



Annual Report

December 31, 2020

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Board of Director's Report (2020)

Dear shareholders,

We are pleased to present to your Honorable Assembly the annual report of the Board of Directors of Nayifat and then vote on it, as this report includes the following:

1. Reviewing the Company's operating and financial performance and the financial statements and their notes
2. This report also includes detailed information about the members of the Board of Directors and the committees emanating from it, and it is worth noting that it was prepared in accordance with the requirements of the Companies' Law issued by the Ministry of Commerce and Investment, and a high degree of transparency and disclosure was taken into consideration in order to ensure that the shareholders, investors and stakeholders in Nayifat are provided with everything that helps them in making their decisions.

Main Activities

The main activity of the Company is to provide financing solutions to individuals and companies that are compatible with the provisions of Islamic Sharia in accordance with the Companies Law, the Finance Companies Control Law, its implementing regulations, the relevant regulations, and the rules and instructions issued by the Saudi Central Bank (SAMA). The Company operates in the field of non-banking Islamic finance as defined in the Finance Companies Control Law "a joint stock company licensed to engage in financial activities". The Company is subject to the regulations of the Saudi Central Bank (SAMA), as it is licensed by the Saudi Central Bank (previously known as SAMA) under License No. 5/A U/201312 dated 28/02/1435 AH (corresponding to 31/12/2013) and ending on 27/02/1445 AH (corresponding to 11/09/2023) to carry out the following activities in accordance with the license of the Saudi Central Bank:

- Finance lease
- Small and medium-sized enterprises (SMEs) finance
- Consumer finance
- Credit card finance

The Company recently activated the well-known crowdfunding product (Financial Technology) and falls under the financing of small and medium-sized enterprises.

Vision, Mission and Strategy

A. Vision

We at Nayifat Finance Company work hard to be a leading Company in the finance sector, by providing distinguished, world-class financial solutions that comply with Islamic Sharia law, so that it becomes the preferred option for financing individuals and small and medium-sized enterprises.

B. Mission

Striving to achieve a steady level of growth through the geographic expansion of our network of services by finding innovative financing solutions compatible with the provisions of Islamic Sharia to meet the customers' needs and constantly changing expectations.

C. Strategy

The objective of Nayifat Finance Company is to be the leading Company in providing innovative financing products and services that are compatible with the provisions of Islamic Sharia, in order to achieve added value and maximize the benefit for its customers, employees and shareholders. The Company's success is due to the experienced and highly efficient management and work team, which efficiently implements its strategy and in line with its vision. The Company believes that the continued growth of the Kingdom of Saudi Arabia's economy, Vision 2030 initiatives and the expansion of the banking sector will boost the demand for financing.

The Company's strategic objectives are based on the following pillars:

Enabling easy access to finance

The Company's strategy aims to provide financing that is compatible with Islamic Sharia, with quick and easy procedures, to its customers. In order to achieve this, the Company has established a strong network of branches throughout the Kingdom of Saudi Arabia in order to meet customers' need for immediate liquidity by ensuring the speed of disbursement of financing through its simple and fast operations in terms of approval and disbursement.

Increasing the scale of deployment in the finance market and customer segments

In pursuit of its aspirations, Nayifat continues its main business in the Sharia-compliant finance sector by focusing on its individual customers and small and medium-sized enterprises. The Company also aims to improve performance by increasing the number of customer segments and geographic spread.

To this end, the Company focuses on customer's financing needs and innovates to design and provide products that meet those needs. It recognizes the importance of developing innovative new products and services to increase the scale of deployment in the market in order to adapt to changes in the financial services sector. The Company strives to be the preferred financing option for customers and SMEs. Hence, it plans to achieve maximum profit growth by increasing its market share in this sector.

Maintenance of the credit portfolio quality

Nayifat focuses on maintaining the quality and strength of its credit portfolio to ensure sustainable growth. The Company seeks to grow its portfolio without affecting the quality of its financing portfolio and profitability while adhering to its strict credit standards in its attempt to increase its customer base and grow its financing portfolio.

Flexibility

Achieving strategic and operational flexibility is a major challenge for most business activities. Nayifat reviews its strategies through the "Strategic Committee" that works side by side with the Board of Directors and the Executive Management and updates it periodically with the aim of constantly adapting to changing market conditions and updating its governance policies. For example, with the increase in the use of non-cash payments in the Kingdom, the Company also aims to anticipate changing market conditions to support profitability by hedging and periodically re-negotiating with financiers to limit the impact of changing interest rates on its profit margins.

Expansion Strategy

1. Consumer Finance (Individuals)

Given the number of government sector employees (approximately 1.5 million people including personnel of the armed forces), Nayifat has a high capacity to increase its market penetration from its current level of about 45,000 government sector customers. In this regard, the Company intends to open most of its new branches in areas that focus on government employees from the civil and military sectors. Moreover, after increasing the percentage of women working in the government sector as one of the goals of the Kingdom's Vision 2030, which will lead to an increase in the number of government sector employees as a whole.

2. Financing small and medium-sized enterprises

Finance companies in the Kingdom of Saudi Arabia have a great opportunity to finance the SMEs sector. The current market environment and the effective support provided by the government to the SME sector provide great opportunities for the Company to expand its financing activities to include SMEs in various sectors. Nayifat intends to take advantage of this opportunity by expanding the financing portfolio of SMEs through its regional branches. The Company aims to continue increasing its presence in the SMEs sector and to support the government's efforts aimed at developing this sector. The Company also plans to provide a variety of financing to SMEs.

3. Credit card financing

The Company mainly aims to sell its credit card products to its existing customer base. It also aims to take advantage of its marketing platform to provide credit cards and introduce its customers to this product. The product launch strategy includes, but is not limited to, the following:

- Offering the cards as a free product to customers who do not currently want immediate financing, but prefer this option to cover any emergency needs.

- Offering credit cards as a financing product to customers who want short-term financing of lesser value than the Company's other products.
- Presenting cards as a financing product for the corporate and institutional sector.

4. "ULEND" platform

The online platform registered and owned by the company, which was recently launched, is one of the financing channels that rely on the use of financial technology for customers of small and medium-sized enterprises, which aims to accelerate and facilitate procedures with awareness of the importance of digital transformation.

Geographic Expansion

Nayifat plans to continue expanding its branch network in order to increase its geographic spread. The Company operates through a large network of branches, and aims to focus in the future on remote areas, especially those that have an acceptable population and do not have multiple financing solutions. The Company selects the locations of its new branches using several criteria, including the population census, availability of government offices, military bases, bank branches and offices of private sector companies.

Coronavirus (COVID-19)

At the end of 2019, the world witnessed a new epidemic known as **Coronavirus (COVID-19)**, which had negative economic consequences that affected all countries of the world in general, and to mitigate these negative consequences, the Rational government has taken a number of preventive measures regarding the activity of the finance sector and its customers, such as the Central Bank of Saudi Arabia undertook several measures to maintain the strength of the economy and to strengthen the financial sector in general, to stand up to the effects of the crisis and to preserve both companies in the sector and customers,

The Saudi Central Bank program to support the private sector in facing the financial and economic impacts of the Covid-19 virus:

The Central Bank of Saudi Arabia announced the launch of a program to support private sector financing with a total value of about 50 billion Saudi riyals in March 2020, as part of its role to activate available monetary policy tools and enhance financial stability, including enabling the financial sector to support the growth of the private sector, and support efforts The government is in the fight against the Coronavirus (Covid-19) and mitigating its expected financial and economic impacts on the private sector, especially on the small and medium-sized enterprises sector.

The program aims to support the private sector and enable it to enhance economic growth through a set of measures that include the following:

First: Supporting financing for small and medium enterprises

The program aims to mitigate the effects of precautionary measures to combat the Coronavirus on the small and medium-sized companies sector, specifically to reduce the burden of fluctuating cash flows, support working capital for this sector and enable it to grow in the

coming period and contribute to supporting economic growth and maintaining employment. The program consists of three basic components as follows:

1. Payment deferral program: Depositing an amount of approximately 30 billion Saudi riyals in favor of banks and financing companies in exchange for deferring payment of dues to the financial sector (banks and financing companies) for a period of six months for the SME sector as on date.
2. Loan financing program: Providing easy financing for small and medium-sized companies up to an amount of 13.2 billion Saudi riyals, by granting loans from banks and financing companies to the small and medium-sized companies sector aimed at supporting business continuity and the growth of this sector during the current stage, in a way that contributes to supporting economic growth and the governorate. On the levels of employment in these companies.
3. Funding guarantees support program: Depositing an amount of up to 6 billion Saudi riyals in favor of banks and financing companies to enable them to exempt small and medium-sized companies from the costs of the Kafala program in order to contribute to reducing the cost of lending to enterprises benefiting from these guarantees during the fiscal year 2020 AD and to support the expansion of financing.

Second: Supporting fees for POS and E-commerce operations

This was achieved by subsidizing payment fees for all stores and private sector establishments, as the Saudi Central Bank bears these fees for the benefit of payment service providers participating in the national system for a period of 3 months, with a total value of more than 800 million Saudi riyals.

Third:

With regard to the facilities affected by the precautionary measures that were approved in the cities of Makkah and Medina, the Central Bank of Saudi Arabia is currently coordinating with banks and financing companies to facilitate payments related to financing these facilities.

Fourth:

The Central Bank of Saudi Arabia confirms that the banking sector continues to record good performance indicators, which enhances its durability and makes it more capable of facing future challenges and crises, and these indicators have positively reflected on the continuation of commercial banks in performing their pivotal role in economic development in the Kingdom, as confirmed by the Central Bank of Saudi Arabia. Continuing to play its role in maintaining financial stability and increasing the efficiency of the financial sector to support the realization of the Kingdom's 2030 vision.

The main developments in the regulations of the Central Bank of Saudi Arabia in 2020 were as follows:

Regulations for finance companies that accept deposits for 2020:

Saudi Central Bank regulations apply to all deposit-accepting finance companies that operate in the Kingdom. The summary of the regulation is presented as follows:

- It is not permissible for any finance company to engage in the business of accepting deposits without obtaining prior written approval from the Central Bank of Saudi Arabia to designate it as a financing company that accepts deposits.

- An application to obtain approval from the Central Bank of Saudi Arabia to engage in deposit-acceptance business must be accompanied by a feasibility study and a three-year business plan for the proposed deposit acceptance process detailing the mission, vision, scope and nature of commercial operations, profitability analysis, internal controls and control procedures.

Rules governing credit risk exposure rating and provisioning for 2020:

The primary goals of these rules are to enable finance companies to:

- Assessment of the degree of credit risk associated with the risk exposure.
- Evaluate the portfolio of risk exposures wisely.
- Determine and allocate adequate provisions for expected credit losses after implementing strong governance.
- Achieve uniformity and consistency in the classification of risk exposures and methodologies for monitoring provisions.

Nayifat immediately introduced several initiatives to reduce the financial and non-financial impact of the disease, such as:

- Increasing employee awareness of safety precautions regarding COVID-19
- The home work strategy included most of the employees due to the lockdown
- Funds from banks have been allocated as contingencies based on anticipated acquisitions and business needs.
- Reconsidering the current and upcoming five-year work plan in line with the current conditions.

Since the outbreak of the COVID-19 crisis, the global and regional economy has been noticeably affected and there has been an impact on the company's business such as the decrease in sales, and accordingly the management has taken precautionary and exceptional measures swiftly specializing in the work procedures of the sales and marketing team, more precautionary credit measures, and attention to the performance of the collection team in general, with the intention of maintaining On the levels of performance and quality of the portfolio and reducing the impact of profitability levels with the impact of the pandemic, especially since the impact of the pandemic was noticeable on the company's performance during the end of the first quarter and second quarter of the year, However, the measures taken, modifying the strategy and setting conservative goals at the beginning of the crisis by the Board of Directors had a great impact on modifying the path of vulnerability, with the grace of God, then government support and the merit of the management of the company that worked hard and devotedly to set internal plans effectively and exceptionally with the adoption of the general strategy of the company, which resulted in achieving the objectives. The situation, and even significantly surpassing it, and achieving a high level of performance greatly reduced the effects of the pandemic, The management dealt with the event at the level of aspirations of the Board and the shareholders by working on identifying and assessing risks, offering additional products such as credit cards and the financial technology product (ULEND platform) and modifying the existing products to cope with the changes brought about by the pandemic while maintaining the quality, liquidity level and collection performance, and this was during a period of time. Very exceptional.

Financial and Statistical Information

The Company's audited financial statements for the fiscal year ending on December 31 of the fiscal year 2020, were prepared in accordance with International Standards on Auditing (**IFRS9**) and amended by the Saudi Central Bank for purposes for taxes and zakat, and were reviewed by the Company's auditors (PricewaterhouseCoopers **PWC**) (hereinafter referred to as "Auditors"). These financial statements have been included. The Company issues its financial statements in Saudi riyals.

It shall be noted that some of the financial and statistical information contained in this report have been rounded to the nearest whole number.

Financial Statements and Auditors Report

Report on the Audit of Financial Statements

Our Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Nayifat Finance Company ("the Company") as on December **31, 2020** and its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standards amended by the Saudi Central Bank for zakat and tax that we have audited.

The financial statements of the Company consist of:

- Statement of Financial Position as of December 31, 2020.
- Statement of comprehensive income for the year ending on that date.
- Statement of changes in shareholders' equity for the year ended on that date.
- Statement of cash flows for the year ending on that date; and notes about the financial statements, which include a summary of the significant accounting policies.

Basis of Opinion

We conducted our audit in accordance with the international auditing standards adopted in the Kingdom of Saudi Arabia. Our responsibility under these standards is explained in detail in the auditor's responsibilities department about the audit of financial statements in our report. We believe that the audit evidence that we have obtained is sufficient and appropriate to provide an appropriate basis for the opinion we provide based on the audit process.

Independence

We are independent of the Company in accordance with the rules of professional conduct and ethics approved in the Kingdom of Saudi Arabia related to our audit of the financial statements, and we have also committed to our other ethical responsibilities in accordance with these requirements.

Responsibilities of management and those charged with governance for the financial statements

The management is responsible for the preparation and fair presentation of the financial statements in accordance with the International Financial Reporting Standards approved in the Kingdom of Saudi Arabia, the other standards and publications issued by the Saudi

Organization for Certified Public Accountants, and for the internal control system that the management deems necessary to be able to prepare financial statements free from material misstatements, whether they result Report fraud or error.

When preparing the financial statements, management is responsible for evaluating the company's ability to continue its business and disclosing - when necessary - matters related to continuity, and using the continuity accounting principle unless the management intends to liquidate the company or stop its operations or there is no real alternative to the contrary.

The audit committee is responsible for overseeing the company's financial reporting process.

The auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error, and to issue an auditor's report that includes our opinion. A reasonable assurance is a high level of assurance, but it does not guarantee that the review process that has been carried out in accordance with international auditing standards adopted in the Kingdom of Saudi Arabia will always reveal a material misstatement when present. Misstatements can result from fraud or error and are considered material, alone or in the aggregate, if they are reasonably expected to affect the economic decisions of users made on the basis of these financial statements.

As part of the review process that was carried out in accordance with international auditing standards adopted in the Kingdom of Saudi Arabia, we exercise professional judgment and maintain professional skepticism during the review process. We also do the following:

- Identifying and evaluating the risks of material misstatements in the financial statements, whether resulting from fraud or error, designing and implementing audit procedures to address these risks, and obtaining sufficient and appropriate audit evidence as a basis for expressing our opinion. The risk of not detecting any material misstatements resulting from fraud is greater than the risk resulting from error, as fraud may involve collusion, forgery, intentional omissions, misleading statements, or the override of the internal control system.
- Obtaining an understanding of the internal control systems related to the audit process for the purpose of designing audit procedures appropriate to the circumstances, and not for the purpose of expressing an opinion on the effectiveness of the company's internal control systems.
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclusion of the appropriateness of management's use of the accounting continuity principle, and based on the audit evidence obtained, determining whether there is a material uncertainty related to events or circumstances that may indicate the existence of great doubt about the company's ability to continue its business. If we conclude that there is a material uncertainty, we must draw attention in our report to the related disclosures in the financial statements, or amend our opinion if these disclosures are insufficient. Our conclusions are based on the audit evidence obtained up to the date of

our report. However, future events or circumstances may result in the company not continuing its business.

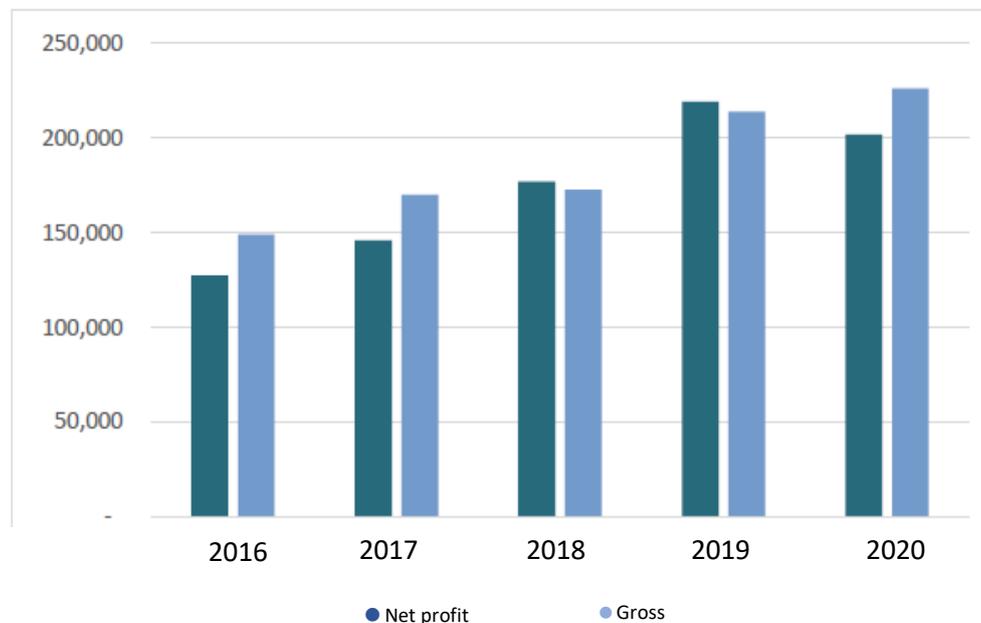
- Evaluating the overall presentation, format and contents of the financial statements, including the disclosures, and determining whether the financial statements represent the related transactions and events in a manner that guarantees fair presentation.

The Outcomes of the Company's Business

The following is a comparison of the Company's financial outcomes for the year 2020 with its business outcomes for the year 2019.

	2020 (thousand riyals)	2019 (thousand riyals)
Gross profit	225,761	213,532
Net profit	201,465	218,821
Earnings per share in riyals	2.04	2.19

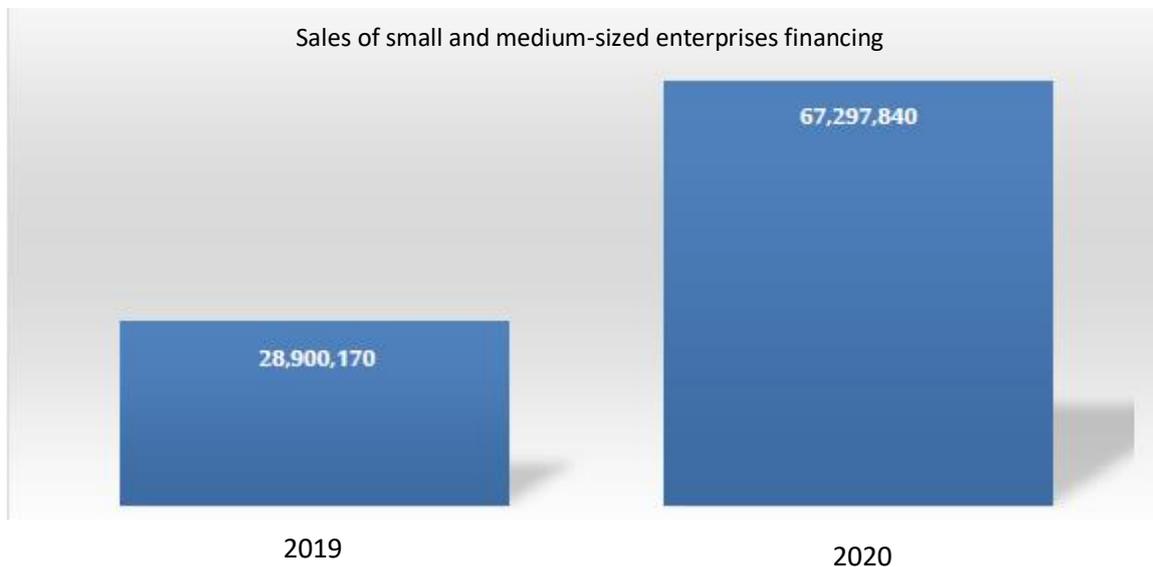
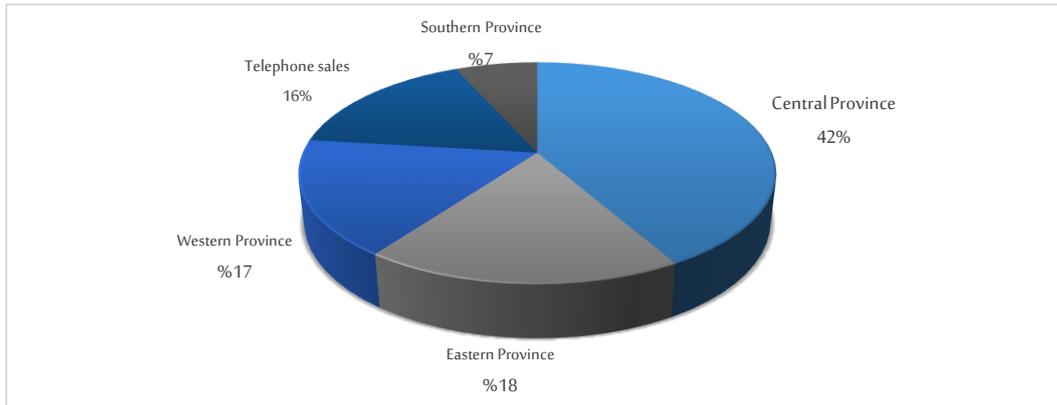
In 2020, the net profit before zakat was higher than last year.



The Sales

The Company achieved sales (individuals) for the year 2020, an amount of SR 513,642,013, compared to sales for the year 2013 that amounting SR 943,446,320, and it has followed a conservative credit approach according to the global economic crisis and the circumstances of the Coronavirus (Covid-19) pandemic according to the following table:

Geographic Analysis of the Company's Sales



Initial Public Offering (IPO)

The Company has appointed HSBC Saudi Arabia as its financial advisor on the offering (hereinafter referred to as **the Financial Advisor**), and as a manager of the corporate subscription register and a manager of the subscription (**Lead Underwriter**), and as a Bookrunners for the offering (**Lead Bookrunner**) with the disengagement and offering (30%) of the Company's capital. A number of agreements have been signed with:

- Megren Al-Shaalan White & Case – as legal adviser
- KPMG Al Fozan & Partners – as financial advisor
- Al Roaya Alarabiya Marketing Company Ltd. – as marketing consultant
- Finsbury Company – as public relations and investor relations adviser
- Latham & Watkins - as legal counsel of agents
- Akelion Kit Works - Visual Data Room Solutions (subject to approval by the Saudi Central Bank)

The subscription to the offering shares is limited to two segments of investors, namely:

1. **Segment No. (A): Participating groups**
2. **Segment No. (B): Individual subscribers**

The company is studying to appointment a Joint Bookrunner and Co-Underwriter, and among the candidates is Al-Inma Investment Company, noting that the board member, Mr. Mohamed Taher Al-Lawzi, occupies the position of Vice CEO in Al-Inma Company.

The offering is expected to take place during 2021

Trade Mark

The Nayifat trade mark has a spread throughout the Kingdom thanks to its long history of providing financing services since 18 years, as well as the trade mark of the well-known crowdfunding product (Financial Technology) and falls under the financing of small and medium-sized enterprises. The Company believes that it has a pioneering position in providing Islamic finance products and services, as it has achieved remarkable success in the retail and finance companies in the Kingdom of Saudi Arabia, as well as credit cards, and is currently occupying a prominent position among the largest companies. The Company has also established its strong presence and good reputation in the financial sector in the Kingdom, making it a benchmark for the good services provided by non-bank finance companies.



Strong Distribution Network and Presence throughout the Kingdom

Nayifat is one of the largest non-bank financing companies in the Kingdom of Saudi Arabia in terms of the number of branches and geographic coverage as it is characterized by a wide geographic spread, with a network of (26) branches, in addition to its main office, distributed over 13 regions in the Kingdom. This enables it to meet the needs of its diverse customers base, including private and government customers, as well as the small and medium-sized enterprises sector. The Company's wide network enables it to maintain and grow its business and serve and support customers from close locations. The Company has equipped branch No. (27), which is expected to start its activity in the first quarter of 2021.

Kharj Branch King Abdulaziz Road Al Kharj	Badiyah Branch Western Ring Branch Rd,Ext 27	Olaya Branch Olaya St, Al Wurud King Abdullah Road intersection	Ext 10 Al Quds Riyadh street king Abdullah Ext 10	Khurais Branch Khurais Road after Al-Nahda street
Baha Branch King Fahd Rd	Abha Branch King Fahd Rd	AL-Dawadmi Branch King Abdulaziz Street	Hail Branch King Fahd Rd, Al Wusayta, Hail	Qassem Branch Al-Bukhari Street
Jeddah 2 Branch Abdullah Suleiman Street, Al-Faiha	Jeddah Branch Woman Section Al-Andalus Road towards King Abdulaziz Road, Al-Suhaili Center	Bisha Branch King Saud bin Abdulaziz Street next to the Civil Status Office	Najran Branch King Abdulaziz Rd, Najran	Jizan Branch Corniche Road,
Damam Branch West Beach, Gulf Road, Dammam	Tabouk Branch King Fahd Road	Taif Branch After major maintenance.	Madina Branch King Abdullah Branch Road, Al Medina	Makkah Branch Batha Quraysh Makkah
Sakaka Branch King Fahd Ibn Abdulaziz Rd, Sakaka	Qatif Branch Al Quds street	Jubail Branch King Abdulaziz St near SABB bank	Hafr Al Batin Branch King Abdulaziz Road Opposite for Arab National Bank	Hofuf Branch Al Mahasen District, Makkah Road Al Hofuf

Compliance and Governance policy

Nayifat maintains the highest standards of performance, conformity, compliance, reporting and transparency. In November 2014, the Saudi Central Bank announced the full implementation of the Finance Company Control System. Thanks to the proactive efforts of the management team and the firm's established policies, the Company has already fulfilled all the licensing requirements stipulated by the Saudi Central Bank to be one of the first companies obtaining a license from the Saudi Central Bank to operate in the Kingdom. Nowadays, Nayifat occupies a leading position in the sector of non-bank financing companies.

In addition, the Company applied the International Financial Reporting Standards (IFRS) more transparently with the beginning of 2014, before the approved implementation of the accounting practice in 2015 (for unlisted companies). Nayifat Company has pre-approved IFRS 9 as of January 1, 2017, that is, a year before being approved. The Company also continuously strives to be a pioneer in this field among non-bank finance companies with regard to corporate governance. In order for the Company to achieve its objectives and implement its strategy, it regularly reviews and upgrades its policies and standards.

Before the approved implementation of the accounting practice in 2017 (for unlisted companies). Nayifat Company has pre-approved the ninth International Financial Reporting Standard with effect from January 1, 2017, that is, a year before its adoption. The company is constantly striving to be a leader in this field among non-bank finance companies with regard to corporate governance. In order for the company to achieve its goals and implement its strategy, it regularly reviews and upgrades its policies and standards.

The company has received (2) violations from the Saudi Central Bank according to executive decisions regarding non-compliance with the principles of responsible financing, preventive measures and precautionary measures to confront the Coronavirus pandemic, and the company has taken corrective measures to prevent these violations from recurring and to reduce their occurrence.

And according to the details below:

1. Continuing violation of the principles of responsible financing for individuals issued pursuant to Central Bank Circular No. (99/46538) dated 9/2/1439 AH and amended pursuant to Central Bank Circular No. (1/40694) dated 9/9/1439 AH, according to Central Bank Decision No. / 20001 dated 05/12/1441 AH corresponding to 01/07/2020 AD which included obligating the company to pay a fine of (250,000) riyals for violating paragraph (b) of Article sixteen of the principles of responsible financing for individuals and obligating the company to pay a fine of (250,000) riyals For violating Paragraph (c) of Article Sixteen of the Principles for Responsible Financing for Individuals. And limiting the contracts that are in violation of the deductible ratios stipulated in the Principles of Responsible Financing.
2. Non-compliance with the instructions of the Central Bank sent to finance companies via e-mail on 01/06/1441 AH corresponding to 05/29/2020 AD, which include the affirmation of commitment and restriction to a number of preventive measures and precautionary measures to confront the Coronavirus (COVID-19) pandemic, in accordance with Central Bank Decision No. T/20078 dated 03/12/1442 AH

corresponding to 10/29/2020 AD, which included warning the company not to repeat the violation and obligating the company to pay a fine of (25,000) riyals.

Subject of the violation	Fiscal Year 2019		Fiscal Year 2020	
	Number of the executive decisions	Total financial penalties (SAR)	Number of the executive decisions	Total financial penalties (SAR)
Violation of the Saudi Central Bank supervisory and oversight instructions	1	80,000	2	525,000
Violation of the Saudi Central Bank customer protection instructions	-	-	-	-
Violation of the Saudi Central Bank instructions regarding due diligence in combating money laundering and terrorist financing	-	-	-	-

A client-centered approach

Nayifat's customer-centric approach is deemed one of the main reasons behind its continuous growth playing a role in distinguishing it from its competitors. The Company's customers are considered one of its most important priorities and among its main elements of fortune, and the Company believes that its customers are the main ground behind its existence and continuity. Moreover, the customer care and satisfaction have always been among the most important motivators in all the Company's policies and procedures to develop its business. In order to get better customer service, the period between submitting the fund application and disbursing the loan has been reduced to two working days in some cases, and what also distinguish the Company compared to non-bank financing companies is obtaining a license from the Saudi Central Bank to issue a credit card financing product that was launched to be tested in 2019 then the Company has officially launched it in the second half of 2020, Which aims to meet the changing needs and desires of customers under the circumstances of the Corona pandemic and an old product that matches the goals of the vision to shift towards the use of electronic transactions and payments instead of cash. The company intends to launch a corporate credit card in 2021. Also during the year, the approval of the Central Bank was obtained to offer the financial technology product through the "Ulend" platform, and the platform was activated during mid-2020 AD. The company continues to search for products to provide flexible financing solutions to meet the requirements and needs of customers.

Maintenance a high level of financing portfolio quality

Nayifat adopts a rigorous and systematic framework for credit evaluation and risk management that ensures it identifies, controls and manages risks. The credit department is considered one of the important departments in performing the Company's activity due to the absence of any financing guarantee requirements. Moreover, the Company has organized and simplified the processes and systems prepared to maintain the quality of its portfolio. In addition to assess a customer's financial solvency, the Company also evaluate the consumer behavior and patterns of customers before approving any financing.

Credit Assessment

The Company's credit team specializes in conducting an independent study to check the customers' conditions, assess their financial needs and analyze their capabilities to repay financing facilities, using advanced technical means. For the purpose of credit assessment of potential customer, the Company adopts a two-track approach to determine the outcome of the

assessment (based on the information provided in the application and on the reports of the Saudi Credit Bureau "SIMAH"). The Company relies on "SIMAH" credit reports for individuals and a "statement" for companies and institutions in addition to its own system to determine the customer's final credit assessment based on the information contained in the fund application, taking into account the "Responsible Funding" system that achieves a balance between the customer's income and his monthly expenses.

Thanks to its adoption of the two-track credit system approach, the Company issues prompt electronic approvals without any kind of interference with manual operations, which allows immediate processing of fund applications with the highest levels of accuracy in assessment and the lowest human error risk . In addition, Nayifat credit approval process is based on impartial and well-designed accounting processes that do not involve any personal considerations, which allows Nayifat to reduce credit risk and maintain its assets quality.

Collection

Nayifat adopts a multi-track collection mechanism as the periodic installments due are received according to the various collection documents such as the direct debit authorization from the customer's bank account, and the existing instructions for payment. This process is supported by a collection team with a high level of experience and competence, which is equipped with automated communication systems as well. The Company also uses external collection teams to deal with cases of payment default on time. It is worth noting that the collection teams are supported by internal and external legal teams and the efficacy of the Company's collection management has been clearly reflected in its capacity to maintain high levels of collection operations efficiency.

Credit facilities

Thanks to its successful track record for more than a decade and a half, the Company has succeeded in establishing close working relationships with banks and lending institutions. Nayifat enjoys successful business relationships and approved credit facilities in place with almost all major banks in the Kingdom, which provides it with a regular fluid of financing flows at a reasonable cost and partly mitigates the interest rates increase through hedging mechanisms with banks.

Nayifat is currently establishing a partnership with the Saudi Arabian Small and Medium Enterprises General Authority (Monsha'at), to allow it to access financing facilities for its SME customers at reduced rates. This will enhance the Company's profitability and leading position and increase the financing and service of the MED finance sector in accordance with Vision 2030, which will have a positive impact contributing to the growth of the economy.

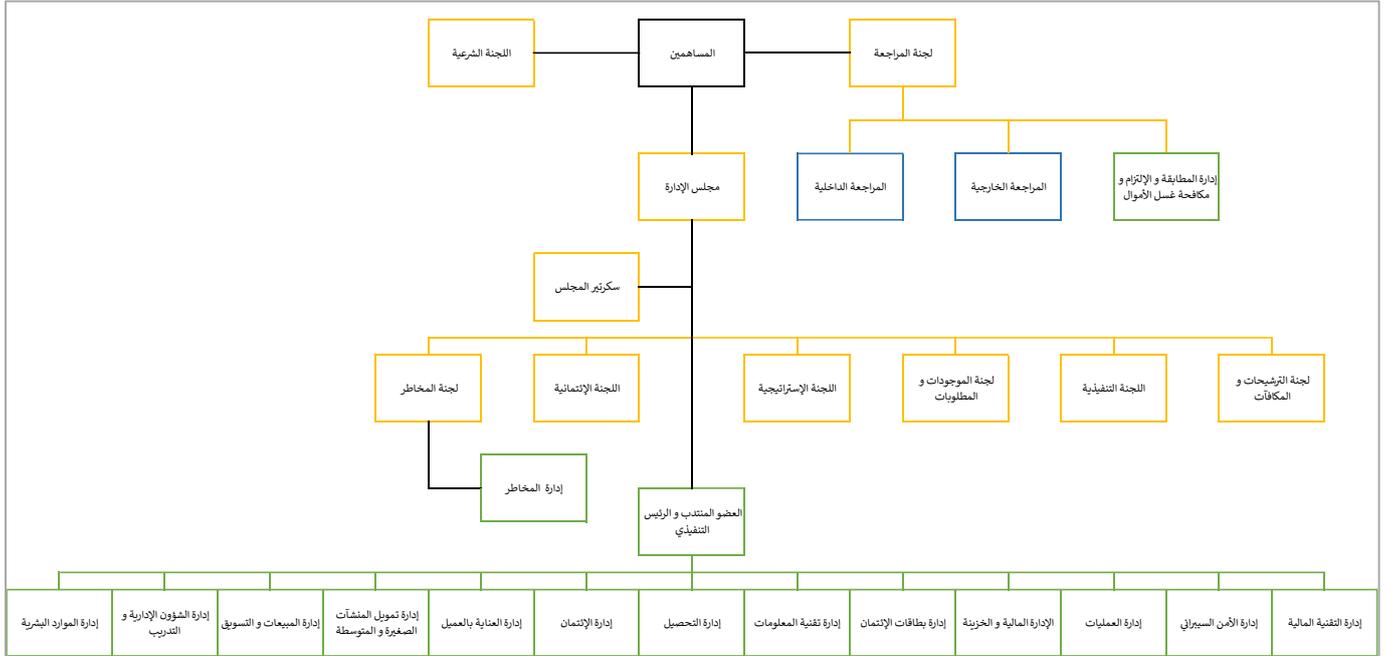
Highly qualified management team

The company has a strong and highly efficient executive and administrative management team with extensive knowledge and long professional experience through the experience they gained through their work in the banking sector. The company believes that the extensive experience of its management team, as well as the robust risk management systems and procedures it applies, will enable the company to face potential challenges.

Management

The Board of Directors is responsible for the general supervision and control of the company's business. The CEO is also responsible for managing the general day-to-day business of the company in accordance with the powers granted to him by the Board of Directors.

Company structure



Board of Directors and Secretary of the Board

The board of directors is in charge of managing the company. The board of directors is composed of nine members appointed by the general assembly via cumulative vote for a period not exceeding a maximum of three years, after fulfilling the suitability requirements set by the Central Bank of Saudi Arabia and obtaining a letter from it that includes his non-objection. The Companies Law, the Corporate Governance Regulations, the Articles of Association, and the internal governance regulations of the company define the duties and responsibilities of the Board of Directors.

The current Board includes nine (9) members, of whom eight (8) are non-executive members, and three (3) are independent members. According to the General Assembly resolution dated 01/25/1441 AH (corresponding to 09/24/2019 AD), the three-year term of membership of the Board of Directors for its current session, which is three (3) years, began on 01/26/1441 AH (corresponding to 09/25/2019) and will end On 02/27/1444 AH (corresponding to 09/24/2022 AD).

The main responsibility of the board of directors is to supervise the affairs of the company in a way that protects the interests of its shareholders and strikes a balance between the relevant

stakeholders, such as its customers, employees and suppliers. The board is responsible for reviewing the development and implementation of strategies, reviewing the selection of the chairman, chief executive officer and senior executives, following up on their performance, determining their remuneration, and ensuring transparency in communication and disclosure of financial and non-financial data.

According to Chapter 2, Article 21 to 26 of the Corporate Governance Law issued by the Capital Market Authority, and taking into account the powers granted to the General Assembly, the Board of Directors has all the necessary powers to manage the company. It retains the power to form any number of committees it deems necessary to effectively carry out governance, supervision and management of the company's operations, or delegate some of its powers to one or more managers or to other parties, without the delegation being general or indefinite.

The board relies on the Board of Directors Manual that details the role, responsibilities and tasks of the Board of Directors. This guide, together with the articles of association of the company, defines the powers and practices of corporate governance in the company. This guide has been prepared with great care, taking into account that it does not conflict with the articles of association of the company, the regulations of the Central Bank of Saudi Arabia, the Saudi Corporate Law, the corporate governance regulations issued by the Capital Market Authority and leading international practices.

Responsibilities of the Board of Directors

The following is a summary of the duties and responsibilities of the board of directors, the chairman, members, and secretary of the board:

- Defining the company's vision and values, ensuring its achievement and compliance, and providing guidance on how the company will implement that vision.
- Approving the company's main objectives and strategic plans, supervising their implementation, and monitoring the company's performance and workflow through the periodic meetings it holds during the year.
- Approval of long-term business plans.
- Ensure clarity of accountability and effective communication within the company.
- Create a positive work environment.
- Determine the appropriate capital structure for the company, its strategies and financial objectives, and approve its annual budgets. Annual review of the performance of the president to ensure that he represents the best leadership of the company in the long and short term.
- Appointing the Board Secretary and determining his remuneration and term of work, in accordance with the recommendations of the Chairman of the Board and in accordance with Article 22 of the Company's Articles of Association.
- Follow up with the management to ensure that all assets are managed efficiently and effectively, and that the capital is properly utilized, in order to maintain the long-term viability of the company and its assets.

- Overseeing the basic capital expenditures of the company and the acquisition and disposal of assets.
- Periodic review and approval of the organizational and functional structure of the company.
- Monitor the company's overall performance.
- Ensure that the company adheres to the applicable laws and regulations, accounting standards, and other matters related to the company's work.
- Ensure compliance with the company's corporate governance regulation, in addition to adherence to the company's policies and procedures
- Ensure the company's ongoing commitment to disclose important information to shareholders and other related parties.
- Ensure the integrity of financial and accounting procedures, including procedures related to preparing financial reports.
- With the exception of the Audit Committee and the Sharia Committee, forming committees affiliated with the Board of Directors with specific specializations, approving their own work regulations, appointing their members, and reviewing their performance.
- Reviewing joint venture agreements, cooperation agreements, distribution or agency agreements, or any other substantial agreements.
- Review and discuss the implications of any substantial lawsuit that was filed by or against the company.
- Review any significant judicial order or notice received from regulatory authorities.
- Review any default by the company in paying debts from assets or profits, including fines for late payments and other receivables.
- Review any claims that the company may face related to public or product liability, including any court ruling that may negatively affect the company.

Board of Directors and its Membership Classification

NO	Name	Position	Nationality	Membership Capacity	Appointment date*
1	Saud Huwaimel Faraj Al Dosari	Chairman	Saudi	Non-executive	25/09/2019
2	Abdulaziz Saud Omar Al blehed	Vice Chairman	Saudi	Non-executive	25/09/2019
3	Ata Hamad Mohammed Al Bayouk	Board member	Saudi	Non-executive	25/09/2019
4	Fahad Saleh Mohammad Al Musabhi	Board member	Saudi	Non-executive	25/09/2019
5	Abdulmohsen Abdulrahman Musaied Al Sowailem	MD & CEO	Saudi	Executive	25/09/2019
6	Saleh Nasser Suleiman Al Omair	Board member	Saudi	Independent	25/09/2019
7	Bandar Mohammed Ahmed Al Baiz	Board member	Saudi	Non-executive	25/09/2019
8	Mohammed Taher Abdulkarim Al Louzi	Board member	Jordanian	Independent	25/09/2019
9	Suleiman Ahmed Suleiman Abu Tayeh	Board member	Jordanian	Independent	25/09/2019

The above-mentioned date on the date of appointment intended by the date of the current session of the Council, which started from 25-09-2019 until 24-09-2022

board of director's members, their ownership, and the change in their ownership in 2020 and 2019 as follows: -

NO	Name	Number of Shares		The number of the wife's share and minor children	
		31-12-2020	31-12-2019	31-12-2020	31-12-2019
1	Saud Huwaimel Faraj Al Dosari	7,866,127	7,579,232	172,993	365,693
2	Abdulaziz Saud Omar Al blehed	7,252,249	7,038,450	-	-
3	Ata Hamad Mohammed Al Bayouk	-	-	-	-
4	Faha Saleh Mohammad Al Musabhi	-	-	-	-
5	Abdulmohsen Abdulrahman Musaied Al Sowailem	2,433,959	2,400,700	-	-
6	Saleh Nasser Suleiman Al Omair	-	-	-	-
7	Bandar Mohammed Ahmed Al Baiz	-	-	-	-
8	Mohammed Taher Abdulkarim Al Louzi	-	-	-	-
9	Suleiman Ahmed Suleiman Abu Tayeh	-	-	-	-

Ownership proportions

Name	Direct ownership (%)	Indirect ownership (%)
Saud Huwaimel Faraj Al Dosari	7.58%	-
Abdulaziz Saud Omar Al blehed	7.04%	-
Saleh Nasser Suleiman Al Omair	-	-
Fahad Saleh Mohammad Al Musabhi ¹	-	550,0%
Suleiman Ahmed Suleiman Abu Tayeh	-	-
Abdulmohsen Abdulrahman Musaem Al Sowailem ²	2.36%	0.78%
Bandar Mohammed Ahmed Al Baiz ³	-	0.06%
Ata Hamad Mohammed Al Bayouk	-	-
Mohammed Taher Abdulkarim Al Louzi	-	-

(1 - 2 - 3) shareholders in FALCOM Holding Company

Names of the members of the Board of Directors and the secretary of the board, their current and previous positions, qualifications and experiences:

Saud Huwaimel Faraj Al Dosari- Chairman	
Academic and scientific qualifications	Bachelor's Degree in Business Economics, Woodbury University - USA, 1979 Master of Business Administration, University of La Verne - USA, 1983
Current positions	2009-Chairman of Nayifat Financing Company 2013-Chairman of the Credit Committee at Nayifat Finance Company 2018-Chairman of the Strategic Committee at Nayifat Finance Company 2016- Board Member of the Gulf Integrated Industries Company, a closed joint stock company operating in the field of plastic industries.
Previous work experience	2002-2010 General Manager of Nayifat Finance Company 1999-2000 Vice General Manager at the Arab National Bank, a joint stock company in the field of banking services 1991-1999 General Manager of Credit Cards Department and Chairman of the Steering Committee for Measurement in Asia and the Middle East for Cards at Samba Financial Group, a joint stock company in the field of banking services 1988-1991 Manager of the VIP and Individuals Division at Samba Financial Group, a joint stock company in the field of banking services 1986-1988 Manger of Central Region Branches in Samba Financial Group, a joint stock company in the field of banking services 1984-1986 Director of Al-Kharj Branch Affairs at Samba Financial Group, a joint stock company in the field of banking services 1980-1982 Supervisor of the Equity Department at Samba Financial Group, a joint stock company in the field of banking services
Abdulaziz Saud Omar Al blehed- Vice Chairman	
Academic and scientific qualifications	Bachelor's degree in Industrial Management, University of Oregon, USA, 1981
Current positions	1981- CEO of Seder Group for Trading and Contracting. A limited liability company in the field of general contracting 2009- Vice Chairman of Nayifat Finance 2014- Member of the Nomination and Remuneration Committee at Nayifat Finance Company 2016- Board Member of the Gulf Integrated Industries Company, a closed joint stock company operating in the field of plastic industries 2018- Board member of Masarat Integrated Company for Car Rentals, a closed joint stock company in the field of car rental 2019- Chairman of the Executive Committee of the Nayifat Finance Company
Previous work experience	2010-2016 Board Member of the Al Ahlia for Cooperative Insurance, a joint stock company in the field of insurance
Saleh Nasser Suleiman Al Omair- Board member	
Academic and scientific qualifications	Master in Change Management, Swansea University, Wales - Britain, 2010 Bachelor's degree in Business Management, University of South Florida, USA, 1981 American Fellowship in Health Insurance, Health Insurance Association of America (HIAA), USA, 2000 Certificate of Professional Competence in General Insurance, The Chartered Institute of Insurance - Britain, 1994
Current positions	2016- Board member of Nayifat Finance Company 2106- Member of the Assets and Liabilities Committee of Nayifat Finance Company 2019- Member of the Risk Committee at Nayifat Finance Company 2020- Board Member of the Investment Funds of FALCOM Financial Company.
Previous work experience	2017- Board Member of the United Insurance Company, and Chairman of the Risk Committee. A public shareholding company operating in the field of insurance 2010-2013: Board Member and Chairman of the Executive Committee of Najm Insurance Services Company, a closed joint stock company operating in the field of managing activities related to insured car accidents 2011-2013: CEO of Amana Cooperative Insurance Company and member of the Investment Committee. A joint stock company operating in the field of insurance 2006-2010: CEO of Solidarity Saudi Takaful Co. a public joint stock company operating in the insurance field 1993-2006: Vice President of the Tawuniya Insurance Company, a public joint stock company operating in the field of insurance 1982-1990: Manager of Strategic Training and Human Resources at Saudi Telecom

Fahad Saleh Mohammad Al Musabhi- Board member	
Academic and scientific qualifications	Bachelor's in Accounting, King Saud University, Saudi Arabia, 1987 Member / Saudi Organization for Certified Public Accountants (SOCPA)- Kingdom of Saudi Arabia - 1992 AD
Current positions	2007- Chairman of the Saudi Med Investment Company, a joint stock company operating in the field of financial services, a closed joint stock company 2013- Board Member at Nayifat Finance Company 2014- Member of the Credit Committee at Nayifat Finance Company 2014- Chairman of the Group Med Insurance Broker CO. a closed joint stock company, working in the field of insurance brokerage 2016- Member of the Nomination and Remuneration Committee at Nayifat Finance Company 2016- Chairman of the Gulf Integrated Industries Company, a closed joint stock company operating in the field of plastic industries 2017- Chairman of Masarat Integrated Company for Car Rentals, a closed joint stock company in the field of car rental
Previous work experience	1988-2017 Senior Consultant, Saudi Oger, a limited liability company working in the field of contracting 2010-2015 Board Member of Filing and Packing Materials Manufacturing Co. FIPCO, a joint stock company working in the packaging field 2010-2013 Board Member of Amana Cooperative Insurance Company, a joint stock company working in the field of insurance 2005-2018 Board Member for Saudi Oger Telecom, a limited liability company, working in the telecommunications field

Abdulmohsen Abdulrahman MUSAED Al SOWAILEM- MD & CEO	
Academic and scientific qualifications	Bachelor of Business management, King Saud University, Kingdom of Saudi Arabia, 1992 Financial Adviser, Ministry of Trade and Investment License No. 130, Kingdom of Saudi Arabia, 2003 Administrative Consultant, Ministry of Trade and Investment License No. 245, Kingdom of Saudi Arabia, 1997
Current positions	2103- Board Member at Nayifat Finance Company 2006- Board Member of FALCOM Financial Services CO. a closed joint stock company operating in the field of financial services 2014- - MD & CEO at Nayifat Finance Company 2015- Member of the Assets and Liabilities Committee of Nayifat Finance Company 2016- Board Member of the Gulf Integrated Industries Company, a closed joint stock company operating in the field of plastic industries 2016- Chairman of Masarat Integrated Company for Car Rentals, a closed joint stock company in the field of car rental 2017- Board Member of FALCOM Holding, a closed joint stock company operating in the field of investment
Previous work experience	2010-2014 CEO of Integrated logistics services provider company, a closed joint stock company operating in the field of logistics services 2010-2016 Board Member of the Saudi Ceramics Company, a joint stock company working in the field of ceramics 2010-2016 Board Member of Filing and Packing Materials Manufacturing Co. FIPCO, a joint stock company working in the packaging field 2008-2016 Board Member of Integrated logistics services provider company, a closed joint stock company operating in the field of logistics services 2009-2012 Board Member of the Arabian Pipes co. a joint stock company operating in the field of pipe industry 2003-2005 Manager of Marketing management and Segment Strategy in Business Development at Al-Rajhi Bank, a joint stock company operating in the field of banking services 1999-2003 Head of Marketing Department at Arab National Bank, a joint stock company operating in the field of banking services 1993-1999 Senior Manager at the Saudi American Bank (currently Samba Financial Group), a joint stock company operating in the field of banking services

Bandar Mohammed Ahmed Al Baiz- Board member	
Academic and scientific qualifications	Bachelor's degree in Accounting, King Saud University, Saudi Arabia, 2001
Current positions	2013- Board Member at Nayifat Finance Company 2015- Member of the Nomination and Remuneration Committee at Nayifat Finance Company 2015- Member of the Executive Committee of the Nayifat Finance Company 2016- Member of the Risk Committee at Nayifat Finance Company 2014- Manager of Operations Department at FALCOM Financial Services CO. a joint stock company operating in the field of financial services
Previous work experience	2013-2014 Manager of Operations (Acting) at FALCOM Financial Services CO, a joint stock company operating in the field of financial services 2007-2013 Operations Supervisor at FALCOM Financial Services co. a joint stock company working in the field of financial services 2005- 2006 Client accounts manager at Al-Jazira Securities Company (currently Al-Jazira Capital), a limited liability company operating in the field of financial services 2002-2005 Assistant manager of Operations at Riyadh Bank, a joint stock company working in the field of financial services

Ata Hamad Mohammed Al Bayouk	
Academic and scientific qualifications	Bachelor's degree in Accounting and Business management, King Saud University, Kingdom of Saudi Arabia, 1963 Fellowship from the Academy of Chartered Accountants, United Kingdom, 1973 Fellowship from the Association of Accountants and Auditors, Arab Republic of Egypt, 1974 Membership (founding member) of the Saudi Organization for Certified Public Accountants in the Kingdom of Saudi Arabia, 1992
Current positions	2016- Board Member at Nayifat Finance Company 2016- Chairman of the Risk Committee at Nayifat Finance Company 2016- Board Member Gulf Integrated Industries Company, a closed joint stock company operating in the field of plastic industries. 2017- Board Member at Masarat Integrated Company for Car Rentals, a closed joint stock company in the field of car 1990- Manager of Al-Faisaliah group for Management Consulting , a professional individual establishment operating in the field of management consulting

	1985- Manager of Albuik Translation Company, a professional individual establishment operating in translation 1977- manager of Albuik Certified Accountants office, a professional individual establishment operating in financial services
Previous work experience	2011-2014 Board Member at FALCOM Financial Services, a closed joint stock company operating in the field of financial services 1973-1984 Managing Partner at Ernst & Young, Riyadh, a closed joint stock company operating in the field of legal accounting 1970-1973 Trainee Accountant, Neville Russell Chartered Accountants, UK, office operating in the field of legal accounting 1963-1970 Accountant and vice manager of financial management at PERTOMIN, a joint stock company operating in oil refining and derivatives

Mohammed Taher Abdulkarim Al Louzi- Board member

Academic and scientific qualifications	BA in Economics and Statistics, The University of Jordan, The Hashemite Kingdom of Jordan, 1990 Master in Corporate Finance, University of Salford / Manchester, UK, 2000 Certified Financial Analyst (CFA) Certificate, Institute of Chartered Financial Analysts, USA 2006 Certificate of Initial Public Offerings (CIPOS), American Academy of Financial Management (AAFM), USA, 2007 General Certificate for dealing in securities (CME 1), Financial Market Authority, Kingdom of Saudi Arabia, 2009 AD
Current positions	2017- Board Member at Nayifat Finance Company 2017- Vice Executive President of Saudi Kuwaiti Finance House, a joint stock company in the field of financial services
Previous work experience	2013-2017: Manager of Investment Banking and Private Equity at Saudi Kuwaiti Finance House, a joint stock company in the field of financial services 2006-2013: manager of the Investment Banking Group at FALCOM Financial Services co. a joint stock company in the field of financial services 2004-2006: Member of the Training Authority at the Banking Institute at the Saudi Central Bank(previously known as SAMA) 200-2004: Head of the Corporate Finance Department at the Social Security Investment Fund in the Hashemite Kingdom of Jordan 1991-2002: Portfolio Manager and Senior Financial Analyst at the Equity and Projects Department of the Social Security Corporation in the Hashemite Kingdom of Jordan

Suleiman Ahmed Suleiman Abu Tayeh- Board member

Academic and scientific qualifications	Certified Financial Analyst Certificate (Level 1) from the Chartered Financial Analyst Institute in the USA, 2010 Certificate (CME 1) from the Financial Market Authority in the Kingdom of Saudi Arabia, 2009 Certified Public Accountant Certificate from the California Board of accounting in the USA, 2004 Bachelor's degree in Accounting from the University of Jordan in the Hashemite Kingdom of Jordan, 1998
Current positions	2012: Head of Accounting and Finance Department at the Islamic Corporation for the Insurance of Investment and Export Credit (ICIEC) 2012: Member of the Islamic Development Bank
Previous work experience	2006-2012: Financial manager at FALCOM Financial Services co. 200-2006: Manager of the Administrative Accounting Unit at Bank Albilad 2003-2004: Business Risk Services Auditor at Ernst & Young 1999-2003: Internal Auditor at Al-Ajimi association. 1991 - 2002: Portfolio Manager and Senior Financial Analyst at the Shares and Projects Department at the Social Security Corporation in the Hashemite Kingdom of Jordan

Hussein Muhammad Salem Al-Shakra- Secretary of the Board of Directors

Academic and scientific qualifications	Bachelor of Arts in the College of Arts, King Saud University - Riyadh, 2002 Certified Accountant Course for Non-Accountants from the Chamber of Commerce and Industry in Riyadh, 2004 Certificate of Professional Small MBA (Mini MBA) from the Arab Union for Human Resources Development in Turkey, 2012
Current positions	2009- Secretary of the Board of Directors at Nayifat Finance Company
Previous work experience	2009-2017: Head of Small and Medium Enterprises Finance Department 2002-2009: Manager of Credit and Risk at Nayifat Finance Company 2002-2002: Credit Cards Coordinator at Alawwal Bank 1996-2002: Credit Cards Coordinator at Samba Group

Board Meetings

The Board of Directors held for the current session during the year 2020 (4) meetings. Below is a list of the names of the members of the Board of Directors and the attendees according to the following schedule:

No	Name	Dates for the 2020 Board meetings				Number of attendees	Attendance rate	
		Membership	09/02	16/11	15/12			29/12
1	Saud Huwaimel Faraj Al Dosari	Chairman	√	√	√	√	4	100%
2	Abdulaziz Saud Omar Al blehed	Vice chairman	√	√	√	√	4	100%
3	Fahad Saleh Mohammad Al Musabhi	Member	√	√	√	√	4	100%
4	Ata Hamad Mohammed Al Bayouk	Member	√	√	√	√	4	100%
5	Abdulmohsen Abdulrahman Musaed Al Sowailem	Member	√	√	√	√	4	100%
6	Saleh Nasser Suleiman Al Omair	Member	√	√	√	√	4	100%
7	Bandar Mohammed Ahmed Al Baiz	Member	√	√	X	√	3	75%
8	Mohammed Taher Abdulkarim Al Louzi	Member	√	√	√	√	4	100%
9	Suleiman Ahmed Suleiman Abu Tayeh	Member	√	√	√	√	4	100%

Board Committees

Sharia Committee

The Sharia Committee is in charge of supervising the Company's business from a Sharia perspective, and it was formed according to a decision from the General Assembly, and is specialized in the following:

- Study and review the Company's investment objectives and policies to ensure their compliance with Sharia provisions
- Review new products, contracts and agreements concluded by the Company
- Issuing fatwas and decisions to manage the Company regarding issues related to work in accordance with the provisions of Islamic Sharia
- Periodic monitoring of all Company business through the Internal Sharia Supervision Department
- Submit an annual Sharia report on the Company's business and its commitment to Sharia controls

The Company's management is bound by the directives, controls and decisions issued by the Sharia committee and ensures that they are applied in all the Company's business. The Sharia Board submitted the annual report for the period ending from January 1 to December 31, 2017, in which it confirmed that the Company adhered to the provisions and principles of sharia, in accordance with the fatwas and directives issued by the Sharia Board. The Sharia committee consists of the following members, who have been appointed by the extraordinary General Assembly of the Company, according to its decision 26/01/1440 H corresponding to (25/09/2019), provided that the period of the session ends on 03/03/1444 AH (corresponding to 25/09/2022):

Sharia Committee members

Name	Position
Sheikh Abdullah Bin Sulaiman Al Manea	Chairman
Sheikh Dr. Muhammad A. Elgari	Member
Sheikh Abdulrahman bin Abdulaziz Al-Nafisa	Member

CVs of the Sharia Committee members

Sheikh Abdullah Bin Sulaiman Al Manea - Chairman	
POSITION	Chairman
Academic and scientific qualifications	Bachelor's degree in Arabic language from Imam Muhammad bin Saud University in the Kingdom of Saudi Arabia, in 1957 MA in Comparative Fiqh from the Higher Judicial Institute in the Kingdom of Saudi Arabia, in 1969
Current positions	2008- Sharia advisor in the Royal Court of Saudi Arabia 1990- a member of a group of private and public Sharia boards and bodies, most of which are Sharia bodies of financial institutions 1980- Member of the Islamic and International Fiqh Councils 1971- Member of the Council of Senior Scholars in the Kingdom of Saudi Arabia
Previous work experience	1996-2000: Head of the Court of Cassation in the Western Region in Makkah Al-Mukarramah 1976-1996: Cassation judge in the Court of Cassation in the Western Region of Makkah Al-Mukarramah 1975-1976: Vice General Mufti, Sheikh Abdulaziz bin Baz, may God have mercy on him, in sharia, administrative and financial affairs 1969-1971: Member of the Supreme Judicial Authority in the Kingdom of Saudi Arabia 1957-1969: Member of Iftaa under the leadership of the Grand Mufti of the Kingdom of Saudi Arabia, Sheikh Muhammad bin Ibrahim, may God have mercy on him

Sheikh Dr. Muhammad A. Elgari- sharia member	
Position	Sharia Member
Academic and scientific qualifications	PhD in economics from the University of California, USA, in 1984 Master's degree in economics from the University of California, USA, in 1981 Bachelor's degree in economics from King Abdulaziz University in the Kingdom of Saudi Arabia, in 1975
Current positions	2000- Member of the Sharia Board of the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIF) 2005- Expert in the Islamic Fiqh Academy - Organization of Islamic Cooperation 1998- Member of the Sharia Board of the Dow Jones Islamic Market Index (New York) 1990- Member of the Editorial Board of the "Islamic Economics" magazine of the International Association of Islamic Economics Britain) 1990- Member of the editorial board of the "Fiqh Council" magazine issued by the Fiqh Academy of the Muslim World League 1998- A member of a group of legitimate boards and bodies of financial institutions worldwide 1985- Expert in the International Islamic Fiqh Academy of the Organization of the Islamic Conference
Previous work experience	2000-2008: Manager of the Islamic Economics Research Center at King Abdulaziz University 1975-2008: Professor of Islamic Economics at King Abdulaziz University in Jeddah

Sheikh Abdulrahman bin Abdulaziz Al-Nafisa- sharia member	
Position	Sharia Member
Academic and scientific qualifications	Bachelor's degree in Sharia from Imam Muhammad bin Saud Islamic University in Saudi Arabia, 2015 Master's degree in sociology from King Saud University in the Kingdom of Saudi Arabia, 2008 Master's degree in Islamic economics from the American University of Washington in the U S A, 2007 Bachelor's degree in Sociology from Imam Muhammad bin Saud Islamic University in the Kingdom of Saudi Arabia, 1994 PhD in Islamic Economics, 2019
Current positions	2016- Member of the Sharia Committee of the Nayifat Finance Company 2014- Member of the Sharia Supervisory Board for a number of investment and financial companies 2005- Secretary of the Sharia Board and manager of the Sharia Supervision Department at FALCOM Financial Services co. 2010- Associate lecturer with Imam Muhammad bin Saud Islamic University
Previous work experience	1994-2005: guidance counselor in the Ministry of Education 1992-1993: A social worker at the Ministry of Labor and Social Development

Sharia Committee meetings:

The Committee held (10) meetings during the year 2020

NO	Name	Membership	Dates for the Sharia Committee meetings for the year 2020														Total	Attendance rate		
			19/2	26/2	11/3	31/3	23/4	11/6	3/7	23/7	13/8	8/9	6/10	4/11	20/11	14/12			28/12	
1	Sheikh Abdullah Bin Sulaiman Al Manea	Chairman	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	10	100%
2	Sheikh Dr. Muhammad A. Elgari	member	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	10	100%
3	Sheikh Abdulrahman Abdulaziz Al-Nafisa	member	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	10	100%

The Sharia Committee presented the annual report for the period ending 2020 in which it confirmed that the company adhered to the provisions and principles of Islamic law in accordance with the fatwas and directives issued by the Sharia Committee.

Audit Committee

The main role of the Audit Committee shall be to monitor the Company's business and affairs and assist the Board of Directors in supervising the following:

- Integrity, effectiveness and accuracy of the Company's financial statements and reports
- The Company's commitment to legal and regulatory rules and requirements
- Qualifications, independence and performance of the Company's external auditor
- The performance, integrity and effectiveness of the Company's control, internal audit and financial reporting systems. The Audit Committee shall supervise three independent groups, and ensure that the Company conducts its business in an appropriate manner with the following three groups:
 - The Company's Internal Audit Department (Nayifat Company has sought assistance from (KPMG Co.) to carry out the entire internal audit works).
 - The Company's external auditor.
 - Conformity and Compliance Department and Anti-Money Laundering Department.

The duties and responsibilities of the Audit Committee shall include the following:

Financial Statements:

- Studying the initial and annual financial statements of the Company and all announcements related to the financial position of the Company before submitting them to the Board of Directors and expressing its opinion and recommendation in this regard; in order to ensure its integrity, fairness and transparency.
- Expressing a technical opinion - upon the request of the Board of Directors - on whether the report of the Board of Directors and the financial statements of the Company are fair, balanced and understandable, and include information that allows shareholders and investors to evaluate the financial position of the Company, its performance, business model and strategy.
- Studying any important or unfamiliar issues included in the Company's financial statements and reports.
- Carefully researching any issues raised by the CEO, CFO (or their representatives), compliance manager, internal auditor, or auditor.
- Verifying the accounting estimates in the fundamental issues mentioned in the Company's financial reports.
- Studying the accounting policies used and giving opinions and recommendations to the Board of Directors in this regard.

Internal Audit

- Studying and reviewing the Company's internal, financial and risk management systems.
- Examining the internal audit reports and following up on the implementation of corrective measures for the observations contained therein.
- Controlling and supervising the performance and activities of the internal auditor and the internal audit department in the Company to verify the availability of the necessary resources and their effectiveness in performing the works and duties assigned thereto.
- Approving the Company's internal audit regulation.
- Recommending to the Board of Directors regarding the appointment, removal and remuneration of the Company's internal auditor.

External Audit

- Recommending to the Board of Directors to nominate and dismiss the auditor and determine his fees, after verifying his independence and reviewing the scope of his work and the terms of contracting with him.
- Verifying the auditor's independence, objectivity and fairness, and the effectiveness of the audit works, taking into account the relevant rules and standards.
- Reviewing the Company's auditor's plan and business, verifying that no technical or administrative works are submitted outside the scope of the audit works, and expressing its views thereon.
- Responding to the auditor's inquiries.
- Studying the auditor's report, remarks, and reservations on the Company's financial statements, and following up on the procedures taken in their regard.

Commitment Guarantee

- Auditing the outcomes of the reports and investigations of the supervisory or regulatory authorities, and verifying that the Company has taken the necessary actions in this regard.
- Verifying the Company's commitment to the relevant laws, regulations, policies and instructions.
- Reviewing the contracts and transactions proposed to be made by the Company with related parties, and submitting its opinions and recommendations in this regard to the Board of Directors.
- Referring the issues it deems necessary to take action in their regard to the Board of Directors, and making recommendations on the procedures to be taken.

Meetings

The Audit Committee shall periodically hold meetings, provided that its meetings shall not less than four meetings during the Company's fiscal year. The Audit Committee shall periodically hold meetings with the Company's auditor and internal auditor, if any. The internal auditor and auditor may request a meeting with the Audit Committee whenever the need arises.

Other Duties

Establishing a mechanism that allows the employees of the Company to submit their comments regarding any breach of financial or other reports in confidence. The Committee shall verify the application of this mechanism by conducting an independent investigation commensurate with the amount of the mistake or omission and adopting appropriate follow-up procedures. Initiating and supervising special investigations as needed. Carrying out other related works upon the request of the Board of Directors.

In the event of any conflict between the recommendations of the Audit Committee and the decisions of the Board of Directors, or if the Board refuses to take into account the Committee's recommendation regarding the appointment of the Company's auditor, dismissal, determination of fees and evaluation of his performance, or the appointment of the internal auditor, the Board's report shall include the Committee's recommendation and justifications, and the reasons for not taking it into account.

The Audit Committee, in order to perform its duties, shall:

- have the right to review the Company's records and documents;
- request any clarification or statement from members of the Board of Directors or the Executive Management;
- ask the Board of Directors to invite the General Assembly of the Company to convene if the Board of Directors impedes its work or the Company suffers massive damage or losses. The General Assembly of the Company, based on a proposal from the Board of Directors, shall issue the Audit Committee's work regulations, provided that this regulation shall include the controls and procedures for the Committee's work, its duties, the rules for selecting its members, how to nominate them, their membership period, their remuneration, and the mechanism for temporarily appointing its members in the event that one of the Committee seats becomes vacant. The Audit Committee shall consist of at least three members from shareholders or others, provided that at least one of them shall be an independent member, and does not include any of the executive members of the Board of Directors, and that among them shall be a specialist in financial and accounting affairs. It is not permissible for anyone who works or has been working during the past two years in the executive or financial management of the Company, or with the Company's auditor, to be a member of the Audit Committee.

The Audit Committee shall currently consist of the following members, who were appointed by the Company's extraordinary General Assembly according to its decision dated 26/01/1440 AH, corresponding to (25/09/2019 AD), provided that the term of the session shall end on 03/03/1444 AH (corresponding to 25/09/2022 AD):

Members of the Audit Committee

Name	Job Title
Mohammed Ali Mohammed Al-Hawqal	Chairman
Sulaiman Ahmed Sulaiman Abu Tayeh	Member
Mohammed Taher Abdul Karim Al-Lawzi	Member
Bandar bin Mohammed bin Ahmed Al-Beez	Member

CVs of the Members of the Audit Committee

Mohammed Ali Mohammed Al-Hawqal, Chairman of the Audit Committee	
Academic and scientific qualifications	Master of Business Administration from the University of Wisconsin Whitewater in the United States of America, 1989G. Bachelor's degree in Business Administration from Concordia University, Portland, Oregon, USA, 1985.
Previous Work Experience	2009 - 2018 AD: Served as a member of the Board of Directors at Nayifat Finance Company. 2007 - 2016 AD: Held the position of General Manager (Corporate Banking Services Group) at Samba Financial Group. 2003 - 2007 AD: Held the position of Regional Manager for the Central Region (Corporate Banking Services Group) at Alawwal Bank. 1997 - 2003 AD: Head of the Department (Corporate and Investment Banking Services Group) at the Saudi American Bank. 1995 - 1997 AD: Senior Relationship Manager (Corporate and Investment Banking Services) at the Saudi American Bank. 1992 - 1995 AD: Relationship Manager (Corporate and Investment Banking Services) at the Saudi American Bank. 1990 - 1992 AD: Held the position of Production Officer / Head of Unit (Service Management Group) at the Saudi American Bank. 1989 - 1989 AD: An executive trainee at the Saudi American Bank.

Sulaiman Ahmed Sulaiman Abu Tayeh, Member of the Audit Committee	
CV	Please refer to the section "Cvs of the Board of Directors' Members and the Board Secretary" in this section.

Mohammed TaHER Abdul Karim Al-Lawzi, Member of the Audit Committee	
CV	Please refer to the section "Cvs of the Board of Directors' Members and the Board Secretary" in this section.

Bandar bin Mohammed bin Ahmed Al-Beez, Member of the Audit Committee	
CV	Please refer to the section "Cvs of the Board of Directors' Members and the Board Secretary" in this section.

The Audit Committee Meetings

The Committee held (6) meetings during the year 2020:

No.	Name	Membership	Dates of the Audit Committee Meetings for the Year 2020						Total	Percentage for Attendance
			02/02	22/04	23/07	14/09	22/10	27/12		
1	Mohammed Ali Mohammed Al-Hawqal	Chairman	√	√	√	√	√	√	5	100%
2	Bandar bin Mohammed bin Ahmed Al-Beez	Member	√	√	√	√	√	√	5	100%
3	Sulaiman Ahmed Sulaiman Abu Tayeh	Member	√	√	√	√	√	√	5	100%
4	Mohammed TaHER Abdul Karim Al-Lawzi	Member	√	√	√	√	√	√	5	100%

The Committee has prepared a report on the Company's business for the fiscal year 2020

Nomination and Remuneration Committee

The Remuneration and Nomination Committee undertakes the duties of nominating the members of the Board of Directors and establishing the remuneration policy for the Board members and members of the Company's senior management. The duties and responsibilities of the Nomination and Remuneration Committee shall include the following:

Nominations:

- Proposing clear policies and standards for membership in the Board of Directors and Executive Management.
- Nominating the persons desiring to nominate for membership in the Board of Directors and presenting them to the General Assembly.
- Recommending to the Board of Directors to nominate and re-nominate members in accordance with the approved policies and standards, taking into account not to nominate any person previously convicted of a breach of trust, and taking into account

- the terms and conditions stated in the Corporate Governance Regulations, and the requirements decided by the Authority.
- Preparing a description of the capabilities and qualifications required for membership in the Board of Directors and occupying Executive Management positions.
 - Determining the time that the member shall allocate to the works of the Board of Directors.
 - Annual review of the necessary needs of skills or appropriate expertise for the Board of Directors membership and Executive Management functions.
 - Reviewing the structure of the Board of Directors and Executive Management and providing recommendations regarding possible changes.
 - Annually verifying the independence of independent members, and the absence of any conflict of interest if the member occupies the Board of Directors of another company.
 - Establishing job descriptions for executive members, non-executive members, independent members and senior executives.
 - Developing special procedures in the event that the position of a member of the Board of Directors or a senior executive becomes vacant.
 - Identifying weaknesses and strengths in the Board of Directors, and proposing solutions to address them in line with the Company's interest.
 - Posting the nomination announcement on the Company's website, the market's website, and in any other means specified by the Authority; This is to invite persons desiring to nominate for membership in the Board of Directors, provided that the chance for nomination remains available for at least one month from the date of the announcement.

Remuneration

Preparing a clear policy for the remuneration of members of the Board of Directors and the committees emanating from the Board and the Executive Management, and submitting it to the Board of Directors for consideration in preparation for approval by the General Assembly, taking into account in this policy that standards related to performance shall be followed, disclosed, and their implementation verified. The following shall also be taken into account in this policy:

- Its consistency with the Company's strategy and objectives.
- Remuneration shall be provided for the purpose of urging members of the Board of Directors and Executive Management to succeed and develop the Company in the long term, such as linking the variable part of remuneration to performance in the long term.
- Remuneration shall be determined based on the level of the position, the duties and responsibilities assigned to the occupant, academic qualifications, work experience, skills, and level of performance.
- Its consistency with the amount, nature and degree of risks of the Company.
- Taking into account the practices of other companies in determining remuneration, while avoiding the unjustified increase in remuneration and compensations that may result therefrom.
- The aim to attract, maintain and motivate professional competencies, without exaggerating them.

- Cases of stopping the payment of the remuneration or refunding it if it appears that it was decided based on inaccurate information provided by a member of the Board of Directors or the Executive Management; This is to prevent the exploitation of the employment situation to obtain undue remuneration.
- Organizing the award of shares in the Company to members of the Board of Directors and the Executive Management, whether it is a new issue or shares purchased by the Company.
- Clarifying the relationship between the remuneration awarded and the applicable remuneration policy, and indicating any material deviation from this policy.
- Periodic reviewing the remuneration policy, and evaluating its effectiveness in achieving the objectives envisioned.
- Recommending to the Board of Directors the remuneration of the members of the Board of Directors and the committees emanating therefrom and the senior executives of the Company in accordance with the approved policy.

Meetings:

- The Nomination and Remuneration Committee shall periodically hold meetings at least every six months, and whenever the need arises.

Other Duties:

- Carrying out other related works as requested by the Board of Directors.
- The General Assembly of the Company, based on a proposal from the Board of Directors, shall issue the work regulations for the Nomination and Remuneration Committee, provided that these regulations shall include the controls and procedures of the Committee's work, its duties, the rules for selecting its members, their membership period, and their remuneration.
- The Nomination and Remuneration Committee shall consist of at least three members from the shareholders or others, provided that at least one of them is an independent member, and it does not include any of the executive members of the Board of Directors.

The current Nomination and Remuneration Committee consists of the following members who have been appointed according to the Board's decision dated 26/01/1440 AH, corresponding to 25/09/2019 AD, provided that the term of the session shall end on 03/03/1444 AH (corresponding to 25/09/2022 AD):

Members of the Nomination and Remuneration Committee

Name	Job Title
Mohammed Taher Abdul Karim Al-Lawzi	Chairman
Abdul Aziz Saud Omar Al-Blehed	Member
Fahd Saleh Mohammed Al-Masbahi	Member
Bandar Mohammed Ahmed Al-Beez	Member

CVs of Members of the Nomination and Remuneration Committee

Mohammed Taher Abdul Kareem Al-Lawzi, Chairman of the Nomination and Remuneration Committee	
CV	Please refer to the section "Cvs of the Board of Directors' Members and the Board Secretary" in this section.

Abdulaziz Saud Omar Al-Blehed, Member of the Nomination and Remuneration Committee	
CV	Please refer to the section "Cvs of the Board of Directors' Members and the Board Secretary" in this section.

Fahad Saleh Mohammed Al-Masbahi, Member of the Nomination and Remuneration Committee	
CV	Please refer to the section "Cvs of the Board of Directors' Members and the Board Secretary" in this section.

Bandar Mohammed Ahmed Al-Beez, Member of the Nomination and Remuneration Committee	
CV	Please refer to the section "Cvs of the Board of Directors' Members and the Board Secretary" in this section.

Nomination and Remuneration Committee Meetings

The Committee held (5) meetings during the year 2020, and this Committee did not undergo any amendment with regard to members:

#	Name	Membership	Dates of the Nomination and Remuneration Committee Meetings for the Year 2020					Total	Percentage for Attendance
			28/01	31/05	22/10	13/12	15/12		
1	Mohammed bin Taher Al-Lawzi	Chairman	√	√	√	√	√	5	100%
2	Abdul Aziz bin Saud Al-Blehed	Member	√	√	√	√	√	5	100%
3	Fahad bin Saleh Al-Masbahi	Member	√	√	√	√	√	5	100%
4	Bandar bin Mohammed Al-Beez	Member	√	√	√	√	√	5	100%

Risk Committee

The duties and responsibilities of the Risk Management Committee shall include the following:

- Developing a comprehensive risk management strategy and policies commensurate with the nature and amount of the Company's activities, and verifying, reviewing and updating their implementation based on the internal and external variables of the Company.
- Determining and maintaining an acceptable level of risks that the Company may be exposed to, and verifying that the Company does not exceed it.
- Verifying the feasibility of continuing the Company and successfully continuing its activity, along with identifying the risks that threaten its continuation during the next twelve months.
- Supervising the Company's risk management system and evaluating the effectiveness of the systems and mechanisms for identifying, measuring and following up the risks that the Company may be exposed thereto; in order to determine its shortcomings.
- Periodically reassessing the Company's ability to withstand risks and its exposure thereto (by conducting stress tests, for example).
- Preparing detailed reports on exposure to risks and the proposed steps for managing these risks, and submitting them to the Board of Directors.
- Submitting recommendations to the Board on issues related to risk management.
- Ensuring the availability of adequate resources and systems for risk management.
- Reviewing the organizational structure of risk management and making recommendations prior to its approval by the Board of Directors.
- Verifying the independence of the risk management personnel from the activities that may lead to the Company's exposure to risks.
- Verifying that risk management personnel understand the risks surrounding the Company, and work to increase awareness of the risk culture.

- Reviewing the issues raised by the Audit Committee that may affect the risk management in the Company.

Members of the Risk Committee

Name	Job Title
Atta Hamad Mohammed Al-Bayouk	Chairman
Bandar Mohammed Ahmed Al-Beez	Member
Saleh Sulaiman Al-Omair	Member

CVs of the Members of the Risk Committee

Atta Hamad Mohammed Al-Bayouk, Chairman of the Risk Management Committee	
CV	Please refer to the section "Cvs of the Board of Directors' Members and the Board Secretary" in this section.

Bandar Mohammed Ahmed Al-Beez, Member of the Nomination and Remuneration Committee	
CV	Please refer to the section "Cvs of the Board of Directors' Members and the Board Secretary" in this section.

Saleh Sulaiman Al-Omair, Member of the Nomination and Remuneration Committee	
CV	Please refer to the section "Cvs of the Board of Directors' Members and the Board Secretary" in this section.

Risk Committee Meetings

The Committee held (5) meetings in the year 2020

#	Name	Membership	Dates of the Risk Committee Meetings for the Year 2020 AD					Total	Percentage for Attendance
			20/04	22/04	02/09	29/10	03/12		
1	Atta bin Hamad Al-Bayouk	Chairman	√	√	√	√	√	5	100%
2	Abdulaziz bin Saud Al-Blehed	Member	√	√	√	√	√	5	100%
3	Saleh bin Sulaiman Al-Omair	Member	√	√	√	√	√	5	100%

Executive Committee

The Executive Committee aims to assist the CEO and the Managing Director in carrying out the activities and duties assigned to him by the Chairman of the Board of Directors, to ensure the efficiency of the Company's operations and it has the right to exercise all the powers granted to it by the Chairman of the Board of Directors, including:

- Reviewing the Company's strategies and objectives and providing recommendations in this regard.
- Reviewing proposed long-term business plans, financial and operational plans, and submitting recommendations to the Chairman.
- Approving the proposed short and medium-term business plans and financial and operating plans in line with the approved long-term plans of the Company.
- Reviewing Islamic finance products and banking facilities and approving all new products and businesses.
- Approving the credit limits that exceed the authority of the Credit Committee according to the powers matrix.
- Approving write-offs of doubtful debts from small and medium enterprises.
- Reviewing and approving annual staff budgets, operating and capital expenditures, and approving key positions.
- Reviewing the Chairman's recommendations on joint ventures, agreements, acquisitions, and divestitures, in line with business and long-term financial and operational plans.

- Evaluating and making recommendations to the Chairman of the Board of Directors with regard to selling, renting or exchanging the Company's property or assets.
- Approving the establishment of branch offices in line with the approved strategies of the Company, business plans and long-term financial and operational plans of the Company.
- Approving the Company's policies and procedures, except for those related to accounting and compliance which are reviewed by the Audit Committee.
- Making recommendations to the Chairman of the Board of Directors regarding investment plans, including the investment of surplus funds of the Company.
- Receiving and discussing reports received from Management regarding legal correspondence, litigation or important issues, and recommending to the Chairman of the Board of Directors to take the necessary procedures.
- Monitoring the performance of the Company and its individual business units, and requesting clarifications and explanations regarding any deviation from the approved plans and budget.
- Studying performance information through the observations and comments of interested parties and benchmark them with similar organizations and activities.
- Approving operating and capital expenditures within the limits of its authority and in accordance with the authority matrix of the Company.
- Any other duties delegated by the Chairman of the Board of Directors from time to time.

The Executive Committee shall consist of the following members who have been appointed pursuant to the Board's decision dated 26/01/1440 AH, corresponding to (25/09/2019), provided that the term of the session shall end on 03/03/1444 AH (corresponding to 25/09/2022):

Members of the Executive Committee

Name	Job Title
Abdul Aziz Saud Omar Al-Blehed	Chairman
Abdul Mohsen Abdul Rahman Musaed Al-Swailem	Member
Fahd Saleh Mohammed Al-Masbahi	Member
Bandar Mohammed Ahmed Al-Beez	Member

CVs of members of the Executive Committee

Abdul Aziz Saud Omar Al-Blehed, Chairman of the Executive Committee	
CV	Please refer to the section "Cvs of the Board of Directors' Members and the Board Secretary" in this section.

Abdul-Mohsen Abdul-Rahman Musaed Al-Swailem, Member of the Executive Committee	
CV	Please refer to the section "Cvs of the Board of Directors' Members and the Board Secretary" in this section.

Fahd Saleh Mohammed Al-Masbahi, Member of the Executive Committee	
CV	Please refer to the section "Cvs of the Board of Directors' Members and the Board Secretary" in this section.

Bandar Mohammed Ahmed Al-Beez, Member of the Executive Committee	
CV	Please refer to the section "Cvs of the Board of Directors' Members and the Board Secretary" in this section.

Executive Committee Meetings:

The committee held (6) meetings during the year 2020:

#	Name	Membership	Dates and Meetings of the Executive Committee for the Year 2020					Total	Percentage for Attendance	
			22/01	03/08	20/05	16/11	15/12			29/12
1	Abdul Aziz bin Saud Al- Blehed	Chairman	√	√	√	√	√	√	6	100%
2	Abdul Mohsen bin Abdul Rahman Al-Swailem	Member	√	√	√	√	√	√	6	100%
3	Fahd bin Saleh Al-Masbahi	Member	√	√	√	√	√	√	6	100%
4	Mohammed bin Taher Al-Lawzi	Member	√	√	√	√	√	√	6	100%

Credit Committee

The Credit Committee is responsible for overseeing and auditing credit operations, including credit objectives, credit risk, credit policies, controls and procedures, and auditing credit exposure. The Credit Committee shall exercise all the powers granted to it by the Board of Directors (provided that the power of the Committee does not conflict with the powers retained by the Board of Directors), including:

- Supervising and controlling the Company's credit activities on behalf of the Board of Directors.
- Auditing and approving credit policies and procedures, and ensuring that the Board is informed of any violations or exceptions to the policies in order to recommend corrective procedures related to the same.
- Developing the credit limits for Customers and obtaining Department approvals on the Islamic finance product provided to the Customers, whether individuals or small and medium-sized enterprises (and defining them within the powers), which when exceeded, the Credit Committee audits and approves the credit limits. Carefully auditing the credit requests of small and medium-sized enterprises in light of the restrictions imposed on the Credit Committee and the recommendations of the credit manager, and issuing final decisions either to accept or reject them.
- Determining the conditions, developing a write-off policy, and granting the approvals related to outstanding receivables for installments and any recommended changes.
- Developing Customer ratings (for example, according to Customer groups, different sectors, geographic location, product types, etc.) and Customer assessment criteria that will be used in pricing the Company's products and setting up concentration / risk exposure limits.
- Providing the directions to Department to prepare a credit risk analysis report and auditing the credit risk of the portfolio on a regular basis. Auditing and assessing information related to the Company's credit risk, including negatively rated Islamic finance products, high risk Islamic finance products, limits of Islamic finance products, and monitoring the defaults of Islamic finance product. Discussing the problems and defaults of the Islamic finance product with the Credit Department, making recommendations, and approving debt rescheduling.
- Developing the guarantees policy and rules for the amendment in line with the guidelines of the Saudi Central Bank (previously known as SAMA).
- Auditing the credit operation, including the Company's credit risk management strategies, policies, controls and laws. Ensuring that the laws established by the Board

of Directors for identifying, assessing, managing and monitoring the Islamic finance product are designed and used effectively.

- Ensuring that credit requests and Customer files are properly archived and that information is kept confidential.
- Performing any other missions or responsibilities that are expressly delegated to the Committee from time to time by the Board or as is necessary to monitor and improve credit operations.

The Credit Committee consists of the following members who have been appointed pursuant to the Board Decision dated 26/01/1440 AH corresponding to 25/09/2019 AD, provided that the term of the session ends on 03/03/1444 AH (corresponding to 25/09/2022 AD):

Credit Committee Members

Name:	Position:
Saud Huiml Farrag Al-Dossary	Chairman of the Committee
Muhammad Ali Muhammad Al-Hawqal	Member of the Committee
Fahd Saleh Mohammed Al-Musbahi	Member of the Committee

CVs of Credit Committee Members

Saud Huiml Farrag Al-Dossary, Chairman of the Credit Committee	
CV	Please refer to the "CVs of Board members and Board secretary" in this section.

Muhammad Ali Muhammad Al-Hawqal, Member of the Credit Committee	
CV	Please refer to the "CVs of members of Audit Committee".

Fahad Saleh Mohammed Al-Musbahi, Member of the Credit Committee	
CV	Please refer to the "CVs of Board members and Board secretary" in this section.

Credit Committee Meetings

The Committee held (4) meetings during the year 2020 AD: -

#	Name	Membership	Dates of the Credit Committee Meetings for the year 2020				Total	Attendance Rate
			02/22	05/16	09/07	16/07		
1	Saud bin Huiml Al-Dossary	Chairman	√	√	√	√	4	100%
2	Mohammed bin Ali Al-Hawqal	Member	√	√	√	√	4	100%
3	Fahd bin Saleh Al-Musbahi	Member	√	√	√	√	4	100%

Asset and Liabilities Committee

The responsibility of the Asset and Liabilities Committee is to monitor the liquidity and capital adequacy of the Company, audit long-term investments in the Company's equity, and the Committee also audits liquidity and cash flows and develops objectives for budget growth in addition to monitoring profit distribution to investors. The Committee may exercise all the powers granted to it by the Board of Directors (provided that the power of the Committee does not conflict with the powers that the Board of Directors as a whole retains), including:

- Developing an appropriate asset and liability management policy that defines, among other things, the general policy for managing the assets and liabilities of the Company with regard to liquidity, profit rate management, capital and investment management, hedging and the use of derivatives.

- Developing an operation for identifying, assessing and managing risks that may affect the Company's assets and liabilities, including determining the Company's tolerance levels for risks related to its assets and liabilities.
- Auditing the liquidity position on a periodic basis and monitoring the Company's liquidity management activities, including sales, lending, credit and collections activities.
- Ensuring that the activities and procedures of the Company's departments are aligned with the asset and liability management strategy.
- Auditing the prices of the Company's products and the extent to which the Company's profits are affected by changing interest rates in the market.
- Auditing the economic trends, in general, and providing the advice on market trends, competitions, regulations and other matters that may affect liquidity risk and fluctuations in assets, liabilities, income or profits faced by the Company.
- Ensuring that the Company develops the adequate internal controls to maintain the adequacy and effectiveness of the risk management process related to the Company's assets and liabilities, including the role of management in this process. These internal controls form an integral part of the Company's internal control system, and they will be monitored by the internal audit department (Nayifat has sought assistance from (KPMG Co.) to carry out the entire internal audit work).
- Preparing and auditing an emergency plan to ensure that the Company is prepared to face any liquidity risk crisis.
- Auditing and approving the investment objectives, policies and guidelines recommended by the Department.
- Monitoring the investment activities carried out by the Department, such as buying, selling, disbursing and other activities related to the Company's investments.
- Conducting periodic assessments of the Company's capital structure, and overseeing the development of long-term guidelines for the capital structure.
- Providing feedback and comments on budgets (from a liquidity risk perspective).

Audit of the following Department reports

- Economic report, by analyzing and expressing opinion on the market, including economic factors such as profit rates, inflation, exchange rates, key market indicators, economic policies, etc.
- Financial report that includes data on the most prominent financial issues, balance sheet updates and variance analyzes, and profit loss statement.
- Auditing the liquidity risk, including a summary of the Company's liquidity position and cash flow projections.
- Audit report of profit rate risks, including summary of profitability of all products.
- Performing any other missions delegated by the Board from time to time.

The Asset and Liabilities Committee consists of the following members who have been appointed pursuant to the Board Decision dated 26/01/1440 AH corresponding to 25/09/2019 AD, provided that the term of the session ends on 03/03/1444 AH (corresponding to 25/09/2022 AD): -

Members of the Asset and Liabilities Committee

Name	Position
Muhammad Ali Muhammad Al-Hawqal	Chairman of the Committee
Abdul Mohsen Abdulrahman Musaed Al-Swailem	Member of the Committee
Saleh Nasser Sulaiman Al-Omair	Member of the Committee
Gohar Iqbal Sheikh *	Member of the Committee

* Associate member without counting his vote

CVs of members of the Asset and Liabilities Committee

Muhammad Ali Muhammad Al-Hawqal, Chairman of the Asset and Liabilities Committee	
CV	Please refer to the "CVs of Audit Committee Members"

Abdul Mohsen Abdulrahman Musaed Al-Swailem, Member of the Asset and Liabilities Committee	
CV	Please refer to the "CVs of Board members and Board secretary" in this section.

Saleh Nasser Sulaiman Al-Omair, Member of the Asset and Liabilities Committee	
CV	Please refer to the "CVs of Board members and Board secretary" in this section.

Assets and Liabilities Committee Meetings

The Committee held (4) meetings during the year 2020 AD: -

#	Name	Membership	Dates of the Asset and Liabilities Committee Meetings for the year 2020				Total	Attendance Rate
			02/11	11/03	07/15	09/14		
1	Mohammed bin Ali Al-Hawqal	Chairman	√	√	√	√	4	100%
2	Abdul Mohsen bin Abdulrahman Al-Swailem	Member	√	√	√	√	4	100%
3	Saleh bin Sulaiman Al-Omair	Member	√	√	√	√	4	100%
4	Gohar Iqbal Sheikh *	Member	√	√	√	√	4	100%

* Associate member

Strategic Committee

The missions and responsibilities of the Strategic Committee consist of the following:

- Discussing all matters that are expected to have a tangible impact on the Company's long-term strategies with the Company's Executive Director, senior management and the Committees.
- Making the recommendations for approval by the Board of Directors on matters related to the Company's strategic initiatives.
- Assisting the Department in its supervisory responsibilities related to the long-term strategy of the Company, risks and opportunities related to strategy, and strategic decisions related to investments, acquisitions and liquidations by the Company.
- Coordinating with the relevant committees to ensure the implementation of the Company's strategy.
- Auditing the risks and opportunities of the strategy discovered during the assessment of the strategic risks of the Company and other operations, and the impact of emerging or developing competitive activities, legal developments and global economic conditions.
- Working with company leaders to oversee the development of the acquisition strategy that is in line with the Company's long-term strategy and to be comprehensive to know the acquisitions and the implications of remaining targets and competitors. Developing a procedure for monitoring how and when multiple decisions are made regarding major acquisitions, execution of operations, post-acquisition implementation, mergers and monitoring of specific standards including harmonization.

- Auditing the Company's procedures in auditing, recommending and approving acquisitions. It makes recommendations to the Board of Directors with various levels of powers during the acquisition process.
- Working with the CEO and Company leaders to oversee the recommendations made to the Board of Directors for some strategic decisions related to the possibility of leaving some current areas, entering into new areas, acquisitions, joint ventures (JV), investments or disposing of companies and assets.
- Assessing the performance of operations, comparing the performance with the indicators of the targeted acquisition plan, and achieving harmonization.

Members of Strategic Committee

Name	Position:
Saud Huiml Farrag Al-Dossary	Chairman of the Committee
Abdul Mohsen Abdulrahman Musaed Al-Swailem	Executive Member
Mohammed Taher Abdul Karim Al-Lawzi	Member of the Committee

CVs of members of the Strategic Committee

Saud Huiml Faraj Al-Dossary, Chairman of the Strategic Committee	
CV	Please refer to the "CVs of Board members and Board secretary" in this section.

Abdul Mohsen Abdulrahman Musaed Al-Swailem, Member of the Strategic Committee	
CV	Please refer to the "CVs of the Board members and the Board secretary" in this section.

Mohamed Taher Abdul Karim Al-Lawzi, member of the Strategic Committee	
CV	Please refer to the "CVs of Board members and Board secretary" in this section.

Strategic Committee Meetings

The Committee held (3) meetings during the year 2020 AD: -

#	Name	Membership	Dates of the Strategic Committee Meetings for the year 2020			Total	Attendance Rate
			05/13	10/09	11/17		
1	Saud bin Huiml Al-Dossary	Chairman	√	√	√	3	100%
2	Abdul Mohsen bin Abdulrahman Al-Swailem	Member	√	√	√	3	100%
3	Mohammed bin Taher bin Abdul Karim Al-Lawzi	Member	√	√	√	3	100%

Risk Management

The Company's risk management is an independent department that falls under the Risk Committee that performs the following:

- Monitoring the credit risk (for companies and individuals), market risks and operational risks in addition to all risks that are notified by the Saudi Central Bank.
- The risk management develops and enforces policies and procedures, measures and assesses the Company's ability to bear risks.
- Developing and activating all policies and procedures related to operational risks, and preparing a plan for them to implement risk assessments in line with the assessment plan approved by the Risk Committee.
- Auditing all Company policies and ensuring oversight.
- Submitting a risk report periodically (quarterly) to the members of the Risk Committee and members of Board of Directors that includes an analysis of the risks that the Company faces to reduce future risks.

- The risk management shall develop the Company's risk mechanism and making it more effective and susceptible to avoiding potential risks in the future that negatively affect the Company.

Compliance and Anti-Money Laundering Management

Legal / Regulatory Obligation

Finance Laws and Executive Regulations

The finance sector in the Kingdom is subject to the regulation of the Saudi Central Bank. The Saudi Central Bank issued laws to regulate this sector in a more comprehensive manner: The Finance Lease Law, the Finance Companies Control Law and its Executive Regulations, which were published in the Official Gazette on 13/10/1433 AH (corresponding to 31/08/2012 AD). It went into effect 90 days later. In addition to the principles of responsible finance for individuals issued by the Saudi Central Bank (previously known as SAMA), on 02/09/1439 AH (corresponding to 16/05/2018 AD).

The finance laws and their executive regulations require all companies that conduct finance works (as shown below) in the Kingdom of Saudi Arabia to obtain a license from the Saudi Central Bank (previously known as SAMA). These laws granted companies a grace period of two years from the effective date of the laws on November 29, 2012 to obtain the license. Consequently, all finance companies shall have applied for, before the end of 28/02/1435 AH corresponding to 31/12/2013 AD, license applications with an action plan attached thereto that explains how to adapt their business to comply with these laws, or to exit the Saudi financial market. The Company is currently in the process of renewing its license for the next five years. The following are the most important elements of finance laws and their executive regulations applicable to the business of Nayifat.:

Licensing requirements: The following finance activities require an independent license from the Saudi Central Bank (previously known as SAMA).

- Mortgage finance
- Productive assets finance
- Finance of the activities of small and medium-sized enterprises
- Lease finance
- Credit cards finance
- Consumer finance
- Microfinance
- Any other finance activity approved by the Saudi Central Bank

In order to comply with all these requirements, the Company had to complete these missions, and has already adopted an integrated automated system called “RISKNUCLEUS® COMPLIANCE”, which is a fully automated, structured and easy-to-use solution, which simplifies the compliance management in SAMA by integrating all regulatory compliance activities into one framework. This system also maintains an updated rules library, defines requirements, assigns roles and responsibilities, assesses the performance of specific activities and works / areas, records all violations and monitors their closure, and makes use of reports and a dashboard to form an integrated view.

Anti -Money Laundering and the Financing of Terrorism

In addition to the above, and with reference to the Anti-Money Laundering Law and its Executive Regulations issued by Royal Decree No. 39/M dated 25/06/1424 AH, and the circulars issued by the Saudi Central Bank for finance lease companies, in accordance with the local and international regulatory and supervisory requirements to combat money laundering and the financing of terrorism, the Saudi Central Bank issued rules for combating money laundering and the financing of terrorism, with which licensed finance companies shall comply as mandatory policies and procedures.

The Company has purchased an integrated automated system called "RISK NUCLEUS® AML" to protect shareholders' assets. This system is an integrated anti-money laundering solution that takes into account all regulatory requirements and provides institutions with additional tools to protect themselves from regulatory and reputational risks that may arise from involvement in money laundering activities. This system examines Customers, transactions, employees, and others, in light of sanctions lists, takes into account Customer due diligence / Know Your Customer (KYC), performs Customer risk assessments, monitors transactions through a fully configurable scenario manager, work flow unit and automates reports of currency transactions and suspicious activities, archives the necessary documents and prepares extensive reports.

Internal Audit Department

It is an independent department that falls under the Audit Committee, which provides advice to independently and objectively carry out internal audit work with the aim of adding value to the Company and improving its operations, which in turn helps in achieving the Company's objectives by following a systematic, structured approach to assess and develop the effectiveness of governance, risk management and control processes.

The Company decided to seek the assistance of KPMG Co., which is considered one of the largest companies, to carry out all internal audit works to ensure the efficiency of work.

Highly Qualified Management Team

The Company has a strong and highly qualified executive and administrative management team with extensive knowledge and long professional experience through their work in the banking sector. The Company's senior management believes that the extensive experience of the management team as well as the enhanced risk management systems and procedures, will enable the Company to face potential challenges.

Executive Management

Senior management consists of qualified and experienced members who have the knowledge and experience necessary to manage the Company's business in line with the objectives and directives of the Board of Directors and stakeholders. The Company has succeeded in maintaining its senior management team and endeavored to develop the capabilities of qualified employees and promote them to senior positions therein. The following chart shows the senior executives as at the date of this report:

Executive Management

Top management consists of qualified and experienced members who have the knowledge and experience necessary to manage the company's business in line with the objectives and directives of the Board of Directors and stakeholders. The company has succeeded in maintaining its senior management team and has worked on developing the capabilities of qualified employees and promoting them to senior positions in it. The following chart shows the senior executives as on the date of this prospectus:

The following table includes the details of the company's executive management

Name	Nationality	Date of Appointment	Number of direct ownership shares	Number of indirect ownership shares
Abdul Mohsen Abdulrahman Musaed Al-Swailem	Saudi Arabia	16/12/2014 AD	2,433,959	921,263
Gohar Iqbal Sheikh	Pakistan	25/09/2019 AD	-	-
Turki Suleiman Al-Obaid	Saudi Arabia	15/10/2014 AD	56,792	-
Turki Nasser Al-Qahtani	Saudi Arabia	16/03/2016 AD	56,792	-
Sultan Shwait and Qian Al-Otaibi	Saudi Arabia	25/08/2015 AD	81,132	-
Ahmed Ibrahim Hamli	Saudi Arabia	14/02/2012 AD	48,680	-
Nora Talal Khalil Al-Muhaid	Saudi Arabia	18/12/2010 AD	169,923	-
Tariq Mubarak Al-Yami	Saudi Arabia	01/02/2016 AD	-	-
Nickel Bhardwaj	India	16/11/2014 AD	-	-
Louay Omar Bakraa	Saudi Arabia	11/11/2018 AD	-	-
Jamal Ayed Hassan Al-Shammari	Saudi Arabia	19/07/2020 AD	-	-
Hassan Tohma Duqm	Jordan	07/12/2014 AD	-	-
Mohammed Abdullah Al-Juraish *	Saudi Arabia	14/04/2019 AD	-	-
Mohammed Abdulrahman Al-Shami *	Austria	15/10/2017 AD	-	-
KPMG *	-	06/08/2017 AD	-	-
Muhammad Saad Muhammad Al-Sahim	Saudi Arabia	06/04/2020 AD	-	-
Hussein Ali Al-Mansour	Saudi Arabia	16/11/2020 AD	-	-

*The departments are subordinate to the Company committees and not to the CEO.

Government Initiatives for Non-Bank Credit Institutions in the Kingdom of Saudi Arabia

The Saudi Central Bank formed, in accordance with the Decision No. M/65 dated 09 Dhu al-Qi'dah 1437 AH, separate committees to oversee finance companies in order to enrich the ongoing debate on new initiatives and to provide suggestions on the sector's growth and stability.

These committees are also expected to cooperate with the Ministry of Housing and the Real Estate Development Fund and bridge the gap between representatives of financial companies and government authorities to start discussing the main challenges such as imposing fees on undeveloped lands (Ministry of Housing) and issues related to financing small and medium-sized enterprises (Small and Medium Enterprises General Authority).

Controls (Internal Control)

The management of Nayifat is responsible for auditing the text with an adequate and effective internal control framework that includes policies and procedures, operations and information systems as approved by the Board of Directors to facilitate the achievement of efficient and highly effective operations. The internal control system ensures the quality of external and internal reports, maintaining appropriate records and procedures, and adhering to the rules and regulations in force and internal policies regarding workflow. However, the responsibility for any internal control system rests with the Board of Directors, and the internal control system is designed to manage procedures and controls, not to reduce the risk of failure to achieve the Company's strategic objectives. In the year 2020 AD, the Company made all its efforts to ensure the continuation of the internal control system in accordance with the instructions

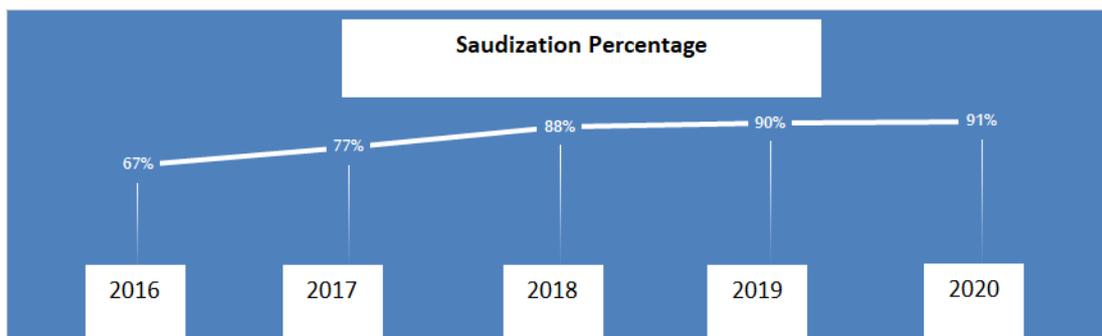
related to internal control controls issued by the Saudi Central Bank, which represents continuous procedures to identify and assess the management of the major risks facing the Company. The feedbacks of the external auditor and the inspection team of the Saudi Central Bank were audited during their inspection visits immediately, and then the necessary procedures were taken by the Board of Directors, the Audit Committee, and also the Company's management to correct these feedbacks in a way that protects the Company's interests. As part of the Company's assessment. The approved internal control system provides reasonable assurance regarding the integrity and reliability of the controls developed and the reports issued by the management.

Annual audit of the effectiveness of internal control procedures

The Board of Directors is responsible for the internal control of the Company and for auditing its effectiveness. The framework of standards, policies and main procedures set by the Board of Directors has been designed in order to achieve effective internal control of the Company with the aim of managing risks within the framework of accepting risks approved by it, protecting assets and liabilities from unauthorized use or disposition, maintaining correct accounting records, and reliability of financial information used within the business or for publication. These procedures are designed to manage and mitigate the risks of business failure, loss or fraud. The laws and procedures related to the continuous identification, assessment and management of the main risks facing the Company during the year were approved.

Human Resources

The human capital in Nayifat is a major focus of its success, and the Company has taken care of that in terms of attracting and maintaining talented people, and creating a competitive environment that is in line with the aspirations of the Company. The Company's human resources department seeks to develop all means and programs aimed at implementing the best standards and creating the best competitive work environment in the local market, raising the level of stability and competitiveness, and working to raise employee loyalty and affiliation to the Company. All this led to the enhancement of the Company's work culture and its compatibility with the vision and mission of the Company, and the percentage of Localization in the Company exceeded 90%.



All employees are trained periodically in specialized and mandatory development courses: such as courses in the field of money laundering and combating terrorism, as well as the Company's interest in localizing jobs and short and long-term replacements, in addition to cooperating with

academic bodies to train students and attract distinguished ones, and cooperate in cooperative training with academic bodies.

Nayifat maintained its human capital during the COVID-19 pandemic by taking all preventive precautions to preserve its personnel while continuing to use modern technologies to ensure work continuity.

The Amounts Paid to Government Agencies for this Year

(Payments paid to government agencies (in thousands of Saudi riyals	2020 (Thousand Riyals)	2019 (Thousand Riyals)
Zakat and tax	29,300	46,310
Public Institution for Social Security	6,550	6,145
Visa and accommodation costs	442	1,675
Total	36,292	54,130

Statutory Reserve

In line with the requirements of the Companies Law in the Kingdom of Saudi Arabia, the Company sets aside a statutory reserve, after covering the accumulated losses, if any, of at least 10% of net income until this reserve reaches 30% of the capital. This reserve is not available for distribution. This transfer is made to the statutory reserve account on an annual basis at the end of the year.

Treasury Stock

During the year, the Company transferred a number of shares of the employee rewards program (380,418 shares), due to the end of the program period, which is set at 36 months for the program, which ends on 31-12-2020 AD in accordance with the terms and conditions governing the operation of this program, and they were registered as treasury stock within the equity. According to the current management plan, to be bid on the existing shareholders and sold at the higher price.

Confirmations of the Board of Directors

The Board of Directors confirms that:

- The account records were prepared correctly
- The internal control system was prepared on a sound basis and was effectively implemented
- There is no doubt about the Company's ability to continue its activity.

Assignment of Interests by Members of the Board of Directors or One of the Senior Executives or Shareholders

There are no arrangements or agreements under which any of the members of the Board of Directors or any of the senior executives or the shareholders of the Company assign their interests or assign their rights in profits.

The Company's Dealings with Related Parties in accordance with the Provisions of Article (69) of the Companies Law

Article (69) of the Companies Law that governs dealings and contracts in which a member of the Board of Directors of a joint-stock company has an interest therein stipulates the following: "It is not permissible for a member of the Board of Directors to have any direct or indirect interest in the works and contracts that are made for the account of the Company except with a license from the Ordinary General Assembly, renewed every year, with the exception of works

that takes place through public tenders if the member of the Board of Directors has the best offer. The member of the Board of Directors shall inform the Board of its personal interest in the works and contracts that are made for the Company's account, and this notification is recorded in the minutes of the meeting, and the member with interest may not participate in voting on the decision issued in this regard. The Chairman of the Board of Directors informs the Ordinary General Assembly when it convenes the works and contracts in which one of the members of the Board of Directors has a personal interest therein. A special report from the auditor is attached to this notification.

The legal procedures were followed and adhered to in the dealings, and the related party did not have the right to vote on the decision.

1. Approval of 1) the agreement between the company and the Buyuk office as chartered accountants regarding the provision of professional zakat and tax services that includes reviewing and submitting zakat declarations to the General Authority for Zakat and Income and raising any objections regarding zakat assessments concluded on 03/02/1437 AH (corresponding to 12/31/2018) Which was renewed on 05/05/1441 AH (corresponding to 01/01/2020 CE); And 2) the previous services provided by the Al Bayouk Chartered Accountants office in exchange for a total amount of one hundred eighty nine thousand (189,000) Saudi riyals as on 12/31/2020 AD, in which Board member Atta Hamad Al-Bayouk has an interest in it with his abstention from voting.
2. Approval of 1) the agreement between the company and the Buyuk chartered accountants office to provide professional tax services that include managing the company's value-added tax account and providing advisory services in relation to that concluded on 04/23/1439 AH (corresponding to 01/10/2018); And 2) the previous services provided by the Al Bayouk Chartered Accountants office in exchange for a total amount of seventy-nine thousand eight hundred (79,800) Saudi riyals as on 12/31/2020 AD, in which Board member Atta Hamad Al-Bayouk has an interest in them with his abstention from voting.
3. Approval of (1) the agreement between the company and FALCOM Financial Services regarding opening an investment account and providing some investment services, which include trading securities in investment funds, concluded on 05/02/1436 AH (corresponding to 02/16/2015); And (2) the previous services provided by FALCOM Financial Services Company in exchange for a total amount of twenty-six million five hundred thousand (26,500,000) Saudi riyals as on 12/31/2020 AD, in which the members of the Board of Directors Abdul Mohsen Al-Swailem, Bandar Al-Beez and Fahd Al-Misbahi have an interest in them with their abstention About the vote.
4. Approval of the lease of the company's headquarters in Riyadh from FALCOM Financial Services, according to the contract concluded between the two parties on 04/23/1440 AH (corresponding to 01/01/2019), in return for an annual rent of seven hundred thirty-six thousand three hundred and twelve (736,312) Saudi riyals in addition to an annual operating fee of one hundred and sixty one thousand and seven hundred (161,700) Saudi riyals, in which the members of the board of directors Abdulmohsen Al-Swailem, Bandar Al-Beez and Fahd Al-Misbahi have an interest in them with their abstention from voting.
5. Approval of the lease of warehouses for the company in the Al-Worood neighborhood in Riyadh from FALCOM Financial Services, according to the contract concluded between

the two parties on 02/18/1437 AH (corresponding to 12/01/2015 AD), in exchange for an annual fee of sixty thousand (60,000) Saudi riyals in addition to An annual operating fee of five percent (5%) of the annual rent, in which the members of the board of directors, Abdul Mohsen Al-Swailem, Bandar Al-Beez and Fahd Al-Misbahi have an interest in them with their abstention from voting.

6. Approval of leasing offices for the company in the Al-Worood neighborhood in Riyadh from FALCOM Financial Services, according to the contract signed between the two parties on 06/30/1434 AH (corresponding to 04/19/2015 AD), for an annual fee of one hundred eighty-eight thousand (188,000) Saudi riyals. In addition to an annual operating fee of five percent (5%) of the annual rent, in which the members of the board of directors, Abdul Mohsen Al-Swailem, Bandar Al-Beez and Fahd Al-Misbahi have an interest in them with their abstention from voting.
7. Approval of the lease of a maintenance space located at the company's headquarters from FALCOM Financial Services pursuant to the contract concluded between the two parties on 11/20/1439 AH (corresponding to 01/08/2018 AD), for an annual fee of ten thousand (10,000) Saudi riyals, In which the members of the board of directors, Abd al-Muhsin al-Suwailem, Bandar al-Bayz, and Fahd al-Musbahi have an interest in it with their abstention from voting.
8. Approval of (1) a service level agreement with Integrated Solutions for Information Technology regarding the provision of electronic support services concluded on 06/23/1441 (corresponding to 02/18/2020 AD) and the conclusion of an agreement to design and implement information and operational systems for managing the company and a supply agreement in relation to Supporting the company's business related to the technical programs and renewing them when needed according to the company's management discretion; And (2) the previous services provided by the Integrated Solutions for Information Technology Company in exchange for a total amount of eight million and fifty three thousand (8,053,000) Saudi riyals as on 12/31/2020 AD, in which a member of the Board of Directors Fahd Al-Misbahi has an interest in them with his abstention from voting.

Related party	Relationship Type	Amount (thousand riyals)
FALCOM Financial Services Company*	FALCOM Saudi Equity Traded Fund (intermediate commodities) for commodity expenses	26,500
Atta Al-Bayouk Accounting Office, which is owned by a member *	Providing zakat and tax services and consultations for the Company and following up zakat decisions with the General Authority of Zakat and Tax	269
FALCOM Financial Services Company*	Renting the Head Office, Al Olaya Branch and warehouses from FALCOM Financial Services Company	1,179
IT Integrated Solutions Company, which is owned by a member *	A company that provides electronic connectivity services	8,053
Total		36,001

The Board requests approval and adoption of what has been done in terms of works and contracts with related parties and to continue with what has been recommended to continue for the next year 2021 AD

The rewards as on December 31, 2020 are summarized as follows:

According to the company's bylaw, the Ordinary General Assembly determines the remuneration of the members of the Board of Directors whereby each member receives an annual bonus of 300 thousand Saudi riyals, taking into account the official decisions and instructions issued by the Ministry of Commerce in this regard, and in accordance with the

provisions of the Companies Law and other regulations and regulations. This is in addition to meeting attendance and transportation allowances determined by the Board of Directors in accordance with the regulations, decisions and instructions issued by the competent authorities in the Kingdom of Saudi Arabia.

According to Paragraph (3) of Article (76) of the Companies Law, the total amount that any member of the Board of Directors receives annually should not exceed five hundred thousand (500,000) Saudi riyals. The company's general assembly determines the annual remuneration for the members of the board of directors.

The general assembly must approve the remuneration and compensation of the board in its meetings, bearing in mind that the members of the board of directors are not entitled to vote on these remuneration and compensation.

- The members of the Board of Directors and the executive management of the company did not receive any compensation or in-kind remuneration.

The Board of Directors of the Company approved the payment of a monthly amount and an annual bonus for providing advisory services to the Chairman of the Strategic Committee, in a total amount of 3,700,000 riyals, in accordance with the recommendation of the Nominations and Remuneration Committee. Strategic Committee chairman received the amount during the year 2020 AD and before it from previous years, and the Council provides the recommendation for its disbursement for the next year 2021 AD.

The following table shows the details of the remuneration and compensation of members of the Board of Directors, members of the committees and the top five senior executives, including the CEO and the Chief Financial Officer, for the fiscal years ending on December 31, 2020.

Reward Type	2020 (Thousand Riyals)
Reward of the members of Board of Directors (Suggested) (*)	2,700
Management salaries and benefits(**)	22,007
Reward for attending meetings of members of the Board of Directors and committees	453
Total	25,160

For each member of the Board of Directors (SAR 300,000)

** The largest (5) of executives, including the CEO and CFO

Principle of Social Responsibility

The Company participates in the field of social responsibility, which is represented in paying contracts for some Customers who are going through difficult financial conditions or leave work and are not covered by insurance, as well as contribute to supporting some funds and include the following: -

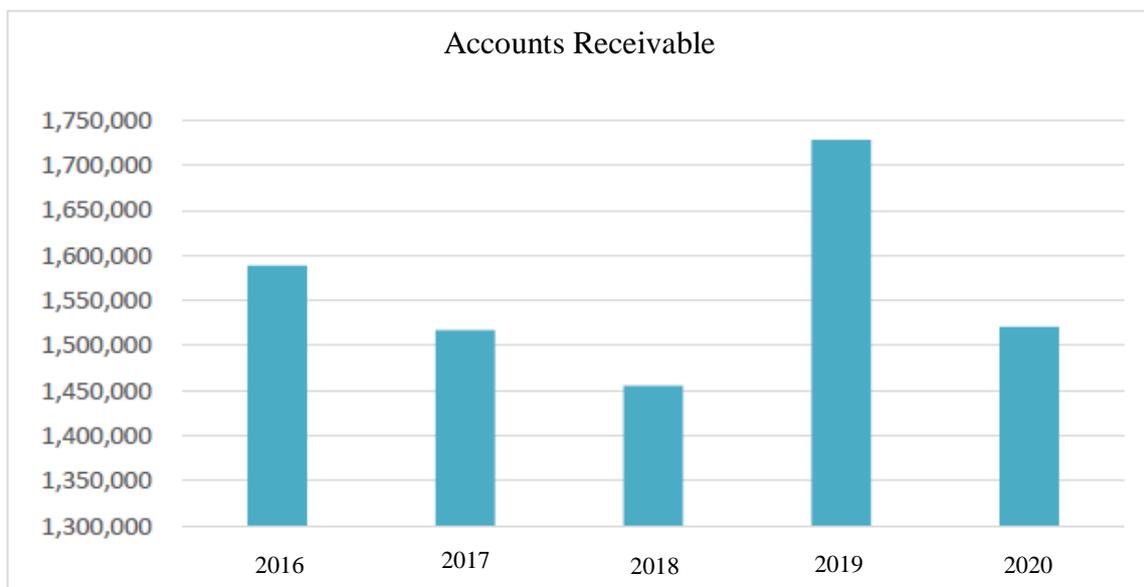
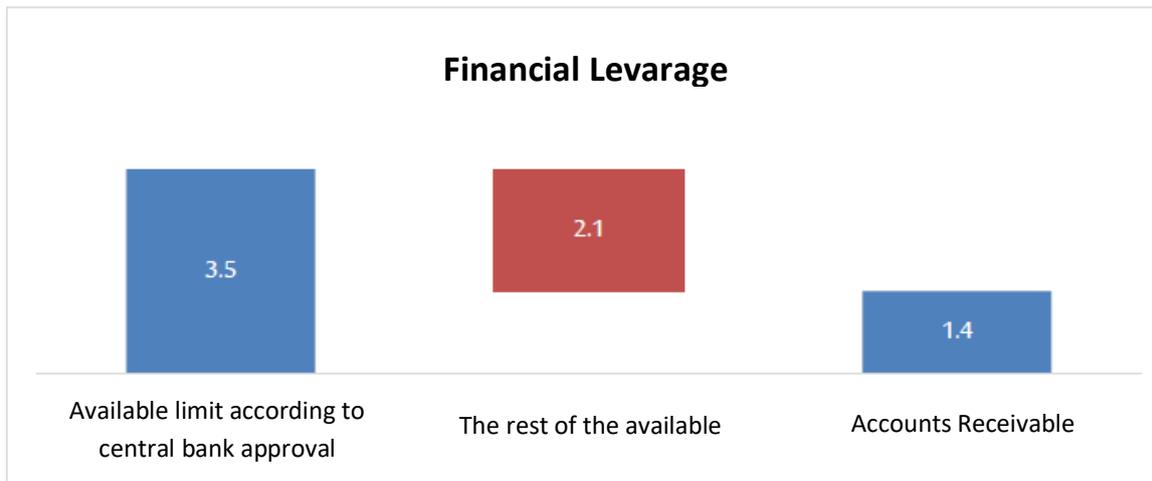
#	Entity	Value of the Support
1	Supporting the Health Fund	SAR 500,000
2	Sultan Bin Abdulaziz Humanitarian City	SAR 107,000
3	Paying and closing Customers' accounts	SAR 1,535,829
	Total	SAR 2,142,829

The Financial Position of the Company, the Results of its Activity, and its Dividend Policy

Accounts Receivable

The volume of accounts receivable for 2020 amounted to SR 1,520,583,000 with a decrease of 18% compared to the volume of accounts receivable for 2019, where the accounts receivable for 2019 amounted to SR 1,728,049,000. The following are the accounts receivable for the past two years:

<u>Year</u>	<u>Accounts receivable in thousands</u>
2020	1,520,583
2019	1,728,094



Capital

2020

The capital of the Company and the shareholders according to the following table:

Shareholders	Ownership percentage	Number of shares	Shares value (in riyals)
FALCOM Holding Company	73.85%	73,854,638	738,546,380
Nayifat Finance Company (Treasury Stock)	0.38%	380,418	3,804,180
Saudi individuals and other companies	25.76%	25,764,944	257,649,440
Total	<u>100%</u>	<u>100,000,000</u>	<u>100,000,000</u>

The Financial Position of the Company

The total assets of the Company for the year 2020 AD amounted to SAR 1,869,401,000 (only one billion eight hundred and sixty-nine thousand four hundred and one thousand Saudi riyals), and its total liabilities amounted to SAR 750,026,000 (only seven hundred fifty million and twenty-six Saudi riyals), as on 31/12/2020 AD, and this is the total (shareholders' equity) amounted to SAR 1,119,375,000 (only one billion one hundred nineteen million three hundred and seventy five thousand Saudi riyals) as follows:

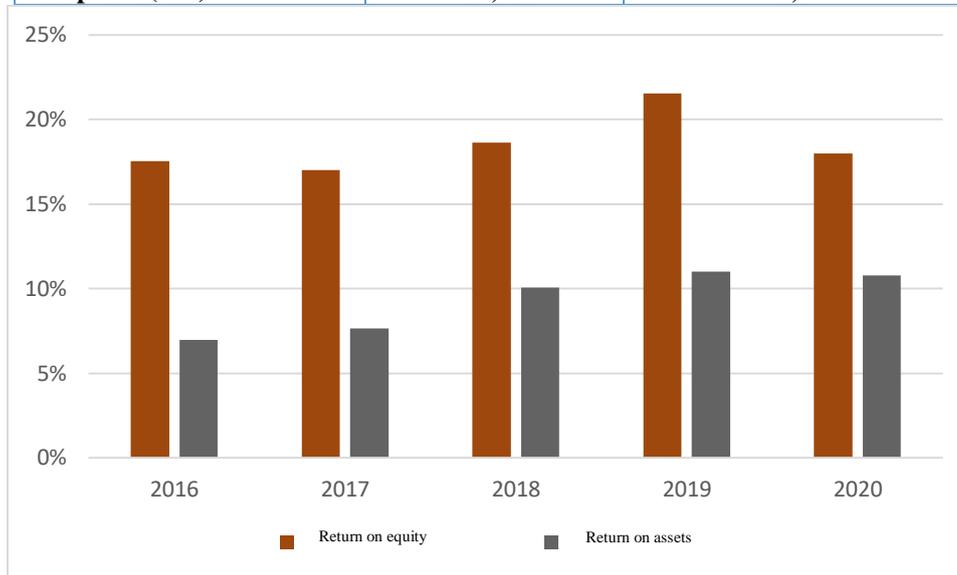
Item	2020 (Thousand Riyals)	2019 (Thousand Riyals)
Capital	1,000,000	1,000,000
Statutory reserve	60,290	40,143
Other reserves	0	0
Retained earnings	59,085	41,426
Treasury stock	(3,804)	(65,152)
Total	1,119,375	1,016,417



Result of the Company's Activity and Dividend:

The net profit of the Company for the year 2020 is SAR 201,465,000 (only two hundred and one million four hundred and sixty-five thousand Saudi riyals) after deducting the zakat amounting to SAR 24,296,000 (only twenty-four million two hundred and ninety-six Saudi riyals), and the share of profits was SAR 2.04 per share (number of shares SAR 100,000,000). Note that the profits for this year will be rotated into the retained earnings account, so that the balance of the retained earnings becomes SAR 59,085,000 (only fifty-nine million and eighty-five thousand Saudi riyals).

Item	2020 (Thousand Riyals)	2019 (Thousand Riyals)
Profit before zakat	225,761	213,531
Zakat	24,296	5,289
Net profit (loss)	201,465	218,821



Debt Instruments

The Company does not have any transfer or subscription rights under debt instruments that are convertible into shares, option rights, subscription right notes, or similar rights issued or granted by the company during the year 2020 AD, and there is no refund, purchase, or cancellation by the Company of any recoverable debt instruments.

Accounting Policies Used by the Company

The Company uses accounting policies that are consistent with the accounting standards issued by the Saudi Organization for Certified Public Accountants. It also wishes for the Board of Directors to confirm, according to the best information available to it in all material respects, that:

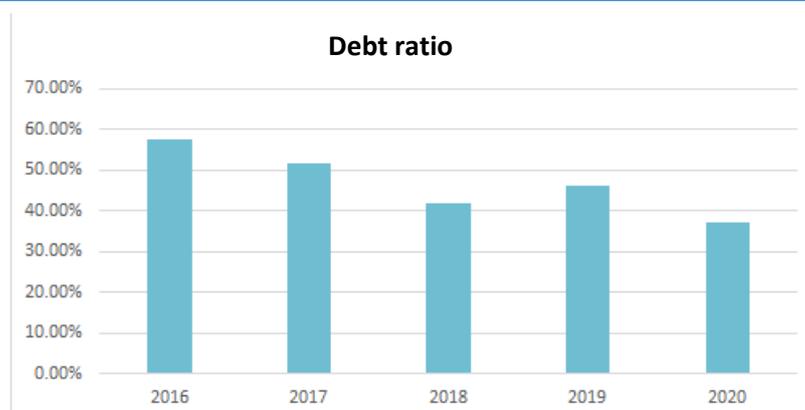
- The Company has accounting books and records in regular form. The appropriate accounting policies are used according to what was disclosed in the notes about the financial statements.
- The Board of Directors is convinced that Nayifat has the necessary resources to continue its business for the foreseeable future.
- The Company uses one of the legal accounting firms to carry out the tasks of internal audit work in the Company and the office submits its reports to the Audit Committee. The Audit Committee has been keen to ensure that the internal control system in the Company is prepared on a sound basis.
- The Company adopted the use of accounting standard IFRS 9 starting from the beginning of the year 2017 AD and it is effectively applied. The Board of Directors confirms the validity of the internal control procedures. The Company applied this standard starting from 01-01-2017 before the mandatory application date 01-01-2018.

Capital management

The Company's goal of capital management is to maintain the Company's ability to continue its business in order to achieve returns for shareholders and benefits for other stakeholders as well as to maintain an ideal capital structure to reduce the cost of capital. The Board of Directors seeks to maintain a balance between the high returns that may be possible and those with high levels of bank financing and the advantages and collateral available through the proper position of capital. With regard to the Company's capital structure, the management closely monitors compliance with regulations, monitors guarantee of Islamic bank financing, and is also committed to the stipulated requirements as at the Company's statement of financial position date. The management analysis of the debt ratio.

As shown in the date of the statement of financial position as follows:

	2020 (Thousand Riyals)	2019 (Thousand Riyals)
Shareholders' equity	1,119,375	1,016,417
Islamic bank financing	661,354	868,616
Total capital structure	1,780,729	1,885,033
Debt ratio	37.14%	46.07 %



Debt ratio

Dividends

The Board of Directors recommended the dividends distribution to shareholders on the Company's business in the first quarter and second quarter of 2020 AD, as well as the third and fourth quarter of 2020 AD according to the minutes of the Board of Directors meeting.

Dividends Distributed in the years ending December 31, 2018, 2019, and 2020, according to the following table:

2020 AD	2019 AD	2018 AD	Saudi riyals
50,000,000	85,000,000	85,000,000	Announced distributions for the period
50,000,000	85,000,000	85,000,000	Paid distributions during the period
100,000,000	850,000,000 (1)	850,000,000	The Company's capital during the period
10%	10%	10%	Distribution percentage of the Company's capital

Risk Management

The Company's Board of Directors has overall responsibility for developing and supervising the Company's risk management framework. The Board of Directors has established a Risk Management Committee to oversee the development and maintenance of risk management processes, risk management policies, strategies, and methodologies, and prepare reports to the Board on them. Moreover, the Company's Audit Committee examines the internal audit risk assessment and discusses the Company's policies with regard to risk assessment and management. The Audit Committee oversees how the management adheres to the Company's risk management policies and procedures and examines the adequacy of the risk management framework in relation to the risks faced by the Company. The Risk Management Committee oversees the Company's risks and prepares reports for the Board of Directors.

Credit risk:

Credit risk is the risk that the Company is exposed to in the event that a customer of a financial instrument fails to fulfill its contractual obligations, causing a financial loss to the other party. The maximum exposure to credit risk equals the carrying value of the financial asset. The Company's management analyzes credit risk in the following categories:

Accounts Receivable for Islamic Financing

Accounts receivables for Islamic financing are exposed to significant credit risk. The Company has established procedures to manage credit exposure, including assessing creditworthiness, formal approvals of credit, allocating credit ceilings, and obtaining collateral such as personal guarantees. The public financing decision is based on the following key indicators:

- Double credit score, represented by (SIMAH) and the application evaluation system.
- The minimum income and maximum debt burden for the borrower.
- The date of repayment of the loan with other financial institutions and its source. (SIMAH)
- Salary certificate from the employer and account statement for the last three months of the bank into which the client's monthly salary is deposited.
- All customers provide standing orders for depositing the monthly installments into the Nayifat account.
- In addition, customers provide authorization for direct debit as an available payment method.

- The Company also receives payments through the "SADAD" system and bank transfers, in addition to a small number of cash transactions.
- The Company has an approved collection policy and procedures manual that establishes a collection strategy to follow up on defaulting clients.
- The Company strengthened its legal department to effectively involve it in the collection process.

Concentration risk

is the risk that the Company would be exposed to if it invests all of its assets in one sector or industry. The Company manages its exposure to credit risk by diversifying its core activities to ensure that there is no excessive concentration risk with individuals and groups of clients in specific locations or businesses. The Company's strategy is to finance Saudi citizens according to the following categories:

- Individuals working in a secure work environment.
- Those with a steady income with a largely secure job or little chance of losing their job.
- Private sector employees of selected large companies.
- The Company's operations are performed in the Kingdom of Saudi Arabia, and the Company provides transfers only to individuals from the government and the private sector. Therefore, the Company has a single business activity. None of the clients have more than 10% of the profits.

Liquidity Risks

Liquidity risk represents the risk that the Company will not be able to fulfill its obligations when they fall due in the event of normal and challenging conditions. Liquidity risk may occur when there is market turmoil or a decrease in the level of credit rating scores, which leads to a decrease in the availability of some sources of financing. To reduce this risk, The department manages assets and liabilities after taking into consideration the availability of liquidity, maintaining an adequate balance of cash and cash equivalents and marketable securities, and monitors cash flows and liquidity on a daily basis. The Company also has revolving credit facilities from commercial banks that it can access to meet future liquidity needs.

Profit Rate Risks

Profit rate risk is the effect on the future revenues of the Company as a result of a change in the profit rate in the market. The risk arises when there is a discrepancy between the assets and liabilities subject to profit rate adjustments within a specified period. The most important source of this risk for the company is the accounts receivable for financing and Islamic bank financing. The profit margin is fixed for financing accounts receivable as well as for the main part of the profit by adjusting the lending rate for future contracts.

Operational Risks

Operational risk is the risk of losses that may result from deficiencies or failure in internal procedures, automated systems or employees, or other external factors. They may occur in any part of the Company or during any activity in it.

The Company has an operational risk management team as part of the risk management group, which follows up and controls operational risk situations in the Company. This unit is guided by the operational risk policy and framework. In order to organize the measurement of

operational risks and mitigate their effects, the Company has established a special framework for internal control and the business environment through self-measurement and risk control in addition to the development of basic risk indicators for all business units and business support. Risk measures are controlled by the Operating Risk Department on an ongoing basis. The Company successfully documented and tested a business continuity program and a disaster handling site.

Concentration Risks

We fully realize in Nayifat that focusing on one activity makes it vulnerable to concentration risks even from the slightest shocks that may occur in the work environment. Therefore, Nayifat has been keen on achieving geographic diversity and relying on the trust and loyalty of a diverse base of customers. This diversity acts as a shield to protect against the risks of concentration and to achieve stability in the face of external influences.

General Assemblies of Shareholders

A statement of the dates of the General Assemblies of Shareholders held during the last fiscal year and the names of the members of the Board of Directors who attended these Assemblies headed by the chairman of the board, Mr. Saud bin Huimel Al-Dossary, as follows:

Register of Board Members for General Assemblies 2020		
Third Assembly (exceptional)	Second Assembly (normal)	First Assembly (normal)
13 - 10 - 2020 AD	06 - 07 - 2020 AD	24 - 02 - 2020 AD
Ata bin Hamad Al-Bayouk	Abdulaziz bin Saud Al-Bilahad	Abdulaziz bin Saud Al-Bilahad
Abdulaziz bin Saud Al-Bilahad	Fahd bin Saleh Al-Masbahi	Fahd bin Saleh Al-Masbahi
Abdul Mohsen bin Abdulrahman Al-Swailem	Abdul Mohsen bin Abdulrahman Al-Swailem	Abdul Mohsen bin Abdulrahman Al-Swailem
Saleh bin Nasser Al-Omair	Mohammed bin Taher Al-Lawzi	Mohammed bin Taher Al-Lawzi

Board of Directors' Decisions and Recommendations

- Voting on the Board of Directors' report for the fiscal year ending on December 31, 2020.
- Voting on the audited financial statements for the fiscal year ending on December 31, 2020.
- Voting on the external auditor's report for the fiscal year ending on December 31, 2020.
- Voting on the Board of Directors' recommendation to distribute profits for the Company's business for the year 2020.
- Voting to absolve the members of the Board of Directors of their liability for their management during the fiscal year ending on 31 December 2020.
- Voting on disbursing the remuneration of the members of the Board of Directors for the year 2020, the amount of which is (300) thousand riyals for each member, with a total of 2.7 million riyals (two million seven hundred thousand riyals).
- Voting on the continuation of (PwC) as the Company's auditor for the fiscal year 2021 AD from the candidates by the Audit Committee and the Board of Directors, determining his fees and voting on it by the General Assembly.
- The Board requests the vote and the approval of what has been done in terms of business and contracts with related parties and continues with what has been recommended to continue for the next year 2021 AD.

Conclusion

The Board of Directors would like to thank the shareholders for their continuous support and confidence that drives more effort and giving. The Board of Directors also extends its thanks and appreciation to the employees of the Company for their efforts, wishing more progress and achievement. The Board of Directors also thanks the Central Bank of Saudi Arabia for its efforts in supporting this sector by strengthening the regulatory and supervisory foundations and increasing transparency in a way that serves customer segments and increases the strength of the Saudi economy.