



Amlak **International** for Real Estate Financing Company

Board of Directors Report

For the Fiscal Year Ended in 2020G

Index

| | | |
|-----|---|----|
| 1. | Chairman Message..... | 3 |
| 1.1 | Chief Executive Officer Message..... | 5 |
| 2. | Amlak International – March of Excellence..... | 7 |
| 3. | Our Strategy..... | 11 |
| 4. | Overview of Company Sectors, Departments and Main activities..... | 14 |
| 5. | Capital of Amlak International..... | 19 |
| 6. | Risks Management..... | 26 |
| 7. | Board of Directors and Committees | 31 |
| 8. | Sharia Board..... | 64 |
| 9. | Board Assessment..... | 66 |
| 10. | Penalties and Fines..... | 69 |
| 11. | Company Profits Distribution Policy..... | 69 |
| 12. | Related Parties..... | 70 |
| 13. | Transactions with Related Parties..... | 70 |
| 14. | Declarations..... | 70 |
| 15. | Applied and Non-Applied Provisions of the Corporates Implementing Regulations and Reasons of Non-Application..... | 71 |
| 16. | Internal Auditor Appointment and Reports..... | 74 |

1. Chairman Message

Messrs./ Shareholders of Amlak International for Real Estate Financing

Peace and Blessings of Allah Be upon You,

On behalf of myself and my colleagues, members of the Board of Directors of Amlak International Real Estate Financing Company, it is my pleasure to present to you the annual report that includes the results of Amlak business and its achievements during the year 2020G, including the financial statements for the ended year.

The year 2020G was exceptional and historic in all of its details, after emergence of unprecedented new situation and challenges resulted from the spread by the Corona pandemic and affected the world, economies of countries, business sectors and societies as well. Like other countries in the world, the Kingdom of Saudi Arabia has taken a set of measures and precautions to deal with the corona pandemic and limit its effects. The Kingdom's agenda of priorities was changed substantially, whereby preventive, precautionary and health requirements became top priorities. In addition, the Kingdom launched economic and financial incentive initiatives that aimed at supporting the economy under the exceptional surrounding circumstances and the accompanying lockdown measures that directly impacted the economic activity of many sectors.

Amlak International kept its priority focused on maintaining the safety of employees and customers. Although it was not easy for us to address all of these emerging challenges, we preferred, however, to continue with our business utilizing all available capabilities and energy in order to carry on with our strategic aspirations, while preserving our commitment to balance between the preventive requirements issued by the concerned authorities and continuing to provide our services to our clients efficiently. We also relied on the above achievements to maximize the earnings of our company, the rights of our shareholders, as well as fulfilling the needs of our customers.

In this context, it is of particular importance to mention the endeavors of all employees of Amlak International during the past year. I have, indeed, to commend the high level of professionalism that they were keen to demonstrate during the phase of dealing with the corona pandemic, their compliance with the preventive and precautionary directives, their dedication to carry out their duties and responsibilities, as well as being diligent and highly flexible in meeting clients' needs.

Despite these circumstances, Amlak International has succeeded in accomplishing the historical objective of its long-standing march, as it has successfully completed its initial public offering of 30% of its capital of 906 million Saudi Riyals in July 2020G. The IPO achieved was beyond the expectations of observers, as the shares were 498% oversubscribed by the institutional investors and investment funds with an oversubscription of 2,690% by the retail investor tranche.

There is no doubt that the high participation rates in the company IPO in light of the surrounding circumstances, is a certificate of confidence of the various tranches of the investors community in the investment feasibility of Amlak International and its promising future. These rates of participation is also a confirmation of the superior performance and prudent management of the company business, that marked the company's march since it has started its activity in the real estate finance sector in 2007G. This important step, representing a turning point in the march of the company, paved the way for the company to achieve a qualitative development in its methodology and business fundamentals. We look forward that this methodology will contribute to taking further steps that will institute the pillars of a new era of excellence, distinction, and competitiveness.

I would like also to pinpoint to the important event that the company marked in the beginning of 2020G. The main and permanent general administration head office of the company was inaugurated in the capital city Riyadh, which came as a response to the plan adopted by the company to develop the business environment and provide the appropriate capabilities that bolster its competitiveness, thus contributing to incentivize the performance of company labor force. Amlak International concluded 2020G with financial results that confirm the strength and flexibility of the company and its potential capabilities. The net income before zakat reached 115.4 million Saudi Riyals, while the return rate on shareholders' equity before zakat exceeded 10%.

In conclusion, the Kingdom's capability to overcome the various difficulties that emerged in 2020G always motivate us to be optimistic while carrying on with our journey towards the future. On behalf of myself and on behalf of my colleagues, Board members, I would like to extend sincere thanks and appreciation to the Custodian of the Two Holy Mosques, King Salman Bin Abdulaziz, HRH Prince Mohammed Bin Salman Al Saud, the Crown Prince, Deputy Prime Minister and Minister of Defense. I would like also to offer our thanks and gratitude to our wise government, in particular the Saudi Central Bank, the Ministry of Housing, Ministry of Finance, and the Capital Market Authority, for the sound directives and prudent measures taken to move forward safely during the pandemic. I would like indeed to thank them for the level of support and assistance provided to maintain the sustainability of the performance of our organizations and productivity of our national economy. My thanks and gratitude are also extended to our valued clients for their loyalty, and to all the shareholders and workers in Amlak International for their dedication and efforts, in order for Amlak International to remain the distinguished landmark in the real estate financing industry in the Kingdom of Saudi Arabia.

Abdullah bin Ibrahim Al-Howaish

Chairman of the Board of Directors

1.1 Chief Executive Officer Message

Peace and Blessings of Allah Be Upon You,

The fiscal year 2020G was not an ordinary year as like as other years, and it might be the most difficult year during the last half century due to the spread of the corona pandemic in the beginning of the year. The pandemic has had a substantial and adverse impact on global markets. However, this situation has apparently been somewhat different for “Amlak International”, which demonstrated its capability to overcome the difficulties in the real estate financing sector in the Kingdom of Saudi Arabia. We have been able to continue achieving stable growth rates and moving steadily in implementing our strategic aspirations. Amlak has relied on a work team that has distinct experiences and competencies, and on its compliance with the highest standards of professionalism, which has always constituted one of its drivers to anchor its advanced position among its competitors.

The consequences of the corona pandemic have confirmed the effective and solid base on which Amlak International has relied in practicing its financing activity, and its capacity to convert challenges into opportunities of growth. In addition, the company provides proper solutions that guarantee the sustainability of its business and operations through an advanced system of human and technical capabilities, and alternative business paths that enhance its competitiveness and support its leadership. This construes the increase in the indicators of the level of satisfaction of company’s clients. Throughout the period of dealing with the pandemic, the company also demonstrated a nonpareil ability to continue providing its services in a high level of compliance and response to precautionary measures. It also aimed at preserving the safety and health of its employees and clients by adopting the working remotely method and relying on electronic platforms in carrying out its operations. Amlak also took preventive measures at the level of the internal work environment, taking into account, social distancing, continuous sterilization, and screening of company employees and visitors.

Amlak International IPO took place in the middle of 2020G, and had a strong market response, as the coverage of investment institutions reached 4.9 times, and the coverage of retail subscribers reached 26.9 times, with a total coverage of 7.7 times. “Amlak International” was listed in the Saudi Stock Exchange company (Tadawul) in July 2020G, being the first company offered for public subscription after the covid-19 pandemic. The company IPO was the first of its kind, relying on online and digital platforms as official channels for the initial public offering campaign. This historic achievement and milestone is particularly important as it has organizational, financial and investment dimensions that have bolstered the company's fundamentals, enhanced its attractiveness and motivated the company to carry on with its roadmap to realize future growth and prosperity.



In parallel to this step, Amlak International marked many important milestones in 2020G. It renewed its partnership with the Saudi Refinancing Company through a new agreement that contributes to increasing the company grants capacity and enabling it to expand its retail financing activities, in conformity with the growing local market demand rates on the real estate financing products.

By the end of 2020G, Amlak International recorded a growth in its financing portfolios exceeding 4.8%, despite selling a number of portfolios valuing more than 459.6 million Saudi Riyals. Net profit before Zakat grew by 13.1% after reaching 115.4 million Saudi Riyals. In addition, the rate of return on assets before Zakat reached 3.3%, and the rate of return on shareholders' equity before Zakat reached 10%.

The company also worked on focusing its efforts on developing its interactive and electronic channels and automating its financing and operational processes to enhance its digital transformation. Amlak International aims to be able to improve its readiness for the future of smart financial industry, while continuing with the innovation-based approach as the main pillar to enhance its ability in providing integrated and value-added solutions that fulfill the aspirations of its clients.

Bidding farewell and say good-bye to a year and welcoming another, we at Amlak International confirm that we are constantly keen to invest in our human capital. This investment is a strategic priority for us to achieve the aspirations of the company in maximizing its gains, furthering its achievements, and preserving its position as a pioneer model that will remain fundamental in the promising real estate financing sector in the Kingdom and a key pillar of its growth.

In this regard, I am pleased to extend my sincere thanks and appreciation to the Custodian of the Two Holy Mosques, King Salman bin Abdulaziz Al Saud and Crown Prince Mohammed bin Salman Al Saud, as well as to all our governmental, quasi-governmental and private partners for their continuous efforts to support this vital sector and motivate its role in serving the national economy. We extend our thanks in particular to the Saudi Central Bank, Ministry of Housing, the Capital Market Authority, the Real Estate Development Fund, the Saudi Refinancing Company, and the Saudi Stock Exchange Company (Tadawul) for their permanent and continuous support.

Abdullah bin Turki Al- Sudairy

Chief Executive Officer

2. Amlak International..... A March of Excellence

Amlak International for Real Estate Financing Company is a Saudi closed joint stock company, established in 2007G, and was listed in the Saudi Stock Exchange "Tadawul" in July 2020G. It was the first company licensed by the Saudi Central Bank "SAMA" to practice the real estate financing activity in the Saudi market, in accordance with the stipulated real estate financing regulations and the provisions of Islamic Sharia (Legal) guidelines, under the supervision of the Sharia Board, which is composed of a number of scholars and Ulama who have extensive experience and knowledge in shariah compliant financing.

In 2020G, Amlak International completed its thirteenth year as a leading company in the real estate financing sector. Since its inception, the company adopted an integrated strategy for its business based on a set of core values that focuses on innovation, mutual trust, and efficiency in enhancing added values and competitive advantages in its solutions, products, and programs. Amlak International aims mainly at serving the retail and corporate sectors, relying on a deep understanding of the market needs in the Kingdom of Saudi Arabia and on full perception of the multiple challenges that face these needs, through its departments, business sectors and branches in the Kingdom of Saudi Arabia. The company's leadership in the field of real estate financing is not only limited to being the first financing company established in the Saudi market, but also the leading company that provides innovative, proactive, distinct, and integrated real estate financing solutions, products, and programs.

In its endeavor to carry on with its leadership, Amlak International Real Estate Financing Company is committed to updating and developing its business and operational strategies to ensure its contribution to overcome current and future obstacles and challenges that encounter the Saudi real estate financing market and meet the needs of clients and beneficiaries.

The most prominent achievements and developments of the company since its inception include but are not limited to the following:

| Year | Most Prominent Development and Achievements |
|-------|--|
| 2007G | <ul style="list-style-type: none"> The company was established in the city of Riyadh as joint stock company under the name "Amlak International Real Estate Development and Financing Company" with a capital of one billion Saudi Riyals. Offering of the retail lease program. |

| | |
|-------|--|
| | <ul style="list-style-type: none"> Offering of the lease program for high-net-worth corporates and businessmen. Opening of Riyadh branch. |
| 2008G | <ul style="list-style-type: none"> Expansion of company business to cover the western and eastern areas. The company achieved profits one year after establishment. |
| 2009G | <ul style="list-style-type: none"> Offering off-the-map sell products as the first product of its kind in the Kingdom. <ul style="list-style-type: none"> The financing portfolio grew at 45%. |
| 2010G | <ul style="list-style-type: none"> The financing portfolio grew at 35%. The company obtained the best real estate financing and development program award. |
| 2011G | <ul style="list-style-type: none"> The financing portfolio grew at 42%. The company obtained the developers real estate financing program. The capital was reduced from one billion Saudi Riyals to (877,500,000) Saudi Riyals. |
| 2012G | <ul style="list-style-type: none"> The Treasury Management Department was established. The value of the financing portfolio reached two billion Saudi Riyals. The previous resolution in relation to the reduction of the capital from one billion Saudi Riyals to eight hundred and seventy-seven million, and five hundred thousand (877,500,000) Saudi Riyals was amended to reduce the capital from one billion Saudi Riyals to (900,000,000) Saudi Riyals. |
| 2013G | <ul style="list-style-type: none"> The financing portfolio grew at 30%. |
| 2014G | <ul style="list-style-type: none"> The company obtained a license from the Saudi Central Bank as the first real estate financing company obtaining the license. Establishing a system to adopt online instant approvals, the first of its kind in the Kingdom of Saudi Arabia. |
| 2105G | <ul style="list-style-type: none"> The financing contracts reached more than (1,000) contracts. Amlak obtained the award of best real estate financing program for corporates until the year 2014G. |
| 2016G | <ul style="list-style-type: none"> The first sale of a financing portfolio was carried out. Amlak obtained the award of the best real estate financing programs for individuals in the city of Makkah in 2015G. |

| | |
|-------|---|
| | <ul style="list-style-type: none"> • Amlak obtained the best developers program award in the city of Makkah in 2015G. • Amlak obtained the award of the best real estate development projects financing program for the corporate sector in the city of Riyadh in 2015G. • The value of the financing portfolio reached three billion Saudi Riyals. |
| 2017G | <ul style="list-style-type: none"> • The company signed joint agreements with the Ministry of Housing and the Real Estate Development Fund. • The subsidized loan product was launched in cooperation with the Real Estate Development Fund and the Ministry of Finance. • The employees' shares scheme was offered and accordingly the company capital was increased from (900,000,000) Saudi Riyals to (903,000,000) Saudi Riyals through issuing new shares registered for the benefit of some employees. |
| 2018G | <ul style="list-style-type: none"> • The second sell of a financing portfolio was carried out, valuing one hundred and four million, six hundred and fifty thousand, and seven hundred and nine (104,650,709) Saudi Riyals. • The direct off-plan sale product agreement was signed with the Real Estate Development Fund. • The organizational structure was amended, in accordance with the regulatory requirements of the Saudi Central Bank "SAMA" and accordingly: <ul style="list-style-type: none"> ○ An independent unit for (cybersecurity) was established as part of the Risks and Credit Division. • The clients' complaints unit was established and is functionally reporting to the Retail Sector Executive Manager and is administratively reporting to the Chief Executive Officer of Amlak International. • The number of individuals contracts grew at 87% in 2018G. • The company capital was increased from (903,000,000) Saudi Riyals to (906,000,000) Saudi Riyals by issuing new shares registered for some employees as part of the employees' shares' scheme. |
| 2019G | <ul style="list-style-type: none"> • The Islamic financing management system (Temenos 24) was launched mid of the year. • Two financing portfolios were sold in an amount that exceeded 235 million Saudi Riyals. |

| | |
|-------|---|
| | <ul style="list-style-type: none"> • Amlak International was honored by the Ministry of Housing as the best real estate financing company for the third quarter of 2019G. • The corporate and businessmen branch in the city of Jeddah was inaugurated. • The total corporate financing amounts reached around 29%. • The total retail financing amounts reached around 90%. • The Capital Market Authority approved Amlak International Real Estate Development Company application to register and offer its shares for public subscription. |
| 2020G | <ul style="list-style-type: none"> • The new head office of the company in the city of Riyadh was inaugurated. • “Amlak International” was listed in the Saudi Stock Exchange (Tadawul) in July 2020G. • The sale of four portfolios valuing more than 459 million Saudi Riyals was carried out. • Return on shareholders’ equity rate before zakat exceeded 10%. |

3. Our Strategy

3.1 Vision, Mission and Values

Our Vision:

To be the first real estate financier of choice.

Our Mission:

To offer an integrated set of innovative and value-added financing solutions to our clients, based on long-term relationship of confidence and mutual interest.

To maximize the sustainable value of our shareholders' investments by balancing between the economic return of investment and risks.

To recognize our labor force as a precious resource, motivate them to unlock their potentials and expand their knowledge-related horizons.

To engage constructively in fulfilling the real estate ownership aspirations of individuals of the Saudi community.

Our Values:

Innovation: To aim constantly at achieving distinction, development, and creativity and to keep abreast of all developments in our business sector.

Leadership: To remain pioneers in our business areas and provide added value that meet the needs of our clients and beyond.

Trust: To maintain strong relationships with all of our partners based on transparency, fairness, and mutual respect.

Competence: To work on developing our leading capabilities by dealing professionally and being inclusive and meritocratic.

3.2 Our Objectives:

Amlak International aims to continue to be the leading provider of shariah-compliant real estate financing services and achieve a balanced and steadily increasing revenues to anchor its position and leadership role in the real estate finance industry in the Kingdom of Saudi Arabia. The company success is driven by an experienced and highly knowledgeable team capable of implementing the company's operational strategy, which ensures a stable performance and high productivity.

The company's operational strategy is based on the following initiatives:

Corporate Sector Development

Given the increasing focus on supporting the private sector in the Kingdom, Amlak International is now increasing the targeted sectors in the corporates and high net worth segments , taking into consideration the sectors that grew with acceptable levels of risks. In addition, the company is targeting corporates and investors looking for real estate financing to expand and increase the volumes of their investments.

Cooperation with Governmental and Private Sectors

The company's business with governmental entities and sectors is an important strategic pillar for the company. Given the per capita income and the Kingdom's initiatives in overcoming the difficulties encountered by individuals to own their first home, the company sees opportunities to contribute by developing new real estate financing products and its existing financing products, in accordance with the requirements of the real estate financing market. Among the improved products that the company seeks to expand its scope is a flexible premium product, and payment of dividends only feature. Amlak is also engaged in the subsidized financing programs provided by the Ministry of Housing.

Capital Structuring Management

Building a highly effective capital and maximizing return on the capital comprise the business model of the company. Accordingly, Amlak is looking for diversifying long-term financing sources, believing that having a capital structure based on several financing channels is a key factor of success. Amlak, therefore, has started to focus on availing related initiatives, such as selling financing portfolios, in order to achieve its ambitions in sustainable development and lowering risks.

Risks Management

Proper credit portfolios are the vital driver of the company's success. In view of the current economic difficulties and challenges, the continuous development and improvement of the risk management business model by investing in systems, infrastructure, human resources, and developing risk management policies and procedures is a strategic requirement to maintain the creditworthiness of the portfolio.

Digital and Technical Transformation

Amlak International invests in developing its infrastructure of information technology to expand current systems capacities and install the required systems and software to improve the business capacity of the company. It mainly targets transactions of internal operations, customer services, risks management, governance and last but not the least data and

information management. Amlak also continues to invest and develop the Islamic financing management system (Temenos 24) and provide the improvements that suit the company's business model on the system. The system enables the company to facilitate and accelerate the financing operations, enhance efficiency, quality and accuracy, and increase customers' satisfaction. In addition, the system contributes to the detection of fraud practices and money laundering operations, enabling Amlak International to gain competitive edge and sustainable advantages in the real estate financing market.

Human Resources Development and Support

Finding, recruiting, and retaining talents is one of the priorities of Amlak International, which invests in its human resources by providing a positive work environment, supporting career development opportunities, and supporting the performance and merit-based rewarding programs. The company is one of the first non-banking financial institutions that have implemented employees share scheme.

Continuous Development of Customer Service

The continuous development and improvement of customer services is one of the main fundamentals of Amlak International and its products and is a key factor in maintaining the company's position among its competitors. Per the latest independent study in 2020G, the customers' satisfaction was 86.3% among the company's retail and corporate clients. In order for the company to maintain this percentage, it shall continue to focus on the following:

- Reducing the number days for implementing financing operations.
- Developing and improving customer services.
- Developing and improving electronic services.
- Improving the level of addressing customers' complaints.

4. Overview of Company Divisions, Departments and Main Activities

4.1 Description of the Main Activities of the Company

The company main activity is to engage in the retail and corporate real estate financing business through the offering of a number of sharia-compliant financing products (Murabaha, Ijara mawsofa fi athemmah (forward lease contracts) for retail and corporate clients). The company in this regard complies with the Companies Law, the Financing Companies Control Law and its Implementing Regulations, the relevant regulations as well as the rules and instructions issued by the competent authorities.

4.2 Overview of the Most Important Divisions and Departments of the Company

Strategies and Marketing Division

The Strategy and Marketing Division focuses on supporting all divisions of Amlak International for Real Estate Financing Company by setting the objectives of the company and its departments on the long and short terms, as well as developing and monitoring the optimal business plans to achieve such objectives. In addition, the division reviews and restructures the company's policies and procedures and aligns them with company's business strategies and plans.

The division is also responsible for the modification and development of the company's current products and introducing new products in line with the developments of the real estate financing market and target groups and segments. As a result, the department has started to design, develop and manage marketing campaigns aimed at reaching the relevant segments and groups and increasing awareness of the company's brand in the Kingdom. The division has also expanded its business to provide a number of selling opportunities for the retail and business divisions through directly targeting some of the segments and groups.

Corporate and High-Net-Worth Clients Division

The Corporate Division provides a wide and a variant array of sharia-compliant financing products and solutions and it targets the requirements of high-net-worth corporate and investors clients. The value of the financing contracts for this segment usually starts from five million Saudi Riyals and may reach up to one hundred million Saudi Riyals. The financing period may extend to more than five years. The Corporate Division strategy aims at establishing long-term relationships with the big, medium, and small-size enterprises or the high-net-worth



individuals in order to create and provide them with paramount and appropriate solutions. The division also provides the highest standards of customer relationship management. The satisfaction rate of corporate customers reached 87.3% in 2020G.

Retail Division

Through its dedicated team, the Retail Division aims at fulfilling the needs of the customers and providing them with residential financing solutions as part of the several products of the company and the financing programs implemented in cooperation with the Ministry of Housing and Real Estate Development Fund. The Division is distinguished by employees specialized in serving customers using the best means of financing services providing for a clear and smooth journey for the client, through the Customer Care Center and the self-service website. The rate of customer satisfaction on the financing services provided by the company reached 84% in 2020G.

Investment Division

Amlak International Investment Division has capital investments in a number of residential real estate projects through multiple partnerships with a number of Saudi real estate developers in the Kingdom. These investments have succeeded in achieving returns that have left a positive effect on the company's profitability in previous years.

In accordance with the relevant laws, the provisions of the Real Estate Financing Law and the license granted by the Saudi Central Bank in 2014G, the company has taken into account the suspension of capital investments in real estate projects. It obtained the approval of the Saudi Central Bank "SAMA" to carry on with the currently existing investments until it completely exits from them, which is expected to take place by the end of 2021G.

Credit & Risks Division

Amlak pays substantial attention to the Credit and Risk Division. A clear strategy has been developed and is managed by the Board, the Risks Committee and other internal subcommittees that are responsible for risks that would negatively affect the company goals and vision. In addition, the Division ensures quality of the credit portfolio and sets a mechanism to identify, measure and remedy the risks that the company may be exposed to during the practice of its activities. This is made through an integrated framework that includes the management of operational, market and legal risks, and reputation and liquidity and information security risks, under the Board's supervision and its committees, and the internal risks committees. This will contribute to achieving the objectives of the company and fulfilling the requirements of the regulatory and supervisory authorities.

The Credit and Risks Division in Amlak also manages the credit risk of the corporate and retail divisions and the related bad debts and activities of contracts archiving and collection from

clients in order to maintain the quality of company assets and consequently achieve its objectives. The division is also attentive to information security and protection. It has an independent cybersecurity unit that works around the clock to manage key controls for all company systems and operations and mitigate information risks and keep them to a minimum.

Finance, Operations, and Information Technology Division

The division is composed of three departments as follows:

Finance Department

The Finance Department assumes a number of responsibilities including management of credit facilities, making financing decisions, hedging operations, cash management and implementing and reconciling the financial procedures of the company. The Department coordinates any operations related to the management of company assets and liabilities. From a procedural perspective, the Finance Department works on improving performance, quality of reports, control methods and it focuses on completing the automation of payments, reconciliations, and banks accounts. It also prepares the financial statements, budgets, and administrative and supervisory reports .

Operations Department

The Operations Department is mainly responsible for supporting the operations related to the registration, management and control of the company's current and prospective customer information, and the implementation of aftersales services to customers. Such services include analysis, review and update of customer and financing data. The department relies on systems and procedures that contribute to the monitoring of operations related to the quality of inputs and outputs of customer data.

Information Technology Department

The IT Department focuses on continuous improvement by upgrading the company's systems, with a commitment to adhere to and provide customer information protection standards and keep abreast of company needs of reports and information required to run its business. The department overcomes many of challenges, most notably strengthening information security, which is one of the most prominent challenges facing business sectors worldwide. It also provides improvements that suit company systems, which contribute to increasing performance efficiency, enhancing the ability to obtain reports that support quick decision-making, and facilitating the customers and beneficiaries' requirements of information.

Human Resources And Administrative Division

The Human Resources And Administrative Division develops strategic and operational plans to attract, develop and retain appropriate competencies and to provide administrative support to

all of the company divisions. It also carries out development programs and projects related to improving technical and leadership skills and motivating employees to achieve the highest results. The Division also seeks to achieve the Saudization rates, which reached 90.6% in total at the end of 2020G. Furthermore, it takes the necessary initiatives to improve work environment, increase job satisfaction and it develops plans on annual basis for employees' training and development.

Governance and Legal Affairs Division

The Governance and Legal Affairs Division is responsible for applying governance in Amlak International, in line with the provisions of the Companies Law, the Capital Market Authority Regulations and the circulars, instructions and controls issued by the Saudi Central Bank (SAMA). The Governance Department is responsible for the application of the company's approved governance regulations, in accordance with the relevant laws and regulations.

The Legal Department, which is administratively reporting to this Division, is responsible for providing the necessary legal pieces of advice to all divisions and sections and departments of the company, in conformity with the nature of day-to-day business. It manages and follows up the cases assigned to it and represents the company before the judicial authorities in financing and non-financing contracts.

The Legal Department is also responsible for performing the work of the Sharia Board Secretariat. It serves as a technical and administrative body established to support the Sharia Board in achieving its objectives and performing its work through a comprehensive study of the company's transactions and activities, as well as preparing and submitting them to the Sharia Board for review and necessary action. In addition, the department drafts all decisions of the Sharia Board, and monitors and reports such decisions to the company's departments and documents and archives them. It verifies that all the company's activities and executive procedures are shariah-compliant, in line with decisions issued by the company's Sharia Board.

Compliance and Anti-Money Laundering Department

The Compliance and Anti-Money Laundering Department monitors all new laws or amendments thereto and include these amendments and developments in the company's internal policies and procedures to ensure full compliance with the regulations and laws on financial crimes issued by the legislative authorities, especially anti-money laundering, counter-terrorism financing, and combat of fraud. During 2020G, the company reviewed the internal policies and procedures to enhance the compliance environment, particularly combating financial crimes, in compliance with the changes made to the laws and regulations that govern the business of Amlak International for Real Estate Financing Company.

In line with the supervisory requirements, the Compliance Department worked during the year on preparing reports that demonstrate the company's compliance with the laws and regulations. These reports are submitted to the Audit Committee and then to the Board. They

included an assessment of the risks that the company encounters in relation to compliance, anti-money laundering, counter-terrorism financing as well as current processes and procedures and suggesting any amendments or changes thereto.

In order to develop and improve its human resources, the company trains its employees annually in areas of compliance, anti-money laundering and counter-terrorism financing. This had a positive impact on promoting a culture of compliance among employees. The money laundering and counter-terrorism financing suspicion indicators were also reviewed, updated and circulated to the company's employees to act accordingly.

Internal Audit Department

The Internal Audit Department is an integral part of the company's internal control and governance framework. It has been entrusted to review the company's business and procedures and assess their compliance with the policies, controls and procedures stipulated by the Board or its committees. In addition, the Department assesses their compliance with the relevant laws and regulations applicable in the Kingdom.

The company's Internal Audit Department follows established plans and policies to evaluate and improve the effectiveness of internal control, risk management and governance to ensure that they are all in conformity with the best practices and standards. It provides advice and recommends a professional and objective framework, in order to enhance internal control and protect the company's assets.

Based on its mandated tasks, the Internal Audit Department provides the Audit Committee on a quarterly and yearly basis with reports that include remarks and weaknesses regarding the implementation of internal control procedures. Moreover, it reviews the potential impacts on the company's business processes and transactions, while focusing on high and medium risk activities. Each report also includes recommendations in relation to the mechanism of dealing with these remarks in order to add value to the company, improve its operations and evaluate and improve the effectiveness of governance and risk management processes.

5. Capital of Amlak International

Substantial Shareholders Ownership of Company Shares

| Shareholder | Number and Percentage of Shares | |
|---|---------------------------------|-----------------------------|
| | Number of Shares | Direct Ownership Percentage |
| Saudi Investment Bank | 20,300,000 | 22.4% |
| Amlak Financing Company | 16,625,000 | 18.34% |
| Dallah Al Baraka Investment Holding Company | 9,100,000 | 10.04% |
| Rest of Shareholders | 44,575,000 | 49.2% |
| Total | 90,600,000 | 100% |

- The information stated above are as on 31/12/2020G

5.1 Financial Results and the Most Prominent Results of Business Sectors Performance

The demand on real estate residential financing grew significantly 2020G. The application of government programs related to the increasing number of citizens owning homes and implementing a number of economic measures were a catalyst for this growth. The company also worked to maintain its financial position and achieve results that reflect growth in its financial results.

The company has also maintained its position as one of the largest non-banking companies licensed to provide real estate financing products in the Kingdom. It plays a role in the Ministry of Housing initiatives to increase the percentage of home ownership in the Kingdom, in line with the governmental strategic initiatives that are based on the Kingdom's vision 2030. In 2020G, Amlak International adapted its financing policy with the changes made by the supervisory authorities, aiming at expanding customers' fair access to real estate financing. The company launched financing products to provide more options for customers. Amlak will continue to work with the Ministry of Housing and the Real Estate Development Fund in the coming years.

The results of 2020G in the balance sheet statement, show an increase in the company's assets reaching 3,580.4 million Saudi Riyals compared to 3,405.2 million Saudi Riyals in 2019G. The financing portfolios represented 3,352.3 million Saudi Riyals in 2020G compared to 3,197.6 million Saudi Riyals in 2019G. It is worth mentioning that the company sold financing portfolios to the Saudi Refinancing Company, valuing more than 459 million Saudi Riyals during 2020G. Taking this into account, the total existing and managed financing portfolios increased in total by more than 14.9% over the past year, and the financing balances from banks, including deposits of the Saudi Central Bank increased to reach 2,246.9 million Saudi Riyals compared to

2,080.4 million Saudi Riyals in 2019G, reflecting an increase of the financing capacity. **Shareholder Equity** increased to reach 1,148.4 million Saudi Riyals, compared to 1,125.3 million Saudi Riyals in the past year. In 2020G, cash dividends of 67.9 million Saudi Riyals were distributed at a rate of 0.75 halalas per share for the year 2019G. In addition, credit allocations reached 93.8 million Saudi Riyals, showing an increase of 5.4 million Saudi Riyals, in line with International Financial Reporting Standard (9), including write-off of 1.3 million Saudi Riyals.

In the income statement, total revenues from financing operations decreased to reach 274.1 million Saudi Riyals compared to 292.6 million Saudi Riyals in the fiscal year 2019G, reflecting a 6.3% drop in revenues **due to the decrease in capital gain on portfolio sales, revaluation loss in investment and change in SIBOR**. In addition, the cost of credit facilities dropped to 65.1 million Saudi Riyals compared to the cost of credit facilities for the last year 2019G, which reached 93.6 million Saudi Riyals, as a result of the decline in SIBOR price and deposits received from the Central Bank under the deferred payment program. Operating expenses also dropped to reach 93.6 million Saudi Riyals at the end of 2020G compared to 96.8 million Saudi Riyals in 2019G, representing a decrease of 3.2 million Saudi Riyals. The company achieved net income before zakat in the amount of 115.4 million Saudi Riyals compared to a net profit of 102.1 million Saudi Riyals in 2019G. The net income was 98.9 million Saudi Riyals compared to 70 million Riyals.

5.2 Comparison of Financial Results

| Description(thousand Riyals) | 2016G | 2017G | 2018G | 2019G | 2020G |
|---|----------------|----------------|----------------|----------------|----------------|
| | <u>Audited</u> | <u>Audited</u> | <u>Audited</u> | <u>Audited</u> | <u>Audited</u> |
| Activity Revenue | 273,847 | 275,403 | 265,756 | 292,626 | 274,073 |
| Bank Expenses | 81,809 | 91,755 | 88,087 | 93,767 | 65,100 |
| Total Activity Profit | 192,038 | 183,648 | 177,669 | 198,859 | 208,973 |
| Total Operating Expenses | 82,998 | 80,394 | 80,056 | 96,800 | 93,579 |
| Net Income – before Zakat | 109,040 | 103,254 | 97,613 | 102,059 | 115,394 |
| Net Income – after Zakat | 105,334 | 99,813 | 61,155 | 70,010 | 98,900 |
| Net Income – before Zakat and after excluding investment revenues | 95,713 | 93,843 | 97,359 | 102,935 | 117,408 |

(*) for the years 2016G to 2017G, zakat was not charged to the statement of income, per the accounting standards applicable at that time and was charged to equities. The charge method was changed in 2019G, as per the circular of the Central Bank, in cooperation with the Saudi Organization for Certified Public Accounts. Accordingly, amendment was for made in 2018G comparison purposes.

5.3 Comparison of Assets and Liabilities

| Description (thousand Riyals) | 2016G | 2017G | 2018G | 2019G | 2020G |
|-------------------------------|----------------|----------------|----------------|----------------|----------------|
| | <u>Audited</u> | <u>Audited</u> | <u>Audited</u> | <u>Audited</u> | <u>Audited</u> |
| Financing Portfolio | 3,089,673 | 3,121,866 | 3,090,740 | 3,197,628 | 3,352,267 |
| Other Assets | 199,844 | 205,214 | 172,796 | 207,577 | 228,092 |

| | | | | | |
|--|-----------|-----------|-----------|-----------|-----------|
| Total Assets | 3,289,517 | 3,327,080 | 3,263,536 | 3,405,205 | 3,580,359 |
| Total Bank Loans and the Central Bank Deferred Payment Program | 2,102,270 | 2,072,175 | 1,994,132 | 2,080,432 | 2,246,851 |
| Other Liabilities | 53,975 | 85,609 | 142,494 | 199,496 | 185,081 |
| Total Liabilities | 2,156,245 | 2,157,784 | 2,136,626 | 2,279,928 | 2,431,932 |
| Equities | 1,133,272 | 1,169,296 | 1,126,910 | 1,125,277 | 1,148,427 |
| Total Liabilities and Equities | 3,289,517 | 3,327,080 | 3,263,536 | 3,405,205 | 3,580,359 |

5.4 Variances in Operating Results Compared to Previous Year Results

| Description (thousand Riyals) | 2020G | 2019G | Change | % |
|--------------------------------------|--------------|--------------|----------|---------|
| | Consolidated | Consolidated | | |
| Activity Revenues | 274,073 | 292,626 | (18,553) | %6.3- |
| Cost of Revenues (credit facilities) | 65,100 | 93,767 | (28,667) | % 30.6- |
| Total Profit | 208,973 | 198,859 | 10,114 | %5.1 |
| Total Operating Expenses | 93,579 | 96,800 | (3,221) | %3.3- |
| Year Profits – before Zakat | 115,394 | 102,059 | 13,335 | %13.1 |
| Year Profits – after Zakat | 98,900 | 70,010 | 28,890 | %41.3 |

The following table shows the most important financial indicators

| Financial Indicators | 2016G | 2017G | 2018G | 2019G | 2020G |
|-----------------------------------|-------|-------|-------|-------|--------|
| Share Profit before Zakat (Riyal) | 1.21 | 1.14 | 1.08 | 1.13 | 1.27 |
| Share Profit after Zakat (Riyal) | 1.17 | 1.11 | 0.68 | 0.77 | 1.09 |
| Return on Equities before Zakat % | 9.77% | 8.97% | 8.50% | 9.06% | %10.15 |
| Return on Assets before Zakat % | 3.45% | 3.12% | 2.96% | 3.06% | %3.30 |
| Return on Equities after Zakat % | 9.44% | 8.67% | 5.33% | 6.22% | %8.70 |
| Return on Assets after Zakat % | 3.33% | 3.02% | 1.86% | 2.10% | %2.83 |

(*) For the years 2016G to 2017G, zakat was charged to the statement of income, per the accounting standards applicable at that time and was charged to equities. Charge method was changed in 2019G, as per the circular of the central bank, in cooperation with the Saudi Organization for Certified Public Accounts. Therefore, amendment was made in 2018G for financial comparison purposes.

5.5 Volume of Company Main Business Activities

| Description (thousand Riyals) | Retail Sector | Corporate Sector | Head Office | Total |
|-------------------------------------|---------------|------------------|-------------|-----------|
| Assets | 969,537 | 2,524,581 | 86,241 | 3,580,359 |
| Liabilities | 612,518 | 1,684,490 | 134,924 | 2,431,932 |
| Operational Income * | 86,316 | 187,758 | 0 | 274,073 |

(*) Operational income is composed of financing contracts income, transactions fees, including administrative fees, real estate valuation fees (net of valuation expenses), early repayment fees, early partial repayment fees or early total repayment fees and sold portfolios management fees.

| Name of Activity | Activity Revenues (thousand Riyals) | Percentage |
|--|-------------------------------------|------------|
| Murabaha Contracts Income | 14,541 | %5.31 |
| Ijara (leasing) Contracts Income | 240,504 | %87.75 |
| Ijara Mawsofa fi althemmah | 7,467 | %2.72 |
| Transactions and valuation fees, net (*) | 13,575 | %4.95 |
| Investments | (2,014) | %0.73- |
| Total | 274,073 | %100 |

(*) Transactions fees are composed of administrative fees, real estate valuation fees (net of valuation expenses), early repayment fees, early partial repayment fees or early total repayment fees and sold portfolios management fees.

5.6 Geographical Analysis of Company Total Revenues

| Description (thousand Riyals) | Geographical Analysis of Company Total Revenues | | | |
|----------------------------------|---|--------------|--------------|--------------|
| Year | Total Revenues | Central Area | Western Area | Eastern Area |
| 2019G | 292,625 | 169,664 | 94,197 | 28,765 |
| 2020G | 274,073 | 147,249 | 95,964 | 30,859 |

5.7 Clarification of Any Difference from the Accounting Standards Adopted by the Saudi Organization for Certified Public Accountants

As of 1 January, 2019G, the company adopted the International Financial Reporting Standard no. 16, under which the lease obligations were recorded under liabilities in the balance sheet statement and the right-of-use assets were recorded under assets in the balance sheet statement. The accounting policies and impact of this standard on financial statement were disclosed in the financial statements explanations.

5.8 Affiliates

Amlak International Real Estate Development Company

Amlak International Real Estate Development Company was established on 05/11/1432H (corresponding to 03/10/2011G) as a limited liability company registered under commercial registration no. 1010317413, dated 06/11/1432H (corresponding to 04/10/2011G) and its head office is located in the city of Riyadh.

The following table summarizes the ownership structure of Amlak International Real Estate Development Company, as at 31/12/2020G.

Ownership Structure of Amlak International Real Estate Development Company

| Name of Affiliate | Capital | Company Ownership Percentage | Main Activity | Country Main Place of Business | Place of Establishment Country |
|--|----------------------|------------------------------|--|--------------------------------|--------------------------------|
| Amlak International Real Estate Development Company | 500,000 Saudi Riyals | 100% | Sell, buy and lease real estates and lands to keep real estate financing deeds | Kingdom of Saudi Arabia | Kingdom of Saudi Arabia |

The main activities of Amlak International Real Estate Development Company include selling, buying, and leasing real estates and lands for keeping the real estate financing deeds. The company does not currently practice any commercial activity and has no employees. Its activity is limited to Amlak International Real Estate Financing Company registering the largest portion of the real estate deeds which it finances in its name.

Details of shares and debt instruments issued for each affiliate

All loans are granted to Amlak International Real Estate Financing Company and there are no loans or debt instruments on the affiliate.

5.9 Information Regarding Any Loans on the Company

| Ser | Name of Financer | Opening Balance of Financing | Financing Amounts Repaid during the year | Additional Financing Amount | Financing Remaining Amount | Total Indebtedness of the company and its affiliates |
|-----|---------------------------------------|------------------------------|--|-----------------------------|----------------------------|--|
| 1 | Saudi British Bank | 109,250,000 | 114,327,640 | 252,718,921 | 202,623,407 | 247,376,593 |
| 2 | Alawwal Bank | 174,958,333 | 164,320,045 | 62,065,759 | 102,217,077 | 72,782,923 |
| 3 | Saudi Investment Bank | 615,820,510 | 248,760,110 | 88,606,252 | 198,603,541 | 451,182,759 |
| 4 | Gulf International Bank | 174,333,333 | 236,412,115 | 319,495,089 | 158,833,693 | 257,416,307 |
| 5 | Al-Rajhi Bank | 101,803,750 | 71,242,852 | 29,799,933 | 189,639,169 | 60,360,831 |
| 6 | Bank Albilad | 125,000,000 | 63,362,928 | 58,320,929 | 80,042,000 | 119,958,000 |
| 7 | Samba Financial Group | 316,343,750 | 331,572,854 | 319,187,452 | 170,928,839 | 304,071,161 |
| 8 | Bank Aljazira | 243,550,000 | 322,986,578 | 382,391,536 | 147,045,042 | 302,954,958 |
| 9 | National Commercial Bank | 135,200,000 | 58,189,637 | 117,686,649 | 185,416,731 | 194,583,269 |
| 10 | Saudi Refinancing Company | 75,000,000 | 75,669,229 | 75,669,229 | 200,000,000 | 75,000,000 |
| 11 | Central Bank Deferred Payment Program | 0 | 0 | 157,070,937 | 0 | 157,070,937 |

5.10 Description of the Value of Regular Payments Paid and Due and Not Paid until the End of the Financial Year

The statutory payments due from the company in 2020G mainly consisted of zakat, tax and amounts due to the General Organization for Social Insurance in exchange of employees' social insurance contributions. The following table shows the data of these payments:

| Description (thousand Riyals) | 2020G | | Brief Description | Causes |
|---|------------------------|---|--|-----------------------|
| | Repaid during the year | Due until the end of the annual financial period and not repaid | | |
| General Authority of Zakat and Tax (Zakat – for 2020G) | 0 | 16,920 | Amounts repaid or charged to the period, in line with the provisions and rules of zakat, income tax law and Sadad fees in the Kingdom of Saudi Arabia | - |
| General Authority of Zakat and Tax (Zakat – for previous years) | 19,926 | 16,166 | Amounts repaid or charged to the period, in line with the provisions and rules of zakat, income tax law and Sadad fees in the Kingdom of Saudi Arabia | - |
| General Authority of Zakat and Tax (value added tax) | 5,704 | (11,440) | Balance due to the company with GAZT (settlements and procurement invoices for previous periods) and amounts repaid for the period in line with the provisions and rules of the value added tax in the Kingdom of Saudi Arabia | Statutory Requirement |
| General Authority of Zakat and Tax (value added tax) | 5,603 | 0 | Based on the agreement with GAZT on the settlement of zakat claims | Statutory Requirement |
| General Authority of Zakat and Tax (withholding tax) | 799 | 1.2 | Amounts repaid or charged to the period, in line with the provisions and rules of zakat, income tax law and Sadad fees in the Kingdom of Saudi Arabi | Statutory Requirement |
| General Organization for Social Insurance | 4,893 | 0 | Amounts repaid or charged to the period, in line with the provisions and of the Labor Law in the Kingdom of Saudi Arabi | Statutory Requirement |
| Visas and Passports Costs | 28 | 0 | Amounts repaid or charged to the period, in line with the provisions of licenses granted to the company against commercial submission of service | Statutory Requirement |
| Labor Office Fees | 212 | 0 | Amounts repaid or charged to the period, in line with the provisions of licenses granted to the company against commercial submission of service | Statutory Requirement |

6.1 Credit Risks

The real estate financing is the primary activity of Amlak International, and credit risks is one of the most important risks that may be encountered by the company and its financing portfolios. The company seeks to mitigate these risks by adhering to the policies and procedures approved by its Board as part the instructions of the Saudi Central Bank "SAMA", and ensuring that they are applied by activating the role of the Risk Committee, a credit management responsible for retail segments, and a credit management responsible for corporates, and businessmen segments.

6.2 Financing Prices and Cash Liquidity Risks

Amlak International relies on borrowing from banking institutions and lending to beneficiaries including customers, corporates, and businessmen, as a key business model of the company. Since bank financing rates are fluctuating continuously, this model included risks that may adversely impact the company's business, liquidity, and profits. Therefore, Amlak International, through the Treasury Department, is working on diversifying borrowing portfolios and hedging against fluctuations in financing prices in order to mitigate its risks. Seeking to diversity cash liquidity and profits, the company has also expanded its key business framework to include cooperation with governmental and private entities in their initiatives and programs targeting the housing and real estate sectors.

6.3 Market Risks

The real estate financing market has significant expansion opportunities and a motivating environment, which may attract more local or foreign financing companies to work in this field. In addition, any acquisitions and mergers between companies operating in the same business field of the company may increase their market shares, thereby intensifying competition among companies operating in the real estate financing market. The occurrence of these developments is beyond the control of the company and is difficult to be predicted.

The occurrence of any of these possibilities means that the company may be in competition with other financial institutions that have more resources at their disposal or have other advantages that are difficult or impossible for the company to keep abreast of. An institution with bigger financial resources or a client network may outperform the company in advertising expenditures and may attract key personnel in the company through offering financial incentives more than those that can be offered by the company and may allocate more resources to develop their products and expand their scope of business. For example, there are other financing institutions which compete through commission prices and profits, which may result in adverse events, the most important of which is that the company may lose its

customers or a market segment. This may reduce profit margins, increase costs, or may force the company to obtain additional financing or a capital that may not be available at attractive prices or may not be available at all.

In addition, the Ministry of Housing subsidized programs are one of the most important reasons of the increasing demand on housing ownership. Therefore, the market risks that the company may face include ceasing or reducing these programs, whereby the demand in the real estate market will be reduced.

6.4 Fluctuation of Interest Rates Risks

The company is keen to obtain sharia-compliant financing based on competitive profit margins. This, however, depends materially on available liquidity with lenders and the bank interest rates linked to SIBOR index. For example, arranging financing loans to the company's customers may depend on building the profit margin on the basis of fixing the SIBOR price for a long period of time that extends to a period more than the period of fixing the financing granted to the company. This may result in risks when SIBOR rates are changed. The company is also keen that borrowing periods and borrowing rates for more than one year are close in order to reduce the impact of interest rate fluctuations on company's results. The company uses hedging transactions against fluctuations in financing rates to reduce the above-mentioned risks.

6.5 Drop in Real Estate Guarantees Value Risks

Since real estate assets are in general long-term investments, it is difficult to liquidate these assets quickly without affecting the real estate's price. The company maintains a portfolio of real estate assets, which constitutes a guarantee of its financing products. If the company's customers were in default, especially if it occurred suddenly or collectively as a result of general economic circumstances, it would be difficult for the company to liquidate its real estate related to contracts of customers in default at appropriate prices within a short period of time. This will adversely and materially impact the company's business, projections, results of operations, financial position, and future prospects.

6.6 Operational Risks

The company is exposed to operational risks that may result in material losses including, but not limited to employee errors by not documenting transactions properly and in accordance with the company's approved forms, failure in taking the required legal advice in relation to atypical operations, which are not included in the framework of company operations, (internal or external), fraud or abuse of authority or powers. This may include non-compliance by the company's employees with the compliance procedures or risk limits, non-compliance with the regulatory requirements and rules of business practices, failure of systems and equipment, natural catastrophes, or failure of external systems. The company will not be able to eliminate operational risks completely, and the occurrence of any of these risks will have an adverse

material impact on the company's business, financial position, results of operations or future prospects.

6.7 Legal Risks

Amlak International strives to deal with the legal risks resulting from the company's financing and non-financing contracts, based on the set of administrative and organizational procedures, policies, and decisions within the company, through the use of an integrated periodically updated framework, in line with the company's activities. The function of this framework is to identify, analyze and assess current and future legal risks, and then submit recommendations and procedures to overcome these risks to the relevant divisions and departments. These legal risks and challenges faced by the company with the judicial authorities include but are not limited to non-compliance in some cases with the decisions of the financing entity Sharia Board when a dispute occurs between the financing entity and the client and referring the same to the judiciary authorities, the conflict of jurisdiction risk between the General Court and the Committee for the Resolution of Financing Violations Disputes, as well as the uncertainty of deed ownership. The Risk Management Department in Amlak International also submits quarterly reports to the company's Risks Committee and internal subcommittees, that include recommendations and proposed actions to address the existing legal risks.

6.8 Reputation Risks

The company has a good reputation in its field of business. It is important for the company to maintain this reputation, including its strong financial capacity and integrity in order to enhance its ability to attract and retain new customers and establish strong relations with counterparties. The company's reputation may be adversely affected by several factors, including but not limited to deterioration of its financial results, the company or its management being subject to lawsuits, unfavorable legal proceedings that may result from non-compliance with certain legal requirements or employees' misconduct that leads to a breach by the company of the applicable statutory requirements. Damage of company's reputation may have a material adverse impact on its business, financial position, results of operations and future prospects.

6.9 Information Technology Risks

The company develops its IT systems as the nature of its business and regulatory requirements entail substantial reliance on the optimal use of these technologies. The company internal controls relating to risk level control and compliance with the relevant laws and regulations, including financial matters, increase the company's need to rely on modern information technology to conduct many of its businesses and maintain its activity level and quality. The company may experience a failure of its technical systems, which may occur for a number of reasons, including, but not limited to, natural disasters, prolonged power outage, computer viruses, and other external cyberattacks. This jeopardizes the company's information,

customers, and the continuity of its activities during the failure of the electronic network despite the measures taken by the company to mitigate such risks. The proper functioning of the company's IT systems also depends on accurate and reliable data and other system inputs, which are subject to human errors.

6.10 Strategic Risks

Amlak International strives to achieve its long-term objectives. It is keen to ensure that its business path, behaviors, and actions are ideal to achieve these objectives. Therefore, Amlak International has formulated a five-year plan that covers all of its objectives, whether financial or operational, organizational, and administrative projects, as well as its systems and human and non-human resources. The company is annually developing a balanced scorecard that includes business plans, projects and annual performance indicators that serve achieving its long-term objectives. In order to mitigate risks and overcome obstacles that may adversely impact the achievement of its objectives, Amlak International, based on the balanced scorecard, holds a monthly meeting to study and determine the level of performance and take corrective actions and measures if necessary.

6.11 Insurance-Covered Risks

The company secures insurance related to risks that may encounter the company in addition to the insurance legally required to cover financing related risks. Insurance-covered risks include, without limitation, the following:

- Life insurance for Amlak International clients.
- Partial and total disability insurance for Amlak International clients.
- financed real state all potential risks Insurance.
- Information security and privacy protection insurance.
- Board members and senior management liability insurance.
- Employees' insurance (medical).

6.12 Risks Related to Zakat and Tax Position of the Company

The company was a party in Zakat disputes related to the company's objection to additional Zakat amounts imposed by the General Authority of Zakat and Tax for the years from 2007G to 2017G. An agreement of settlement in the amount of SAR (33,680,095) was signed on 03/03/2019G covering the period from 2013G to 2017G. The decision of the Zakat and Tax Dispute Settlement Committee at GAZT was approved on 11/04/2019G to settle Zakat disputes from 2007G to 2012G in the amount of SAR (12,601,875), including income tax and a fine of SAR 2,000 due to failure in submitting the tax return. The impact of settlements was reflected in the company's financial statements and all settlement amounts were repaid except as agreed upon with GAZT in relation to re-scheduled amounts of 21.6 million Saudi Riyals, as at the end

of 2019G. These amounts will be paid in four arrears in the amount of 5.4 million Saudi Riyals due on 1 December every year. The last payment related to settlement of Zakat amounts for the period 2013G-2017G is due on 1/12/2013G. The company expects no additional claims that are not included in the settlement, or other Zakat claims that are not mentioned.

GAZT has issued the rules for calculating Zakat of financing activities, which apply on banks and finance companies licensed by the Saudi Central Bank. These rules were published on 08/07/1440H (corresponding to 15/03/2019G) in Um Al-Qura Gazette, Issue no. 4771, and were relied on in calculating Zakat as of the beginning of 2019G . Based on these rules, Zakat base will have a minimum and a maximum limit for the companies achieving net profits and will be four (4) times the net profit before zakat as at the end of the zakat year as a minimum amount and eight (8) times the net profit before zakat at the end of the zakat year as a maximum amount.

The value-added tax system was applied on 01/01/2018G. The value-added tax is a new tax added to the system of taxes and other fees applied on specific sectors in the Kingdom. The real estate tax and value-added tax are relatively applied recently. They are accompanied by some cases that lack clarity and the company's endeavor to construe the method of application in certain unclear cases. However, GAZT may not agree with such construal, which may result in a difference between the construal of the company and that of GAZT. In the event of this difference, the company may incur additional costs, which will have an adverse impact the company's business and its financial results.

7. Board of Directors and Committees

As set forth in the company's articles of association, the company is managed by a board of directors composed of nine members appointed by the ordinary general assembly for three years term. The general assembly meeting no. (01/2018) was held on Monday, 21/8/1439H (corresponding to 07/05/2018G. Board members were elected by the accumulative voting method for three years term beginning as of 04/06/2018G.

The Board carries out its tasks set forth in the company' articles of association and Amlak International Real Estate Financing Company governance regulations. The most prominent tasks include but are not limited to:

- Approving the company strategic plans and key objectives as well as application mechanisms.
- Assessing the general operational performance compared to the strategic plans and objectives.
- Approving the quarterly and final financial statements.
- Developing and overseeing internal control systems and approving the policies and procedures that ensure compliance with the laws and regulations

The names of Board members, and classification of their membership are shown as follows:

| Ser | Name | Membership | Classification of Membership |
|-----|-------------------------------------|-----------------|------------------------------|
| 1 | Abdullah bin Ibrahim Al-Howaish | Chairman | Non-executive |
| 2 | Mansour bin Abdulaziz Al-Bosaily | Deputy Chairman | Independent |
| 3 | Faisal bin Abdullah Al-Omran | Member | Non-executive |
| 4 | Majed Abdulgani Fakeeh | Member | Non-executive |
| 5 | Sultan bin Fawwaz Al-Hokair | Member | Non-executive |
| 6 | Khalid bin Abdulaziz Al-Rayes | Member | Non-executive |
| 7 | Amr bin Mohammed bin Abdullah Kamel | Member | Independent |
| 8 | Thamer Abdulqader Jan | Member | Independent |
| 9 | Adel Hussain Ahmed * | Member | Non-executive |

- **Mr./ Adel Hussain Ahmed resigned on 27/10/2020G.**

a. Board Meetings

The Board held six (6) meetings during 2020G. the following table shows Board meetings and attendance record of each meeting:

| Name of Member | No. of Meetings (6) | | | | | | Total Attendees | Attendance |
|---|------------------------------|-------------------------------|-----------------------------|------------------------------|------------------------------|------------------------------|-----------------|------------|
| | First meeting 04/03/2020G | Second Meeting 29/03/2020G | Third Meeting 28/4/2020G | Fourth Meeting 14/7/2020G | Fifth Meeting 22/09/2020G | Sixth Meeting 23/12/2020G | | |
| Mr. Abdullah Al-Howaish | √ | √ | √ | √ | √ | √ | 6 | %100 |
| Mr. Mansour bin Abdulaziz Al-Bosaili | √ | √ | √ | √ | √ | √ | 6 | %100 |
| Mr. Faisal bin Abdullah Al-Omran | √ | √ | √ | √ | √ | √ | 6 | %100 |
| Mr. Khaled bin Abdulaziz Al-Reyes | √ | √ | √ | √ | X | √ | 5 | %83 |
| Mr. Amr bin Mohammed bin Abdullah Kamel | √ | √ | √ | √ | √ | √ | 6 | %100 |
| Mr. Majed Abdulgani Faqih | √ | √ | √ | √ | √ | √ | 6 | %100 |
| Mr. Sultan bin Fawwaz Al-Hokair | √ | X | √ | √ | √ | √ | 5 | %83 |
| Mr. Thamer Abdulqader Jan | √ | √ | √ | √ | √ | √ | 6 | %100 |
| Mr. Adel Hussain Ahmed | √ | √ | √ | √ | √ | resignation | 5 | %83 |

- Mr./ Adel Hussain Ahmed resigned on 27/10/2020G.

b. Shareholders' General Assemblies Held

The company held two general assemblies' meetings and one extraordinary general assembly meetings in 2020G, as follows:

1) The ordinary general assembly meeting was held on 22/10/2020G. Agenda items included the following:

- Voting on the appointment Mr. Mansour bin Abdulaziz Al-Bosaili as an independent member of the Audit Committee.

2) The ordinary general assembly meeting was held on 10/06/2020G. Agenda items included the following:

1. Voting on the Board's report for the fiscal year ended 31/12/2019G.
2. Voting on the auditor's report for the fiscal year ended 31/12/2019G.
3. Voting on the audited financial statements for the fiscal year ended 31/12/2019G.
4. Voting on the discharge of Board members liability in relation to their performance during the fiscal year ended on 31/12/2019G.
5. Voting on the appointment of company's auditors, in line with the recommendation of the Audit Committee, in order to examine, review and audit the financial statements for the second and third quarters, the financial statements for the fiscal year 2020G, as well as the financial statements of the first quarter of 2021G, and determining auditors' fees.

6. Voting on the remuneration of Board members and Audit Committee non-Board members, as stated in the Board's report for the fiscal year ended on 31/12/2019G.
7. Voting on the Sharia Board report for 2019G.
8. Voting on the Audit Committee report for 2019G.
9. Voting on the offering of an equivalent of 30% of the company's shares or any less percentage, after obtaining the necessary regulatory approvals.
10. Voting on the contracts and works made between the company and the shareholder (Saudi Investment Bank), in which Board members, Mr./ Faisal bin Abdullah Al-Omran (Saudi Investment Bank representative in the Board), Mr. / Majed Abdugani Faqih (Saudi Investment Bank representative in the Board), and Mr. Khaled bin Abdulaziz Al-Reyes (Chief Executive Officer of Alistithmar for Financial Securities and Brokerage Company fully owned by the shareholder, Saudi Investment Bank) have a direct or indirect interest. This interest represents a credit facility totaling 698,000,000 Saudi Riyals for the year 2019G and is licensed until 31 December 2020G.
11. Voting on the contracts and works made between the company and Alistithmar Company for Securities and Brokerage - fully owned by the shareholder, Saudi Investment Bank – and in which Board members Mr. /Faisal bin Abdullah Al-Omran (Saudi Investment Bank representative in the company Board), Mr. /Majed Abdugani Faqih (Saudi Investment Bank representative) and Mr. Khaled bin Abdulaziz Al-Reyes (Chief Executive Officer of Alistithmar for Financial Securities and Brokerage Company, fully owned by the shareholder, Saudi Investment Bank, and member of the Board of Saraya Real Estate Fund), have direct or indirect interest. This interest represents an investment in Saraya Real Estate Fund units, valuing 12,000,000 Saudi Ryals, and it is licensed for the current year ended 31 December 2020G.
12. Voting on the contracts and works made between the company and the Orix Company in relation to leasing Amlak International General Administration Offices in the building sub-leased from shareholder (Saudi Investment Bank), and leased by the company, including maintenance of facilities and security guarding, and in which Board members Mr. /Faisal bin Abdullah Al-Omran (Saudi Investment Bank representative in the Board), Mr. Majed Abdugani Faqih (Saudi Investment Bank representative in the Board) and Mr. Khaled bin Abdulaziz Al-Reyes (Chief Executive Officer) of Alistithmar for Financial Securities and Brokerage Company, fully owned by the shareholder, Saudi Investment Bank) have indirect interest valuing 1,479,731 Saudi Riyals for the year 2019G, and approving the costs of 163.495 Saudi Riyals until the end of February 2020G.

3) The extraordinary general assembly meeting was held on 30/09/2020G. The assembly's agenda items included the following:

1. Voting on the Board's recommendation to distribute cash dividends for 2019G, in the amount of 0.75 Riyals per share and totaling 67,950,000 Saudi Riyals (7.5%) of the capital. Eligibility to profits shall be to the shareholders who own shares on the date of eligibility and registered in the shareholders' register in the Depository Center at the end of the second

trading day following the day of the company's general assembly meeting. Distribution will be made within 15 days from the date of eligibility.

2. Voting on amending Article (1) of the articles of association, which is related to establishment.
3. Voting on amending article (2) of the articles of association, which is related to the name of the company.
4. Voting on amending article (3) of the articles of association, which is related to the company's objectives.
5. Voting on amending article (4) of the articles of association, which is related to partnership and ownership in companies.
6. Voting on amending article (9) of the articles of association, which is related to selling of partly paid shares
7. Voting on amending article (10) of the articles of association, which is related to the issuance of shares.
8. Voting on amending article (11) of the articles of association, which is related to preferred shares.
9. Voting on amending article (12) of the articles of association, which is related to trading of shares.
10. Voting on adding article (13) of the articles of association, which is related to the company's buying, selling, and mortgaging of its shares.
11. Voting on amending article (14) of the articles of association, which is related to capital increase.
12. Voting on amending article (15) of the articles of association, which is related to capital reduction.
13. Voting on amending article (19) of the articles of association, which is related to loans, bonds, debt instruments and financing instruments.
14. Voting on the amending article (20) of the articles of associations, which is related to the management of the company.
15. Vote on amending article (22) of the articles of association, which is related a vacant position in the Board.
16. Voting on amending article (23) of the articles of association, which is related to the powers of the Board.
17. Voting on amending article (24) of the articles of association, which is related to the remunerations of Board members.
18. Voting on amending article (25) of the articles of association, which is related to the and powers and authorities of Board Chairman, Deputy Chairman, Managing Director, and the Board Secretary.
19. Voting on amending article (26) of the articles of association, which is related to the Board meetings.
20. Voting on amending of article (28) of the articles of association, which is related to the resolutions of the Board.

21. Voting on amending article (33) of the articles of association, which is related to the reports of the Audit Committee.
22. Voting on amending article (34) of the articles of association, which is related to the attendance of assemblies.
23. Voting on amending of article (38) of the articles of association, which is related to calling to meetings.
24. Voting on the amending article (41) of the articles of association, which is related to the quorum of the extraordinary general assembly.
25. Voting on the amending article (47) of the articles of association, which is related to the powers of the auditor.
26. Voting on amending article (48) of the articles of association, which is related to the fiscal year.
27. Voting on amending article (49) of the articles of association, which is related to financial documents.
28. Voting on mending article (50) of the articles of association, relating to distribution of dividends.
29. Voting on amending article (53) of the articles of association, which is related to company's losses.
30. Voting on amending article (54) of the articles of association, which is related to liability lawsuit.
31. Voting on re-arrangement of articles of association, and numbering them, in conformity with the proposed amendments in the above items(6,7,8,9,10,11,12,13,14,15,16,17,18,19,20,21,22,23,24,25,26,27, 28,29,30) if approved.

The following table shows information and record of attendance of members for each meeting:

| Attendance Record | | |
|--|--|--|
| Ordinary General Assembly Meeting Held on 22/01/2020G | Ordinary General Assembly Meeting Held on 10/06/2020G | Ordinary General Assembly Meeting Held on 30/09/2020G |
| 1. Abdullah Ibrahim Al-Howaish 2. Majed Abdulgani Abdulhadi Faqih 3. Amr Mohammed Kamel | 1. Abdullah Ibrahim Al-Howaish 2. Mansour Abdulaziz Al-Bosaili 3. Amr Mohammed Kamel 4. Thamer Abdulqader Jan 5. Majed Abdulgani Abdulhadi Faqih 6. Khaled Abdulaziz Al-Reyes | 1. Abdullah bin Ibrahim Al-Howaish 2. Mansour Abdulaziz Al-Bosaili 3. Amr Mohammed Kamel 4. Thamer Abdulqader Jan 5. Khaled Abdulaziz Al-Reyes 6. Majed Abdulgani Abdulhadi Faqih |

c. Measures Taken by the Board to Inform its Members of Shareholders' Suggestions and Remarks

The Board has established a department specialized in governance and legal affairs. A number of shareholders' relations specialists have been appointed to assume the tasks and responsibilities of receiving shareholders' suggestions and remarks through the various means of communication. The shareholders submitted no suggestions or remarks in relation to the company and its performance during 2020G.

d. Company Requests for Shareholders' Register

| No. of Company Requests for Shareholders Register | Date of Request | Reasons of Request |
|---|-----------------|---------------------------------|
| (1) | 13/07/2020G | Company initial public offering |
| (2) | 30/09/2020G | Extraordinary General Assembly |
| (3) | 04/10/2020G | Dividend Distribution |
| (4) | 30/12/2020G | Company Measures |

e. Names and Information of Members of the Board, Committees and Executive Management

Board and Its Committees' Members (from the Board) as on 31 December 2020G

| Ser | Name | Committees' membership within the company | Current Posts | Previous Posts | Qualifications | Experience * |
|-----|--------------------------------------|---|---|---|--|---|
| 1 | Abdullah Ibrahim Sulaiman Al-Howaish | Chairman of Executive Committee | Managing Director – Asir Company for Trade, Tourism, Agriculture, Real Estate, Contracting, since January 2019G to date | <ul style="list-style-type: none"> Managing Director – Amlak International Real Estate Financing Company since 2006G until May 2018G. Senior General Manager/President of Credit and Risks Group, Arab National Bank since June 2001G until June 2006G. | Bachelor of Economics, King Abdulaziz University, Kingdom of Saudi Arabia, 1985G | More than 35 years of experience in banking, financial and financing sectors. |

| | | | | | | |
|---|--------------------------------------|---|--|--|--|---|
| | | | | <ul style="list-style-type: none"> - Senior Authorized Credit Officer, National Commercial Bank since July 1999G until June 2001G. - General Manager of Corporate Banking Services, Saudi British Bank, since September 1992G until June 1999G | | |
| 2 | Mansour Abdullaziz Rashed Al-Bosaili | Chairman of the Remunerations and Nominations Committee Audit Committee Member | - | Executive General Manager for Legal Affairs and Secretary General of Saudi British Bank, from 1990G until 2014G | Bachelor of Systems, King Saudi University – Kingdom of Saudi Arabia, 1984G | More than 30 years of experience in the banking and legal sectors. |
| 3 | Faisal Abdulaziz Al-Omran | - | Chief Executive Officer, Saudi Investment Bank | <ul style="list-style-type: none"> - General Manager of Treasury and Investment, Saudi Investment Bank, from 2015G to 2017G - Deputy General Manager of Treasury and Investment Group, Saudi Investment Bank, from 2014G to 2015G | Bachelor of Financing and Accounting, Northeastern University, United States of America | More than 15 years of experience in the banking, financial and financing sectors |
| 4 | Khaled Abdulaziz Abdulraman Al-Reyes | Audit Committee Member Executive Committee Member | Chief Executive Officer, Alistithmar Capital | Investment Manager in Asir Company, from 2014G to 2018G Corporate Financing Manager, Al-Rajhi Capital from 2010G to 2014G | Master of Financing, University of Denver, United States of America, 2007G Master of Business Administration, | More than 18 years of experience in the banking, financial and investment sectors |

| | | | | | | |
|---|-----------------------------------|--|---|---|---|--|
| | | | | | University of Denver, 2006G | |
| | | | | | Bachelor of Business Administration, King Saudi University – Kingdom of Saudi Arabia, 2002G | |
| 5 | Amr Mohammed Abdullah Kamel | Remunerations and Nominations Committee Member Risks Committee Member | Deputy Chief Executive Officer, Dallah Al Baraka Holding Company | - | Bachelor from the College of Business Administration, King Saud University, Financial Management Department Kingdom of Saudi Arabia, 1997G | - |
| 6 | Majed Abdulgani Abdulhadi Faqih | Risks Committee Chairman Executive Committee Member | General Manager of Corporate Financing, Saudi Investment Bank | Senior Corporate Financers – governmental and private entities, National Commercial Bank, from 2006G to 2012G | Bachelor of Business Administration, King Saud University, Kingdom of Saudi Arabia, 1995G | More than 24 years of experience in the banking, financial and financing sectors |
| 7 | Sultan Fawwaz Abdulaziz Al-Hokair | Remunerations and Nominations Committee Member | Founder and Chief Executive Officer, Alizdihar Holding Company and Muvi Cinemas Company | Deputy Chief Executive Officer, Warehouse Food and Entertainment Company, Fawwaz Abdulaziz Al-Hokair Company and Partners | Bachelor of Business Administration, with a major in Financing, Insurance and Entrepreneurship , Northeastern University, United States of America, 2014G | Experience in the management of multiple-activity sectors |

| | | | | | | |
|---|------------------------|--|---|---|---|---|
| 8 | Thamer Abdulqader Jan | - | - | Regional General Manager of Western Area/Saudi Hollandi Bank, from 2008G to 2011G. General Manager of Corporate Banking, Saudi British Bank (SABB) since 2011G until 2013G | Bachelor of Economics, King Saud University, Kingdom of Saudi Arabia, 1989G Master of Applied Economics, Southern Methodist University, Dallas, Texas, United States of America, 1995G | More than 20 years of experience in the banking, financial and investment sectors |
| 9 | Adel Hussain Ali Ahmed | Executive Committee Member Risks Committee Member | - | Deputy Head of Investment, Amlak Capital Company General Manager, Limitless Company, Vietnam Head of Leasing and Property Management, Limitless Company, Dubai | Master of Electronic Trade, Pond University, Australia, 2004G Bachelor of Information Systems Management, United Arab University, UAE, 2001G | More than 15 years of experience in the financing and investment sectors |

- Mr. Adel Hussain Ahmed resigned on 27/10/2020G

Committee Members from Outside the Board

| Ser | Name | Committees Membership within the Company | Current Posts | Previous Posts | Qualifications | Experiences |
|-----|---|--|---------------|---|---|--|
| 1 | Mr. Mohammed Abdulaziz Al-Shayea (Independent) | Audit Committee Chairman Risks Committee Member | - | Chief Executive Officer, Medgulf Co., from 2016G to 2017G General Manager, Financing Companies Control in the Saudi Central Bank, from 2012G to 2014G General Manager, Financing Companies Control in the Saudi Central | Bachelor of Accounting, Imam Mohammed bin Saud University – Kingdom of Saudi Arabia, 1990G Master of Accounting, University of Illinois Urbana Champaign – United States of America, 1998G | Audi Committee Member, National Transformation Program, since 2019G to date Board Member, Alissa Industries Company, since 2019G to date Board Member, Executive Committee Member and Chairman of Audit Committee, Saudi |

| | | | | | | |
|--|--|--|--|--|--|--|
| | | | | <p>Bank, from 2007G to 2012G</p> <p>.</p> <p>Manager of Banks Inspection, Saudi Central Bank, from 2004G to 2007G.</p> | | <p>Ground Services Company, since 2015G until 2019G.</p> <p>Audit Committee Member, Saudi White Cement Company, since 2015G to date</p> <p>Board Member and Audit Committee Chairman, HSBC Saudi Arabia, since 2015G to date</p> <p>Board Chairman of Sabb Takaful for Insurance, from August 2018G to date</p> <p>Board Member, General Authority for Competition, from August 2018G to date</p> <p>Board Member, Public Pension Agency, from 2011G to 2014G</p> <p>Board Member, Najm Insurance Services Company, since 2016G until 2019G</p> <p>Board Member, (STUSID), Republic of Tunisia, from 2008G to 2013G, Audit Committee Member, from 2008G until 2010G, and Audit Committee Chairman from 2010G until 2014G</p> <p>Steering Committee Member for one of the Saudi International</p> |
|--|--|--|--|--|--|--|

| | | | | | | |
|--|--|--|--|--|--|--|
| | | | | | | <p>Central Bank funds, related to anti-money laundering and counter-terrorism financing from 2009G to 2014G and Chairman of the said Committee from 2013G to 2014G</p> <p>Deputy Chairman of the Permanent Committee for Anti-Money Laundering from 2006G until 2013G</p> <p>Member of the Training Committee, Saudi Central Bank, from 2006G until 2010G and Chairman of the Committee from 2010G until 2014G</p> <p>Board Member, Accounting and Auditing Organization for the Cooperation Council for the Arab States of the Gulf from 2006G to 2014G</p> <p>Member of the Accounting Standards Committee, Saudi Organization for Certified Public Accountants from 2008G to 2013G</p> <p>Member of the Quality Control Committee, Saudi Organization for Certified Public Accountants from 2013G to 2016 G</p> |
|--|--|--|--|--|--|--|

| | | | | | | |
|---|---|--|--|--|---|---|
| | | | | | | Constituent Committee Member, Saudi Refinancing Company from 2013G until 2014G |
| 2 | Mr. Mohammed bin Ibrahim Al-Obaid | Audit Committee Member | Secretary General and President of Governance Group, Bank AlJazira | <p>Board Secretary General , Saudi British Bank, from January 2015G to 2017G.</p> <p>Board Deputy Secretary General and Head of Compliance, Saudi British Bank, from June 2004G to December 2014G</p> <p>Worked in the banking sector in a number of departments and held several positions including collection, commercial services, internal audit, operations, combating financial crimes and compliance from February 1991G to June 2004G</p> | <p>Bachelor of Administrative Science, King Saud University – Kingdom of Saudi Arabia, June 1990G</p> | <p>- Non-executive Board Member. SABB Takaful Company from March 2014 G to May 2016G</p> <p>- General Advisor, HSBC Saudi Arabia from September 2014G to December 2014G and from August 2017G to March 2019G.</p> <p>- General Advisor, SABB Takaful Company from November 2017G to April 2018G</p> <p>- General Advisor, Saudi Ground Services Company, from March 2018G to March 2019G.</p> <p>- Independent member of the Risk and Investment Committee in Kafalah program from March 2018G until February 2019G</p> <p>-Independent Member of the Audit Committee, Saudi Ground Services Company from May 2017G until March 2018G</p> |
| 3 | Abdullah bin Turki Al-Sedairy (Executive) | <p>Risks Committee Member</p> <p>Executive Committee Members</p> | Chief Executive Officer of Amlak International | Deputy Chief Executive Officer - Executive Manager of Strategic Development, Amlak International Real Estate | Master of Global Management, Thunderbird School of Global Management, 1998G | Executive Committee Member, Amlak International Real Estate Financing Company from 2012G to date |

| | | | | | | |
|--|--|--|--|---|--|--|
| | | | | <p>Financing Company from 2011G until 2013G</p> <p>- Executive Manager of Credit and Risk, Amlak International Real Estate Financing Company from 2007G until 2011G</p> <p>- Assumed a number of posts, the last of which was the Assistant General Manager of the Corporate Division in Samba Financial Group from 1999G until 2007G</p> | <p>Bachelor of Accounting, King Saudi University, Kingdom of Saudi Arabia, 1996G</p> | <p>Risk Committee Member, Amlak International Real Estate Financing from 2016G to date</p> <p>Board Member, Saudi Ceramics, from 2016G to date</p> <p>Nominations Committee Chairman, Saudi Ceramics from 2018G to date</p> <p>Board Member, Riyadh Airports Company from September 2017G until February 2018G</p> <p>Board Member, Dallah Health Company from 2019G.</p> <p>Audit Committee Member, Dallah Health Company from 2019G</p> <p>Strategic Committee Member, Saudi Ceramics Company from 2016G until 2019G</p> <p>Executive Committee Member, Saudi Ceramics Company from 2016G to 2019G</p> |
|--|--|--|--|---|--|--|

Executive Management

| | Name | Current Posts | Previous Posts | Qualifications | Experiences |
|---|-------------------------------|-----------------------------------|--|---|---|
| 1 | Abdullah bin Turki Al-Sudairy | Chief Executive Officer | <p>Deputy Chief Executive Officer - Executive Manager of Strategic Development, Amlak International Real Estate Financing Company from 2011G until 2013G</p> <p>Executive Manager of Credit and Risk, Amlak International Real Estate Financing Company from 2007G until 2011G</p> <p>Assumed a number of posts, the last of which was the Assistant General Manager of the Corporate Division in Samba Financial Group from 1999G until 2007G</p> | <p>- Master of Global Management, Thunderbird School of Global Management, 1998G</p> <p>Bachelor of Accounting, King Saudi University, Kingdom of Saudi Arabia, 1996G</p> | <p>Executive Committee Member, Amlak International Real Estate Financing Company from 2012G to date</p> <p>Risk Committee Member, Amlak International Real Estate Financing from 2016G to date</p> <p>Board Member, Saudi Ceramics, from 2016G to date</p> <p>Nominations Committee Chairman, Saudi Ceramics from 2018G to date</p> <p>Board Member, Riyadh Airports Company from September 2017G until February 2018G</p> <p>Audit Committee Member, Dallah Health Company from 2019G</p> <p>Strategic Committee Member, Saudi Ceramics Company from 2016G until 2019G</p> <p>Executive Committee Member, Saudi Ceramics Company from 2016G to 2019G</p> |
| 2 | Tawfiq bin Yahya Moafa | Executive Manager – Retail Sector | <p>Executive Manager of Operations and Information Technology, Amlak International Real Estate Financing, from 2011G until 2014G</p> <p>Senior Manager of Operations, Amlak International Real Estate Financing, from 2007G until 2011G</p> | Bachelor of Physical Education, King Saud University, Kingdom of Saudi Arabia, 1999G | Chairman of the Sub-Committee for Real Estate Financing for Financing Companies in the Saudi Central Bank, from 2017G to 2020G |

| | | | | | |
|---|------------------------------|--|---|---|--|
| | | | Manager of Compliance and Quality in the Alternative Electronic Services Department, Arab National Bank from 2006G until 2007G | | |
| 3 | Saud bin Abdullah Al-Shathri | Executive Manager – Human Resources and Administrative Affairs | Human Resources Manager, Amlak Real Estate Financing, from 2007G until 2011G General Manager of Administrative Affairs and Human Resources, Seder Company, from 2002G to 2007G | Bachelor of Business Administration from the University of Arizona, United States of America, 2001G | Secretary of the Remunerations and Nominations Committee, Amlak International Real Estate Financing, since 2011G to date |
| 4 | Mohammed Habib Al-Salman | Resigned from his post as Executive Manager of Risks and Credit in September 2020G | Executive Manager – Risks and Credit, from 2014G until September 2020G. Credit Manager, Riyad Bank, from 1998G to 2014G | Bachelor of Business Administration, King Saud University, 1998G Master of Business Administration, King Saud University, Kingdom of Saudi Arabia, 2008G | Chairman of the Sub-Committee for Risks for Financing Companies in the Saudi Central Bank, from 2016G until 2020G Risks Committee Secretary, Amlak International Company from 2016G until September 2020G |
| 5 | Nizar bin Saleh Al-Suwaiyan | Executive Manager, Corporate Management | Senior Manager, Corporate Sector, Amlak International Real Estate Financing, from 2011G until 2016G Senior Manager, Corporate Banking Services, Saudi British Bank (SABB) from 2006G until 2011G Manager of Corporate Banking Services, Saudi British Bank (SABB) from 2002G until 2006G Assistant Manager of Corporate Banking Services, Saudi British Bank (SABB) from 2001G until 2002G | Bachelor of Applied Chemical Engineering, King Fahd University for Petroleum, Kingdom of Saudi Arabia, 1999G Master of Business Administration, Brunel University, United Kingdom, 2006G | Member of the Finance Leasing Sub-Committee for Financing Companies, Saudi Central Bank |
| 6 | Ali bin Mohammed Shasha | General Manager - Finance, Operations, and | General Manager of Financial and Administrative Affairs, | Bachelor of Accounting, King Saud University, | Board Member, Sanad Insurance and Reinsurance |

| | | | | | |
|---|-----------------------------|---|--|--|---|
| | | Information Technology | <p>Saudi Export Development Authority from 2014G until 2016G</p> <p>Executive Member and General Manager of Finance, Ingus Company, 2013G</p> <p>Financial Advisor, Intilaq Financial Consulting Office, from 2012G to 2013G</p> <p>General Manager of Finance, Al-Rajhi Real Estate Investments Company from 2010G until 2012G</p> <p>Head of Financial Affairs, Watan Investment and Securities Business Company, from 2006G until 2010G</p> <p>Manager of Financial Accounting, Riyadh Bank, from 1992G until 2006G</p> | Kingdom of Saudi Arabia, 1992G | <p>Company, from 2013G until 2014G</p> <p>Audit Committee Member, National Industries Company, from 2008G until 2013G</p> <p>Deputy Chairman of Sub-Committee for Financing Companies, Saudi Central Bank</p> |
| 7 | Turki bin Otaibi Al-Zahrani | <p>Executive Manager, Strategy and Marketing</p> <p>Designate Manager, Risks and Credit, from September 2020G</p> | <p>Senior Manager of Strategy, Amlak International Real Estate Financing Company, from 2014G until 2017G</p> <p>Head of Retail Credit Department, Amlak International Real Estate Financing, from 2010G until 2014G</p> <p>Credit Analyst, Arab National Bank, from 2003G until 2010G</p> | Bachelor of Quantitative Techniques, King Saudi University – Kingdom of Saudi Arabia, 2002G | - |
| 8 | Omar bin Sulaiman Abanomia | Senior Manager, Legal Affairs and Governance | <p>Manager of Compliance and Anti-Money Laundering, Amlak International Real Estate Financing Company – a closed joint stock company - in the real estate financing sector from 2017G until 2019G</p> <p>Senior Manager in the Compliance Department,</p> | <p>Bachelor of Business Administration in Accounting, King Saud University, 2008G</p> <p>Master of Business Administration, Middle Tennessee State University, United States of America, 2011G</p> | Board and Executive Management Secretary, Amlak International Real Estate Financing, since 2019G to date |

| | | | | | |
|---|--------------------|--|--|---|--|
| | | | <p>Al-Rajhi Bank, from 2016G until 2017G</p> <p>Head of Compliance, Bank Muscat, from 2013G until 2016G</p> <p>Deputy Head of Compliance, Bank Muscat, from 2013G until 2013G</p> <p>Anti-Money Laundering Officer, Arab National Bank from 2012G until 2013G</p> <p>Anti-Money Laundering Officer, Samba Bank, from 2008G until 2009G</p> | | |
| 9 | Abdullah Al-Shehri | Senior Manager, Head of Internal Audit | <p>Senior Manager - Internal Audit, Samba Financial Group</p> <p>Manager - Internal Audit, Bank AlJazira</p> <p>Manager - Small and Medium Enterprises Financing Group, Bank AlJazira</p> <p>Manager of Real Estate Financing Operations, Bank AlJazira</p> <p>Assistant Manager of Real Estate Financing Operations, Bank AlJazira</p> <p>Credit Risks Officer, Banque Saudi Fransi</p> | <p>Certified Internal Auditor Certificate, Part 1 and Part 2, the American Institute of Internal Auditors (CIA 1 & 2)</p> <p>Certified Internal Auditing Practitioner Certificate, the American Society of Internal Auditors</p> <p>Bachelor of Biochemistry - King Saud University</p> | <p>Audit Committee Secretary, Amlak International Real Estate Financing</p> <p>Member of the American Institute of Internal Auditors IIA-KSA</p> <p>Member of the Saudi Institute of Internal Auditors IIA-KSA</p> |

Names of companies inside and outside the Kingdom, in which the company director is a member in its current or previous boards or one of its directors

| # | Member Name | Names of companies in which the board member is a member in its current board or one of its directors | Inside the Kingdom/out side the kingdom | Legal entity (joint stock listed/joint stock/unlisted/limited liability/..... | Names companies in which the board member is a member in its previous boards or one of its directors | Inside the Kingdom/ Outside the kingdom | Legal entity (joint stock listed/joint stock/unlisted/limited liability/..... |
|---|---------------------------------|---|---|---|--|---|---|
| 1 | Abdullah bin Ibrahim Al-Howaish | Board Chairman, Amlak International Real Estate Financing, June 2018G to date | Inside the Kingdom | Joint stock listed | Board Member, Al-Tawfiq Financial Group (currently Itqan Capital), from 2008G until 2013G | Inside the Kingdom | Joint stock unlisted |
| | | Deputy Chairman of the Board – Emaar the Economic City – Since October 2020G | Inside the Kingdom | Joint stock listed | Sabb Takaful Board Member, from 2010G to 2014G | Inside the Kingdom | Joint stock listed |
| | | Deputy Chairman of the Board, Saudi Halwani Brothers Company, since April 2019G to date | Inside the Kingdom | Listed joint stock | Board Chairman, Saudi Ground Services Company, from 2016G to 2019G | Inside the Kingdom | Joint stock listed |
| | | Deputy Chairman of the Board, Halwani Brothers Company, Egypt, since November 2019G to date | Outside the Kingdom | Joint stock unlisted | Board Member, Riyadh Airports Company, from 2016G until 2017G | Inside the Kingdom | Joint stock unlisted |
| | | Deputy Chairman of the Board, Alissa Industries Company, since September | Inside the Kingdom | Joint stock unlisted | Board Member, Saudi Ground Services Company, | Inside the Kingdom | Joint stock listed |
| | | | | | | | |
| | | | | | | | |

| | | | | | | | |
|--|--|---|--------------------|----------------------|---|--------------------|----------------------|
| | | 2019G to date and Board member since January 2019G | | | from 2014G until 2015G | | |
| | | Board Member, Sedco Capital, since June 2019G to date | Inside the Kingdom | Joint Stock unlisted | Board Member and Managing Director, Amlak International Real Estate Financing, since 2006G to 2018G | Inside the Kingdom | Joint stock listed |
| | | | | | Board Chairman, Saudi Amad for Airport Services and Transport Support, since January 2016G until February 2019G | Inside the Kingdom | Limited liability |
| | | | | | Board Chairman, Standard Chartered Capital Saudi Arabia, since February 2018G until June 2008G | Inside the Kingdom | Joint stock unlisted |
| | | | | | Board member – Fawwaz Al-Hokair Group and Partners, since January 2007G until April 2008G | Inside the Kingdom | Joint stock listed |
| | | | | | Board Chairman – Saudi Credit Information Bureau (Simah), since May 2004G until March 2006G | Inside the Kingdom | Limited liability |

| | | | | | | | |
|---|----------------------------------|---|--------------------|----------------------|---|--------------------|----------------------|
| | | | | | Board Member – Saudi Credit Information Bureau (Simah), since May 2002G until April 2004G | Inside the Kingdom | Limited liability |
| | | | | | Board Member, Alitifaq Steel Industries Company, since 2011G until December 2020G | Inside the Kingdom | Joint stock unlisted |
| | | | | | Senior General Manager/ Head of Credit and Risks Group, Arab National Bank, since 2001G until June 2006G | Inside the Kingdom | Joint stock listed |
| | | | | | General Manager of Banking Services, Saudi British Bank, since September 1992G until June 1999 | Inside the Kingdom | Joint stock listed |
| 2 | Mansour bin Abdulaziz al-Bosaili | Board Chairman, HSBC Saudi Arabia, from 2015G to date | Inside the Kingdom | Joint stock unlisted | Executive General Manager for Legal Affairs and Secretary General of Saud British Bank, from 1990G to 2014G | Inside the Kingdom | Joint stock listed |
| | | Gas Arabian Services Company | Inside the Kingdom | Joint stock unlisted | | | |
| | | Board Member, Saudi Ground Services Company | Inside the Kingdom | Joint stock listed | Board Member, Jabal Omar Company | Inside the Kingdom | Joint stock listed |

| | | | | | | | |
|---|--------------------------------|--|--------------------|----------------------|---|--------------------|----------------------|
| | | Board Member, United Electronics Company (Extra), from 2016G to date | Inside the Kingdom | Joint stock listed | from 2018G to 2020G | | |
| | | Board Member, Asir Company for Trade, Tourism and Industry | Inside the Kingdom | Joint stock listed | | | |
| 3 | Faisal bin Abdullah Al-Omran | Board Chairman, Saudi Credit Information Bureau (Simah) | Inside the Kingdom | Joint stock unlisted | Deputy Executive President, Saudi Investment Bank since 2017G | Inside the Kingdom | Joint stock listed |
| | | Board Member, Alistithmar for Financial Securities and Brokerage Company, from 2012G to date | Inside the Kingdom | Joint stock unlisted | General Manager of Treasury and Investment, Saudi Investment Bank, from 2015G until 2017G | Inside the Kingdom | Joint stock listed |
| 4 | Khaled bin Abdulaziz Al-Reyes | Executive President, Alistithmar Capital since 2018G to date | Inside the Kingdom | Joint stock unlisted | Investment Manager, Asir Company, from 2014G until 2018G | Inside the Kingdom | Joint stock listed |
| | | | | | Board Member, Al Rabie Saudi Foods Company, from 2014G until 2019G | Inside the Kingdom | Limited liability |
| | | | | | Corporate Financing Manager, Al-Rajhi Capital, from 2010G to 2014G | Inside the Kingdom | Joint stock unlisted |
| 5 | Amr Bin Mohammed Abdulah Kamel | Board Member, Dallah Health Company | Inside the Kingdom | Public joint stock | - | - | - |
| | | Board Member, Asir for Trade and Tourism | Inside the Kingdom | Public joint stock | | | |
| | | Board Chairman, | Inside the Kingdom | Limited liability | | | |

| | | | | | | | |
|---|-----------------------------|--|---------------------|--------------------|--|--------------------|----------------------|
| | | National Environmental Preservation Company | | | | | |
| | | Board Member, Al Khozama Management Company | Inside the Kingdom | Limited liability | | | |
| | | Board Member, Maad Construction and Development Holding Company | Inside the Kingdom | Limited liability | | | |
| | | Board Member, Ittihad Shams Company | Inside the Kingdom | Limited liability | | | |
| | | Board Member, Al Masaha Al Horra Company | Inside the Kingdom | Closed joint stock | | | |
| 6 | Majed Abdulgani Faqih | General Manager, Corporate Financing Group, Saudi Investment Bank, since 2012G to date | Inside the Kingdom | Joint stock listed | Board Member, Saudi Orix Finance Leasing Company, from 2012G until 2015G | Inside the Kingdom | Joint stock unlisted |
| 7 | Sultan bin Fawwaz Al-Hokair | Board Member, Fas Holding Company | Inside the Kingdom | holding | - | - | - |
| | | Deputy Chairman of the Board, Fawwaz Al-Hokair Group, from January 2018G to 2019G | Inside the Kingdom | Joint stock listed | | | |
| | | Deputy President, Foods and Entertainment Company, until 2019G | Inside the Kingdom | Limited liability | | | |
| | | Board Member, Fas Trading Company | Inside the Kingdom | Limited liability | | | |
| | | Board Member, Business Valet Company | Outside the Kingdom | Limited liability | | | |
| | | Chief Executive | Inside the Kingdom | Holding | | | |

| | | | | | | | |
|---|-------------------------------|--|--------------------|----------------------|--|---------------------|----------------------|
| | | Officer, Alizdihar Holding Company, since 2019G to date | | | | | |
| | | Chief Executive Officer, Muvi Cinemas Company, since 2019G to date | Inside the Kingdom | Limited liability | | | |
| | | Board Member, Alizdihar Real Estate Company, since 2019G to date | Inside the Kingdom | Limited liability | | | |
| | | Board Member, Izdihar Sports Company, since 2019G to date | Inside the Kingdom | Limited liability | | | |
| 8 | Thamer Abduqader Abdullah Jan | Member, Delta Saudi Arabia Company since 2014G to date | Inside the Kingdom | Joint stock unlisted | Board Member, Morabaha and Sukuk Fund, in Itqan Capital, Kingdom of Saudi Arabia since 2017G until 2018G | Inside the Kingdom | Joint stock unlisted |
| | | | | | Board Member (independent) Emirates National Bank Dubai Capital, Kingdom of Saudi Arabia since 2015G until 2018G | Inside the Kingdom | Joint stock unlisted |
| | | | | | Board Member (independent) Gulf Financing Company – UAE, since 2016G until 2017G | Outside the Kingdom | Joint stock listed |

| | | | | | | | |
|---|--------------------|---|---|---|--|---------------------|----------------------|
| | | | | | Board Chairman (independent), Gulf Financing Company – Kingdom of Saudi Arabia since 2013G until 2017G | Inside the Kingdom | Joint stock unlisted |
| | | | | | Member (independent) of the Audit Committee (Saudi Hollandi Capital (licensed by the Capital Market Authority – KSA) (2014G-2016G) | Inside the Kingdom | Joint stock listed |
| 9 | Adel Hussain Ahmed | - | - | - | General Manager, Limitless Company in Vietnam from 2010G until 2014G | Outside the Kingdom | Limited liability |
| | | | | | Head of Leasing Sector and Property Management, Limitless Company in Dubai, 2014G until 2014G | Outside the Kingdom | Limited liability |
| | | | | | Board Member, Warqa Gardens, since 2014G until 2019G | Outside the Kingdom | Limited liability |
| | | | | | Board Member, Sky Gardens, since 2014G until 2019G | Outside the Kingdom | Limited liability |

| | | | | | | | |
|--|--|--|--|--|--|---------------------|--------------------|
| | | | | | Deputy Head of Real Estate Investment, Amlak Financial Company since 2014G until 2019G | Outside the Kingdom | Joint stock listed |
|--|--|--|--|--|--|---------------------|--------------------|

f. Board Committees

In accordance with the company's articles of association and governance regulations, a proper number of subcommittees of the Board shall be formed in line with the company's need, circumstances, and activities. Such formation shall be in a manner that assists the Board to perform its tasks effectively, in accordance with general procedures set by the Board. These procedures shall include identifying the committee's mission, duration of work, the powers granted to it during this period and how it will be overseen by the Board. The committees shall submit their reports to the Board, which oversees the work of these committees periodically, to verify that committees are carrying out the tasks assigned to them. The Board shall also approve the work regulations of all of its committees, while the general assembly shall approve the work regulations of the "Audit Committee" as well as those of the "Remunerations and Nominations Committee". The following Board committees were formed:

1. Executive Committee.
2. Risks Committee.
3. Remunerations and Nominations Committee.
4. Audit Committee.

Below is a description of the duties and responsibilities of these committees and their meetings during 2020G:

Executive Committee

The Executive Committee is composed of five (5) members. Names of Committee members are as shown below as on 31 December 2020G:

- | | |
|--------------------------------|----------|
| 1. Abdullah Ibrahim Al-Howaish | Chairman |
| 2. Adel Hussain Ahmed | Member |
| 3. Khalid Abdulaziz Al-Rayes | Member |
| 4. Majed Abdulgani Faqih | Member |
| 5. Abdullah Turki Al-Sudairy | Member |

* Mr. Adel Hussain Ahmed resigned on 27/10/2020G

The following table shows the names of committee members and record of attendance of meetings held during the fiscal year 2020G:

| | Name of Member | Nature of membership | Number of Meetings (6) Meetings | | | | | | Total Attendees | Attendance Percentage |
|---|---------------------|----------------------|---------------------------------|-------------------------------|------------------------------|-------------------------------|------------------------------|------------------------------|-----------------|-----------------------|
| | | | First Meeting 17/03/2020G | Second Meeting 16/04/2020G | Third Meeting 14/05/2020G | Fourth Meeting 05/07/2020G | Fifth Meeting 08/09/2020G | Sixth Meeting 14/12/2020G | | |
| 1 | Abdullah Al-Howaish | Committee Chairman | √ | √ | √ | √ | √ | √ | 6 | 100% |
| 2 | Abdullah Al-Sedairy | Member | √ | √ | √ | √ | √ | √ | 6 | 100% |
| 3 | Majed Faqih | Member | √ | √ | √ | √ | √ | √ | 6 | 100% |
| 4 | Khaled Al-Reyes | Member | √ | √ | √ | √ | √ | √ | 6 | 100% |
| 5 | Adel Hussain Ahmed | member | √ | √ | √ | √ | √ | resignation | 5 | 83% |

- **Mr. Adel Hussain Ahmed resigned on 27/10/2020G**

Below is a brief description of the Executive Committee responsibilities and tasks:

- Reviewing the company's strategies and objectives and make recommendations to the Board in this regard and reviewing the operations budget and capital expenditures budget.
- Reviewing the proposed business plans, operations, financial plans, and make recommendations to the Board in this regard.
- Overseeing and receiving strategic project reports, reviewing company's business policies and procedures, save as the accounting policies and procedures.
- Approving the annual operational plans and the estimated financial budgets of the company before submitting them to the Board for approval.
- Approving of all operational and capital additional expenditures in excess of 25% of approved budgets.
- The Executive Committee grants the powers to approve borrowing to finance the company's financing and investment activity, in amounts not to exceed four billion Saudi Riyals.

Risks Committee:

The Risks Committee is composed of six (6) members. Names of Committee members are as shown below as on 31 December 2020G:

- | | |
|-------------------------------------|---|
| 1. Majed Abdugani Faqih | Chairman |
| 2. Mohammed bin Abdulaziz Al-Shayea | Member |
| 3. Abdullah Turki Al-Sedairy | Member |
| 4. Adel Hussain Ali Ahmed | Member * Mr. Adel Hussain Ahmed resigned on 27/10/2020G |
| 5. Amr Mohammed Kamel | Member |

The following table shows the names of committee members and record of attendance of meetings held during the fiscal year 2020G:

| ser | Name of Member | Nature of membership | Number of Meetings (4) Meetings | | | | Total Attendees | Attendance Percentage |
|-----|------------------------------|----------------------|---------------------------------|------------------------------|-----------------------------|-------------------------------|-----------------|-----------------------|
| | | | First Meeting 17/03/2020 | Second Meeting 22/06/2020 | Third Meeting 08/09/2020 | Fourth Meeting 16/12/2020G | | |
| 1 | Majed Abdulgani Faqih | Committee Chairman | √ | √ | √ | √ | 4 | 100% |
| 2 | Mohammed Abdulaziz Al-Shayea | Member | √ | √ | √ | √ | 4 | 100% |
| 3 | Abdullah Turki Al-Sedairy | Member | √ | X | √ | √ | 3 | 100% |
| 4 | Amr Kamel | Member | √ | √ | √ | √ | 4 | 100% |
| 5 | Adel Hussain Ahmed | member | √ | √ | √ | resignation | 3 | 75% |

○ Mr. Adel Hussain Ahmed resigned on 27/12/2020G

Below is brief description of the Risk Committee's responsibilities and tasks:

- Developing clear and written business strategy and policies for risk management, identifying all types of relevant risks and how to deal with these risks.
- Developing appropriate procedures for early and comprehensive detection, assessment, management, monitoring and reporting of risks.
- Discussing the risk report on quarterly basis and submitting it to the Board, including the decisions taken in this regard.
- Reviewing policies and regulations related to risk management activities.
- Reviewing the company's general provisions and setting a maximum exposure to significant risks.
- Studying the proper treatment of deferred repayment accounts.
- Assessing and monitoring the adequacy and effectiveness of the risk management framework of the company and overseeing it to ensure that risks are identified, measured and reported effectively, including determining risk appetite and risk tolerance.
- Reviewing the policies and regulations related to information security management activities.
- Overseeing existing and potential risks, including credit risks, market risks, liquidity risks, operational risks, legal risks, strategic risks, reputational risks, risks of credit concentrations in the portfolio, risks related to the sector and information security risks, within the Board framework and directives.

Remunerations and Nominations Committee

The Remunerations and Nominations Committee is composed of four (4) members. Names of Committee members are as shown below as on 31 December 2020G:

1. Mansour Abdulaziz Al-Bosaili
2. Majed Abdugani Faqih
3. Sultan Fawwaz Al-Hokair

Chairman – Independent
Member
Member

5. The following table shows the names of committee members and record of attendance of meetings held during the fiscal year 2020G:

| | Name | Nature of Membership | No. of Meetings for 2020G (2) Meetings | | | Attendance Percentage |
|----------|---------------------------|----------------------|--|-------------------------------|-----------------|-----------------------|
| | | | First Meeting 11/03/2020G | Second Meeting 06/12/2020G | Total Attendees | |
| 1 | Mansour Al-Bosaili | Chairman | √ | √ | 2 | %100 |
| 2 | Majed Faqih | Member | √ | √ | 2 | %100 |
| 3 | Amr Kamel | Member | √ | √ | 2 | %100 |
| 4 | Sultan Al-Hokair | Member | x | x | 0 | %0 |

Below is a brief description of the Remunerations and Nominations Committee responsibilities and tasks:

- Assessing the performance, strengths and weaknesses of the Board and its committees, and proposing how to deal with any deficiencies.
- Making recommendation to the Board, a policy for nominating and electing Board members, and procedures for obtaining the approval of the Saudi Central Bank on candidates.
- Adopting a policy to ensure that all nominated candidates are eligible and competent for appointment in leadership positions. Such policy shall include at a minimum the requirements of the Saudi Central Bank, the procedures for assessing the competency and eligibility, the procedures that should be taken in the event such person becomes ineligible as well as the procedures for reviewing and developing the said policy.
- Following-up the continuity of the Board members independence on annual basis and ensuring that there is no conflict of interest if a director is member of the board of another company.
- Ensuring that an induction program is established for new members of the Board and its committees.

- Reviewing and adopting the company's policies for remunerations and benefits and making recommendations on all forms of remunerations for Board and committees' members and secretaries.
- Developing criteria for assessment of the Chief Executive Officer performance, of which the CEO shall be notified in advance, and accordingly assessing the CEO on annual basis, and approving and increasing his salary, as well as other remunerations, including remunerations under the employees' shares scheme.
- Making recommendations to the Board on the approval or rejection of any directors' transaction with another company that may involve a conflict of interest.
- Reviewing human resources policies and procedures, including administrative development programs, executive managers succession plans, and the development objectives including performance indicators that should be achieved under the incentives and rewarding programs.
- Reviewing and approving all appointments at the level of company executives after ensuring that the competency and eligibility requirements are fulfilled and a no objection from the Saudi Central Bank is obtained prior to appointment.

Audit Committee

The Audit Committee is composed of four (4) members of the Board or others. Names of Committee members are as shown below as on 31 December 2020G:

1. Mr. Mohammed Al-Shayea (Audit Committee Chairman – non-Board member)
2. Mr. Mansour Al-Bosaili (Audit Committee Member – Independent Board member)
3. Mr. Mohammed Al-Eid (Audit Committee Member – Non-Board Member.)
4. Mr. Khaled Al-Reyes (Audit Committee Member – Non-executive Board Member)

Below is a brief description of the Audit Committee responsibilities and tasks

- Making Recommendations to the Board on the approval of appointment or re-appointment of external auditors and determining their fees. The scope of the committee's work includes ensuring that the nominated external auditors have the required experiences to review the financial companies' business, and that they are impartial and independent in practicing exercise their work.
- Ensuring the independence of the external auditors with respect to the company, board members, and senior management of the company.
- Overseeing the Internal Audit and Compliance Departments, ensuring their independence in performing their tasks, and verifying that there are no restrictions on their work or anything that may adversely impact their work.
- Reviewing the interim annual financial statements with the external auditor and senior management of the company prior to making any recommendations thereon to the

Board and reviewing the quarterly financial statements and discussing them with the senior management before any recommendation thereon to the Board.

- Reviewing and approving the internal audit plan and charter.
- Reviewing the Internal Audit Department's policies and procedures manual and making recommendations thereon to the Board for approval.
- Reviewing the effectiveness of the internal audit activities with respect to their compliance with the standards of the Institute of Internal Auditors.
- Reviewing the internal and external auditors' reports and remarks, the Compliance Department's reports, expressing opinion thereon and making recommendations to the Board.
- Reviewing the extent of effectiveness of compliance with the laws and regulations and the Compliance Department research results and following up any cases of non-compliance with such laws and regulations.
- Reviewing the charter of the Audit Committee work and making recommendations to the Board for approval by the general assembly. The charter shall include the committee's rules, responsibilities, and obligations.
- Reviewing all the records and documents required for the performance of committee's work and seeking the assistance of any advisory entity from outside the company to carry out specific tasks and assist the committee in carrying out its work.
- Determining the extent of effectiveness of the company's internal controls, including procedures for protecting and controlling information.
- Making recommendation on the appointment or termination of the Head of Internal Audit and Head of Compliance and making recommendations to the Board in this regard.

The following table shows the names of committee members record of attendance of meetings held during the fiscal year 2020G:

| No. | Name of Member | Meeting 1 | Meeting 2 | Meeting 3 | Meeting 4 | Meeting 5 | Meeting 6 | Total Attendees | Percentage |
|-----|--|-------------|-------------|-------------|-------------|-------------|-------------|-----------------|------------|
| | | 12/02/2020G | 22/04/2020G | 16/06/2020G | 18/08/2020G | 14/10/2020G | 21/12/2020G | | |
| 1 | Mr. Mohammed Abdulaziz Al-Shayea (Chairman – Independent) | √ | √ | √ | √ | √ | √ | 6 | %100 |
| 2 | Mr. Mohammed Ibrahim Al-Obaid (Member – Independent) | √ | √ | √ | √ | √ | √ | 6 | %100 |

| | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|------|
| 3 | Khaled Abdulaziz Al-Reyes (Non-executive member) | √ | √ | √ | √ | √ | √ | 6 | %100 |
| 4 | Mansour Al-Bosaïli (Member – Independent) | √ | √ | √ | √ | √ | √ | 6 | %100 |

g. Results of Annual Internal Audit

The company adopts an internal control framework based on three defense lines (First: The policies and procedures that are compliant with the laws and regulations; Second: Internal Control, Third: The Internal Audit Department). The various departments of the company adapt their activities with the laws and regulations established and approved by the competent authorities as a first defense line. The internal control departments including the Compliance, Risks, Information Security and Confidentiality Departments act as a second line of defense. These departments are responsible for assessing, measuring, and monitoring the various levels of risks, based on day-to-day operations, credit operations and information security to ensure compliance with the established controls and in order for the company to meet the regulatory requirements. These departments submit periodic reports to the various committees of the company, the most important of which is the Risks Committee and the Cybersecurity Committee. The Internal Audit acts as the third line of defense and is mandated with the necessary checks and reviews that ensure compliance with the adopted policies by the company and its employees, based on the Internal Audit Department works implemented during the fiscal year 2020G, and which covered the main departments of the company. Generally, the effectiveness of the internal control procedures and systems has been reasonably verified, in terms of covering the important control aspects, which materially affect achieving the company objectives smoothly and easily. These procedures include but are not limited to the following:

- Procedures for separating key tasks in the various departments of the company
- Procedures for addressing conflicts of interest.
- Procedures for keeping important documents.
- Procedures for the settlement of bank accounts.
- Procedures for the settlement of clients' accounts and receivables.
- Procedures for control on the Information Security and Confidentiality Department.
- Procedures for realizing and recording revenues.
- Procedures for recording expenses.
- Procedures for preparing the estimated budget and verifying the effectiveness of other measures.

h. Opinion of Audit Committee

The company's Internal Audit Department carries out the risk-based annual audit plan approved by the Audit Committee to assess the efficiency of the applied internal control. It

focuses on assessing the environment and control activities, the organizational structure, risks, policies and procedures, separation of duties, conflict of interests, security and confidentiality of information and accuracy of the financial reports. The department takes and examines a random or specific sample of the activities to be audited to ensure effectiveness and adequacy of the designed and applied internal control systems and obtain reasonable assurances of the effectiveness of internal control during the year. In addition, the department also reviews the work of the external auditor, including planning and implementing audit work to obtain a reasonable degree of satisfaction that the financial statements are free of material errors and are in accordance with the auditing standards generally accepted in the Kingdom of Saudi Arabia. This shall lead to providing a clear opinion on the company's financial statements during 2020G. Based on the annual review of the internal control procedures subject of review during the period by the Audit Committee, the external auditor and the Internal Audit Department of the company, the results of this review have provided reasonable guarantees in relation to the effectiveness of operations, fair presentation of financial reports, as well as compliance with the applicable laws and regulations issued by relevant regulatory authorities. As there has been a number of remarks provided to the executive management, the necessary corrective measures were agreed upon and the period for the correction and submitting periodic reports to the Audit Committee and a summary to the Board in this regard was agreed upon. It is of particular notice to mention that it is not possible to absolutely ensure that the internal control review and evaluations processes are comprehensive, since the review process, in its essence, is based on random or specific sampling. The Internal Audit Department is working tirelessly with the company Executive Management to ensure a continuous, reasonable, and effective level of efficiency of the internal control procedures system in the company.

i. Audit Committee Recommendation on the Appointment of the Company External Auditor.



التاريخ: 16 02 1441 هـ
الموافق: 15 10 2019 م

توصية لجنة المراجعة بتعيين مدير إدارة المراجعة الداخلية بالشركة

وفق ما تضمنه محضر إجتماع لجنة المراجعة رقم 4 - 2019 والمنعقد بتاريخ 29 يوليو 2019 م ، الموافق 26 ذو القعدة 1440 هـ ، وتماثياً مع الأحكام التي تضمنتها توجيهات الجهات التنظيمية، وميثاق لجنة المراجعة بالشركة والمتعلقة بمنطلقات تعيين مدير إدارة المراجعة الداخلية، وبما يتوافق مع ميثاق لجنة المراجعة المعتمد فقد أوصت اللجنة لمجلس الإدارة - ضمن صلاحياتهم - بالموافقة على تعيين السيد/ عبدالله بن محمد الشهري كمدير أول لإدارة المراجعة الداخلية بشركة أملاك العالمية.

| Reviewed and recommended By Board Audit Committee | | |
|---|-----------|----------------|
| Date: 15/10/2019 | Signature | Date |
| Mr. Fahad bin Abdulaziz Al-Jarrah Chairman | | 15 - 10 - 2019 |
| Mr. Fahad bin Abdulaziz Al-Jarrah Member | | 15 - 10 - 2019 |
| Mr. Fahad bin Abdulaziz Al-Jarrah Member | | 15 - 10 - 2019 |

8. Sharia Board

Amlak International Real Estate Financing Company is keen to ensure that its activities are sharia compliant. Therefore, it has established a Sharia Board that includes in its membership three scholars specialized in the financial transactions' jurisprudence and Islamic Economy. The Board implements studies, issues fatwa, provides permits and sets legal control and issues decisions in relation to products. The Board is independent from company's departments, and all company transactions are subject to its approval and monitoring. The Sharia Board decisions are binding for the entire company.

Sharia Board Meetings in 2020G

| | Name | Nature of Membership | No. of Meetings (30 Meetings) | | |
|---|---------------------------|-----------------------|-------------------------------|----------------|---------------|
| | | | First Meeting | Second Meeting | Third Meeting |
| | | | 28/01/2020G | 08/09/2020G | 08/12/2020G |
| 1 | Dr. Adbussattar Abu Guda* | Board Chairman | √ | √ | X |
| 2 | Dr. Mohammed Al-Qarri | Deputy Board Chairman | √ | √ | √ |
| 3 | Dr. Yousef Al-Shobaili | Member | √ | √ | √ |

- Member Dr. Abdussattar Abu Guda passed away and may Allah bestow his mercy upon him.

Below is a brief description of the Board's responsibilities and tasks:

- Clarifying sharia provisions on all transactions of the company.
- Verifying that the company complies with the Islamic sharia guidelines.
- Contributing as necessary to serve the development of company sharia performance and maintaining its sharia entity in the policies, criteria, and procedures, etc.
- Enhancing the company's participation in promoting Islamic financing and contributing to its development.

9. Board Assessment

In line with the corporate governance applications adopted by the company, in implementation of the approved policy and mechanisms for assessing the work of the Board, its committees and assessing its members, completion of assessment of the Board and its committees in line with annual evaluation forms, contents and mechanisms, was taken into consideration during 2020G. The assessment was divided into seven sections as follows:

- Assessing the effectiveness of Board members.
- Assessing the effectiveness of the Board.
- Assessing the effectiveness of the Audit Committee.
- Assessing the effectiveness of the Risks Committee.
- Assessing the effectiveness of the Remunerations and Nominations Committee.
- Assessing the effectiveness of the Executive Committee.
- Assessing the effectiveness of the Sharia Board.

Based on the assessment of the performance of the Board, its committees, and members, which was implemented in 2020G, the Nominations and Remunerations Committee decided to submit an overview on the laws and regulations governing the work of real estate financing to Board members.

9.1 Remunerations of Board Member in 2020G

The Board members remunerations policy determines the remunerations of Board members and members from outside the Board in exchange for attending Board meetings and carrying out their duties, in line with the supervisory instructions. During 2020G, neither the Board nor committee members have carried out a work of a technical or advisory nature, nor have they received any compensation or benefits outside the scope of the approved remunerations policy.

The following table shows the Board and committees' members remunerations, in line with the approved remunerations policy, as well as the remunerations and compensations to senior executives of the company during the year.

Board Members Remunerations

| | Fixed Remunerations | | | | | | | Variable Remunerations | | | | | | End of Service Award | (3)Gross Total |
|---|---------------------|------------------------------------|---|--------------------|--|--|------------|------------------------|------------------------|-----------------------------|----------------------------|------------------------------|-------|----------------------|----------------|
| | Specific Amount | Attending Board Sessions Allowance | Total Board Sessions Attendance Allowance | Privileges in kind | Amounts received by Board members in their capacity as workers, administrators or amounts received y them against technical, | Managing director or secretary if a member | Total | Percentage of profits | Periodic remunerations | Short term incentives plans | Long term incentives plans | Granted shares (enter value) | Total | | |
| 1 st : Independent Members | | | | | | | | | | | | | | | |
| Mansour Abdulaziz Al-Bosaili | 250,000 | 18,000 | 12,000 | - | - | - | 280,000 | - | - | - | - | - | - | - | 280,000 |
| Thamer Abdulqader Jan | 250,000 | 18,000 | - | - | - | - | 268,000 | - | - | - | - | - | - | - | 268,000 |
| Amr Mohammed Kamel | 250,000 | 18,000 | 9,000 | - | - | - | 277,000 | - | - | - | - | - | - | - | 277,000 |
| 2 nd : Non-Executive and Non-Independent Members | | | | | | | | | | | | | | | |
| Abdullah Ibrahim Al-Howaish | 300,000 | 18,000 | 9,000 | - | - | - | 327,000 | - | - | - | - | - | - | - | 327,000 |
| Faisal Abdullah Al-Omran | 250,000 | 18,000 | - | - | - | - | 268,000 | - | - | - | - | - | - | - | 268,000 |
| Khaled Abdulaziz Al-Reyes | 208,333.33 | 15,000 | 18,000 | - | - | - | 241,333.33 | - | - | - | - | - | - | - | 241,333.33 |
| Majed Abdulgani Faqih | 250,000 | 18,000 | 18,000 | - | - | - | 286,000 | - | - | - | - | - | - | - | 286,000 |
| Sultan Fawwaz Al-Hokair | 208,333.33 | 15,000 | - | - | - | - | 223,333.33 | - | - | - | - | - | - | - | 223,333.33 |
| Adel Hussain Ahmed | 208,333.33 | 15,000 | 12,000 | - | - | - | 235,333.33 | - | - | - | - | - | - | - | 235,333.33 |

Committees' Members' Remunerations

| Remunerations in Saudi Riyal | Fixed Remunerations (Except Sessions Attendance Allowance) | Sessions Attendance Allowance | Total |
|--|--|-------------------------------|---------|
| Executive Committee Members | | | |
| Abdullah Ibrahim Al-Howaish | 80,000 | 9,000 | 89,000 |
| Majed Abdulgani Faqih | 60,000 | 9,000 | 69,000 |
| Khaled Abdulaziz Al-Reyes | 60,000 | 9,000 | 69,000 |
| Adel Hussain Ahmed | 50,000 | 7,500 | 57,500 |
| Risks Committee Members | | | |
| Majed Abdulgani Faqih | 80,000 | 6,000 | 86,000 |
| Mohammed Abdulaziz Al-Shayea | 100,000 | 6,000 | 106,000 |
| Amr Mohammed Kamel | 60,000 | 6,000 | 66,000 |
| Adel Hussain Ahmed | 45,000 | 4,500 | 49,500 |
| Remunerations and Nominations Committee Members | | | |
| Mansour Abdulaziz Al-Bosaili | 80,000 | 3,000 | 83,000 |
| Majed Abdulgani Faqih | 60,000 | 3,000 | 63,000 |
| Amr Mohammed Kamel | 60,000 | 3,000 | 63,000 |
| Sultan Fawwaz Al-Hokair | 0 | 0 | 0 |
| Audit Committee Members | | | |
| Mohammed Abdulaziz Al-Shayea | 120,000 | 9,000 | 129,000 |
| Mohammed Ibrahim Al-Obaid | 100,000 | 9,000 | 109,000 |
| Khaled Abdulaziz Al-Reyes | 60,000 | 9,000 | 69,000 |
| Mansour Abdulaziz Al-Bosaili | 60,000 | 9,000 | 69,000 |

The company also pays actual expenses borne by every board and committee members to attend board and committee sessions.

Remunerations of the Company Executive Committee

The company has an Executive Management remunerations policy approved by the Remunerations and Nominations Committee. However, salaries, allowances, compensations are paid to the Executive Management members in accordance with the company approved human resources policy, and employment contracts concluded with them.

Remunerations of Executive Management

| | Fixed Remunerations | | | | Variable Remunerations | | | | | | End of Service Award | Total Remunerations for Board Executives, if any | Gross Total |
|--------------|---------------------|------------|--------------------|-----------|------------------------|---------|---------------------------|---------------------------|--------------------------------------|-----------|----------------------|--|-------------|
| | Salaries | Allowances | Privileges in kind | Total | Periodic remunerations | Profits | Short term incentive plan | Long term Incentive Plans | Granted Shares (value to be entered) | Total | | | |
| Total | 4,357,788 | 1,905,745 | - | 6,263,533 | 218,275 | - | 3,055,000 | - | - | 3,273,275 | - | - | 9,536,808 |

- Total remunerations for five senior executives who received highest remunerations from the company have been disclosed. The company believed that the disclosure of the details of the Executive Management remunerations and compensation may be harmful, in relation to fair competition in the financing sector, as Amlak in particular is the sole company listed from the 42 financing companies. .

10. Penalties and Fines

The company practices its business and activities in accordance with the applicable laws, regulations, and directives. No penalties or fines were imposed on the company during 2020G.

11. Company Profits Distribution Policy

Without prejudice to the provisions of article (twenty-six)* of the Executive Regulations of the Finance Companies Control Law, profits will be distributed to shareholders after deducting all expenses as follows:

1. (10%) of net profits shall be set aside to form a statutory reserve. This set aside may be discontinued by a decision of the ordinary general assembly when the said reserve has reached 30% of the paid-up capital.
2. The general assembly, based on a proposal of the Board, may then distribute to shareholders from the remaining profits, a percentage of not less than (5%) of the company's paid-up capital.
3. Interim profits may be distributed to shareholders by a decision of the Board. Said profits shall be deducted from the profits specified in paragraph (2) of this article, in accordance with the regulating rules issued by the competent authorities.

Distribution of profits shall be subject to the restrictions stated in the Executive Regulations of the Financing Companies Control Law. It stipulates that a letter must be obtained from the Saudi Central Bank, including its no objection prior to distribution of any profits, any other distributions or announcement of such distribution.

Below is a summary of the profits announced and distributed by the company:

Declared and Distributed Profits in 2020G

The profits that were distributed during 2020G by a decision of the shareholders' general assembly held on 30/09/2020G are summarized as follows:

| No. of Shares Eligible to Distribution | Profit per Share (Riyal) | Total distributed profits | Percentage of distributed profits | Eligible shareholders and date of eligibility | Date of distribution |
|--|--------------------------|---------------------------|-----------------------------------|---|----------------------|
| 90,600,000 | 0.75 Riyal | 67,950,000 | 7.5% of company capital | Eligibility for profits shall be to company shareholders who own shares on the date of eligibility and are registered in the shareholder's register in the Depository Center at the end of the second trading day following the day of the company general assembly meeting | 11/10/2020G |

12. Related Parties

The company, in its business cycle, deals with a number of related parties. The relationship is subject to the provisions of the Companies Law, and the company's governance and policies. No new contracts were concluded with related parties during 2020G.

13. Transactions with Related Parties

There were no new transactions with related during 2020G.

14. Declarations

Based on the information available from all material aspects, the Board declares as follows:

- The account records were prepared properly.
- The internal control system was prepared properly and was implemented effectively.
- There is no doubt on the company's ability to continue its activity.
- In line with the best information available to the Board from all material aspects, there are no businesses or contracts in which the company is a party, or in which there is an interest for a member of the Board or the Executive Management or any person related to any of them (except within the limits stipulated in article no. 56 of the Executive Regulations of the Financing Companies Control Law issued by the Saudi Central Bank or as disclosed in the financial statements and this report).
- There were no recommendations made by the Audit Committee in 2020G, that are related to a conflict between these recommendations and Board decisions or related to the Board's rejection to adopt them with respect to the appointment and termination of the company auditor, determining its fees, assessing its performance, or the appointment of the internal auditor.
- There were no arrangements or agreement under which a company shareholder has waived any rights in profits.
- There were no arrangements or agreement under which a Board member or a senior executive has waived any remunerations.
- No recommendation was issued by the Board to change the auditor prior to expiry of the term for which it was appointed, and no such change was recommended by the Audit Committee.
- There was no conflict between the recommendations of the Audit Committee and the Board resolutions regarding the appointment and termination of the company auditor, determining its fees, assessing its performance, or the appointment of the internal auditor.
- There were no shares or debt instruments issued for any affiliate of the company.
- There were no social contributions made by the company in 2020G.
- There were no treasury shares held by the company.

- There were no investments or reserves established for the benefit of the company's employees, except the employees' share scheme, which was approved by the shareholders in 2017G and was completed in 2019G.
- There was no redemption, purchase, or cancellation by the company of any redeemable debt instruments, and the value of remaining securities.
- There was no transfer or subscription rights under convertible debt instruments, contractual securities, subscription right warrants, or similar rights issued or granted by the company.
- There were no classes and numbers of any convertible debt instruments, any contractual securities, subscription right warrants, or similar rights issued or granted by the company during the fiscal year 2020G.
- There was no interest, contractual securities and subscription rights belonging to company Board members, senior executives and their relatives in the shares or debt instruments of the company or any of its affiliates, as well any change in that interest or those rights during the fiscal year 2020G, except as disclosed in this report.
- There was no interest in the class of shares eligible for voting, which belong to persons (except Board members, senior executives, and their relatives) who informed the company of such rights, and any change in these rights during the fiscal year 2020G.
- The financial statements were prepared in accordance with international accounting standards, as directed by the supervisory authorities. The Board declares that there is no material difference between these standards and the accounting standards adopted by the Saudi Organization for Certified Public Accountants.

15. Applied and Non-Applied Provisions of the Corporates Governance Regulations and Reasons of Non-Application

| Applied and Non-Applied Provisions of the Companies Governance Regulations and Reasons Thereof | | | | |
|--|---|---|-------------------------------|--|
| Ser | Article/ Paragraph No. | Article Text | Reasons of Non- Compliance | Remarks |
| 1 | Article Forty-One (paragraphs (e, f) | Assessment: - e - non-executive board members shall carry out a periodic assessment of the performance of Board Chairman after obtaining the opinion of the Board executive members - without | (guiding article) | Assessment shall be on internal and annual basis |

| | | | | |
|---|--------------|---|-------------------|---|
| | | <p>the presence of the Board Chairman in the discussion on this purpose - provided that the strengths and weaknesses are identified, and a solution shall be proposed for the same in the best interests of the company</p> <p>f- The Board shall carry out the necessary arrangements to obtain an assessment of its performance by a competent party every three years</p> | | |
| 2 | Eighty-Seven | <p>Social Responsibility: The ordinary general assembly, based on the Board recommendation, shall develop a policy that guarantees a balance between its objectives and those of the community in order to develop the social and economic conditions of the community.</p> | (guiding article) | - |
| 3 | Eighty-Eight | <p>Social Initiatives: The Board shall establish programs and determine the necessary methods for proposing social initiatives by the company, which include:</p> <ol style="list-style-type: none"> 1. Establishing indicators that link the company's performance with its social initiatives and comparing it with other companies that engage in similar activities. | (guiding article) | - |

| | | | | |
|---|--------------|---|--|--|
| | | <p>2. Disclosing the objectives of the company social responsibility towards its employees and raising their awareness and knowledge of social responsibility.</p> <p>3. Disclosing plans for the social responsibility in the periodical reports related to the activities of the company</p> <p>4. Developing awareness programs to the community to familiarize the community with the company social responsibility</p> | | |
| 4 | Ninety-Three | <p>4. A description of the necessary details with respect to granted remunerations and compensations (paragraph b): Five Senior Executives who have received the highest remunerations from the company, provided they included the Chief Executive Officer and Chief Financial Officer.</p> | <p>Total remunerations for five senior executives who received highest remunerations from the company have been disclosed. The company believed that the disclosure of the details of the Executive Management remunerations and compensations may be harmful, in relation to fair competition in the financing sector, as Amlak in particular is the sole company listed from the 42 financing companies.</p> | - |
| 5 | Ninety-Five | <p>Formation of company governance committee: In the event of formation of such committee, the Board shall assign the competences</p> | (guiding article) | <p>Amlak International Real State Financing has a governance</p> |

| | | | | |
|--|--|--|--|---------------------------------------|
| | | stipulated in article ninety-four of these regulations. Such committee shall oversee any matters relating to the implementation of governance and shall provide them and its reports to the Board at least annually. | | and shareholders relations department |
|--|--|--|--|---------------------------------------|

16. Internal Auditor Appointment and Reports

The company general assembly, which was held on 10/06/2020G, approved KPMG, as company auditors selected from the list of candidate auditors, in accordance with the Audit Committee recommendations. The external auditor will review the company annual and quarterly financial statements for the fiscal year ended on 31 December 2020G as well as the quarterly financial statements (first quarter) of 2021G.

Conclusion

The Board of Directors is pleased to extend its gratitude again to the government of the Custodian of the Two Holy Mosques, King Salman bin Abdulaziz Al Saud and Crown Prince Mohammed bin Salman bin Abdulaziz. The Board would like in particular to extend its thanks to the Ministry of Finance, Saudi Central Bank, Capital Market Authority, Ministry of Commerce, Ministry of Housing, Real Estate Development Fund, and the Saudi Refinancing Company for their continued and constructive support.

The Board of Directors would like also to extend its thanks and appreciation to all the company's shareholders and clients for their support and confidence that incentivize the Board to realize further achievements. The Board also expresses its appreciation to company employees for their efforts, sincerity, and loyalty to develop and improve performance and achieve the strategic goals of the company.