (Member)</b>	<ul style="list-style-type: none"> <li>Managing Director of Haji Husein Alireza &amp; Company</li> <li>Chairman of Hertz Rental and Leasing</li> <li>Chairman of National Computer Systems Company (NATCOM)</li> <li>Member of the Board of Arabian Petroleum Supply Company (APSCO)</li> <li>Member of the Nomination &amp; Remuneration Committee for AJIL Financial Services Company</li> <li>Chairman of the Board of AJIL Financial Services Company</li> </ul>	<ul style="list-style-type: none"> <li>Chairman of SAMBA Capital (2018-2020)</li> <li>Member of the Board of SAMBA Financial Group (2003-2020)</li> <li>Member of the Executive Committee of SAMBA Financial Group (2003-2020)</li> <li>Chairman of Gulf One Investment Bank, Bahrain (2006-2014)</li> <li>Chairman of Al Alamiya for Cooperative Insurance Company, KSA (2009-2018)</li> </ul>	<ul style="list-style-type: none"> <li>Master's degree in Business Administration from Pepperdine University in Los Angeles.</li> <li>Bachelor's degree in Business Administration from the University of Southern California in Los Angeles.</li> </ul>
<b>Mr. Mohammad Abo Al-Naja (Member)</b>	<ul style="list-style-type: none"> <li>Chief Corporate Banking Officer at Riyadh Bank</li> <li>Vice Chairman of the Board of AJIL Financial Services Company</li> </ul>	<ul style="list-style-type: none"> <li>Executive Vice President – Corporate Banking Division at Riyadh Bank (2018-2020)</li> <li>Executive Vice President – Corporate Banking Services at Riyadh Bank (2014-2018)</li> <li>Senior Vice President – Corporate Banking (Multinational) at Riyadh Bank (2013-2014)</li> <li>Vice President – Manager, Corporate Banking (Central Region) at Riyadh Bank (2010-2013)</li> <li>Senior Relationship Manager at Riyadh Bank (2004-2010)</li> </ul>	<ul style="list-style-type: none"> <li>Bachelor's degree in Law from King Saud University.</li> </ul>
<b>Mr. Usman Mahmood (Member)</b>	<ul style="list-style-type: none"> <li>Chief Financial Officer and Group Strategist at Zahid Group</li> <li>Member of the Board of Altaaqa Alternative Solutions Holding Limited</li> <li>Member of the Board of Altaaqa Alternative Solutions Global FZE</li> </ul>	<ul style="list-style-type: none"> <li>Director Finance and Accounting - Zahid Tractor and Heavy Machinery Company Limited (1996-2017)</li> <li>Chief Executive Officer – AJIL Financial Services Company (2008-2013)</li> <li>Member of the Board of Arabian Vehicles and Trucks</li> </ul>	<ul style="list-style-type: none"> <li>Associate member of the Chartered Institute of Management Accountants England &amp; Wales.</li> <li>Associate member of</li> </ul>

Name	Current Positions	Previous Positions and Experience	Qualifications
	<ul style="list-style-type: none"> <li>Member of the Board of OCS Arabia LLC</li> <li>Member of the Board of EJAR - The Machinery Rental Alternative Company Limited</li> <li>Member of the Board of AJIL Financial Services Company</li> </ul>	Industry Machinery Company Limited (2019-2021)	<ul style="list-style-type: none"> <li>British Institute of Management</li> <li>Bachelor's degree in Economics from University of the Punjab.</li> </ul>

## 6.6 Shariah Committee:

The primary role of the Shariah Committee is to ensure that AJIL's products comply with the Islamic Shariah Principles. AJIL outsourced the Shairah governance activities to Almarjea, a specialized Shariah governance service provider.

### 6.6.1 Shariah Committee Composition:

#	Name	Position	Classification
1	Shaikh Dr. Mohammed Ali Elgari	Member	Independent
2	Shaikh Dr. Sajid Ahmed Umar	Member	Independent

### 6.6.2 Shariah Committee Members' Qualification:

Name	Current Positions	Previous Positions and Experience	Qualifications
<b>Shaikh Dr. Mohammed Ali Elgari (Member)</b>	<ul style="list-style-type: none"> <li>Member of Shariah Advisory Board of Dubai Bank</li> <li>Member of Shariah Supervisory Board of Riyad Bank</li> <li>Member of Shariah Supervisory Board of UBS / Noriba</li> <li>Member of Shariah Supervisory Board of Bank Al-Jazira</li> <li>Member of Shariah Supervisory Board of HSBC Amanah</li> <li>Member of Shariah Supervisory Board of Arab National Bank</li> <li>Member of Shariah Supervisory Board of Banque Saudi Fransi</li> <li>Member of Shariah Supervisory Board of Samba Financial Group</li> <li>Member of Shariah Supervisory Board of Islamic Development Bank</li> <li>Member of Shariah Supervisory Board of Citi Islamic Investment Bank</li> <li>Shariah Advisor for Fajr Capital Limited</li> </ul>	<ul style="list-style-type: none"> <li>Former Director of the Center for Research in Islamic Economics, King Abdul-Aziz University, Jeddah, Saudi Arabia. 1996-2002</li> <li>Former Professor of Islamic Economics, King Abdul-Aziz University, Jeddah, Saudi Arabia. 1981-2006</li> <li>Member of Shariah Supervisory Board of: <ul style="list-style-type: none"> <li>International Islamic Liquidity Management (IILM), K.L. Malaysia. 2012- 2023</li> <li>United Arab Bank, Sharja, U.A.E 2010-2018</li> <li>Saudi Investment Bank, Riyadh. K.S.A. 2007-2022</li> <li>Noor Islamic Bank, Dubai, UAE. 2010-2018</li> <li>SABB (Saudi British Bank), Riyadh. K.S.A.2008-2022</li> <li>Al-Jazirah Bank, Jeddah. K.S.A.2005-2022</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>PhD degree in Economics from the University of California</li> <li>Master's degree in Economics from University of California</li> <li>Bachelor's degree in Economics from King Abdulaziz University</li> </ul>



Name	Current Positions	Previous Positions and Experience	Qualifications
	<ul style="list-style-type: none"> <li>Shariah Advisor for Navis Capital Partners</li> <li>Shariah Advisor for Tadamon Capital B.S.C</li> <li>Shariah Advisor for Jadwa Investment Company</li> <li>Shariah Advisor for Alinma Tokio Marine company</li> <li>Shariah Advisor for Rasmala MENA Private Equity Fund</li> </ul>		
<b>Sheikh Dr. Sajid Ahmed Umar (Member)</b>	<ul style="list-style-type: none"> <li>Member of Shariah Advisory Board of Ldun (Saudi Arabia)</li> <li>Member of Shariah Advisory Board of Maydan Capital</li> <li>Member of Shariah Advisory Board of Wahed Invest</li> <li>Associate Professor with Knowledge International University</li> <li>Director of Islamic Development for Mercy Mission World</li> <li>Lecturer at AlKauthar Institute</li> <li>Heads of Alkauthar Institute's Board</li> </ul>	<ul style="list-style-type: none"> <li>Associate Professor with Islamic University of Minnesota (January 2022 to December 2022)</li> </ul>	<ul style="list-style-type: none"> <li>PhD in Comparative Islamic Law and Judiciary, KSA.</li> <li>Master's degree in Comparative Islamic Law and Judiciary, KSA.</li> <li>Bachelors Degree in Comparative Islamic Law, KSA.</li> <li>Degree Equivalent, Arabic Language and Islamic Studies, KSA.</li> <li>First Degree Studies - Information Technology, Zimbabwe.</li> </ul>

### 6.6.3 Shariah Committee Meetings:

During 2022, the Shariah Committee held three meetings. The following table details the Shariah Committee meetings' attendance:

#	Name	07 April 2022	30 June 2022	30 September 2022	Total	Attendance Rate
1	Shaikh Dr. Mohammed Ali Elgari	✓	✓	✓	3	100%
2	Shaikh Dr. Sajid Ahmed Umar	✓	✓	✓	3	100%

## 6.7 Remuneration of the Board Committees:

The Board Committees members' remuneration during 2022 is reflected below:

#	Member Name	Position	Fixed Remuneration (SAR)	Meeting Attendance Fee (SAR)	Total Remuneration (SAR)
<b>1- Audit Committee</b>					
1	Mr. Amr Al-Kabbani	Chairman	40,000	40,000	80,000
2	Mr. Tariq Zaino	Member	40,000	35,000	75,000
3	Mr. Mohammed Al-Fadhel	Member	40,000	40,000	80,000
<b>Total Remuneration of Audit Committee</b>			<b>120,000</b>	<b>115,000</b>	<b>235,000</b>
<b>2- Nomination &amp; Remuneration Committee (NRC)</b>					
1	Dr. Faisal Baassiri	Chairman	30,000	20,000	50,000
2	Mr. Ali Alireza	Member	30,000	20,000	50,000
3	Mr. Mohammed Zaher Al Munajjed	Member	30,000	20,000	50,000
<b>Total Remuneration of NRC</b>			<b>90,000</b>	<b>60,000</b>	<b>150,000</b>
<b>3- Risk Management and Credit Committee (RMCC)</b>					
1	Mr. Abdulrahman Al-Zuwaidi	Chairman	30,000	15,000	45,000
2	Mr. Mahmood Kamel	Member	30,000	20,000	50,000
3	Mr. Mohammed Barig Ahmed Siraj	Member	30,000	20,000	50,000
4	Mr. Naief Arab	Member	30,000	20,000	50,000
<b>Total Remuneration of RMCC</b>			<b>120,000</b>	<b>75,000</b>	<b>195,000</b>
<b>4- Executive Committee</b>					
1	Mr. Haytham Zahid	Chairman	30,000	20,000	50,000
2	Mr. Majid Al-Osailan	Member	30,000	20,000	50,000
3	Mr. Matar Al Khateeb	Member	30,000	20,000	50,000
<b>Total Remuneration of Executive Committee</b>			<b>90,000</b>	<b>60,000</b>	<b>150,000</b>
<b>5- Shariah Committee</b>					
1	Shaikh Dr. Mohammed Elgari	Member	133,500	-	133,500*
2	Shaikh Dr. Sajid Ahmed Umar	Member			
<b>Total Remuneration of Shariah Committee</b>			<b>133,500</b>	<b>-</b>	<b>133,500*</b>
<b>Total Remuneration of Board Committees</b>			<b>553,500</b>	<b>310,000</b>	<b>863,500</b>

\* Shariah Committee remuneration is inclusive of the cost of Shariah Governance and Annual Review.

## 7- Executive Management

The Executive Management Members are responsible for managing the daily activities of the company and proposing and executing strategic decisions.

### 7.1 Executive Management Composition:

The composition of the Executive Management of the company during the year ended 2022 was as follows:

#	Name	Position
1	Mr. Matar Mohammad Al Khateeb	General Manager
2	Mr. Naief Nihad Arab	Chief Operating Officer (COO)
3	Mr. Faisal Shabir Shaikh	Chief Financial Officer (CFO)

### 7.2 Executive Management Qualifications:

Name	Current Position	Previous Position and Experience	Qualifications
<b>Mr. Matar Al Khateeb (General Manager)</b>	<ul style="list-style-type: none"> <li>General Manager at AJIL Financial Services Company</li> <li>Member of the Executive Committee of AJIL Financial Services Company</li> </ul>	<ul style="list-style-type: none"> <li>Member of the Audit Committee of Jeddah Chamber of Commerce (2019-2022)</li> <li>Member of the Risk Management and Credit Committee of AJIL Financial Service Company (2014-2020)</li> <li>Chief Financial Officer at AJIL Financial Services Company (2009-2016)</li> <li>Regional Manager Finance &amp; Accounts at Zahid Tractor &amp; Heavy Machinery Co. Ltd (2002-2009)</li> </ul>	Master's Degree in Political Sciences from Institut D'Etudes Politiques, Aix-En-Provence, France
<b>Mr. Naief Arab (COO)</b>	<ul style="list-style-type: none"> <li>Chief Operating Officer at AJIL Financial Services Company</li> <li>Member of the Risk Management and Credit Committee of AJIL Financial Services Company</li> <li>Secretary of the Board of Directors of AJIL Financial Services Company</li> <li>Member of the Audit &amp; Risk Committee for Sunbulah Group</li> </ul>	<ul style="list-style-type: none"> <li>Head of Treasury &amp; Funding at AJIL Financial Services Company (2016-2018)</li> <li>Risk &amp; Treasury Manager at AJIL Financial Services Company (2016-2016)</li> <li>Head Of Compliance at AJIL Financial Services Company (2013-2016)</li> <li>Team Leader (Corporate Banking Group) at National Bank of Kuwait (2009-2013)</li> <li>Senior Relationship Manager (Corporate Banking Group) at Bank Al-Jazira (2008-2009)</li> <li>Relationship Manager (Corporate Banking Group) at Arab National Bank (2006-2008)</li> <li>Relationship Manager (Corporate &amp; Investment Banking Group) at Samba Financial Group (2002-2005)</li> </ul>	Bachelor's degree in Finance from Bentley University, USA

Name	Current Position	Previous Position and Experience	Qualifications
<b>Mr. Faisal Shaikh (CFO)</b>	<ul style="list-style-type: none"> <li>Chief Financial Officer at AJIL Financial Services Company</li> </ul>	<ul style="list-style-type: none"> <li>Financial Controller – AJIL Financial Services Company (2018-2021)</li> <li>Senior Finance Manager – AJIL Financial Services Company (2014-2017)</li> <li>Senior Associate – Ernst &amp; Young (2011 – 2014)</li> <li>Associate – PricewaterhouseCoopers (2010 – 2011)</li> </ul>	<ul style="list-style-type: none"> <li>Fellow Member - ACCA – UK</li> <li>Associate Member CPA - UK</li> <li>Associate Member – CFC - USA</li> <li>Bachelor's Degree in Accounting and Commerce from University of Karachi</li> </ul>

### 7.3 Senior Management:

The Senior Management members are responsible of managing the company's functions and departments, the composition of the Senior Management of the company during the year ended 2022 was as follows:

#	Name	Position
1	Mr. Roshantha Pathmaperuma	Head of Corporate Lease Business
2	Ms. Kawther Elahi	Head of Compliance
3	Mr. Hattan Alhamdan	Head of Risk Management
4	Ms. Eilaf Dawood	Head of Internal Audit
5	Mr. Nedal El Kafrawy	Head of Quality Control
6	Mr. Muhammad Khurram Sheikh	Advisor Finance and Business Development
7	Ms. Sarrah Kattan	Acting Head of Human Resources
8	Mr. Khaled Ayoub	Head of Credit Administration
9	Mr. Ayman Al Kishawi	Head of Collection
10	Ms. Alaa Halwani	Manager Customer Care

### 7.4 Remuneration of Top Five Executives/Senior Management Members:

The total annual remuneration of the top five Executive/Senior Management members (including CEO and CFO) during 2022 is reflected below:

Remuneration Type	Total Amount in Saudi Riyal
Salaries	2,956,250
Allowances	1,684,302
In-kind benefits	173,831
<b>Total Fixed Remuneration</b>	<b>4,814,383</b>
Periodic Reward	-
Profit Share	-
Short-term incentive plans	740,503
Long-term incentive plans	-
<b>Total Variable Remuneration</b>	<b>740,503</b>
<b>Total Remuneration</b>	<b>5,554,886</b>

## 8- Internal Control

The Board of Directors and Executive Management are responsible for the design and implementation of the internal control system. All AJIL employees are ultimately responsible for operating and maintaining an effective internal control system at their respective levels.

### 8.1 Risk Management:

AJIL is applying its Risk Management Framework to identify, manage, measure, and report all potential risks to ensure that the level of risk taken by the company is consistent with shareholders' expectations and the company's strategic objectives.

As a financing company, credit risk remains one of the company's main risks. During 2022, the company further strengthened its Collection Strategy which had a positive impact on the performance of the credit portfolio which translated into a Non-Performing Loans (NPL) ratio of 13% as of 31st December 2022 (31st December 2021: 24%). In addition, the company reviewed and updated its sectorial, single customer exposure, group exposure limits as part of its Risk Appetite Statement.

In view of the recent hikes in interest rates, the company has been closely monitoring this increase in financial cost and adjusting its financing rates for new transactions accordingly. The company is financing its credit portfolio with back-to-back fixed-rate term financing, hence, its exposure to interest rate movements is very limited. However, it is challenging to pass on this increase to customers while remaining competitive. Therefore, since Q2 2022, the company has diverted all its SME business to SAMA's Funding for Lending Program, where the company borrows from SAMA at 0% rate for 3 years and extends financing to SMEs at a maximum flat rate of 4%, to reduce the impact of interest rates on both the company and SME customers.

From a liquidity perspective, the company has access to adequate and diversified funding facilities from banks such as securitization, Musharaka-based lines, and short and medium-term loans to finance its short and long-term funding needs. In addition, the company recently developed its liquidity risk management framework in line with SAMA's Rules on Liquidity Risk Management to further strengthen its liquidity risk management governance and processes.

In line with the company's strategic objectives, the company continues to invest in its cyber security and business continuity controls and infrastructure to ensure its readiness for digital transformation.

### 8.2 Compliance and Anti Money Laundering:

#### 8.2.1 Compliance:

AJIL established an independent Compliance Department that reports directly to the Audit Committee. The Compliance Department is responsible for ensuring the company's compliance with the financing laws and regulations by following a Compliance policy and a Compliance Program that are updated annually to cover the following:

- Identifying and dealing with all compliance risks and monitoring all relevant developments;
- Analyzing new procedures, policies, operations and suggesting the procedures to address relevant compliance risks;
- Following a compliance program and including its findings in a quarterly compliance report;
- Promoting awareness of compliance issues and providing training for employees on compliance related matters through periodic programs; and
- Reporting any irregularities and/or violations promptly to SAMA and the Audit Committee.

### 8.2.2 Anti-Money Laundering & Counter Terrorism Financing:

AJIL's Anti-Money Laundering and Counter Terrorism Financing (AML/CTF) function is established as part of the company's Compliance Department. AJIL established this function to combat money laundering and terrorism financing activities by setting a number of controls that assess and mitigate the related risks and ensure the company's compliance with the relevant laws and regulations. AML/CTF major controls are as follows:

- AML/CTF Policy.
- Customers' AML/CTF Risk Assessment and rating Model.
- Know Your Customers procedures.
- Know Your Vendor procedures.
- Customers' Due Diligence and Enhanced Due Diligence procedures.
- Monitoring of high risk transactions from AML/CTF prospective.
- Customers' screening against UN sanction lists.

### 8.3 Internal Audit:

The Internal Audit function is independently and actively supporting AJIL's identification, evaluation and mitigation of risks, and serving as a proponent for internal controls and its continuous improvement. AJIL's Internal Audit reports independently to the Audit Committee in order to provide the Board of Directors with an objective assurance regarding the adequacy and effectiveness of risk management, internal controls, and governance processes.

The Internal Audit carries out its functions in accordance with the annual audit plan approved by the Audit Committee and adopts a risk-based approach in executing the audit plan, focusing on Credit Risk & Administration, Customer Care, Compliance, and Risk Management functions.

AJIL's Internal Audit submits quarterly reports to the Audit Committee that summarize the status of executing the internal audit plan, the findings noted during the audit reviews along with the audit recommendations, the management corrective measures and its target implementation date. The Internal Audit also monitors the implementation of audit recommendations through quarterly follow-up reviews in order to assure that the identified risks and control measures have been addressed by the management in an effective and timely manner.

### 8.4 Effectiveness of the Internal Control Environment

The Board of Directors reviews the periodic reports issued by the Board Committees, Executive Management and Control Functions. We are pleased to advise that nothing has come to the attention of the Board of Directors that causes it to believe that the system of internal control has not been properly designed or implemented.

The Board is of the opinion that the controls, organizational structure, policies, and procedures that constitutes the current Internal Control Environment are 'sufficient' and continuously monitored and updated in order to manage any changes or developments to improve its effectiveness.

## 9- Related Parties Transactions

The company deals with certain related parties during its normal course of business. The Board of Directors and management ensure that related parties' transactions pricing and terms are conducted on commercial terms and on arm's length basis. The following table details the contracts/businesses conducted with related parties during the fiscal year ended on 31 December 2022.

#	Service Provider	Nature of Service/Business	Value (SAR)	Term/ Duration	Related Party Name
1	Riyad Bank	Financial Charges on Term Loan	2,920,510	12 Months	<ul style="list-style-type: none"> <li>• Riyadh Bank, Shareholder (48.46%)</li> <li>• Mr. Mohammad Abo Al-Naja, Vice Chairman</li> <li>• Mr. Mohammed Al-Salah, Board Member</li> </ul>
2	Riyad Bank	Borrowing of term loans	55,000,000	12 Months	<ul style="list-style-type: none"> <li>• Riyadh Bank, Shareholder (48.46%)</li> <li>• Mr. Mohammad Abo Al-Naja, Vice Chairman</li> <li>• Mr. Mohammed Al-Salah, Board Member</li> </ul>
3	Riyad Bank	Repayment of term loans	143,666,667	12 Months	<ul style="list-style-type: none"> <li>• Riyadh Bank, Shareholder (48.46%)</li> <li>• Mr. Mohammad Abo Al-Naja, Vice Chairman</li> <li>• Mr. Mohammed Al-Salah, Board Member</li> </ul>
4	Riyad Bank	Musharaka financing	100,649,774	12 Months	<ul style="list-style-type: none"> <li>• Riyadh Bank, Shareholder (48.46%)</li> <li>• Mr. Mohammad Abo Al-Naja, Vice Chairman</li> <li>• Mr. Mohammed Al-Salah, Board Member</li> </ul>
5	Zahid Tractor & Heavy Machinery Co Ltd.	Services	535,060	12 Months	<ul style="list-style-type: none"> <li>• Mr. Usman Mahmood, Board Member</li> <li>• Mr. Haytham Zahid, Board Member</li> </ul>
6	Zahid Tractor & Heavy Machinery Co Ltd.	Purchase of leasing equipment	236,265,166	12 Months	<ul style="list-style-type: none"> <li>• Mr. Usman Mahmood, Board Member</li> <li>• Mr. Haytham Zahid, Board Member</li> </ul>
7	Zahid Travel Group	Travel services	108,922	12 Months	<ul style="list-style-type: none"> <li>• Mr. Usman Mahmood, Board Member</li> <li>• Mr. Haytham Zahid, Board Member</li> </ul>
8	Nihad Abdullah Arab & Sons Limited Company	Labor services	220,800	12 Months	<ul style="list-style-type: none"> <li>• Mr. Naief Nihad Abdullah Arab, COO &amp; Secretary of the Board of Directors</li> </ul>
9	Juffali Industrial Product Company	Purchase of leasing equipment	10,346,228	12 Months	<ul style="list-style-type: none"> <li>• Khaled Ahmed Al Juffali Company Shareholder (5%)</li> </ul>



#	Service Provider	Nature of Service/Business	Value (SAR)	Term/ Duration	Related Party Name
10	EJAR Machinery Rental Alternative Co. Ltd.	Purchase of leasing equipment	3,595,592	12 Months	<ul style="list-style-type: none"> <li>Mr. Usman Mahmood, Board Member</li> <li>Mr. Haytham Zahid, Board Member</li> </ul>
11	Haji Hussein Ali Reza Company Limited	Purchase of leasing equipment	20,640,340	12 Months	<ul style="list-style-type: none"> <li>Chairman of the Board Mr. Ali H. Alireza</li> </ul>
12	Juffali Printing Systems Company	Purchase of leasing equipment	338,453	12 Months	<ul style="list-style-type: none"> <li>Khaled Ahmed Al Juffali Company Shareholder (5%)</li> </ul>
13	The Machinery Group LLC (TAMGO)	Purchase of leasing equipment	14,911,742	12 Months	<ul style="list-style-type: none"> <li>Mr. Usman Mahmood, Board Member</li> <li>Mr. Haytham Zahid, Board Member</li> </ul>
14	Saudi Company for Site Technology Ltd.,	GPS installation services	413,109	12 Months	<ul style="list-style-type: none"> <li>Mr. Usman Mahmood, Board Member</li> <li>Mr. Haytham Zahid, Board Member</li> </ul>
15	Wared Transport Co.	Courier services	1,978	12 Months	<ul style="list-style-type: none"> <li>Mr. Usman Mahmood, Board Member</li> <li>Mr. Haytham Zahid, Board Member</li> </ul>
16	AL TAAQA Alternative Solutions Company Limited	Purchase of leasing equipment	1,117,800	12 Months	<ul style="list-style-type: none"> <li>Mr. Usman Mahmood, Board Member</li> <li>Mr. Haytham Zahid, Board Member</li> </ul>
17	Al-Yemni Motors Company Limited	Purchase of leasing equipment	3,783,500	12 Months	<ul style="list-style-type: none"> <li>Al Yemni Investment Co. Shareholder (6.92%)</li> </ul>

## 10- Declarations

### 10.1 Board Assurance:

The Board of Directors, with reference to the year ending on 31 December 2022, confirms that:

- Proper books of accounts have been maintained and the financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) that are endorsed in the Kingdom of Saudi Arabia and other standards and circulars issued by the Saudi Organization for Certified Public Accountants (SOCPA).
- All Internal Audit recommendations have been properly implemented or are being implemented.
- There is no doubt over AJIL's ability to continue as a going concern in the foreseeable future.
- During the year 2022, the company did not pay any fine and/or penalties for violations/non-compliance of applicable laws and regulations except for the following:

Subject of the Violation	Previous Fiscal Year		Current Fiscal Year	
	Number of Executive Decisions	Total Amount of Fines (in SAR)	Number of Executive Decisions	Total Amount of Fines (in SAR)
Violation of SAMA's Supervisory and Control Instructions	2	75,000	1	-
Violation of SAMA's Customers' Protection Instructions	1	25,000	-	-
Violation of SAMA's Anti-Money Laundering and Counter Terrorism Financing Due Diligence	-	-	-	-
Violation of Ministry of Human Resources Regulations	-	-	1	20,000
Violation of Ministry of Commerce Regulations	-	-	1	50,000

### 10.2 Corporate Social Contributions:

During 2022, AJIL did not participate in any Corporate Social Contribution program. However, the company continued to consider social, economical and environmental issues while designing its financing products to be a valuable contributor to the society.

### 10.3 Applicable Laws:

AJIL adheres to the provisions of all applicable laws, rules and regulations including but not limited to the following:

- Companies' Law
- Corporate Governance Regulations for Non-Listed Joint Stock Companies
- Finance Companies Control Law
- Implementing Regulations of Finance Companies Control Law
- Finance Lease Law
- Implementing Regulations of Finance Lease Law
- Key Principles of Governance in Financial Institutions
- Anti-Money Laundering Law

#### 10.4 General Assembly Meetings:

Two Extraordinary General Assembly meetings (EGM) were held during 2022. The following is the list of Board members who attended the meetings:

General Assembly Meeting Date	General Assembly Meeting Type	Board Member Name	Board Member Capacity
09 June 2022	Extraordinary	Mr. Ali Alireza	Chairman of the Board
25 September 2022	Extraordinary	Mr. Amr Al-Kabbani	Member of the Board

## 11- Looking Ahead

*Going forward, we are considering the smart use of technology as the main driver for growth and success. Our priority would remain on the quality of service and trust of our valued customers.*

*We appreciate healthy competition in the market and are considering new business trends such as debt base crowd funding and other fintech companies as potential partners to serve SMEs across the Kingdom.*

*One of our aims is to enhance credit approval turnaround time whilst maintaining the highest level of credit assessment and related due diligence. Therefore, we are currently reviewing and streamlining number of processes to facilitate a more efficient credit decision process for SMEs. Furthermore, we will also explore niche market opportunities in other segments of the financing market in line with our business growth plans.*

*The Board of Directors takes this opportunity to express its gratitude to our esteemed leadership, the Government of the Kingdom of Saudi Arabia. We would like to express our sincere appreciation for the visionary leadership of The Custodian of the Two Holy Mosques, King Salman bin Abdulaziz Al-Saud and the Crown Prince Mohammed bin Salman bin Abdulaziz Al-Saud.*

*We also extend our appreciation to the Saudi Central Bank (SAMA), the Ministry of Commerce (MOC) and the Zakat, Tax and Customs Authority (ZATCA) for their continuous support to our sector.*

*We thank our shareholders and business partners for their continued loyalty, faith and support in AJIL. The Board also expresses its appreciation to AJIL's Management team for their contribution and professionalism.*

*May Allah enlighten our path and bless us in realizing our vision of becoming the leading financial services institution in Saudi Arabia.*

*Board of Directors  
AJIL Financial Services Company*