03
ESG Review

We will look back on 2021 as a year where our sustainability and corporate social responsibility were at their most ambitious and most effective, laying the foundation for an even greater impact in the years ahead.

Environmental, Social and Governance (ESG)

Riyad Bank's commitment to its corporate sustainability and responsibility in Environmental, Social and Governance (ESG) factors is critical to the future of our Bank. For many years, we have played an active and essential role in contributing to our community to create positive changes that lead to a better future for our communities, our stakeholders and the Kingdom. That contribution continues to be a top priority for both the Bank and its employees, who are outstanding ambassadors and genuine humanitarians in their own right. Once again, it has been a year where we can take enormous pride in our efforts and more importantly our impact.

Our ESG focus for 2021 was to expand our influence and adopt new priorities, including a much more holistic approach to driving sustainability by supporting and safeguarding our people, society and environment. We built every initiative around 4 key pillars – community, knowledge, economy, and environment – knowing that our position in the community gives us not only the ability, but also the responsibility, to make positive contributions to deliver tangible results.

The outcome was remarkable in that we not only made important progress in our initiatives, but we also received several awards, and certifications for our successful initiatives and commitments.

Although our focus shifted more towards the environment, our commitment to health, education, people with disabilities and our employees was as dedicated as ever. We will look back on 2021 as a year where our sustainability and corporate social responsibility were at their most ambitious and most effective, laying the foundation for an even greater impact in the years ahead.

A Sustainable Strategy

Bukra is our comprehensive and long-term corporate social responsibility strategy. It is aligned with the best practices of the most important local, regional and global frameworks, including Vision 2030, and the UN Sustainable Development Goals (SDGs).

Vision

To be a leading member of sustainable practices that would add value to employees, customers, stakeholders, and the whole community of Saudi Arabia.

Mission

To deliver quality corporate social responsibility practices of impactful values and benefits in alignment with the Bank's strategy and operations, the United Nations Sustainable Development Goals (UNSDGs), and the Kingdom's 2030 Vision.

Objectives

- Align our practices with The Guidance on Social Responsibility (ISO 26000), Accountability Principles Standard (AA1000), The Global Report Initiative (GRI), and the UN Global Compact.
- To be nationally and globally recognized for our professional and collaborative approach to enhance the environment, education, market and the community for our Bank's employees and our society.
- Measure the impact of our programs internally and externally, then prepare reports, insights and statistics to be shared.
- To have a role in the community service programs Kingdom-wise by achieving our goals through involving our employees to lead the Bank into success locally and globally.
- To be diverse, inclusive, transparent and accountable in projects and practices.

Our focus in 2021 was to include environmental protection and sustainability as a key priority without impacting the quality or quantity of our previous commitments which have made such a massive impact on the community. To achieve this, we aligned all members and departments within the Bank to contribute to and support our CSR programs and initiatives. Their input was invaluable and they helped us to maintain our past successes as well as break new boundaries. Ultimately, our vision was to continue with our Bukra strategy, in line with Vision 2030, and be a leading member of sustainable practices that add value to employees, customers, stakeholders and the whole community across Saudi Arabia.

With Bukra, the Bank is targeting the following UNSDGs:

Sustainable Finance Framework

Riyad Bank contributes to the achievement of Vision 2030 through its role in financing and accelerating the energy transition and driving a new wave of investment in line with the Kingdom's goal to achieve Net Zero by 2060.

The Bank's Green and Renewable Banking offering is the cornerstone of its efforts in this regard. In addition, as part of its Bukra strategy, Riyad Bank is one of the most significant financers of small and medium-sized enterprises (SMEs) in Saudi Arabia, a segment that is expected to be one of the future pillars of the Kingdom's economy and therefore key to achieving Vision 2030.

In particular, Riyad Bank is committed to supporting the Kingdom's energy transition agenda and the environmental targets of Vision 2030, such as increasing the share of renewable energy in the energy mix to 50%, planting 10 billion trees and reducing annual emissions by 278 Mn tons of CO_2 equivalent by 2030.

Riyad Bank delivers impactful corporate social responsibility practices integrated into the Bank's Strategy and Operations. The vision is outlined and driven through the Bank's Bukra Strategy, which is also aligned to the Ten Principles of the UN Global Compact and the UN Convention on the Rights of Persons with Disabilities.

Sustainability Approach

Riyad Bank's Corporate Social Responsibility Vision is to be the regional leader in sustainable practices that add value to employees, customers, stakeholders, and the whole community of Saudi Arabia. This is in full alignment with the United Nations Sustainable Development Goals (SDGs) and the Kingdom of Saudi Arabia's Vision 2030.

Sustainability Governance

The CSR Committee, headed by the Chairman, includes the CEO and Chief Experience Officer (CXO), representatives of the Bank's divisions. The CSR Department, under the Communication and Customer Experience Division, oversees the strategy and its implementation, sets standards and targets, determines new initiatives, and reviews and assesses ongoing programmes and projects.

Our society

Playing an Active Role in our Community

Riyad Bank continued to play an active role in our community this year. Our donation accounts, which are opened by various Charities and Associations to supply essential items to the needy, saw more than 410.954 transactions. This extraordinary figure has benefited all members of our society – from the young and the old to all those in need of support – each donation made a substantial difference to their lives.

In a drive to increase blood and organ donations, our 2 blood donation campaigns in 5 cities and 6 locations saw 549 donors enlisted, who donated 247,050 ml of blood to save an estimated 1,647 lives. Our organ donation campaign also recruited 85 people to join those who could benefit from their selfless generosity.

We extended our support agreement for the Autism Research Center at King Faisal Specialist Hospital and Research Center to enable the center to offer its world-class standard of care and develop its services and rehabilitation programs for the treatment of autism spectrum disorder. The total value of the support provided by Riyad Bank to the center amounted to more than SAR 42 Mn.

We also supported the Anti-Cancer Charitable Society in Al-Ahsa (Tafaul) with high quality, efficiency medical devices that will benefit the Society's beneficiaries and help them to achieve its worthy mission.

Finally, looking to the future, we signed a memorandum of understanding with Bab Al Khair Medical Services to establish the first non-profit hospital in the Kingdom, and a partnership to establish a sports club for the elderly in Onaizah Province. More information will be announced about this important initiative as plans progress.

In our Knowledge pillar, we entered a strategic partnership agreement with Madak Education to provide quality education to more than 1,000 students annually. The focus will be to establish an academic laboratory that includes a science lab, a robotics lab and a specialized studio, which will be equipped with the latest and most advanced technical equipment.

To help students, graduates and young people manage and understand the value of their finances, we also collaborated with the National Center of CSR to deliver workshops and seminars regarding saving and financial literacy. The initiative was opened nationally and internationally with more than 123,000 people taking part.

As ever, the younger members of our society were a key focus of attention. Our back-to-school campaign as part of the International Day of Charity distributed 2,000 school bags to charity organizations and presented 1,000 gifts to orphans as part of the Eid Al-Adha campaign. Also, during the Holy Month of Ramadan, we distributed 10,000 food baskets to 62 charitable organizations around the Kingdom, in collaboration with a non-profit enterprise.

Ramadan meals distributed to those in need during the holy month

100,000

Number of full-time staff at Riyad Bank

5,600+

Our people

Safeguarding and Engaging our Greatest Asset

With a total of over 5,600 full-time staff at Riyad Bank, our CSR initiatives have always been totally inclusive of our employees. They continue to be the heart and soul of the organization and their journey with us is of paramount importance. We constantly strive to maintain our philosophy as the best employer we can be and achieve our goal as Bank of Choice for Employees by 2025. Our Staff understand how much we value their contributions and in 2021 we reinforced that even further with acquiring, developing, engaging and rewarding our immense pool of talent.

As the Bank has become a leader in innovation for our products, services and processes, we needed to recruit and expand the necessary skills to manage that. In 2020, Riyad Bank launched the Fursan Al Riyad Program designed to acquire top caliber Saudi graduates for the Bank's future talent and leaders' pipeline. The recruitment and selection process utilized innovative approaches including digital assessment solutions, to ensure that only the most talented candidates were admitted into the program.

As Fursan evolved, those recruits are now fulfilling various roles in banking, technology, IT service management, cyber security, IT governance and emerging technology. Earlier this year, we launched 2 other versions of the program; Fursan 2, intended for treasury and investment, corporate banking, and retail credit; and Fursan 3 targeting retail banking, risk management and finance.

The COVID-19 pandemic continued to play a major part in our lives throughout this year, but Riyad Bank managed through a series of phases to ensure maximum protection. We implemented onsite vaccination areas during a strictly monitored return to work and maintained the full spectrum of safety and security measures across all our work environments to comply with regulations and do everything possible to safeguard our people during this challenging period. The Bank relies on our Staff in every aspect of our progress and as a fair and honorable employer our first duty of care must be towards them.

Riyad Bank Academy

Riyad Bank Academy was officially inaugurated this year to empower young and promising talent, share the latest developments in banking and finance, and enhance their capabilities and performance. The Academy is a true learning hub and regional institute in financial and banking studies in Riyad, emphasizing the city's role as an international financial training center.

Over the coming years, Riyad Bank Academy will continue to educate and connect ambitious professionals from different Riyad Bank divisions and branches in various regions. The academy gives them access to a strong worldwide network and unbeatable faculty with world-class alliances and accreditations.

We believe that better educated professionals can improve the value proposition and employees' competitive advantage of the industries they work for. As one of the leading academies in the Saudi finance sector, this is a unique opportunity for future professionals.

Incentive programs for employees and their related movement during 2021

Statement	Investment Savings (Thousand SAR) Employee's Share	Bank's Share	Total
Balance at the beginning of the year	50,229	18,331	68,560
Deposits in 2021	18,151	5,848	23,999
Withdrawals in 2021	(14,580)	(4,546)	(19,1260
End- of- year Balance	**53,800**	**19,633**	**73,433**

Recruitment

Riyad Bank has been supporting the Human Resources Development Fund to promote on-the-job training to Saudi youth through its Tamheer Program for Saudi graduates. This year, we have trained 75 Tamheer recruits and since our participation in the program, we have placed a total of 56 trainees in permanent jobs.

The Bank has also given priority to its internal talent through its Maserati Program (internal Mobility Program) to fill vacancies. So far, we have internally hired 153 candidates.

Retention

Riyad Bank focuses on a total reward concept that includes compensation, benefits, employee recognition, employee development and employee care.

In early 2021, we conducted industry salary surveys followed by an annual pay review that benchmarked employees' compensation against the market and best practices.

We also continued a performance based system to encourage a culture between employee's level of contribution and the rewards they receive, considering 3 elements: bank performance, administration performance, and employee performance.

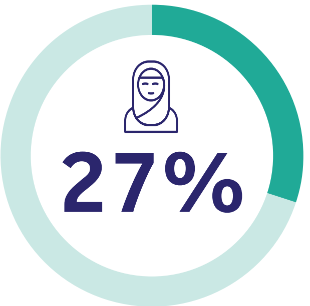
Cash and cashless programs were offered in 2021 as a tool to motivate and encourage outstanding performance and achieve the highest levels of productivity.

Saudization

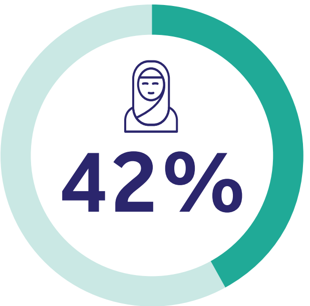
We have strongly participated in the Nationalization Strategic Plan.

Saudization Rate

Female employees



Female recruits in 2021



Diversity and inclusivity

As the Bank continues its best practices to empower women, the human capital team in cooperation with the Best Place to Work Organization conducted a survey to measure the level of female employees' satisfaction. The study resulted in Riyad Bank being certified as the 'Best Place to Work for Women in Saudi Arabia 2021'.

Despite potential challenges in employment for people with disabilities, Riyad Bank is committed to being an equal opportunities employer and ensures that our environment is wholly compliant with the necessary practical and emotional standards. This applies throughout the entire journey from recruitment and progress to support and promotion.

We were also very proud to receive the Mowaamah Golden Certificate for our commitment to applying the best standards and practices in creating a work environment suitable for our people with disabilities.

It is a sustained objective of the Bank to ensure the health and wellness of our people. During World Heath Day this year, Riyad Bank employees took up the challenge to collectively reach 50 Mn steps in a single day, equivalent to walking around the world.

Organizational health index case study

Prioritizing organizational health and wellness

In line with Riyad Bank's focus and commitment to providing the best possible work environment for all our employees to develop and thrive in rewarding roles and careers, we have made organizational health a priority at every level of Riyad Bank, from the moment a new employee is on-boarded through their journey and time with the Bank, until after they leave the Bank.

In line with this commitment, an Organization Health Index of Riyad Bank was conducted, to listen to our employees and better understand their needs and desires. Over 5,000 employees took part in the Index survey, which generated more than 2,000 employee comments and a great deal of additional data and insights that were then analyzed to improve organizational health in a wide variety of ways through a range of projects and initiatives.

Listening to our employees for continuous improvement

Riyad Bank's Human Capital team spent a great deal of time and effort to thoroughly analyze the results of the survey and develop a Bank-wide response, which included a strategic action plan with a wide range of initiatives and activities to address the identified opportunities for impact and improvement.

Many of the employee comments centered around career advancement, employee recognition and employee wellbeing, which provided clear direction to develop high impact, results oriented plans and activities that were presented and agreed to by the Executive Management, and then rolled out during 2021 across the Bank to benefit all our employees at every level, demonstrating that the voices of our employees are heard, appreciated, and acted upon.

Taking action to deliver positive change

Using our Pulse tool to measure the advancement of organizational health – overall and at the divisional level – and ensure fast and effective action, we launched a number of initiatives based on the insights gained from the Index, including:

- "Kafo Recognition program", which saw a total of 50,000 "Thank You" cards distributed twice this year by employees to recognize their colleagues, demonstrating their pride and commitment to each other, and extending to thousands of employees' LinkedIn accounts.
- "Value Ambassador of the Month Program", also part of Kafo, which recognized more than 180 employees who made a big impact during that month on the business and the work environment.
- "Mustaqbali Exhibition", an event to educate and spread awareness on career management and internal mobility, which took place twice in 2021 with more than 4,000 attendees in both events and over 150 internal vacancies announced to demonstrate the process and opportunities for growth across the organization.

98%

Riyad Bank's employee response rate, which was in the top 3 of the global benchmark response rate according to McKinsey & Company

OHI Pillars

Direction, Work Environment, Accountability, Capability, External Orientation, Leadership, Innovation and Learning, and Motivation

Achieving excellence in organizational health

Organizational Health is known to reflect directly on an organization's financial performance and productivity. The more the employees are engaged and satisfied with their jobs and organizational health, the more they are focused on their roles and responsibilities.

Riyad Banks commitment and initiatives delivered clear improvements in organizational culture and the lives and wellness of our employees, including:

- Senior leadership becoming closer to employees and more open to their feedback.
- Increased willingness to change and accept the changing environment, which is crucial during this unpredictable period
- Improved employee engagement, with over 74% of employees saying they will not leave the Bank if they have the chance

As a result of the effective implementation of these initiatives, Riyad Bank achieved an increase in its Organizational Health Index in Talent Development (+2), Career Opportunities (+6) and Rewards and Recognition (+4), which were all in the top quartile, resulting in an overall score in the top quartile for the second year in a row.

At every level of the organization, we are proud of these results and will continue to build on this positive momentum to increase organizational health in the years ahead.

Top 10% Globally

Riyad Banks' position in the global benchmark for the Employee Engagement Index

MSME Lending

As a leading Bank in the Kingdom, Riyad Bank is committed to playing an influential role in all sectors of the economy. Therefore, supporting micro, small and medium enterprises (MSMEs) businesses, through a range of product offerings to service their unique needs, is a key priority for the Bank.

Riyad Bank's MSME programmes are delivered in support of the Kalafah Program, a government-led strategy that is backed by Kafalah and the SMEs Bank and channels lending to smaller enterprises. Through the provision of financing guarantees by the government, the Kalafah Program[1] helps to fund small and medium enterprises (SMEs) that might not be able to source financing through normal banking channels.

Of all the lending directed to smaller firms since the inauguration of the Kafalah program, Riyad Bank has financed more than a quarter, and in 2021 financed 41% of the total number of firms on the programme.

In response to the pandemic, the programme was expanded by a government initiative in March 2020 in order to channel another US$ 13.33 Bn in financial aid to smaller firms. In recognition of Riyad Bank's contribution to the Kalafah Program, Riyad Bank was ranked number one in financing MSMEs in cooperation with the Kafalah Program in 2021 for the second year in a row. In 2021, Riyad Bank was also awarded Best Bank for SMEs in the Middle East 2021 by both Euromoney and AsiaMoney.

Some of the product offerings and development by Riyad Bank to support MSMEs as shown in the table below:

- Initiated the implementation of the Saudi Central Bank Initiative (Payments Deferment Program) with all its supportive programs for the sector, including the Guaranteed Financing Program for People Affected by the Coronavirus Pandemic, as well as postponement of payment for MSMEs not included in the Saudi Central Bank Initiative.
- Launch of salary financing programs for MSMEs
- Launch of credit card product financing for incidental expenses for MSMEs with credit of up to SAR 250,000

1. https://www.kafalah.gov.sa/en/About/Pages/default.aspx

Our environment

A Greener Bank for a Better World

Having recovered from the disruption of the pandemic, we redoubled our efforts to achieve our aims. In terms of environmental sustainability, our recycling and energy-saving projects proved to be a significant factor in illustrating society's approach to waste and how we can all play a part in improving our outlook. We were delighted to be recognized by the Gulf Sustainability Awards in the Awareness and Education category.

In line with our reputation as a leader in our own field and an activist in our own beliefs, at the Bank's Granada office, we recycled 57% of our paper and saved 20% of electricity cost in our head offices and warehouses.

Overall, we continued promoting the idea of the "Recycling Ecosystem" across our operations this year. We were able to recycle a total of

5,045 Kg

of paper and plastic.

Gulf Sustainability Awards in the Awareness and Education category

In terms of our commitment to minimizing our environmental footprint, this year we saved:

35,315
Gallons of water

85.7
Trees

11.6
Cubic Meters of Landfill

20.18
Tons of CO_2

20,180 kW
of Electricity Savings in Riyad Bank main buildings and warehouses

2020 to 2021

30%
Consumption

20%
Cost


In recognition of our efforts this year, we won 'Best Sustainability Education or Awareness Program' at the Gulf Sustainability Awards 2021.

Looking forward

Building Responsibly for the Future

Riyad Bank has once again made tremendous headway in supporting the wider community of stakeholders as well as our employees through targeted campaigns, incentives, initiatives and strategies.

Since 2019, we have increased our CSR performance by 47%, by engaging with accountability, evaluating Riyad Bank's CSR performance and benchmarking progress since the last assessment.

A testament to our genuine desire to be good citizens and our gratitude to the Riyad Bank teams who make our operations the best they can be.

Throughout 2022, we will be building on our successes and looking to make even more of a difference to those who need it most. Our greater emphasis on the environment will play a larger part of our strategy and enable even more members of Saudi society to contribute to the social responsibility to which we all have a duty.

Governance

BOARD OF DIRECTORS

Abdullah Mohammed Al-Issa

Memberships in other listed joint stock companies (inside the Kingdom)

- Board Member – Saudi Basic Industries Corporation (SABIC)

Current Positions

- Chairman of the Board of Directors – Assila Investment Company
- Chairman of the Board of Directors – Abdullah Mohammed Al-Issa Engineering Consulting 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.

Previous Positions

- Chairman of the Board of Directors – Dur Hospitality Company
- Vice Chairman of the Board of Directors – Etihad Telecom Company (Mobily)
- Board Member – 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 Areas
- 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

Qualifications

- MSc in Engineering Project Management – Southern Methodist University, USA
- Bachelor of Industrial Engineering – Southern Methodist University, USA

Mutaz Kusai AlAzzawi

Memberships in other listed joint stock companies (inside the Kingdom)

- Chairman of the Board of Directors – Herfy Food Services Company
- Board Member – Savola Group
- Board Member – Arabian Cement Company
- Board Member – Etihad Telecom Company (Mobily)

Current Positions

- Board Member – Savola Food Company
- Board Member – Afia International Company
- Board Member – United Sugar Company
- 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 – Afia International Company, Egypt
- Board Member – Alexandria Sugar Company, Egypt
- Board Member – The Queen Company for Food Industries, 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

Previous Positions

- Board Member – Merle Lynch, Kingdom of Saudi Arabia
- Board Member – Al-Azzawi Group

Qualifications

- Bachelor of Computer Engineering – King Saud University

Ibrahim Hassan Sharbatly

Memberships in other listed joint stock companies (inside the Kingdom)

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Current Positions

- Chairman of the Board of Directors – First International Business Group
- Vice Chairman of the Board of Directors – Al Nahla Group and Contracting Company
- Vice Chairman of the Board of Directors – Saudi Arabian Marketing and Agencies Company Ltd. (SAMA-CO)
- Vice Chairman of the Board of Directors – Fast Auto Technology Company Limited (FAST)
- Board Member – Smile Communications, Africa
- Board Member – Golden Coast, Egypt

Previous Positions

- Board Member – Commercial Union for Cooperative Insurance

Qualifications

- Bachelor of Business Administration – College of Commerce and Business Administration, Bristol, Britain

Jamal Abdul-Karim Al-Rammah

Memberships in other listed joint stock companies (inside the Kingdom)

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Current Positions

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Previous Positions

- Chairman of the Board of Directors – Saudi Aramco Insurance Company (Stellar)
- Board Member – Saudi Aramco Investment Management Company (SIAMCO)
- Board Member – Fujian Refining & Petrochemical Company, S - Oil
- Board Member – Gard Company
- Board Member – Bandlewood Corporation NV
- Board Member – Motor Oil Hellas Company
- Board Member – Jeddah Oil Refining Company
- Treasurer – Saudi Arabian Oil Company (Aramco)
- Chair - compensation and documentation committees for a number of subsidiaries and joint companies for the Saudi Arabian Oil Company (Aramco)
- Member and Chairman - committees in Aramco and in several companies affiliated with Saudi Aramco and joint companies inside and outside the Kingdom

Qualifications

- Management Executive Program – Harvard University, USA
- Bachelor of Management and Economics
- A number of management and finance programs in many international and domestic universities and institutions

Talal Ibrahim Al-Qudaibi

Memberships in other listed joint stock companies (inside the Kingdom)

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Current positions

- Member of the Shura Council

Previous positions

- CEO – Riyad Bank and prior to that, held several functional positions in the Bank since joining it in 1983
- Chairman – Royal & Sun Alliance Insurance (Middle East) – Bahrain
- Board Member – Riyad Capital Company
- Board Member – National Industrialization Company
- Board Member – Saudi Spanish Bank
- Board Member – Gulf Bank, Riyadh
- Board Member – Yopaf, Hong Kong
- Board Member – Riyad Bank, Europe

Qualifications

- MA in Economics – University of Southern California, USA
- Bachelor of Business Administration – Portland State University, USA

Abdul-Rahman Amin Jawa

Memberships in other listed joint stock companies (inside the Kingdom)

- Chairman of the Board of Directors – Saudi Hardware and Tools Company (SACO)

Current positions

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Previous positions

- 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 (INSAUDI)
- Board Member – Al-Amthal Owning Company
- Board Member – Banque Saudi Fransi
- Deputy Managing Director – Banque Saudi Fransi
- Regional Director for the Central Region – Banque Saudi Fransi
- Deputy Director, Main Branch, Riyadh – Banque Saudi Fransi
- General Manager – Hisham Trading Corporation
- Assistant Manager – The Saudi Investment Bank
- Assistant Manager – First National City Bank, Riyadh

Qualifications

- Advanced Management Program, Business Administration – Harvard University, USA (Training Program)
- Bachelor of International Business Administration – Ohio University, USA

Mohammed Talal Al-Nahas

Memberships in other listed joint stock companies (inside the Kingdom)

- Chairman of the Board of Directors and Member of the Executive Committee – Saudi Company for Pharmaceutical Industries and Medical Appliances
- Board Member – Saudi Basic Industries Corporation (SABIC)
- Member of the Board of Directors and member of the Nominations and Remunerations Committee – Saudi Telecom Company

Current positions

- Governor and Board Member of the General Organization for Social Insurance
- Chairman of the Board of Directors - The Cooperative Company for Real Estate Investment
- Chairman of the Board of Directors - Asma Capital
- Chairman of the Board of Directors - Raza Company
- Chairman of the Board - Dammam Pharma
- Member of the Board of Directors and Member of the Compliance and Risk Committee - International Water and Energy Works Company (Aquapower)

Previous positions

- Governor and Board Member of the Public Pension Agency
- Member of the Executive Committee - Public Pension Agency
- Member of the Nominations and Remunerations Committee - Public Pension Agency
- Chairman of the Board of Directors and Chairman of the Nomination and Remuneration Committee - The Leading Investment Company
- Member of the Board of Directors - National Center for Privatization
- Member of the Board of Directors - Taiba Holding Company
- Member of the Board of Directors and a member of the Executive Committee - Saudi Travelers Checks Company
- General Manager of Branch Banking - Alinma Bank
- Regional Director of Central Region Branches - Samba Financial Group
- Head of Banking Transactions and Express Transfers 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

Qualifications

- Executive Management Program – University of Michigan, USA
- English Language Diploma – San Diego State University, USA
- Bachelor of Accounting – King Saud University

Mohammed Abdulaziz Al-Afaleq

Memberships in other listed joint stock companies (inside the Kingdom)

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Current positions

- Chairman of the Executive Committee – Al-Hussein and Al-Afaliq Group
- Director – Ahdaf Holding Company
- CEO – Al-Ahsa Cooling Company, a subsidiary of Ahdaf Holding Company
- CEO – Catering Complex Company, a subsidiary of Ahdaf Holding Company
- CEO – Company Lee Lee Sweet Furnished Residential 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

Previous positions

- Chairman of the Board of Directors – Al-Hussein and Al-Afaliq Group
- Board Member – Al-Ahsa Food Industries Company
- General Manager of Industrial Projects – Al-Hussein and Al-Afaliq Group of Companies
- Administrative Director – Al-Ahsa Automatic Bakeries Company

Qualifications

- Master of Business Administration – St. Edward University, Austin, USA
- Bachelor of Science in Industrial Management – King Fahd University of Petroleum and Minerals

Mohammed Omair Al-Otaibi

Memberships in other listed joint stock companies (inside the Kingdom)

- Board Member – Saudi Reinsurance Company
- Deputy Chairman of the Board of Directors – Abdullah Saad Abu Moati Company for Libraries

Current positions

- Chairman of the Board of Directors – Zameen E-Marketing Company
- Member of the Audit Committee – Al Mojil Trading and Contracting Company

Previous positions

- 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
- Board Member – Abdullah Saad Abu Moati Company for Libraries
- Board Member – Petradec Company for Gas Trade and Transportation
- Board Member – ISRE Insurance Company, Luxembourg
- Board Member – West of England Insurance, Luxembourg
- Executive Vice President of Finance – The National Shipping Company of Saudi Arabia

Qualifications

- Master of Business Administration – Western Michigan University, USA
- Advanced Management Program – Harvard University, USA
- Executive Management Program – University of Michigan, USA
- Strategic Banking Management Program – Ireland
- BA in English Language – Imam Muhammad Ibn Saud Islamic University

Nader Ibrahim Al-Wehibi

Memberships in other listed joint stock companies (inside the Kingdom)

- Board Member – Saudi Basic Industries Corporation (SABIC)

Current positions

- Assistant Governor for Insurance Affairs – General Organization for Social Insurance
- Board Member – Madad Business Company

Previous positions

- 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

Qualifications

- MA in Social Protection Policies – Maastricht University, Netherlands
- Bachelor of Insurance – Indiana State University, USA

EXECUTIVE MANAGEMENT

Tareq Abdulrahman Al-Sadhan

Chief Executive Officer

Previous positions

- Senior Executive Vice President and the Chief Financial Officer - Riyad Bank
- CEO/Managing Partner and the Chairman of the Advisory Committee - KPMG, Saudi Arabia
- Advisor to the Chairman - Saudi Fund for Development (SFD)
- Acting Director General - General Authority for Zakat and Tax (GAZT)
- Deputy Governor for Supervision - the Saudi Central Bank (SAMA)

Qualifications

- Master of Business Management - Ecole National des Ponts et Chaussees, France
- Bachelor of Administration Science, majoring in accounting - King Saud University

Abdullah Ali Al-Oraini

Chief Financial Officer

Previous positions

- Chief Financial Officer - AlAwwal Bank (formally Saudi Hollandi Bank)
- Head of Reporting, Asset and Liability Management and Investor Relations Department - Saudi British Bank (SABB)
- Head of Capital and Liquidity Management - National Commercial Bank (NCB)

Qualifications

- Master of Management Sciences - University of Waterloo, Canada
- Science in Electrical Bachelor of Engineering - King Fahd University of Petroleum and Minerals

Mohammed Abdullah Al-Yahya

Chief Operating Officer

Previous positions

- Chief Operating Officer - Bank AlBilad
- Member of the Board of Directors - Saudi British Bank

Educational Qualifications

- Bachelor of Computer Science - Eastern Michigan University
- Executive education programs, such as the Advanced Management Program from INSEAD
- Management Development Program - University of Michigan

Mohammed Abo Al-Naja

Chief Corporate Banking Officer

Previous positions

- Executive Vice President, Head of Corporate Banking Service and Senior Vice President, Manager Multinationals - Riyad Bank
- Senior Manager, Corporate and Investment Banking - SAMBA Financial Group
- Worked at the Ministry of Foreign Affairs (MOFA) and the Saudi Telecom Company (STC)

Qualifications

- Bachelor of Law - King Saud University
- Management and Leadership Development Program - Oxford University

Riyadh Otaibi Al-Zahrani

Chief Retail Banking Officer

Previous positions

- Head of retail banking - Riyad Bank
- Executive Vice President of Operations and Business Technology - Riyad Bank
- Executive Vice President of Operations - Riyad Bank
- Director of Retail Banking Services - Riyad Bank
- Director of the Electronic Banking Department - Riyad Bank

Qualifications

- Executive training programs at global institutes, such as INSEAD and BAI
- Bachelor of Accounting - King Saud University

Nadir Sami Al-Koraya

Chief Treasury and Investment Officer

Previous positions

- Head of Money Market and Fixed Income - SAMBA Financial Group
- Head of treasury and investment - Riyad Bank
- Head of Treasury Department - Riyad Bank
- Treasurer - Riyad Bank
- Assistant General Manager, Treasury Group - Samba Bank

Qualifications

- MBA - University of California
- Various leadership programs at reputable institutions, including Harvard Business School

Mazen Mohamed Khalefah

Chief Human Capital Officer

Previous positions

- General Manager, HR Department - Saudi Arabian Monetary Authority (SAMA)
- HR leadership positions at various banks, including Head of Learning and Talent at Saudi British Bank (SABB)
- Head of Talent Acquisition and People Development - Bank AlBilad
- Head of Training Relationship Management - National Commercial Bank (NCB)

Qualifications

- Bachelor of Industrial Engineering - King Abdulaziz University
- Executive and leadership programs from institutions, such as the Institute for Management Development (IMD), INSEAD, and Michigan Ross School of Business

Khalid Waleed Al-Khudair

Chief Experience Officer

Previous positions

- Chief Operating Officer, Markets - KPMG Saudi Arabia, Kuwait, and Jordan
- Executive management committee - Deutsche Gulf Finance
- First Saudi Fellow at Ashoka, the largest network of leading social entrepreneurs in the world, a Young Global Leader at the World Economic Forum, and an Endeavor Entrepreneur
- Founder of Glowork

Qualifications

- Many awards and recognitions, such as King Salman Award for Entrepreneurship, EY Entrepreneur of the year, Challiot Human Rights Prize by the European Union and was ranked the Third Most Influential Arab ranking by Arabian Business
- 2 Executive Education Programs in Leadership and Public Policy - Yale University and Harvard Kennedy School respectively
- Bachelor of Commerce, with triple majors: Marketing, HR and Psychology - Saint Mary's University, Canada

Mazen Ghassan Pharaon

Chief Digital Officer

Previous positions

- Partner - Deloitte ME
- Deloitte Digital Center Leader, in charge of building and integrating the ME digital capabilities and integrating globally
- Chief Technology Officer - Samba Financial Group
- First few founding team members to build and launch Alinma Bank Project leader to launch Alinma Investment Co.
- SPAN2 and PoS program leader in SAMA
- First Saudi EWSD Engineer in SIEMNS, trained and worked on Siemens Telecom Exchanges for local traffic and international gateways

Qualifications

- Bachelor of Computer Engineering - King Saud University
- The Disruptive Innovation Program of Harvard Business School

Grant Eric Lowen

Chief Risk Officer

Previous positions

- Group Chief Credit and Risk Officer - Bank ABC BAHRAIN
- Group Chief Risk Officer - QNB Qatar
- Chief Risk Officer International Financial Services - CBA
- Group Auditor - Commonwealth Bank of Australia (CBA)
- Group Auditor and General Manager Operational Risk - St George Bank
- Chief Manager Strategy and Design IT and Operations - Westpac Banking
- Manager Financial Management Consulting - KPMG

Qualifications

- Bachelor's level qualification in Accounting ACA - Christchurch Technical College as member of New Zealand Society of Accountants
- Chartered Accountant (ACA) Australia and New Zealand
- Member of Australian Institute of Company Directors (GAICD)

Members of the Board of Directors and emanating committees

The Bank's Board of Directors

The Bank is managed by a board of directors consisting of 10 members to be elected by the General Assembly every 3 years. The Board of Directors in its current term includes 4 independent members and 6 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 7 meetings during the year 2021, and the attendance rate of the meetings, was (in person) 100%, taking into account those who attended by proxy.

Composition of the Board of Directors and classification of its members

Member's Name	Position Representation	Membership Rating	Representation
1. Abdullah Mohammed Al-Issa	Chairman of the Board of Directors	Non-Executive	-
2. Mutaz Kusai AlAzzawi	Deputy Chairman of the Board	Independent	-
3. Ibrahim Hassan Sharbatly	Member of the Board of Directors	Independent	-
4. Jamal Abdul-Karim Al-Rammah	Member of the Board of Directors	Independent	-
5. Talal Ibrahim Al-Qudaibi	Member of the Board of Directors	Independent	-
6. Abdul-Rahman Amin Jawa	Member of the Board of Directors	Non-Executive	Public Investment Fund
7. Mohammed Talal Al-Nahas	Member of the Board of Directors	Non-Executive	Public Pension Agency
8. Mohammed Abdulaziz Al-Afaleq	Member of the Board of Directors	Non-Executive	-
9. Mohammed Omair Al-Otaibi	Member of the Board of Directors	Non-Executive	Public Investment Fund
10. Nader Ibrahim Al-Wehibi	Member of the Board of Directors	Non-Executive	Hassana Investment Company

Board meetings in 2021

Attendance record of the Board Members, in person and by proxy, for the Board meetings in 2021

Member's Name	16.02.2021	23.03.2021	04.05.2021	16.06.2021	08.09.2021	01.11.2021	14.12.2021
1. Abdullah Mohammed Al-Issa	✓	✓	✓	✓	✓	✓	✓
2. Mutaz Kusai AlAzzawi	✓	✓	✓	✓	✓	✓	✓
3. Ibrahim Hassan Sharbatly	✓	✓	✓	✓	✓	✓	✓
4. Jamal Abdul-Karim Al-Rammah	✓	✓	✓	✓	✓	✓	✓
5. Talal Ibrahim Al-Qudaibi	✓	✓	✓	✓	✓	✓	✓
6. Abdul-Rahman Amin Jawa	✓	✓	✓	✓	✓	✓	✓
7. Mohammed Talal Al-Nahas	✓	✓	✓	✓	✓	✓	✓
8. Mohammed Abdulaziz Al-Afaleq	✓	✓	✓	✓	✓	✓	✓
9. Mohammed Omair Al-Otaibi	✓	✓	✓	✓	✓	✓	✓
10. Nader Ibrahim Al-Wehibi	✓	✓	✓	✓	✓	✓	✓

Committees emanating from the Board of Directors

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 exception of the Audit Committee, which includes in its composition 3 members from outside the Board, in addition to 2 members of the Board, and the Nominations and Compensations Committee, includes in its composition 2 members from outside the Board, in addition to 3 members from the Board.

The following is an explanation of the main duties of the Bank's Board Committees.

1 - The Executive Committee

Main tasks 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 5 members. The number of meetings of the Committee during the year 2021 was 14, and the attendance rate for the meetings was (in person) 100%, taking into account those who attended by proxy.

Executive Committee meetings in 2021

Attendance record of the members of the Executive Committee, in person or by proxy, for the committee meetings in 2021

Member's Name	Position	17.01.2021	25.02.2021	11.03.2021	17.03.2021	15.04.2021	02.05.2021	06.06.2021	04.07.2021	05.08.2021
1. Talal Ibrahim Al-Qudaibi	President	✓	✓	✓	✓	✓	✓	✓	✓	✓
2. Abdul-Rahman Amin Jawa	Member	✓	✓	✓	✓	✓	✓	✓	✓	✓
3. Mutaz Kusai AlAzzawi	Member	✓	✓	✓	✓	✓	✓	✓	✓	✓
4. Mohammed Abdulaziz Al-Afaleq	Member	✓	✓	✓	✓	✓	✓	✓	✓	✓
5. Nader Ibrahim Al-Wehibi	Member	✓	✓	✓	✓	✓	✓	✓	✓	✓

Attendance record of the members of the Executive Committee, in person or by proxy, for the committee meetings in 2021

Member's Name	Position	02.09.2021	10.10.2021	25.11.2021	02.12.2021	23.12.2021
1. Talal Ibrahim Al-Qudaibi	President	✓	✓	✓	✓	✓
2. Abdul-Rahman Amin Jawa	Member	✓	✓	✓	✓	✓
3. Mutaz Kusai AlAzzawi	Member	✓	✓	✓	✓	✓
4. Mohammed Abdulaziz Al-Afaleq	Member	✓	✓	✓	✓	✓
5. Nader Ibrahim Al-Wehibi	Member	✓	✓	✓	✓	✓

2 - Audit Committee

Main duties 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. It 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 5 members, of whom 3 are from outside the Board of Directors and they are Mr. Tareq Abdullah Al-Qaraawy, Dr. Abdul Raouf Sullaiman Banaja, and Mr. Abdul Aziz Abdullah Al-Duailej, whose membership expired on 13 March, 2021. Mr. Abdul Aziz Khalid Al-Falih, joined the committee on 27 April, 2021 by virtue of the Board of Directors' decision No. 2/c/688, dated 27 April, 2021, which will be presented to the next meeting of the General Assembly for approval. 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 2021 was 12, and the attendance rate was 100%.

Audit Committee meetings in 2021

Attendance record of the Audit Committee members for the meetings of the Committee in 2021										
Member's Name	**Position**	**12.01.2021**	**15.02.2021**	**29.03.2021**	**27.04.2021**	**26.05.2021**	**28.06.2021**	**28.07.2021**	**25.08.2021**	**28.09.2021**
1. Jamal Abdul-Karim Al-Rammah	President	✓	✓	✓	✓	✓	✓	✓	✓	✓
2. Mohammed Omair Al-Otaib	Member	✓	✓	✓	✓	✓	✓	✓	✓	✓
3. Tareq Abdullah Al-Qaraawy	Member	✓	✓	✓	✓	✓	✓	✓	✓	✓
4. Abdul Raouf Sullaiman Banaja	Member	✓	✓	✓	✓	✓	✓	✓	✓	✓
5. Abdul Aziz Abdullah Al-Duailej	Member	✓	✓							
6. Abdul Aziz Khalid Al-Falih	Member					✓	✓	✓	✓	✓

Attendance record of the Audit Committee members for the meetings of the Committee in 2021				
Member's Name	**Position**	**26.10.2021**	**17.11.2021**	**28.12.2021**
1. Jamal Abdul-Karim Al-Rammah	President	✓	✓	✓
2. Mohammed Omair Al-Otaibi	Member	✓	✓	✓
3. Tareq Abdullah Al-Qaraawy	Member	✓	✓	✓
4. Abdul Raouf Sullaiman Banaja	Member	✓	✓	✓
5. Abdul Aziz Abdullah Al-Duailej	Member			
6. Abdul Aziz Khalid Al-Falih	Member	✓	✓	✓

3 - Risk Management Committee

Main duties 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 3 members. The number of meetings of the Risk Management Committee during the year 2021 was 6, and the attendance rate for the meetings was (in person) 100%, taking into account those who attended by proxy.

Meetings of the Risk Management Committee in 2021

Attendance record of the members of the Risk Management Committee, in person or by proxy, for the committee meetings in 2021							
Member's Name	**Position**	**24.02.2021**	**06.04.2021**	**15.06.2021**	**11.08.2021**	**06.10.2021**	**15.12.2021**
1. Mohammed Abdulaziz Al-Afaleq	President	✓	✓	✓	✓	✓	✓
2. Jamal Abdul-Karim Al-Rammah	Member	✓	✓	✓	✓	✓	✓
3. Mohammed Omair Al-Otaibi	Member	✓	✓	✓	✓	✓	✓

4 - Nomination and Remuneration Committee

Main duties and responsibilities

The Nomination and Remuneration 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 Nomination and Remuneration Committee 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 5 members, including 2 members from outside the Board of Directors, namely Eng. Ahmad Mohammed Al-Falih and Eng. Khalid Saleh Al-Turairi. The number of meetings of the Nomination and Remuneration Committee during the year 2021 was 3, and the attendance rate for the meetings was (in person) 100%, taking into account those who attended by proxy.

Meetings of the Nomination and Remuneration Committee in 2021

Attendance record of the Nomination and Remuneration Committee members, in person or by proxy, for the committee meetings in 2021				
Member's Name	**Position**	**07.02.2021**	**03.10.2021**	**17.10.2021**
1. Mutaz Kusai AlAzzawi	President	✓	✓	✓
2. Talal Ibrahim Al-Qudaibi	Member	✓	✓	✓
3. Nader Ibrahim Al-Wehibi	Member	✓	✓	✓
4. Ahmad Mohammed Al-Falih	Member	✓	✓	✓
5. Khalid Saleh Al-Turairi	Member	✓	✓	✓

5 - Strategic Planning Group

Main duties 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 5 members. The number of meetings of the Strategic Planning Group during the year 2021 was 2, and the attendance rate for the meetings was (in person) 100%, taking into account those who attended by proxy.

Meetings of the Strategic Planning Group in 2021

Attendance record of the Strategic Planning Group members, in person or by proxy, for the group's meetings in 2021			
Member's Name	**Position**	**13.06.2021**	**01.12.2021**
1. Abdullah Mohammed Al-Issa	President	✓	✓
2. Ibrahim Hassan Sharbatly	Member	✓	✓
3. Talal Ibrahim Al-Qudaibi	Member	✓	✓
4. Abdul-Rahman Amin Jawa	Member	✓	✓
5. Mohammed Talal Al-Nahas	Member	✓	✓

Qualifications and experiences of external committee members

Member's Name	Current Positions	Previous Positions	Qualifications
Audit Committee			
1. 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 - Evening Cups for Beverages Co.	• Vice President – Compliance and Quality Assurance Building Development Company • Board Member – Digital Innovations 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 of Accounting – George Washington University, USA • Bachelor of Accounting – King Saud University • Certified Management Accountant (CMA) - Institute of Management Accountants of America IMA • Certified Financial Manager (CFM) - IMA
2. Abdul Raouf 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 • Member of the Audit Committee – Special Economic Zones and Cities Authority	• Member of the Audit Committee - Panda Retail Company • Board Member – AlAhli Capital Funds • Board Member - SEDCO Capital Funds • 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 • Chairman of the Board of Directors – SEDCO Capital Real Estate Income Fund 2 • Board Member – United Matbouli Group • Member of the Audit Committee – Savola Food Company • Board Member – National Commercial Bank • Independent consultant • Director of Corporate Finance Department – Alawwal Financial Services • Senior Vice President and Member of the Executive Committee – Saudi Economic and Development Holding Company (SEDCO) • Regional Director – Saudi Economic and Development Company (SEDCO), Egypt • Assistant General Manager – Director of International Banking - National Commercial Bank • Regional Manager – Gulf International Bank, Middle East, Bahrain • Adviser to the Deputy Governor – Saudi Arabian Monetary Agency • Assistant General Manager, Corporate Banking – SABB Bank • Credit Sector Manager – SABB Bank • Economic Adviser – Ministry of Finance • Assistant Professor – Head of Quantitative Analysis Department – King Saud University	• PhD in Economics – University of California • Master of Economics – University of California, USA • Bachelor of Mathematics and Physics – University of Riyadh
3. Abdul Aziz Khalid Al-Falih	• Partner and Board Member - Badwa Capital, Dubai, UAE	• Director - McKinsey & Company • Investment Partner - TPG Capital, San Francisco, USA • Investment Partner – Aramco, KSA	• Master of Business Administration - Stanford University, USA • Bachelor of Chemical Engineering - Massachusetts Institute of Technology (MIT), USA

Member's Name	Current Positions	Previous Positions	Qualifications
Audit Committee			
4. Abdul Aziz Abdullah Al-Duailej	• Head - General Authority for Civil Aviation (GACA)	• Chairman of the Board of Directors – Bin Laden International Holding Group • Board Member – Taiba Holding Company • CEO – Advanced Electronics Company • Board Member - Enforcement and Liquidation Center • Chairman of the Industrial Committee – Riyadh Chamber • Chairman of the Board of Directors - Trans Future Industrial Investment Company • Chairman of the Board of Directors – Saudi Company for Advanced Industries • Vice Chairman of the Board of Directors – Al Salam Aircraft Company • Board Member – Rafal Real Estate Development Company • Board Member – Thabat Real Estate Development Company • Board Member – Aayan Capital Financial Company • Board Member – The First Real Estate Development Company • Board Member – Saudi Fish Company • Board Member – Deutsche Gulf Finance • Board Member – Emaar Middle East Company • Board Member – Saudi Printing and Packaging Company • Board Member – Saudi Research and Publishing Company • Board Member – Saudi Pipes Company • Managing Director and CEO – Saudi Printing and Packaging Company • Managing Director and CEO – The First Real Estate Development Company • CEO – Middle East Specialized Cables Company • CEO – Edwan Chemical Industries Company	• Bachelor of Industrial Management - King Fahd University of Petroleum and Minerals
Nomination and Remuneration Committee			
1. Ahmed Mohammed Al-Falih	• Board Member – Herfy Food Services Co. • Chairman of the Nomination and Remuneration Committee – Herfy Food Services Co. • Member of the Executive Committee - Herfy Food Services Co. • Member of the Board of Directors – United Company for Technical Work • Member of the Board of Directors and Director General – The Leading Commercial Representation Company • Member of the Board of Directors – Mohammed Saleh Al-Sultan Consulting Professionals • Technical consulting, contractual arbitration	• Board Member – Musa Abdul Aziz Al Mousa & Sons • Board Member - Advanced Seal Company • Board Member – Aluminum Products Co. – Bako • Board Member – Holding Facilities Company • Board Member – Easy Transport Company • Consultant – Facilities Marketing Company • General Manager – Facilities Marketing Company • President – Group of Companies Mashreq • General Manager – Al-Mashreq Contracting Company • General Manager – Olayan Food Services Company • President – Tiné Company International • Vice President – Riyadh International Corporation McDonald's • Vice President for Financial and Administrative Affairs – Saudi Company for Operation and Maintenance • Engineering Projects – Ministry of Health • Project Engineer – Ibn Al-Bitar Company (SABIC)	• Bachelor of Civil Engineering – King Fahd University of Petroleum and Minerals
2. Khalid Saleh Al-Turairi	• General Manager of Special Projects, Human Resources - Saudi Basic Industries Corporation (SABIC)	• Board Member – Hadeed Company (SABIC) • Board Member – National Entrepreneurship Institute • General Manager, Learning and Development, Human Resources – Saudi Basic Industries Corporation (SABIC) • General Manager, Benefits and Compensation, Human Resources – Saudi Basic Industries Corporation (SABIC) • General Manager, Middle East, Human Resources – Saudi Basic Industries Corporation (SABIC) • General Manager, Personnel Services, Human Resources –Saudi Basic Industries Corporation (SABIC) • General Manager, Information Technology – Saudi Basic Industries Corporation (SABIC)	• Bachelor of Computer Science and Engineering – King Fahd University of Petroleum and Minerals

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 Riyad 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 Riyad Bank, his dismissal, the determination of his fees, or the evaluation of his performance.

Remuneration of the members of the Board of Directors, its committees, and senior executives during the year 2021

The remuneration paid to the members of the Board of Directors of Riyad 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 practices 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 Nomination and Remuneration 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

	Name	Specific amount*	Allowance for attending Board meetings	Total allowance for attending committee meetings**	In-kind benefits	Remuneration for technical, administrative and consulting work	Remuneration of the Chairman, Managing Director or Secretary if he is a member	Total	Variable remuneration ***	End of service gratuity	Total amount	Expense allowance **** SAR 1,000
Independent Members	Mutaz Kusai AlAzzawi	380	35	85	-	-	-	120	-	-	500	-
	Ibrahim Hassan Sharbatly	400	35	10	-	-	-	45	-	-	445	12.15
	Jamal Abdul-Karim Al-Rammah	400	35	100	-	-	-	135	-	-	535	24.40
	Talal Ibrahim Al-Qudaibi	370	35	95	-	-	-	130	-	-	500	-
	Independent Members	**1,550**	**140**	**290**	**-**	**-**	**-**	**430**	**-**	**-**	**1,980**	**36.55**
Non-Executive members	Abdullah Mohammed Al-Issa	455	35	10	-	-	1,000	1,045	-	-	1,500	-
	Abdul-Rahman Amin Jawa	385	35	80	-	-	-	115	-	-	500	-
	Mohammed Abdulaziz Al-Afaleq	355	35	110	-	-	-	145	-	-	500	10.24
	Mohammed Omair Al-Otaibi	400	35	100	-	-	-	135	-	-	535	-
	Mohammed Talal Al-Nahas	400	35	10	-	-	-	45	-	-	445	-
	Nader Ibrahim Al-Wehibi	380	35	85	-	-	-	120	-	-	500	-
	Non-Executive members	**2,375**	**210**	**395**	**-**	**-**	**-**	**1,605**	**-**	**-**	**3,980**	**10.24**
	Total	**3,925**	**350**	**685**	**-**	**-**	**1,000**	**2,035**	**-**	**-**	**5,960**	**46.79**

* The remuneration of the members of the Board of Directors amounts to SAR 400,000 for each member, while the remuneration of the Chairman of the Board of Directors is SAR 500,000 in addition to a special reward of SAR 1,000,000, noting that the maximum total remuneration for each member, including the Chairman of the Board of Directors, does not exceed the amount of SAR 500,000, 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 does 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 for attendance of committee members.

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

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

Remuneration of members of the committees emanating from the Board of Directors

Name	Fixed rewards (except for the allowance for attending sessions)	Allowance to attend sessions	Total	Expense allowance*
Members of the Executive Committee				
1. Talal Ibrahim Al-Qudaibi	-	70	70	-
2. Abdul-Rahman Amin Jawa	-	70	70	-
3. Mutaz Kusai AlAzzawi	-	70	70	-
4. Mohammed Abdulaziz Al-Afaleq	-	70	70	-
5. Nader Ibrahim Al-Wehibi	-	70	70	-
Total	**-**	**350**	**350**	**-**
Members of the Audit Committee				
1. Jamal Abdul-Karim Al-Rammah	-	60	60	-
2. Mohammed Omair Al-Otaibi	-	60	60	-
3. Tareq Abdullah Al-Qaraawy (external)	120	60	180	-
4. Abdul Raouf Sullaiman Banaja (external)	120	60	180	-
5. Abdul Aziz Khalid Al-Falih (external)	80	40	120	-
6. Abdul Aziz Abdullah Al-Duailej (external)**	24.3	10	34.3	-
Total	**344.3**	**290**	**634.3**	**-**
Members of the Risk Management Committee				
1. Mohammed Abdulaziz Al-Afaleq	-	30	30	-
2. Jamal Abdul-Karim Al-Rammah	-	30	30	-
3. Mohammed Omair Al-Otaibi	-	30	30	-
Total	**-**	**90**	**90**	**-**
Members of the Nomination and Remuneration Committee				
1. Mutaz Kusai AlAzzawi	-	15	15	-
2. Talal Ibrahim Al-Qudaibi	-	15	15	-
3. Nader Ibrahim Al-Wehibi	-	15	15	-
4. Ahmad Mohammed Al-Falih (external)	120	15	135	-
5. Khalid Saleh Al-Turairi (external)	120	15	135	4.33
Total	**240**	**75**	**315**	**4.33**
Members of the Strategic Planning Group				
1. Abdullah Mohammed Al-Issa	-	10	10	-
2. Ibrahim Hassan Sharbatly	-	10	10	-
3. Talal Ibrahim Al-Qudaibi	-	10	10	-
4. Abdul-Rahman Amin Jawa	-	10	10	-
5. Mohammed Talal Al-Nahas	-	10	10	-
Total	**-**	**50**	**50**	**-**
Members of the committees emanating from the Board of Directors	**584.3**	**855**	**1,439.3**	**4.33**

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

** His membership was terminated on 13 March, 2021.

Salary and compensation data for 6 senior executives (including the CEO and Chief Financial Officer):

Description	SAR'000s
Fixed rewards	
Salaries	12,874
Allowances	1,667
Benefits	214
Total	14,755
Variable rewards	
Periodic rewards	20,478
Profits	-
Short-term incentive plans	-
Long-term incentive plans	1,004
Shares awarded	-
Total	**21,482**
End of service gratuity	**1,353**
Total executive bonus for the Board, if any	**-**
Total	**37,590**

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.

The cash dividends that were distributed for the first half were disbursed to all Shareholders on 23 July, 2021. The cash dividends for the second half of 2021 will be distributed to Riyad Bank Shareholders who own shares directly, at the end of the day that the Bank's Annual General Assembly takes place, and those registered in Riyad Bank's records with the Securities Depository Center Co., (Edaa) will receive their cash dividend at the end of the second trading day following the date of the Annual General Assembly to be held during the second quarter of 2022, which will be announced later after obtaining the necessary approvals from the competent authorities.

Changes in major ownership interests

The following table shows the main owners of the Bank who each own 5% or more of the shares, and the changes in their ownership percentages as at the end of trading on 31 December, 2021.

Name of the Shareholder	Number of shares at the beginning of the year	Number of shares at the end of the year	Net change	% Change	% Ownership
Public Investment Fund	652,608,000	652,608,000	-	0.00%	21.8%
GOSI	501,757,200	632,905,352	131,148,152	26.16%	21.1%
Al Nahla Trading and Contracting Company	262,149,903	262,149,903	-	0.00%	8.7%
Assila Investment Company	240,000,000	240,000,000	-	0.00%	8.0%

Riyad Bank extracted the above data from the records of Riyad Bank at the Saudi Stock Exchange (Tadawul) at the end of the trading 31 December, 2021.

Ownership of members of the Board of Directors, Senior Executives, their spouses and minor children of Riyad Bank shares and the ownership changes during the year 2021.

The following 2 tables show a description of any interest of board members or senior executives and their spouses and minor children in the shares or debt instruments of the Bank or any of its subsidiaries and any change that occurred therein during the year:

A. Members of the Board of Directors, their spouses and minor children.

Name of the party holding the interest	Number of shares at the beginning of the year	Number of shares at the end of the year	Net change	% Change	Debt instruments
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	244	(1,684)	-87.34%	-
Mohammed Talal Al-Nahas	-	-	-	0.00%	-
Mohammed Abdulaziz Al-Afaleq	100,000	100,000	-	0.00%	-
Mohammed Omair Al-Otaibi	1,000	0	(1,000)	-100.00%	-
Mutaz Kusai AlAzzawi	1,347,000	1,347,000	-	0.00%	-
Nader Ibrahim Al-Wehibi	-	-	-	0.00%	-

B. Senior executives, their spouses and minor children

Name of the party holding the interest	Number of shares at the beginning of the year	Number of shares at the end of the year	Net change	% Change	Debt instruments
-	-	-	-	-	-

General Assemblies held during the year 2021

Riyad Bank held 1 Assembly for its Shareholders during the fiscal year 2021, namely, the Ordinary General Assembly held on 10/08/1442 AH corresponding to 23 March, 2021. Following is a record of the attendance of the members of the Board of Directors for these meetings:

Name	Attendance The Ordinary General Assembly held on 23 March, 2021
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	✓

Statement on the number of Riyad Bank's requests for records of shareholders and dates and causes during 2021

Request Date	Reason
23 March, 2021	The General Assembly
28 March, 2021	Profit file
05 April, 2021	Corporate actions
27 June, 2021	Profit file
25 July, 2021	Corporate actions
06 October, 2021	Corporate actions
26 December, 2021	Corporate actions

Assurances of the Board of Directors

- The accounting records have been prepared correctly;
- 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;
- There is no contract to which Riyad Bank was a party, where there is or was a substantial interest in it for the Chairman and/or 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 voting shares

No Stakeholder in the category of shares eligible to vote belonging to persons (except for members of the Board of Directors of Riyad Bank and Senior Executives and their relatives), informed Riyad Bank of these rights under Article 68 of the Rules for the Offer of Securities and Continuing Obligations, or was there any change in these rights during the fiscal year 2021.

Auditors

The Ordinary General Assembly approved the Shareholders of Riyad Bank at its meeting held on 23 March, 2021, to appoint "Ernst & Young" and "PricewaterhouseCoopers" as the Bank's Auditors for the financial year ending 31 December, 2021. The General Assembly will consider at its next meeting the reappointment or replacement of the current auditors and determine their fees for auditing the accounts of Riyad Bank for the fiscal year ending 31 December, 2022, after reviewing the recommendation of the Board of Directors in this regard based on the recommendation of the emerging Audit Committee.

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 of Directors 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 Bank's operating in the Kingdom of Saudi Arabia and the instructions issued by the Saudi Central Bank. Riyad Bank is keen to adhere to all the regulations of governance and keep abreast in this regard. Further, the Bank keeps updating the relevant policies and procedures upon the issuance of regulatory developments that so entail.

Compliance

Riyad Bank continuously seeks to establish a healthy compliance culture to maintain its professional values and highest ethical standards at all levels. These standards include meeting both local and international regulatory requirements, implementing best industry practices, and fully complying with the code of conduct in both its letter and spirit.

The Compliance Department is always striving to implement a sound compliance culture and environment through an effective compliance program, which encompasses leadership and an ethical culture, risk assessments, policies, procedures and controls, training and education, monitoring, programs evaluation and remedial actions.

In parallel with the Bank's journey towards its vision, objectives and values, the Compliance Department also strives to achieve the highest standards of quality, apply best practices in all that pertains to identifying non-compliance risks. This includes assisting Senior Management to manage non-compliance risks that the Bank faces in different divisions, providing professional advisory services to business divisions, and spreading awareness concerning Compliance matters and combatting financial crimes as stipulated by SAMA's regulations. The Compliance Department establishes an annual plan, which is approved by the Board's Audit Committee.

Based on the Bank's efforts to promote a compliance culture, and out of the principle "We care We comply", the bank continues its awareness campaigns among all stakeholders on the various topics of compliance including business and work ethics, whistleblowing and combatting financial crimes.

The Compliance Department endeavors at all times to ensure that the Bank continues to meet and exceed regulatory expectations and requirements. To achieve that level of professionalism, Compliance has a team consisting of qualified individuals with the required skill set and knowledge.

The Compliance department assures compliance with all the requirements of relevant laws and regulations by conducting risk assessments and taking steps to rectify the identified gaps. The Bank adheres to international and local regulatory commitments related to combat money laundering, terrorism financing and proliferation of weapons of mass destruction.

Financial crimes pose a major threat and challenge to financial institutions and their staff, and Riyad Bank is fully aware of the graveness of these crimes and their consequences. Accordingly, efforts were focused on the adoption of preventive measures of a strategic nature to support all areas in the Bank and prevent financial crimes, which contributed to a further reduction of such crimes. Riyad Bank is keen on incorporating best international practices, by implementing a strategy to control and monitor suspicious activities, including controls to combat money laundering, terrorist financing and financial fraud. The Bank uses all possible resources including advanced technology by having state-of-the-art systems to monitor financial activities in the Bank to identify any irregularities. Our strategy is reviewed periodically and is updated in response to new emerging risks and banking industry standards. In addition, all financial products, services and channels are subject to analysis and assessments against regulatory requirements.

Riyad Bank's Compliance team continues to aim to stay ahead of the curve and have succeeded in doing so by adopting fit for purpose strategies in supporting all the activities conducted in the Bank. Being independent and having full support of the Board and the Management; handling matters discretely; maintaining the confidentiality; applying rule and principle based policies; taking extra miles in providing support; meeting and exceeding regulatory expectations; and implementing applying the rules and regulations in both its letter and spirit are some of the hallmarks of our strength and we will continue to do so as these attributes facilitate to assist help us to serve all our Stakeholders successfully.

Risk Management

Riyad Bank has a high-level risk culture, an enabling risk appetite and Enterprise Risk Management Framework (ERMF) to ensure a robust internal control environment and risk management in the Bank.

Risk Culture

Risk culture is one of the critical principles of the Bank's enterprise risk management to set the norms of behavior and actions around the risk management. It shapes the Bank's ability to identify, understand, assess and mitigate the current and future risks. It is ensured that that proper risk culture is embedded within the Bank.

Risk Governance

The Board of Directors has an ultimate responsibility for the Bank's strategy, governance, risk management, compliance and financial soundness. The Board of Directors has a designated risk management committee to have continuous oversight on risk management to ensure effective risk governance. The Saudi Central Bank (SAMA) and the Basel Committee have directed that the risk management function should be independent from other banking functions. To put in place an adequate operating structure to consider the risk and control, the Bank has implemented a three lines of defense approach with controls at different organizational units i.e. the operating units, other control areas and Internal Audit. The Bank's sound governance and risk management are reinforced by this three lines of defense approach, which is also an integral part of an ERMF.

Enterprise Risk Management Framework

Enterprise Risk Management (ERMF) enables the Bank to identify, measure, manage, and control its risks in addition to relating the same with capital requirements in order to ensure sustainable capital adequacy. A fully embedded ERMF covers the Bank's risk universe. It is worth mentioning that the Bank approaches the development of strategy, risk and balance sheet management and risk appetite in an integrated manner. The Bank's Capital Management Framework (CMF) is designed to meet key Stakeholders' expectations with proper focus on adequacy of the Bank's capital in relation to its risk profile.

Risk Appetite Framework

The Risk Appetite Framework (RAF) is an integral component of the Bank's ERMF and is embedded in the Bank's strategy and annual operating plan. The RAF establishes the overall approach through which the Bank ensures prudent risk-taking. It is established on the basis of best practices and outlines the process of developing a Risk Appetite Statement (RAS), governance, monitoring and reporting. The RAS is integrated with the Bank's strategic planning process and is approved by the Board on an annual basis.

In pursuit of its business objectives, the Bank is exposed to various types of risks, including but not limited to credit risk, market risk, liquidity risk, operational risk, and cyber and information security risk. Strategic risk objectives containing a full suite of risk appetite metrics and qualitative statements are defined in the RAS for different risk types and monitored regularly by relevant oversight risk committees and the Board. The Bank also expresses risk appetite qualitatively in terms of policies, processes, procedures, and controls duly meant to manage risks that may or may not be quantifiable.

Specific policies have been developed for all types of risks which, taken together, make a holistic system of risk management. The risk profile, risk appetite, and risk exposures are reported regularly to the Board of Directors and Senior Management through various committees and reviewed periodically.

The Bank will keep on investing to bring further maturity to the current risk management processes for all key existing and emerging risks, including but not limited to cyber risk, anti-money laundering, reputational, and conduct risks.

Stress Tests

Riyad Bank applies "Stress Testing" to all types of risks, including all banking activities of the Bank and how they can be impacted 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 make the 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.

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, manuals and procedures, which are reviewed regularly, considering latest updates and regulations of SAMA. Credit limits should be set commensurate with the level of risk. Excessive concentration of lending in geographical regions or business 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 new 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 basic 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 we need 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 the credit rating system was further refined to take this into account.

The COVID-19 pandemic with its impact on the macroeconomic 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 and scenarios of forecasted macroeconomic conditions (locally and internationally) and then adjusted the expected credit losses number accordingly. Relative rebound in macroeconomic conditions in 2021has been cautiously considered during several rounds of model validation, but without resulting in the significant reverse of provisions until prolonged stability in macroeconomic conditions is observed.

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. 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 and Liquidity Risk Management Department.

There is also a trade-off between liquidity and profitability, and an appropriate balance must 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 linking 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 years 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 2021, the Bank was keen on incorporating the best international practices to execute its strategy to combat and monitor suspicious transactions related to anti-money laundering and capture the flag, including controls designed to combat embezzlement, financial fraud and monitor bank accounts.

The nature of the risks is dynamic and 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 encompasses the functions, departments, policies, and procedures for addressing risks of internal and external fraud and determines 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 to detect fraud. Accordingly, awareness and ad campaigns are launched to inform customers to the forms of fraud they may face and how to report them.

Maintaining controls on risks of this nature requires constant vigilance. The Bank continues to perform its supervisory role by receiving all incoming reports from employees and customers. These reports are analyzed, examined and evaluated. For noted violations, causes of incidents are identified and appropriate plans to prevent recurrence of such incidents in the future are introduced.

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 the Bank's activities and includes:

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

Technology risk is one of the key components of the overall risk that is related to the adoption and certification of business technology in the Bank, its users, operations, participation, and its importance on the activities and performance of the Bank. Business technology is considered one of the main operational elements that support the vision and mission of the Bank. Therefore, the Bank pays great attention to this risk, and works to limit it, to know its impact on the business, and to put in place the relevant measures and controls to take appropriate decisions to limit the impact if it occurs, by developing a policy to ensure that the technology risk is managed and handled appropriately. The Bank adopts several practices to effectively analyze and monitor risks through a variety of methods, which include:

- Define and monitor technology risk measures according to the risk tolerance framework.
- Developing the technology risk register at the Bank's level to be in line with the Bank's risk register in coordination with the relevant sectors/departments.
- Review points of high technology risks with documenting controls and work mechanisms, identifying potential gaps and recommending proposals for improvement and development.
- Submit an annual risk assessment, control testing and annual verification plan.
- Assess high-risk systems and applications in coordination with the concerned departments.
- Submit periodic reports on the performance of business technology risk activities within the framework of risk tolerance to the relevant committees.
- Supervise the review of all relevant technology policies to ensure the application of best practices and compliance with the requirements of SAMA.

Cyber Security 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 information security systems governance is applied, practical procedures are organized, and implementation of the regulatory requirements and necessary rules is facilitated, ensuring the protection of the Bank's informational assets to reduce various cyber and information security risks. Moreover, cyber and information security legislations issued by the relevant authorities are enforced. In addition, there is direct and complete supervision of all activities from the viewpoint of information security and continuous assessment and monitoring of systems, for the purpose of identifying security risks and taking necessary measures to immediately reduce those risks.

Riyad Bank is effectively complying with the applicable regulatory directives, international standards and best practices besides constantly enhancing the awareness program to raise awareness amongst all employees, contractors, vendors and customers.

BASEL III Pillar 3 Disclosures

The Basel III Committee, third pillar recommendations, requires publishing of a number of quantitative and qualitative disclosures. These are published and posted on the Bank's website www.riyadbank.com in accordance with SAMA instructions. Such disclosures are not subject to examination or review by the Bank's external auditors.

Effectiveness of internal controls

Riyad Bank has established an Integrated Internal Control Governance and Reporting Policy to ensure an effective internal control environment in line with the 'Guidelines on Internal Control' issued by SAMA. This policy is approved by the Board of Directors and promulgated by the Executive Management to ensure 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, ensure that risks related to regulatory requirements, strategy, financial performance, information technology, assets and liabilities management, liquidity, credit, operations, legal affairs, information security, etc. are appropriately managed.

All Stakeholders in the Bank are responsible for the efficiency and effectiveness of their respective internal control environments. This assurance is provided through periodic self-assessment reviews of processes and controls to proactively identify areas of improvement and ensure timely remediation. Additionally, independent control functions, internal and external auditors conduct reviews to ensure adequacy of the internal control environment.

The Compliance Department ensures compliance with regulatory requirements and guidelines and the Internal Audit Department assesses 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 Audit Committee are regularly updated on the status of the internal control environment and the corrective actions identified to improve its adequacy and effectiveness. They ensure timely implementation of the measures taken to mitigate the identified risks.

Business Technology Governance

Business Technology Governance as a concept has contributed to reducing the risks to information security. Riyad Bank has given utmost importance to providing a secure technical work environment by building a highly penetrable arbitrator.

The Business Technology Governance Department dedicated its efforts to the Bank's strategy of digital transformation by re-designing applications, platforms and e-gates, developing performance indicators to match the strategic transformation of business technology, and supporting the transformation of the digital governance model at Riyad Bank. The most important contributions of the Business Technology Governance Department are:

- Successful execution of DR Live Testing (11-19 November), which is one of the requirements mandated by Saudi Arabian Monetary Authority (SAMA) where all local banks have to perform a LIVE switch over to the Disaster Recovery Site covering all defined and agreed mission-critical and critical systems during the normal Business Days:
  - 42 Applications
  - 19 Security Components
  - Cybersecurity scenario
- Successfully relocating critical business processes to simulate inability to physically access the Bank's workplaces for 22 Critical Functions (Heart of Riyad Premise) on 16 November, as a combined test for the Disaster Recovery and the Business Continuity scenario as per SAMA mandated, - Approaches used:
  - Working Remotely
  - Physical Relocation to BC site (Al-Maseef)
- We have executed 61 departmental tests which includes all the critical departments in the Bank. Departmental recovery testing involves running scenarios where departments need to relocate from their main sites to the secondary site to resume their work in order to ensure the continuity of business in case of any disruption related to any of the primary sites of the Bank.
- Testing Governance and UAT obtained the Bank TMMI Level4 certificate in the Test maturity Model integration on the 2 August, 2021.
- Automating the process of creating/reviewing all types of Technology Operational Documents (policies, Standards and Process) for BT through CLM, also over 70 BT procedures have been created and implemented to govern and control the technology operations.
- Processed 1200+ CRs since the start of the year with emphasis on the implementation of entry and exit criteria; a dedicated security testing stage and the implementation of code reviews as part of the SDLC