



Board of
Directors
Report

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The Board of Directors is pleased to submit to the shareholders the annual report of Bank Aljazira for the fiscal year ended on 31 December 2020. The report provides information about the Bank's, Subsidiaries' and Associates' performance. In addition to the Bank's operation achievements, strategies, financial position, Board of Directors, committees and other integrated information.

Introduction

Bank Aljazira here-in-after referred to as "the Bank" or "BAJ" is a joint Stock Company incorporated in the Kingdom of Saudi Arabia and established pursuant to Royal Decree No. 46/M dated Jumada Al-Thani 12, 1395H (i.e. June 21, 1975). The Bank commenced its business on Shawwal 16, 1396H (October 9, 1976) with the takeover of the National Bank of Pakistan's (NBP) branch in the Kingdom of Saudi Arabia.

The Bank operates under commercial registration No. 4030010523 dated Rajab 29, 1396H (July 27, 1976) issued in Jeddah. The issued and fully paid up share capital of the Bank amounts to SAR 8.2 billion divided into 820 million shares of SAR 10 each.

The objective of the Bank is to provide a full range of Shari'ah compliant banking products and services to retail and corporate customers including: current accounts, saving accounts, Murabaha, Istisna'a, Ijarah, Tawarruq, Musharaka, Wa'ad foreign exchange, credit cards, and Sukuk which are approved and supervised by an independent Shari'ah committee.

The Bank conducts its business through the Bank's departments and branches all over the Kingdom and has no branches operating abroad.

The Bank is recognized as one of the leading Shari'ah compliant fast-growing financial institutions in Saudi Arabia, which provides individuals, businesses and institutions with innovative Shari'ah compliant financial services through professional and dedicated staff.

Five-year financial highlights

The table below depicts the five-year historical financial performance of the Bank:

Financial highlights					
(In SAR millions, except where indicated)	2016	2017	2018	2019	2020
Loans and advances, net	42,099	39,790	40,897	49,660	53,961
Total assets	66,319	68,287	73,003	86,544	92,089
Customer deposits	51,602	50,278	51,804	62,697	68,004
Total Liabilities	58,216	59,459	61,759	74,955	80,724
Shareholders' equity	8,104	8,829	11,244	11,590	11,364
Net income before Zakat and income tax	872	858	1,000	1,122	31
Net income after Zakat and income tax	729	830	378	991	34
Total Operating income	2,519	2,580	2,665	2,977	3,287
Net income growth (%)	(43.33)	13.82	(54.42)	161.98	(96.59)
Total Operating income growth (%)	(13.79)	2.43	3.30	11.72	10.41
Return on average equity (%)	9.40	9.80	3.77	8.68	0.29
Return on average assets (%)	1.13	1.23	0.54	1.24	0.04
Earnings per share (SR)	1.28	1.46	0.50	1.21	0.04

Note:

- 1) Earnings per share and other ratios for the current and prior years have been calculated based on net income for the year after Zakat and income tax. Starting from the quarter ended June 2019 the Bank changed its accounting policy for reporting zakat and income taxes and has reported zakat and income tax through the statement of income for the year-ended 2019 and restated the year-ended 2018. Previously zakat and income tax were reported in the statement of changes in equity.
- 2) The Earnings per Share have been retrospectively adjusted for prior periods to reflect the effect of the changes in weighted average number of shares due to bonus shares issued in 2017 and bonus element included in the right shares issued in 2018.

Loans and Advances, net: totaled SAR 54.0 billion at 2020 year-end, registering an increase of 8.7% compared to SAR 49.7 billion in 2019. The Bank continued to further diversify the loan portfolio over various economic sectors and broadened the client base, thus lowering the risk of concentration.

Due from banks and other financial institutions: total outstanding amount as at the end of 2020 was SAR 0.4 billion versus SAR 1.4 billion in 2019. This is a short-term activity and represents the day to day liquidity / cash flow management.

Investments Book: the investment portfolio comprises of Sukuks, investment in equities and mutual funds. Total portfolio at the year-end was SAR 29.9 billion versus SAR 27.6 billion in 2019, an increase of 8.2%. This increase is mainly due to additional investment in government Sukuks.

Total Assets: Total assets amounted to SAR 92.1 billion at the end of 2020, as compared to SAR 86.5 billion in 2019, representing an increase of 6.4% over the previous year.

Customer Deposits: Customer deposits increased by 8.5% to SAR 68 billion as at the end of 2020, compared to SAR 62.7 billion in 2019. The increase is mainly due to increase in demand deposits by 21.3 % from SAR 30.8 billion to SAR 37.4 billion. In addition there is an increase of SAR 0.3 billion in saving deposits and SAR 0.2 billion in other deposits. This was partially offset by decrease in term deposits by 5.7% from SAR 30.3 billion to SAR 28.5 billion.

Total Liabilities: amounted to SAR 80.7 billion as at the end of 2020, compared to SAR 75 billion in 2019, representing an increase of 7.7% over the previous year

Geographical analysis of income:

The bank realizes its operational income from its activities in the Kingdom of Saudi Arabia and has no branches operating abroad. The table below depicts region-wise analysis of the total operating income of the bank. The operating profit of Bank Aljazira includes the operational income of Aljazira Capital (100 % subsidiary of the bank) which amounted to SAR 282 million as of the end of for 2020.

(SAR '000)				
Regions	Central	Eastern	Western	Total
Total Groups Operating Income	1,080,873	316,866	1,889,380	3,287,119

Main Business Segments

The Bank's activities consist mainly of the following business lines:

Personal banking	Deposit, credit and investment products for individuals.
Corporate banking	Loans, deposits and other credit products for corporate, small to medium sized businesses and institutional customers.
Treasury	Treasury includes money market, foreign exchange, trading and treasury services.
Brokerage and asset management	Provides shares brokerage services to customers (this segment includes the activities of the Bank's subsidiary Aljazira Capital Company).
Takaful Ta'awuni	Provides protection and saving products services. As required by the Insurance Law of Saudi Arabia, the Group has spun off its insurance business in a separate entity named Aljazira Takaful Ta'awuni Company (AJT) formed under the new Insurance Law of Saudi Arabia (Co-operative Insurance Companies Control Law). This segment represented the insurance portfolio of policies entered into by the Bank before 2014. During 2019, AJT obtained from SAMA no objection to transfer the insurance portfolio through letter dated 26 Rabi 'Al-Thani 1441 AH (corresponding to 23 December 2019). The insurance portfolio has been transferred with effect from 1 January 2020 at zero value (no cost to AJT), including the transfer of all assets and liabilities related to this business.
Others	Others include investment in associate, inter segment income and expense eliminations and gain on sale of other real estate.

The table below depicts total operating income, total operating expenses, and net profit before Zakat and income tax for each operating segment:

(SAR '000)							
2020	Personal Banking	Corporate Banking	Treasury	Brokerage and Asset Management	Takaful Ta'awuni	Others	Total
Total operating income	1,687,957	605,297	1,052,908	281,953	-	(340,996)	3,287,119
Total operating expenses	(1,091,008)	(1,679,980)	(324,045)	(140,855)	-	(36,315)	(3,272,203)
Share in net income of associates	-	-	-	2,326	-	13,953	16,279
Net income/(loss) before Zakat and income tax	596,949	(1,074,683)	728,863	143,424	-	(363,358)	31,195

Subsidiaries and Associates

The following table summarizes the names of subsidiaries/associate, their share capital, the Bank's holding percentage, their main business, their principal country of operation and country of incorporation as at 31st December 2020:

Subsidiaries / Associates	Country of incorporation	Country of operation	Nature of business	Share Capital	Ownership
Subsidiaries:					
Aljazira Capital Company (Closed Joint-Stock Company)	Saudi Arabia	Saudi Arabia	Brokerage and asset management	SAR 500 million	100%
Aman Development and Real Estate Investment Company (Limited-Liability Co.)	Saudi Arabia	Saudi Arabia	Holding and management of real estate collaterals on behalf of the Bank	SAR 1 million	100%
Aman Insurance Agency Company (Limited-Liability Co.)	Saudi Arabia	Saudi Arabia	Acting as an agent for bancassurance activities on behalf of the Bank	SAR 500 Thousands	100%
Aljazira Securities Limited (Limited-Liability Co.)	Cayman Islands	Saudi Arabia	Carry out Shari'ah compliant derivative and capital market transactions	Authorized capital: USD 50,000, Paid up capital: USD 100	100%
Associate:					
Aljazira Takaful Ta'awuni Company (Listed Joint-Stock Company)	Saudi Arabia	Saudi Arabia	Shari'ah compliant protection and custody products	SAR 350 million	35%

The issued share capital of Aljazira Capital amounts to SAR 500 million divided into 50 million shares of SAR 10 each. The issued share capital of Aman Development and Real Estate Investment Company amounts to SAR 1 million divided into 100 shares of SAR 10,000 each. The issued share capital of Aman Insurance Agency Company amounts to SAR 500,000 divided into 50,000 shares of SAR 10 each. The authorized capital of Aljazira Securities Limited amounts to USD 50,000 and its paid-up capital is USD 100 divided into 100 shares of USD 1 each. The issued share capital of Aljazira Takaful Ta'awuni amounts to SAR 350 million divided into 35 million shares of SAR 10 each.

The Bank confirms that there were no debt securities in issue for any of these subsidiaries.

Bank's Profitability and growth of financial assets and liabilities

The Bank has recorded a net profit before zakat and income tax of SAR 31.2 million for the year ended December 31, 2020. This represents a decrease of 97.2% compared to SAR 1,122 million for the financial year 2019. The net profit after zakat and income tax for the year ended December 31, 2020 was SAR 33.8 million. This represents a decrease of 96.6% compared to SAR 991 million for the financial year 2019. Net income has decreased by 96.6% mainly due to higher expected credit losses during the year amounting to SAR 1,576 million or 904% compared to SAR 157 million for the financial year 2019. The net profit before expected credit losses and zakat and income tax for the year ended December 31, 2020 was SAR 1.6 billion. This represents an increase of SAR 328 million or 25.6% compared to SAR 1,279 million for the financial year 2019.

Total operating income of the Bank has increased by 10.4% during the current year. This increase in operating income is mainly due to increase in net special commission income by SAR 338.2 million, or 16.5% from SAR 2,052 million to SAR 2,390 million, other operating income by SAR 20.2 million, or 166% from SAR 12.2 million to SAR 32.4 million, exchange income by SAR 10.3 million, or 4.5% from SAR 230 million to SAR 240.1 million, net gain on FVIS financial instruments by SAR 4 million, or 69% from SAR 5.8 million to SAR 9.8 million and net gains on derecognition of financial assets measured at FVOCI by SAR 2.8 million, or 149% from SAR 1.9 million to SAR 4.7 million. This increase was partially offset by decrease in net gains on derecognition of financial assets measured at amortised cost by SAR 67.6 million, or 97% from SAR 69.7 million to SAR 2.1 million.

Earnings per share were SAR 0.04 for the year ended 31 December 2020 against SAR 1.21 for the financial year 2019.

Total assets were SAR 92.1 billion as of 31 December 2020, compared to SAR 86.5 billion at 31 December 2019, an increase of 6.4% or SAR 5.5 billion. Net loans and advances to customers amounted to SAR 54 billion at 31 December 2020, an increase of SAR 4.3 billion, or 8.7%, from SAR 49.7 billion at 31 December 2019. The Bank's investment portfolio totaled SAR 29.9 billion at 31 December 2020, an increase of SAR 2.3 billion or 8.2% compared to SAR 27.6 billion at 31 December 2019. Total liabilities were SAR 80.7 billion at 31 December 2020, compared with SAR 75 billion at 31 December 2019, an increase of 7.7% or SAR 5.8 billion. Customer deposits totaled SAR 68 billion at 31 December 2020, an increase of SAR 5.3 billion, or 8.5%, compared to SAR 62.7 billion at 31 December 2019. Subordinated Sukuk totaled SAR 2.0 billion at 31 December 2020 compared to SAR 2.0 billion at 31 December 2019.

Borrowings and Sukuk in issue

In the course of normal business practices, the Bank exchanges borrowings and funds with other banks and SAMA, in accordance with the commission rate prevailing in the market and are appropriately disclosed in the consolidated financial statements of the Bank.

SAR 2,000 million 10-year subordinated sukuk

On June 2, 2016, the Bank issued 2,000 Subordinated Sukuk Certificates (Sukuk) of SR 1 million each, with a profit distribution rate based on 6 month Saudi Inter-Bank Offered Rate (SIBOR), reset semi-annually in advance, plus a margin of 190 basis point per annum and payable semi-annually in arrears on June 2 and December 2 each year until June 2, 2026, on which date the Sukuk will expire. The Bank has a call option which can be exercised on or after June 2, 2021 on meeting certain conditions and as per the terms mentioned in the related offering circular. The Sukuk may also be called upon occurrence of certain other conditions as per the terms specified in the offering circular. These Sukuk are registered with Saudi Stock Exchange (Tadawul).

As at	
31 December 2020	SAR'000
SAR 2,000 million 10 year subordinated sukuk	2,000,000
Total	2,000,000

Borrowing from Banks and other financial institutions

Total outstanding at the end of 2020 were SAR 8.5 billion versus SAR 8.3 billion in 2019, higher by 3.3%. This is a short-term activity and represents day to day liquidity / cash flow management.

Staff Benefits and Schemes

To be in line with the supervisory directives issued by SAMA and the principles of the Financial Stability Board (FSB), the bank is conducting a periodic researches to ensure consistency of compensation structure of the employees which is being submitted to be revised by the Nomination and Remuneration Committee.

Compensation and benefits levels and amounts are determined by conducting periodic research that includes salary benchmark surveys and through other means of market pay intelligence, in order to enable Bank to keep abreast of the local and regional market conditions relating to bank staff employed in the Kingdom, which are contrasted to cyclical performance levels, and mitigated for any associated risks.

The distribution of compensation is composed of a pay mix of fixed and variable pay, allowances, periodic meritorious reward schemes and non-cash benefits in line with the standards and norms for the financial services industry in the Kingdom of Saudi Arabia.

According to the Labor Law of the Kingdom of Saudi Arabia and the Bank's internal policies, staff end of service benefits are due for payment at the end of a staffer's service period. The total accrued amount of End of Service Benefits outstanding at the end of December 2020 totaled SR 279.7 million.

Key Risks faced by the Bank

Bank Aljazira (BAJ) has adopted a robust, transparent and prudent approach towards Risk Management and thus continues to invest into building an infrastructure that is able to proactively identify, assess, measure and control the risks the Bank is faced with on an Enterprise Wide basis. As a core risk management practice, the management keeps a close track of the top and emerging risks that are expected to emanate and challenge not only the International economies and financial markets but also their ripple effects on the Saudi Economy and thus the Financial Industry.

Some of the most prominent national and global issues during 2020 have been:

- The COVID-19 pandemic has engulfed economic and social activity globally at an unprecedented pace. Many countries have implemented severe domestic restrictions not seen before, including domestic travel bans, partial or full movement restrictions, working remotely and the closure of schools, factories, shops and services. The world has entered the largest, fastest and most serious shock in modern history, posing economic, healthcare, social and moral challenges to countries. This has taken its toll on the national economy as well.
- Falling oil prices and the pandemic's impact on the key events, such as the pilgrimage season, have affected transactions, remittances, hospitality and corporates. Despite a drastic reduction in global demand for oil due to the COVID-19 economic downturn, KSA's oil exports has witnessed moderate resilience, predominantly linked to gaining the market share.
- The government and SAMA have announced various initiatives to manage the effects of pandemic on the economy. These steps are expected to restore the confidence in the economic indicators.
- During COVID-19 Pandemic, the liquidity outflows have increased due to the deferment of SME and large facilities repayment. Forecasted available liquidity buffer after shock-related outflows to determine capacity to support lending as encouraged by the Saudi Central Bank (SAMA).
- Given the profit (interest) rate cuts by SAMA and subsidized lending expected from banks for the private sectors, there is a squeeze in margins and revenue compression.

1. Maintenance of Capital Adequacy:

Management ensured that the Bank continues to maintain adequate levels of quality capital, allowing it to support and maintain the envisaged growth in Risk Weighted Assets (RWA) and also meet the regulatory capital adequacy expectations. In this regard, the Bank has

implemented a well thought out capital enhancement strategy, which takes into consideration the underlying advantages, limitations, cost of capital generation and implementation timelines.

In its endeavor to fortify the Bank's capital position, the management continues to remain vigilant and has strategized optimal scenarios which would ensure not only the quantity of capital but also the quality of the capital whilst meeting the regulatory expectations..

2. Liquidity Management:

One of the key risks emanating from the recent global events and their impact on the regional and local financial markets has been the generation of liquidity / funds at a cost that does not outweigh the inflow of economic benefits derived from the financed assets. BAJ's management is cognizant of its liquidity requirements after taking into consideration the current and planned business requirements. Therefore, the Bank has put in place a robust liquidity management framework which ensures a proactive identification of current and assessed liquidity requirements and gauges the same against the cost of such liquidity. The Bank's ALCO team remains focused on ensuring that funding / liquidity remains at reasonable costs while providing the Bank an opportunity to finance the growth of high yielding assets. The Bank has also implemented a comprehensive ILAAP (Internal Liquidity Adequacy Assessment Process) regime in accordance with regulatory mandate. ILAAP primarily focuses on the Bank's Liquidity Risk Assessment, Governance structure, associated strategies and contingency arrangements to deal with liquidity events.

3. Asset Quality:

The Bank has given due focus to ensure that the quality of assets, across its lines of business remains of a satisfactory quality, thus rationalizing any unwarranted classifications, provisioning and / or write-offs. The Bank has generally remained selective across all business segments and has approached its target customer segments with a well-defined approach based on:

- A clearly spelled out Credit Policy.
- Well defined Target Market, and Risk Acceptance Criteria
- Identified industry segments in terms of risks, rewards, regulatory requirements and their performance trends.
- Risk Appetite Framework to ensure risk associated with a particular Business line is duly reflected in the underlying Risk Appetite Matrices to be monitored, reviewed and reported in accordance with Board approved limits.
- Maintenance of a Target Obligor Risk Rating across its business segments and portfolios to ensure that the same supports the planned asset quality growth, probability of default and cost of credit estimates. The Bank has implemented IFRS-9 through a structured approach to adopt IFRS-9 Expected Credit Losses (ECL) framework in line with the regulatory mandate. The Bank has vigilantly monitored the Liquidity Risks in light of emerging situation because of COVID-19 Pandemic and taken the necessary actions to mitigate potential liquidity shortfall for the Bank.

Market Risk Management

The Bank's willingness to accept risk is influenced by various factors including market volatility, business direction, macroeconomic and subjective factors. This is managed and contained through relevant market risk limits and policies governed under the approved risk management framework and regulatory compliance. The Bank continuously monitors its market risk by quantifying its capital requirement, profit rate risk, currency risk and by ensuring that its Treasury Business operates within its respective limits. Market Risk is subject to the following drivers:

- Maximum Cumulative Outflow of the Balance Sheet.
- Economic Value of Equity (EVE) and Stressed EVE (Δ EVE)
- Net Stable Funding Ratio (NSFR)
- Liquidity Coverage Ratio (LCR)
- Loan-to-Deposit Ratio (LDR)
- Concentration of Funding Sources
- Market Risk Factors

Market Risks

Market risk is the risk that the fair value or the future cash flows of a financial instrument will fluctuate due to changes in market variables such as equity prices, profit rates, foreign exchange rates, and commodity prices.

Management of Market Risks

Delegated by the Board, the Market Risk Policy Committee (MRPC) is responsible for the policies, limits and controls used in managing market risks. The Bank has an approved Market Risk Policy and Treasury Limits Package that clearly defines policies, procedures, and limits of market risk exposures.

The primary objective is to manage volatility in earnings and highlight the market risk and liquidity risk profile to Senior Management, Management Risk Committee, Asset and Liability Committee (ALCO), Board Risk Committee (BRC), the Board of Directors and SAMA.

Foreign Exchange Risks

Foreign Exchange risk is the risk that financial assets that are denominated in foreign currency lose value, or financial liabilities that are denominated in foreign currency gain value. The MRPC has set limits on Net Open Positions by currency. There are limits for USD, Other G10 Currencies, GCC Currencies, and currencies in other regions. The Bank has negligible exposure in foreign exchange because its assets and liabilities are mainly denominated in Saudi Riyals (SAR) and to a limited extent in United States Dollars (USD) or in USD-pegged currencies.

Equity Price Risk

Equity price risk refers to the risk of a decrease in fair values of the Bank's investments in equities. The Bank's portfolio of securities is regularly marked to market and positive/negative changes are taken into the Bank's equity or income statement.

Capital Treatment for Market Risk

Bank Aljazira computes the minimum capital requirements against market risk using the Standardized Approach. The capital serves as a financial buffer to withstand any adverse market risk movements. Profit rate risk and liquidity risks are covered under BASEL Pillar 2 risk assessments which are the primary risk factors experienced in the Bank's activities.

Stress Testing

The Bank performs Stress Testing semi-annually to further evaluate potential losses. By evaluating the size of the unexpected losses, the Bank is able to understand the risk profiles and potential exposures to unlikely but plausible events in abnormal market conditions using multiple scenarios, and undertake the appropriate measures. Given the current economic environment, a broad spectrum of scenarios including liquidity and impact on sources of funding are considered in line with applicable regulatory guidelines. These scenarios are updated and may be redefined on an ongoing basis. The Stress Test results are reported to Senior Management, Board Risk Committee, Management Risk Committee, the Board and SAMA to facilitate and manage risk resilience with more transparency.

Liquidity Risk

Liquidity risk is the risk that the Bank will encounter difficulty in meeting obligations associated with its financial liabilities that are settled by delivering cash or other financial assets. Liquidity risk can be caused by market disruptions or credit downgrades, which may cause certain sources of funding to dry up. To mitigate this risk, management actively pursues the diversification of funding sources, assets are priced taking liquidity into consideration while the Bank maintains an adequate balance of cash and cash equivalents. The recent global financial crisis has resulted in a significant change in the regulation and supervision of liquidity risk in financial institutions. Arising from the Basel III liquidity risk management requirements, two ratios are used to manage liquidity risks: Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR).

Liquidity Risk Management Approach

In terms of day-to-day liquidity management, Treasury Business Group ensures sufficient funding is available to meet the Bank's payment and settlement obligations on a timely basis. The process of managing liquidity risk also includes:

- Maintaining a sufficient amount of unencumbered high quality liquidity buffer as a protection against any unforeseen interruption to cash flow;
- Managing short term and long term cash flows via maturity mismatch report and various indicators;
- Monitoring depositor concentration at Bank level to avoid undue reliance on large fund providers;
- Diversifying funding sources to ensure proper funding mix which is also considered as part of Contingency Funding Plan (CFP) and tested on a regular basis;
- Ensuring that regulatory ratios such as SAMA Liquidity Ratio, LCR and NSFR are maintained above the required levels.
- Conducting regular liquidity stress testing under various scenarios as part of prudent liquidity planning to examine the effectiveness and robustness of the liquidity plans.
- Instituting ILAAP (Internal Liquidity Adequacy Assessment Process) regime in accordance with regulatory mandate to focus on the Bank's Liquidity Risk Assessment.

All liquidity policies and procedures are governed by the Market Risk Policy Manual which is subject to review and approval every year by the Market Risk Policy Committee. In accordance with Banking Control Law and the regulations issued by SAMA, the Bank maintains a statutory deposit with SAMA equal to 7% of total demand deposits and 4% of customers' time deposits. In addition

to the statutory deposit, the Bank also maintains liquid reserves of no less than 20% of its deposit liabilities in the form of cash and liquid assets which can be converted into cash within a period not exceeding 30 days. The bank is currently holding an investment portfolio, with a large portion of it comprising of SAMA Floating Rate Notes and Government Sukuk. This portfolio is considered high quality and liquid with availability of funding (up to 85-100% depending on instrument) through SAMA's repo window.

Operational Risks

Operational risk is defined as the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. This definition includes legal risk, but excludes strategic and reputational risk. Operational risk has an enterprise wide presence and can arise from any activity within the Bank.

Management of Operational Risk

The Operational Risk Framework is designed to establish an effective association between the risk management and the risk owners represented by various Business & Support groups within the Bank. Business & Support groups are responsible to manage the activities and risks within their respective groups, however processes have been established to involve the Operational Risk Management Division (ORMD) to facilitate risk identification, measurement, assessment and control.

In preparation for and before commencing the risk identification and assessment activity across the Bank, a comprehensive Risk Profiling program is being carried out involving management, risk champions and respective risk owners.

Assessment of risks and categorizing them into levels of significance is conducted in consultation with business/ support groups to draw their attention to risks that require management consideration.

The tools used to manage and monitor operational risks are as follows:

Risk & Control Self-Assessment (RCSA)

Risk & Control Self-Assessment (RCSA) is a tool used to monitor the performance of controls within a process. A risk register with controls is maintained and updated regularly on an ongoing basis. The RCSA review cycle involves discussions with the business/ support groups and periodic submissions to the Management Risk Management Committee (MRC) to seek directions on risk acceptance and treatments including decision for taking actions to review and to improve the control environment.

The Bank's comprehensive RCSA program involves facilitation of workshops by ORMD to identify risks and control within each business and support function level. The controls are periodically assessed to ensure the processes are functioning as per the design.

The Bank has also established a Policy and Product Review Committee to oversee the development of new or existing policies and products. Responsibility of the committee is to challenge the policy or product owners on various aspects of risks to ensure they are adequately addressed before operationalization.

Key Risk Indicators (KRIs)

Key Risk Indicators (KRIs) are a metric to measure how risky a process is through early warning signals developed to indicate increasing risk exposures within the enterprise. KRI provides a trend of risk exposure by comparing it against the thresholds defined and accepted by the Bank.

KRIs for business and support groups are defined through workshops and periodically monitored by ORMD. Trends highlighting risk exposures over the defined thresholds are analyzed and discussed with respective business or support groups to develop appropriate corrective action plans.

Loss Data Management (LDM)

Loss Data Management is a centralized process to methodically record loss incidents occurring in the Bank to enable analysis of control failures and ensure such incidents do not recur.

The Bank has established an internal loss data collection process through which incidents are reported to ORMD for the purpose of recording and further management reporting. A comprehensive Loss Database from 2013 till date is maintained by ORMD.

Business Continuity Management (BCM)

The bank has developed and maintained a full-fledged Business Continuity Management (BCM) program that focuses on the continuity and recovery capabilities of key processes and assets. The program is structured based on international standards, best practices and SAMA requirements and its scope extends to include:

- Crisis Management and Response
- Safety and Security
- People Continuity
- Business Recovery
- IT Disaster Recovery

The bank's BCM program is ongoing and is regularly reviewed by internal and external stakeholders. These features enhance the Bank's readiness and the capabilities to respond and manage adverse events. The results are minimized negative impacts, enhanced performance and reputation, and compliance with regulatory requirements. Conducting several experiment aimed at ensuring business continuity without interruption.

Anti-Fraud Management Program

The Bank has implemented a comprehensive Anti-Fraud Risk Management framework in line with SAMA guidelines and international best practices. The Anti-Fraud Risk Management framework has addressed the following aspects:

- Reviewed the Fraud Risk Management Governance structure and associated strategy across the Bank.
- Developed, reviewed and updated Fraud Risk Management policies, procedures, processes and Manuals.
- Conducted and upgraded Fraud Risk Assessments and anti-fraud diagnosis.
- Implemented a comprehensive Fraud Prevention and Detection solution across the bank.
- Leveraging the awareness of fraud risk among BAJ staff and customers.

Outsourcing

Complying with SAMA regulations on outsourcing, the Bank has a dedicated department handling outsourcing and supplier activities. ORMD is involved in reviewing agreements related material outsourcing of banking activities. This involves a diligent review of operational risks and business continuity requirements that are associated with the outsourced activity.

Measurement of Operational Risk (OR) Capital Charge

Operational Risk capital charge is calculated using the Basic Indicator Approach (BIA) as per SAMA and BASEL III regime. The BIA for operational risk capital charge calculation applies an alpha (15%) to the average of positive gross income that was achieved over the previous three years by the Bank. The Bank has an intent of migrating from BIA to the approach recommended by BCBS (Basel Committee on Banking Supervision) through its "Basel III – Finalizing post-crisis reforms" document issued in December 2017 and subsequent SAMA guidelines. The Bank is in the process of defining a road map to adopt the new approach as per the timelines suggested by the regulator. The Bank will continue to collect loss data and map it against the business lines to establish a comprehensive Internal Loss data history before migrating to the new methodology subject to receiving SAMA's final guidelines on the same.

Capital Adequacy under BASEL II and BASEL III

The Saudi Central Bank (SAMA) has been at the forefront of ensuring that the Saudi Banking Sector adopts and implements the best practices that Bank for International Settlements (BIS) proposes and has accordingly issued various guidelines to that effect. As per SAMA guidelines, BASEL III became effective January 1, 2013 and has brought significant amendments to the computation of regulatory capital and Pillar I risk weighted assets. Furthermore, the Pillar II and Pillar III requirements have also undergone an enhancement under this revised framework.

During 2017, Basel Committee on Banking Supervision (BCBS) issued comprehensive reforms to the existing Basel III framework.

These new reforms seek to restore credibility in the calculation of Risk Weighted Assets (RWAs) and improve the comparability of bank's capital ratios. BCBS reforms seek revision to the standardized approaches for calculating Credit Risk, Market Risk, Credit Valuation Adjustment (CVA) and Operational Risk to bring about greater risk sensitivity and comparability. Constraints on using internal models aim to reduce unwarranted variability in banks' calculations of RWAs.

RWAs are an estimate of risk that determines the minimum level of regulatory capital a bank must maintain to deal with unexpected losses. A prudent and credible calculation of RWAs is an integral element of the risk based capital framework. With the foregoing in mind, the Bank therefore, monitors the adequacy of its capital using standards and their underlying ratios as set and enforced by SAMA. The Bank's Internal Capital Adequacy Assessment Process (ICAAP) is designed to capture capital requirements for Pillar-II risks, on an as-is and forward looking basis while taking into consideration the Bank's current exposures and future growth plans. The ICAAP also assesses the resilience of the Bank's business and capital models under various levels of plausible and severe stress scenarios. Based on the Pillar II framework and on a fully consolidated basis, it reflects a risk centric and realistic approach to the assessment of BAJ current and planned capital requirements.

The capital adequacy disclosures have been prepared in accordance with the Basel disclosure guidelines, as issued by SAMA from time to time and as applicable to the Bank.

As an additional requirement since 2018, the Saudi Central Bank (SAMA) requires that Banks develop the Internal Liquidity Assessment Plan (ILAAP) document. The purpose of the ILAAP is to inform the Board of the Bank as well as the regulator of an assessment of the Bank's liquidity risks and the impact on regulatory requirements and capital, where relevant.

ILAAP is a tool that enables the Bank to systematically assess its liquidity requirements given its strategies, business plans, risks and policies. The Bank duly follows ILAAP guidelines and complies with regulatory guidelines in this regard.

Accounting Standards

The Bank maintains proper books of accounts and records in an accurate manner. The consolidated financial statements have been prepared in accordance with 'International Financial Reporting Standards ("IFRS") as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Certified Public Accountants (SOCPA); and in compliance with the provisions of Banking Control Law, the Regulations for Companies in the Kingdom of Saudi Arabia and By-Laws of the Bank.

The accounting policies used in the preparation of annual consolidated financial statements for the year ended December 31, 2020 are consistent with those used in the preparation of the annual consolidated financial statements for the year ended 31 December 2019. Based on the adoption of new standards, interpretations and amendments and in consideration of current economic environment, certain accounting policies as disclosed in the consolidated financial statements are applicable effective January 1, 2020 replacing, amending or adding to the corresponding accounting policies set out in 2019 annual consolidated financial statements.

Appointment of External Auditors

The External Auditors are responsible for the annual audit and quarterly review of the bank's financial statements. The Bank's Annual General Meeting held on 15 April 2020 (corresponding to 22/08/1441) approved the recommendation of the Board of Directors and the Audit Committee to re appoint KPMG Al Fozan and partners and appoint Price Water House Coopers as the external Auditors of the Bank for the financial year ended 31 December 2020.

Statutory Payments

The statutory payments paid by the bank in the year 2020 consisted mainly from zakat, income tax and amounts payable to GOSI as staff contributions. The following table includes details of such payments.

The Bank has made the following payments during 2020 in respect of the mentioned captions:

Type of Statutory Payments	SAR in million
Zakat (related to 2019)	120,59
Value Added Tax & Withholding Tax	130.85
Zakat, VAT, WHT for previous periods	163.26
Advance Tax Payment for 2020	6.65
GOSI (including Bank and the employees)	80.08
Visa, Iqama and related services, etc	7.05

The bank announced on 20 December 2018 that it has agreed with Zakat and Income Tax Department on the settlement of zakat liabilities due for the previous periods up to the end of the fiscal year 2017 against payment of SAR 551 million. An advance payment of this settlement (20%) has been paid in 2018, and the balance will be paid on five equal installments within five years commencing on 1 December 2019 and ending on 1 December 2023 (second installment of SAR 88.2 million was paid in 2020).

* This amount includes SAR 88.2 million as second installment of the agreement made with the Zakat and Income Tax Department for settlement of Zakat assessments payable for the previous years up to the end of the fiscal year 2017.

Disclosure of details of the treasury Shares held by the Bank and details of uses of these Shares

The Bank does not hold treasury shares.

Penalties, fines and Regulatory Restrictions

The bank acknowledges its full commitment to enforce all banking instructions and systems and the regulatory rules and regulations issued by the supervisory authorities in the conduct of its daily business. The following tables reflect details of the penalties imposed against the bank:

Saudi Central Bank penalties

Subject of violation	Fiscal year 2019		Fiscal year 2020	
	Number of Penalties	Total amount of Penalties SAR	Number of Penalties	Total amount of Penalties SAR
Violation of SAMA supervisory instructions	13	19,017,200	12	3,416,000
Violation of SAMA instructions for protecting customers	Nil	-	2	2,393,000
Violation of SAMA instructions related due diligence	Nil	-	Nil	-
Violation of SAMA instructions regarding the level of performance of ATMs and point of sale machines	Nil	-	Nil	-
Violation of SAMA instructions for due diligence in Anti money laundering and the financing of terrorism	Nil	-	1	400,000

The penalties imposed on the bank in the year 2020 relate to comments on the instructions of the Responsible Financing Principles for retail customers, And SAMA instructions related to consumer protection. A full clarifications on these points were submitted to SAMA, and the bank took the necessary measures to enhance the points raised, improve channels of internal communication as well as communication with the regulatory authorities in order to eliminate recurrence of any further violations.

Other Penalties, fines and Regulatory Restrictions

Ministry of Municipal & Rural Affairs and Housing and other government related entities have imposed fines on the Bank with a total of SAR 265, 84 thousand during 2020 most of them are related to the municipals regulations in regard to the Bank ATMs and branches as specified below:

Name of the Authority	SAR in thousand
Riyadh Municipality	206.04
Eastern Province Municipality	0.2
Ministry of Municipal & Rural Affairs and Housing	2.0
Jeddah Municipality	16.0
Jazan Municipality	5.0
Makkah Municipality	5.0
Ministry of Human Resources & Social Development	20.0
Najran Municipality	2.6
Onaiza Municipality	9.0
Total	265.84

Related Party Transactions

In the ordinary course of its activities, the Group transacts business with related parties. In the opinion of the management and the Board of Directors, the related party transactions are conducted on approved terms. The related party transactions are governed by the limits set by the Banking Control Law and regulations issued by Saudi Central Bank (SAMA).

Below table indicates the transactions as disclosed in the financial statements.

The balances as at December 31st, 2020 resulting from such transactions included in the consolidated financial statements are as follows::

	2020 SR' 000	2019 SR' 000
Subsidiary companies		
Investments	501,480	501,480
Customer deposits	14,271	20,730
Due from banks and other financial institutions	698,548	651,371
Due to banks and other financial institutions	289,148	290,117
Receivables	155,320	289,599
Payables	41,055	14,625
Commitments and contingencies	530,247	530,247
Notional values of outstanding derivative contracts	2,707,585	2,796,949
Associate and affiliate entities with significant influence		
Investments	164,136	148,332
Customer deposits	303,056	238,400
Accrued expenses payables	5,400	24,850
Accrued fee receivable	5,400	-
Advance against sale of investments	-	22,353
Directors, key management personnel, other major shareholders		
Loans and advances	31,788	28,955
Customers' deposits	3,488,360	4,139,319
Contingencies and commitments	2,920	977

Other major shareholders represent shareholdings of more than 5% of the Bank's issued share capital.

	2020 SR' 000	2019 SR' 000
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Mutual Funds under subsidiary's management

Investments	251,244	287,024
Loans and advances, net	-	418,182

Income, expenses and other transactions with related parties included in the consolidated financial statements:

	2020 SR' 000	2019 SR' 000
Special commission income	57,631	128,861
Special commission expense	201,357	242,521
Fees and commission income	6,813	404
Custody fee	4,846	2,624
Net share of expenses to associate	5,400	22,850
Insurance premium paid	49,860	55,032
Surplus distribution received from associate	957	1,169
Claims received	25,290	10,729
Directors' remuneration	8,014	7,315
Income under shared service agreements	3,391	3,391
Reimbursement of expense to a subsidiary	78	117
Reimbursement of rent expense	7,591	7,983
Rent expense for branches	704	2,705
Sale of sukuk to an associate	22,353	99,895
Participation in DMO sukuk auction for an associate	-	75,552
Value of reserves and liabilities transferred to ATT for old Insurance portfolio	53,552	-

Total amount of remunerations paid/accrued to directors and key management personnel during the year:

	2020 SR' 000	2019 SR' 000
Short-term employee benefits	115,088	104,597
Termination benefits	38,942	33,416

Key management personnel are those persons, including executive directors, having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly.

The total contracts and transactions between the Bank Aljazira and AlJazira Takaful Cooperative Company (a related party) in 2020 amounted to approximately SAR 168.3 million. Whereas, a member of the Board of Directors, Eng. Abdul Majeed bin Ibrahim Al-Sultan, has an indirect interest in it because he is also a member of the Board of Directors of AlJazira Takaful Cooperative Company.

(SAR '000)

Business and contracts between the bank and Aljazira Company are cooperative takaful	Period of the Contract	Transaction amount in 2019
Resource Costing and Distribution Agreement - Net	Ended on 31 December 2020	5,400
Fee commission deduction	Ended on 31 December 2020	5,400
Insurance policy to finance personal dinars	One Year	20,145
Mortgage insurance policy	One Year	26,649
Life insurance policy	One Year	2,395
Employee credit coverage policy	One Year	671
Special commission expenses	Dealings	5,471
Claims received	Dealings	25,290
Surplus dividends received	One Year	957
Instruments sold	Dealings	22,353
The value of reserves and liabilities transferred under the Business Transfer Completion Agreement of the old insurance portfolio	It ends when the contract amount is transferred	53,552
Total		168,284

The contracts and dealings between the Bank and Aljazira Capital in the year 2020 amounted to SAR 17.6 million. These transactions are deemed to be related party transactions given that the former member of Board of Directors Mr. Nabil Dawood Al-Hoshan had direct or indirect interest in them as he was a board member in both the Bank and AJC. He resigned from the Board of the Bank and AJC effective from October 7, 2020:

(SAR '000)

Nature of Contract	Period of the Contract	Transaction amount in 2020
Service Level Agreement	Effective, unless terminated	2,598
Special Commission expense on time deposits	Dealings	119
Special Commission income on money market placements	Dealings	4,569
Rent expense	Dealings	5,537
Custody fee expense	Effective, unless terminated	3,698
Fees and commission income	Dealings	1,042
Total		17,563

Note: Transactions with AlJazira Capital Company have been included on a time proportionate basis up to October 06, 2020 as Mr. Nabil Dawood Al-Hoshan, being a common director, resigned effective from October 7, 2020 from the Bank and AJC.

List of rental contracts where the below listed members of board of directors may have direct or indirect interest:

					(SAR '000)
Contractor	Name of the related party	Relationship	Nature of Contract	Term of Contract	Amount in 2020
Mr. Ahmed bin Othman Al-Kasabi	Eng. Tarek bin Othman Al-Kasabi	Brother of Mr. Ahmed bin Othman Al-Kasabi	Rental for Al-Hassan Bin Ali Road branch	10 years	289
Dallah Health Care Holding Company	Eng. Tarek bin Othman Al-Kasabi	Board member in Dallah Health Care Holding Company	Rental for ATM in Riyadh	5 years	34
Consolidated Brothers Co.	Eng. Abdul Majeed bin Ibrahim Al-Sultan	Owens part of Consolidated Brothers Co. for development	Rental for Al-Rehab Branch	12 years	381
Total					704

Note: The above amounts also include value added tax wherever applicable.

Board of Directors assurance 2020

The Board of Directors assures shareholders and other stakeholders, to the best of their knowledge and in all material aspects, that:

- Accounting books have been properly maintained.
- The internal control system has been prepared on sound basis and effectively implemented.
- There are no significant doubts concerning the bank's ability to continue as a going concern.
- There are no business or contracts in which the bank is a party, or in which any board member, the CEO, Managing Director, Senior Financial Officer, or senior executives of the bank, or any party related directly to them, holds/held major interests, except as otherwise disclosed in the (Related Parties Transactions) section herein and in the Note 35 - (Transactions with Related Parties) of the audited financial statements for 2020.
- The Board of Directors did not recommend replacement of the Bank's auditors prior to the end of their term of appointment, and there have been no contradiction between the Audit Committee recommendations and the Board resolutions.

Transactions with related parties and information relating to any businesses or contracts in which the bank is a party, or in which any board member, the CEO, Managing Director, Senior Financial Officer, or any party related to them, holds/held major interests, are disclosed in the (Related Parties Transactions) section herein as well as in the Note 35 – (Transactions with Related Parties) of the audited financial statements for 2020.

Dividends distribution for the year 2019

The General Assembly of the bank's shareholders, held on Wednesday, Shaaban 22, 1441 (according to the Umm Al-Qura calendar), corresponding to April 15, 2020, approved the recommendation of the Board of Directors to distribute cash dividends to shareholders for the second half of the fiscal year ending on December 31, 2019 with a total amount of 246 million Saudi riyals after deducting zakat to Shareholders of the bank for the fiscal year on December 31, 2019, by 0.30 Saudi riyals per share, at a rate of 3% of the par value of the share. The distribution of these dividends to the shareholders was taken into account as of Tuesday 12 Ramadan 1441 corresponding to May 05, 2020 according to the Umm Al-Qura calendar.

Description of Company's Policy for dividend distribution

In line with the bank's Articles of Association and BAJ Governance document, the bank's dividends policy complies with the Banking Control Law and with the rules and regulations issued by the various competent regulatory authorities. The Bank pays dividends to shareholders as follows:

- Sums required for payment of the Zakat due on Saudi shareholders and the tax due on non-Saudi shareholders shall be calculated according to the laws and regulations in force in Kingdom of Saudi Arabia. Such sums shall be remitted by the Company to authorities concerned shall be deducted from their share in the net profits.
- 25% of net profits, after deduction of Zakat and Tax as hereinabove detailed will be transferred to statutory reserve until this reserve is equal to the paid-up capital of the bank.
- From the remainder of the profits after deducting the statutory reserve, zakat and tax, an amount of not less than (2.5 percent) of the paid-up capital shall be allocated for distribution. The Saudi and non-Saudi shareholders share must be distributed in a percentage paid from the value of the shares of Saudis and non-Saudis in accordance with what is proposed by the Board of Directors and decided by the General Assembly, if the remaining percentage of the profits owed to any of the Saudi shareholders or not Saudis are not sufficient to pay the profits to the shareholders concerned, the shareholders may not demand to pay them in the following year or years. The General Assembly may decide to distribute a percentage of the profits in excess of what was proposed by the Board of Directors.
- Net undistributed dividends will be held as retained profits or transferred to the statutory reserve.
- The percentage of contribution must be maintained for both Saudis and non Saudis when calculating the necessary allocations for the legal reserve and other reserves from net profits – after deducting zakat and tax and both groups must contribute to those reserves according to their ratios in the capital provided that their contributions are deducted from their shares in the net profits
- Subject to the provisions of paragraphs (A) (B) (C) (D) and (E) if this article the bank may after obtaining it not to the Central Bank of Saudi Arabia (SAMA) and in accordance with the relevant regulatory rules to distribute interim dividends to its shareholders on a semi annual or quarterly basis – if any

Credit Ratings

The strength of the credit rating is a sign of the bank's relative financial strength and enhances the Bank's ability to access optimal sources of financing, particularly as credit ratings take into account the financial strengths, liquidity position and reputation of Aljazira Bank taking into consideration the local sovereign rating. The table below reflects the bank's latest credit assessment:

Credit Ratings	Moody's	Fitch Rating	Islamic Int'l Rating Agency
	Nov-2020	Nov-2020	May-2020
Credit Rating - Long Term	Baseline Credit Assessment BCA BAA3	Issuer Default Rating IDR BBB+	
Outlook	Negative	Negative	Not Assigned
Deposits Rating	BAA1/P-2	Issuer Default Rating IDR F2 Short Term	
International Scale			A-/A2
National scale			A+(sa) / A1 (sa)
Counterparty Risk Assessment CR	A3(cr)/P-2(cr)		
Overall Fiduciary Rating Score			71-75
Support Rating Floor		BBB+	
Viability Rating		BB+	

Local supervisory requirements and international standards:

In line with the local regulatory and supervisory requirements and international standards, Bank Aljazira has taken several measures to monitor the implementation of business in accordance with the instructions of the Saudi Central Bank and the best international practices in this regard. The Compliance and Anti Money Laundering and Combating Terrorism Financing Group plays an effective role in improving and developing the culture of compliance, Anti money laundering, monitoring the level of compliance across the bank, and setting the necessary supervisory controls that enable Bank Aljazira to achieve its strategic objectives that have been set in line with the standards and regulations followed by the compliance policy Financial crimes.

In the interest of Bank Aljazira to implement the instructions and regulations of Saudi Central Bank, Bank Aljazira has put in place sustainable controls at the level of the bank and its various business sectors, which have been greatly reflected in all aspects and raise the employees' awareness of the risks resulting from non-compliance and financial crimes, which were taken into account to be completed through training courses. The intensification of awareness-raising messages through electronic means, in addition to reviewing all policies and procedures, as well as strengthening the automated system to monitor the risks of non-compliance and anti-money laundering operations and financial crimes, including bribery and corruption, and setting a timetable for reviewing and monitoring the effectiveness of those policies and procedures to be in line with regional and global developments.

Board of Directors Secretariat and Governance Group:

The General Secretariat of the board of directors is responsible for arranging and organizing the tasks of the board and its committees, including the preparation for and holding of meetings, keeping records of held meetings, receiving incoming correspondence, documenting the decisions related to the work of the board and committees, following up on the implementation of such decisions and all other tasks and responsibilities entrusted to the group by the chairman and members of the board. The secretariat of the board of directors is also responsible for the works and reports concerning the bank's various business processes and the reporting to the board of directors and its committees thereon for review and appropriate decisions.

In addition, the Group is responsible for leading and managing the bank's governance framework in line with the governance principles issued by the Saudi Central Bank (SAMA) and the CMA's Corporate Governance Regulations. The group undertakes the formulation and alignment of the bank's governance guidelines and complementary policies relating to addressing conflict of interests, disclosure, etc. as well as aligning of the board and committee terms of reference to ensure consistency with the applicable rules and best practices. The group also contributes to the assessment, suitability and training requirements for the board of directors and committees.

1) Principles of Corporate Governance

Bank Aljazira is aware of the positive implications of adopting the principles of corporate governance that require the bank to observe highest professional and ethical standards in its business by implementing disclosure and transparency rules, thereby contributing to the strengthening and improvement of the efficiency of bank's business and relations with its stakeholders. The Bank believes that adoption of these principles will

enhance investors' confidence in the bank and positively reflect on the integrity of the banking industry in the Kingdom of Saudi Arabia.

In its keenness, as a financial institution operating in the Kingdom of Saudi Arabia, to align applicable governance principles with the rules and regulations of the supervisory and regulatory authorities and the best practices, Bank Aljazira conducted, in the year 2020, a comprehensive review of all aspects of governance in the bank, including an update that regulates the potential conflict of interests for the board directors and senior executives, and an updated policy that governs disclosure mechanisms and requirements. These two policies were implemented after having been approved by the bank's board of directors. In its endeavors to enhance channels of communication with its shareholders, the bank continued its initiatives to urge shareholders holding share certificates, who did not receive their dividends for the past period, to contact the bank in order to update their information and arrange their share rights. A link in the bank's website has been provided for this purpose.

The bank's Articles of Association and Governance Document guarantees shareholders' right to dividends and to attend, discuss and vote at the general meeting assemblies, and dispose of their shares. Based on the bank's disclosure policy, the updated information and data relating to general meetings, balance sheets, financial statements and directors annual report are provided to shareholders on a continuous basis, published in local newspapers and posted on the Saudi Capital Market's website (TADAWUL) and the bank's electronic website. In the bank's endeavors to further enhance the awareness of its shareholders, the papers relating to general meetings are printed and distributed to shareholders before the holding of general meetings.

In its keenness to comply with the supervisory requirements as provided for in the Corporate Governance Rules issued by CMA and the Sharia Governance Framework for banks issued by the Saudi Central Bank in February 2020, as well as with the other best local and global practices, the bank, in order to satisfy these requirements in a documented framework and methodology, has conducted a comprehensive review, in the year 2020, to ensure that the bank's level of compliance with the governance requirements and with the best applicable practices is evaluated on a regular basis.

The aligned governance framework of Bank Aljazira covers the following policies:

a) Articles of Association of Bank Aljazira

A comprehensive review of the Bank's articles of association was conducted in 2020 to ensure its rules are aligned with the supervisory requirements and best local and international practices. The updated version of the articles of association was approved at the extraordinary general meeting held on 15 Jumada I, 1442H (30 Dec 2020) and published on the bank's electronic website.

b) Corporate Governance Policies

- BAJ Governance Document as updated in line with the Sharia Governance Framework issued by SAMA in February 2020 and approved by the Board of Directors in its meeting held on 16 December 2020.
- Disclosure Policy – reformulated to cope with the regulatory environment variables.
- Policy regulating relationships with stakeholders – this policy has been comprehensively reformulated to cover the regulation of relationships with stakeholders including shareholders, management team, employees, customers, creditors, suppliers and all other parties dealing with the bank regardless of their capacities.
- Policy regulating relationships with related parties – approved by the bank's management – which covers regulating all contractual relationships with all related parties with a view to protect the bank's interests and align with the rules of the Companies Act and other regulations issued by the supervisory authorities.
- Policy for remuneration and compensation of board members and members of the board committees and executive management – approved by the Bank's general meeting on 30 December 2020.
- Policy for addressing conflict of interests.
- Policy for verification of directors, sub-committees and non-board members' independency – approved by the board of directors.
- Policies and procedures governing membership of the board of directors and sub-committees.
- Dividend Distribution Policy, in line with the provisions of the Companies Act and Banking Control Law and the rules and regulations issued by the supervisory authorities.
- Professional and Ethical Conduct Policy - approved by the board of directors

c) Terms of reference of board committees:

The Bank conducted and completed, in 2020, a review of the rules and terms of reference of the board and board sub-committees including (Executive Committee, Audit Committee, Nominations and Remuneration Committee, Risk Committee, Social Responsibility Committee) in a bid to align such terms with the rules of Corporate Governance, Banks Appointment Standards, Banking Control Law, Corporate Governance Rules and Companies Act.

In 2020, the board of directors approved the updated terms of reference of the board and all board sub-committees, while the bank's general meeting held on 30 December 2020 approved the updated terms of reference of the Nomination and Remuneration Committee and Audit committee as per the supervisory requirements.

In accordance with their terms of reference, the board committees shall review their performance, composition and terms of reference on an annual basis in order to ensure their business is carried out at the highest levels of efficiency and that they are committed to comply with the supervisory requirements, while they will recommend any changes deemed appropriate for the approval of the Board of Directors or the General Meeting Assembly.

d) Assessment of the effectiveness of the board, board members and board committees:

As per the supervisory directives contained in the Governance Principles Document, the Corporate Governance Rules and Bank Al Jazira Governance Document, the board of directors evaluates, on an annual basis, the effectiveness of its members and the volume of their participation in its business, both individually and as a group, as well as the effectiveness of the board sub-committees. In the fourth quarter of 2020, the bank designed and implemented the frameworks for evaluating the effectiveness of the board of directors and sub-committee

business and the tasks performed within the scope of the missions assigned to them, and the result of assessment was submitted to the Nomination and Remuneration Committee for review and recommendation to the board. The bank adopts a rotation process for assessment of board and committees for one time by an external consultant every three years.

e) Training courses to board and sub-committee members:

In its keenness to enhance and develop the skills of the members of the board and board committees in all aspects of banking industry, direct training and remote learning programs were designed for the whole board term (Jan 2019 – Dec 2021). These programs cover all members of the board and sub-committees. In 2020, a number of special training functions were implemented covering the following topics:

- Aspects relating to anti-money laundering and combating of terrorism financing.	- Business continuity aspects
- Aspects of Compliance	- Financial fraud combating aspects
- Cyber and information security frameworks	- Violation reporting policy aspects
- A glimpse of the best applications relating to corporate governance	- Sharia Governance frameworks

e) Shareholders rights

Under the related supervisory directives, and as a general rule, the bank is keen to enable shareholders to exercise their legal rights relating to the shares, including the submission of comments and suggestions regarding the bank and performance. To this effect, a dedicated telephone number 012 609 8394 and an e-mail address (ssu@baj.com.sa) were assigned to receive inquiries from all shareholders, and the board was informed of all such inquiries and feedback. In addition, and as per the bank's practices, the board addressed all questions and inquiries of shareholders raised at the bank's general meetings held in the year 2020 and through the shareholders unit. The board reviews such comments and reacts appropriately to them.

Shareholders Registry submissions

In 2020, submissions to shareholders registry were made as per following details:

No. of submissions made to shareholders register	Submission date	Reasons
(1)	01/03/2020	Others
(2)	26/03/2020	Others
(3)	16/04/2020	Dividends
(4)	26/04/2020	Others
(5)	11/08/2020	Others
(6)	25/10/2020	Others
(7)	23/12/2020	Others
(8)	30/12/2020	General meeting

In general, Bank Aljazira complies in letter and spirit with all mandatory provisions and directives contained in the CMA Corporate Governance Rules, except for what stated below, which compliance is reflected by incorporating such mandatory requirements in the bank's articles of association, governance document and terms of reference of the board of directors and its sub-committees. Such requirements were also incorporated in the policies and governance frameworks of Bank Aljazira, and in the internal policies and business directories regulating the business of the bank's various departments. These requirements provide for guarantee of shareholders right to the shares and to participate in the general meetings and be provided with all information that enable them to exercise such rights; disclosure of financial and non-financial information; full compliance with transparency requirements within the legal limits; determination of the duties of the board and liabilities of its members and the formation of its various sub-committees in line with its terms of reference which are consistent with the regulatory directives.

Article	Requirements	Reasons for bank non-compliance
95	Formation of Governance Committee (Guidance Article)	As per its terms of reference, the Board supervises all aspects of governance of the bank.
93 Subparagraph (b) From paragraph (4)	Disclosure of senior Executives bonuses	Data is included in the aggregate.

2) Composition of the board of directors and membership categories

As per the provisions of the Bank's articles of association, the board of directors of Bank Aljazira consists of 9 members. On 19 Dec 2018, the bank's general meeting convened to select and elect the board directors for a new term from 01 January 2019 to 31 Dec 2021 based on the

accumulative voting method. In line with the supervisory instructions, after having obtained the consent of the regulatory authorities, a chairman, deputy chairman of the board and a managing director were selected from among the board members.

The Board of directors has also selected and appointed the chairmen and members of the board sub-committees for the board term 01 Jan 2019 – 31 Dec 2021, as follows:

1. Executive Committee
2. Risk Committee
3. Nomination and Remuneration Committee
4. Social Responsibility Committee (Khair AlJazira le ahl Al-Jazira program)
5. Audit Committee (which members appointment was ratified by the general meeting held on 19 Dec 2018).

On 29 June 2020, Mr. Khalifa Abdulatif Al-Mulhem (Independent director) joined the board membership in succession to Mr. Abdulkareem Al-Mayouf (Independent director). On 7 October 2020, membership of Mr. Nabil bin Dawood Alhoshan ended by his resignation from the board as a board managing director, and the Board, as of 31 Dec 2020, consists of the following members:

SN	Director's name	Membership Classification (Executive – Non-Executive – Independent)
1	Eng. Tarek bin Othman Al-Kasabi	Non-Executive
2	Eng. Abdul Majeed bin Ibrahim Al-Sultan	Non-Executive
3	Mr. Abdullah Bin Saleh Al-Rasheed	Independent
4	Mr. Ibrahim Bin Abdulaziz Al Shaia	Independent
5	Mr. Adil bin Saud Dahlawi	Independent
6	Mr. Khalifa Bin Abdullatif AlMulhem	Independent
7	Mr. Ibrahim bin Abdullah AlHedaithy	Non-Executive
8	Mr. Turki bin Abdullah AlFozan	Non-Executive

Number and dates of Board meetings held in fiscal year 2020, and attendance record detailing names of attending directors:

As per the Bank's Articles of Association, the board of directors holds (4) four meetings at least per year. In 2020, the board held (6) six meetings as detailed in the table below:

	1st. meeting 19.02.2020	2nd. meeting 15.04.2020	3rd. meeting 23.07.2020	4th. meeting 16.09.2020	5th. meeting 07.10.2020	6th. meeting 16.12.2020
Eng. Tarek Othman Al Kasabi	√	√	√	√	√	√
Eng. Abdulmajeed Ibrahim Al Sultan	√	√	√	√	√	√
Mr. Abdullah bin Saleh Al Rasheed	√	√	√	√	√	√
Mr. Ibrahim bin Abdulaziz Al Shaia	√	√	√	√	√	√
Mr. Adil bin Saud Dahlawi	√	√	√	√	√	√
Mr. Ibrahim bin Abdullah Al-Hedaithy	√	√	√	√	√	√
Mr. Turki bin Abdullah AlFozan	√	√	√	√	√	√
Mr. Khalifa Bin Abdullatif Almulhem (*)	-	-	√	√	√	√
Mr. Nabil Dawood Al-Hoshan (**)	√	√	√	√	-	-

(*) Mr. Khalifa bin Abdul Latif Al-Mulhem joined the Board of Directors on June 29, 2020

(**) Mr. Nabil Al Hoshan's membership in the Board of Directors has ended as of 07 October 2020

3) Names of board directors, board committee members and executive management and their present and past positions, their qualifications and experience:

A. Board of directors:

S	Name	Present Position	Past Position	Qualifications	Experience
1	Eng. Tarek bin Othman Al-Kasabi	1. 2019 – Member, GOSI Board of Directors 2. 1998 - Member, BAJ Board of Directors 3. 2016 - Chairman, BAJ 4. 1995 – Chairman, Dallah Healthcare Company 5. 2010 - Chairman, Ataa Educational Company 6. 2008 – Chairman, Rozam Investment Company 7. 1998 - Chairman, Technical Technology Localization Company 8. 2018 – Member of the Board, Al-Balad Al-Amin Urban development Company 9. 2018 – Member of the Board, Dahiat Sumou Company 10. 2006 - Board Director, Kingdom University (Kingdom of Bahrain) 11. 2013 – Chairman RZM Gayrimenkul Anonim Sirketi (Turkey) 12. 2013 – Chairman, NEBA Gerimenkul Yatirimlari VE Ticaret A.S (Turkey)	1. 2008 -2013 – Chairman, Aljazira Capital 2. 1994- 2007 – Member of the Board, Aseer Trading, Tourism and Industry Company 3. 2007 –2019 – Vice Chairman, Aseer Trading, Tourism and Industry Company 4. 2012-2019 – Chairman, Serb real-Estate Investment Company	Bachelor of Civil Engineering, King Saud University - 1976.	Member of the Board of BAJ since 1998, member of Executive Committee, Previous Chairman of Risk Committee. Chairman and member of the Boards of Directors of many investment companies in and out of the Kingdom of Saudi Arabia.
2.	Eng. Abdul Majeed bin Ibrahim Al-Sultan	1. 1993 - Member of the Board of Consolidated Brothers for Development Co. 2. 2004 - Member of the Board, Aljazira Bank 3. 2013 - Chairman of the Board, Aljazira Takaful Ta'awuni Co. 4. 2013 – Member of the Board, Royal and Sun Alliance Insurance Company (Egypt). 5. 2019 - Chairman of the Board, Al-Durra Development Company	1. 1991 - 2007 - Member of the Board of Directors of the Construction Facilities Company. 2. 1991 – 2007: Member of the Board, Saudi Packing Materials Manufacturing Company 3. 1998-2018: Member of the Board, Qassim Cement Company	1989 – Bachelor of Engineering– King Saud University, Riyadh	Member of the Board of Directors of Bank Aljazira since 2004. Chairman of the Board, Aljazira Takaful Ta'awuni Company. Member of the Boards of various other investment companies in and out of the Kingdom of Saudi Arabia.
3.	Mr. Abdullah Bin Saleh Al Rasheed	1. 2015 - CEO and Constituent Partner, , Adae Financial and Management Consulting Company 2. 2016 – Member of the Board, Bank Aljazira 3. 2018 – Member of the Board, Basma Real-Estate Marketing Company 4. 2018 – CEO and Chairman of Board of Governors, Insurance International Company	1. 1983-1984, Estimate Budgets Officer, ANB 2. 1984-1988: Financial Affairs Officer, Office of the Educational Attache of KSA in Canada 3. 1988-1992: Financial Affairs Officer, Ministry of Higher Education 4. 1992-2001- Assistant General Manager, Saudi Traveler Cheques Company 5. 2001-2005: Deputy Chief Financial Affairs and member of the Board, Al-Othaim Trading Company 6. 2006-2008: Deputy Chief of Finance and member of the Board of Abdullah Al-Othaim Markets Company 7. 2008-2014: Deputy Chief Officer, Khalid Al Baltan Group Co., Riyadh 8. 2017 - Member of the Board, Mahara Human resources Company	1983 – Bachelor of Management, King Saud University, Riyadh.	Previous experience at a number of Financial, Investment, Management and Retail companies

S	Name	Present Position	Past Position	Qualifications	Experience
4.	Mr. Ibrahim Bin Abdulaziz Al-Shaia	2014 - Manager Finance, GOSI 2016 - Member of the Board, Bank Aljazira. 2019 – Member of the Board, Masdar Company	2002 – 2004: Financial Auditor, Al-Rashid Accountants, Auditors and Legal Consultants. 2008-2009: Part-time advisor for development of financial and electronic administrative work, International Accounting and Auditing Authority for GCC Countries. 2011-2014: Director of the Board, Elite Cement Company 2011-2015: Head of Budget Department, GOSI	2004: Bachelor of Accounting, King Saud University 2008: Master of Professional Advanced Accounting, University of Queensland For Technology, USA	Past and present experience in accounting and auditing fields at various financial and investment institutions
5.	Mr. Adil bin Saud Dahlawi	2020 – Managing Director For Investment, Dallah Holding Company 2019- General Manager, Flower Palace Company- Morocco. 2019- Member of the Board, Bank Aljazira 2019- Member of the Board, Dallah Healthcare Services Company	1994-2002: Manager Credit – Corporate Credit Dept., Saudi Fransi Bank 2002-2006: Assistant Manager, Corporate Credit, SAMBA 2006-2011: Assistant CEO for Investment, Dallah Holding Company 2011-2017: Managing Director and CEO, Etqan Capital Company - 2018 - 2002 AD - Assistant Chief Investment Officer (Dallah Company Al Baraka Holding).	1993 – Bachelor of Medical Science, King saud University	-Commercial banks -Corporate Credit -Investment Management -Banking Investment -Financial Advisory Services.
6.	Mr. Ibrahim bin Abdullah Al-Hedaithy	2019- CEO, Middle Easte Financial Investment Company (MEFC Capital) 2019- Member of the Board, Bank Aljazira	1983-1989: Finance Manager, Military Affairs, Secretariat General of GCC 1985-1995: Financial Controller, Military Affairs, Secretariat General of GCC 1995-1996P Assistant Director, Investment Department, Secretariat General of GCC 1996-2009: Director, Investment Department, Secretariat general of GCC - June 2009 – Dec 2018: Managing Director, Middle East Financial Investment Company (MEFC Capital)>	1983- Bachelor of Business Administration, King Saud University	Past and present experience in financial and investment affairs.
7.	Mr. Turki bin Abdullah Al-Fozan	2012-Director, real-Estate Investment Department, Middle East Financial Investment Company (MEFC Capital) 2019- Member of the Board, Bank Aljazira	2004-2005: OIC, Mutual Funds Operations, SAMBA 2006-2007: Assistant Manager, Mutual Funds Department, Bank Al-Bilad 2007-2009: Director, Mutual Funds, Saudi faransi Credit Agricole Company 2009-2011: Manager Mutual Funds, Al-Inmaa Investment Company 2011-2012: Deputy Head of Mutual Funds, Rana Investment Company	2003 – Bachelor of Accounting, King Fahd University for Petroleum and Minerals	Wide experience in real-estate investment and mutual funds at the banking sector and specialized investment companies.
8.	Mr. Khalifa Bin Abdullatif Almulhem	1995 – Member of the Board, White Cement Company 2004 – Chairman, Advanced Petrochemical Company 2007 – Member of the Board, IGI Company, Jordan 2013 – Chairman, Al-Jazira Support Services Company 2017 – Member of the Board, Albahri Maritime Company 2019 – Member of the Board, Walaa Insurance Company 2020 – Member of the Board, Bank Aljazira	1985-2002 – Member of the Board, SABB 1987-1994-Director of the Board, Saudi Spanish bank. 2003-2012- Member of the Board, Namaa Petrochemical Company. 2012-2017 – Member of the Board, Etifaq Steel Company. 2014-2017 – Member of the Board, GOSI	Bachelor of Business Administration- Colorado University- USA – 1978.	Present and previous experience in the financial and investment fields

S	Name	Present Position	Past Position	Qualifications	Experience
9.	Mr. Nabil bin Dawood AlHoshan	1. 2010 – CEO, BAJ 2. 2013 – Managing Director, BAJ 3. 2013 – Member of the Board, Aljazira Capital 4. 2019 – Vice Chairman, AlJazira Capital	1. 1984 – 1998 – Head of Retail Banking Group, Central province, SABB 2. 1998 – 2001 : Head of Retail Banking Services, Eastern Province, SAMBA 3. 2001-2006: Head of Retail Banking, ANB 4. 2006-2010: Member of the Board, SABB Takaful 5. 2006-2010: Head of Retail Banking, SABB 6. 2010 - 2020 - CEO of Bank Aljazira. 7. 2013 AD - 2020 AD - Member of the Managing Board - Bank Aljazira. 8. 2010 AD - 2018 AD - Member of the Board of Directors - Al Jazira Capital. 9. 2019 AD - 2020 AD - Vice Chairman of the Board of Directors - Aljazira Capital.	1984- Bachelor of Accounting, University of King Saud, Riyadh	Wide past experience in a number of Saudi banks at corporate banking group, retail banking group and branch network.

B. Members of board committees

S	Name	Present Position	Past Position	Qualifications	Experience
1	Eng. Tarek bin Othman Al-Kasabi	1. 2016: Chairman of the Executive Committee, BAJ	1. 1998-2015: Member of BAJ Executive Committee 2. 2013-2015: Chairman of BAJ Risk Committee	Bachelor of Civil Engineering, King Saud University - 1976	Member of the Board of BAJ since 1998, member of Executive Committee, Previously Chairman of Risk Committee. Member of the Boards of many investment companies in and out of the Kingdom of Saudi Arabia
2	Eng. Abdul Majeed bin Ibrahim Al-Sultan	1. 2016: Member of BAJ Executive Committee 2. 2019 – Chairman, Khair Aljazira Le-Ahl Aljazira Committee.(Khair Aljazira Program) 3. 2020: Chairman of Remuneration and Nomination Committee, BAJ	1. 2009-2012: Member of BAJ Executive Committee 2. 2004-2009: Chairman of BAJ Audit Committee	1989 – Bachelor of Engineering – King Fahd University For Petroleum and Minerals	Member of the Board of Directors of Bank Aljazira since 2004. Chairman of the Board, Aljazira Takaful Ta'awuni Company. Member of the Boards of other investment companies in and out of the Kingdom of Saudi Arabia
3	Mr. Abdullah Bin Saleh Al Rasheed	1. 2017: Member of Audit Committee, Saudi Gas Cylinder Factory. 2. 2018- Member of Audit Committee Majid Investment & Real Estate Development	1. 2019-2020 – Chairman of Risk Committee, BAJ 2. 2019-2020 – Chairman of Remuneration and Nomination Committee, BAJ	1983 – Bachelor of Management, King Saud University, Riyadh.	Past experience at a number of financial, consulting, administrative and retail companies
4	Mr. Ibrahim Bin Abdulaziz Al Shaia	1. 2020: Chairman of of BAJ Risk Committee 2. 2020: member of Executive Committee, BAJ 3. Member of Remuneration and Nomination Committee, BAJ 4. Member of Audit Committee, Hasana Company 5. Member of Audit Committee, Masdar Company	1. 2010-2013: Member of Audit Committee, Saudi Fransi Insurance Company. 2. 2013-2015: Chairman, Audit Committee – Elite Cement Company	2004: Bachelor of Accounting, King Saud University 2008 – Master of Advanced Professional Accounting, Queensland Technology University, USA	Previous and present experience in accounting and auditing fields at financial and investment institutions

S	Name	Present Position	Past Position	Qualifications	Experience
5	Mr. Adil bin Saud Dahlawi	2019- Member of BAJ Executive Committee 2019- Chairman of Audit Committee, BAJ 2020 – Managing Director – Dallah Al Baraka Holding and investment Company 2020 – General Manager Flower Palace Company	1994 - 2002 - Credit Manager - Corporate Credit -Saudi Fransi Bank. 2002 - 2006 AD Assistant General Manager - Corporate Credit -Samba Financial Group. 2006 - 2011 AD - Assistant Chief Investment Officer -Dallah Al Baraka Holding Company. 2011 - 2017 AD Managing Director and CEO - Itqan Capital Company. 2018 AD - 2020 AD - Assistant Chief Investment Officer -Dallah Al Baraka Holding Company.	1993 – Bachelor of Medical Science, King saud University	Commercial banks, Corporate Credit, Investment Management, Banking Investment and Financial Advisory Services.
6	Mr. Ibrahim bin Abdullah Al-Hedaithy	2018- Chairman of executive committee, Albasar medical services company 2018 – Chairman of Audit Committee, Albasar medical services company 2018 – Member of Remuneration and Nomination Committee, Albasar medical services company 2020 – Member of Remuneration and Nomination Committee, BAJ	- Jan 2019-30 Jun 2019: Chairman of Baj Governace Committee, BAJ 2019-2020 – Member of the Executive Committee, BAJ	1983- Bachelor of Business Administration, King Saud University	Past and present eperience in financial and investment affairs.
7	Mr. Turki bin Abdullah Al-Fozan	2019- Member, Risk Committee, BAJ		2003 – Bachelor of Accounting, King Fahd University for Petroleum and Minerals	Wide experience in real-estate investment and mutual funds at the banking sector and specialized investment companies.
8	Mr. Khalifah Bin Abdullatif Almulhem	2020 – Member of Remuneration and Nomination Committee, BAJ 2020 – Member of Executive Committee, BAJ - Member of Risk Committee, BAJ	2007-2018, Member of Executive Committee, BAJ 2009-2011, member of Risk Committee, BAJ 2013-2015 - Member of Risk Committee, BAJ 2016-2018 -Chairman of Remuneration and Nomination Committee, BAJ	1978 – Bachelor of Business Administration, Colorado University, USA	Past and present experience in the financial and investment fields.
9	Mr. Nabil bin Dawood Alhoshan (*)		2013-2015 – member of Risk Committee, BAJ 2013-2015 – member of Remuneration and Nomination Committee, BAJ 2013 – 2020 – member of Executive Committee, BAJ	1984- Bachelor of Accounting, University of King Saud, Riyadh	Various past experience in a number of Saudi banks at Corporate Banking Group, Retail Banking Group and branch network
10	Mr. Fawaz Bin Mohammed Al-Fawaz	2012: Member of BAJ Audit Committee 2013: Member of Audit Committee, Malaz Insurance Company 2015: Chief Financial Officer, National Industrialization	1983-1999: Assistant Deputy Head of Finance, SABIC 2000-2004: Director General of Services, Accounting Department, SABIC 2004-2009: Director General of Finance, SABIC 2007-2015: Deputy Chairman of the Board and Chairman of Audit Committee, Yanbu National Petrochemical Company	1983: Bachelor of Accounting, King Saud University	Wide past experience in accounting and auditing fields at investment institutions.

S	Name	Present Position	Past Position	Qualifications	Experience
11	Mr. Taha Bin Mohammed Azhari	2012: Member of BAJ Audit Committee 2015: Senior Financial Officer, Saudi Civil Aviation Company Holding 2017: Member of the Board of Directors, Batec Logistics and Investment Company 2017: Director of the Board, Zahrat Al Waha Company.	1993-1995: Financial Auditor, Arthur Anderson, Riyadh 1995-1998: Internal Auditor, SAMBA Group 1998-2001: Compliance and Quality Assurance Officer, SAMBA Group 1999-2001: Internal Auditor, SAMBA Group 2001-2004: Head of Internal Audit and Risk Group, Al-Othaim Trading Group. 2004-2008: General Manager Finance Department, Saudi Super Stores Company (Carrefour) 2008-20015: Economic Advisor to the CEO, National Water Company. 2013-2016: member of Audit Committee, Aljazira Capital	1993: Bachelor of Accounting, King Saud University	Wide previous experience in accounting and auditing fields at many financial and investment institutions in and out of the Kingdom
12	Mr. Abdulwahab Bin Abdulkareem Al-Betairi	2020: member of Risk Committee, Bank AlJazira 2020 – Member of the Board of Directors of the National Company for Petrochemical Industries NATPET 2015 - AD - Member of the Board of Directors of Alujain 2015: Member of the Board, Sunbulah Group 2015 - Executive Partner - Watar Business Partners Trading Company 2014: Chairman of the Board, Investment Bakheet Assets 2013: Member of the Board, Tadamon Al-Himmah Company Ltd. Liability. 2004: Member of the Board, Manafez Ambulance and Disabled Vehicles Company 2019: Member of the Board, Riyadh Cables Company.	2002 – 2004 – Investment Specialist, the Saudi American Bank (SAMBA) 2018-2020 Deputy Chairman of Advisory Committee, CMA 2004-2014: Member of Executive Committee, Family Office Company, Bahrain	2010 – Master Business Administration, (London Business School)	He holds various past experience in accounting and auditing at many financial and investment institutions in and out of the Kingdom.
13	Mr. Tareq Bin Abdulrahman Al Shubaily	2020: Member of Remuneration and Nomination Committee, BAJ 2013: Member of Remuneration and Nomination Committee, Jazira Takaful Ta'awuni 2020: Member of Remuneration and Nomination Committee, Aljazira Capital	1982-1984: Remuneration and Incentives Controller, Petroline Crude Oil Project. 1984-1987: Assistant Manager, Industrial Affairs, Petroline Mobil Refinery, Yanbu 1987- 1989: Manager, HR, Petroline Company, Rabegh. 1990-1993: Manager Human Resources, Planning and Recruitment, SMARK Company. 1993-1994: Deputy Director General of Finance and Administration, Petronal-Smark company. 1994-1995: Deputy General Manager for Special Projects, MADA Trading Co. Ltd., London, UK 1996-1997: Executive Assistant to Deputy CEO, Almawarid Company Holding. 1997-2008: General manager Human resources, SABB Mar-Sep 2009: General Manager Human Capital TADAWUL 2010-2020: Head of Human Capital Group, BAJ	1981- Bachelor of Business Administration, Ohio University, USA	Past experience in human resources domain.

S	Name	Present Position	Past Position	Qualifications	Experience
14	Mr. Abdulaziz Bin Ibrahim bin Saad Al-Hadlaq	1. 2013: Member of Khair Aljazira Le-Ahl Aljazira Committee, BAJ	1. 1996-1998: Assistant General Manager, International Organizations Affairs, Ministry of Labor and Social Affairs. 2. 1998-2005: General Manager, International Organizations Affairs, Ministry of Labor and Social Affairs 3. 1996-2005: Member of the Board, International Work Organization 4. 2005-2006: General Supervisor of Public Affairs and Social Media Department, Ministry of Social Affairs 5. 2005-2007: Director of International Cooperation, Ministry of Social Affairs For Social Development 6. 2007-2011: Deputy Assistant Minister, Ministry of Social Affairs For Social Development 7. 2001-2013: Deputy Minister, Ministry of Social Affairs for Social Development 8. 2013-2017: Member of Shura Council	1. 1982: Bachelor of Social Services, King Saud University 2. 1984: Diploma of Community Development, Research and Training Center. 3. 1991: Diploma of International Development, Missouri Columbia University, USA 4. 1992: Masters of Community Development, Missouri Columbia University, USA	Past experience at various departments of the Ministry of Social Affairs in addition to membership of many international community-related organizations
15	Dr. Fahad bin Ali Al Elayan	1. 2017: member, Social Awareness and Rehabilitation committee 2. 2018: member, Al-Shabab Social and Educational Club. 3. 2019: member of social responsibility committee (Khair Aljazira le Ahl aljazira program), BAJ 4. 2020: member of work group, General Council of Sustainability – General Council of Banks and Islamic Institutions	1. 2003 - M - Director of the national cultural project for the renewal of the link The book, King Abdulaziz Public Library 2. 2003-2007 - Part-time advisor to the Ministry of Higher Education 3. 2005-2014 - Member of the Board of Directors of the Youth Club (General Supervisor of Social Responsibility) 4. 2005-2008 - Vice Dean of the University Center for Service Society and Continuing Education Imam Muhammad bin University Saud Islamic - Kingdom of Saudi Arabia 5. 2001-2018 - M - Faculty Member - College of Science Social / College of Education - Imam Muhammad bin Saud University Islamic - Kingdom of Saudi Arabia	1. 1990 Bachelor's College Sharia - Imam University Muhammad bin Saud Islamic University. 2. 1995 MA - Linguistics Applied - Imam University Muhammad bin Saud Islamic University. 3. 2001- PhD in Education Ohio University - States United States of America	He has multiple experiences in the academic and Educational including research and studies In addition to memberships of several related parties Developmental and social work, and participations Cultural and scientific.

* The membership of Eng. Abdulkareem bin Ibrahim Al-Mayouf in the board of directors, Remuneration and Nomination Committee and Governance Committee ended on 24 Rabi l, 1441 corresponding to 21 November 2019

* The board membership of Mr. Nabil Alhoshan ended after his resignation on 07 October 2020

c. Executive Management

Name: **Mr. Naif A. Al Abdulkareem**

Position: Chief Executive Officer and Managing Director

Educational and professional qualifications			
University	Field of Specialty	Qualifications	Year
King Saud University	Financial Management	Bachelor Degree	1995
University of Illinois	Business Administration	Master Degree	2001

Previous positions				
Sector	Legal Entity	Company/ Organization	Position	Duration of Service
Banks and Financial Services	Listed Joint-Stock Company	Riyadh Bank	Credit Relationship Manager	2001 –2004
Banks and Financial Services	Listed Joint-Stock Company	NCB	Regional Manager – Retail Banking	2004 –2011
Banks and Financial Services	Listed Joint-Stock Company	SABB	Head of Private Banking	2011-2012
Banks and Financial Services	Listed Joint-Stock Company	SABB	GM Branches & Wealth Management	2012 –2013
Banks and Financial Services	Listed Joint-Stock Company	SABB	GM Retail & Wealth Management	2014 –2019
Banks and Financial Services	Listed Joint-Stock Company	SABB	DMD-Retail & Wealth Management	2019-2020
Banks and Financial Services	Closed Joint-Stock Company	SANID	Board Member/Excom Member	2014 –2017
Banks and Financial Services	Limited Liability Company	SABB Insurance Agency	Chairman of the Board	2012 –2018
Banks and Financial Services	Listed Joint-Stock Company	SABB Takaful	Board Member/Excom Member	2016 –2018
Financial Services	Closed Joint-Stock Company	HSBC-SA	Board Member	2017 –2019
Financial Services	Closed Joint-Stock Company	SIMAH	Board Member	2017 –2020

Current Positions				
Sector	Legal Entity	Company/ Organization	Position	Appointment Date
Banks and Financial Services	Listed Joint-Stock Company	Bank Aljazira	Chief Executive Officer	2020

Name: **Mr. Yasser Al-Hedaithy**

Position: Head of Treasury Group

Educational and professional qualifications			
University	Field of Specialty	Qualifications	Year
King Saud University, Riyadh, Kingdom of Saudi Arabia	Accounting	Bachelor Degree	1994

Previous positions				
Sector	Legal Entity	Company/ Organization	Position	Duration of Service
Banks and Financial Services	Listed Joint-Stock Company	SAMBA	Held several positions and the latest was Director of Derivatives Trading	1994 – 2001
Banks and Financial Services	Listed Joint-Stock Company	SAMBA	Head of Trading Department - Treasury Group	2001 – 2008
Banks and Financial Services	Listed Joint-Stock Company	ANB	Head of Treasury Group	2008 – 2009
Investment	Limited Liability Company	Emaar Investment	Private Business Management	2009 – 2010

Current Positions				
Sector	Legal Entity	Company/ Organization	Position	Appointment Date
Banks and Financial Services	Listed Joint-Stock Company	Bank Aljazira	Head of Treasury Group	2010

Name: **Mr. Hamad Al-Ajaji**

Position: Head of Private Banking and Wealth Management Group

Educational and professional qualifications			
University	Field of Specialty	Qualifications	Year
University of Tennessee, Knoxville - USA	Business Administration	Bachelor Degree	1984

Previous positions				
Sector	Legal Entity	Company/ Organization	Position	Duration of Service
Banks and Financial Services	Listed Joint-Stock Company	SABB	Chief Executive Officer - Credit Cards Divisions	1994 – 2002
Banks and Financial Services	Listed Joint-Stock Company	SABB	Chief Executive Officer - Consumer Credit Services	
Banks and Financial Services	Listed Joint-Stock Company	SABB	Chief Executive Officer - Credit Card Products Division	
Banks and Financial Services	Listed Joint-Stock Company	SABB	Chief Executive Officer - Premiere Division	2002 – 2004
Banks and Financial Services	Listed Joint-Stock Company	SABB	Head of Private Banking Group	2004 – 2011

Current Positions				
Sector	Legal Entity	Company/ Organization	Position	Appointment Date
Banks and Financial Services	Listed Joint-Stock Company	Bank Aljazira	Head of Private Banking and Wealth Management Group	2012

Name: **Mr. Khalid Al-Othman**

Position: Head of Retail Banking Group

Educational and professional qualifications			
University	Field of Specialty	Qualifications	Year
London Business School - UK	Business Administration	Master Degree	2012

Previous positions				
Sector	Legal Entity	Company/ Organization	Position	Duration of Service
Banks and Financial Services	Listed Joint-Stock Company	Banque Saudi Fransi	Head of Retail Banking in Central Region	2003 – 2006
Banks and Financial Services	Listed Joint-Stock Company	NCB	Head of Retail Banking in Central Region	2006 – 2008
Banks and Financial Services	Listed Joint-Stock Company	Al Bilad Bank	Head of Retail Banking Branches	2008 – 2010
Banks and Financial Services	Listed Joint-Stock Company	Bank Aljazira	Head of Retail Banking Branches	2010 – 2011

Current Positions				
Sector	Legal Entity	Company/ Organization	Position	Appointment Date
Banks and Financial Services	Listed Joint-Stock Company	Bank Aljazira	Head of Retail Banking Group	2011

Name: **Mr. Hazim Al Megren**

Position: Head of Corporate and Institutional Banking Group

Educational and professional qualifications				
University	Field of Specialty	Qualifications	Year	
King Saud University - KSA	Computer Information Systems	B.A. Computer Science	1995	

Previous positions				
Sector	Legal Entity	Company/ Organization	Position	Duration of Service
Banks and Financial Institution	Listed Joint Stock Company	SAMBA	Senior Relationship Manager (Assistant General Manager)	1995 – 2003
Banks and Financial Institution	Listed Joint Stock Company	Gulf International Bank	Corporate Banking Group (Vice President and Team Leader)	2003 – 2008
Banks and Financial Institution	Listed Joint Stock Company	Bank Aljazira	Regional Head Central Region Corporate Banking	2008 – 2018

Current Positions				
Sector	Legal Entity	Company/ Organization	Position	Appointment Date
Banking and Financial Institution	Listed Joint Stock Company	Bank Aljazira	Head of Corporate and Institutional Banking Group	01 June 2018

Name: **Mr. Ahmed Al Hassan**

Position: Chief Operating Officer

Educational and professional qualifications				
University	Field of Specialty	Qualifications	Year	
King Saud University - Kingdom of Saudi Arabia	Computer Sciences	Bachelor Degree	2002	

Previous positions				
Sector	Legal Entity	Company/ Organization	Position	Duration of Service
Governmental	Governmental Body	SAMA	Systems Analyst	2002 – 2005
Governmental	Governmental Body	SADAD	IT Director	2005 – 2009
Banks and Financial Services	Listed Joint-Stock Company	SABB	Director of Banking Channels Development	2009 – 2011
Banks and Financial Services	Listed Joint-Stock Company	Bank Aljazira	Head of Logistics Transformation Department	Feb 2011- Jun 2011
Banks and Financial Services	Listed Joint-Stock Company	Bank Aljazira	Head of IT Department	Jun 2011 – 2017

Current Positions				
Sector	Legal Entity	Company/ Organization	Position	Appointment Date
Banks and Financial Services	Listed Joint-Stock Company	Bank Aljazira	Chief Operations Officer	2017

Name: **Mr. Shahid Amin**
Position: Chief Financial Officer

Educational and professional qualifications			
University	Field of Specialty	Qualifications	Year
University of West London	Economics	Bachelor Degree	1990
The Association of Chartered Certified Accountants - UK	Accounting	Member FCCA	1997

Previous positions				
Sector	Legal Entity	Company/Organization	Position	Duration of Service
Media	Government Body	British Broadcasting Corporation	Graduate Finance Trainee	1990 – 1993
Retail	Listed Joint-Stock Company	Dixons Carphone PLC	Branch Accountant	1993 – 1997
Distribution	Listed Joint-Stock Company	Hasbro	Northern European Analyst	1997 – 1998
Financial Consultations	Shareholding Company	Lauren Consulting Group - London Branch	Senior Consultant	1998 – 2000
Financial Consultations	Private Company	BA Consulting- London Branch	Senior Consultant	2000 -2002
Banks and Financial Services	Shareholding Company	HSBC Group - London Branch, has been authorized to work in the Group's branch in Saudi Arabia	Head of Cost Management and Finance Coordinator	2002 – 2007
Banks and Financial Services	Listed Joint-Stock Company	SABB	Head of Finance Products Development	2007 – 2010
Banks and Financial Services	Shareholding Company	Al Hilal Bank	Executive Vice President for Finance and Strategic Planning	2010 – 2012

Current Positions				
Sector	Legal Entity	Company/Organization	Position	Appointment Date
Banks and Financial Services	Listed Joint-Stock Company	Bank Aljazira	Chief Financial Officer	2012

Name: **Mr. Khalid O. Al-Mogrin**
Position: Head of Legal Group

Educational and professional qualifications			
University	Field of Specialty	Qualifications	Year
King Saud University, Kingdom of Saudi Arabia	Law	Bachelor Degree	1990
American University, Washington D.C. U.S.A	Law	Master Degree	1998

Previous positions				
Sector	Legal Entity	Company/Organization	Position	Duration of Service
Government	Government	Saudi industrial Development Fund, SIDF	Assistant Legal Advisor	1994 – 1995
Energy	Closed Joint-Stock Company	Arab petroleum Investment Corporation	Cases Researcher	1995 – 1999
Energy	Closed Joint-Stock Company	Arab petroleum Investment Corporation	Legal Counsel	1999 – 2001
Banks and Financial Services	Listed Joint-Stock Company	SAMBA	Senior Manager	2001 – 2002
Banks and Financial Services	Listed Joint-Stock Company	SAMBA	Deputy of Legal Department Head	2002 – 2004
Government	Government	Communication and Information Technology Commission	Legal Counsel & Manager of Dispute Resolution	2004 – 2005
Banks and Financial Services	Listed Joint-Stock Company	Bank Albilad	GM of Legal Affairs	2005 – 2010
Banks and Financial Services	Listed Joint-Stock Company	Bank Aljazira	Head of Legal Group and Board Secretary	2012 - 2019

Current Positions				
Sector	Legal Entity	Company/Organization	Position	Appointment Date
Banks and Financial Services	Listed Joint-Stock Company	Bank Aljazira	Head of Legal Group	2010

Name: **Dr. Fahad Al-Elayan**

Position: Head of Sharia and Social Responsibility Group

Educational and professional qualifications			
University	Field of Specialty	Qualifications	Year
Faculty of Sharia- Al Imam University	Education	Bachelor Degree	1990
Applied Linguistics - Al Imam University	Education	Master Degree	1995
Ohio University, United States of America	Education	PhD	2001

Previous positions				
Sector	Legal Entity	Company/Organization	Position	Duration of Service
Charity	Charity Foundation	King Abdul Aziz Public Library	Director of the National Cultural Project	2003
Education	Governmental Organization	Ministry of Education	Part time consultant	2003-2007
Education	Governmental Organization	Al Imam Mohammed Bin Saud Islamic University, Saudi Arabia	Vice Dean of the University Center for Community Service and Continuing Education	2005-2008
Education	Governmental Organization	Al Imam Mohammed Bin Saud Islamic University	Faculty member, Education and Social Science College	2001-2018

Current Positions				
Sector	Legal Entity	Company/Organization	Position	Appointment Date
Banks and Financial Services	Listed Joint-Stock Company	Bank Aljazira	Head of Social Responsibility	2008
Charity	Listed Joint-Stock Company	Bank Aljazira	Head of Sharia and Social Responsibility Group	2015
Sport and Youth	Charity Foundation	Awareness and Social habilitation Society	Member of Board of Directors	2017
Charity	Governmental Organization	Al Shabab Club	Member of Board of Directors	2018
Sport and Youth	Specialized Organization	CIBAFI Sustainability Working Group (SWG)	Member of the General Council Sustainability Working Group	2020

Name: **Mr. Mr. Abdulaziz Al Zammam**

Position: Chief Internal Audit Executive

Educational and professional qualifications			
University	Field of Specialty	Qualifications	Year
University of London – Royal Holloway - UK	Information Security	Masters of Science	2007
King Saud University	Computer Science	Bachelor Degree	2001

Previous positions				
Sector	Legal Entity	Company/Organization	Position	Duration of Service
Banks and Financial Services	Government	SAMA	Banking Inspector	2002 - 2010
Banks and Financial Services	Governmental Body	Ministry of Communication and IT	Audit and Compliance	2010 - 2013
Banks and Financial Services	Listed Joint-Stock Company	Riyad Bank	VP – Audit Division Head	2013 - 2019

Current Positions				
Sector	Legal Entity	Company/Organization	Position	Appointment Date
Banks and Financial Services	Listed Joint-Stock Company	Bank Aljazira	Chief Internal Audit Executive	March 2019

Name: **Mr. Osama Al-Ibrahim**

Position: Chief Risk Officer

Educational and professional qualifications			
University	Field of Specialty	Qualifications	Year
King Fahd University of Petroleum and Minerals	Industrial Management	Bachelor Degree	1994

Previous positions				
Sector	Legal Entity	Company/Organization	Position	Duration of Service
Banks and Financial Services	Listed Joint-Stock Company	SAMBA	Customer Relations Manager and Head of Customer Relations	1996 – 2006
Banks and Financial Services	Listed Joint-Stock Company	Bank Aljazira	Head of Corporate Banking Division - Central Region	2006 – 2008
Banks and Financial Services	Listed Joint-Stock Company	Bank Aljazira	Head of Corporate Banking Division - KSA	2008 – 2014

Current Positions				
Sector	Legal Entity	Company/Organization	Position	Appointment Date
Banks and Financial Services	Listed Joint-Stock Company	Bank Aljazira	Chief Risk Officer	2017

Name: **Mr. Sami Al-Rajhi**

Position: Head of Fawri Banking Services Group

Educational and professional qualifications			
University	Field of Specialty	Qualifications	Year
Nebras Commercial Secondary Institute, Riyadh, Saudi Arabia	Banking	Commercial Diploma	2002
The Arab Financial Academy for Banking & Financial Sciences - The Hashemite Kingdom of Jordan	Banking	Banking Diploma	2003

Previous positions				
Sector	Legal Entity	Company/Organization	Position	Duration of Service
Banks and Financial Services	Listed Joint-Stock Company	Al Rajhi Bank	Operations Management Supervisor	1990-1993
Banks and Financial Services	Listed Joint-Stock Company	Al Rajhi Bank	transfer center Supervisor	1993 – 1996
Banks and Financial Services	Listed Joint-Stock Company	Al Rajhi Bank	transfer centers Supervisor	1996 – 2006
Banks and Financial Services	Listed Joint-Stock Company	Al Rajhi Bank	Director of Brokerage Department	2006 – 2007
Banks and Financial Services	Listed Joint-Stock Company	NCB	Director of Transfer Department	2007
Banks and Financial Services	Listed Joint-Stock Company	Al Bilad Bank	Director General of Injaz Sector	2008 – 2013

Current Positions				
Sector	Legal Entity	Company/Organization	Position	Appointment Date
Banks and Financial Services	Listed Joint-Stock Company	Bank Aljazira	Head of Fawri Banking Services Group	2013

Name: **Mr. Mohammed Al Obaid**

Position: Head of Corporate Governance and Board Secretariat Group

Educational and professional qualifications			
University	Field of Specialty	Qualifications	Year
King Saud University	Administrative Sciences	BA	1990

Previous positions				
Sector	Legal Entity	Company/ Organization	Position	Duration of Service
Banks and Financial Services	Listed Joint-Stock Company	SABB	Various Posts	1993 – 2004
Banks and Financial Services	Listed Joint-Stock Company	SABB	Deputy Corporate Secretary and Head of Compliance	2004 – 2014
Banks and Financial Services	Listed Joint-Stock Company	SABB	Corporate Secretary	2015 – 2017

Current Positions				
Sector	Legal Entity	Company/Organization	Position	Appointment Date
Financial Services	Closed Joint-Stock Company	Amlak International Real Estate Finance Company	Member of Audit Committee	Oct 2017
Banking and Financial Institutions	Listed Joint-Stock Company	Bank Aljazira	Head of Corporate Governance and Board Secretariat Group	April 2019

Name: **Mr. Luay Al Nimri**

Position: Acting Head of Human Capital Group

Educational and professional qualifications			
University	Field of Specialty	Qualifications	Year
Arab Open University	Business Management	Bachelor Degree	2010

Previous positions				
Sector	Legal Entity	Company/ Organization	Position	Duration of Service
Banks and Financial Services	Listed Joint-Stock Company	Samba Financial Group	Customer Service Manager	1984 – 1998
Banks and Financial Services	Listed Joint-Stock Company	Samba Financial Group	Tele Sales Manager	1998 – 2001
Banks and Financial Services	Listed Joint-Stock Company	Samba Financial Group	In house collection Manager	2001 – 2006
Banks and Financial Services	Listed Joint-Stock Company	ANB	Head of Phone Banking	2006 – 2010
Banks and Financial Services	Listed Joint-Stock Company	SABB	Head of Direct Sales	2006 – 2010
Banks and Financial Services	Listed Joint-Stock Company	Bank Aljazira	Head of Call Center & Telesales	2013 – 2015
Banks and Financial Services	Listed Joint-Stock Company	Bank Aljazira	Head of Collections & Remedial Division	2013 – 2015

Current Positions				
Sector	Legal Entity	Company/ Organization	Position	Appointment Date
Banks and Financial Services	Listed Joint-Stock Company	Bank Aljazira	Acting Head of Human Capital Group	2020

Name: **Mr. Hamad Al Essa**

Position: Chief Compliance & AML Officer

Educational and professional qualifications			
University	Field of Specialty	Qualifications	Year
King Saud University	Computer Science	Bachelor Degree	1984

Previous positions				
Sector	Legal Entity	Company/ Organization	Position	Duration of Service
Banks and Financial Services	Listed Joint-Stock Company	Bank AlBilad	Chief Compliance & Anti-Money laundering officer	2016 - 2020

Current Positions				
Sector	Legal Entity	Company/ Organization	Position	Appointment Date
Banks and Financial Services	Listed Joint-Stock Company	Bank Aljazira	Chief Compliance & AML Officer	2020

Name: **Mr. Nabil Al Hoshan***

Position: Chief Executive Officer and Managing Director (resigned Oct 2020)

Educational and professional qualifications			
University	Field of Specialty	Qualifications	Year
King Saud University, Kingdom of Saudi Arabia	Accounting	Bachelor Degree	1984

Previous positions				
Sector	Legal Entity	Company/ Organization	Position	Duration of Service
Banks and Financial Services	Listed Joint-Stock Company	SABB	Head of Retail Banking - Central Region	1984 – 1998
Banks and Financial Services	Listed Joint-Stock Company	SAMBA	Head of Retail Banking - Eastern Region	1998 – 2001
Banks and Financial Services	Listed Joint-Stock Company	ANB	Head of Retail Banking	2001 – 2006
Insurance	Listed Joint-Stock Company	SABB Takaful	Member of Board of Directors	2006 – 2010
Banks and Financial Services	Listed Joint-Stock Company	SABB	Head of Retail Banking	2006 – 2010
Banks and Financial Services	Listed Joint-Stock Company	Bank Aljazira	Member of Nomination and Remuneration Committee	2013 – 2015
Banks and Financial Services	Listed Joint-Stock Company	Bank Aljazira	Member of the Risk Management Committee	2013 – 2015

Current Positions				
Sector	Legal Entity	Company/ Organization	Position	Appointment Date
Banks and Financial Services	Listed Joint-Stock Company	Bank Aljazira	CEO	2013 – 2020
Banks and Financial Services	Listed Joint-Stock Company	Bank Aljazira	Executive Committee Member	2013 – 2020
Banks and Financial Services	Listed Joint-Stock Company	Bank Aljazira	Managing Director	2013 – 2020
Financial Services	Closed Joint-Stock Company	Aljazira Capital	Member of Board of Directors	2013 – 2020

* Mr. Nabil Alhoshan has resigned on 07 October 2020.

4) Brief description of the responsibilities and functions of board committees:

1. Board Executive Committee

As per the bank's articles of association and its terms of reference, the executive committee of Bank Aljazira consists of 5 board members chosen by the board. The board of directors determines the authorities and powers of this committee. It is the responsibility of the executive committee, in accordance with its delegated powers, to monitor the implementation of the strategy and policies set by the board of directors, control of the bank's performance, recommend the balance sheet and action plan submitted for the fiscal year, and ensure proper implementation of the policies of the board of directors, in addition to monitoring the efficiency of internal control standards and policies implementation. The committee holds 6 meetings at least per year. The executive committee for the current term has been re-formed in the fourth quarter of 2020, and it consists now of Engineer Tareq Al-Kasabi as chairman and Engineer Abdulmajeed Al-Sultan, Mr. Adel Dahlawi, Mr. Ibrahim Alshaia and Mr. Khalifah Almulhem as members. The committee held 11 meetings during 2020 which were attended by members of the committee as described in the table below:

	Name	Functional Duty	No. of meetings										
			1st. meeting 22/01 2020	2nd. meeting 19/02 2020	3rd. meeting 15/04 2020	4th. meeting 17/05 2020	5th. meeting 17/06 2020	6th. meeting 23/08 2020	7th. meeting 16/09 2020	8th. meeting 21/10 2020	9th. meeting 18/11 2020	10th. meeting 16/12 2020	11th. meeting 30/12 2020
1	Eng. Tarek bin Othman Al-Kasabi	Chairman of Executive Committee	√	√	√	√	√	√	√	√	√	√	√
2	Eng. Abdul Majeed bin Ibrahim Al-Sultan	Member	√	√	√	√	√	√	√	√	√	√	√
3	Mr. Adil Bin Saud Abdulhameed Dahlawi	Member	√	√	√	√	√	√	√	√	√	√	√
4	Mr. Khalifa Bin Abdullatif Almulhem (*)	Member	-	-	-	-	-	-	-	-	-	√	√
5	Mr. Ibrahim Bin Abdulaziz Al-Shaia (*)	Member	-	-	-	-	-	-	-	-	-	√	√
6	Mr. Ibrahim bin Abdullah Al-Hedaithy (*)	Member	√	√	√	√	√	√	√	√	√	-	-
7	Mr. Nabil Bin Dawood Alhoshan (*)	Member	√	√	√	√	√	√	√	-	-	-	-

(*) The committee was reformed by the Board of Directors effective 12 November 2020 after the appointment of Mr. Khalifah Abullatif Almulhem as chairman and Mr. Ibrahim Alshaia in place of Mr. Ibrahim Al-Hedaithy and Mr. Nabil Alhoshan.

2. Audit Committee:

As per its terms of reference, the committee consists of 3 – 5 members. This committee plays a key role in helping the Board of Directors to meet its supervisory duties regarding the integrity of the bank's financial statements and the independency and qualifications of auditors, effectiveness of disclosure controls and procedures, effectiveness of the internal audit and external auditors, adequacy of the Bank's internal accounting systems and financial controls, supervision of the bank's compliance department and all relations with the related parties and evaluation of its alignment with the ethical policies and regulatory and supervisory requirements.

The 61st Extra-ordinary general assembly, in its meeting held on 30 Dec 2020, ratified the terms of reference and duties of the audit committee. The committee reviews the quarterly financial statements and assists the board of directors in carrying out the evaluation and annual review of the efficiency of internal controls, identifying potential risks and development of strategic plans to mitigate them.

The results of the annual audit of effectiveness of the bank's internal control procedures have reflected good and acceptable levels of controls. In this regard, BAJ adopts all policies and procedures required by the various statutory bodies and best international practices

The audit committee membership consists of the chairman to be chosen from among the non-executive members of the board of directors and two independent members at least from outside the bank. The committee holds 4 meetings at least per year, and the meetings of audit committee are attended by the Chief Internal Audit and the Chief Financial Officer on a regular basis. The meetings are also attended by the CEO and senior executives as required. The audit committee for this term consists of Mr. Adel Dahlawi, chairman and Mr. Fawaz AlFawaz and Mr. Taha Azhari, members. The committee composition was ratified by the General Meeting held on 19 Dec 2018. The committee held 5 meetings during 2020 which were attended by the chairman and members, as shown in the table below:

	Name	Functional Duties	No. of meetings				
			1st. meeting 27.01.2020	2nd. meeting 01.04.2020	3rd. meeting 20.05.2020	4th. meeting 20.07.2020	5th. meeting 20.10.2020
1	Mr. Adil bin Saud Dahlawi	Chairman of Audit Committee	√	√	√	√	√
2	Mr. Fawaz Mohammed Al Fawaz	Member	√	√	√	√	√
3	Mr. Taha Bin Mohammed Azhari	Member	√	√	√	√	√

3. Nomination and Remuneration Committee

The board of directors, based on its powers and authorities, forms the Nomination and Remuneration Committee which consists of 3-5 members from and out of the board after having obtained SAMA non-objection. The functions and duties of the committee focus on recommending nominations to the Board of Directors as per the approved policies and standards, performing annual reviews on the skills required for the membership of the board of directors, assessment of the effectiveness of the board and sub-committees, performing reviews of the board of directors' and management structure and recommending those changes that could be carried out. The committee is also responsible for ensuring the independence of independent members and lack of any conflict of interests in case any director was also a member in any other company's board, ensuring recommended appointment is commensurate with the proper skills and required qualifications, and development and review of remuneration for the directors and senior executives.

The 61st Extra-ordinary general meeting, in its meeting held on 30 Dec 2020 ratified the terms of reference and duties of the Nomination and Remuneration Committee. The committee holds two meetings at least per year.

The members of the Nomination and Remuneration Committee were appointed for the present board term at the board's meeting No. 211 held on 07 Jumada I, 1440H (corresponding to January 13, 2019). The committee was reformed by the board in the fourth quarter of 2020, and it consists of Engineer Abdulmajeed Alsultan, chairman, Khalifa Abdullatif Almolhem, Mr. Ibrahim Alhedaithi, Mr. Ibrahim Alshaya and Mr. Tareq Alshubaily, members. The committee held 3 meetings during 2020 which were attended by the chairman and members of the committee as reflected in the table below:

	Name	Functional Duties	No. of meeting		
			1st. meeting 23.02.2020	2nd. Meeting 29.06.2020	3rd. meeting 01.12.2020
1	Eng. Abdulhameed Bin Ibrahim Al Sultan	Chairman of the Nomination and Remuneration Committee	-	-	√
2	Mr. Ibrahim Bin Abdulaziz Al Shaia	Member	√	√	√
3	Mr. Khalifah Bin Abdullatif AlMulhem	Member	-	-	√
4	Mr. Ibrahim Bin Abdullah Alhedaithy	Member	-	-	√
5	Mr. Tareq Bin Abdulrahman Alshubaily	Member – non-Board member	-	-	√
6	Mr. Abdullah Bin Saleh Al Rasheed (*)	Chairman of the Nomination and Remuneration Committee	√	√	-

(*) The committee was reformed by the Board of Directors effective 12 November 2020 after the appointment of Eng. Abdulhameed Bin Ibrahim Alsultan , Mr. Khalifah Bin Abdullatif Almulhem , Mr. Ibrahim Bin Abdullah Alhedaithy and Mr. Tareq Bin Abdulrahman Alshubaily. While the membership of Mr. Abdullah Bin Saleh Al Rasheed ended.

4. Board Risk Committee

As per its terms of reference, the Board Risk committee consists of 3-5 members and hold 4 meetings per year at least. This committee assists the board of directors in fulfilling the responsibilities of overseeing the risks in the bank's businesses and controls relating to such risks. Its duties and responsibilities are focused on supervision and control, review of bank's ability to manage and undertake risks based on the analysis provided on the extent of risk management, formulation of appropriate risk management policies which need to be applied - adoption of the classification system applied in the bank and the basic policies for management of assets and liabilities as developed by the ALCO Committee. The committee measures the exposures to financial risks and other significant exposures as well as the steps taken by the management to monitor, control and report cases of risks, including, but not limited to, review of credits, market, liquidity, reputational, operational, fraud and strategic risks in addition to evaluating exposures, tolerance levels and approval of appropriate transactions or commercial restrictions. The committee also reviews the scope of risk management and the targeted activities related to the functions of the Bank's risk management.

The members of the board risk committee for the current term have been appointed at the board of directors' meeting No. 211 held on 07 Jumada I, 1440H (13 January 2019). The committee was reformed by the board in the fourth quarter of 2020, and it consists of Mr. Ibrahim Alshaia, chairman, Mr. Khalifa Abdullatif Almulhem, Mr. Turki Alfawzan and Mr. Abdulwahab Albairy, members. The committee held 5 meetings during 2020 which were attended by the chairman and members of the committee as reflected in the table below:

	Name	Functional Duties	No. of meetings				
			1st. meeting 20.02.2020	2nd. Meeting 17.03.2020	3rd. meeting 12.05.2020	4th. Meeting 13.09.2020	5th. meeting 10.12.2020
1	Mr. Ibrahim Bin Abdulaziz Alshaia	Chairman of the Board Risk Committee	√	√	√	√	√
2	Turki bin Abdullah AlFozan	Member	√	√	√	√	√
3	Mr. Khalifah Bin Abdullatif Almulhem	Member	-	-	-	-	√
4	Mr. Abdulwahab Bin Abdulkareem Al-Betairi	Member (non-Board member)	-	-	-	-	√
5	Mr. Abdullah Bin Saleh Al Rasheed (*)	Chairman of the Board Risk Committee	√	√	√	√	-

(*) The committee was reformed by the Board of Directors effective 12 November 2020 after the appointment of Mr. Khalifah Abullatif Almolhem and Mr. Abdulwahab Albairy. While the membership of Mr. Abdullah Bin Saleh Al Rasheed has ended.

5. Social Responsibility Committee (Khair Aljazira le Ahl Aljazira' program)

As per its terms of reference, the SRC committee consists of 3-5 members and holds 4 meetings per year at least. This committee plays an important role in assisting the board of directors in the fulfillment of its social responsibilities related to the 'Khair Aljazira le Ahl Aljazira' program. It is responsible for the formulation of policies and procedures related to the activities and social responsibility programs, approval of the annual budget for 'Khair Aljazira le Ahl Aljazira' program, approval of the annual plan for the program, creating solutions for the obstacles that might hinder the social responsibility programs and review of the objectives of the program by highlighting the bank's role in the community service. It also contributes and participates actively in many social responsibility programs in the Kingdom, builds cooperation and communication between the bank and the authorities related to those programs and establishes specific partnerships with associations and charities in the kingdom which contribute to highlighting the role of private sector in enhancing the process of social responsibility. The Committee also strives to create an appropriate environment to help the youth and rehabilitate them for the market, and it provides distinctive programs for rehabilitating disabled people. The committee of the 'Khair Aljazira le Ahl Aljazira' program reports annually to the Board of Directors about the activities and functions of 'Khair Aljazira le Ahl Aljazira' program.

The members of the social responsibility committee for the current term have been appointed at the board of directors' meeting No. 211 held on 07 Jumada I, 1440H (January 13, 2019). The Committee members are: Eng. Abdulmajeed bin Ibraheem Al-Sultan, Chairman, and Mr. Abdulaziz Bin Ibrahim bin Saad Al-Hadlaq and Dr. Fahd bin Ali Al-Olayan, members. The committee held 4 meetings during 2020 which were attended by the chairman and members as stated in the table below:

	Name	Functional Duties	No. of meetings			
			1st. meeting 26.01.2020	2nd. meeting 04.05.2020	3rd. meeting 20.09.2020	4th. meeting 13.12.2020
1	Eng. Abdulmajeed bin Ibraheem Al-Sultan	Chairman of Social Responsibility Committee	√	√	√	√
2	Mr. Abdulaziz Bin Ibrahim bin Saad Al-Hadlaq	Member (Non-board member)	√	√	√	√
3	Dr. Fahd bin Ali Al-Olayan	Member (Non-board member)	√	√	√	√

5) Details of the entities in/out of the Kingdom, in which members of BAJ Board of Directors hold/held board membership or management positions, excluding BAJ memberships:

Director's name	Names of the companies in which members of the Bank Board hold present board membership or management positions	In /out of the Kingdom	Company type (Listed joint-stock/unlisted joint-stock/limited liability, etc...)	Names of companies in which members of the Bank Board held past board membership or management positions	In /out of the Kingdom	Company type (Listed joint-stock/unlisted joint-stock/limited liability, etc...)
Tarek bin Othman Al-Kasabi	1. GOSI	In Kingdom	Government Dept.	1. Aljazira Capital	In Kingdom	Closed Joint-Stock
	2. Dallah Health Services Company	In Kingdom	Listed Joint-Stock	2. Aseer Trading, Tourism and Industry Company	In Kingdom	Closed Joint-Stock
	3. Ataa Educational Company	In Kingdom	Listed Joint-Stock	3. Serb Real-Estate Investment Company	In Kingdom	Closed Joint-Stock
	4. Rozam Investment Company	In Kingdom	Closed Joint-Stock			
	5. Technical Technology Localization Company	In Kingdom	Limited Liability Co.			
	6. Al-Balad Al-Amin Company for Urban Development	Out of Kingdom	Closed Joint-Stock			
	7. Kingdom's University Company (Kingdom of Bahrain)	Out of Kingdom	Limited Liability Co.			
	8. RZM Gayrimenkul Anonim Sirketi (Turkey)	Out of Kingdom	Closed Joint-Stock			
	9. NEBA Gerimenkul Yatirimlari VE Ticaret A.S (Turkey)	Out of Kingdom	Closed Joint-Stock			
Eng. Abdul Majeed bin Ibrahim Al-Sultan	1. Consolidated Brothers for Development Co.	In Kingdom	Limited Liability	1. Packing and Wrapping Manufacturing Company	In Kingdom	Listed Joint-Stock
	2. Aljazira Takaful Ta'awuni	In Kingdom	Listed Joint-Stock	2. Qassim Cement Company	In Kingdom	Listed Joint-Stock
	3. Royal and Sun Insurance Company (Egypt)	Out of Kingdom	Listed Joint-Stock			
	4. Al-Durrah Development Company	In Kingdom	Listed Joint-Stock			

Director's name	Names of the companies in which members of the Bank Board hold present board membership or management positions	In /out of the Kingdom	Company type (Listed joint-stock/ulisted joint-stock/limited liability, etc...	Names of companies in which members of the Bank Board held past board membership or management positions	In /out of the Kingdom	Company type (Listed joint-stock/ulisted joint-stock/limited liability, etc...
Mr. Abdullah Bin Saleh Al Rasheed	1. Adae Financial and Management Consulting Co 2. Insurance World Company 3. Saudi Gas Cylinder Manufacturing Company 4. Majid Investment and Real Estate Development Company	In Kingdom In Kingdom In Kingdom In Kingdom	Limited Liability Limited Liability Closed Joint-Stock Closed Joint-Stock	1. ANB 2. Educational Attache of KSA in Canada 3. Ministry of Higher Education 4. Saudi Traveler Cheques Company 5. Al-Othaim Commercial Company 6. Al-Othaim Holding Company 7. Khalid Al Baltan Group, Riyadh 8. Mahara Human Resources Company	In Kingdom Out of Kingdom In Kingdom In Kingdom In Kingdom In Kingdom In Kingdom In Kingdom	Listed Joint-Stock Government Dept. Government Dept. Closed Joint-Stock Listed Joint-Stock Closed Joint-Stock Limited Liability Listed Joint-Stock
Mr. Ibrahim Bin Abdulaziz Al Shaia	1. GOSI 2. Masdar Company	In Kingdom In Kingdom	Government Body One Person Company	1. Al-Rashid Accountants, Auditors and Legal Consultants. 2. Accounting and Auditing Organization for GCC Countries. 3. Saudi Fransi Insurance Company	In Kingdom In Kingdom In Kingdom	Limited Liability Government Body Listed Joint-Stock
Mr. Adil bin Saud Dahlawi	1. Dallah Health Services Company 2. Flower Palace International Company 3. Fast-Food Restaurants, Spain 4. Al-Buhaira Company, Tunisia	In Kingdom Out of Kingdom Out of Kingdom Out of Kingdom	Public Joint-Stock Public Joint-Stock Limited Joint-Stock Private Joint-Stock Anonymous Joint-Stock	1. Saudi Faransi Bank 2. SAMBA 3. Dallah Holding Company 4. Etqan Capital Company 5. Mawthooq Company	In Kingdom In Kingdom In Kingdom In Kingdom In Kingdom	Public Joint-Stock Public Joint-Stock Limited Liability Saudi Closed Joint-Stock Office
Mr. Ibrahim bin Abdullah Al-Hedaithy	1. ESNA Holding 2. Bank AlJazira 3. Body Masters 4. Albasar Medical Services Ltd. 5. Meras (Arabia) Holding Co. 6. Sultan Delight Burger	In Kingdom In Kingdom In Kingdom In Kingdom In Kingdom In Kingdom	Holding Listed Joint-Stock Limited Liability Limited Liability Joint-Stock Limited Liability	1. MEFFIC Capital 2. Freshlink Ltd.	In KSA In KSA	Closed J S Limited Liability
Mr. Turki bin Abdullah Al-Fozan	1. Middle East Financial Investment Company (MEFC)	In Kingdom	Closed Joint-Stock	1. SAMBA 2. Rana Investment Company 3. Inma'a Investment Company 4. Saudi Faransi Credit Agricole Company	In Kingdom In Kingdom In Kingdom In Kingdom	
Mr. Khalifa Bin Abdullatif Almolhem	1. White Cement Company 2. Advanced Petrochemical Company 3. IGI Company, Jordan 4. Al-Jazira Support Services Company 5. Albahri Maritime Company 6. Walaa Insurance Company	In Kingdom In Kingdom In Kingdom In Kingdom In Kingdom In Kingdom	Listed Joint-Stock Listed Joint-Stock Closed Joint-Stock Closed Joint-Stock Listed Joint-Stock Listed Joint-Stock	1985-2002 – Member of the Board, SABB 2. 1987-1994-Director of the Board, Saudi Spanish bank. 3. 2012-2017 – Member of the Board, Etifaq Steel Company. 4. 2007-2018 Member of the Board, BAJ	In Kingdom In Kingdom In Kingdom In Kingdom	Listed JS JS Closed JS Listed JS
Mr. Nabil Bin Dawood Alhoshan (*)				1. Aljazira Capital	In Kingdom	Closed J S

• The board membership of Mr. Nabil Alhoshan ended after his resignation on 07 October 2020

6) Statement of Shareholders General meetings held during the fiscal year 2020 and the names of attending directors:

Two shareholders general meetings were held in the year 2020:

1) First Extra-Ordinary General Meeting held on 15 April 2020

The following agenda was discussed:

1. To approve the directors report for the fiscal year ending 31 December 2019.
2. To approve the financial statements for the fiscal year ending 31 December 2019.
3. To approve the auditors' report for the fiscal year ending 31 December 2019.
4. To relieve the directors from their liability for the year ending 31 December 2019.
5. To approve the appointment of the bank auditors of the bank from the list of nominees based on the recommendation of the Audit Committee, to review and audit the financial statements of the first, second and third quarters, and the annual financial statements for the year 2020 and to fix their fees.
6. To approve the Board recommendation for distribution of dividends to shareholders for the fiscal year ending 31 December 2019 of SAR 0.30 per share after deduction of Zakat for the eligible shares of 820 Million shares, which represents 3% of the paid-up capital, in the amount of SAR 246 Million. Eligibility for the dividends will be to the shareholders holding the shares as at the end of trading on the general meeting day and who are registered in the bank's share registry at the depository center as at the end of the second trading day following the due date. Dividend distribution date will be announced at a future date.
7. To approve the transactions and contracts which will be concluded between the bank and AlJazira Takaful Ta'awuni Company (Related Party) as the board director, Eng. Abdulmajeed bin Ibrahim Al-Sultan (Non-Executive director), holds indirect interest therein, and also because he is a member of the board of AlJazira Takaful Ta'awuni Company. The contracts cover the collective insurance agreement for the personal finance portfolio, collective insurance agreement for the real-estate finance portfolio, collective insurance services agreement for bank staff and agreement for protection of staff loan portfolio and approval thereof for a next year. The sum of this related transaction in the year 2019 amounted to SAR273.8 Million. No preferential conditions apply to this transaction.
8. To approve the transactions and contracts which will be concluded between the bank and AlJazira Capital (Related Party) as the board director, Mr. Nabil bin Dawood Al-Hoshan (Executive director), holds indirect interest therein (being a member of the board of AlJazira Capital). This transaction covers common services, Tamam product partnership agreement, agreement for special commission expenses on term deposits and branch rental expenses agreement. The sum of this related transaction in the year 2019 amounted to SAR 28.7 Million. No preferential conditions apply to this transaction.

The Bank published on 23 Sha'aban 1441 (16 April 2020), on Tadawul and BAJ websites, the resolutions taken at this General Meeting.

2) Second Extra-Ordinary General Meeting held on 30 Dec 2020.

The following agenda was discussed:

1. To approve amendment of audit committee terms of reference
2. To approve amendment of Remuneration and Nomination terms of reference.
3. To approve the Board resolution appointing Mr. Khalifa bin Abdullatif Al-Molhem, (independent member) on the Board of Directors in the vacant position effective June 29, 2020 to the end of the current term of the Board on December 31, 2021, to succeed the former member (AbdulKarim bin Ibrahim Al-Maayouf) (independent member).
4. To authorize the board of directors to pay dividends on half yearly or quarterly basis, for the year 2021.
5. To authorize the board of directors of the powers of the ordinary general meeting, as per the authorization provided for in item 1 of article 71 of the Companies Act, for one year from the ordinary general meeting approval, or up to the end of the authorized board term, whichever occurs first, in line with the regulatory controls and instructions issued in implementation of the Companies Act provisions regarding listed joint-stock companies.
6. To approve amendment of remuneration policy for members of the board, sub-committees and executive committee.
7. To approve transfer of SAR 68 Million from the general reserve to retained earnings.
8. To approve amendment of Article 3 of the Bank's Articles of Association relating to Company objectives.
9. To approve addition of Article 4 of the Bank's Articles of Association relating to shareholding of companies

10. To approve amendment of Article 5 of the Bank's Articles of Association relating to Company head office and other offices.
11. To approve amendment of Article 6 of the Bank's Articles of Association relating to Company term.
12. To approve amendment of Article 7 of the Bank's Articles of Association relating to Company's capital.
13. To approve amendment of Article 8 of the Bank's Articles of Association relating to issuance of shares at premium and co-held shares.
14. To approve amendment of Article 9 of the Bank's Articles of Association relating to share transfer.
15. To approve amendment of Article 10 of the Bank's Articles of Association relating to transfer records.
16. To approve amendment of Article 11 of the Bank's Articles of Association relating to share trading.
17. To approve amendment of Article 12 of the Bank's Articles of Association relating to reservation of share and sale of reserved shares.
18. To approve amendment of Article 13 of the Bank's Articles of Association relating to Capital increase.
19. To approve amendment of Article 14 of the Bank's Articles of Association relating to Capital Decrease.
20. To approve amendment of Article 17 of the Bank's Articles of Association relating to Board of Directors.
21. To approve amendment of Article 18 of the Bank's Articles of Association relating to membership termination.
22. To approve amendment of Article 19 of the Bank's Articles of Association relating to Board authorities.
23. To approve amendment of Article 20 of the Bank's Articles of Association relating to Executive committee.
24. To approve amendment of Article 21 of the Bank's Articles of Association relating to Audit Committee.
25. To approve amendment of Article 22 of the Bank's Articles of Association relating to board member remuneration relating to board meetings
26. To approve amendment of Article 24 of the Bank's Articles of Association relating to Board meetings.
27. To approve the addition of Article 26 of the Bank's Articles of Association relating to Disclosure of personal interests and company competition.
28. To approve amendment of Article 28 of the Bank's Articles of Association relating to shareholders meetings.
29. To approve amendment of Article 29 of the Bank's Articles of Association relating to attendance of shareholders meetings.
30. To approve amendment of Article 31 of the Bank's Articles of Association relating to ordinary general assemblies.
31. To approve amendment of Article 32 of the Bank's Articles of Association relating to extra-ordinary general meetings.
32. To approve amendment of Article 33 of the Bank's Articles of Association relating to general assemblies.
33. To approve amendment of Article 37 of the Bank's Articles of Association relating to voting rights.
34. To approve amendment of Article 38 of the Bank's Articles of Association relating to decision taking conditions at shareholders meetings.
35. To approve amendment of Article 39 of the Bank's Articles of Association relating to shareholders rights to raise questions at the general assemblies.
36. To approve amendment of Article 46 of the Bank's Articles of Association relating to dividend distribution.
37. To approve amendment of Article 48 of the Bank's Articles of Association relating to disputes.
38. To approve amendment of Article 49 of the Bank's Articles of Association relating to company dissolution and liquidation.
39. To approve amendment of Article 51 of the Bank's Articles of Association relating to confidentiality pledge by board members and staff.

The Bank published on 16 Jumada I, 1442 (31 Dec 2020), on Tadawul and BAJ websites, the resolutions taken at this General Meeting.

The table below shows board directors attendance of the two meetings:

S	Name	1st. EOGM (15.04.2020)	2nd. EOGM (30.12.2020)
1	Eng. Tarek bin Othman Al-Kasabi	√	√
2	Eng. Abdul Majeed bin Ibrahim Al-Sultan	√	√
3	Mr. Abdullah Bin Saleh Al Rasheed	√	√
4	Mr. Ibrahim Bin Abdulaziz Al Shaia	√	√
5	Mr. Adil bin Saud Dahlawi	√	-
6	Mr. Ibrahim bin Abdullah AlHdaithy	√	-
7	Mr. Turki bin Abdullah AlFozan	√	√
8	Mr. Khalifah Bin Abdullatif Almulhem (*)	-	√
9	Mr. Nabil bin Dawood Al-Hoshan (**)	√	-

*The Board membership of Mr. Khalifah Bin Abdullatif Almulhem started in the 29th of June 2020.

** The board membership of Mr. Nabil Alhoshan ended effective 7th October 2020

7) Management Committees

The governance framework of Bank Aljazira is based on the structure of the board of directors, 6 board sub-committees and 11 management committees. The governance structure is also based on a series of governance empowerment factors which ensure achievement of required clarity and good discipline of governance, namely: institutional values, design of organizational structure, procedures and policies, bank's matrix of authorities as well as effective communication at internal and external levels.

Bank Aljazira formed the following management committees to undertake specific tasks and responsibilities. Membership of these committees is restricted to the bank's employees and officials who are directly involved in the business of these committees:

- Management Committee
- Credit Committee
- Asset and Liabilities Committee
- IT Steering Committee
- Risk Management Committee
- Market Risk Policies Committee
- Compliance Committee
- Product Review Committee
- Business Continuity Committee
- SMEs Committee
- Information Security Committee

8) Notification relating to shareholding of major shareholders:

The Bank did not receive any notifications from shareholders and related parties regarding change of their shareholding in the bank as per the provisions of article 68 of the requirements for securities issuance and continuous liabilities issued by the Capital Market Authority. The following tables include description of the interests of major shareholders, board directors and senior executives and their spouses and minor children in the bank's shares or debt instruments:

Description of any interest, securities or subscription right held by major shareholders:

S	Name of interested person	Beginning of the year 2020		End of the year 2020		Net change	% change
		No. of share	Debt instruments	No. of share	Debt instruments		
1	Consolidated Brothers Development Company	54,070,295	-	54,070,295	-	-	0%

Description of any interest, securities and subscription rights held by the directors of the Board and their spouses and minor children

S	Name of interested person	Beginning of the year 2020		End of the year 2020		Net change	% change
		No. of share	Debt instruments	No. of share	Debt instruments		
1	Eng. Tarek bin Othman Al-Kasabi	-	-	-	-	-	0%
2	Eng. Abdulmajeed bin Ibrahim Al-Sultan	2,731	-	2,731	-	-	0%
3	Mr. Adil bin Saud Dahlawi	-	-	-	-	-	0%
4	Mr. Turki bin Abdullah AlFozan	50	-	50	-	-	0%
5	Mr. Abdullah Bin Saleh Al Rasheed	2,050	-	2,050	-	-	0%
6	Mr. Ibrahim Bin Abdulaziz Al Shaia representing GOSI	7,390,992	-	7,390,992	-	-	0%
7	Mr. Ibrahim bin Abdullah Al-Hedaithi	10,172	-	10,172	-	-	0%
8	(*)Mr. Khalifah Bin Abdullatif Almolhem	4,068,722	-	314,304	-	-3,754,418	-%92.28
9	(**) Mr. Nabil bin Dawood Alhoshan	5,464	-	5,464	-	-	0%

*The Board membership of Mr. Khalifah Bin Abdullatif Almolhem started in the 29th of June 2020.

**The board membership of Mr. Nabil Alhoshan ended effective 7th October 2020

Description of any interest, securities and subscription rights held by senior executives, their spouses and minor children:

S	Name of interested person	Beginning of the year 2020		End of the year 2020		Net change	% change
		No. of share	Debt instruments	No. of share	Debt instruments		
1	Mr. Naif Bin Abdulkareem Al-Abdulkareem CEO	-	-	-	-	0	0%
2	Mr. Shahid Amin Senior Finance Officer	-	-	-	-	0	0%
3	Mr. Mohammed bin Ibrahim Al-Obaid Company Secretary and Head of Governance Group	-	-	-	-	0	0%
2	Mr. Nabil Bin Dawood Alhoshan Board member, CEO and Managing (*) Director	5,464	-	5,464	-	0	0%

*The board membership of Mr. Nabil Alhoshan ended effective 7th October 2020

9) Details of any arrangements or agreement under which any director of the board or senior executive of the bank has waived any remuneration or right:

The Bank is not aware of any arrangements or agreements for the waiver by any of the directors of the board or senior executives of any of their rights to any remuneration.

10) Details of any arrangements or agreement under which any shareholder of the bank has waived any right to dividends:

The Bank is not aware of any arrangements or agreements for the waiver by any of the bank shareholders of any of their rights to any dividends.

11) Actions taken by the Board to notify its members – particularly non-executives – of shareholders suggestions and comments regarding the company and its performance:

In line with the relevant supervisory directives and as a general rule, the Bank facilitates the full exercise of shareholders of all their statutory rights related to the shares, including the making of suggestions and comments about the Bank and its performance. In line with the Bank's practices, the Board has directly answered the questions and queries raised by Shareholders at the two AGMs held in 2020, or through Shareholders Unit. The Board reviews such suggestions and comments and takes the appropriate action in this regard.

Compensation Policy and Directors and Senior Executives Remuneration

Compensation Policy

The BAJ reward and remuneration policy determined the rewards and compensations payable to members and non-members of the Board of Directors in accordance with the rules set out by the supervisory authorities. The policy is subject to the rules of Companies Act, Principles of Governance of Banks operating in the Kingdom of Saudi Arabia, the Rewards and remuneration rules issued by the Saudi Central Bank, Corporate Governance rules and the implementing rules of the Companies Act relating to listed joint-stock companies issued by CMA, BAJ Articles of Association, BAJ Governance Document and BAJ Compensation policy and SAMA Circular, which provide that the maximum reward, compensation or benefits paid annually to members of the Board and sub-committees shall not exceed SAR 500,000, excluding the chairman and members of Audit Committee. During 2020, none of the board members or sub-committees did any work of a technical or advisory nature, and therefore did not receive any special benefits for that. The following table details the rewards and compensations paid to members of the Board and sub-committees for their membership, and for senior executives of the bank, during the year:

Remunerations of Senior Executives

Board Remuneration

For the year ending 31, Dec 2020

	Fixed remunerations							Variable remunerations							End-of-service award	Aggregate Amount	Expenses Allowance
	Specific Amount	Allowance for attending Board meetings	Total allowance for attending committee meetings	In-kind benefits	Remunerations for technical, managerial and consultative work	Remunerations of the chairman, Managing Director or Secretary, if a member	Total	Percentage of the profits	Periodic remunerations	Short-term incentive plans	Long-term incentive plans	Granted shares (insert the value)	Total				
First: Independent Directors																	
Mr. Abdullah Bin Saleh Al Rasheed	450,000	20,000	30,000	-	-	-	500,000	-	-	-	-	-	-	-	500,000	-	
Mr. Ibrahim Bin Abdulaziz Al-Shaia	450,000	5,000	45,000	-	-	-	500,000	-	-	-	-	-	-	-	500,000	9,994	
Mr. Adil Bin Saud Abdulhameed Dahlawi *	550,000	-	75,000	-	-	-	625,000	-	-	-	-	-	-	-	625,000	-	
Mr. Khalifa Bin Abdullatif Almulhem	229,313	20,000	15,000	-	-	-	264,313	-	-	-	-	-	-	-	264,313	-	
Total	1,679,313	45,000	165,000	-	-	-	1,889,313	-	-	-	-	-	-	-	1,889,313	9,994	
Second: Non-Executive Directors																	
Eng. Tarek bin Othman Al-Kasabi	450,000	-	50,000	-	-	-	500,000	-	-	-	-	-	-	-	500,000	-	
Eng. Abdul Majeed bin Ibrahim Al-Sultan	450,000	-	50,000	-	-	-	500,000	-	-	-	-	-	-	-	500,000	-	
Mr. Ibrahim bin Abdullah Al-Hedaithy	450,000	-	50,000	-	-	-	500,000	-	-	-	-	-	-	-	500,000	-	
Mr. Turki bin Abdullah Al-Fozan	450,000	25,000	25,000	-	-	-	500,000	-	-	-	-	-	-	-	500,000	-	
Total	1,800,000	25,000	175,000	-	-	-	2,000,000	-	-	-	-	-	-	-	2,000,000	-	
Third: Executive Directors																	
Mr. Nabil Bin Dawood Alhoshan	343,970	15,000	35,000	-	-	-	393,970	-	-	-	-	-	-	-	393,970	-	
Total	343,970	15,000	35,000	-	-	-	393,970	-	-	-	-	-	-	-	393,970	-	

*This amount also contains the amount received for his membership in the Audit Committee

Committee Members Remuneration

(SAR thousands)

	Fixed Remuneration (Except for the allowance for attending Board meetings)	Allowance for attending Board meetings	Total
Executive Committee members			
Eng. Tarek bin Othman Al-Kasabi	-	50,000	50,000
Eng. Abdul Majeed bin Ibrahim Al-Sultan	-	25,000	25,000
Mr. Adil Bin Saud Abdulhameed Dahlawi	-	50,000	50,000
Mr. Khalifa Bin Abdullatif Almulhem	-	5,000	5,000
Mr. Ibrahim Bin Abdulaziz Al-Shaia	-	5,000	5,000
Mr. Ibrahim bin Abdullah Al-Hedaithy	-	45,000	45,000
Mr. Nabil Bin Dawood Alhoshan	-	35,000	35,000
Total	-	215,000	215,000
Audit Committee members			
Mr. Adil Bin Saud Abdulhameed Dahlawi	100,000	25,000	125,000
Mr. Fawaz Bin Mohammed Al-Fawaz	100,000	25,000	125,000
Mr. Taha Bin Mohammed Azhari	100,000	25,000	125,000
Total	300,000	75,000	375,000
Remuneration and Nomination Committee members			
Eng. Abdul Majeed bin Ibrahim Al-Sultan	-	5,000	5,000
Mr. Ibrahim Bin Abdulaziz Al-Shaia	-	15,000	15,000
Mr. Khalifa Bin Abdullatif Almulhem	-	5,000	5,000
Mr. Ibrahim bin Abdullah Al-Hedaithy	-	5,000	5,000
Mr. Tareq Bin Abdulrahman Alshubaily	13,698	5,000	18,698
Mr. Abdullah Bin Saleh Al Rasheed	-	10,000	10,000
Total	13,698	45,000	58,698
Risk Committee members			
Mr. Ibrahim Bin Abdulaziz Al-Shaia	-	25,000	25,000
Mr. Turki bin Abdullah Al-Fozan	-	25,000	25,000
Mr. Khalifa Bin Abdullatif Almulhem	-	5,000	5,000
Mr. Abdulwahab Bin Abdulkareem Al-Betairi	13,698	5,000	18,698
Mr. Abdullah Bin Saleh Al Rasheed	-	20,000	20,000
Total	13,698	80,000	93,698
Social Responsibility Committee members (Khair Al-jazira Le Ahl Aljazira)			
Eng. Abdul Majeed bin Ibrahim Al-Sultan	-	20,000	20,000
Mr. Abdulaziz Bin Ibrahim bin Saad Al-Hadlaq	100,000	20,000	120,000
Dr. Fahd bin Ali Al Elayan	100,000	20,000	120,000
Total	200,000	60,000	260,000

* The Audit Committee, Remuneration and Nomination Committee, Risk Management Committee and Social Responsibility Committee includes members who are not Directors of the Board.

Remuneration of five senior executives, including the CEO and chief financial officer:

SAR													
Senior Executives	Fixed remunerations				Variable remunerations						End-of-service award	Total remuneration for Board executives, if any	Aggregate Amount
	Salaries	Allowances	In-kind benefits	Total	Periodic remunerations	Profits	Short-term incentive plans	Long-term incentive plans	Granted shares (insert the value)	Total			
5 senior executives including CEO and Senior Finance Officer	15,181,623	1,045,424	-	16,227,047	4,000,000	-	17,634,500	-	-	21,634,500	6,651,931	-	44,513,478

Internal Audit Group

The Bank's Internal Audit Group performs internal independent audit and control review function for the Bank, covering all businesses and functions. The group uses standardized internal audit methodologies in providing confirmation and independent opinion in relation to assessment of risks and internal control systems including the submission of recommendations and follow up to optimize the internal control systems' efficacy and enhance awareness of their efficiency and importance.

The Chief Audit Executive manages the group and the Audit Committee has an oversight responsibility for ensuring that the group's objectives are achieved. Internal Audit pursues a risk-based approach in the planning and execution of audit evaluation engagements on risk-based prioritization. The scope of internal audit encompasses all aspects of internal systems, governance and risk management systems.

Internal Audit provides an independent and objective evaluation assurance of risk and control activity for senior management and furnishes them with recommendation and information concerning activities reviewed.

The Group maintains a Quality Assurance and Improvement Program that covers all aspects of the internal audit activity.

Annual Review of the Effectiveness of Internal Control Procedures

Being a financial institution, the Bank attached high importance to the internal control environment. At the Bank, effective internal control procedures are in place across the organization by applying the principle of 3 defense lines. This is adopted based on their suitability to the work patterns of the bank taking into consideration the best practices and international standards applicable in the banking and financial industry and by contracting with international organizations to provide advisory services to evaluate and optimize the efficiency of control systems, and their effectiveness is continuously monitored and tested by the control functions in the Bank, and additionally tested by the independent external auditors and regulatory inspection team.

The Board of Directors and its committees as well as the executive management play a vital role in the enhancement of internal control environment through direct supervision of the functions of the bank's control groups such as Internal Audit, Compliance and Risk groups. The internal control process relies basically on the efficacy of the control systems in the bank. The effective internal control increases confidence in the financial reports and audit processes.

The results of the annual audit of the effectiveness of the internal control procedures of the Bank have reflected good and acceptable levels of controls.

Audit Committee review of the adequacy of the bank's internal control systems.

During 2020, the Audit Committee reviewed various reports to assess and measure the adequacy of internal controls and systems, including the financial statements and risk reports. The committee also reviewed the minutes of the various management committees such as the Risk Management Committee and the Compliance Committee.

The committee's discussions and resolutions are documented in the minutes of the meetings and issues that require attention are brought to the Board of Directors.

During the year, members of the Audit Committee held meetings with the heads of internal audit groups, risks, compliance, financial control and external auditors, where the Committee was briefed on the latest developments on issues requiring the committee's attention. The Committee also received internal audit reports, regulatory and supervisory reports, as well as the letters of external auditors made to the management during

the year and reviewed the management's action plans for the issues filed. The audit committee also reviewed the effectiveness of the internal control system, procedures for compliance with the Bank's internal policies and relevant regulatory and legal requirements in Saudi Arabia, and whether the management has fulfilled its duties in establishing an effective internal control system and seek independent confirmation by the internal audit for assessment of the adequacy and effectiveness of such internal controls.

The Audit Committee confirms to the Board of Directors and shareholders that, to their best knowledge and in all material respects, the bank's internal control system is adequate and effectively implemented. The committee also confirms that the recommendations relating to appointment, dismissal, assessment or fixing of the fees of the auditors were approved by the Board.

Retail Banking Group

The Retail Banking Group continues to redefine banking services and reinforces BAJ position within the Saudi banking industry by offering innovative products and smart banking solutions with a nationwide distribution network of 79 branches, 19 Ladies sections, 612 ATMs, and 19,300 Point of Sale devices. Our products and services are designed to meet the end-to-end needs of all customers from online account opening to time deposits, debit and credit cards to personal finance in addition to a wide range of mortgage finance products.

Furthermore, our Electronic Banking services are among the best in the Saudi Market with Aljazira Phone being awarded for the best in customer service in the world. Aljazira SMART and Aljazira Online re-launch has made a great impact on usage and transaction based returns. Overall, BAJ Liabilities portfolio has increased to reach SAR 42,056 million in Q4 2020. Meanwhile, the Group's Loans book has increased by 13% in Q4 2020 to reach SAR 27,238 million from SAR 24,103 million in Dec 2019. Following the promising growth in the Real Estate finance market, the Bank's real estate finance portfolio grew by 18% in 2020 compared to 2019, with an estimated market share of over 4% by year end.

Aljazira savings account was launched on July 2020 as a unique and highly flexible product in accordance with Sharia regulations that takes into account customer's best interest. The account has the ability to be opened and managed directly via the Internet without the need to visit a branch and without a minimum requirement, with the possibility of opening multiple accounts and obtaining monthly returns.

Private Banking and Wealth Management Group

The Private Banking Group serves the high net worth Individuals segment by providing a comprehensive array of private Sharia- compliant banking services and products. Despite the exceptional circumstances during the year, the group continued to achieve major growth compared to last year.

The group devotes all of its experience and capabilities to deliver & achieve the financial goals and objectives of its customers in a professional and timely manner.

The average customer deposits increased by 19% as of the end of 2020.

During the year, the Group Collaborates closely with Al Jazira Capital to provide advisory services and investment opportunities for HNW individuals, and in establishing a new Wealth Management Department. Its primary aim is to support Private Banking in developing sharia compliant wealth management proposition platform. This continuous collaboration has led to a significant increase in the size of our customer investment portfolios. The total loans and advances has increased by 25% as of the end of 2020.

The Group meets the credit needs of its customers through its credit unit with an objective to meet the credit requirements of all its customers in a way that meets their finance needs and purpose of investments.

The Group serves its customers through 3 centers located in Riyadh, Jeddah and AlKhobar. These centers offer all services and banking transactions needed by HNW individuals through highly qualified Saudi cadres.

Banking Services Group - FAWRI

Despite of all challenges and limitations of being relatively new in the remittance business, Fawri continued to expand its market share and reaffirm its position amongst the top remittance service providers in the Kingdom of Saudi Arabia.

In the year 2020, Fawri has propelled a significant transformation in remittances through digital platforms by persistently improvising customer experience of sending money through BAJ digital platforms at very competitive pricing. The introduction of **"Online customer registration"** and **"Online customer complaint system"** has been a valuable addition to service excellence thereby; strengthening the trust of our customers.

Complying with Saudization policy, Fawri has successfully managed to achieve 100% Saudization at its remittance centers. In addition, two new centers were added including; a fully dedicated ladies branch taking the tally to **"62 remittance centers"** across the Kingdom. More remarkably, Fawri has made a giant leap by launching and equipping remittance centers with **"Instant Fawri Card printing"** and **"POS machines"**.

Fawri continues to expand its Global outreach through MoneyGram and RIA wherein money can be collected from over 600,000 payout locations, in addition to having a separate and direct presence in 10 countries through **"24 direct correspondent banking partners"**.

Going forward, Fawri will continue to offer innovative products and services to all customer segments with the prime focus on digital channels and by providing a hassle-free customer experience..

Enterprise Risk Management Group (ERMG)

During the year 2020 Bank AlJazira continued its drive to focus on strengthening the Risk Management culture and ensuring the same is institutionalized at an enterprise wide basis. With this objective set forth, the management remained committed to ensure that the bank adopts best in class risk management practices supported by necessary infrastructure, in terms of people, processes and systems so that the practices adopted become embedded in the cultural fabric of the bank.

The priority has been to strengthen the Enterprise Risk Management function with core emphasis on the following:

1. Building a robust architecture and risk strategy to facilitate not only the current business strategy but also to adapt to the changing business landscape and environment.
2. Investment in and development of risk analytics capabilities and technology to lay a strong foundation for the Risk Data Warehouse. In this regards the bank has planned to invest in relevant technology infrastructure to adopt the Basel Committee on Banking Supervision (BCBS) 239 practices. The ultimate vision of the bank is aimed at developing a state of the art Risk Data Warehouse serving as the single source of truth for all risk data and analytics needs.
3. Delineation of the approvals and review processes, ensuring that Risk Approvers and Reviewers remain independent with an objective of strict adoption to Credit Committee Culture and minimum four eyes principle.
4. Enterprise Information Security Function in line with the banks mission and strategy and also SAMA's Cyber Security Framework, continued its effort to strengthen, protect information and information systems to ensure that the confidentiality, integrity and availability of all information is commensurate with mission needs, information value, and associated threats.
5. Alignment and strategizing Capital Adequacy process in sync with bank's strategic direction. The Internal Capital Adequacy Assessment Process (ICAAP) goals are being continually rationalized in accordance with the existing strategic focus and the business plan on an annual basis. Capital adequacy assessment has been carried out in accordance with the nature, size and complexity of the Bank's Business Model along with detailed documentation.
6. The Bank has also developed its Internal Liquidity Adequacy Assessment Process (ILAAP) Framework in accordance with regulatory mandate. ILAAP primarily focuses on the Bank's Liquidity Risk Assessment, Governance structure, associated strategies and contingency arrangements to deal with both, foreseeable and unforeseen liquidity events.
7. Implementation of the Basel Program, perceived as a critical opportunity to:
 - a. Upgrade and align the bank's risk management policies and procedures to ensure that the same are in line with the global best practices and local regulatory requirements.
 - b. Develop, institutionalize and monitor detailed Risk Appetite Framework, which acts not only as a connection between the Board's strategy and Business execution of the same, but also serves as a feedback loop to ensure alignment of the strategy with the prevailing business and regulatory environment.
 - c. Review, validate and improve the Pillar – 2 Risk Assessment Models, on a continuing basis, aligning them to the industry's best practices and SAMA guidelines and expectations.
 - d. Continuously update Pillar-1 reporting to ensure that these reports are accurate, timely and remain in line with the regulatory expectations.
8. Refining and Strengthening the Stress Testing framework, prepared in light of best practices, SAMA and Basel guidelines enabling the bank to conduct Regulatory stress testing across various risk parameters and scenarios. Results of the stress testing are taken as a valuable feedback for business and capital planning purposes on a forward looking basis.
9. Ensuring that the bank remains compliant with Financial Institution under IFRS-9.
10. Implementation of an Operational Risk Policy/ Framework that is compliant with the recommendations of the Basel Committee and SAMA. This framework aims to promote and encourage a culture of risk awareness and loss prevention across the Bank. It lays down the principles of how operational risks are identified, assessed, mitigated, monitored & reported within the Bank.
11. Ensuring through validation and calibration that Bank's credit risk rating models and score cards maintain their forecasting power to assess the risk associated with default of a prospective and / or existing customer. The bank has been at the forefront in successfully validating and implementing its recalibrated risk rating models.
12. Re-organization of Fraud Risk Management & Investigation Unit under the auspices of Compliance and AML division. Bank has put in place the best in class Fraud Risk Management Program capable of addressing both, SAMA requirements and international best practices.

Corporate and Institutional Banking Group (CIBG)

Corporate Banking Group (CBG)

Bank Aljazira continued in offering its Sharia compliant products and services to its growing clients. Its diverse range of products and services have enabled the Bank to reach out to a wide client base, thereby building strategic partners and offering a unique banking experience. The professional approach and quality service offered have remained a hallmark of the bank in attracting and retaining clients in a highly competitive market for corporate and commercial lending. Moreover, the working environment and competent staff members equipped with valuable corporate banking expertise, supported by expeditious decision making process have well positioned the bank to provide customized financial and banking services and advisory solutions to corporate clients, which is well appreciated by the clients. We take pride in the success achieved in terms of significantly expanding our client base which includes government and public sectors, financial institutions and top tier private sector companies operating across diverse economic segments.

In 2020, CBG has continued with its untiring efforts to promote and uphold the service values and attributes which have enabled us to become successful. We realize that providing total customer satisfaction together with the efficient service standards and wide array of products is key to achieving success.

COVID 19 global pandemic seriously impacted business sectors across all segments in the Kingdom during the year and many corporate clients experienced significant decline in business activity. As a result, achieving business targets has become a challenge. However, with its strategic vision coupled with the significant initiatives for growth, the bank has been well equipped to remain a front runner amongst the fully Shari'a compliant corporate banking groups in the Kingdom.

During 2020, CBG performed exceedingly well achieving a 12% growth in its financing portfolio over the preceding year. Motivated efforts to solicit new business and exploiting our close bond with existing clients to capture new financing opportunities have been the key drivers behind our good performance. During the year, excellent progress was also achieved in terms of cross selling BAJ's wide range of Islamic products. Our portfolio remains well diversified and hence is devoid of any excessive exposure to a single market segment. While exerting maximum efforts to grow, CBG has employed a cautious and selective approach to ensure that asset quality is maintained and the risk of portfolio impairment is minimized considering the overall macroeconomic environment.

In 2021, CBG intends to continue with the same growth momentum buoyed by the signs that the economic slowdown is beginning to fade away. We will look to capitalize on our key strengths which include the strong brand name, relationship-driven approach, dedicated service, emphasis on risk management and proven management track record, to provide our clientele a more enlivening banking experience with a view to further consolidating the position of Bank Al Jazira as the preferred choice amongst corporate clients.

Specialized Finance Division (SFD)

Specialized Finance Division participates in syndicated deals for mega projects, in line with Bank's growth strategy and risk appetite. Capitalizing on its specialty, SFD is also engaged in offering its expertise in project finance solutions and providing agency functions to large corporate customers. Despite the challenges experienced during the year 2020 mainly due to global COVID-19 pandemic, SFD has far exceeded its budgeted asset and recorded a remarkable growth of 39% by participating with other leading banks in mega syndicated deals arranged in favour of corporate and sovereign clients. Going forward, our focus is to actively consider playing major roles in future financing opportunities in line with the initiatives of the Kingdom for participation of private sector in large strategic projects.

Commercial Banking Services (CBS)

Commercial Banking Services (CBS) was established in 2012 to provide a wide range of commercial banking products and services to small and medium enterprises in the Kingdom. Operating out of three regional offices, CBS provide a full suite of products connecting and serving all commercial banking clients around the Kingdom via its various channels. Accordingly, customer base reached a current level of around 900 clients.

Going forward, CBS will continue to provide enhanced Shari'a compliant products and services in order to meet and exceed customer requirements and expectations. SME's are the commercial backbone of any economy, and supporting their growth and prosperity remains one of BAJ's main goals. Accordingly, and along with the kingdom's 2030 vision, the bank endeavors to increase SME's contribution to the overall GDP from 20% to 35%. To help achieve that goal, the bank continues its strategic alliances with government bodies that help and support this sector, such as the General Authority of Small and Medium Enterprises "Monsha'at" through the Kafalah program, where the bank is considered a very decent contender within the banks ranked at the second highest tier with the continuous aim to reach top tier ranking.

2020 was a difficult year, as BAJ had to manage various challenges both internally and externally given the current COVID-19 situation and negative aftermaths. However, we managed to sail through with minimal troubles given the hard work of all the people on the ground and also benefiting from the various government programs dedicated to support SMEs.

Looking forward, we are to focus on growing this very important and profitable area of the bank, with the support and guidance of the banks higher management, whom are very confident that we can continue the very strong turnaround and have BAJ's CBS become the top service provider for SME's in the kingdom.

Financial Institutions Unit (FIU)

Financial Institutions Unit (FIU) manages the bank relationship with domestic and international banks, other financial institutions, as well as supra-national entities, FIU specializes in understanding regional trade, cash management business need along with the intensive insight into the

dynamic variable of our correspondents home countries, The FIU succeeded in managing and developing a rapidly growing global partner bank network to enable BAJ to cater to its core clients' banking needs around the world by enhancing the capabilities of BAJ for meeting customer requirements and facilitating the finance of money remittances and commercial transactions, In addition, FIU has the ambition to make BAJ the partner bank of choice in the Kingdom.

Public Sector Unit (PSU)

Public Sector is a business unit within Corporate & Institutional Banking Group that manage Government and quasi-government entities. Our portfolio consists of various sectors such as industrial customers in the Power Sector, Energy, Petrochemical, Shipping, Transportation and Telecommunications. The complex nature and quality of the services required by Public Sector clients necessitates dedicated and well-established specialists team to serve the needs of Public customers, the services provided by the unit covers finance solutions, property finance, banking investment services, project finance, cash management solutions and latest e-banking technologies. The Public Sector Unit is also a gate for other modern products and services in Treasury and Investment Banking services.

Global Transaction Services (GTS)

Global Transaction Services stands as the leading business in providing banking solutions, liquidity services, and commercial and investment transactions to the customer of commercial and financial institutions in all part of the Kingdom of Saudi Arabia.

GTS payment solutions cover a complete spectrum of domestic and international transactions which consist corporate e-banking (E-Corporate) and (E-Trade) that aims to provide cash management and transaction service in the best cost – effective and time – efficient manner, aptly supported by state of the art technological platforms where its technical solutions are tuned to be error-free. Also, among the services provided by GTS to is the cash transfer and delivery service.

GTS continuously works with the clients to enhance its services and delivery by addressing the change needs of its customers and by leveraging on the technological advancement in the Banking Industry.

GTS also provides full support to all products available for corporate clients in coordination with the relevant departments such as Point of sales, Payment gateway, Business credit cards for corporate as well as the commercial finance services such as enabling the full sight of the account information and the establishment of local or foreign payment services within a secure environment around the clock. These futures are in addition to Payroll Services and wages protection system (WPS) offered under the name of "Rawatebcom".

Payroll Services is dedicated to corporate customers in order to simplify payroll administrative activities for their employees. This service is provided in a high level of security to manage payroll data with simplicity rapidity and convenience.

The growth strategy of GTS is aligned with the fundamental trends that are driving change in terms of digitization and processing modernization across all business sectors in Saudi Arabia.

Micro, Small and Medium size Enterprises (MSMEs)

- **Currently approved definition of MSMEs**

MSME clients are categorized in line with the regulatory guidance and internal policy of the Bank, and are segmented as follows:

Entity Type	Annual Revenues (Sales)SR MM	Number of Employees (Full Time)*
Micro Small	0 to 3	01 to 05
Small	3 to 40	06 to 49
Medium	40 to 200	50 to 249

*Bank Aljazira considers Annual revenue as the main criteria, however, if this criteria is not available, then the number of full time employees becomes the main criteria for segmenting MSME clients.

- **Initiatives for MSMEs taken by the Bank**

- BAJ has established 3 dedicated centers for MSMEs located in the 3 main Regions (Central, Eastern & Western)
- Established Kafalah coordination team to streamline all matters between the bank and Kafalah program.
- Has in place a specific Risk Acceptance Criteria/ Customer Selection Criteria which includes a scoring mechanism aimed to improve overall turnaround time.
- Has in place a dedicated Call Centre (MSME Phone Banking) to serve existing and new prospect clients. Toll free number "800 244 9090"
- Has in place an Acquisition and Business Intelligence unit mainly to acquire new to bank clients and to act as a centralized unit for all corporate referrals.
- Has in place a segmentation module within the bank core system to differentiate between MSME clients segments, relationship, needs etc.
- Actively monitoring MSME activities/ performance on a monthly basis through a committee headed by the CEO.

- Continuous development of dedicated training programs for MSME RMs focusing on relationship, credit & risk management.
- Launched a Credit Card product for MSME clients.
- In the final stages of launching a new proposition called "AMAAL" which is a package of integrated banking and financial solutions specifically catered for MSME clients.

MSMEs unit and staff:

MSMEs unit is managed by CBS within the Institutional Corporate Banking Group. CBS has more than 58 dedicated staff serving MSMEs clients.

Number of training and workshop for staff and customers :

Number of training for Staff	15
Number of training for Customer	-

Loans, Commitments and Contingencies granted to micro, small and medium enterprises:

(SAR '000)

	2020			
	Micro	Small	Medium	Total
Loans to MSMEs off BS	224,832	1,285,563	2,571,079	4,081,474
On BS MSMEs Loans as a % on Total BS Loans	100,857	301,861	1,027,403	1,430,121
Off BS MSMEs Loans as a % on Total BS Loans	0.4%	2.4%	4.8%	7.6%
Number of Loans on and Off	0.2%	0.6%	1.9%	2.7%
Number of Customers for Loans	179	387	591	1157
Number of Loans guaranteed by Kafalah program (on & Off)	371	272	166	809
Amount of Loans guaranteed by Kafalah program (on & Off)	55	63	18	136
Amount of Loans guaranteed by Kafalah program (on & Off BS)	39,213	49,921	42,763	131,897

	2019			
	Micro	Small	Medium	Total
Loans to MSMEs on BS	48,896	215,111	550,354	814,361
Loans to MSMEs off BS	85,366	258,425	153,786	497,577
On BS MSMEs Loans as a % on Total BS Loans	0.1%	0.4%	1.1%	1.6%
Off BS MSMEs Loans as a % on Total BS Loans	0.2%	0.5%	0.3%	1.0%
Number of Loans on and Off	131	533	558	1222
Number of Customers for Loans	322	240	143	705
Number of Loans guaranteed by Kafalah program (on & Off)	33	73	15	121
Amount of Loans guaranteed by Kafalah program (on & Off)	20,653	56,119	37,738	114,510

Treasury Group

Early 2020, the government started taking structured and strict measures to control the spread of COVID-19 pandemic. Treasury was well positioned for the new business environment by being engaged with the regulator on the readiness of optimal business continuity infrastructure. This helped Treasury to show strong performance and business growth. Treasury also worked closely with the central bank for smooth implementation of its stimulus program that eased overall liquidity conditions in the market.

On customer business, in particular Foreign Exchange, 4.5% growth was seen as a result of competitive pricing and market penetration. The sales teams continued to expand the business by tapping both new customers and market segments, widening the range of products and services, and aggressively pursuing cross selling strategies.

Treasury maintains a well-diversified portfolio, which during the year grew by SAR 2 billion, of zero-risk-weighted Sukuk, thus further strengthening the bank's investment book and credit profile. Being an appointed Primary Dealer for the NDMC (National Debt Management Center), Treasury stood to its commitments with total bids in the monthly auctions amounted to SAR 8.2 billion with allocations of SAR 4.8 billion, which clearly demonstrates Treasury's ability to reach customer base despite the constraints induced by the pandemic.

By means of state-of-the-art infrastructure, systems and technology, Treasury operated seamlessly during the pandemic, causing no services disruption to its customers. Additionally, Treasury continues to operate in a robust internal control environment implemented through a range of policies and procedures. Periodic reviews help to strengthen policies and systems to align with best market practices and evolving regulatory requirements.

Human Capital Group

The year 2020 stands alone and unprecedented in light of the impact of the worldwide COVID 19 Pandemic, which resulted in some very significant social and professional effects and implications for the activities and operations of the Human Capital Group and the Bank on the whole.

The main concern of the Human Capital Group was therefore the safety of all staff across all sectors to minimize the spread of the contagion, and the stressing of the need to follow all necessary prescribed personal and organizational safety precautions, stemming from the official Health authorities containment directives and instructions.

In addition to the preparations necessary to contain and manage the human challenges of the pandemic, the Human Capital Group continued its unrolling and implementation of the advancements realized in 2020G, in a continuation and strengthening of its role as a full strategic and dynamic partner, complementing all areas of the bank through the implementation of all applicable official directives, and by keeping pace with all national regulatory and security requirements for contagion containment, while assuring maximum business continuity to assure the Bank's reputation and the welfare and safety of the staff and their families.

As for the contagion containment activities, the Human Capital Group took the initiative in eliminating and excluding all group workshops, training events, and other mass gatherings, replacing them with virtual conferencing and training, and other "remote" focused activities associated with correct social distancing health and safety directives in full compliance with the contagion containment imperatives issued by the Saudi Central Bank, (SAMA) and the national health authorities, from planning and implementing the technical and security requirements for remote working, to the distribution of work tasks for all areas to assure business continuity.

The Human Capital Group was also keen on the execution of all possible elements of its 2020 work plan and all individual and organizational transactions, in addition to its usual staff activities oversight through the establishment of a control center to support and advise all business units on the optimum means to manage their areas through the challenges presented by the contagion.

Additionally, 2020 was unique in its focus on regulatory compliance and audit initiatives for the bank as a whole, in which the Human Capital Group was a chief participant in the implementation of a myriad of corrective actions needed to keep pace with expanding novel regulatory requirements.

As was the case in 2019, the Recruitment Division continued its robust Saudi recruitment program in 2020, through the recruitment of select Saudi male and female staffers for all business lines bank wide, as well as continuing to offer select job and career opportunities, in keeping with the bank's continued commitment towards numerous new job and internship training prospects for college high school and trade school diploma holders, undergrads & post graduate candidates, which serves as one of the top attractors of desired fresh Saudi talents.

The Bank has accordingly maintained its already high success rate of effective Saudization of more than 94%. Furthermore, 2020 also reflected an optimum current bank needs and market demand training activity totals with more than (480) annual training events taking place, in addition to the administration of Bank and System wide required regulatory Compliance, Security and Anti-Fraud and Anti Money Laundering and other compliance and conduct requirement refreshers for the entire bank population.

Staff ethical and professional principles:

Bank Aljazira has a proven track record in taking the right actions towards its employees, customers, shareholders, regulators and regulatory and supervisory bodies. The values of Bank Aljazira represent the basis on which the bank relies in working to achieve the bank's overall objectives.

The bank has adopted a number of ethical and professional principles as set out in the staff "Code of Conduct" which encourage the creation of an appropriate work environment and help achieve the aspired growth, under the existing protection systems against financial crime, bribery and corruption.

The policies and standards embraced by the Bank Aljazira provide an appropriate framework for employees to conduct their business. These policies and standards help staff to take the best decisions in their endeavor to achieve long-term and sustainable growth. It is the responsibility of all Bank's employees to comply with these policies and to demonstrate the bank's values through their internal and external dealings and relations with colleagues, customers, regulators and the community as a whole at all times.

Sharia Group:

Sharia Quality:

Keeping in mind customers and shareholders satisfaction and expectations, the Shariah Group focuses on the Shariah quality control of Bank Al-Jazira services and products by conducting intensive review and audit of the bank's transactions to ensure all activities of the Bank and its subsidiaries are compliant with the Islamic Shariah rules. The Group submits quarterly reports to the bank's Shariah Board. Review of the Bank's transactions is based on the international audit criteria for sample selection.

Services and Products: The Sharia Group believes that innovation and development derived from the Islamic Sharia Rules is an essential requirement to promote Islamic banking industry in order to be able to grow, compete and meet the accelerating and renewable market requirements. Therefore, the Group permanently cooperates with business groups within

the bank to innovate and develop their tools and services and seeks to automate a lot of their processes to facilitate customer's transactions and enable them to invest their time in a better manner avoiding human errors as far as possible. A prominent achievement of the Shariah group in the field of development was the innovation of Aramco IPO financing mechanism in collaboration with the Retail Banking Group and Aljazira Capital.

Governance:

During the year, the Shariah Group developed and approved several regulations, procedures and policies to comply with the requirements of the Sharia governance framework of local banks operating in the Kingdom as issued by the Saudi Central Bank to enhance the Sharia governance, namely:

1. Shariah Committee terms of reference,
2. Shariah Group policies guide,
3. Shariah processes guide,
4. Sharia Group Communication and escalation policy,
5. Collaboration with the Governance Group for adjusting Aljazira Bank's governance framework to cope with the " Sharia governance framework of local banks operating in the Kingdom as issued by the Central Bank".

Services and Products:

The Shariah Group believes that innovation and development derived from the Islamic Shariah Rules is an essential requirement to promote Islamic banking industry so as to be able to grow, compete and meet the accelerating and renewable market requirements. To this effect, the Group permanently cooperates with other business groups within the bank to innovate and develop their tools and services and helps in the automation of a lot of their processes to facilitate customer's transactions and enable them to achieve utmost investment of their time and avoid human errors as far as possible.

Research:

The Group is aware that maintaining the Bank's status, as a pioneer bank in the Islamic banking industry, requires collection of information and preparation of reports and surveys about Islamic banking market and products, extent of customers' satisfaction and aspects of competition, points of strength and weaknesses and customers' expectations.

The Research Department of Sharia Group continued to collect and analyze data and information, prepare various reports, particularly on Islamic finance in the Kingdom of Saudi Arabia. In this context, 4 reports on Islamic finance activity in the Saudi market have been issued and published on the Bank's website, namely:

1. Islamic banking in the Saudi market,
2. Insurance Industry in the Saudi market,
3. Sukuk market in the Kingdom of Saudi Arabia,
4. COVID-19 impacts on the financial sector in the Kingdom of Saudi Arabia.

Apart from the above, the Research and Development Department has pursued and coordinated a study "Bank Aljazira experience in transforming to Islamic finance" which was prepared by a specialized team of Al-Sayari Office. The study highlights the distinguished and pioneering transformation experience of the Bank from a traditional bank to an Islamic Sharia-compliant bank.

Learning and Training:

The Bank considers its employees its most valuable assets and most important tools for conducting its business. Based on this, the Shariah Group focuses on the development of employees' skills in the Islamic Banking industry in collaboration with the Human Resources Group.

Publication of Books and Scientific Research Papers:

The Group has adopted a plan to spread knowledge through publishing and distribution of books and academic research papers which cater for the financial aspects, particularly the Islamic finance issues. Such published books and academic research papers are distributed to students and educational and financial institutions free of charge. Two books were released this year:

- Fikh rules for venture capital finance
- Special Purpose Vehicle, a Fikh Application Study

Support to Islamic financial Industry:

The Bank, through its Sharia Group, continues its support to infra-structure organizations of Islamic Financial Industry, including the Accounting and Auditing Organization for Islamic Financial Institutions - as the Bank sponsored the printing of Sharia standards, Council General of Islamic Banks and Financial Institutions, Council of Islamic Financial Services based on the bank's belief in the importance of supporting such institutions to enable them develop Islamic Financial Industry and achieve standardization. In spite of the exceptional circumstances dictated by COVID-19 pandemic this year, to cope with the latest developments in the Islamic finance industry, the Shariah Group participated in many of the conferences and workshops that were organized by such entities remotely via the electronic channels,

The efforts of the Bank's Shariah Group have reflected positively on how the community and customers look at the bank and have also enhanced the level of confidence therein as an Islamic bank and contributed to the Bank's winning of many awards in the Islamic financial services domain.

Our excellence and leadership in the Islamic banking industry is due to the Bank's compliance, in all its businesses aspects, with the principles and rules of Islamic Shariah as well as with the decisions and advice of their honor the scholars, members of the bank's Shariah Board.

Social Responsibility Group: (Khair Aljazira le Ahl Aljazira program)

Bank Aljazira continues, through its social responsibility program ('Khair Aljazira le Ahl Aljazira' program), to emphasize its vital role in the community service and its active presence and support to sustainable development projects and Kingdom's male and female human resources.

The Covid19 pandemic was given a great attention by ('Khair Aljazira le Ahl Aljazira' program), and in the bank's awareness of the importance to participate in the government's efforts in mitigation of the pandemic impacts on individuals and institutions, lots of initiatives were launched in partnership with government and private organizations to help the most affected segments.

As part of its initiatives, Bank Aljazira contributed the amount of SAR 5.6 Million to the Health Endowment Fund in partnership with the Ministry of Health. It has also contributed SAR 3.49 Million to the Community Fund with the Ministry of Human Resources and Social Development. In addition, more than 22 initiatives were launched and supported across the Kingdom, including provision of food baskets, medical supplies and rental fees support for more than 7,500 beneficiaries.

In support of home-based businesses, the Bank provided support to a number of producing families for manufacturing of more than 40,000 cloth masks to be distributed to the most-needy segments of people.

Beneficiaries of Al-Qard Al-Hasan portfolio, through which the bank offers loans to productive families and micro-enterprises, were advised that payment of their repayment instalments was deferred for 6 months.

Despite the pandemic and crisis that impacted the year 2020, ('Khair Aljazira le Ahl Aljazira' program) community initiatives continued through the year, using available resources and means, to train and prequalify male and female youth, provide support to the disabled and their families as well as to non-profit sector; the number of those who benefitted from such initiatives exceeded 51,000 beneficiary through 59 community projects across the various regions of the Kingdom.

As part of its specific projects to serve endowments and non-profit sector, the bank has issued a book specialized in the (Endowment Mutual Funds) which book stands as a valuable guide for the parties wishing to benefit from such service.

At the Bank's internal level, an initiative was launched in the holy month of Ramadan for the bank staff to contribute for the provision of housing for a needy family through (Jood-Eskan) platform of the Ministry of Housing, and the bank's employees contributed the full amount in a very short period of time.

Support Group

In spite of the challenges and difficulties seen in the year 2020, particularly the emergence of Covid 19 pandemic, Support Group continued to offer best services and support as needed to all groups and various departments to achieve the bank's objectives.

The Group continued during the year to enhance its role by having contributed to a significant part of the achievements made towards equipping the new head office building in Jeddah, which construction works started in early 2020. In addition, two new branches were inaugurated and 4 new Fawri Money Transfer centers delivered in various regions of the Kingdom.

In line with the bank's strategic goals and objectives, Information Technology group continued to develop a technical platform that's aligned with the highest technology standards to support the development of current and future solutions as well as to support the bank's products and services in keeping pace with the remarkable increase in the volume of banking operations through digital channels and Aljazira Phone.

Strategy & Innovation division

Strategy department manages the relationship between the aspirations and orientations of the Bank's board of directors / executive management and those of the various business groups; the department supports and follows up on all matters required for the implementation of the approved plan to achieve the vision and objectives of the Bank's 2023 strategy while submitting its periodic reports to the Board of Directors.

The Innovation Department works to build and stimulate the innovation environment and concept of creative thinking in the bank; it seeks to provide innovative financial products and services through the process of linking and creating partnerships with start-ups and financial technology companies (Fintech).

Information Technology Group

In its endeavors to enhance the development of present and future solutions in support of the bank's products and services, the Information Technology Group continues to build a technical platform that's aligned with the highest international technology standards.. The new technical solutions provided were designed according to the bank's strategic goals and objectives that aim to meet the banking business objectives, support business continuity and present internal improvement initiatives for the bank, taking into account the challenges related to the mandatory continuous upgrade of the bank's systems during this period.

Examples of key accomplishments for the year 2020 include the completion of testing all bank's systems to ensure successful functioning for five working days from the backup data center, upgrade of Cisco verification service engine, upgrade of the payments system to the latest version and upgrade of the network security incident monitoring system.

Bank Operations Division

The responsibilities of this Division and its various departments and units include the handling of the various types of operations conducted at the bank, including the incoming and outgoing transfers to and from local banks through Saria system, international SWIFT payments, the most recent Central Bank system, IPS, direct debit transactions, standing payment orders, and internal departments operations of payment, transfers, etc. This is in addition to the implementation of new personal finance, supplementary, and residential real-estate financing for customers, including review of the opening and maintenance of accounts and application of Know Your Customer processes.

Apart from the above, the Division has successfully managed to keep pace with the remarkable increase in the volume of banking operations in 2020 as certain services have significantly increased due to the Covid 19 pandemic and the Saudi Central Bank's initiatives to mitigate its effects on citizens and merchants, which included the waiving of transfer fees, rescheduling of personal and commercial financing products, and exemption from account freezing due to expiration of identity.

Logistics & Shared Services

This group is specialized in providing all services and logistic support to Aljazira Group in terms of professional advice, consultation on the designs and implementation of the Bank's network expansion program, (Branches, FAWRI centers, ATMs, premises, and others); improvement of existing workplaces to be more compatible with business needs; provision of clean environment and utility services to employees and customers at all branches and head office buildings, including the security and safety to staff, clients and properties at all times; securing the continuity of business by making sure that all government permits and licenses are valid in addition to providing mailing services, storage, photocopying and archiving of daily banking transactions.

During the year, two retail branches were delivered, while Yanbu branch is still under construction and scheduled to be delivered by July 2021.

In addition, 4 Fawri centers were delivered, and a number of improvements were made to some centers for business requirements purposes along with other unplanned modifications as needed by other businesses, including ATMs where facilities for the handicapped were made such as ramps and dedicated parking.

Automation & Robotics Division

The principal objective of the Department of Automation and Robotics is to transform the bank to automation through the adoption and utilization of fastest emerging technologies in Robotics Process Automation, (RPA), Artificial Intelligence (AI), Machine Learning and Data Analytics.

As a team, we strive to contribute to the achievement of the bank's objectives to become the most modern and innovative Islamic bank, thus achieving expansion in the region. In the past six months, we were able to launch 5 robots, which contributed to saving costs and operational efficiencies, increasing productivity and reducing risks.

Digital Transformation and Channels Division:

The Digital Transformation and Channels Division is responsible for leading the digital transformation efforts across all bank sectors. This includes the management of digital channels for retail services such as Aljazira SMART. Aljazira Online, Aljazira Watch and for corporate services such as M-Corp and the electronic site E-Corp.

During the year 2020, the division delivered several projects such as the introduction of a new channel "Aljazira Watch" on Apple watches, the digital updating of KYC information, Digital opening of savings accounts, ESAL Payments and SADAD bulk payments.

Property and Contract Management division:

Property and Contract Management division consists of 5 units: Asset and Contract Management Unit, Business Continuity Unit, Special Projects Unit, Aman Real Estate Development and Investment Company and the Real Estate Appraisal Unit.

Contracts and Assets Management Unit:

The main achievements of this unit focused on the management of 44 real estate properties for a value of SAR 747 million and review, signing and keeping of 117 contracts worth of SAR 18,68 million.

Business Continuity Management Unit:

The Business Continuity Unit conducted a Crisis management simulation exercise which included in-house awareness training workshops for 215 employees and a business continuity test for 23 divisions in Riyadh and 27 in Jeddah.

Special Projects Unit:

The Special Projects Unit managed to obtain in February 2020 Executive Committee approval for the budget of Riyadh Headquarters Building project.

Aman Real Estate Development and Investment Company:

The management of Aman Real Estate Development and Investment Company managed to implement several transactions including the following:

22 Ejarah and 3,638 Murabaha Transactions, 320 Real Estate Returns, 47 sales to third parties, 34 Bayt Hassan transactions, 1,209 miscellaneous transactions, 127 POAs, 407 authorization letters, 73 corporate transactions and a total of 14,392 issued reports.

Project Management Office:

PMO provides support and organization to all BAJ annual projects in alignment with the concerned businesses. PMO delivered all Saudi Central Bank's (SAMA) required projects such as the Saudi Payment IPS, SAMA Tanfeeth Phase-II, GPI Swift Project, Saudi Payment, MBI as the first bank in Saudi Arabia, Withaq Portal and Natheer Service.

Supplier Management and Cost Rationalization Unit:

SMCR Unit had a remarkable role in achieving many of the bank's objectives, which was reflected in an increased total savings of SAR 126 million. Such increase was realized from various points which included: a saving in the Information Technology contracts of 12%, a saving in the insurance costs of 12%, a saving in the purchasing services of 4%, and a reduction of the recurring supply chain costs of 160%.

Aljazira Capital:

Local and global trading market conditions during 2020 made it a rewarding year for AlJazira Capital's (AJC) businesses. AJC maintained its leading position in the local brokerage market where trading volumes were well over double 2019 volumes. The year also witnessed a substantial increase in trading by clients on AJC's international trading platforms. AJC's contribution to BAJ Group is reflected in a solid financial performance for 2020 with a net operating income of SAR 145 million (2019: SAR 29 million).

Maintaining a leading position in the local brokerage business remains a core priority for AJC. During 2020, AJC's efforts were well rewarded and resulted in an increase in its equity brokerage fees to SAR 163 million (2019: SAR 55 million). Executed trades by AJC's local brokerage business during 2020 amounted to SAR 336 billion (2019: SAR 143 billion).

Investment Banking Services and Wealth Management product offerings were a particular focus for AJC during 2020 and we are pleased to report significant progress on the development of both these businesses. Investment Banking Services participated in the successful underwriting of the rights issue for Zain Saudi Arabia and acted as M&A advisor for Walaa Cooperative Insurance Company and Al-Ahlia Insurance Company. Investment Banking Services was also pleased to act as advisor on the acquisition by Dallah Healthcare of Kingdom Hospital. The Wealth Management Division successfully launched its business with some attractive investment opportunities for clients.

AJC was proud to receive from Refinitiv the 'Best International Equities Fund Award' for its International Equities Fund's performance over both three and five years. Refinitiv also recognized AJC's Diversified Aggressive Fund performance with its Best Fund award over three years.

Notwithstanding the geopolitical uncertainties in the region and the impact of the COVID pandemic, management remains optimistic regarding the prospects for the further development and growth of the financial services industry in the Kingdom of Saudi Arabia.

Future Plans:

Bank Aljazira is a leading Sharia-compliant financial services institution operating in the Kingdom of Saudi Arabia. The Bank offers a full range of banking products and services including Retail Banking, FAWRI (Remittance Business), Private Banking, Corporate Banking, Global Transaction Services and Treasury Services.

These offerings are further complemented with non-banking financial services in the form of Aljazira Capital and Aljazira Takaful, who offer services such as Investment banking, Asset management, Brokerage and Securities Services and Takaful insurance.

In 2020, the bank achieved several significant milestones and has continued to post strong asset growth. This has been driven through building a strong customer franchise with retail and corporate customers applying extensive focus towards cross-selling of the bank's retail, treasury, corporate, finance and investment banking products and services.

Moreover, many initiatives launched earlier, which mainly focused on enhancing the efficiency of the Bank's services and activities, were successfully completed and contributed to increasing the business profitability and customer service quality at all levels.

Looking forward, the Bank has a stated ambition of being an Innovative Islamic institution leveraging digital by 2023.

In Retail Banking, we will continue our investments in leveraging new digital technologies to serve our existing and potential customers including innovative and superior product offerings that makes us unique.

Adding to that, we expect to drive exceptional service with a set of rich, connected customer's journeys demonstrating a deeply personal touch. To reach these goals, we have embarked on a digital transformation journey to improve our operations, get closer to our customers and empower our employees.

In Corporate Banking, we have built new digital platforms aimed at better serving the needs of the Bank's corporate customers through extensive packages of best finance trade products and import services, in addition to cash management services and e-Corp, which will be instrumental in the overall growth of the Bank's assets and profitability. Furthermore, we expect to have key offering in the various industries on new digital and mobile platforms.

We aim to continuously improve our execution efforts, leveraging digital to be an innovative Islamic institution.

Awards and Certification

BAJ was granted a number of awards and recognitions locally and internationally which reflects the banks integrity, professionalism and efforts in providing its valuable clients an exceptional products and services, and these are as follows;

- Excellence in Corporate Governance Index for Financial Sector Institutions for the 2nd year – Awarded to BAJ by Alfaisal University Corporate Governance Center – for the year 2020
- BAJ received Accreditation Certificate as “Approved Employer” status from the British Association of Chartered Certified Accountants (ACCA) for the year 2020
- Contact Center Awards – Gold Medals and 1st Rank for Best Contact Center and Best Customer Service in Europe Middle East and Africa for the year 2020
- In recognition of its efforts in developing and educating its staff – Awarded to BAJ by IOF (Institute of Finance formerly known as Institute of Banking)
- Change Leaders Award for the Private Sector – Awarded to BAJ during the 10th Business Management Forum
- Contact Center World Awards – Gold Medal and 1st rank in three Categories, Best Contact Center, Best in Customer Service and Best Branch Support Categories in Europe Middle East and Africa 2019.
- Most Innovative Islamic Bank – Saudi Arabia 2019, awarded to BAJ by International Finance Magazine
- Best Credit Card Offerings – Saudi Arabia 2019, Awarded to BAJ by Global Business Outlook Magazine
- Most Innovative E-Banking Platform – Saudi Arabia 2019, Awarded to BAJ by Global Business Outlook Magazine
- Award for being one of the Best Performing Companies in the Corporate Governance Index – Awarded to BAJ by Alfaisal University Corporate Governance Center
- Contact Center World Awards – Gold Medal and 1st Rank for Best Contact Center and Best in Customer Service in the World 2019 – Awarded to BAJ by Contact Center World
- Excellence Award in Syndicated Financing – Awarded to BAJ by International Islamic Trade Finance Corporation (ITFC)
- Top CEO in GCC 2018 – Awarded to BAJ by Trends Magazine and INSEAD Business School
- Princess Sitah bin Abdulaziz for Excellence in Social Work National Achievement Award – Awarded to BAJ by His Highness Prince Fahd bin Abdullah bin Saud Al Kabeer and the Ministry of Labor and Social Development
- Contact Center Awards – Gold Medal and First Rank in Best Customer Service Category, Silver Medal for the Best Contact Center Category in Europe Middle East and Africa and Silver Medal for the Best Contact Center Manager in Europe Middle East and Africa – Contact Center World
- Critics Choice Best Islamic Digital Banking Award – Awarded to BAJ by Cambridge International Financial Advisory
- Critics Choice Best Islamic Retail Banking Innovation Award – Awarded to BAJ by Cambridge International Financial Advisory
- Best Customer Service Award Gold Medal and First Rank – Awarded to BAJ by Contact Center World

Gratitude

The Board of Directors of Bank Aljazira takes this opportunity to express their thanks and gratitude to our wise government under the leadership of the Custodian of the two Holy Mosques, King Salman bin Abdul Aziz Al Saud, HRH Prince Mohammad bin Salman Abdulaziz Al Saud, the Crown Prince, Deputy Prime Minister and Minister of Defense, and all Ministers.

We are also grateful for the continued support and guidance of the Ministry of Finance, the Ministry of Commerce, Saudi Central Bank (SAMA) and Capital Market Authority.

The Board also want to take this opportunity to express its sincere thanks and appreciation to the Bank's Shareholders and customers for their confidence and continued support and to the Bank's management and all staff members for their performance and achievements.