



Board of Director's Report
For the year ending December 31,
2020

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The Board of Directors of Riyadh Bank is pleased to present its annual report to the shareholders on the performance of the bank and its subsidiaries for the fiscal year ending on December 31, 2020, including information about the bank's activities, its most important achievements, strategies, financial results, the board of directors and its various committees, and other complementary information aimed at meeting the needs of the reader.

Main group activities

Riyad Bank mainly carries out all banking and investment business; Whether for his account or for others in the Kingdom of Saudi Arabia and abroad, as it provides an integrated system of banking services for companies and individuals, and finances all commercial and industrial activities and projects, and infrastructure projects; Through its network of 341 branches within the Kingdom, the London branch in the United Kingdom, the Houston agency in the United States of America, and a representative office in Singapore. The bank, through Riyad Capital, which is wholly owned by the bank, provides a variety of asset management and investment banking services, and it also works to meet the needs of individuals. Providing brokerage services in the financial markets, in addition to a wide range of investment services and investment funds.

The bank conducts its activities through the following main operational sectors:

Retail: it provides banking services to individuals through its network of branches throughout the Kingdom, and private and diamond banking centers.

Corporate: It provides banking services for companies, and mainly provides all credit facilities and cash management services, corporate deposits, accounts receivable, and other credit facilities.

Treasury and Investment: Providing capital markets with financial services, trading services, treasury services, and portfolio management.

Investment and Brokerage Services: It provides investment management services and asset management activities related to dealing, management, arrangement, advising and securities custody services.

A statement of the impact of each sector of the bank on the volume of business, and its contribution to the results of 2020:

Sector	Net income before zakat (in thousands SAR)	Percentage
Retail sector	1,281,160	%23
Corporate sector	1,427,958	%26
Treasury and investment sector	2,230,986	%41
Investment services and brokerage sector *	543,893	%10
Total **	5,483,997	%100

*Represents Riyad Capital.

**The influence of other subsidiaries on the bank's results is not material.

Strategy and objectives

In 2018, we launched the Five-Year Transformation Strategy 2018-2022 with the vision to be **the most innovative and trustworthy bank** by helping our partners and our community fulfill their aspirations for being the most reliable and caring financial partner. To achieve this, we redefined our values to create the appropriate environment to achieve this vision and defined it as we care, excel, and work together. Thus, we became focused on the interests and needs of our customers and worked to meet them, and doubled our interests in developing our colleagues to serve our customers. In order to excel, our motto was to take upon ourselves the challenges, to take responsibility, and to work with enthusiasm, high energy, credibility, transparency and clarity. This strategy is based on four main pillars, namely:

- Retail Sales Transformation.
- Corporate Sales Transformation.
- Innovation.
- Performance Culture.

During the past three years, Riyad Bank has made great progress in its endeavor to achieve its strategic objectives, consolidate its position in the Saudi banking sector, increase its market share, raise its value as one of the strongest brands in the Kingdom, and develop the technical infrastructure and digital capabilities. The bank has also advanced in the Organization Health Index (OHI) to become among the institutions ranked in the top quarter in this evaluation within a short period of time. Accordingly, the bank's customer base has grown and the overall annual growth rate of profits, deposits and loans of Riyad Bank exceeded all peer group by a wide gap during 2017-2019.

Riyad Bank is aware of the unprecedented major challenges that have occurred in the economic and business environment in light of the Covid-19 pandemic and the influential changes it caused in supply chains, a sharp decline in global and domestic demand for products and services, the drop in oil prices, in addition to the continuing low interest rates and the raising of Value Added Tax locally, the bank has decided to review the

strategic plan in light of the major change due to the pandemic. Accordingly, Riyad Bank launched the second phase of its transformation strategy, which is embodied in a new plan for the period between 2021-2025, taking into account many scenarios that anticipate the direct impact of the spread of Covid-19 and the expected economic effects of government stimulus programs to respond to this crisis in line with the vision of Kingdom of Saudi Arabia 2030.

The new strategy, which revolves around meeting customer needs, has identified a number of targets that must be achieved in order for Riyad Bank to become the best bank in the Kingdom by 2025, and these targets includes:

- **Most profitable**

The highest growth in return on equity compared to comparable banks.

- **The most efficient**

Lowest cost on income compared to similar banks.

- **The best choice**

Achieving over 60% in the Customer Recommendation Index.

Reaching the work environment index (Organization Health Index) to the highest level to become one of the ten highest organizations in the world.

- **Highest in Digital Enabling Clients**

Achieve more than 60% of active customers digitally

The new strategy also includes three main pillars:

- **Creating value through innovation** - leadership and exclusivity by creating new markets using technology and embedding advanced analytics in the bank's business
- **Achieving efficiency through digitization** - raising the degree of efficiency and optimal utilization of resources and the branch network and achieving the best value for expenditures through integrated digitization processes.

- **Enabling effective implementation through the next generation operating model** - transforming the core technology infrastructure and operating model.

A summary of the Bank's business groups and business segments

As a continuation of its path and in support of its efforts to focus on developing major banking services and products, the bank was able in 2020 to achieve the seted goals, by continuing to develop distinguished products and services that meet the needs of the bank's customers and enhance its leadership role in many banking activities. The bank's achievements have varied in its various sectors and activities, to include the following:

Retail banking

The retail banking sector continued to offer a range of new and diversified services and products that meet customers' needs and aspirations to obtain distinguished banking services.

With regard to personal finance, the bank launched the commodity tawarruq product by concluding cooperation agreements with a group of retailers and service providers.

The payments program enables the bank's customers to apply for consumer financing in exchange for benefiting from a service or commodity on which the bank is based on concluding an agreed discount agreement between Riyad Bank with the service provider or commodity merchant

In addition to the launch of "your personal finance service from your personal place", which allows customers the opportunity to obtain new financing or refinance through electronic channels (Riyadh Online) without the need to visit the branch, by making use of the direct link service with the platform of the Ministry Justice.

With regards to mortgage financing, the bank has taken great steps to implement a set of financing initiatives and services that had a supportive effect in overcoming obstacles and diversifying real estate financing services that can be provided to new segments of customers, in addition to expanding geographically to the areas covered by financing, and the most important of these achievements are: Follows:

- A flexible instalment payment scheme which allows clients to vary their monthly payment according to their income. This was of great benefit to those whose incomes were affected by the pandemic. It is also targeted older citizens who wish their period of financing to continue into the post-retirement period and up to 77 years of age.
- Reducing the process of mortgage financing applications to ten days.
- Accomplishing the signing of a cooperation agreement between the bank and the "Real Estate Development Fund" to provide real estate appraisal services and technical visits for self-construction. This service is one of the fruits of the distinguished partnership with the financial authorities from banks and financing institutions under the umbrella of the "Housing" program, and an extension of the many partnerships concluded by the Real Estate Fund. With funding agencies. In addition, this agreement adds a new link to the existing constructive partnership between the public and private sectors, and it represents Riyadh Bank's endeavor to harness all capabilities in order to provide the best services and financing solutions with added value commensurate with the needs of citizens, and enable them to have adequate housing easily and easily within payment plans. Flexible, in cooperation with the Real Estate Development Fund and the Ministry of Housing.
- Signing a joint cooperation agreement between the bank and King Abdullah Economic City. This agreement aims to provide financing solutions from the bank to customers wishing to take advantage of investment and housing opportunities in the various neighborhoods of the Economic City in accordance with the terms and financing standards approved by the bank.

This partnership will contribute to developing the real estate market by providing financing solutions to various segments of society who wish to own property in a quality environment, as well as providing real estate facilities to all sectors approved by the bank that wish to benefit from housing offers in the Economic City.

With regard to credit cards, the bank launched several initiatives and products aimed at improving the customer's experience in addition to increasing the bank's sales and market share, the most important of which are:

1. Launch of the Cashback Card: It is a credit card for daily purchases and targets the family segment in society with a cashback value of up to 10% of the total purchases.
2. Launch of the exclusive World Elite card: It targets the private banking category with unique features, and it is considered one of the most competitive cards on the market in targeting this category
3. Launching the Ladies Card: a card targeting the women's category by designing special features to target this new segment with a cashback program for fashion purchases.

As for automatic teller machines, the total number of the bank's devices reached 2,486 devices spread throughout the Kingdom, of which 13 were for foreign currencies. Automated teller machines (ATMs) allow Riyadh Bank customers and clients of other banks who are holders of Mada cards, to complete their banking transactions over a period of 24 hours from several different locations. The bank is also keen to be present in many events and activities by providing automatic teller machines to meet the needs and requirements of its customers.

To complement the efforts to develop the services provided to customers and facilitate their access to them through alternative channels, the bank has started a project to expand the provision of services through self-service machines in 80 branches in addition to 20 existing branches, bringing the number of self-service machines to 100 by the end of this year. These devices will be gradually operational during the first quarter of 2021 AD, as these devices provide several services, including printing the ATM card and printing the account statement.

The Customer Contact Center during the year 2020, especially during the curfew period, to reduce the outbreak of the pandemic, proved its high capacity, which had a significant impact on customer service and exceeded their expectations by continuing with the same high degree of performance and professionalism during that period. The center also continued to achieve achievements in the field of social media channels, which increased in size and diversity over normal times by 40%, and worked to manage them efficiently and professionally according to the levels of service expected of clients.

On the other hand, the bank launched a mobile customer relationship management device (Mobile CRM), which allows the branch employee to move with a tablet device to provide some services to customers in the waiting areas, as well as use this technology for external marketing.

Private banking

As a result of the relentless pursuit to provide a range of distinctive services and exclusive and exceptional products, private banking has maintained its position as one of the main areas on which retail banking is based, as it intensified its efforts in 2020 AD to launch the new identity of private banking and the consequent development and innovation of services and products to keep pace with the aspirations of the segment Major customers of the bank.

Thanks to the constant and effective communication by the relationship managers concerned with this segment, private banking was able to build and develop its customer base and maintain distinguished relations with them by providing the best banking and investment solutions to meet all their needs.

Private Banking culminated in its efforts to be awarded the "Best Private Banker" award in the Middle East for the year 2020 AD, by the world famous EMEA Finance.

Preferred Banking (Diamond and Gold)

Privilege banking continues to achieve more successes, especially since the introduction of the Diamond and Gold Banking programs, as the Priority Banking has achieved strong growth rates in its products and customer base compared to the same period of the previous year.

By the end of 2020, the number of Diamond Banking centers reached 33 centers equipped with the finest banking services and exclusive benefits, and the number of relationship managers increased to ensure the provision of the highest levels of service to clients of the program to reach 200 relationship managers with a high coverage rate in all cities and regions of the Kingdom, while continuing to develop electronic services.

As for golden banking, it is also witnessing an increasing expansion in the number of service offices and lounges allocated to it, and by the end of the year it exceeded 180 private offices to serve this segment.

Digital Banking for Personal Banking

In the year 2020 AD, digital banking continued to implement its ambitious strategy to achieve the bank's vision of being the most innovative and most trustworthy, and being a pioneer in innovation in the digital field and a reliable partner for entrepreneurs and innovators in the digital and financial technology field. Among the most important achievements are the following:

- Providing the personal financing / refinancing service through the Riyadh Online Channel, so that the amount of the financing is deposited into the customer's account in a record time and without the need to visit the branch. Nafez, affiliated to the Ministry of Justice, to create, save and manage execution vouchers electronically.
- The launch of Riyadh Mobile in its new look, which includes improvements in the efficiency and speed of performance, and the launch of more distinct services. In order to meet the needs of customers, the bank has worked to improve and facilitate the user experience, which led to the application evaluation rate of 4.6 out of 5 for customer satisfaction.
- The bank launched a new system to operate ATMs that is better in performance and faster than it was in the previous systems, and a new solution was developed to improve the customer's experience with a modern and easy-to-use design.
- The bank launched a platform to redeem the points of the Hassad Rewards Program on Riyadh Online and Riyadh Mobile (Hassad Digital Mall), and develop the customer experience from using the ATM to obtain vouchers to an integrated digital experience so that Riyadh Bank customers can exchange their points for digital vouchers at many merchants locally and internationally Receive the voucher directly through a text message and an email message, with the ability to add the digital coupon to Apple Wallet. Al-Batek also provided an exclusive digital card for the Hassad Reward Program, which enables customers to redeem points and use them in a number of stores.

- Within the framework of its digital transformation strategy, Riyadh Bank launched a digital assistant service to respond to customer inquiries about the services and products provided, the locations of branches and automated teller machines, through WhatsApp and on the number 920002470. This service includes answering customer inquiries automatically and around the clock using artificial intelligence technology Where inquiries are answered about the products and services provided, such as accounts, credit cards and mada, financing, investment, digital channels, remittance fees and products (account statement, check, indebtedness letter), in addition to locating branches and ATMs. This service comes within the efforts of Riyadh Bank to expand its interactive channel system by using advanced means and methods in the field of banking technology, and the transformations resulting from artificial intelligence.
 - Submit and execute Mada cards requests through Riyadh Online services.
 - Presenting and implementing credit cards (prepaid and digital cards) through Riyadh Mobile.
 - Transferring some of the services provided by phone banking to other electronic channels, whether the automatic response or Riyadh online, including following-up money transfers and raising financial claims, in addition to a set of services that are being worked on during the coming period, which will contribute to improving the customer's experience and raising the level of service quality.

Digital transformation

The digital strategy of Riyad Bank relies on adopting modern technologies and innovative business solutions. But, at the same time, it goes beyond that to harnessing the power of innovation to create a distinct customer experience and added value for all stakeholders. This allows us to actively contribute to improving value, macro and digital economy, and to contribute to achieving major strategic initiatives in line with the Kingdom's 2030 vision.

Since the launch of the bank's transformation strategy, which the bank has carefully developed to align its goals with the Kingdom's 2030 vision and the economic roadmap and we have adopted - innovation - as one of the four pillars of the digitization strategy and the basis for the bank's expansion, as this pillar aims to develop and automate all transactions and expand the scope of the bank's financial services on the digital and physical levels. Since 2018, the strategy has achieved remarkable success, as the bank has made significant progress in the technical and digital infrastructure, as well as many successful experiences in the field of innovation, development and digitization.

Accelerate digital transformation

Due to the COVID-19 pandemic sweeping the world in 2020, the Bank experienced significant challenges in implementing its business plans in Digital and Business Technology sectors. Implementation priorities during the year were re-arranged to enable continuity of service through remote business enablement. Despite this, work continued on the digital transformation journey. This included modifying and developing many systems and services to match the business market changes in support of the bank's vision and strategy such as implementing a new IT infrastructure, starting a mission to utilize big data and advanced analytics, digitizing the customer journey, and pursuing collaborations with digital start-ups and entrepreneurs.

Digitize the customer journey

Digitizing the customer's journey has been a key part of the year's initiatives. Developing digital channels and adding more banking services to the Bank's digital platform became vital to empower customers to conduct their transactions in spite of social distancing. The impact of the pandemic was to act as a catalyst to accelerate a process of digitalization already underway. Retail Banking designed end-to-end digital customer journeys for account opening and credit journeys to boost sales as well as client on-boarding.

To better serve the customer, several other digital banking systems and procedures were updated, such as the system for opening corporate accounts, the procedure for opening individual accounts, inquiries about transfers, enabling password resets, and the e-wallet monitoring system.

Digital Channels Performance

The digital channels within the bank were also redesigned and reorganized to keep up the pace with the rapid growth of digital banking while still keeping in mind the overall customer experience. Several key services were added and updated on the channels, including applying for various banking products and services (account opening, various financing applications, credit cards, card management services the issuance and reissuance of payment cards, loading and unloading them, requests to stop credit cards, and the delivery of account statements, etc...). In addition, support and maintenance services for user devices were assigned to a company specialized in this field, and Service Level Agreement (SLA) was implemented to manage this service and obtain the best results.

In addition, international expert houses have been contacted to evaluate the bank's mobile channel as one of the most important digital channels in exchange for modern and advanced international digital banks, and other traditional banks that have turned into digital banks. We used sophisticated and proven methodologies such as "degree of friction" that analyze time, number of fields, surface samples, wipes, clicks, screens, etc. which have a significant impact on the user experience.

Islamic banking

Riyad Bank offers a wide range of Sharia compliant banking products and solutions. In the year under review the bank continued to expand on its suite of Islamic products, which encompass daily banking products, financing and investment solutions. They also serve a range of customers; individuals, companies, treasury and investment sectors as well as Riyad Capital. The Sharia committee verifies that all the Islamic banking products are in compliance with Sharia law.

During the year the seven meetings were held between the Islamic Banking Department and the Sharia Committee through which 18 approvals were given for product and financing solutions. These covered the personal banking sector, vehicle leasing, current accounts, and credit cards. For personal banking and credit cards the Islamic Banking Department has adopted the investment solutions developed by Riyad Capital, including the approval of the Sharia Committee to issue Sukuk. It has also succeeded in issuing approvals for a number of Sharia-compliant investment instruments, as well as the terms and conditions of the related fund. It has also succeeded in issuing approvals for a number of investment instruments, as well as the terms and conditions of the Fund; approvals were also granted for Riyadh Securitization, and the establishment of the Riyadh Global Fund for Finance. The Sharia committee also approved a number of Islamic banking solutions provided by the treasury by adopting the Islamic repo product and the Islamic return account product. Islamic banking has also adopted Sharia solutions for buying and saving gold bars and issuing savings certificates for gold.

COVID-19 Pandemic Efforts:

Given the regulations regarding social distancing, the chief priority of the Business Technology team was to facilitate staff remote access by supporting and updating the security and protection systems, enabling remote work for Call Centre and Customer Service, enabling virtual connections and conferences service, and rapidly enabling remote work in all regions for more

than 4,000 employees. The Telework Plan was successfully implemented as part of the Bank's crisis management process to overcome the consequences of COVID-19.

The process was eased by the support we received from the regulators by way of easing the restrictions on some of the regulatory requirements; in addition permitting customers to provide digital signatures and approval on the products has helped the bank in terms of their sales on lending solutions. This facilitated adhering to the country's regulations on maintaining social distancing and availing branch services on our digital channels.

Two initiatives were particularly crucial. The first, was the implementation of internal and external cloud computing (private and public cloud) to accelerate systems development processes and support the remote working methodology of working remotely. This will also be a step towards improving operational efficiency and reducing costs. Going forward, the increasing availability of cloud in the Kingdom provides opportunities to improve unit economics, network scale and connectivity – and partnerships with the rapidly evolving Fintech community.

Second, data and machine learning, which have become a significant focus for the bank with a view to garnering insights and analytics into revenue generation and value at risk, among other areas. During the pandemic, the Business Intelligence team was able to provide, in a matter of a few days, an analysis of our entire SME base to identify risk segments, determine liquidity needs, and, provide a basis for the bank to help our customers shift to a digital platform. We partnered with major ecommerce, tech and fintech players to develop a solution to enable us to help our customers begin to generate revenue again. In addition, the installation of Big Data Warehouse devices was commenced as a first phase of a project to be completed in 2021. We believe that Data and Intelligence are a strength of the Bank as we begin the transition to Open Banking and Machine-to-Machine interaction.

New developments

As part of this across-the-board focus on digitalization as a conduit to superior customer experience and value creation, the Digital Group was restructured to focus on innovation and data and intelligence, which will be the primary drivers of value in initiatives such as Open Banking,

Backend as a service (BaaS), and Marketplace banking. We envisage the development of a uniform management platform for digital channels. The management dashboard was updated to allow the senior management to closely follow the progress of banking operations.

This year witnessed many other information systems projects, the most important of which include:

- Many changes were made in the direction of automation of manual processes which increased efficiency, reduced errors, and added value to customer service.
- The completion of the first and second phase of the Human Capital Mobile System (My-HC), which contributes to improving the work environment and raising the Organization's Health Index (OHI). Furthermore, the salary system in the human capital system has also been updated.
- Completing the in-house credit card processing project, which contributes to the speedy provision of electronic payment card services and reducing operating costs.

The Developing Services Project in the Customer Service System in preparation for utilizing them from mobile tablets to facilitate reaching customers and better serving them was completed. In addition, several important updates were made to the systems of the London branch.

The Bank, in its quest for digitalisation, is leveraging cutting edge technologies such as artificial intelligence. The Bank has expanded its interactive channels by use of advanced technology. An example is an intelligent system developed to respond to customer queries.

Corporate banking

Developments of the year

Providing the highest standard of services to our corporate customers was a prime objective during the year. Through combining automation and upgrading people skills we were able to make our Customer Service Department a shining example of service excellence. The Department serves as a mid-office platform in our business process.

Through an internal partnership with Global Transaction Banking (GTB) we enhanced the Relationship Management Team's skills especially regarding customer relationships and credit.

GTB also facilitated complete digital support for all corporate clients.

A new Account Management Unit was formed dedicated to non-borrowing customers.

Corporate banking services contribute significantly to the strategic pillars of the bank

Strengthening the customer base

Our customer acquisition strategy has primarily targeted the SME and Government sectors. The strategy also contributed to reducing industry concentration and alleviating natural customer attrition by finding new customers to replace those who left. The end result was an improvement in the bottom line.

The Bank has commenced account planning to enable cross-selling for corporate customers, a concept that will be rolled out to other Divisions. Through a process of cross-team discussions, customer needs are identified, and products and services are developed accordingly.

The Account Management Unit (AMU) was formed to cater to the needs of non-borrowing corporate customers. Each customer was assigned a dedicated and experienced relationship manager who can give him the best advice on using his banking opportunities. Customers are guided on how they can select the options that will give them the optimum results.

Customers will be offered a range of non-lending products which could be bundled together to suit their needs. In the process potential borrowers will also be identified and assisted to move through the borrowing process.

The main strategic thrusts for the non-borrowing segment are identifying non-lending and cross-sell opportunities for products; increasing product penetration of existing customers; increasing both interest bearing and non-interest bearing deposits; and strengthening the customer relationship and identifying possible future borrowers.

In 2020, we achieved an increase of 25% in AMU non-borrowing customers, and cemented our relationships with existing non-borrowing corporate clients.

Digitalization

The Bank's digitalization process is not confined to technology alone. It also involves a holistic transformation of processes and people. Workflow, routines and procedures need to be re-engineered. The roles and accountabilities of staff need to be revised and their skills be upgraded to handle new systems. The changes have to be underpinned by infrastructure and applications. The bank is leveraging artificial intelligence and machine learning to proactively anticipate trends. Predictive models have been developed which use data analysis to anticipate events such as customer default, customer attrition, product purchase, and optimization of digital channels on a probabilistic basis.

The existing services were also streamlined by implementing robotics processing methodologies to take the legacy operating model to a new level. A new business model is being developed which will give external stakeholders access to some of the Bank's services. This will enable the external parties to provide customized solutions to its clientele.

Partnership with government projects

Riyad Bank has a long history of financing government projects, which it followed during the year we review in this report. Consequently, the bank also contributes to achieving the goals of Vision 2030, and many other potential projects are being discussed.

- Signing cooperation agreements with the Tourism Development Fund to provide financing for the development of tourism in the Kingdom.
- Participation in financing the Jazla Company project (Jubail 3A independent water desalination project for the Saudi Water Partnerships Company (SWPC) for the benefit of a group of sponsors.
- Participation in co-financing of 9 billion riyals for the Saudi Electricity Company.
- Participation in the joint refinancing of 8.6 billion riyals for Maaden Waad Al-Shamal Phosphate Company.
- Participation in the joint financing of 1.5 billion riyals for the Advanced Petrochemical Company.
- Participation in the co-financing of 3 billion riyals for the Saudi Polymers Company.

- Murabaha financing of 700 million riyals with the International Polymers Company.

Vision 2030 Realization Office

Accomplishments continued during the year 2020 AD despite the Corona pandemic and work with government agencies to keep pace with Vision 2030, by providing many initiatives and participating in designing support programs for the private sector to reduce the effects of the pandemic, as well as cooperation with government agencies to measure the extent of the impact on the sectors and the possible support requirements.

More than 31 initiatives were submitted with 19 governmental or private entities

#	The name of the organization	#	The name of the organization
1	Ministry of Finance	11	Ministry of Human Resources and Social Development
2	Tourism Development Fund	12	Saudi Export-Import Bank
3	Ministry of Culture	13	Social Development Bank
4	General Entertainment Authority	14	National Entrepreneurship Program
5	Ministry of Sports	15	Saudi Authority for Industrial Estates and Technology Zones (MODON)
6	Ministry of Housing, Real Estate Development Fund	16	The National Industrial Development Center
7	Saudi Real Estate Refinance Company	17	The Royal Commission for Jubail and Yanbu
8	Ministry of Justice	18	Jubail and Yanbu Industrial Estates Services Company
9	The General Authority of Endowments	19	King Salman Energy City (SPARK)
10	Ministry of Municipal and Rural Affairs		

The following memoranda of understanding and cooperation agreements were signed:

#	The name of the organization	The name of the initiative
1	Ministry of Finance	Joint financing packages for projects within the Project Support Fund initiative
2	Ministry of Finance	Supporting qualitative projects: a land of opportunity, a loan within the initiative of the Projects Support Fund
3	Tourism Development Fund	Guaranteed facilities
4	Tourism Development Fund	Project financing
5	General Entertainment Authority	Initiatives to support business development
6	Saudi Real Estate Refinance Company	In the entertainment sector

Dealing with a pandemic

The COVID-19 pandemic posed a massive challenge for Corporate Banking; it affected all aspects of banking operations including customer relations, credit, employee health and safety, and business continuity.

In the crisis mode in which we were operating after the pandemic broke out, health and safety became a priority. The health and safety of our staff had to be safeguarded. Work-from-home was successfully implemented during the early stage of the pandemic and so was the return to normal work practices. The latter was executed with very few exceptions for medical reasons. We were able to sustain employee morale and productivity, which was very encouraging.

Our relationship managers kept in regular touch with customers, and encouraged them to share with the Bank any business problems caused by the pandemic. The Bank was always willing to go to lengths to render any assistance possible. Corporate Banking launched several new lending schemes to help the private sector surmount the crisis. Customers who were covered by our MSME program were granted deferred repayments and waiver of facility fees for six months.

The assistance received from SAMA was invaluable in these difficult times. SAMA provided financial assistance to manage the Bank's liquidity position as well as to compensate for the loan repayment relief and waiver of fees for MSMEs.

The pandemic has naturally brought serious credit risk in its wake. This is being carefully monitored and the full impact will become clear only in 2021 at the end of the SAMA Deferment Programme .The liquidity position of customers is being monitored carefully in order to proactively manage any ensuing problems.

Offshore branches and representative offices

The bank, through its overseas branches in London and Houston, and the representative office in Singapore, is keen to provide banking solutions to its customers and meet their needs in the regions of its presence.

These branches provide advice; to contribute to creating investment opportunities and commercial businesses inside the Kingdom, and its positive role in promoting and promoting

trade in the Kingdom, as well as taking care of the interests of the bank's investment clients abroad.

The London branch provides its clients in the Kingdom of Saudi Arabia, and for their overseas branches, banking services specifically designed to support European investments in the industrial and private investment sectors. Riyad Bank is unique in providing its banking services at the level of Saudi banks in the Americas through the Houston agency.

As for the representative office in Singapore, it assists clients in exploiting investment opportunities in the Asian continent, and developing relations with correspondent banks and Asian companies that carry out commercial activities in the Kingdom of Saudi Arabia.

Treasury and investment sector

The year under review was indeed an unprecedented one. We had to deal with the pandemic and the resulting lockdown and travel restrictions. This also caused extreme turbulence in the markets, liquidity stress and widening of the credit spread. Interest rates also reached a historic low and oil prices plummeted. However, the hardships were alleviated to a great extent by the SAMA Private Sector Financing Support Programme which enabled the financial sector to support the growth of the private sector, SME sector in particular. Riyad Bank received a sum of SAR 26 Bn. under this programme.

Divisional performance

The Treasury & Investment Division performed extremely well in 2020. The Division's Profit grew both in fee income and in investment income. The Fee Income aided by Derivatives recorded best ever performance. The Bank was also able to make significant gains in fees and market share from FX transactions. Investment income too recorded a substantial growth partly as a result of certain judicious and timely adjustments done to the investment portfolio prior to the onset of the pandemic. The sector also benefited from the lower cost of financing, while the support of the Saudi Central Bank stabilized the cost during the year. In addition, the bank has put in place a robust methodology for pricing money transfers, which enables it to determine profitability at the business unit and product level.

Facing the headwinds:

The major challenge during the year was of course the COVID-19 pandemic, and the impacts incidental thereto. The pandemic caused market turbulence and disruption, pressure on liquidity, and credit spread widening.

Interest rates hit historically low levels. However, the Treasury & Investment Division was able to benefit from some of the developments. By being innovative and proactive, we were able to turn adversity into opportunity.

Treasury was also able to grow market share by adopting innovative solutions, which gave high returns. Early adoption of digital means of communicating with customers also gave the Bank an edge. We also liaised with our international partners in developing solutions that will benefit our customers.

In our investment strategy, we capitalized on the opportunity presented by the market stress caused by the pandemic and invested in high quality names with strong credit fundamentals. The strategy benefited the bank this year, and will continue to benefit in years to come.

Developments and Initiatives:

Despite the crisis situation, brought about the pandemic, the Bank managed to maintain liquidity at satisfactory levels, partly due to the support we received from SAMA which injected SAR 50 Bn to the banking system in mid-2020 to support liquidity. The pressure on USD liquidity was alleviated by the Euro Medium Term Note Program (EMTN). Riyad Bank issued USD 1.5 Bn under the program. We also concentrated on instruments with shorter maturities to maintain liquidity. A prudent funding profile was maintained to keep a healthy balance sheet.

The economic uncertainties caused by the pandemic resulting in widening of bond spreads. This gave an opportunity for Treasury & Investment to invest in high quality assets at very attractive yields - thus deriving opportunity from an adverse situation. The benefits derived from this will continue into the years to come.

Business technology

The year 2020 witnessed a great challenge in implementing the business plans of the IT sector in light of the Corona pandemic sweeping the world. During this year, the bank rearranged implementation priorities to become the top priority for enabling remote work for Riyad Bank employees, call centers and customer service, as well as developing electronic channels and adding more electronic banking services and facilitating them for customers. Customer loans were also scheduled and processed according to the instructions and initiatives issued by the

Central Bank of Saudi Arabia to mitigate the damages of the pandemic, which required tremendous efforts to respond to the instructions promptly and effectively. Likewise, plans to implement cloud computing have been accelerated, which support the rapid transformation of the information technology sector on the one hand, and contribute to lowering operating costs on the other hand

The business technology sector has effectively contributed to the achievement of many achievements in terms of technically supporting other sectors, and has worked to change and develop many systems and services to match the changes in the business market in order to support the bank's vision and strategy towards the forefront. This year witnessed the expansion of automating more processes in all sectors using modern technologies by adding more than 20 robots that completed more than 300,000 transactions. The implementation of artificial intelligence systems to enrich customer service, such as two chatbot systems, has also begun to complete a project

Direct Payment System (Instant Payment System) with the Saudi Payments Company and selected banks, and the pilot project for the digital currency (Aber) was completed with the participation of selected banks from the Kingdom of Saudi Arabia and the United Arab Emirates through the Central Bank of Saudi Arabia and the Central Bank of the UAE. As a contribution from the sector to improving the work environment and raising the Work Environment Index (Organization Health Index), the first and second phase of the Human Capital Mobile System (My-HC) has been completed. The implementation of a unified management platform for electronic channels has also begun with the aim of enriching the customer's experience and unifying the experience of banking services across various channels, in addition to updating, developing and improving the performance of a set of electronic banking systems and procedures and work procedures in the Information Systems Technology Department.

Business Technology Governance and Information Security

The concept of information technology governance is based on ensuring the effective and efficient use of information technology to enable the bank to achieve its objectives by achieving harmony between the information technology strategy and the business strategy. The concept of business technology governance contributes to reducing technical risks and enhancing the technical flexibility to continue the bank's business efficiently and avoid interruptions, while at the same time reducing the likelihood of an event that stops the activity.

Among the most important contributions of the Business Technology Governance Department in 2020:

- Successful implementation of the remote work plan as part of the bank's crisis management process to address the COVID-19 pandemic.
- A compulsory business continuity education course has been designed and added to the Riyad Bank's Knowledge Academy portal.
- Completion of 70 management tests covering all the important departments in the bank, including operating recovery scenarios for the departments from the alternate work site, in order to ensure the continuity of work for all departments in the event of any interruption related to any of the main sites of the bank.
- More than 40 technical frameworks, including policies and standards, have been designed and implemented to manage and control business technology processes.
- Successful implementation of the Alfabet Enterprise Design Tool project, which will link the bank's strategy with the development requirements of the bank's technical infrastructure to accommodate the required expansion and expansion.
- Completion of the upgrade and implementation of the enterprise architecture tool that supports the workflow and integration between the Configuration management database systems and the Plainview system.
- Executing a set of activities that manage information technology assets across the bank for the purpose of raising operational efficiency while reducing technical risks and controlling operating costs for systems and their components.
- Successful completion of all the requirements necessary to upgrade the Quality Certificate in Business Continuity (ISO 22301) recently obtained by the bank, from the issuance of 2012 to the latest version of 2019, in order to ensure best international practices and confirm business continuity in the bank in all circumstances and thus contribute to raising the level of customer confidence Bank operations.

Compliance Department

Robust systems of Compliance are essential to ensure that the Bank scrupulously adheres to all applicable laws, rules and regulations, and maintains a high degree of professionalism. The covenants which the Bank should adhere to include Saudi and other applicable laws, accounting standards, internal procedures and controls, international regulations, best practices, values and ethics .

The Compliance Department plays both a regulatory and advisory role. It provides guidance and advice on all laws, regulations and standards that should be adhered to and disseminates information. The Department also monitors work to ensure compliance and manages regulatory affairs. It is also exercises vigilance over the conduct of banking operations to prevent financial crimes .

The Compliance function plays a vital role in the achievement of the Bank's Vision, Mission, objectives and values by maintaining the highest quality standards and implementing best practices. It provides advisory services to all bank functions and promotes awareness by disseminating information regarding compliance issues. This, together with the supervisory oversight the Department exercises, serves to combat financial crimes as stipulated by the regulations issued by Saudi Central Bank (SAMA) and issued Financial Action Task Force (FATF) Recommendations. Annually, the Compliance Department formulates and implements a monitoring and follow-up plan developed through a process of identifying and assessing risks. The plan is approved by the Board Audit Committee.

The values of "We care - we commit" are built into the Bank's ethos which reinforces our culture of commitment. Emanating from this culture, the Bank has continued with awareness campaigns on various topics of commitment, principles of behaviour, work ethics and combating financial crimes. The campaigns are disseminated to the employees through several awareness methods. These include:

- “Welcome to Riyad Bank” introductory session which is mandatory for all newly recruited employees
- An annual online informative awareness programme which is followed by a quiz which is mandatory for all employees to ensure effectiveness
- Visits to branches to conduct awareness and Q & A sessions 3
- Email awareness messages

In addition communication channels are provided for employees to exercise their duties and responsibilities towards compliance. Employees are able to report cases of fraud or money laundering, or any other issues pertaining to the Whistle Blowing Policy. The Compliance Department also presented an awareness program to the Bank's branches in all regions of the Kingdom which dealt with various issues in compliance and combating financial crimes.

The Compliance Department takes great care to ensure that the bank fulfils the applicable and future regulatory requirements, such as the regulations and circulars issued by SAMA and other legislative bodies. It keeps all interested parties updated on any new requirements, such as the instructions issued on the principles of compliance for banks and commercial banks operating in the Kingdom of Saudi Arabia, Anti-Corruption Guide, financial fraud in banks and banks operating in the Kingdom ,and the Guide to Combating Money Laundering and Terrorist Financing. We are committed to making efforts to comply with any regulations issued by all official bodies with authority and competence.

In this regard, the Compliance Department analyzes and studies the requirements of any updated bylaws and regulations, in addition to monitoring the effects of these updates on the Bank and its controls, and assessing any risks that may arise from their implementation. In addition, the Bank continues to strive to adhere to the recommendations of the Financial Action Task Force (FATF), the regulations and instructions of the Security Council, and the lists of the Office of Control of American Foreign Assets (OFAC) and Related Lists for Combating Money Laundering and Financing Terrorism and Preventing Proliferation.

Social responsibilities

In 2020, the Bank conducted a range of initiatives under its comprehensive and long-term corporate social responsibility strategy, "Bukra". Launched in 2019, Bukra was developed after extensive analysis and consultation with many stakeholders to identify the crucial elements of an appropriate and effective roadmap. Bukra is aligned with the best practices of the most important local, regional and global frameworks, including Vision 2030, the UN Sustainable Development Goals, the Ten Principles of the UN Global Compact, and the UN Convention on the Rights of Persons with Disabilities.

Bukra has four main pillars: Environment, Society, Economy and Knowledge. It aims to create initiatives and programs to address the requirements of sustainable development in a multifaceted, holistic sense. The CSR Committee, which is headed by the Chairman and includes the CEO, representatives of the Bank's divisions and the CSR Management team in the Communication and Customer Experience Department, guides the strategy and its implementation, sets standards and targets, determines new initiatives, and reviews and assesses ongoing programs and projects.

COVID-19 Initiatives

Many of the projects executed during 2020 were aimed at addressing the impact of the COVID-19 pandemic (while still broadly following the four pillars of the strategy). Since the first confirmed case of COVID-19 in Saudi Arabia at the beginning of March, the Bank aimed at ensuring the wellbeing of its employees and curbing the progress of the virus within the organization. Initially awareness messages were shared through email and text messages; this was followed by distributing 7000 safety boxes containing masks, gloves, and sanitizers to all Bank employees. Externally, the Bank participated in the "We are Responsible and I'm the First One" Campaign, which sought to encourage the community to be responsible during the COVID-19 quarantine, by donating SAR 17 million to the Health Fund launched by Ministry of Health for purchase of medical equipment (including 250 ventilators) and materials.

As the year went on, the Bank turned its focus towards relief efforts to those affected by the pandemic across the Kingdom. The Bank supported the Society Fund initiative launched by Ministry of Human Resource and Social Development and the General Authority for Awqaf with a contribution of SAR 10.73 million, which accounted for 17,000 meals and 6,000 food baskets. During Ramadan, the Bank partnered with Saudi Food Bank and various charities to distribute 10,000 food boxes to the families in need.

In the educational sphere, the Bank collaborated with the Ministry of Communications and Information Technology to distribute 677 tablets to students across the Kingdom to facilitate their study-from-home efforts.

Community Health, Wellness, and Inclusivity Efforts

Beyond these COVID-19 related activities, the Bank also conducted a range of projects in line with the four pillars of Bukra. In terms of its wider contributions to the health sector, a highlight of the Bank's efforts was its partnership with the Autism Centre of Excellence. In 2018, Riyadh Bank signed an agreement with the Ministry of Human resources and Social Development to fund the Centre for five years. This funding supports the Centre's operations, research, and development. In 2020, the Centre was able to pursue a rigorous program, including some very timely initiatives like participating in an international research project studying the effects of COVID-19 on people with disabilities and their families.

In addition, Riyadh Bank signed an agreement with King Faisal Specialist Hospital in 2018 to fund the Centre for Autism Research for 3 Years. This fund supports the Centre's Operations, Research, and Development.

The Bank also supported several blood donation campaigns in which collected a total of 168,970 ml from 382 donors participated.

The Bank carried out many educational awareness programs through email broadcasts and social media including programs for World Cancer Day, Alzheimer's Awareness Month, Breast Cancer Awareness Month, and World Diabetes Day. It also promoted a fitness program which incentivized employees to exercise at home during the pandemic.

In 2020, the Bank placed a special emphasis on the topic of disability, making a commitment to build internal awareness and invest in training, make accessibility a priority, make use of assistive technology (such as Text to Speech) and promote Sign Language induction and training. This year, the Bank hired qualified employees with disabilities in both the Head Office and the Olaya Building, bringing its total number of employees with disabilities to ten. The Bank also undertook a physical analysis of the Head Office and the Olaya Building and committed to implementing accommodations for people with disabilities. To create a disability-friendly culture, the Bank conducted workshops to educate Bank employees on the best practices for inclusion (eight workshops were held and 200 employees trained). A video about the experiences of the Bank's employees with disabilities was disseminated. About 50 employees also participated in an empathy enhancing activity where they simulate the life of a disabled person for one day.

Environmental Efforts

The centerpiece of the Bank's internal environment initiatives was its multi-pronged Recycling Project. As part of the "Saving the Environment Movement" and "Be a Responsible Employee" initiatives, the Bank encouraged, two recycling bins were placed in each division (one for paper, one for plastic). Emails were sent to all employees encouraging them to participate and take an internal Pledge of Recycling. The Bank also promoted the idea of the "Recycling Ecosystem" to the Head Office, Regional Offices, and 12 Branches of the Bank around Riyadh. The recycling program, overall, had the following impact::

- By recycling 3,480 kg of waste, the Bank saved 80 cubic meters of landfill, almost 14 tons of CO₂ (Data from EPA), and 59 trees .
- Along with the recycling initiative, the Bank made an effort to reduce the volume of material printed, saving 7,520 kg of paper over the previous year and reducing toner costs by 73% (from SAR 1,392,997.00 in 2019 to SAR 371,669.00 in 2020).

In 2020, the Procurement Department at Riyad Bank worked on sustainable methods and systems that allowed the Bank to select and purchase from vendors and manage purchases in line with more responsible, environmentally-friendly ways. The Bank conducted training sessions and

certification courses for SME suppliers to inculcate best sustainability practices. In 2020, the Bank engaged 262 vendors (until November), which was an increase of 39% over 2019.

Human Capital

Development of human capital was one of the pillars of the 2022 transformation strategy. In 2020 this was implemented under the theme of building a performance based culture, and motivating the entire cadre of staff to achieve organisational goals. Despite the challenges we faced during the year we were able to complete the implementation of the Human Capital (HC) Division strategy. The task of culture transformation cascaded into filling three gaps; more accountability, better communication and becoming more outcome-focused.

The broad picture in numbers

Workforce analysis (Riyad Bank employees only)

	2020	2019	2018	2017	2016
Total No. of Staff	5,212	5,138	5,311	5,567	5,722
% Female	25.35%	25.07%	25.98%	25.76%	25.59%
% Saudi Employee	94.11%	93.83%	93.99%	94.05%	93.57%

Learning and development analysis

In today's banking environment, which is changing with dizzying rapidity, it is essential that staff be equipped with the necessary skills to stay abreast of the changes. Digitalization is coming to the forefront and creates a need for continuous training, in order to serve customers better. The knowledge that employees who have been trained have absorbed also needs to be disseminated.

	2020	2019	2018
Sessions	400	380	826
Courses	146	184	227
Offerings without online	12,338	4,741	8,360
Online attendance	27,886	30,332	8,094
Training Days without online	19,361	9,754	14,350
Training Days with online	47,247	40,086	22,444
Training hours (6 hours per day)	283,482	240,516	134,664
Attendance	9,410	4,330	8,087

	Total days	Total hours	Total Employees	Males	Females
Mandatory	24,811	148,866	5,590	73%	27%
Non-Mandatory	19,361	116,166	4,634	73%	27%
e-Learning	2,823	16,938	2,667	80%	20%

Parental and maternity leave

Riyad Bank employees have generous parental leave entitlements. This enables the women employees in particular to continue with their careers despite childbirth. The employees who were entitled to these leave and used them are below;

2020 Parental Leave	2020 Maternity Leave
57 Employees	64 Employees

Dealing with the pandemic

However, in the year under review we were faced with an unexpected and unprecedented challenge- that of dealing with the COVID-19 pandemic. A three phase program was mounted for this. In the initial phase of the response a few governance committees were put in place to draw up and implement counter-measures. In this phase both managerial and operational precautions were taken. Business continuity measures were implemented and business recovery plans were tested. All employees performing critical functions were provided with the remote access application and communication tools. COVID-19 awareness programs were commenced and employees and customers were provided with personal protection equipment (PPE). All entry/exit visas were withheld, gatherings were stopped and physical training programs postponed.

In the next phase new platforms and working procedures were put in place to execute the normal operations without interruption while keeping to safety guidelines. Work at the premises was initially confined to 92 critical employees. The Human Capital Division issued permits for employees to commute to and from their homes to premises. The permits which numbered 150 initially gradually increased up to 4,297. The Citrix license access was expanded to include all employees. The new working procedures were made more robust and Initiatives were launched

to keep employees engaged and prevent deterioration of morale. A survey was carried out and other activities were conducted which included the families.

In the third phase a gradual return to normal work was executed within the framework of a workplace safety plan. The execution was staggered in five stages. Through an awareness program, employees were educated regarding mitigating risks and safe work practices. At each stage employee attendance was strictly monitored. Flexibility initiatives were conducted to manage the traffic and conform to the distancing protocol. A contingency plan was also drawn up to cope with a possible second phase.

Maintaining employee morale

The pandemic created an unprecedented situation where almost all business had to be conducted remotely. This posed major challenges particularly in keeping the employees committed, engaged and productive.

The following were some of the innovative measures taken to adapt to the new working environment.

<p>EVPs Coffee Breaks- “Let’s meet and catch up” These were an informal meetings hosted to for EVPs catch up with team members and swap stories on coping with the pandemic.</p> <p>No. of sessions - 73.</p>	<p>Virtual Competitions This is an initiative to entertain employees during quarantine by simple competitions conducted online.</p> <p>The following were the types of competitions:</p> <ul style="list-style-type: none"> • Be the chef • A day in our life • Calculate your daily steps • Best home office set up • Fifa league 	<p>Oud and guitar nights This was weekly a musical entertainment event to relieve boredom of employees and their families during quarantine.</p>
<p>Employee wellness and leadership communication</p> <ul style="list-style-type: none"> • A series of wellness programs for employees was commenced featuring a tip of the day • Team leaders were encouraged to have continuous and transparent communication with team members. This included communication of changes and other Bank news. 	<p>Your home is your gym Staff were motivated to work out twice a week at home guided by an online trainer</p>	<p>Fawazer Ramadan This was initiated during the Ramadan period and valuable gifts were given weekly.</p>

Working arrangements for the “new normal”

A flexible workplace plan has been developed to be implemented during the post- COVID 19 ‘new normal’. The different job functions are being carefully studied to identify which can be converted to full-time remote work and which employees can work remotely on some days. All employees will be eligible for six remote working days a month, unless the nature of their job functions specifically excludes remote working. Special working arrangements are also made for women immediately after childbirth to ease the return to work. They are allowed one week telecommunicating after maternity leave, followed by three days telecommuting for two weeks, and then two days telecommunicating for one week.

Human Capital Initiatives

Human Capital Roadshow

In 2020, the Human Capital Team conducted a virtual Roadshow for the Bank staff due to COVID-19 pandemic.

- The participation was over 83%.
- Total registrations – 3,586
- Total participants – 2,979
- Several new HC Applications were launched during the year which leveraged technology to facilitate connectivity and remote working.

MyHC Application

This application, which was launched on June 11, 2020 facilitated employee engagement and other activities across the Bank. It operated on a mobile platform and facilitated two-way communications and interactions. These included Divisional off-site meetings and informal virtual meetings during the pandemic. A total of 2,900 users have accessed the application which has total coverage of all HC services as well as performance and talent services.



FulsanAlriyad

This is an employee branding initiative that trends on Twitter and is targeted at recruiting graduates. We received over 12,000 applications for positions, and after filtering, psychometric test, English test, interview and virtual assessment centre we finally recruited 20.

Talent Management Overview

Human Capital Division conducted a number of executive and leadership development programmes in partnership with front-rank business schools and consulting firms in the U.S., Europe and the Middle East. These programmes included workshops for the executive managers, leadership programmes for senior managers, and strategic programmes for potential managers. We ensure business continuity and manage risks of loss of key talent through a rigorous and well-planned succession management process. We also motivate our employees by keeping them informed of their potential career paths with the support of professional career counsellors.

Employees can avail themselves of the training opportunities available through our Riyad Bank Academy.

Riyad Bank Academy

The academy designs and delivers a host of training programmes:

- Digital curriculum
- Divisional training
- Professional training for Branches
- New manager and supervisor development program
- New skills curriculum
- English language program
- New training operations management system

Career management and succession programmes

Human Capital Division took a major step by rolling out a new Career Management Framework. This was complemented by implementation of the Bank's new Behavioural Competency Frameworks and integration into HC life-cycle. Succession planning activities were expanded to include a full review in 2020. Risk assessment was also carried out to ascertain whether adequate provision has been made in case of departures. The Manager as a Coach (My Coach) program was designed and delivered. A bank-wide mentoring program (My Mentor) was implemented. Roll out of Assessment and Development Centres and Individual Development Plan (IDP) frameworks were also executed. The latter was carried out Bank-wide. The performance management and talent management applications were integrated.

Effectiveness of Internal Control Procedures

Riyad Bank has established an integrated internal control framework to ensure an effective internal control environment in line with the Guidelines on Internal Controls issued by SAMA. This framework includes policies and procedures set by the Board of Directors and promulgated by the Executive Management to ensure the strategic goals are achieved by protecting the Bank's assets and guarantee all operations are carried out pursuant to applicable guidelines. Such controls also include the corporate governance that defines the roles and responsibilities of members of the Board and its committees.

The Executive Management and its committees, through these policies, ensure that risks related to regulatory requirements, strategy, financial performance, information technology, assets & liabilities management, liquidity, credit, operations, legal affairs, information security, etc. are appropriately managed.

All stakeholders in Riyad Bank are responsible for the efficiency and effectiveness of the internal control environment through periodic self-assessment reviews of processes and controls to proactively identify deficiencies and ensure timely remediation. Independent reviews are also conducted by different control functions, internal and external auditors to ensure adequacy of the internal control environment .

The Compliance Department is responsible to ensure compliance with regulatory requirements through its reviews and identify deficiencies in implementation of regulatory guidelines .

Scope of work of the Internal Audit Department encompasses independently assessing the adequacy and efficiency of the internal control environment by ensuring all applicable policies and procedures are implemented and practiced appropriately.

Senior Executive Management and the Board Audit Committee are regularly updated on the status of internal control environment and the corrective actions identified to improve its adequacy and effectiveness. They ensure timely implementation of these measures taken to mitigate the identified risks.

Risk management

All business activities carry a degree of risk, but the banking industry is exposed to range of risks some of which are more critical than in other industries. There is also an inherent trade-off between risk and performance. Therefore, Riyad Bank needs to balance the performance risk equation while ensuring that its risks are mitigated and controlled. To achieve this the Bank needs a robust governance structure that ensures effective risk management, foresees risks and takes necessary proactive measures to minimize such risks.

While risks cannot be completely eliminated, limits have to be set to the accepted degree of risk, which implies that risks need to be quantified. Overarching control over the Bank's risk management process is exercised by the Risk Management Committee of the Board of Directors. The Committee establishes risk limits and effective control procedures, for each type of risk. Within this framework risks have to be controlled proactively using sophisticated tools and instruments. The roles and responsibilities of all stakeholders have to be laid down which gives a holistic perspective to risk management.

Regulatory requirement and market best practices requires banks to ensure that there is adequate separation of responsibilities in key elements of the risk management process. Banks should have risk identification, measurement, monitoring and control functions with clearly defined responsibilities that are sufficiently independent from risk-taking functions of the bank and that report risk exposures directly to the governing body or its delegates.

The Bank is exposed to various types of risks, including but not limited to credit risk, market risk, liquidity risk, operational risk and information security risk. Specific policies have been developed for all types of risks which taken together make a holistic system of risk management.

Credit Risk

Credit risk is defined as the risk of financial loss resulting from the other party to a credit transaction not meeting (or not meeting completely) their financial obligations. Accordingly, the Bank developed various credit risk management policies that encompass all financing programs to ensure the Bank minimizes the overall risk in its credit portfolio and reduces losses incurred by financing activities.

Riyad Bank operates in accordance with a stringent framework of credit policies and procedures, which are reviewed regularly, taking into account latest updates and regulations of SAMA. Credit limits should be set commensurate with the level of risk. Excessive concentration of lending in geographical regions, business activities or economic sectors should be avoided, in both retail and corporate lending. Existing liabilities too need to be evaluated for potential risks of non-payment and tools have been developed for this.

Riyad Bank's credit rating system conforms to international benchmarks. The Bank, while having its own credit rating system, also incorporates the ratings of external agencies. The process is executed through standardized measurement tools. This provides a comprehensive picture of the Bank asset quality and its distribution on the internal rating table: this in turn enables accurate calculation of the capital adequacy ratio using sophisticated techniques. In addition, it measures the potential for default which is a prerequisite for calculating credit losses in accordance with IFRS9 accounting standards.

The Bank's processes are constantly evolving in line with requirements of both local and international regulators. It is a process of continuous improvement. The Bank initially complied with all Basel requirements in measuring the capital adequacy ratio required to cover credit risk according to the standard method (Standardized Approach), which is one of SAMA's requirements. It then moved to the Internal Credit Risk Assessment Standard (Internal Rating Based/IRB) after successfully upgrading its credit rating models to be in conformance with the requirements of Basel. These models were not simply adopted and used. Instead a process of verification was done through a special system to ascertain their validity and completeness.

Subsequently several independent periodic tests were carried out to ensure the reliability of the results of the credit rating models and their quantitative and qualitative aspects.

For the results of the capital adequacy ratio to be accurate the results of the risks weighting of the assets need to be accurate. In a parallel process the Bank put in place the infrastructure necessary to develop and use models for credit decision making by relying on an accurate measurement of the risks and their likely impact. Simultaneously a review of approved risk policies to demonstrate their compliance with credit rating systems was carried out, while applying the Internal Credit Risk Assessment Standard.

The process of assessing credit risk is also based on accounting standards, which is another area where the Bank needs to stay updated. As of the beginning of 2018, Riyad Bank used IFRS 9 as an alternative to IAS 39. Calculating the possibilities of default includes taking both a long term and a short term perspective and credit rating system was further refined to take this into account. The COVID-19 pandemic with its impact on the macro-economic scenario, both local and global, created an unprecedented situation in credit risk assessment The Bank developed a statistical model to help with the calculation of the forward-looking component. The model used varied assumptions & scenarios of forecasted macro-economic conditions (locally and internationally) and then adjusted credit expected losses number accordingly.

The process of calculating default credit risk rates was also updated with respect to business rules and controls. The Bank also reviewed the fundamentals of evaluating assets, activity flows and the appropriate governance structure, with appropriate mechanisms, financial and technological, to calculate and approve expected credit losses in accordance with IFRS 9 and the directives of SAMA. These mechanisms have undergone several previous and subsequent quantitative and qualitative tests to verify the new standard to ensure the reliability and accuracy of factors used in calculating the risk of default and credit losses.

The systems and processes referred to above are relevant not only for the corporate sector; they are also relevant for individual financing, including mortgage financing. The Bank also established internal credit evaluation standards pursuant to the frameworks approved by the Board of

Directors and in line with the requirements of SAMA, enabling the implementation of the initiatives of the Ministry of Housing and the Real Estate Development Fund. In addition, quantitative models for measuring default and collection rates were used to calculate and approve the expected credit losses in accordance with IFRS 9.

Market Risk and Liquidity

Market risk is the risk of losses resulting from fluctuations in market prices, of relevant instruments such as special commission rates, stock prices, foreign exchange rates, and any changes in the fair value of financial instruments and securities held by the Bank.

Riyad Bank continuously measures and monitors risks pertaining to assets and liabilities resulting from fluctuations in fair values or future cash flows of financial instruments due to changes in market prices. This is achieved using risk structure, limits, and metrics approved by the Board of Directors and monitored by the Market & Liquidity Risk Management Department.

There is also a trade-off between liquidity and profitability, and an appropriate balance has to be struck in all operations, while maintaining a strong liquidity position to increase customer confidence and improve the cost of funding. Additionally, periodic reports on market and liquidity risks are submitted to the Asset and Liability Management Committee and the Investments Committee. Such reports are then submitted to the Board's Risk Management Committee.

The Bank adopts the value at risk (VaR) standard, which is a tool to measure and quantify the level of financial risk in a firm or a portfolio. Thereby the Bank can monitor the changes and volatility of market prices and the relationship between these changes to one another as a basic standard for measuring market risks. Moreover, several other advanced standards are used to improve analytical capabilities in managing market risks, including stress tests and analysis of market risk sensitivity.

The Bank continues to enhance its operations and systems to manage market and liquidity risks effectively and to implement the latest regulatory standards as per the requirements of SAMA.

Financial Crime Risks

In recent times financial crimes have emerged as a serious threat and challenge to financial institutions and their employees. Riyad Bank realizes the gravity of such crimes and their consequences. Therefore, efforts were made to take preventive measures of a strategic nature to combat and prevent financial crimes, which helped eliminate such crimes to a great extent.

Based on these principles, during 2020, the Bank was keen on incorporating the best international practices to execute its strategy to combat and monitor suspicious transactions, including controls designed to combat embezzlement, financial fraud and monitor Bank accounts.

The nature of the risks is dynamic subject to changes in the financial environment, types of crimes, and banking industry technology. Therefore, our strategy is subject to periodic reviews and quick updates. In addition, a risk assessment review is also carried out periodically that encompass the functions, departments, policies, and procedures for addressing risks of internal and external fraud, and determining the level and nature of those risks. Since they may pose special risks, all new financial products and services are subject to a risk assessment process before they are launched.

Riyad Bank sought to raise employee awareness by launching an awareness program throughout the year to boost commitment to combating financial crimes. The customer and concerned parties play an important role in helping the Bank detect fraud. Accordingly, awareness and ad campaigns are launched to introduce customers to the forms of fraud that may face the Bank or its customers and how to disclose them.

Maintaining controls of risks of this nature requires constant vigilance. The Bank continues to revitalize its supervisory role by receiving all incoming reports, from employees or customers, conducting analysis, examination and urgent evaluation, identifying all violations, identifying causes of accidents and malfunctions and introducing appropriate plans to ensure non-recurrence in the future.

Operational Risk

Operational risks are losses resulting from errors or inefficiencies in the implementation of internal operations, failure to follow policies and procedures, or system malfunctions or losses incurred due to extraordinary external events. These risks arise in all activities undertaken by various business divisions and support functions. They may also arise due to risks from third party service providers. Their identification and analysis are important factors that help monitor and successfully address them. In addition, these risks change when the Bank's systems, policies and procedures change.

Riyad Bank has developed well-knit policies and standards, as well as complementary analytical equations for risk analysis. These risks are effectively monitored through a variety of different methods. The human factor plays a key role here; training the Bank employees on means of detecting risks and setting up appropriate programs to prevent their occurrence is vital in combating operational risk. Also, there is an integrated risk-based approach that is compatible with Bank's activities and includes:

1. Identifying operational risks, including emerging risks, by means of improving various tools to manage operational risks.
2. Measuring operational risks using a standardized methodology for risk assessment in cooperation with the second line of defence departments.
3. Evaluating operational risks and their impact on the Bank's strategic and executive operational objectives.
4. Continuously monitoring the impact of operational risks to ensure that priorities are set in taking the corrective actions necessary to address risks.
5. Submitting periodic reports to the Executive Management and the Operational Risk Management & Compliance Department on important operational risk cases to obtain guidance on corrective action and approvals as needed.
6. Formulating and implementing an annual integrated plan to manage operational risks that takes into account the Internal Control Governance Policy and the annual plans of the Bank's supervisory authorities.
7. Identifying and sharing leading practices with the management and competent officers in Risk Management Department.
8. Enhancing awareness and knowledge of risks in the Bank.

Riyad Bank continuously strives to identify operational risks by evaluating the ongoing processes and practices, and ensuring this task is performed more effectively by taking preventive and appropriate measures to manage and control these risks in accordance with the best international practices in order to reduce, avoid and hedge potential losses.

Technology Risks

Business technology is considered as one of the key operational elements that supports the vision and mission of the Bank. Therefore, the magnitude of the technology risks, related measures and controls should be understood and are adequately governed to limit the impact of these risks while enabling the Bank to make appropriate decisions concerning these risks.

The Bank has in place a Technology Risk Management Policy which provides the foundation for the development of risk management framework to ensure effective and efficient technology risk management from both strategic and operational levels.

Cyber and Information Security Risks

The term "cyber and information security risks" refers to risks arising from the possibility of breaching the necessary regulatory, technical and procedural measures put in place to protect the Bank's information from unauthorized access, disclosure, reproduction, as well as from use, modification, transfer, loss, theft, or misuse thereof in a deliberate and subversive, or accidental manner.

Riyad Bank manages cyber and information security risks through a comprehensive practical framework via which the security governance is applied, practical procedures are organized, and implementation of the regulatory requirements and necessary rules are facilitated. This ensures the protection of the Bank's information assets and reduces various types of cyber and information security risks. Moreover, cyber and information security legislations issued by the relevant authorities are enforced in addition to the implementation of cyber and information security controls including but not limited to the continuous assessment and monitoring of information systems, for the purpose of identifying security risks and taking necessary measures to immediately reduce those risks.

Riyad Bank is constantly seeking to design and develop awareness programs to raise awareness of this type of risk for all people dealing with the Bank's informational assets, employees, contractors or customers.

BASEL III Pillar 3 Disclosures

The Basel Framework requires a number of quantitative and qualitative disclosures under Pillar III. These are published on the Bank's website in accordance with SAMA instructions.

Stress Tests

Riyad Bank applies "Stress Testing" to all types of risks, including all banking activities and how impacted they can be by financial and economic changes, the application of governance policies, frameworks and rules. Stress tests are computer simulations to test the resilience of systems.

The Bank's stress tests will test the adequacy of the Bank's capital to withstand various hypothetical scenarios. All these tests are run under the supervision of the Board of Directors. In this context, officials in the Risk Management Department monitor stress methodologies along with underlying assumptions to maintain the efficacy of the stress models deployed. Stress tests are set up using a large number of assumptions and scenarios that help Riyad Bank to make an assessment and reach a deep understanding of the potential risks to its various assets and portfolios. This enables risks to be hedged by allocating and setting appropriate levels of capital that exceed the levels of sufficiency required by the control and oversight bodies.

Subsidiary Review

Division	Capital (SR)	Total Shares	Ownership %	Main Activity	Base Country	Activity Country
Riyad Capital	500,000,000	50,000,000	100%	Carrying out trading activities as principal and agent, undertaking coverage, establishing investment funds and portfolios and managing them, in addition to arranging and providing consulting, stock keeping services, portfolio management and trading.	KSA	KSA
Ithra Al Riyad Real Estate	10,000,000	1,000,000	100%	Keeping and managing assets provided by customers as collateral, and the guarantee, and the sale and purchase of real estate for financing purposes for which the company was established.	KSA	KSA
Riyad Company for Insurance Agency	500,000	50,000	100%	Works as an agent for selling insurance products, including their own and those managed by other main insurance companies	KSA	KSA
Curzon Street Properties Limited	10,248	2,000	100%	A company established for the purpose of owning properties	Isle of Man	KSA
Riyad Financial Markets Ltd	187,500	50,000	100%	Performing financial derivative transactions and repurchase agreements with international parties on behalf of Riyad Bank.	Cayman Islands	KSA

Financial Results:

Riyad Bank reported net income after zakat of SAR 4,715 million for the year 2020, a decrease of 15.8% over the corresponding period in 2019. For the fourth quarter of 2020, net income after zakat decreased by 20.8% from the corresponding period in 2019 to SAR 880 million and relative to the previous quarter, net income showed decrease of 32.1%.

Total operating income amounted to SAR 11,205 million for the year 2020, an increase of 4.6% compared with the last year. This improvement was driven by 4.8% growth of net special commission income, 20.4% rise in exchange and 64.4% rise in trading income.

Total operating income for the fourth quarter of 2020 amounted to SAR 2,790 million, an increase of 3.1% compared with the similar quarter last year and of 1.1% decrease relative to the previous quarter.

Operating expenses totalled SAR 3635 million for the year 2020, remained at the same level as in 2019. Operating expenses for the fourth quarter of 2020 at SAR 958 million shows a decrease of 13.4% compared with the corresponding quarter in 2019 and 7.7% increase relative to the previous quarter.

The impairment charge for credit losses and other financial assets increased by 104% year-on-year to SAR 2,062 million. The cost of risk increased by 48bps YoY to 1.07%. The non-performing loans ratio stood at 1.86%. While the non-performing loans coverage ratio spotted at 124% as at 31 December 2020.

A summary of Operating Results

The material differences in the operating results compared to those of the previous year are given below.

Performance Indicator	2020 SAR Mn	2019 SAR Mn	Change	% Change
Net income after zakat	4,715	5,602	(887)	-15.8%
Total operating income	11,205	10,717	488	4.6%
Net special commission income	8,214	7,837	377	4.8%
Earnings per share (SAR)	1.57	1.87	(0.30)	-16.0%
Total assets	310,088	265,789	44,299	16.7%
Net investments	56,450	53,361	3,089	5.8%
Net loans and advances	191,347	173,982	17,365	10.0%
Customer deposits	203,039	194,518	8,521	4.4%

The following is an analysis of the most important items of the consolidated income statement;

Statement	2020 SAR Mn	2019 SAR Mn	2018** SAR Mn	2017 SAR Mn	2016 SAR Mn
Total operating income and Riyad Bank's net share in the profits of associates	11,224	10,870	9,018	8,148	7,738
Total operating expenses	5,740	4,638	4,302	4,202	4,395
Net income after zakat	4,715	5,602	3,092	3,446	2,542
Earning per share (Saudi Riyal)	1.57	1.87	1.03	1.15	0.85

* Certain comparative figures have been reclassified to conform to the current period classifications.

** Includes the impact of zakat settlement of claims for previous financial periods.

Geographical analysis of revenues

Total revenue for the year ended 31 December 2020 from operations inside the Kingdom and from outside the Kingdom amounted to SAR 15,041 Mn and SAR 2,072 Mn respectively.

Region	Revenue (SAR Mn)
Total Kingdom	15,041
Eastern region	1,935
Central region*	11,072
Western region	2,034
From operations outside the Kingdom	2,072
GCC countries and the Middle East region	954
Europe	249
North and Latin America	642
Southeast Asia	94
Other areas	131
Total	17,113

The amount specified for the Central region includes revenues from central investments in the investment and treasury sector amounting to SAR 6,396 Mn which is not linked to a specific geographical sector within the Kingdom, and it also includes revenues related to other regions that cannot be separated

A summary of the Statement of Financial Position

A summary of the Statement of Financial Position is given below;

Statement	2020 SAR Mn	2019 SAR Mn	2018 SAR Mn	2017 SAR Mn	2016 SAR Mn
Assets					
Cash and balances with banks and the Saudi Central Bank	55,579	33,924	27,352	27,876	25,829
Loans and Advances, Net	191,347	173,982	151,025	138,838	142,909
Investments, net	56,450	53,361	47,993	46,370	45,157
Other property, equipment and real estate	2,752	2,435	1,927	1,987	2,107
Other assets	3,961	2,086	1,603	1,211	1,617
Total assets	310,088	265,789	229,900	216,282	217,619
Liabilities					
Balances with banks	41,789	13,124	8,581	7,056	8,837
Customers' deposits	203,039	194,518	169,822	154,366	156,684
Other liabilities	20,905	17,575	14,723	16,237	15,126
Shareholders' equity	44,355	40,571	36,774	38,623	36,973

**Certain comparative figures have been reclassified to conform to the current period classifications*

The Bank's credit rating

Ratings Agency	Long Term	Short Term	Future Outlook
Fitch Ratings	BBB+	F2	Negative
Capital Intelligence	A+	A1	Negative
Standard & Poor's	BBB+	A-2	Stable

Finance and debt securities issued

The Bank through its regular dealings exchange financing and borrowing money with banks and the Saudi Central Bank, according to the commission rate is recognized in the market and are recognized appropriately in the consolidated financial statements of the Bank.

During the month of February 2020 AD, the Bank established a program to issue primary and secondary bonds and sukuk in one or several parts and in several stages through a series of issuances, and they were offered inside or outside the Kingdom of Saudi Arabia in Saudi riyals, US dollars or any other currency.

This program aims to diversify the sources of financing, their maturity periods, and strengthen the capital base of the Bank, thus supporting the expansion of its credit business and supporting the conduct of its banking activities, as the program was established and the issuance started after completing all legal procedures, according to the needs of Riyad Bank and market conditions at the time.

On 25 February 2020 the Bank issued instruments from the second tranche at a fixed price in US dollars' worth of US \$ 1.5 billion (5.63 Bn SAR), under the program for issuance of bonds and \$3 Bn US dollars maturing in 2030. These instruments are listed on the London Stock Exchange and carry a special commission of 3.174% per annum.

Debt Instruments Recovered During 2020

In the year 2020, the Bank redeemed its sukuk issued in the amount of 4 billion Saudi riyals on 24 June 2020 and due in 2025, at their nominal value 100% of the issue price by the end of the fifth year of their issuance on 24 June 2020.

Riyad Bank also confirms the following:

- There are no debt instruments issued by the subsidiaries.
- There are no term loans owed by the subsidiaries.
- The Bank did not issue or grant any convertible debt instruments, contractual securities, subscription rights memoranda, or similar rights during 2020
- The Bank did not issue or grant any transfer or subscription rights under convertible debt instruments, contractual securities, subscription right notes, or any similar rights during 2020

The Bank does not maintain any treasury shares .

Accounting standards used by the Bank

Riyad Bank prepares its financial statements which are audited by the auditors of the Bank, according to the International Financial Reporting Standards and Interpretations issued by the International Accounting Standards Board and approved in the Kingdom of Saudi Arabia, and publications accredited by the Saudi Organization for Certified Public Accountants (collectively referred to as “the International Financial Reporting Standards approved in the Kingdom of Saudi Arabia”). In line with the Banking Control Law, the provisions of the Kingdom’s corporate Law and the Bank’s Bylaws, there are no fundamental differences from the accounting standards issued by the Saudi Organization for Certified Public Accountants.

Systemic payments

There are no final statutory payments due on Riyad Bank for the year 2020 except for what is mentioned in the statement below:

Statement	2020	
	Repaid	Due SAR Mn
Islamic Zakat - General Authority for Zakat and Income (regarding the fiscal year 2020)*	-	769 , 000
Taxes charged by Riyad Bank on behalf of some non-resident parties (according to the terms of the contract)	19 , 701	1,166 (estimate)
Taxes owed on the overseas branches of Riyad Bank in favour of the official authorities outside the Kingdom	21,692	-
The Public Institution for Social Security	95,151	
Costs of visas and passports	3,430	
Any other regular payments**	9,642	

*Zakat will be paid for one year 2020 up to 30 April 2020.

**Government fees.

Riyad Bank is obligated in the agreement concluded with the General Authority for Zakat and Income on December 20, 2018 to settle zakat claims for the previous fiscal years until the end of the fiscal year 2017 in exchange for payment of an amount of SAR 2,969,722,864 and an advance payment of this settlement was made during 2018 with the obligation to pay the rest on Five equal instalments over five years, beginning on 1 December 2019 and ending on 1 December 2023. The first instalment was paid in 2019 and the second in 2020.

Statutory penalties and sanctions

Riyad Bank, during the conduct of its daily business, applies all banking regulations and regulatory rules issued by the supervisory authorities and Riyad Bank is keen to reduce the occurrence of any violations and to take the necessary corrective measures, if they occur.

Saudi Central Bank Penalties

Subject of the violation	2020		2019	
	Number of penal decisions	The total amount of fines in SAR	Number of penal decisions	The total amount of fines in SAR
Violation of the institution's supervisory instructions	22	4,604,000	15	3,496,000
Violating the Institution's instructions regarding due diligence in combating money laundering and terrorist financing	2	300,000	1	200,000
Violating the Institution's instructions for protecting clients	6	1,732,500	4	25,000
Violating the institution's instructions for due diligence	-	-	1	5,000

The statutory penalties and penalties imposed by the supervisory, regulatory or other judicial authorities

Authority	Classification of the violation	The number of fines	The total amount of fines in Saudi riyals
Municipalities and other Government agencies	Fines imposed on signs, ATM locations licenses and other fines	146	2,514,000

Transactions with related parties

The following statement clarifies the balances resulting from related party transactions as at 31 December 2020 that took place during the regular business cycle of Riyad Bank, according to the definition of related parties in Article 1 of the Corporate Governance Regulations:

Statement	Total SAR 000'
Loans and advances	4,070,780
Customer deposits	33,595,695
Derivatives (at fair value)	172,374
Contingent commitments and obligations (irrevocable)	6,735,342
Special commission income	131,412
Special commission expense	362,682
Fee and commission income, net	348,925
Miscellaneous operating expenses	164,203

Transactions with related parties include a group of business and contracts that are made for the account of Riyad Bank in which the members of the board of directors have a direct or indirect interest and are as follows

The nature of the contract	Related party	Owner	End date of the contract	Annual contract value SAR
Rent of the headquarters of the branch of 60th Street 286 for exhibitions No. (1,2,3,5) - Riyadh	<ul style="list-style-type: none"> Member of the Board of Directors, Mr. Nader Ibrahim Al-Wehibi works for the General Organization for Social Insurance (GOSI). Board Member Mr Mohammed Talal Al-Nahas is a member of the Board of Directors of GOSI. 	GOSI	2021/10/09	700,000
An agreement to supply data between the General Organization for Social Insurance and Riyad Bank for a useful service for inquiring about the number of employees of the establishments	<ul style="list-style-type: none"> Member of the Board of Directors, Mr. Nader Ibrahim Al-Wehibi works for GOSI. Board Member Mr. Mohammed Talal Al-Nahas is a member of the Board of Directors of the GOSI. 	GOSI	2021/02/12	250,000
Rent of the Public Administration Building (Granada Oasis A1)	<ul style="list-style-type: none"> Member of the Board of Directors Mr. Nader Ibrahim Al-Wehibi works for the Public Institution for Social Security. Board Member Mr. Mohammed Talal Al-Nahas is a member of the Board of Directors of the General Organization for Social Security. 	Granada Investment Centre (Owned by GOSI)	2022/14/08	28,244,040
Rent of 20 parking lots in Granada Business for relationship managers in the corporate banking sector	<ul style="list-style-type: none"> Member of the Board of Directors Mr. Nader Ibrahim Al-Wehibi works for the Public Institution for Social Security. Board member Mr. Mohammed Talal Al-Nahas is a member of the Board of Directors of the General Organization for Social Security. 	Granada Investment Centre (Owned by GOSI)	2020/31/12	112,000
Rent two ATM automated in the upper towers - Riyadh.	<ul style="list-style-type: none"> Member of the Board of Directors Mr. Nader Ibrahim Al-Wehibi works for GOSI. Board member Mr. Mohammed Talal Al-Nahas is a member of the Board of Directors of GOSI. 	Granada Investment Centre (Owned by GOSI)	2020/24/12	50,000
Rent two ATM automated building Saudi Telecom Company - Riyadh .	<ul style="list-style-type: none"> Board Member Mr. Mohammed Talal Al-Nahas is a member of the Company's Board of Directors 	Saudi Telecom Company	2022/31/5	80,000
Platform service management contract SMS	<ul style="list-style-type: none"> Member of the Board of Directors Mr. Mohammed Talal Al-nahas member of Board of the Company 	Saudi Telecom Company	2022/31/08	42,000,000
Services linking branches and buildings network for data services IPVPN	<ul style="list-style-type: none"> Member of the Board of Directors Mr. Mohammed Talal Al-nahas member of Board of the Company 	Saudi Telecom Company	2022/12/31	23,710,892
Renting an ATM location at Umm Al-	<ul style="list-style-type: none"> Mr Mohammed Ibrahim Al-Issa father of the Chairman of the Board 	Mohammed Ibrahim Al-Issa	2021/02/20	18,000

Qura Hotel, Makarim -Makkah .	of Directors Eng. Abdullah Mohammed Al-Issa	and Sons Company		
Protection programs to provide technology (DWDM)	– Chairman of the Board of Directors Eng. Abdullah Mohammed Al-Issa and Vice Chairman of the Board of Directors Eng. Mutaz Kusai AlAzzawi is a member of the Company's Board of Directors	Etihad Etisalat Company - Mobily	2021/31/05	1,098,000
A contract to provide the second service provider's connection service for a network SJN.	– Chairman of the Board of Directors Eng. Abdullah Mohammed Al-Issa – Vice Chairman of the Board of Directors Eng. Mutaz Kusai AlAzzawi is a member of the Company's Board of Directors	Etihad Etisalat Company - Mobily	2022/24/7	26,676
A contract to provide 300 express SIM cards SIM	– Chairman of the Board of Directors Eng. Abdullah Mohammed Al-Issa and Vice Chairman of the Board of Directors Eng. Mutaz Kusai AlAzzawi Members of the Company's Board of Directors	Etihad Etisalat Company - Mobily	2021/31/3	489,600
Submission contract Connectivity Services for the General Administration building - Granada.	– Chairman of the Eng. Abdullah Mohammed Al-Issa and Vice Chairman of the Board of Directors Eng. Mutaz Kusai AlAzzawi	Etihad Etisalat Company - Mobily	2022 /02/17	840,000
Rent an ATM location in the Marriott Hotel - Riyadh.	– Chairman of the Board of Directors Eng. Abdullah Mohammed Al-Issa	Dur Hospitality Company	2025 /11/22	30,000

Disclosure of data for small, medium and micro enterprises

[H2] The approved definition of small, medium and micro enterprises:

The micro, small and medium enterprises were classified according to the definitions of the Central Bank of Saudi Arabia.

[H2] Initiatives taken by Riyad Bank to support these facilities in addition to the number of employees and training initiatives and workshops provided to customers and employees for the year 2020:

2020	Micro	Small	Medium
Sector	Personal Banking	Corporate banking	Corporate banking
Department	Branch network	Emerging business	Commercial banking
The number of employees serving the segment	19	97	69
Number of employees who have been given training courses	19	97	69
Number of training days provided to employees	50	620	481
Number of clients who have been given training courses	11,372	1,050	188
Number of workshops offered to clients	10,152	670	148
Number of training days provided to clients	1,615	392	116
The number of centres as or branches in which the segment provides its services to clients	All Riyad Bank branches in all regions of the Kingdom serve a very small segment.	25 centres dedicated to serving small enterprises around the Kingdom, in addition to all Riyad Bank branches and electronic channels.	<ul style="list-style-type: none"> - 5 centres in each of :Riyadh, Makkah, Sharqia, Qassim, and Medina. - 21 branches of companies in a number of regions of the Kingdom and 3 customer service centres. - Electronic Channels. - All Riyad Bank branches serve the medium enterprises segment.

Governance

Members of the Board of Directors and its Committees

The Bank Board of Directors

The bank is managed by a board of directors consisting of ten members, elected by the general assembly every three years. The Board of Directors in its current term includes five independent members and five non-executive members, according to the definitions contained in Article 1 of the Corporate Governance Regulations issued by the Capital Market Authority. The Board of Directors conducted seven meetings during the year 2020, and the attendance rate of the meetings, was (in person) 98.57% but reached 100%, taking into account those who attended by proxy.

Composition of the Board of Directors and classification of its members

Member name	Position Representation	Membership classification	Representation
Eng. Abdullah Mohammed Al-Issa	Chairman of Board of Directors	Non-executive	-
Eng. Mutaz Kusai AlAzzawi	Deputy Chairman of the Board	Independent	-
Ibrahim Hassan Sharbatly	Member of the Board of Directors	Independent	-
Jamal Abdul-Karim Al-Rammah	Member of the Board of Directors	Independent	-
Talal Ibrahim Al-Qudaibi	Member of the Board of Directors	Independent	-
Abdul-Rahman Amin Jawa	Member of the Board of Directors	Non-executive	Public Investment Fund
Mohammed Talal Al-Nahas	Member of the Board of Directors	Independent	Public Pension Agency
Mohammed Abdulaziz Al-Afaleq	Member of the Board of Directors	Non-executive	
Mohammed Omair Al-Otaibi	Member of the Board of Directors	Non-executive	Public Investment Fund
Nader Ibrahim Al-Wehibi	Member of the Board of Directors	Non-executive	Hassana Investment Company

Board meetings in 2020

Attendance record of the Board Members, in person and by proxy, for the board meetings in 2020

Member	2020.01.22	2020.03.25	2020.04.22	2020.06.17	2020.09.08	2020.11.01	2020.12.06
Abdullah Mohammed Al-Issa	✓	✓	✓	✓	✓	✓	✓
Mutaz Kusai AlAzzawi	✓	✓	✓	✓	✓	✓	✓
Ibrahim Hassan Sharbatly	✓	✓	✓	✓	✓	✓	✓
Jamal Abdul-Karim Al-Rammah	✓	✓	✓	✓	✓	✓	✓
Talal Ibrahim Al-Qudaibi	✓	✓	✓	✓	✓	✓	✓
Abdul-Rahman Amin Jawa	✓	✓	✓	✓	By proxy	✓	✓
Mohammed Talal Al-Nahas	✓	✓	✓	✓	✓	✓	✓
Mohammed Abdulaziz Al-Afaleq	✓	✓	✓	✓	✓	✓	✓
Mohammed Omair Al-Otaibi	✓	✓	✓	✓	✓	✓	✓
Nader Ibrahim Al-Wehibi	✓	✓	✓	✓	✓	✓	✓

Board Committees

The Board of Directors of Riyad Bank delegates some of its duties to the main committees formed from the members of the Board, with the following exceptions:

- The audit committee, includes in its composition in addition to two members of the Board, three members from outside the Board.
- The Nominations and Compensations Committee, includes in its composition in addition to three members from the Board, two members from outside the Board.
- The following is an explanation of the main duties of the Bank's Board Committees.

1- Executive Committee

Main functions and responsibilities

The Executive Committee exercises the credit, banking, financial and administrative powers in the bank that are granted by the Board of Directors. The Executive Committee in the bank consists of five members, and the number of meetings of the Committee during the year 2020 was twelve, and the attendance rate for the meetings was (in person) 98.3%, but reached 100%, taking into account those who attended by proxy.

Meetings of the Executive Committee in 2020

Attendance record of the members of the Executive Committee, in person or by proxy, for the committee meetings in 2020

Members	Position	2020.01.21	2020.02.26	2020.04.01	2020.04.26	2020.06.10	2020.07.22	2020.07.27	2020.09.02	2020.10.14
Talal Ibrahim Al-Qudaibi	Chairman	✓	✓	✓	✓	✓	✓	✓	✓	✓
Abdul-Rahman Amin Jawa	Member	✓	✓	✓	✓	✓	✓	By proxy	✓	✓
Eng. Mutaz Kusai AlAzzawi	Member	✓	✓	✓	✓	✓	✓	✓	✓	✓
Mohammed Abdulaziz Al-Afaleq	Member	✓	✓	✓	✓	✓	✓	✓	✓	✓
Nader Ibrahim Al-Wehibi	Member	✓	✓	✓	✓	✓	✓	✓	✓	✓

Attendance record of the members of the members of the Executive Committee, in person or by proxy, for the committee meetings in 2020.

Members	Position	2020.11.11	2020.11.23	2020.12.16
Talal Ibrahim Al-Qudaibi	Chairman	✓	✓	✓
Abdul-Rahman Amin Jawa	Member	✓	✓	✓
Eng. Mutaz Kusai AlAzzawi	Member	✓	✓	✓
Mohammed Abdulaziz Al-Afaleq	Member	✓	✓	✓
Nader Ibrahim Al-Wehibi	Member	✓	✓	✓

2 - Audit Committee

Main functions and responsibilities

The Audit Committee exercises supervisory oversight of the financial reporting processes, the processes related to compliance and compliance with the relevant laws and regulations, monitors the effectiveness and efficiency of the internal control system, recommends the selection of auditors, studies and reviews the interim and annual financial statements, and recommends them to the Board of Directors.

The Audit Committee in the bank consists of five members, of whom three are from outside the Board of Directors and they are Mr. Tareq Abdullah Al-Qaraawy, Dr. AbdulRaouf Sullaiman Banaja, and Mr. Abdul Aziz Abdullah Al-Duailej. The Audit Committee was formed by a decision from the General Assembly on 30 September 2019. The number of audit committee meetings during the year 2020 was nine, and the attendance rate was 97.87%.

Audit Committee meetings in 2020

Attendance record of the Audit Committee Members for the committee meetings in 2020.

Members	Position	2020.01.22	2020.03.26	2020.04.21	2020.06.25	2020.07.21	2020.08.27	2020.09.28	2020.10.27	2020.12.28
Jamal Abdul-Karim Al-Rammah	Chairman	✓	✓	✓	✓	✓	✓	✓	✓	✓
Mohammed Omair Al-Otaibi	Member	✓	✓	✓	✓	✓	✓	✓	✓	✓
Tareq Abdullah Al-Qaraawy	Member	✓	✓	✓	✓	✓	✓	✓	✓	✓
AbdulRaouf Sullaiman Banaja	Member	✓	✓	✓	✓	✓	✓	✓	✓	✓
Abdul Aziz Abdullah Al-Duailej	Member	✓	✓	✓	✓	✓	✓	✓	✓	x

3 - Risk Management Committee

Main functions and responsibilities

The Risk Management Committee assists the Board of Directors in carrying out its responsibilities by fully supervising the Bank's risk strategy, reviewing acceptable risk levels, making recommendations to the Board of Directors, and monitoring the executive management's commitment to the risk limits approved by the Board of Directors and their implementation. In this regard, it may review all aspects and types of the risks that the bank is exposed to, review the extent of the executive management's commitment to the controls for managing these risks, and verify the adequacy of the measures taken to hedge them. The Risk Management Committee in the bank consists of three members, and the number of meetings of the Risk Management Committee during the year 2020 was six, and the attendance rate of the meetings was (in person) 100%.

Meetings of the Risk Management Committee in 2020

Attendance record of the members of the Risk Management Committee, in person or by proxy, for the committee's meetings in 2020.

Members	Position	2020.02.26	2020.04.23	2020.05.11	2020.08.26	2020.11.18	2020.12.23
Mohammed Abdulaziz Al-Afaleq	Chairman	✓	✓	✓	✓	✓	✓
Jamal Abdul-Karim Al-Rammah	Member	✓	✓	✓	✓	✓	✓
Mohammed Omair Al-Otaibi	Member	✓	✓	✓	✓	✓	✓

4 - Nominations and Compensations Committee

Main functions and responsibilities

The Nomination and Compensations Committee supports the Board of Directors with regard to the Board’s governance, proposes a remuneration policy for members of the Board of Directors, its committees, and senior management officials. It reviews and evaluates the adequacy and effectiveness of the remuneration, compensation and incentives policy on a regular basis to ensure that the set goals are achieved, assess the methods and methods of remuneration payment, and review the commitment Rewards policy according to the rules of the Central Bank of Saudi Arabia.

The Nominations and Compensations Committee also sets the nomination and selection policy for Board membership, and ensures that all members meet the statutory requirements for Board membership in accordance with the relevant regulations. The Committee consists of five members, including two members from outside the board of directors, namely Eng. Ahmad Mohammed Al-Faleh and Eng. Khalid Saleh Al-Turairi. The number of meetings of the Nominations and Compensations Committee during the year 2020 was six, and the attendance rate of the meetings (in person) was 100%.

Meetings of the Nominations and Compensations Committee in 2020

Attendance record of the members of the Nominations and Compensations Committee, in person or by proxy, for the Committee's meetings in 2020

Members	Position	2020.02.05	2020.04.16	2020.05.31	2020.07.09	2020.10.05	2020.10.22
Eng. Mutaz Kusai AlAzzawi	Chairman	✓	✓	✓	✓	✓	✓
Talal Ibrahim Al-Qudaibi	Member	✓	✓	✓	✓	✓	✓
Nader Ibrahim Al-Wehibi	Member	✓	✓	✓	✓	✓	✓
Eng. Ahmad Mohammed Al-Faleh	Member	✓	✓	✓	✓	✓	✓
Eng. Khalid Saleh Al-Turairi	Member	✓	✓	✓	✓	✓	✓

5- Strategic Planning Group

Main functions and responsibilities

The Strategic Planning Group supervises the preparation of the bank's strategic directions and follows up and evaluates the steps taken to achieve its objectives. It provides the necessary support to the Board of Directors on strategic planning processes and matters of strategic importance, including business development and expansion. The group is also responsible for monitoring the bank's progress in achieving its long-term financial and strategic objectives. The group consists of five members, and the number of meetings of the Strategic Planning Group during the year 2020 was two, and the attendance rate of the meetings was (in person) 100%,

Meetings of the Strategic Planning Group in 2020

Attendance record of the members of the Strategic Planning Group for the group's meetings in 2020.

Members	Position	2020.04.08	2020.11.02
Eng. Abdullah Mohammed Al-Issa	Chairman	✓	✓
Ibrahim Hassan Sharbatly	Member	✓	✓
Talal Ibrahim Al-Qudaibi	Member	✓	✓
Abdul-Rahman Amin Jawa	Member	✓	✓
Mohammed Talal Al-Nahas	Member	✓	✓

Memberships of members of the Board of Directors in other listed joint stock companies (inside the Kingdom), and their qualifications and experiences

Member name	Memberships in listed joint stock companies (inside the kingdom)	Current jobs	Previous jobs	Qualifications
Abdullah Mohammed Al-Issa	Dur Hospitality Company - Chairman of the Board of Directors Etihad Telecom Company (Mobily) - Vice Chairman of the Board of Directors Saudi Basic Industries Corporation (SABIC) - Member of the Board of Directors	Chairman of the Board of Directors - Assila Investment Company Chairman of the Board of Directors - Abdullah Muhammad Al-Issa Engineering Consultants Office Chairman of the Board of Directors - Amias Holding Company Chairman of the Board of Directors - Amias Real Estate Company Chairman of the Board of Directors - Shipping and Travel Services Company Ltd.	Member of the Board of Directors - Saudi Arabian Mining Company (Maaden) Chairman of the Board of Directors - Arabian Cement Company Chairman of the Board of Directors - The National Medical Care Company Chairman of the Board of Directors - Cement Products Industries Company CEO - Assila Investment Company President - Saudi Company for Construction Contracting Board Member - Jadwa Investment Company Board Member - Saudi Company for Hotels and Tourist Zones Board Member - Gulf Tourist Areas Company Board Member - King Faisal Schools Board Member - National Chemical Carriers Company Board Member - Tabuk Hotels Company Board Member - Riyadh Hotels and Entertainment Company Ltd. Board Member - The National Shipping Company of Saudi Arabia	Master of Engineering Projects Management - Southern Methodist University - United States of America Bachelor of Industrial Engineering - Southern Methodist University - United States of America

<p>Mutaz Kusai AlAzzawi</p>	<p>Savola Group - Board Member Arabian Cement Company – Board Herfy Food Services Company – Board Member Etihad Telecom Company (Mobily) – Board Member -</p>	<p>Board Member - Savola Food Company Board Member - Aafia International Company Board Member - United Sugar Company - a subsidiary of the Savola Group Chairman of the Board of Directors - Al-Qatrana Cement Company – Jordan Board Member - Ready Mix Concrete and Construction Services Company – Jordan Board Member - United Sugar Company – Egypt Board Member - Aafia International Company – Egypt Board Member - Alexandria Sugar Company – Egypt Board Member - The Queen Company for Food Industries – Egypt Board Member - El-Farasha Food Industries Company – Egypt Board Member and Executive Director - Saudi Industrial Construction and Engineering Projects Company Board Member and Executive Director - Saudi Technology and Trade Company Ltd. Board Member and Executive Director - Al Wusataa Development Company</p>	<p>Board Member - Merle Lynch - Kingdom of Saudi Arabia Board Member - Al-Azzawi Group</p>	<p>Bachelor of Computer Engineering - King Saud University</p>
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<p>Ibrahim Hassan Sharbatly</p>	<p>-</p>	<p>Chairman of the Board of Directors - First International Business Group Vice Chairman of the Board of Directors - Al Nahla Group Vice Chairman of the Board of Directors - Al Nahla Trading and Contracting Company Vice Chairman of the Board of Directors - Saudi Arabian Marketing and Agencies Company Ltd. (SAMACO) Vice Chairman of the Board of Directors - Al Nahla Urban Development Company Vice Chairman of the Board of Directors - Al Amin Al Mumayzah for Urban Development Vice Chairman of the Board of Directors - Al Amin Al Mumayzah Real Estate Investment Company Vice Chairman of the Board of Directors - Fast Auto Technology Company Limited (FAST) Vice Chairman of the Board of Directors - Saudi Arabian Marketing, Agencies and Contracting Company Vice Chairman of the Board of Directors - Jeddah Holding Company for Development Board Member - Smile Communications – Africa Board Member - Golden Coast - Egypt</p>	<p>Board Member - Commercial Union for Cooperative Insurance</p>	<p>Bachelor of Business Administration - College of Commerce and Business Administration - Bristol - Britain</p>
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Jamal Abdul-Karim Al-Rammah	-	-	<p>Chairman - Saudi Aramco Insurance Company "Stellar"</p> <p>Board Member - Saudi Aramco Investment Management Company (SIAMCO)</p> <p>Board Member - Fujian Refining & Petrochemical Company, S-Oil</p> <p>Board Member - Gard Company</p> <p>Board Member - Bandlewood Corporation NV</p> <p>Board Member - Motor Oil Hellas Company</p> <p>Board Member - Jeddah Oil Refining Company</p> <p>Treasurer - Saudi Arabian Oil Company "Aramco"</p> <p>Chairing compensation and documentation committees for a number of subsidiary and joint companies of the Saudi Arabian Oil Company "Aramco"</p> <p>Member and chair of committees in Aramco and in several companies affiliated with Saudi Aramco and joint companies inside and outside the Kingdom</p>	<p>Management Executive Program - Harvard University - United States of America</p> <p>Bachelor of Management and Economics</p> <p>A number of management and financial programs in many universities and international and domestic institutions</p>
Talal Ibrahim Al-Qudaibi	-	Member of the Shura Council	<p>Chief Executive Officer - Riyad Bank and previously he held several functional positions in the bank since joining it in 1983</p> <p>Chairman - Royal & Sun Alliance Insurance (Middle East) – Bahrain</p> <p>Board Member - Riyad Capital Company</p>	<p>MA in Economics - University of Southern California – USA</p> <p>Bachelor of Business Administration - Portland State University - USA</p>

			<p>Board Member - National Industrialization Company Board Member - Saudi Spanish Bank Board Member - Gulf Bank – Riyadh Board Member - Yopaf - Hong Kong Board Member - Riyad Bank of Europe</p>	
Abdul-Rahman Amin Jawa	Saudi Hardware and Tools Company (SACO) - Chairman of the Board of Directors	-	<p>Business Development Consultant - Riyad Bank Chairman of the Board of Directors - Saudi Travel Check Company Chairman of the Board of Directors - Banque Bemo Saudi Fransi Vice Chairman - Saudi Fransi Capital Board Member - Allianz Saudi Fransi Cooperative Insurance Company Board Member - Cam Saudi Fransi Company Board Member - Fransi Tadawul Company Board Member - Sofinco Company Board Member - Saudi Insurance Company Board Member - Al-Amthal Owning Company Board Member - Saudi Fransi Bank Deputy Managing Director - Saudi Fransi Bank Regional Director for the Central Region - Banque Saudi Fransi Deputy Director of the Main Branch in Riyadh - Banque Saudi Fransi General Manager - Hisham Trading Corporation</p>	<p>Advanced Management Program, Business Administration - Harvard University - USA (Training Program) Bachelor's degree in International Business Administration - Ohio University - United States of America</p>

			Assistant Manager - The Saudi Investment Bank Assistant Manager - First National City Bank – Riyadh	
Mohammed Talal Al-Nahas	Saudi Pharmaceutical Industries and Medical Appliances Company - Chairman of the Board Saudi Basic Industries Corporation (SABIC) – Board Member Saudi Telecom Company – Board Member	Governor and member of the Board of Directors of the Public Pension Agency Chairman of the Board of Directors - Leading Investment Company Board Member - General Organization for Social Insurance Chairman of the Board of Directors - The Cooperative Real Estate Investment Company Chairman of the Board of Directors - Asma Capital Chairman of the Board of Directors - Raza Company Chairman of the Board - Dammam Pharma Board Member - International Water and Energy Business Company (ACWA Power)	Board Member - National Center for Privatization Board Member - Taiba Holding Company Board Member - Saudi Travel Check Company General Manager, Branch Banking - Al Inma Bank Regional Director of Central Region Branches - Samba Financial Group Head of Banking Transactions and Express Transfer Branches - Samba Financial Group Deputy General Manager of Human Resources - Samba Financial Group Senior Product Manager - Samba Financial Group Product Officer / Director - Samba Financial Group	Executive Management Program - University of Michigan - United States of America Bachelor of Accounting - King Saud University
Mohammed Abdulaziz Al-Afaleq	-	Chairman of the Executive Committee - Al-Husseini and Al-Afaliq Group Director - Ahdaf Holding Company Chief Executive Officer - Al-Ahsa Cooling Company - a subsidiary of Ahdaf Holding Company Chief Executive Officer - Catering Complex Company - a subsidiary of Ahdaf Holding Company	Chairman of the Board of Directors - Al-Hussain and Al-Afaliq Group Board Member - Al-Ahsa Food Industries Company General Manager of Industrial Projects - Al-Husseini and Al-Afaliq Group of Companies Administrative Director - Al-Ahsa Automatic Bakeries Company	Master of Business Administration, Saint Edward University - Austin, USA Bachelor of Science in Industrial Management - King Fahd University of Petroleum and Minerals

		<p>Chief Executive Officer - Lee Lee Sweet for Furnished Res. Units Branch of Catering Complex Company - a subsidiary of Ahdaf Holding Company Chairman of the Board of Directors - An-Najah Trading Company Board Member - Al-Ahsa Health Cluster Company</p>		
<p>Mohammed Omaid Al-Otaibi</p>	<p>Saudi Reinsurance Company - Board Member</p>	<p>Chairman of the Board of Directors - Zameen E-Marketing Company Member of the Audit Committee - Al Mojil Trading and Contracting Company</p>	<p>Board Member - Al Yamamah Steel Industries Company Chairman of the Board of Directors - National Gas and Industrial Company - Board Member - Middle East Ship Management Company – Dubai Board Member - NSCSA - Baltimore – USA Board Member - Bahri Bulk Cargo Company Board Member - United Arab Company for Flat Glass Board Member - National Chemical Carriers Company Member of the Board of Directors - Abdullah Saad Abu Moati Company for Libraries Board Member - Petradec Company for Gas Trade and Transportation Member of the Board of Directors - ISRE Insurance Company – Luxembourg Board Member - West of England Insurance – Luxembourg</p>	<p>Master of Business Administration - Western Michigan University - United States of America Advanced Management Program - Harvard University - United States of America Executive Management Program - University of Michigan, USA Strategic Banking Management Program – Ireland BA in English Language - Imam Muhammad Ibn Saud Islamic University</p>

			Executive Vice President of Finance - The National Shipping Company of Saudi Arabia	
Nader Ibrahim Al-Wehibi	Saudi Basic Industries Corporation (SABIC) - Member of the Board of Directors	Assistant Governor for Insurance Affairs - General Organization for Social Insurance Board Member - Madad Business Company	Board Member - Jarir Marketing Company Board Member - The National Medical Care Company General Director of Planning and Development - General Organization for Social Insurance Secretary General - Board of Directors of the General Organization for Social Insurance Consultant - Pensions Administration - General Organization for Social Insurance	MA in Social Protection Policies - Maastricht University - Netherlands Bachelor of Insurance - Indiana State University - USA

Qualifications and experiences of external committee members

Names of the members of the committees	Current jobs	Previous jobs	Qualifications
1. Audit committees			
Tareq Abdullah Al-Qaraawy	Member of the Audit Committee - Savola Group Member of the Audit Committee - Savola Food Company Board Member - Osoul and Bakheet Investment Company Board Member - Digital Innovations Company	Vice President - Compliance and Quality Assurance Building Development Company Member of the Audit Committee - Tabuk Fish Company Board Member , Chairman of the Executive Committee, and member of the Nomination and Remuneration Committee - Salama Insurance Company Founder and CEO - Iffaa Office for Management Consulting Regional Director - Corporate Banking Group - Bank Albilad Director of Strategy and Planning - Bank Albilad Private consulting Senior Relationship Manager - Corporate Banking - SABB Bank Director - Islamic Banking - Corporate Banking, SABB Bank Relationship Officer - Corporate Banking - The Saudi Investment Bank	Master in Accounting - George Washington University - United States of America Bachelor's degree in Accounting - King Saud University
AbdulRaouf Sullaiman Banaja	Member of the Audit Committee - Savola Group Member of the Audit Committee - Herfy Food Services Company Member of the Audit Committee - Kinan International Real Estate Development Company	Chairman of the Board of Directors - Building Proper Real Estate Fund Company Chairman - SEDCO Capital Flexible Saudi Equity Fund Chairman of the Board of Directors - SEDCO Capital REIT Fund Chairman of the Board of Directors - SEDCO Capital Real Estate Income Fund 1	PhD in Economics - University of California Masters in Economics - University of California - USA Bachelor's degree in Mathematics and Physics - University of Riyadh

	Member of the Audit Committee - Special Economic Zones and Cities Authority	<p>Chairman of the Board of Directors - SEDCO Capital Real Estate Income Fund 2</p> <p>Board Member - United Matbouli Group</p> <p>Member of the Audit Committee - Savola Food Company</p> <p>Board Member - National Commercial Bank</p> <p>Independent consultant</p> <p>Director of Corporate Finance Department - Alawwal Financial Services</p> <p>Senior Vice President and Member of the Executive Committee - Saudi Economic and Development Holding Company (SEDCO)</p> <p>Regional Director - Saudi Economic and Development Company SEDCO - Egypt</p> <p>Assistant General Manager - Director of International Banking, National Commercial Bank</p> <p>Regional Manager - Gulf International Bank - Middle East - Bahrain</p> <p>Advisor to the Deputy Governor - Saudi Arabian Monetary Agency</p> <p>Assistant General Manager - Corporate Banking - SABB Bank</p> <p>Credit Sector Manager - SABB Bank</p> <p>Economic Advisor - Ministry of Finance</p> <p>Assistant Professor - Head of Quantitative Analysis Department - King Saud University</p>	
Abdul Aziz Abdullah Al-Duailej	<p>Chairman of the Board of Directors - Bin Laden International Holding Group</p> <p>Board Member - Taiba Holding Company</p> <p>CEO - Advanced Electronics Company</p> <p>Board Member - Enforcement and Liquidation Center</p>	<p>Chairman of the Board of Directors - Trans Future Industrial Investment Company</p> <p>Chairman of the Board of Directors - First Middle East Real Estate Development Company - Dubai</p> <p>Chairman of the Board of Directors - Saudi Company for Advanced Industries</p> <p>Vice Chairman of the Board of Directors - Al Salam Aircraft Company</p>	Bachelor's degree in Industrial Management - King Fahd University of Petroleum and Minerals

		<p>Board Member - Rafal Real Estate Development Company</p> <p>Board Member - Thabat Real Estate Development Company</p> <p>Board Member - Oil Services Company Limited - Bahrain</p> <p>Board Member - First Construction Company</p> <p>Board Member - First International Company - Kuwait</p> <p>Board Member - Aayan Capital Financial Company</p> <p>Board Member - The First Real Estate Development Company</p> <p>Board Member - Saudi Fish Company</p> <p>Board Member - Deutsche Gulf Finance</p> <p>Board Member - Emaar Middle East Company</p> <p>Board Member - Saudi Printing and Packaging Company</p> <p>Board Member - Saudi Research and Publishing Company</p> <p>Board Member - Saudi Pipes Company</p> <p>Chairman of the Board of Directors - First Industrial Company - Egypt</p> <p>Managing Director and CEO - Saudi Printing and Packaging Company</p> <p>Managing Director and CEO - The First Real Estate Development Company</p> <p>CEO - Middle East Specialized Cables Company</p> <p>CEO - Edwan Chemical Industries Company</p>	
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2. Nomination and Compensations Committee			
Eng. Ahmad Mohammed Al-Faleh	<p>Board Member - Herfy Food Services Company</p> <p>Chairman of the Nomination and Remuneration Committee - Herfy Food Services Company</p> <p>Board Member - Musa Abdulaziz Al-Musa and Sons</p> <p>Board Member - The United Company for Technical Business</p> <p>Board Member and General Manager - the leading commercial representation company</p> <p>Board Member s - Muhammed Salih Al Sultan Professional Consulting Company</p> <p>Technical consulting, contractual, and arbitration</p>	<p>Board Member - Advanced Sale Company</p> <p>Board Member - Aluminum Products Company - Albco</p> <p>Board Member - Facilities Holding Company</p> <p>Board Member - Sahl Transport Company</p> <p>Consultant - Marketing Facilities Company</p> <p>General Manager - Marketing Facilities Company</p> <p>President - Al Mashreq Group of Companies</p> <p>General Manager - Al Mashreq Contracting Company</p> <p>General Manager - Olayan Food Services Company</p> <p>President - Tenign International Corporation</p> <p>Vice President - Riyadh International McDonald's</p> <p>Vice President for Financial and Administrative Affairs - Saudi Operation and Maintenance Company</p> <p>Projects Engineer - Ministry of Health</p> <p>Project Engineer - Ibn Al-Bitar Company (SABIC)</p>	<p>Bachelor's degree in Civil Engineering - King Fahd University of Petroleum and Minerals</p>
Eng. Khalid Saleh Al-Turairi	<p>General Manager of Special Projects - Human Resources - Saudi Basic Industries Corporation (SABIC)</p>	<p>Board Member - Hadeed Company (SABIC)</p> <p>Board Member - National Entrepreneurship Institute</p> <p>General Manager of Learning and Development - Human Resources - Saudi Basic Industries Corporation (SABIC)</p> <p>General Manager Benefits and Compensation - Human Resources - Saudi Basic Industries Corporation (SABIC)</p> <p>General Manager, Middle East - Human Resources - Saudi Basic Industries Corporation (SABIC)</p> <p>General Manager Personnel Services - Human Resources - Saudi Basic Industries Corporation (SABIC)</p> <p>General Manager of Information Technology - Saudi Basic Industries Corporation (SABIC)</p>	<p>Bachelor's degree in Computer Science and Engineering - King Fahd University of Petroleum and Minerals</p>

Evaluating the performance of the Board of Directors and its committees

The Board of Directors uses an external party to evaluate the performance of the Board and its committees, through the participation of members in extensive and comprehensive questionnaires based on international best practices in governance in order to identify strengths and weaknesses to enhance the effectiveness of the performance of the Board of Directors and its committees.

Actions taken by the Board of Directors to inform its members - especially non-executives - of shareholders 'proposals and comments about the company and its performance

The proposals received from the shareholders during the General Assembly meetings, as well as any other proposals that are received by the bank are presented to the Chairman of the Board of Directors. He is required to present them to the next Board Meeting and record them in the minutes of the Board, if any.

Any recommendations from the audit committee which conflicts with the decisions of the Board of Directors, or any situation where the board refused to take into account any recommendations regarding the appointment or dismissal of the Auditor of Riyadh Bank, the determination of his fees or evaluating his performance; if so the rationale for these recommendations, and the reasons for not taking them

There are no recommendations from the audit committee that conflicts with the decisions of the Board of Directors, and the Board of Directors has not rejected any recommendations regarding the appointment of an auditor of Riyadh Bank, its dismissal, the determination of his fees, or the evaluation of its performance.

Remuneration of the members of the Board of Directors, its committees, and senior executives during the year 2020

The remuneration paid to the members of the Board of Directors of Riyadh Bank and the committees emanating from it are determined in accordance with the frameworks set by the instructions issued by the supervisory authorities, and are generally governed by the main principles of governance for banks operating in the Kingdom of Saudi Arabia, compensation controls issued by the Saudi Central Bank, and the Corporate Governance Regulations issued by the Capital Market Authority , Companies Law issued by the Ministry of Commerce, and the Bank's Articles of Association.

The Board of Directors - based on the recommendation of the Nominations and Compensations Committee - determines the remuneration of the senior executives, so that the remuneration is consistent with the strategic objectives of the bank, and that they are effective in motivating senior executives to achieve those goals.

Remuneration of Board Members
In SAR Thousands

Name	Fixed remuneration							Variable remuneration ***	End of service benefit	Gross Total	Expenses Allowance****	
	Certain amount*	Board meetings Attendance Allowance	Total attendance allowance in committees **	In-kind benefits	The remuneration of technical, administrative and consulting works	The remuneration of the Chairman, managing director or secretary if he is a member	Total					
Independent Members	Mutaz Kusai AlAzzawi	355	35	110	-	-	-	145	-	-	500	-
	Ibrahim Hassan Sharbatly	400	35	10	-	-	-	45	-	-	445	-
	Jamal Abdul-Karim Al-Rammah	400	35	100	-	-	-	135	-	-	535	17
	Talal Ibrahim Al-Qudaibi	360	35	105	-	-	-	140	-	-	500	-
	Mohammed Talal Al-Nahas	400	35	10	-	-	-	45	-	-	445	-
	Independent Members	1,915	175	335	-	-	-	510	-	-	2,425	17
Non-executive Members	Abdullah Mohammed Al-Issa	455	35	10	-	-	1,000	1,045	-	-	1,500	-
	Abdul-Rahman Amin Jawa	395	30	75	-	-	-	105	-	-	500	-
	Mohammed Abdulaziz Al-Afaleq	365	35	100	-	-	-	135	-	-	500	1.6
	Mohammed Omair Al-Otaibi	400	35	85	-	-	-	120	-	-	520	-
	Nader Ibrahim Al-Wehibi	365	35	100	-	-	-	135	-	-	500	-
	Non-executive Members	1,980	170	370	-	-	-	1,540	-	-	3,520	1.6
Total	3,895	345	705	-	-	1,000	2,050	-	-	5,945	18.6	

* The remuneration of the members of the Board of Directors amounts to 400,000 SARs for each member, while the remuneration of the Chairman of the Board of Directors is 500,000 SAR in addition to a special reward of 1,000,000 SAR, noting that the maximum total remuneration for each member, including the Chairman of the Board of Directors, does not exceed the amount of 500,000 SAR, including allowances for attending the meetings of the Board of Directors and its committees as specified in the Companies Law, except for the remuneration of the members of the Audit Committee that do not fall within the scope of the maximum limit stipulated in the Companies Law in accordance with the regulatory controls and procedures issued in implementation of the Companies Law for Joint Stock Companies issued by the Capital Market Authority.

** Allowance for attending committee meetings emanating from the Board of Directors includes allowance for members of the Board of Directors who are not members of such committees but are invited to attend them by the committee, and therefore the total amount each member is entitled to in return for attending the committees' meetings may not be equal to the other statement of the allowance attendance of committee members.

*** Variable bonuses include (percentage of profits, periodic bonuses, short-term incentive plans, long-term incentive plans, and bonus shares).

**** Expenses allowance includes transportation and accommodation expenses for members of the Board of Directors and its committees.

Remuneration of members of Committees emanating from the Board of Directors

Name	Fixed rewards (except for attendance allowances)	Allowance to attend meetings	Total	Expense allowance *
Members of the Executive Committee				
Talal Ibrahim Al-Qudaibi	-	60	60	-
Abdul-Rahman Amin Jawa	-	55	55	-
Mutaz Kusai AlAzzawi	-	60	60	-
Mohammed Abdulaziz Al-Afaleq	-	60	60	-
Nader Ibrahim Al-Wehibi	-	60	60	-
Total	-	295	295	-
Audit Cometee				
Jamal Abdul-Karim Al-Rammah	-	45	45	-
Mohammed Omair Al-Otaibi	-	45	45	-
Tareq Abdullah Al-Qaraawy (external)	120	45	165	-
AbdulRaouf Sullaiman Banaja (External)	120	45	165	-
Abdul Aziz Abdullah Al-Duailej (external)	120	40	165	-
Total	360	220	580	-
Risk Cometee				
Mohammed Abdulaziz Al-Afaleq	-	30	30	-
Jamal Abdul-Karim Al-Rammah	-	30	30	-
Mohammed Omair Al-Otaibi	-	30	30	-
Total	-	90	90	-
Nominations and Compensations Committee				
Mutaz Kusai AlAzzawi	-	30	30	-
Talal Ibrahim Al-Qudaibi	-	30	30	-
Nader Ibrahim Al-Wehibi	-	30	30	-
Ahmad Mohammed Al-Faleh (External)	120	30	150	-
Khalid Saleh Al-Turairi (External)	120	30	150	3
Total	240	150	390	3
Strategic Planning Group				
Abdullah Mohammed Al-Issa	-	10	10	-
Ibrahim Hassan Sharbatly	-	10	10	-
Talal Ibrahim Al-Qudaibi	-	10	10	-
Abdul-Rahman Amin Jawa	-	10	10	-
Mohammed Talal Al-Nahas	-	10	10	-
Total	-	50	50	-
Members of the committees emanating from the Board of Directors	600	805	1,405	3

* Expenses allowance includes transportation and accommodation expenses for members of the Board of Directors and its committees.

Salary and Compensation Statement for Six Senior Executives (including the CEO and CFO):

Item	In Thousands SAR
Fixed Remuneration	
Salaries	12,633
Allowances	1,677
In-kind benefits	199
Total	14,509
Variable Remuneration	
Periodic remunerations	20,138
Profits	-
Short term incentive plans	-
Long term incentive plans	750
Bonus shares	-
Total	20,888
End of service benefit	1,564
Total remunerations of board executives (if any)	-
Grand Total	36,961

Assignment of interests by shareholders, directors, or senior executives

- There are no arrangements or agreements for any member of the Board of Directors or any of the senior executives to waive any salaries, bonuses or compensation.
- There are no arrangements or agreements regarding any of the shareholders of Riyad Bank waiving any rights to them in the profits.

Changes in Shareholders' Equity:

The following table shows the primary shareholders of the bank, each of which owns 5% or more of the shares, and the changes in their equity as of the end of the trading Thursday 31 December 2020:

Shareholder's Name	No. of shares (Year Beginning)	No. of shares (Year End)	Net change	Change %	Ownership%
Public Investment Fund	652,608,000	652,608,000	0	%0.00	%21.75
General Organization for Social Insurance	501,757,200	501,757,200	0	%0.00	%16.73
Al Nahla Trade & Contracting Co.	261,998,976	262,149,903	150,927	%0.06	%8.74
Aseela Investment Co.	240,000,000	240,000,000	0	%0.00	%8.00

Ownership of Riyad Bank Shares by the Board Members, Senior Executives, or Their Wives and Minors, and Their Changes during 2020:

The below tables are description of any interest that belongs to members of the Board and Senior Executives or their wives and minors in shares or debt instruments of the Bank or any of its subsidiaries and any change that occurred thereof during the year:

Name	No. of shares (Year Beginning)	No. of shares (Year End)	Net change	Change %	Ownership%
Abdullah Mohammed Al-Issa	1,262,000	1,262,000	-	%0.00	-
Jamal Abdul-Karim Al- Rammah	1,142	1,142	-	%0.00	-
Ibrahim Hassan Sharbatly	694,508	694,508	-	%0.00	-
Talal Ibrahim Al- Qudaibi	66,864	66,864	-	%0.00	-
Abdul-Rahman Amin Jawa	1,928	1,928	-	%0.00	-
Mohammed Talal Al- Nahas	-	-	-	%0.00	-
Mohammed Abdulaziz Al-Afaleq	100,000	100,000	-	%0.00	-
Mohammed Omair Al- Otaibi	1,000	1,000	-	%0.00	-
Mutaz Kusai AlAzzawi	1,347,000	1,347,000	-	%0.00	-
Nader Ibrahim Al- Wehibi	-	-	-	%0.00	-

Senior Executives, their Wives, and Minors

Name	No. of shares (Year Beginning)	No. of shares (Year End)	Net change	Change %	Debt instruments
Riyad AlZahrani	-	66,868	66,868	%100.00	-

General Assemblies Held During 2020

Riyad Bank held one assembly for the shareholders during the fiscal year 2020 and it was held on 01/08/1441H, corresponding to 25 March 2020. Below is the Board attendance record for the meeting:

Name	25/03/2020
Abdullah Mohammed Al-Issa	✓
Jamal Abdul-Karim Al-Rammah	✓
Ibrahim Hassan Sharbatly	✓
Talal Ibrahim Al-Qudaibi	✓
Abdul-Rahman Amin Jawa	✓
Mohammed Talal Al-Nahas	✓
Mohammed Abdulaziz Al-Afaleq	✓
Mohammed Omair Al-Otaibi	✓
Mutaz Kusai AlAzzawi	✓
Nader Ibrahim Al-Wehibi	✓

Number of Riyad Bank's Requests for Shareholders' Records, Their Dates, and Reasons During 2020:

Request Date	Reason
27/03/2020	Dividends
30/09/2020	Corporate actions
27/12/2020	Corporate actions

Assurances of the Board of Directors

- That the account records have been prepared correctly;
- That the internal control system was prepared on sound grounds and was effectively implemented;
- There is no doubt about the ability of Riyad Bank to continue its activity;
- That there is no contract to which Riyad Bank was a party, and there is or was a substantial interest in it for the Chairman and any of the Members of the Board of Directors of Riyad Bank or for the CEO or the First Financial Officer or for any person directly related to any of them, except for what was mentioned in the Statement of Transactions with Related Parties.

Interests in the Class of Common Shares:

Auditors:

The Ordinary General Assembly of the shareholders of Riyad Bank approved in its meeting held on 25 March 2020 the appointment of Ernst & Young, and PricewaterhouseCoopers as Riyad Bank auditors for the fiscal year ending on 31 December 2020. During the next meeting, the General Assembly will consider reappointing or replacing existing auditors and setting their fees in return for auditing Riyad Bank's accounts for the fiscal year ending 31 December 2021, after reviewing the Board's recommendation in this regard and based on the recommendation of the Audit Committee of the Board.

Auditors' Reservations on the Annual Financial Statements:

The auditors' report shows that the financial statements are free of any material misstatement, and there are no reservations about them.

Recommendations of the Board to Replace the Auditors and their Reasons:

The Board of Directors did not recommend the replacement of the auditors before the end of the period for which they were appointed.

Corporate Governance Regulations:

In general, Riyad Bank is obliged to apply the provisions set out in the Corporate Governance Regulations issued by the Capital Market Authority, and the main principles of governance in the banks operating in the Kingdom of Saudi Arabia and the instructions issued by the Saudi Arabian Monetary Authority. Riyad Bank is keen to adhere to all the regulations of governance and keep abreast in this regards. Further, the Bank keeps updating the relevant policies and procedures upon the issuance of regulatory developments that so entail.