

Al Rajhi Bank 32nd General Assembly Meeting Agenda



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- 1) Voting on the Board of Directors report for the fiscal year ended 31st December 2020.
- 2) Voting on the Bank's financial statements for the fiscal year ended 31st December 2020.
- 3) Voting on the Bank's Auditor report for the fiscal year ended 31st December 2020.
- 4) Voting on releasing the Board of Directors Members from their liabilities for the fiscal year ended 31st December 2020.
- 5) Voting on the Board of Directors recommendation to distribute cash dividends to shareholders for the fiscal year ended on December 31, 2020 with total amount SAR (2.500) Million, estimated at SAR (1.00) per share, representing (10%) of the face value of share. The eligibility of dividends shall be for the Bank's shareholders who own shares at the end of trading day in which the General Assembly meeting is convened and registered in the Bank's Share Registry at Securities Depository Center (Edaa) at the end of the second trading day following the due date noting that dividends distribution will start on (06-04-2021).
- 6) Voting on the delegation of the Board of Directors to distribute interim cash dividend on semi-annually or quarterly basis for the fiscal year 2021.
- 7) Voting on the appointment of the Bank's external auditors, from among nominees, as per the Board nomination based on Audit Committee recommendation, to examine, review and audit the primary financial statements for the first, second and third quarter financial statements and annual financial statements for the fiscal year 2021, and to approve their fees.
- 8) Voting on the payment of (SAR 5,148,125) as remunerations and compensations to the Members of the Board of Directors for the period from 1st January 2020 to 31st December 2020.
- 9) Voting on the payment of (SAR 860,656) as remunerations and compensations to the Members of the Audit Committee for the period from 1st January 2020 to 31st December 2020.
- 10) Voting on delegating the Ordinary General Assembly authorization powers stipulated in Paragraph (1) of Article (71) of the Companies Law to the Bank's Board of Directors, for a maximum period of one year from the date of approval by the General Assembly to delegate its powers, or until the end of the term of the delegated Board of Directors, whichever is earlier, in accordance with the conditions contained in the Regulatory Rules and Procedures issued pursuant to the Companies Law relating to Listed Joint Stock Companies.
- 11) Voting on increasing the seats of Audit Committee members from three to five seats and number of Audit Committee members becomes five members through appointing:
 - A) Mr. Abdulatif bin Ali Al Seif (Independent Board member) - Chairman
 - B) Mr. Raeed bin Abdullah Al Tamimi (Non-Executive Board Member) - Member
 as members of Audit Committee effective from the date of the General Assembly approval until end of the current Committee term on 13/11/2023 (CVs attached).
- 12) Voting on formation of the Bank's Shariah Board for a term of three years effective from the General Assembly convening date and expires on 28/03/2024 (CVs attached):
 - A) Sheikh/ Suleiman bin Abdullah Al Majid
 - B) Sheikh/ Saad bin Turki Al Khatlan
 - C) Sheikh/ Abdulaziz bin Hamin Al Hamin
 - D) Sheikh/ Saleh bin Abdullah Al Lahidan
 - E) Sheikh/ Abdullah bin Nasser Al Salami
- 13) Voting on the business and contracts concluded between the Bank and Berain Company in which the Board member Mr. Badr bin Mohammed Al Rajhi has an indirect interest, being a board director of the Company,



- and authorize the same for the upcoming year. The transactions contain a contract to supply bottled water, at arm's length basis, for a period of one year with a value of SAR 356,850 for 2020 (attached).
- 14) Voting on the business and contracts concluded between the Bank and Mohammed bin Abdulaziz Al Rajhi & Sons Investment Company in which the Board member Mr. Badr bin Mohammed Al Rajhi has an indirect interest, being a board director of the Company, and authorize the same for the upcoming year. The transactions contain a contract to lease South Region Management building, at arm's length basis, for a period of seven years with a value of SAR 282,373 for 2020 (attached).
 - 15) Voting on the business and contracts concluded between the Bank and Mohammed bin Abdulaziz Al Rajhi & Sons Investment Company in which the Board member Mr. Badr bin Mohammed Al Rajhi has an indirect interest, being a board director of the Company, and authorize the same for the upcoming year. The transactions contain a contract to lease Direct Sales Office in Abha, at arm's length basis, for a period of seven years with a value of SAR 46,000 for 2020 (attached).
 - 16) Voting on the business and contracts concluded between the Bank and Mohammed bin Abdulaziz Al Rajhi & Sons Investment Company in which the Board member Mr. Badr bin Mohammed Al Rajhi has an indirect interest, being a board director of the Company, and authorize the same for the upcoming year. The transactions contain a contract to lease ATM site, at arm's length basis, for a period of five years with a value of SAR 40,250 for 2020 (attached).
 - 17) Voting on the business and contracts concluded between the Bank and National Gas and Industrialization Company in which the Board member Mr. Raaed bin Abdullah Al Tamimi has an indirect interest, being a board director of the Company, and authorize the same for the upcoming year. The transactions contain a contract to lease ATM site, at arm's length basis, for a period of one year with a value of SAR 126,500 for 2020 (attached).
 - 18) Voting on the business and contracts concluded between the Bank and Fursan Travel and Tourism Company in which the Board Chairman Mr. Abdullah bin Sulaiman Al Rajhi has a direct interest, being the owner of the Company, and authorize the same for the upcoming year. The transactions contain a contract to provide travel and tourism services, at arm's length basis, for a period of one year with a value of SAR 978,821 for 2020 (attached).
 - 19) Voting on the business and contracts concluded between the Bank and the Board Chairman Mr. Abdullah bin Sulaiman Al Rajhi. The transactions contain a contract to lease Al Batha'a Exchange & Remittance Center, at arm's length basis, for a period of one year with a value of SAR 632,500 for 2020 (attached).
 - 20) Voting on the business and contracts concluded between the Bank and Al Rajhi Cooperative Insurance Company in which the Board Chairman Mr. Abdullah bin Sulaiman Al Rajhi has an indirect interest, being a board director of the Company, and authorize the same for the upcoming year. The transactions contain renewing a contract of comprehensive insurance policies for banks, properties, business disruption and executive managers coverage, at arm's length basis, for a period of one year with a value of SAR 99,466,000 for 2020 (attached).
 - 21) Voting on the business and contracts concluded between the Bank and Al Rajhi Cooperative Insurance Company in which the Board Chairman Mr. Abdullah bin Sulaiman Al Rajhi has an indirect interest, being a board director of the Company, and authorize the same for the upcoming year. The transactions contain renewing a contract of comprehensive insurance policies for vehicles, at arm's length basis, for a period of one year with a value of SAR 621,144,000 for 2020 (attached).



Attachment regarding item # 5

Details of the proposed distribution of Dividends for the year ended
December 31, 2020



A statement detailing the proposed distribution of Dividends for the year 2020
According to the recommendation of the Board of Directors on 02/28/2021

The Total amount distributed	Number of Shares Eligible for Dividends	Dividend per share	Percentage of Dividend to the Share Par Value	Eligibility date	Distribution Date
SAR 2,500 Millions	2,500 Million Shares	SAR 1.00	%10	2021/03/29	2021/04/06



Attachment regarding item # 11

CVs of the Audit committee Members





Nominee's CV Form

1-Nominee's Personal Information						
Full Name		Abdullatif bin Ali bin Abdullatif Al Seif				
Nationality		Saudi		Date of Birth		20/05/1398 H
2-Nominee's Academic Qualifications						
No.	Education	Major	Date of Award	University		
1	Master	Economy	2006	Boston University		
2	Master	Business Administration	2006	Boston University		
3	Bachelor	Business Administration	2001	Boston University		
4	CPA	Accounting	2003	AICPA		
5	CFA	Finance	2008	CFA Institute		
3-Nominee's Experiences						
No.	Period	Field				
1	2017 – present	CEO – Al Ra'idah Investment Company				
2	2014-2017	Deputy CEO – King Abdullah bin Abdulaziz Humanitarian Foundation				
3	2012-2013	Director of Portfolio Management – MASIC				
4	2001-2012	Credit & Investment in Treasury Department - Saudi Aramco Co.				
4-Current Memberships at the boards of directors of other joint-stock companies (listed or unlisted) or any other company or its Board Committees:						
No.	Company Name	Activity	Membership Status	Membership Nature	Committees' Membership	Legal Entity
1	Al Rajhi Bank	Banking	Independent	Representative of corporate	Audit & Compliance	Listed joint-stock
2	Wisayah Global Investment Company	Investment	Independent	Personal	ExCom	Limited liability
3	Al Ra'idah Investment Company	Investment	Executive	Personal	ExCom	Closed joint-stock
4	Arabian Cement Co.	Cement	Non-Executive	Representative of corporate	Projects	Listed joint-stock
5	National Petrochemical Company (Petrochem)	Petrochemicals	Independent	Personal	Audit - Nominations & Compensations	Listed joint-stock





Nominee's CV Form

1-Nominee's Personal Information						
Full Name		Raheed bin Abdullah bin Saleh Al Tamimi				
Nationality		Saudi	Date of Birth		17/12/1393 H	
2-Nominee's Academic Qualifications						
No.	Education	Major	Date of Award	University		
1	Bachelor	Medical Sciences	1996	Wales University – UK		
3-Nominee's Experiences						
No.	Period	Field				
1	2017 – 2018	CEO – National Medical Care Company				
2	2014 - 2017	CEO – Tawuniya Insurance Company				
3	2011 – 2014	Senior Deputy CEO – Tawuniya Insurance Company				
4-Current Memberships at the boards of directors of other joint-stock companies (listed or unlisted) or any other company or its Board Committees:						
No.	Company Name	Activity	Membership Status	Membership Nature	Committees' Membership	Legal Entity
1	Al Rajhi Bank	Banking	Non-Executive	Personal	Governance – Nominations & Compensations	Listed joint-stock
2	SAPTCO	Transportation	Non-Executive	Personal	Nominations & Compensations	Listed joint-stock
3	Gas & Industrialization Company	Public utilities	Independent	Personal	Audit	Listed joint-stock



Attachment regarding item # 12

CVs of the Shariah Board Committee Members





Nominee's CV Form

1-Nominee's Personal Information				
Full Name		Prof. Dr. Saleh bin Abdullah bin Saleh Al Lheidan		
Nationality		Saudi	Date of Birth	1384 H
2-Nominee's Academic Qualifications				
No.	Education	Major	Date of Award	University
1	Bachelor	Sharia & Fundamentals of Religion	1407 H	College of Sharia & Fundamentals of Religion in Imam Mohammed Ibn Saud Islamic University – Qassim Branch
2	Master	Comparative Fiqh	1410 H	Higher Institute of Judiciary in Imam Mohammed Ibn Saud Islamic University
3	PhD	Comparative Fiqh	1415 H	Higher Institute of Judiciary in Imam Mohammed Ibn Saud Islamic University
3-Nominee's Experiences				
No.	Period	Field		
1	1407-1415 H	Assistant Professor & Lecturer at Sharia College, Imam Mohammed Ibn Saud Islamic University		
2	1416-1440 H	Assistant Professor, Associate Professor, and Professor of Comparative Fiqh in Higher Institute of Judiciary		
3	1422-1425 H	Deputy Dean of Higher Institute of Judiciary		
4	1428H-present	General Manager of Shariah Group and Member & Secretary of Shariah Board in Al Rajhi Bank		





Nominee's CV Form

1-Nominee's Personal Information				
Full Name		H.E. Sheikh Prof. Dr. Saad bin Turki bin Mohammed Al Khathlan		
Nationality		Saudi	Date of Birth	1389 H
2-Nominee's Academic Qualifications				
No.	Education	Major	Date of Award	University
1	Bachelor	Sharia	1411 H	College of Sharia in Imam Mohammed Ibn Saud Islamic University
2	Master	Fiqh	1416 H	College of Sharia in Imam Mohammed Ibn Saud Islamic University
3	PhD	Fiqh	1422 H	College of Sharia in Imam Mohammed Ibn Saud Islamic University
3-Nominee's Experiences				
No.	Period	Field		
1	1432 – 1438 H	Member of the Council of Senior Scholars		
2	1411H –present	Member of Teaching Staff in College of Sharia, Riyadh		
3	2009- present	Member of Shariah Board in Al Rajhi Capital		





Nominee's CV Form

1-Nominee's Personal Information				
Full Name		Sheikh Sulaiman bin Abdullah bin Nasser Al Majed		
Nationality		Saudi	Date of Birth	1381 H
2-Nominee's Academic Qualifications				
No.	Education	Major	Date of Award	University
1	Bachelor	Sharia	1405 H	College of Sharia in Imam Mohammed Ibn Saud Islamic University
3-Nominee's Experiences				
No.	Period	Field		
1	1409-1421 H	Judge in Al Ihsa'a Province		
2	1421-1430 H	Judge in Riyadh High Public Court		
3	1430-1437 H	Member of Shura Council		
4	1424-1429 H	Member of Arbitration Committee for Judicial Decisions Registry		





Nominee's CV Form

1-Nominee's Personal Information				
Full Name	H.E. Sheikh Abdulaziz Hamin bin Ahmed Al Hamin			
Nationality	Saudi	Date of Birth	1384 H	
2-Nominee's Academic Qualifications				
No.	Education	Major	Date of Award	University
1	Bachelor	Sharia	1407 H	College of Sharia in Imam Mohammed Ibn Saud Islamic University
3-Nominee's Experiences				
No.	Period	Field		
1	1411-1415H	Judge in Public Court of Al Ula Province		
2	1415-1427H	President of Public Court in Al Rass Province		
3	1427-1430 H	Saudi Royal Court Advisor		
4	1430-1433 H	General President of the Promotion of Virtue and the Prevention of Vice		
5	1433 H- present	Member of Shariah Board in Al Rajhi Bank		





Nominee's CV Form

1-Nominee's Personal Information				
Full Name		Prof. Dr. Abdullah bin Nasser bin Mohammed Al Sulmi		
Nationality		Saudi	Date of Birth	1391 H
2-Nominee's Academic Qualifications				
No.	Education	Major	Date of Award	University
1	Bachelor	Sharia	1414 H	College of Sharia in Imam Mohammed Ibn Saud Islamic University
2	Master	Comparative Fiqh	1417 H	Higher Institute of Judiciary in Imam Mohammed Ibn Saud Islamic University
3	PhD	Comparative Fiqh	1421 H	Higher Institute of Judiciary in Imam Mohammed Ibn Saud Islamic University
3-Nominee's Experiences				
No.	Period	Field		
1	1419-1422H	Assistant Professor & Lecturer of Comparative Fiqh, Higher Institute of Judiciary		
2	1422H- present	Assistant Professor, Associate Professor, and Professor of Comparative Fiqh in Higher Institute of Judiciary		
3	1430 H-present	Member of Shariah Board in Al Rajhi Bank		
4	1439 H-present	Member of Sheikh Abdullah bin Abdulaziz Al Rajhi Endowment & Charity		



Attachments regarding item # 13 to 21

limited examination report and the notification of the chairman of the board to the shareholders about the business and contracts that the members of the board have any direct or indirect interest in



Date: 28/02/2021

Corresponding to: 16/07/1442 AH

Dear Shareholders

Al Rajhi Bank

Notifying the Chairman of the Board of Directors of the transactions with related parties in accordance with the requirements of Article (71) of the Companies Law for the year ending December 31, 2020

With reference to the requirements of Article (71) of the Companies Law, promulgated by Royal Decree No. M / 3 of 1437 AH, which stipulates that a member of the Board of Directors may not have a direct or indirect interest in the business and contracts that are made for the Bank's account except with authorization from the General Assembly, and according to Related Party Transactions and Conflicts of Interest Policy of the Bank, we would like to inform you that the Bank has implemented a number of contracts and commercial transactions related to the activities of the Bank in which some members of the Board of Directors of Al Rajhi Bank have a direct or indirect interest, and the Bank is seeking to obtain an authorization from the shareholders for such contracts and transactions which are as follows:

1- Commercial Contracts and Services Contracts (all amounts are in Saudi riyals)

#	Related Party	Type of association with the related party	Position at the Bank	Type of association with the related party	Service	Period	Terms	Amount2020
1	Fursan Travel and Tourism Company	Abdullah Sulaiman Al Rajhi	Board Member	Member owned company	Travel and tourism services	Annual contract automatically renewed for a similar period	Normal business conditions without preferences	978,821
2	Berain Company	Badr Mohammed Al Rajhi	Board Member	The member holds the position of Chairman of its Board of Directors	Bottled water supply services	Annual contract automatically renewed for a similar period	Normal business conditions without preferences	356,850

2- Rental Contracts (all amounts are in Saudi riyals)

#	Related Party	Type of association with the related party	Position at the Bank	Type of association with the related party	Service	Period	Terms	Amount 2020
1	Mohammed Abdulaziz Al Rajhi & Sons Investment Company	Badr Mohammed Al Rajhi	Board Member	Board Member	Rent contract for the Southern Region Administration building	Seven years automatically renewed for similar period	Rental contract	282,373
2	Mohammed Abdulaziz Al Rajhi & Sons Investment Company	Badr Mohammed Al Rajhi	Board Member	Board Member	Rent contract for Direct Sale Office in Abha	Seven years automatically renewed for similar period	Rental contract	46,000
3	Mohammed Abdulaziz Al Rajhi & Sons Investment Company	Badr Mohammed Al Rajhi	Board Member	Board Member	Rent contract for an ATM site	Five years automatically renewed for similar period	Rental contract	40,250
4	Abdullah Sulaiman Abdulaziz Al Rajhi	-	-	Board Member in the Bank	Rent contract for Al Batha'a Exchange Center	One year automatically renewed for similar period	Rental contract	632,500
6	Gas and Industrialization Company	Raeed Abdullah Al Tamimi	Board Member	Board Member	Rent contract for an ATM site	One year automatically renewed for similar period	Rental contract	126,500

3- Insurance Contracts (all amounts are in Saudi riyals)

#	Related Party	Type of association with the related party	Position at the Bank	Type of association with the related party	Service	Period	Terms	Amount 2020
1	Al Rajhi Company for Cooperative Insurance	Abdullah Sulaiman Al Rajhi	Board Member	Board Member	Comprehensive insurance policies for banks, properties, business interruption and coverage of managers and executives	Annual contracts	Without any preferential conditions or benefits	99,466,000
2	Al Rajhi Company for Cooperative Insurance	Abdullah Sulaiman Al Rajhi	Board Member	Board Member	Motor insurances services	Annual contracts	Without any preferential conditions or benefits	621,144,000

In addition to the aforesaid, the Bank provides credit facilities or issues letters of guarantee to a number of Members of the Board of Directors and to companies and institutions related to Members of the Board, and these facilities subject to the controls stipulated in the Banking Control Law and the instructions issued by the Saudi Central Bank and have been disclosed in note No. (30) of the Bank's final financial statements as of December 31, 2020.

Best Regards,

Abdullah Sulaiman Al Rajhi
Chairman of the Board of Directors of Al-Rajhi Bank



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Licence No. 46/11/323 issued 11/3/1992

Independent Limited Assurance Report

To the Shareholders of Al Rajhi Banking and Investment Corporation

Upon request of the management of **Al Rajhi Banking and Investment Corporation** (the "Bank"), we have carried out a limited assurance engagement in order to state whether anything has come to our attention that causes us to believe that the subject matter detailed below ("Subject Matter") has not been prepared, in all material respects, in accordance with the applicable criteria ("Applicable Criteria") set out below.

Subject Matter

The Subject Matter for our limited assurance engagement is related to the Chairman's declaration enclosed in the attached Appendix 1 (the "Declaration") prepared by the management in accordance with the requirements of Article (71) of the Regulations for Companies and presented by the Chairman of **Al Rajhi Banking and Investment Corporation**, which comprises the transactions carried out by the Bank during the year ended 31 December 2020 in which any of the members of the Board of Directors of the Bank as at 31 December 2020, had a direct or indirect personal interest.

Applicable Criteria

We have used Article (71) of the Saudi Arabian Regulations for Companies issued by MOCI (1437H - 2015) as the Applicable Criteria.

Management Responsibility

The management and the Chairman of the Bank are responsible for the preparation and appropriate presentation of the Subject Matter in accordance with the Applicable Criteria. Further, the Bank's management is responsible for establishing and maintaining internal controls relevant to the preparation and presentation of the Subject Matter that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate criteria; maintaining adequate records; and making estimates that are reasonable in the circumstances.

Our Responsibility

Our responsibility is to express a limited assurance conclusion on the Subject Matter based on our limited assurance engagement conducted in accordance with the International Standard on Assurance Engagements ("ISAE") 3000, "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" as endorsed in the Kingdom of Saudi Arabia; and the terms and conditions for this engagement as agreed with the Bank's management.

Our procedures were designed to obtain a limited level of assurance on which to base our conclusion and, as such, do not provide all of the evidence that would be required to provide a reasonable level of assurance. The procedures performed depend on the assurance practitioner's judgment, including the risk of material misstatement of the Subject Matter, whether due to fraud or error. While we considered the effectiveness of management's internal controls when determining the nature and extent of our procedures, our assurance engagement was not designed to provide assurance on internal controls.

Independent Limited Assurance Report

To the Shareholders of Al Rajhi Banking and Investment Corporation (continued)

Independence and Quality Controls

We are independent of the Bank in accordance with the professional code of conduct and ethics as endorsed in the Kingdom of Saudi Arabia that are relevant to our assurance engagement, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Our firm applies International Standard on Quality Control 1, and accordingly maintains a comprehensive system of quality control, including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Summary of Procedures

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

As part of this limited assurance engagement, we have not performed any procedures by way of audit, review or verification of the Subject Matter, nor of the underlying records or other sources from which the Subject Matter was extracted. Accordingly, we do not express such an opinion.

Our procedures included, but were not limited to:

- Obtaining the Declaration that includes all kinds of business and contracts performed by any of the members of the Board of Directors ("BOD") of the Bank as at 31 December 2020, either directly or indirectly, in favour of the Bank during the year;
- Reviewing the BOD's minutes of meetings that indicate BOD members' notifications to the BOD on the business and contracts performed by the BOD member (either directly or indirectly); and further that the concerned board member did not vote on the resolution issued in this regard at the meetings of the BOD;
- On a sample basis, obtaining the required approvals along with supporting documents of the transactions included in the Declaration; and
- Ensuring the transaction amounts included in the Declaration agree, where applicable, to the transaction amounts disclosed in note 30 to the audited consolidated financial statements of the Bank for the year ended 31 December 2020.

Limited Assurance Conclusion

Based on our limited assurance procedures performed and evidence obtained, nothing has come to our attention that causes us to believe that the Subject Matter has not been prepared, in all material respects, in accordance with the Applicable Criteria.

Restriction of Use of Our Report

Our report has been prepared upon the request of the Bank's management to be presented to the shareholders in their ordinary general assembly meeting in accordance with the requirements of Article (71) of the Saudi Arabian Regulations for Companies, and should not be used for any other purpose.

**For KPMG Al Fozan & Partners
Certified Public Accountants**

Dr. Abdullah Hamad Al Fozan
License no. 348

Al Riyadh 1 March 2021
Corresponding to: 17 Rajab 1442H



The Annual report of the Audit Committee for the year ending 31 Dec 2020



No.: IA/11/2021

Date: 22/06/1442H corresponding to 04/02/2021

Your Excellencies / Chairman and Members of the Board of Directors

Greetings,

Preamble

In the financial year 2020, the Audit and Compliance Committee held six (6) meetings to discuss and examine its annual plan matters in addition to other related topics.

The Audit and Compliance Committee comprises five board members as follows:

Meeting No.	Meeting Date	Member's Name				
		Ameen bin Fahad Al Shiddi (Chairman)	Abdulatif bin Ali Al Seif	Abdullah bin Ali Almuneef	Farraj bin Mansour Abothenain	Walid bin Abdullah Tamairik
1	06-02-2020	√	√	√	√	√
2	30-04-2020	√	√	√	√	√
3	07-06-2020	√	√	√	√	√
4	18-07-2020	√	√	√	√	√
5	20-10-2020	√	√	√	√	√
6	05-11-2020	√	√	√	√	√

This report summarizes the results of the Audit and Compliance Committee significant works for the year ended 31 December 2020 including its significant activities and duties performed stipulated under its Charter approved by the Bank's General Assembly and the Committee's opinion on efficiency of internal control system.

The duties and activities undertaken by the Audit & Compliance Committee during 2020 were as follows:

First: Financial Statements

- Discussed, along with both the external auditor and management, the Bank's quarterly consolidated financial statements.
- Discussed, along with both the external auditor and management, the Bank's annual consolidated financial statements as of 31/12/2019.
- Followed up Zakat accounting processing with the concerned parties taking into consideration SAMA instructions.
- Followed up recovery of VAT, paid by the Bank for the first house of customers, from Ministry of Housing.
- Followed up intangible assets owned by the Bank and its subsidiaries under Fixed Assets item in the Bank's consolidated financial position statement.
- Followed up its instruction related to compliance with IFRS and disclosures required to be included in accounting process for payments deferral.
- Followed up and discussed, along with the management, implementation of automated system for calculating depreciation of fees on the life of finance granted to retail customers.

- Followed up progress of showing financial data of mortgage products by the system and controls required to avoid any failure in this regard in future.
- Followed up, along with the management, the progress of remedial of root causes for manual accounting entries made by Finance to resolve the system issues for some products.
- Followed up the accounting process of annual leave payable expenses and instructed Finance to register such expenses in the financial statements as per IFRS and to present the same to the Board of Directors along with the quarterly financial statements.
- Followed up the credit provision and assessment of Covid-19 impact.
- Reviewed and followed up assets & liabilities charter, credit policies and progress in updating management overlays.
- Followed up the accounting process of under-implementation projects.
- Followed up reliability of VAT implementation and its accounting process.
- Reviewed outstanding legal cases that influence the Bank's financial statements and adequacy of related provisions.

Second: External Auditors

- Reviewed and discussed the annual management letter issued by external auditors for 2019, auditor's report observations, management reply to the report observations and progress in related corrective plans.
- Discussed audit services proposals received from external auditors and nominated external auditors to audit the financial statements for the fiscal year 2021 in ARB KSA, ARBJ and ARBK.
- Reviewed, discussed and approved the external auditors' plan for 2020 that includes their objectives, process and plan to provide quarterly and annual auditing services, external auditors teams and their roles in addition to requirements and assurance of independency, professional ethics and other requirements.
- Verified independency of external auditors.

Third: Internal Audit

- Discussed and approved Internal Audit Group business plan for 2020 including international branches in Kuwait and Jordan.
- Reviewed and followed up results of examining internal audit business by SAMA.
- Discussed quarterly and annual summary of business results and Internal Audit Group reports for 2019.
- Instructed Internal Audit Group to follow up all observations contained in the annual management letter for 2019 issued by the external auditors.
- Approved CIA KPIs.
- Ensured effectiveness and independency of Internal Audit and lack of constraints on its scope of work.
- Reviewed Internal Audit Charter and organizational structure.
- Followed up progress of the management implementation of the updated management structure that approved by Audit and Compliance Committee.
- Appointed an independent evaluator to evaluate quality of Internal Audit Group business and ensure compliance with international standards approved by the Institute of Internal Auditors.
- Reviewed and discussed SAMA observations with respect to internal audit.
- Followed up level of human capital adequacy for Internal Audit Group in the Bank and its international branches including recruiting qualified staff for vacancies in internal audit.

- Followed up progress of using internal audit means and tools in functions of auditing and electronic papers.

Fourth: Compliance

- Discussed letter of annual evaluation of compliance program and plan for 2019 and annual compliance report and recommended the management to present it to the Board of Directors for approval and provide SAMA with the approved version of Compliance Report for 2019.
- Discussed and approved Compliance Group plan and program for 2020 that prepared to verify compliance of the Bank with regulatory requirements as per the risk-based process.
- Approved the CCO KPIs.
- Reviewed and discussed SAMA inspection reports.
- Reviewed summary of bribery and corruption cases and recommended to the Board of Directors to approve policies of combating bribery and corruption.
- Reviewed summary of incidents received from whistleblowing channels.
- Reviewed and discussed compliance observations issued by SAMA.
- Discussed quarterly and annual summary of business results and Compliance Group reports including progress of examination and verification activities, branches field visits, raising quality level of suspected transactions scenario and increasing its effectiveness by following up performance results of current scenarios as part of periodic evaluation of such scenarios; and progress of the bank's employees training on programs of Basics of Compliance, First Line of Defense and Second Line of Defense to raise their awareness.
- Followed up and Supported adequacy of Compliance Group employees to meet SAMA requirements and ensure the best performance of the Group.
- Reviewed Compliance Group policies for 2020 and provided recommendations to the Board of Directors to approve the policies approved by the Committee.

Fifth: Other Control Activities

- Reviewed and discussed the results of adequacy and efficiency of the Bank's internal control systems.
- Reviewed the results of following up rectifying observations raised by Internal Audit Group, external auditors & regulators and evaluate extent of response for the Bank's department to rectify the observations and implement recommendations.
- Reviewed some policies of the Bank and its international branches (Kuwait and Jordan) such as Related Party Policy and Fixed Assets Management Policy.
- Reviewed some control reports issued by respective regulators.
- Reviewed and discussed the update on cybersecurity risks and controls and related regulatory requirements.
- Communicated with some Groups Heads in the Bank to discuss significant matters that require taking decisions.
- Verified linking Groups Heads KPIs to rectification of observations raised by Internal Audit Group.
- Followed up its duties through eighty-one (81) decisions, where twenty-seven (27) decisions are executed and achieved and twenty-one (21) decisions are on track.

Sixth: Audit & Compliance Committee's Opinion on Internal Control System for the Year ended 31 December 2020

During 2020, Al Rajhi Bank exerted all possible efforts to ensure adequacy and effectiveness of internal control system in compliance with SAMA requirements. In addition, the activities executed in 2020, including review of internal control system adequacy, have resulted in providing reasonable assurances for adequacy of applicable internal control process along with providing an assurance that the systems and procedures required to identify, assess and handle the Bank's high risks are in place and effectively applied. Thus, the Committee found no significant weaknesses which affect internal control system adequacy.

According to the results of internal control system evaluation process, Al Rajhi Bank has sufficient and adequate internal control system being monitored continuously noting that no internal control system can provide absolute assurances.

Best Regards,

Walid bin Abdullah Tamairik
Delegated Member of Audit & Compliance Committee