

Bank Albilad's operations fall into four categories: Retail, Corporate, Treasury and Investment & Brokerage.

RETAIL BANKING

Robust financial results were achieved in 2019 which lead to a growth in retail financing, real estate financing and deposits portfolios.

The Bank achieved a number of significant milestones through its increased digital delivery of retail services. Through its updated app, the Bank's mobile banking transactions grew by 53% during the year, resulting in a decrease in branch-based transactions. This allowed branch staff to focus on more value-added interaction with customers. The Bank was the first in the Kingdom – and the GCC/MENA region – to offer digital account opening via the website, removing the need for branch visitation or physical documentation. A prepaid card – Albilad Digital Card – was launched, providing customers with an easy and secure way to purchase items online.

A number of new services and products were launched throughout the year, including the Mada Pay service and Apple Pay. An exclusive design for National Day of the Mada and Prepaid Cards was launched as they were recognized as unique products in the market.

The credit card portfolio grew by 17% in comparison with the previous year. More than 8,000 additional POS systems were installed with merchants, bringing the total number to more than 20,000 across the country.

The branch network is now the 6th largest in the Kingdom. A redesign program was founded in 2019 to provide a better customer experience and provide branches with more prominence. This process includes the acquisition of

standalone buildings and the installation of additional 24/7 service availability.

The Government of Saudi Arabia is planning a significant expansion of housing across the Kingdom in the coming years; by some 400% as envisaged by the 2030 Vision. This is reflected in the emphasis the Bank has placed on mortgage products, which witnessed significant growth in market share for the year. The off-plan finance package was one of the Bank's most popular mortgage-based products in strategic cooperation with the Saudi Ministry of Housing and Real Estate fund.

BRANCHES NETWORK

The Bank operates 110 branches around the Kingdom, comprising 33 sections for women and 5 self-service centers. The Bank observed increased usage of its mobile and digital delivery channels throughout the year. While several branches were closed due to low critical mass, new outlets in centres of high potential footfall and transaction volumes were installed. The branch network now comprises 5 sales centres (Riyadh, Jeddah, Dhahran, Jubeil and Al Kharj) as well as specialized services for SMEs delivered through 10 of its offices and through Albilad Business phone banking. In addition to its branch network, the Bank rapidly grew the number and spread of its Enjaz units to 179. Enjaz self-service machines increased to reach a total of 94. As at 31 December 2019, the Bank operated 970 ATMs in the Kingdom.

ENJAZ

As a highly visible part of the Bank's retail franchise, Enjaz extends the Bank's geographic presence and share of the money transfer market. To enhance the use of e-channels and reduce cash handling in branches, Enjaz rolled out a network of self-service kiosks which contributed to the increase and spread of the achievement network in labour camps, industrial, agriculture, and hospitals, as well as mobile POS devices, the first of their kind to be established in the Kingdom during the year. The POS devices offer high levels of security, simplicity and efficiency in international money transfers to customers wherever they may be through the Bank's strategic partnership with Western Union that has been in place for the last 15 years. Furthermore, TRANSFAST enables transfers to more than 200 countries around the world, in almost one million locations. These initiatives have strengthened the Bank's position in the Kingdom's international exchange market, maintaining Bank Albilad's position in holding the highest market share.

CORPORATE BANKING

Bank Albilad's corporate business achieved growth in Net Profits of SAR 27% before Zakat in 2019, with net revenues reaching SAR 373 million compared to SAR 135 million in the previous year.

Corporate Banking's underlying strategy during the year was to reorganize and support in the differentiation its offerings with creative products in the local market. To this end, the Corporate Analytical unit was brought into the division – and supervision of Business Banking teams was transferred from Head Office to Area Managers.

Diversification was also a principal driver of the Corporate Banking strategy – with the aim of growing its footprint and producing new revenue streams. From this perspective, new customers were added to the corporate banking list to increase the diversity and support growth of the financing portfolio. Additionally, there was an effective contribution from the management of financial institutions and

specialized financing during the year as they contributed to the growth of funded assets. Transaction numbers increased in line with trade operations for 2019, amounting to SAR 12 billion with a growth rate of 40% compared to 2018. This paved the way for increased income from unfunded businesses and correspondent banks.

The Bank's SME lending falls within the Corporate business. Given its importance within the Vision 2030 plan (i.e. to increase its contribution to GDP from 20% to 35%) the Bank considers such measures critical in nature. Bank Albilad is ranked 5th in the Kingdom for implementing the Kafala loan guarantee program for SMEs and is well placed to grow this element of its loan book. Looking ahead, the Division plans to invest heavily in developing its SME client focus – and will introduce new technology to ensure that products and services are tailored to meet the specific needs of this group. This Division is also looking to create a separate business line for medium-sized corporate clients to comply with accomplishments and goals of the Kingdom's Vision 2030.





TREASURY

The objective of the Treasury's strategy for the year was to support the Bank's net earnings through operational as well as own-account activities, as well as to extend the duration of the Bank's investment portfolio, ironing out short-term shifts in yield curves and economic cycles.

The Treasury was able to deliver tremendous results during 2019 and contributed positively towards the Bank's net earnings through expanding & diversifying Bank's investment portfolio; riding short-term shifts in yield curves to secure increased value.

Treasury contributed SAR 349 million to the Bank's Net Income, an increase of 12% over the previous year. The Sukuk portion of this achieved exponential growth of 91% (SAR 8,372 billion compared to SAR 4,391 billion in 2019). This resulted largely from the Government's program of increasing debt issuance to compensate for lower proceeds from the energy market.

An additional highlight was the launch of the FX Forward Wa'ad product, allowing customers to hedge their FX risk through a Shariah compliant derivative product. Similarly, Treasury division teams were assigned infrastructure-related targets to assist in strengthening future revenue streams. The Treasury team was able to broaden interbank, investment and customer relationships that will support the Bank's growth and brand recognition.

A DIGITAL AGE

Digital maturity is seen as crucial to the future success of Bank Albilad as the local and international banking sector is undergoing a period of rapid technological change. In today's connected world, banking needs to be available at any time and in any location. This requires innovative, robust, secure and optimized solutions to meet the expectations of an increasingly tech-savvy customer that wants to be empowered to bank according to their individual desires. Digital banking presents many opportunities for customers, but also benefits the bank through physical cost reductions. In addition, the insights gathered through digital marketing and micro-segmentation platforms help improve customer targeting and enable dynamic tailored pricing and product bundling, supported by third-party integrations. The main objective of Bank Albilad's digital transformation is to enhance the overall customer experience. Achieving this will naturally lead to higher rates of customer retention and loyalty to the brand. This transformation will also improve customer acquisition rates whilst supporting the migration of physical branch transactions online which will reduce operating expenses.

Bank Albilad's digital transformation journey started in 2017 with following five objectives:

- 1. Become The Leading Innovative Digital bank**
Introduce new digital services and leverage existing platforms to engage customers differently.
- 2. Embrace Digital as a Core Value**
Digital becomes the cornerstone of Albilad culture, products and service offerings.

3. Improve Customer Acquisition & Retention

Grow the customer base and increase loyalty.

4. Optimize Cost and Increase Profits

Drive efficiencies and income.

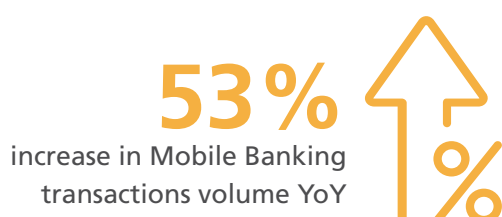
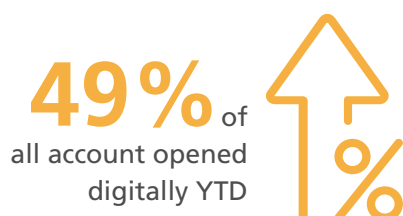
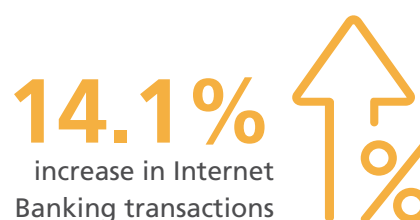
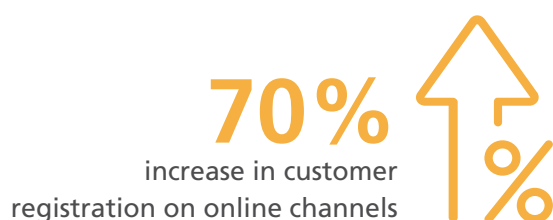
5. Enhance the Customer Experience

Ensure a consistent and seamless Customer journey.

Bank Albilad has successfully developed a diversified suite of innovative solutions covering all business lines within the bank. The following are some highlights from the digital transformation process:

1. First Bank in the Kingdom and GCC to introduce Digital Account Opening for Establishments and Corporates with Sole proprietorship.
2. ARAMCO IPO subscriptions on all Digital Channels (Customer subscriptions, adding dependents, and getting facilities).
3. Introducing Mobile Application for Enjaz customers based on eCommerce payments (using Mada card) in eight different Languages.
4. Enabling Payment of Enjaz Remittances at ATMs using Mada cards, Mada Pay and Apple Pay (in the release stage)
5. Apple Pay enablement for customers.
6. ATM voice guidance service for visually impaired people.

The introduction of new solutions during 2019, as part of our digital transformation journey, resulted in the following milestones:

**ALBILAD INVESTMENT COMPANY (ALBILAD CAPITAL)**

2019 was significant year for Albilad Capital, as the company achieved distinguished results over the last 12 months which contributed to strengthening its positioning among investment companies in the Saudi market and had a noticeable positive impact on the Company's financial statements. The results have also contributed to the enhancement of the brand recognition among investors towards the Company's brand.

Albilad Capital has introduced a number of initiatives during 2019, aiming to enrich customer experiences, by offering innovative investment products designed to meet all the needs of individual and institutional investors in-line with their investment goals.

Pursuing to diversify investment selections, the company launched a variety of new and innovative investment funds that contributed to the increase of the company's assets under management, as well as enhancing trading services in Sukuk besides introducing new fixed income products.

The company also continued to expand Custody Services and became key player in the market. Moreover, Albilad Capital launched a completely new platform for Securities trading, which was another driver for its revenue growth during the year 2019.





In terms of numbers, net profit increased by 21% - before Zakat - compared to 2018, outperforming its peer group in the Kingdom in terms of the growth achieved. Assets under management in Public Funds and Discretionary Portfolios grew by 94% and 57% respectively year on year.

As an initiative of Albilad Capital to contribute to achieving the goals of the Kingdom's 2030 vision, the company started to create new investment opportunities in private equity by establishing Nusaned Fund, amounting to SAR 100 million. The fund is sponsored by strategic and reputable partners, including SABIC Investment Local Content Development Company and Saudi Venture Capital Company.

In the Public Funds sector, Albilad Capital obtained the Saudi Capital Market Authority approval to launch three public investment funds; Albilad Alameen Capital Protection Fund, Albilad Saudi Sovereign Sukuk ETF - the first of its kind in the Kingdom – as well as launching the company's first endowment fund in cooperation with Ensan Foundation for Orphans Care, which is Ensan Endowment Fund.

The company has also introduced another investment opportunity by launching Albilad USD Murabaha Fund, a money market low risk public fund.

Albilad Capital ended the year 2019 with three international awards - from CPI Financial - highlighting the Company's position and its ability to create innovative and modern investment products and services that contribute to the improvement of the investment sector in the Kingdom, and these awards included "Best Investment Fund Award" for Albilad Saudi Sovereign Sukuk ETF, the "Best Brokerage Solutions Provider in the Middle East", and the "Best Capital Market Transaction in the Middle East" for the acquisition of The Walk project by The Medical Village Fund.