

Audit Committee Annual Report for the fiscal year ended 31 December 2024

The Audit Committee comprises five members including two ARB's Board members and three independent members as follows.

Audit Committee Members – Al Rajhi Bank KSA	
Name	Membership
Abdulatif bin Ali Al Seif	Audit Committee Chairman and Board Member
Raeed bin Abdullah Al Tamimi	Audit Committee Member and Board Member
Osama bin Saleh Alhadithi	"Independent" Audit Committee Member
Khaled bin Saleh Alsubail	"Independent" Audit Committee Member
Yousef bin Mohammed Alsuhaibani	"Independent" Audit Committee Member

During the fiscal year of 2024, Audit Committee held eight meetings to discuss and examine the topics of its annual plan in accordance with its Charter in addition to other related topics.

The following table illustrates dates of Audit Committee meetings and attendees' information during 2024:

Description	Date	Attendees Number
First	30 January	All Committee members
Second	28 April	All Committee members
Third	02 June	All Committee members
Fourth	21 July	All Committee members
Fifth	06 October	All Committee members
Sixth	22 October	All Committee members
Seventh	24 October	All Committee members
Eighth	22 December	All Committee members

The following section is a summary of Audit Committee activities for the year ended 31 December 2024 including its significant activities and duties it performed and followed up in line with its Charter approved by the Bank's General Assembly.

First: ARB's Financial Statements

During its meetings, the Audit Committee discussed consolidated interim quarterly and annual financial statements of the Bank for 2024, including many related topics with the Executive Management and External Auditors as follows:

- Discussed the Bank's consolidated quarterly financial statements with the External Auditors and Executive Management.
- Discussed the Bank's consolidated annual financial statements as of 31/12/2024 with the External Auditors and Executive Management.
- Followed up results of Management Overlays during 2024 and related notes with the External Auditors and Executive Management.
- Reviewed enhancements made by ARB to the process of calculating credit losses during 2024 for retail & non-retail sectors.

- Followed up the results of comprehensive accounting procedures made by ARB through an external advisor to acquire Drahim Holding Company.
- Followed up the results of selling an ownership share of Ejada Company.
- Reviewed the first issuance of sustainable Sukuks as part of ARB's international Sukuk Program.
- Discussed the results of accounting process for calculating the profits of Real Estate Development Fund Program.

Second: External Auditors

- The Committee has recommended to the Board of Directors and General Assembly to select ARB's external auditors after reviewing the submitted proposals. Accordingly, the General Assembly has approved re-appointment of Ernest & Young and KPMG as ARB's external auditors and determined their fees to examine and audit the quarterly and annual financial statements for the fiscal year 2024 and first quarter of 2025.
- Audit Committee has approved the External Auditors' plan to audit ARB's activities and it discussed the annual declaration statement of the Management and issued observations and it instructed the concerned departments to implement corrective plans and follow up thereof.
- The Committee reviewed the disclosure submitted by the external auditors, Ernest & Young and KPMG, about confirming the independency and number of out-of-scope services they provided and related to auditing of the quarterly and financial statements and discussed the same to ensure that the external auditor's independency will not be impacted and there is no conflict with the respective laws and regulations.

Third: Internal Audit

Audit Committee followed up results of Internal Audit Group activities and progress of the approved strategic and annual plan. Further, the Committee discussed significant observations, recommendations and related corrective actions as well as approving many charters and policies related to Internal Audit Group activities as follows:

- Discussed and approved Internal Audit Group annual plan for 2024, initiatives, and related performance KPIs including ARBK & ARBJ.
- Discussed significant results of Internal Audit Group activities for 2024 for different sectors of the Bank and international branches as well as Internal Audit Group reports the results of internal control framework through such reports and it submitted respective recommendations.
- Followed up progress of implementing the recommendations issued by Internal Audit Group, SAMA and external auditor by executive departments and international branches and it submitted respective recommendations.
- Approved KPIs of the Chief Internal Auditor for 2024.
- Ensured effectiveness and independency of Internal Audit and lack of constraints on its scope of work.
- Reviewed summary of updates to Internal Audit group Manual.
- Followed up level of human capital adequacy for Internal Audit Group in the Bank and its international branches including recruiting qualified staff for vacancies in Internal Audit Group.
- Reviewed annual reports of audit committees and MoMs of subsidiaries.
- Reviewed the results of upgrading automated system of internal audit.
- Discussed and updated the procedures of communication among Internal Audit Group and all auditable ARB departments.
- Discussed and approved Internal Audit Group Strategic Plan for 2025, 2026 and 2027.
- Approved Internal Audit Group Annual Plan for 2025.

Fourth: Compliance

Audit Committee followed up results of Compliance Group activities and progress of its business plan for 2024. Further, it discussed significant observations and approved many related charters & policies. The significant recommendations and resolutions related to the Group activities are as follows:

- Reviewed Annual Report of Compliance for 2023 prepared by Compliance Group and recommended to the Board to approve the same.
- Discussed and approved Compliance and Financial Crimes plan and program for 2024.

- Worked on raising level of compliance with laws and instructions issued by SAMA and competent regulators in KSA.
- Followed up and supported Compliance Group to ensure recruiting sufficient staff in line with SAMA instructions and requirements of the departments of Compliance, AML & CTF, Combating Commercial Concealment, Anti-Bribery & Anti-Corruption, and Anti-Fraud.
- Followed up ARB's performance of implementing Compliance Group plan regarding training, awareness, and related efforts exerted by Compliance Group in cooperation with Al Rajhi Training Academy.
- Followed up SAMA inspection visit to Compliance Group and fulfilled all requirements and followed up closing all monitored observations within its target dates.
- Reviewed all SAMA and other regulators' fines and Compliance Group's efforts to limit such fines during 2024 and instructed the Group to exert more efforts to avoid the same.
- Discussed progress of existing projects to develop automated systems of Compliance & Financial Crimes Group and supported it with the required budgets to be completed.
- Discussed Financial Crimes Dept., SAS performance assessment, combating financial fraud efforts, and major whistleblowing cases.
- Reviewed and followed up cases of fraud and phishing engineering as well as technical incidents received from Compliance Group.
- Reviewed the Annual Report on Customer Protection and Complaints of ARBK for 2023 and present the same to the Board of Directors.
- Reviewed updates on Anti-Money Laundering and Combating Terrorism Financing Policy in ARB and recommended to the Board for approval.
- Reviewed significant results of Compliance Committee in ARB for 2024.
- Reviewed updates on Compliance Policy and recommend to the Board of Directors for approval.
- Reviewed updates on Disclosure Policy and recommend to the Board of Directors for approval.
- Reviewed updates on Self-Supervision Policy recommend to the Board of Directors for approval.
- Reviewed status of regulatory reports and encouraged concerned departments to enhance level of efficiency to respond to inquires and recommendations of SAMA.
- Discussed significant expected updates on Delegation of Authorities for Compliance Group.
- Reviewed progress of implementing projects automations to enhance competency and efficiency of regulators systems in ARB.

Fifth: Sharia Group

- Audit Committee reviewed results of Sharia Auditing Report for 2023 and progress level of Sharia Control Dept. activities based on the approved plan for 2023. In addition, the Committee discussed significant observations related to products and its closure status.
- Reviewed the targets of Sharia Audit Department for 2024.

Sixth: Other Business

- Approved Audit Committee plan for 2024 in line with the approved Charter of Audit Committee.
- Followed up implementation of automating ATMs Overcharge Processing Mechanism and ensured that the new settlement system is applied.
- Reviewed summary of examination report of contracts and related-parties transactions system in ARB.
- Reviewed the presentation of Operations Group regarding following up implementations of IT projects related to ARB activities.
- Reviewed the presentation of Risk Group regarding the results of automated risk reports and regulatory reports applied in the Bank to monitor risks.
- Reviewed ARB position in legal cases filed by or against the Bank inside or outside the Kingdom.
- Reviewed updates on Self-Pricing Policy and recommend to the Board of Directors to approve the same.
- Reviewed updates n Hedging Policy and recommend to the Board of Directors to approve the same.

Seventh: Audit Committee Resolutions

During its meetings in 2024, Audit Committee recommended to the Board to approve (39) resolutions; where execution of (35) resolutions is completed and execution of the remaining (4) resolutions is on track.

Eighth: Assessment of Internal Control System

During 2024, Al Rajhi Bank has exerted all possible efforts to ensure adequacy and effectiveness of internal control system in line with SAMA requirements. In addition, the activities executed in 2024, including review of internal control system adequacy by Internal Audit, Compliance and Risk activities, have resulted in providing reasonable assurances for adequacy of applicable internal control process along with providing an assurance that the systems and procedures required to identify, assess and handle the Bank's high risks are in place and effectively applied. Thus, the Committee found no significant weaknesses which affect Internal Control System adequacy.

Accordingly, Al Rajhi Bank has sufficient and adequate internal control system being monitored continuously noting that no internal control system can provide absolute assurances.

Best Regards,