

**General Assembly Attachments**

**March 23<sup>rd</sup> 2021**

Item Number 5

**Dividends details that will be distributed to shareholders for the fiscal year ending on December 31, 2020, based on the recommendation of the Board of Directors on 15-07-1442 corresponding to 02-27-2021**

<b>Item</b>	<b>Details</b>
The Total amount distributed	SAR 1,500 million
Number of Shares Eligible for Dividends	3,000,000,000
Dividend per share	0.50 SAR after deduction of Zakat
Percentage of Dividend to the Share Par Value (%)	5 %
Eligibility date	Tuesday 23/03/2021
Distribution Date	Tuesday 06/04/2021

Item Number 7

## The annual report of the Audit Committee on the supervisory system In the bank for the year ending December 31, 2020

In the year 2020, (9) meetings were held at a rate of once every quarter at least before the approval of the bank's preliminary and final results was issued. The Audit Committee consists of five members, including two non-executive members of the Board of Directors and three independent members from outside the Board.

### Members of the Audit Committee

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|---------------------------------|--|
| – Jamal Abdulkarim Alrumah      | Chairman of the Committee and a member of the Board of Directors |
| – Mohammed Omair AIOtaibi       | Chairman of the Committee and a member of the Board of Directors |
| – Abdul aziz Abdullah Alduailej | External committee member  |
| – AbdulRaouf Sulaiman Banaja    | External committee member  |
| – Tareq Abdullah AlQaraawy      | External committee member  |

### Tasks and responsibilities of the main audit committee

#### First: Financial and supervisory reports and controls

- Review the basic accounting policies and procedures and any amendments made to them.
- Review accounting issues, important reports, presentation of financial statements, and all account activities / statutory items to verify their compliance with accounting standards and legal disclosure rules.
- Study accounting policies and practices, their effectiveness, application and availability, and assess the adequacy of accounting records and governance reports.
- Review the recommendations of the executive management regarding credit and investment allocations, and the bank's policies related to risk classification of loans and other financial assets.
- Study the recommendations of the executive management regarding bad or doubtful debts provisions and any other provisions related to losses or issues.

- Review the bank's policies regarding dealings with related parties, review contracts and transactions that the bank conducts with related parties, and obtain a statement of all these transactions to review the approval process and verify its disclosure in the financial statements.
- Studying the effectiveness and efficiency of the system of internal controls prepared by the executive management, including internal controls over financial reports to avoid any fraud or errors, as well as monitoring information security and risk management in the bank.
- Reviewing and approving the disclosure policy in the bank, and reviewing reports on the effectiveness of the controls and procedures of that policy.

### Second: the external auditors

- Recommending to the Board of Directors, monitoring the appointment of external auditors, re-appointing them, terminating their services, determining the cost of their fees and the terms of contracting with them, and obtaining approval from the shareholders in the general assembly meeting.
- Review and verify the independence and objectivity of the external auditors and the effectiveness of the audit process once a year at least, taking into account the relevant professional and organizational requirements.
- Review and approval of the annual plan of the external auditors.
- Study the management letter issued by the external auditors and follow up the implementation of recommendations with the executive management.

### Third: The Internal Audit Department

- Review and approve the annual plan of the internal audit department, and any material amendments that may be made to it, including compliance with the International Standards for the Professional Practice of Internal Auditing issued by the Institute of Internal Auditors.
- Control and supervise the performance of the internal auditor in accordance with the approved annual performance standards, and the performance and activities of the internal audit department in the bank to verify the availability of the necessary resources and their effectiveness in performing the work and tasks assigned to it.
- Review what the head of internal audit has presented about the adequacy of the bank's internal control systems and the degree of compliance in this regard.

- Follow up on the corrective actions taken by the executive management for the comments contained in the reports of the internal audit department.
- Reviewing the independence of the internal auditors from the executive management and verifying that there are no unjustified restrictions on the work of the head of internal audit.
- Conducting an annual assessment of the effectiveness and efficiency of the bank's system of internal controls.

#### Fourth: Risk Management and Internal Controls

- Review risk management policies for important risk assessments.
- Review the most important risks related to internal control and the steps taken by management to monitor and control these risks.
- Review reports and activities of risk management to ensure that fraud activities and other related risks are prevented.

#### خامساً: الالتزام

- Review the efficiency of the system for monitoring compliance with laws and regulations and the results of investigations and follow-ups on any case (including disciplinary measures) conducted by the executive management.
- Approval of the annual plan for the Compliance Department.
- Review, amend and approve compliance policies.
- Review reports by the Compliance Manager on the procedures issued by the management to ensure compliance with the bank's policies and procedures, and the rules and instructions of the Central Bank of Saudi Arabia and the Capital Market Authority.
- Review important legal issues.

#### Sixth: The annual confirmations and declarations of the Executive Management regarding internal control

During the fiscal year ending on December 31, 2020, the bank's top management and supervisory authorities confirmed the following:

- Safety and effectiveness of internal controls applied within the control system.
- Addressing the internal and external deficiencies and weaknesses to ensure the safety of the bank's interests.

Seventh: The audit committee's opinion on the bank's supervisory system for the year ending December 31, 2020

During its meetings in 2020, the committee reviewed the periodic reports of each of the Internal Audit Department, the Compliance Department and the Risk Management Department, as well as the relevant reports issued by the Saudi Central Bank. It also met with the external auditors separately and reviewed the reports issued by them. Control and executive management to ensure that the observations that were discovered are addressed and that adequate controls are put in place to limit their impact on the regulatory system or prevent their recurrence.

Based on the annual assurances and disclosures obtained by the committee from the supervisory authorities and the executive management, the audit committee believes that there are no control gaps or fundamental weaknesses in the supervisory system of the bank that affect the integrity and fairness of the financial statements. Note that any internal control system - regardless of the extent to which it is properly designed and effectively implemented - cannot provide absolute assurance.

This is part of the objectives of the Board of Directors to obtain reasonable assurances about the soundness of the design and the effectiveness of implementing the internal control system.

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On behalf of the Audit  
Committee

Jamal Abdulkarim  
AIRamah

Chairman of the Audit  
Committee

Items Number  
(9) and (10)



Dear Riyad Bank shareholders,

With reference to the requirements of Article (71) of the Companies Law, which states "It is not permissible for a member of the Board of Directors to have any direct or indirect interest in the business and contracts that are made for the account of the company except with permission from the Ordinary General Assembly, and in accordance with the controls laid down by the competent authority, and for a member The board of directors has the right to inform the board of its direct or indirect interest in the business and contracts that are made for the company.

Therefore, we would like to inform you of the transactions and contracts in which the members of the board of directors will have a direct or indirect interest on them and for which the bank seeks to obtain approval from the General Assembly, and they are as follows:

1. To vote on the transactions and contracts between the bank and General Organization for Social Insurance (GOSI) where the board member Mr. Nader Ibrahim Al-Wehaibi (Works at GOSI) has indirect interest and the board member Mr. Mohammed Talal Al-Nahas (board member at GOSI) has indirect interest. It consists of a rental contracts for Riyad bank HQ building and other locations/branches in Riyadh and two ATM's, the value of these transactions reached in 2020 SAR (29,356,040) without preferential terms.
2. To vote on the transactions and contracts between the bank and Saudi Telecom Company (STC) where the board member Mr. Mohammed Talal Al-Nahas (board member at STC) has indirect interest. It consists of contract for linking the branches and buildings network for IPVPN data services, a service management contract for the SMS platform, and a lease contract for two ATM locations, the value of these transactions reached in 2020 SAR (65,790,892) without preferential terms.

We also attach to you the special report on these transactions issued by the external auditors of the Riyad bank.

Chairman of the board

Abdullah Mohammed Al-Issa



To the Shareholders  
Riyad Bank

***Report on Chairman of the Board of Directors' declaration***

We have undertaken a limited assurance engagement in respect of the accompanying declaration of related party transactions for the year ended December 31, 2020 relating to Riyad Bank (the "Bank") prepared by the Chairman of the Board Directors of the Bank in accordance with the applicable criteria mentioned below so as to comply with the requirements of Article 71 of the Companies law (the "Declaration").

***Subject matter***

The Subject Matter for our limited assurance engagement is the Declaration prepared by the management of the Bank and approved by the Chairman of the Board of Directors as attached to this report and submitted to us.

***Criteria***

The applicable Criteria is the requirement of Article 71 of Regulations for Companies issued by the Ministry of Commerce and Investment (2015-1437H) which states that any member of the board of directors (the "Board") with any interest, both directly or indirectly, in the transactions or contracts made for the account of the Company shall declare such interests for the approval of a general assembly of the Company. The Board member must notify the Board of such interest and excuse himself in vote by the Board to approve such transactions or contracts. The Chairman of the Board will notify the general assembly of transactions and contracts in which a member of the Board has a direct or indirect interest.

***Management's responsibility***

The management of the Bank is responsible for the preparation of the Declaration in accordance with the Criteria and ensuring its completeness. This responsibility includes the design, implementation and maintenance of internal controls relevant to the preparation of the Declaration that is free from material misstatement, whether due to fraud or error.

***Our Independence and Quality Control***

We have complied with the independence requirements of the code of professional conduct and ethics, endorsed in the Kingdom of Saudi Arabia, and the ethical requirements that are relevant to our limited assurance engagement in the Kingdom of Saudi Arabia which includes independence and other requirements founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

The firm applies International Standard on Quality Control 1, as endorsed in the Kingdom of Saudi Arabia, and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.



### *Our responsibility*

Our responsibility is to express a limited assurance conclusion on the Declaration based on the procedures we have performed and the evidence we have obtained. We conducted our limited assurance engagement in accordance with International Standard on Assurance Engagements 3000 (Revised), 'Assurance Engagements Other Than Audits or Reviews of Historical Financial Information', as endorsed in the Kingdom of Saudi Arabia. This standard requires that we plan and perform this engagement to obtain limited assurance about whether anything has come to our attention that causes us to believe that the Bank has not complied with the applicable requirements of Article 71 of the Regulations for Companies in the preparation of the Declaration, for the year ended December 31, 2020.

The procedures selected depend on our judgment, including the assessment of risks such as failure of systems and controls, whether due to fraud or error. In making those risk assessments, we consider internal controls relevant to the Bank's compliance with the requirements of Article 71 of the Regulations for Companies in the preparation of the Declaration. Our procedures included examining, on a test basis, evidence supporting systems and controls in respect of the preparation of the Declaration in accordance with the requirements of Article 71 of the Regulations for Companies.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our limited assurance conclusion.

### *Summary of work performed*

We have planned and performed the following procedures to obtain limited assurance over the Bank's compliance with the requirements of Article 71 of the Regulations for Companies in the preparation of the Declaration:

- Discussed with the management the process for obtaining business and contracts by any of the Board members with the Bank.
- Obtained the accompanying Declaration that includes the lists of all transactions and contracts entered by any of the Board members of the Bank, either directly or indirectly, with the Bank during the year ended December 31, 2020.
- Reviewed the minutes of the Board meetings that indicates member notification to the Board on the transactions and contracts entered into by the Board member; and further that the concerned board member did not vote on the resolution issued in this regard at the meetings of the Board.
- Obtaining confirmation from the concerned Board member on the business and contracts performed by the Board member during the year and in the case of those Board members who had no transactions a confirmation that there were no transactions during the year.
- Testing the consistency of the transactions and contracts included in the Declaration with the disclosure in Note (34) to the audited financial statements.



### ***Inherent limitations***

Our procedures regarding systems and controls relating to the preparation of the Declaration in accordance with the requirements of the Article 71 of the Regulations for Companies, are subject to inherent limitations and, accordingly, errors or irregularities may occur and not be detected. Furthermore, such procedures may not be relied upon as evidence of the effectiveness of the systems and controls against fraudulent collusion, especially on the part of those holding positions of authority or trust.

A limited assurance engagement is substantially less in scope than a reasonable assurance engagement under ISAE 3000 (Revised) as endorsed in the Kingdom of Saudi Arabia. Consequently, the nature, timing and extent of the procedures outlined above for gathering sufficient appropriate evidence were deliberately limited relative to a reasonable assurance engagement, and therefore less assurance is obtained with a limited assurance engagement than for a reasonable assurance engagement.

Our procedures did not constitute either an audit or a review made in accordance with International Standards on Auditing or International Standards on Review Engagements as endorsed in the Kingdom of Saudi Arabia and accordingly we do not express an audit or a review opinion in relation to the adequacy of systems and controls.

This conclusion relates only to the Declaration for the year ended December 31, 2020 and should not be seen as providing assurance as to any future dates or periods, as changes to systems or controls may alter the validity of our conclusion.

### ***Limited assurance conclusion***

Based on our work described in this report, nothing has come to our attention that causes us to believe that the Bank has not complied, in all material respects, with the applicable requirements of Article 71 of the Regulations for Companies in the preparation of the Declaration of related party transactions for the year ended December 31, 2020.

### ***Restriction of use***

This report, including our conclusion, has been prepared solely upon the request of the management of the Bank, to assist the Bank and its Chairman of the Board of Directors in fulfilling its reporting obligations to the General Assembly in accordance with Article 71 of the Regulations for Companies. The report should not be used for any other purpose or to be distributed to or otherwise quoted or referred to, without our prior consent to any other parties other than the Ministry of Commerce and Investment, Capital Market Authority and the shareholders of the Bank.

### **PricewaterhouseCoopers**

Mufaddal A. Ali  
Registration No. 447

February 16, 2021  
(4 Rajab 1442H)

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

Annual contract value (SR)	The expiration date of the contract	Owner	The name of the related party	The nature of the contract
700,000	2021/09/10	General Organization for Social Insurance (GOSI)	<ul style="list-style-type: none"> <li>The board member Mr. Nader Ibrahim Al-Wehaibi (Works at GOSI)</li> <li>The board member Mr. Mohammed Talal Al-Nahas (board member at GOSI)</li> </ul>	Branch rental on 60 <sup>th</sup> street in Riyadh city
250,000	2021/02/12			An agreement to supply data between the General Organization for Social Insurance and Riyad Bank for a service for inquiring about the number of employees of the establishments
28,244,040	2022/08/14	Grenada Business Owned by General Organization for Social Insurance		H.O tower rent in Grenada Business tower A1
112,000	2020/12/31			Parking rent in Grenada Business park
50,000	2020/12/24			Rent on 2 ATMs in Olaya towers- Riyadh
80,000	2022/05/31	Saudi Telecom Company (STC)	<ul style="list-style-type: none"> <li>The board member Mr. Mohammed Talal Al-Nahas (board member at STC)</li> </ul>	Rent on 2 ATMs in STC buildings- Riyadh
42,000,000	2022/08/31			SMS platform service management contract
23,710,892	2022/12/31			Branches and buildings network connection services for data services -IPVPN