



البنك السعودي للاستثمار
The Saudi Investment Bank

Corporate Governance Manual

Prepared by Owner

Approved by Board of Directors

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Definitions:

CMA	Capital Market Authority
MC	The Ministry of Commerce
SAMA	Saudi Central Bank
The bank	The Saudi Investment Bank (SAIB)
Board:	The Bank's Board of Directors.
Executive Director:	A member of the Board who is a full time member of the executive management team of the Bank and participates in its daily activities.
Non-Executive Director:	A member of the Board who is not a full-time member of the management team of the Bank and does not participate in its daily activities.
Independent Director:	A non-executive member of the Board who enjoys complete independence in his/her position and decisions and none of the independence affecting issues stipulated
Executive Management or Senior Executive:	The CEO and employees report to him\her directly.
Stakeholder:	any person who has an interest in the Bank, including employees, creditors, customers, suppliers and the community.
CEO	Chief Executive Officer
Related Parties	<ul style="list-style-type: none"> A. Substantial shareholders in the Bank; B. Board members of the Bank or any of its affiliates and their relatives; C. Senior executives of the Bank or any of its affiliates, and their relatives; D. Board members and senior executives of substantial shareholders of the Bank; E. Establishments – other than companies – owned by a member or a senior executive, or their relatives; F. Companies in which a member or senior executive or any of their relatives is a partner; G. Companies in which a member or senior executive or any of their relatives is a member of their Board or a senior executive thereof; H. Joint stock companies in which a member or senior executive or any of their relatives owns 5% or more, subject to the provisions of Paragraph (D) of this definition. I. Holding companies or affiliates of the Bank.
Relatives	<p>Fathers, Mothers, Grandfathers, GrandMothers.</p> <p>Children, Grandchildren</p> <p>Siblings, maternal and paternal half- siblings</p> <p>Husbands , wives</p>
Day:	Calendar day whether a business day or not

1. The Purpose

1.1 Purpose of the manual

The purpose of the Governance Manual is to institutionalize clear, robust and effective Governance as the foundations for The Bank's future market leadership, continued profitability and long-term stability.

Specifically, it includes a comprehensive and detailed record of the Bank's Governance framework, the Board and Executive Management governance structures, as well as the key policies, guidelines and control functions at the Bank.

In addition, the appendix I includes charters for the Bank's Board committees.

2. Introduction

2.1 The Definition of corporate governance

Corporate governance is the system of rules, practices and processes by which a bank is directed and controlled. Corporate governance essentially involves fair treatment and balancing the interests of the many stakeholders in a bank - these include its shareholders, management, employees, customers, suppliers, financiers, the government (including regulatory entities such as SAMA, CMA, and MC, etc.) and the community.

Exhibit A: Corporate governance in brief



2.2 The importance of Corporate Governance

Sound corporate governance practices can help improve the performance of the bank in multiple ways:

2.2.1 Improvement in performance and profitability: Governance often leads to improved performance. Effectively it increases the Board's and Executive Management's ability to make optimal decisions that can drive an increase in revenue and a reduction in costs.

2.2.2 Mitigation in risk of failure: When executed effectively, governance can prevent corporate scandals, fraud or any civil and criminal liability of the bank. It also enhances a bank's reputation in the market as a self-policing bank that is responsible and worthy of investor capital.

2.2.3 Protection of minority shareholders: Sound governance practices ensure that rights of minority shareholders are protected, particularly the right to seek information, voice an opinion and vote in general assembly meetings.

2.3 Principles of governance at The Bank

Control environment – the internal control mechanics, driven by the Board's responsibilities toward stakeholders, supported by guidelines documented in simple and accessible policies, procedures, and authorities that guide actions and govern practices

Risk management – the framework, independent function, and associated processes to effectively identify, monitor and to control the impact of material and emerging risks facing the bank in its operating landscape, and with its stakeholders

Qualifications of Board Members: Board members shall be qualified to carry out the work entrusted to them, have a clear understanding of their required roles, and have the ability to make decisions impartially and objectively without any external influence whether from inside or outside the Bank.

Responsibilities of the Board: The Bank shall have an effective Board to direct its activities, safeguard its interests, and develop its values. The Board shall bear responsibility for its businesses, even if it delegates committees, agencies, or individuals to exercise some of its powers. In all cases, the Board may not issue a general or indefinite delegation.

Responsibilities of Executive Management: The executive management shall monitor and manage the daily activities of the Bank, and shall ensure that these activities are in line with the business strategy, risk level, and policies approved by the Board.

Committees Formed by the Board: The formation of Board committees ensures and supports the effectiveness of decision-making to achieve the objectives of the Bank in accordance with specialized technical standards. It also assists the Board to perform its duties and responsibilities, contributes to the effectiveness of performance and to reviewing and monitoring the Bank's businesses on a regular basis.

Transparency and Disclosure – the timely and accurate flow of information impacting the Bank to internal and external stakeholders including employees, regulators, and investors

Commitment and follow-up – the commitment to the tenets of a strong Governance culture across the Bank through continuous monitoring, evaluation and follow-up to maintain effectiveness and to identify opportunities for improvements

Code of Conduct and Ethics – the commitment of implementing the values and ethical principles on professional conduct is enforced throughout the organization as set out in Code of Conduct and Ethics Policy.

Rights of Shareholders: Board Policies shall protect the rights of shareholders and enable them to exercise their rights with ease, and help to provide effective communication channels and various means of contact with all shareholders of the Bank. It shall also ensure that all shareholders, including minority shareholders, are treated fairly, and shall constantly urge them to participate in the General Assembly meetings and to submit proposals related to the Bank's performance and the development of its operations.

Conflict of Interest – the commitment to segregate duties and implementation of appropriate controls to minimize the risk of potential conflicts of interest which might impact the Bank or its operations are maintained within the Bank.

Social Responsibility – the Bank recognizes the importance of Social contribution and is committed to put in place Social programs.

2.4 Regulatory Guidelines:

This policy should be read in conjunction with the following Regulatory Documents:

Regulatory Documents	Authority
Key Principles of Governance In Financial Institutions	SAMA
Requirements for Appointments to Senior Positions in Financial Institutions Supervised by SAMA	SAMA
Guidelines for Banks for Organizing Audit Committees	SAMA
SAMA Rules on Compensation Practices	SAMA
Rules on the Offer of Securities and Continuing Obligations	CMA
Corporate Governance Regulations	CMA
Implementing Regulation of the Companies Law for Listed Joint Stock Companies	CMA
Rules on the Offer of Securities and Continuing Obligations	CMA
Listing Rules	Tadawul
Companies Law	MC
Saudi Investment Bank Bylaws	The General Assembly of the Bank

2.5 Bank's Documents to be read in tandem:

This policy should be read in conjunction with the following Policies:

Name
Disclosure & Transparency Policy
Stakeholder Management Policy
Delegation Authority Policy
Board Selection Criteria
Conflict of Interest Policy

2.6 Custodianship of the manual

In respect of the Corporate Governance affairs, the Chief Governance Officer, overseen by the Board Corporate Governance Committee, is responsible for ensuring that the governance manual is up to date

The Chief Governance Officer shall maintain a repository which shall contain the corporate governance manual its appendices and associated control documents including the bank's authorities' matrix

This repository and the associated documents shall be accessible to the bank's employees through the intranet. The repository shall also include links to the full set of the bank's policies and procedures.

2.7 Revisions and amendments to the manual

The Chief Governance Officer shall be responsible for reviewing the contents of the corporate governance manual on an ongoing basis and shall recommend updating it as necessary. However, a full review every at least two years under the supervision of the Board Corporate Governance Committee

3. GOVERNANCE FRAMEWORK AT THE BANK

3.1 Saudi and Global Regulatory References

This manual is in complete conformity with the SAMA and CMA guidelines for governance and must be kept as such at all times. Additionally, the manual reflects in spirit and specifics the principles for enhancing corporate governance as published in the latest guidelines by the Basel Committee on Banking Supervision. Should there be any contradiction between the contents of this manual and its appendix on one hand and any of regulations stipulated in the charters and principles issued by the regulatory entities on the other hand, then the latter shall prevail

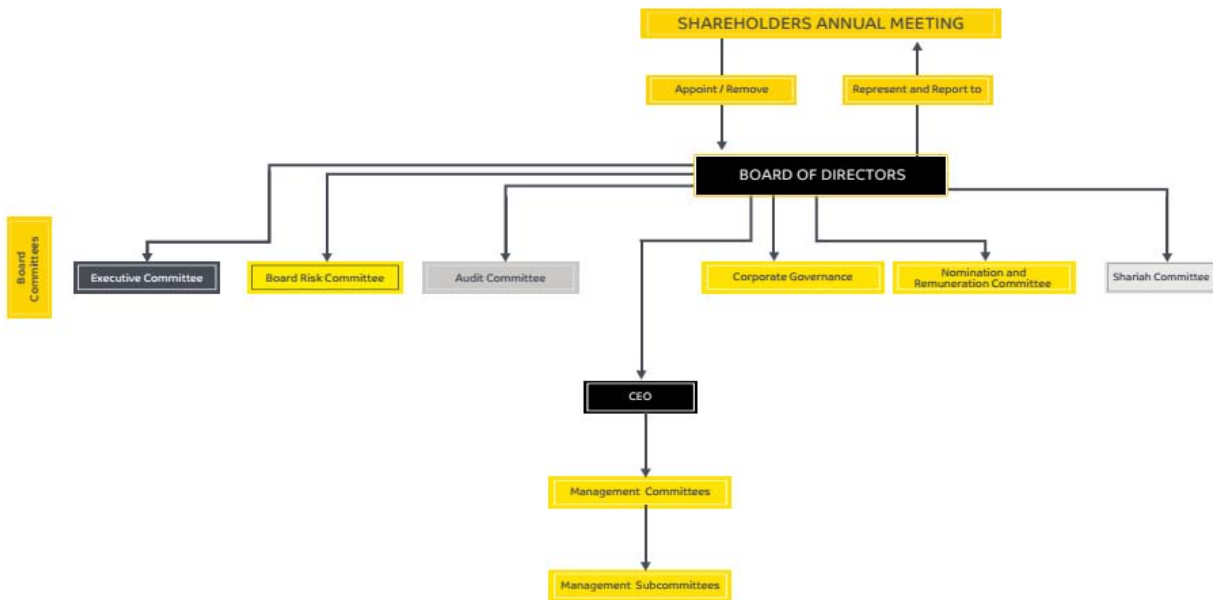
Chief Governance officer is accountable for ensuring that the necessary updates are consistently introduced to maintain absolute conformity with SAMA, CMA and Basel guidelines

3.2 Committees' Structure and Reporting Lines

The Bank corporate governance framework is based on six Board Committees', Management Committees, and Management Sub-Committees. This governance structure is underpinned by a series of governance enablers which constitute the core to ensuring the required clarity and discipline of good corporate governance: corporate values, organization structure design, policies and procedures, the bank's authorities' matrix and effective internal and external communication.

Other than the Board Committees, the CEO may, at his discretion, establish and cancel Management and Sub-Management Committees to oversee and to provide guidance and direction to key businesses, processes or functions. Committees' charters are developed by the respective Management and Sub-Management Committee as recommended by the Committee Chairman, with the approval of Governance Group and CEO. In the case of Board Committees, the charter is developed by the relevant Board Committee as initiated by the Committee Secretary and approved by the Board of Directors or General Assembly as the case may be. Charters are developed to provide guidance by defining applicable limits, parameters, standards and reporting to be complied with and in line with the Bank's strategic direction.

Exhibit B: The Bank committees' structure and reporting lines



3.3 Governance Oversight Responsibility

Corporate governance oversight ultimately is the responsibility of the Board of Directors which shall exercise its oversight through the Board Corporate Governance Committee. At the executive level, the Chief Governance Officer shall be in charge of ensuring daily abidance by the sound practices stated in this manual and of periodically reporting progress and breaches to the Board's Corporate Governance Committee.

3.4 Shareholders' Rights

The bank exercises due care and provides the necessary information on its activities, being financial or otherwise, present or past and expectations. The Bank publishes and discloses information in line with its Policy and the supervisory rules, on the Bank's website, press, Tadawul, or any other method.

The Bank's various policies regulate the relationship with its shareholders to emphasize their rights and ability to exercise such rights. The Bank's Bylaws and other rules, displayed the procedures and precautions required to ensure all shareholders exercise their legal rights in line with the prevailing regulations.

The Bank shall make available the minutes of the General Assembly Meeting and provide CMA with the minutes within 10 days of convened meeting.

4. BOARD GOVERNANCE MODEL

4.1 Board of Directors

The ultimate responsibility of The Bank shall rest with the Board of Directors (Board). Members of the Board are responsible for the overall promotion and safeguarding of the Bank's interests. In doing so, the Board shall be in charge of upholding the highest standards of corporate governance across the bank.

4.1.1 Guiding Governance principles for the Board of Directors

- 4.1.1.1. The Board plays a key role in approving the vision, purpose and strategies of the Bank. It is accountable to the organization's shareholders as a whole and must act in the best interests of the Bank.
- 4.1.1.2. The Board sets the cultural and ethical tone for the Bank
- 4.1.1.3 All Directors should exercise independent judgment and provide independent oversight of management
- 4.1.1.4 The Board has to have the relevant and diverse range of skills, expertise, experience and background and who are able to effectively understand the issues arising in the Bank's business. The Chairman of the Board should be a non-executive member or preferably independent according to best practices.
- 4.1.1.5 The Board ensures that the Bank has an appropriate system of risk oversight and internal controls put in place.
- 4.1.1.6 Directors act diligently on an appropriately informed basis and have access to accurate, relevant and timely information.
- 4.1.1.7 The Board is responsible for the appointment of the CEO and the continuing evaluation of his performance.
- 4.1.1.8 The Board ensures that the Bank communicates with shareholders and other stakeholders in a regular and timely manner, to the extent that the Board thinks is in the best interests of the Bank, so that they have sufficient information to make appropriately informed decisions regarding the organization.
- 4.1.1.9 An executive member (if any) shall provide full information to the Board when requested.
- 4.1.1.10 The Board shall, at the beginning of each year, set a specific schedule for receiving reports from committees and internal and external auditors, and shall ensure that the mechanism for drafting, collecting, and submitting reports is appropriate and consistent with the approved internal policy, including submitting the same to the Board at the due times.
- 4.1.1.11 If a member resigns and he has comments on the performance of the bank, he shall submit a written statement to the Chairman of the Board. Said statement shall be presented to the rest of the members, and a copy thereof shall be furnished to SAMA.
- 4.1.1.12 The Board shall establish a clear policy for the distribution of dividends to achieve the interests of the shareholders and the Bank as per SAMA, CMA regulations, the Companies Law and the Bank's bylaws.

4.1.1.13 Ensure that significant and major topics are included in the Board meeting agenda;

4.1.2 Membership on other Boards and in executive positions at other corporations

4.1.2.1 Board members shall at all times keep the Chairman of the Board and the Chairman of the Board Corporate Governance Committee informed about all participation on other Boards outside the bank and about executive positions they hold in other corporations.

4.1.2.2 No Board member of The Bank shall serve on the Board of another Saudi bank licensed and incorporated in the Kingdom of Saudi Arabia, or on the Board of more than five (5) listed companies at any given time including the bank.

4.1.2.3 All Board members must consult with the Chairman of the Board and the Chairman of the Board Corporate Governance Committee before accepting a position on an outside Board.

4.1.2.4 In the case of an external Board membership, the Bank must ensure the disclosure of the names of any joint stock company or companies in which any Board of Director member of the Bank also acts as a member of its Board of Directors.

4.1.2.5 The Chairman of the Board will annually inform the Board of all outside Board memberships accepted by any of the bank's Board members or any of the bank's Executive Management.

4.1.2.6 The Bank shall notify CMA of the names of the Board members and description of their memberships within five (5) business days from the commencement date of the Board term or from the date of their appointment, whichever is shorter, as well as any changes that may affect their membership within five (5) business days from the occurrence of such changes.

4.1.2.7 The membership of Board members who are on the Boards of other joint stock companies must be stated in The Bank's annual report.

4.1.3 Board members' confidentiality principles

One important aspect of the fiduciary duties of a Board member is the responsibility to protect and hold confidential all non-public information obtained in the role of a Board member. Therefore:

4.1.3.1 No Board member shall use any confidential information for his or her own personal benefit or to benefit any person or entity inside and/or outside the bank; and

4.1.3.2 Should a Board member, during the course of their service obtain access to confidential information, the Board member shall not disclose this information to any person or entity inside and outside the bank, either during or after his or her service as a Board member of the bank, except after granted prior written approval from the Chairman of the Board.

4.1.4 Composition

4.1.4.1 The Bank's Board shall comprise of nine members and shall be appointed by the General Assembly for a term of three Gregorian calendar years after receiving a no-objection letter from SAMA on all members.

- 4.1.4.2** Board members should collectively have a range of experience, background, and knowledge as outlined below in section 5.1.5.
- 4.1.4.3** Board members must be of high reputation, competence and integrity with an ability to oversee, follow up and direct the bank to achieve its strategic goals. In addition, Board members shall remain qualified through regular participation in training on relevant topics.
- 4.1.4.4** The Board member qualifications and expertise shall be stated and kept up to date in the succession planning registry for Board members, which is adopted by the Nomination and Remuneration committee. The Nomination and Remuneration Committee is responsible for ensuring that the Board members are continuously suitably qualified to fulfill their roles effectively.
- 4.1.4.5** At least two of the Board members shall be independent.
- 4.1.4.6** The Board must inform SAMA and the CMA about the independence impairment of any of its independent members within 5 business days of the impairment
- 4.1.4.7** No more than two members can be executives of the bank
- 4.1.4.8** A judicial person, who is entitled under the Bank's Bylaws to appoint representatives to the Board of Directors, is not entitled to a nomination vote of other members of the Board of Directors.
- 4.1.4.9** The Board must choose a Non-Executive Director as Chairman of the Board, and also the Board must select a Non-Executive Director as Vice-Chairman. This selection, or removal, shall be conducted by a simple vote of Board members.
- 4.1.4.10** The Board is responsible for ensuring at any given time that its composition is in conformity with the SAMA's key principles of governance, the CMA's corporate governance, respective International standards as the case may require, the Companies Law and its implementing regulations and the Bank's bylaws
- 4.1.4.11** The Board must also ensure that the curriculum vitae of all Board members are appropriately disclosed to the public as per these guidelines and principles.
- 4.1.4.12** It is prohibited to conjoin the position of the Chairman of the Board of Directors with any other executive position in the Bank, such as the CEO.

4.1.5 Issues Affecting Independence

4.1.5.1 An Independent Director shall be able to perform his/her duties, express his/her opinions and vote on decisions objectively with no bias in order to help the Board make correct decisions that contribute to achieving the interests of the Bank.

4.1.5.2 The Board shall annually evaluate the extent of the member's independence and ensure that there are no relationships or circumstances that affect or may affect his/her independence.

4.1.5.3 By way of example, the following negate the independence requirement for an Independent Director:

- if he/she holds five percent or more of the shares of the Bank or any other bank within its group; or is a relative of who owns such percentage.
- if he/she is a representative of a legal person that holds 5% or more of the shares of the Bank or its group;
- if he/she is a relative of any member of the Board of the Bank, or any other bank within the Bank's group.
- if he/she is a relative of any Senior Executive of the Bank, or of any other bank within the Bank's group.
- if he/she is a Board member of any bank within the group of the Bank for which he/she is nominated to be a Board member.
- if he/she is an employee or used to be an employee, during the preceding two years, of the Bank or a company within its group, or if he/she held a controlling interest in the Bank or any party dealing with the Bank or any bank within its group, such as external auditors or main suppliers during the preceding two years.
- if he/she has a direct or indirect interest in the businesses and contracts executed for the Bank's account.
- if the member of the Board receives financial consideration from the Bank in addition to the remuneration for his/her membership of the Board or any of its committees exceeding an amount of (SAR 200,000) or 50% of his/her remuneration of the last year for the membership of the board or any of its committees, whichever is less.
- if he engages in a business where he competes with the Bank, or conducting businesses in any of the Bank's activities. he served for more than nine years, consecutive or inconsecutive, as a Board member of the Bank.
- If he has a credit relationship, in his name or in the name of any of his relatives, with the financial institution that exceeds SAR 1,000,000

4.1.5.4 Unless the Nominations Committee considers otherwise, the businesses and contracts with the board member to meet his/her personal needs shall not be deemed as an interest that affect the independence of the board member which require an authorisation from the ordinary general assembly, provided that such businesses and contracts are carried out in the same conditions and settings followed by the Bank with

all contractors and dealers, and that such businesses and contracts must be within the normal course of the Bank's activities.

4.1.6 Collective skill-set guidelines

4.1.6.1 The Board should be composed of members who collectively have the right skills, expertise and experience to ensure proper oversight and management of the bank at all times, have clear understanding of their roles, and have the ability to make decisions impartially and objectively without any external influence whether from inside or outside the bank. The required collective skills should have a mix of professional, practical and managerial skills, financial experience, high reputation and competence, integrity and ability to oversee, follow up and direct the bank to achieve its strategic goals.

4.1.6.2 Financial Institutions: At least three to four members of the Board should have strong financial skills and experience as follows:

- Preferably a 15 years experience in financial sectors domestically or internationally.
- Being previously a Board member, or part of the executive management in financial institutions.
- At least one member should have strong risk management and cybersecurity expertise
- At least one member should have strong IT expertise

4.1.6.3 Commercial: Three to four members of the Board should have strong commercial skills and experience as follows:

- Extensive commercial experience and network within the Saudi market
- Collective experience should cover key Saudi economic sectors (i.e., oil and gas, construction, real estate, wholesale trade and retail trade)

4.1.6.4 Regulatory: One to two members of the Board should have strong regulatory skills and experience as follows:

- Ten to fifteen years of banking regulatory experience or,
- Previously experienced SAMA regulatory senior or senior banking executive with deep regulatory focus

4.1.6.5 Audit/Governance: One to two members of the Board should have strong Audit/Governance skills and experience as follows:

- Over 15 years of audit, compliance or governance related experience

- Previously a Partner at a Big 4 accounting firm, or as an executive with senior audit, compliance or governance role

Other relevant skills that Board members must possess include (but are not limited to):

- Capital Markets
- Financial stability issues
- Strategic planning
- Compensation
- Corporate Governance

The Board may choose to appoint external, non-voting permanent or temporary experts to participate in its meetings or within its committees as a means to complement and reinforce its collective skill-set, in case of gaps in any of the above required skills.

4.1.6.6 Leadership: leadership skills that enable him to delegate powers in order to promote performance, to apply best practices in effective management, and to disseminate professional values and ethics.

4.1.6.7 Guidance: technical and administrative capabilities, speed in making decisions, understanding of the technical requirements related to workflow, ability to provide strategic orientation, long-term planning, and a clear future vision.

4.1.6.8 Financial Literacy: the skills to read and understand financial statements and reports and the ratios used to assess performance.

4.1.6.9 Physical Fitness: be in best of health condition which enables exercising the duties and competencies effectively.

4.1.6.10 A member shall have the following qualities:

- **Truthfulness:** an honest professional relationship with the bank, and shall disclose thereto any relevant information before conducting any transaction or entering into a contract with the bank or with any of its affiliates.
- **Loyalty:** avoid transactions that may entail a conflict of interest, and shall ensure the fairness of dealings and their conduct for the benefit of the bank and stakeholders.
- **Care:** perform the duties and responsibilities effectively, and shall be keen to provide all the information that would ensure that the decisions made are in the interest of the bank. In order to achieve the foregoing, shall undertake the following responsibilities:
 - Attend Board meetings regularly, and not be absent without a justifiable excuse, and prepare for such meetings and effectively participate therein, including raising relevant questions and holding discussions with senior executives;
 - Make decisions on the basis of complete information and in good faith. A member shall not be relieved of responsibility if abstains from voting without clarifying their opinion on the decision in question;

- Develop the knowledge of the bank's activities and other related areas.

4.1.7 Fit and proper criteria

All members of the Board and its committees must fit the regulators' guidelines for fit and proper. The Bank has translated these guidelines into specific criteria of which the application shall be an ongoing process and shall be in effect throughout the term of the Board.

4.1.7.1 Honesty, Integrity and Reputation: The following criteria are relevant to the assessment of honesty, integrity and reputation, but they do not represent an exhaustive list of criteria. The Board shall exercise good judgment in its assessment of individuals beyond these criteria.

A Board member must not:

- Be or have been prohibited from operating in any jurisdiction by any regulatory authority in Saudi Arabia or abroad
- Be or have been censured, disciplined or suspended from membership by any Saudi or foreign regulator
- Be or have been convicted of any offence by a Saudi or foreign court
- Have confessed liability for fraud or misrepresentation under any law in any Saudi or foreign jurisdiction
- Have contravened or abetted another person in breach of any Saudi or foreign laws or regulations, business rules or codes of conduct
- Have demonstrated an unwillingness to comply with any Saudi or foreign regulatory requirement or to uphold any professional and ethical standards
- Have been untruthful or provided false or misleading information to Saudi or foreign regulators or been in compliance with any dealings with Saudi or foreign regulators

4.1.7.2 Competence & capability: The following criteria are relevant to the assessment of competence and capability, but they do not represent an exhaustive list of criteria. The Board shall exercise good judgment in its assessment of individuals beyond these criteria.

Nonetheless, a Board member must possess the following attributes:

- Have satisfactory past performance or expertise. Expertise and skill-set requirements are listed in section 5.1.5. of this manual
- Have no factor that could impair his ability to discharge his duties
- Have satisfactory educational qualification or practical experience

4.1.7.3 Financial soundness: The following criteria are relevant to the assessment of financial soundness, but they do not represent an exhaustive list of criteria. The Board shall exercise good judgment in its assessment of individuals beyond these criteria.

A Board member must:

- Have never been unable to fulfill any of his financial obligations
- Have not entered into a legal settlement or scheme of arrangement with his creditors
- Not be or have not been involved in a bankruptcy petition
- Not be subject to a judgment debt which is unsatisfied

- A Board member shall be considered resigned if any of the above four conditions are met.

4.1.7.4 Autonomy – Ability to act independently of external influence: The following criteria are relevant to the assessment of a member's autonomy, but they do not represent an exhaustive list of criteria. The Board shall exercise good judgment in its assessment of individuals beyond these criteria.

A Board member must:

- Have the necessary independence to perform the responsibilities and duties
- Not have business interests, financial interests, employment obligations, or any other situations which might give direct or indirect rise to conflict of interest or which could in any way impair the person's independence and ability to perform the duties
- The nominees for the Board's membership must disclose any of the above mentioned incidents in the nomination form prepared by the Bank

4.1.8 Individual Board member responsibilities

4.1.8.1 Diligence: Members of the Board of Directors must ensure diligence in conducting their directorship role.

4.1.8.1.1 Attendance of Board and Committee meetings:

- Board members must attend meetings regularly and may do so by technological means to be updated on the latest business developments and shall only be absent without a justifiable excuse to be reported to the Chairman of the Board in advance.
- Board members must participate meaningfully by leveraging their expertise and background knowledge to serve the Bank's interests.
- If the General Assembly decides to terminate the membership of any Board member In the event that a member fails to attend three consecutive Board meetings or five non-consecutive Board meetings per year during his membership without a justifiable excuse accepted by the Board, then such Board member shall not be entitled to any Remuneration for the period starting from the last Board meeting he/she attended, and he/she shall pay back any Remuneration he/she received for that period, and another member shall be appointed to replace his membership.

4.1.8.1.2 Request and review meeting materials:

- The Bank's Board Secretary shall provide Board members with information, documents and data needed to stay informed of bank's condition
- The Bank's Board Secretary shall also provide Board members with the Board's meeting's agenda and appendix at least 5 days prior to the meeting for them to review the documents and to adequately prepare for meeting

4.1.8.1.3 Ask questions and seek explanations of problems:

- Board members must constructively challenge management to address problems
- Board members must request information especially for exceptions from Board Committees Charters and policies

4.1.8.1.4 Understand audit and supervisory communication:

- Board members must review significant communications from the bank's auditors and regulators and ensure deeper understanding of important issues

4.1.8.1.5 Obtain external help:

- When necessary, Board members must obtain expert assistance, through the use of external attorneys, consultants, accountants, appraisers and investigators

4.1.8.2 Loyalty to The Bank: Members of the Board of directors must prioritize the bank's interests and reputation at all times

4.1.8.2.1 Concept of fair dealing

- Board members must ensure fair arm's length in business dealings between their own business and their personal relationships and the bank.

4.1.8.2.2 Conflict of interest & inside information

- The Board must develop a written policy to remedy actual and potential conflicts of interest
- Board members must structure personal and business dealings with the Bank to comply with legal requirements.
 - a) Authorization by Board (Based on a delegation from the General Assembly) the Ordinary General Assembly shall have the right to delegate the authorization powers accordingly with the Companies Law and under the following conditions:
 1. The total amount of business or contract or the total of the business and contracts during the fiscal year is less than (1%) of the Bank's revenues according to the latest audited financial statements and less than 10 millions Saudi Riyals.
 2. The business or contract falls within the normal course of the Bank's business.

3. The business or contract shall not include preferential terms to the Board members and shall be in accordance with the same terms and conditions followed by the Bank's contractors and dealers.
 4. The business or contract shall not be part of the consultation business and contracts which a Board member carries out by a professional license for the Bank in accordance with the Implementing Regulation of the Companies Law for Listed Joint Stock Companies.
- b) The Board member shall be responsible for calculating the transaction stipulated in sub-paragraph (1) of paragraph (a) of this section, in which he has a direct or indirect interest during the same fiscal year.
 - c) The Ordinary General Assembly shall have the right to delegate the authorization powers stipulated in the Companies Law to the Board, provided that the resolution of that General Assembly specifies the competing businesses and activities that delegated Board may authorize during the delegation period.
 - d) The period for the delegation shall be maximum of one year from the date of approval by the General Assembly to delegate its powers stipulated in the Companies Law, to the Bank's Board, or until the end of the term of the delegated Board, whichever is earlier
 - e) The Ordinary General Assembly shall have the right to delegate the authorization powers to the Board, provided that the resolution of the General Assembly specifies the competing businesses and activities that delegated Board may authorize during the delegation period.
 - f) Any member of the Board shall not be allowed to vote on the items of delegation and the revocation in the Ordinary General Assembly.
 - g) Any member of the Board shall not be allowed to vote on the resolution taken by the General Assembly or the delegated Board with respect to businesses and contracts that are executed for the Bank's account if he/she has a direct or indirect interest therein or in engaging in a business that may compete with the Bank or any of its activities.
- The directors and senior executives of the Bank or audit committee members of the issuer and any person related to them may not deal in any securities of the Bank during the following periods:
 - During the 15 calendar days preceding the end of the financial quarter and until the date of the announcement and publication of the interim results of the Bank.
 - During the 30 calendar days preceding the end of the financial year and until the date of the announcement of the Bank's annual results.
 - Or any other prohibition period imposed by the respective regulatory bodies.

- Must comply with the Conflict of Interest Policy.

4.1.8.2.3 Insider laws and regulations

- Board members must strictly adhere to insider regulations, charters and policies. Violation may lead to reputational risks.

4.1.8.2.4 Exemplary conduct:

- Board members must ensure that their conduct & behavior is guided by independence, objectivity, candor, good faith, diligence and integrity.

4.1.8.2.5 Duty of Care and Loyalty

- Board members must place the interest of the bank and its shareholders above their own self-interest or the interests of any other person.
- Duty to act within conferred powers: a member of the board shall perform and exercise his/her duties and powers in managing the Bank and guiding its activities within his/her conferred powers in accordance with the Companies Law and its implementing regulations and the Bank's bylaw and other relevant laws, and only exercise powers for the purposes for which they were conferred.
- Duty to exercise reasonable and expected care, skill and diligence: A member of the Board shall comply with the following:
 - a) Working in good faith for the best interest of the Bank and all its shareholders and shall not priorities his/her personal interests over the interest of the Bank and its shareholders and in doing so shall have regard to the rights of the other stakeholders.
 - b) Ensure exerting all efforts to promote the success and growth of the Bank and maximize its value on the long term for the benefit of its shareholder.
- Duty to exercise independent judgment: a member of the Board shall perform his/her duties objectively and independently in relation to managing the Bank and making decisions, and shall avoid cases that affect his/her independence in making decisions or voting on them.
- Duty to exercise reasonable and expected care, skill and diligence: A member of the Board shall perform his/her duties and responsibilities in accordance with the Companies Law, the Capital Market Law and their implementing regulations and the Bank's bylaws and other relevant laws, and in accordance with the diligence and care that should be exercised by a diligent person with the General knowledge skill and experience that the member of the Board has and that are expected of a person carrying out the functions carried out by the member of the Board.
- Duty to avoid conflict of interest: A member of the Board shall avoid transaction and situations in which he/she has actual or potential direct or indirect interest that conflicts or may conflict with the Bank's interest, and the member of the Board shall comply with the provisions relating to conflicts of interest in the Companies Law and its implementing regulations.

- Duty to disclose any direct or indirect interest in businesses and contracts executed for the Bank's account: A member of the Board shall disclose any direct or indirect interest he/she has in the business and contracts executed for the Bank's account immediately upon becoming aware thereof, and shall comply with the provisions relating to disclosure of interest in business and contracts in the Companies Law and its implementing regulations.
- Duty not to accept benefits from third parties in relation to his/her in his/her capacity as a Board member in any way to obtain or accept benefits from third parties for a specific act or to refrain from doing a specific act.

4.1.9 Collective Board role, responsibilities and authority

The bank shall have an effective Board to direct its activities, safeguard its interests, and develop its values. The Board shall bear responsibility for its businesses, the ultimate responsibility for the success, soundness and solvency of the bank, and is accountable for protecting depositors' and shareholders' funds, even if it delegates its authorities to committees, agencies, or individuals to exercise some of its powers. In all cases, the Board may not issue a general or indefinite delegation.

The main responsibilities of the Board members are:

4.1.9.1 Strategy responsibilities:

- Constructively challenge and contribute to the development of strategy.
- Approve and monitor the implementation of the business strategy of the Bank, taking into account the Bank's long-term financial interests, its exposure to risks, and its ability to manage risks effectively.

4.1.9.2 Risk responsibilities (including Compliance & AML) :

- Approve and oversee the implementation of the Bank's overall risk strategy, including, but not limited to:
 - Its risk tolerance and appetite.
 - The policies for risk.
 - The risk management and compliance.
 - The internal controls system.
 - The corporate governance framework.
 - Principles and corporate values (including a code of conduct or comparable documents).
 - The bank's compensation system (specifically ensuring it doesn't incentivize disproportionate risk-taking).
 - Alignment with the Bank's short and long term strategy.
- Ensure the independence of internal and external auditors; and ensure compliance with the requirements of disclosure and transparency with regards to reports and financial information.
- Ensure that a policy to identify, measure and manage related-party exposures is in place.

- Ensure that the bank is operating with integrity and in compliance with applicable laws, regulations and internal policies.
- Ensure that the bank is following all applicable regulations in terms with combating money laundering and the financing of terrorism (AML/CFT)
- Ensure Regulatory Reporting are prepared according to regulatory requirement and deadlines are met.

4.1.9.3 Performance management responsibilities:

- Monitor and oversee bank's managers performance and risks, including subsidiaries and Business Associates.
- Ensure that financial information is accurate and that financial controls and systems of risk management are robust and defensible.
- Develop a corporate social responsibility program and oversee its implementation.
- Oversee the development and maintenance of a business continuity plan at all times.

4.1.9.4 Organizational responsibilities:

- Approve the organizational and functional structures of the bank that clarify the role, powers, and responsibility of the various positions within the executive management, including the CEO.
- Appoint and remove:
 - The Chief Executive Officer (CEO).
 - The Deputy Chief Executive Officer (Deputy CEO).

4.1.9.5 Duties of the Independent Director:

Without prejudice to Article (4.1.8) of these Manual, an Independent Director of the Board shall effectively perform the following duties:

4.1.9.5.1 expressing his/her independent opinion in respect of strategic issues and the Bank's policies and performance and appointing members of the Executive Management;

4.1.9.5.2 ensuring that the interest of the Bank and its shareholders are taken into account and given priority in case of any conflicts of interest;

4.1.9.5.3 overseeing the development of the Bank's Corporate Governance rules, and monitoring the implementation of the rules by the Executive Management.

4.1.9.5.4 An Independent Director of the Board shall make every effort to attend all meetings in which important and material decisions affecting the position of the Company are made.

4.1.10 Meetings, quorum and decision mechanisms

4.1.10.1 The number of Board meetings shall be at least four and no less than one meeting every three months, and shall be scheduled at the beginning of each year.

4.1.10.2 Additional or extraordinary meetings can be convened upon the request of the Chairman or one or more Board members.

4.1.10.3 The agenda and information packs for the Board meetings shall be sent out, at a minimum, 5 days in advance. For extraordinary meetings, the agenda and information pack will be sent within a period less than five 5 days prior to the date of meeting.

4.1.10.4 The Board shall approve the agenda once the Board meeting is convened. Should any member of the Board raise any objection in respect of such agenda, such objection shall be recorded in the minutes of the meeting.

4.1.10.5 Each member of the Board is entitled to propose additional items to the agenda.

4.1.10.6 The meetings of the Board can take place either face-to-face or by modern technology means

4.1.10.7 The Board has the right to issue resolutions in urgent matters by presenting to its members separately by circulation through technology means, unless one of the members requests in writing the meeting of the Board to deliberate thereon. These resolutions are presented to the Board at its first following meeting and recorded in writing in the Board's minutes.

4.1.10.8 A Board meeting quorum is considered valid if all the following conditions are met:

- At least 5 Directors attend either in person or through representation by a Board member by means of a written notice.
- The Chairman or Vice Chairman of the Board is present in the meeting.

A Board member shall not represent more than one member in attending the same meeting.

Board decisions shall be adopted by a simple majority of the votes of attending and represented members.

When votes are equally divided, the side on which the vote of the Chairman of the Board (or Vice Chairman in the Chairman's absence) lies shall prevail.

4.1.11 Internal Board management

4.1.11.1 Nomination and election of Board members

The Board, with inputs and recommendations by the Nomination and Remuneration committee, shall approve nominees for Board membership, and present the shortlist at the General Assembly, to vote for Board members.

4.1.11.2 Election term, re-election and mandatory retirement

- 4.1.11.2.1** The General Assembly shall appoint the members of the Board of Directors in accordance with the Policies, Standards, and Procedures for Board Membership, approved by the General Assembly.
- 4.1.11.2.2** The Board membership term is 3 years, and the preference is for not more than 12 consecutive or inconsecutive years as per SAMA's key principles of banks' governance.
- 4.1.11.2.3** Unless otherwise provided for in the Bylaws of the Bank, members of the Board may be reappointed.
- 4.1.11.2.4** All executive, non-executive and independent directors, wishing to get re-elected, shall be required to submit themselves for re-election every three years.
- 4.1.11.2.5** Reappointment should not be automatic, but the result of a conscious decision of the Bank's shareholders in the General Assembly.
- 4.1.11.2.6** Regulators shall be notified within five 5 business days of all Board member appointments within the legal terms stipulated in regulations and instructions.
- 4.1.11.2.7** The Board must consider – if made possible by the available Board members' range of expertise – rotating the membership for its key committees especially for the Audit Committee and the Nomination and Remuneration Committee. Members of these Board committees are typically considered for rotation after two terms.
- 4.1.11.2.8** The Bylaws of the Bank specify the manner in which membership of the Board of Directors terminates. At all times, the General Assembly may dismiss all or any of the members of the Board of Directors even if the Bylaws provide otherwise.

4.1.11.3 Induction for new members of Board and Board Committees

- 4.1.11.3.1** Members of the Board and Board Committees shall receive appropriate induction that explains the mission, strategic objectives and activities of the bank, and training upon appointment.
- 4.1.11.3.2** The Board must ensure the development and continuous updating of an induction program to the new members on the Bank's business in particular, the financial, risk and legal aspects.
- 4.1.11.3.3** The Senior Management of the Bank shall provide All Board members, the Non-Executive Directors in particular, and the committees of the bank, copies of the Bank's corporate governance manual, its appendices, and Board policies such as the code of conduct, the conflict of interests' policy, disclosure and transparency principles, Corporate Governance Regulation issued by the CMA and SAMA's key principles of banks' governance.

- 4.1.11.3.4** In addition to the above point, the new member shall also get a sample of the Board, its committees and the members evaluation.
- 4.1.11.3.5** Each Board member shall be asked to sign a statement that he/she understands and acknowledges his/her duties and responsibilities.

4.1.11.4 Continuing education and training

- 4.1.11.4.1** Members of the Board and Board Committees shall participate in ongoing Board training programs.
- 4.1.11.4.2** The Nominations and Remuneration committee shall oversee the development of this program.
- 4.1.11.4.3** The program will be implemented by the following guidelines:
- A. The program will be developed based on the results of the annual evaluation assessment taken by the Board and based on their feedback ensuring its effectiveness.
- B. The program will adhere strictly to the Board Policy on Evaluation of the Board and its Committees and Procedures outlined by the Board to ensure compliance throughout the implementation process.
- 4.1.11.4.4** The program may include the following as directed by the Board:
- Presentations by Senior Management of the Bank about the regulatory environment and its effects on the modus operandi of the complex business operations.
 - Presentations by external guest speakers to provide the latest updates on key topics, such as market trends, digital disruption, and consumer behaviors.
 - Attending conferences and seminars or programs offered by reputable organizations.

4.1.11.5 Board evaluation:

- 4.1.11.5.1** The Board, Board Committees and Committee members' effectiveness shall be evaluated as per the Board and Committees' Evaluation Policy.
- 4.1.11.5.2** The Board Nominations and Remuneration committee shall be responsible for conducting the evaluation, report its findings to the Chairman of the Board and then recommend a plan to address identified areas of improvement. The performance evaluation process shall be circulated to all members upon their joining the Board.
- 4.1.11.5.3** The Board, through the Board Nominations and Remuneration committee, shall also ensure that each Board committee conducts a regular self-evaluation of its performance and the performance of its members.

- 4.1.11.5.4** The individual assessment of the Board members shall take into account the extent of effective participation of the member and his/her commitment to performing his/her duties and responsibilities, including attending the Board and its committees' meetings and dedicating adequate time thereof.
- 4.1.11.5.5** The Board shall conduct an annual evaluation of the extent of independence of the independent member, and shall ensure that there are no relationships or circumstances that affect or may affect his independence; the member shall also inform the Board in the event that circumstances affecting his independence may arise.
- 4.1.11.5.6** The Board shall carry out the necessary arrangements to obtain an assessment of its performance from a competent third party every three years.

4.1.11.6 Succession of the Board

The identification of new candidates for election to the Board of Directors shall be inline with Board Membership Selection Criteria, SAMA and CMA Regulations and Bank's Bylaws. Among other options may be exercised by the Board this may happen in two different ways:

4.1.11.6.1 Internal identification of candidates

The Nomination and Remuneration Committee shall use two primary methods for internally identifying Candidates:

- First, the Nomination and Remuneration Committee shall solicit suggestions for possible Candidates from a number of internal sources including members of the current Board of Directors and senior Bank executives.
- Second, the Nomination and Remuneration Committee may hire at the Bank's expense one or more search firms to identify candidates. Search firms shall be asked to identify possible Candidates who meet the desired qualifications expressed in the collective skill-set requirements; to conduct appropriate background and reference checks; and to pre-screen candidates for interviewing

4.1.11.6.2 Proposals by shareholders

The Nomination and Remuneration Committee shall consider candidates recommended for nomination to the Board by shareholders of the Bank. Shareholders may make such recommendation by submitting a completed Director Nomination Form. The form shall be developed by the Nomination and Remuneration Committee and made available for use by the Shareholders.

Note on shareholder recommendations: The manner in which the Nomination and Remuneration Committee shall evaluate candidates recommended by shareholders is the same as any other candidate. However, the Committee will also seek and assess information concerning any relationship between the shareholder and the

candidate to determine if the candidate can represent the interests of all of the shareholders.

The Nomination and Remuneration Committee shall maintain register containing a pool of nominees who may potentially be considered for future elections should a need arises to fill any of the Board of Directors and/or its committees vacant positions

4.1.11.7 Board and Committees' members' Compensation

Compensation to Board members shall be in accordance with the SAMA, CMA regulations, the Companies Law and its implementing regulations and the Bank's bylaws and Remuneration Policy approved by the General Assembly

The compensation of the Audit Committee external members (Non-Board members), shall be determined by the General Assembly. As for other external Committees non-board members shall be determined by the Board and shall be comparable to market rates to ensure an adequate expert caliber is attracted.

The Bank must ensure that Board and Committees members' remuneration details, as well as the mechanism used to calculate it, be made public as per regulatory requirements

4.1.11.8 Board Secretary

The Board shall appoint a secretary among its members or a third party, whose competencies and wage shall be specified by a Board resolution, unless the Bank's bylaws include provisions in connection therewith, and shall perform the responsibilities as per the directives of the Chairman of the Board, and is tasked with the role to support the Chairman in ensuring the smooth functioning of the Board. The responsibilities of the Board Secretary particularly include the following: :

- 4.1.11.8.1** Documenting the Board meetings and preparing minutes therefor, which shall include the discussions and deliberations carried during such meetings, as well as the place, date, times on which such meetings commenced and concluded; and recording the decisions of the Board and voting results and retaining them in a special and organized register, and including the names of the attendees and any reservations they expressed (if any). Such minutes shall be signed by the chairman of the meeting, all of the attending members and the secretary;
- 4.1.11.8.2** Retaining the reports submitted to the Board and the reports prepared by it;
- 4.1.11.8.3** Providing the Board members with the agenda of the Board meeting and related worksheets, documents and information and any additional information, related to the topics included in the agenda items, requested by any Board members. Ensure meeting agenda and the information pack – in its entirety – is sent at least 5 days in advance of meeting date.
- 4.1.11.8.4** Ensuring that the Board members comply with the procedures approved by the Board;

- 4.1.11.8.5** Maintain detailed meeting and decision records of the Board with the necessary archiving Meeting minutes must include all discussions and votes made during the meetings, including objections or abstention from voting.
- 4.1.11.8.6** Distribute to concerned parties the final minutes of the Board meetings no later than 15 working days from the meeting date.
- 4.1.11.8.7** Presenting the draft minutes to the Board members to provide their opinions on them before signing the same;
- 4.1.11.8.8** Ensuring the the Board members receive, fully and promptly, a copy the minutes of the Board's meeting as well as the information and documents related to the Bank's
- 4.1.11.8.9** Act as authorized channel of communication and coordination with the related department to notify the Executive Management of all decisions of the Board.
- 4.1.11.8.10** Coordinating among the Board members and ensure follow up on the Board decisions and ensure its implementation by the Executive Management
- 4.1.11.8.11** Ensure regulatory compliance of Board affairs
- 4.1.11.8.12** Providing assistance and advice to the Board members.
- 4.1.11.8.13** Retaining the reports submitted to the Board and the reports prepared by it.
- 4.1.11.8.14** The secretary of the Board may not be relieved of her/his duties except pursuant to a decision of the Board

4.1.12 Conflicts of Interest

4.1.12.1 Dealing with Conflicts of Interest and Related Parties Transactions:

Without prejudice to the provisions of SAMA, CMA and the Companies Law and its implementing regulations, conflicts of interest situations and Related Parties transactions shall be dealt in accordance with the provisions of this Manual, internal policies and procedures, SAMA, CMA regulations, the Companies Law and the Bank's bylaws.

The transactions shall be carried out on a commercial basis only, and shall include notifying the public and SAMA without delay about this transaction if it is equal to or exceeds 1% of the total revenues of the Bank pursuant to the latest annual audited financial statements.

4.1.12.2 Disclosure of Conflicts of Interest by the Nominee

A person who desires to nominate himself/herself for the membership of the Board shall disclose to the Board or the General Assembly any cases of conflicts of interest in accordance with internal policies, SAMA, CMA regulations, the Companies Law and the Bank's bylaws

having direct or indirect interest in the contracts and businesses entered into for the benefit of the Bank in which he/she desires to be nominated to the Board.

4.1.13 Disclosure and transparency rules

The Board should ensure the release of information as highlighted in the requirements of SAMA and the CMA in a timely manner.

Through ensuring adherence to the Transparency & Disclosure Policy, The Bank's Board should demonstrate its commitment to achieving the highest standards with regards to disclosure, and by acting in accordance with the spirit, intention and purposes of the applicable regulatory requirements, and by looking beyond form to substance. The Disclosure Policy should at all times reflect relevant obligations in accordance with internal policies, SAMA, CMA regulations, the Companies Law and the Bank's bylaws

For disclosure purposes, price-sensitive information is information that a reasonable person would expect to have a material effect on the price or value of The Bank's securities. The Board has the ultimate responsibility for reviewing proposed disclosures and in making decisions in relation to what information can be, or should be, disclosed to the market.

4.1.13.1 The Board's Report:

The Board's report shall include the Board's operations during the last fiscal year and all factors that affect the Bank's businesses in accordance with SAMA and CMA regulations.

4.1.13.2 The Audit Committee's Report

a) The report of the audit shall include details of its performance of its competencies and duties stated in these Regulations, provided that the report contains its recommendations and opinion on the adequacy of the internal and financial control systems and risk management systems in the Bank.

b) The Board shall make available sufficient copies of the audit committees' report at the Bank's head office, and publish them on the Bank's and the Exchange's websites when publishing the invitation to convene the General Assembly, to enable shareholders to get a copy thereof. Summary of the report shall be read at the General Assembly.

4.1.13.3 Disclosure by the Board

The Board shall regulate the disclosures of each of its members and the members of the Executive Management, observing the following:

1. maintaining a register for the disclosures of the Board members and the Executive Management and updating it regularly based on disclosures regulated by Board Secretary required as per internal policies, SAMA, CMA regulations, the Companies Law and the Bank's bylaws.
2. making such register available for review by the Bank's shareholders **free of charge.**

4.1.13.4 Disclosure of Remunerations

The Board shall:

- A. disclose the remuneration policy and the method by which remunerations of the Board and executive management are determined;

- B. provide an accurate, transparent and detailed disclosure in the Board report on the remunerations granted to the Board members and Executive Management, directly or indirectly, without any omission or misleading information, and whether these were in cash or other benefits of any nature. In case they were shares of the Company, the value of the shares is the market value on the due date;
- C. explain the relationship between remunerations granted and applicable remuneration policy, highlighting any significant deviation from such policy;
- D. a description of the necessary details with respect to the remunerations and compensations granted to each of the following, separately:
 - Board members;
 - five Senior Executives who have received the highest remuneration from the Bank, provided that the chief executive officer and chief financial officer are among them.
 - members of committees

4.1.14 Retaining of Documents

The Bank shall retain all minutes, documents, reports and other papers required to be maintained in the Bank's head office for at least ten years as per Regulations. This shall include the Board report and audit committee report. Without prejudice to this period, a Bank's, in case of any lawsuit (filed or threatened to be filed) or ongoing claim or any investigation relating to those minutes, documents, reports and other papers, shall maintain them until the end of the ongoing lawsuit, claim or investigation.

4.2 Board Committees

Complying with Saudi regulators and Basel guidelines, the Board has established the following Six Board committees:

- Executive Committee
- Risk Committee
- Audit Committee
- Nomination and Remuneration committee
- Corporate Governance Committee
- Sharia Committee

No member of the Board or the Executive Management except the secretary or a member of the committee may attend the meetings of a committee unless such committee requests his/her opinion or advice.

4.2.1 Executive Committee

The committee shall be responsible for the reviewing, monitoring and approving key financial and non-financial business, investment and operational decisions for the bank within the authority defined by the Board.

4.2.2 Risk Committee

The purpose of the Board Risk Committee is to advise the Board regarding current and future plans and strategies for the bank's risk management, and provide oversight on the execution of such plans and strategies.

The committee is responsible for assisting the Board in all activities and resolutions related to risk management, such as assisting the Board in the effective discharge of its responsibilities for business, market, credit, equity, financial, operational, liquidity and reputational risk management.

The Board Risk Committee shall:

- Recommend to the Nomination and Remuneration Committee the appointment and dismissal of the Chief Risk Officer.

4.2.3 Audit Committee

The primary purpose of the Audit Committee of the Board is to assist the Board in fulfilling its oversight responsibilities for the financial reporting process, the system of internal control including IT system control, the internal and external audit process

The Committee shall also assist the Board of Directors through the Management Compliance Committee to monitor compliance with laws, regulations and the code of conduct.

The Audit Committee affairs shall be managed by its Secretary including but not limited to arrange training and induction programs.

If a conflict arises between the recommendations of the audit committee and the board resolution, or if the Board refuses to put the committee's recommendations into action as to appointing or dismissal the Bank's external auditor the Board's report shall include the committee's recommendations and justifications, and the reasons for not following such recommendations.

The Board Audit Committee shall:

- Recommend to the Nomination and Remuneration Committee the appointment of the Chief Internal Auditor.
- Recommend to the Nomination and Remuneration Committee remuneration of the Chief Internal Auditor.

4.2.4 Nomination and Remunerations Committee

The Board Nomination and Remuneration Committee approve the appointments, remuneration and removal of the following positions:

- Executive Management.
- Ensure succession planning for all critical positions (Executive Management). The Board must work directly with The Nomination and Remuneration Committee as well as with the Human Resources Department to achieve this.
- Determine the appropriate level of remuneration across the bank and approve the bank's compensation system, including the annual performance bonus. The remuneration system must be consistent with the bank's culture, its long-term business and risk strategy, its performance, as well as with any legal or regulatory requirements and it must not encourage excessive risk taking.

4.2.5 Corporate Governance Committee

The purpose of the Board Corporate Governance Committee is to enhance and maintain best-in-class corporate governance practices by ensuring, on behalf of the Board, that these practices are implemented across all activities undertaken by the bank

In addition, the committee has the responsibility of ensuring that the bank is compliant with Saudi and relevant international corporate governance regulations at all times.

4.2.6 Sharia Committee

The purpose of the committee is providing Sharia opinions on submitted applications and related contracts and forms.

The committee is also responsible for ensuring the bank is in compliance with Sharia principles. In addition, the Sharia committee should deal with any Sharia related enquiries from the bank and its customers. Additionally Sharia Governance is under the purview of Committee.

5. Management Governance Model

Management Committees

The Bank has formed a number of management and sub-management Committees to assist the Executive Management in executing its responsibilities regarding the day-to-day management of the Bank. These Committees provide forums for expertise, challenge and decision making within the authority granted by the Bank authority matrix. These Committees also act as a day-to-day check and balance to ensure power and authority within the Bank is adequately distributed and to ensure a robust decision making process.

The detailed composition, roles, responsibilities and authorities of each management and sub-management committee are as contained in their respective charters.

The Board, and the Bank's CEO may establish other committees and or groups designed to assist in oversight and decision making from time to time. Where these committees have official authority in respect of the business and operations of the Bank.

6. The Bank's External Auditors

6.1 Assigning the Audit Function:

The Bank shall assign the function of auditing its annual accounts to an independent and competent external auditors who possesses the necessary expertise and qualifications to prepare an objective and independent report to the Board and the shareholders, setting out whether the Bank's financial statements clearly and impartially express the financial position of the Bank and its performance in the significant areas.

6.2 Appointment of the External Auditors:

The Ordinary General Assembly shall appoint the Bank's external auditors based on a recommendation from the Board, provided that the following requirements are met:

- a. the nomination shall be based on a recommendation from the audit committee.

- b. the external auditors shall be authorized by the Competent Authority.
- c. the external auditor's interests shall not conflict with the interests of the Bank.
- d. the number of nominees shall not be less than two.

6.3 Duties of the External Auditors:

The external auditor shall:

- a. owe the duties of loyalty and care to the Bank.
- b. notify the Authority if the Board fails to take appropriate actions in respect of suspicious issues it raises.
- c. Request the Board to call for a General Assembly meeting if the Board has not facilitated his mission; and shall be liable to compensate the Bank, the shareholders or third parties for the damages resulted from errors it commits in the course of its engagement. If an error is attributable to more than one external auditors, they shall be jointly responsible therefor.

7. SEPARATION OF RESPONSIBILITIES

7.1 Separation of Board and Management

Board and management complement each other's responsibilities but do not interfere in one another's. Board interference in executive responsibilities contradicts sound governance practices and must be avoided.

Board responsibilities are driven by two main responsibilities:

1. **Set direction:** Engage constructively with management in setting the direction for the business and approve the strategic direction of the business
2. **Provide oversight:** Monitor the performance of the bank across all functions through robust review mechanisms

The comprehensive list of Board responsibilities are outlined in the Banks's Bylaws, SAMA key principals of Governance and CMA regulations.

In contrast;

Management responsibilities are driven by the following two responsibilities:

1. **Execute:** Develop policies, procedures and frameworks to enable execution of the strategy approved by Board. Implement all initiatives and deliver results within guidelines approved by Board,
2. **Report back to Board:** Report to the Board on the Bank's performance across all functions and highlight key risks. Recommend plans to address bank's shortcomings across all aspects including material matters such as (changes in the business strategy, financial conditions, breaches of risk limits, legal or regulatory concerns and proposing the powers to be delegated to the Management, the procedures for

decision making and the period of delegation, provided that it shall present periodic reports to the Board in respect of its exercise of such powers.

7.2 Separation of Chairman and CEO

There shall be a clear division of responsibilities between the roles of Chairman of the Board and the CEO to ensure effective separation of the roles of the Board on one hand and the management on the other hand

In this respect there are two overarching governance roles:

- The oversight of The Bank and its activities by the Board versus
- The day-to-day management of the bank and its activities by the CEO and by the senior management team that reports to the CEO

The **Chairman of the Board** is responsible for:

- Leading the Board
- Overseeing the Bank's strategy and management
- Ensuring that the Board effectively discusses all fundamental issues in due course
- Encouraging the Board members to effectively perform their duties in order to achieve the interests of the Bank
- Overseeing that effective external relations are in place (including with stakeholders such as shareholders, creditors, financial agencies, etc....)
- Overseeing the implementation of corporate governance standards.
- Chair the Board and supervise the effectiveness of its workflow, and perform his duty effectively.
- Ensure that all Board members have timely access to complete, clear and correct information.
- Represent the Bank before third parties in accordance with the provisions of the relevant laws, regulations, and instructions, as well as the provisions of the Bank's bylaws.
- Encourage effective participation between the Board and the executive management.
- Oversee the drafting of the Board meeting agenda, taking into account any point raised by a Board member or auditor, and consult with the members upon preparing the meeting agenda.
- Convening periodic meetings with the Non-Executive Directors without the presence of any Senior Officers of the Bank

The Board is responsible for the Bank in accordance with SAMA, CMA regulations, the Companies Law and its implementation rules and the Bank's bylaws

The Chief Executive Officer (CEO):

- Shall exercise control and supervision over the business affairs and management of the Bank, subject to the general authority delegated by the Board and the Executive Committee, up to any limits they determine.
- Shall be responsible to the Board for the implementation of the regulations, policies, and decisions of the Board and the Executive Committee and shall furnish such reports to the Board as may be requested by the Board.

- Must hold at least one meeting every year with the Nomination and Remuneration Committee in order to discuss the names of potential candidates for his succession at the top position of the Bank's management hierarchy. The Nomination and Remuneration Committee should then meet separately and independently to discuss the candidates presented by the CEO
- Shall keep at all times records of written and other confidential procedures for the facilitation of taking over the CEO's responsibilities, in case he is incapacitated or if he suddenly leaves his position. The takeover procedures shall also include the replacement of future CEO. The CEO shall revise these procedures regularly with the Nomination and Remuneration Committee.
- Shall submit to the Nomination and Remuneration Committee a strategy for the replacement and succession of the CEO

The Board is responsible for the Bank with the SAMA, CMA regulations, the Companies Law and its implementing regulations and the Bank's bylaws. Communication Procedure between Board Members and Management

Practical behaviors must balance the Board members' knowledge and accountability and management's operational autonomy

The guiding principle is that Board members have no individual power to tell staff what to do, including the CEO. The power comes from the collective nature of the Board as a whole, not individual member

Direct communication between Board members and management outside of Board or committee meetings must always be through the Secretary of the Board. A Board member wishing to engage individually with any member of the management team must inform the Board Secretary, who will then get the CEO's consent prior to contact/meeting

The Board member must inform the Board Secretary of the meeting date, who will then inform the CEO, and the CEO can elect to participate in the discussion

Individual, direct engagement of Board members with managers should be with the sole purpose to understand the business and/or the manager's capabilities and assess those, not to decide and direct

The CEO must raise deviations from the above principles with the Chairman who is in charge of realigning behavior with sound practice

Employees wishing to contact the Board of Directors must refer to the Board Secretary.

7.3 Separation of CEO and the Rest of the Management Team

The Bank believes that the ability of a CEO to manage efficiently and effectively is highly dependent on his/her ability to maximize the value added contribution of his/her management team. His success is to a great extent measured not by what he/she as an individual is able to produce but by what his/her management team produces, collectively

Clear separation of duties and proper segregation of responsibility are keynote to allowing the CEO to dedicate time for carrying out his/her value adding functions which are: planning, organizing, directing, controlling and coordinating

The CEO shall ensure the engagement of the senior management team in the overall steering of the bank through active and effective engagement and strict implementation of the delegation of authority policy and matrix.

7.4 Delegation of Authorities

The organizational structure of the bank shall determine the competencies and the distribution of tasks between the Board and the executive management as per the best governance practices, improve the efficiency of decision-making, and achieve balance between powers and authority in accordance with internal policies, SAMA, CMA regulations, the Companies Law and the Bank's bylaws .

In order to achieve this, the Board:

- Develops and approve the internal policies related to the bank's business; this shall include defining the tasks, competencies and responsibilities assigned to the various organizational levels.
- Approves a written and detailed Delegation of Authority Policy and matrix that defines the powers delegated to the executive management, provided that it includes an account of each power, its method of implementation, and delegation period; it may request the executive management to submit periodic reports on its exercise of the delegated powers.
- Ensures the bank's business and operations must be conducted and managed through a system of delegated authorities
- Ensures the management and employees will be delegated the authority that they need to perform their responsibilities effectively
- Ensures the bank shall store a comprehensive record of the delegated authorities in a single repository – the delegation of Authorities (DoA) matrix
- Acknowledges that delegating an authority to a subordinate does not relieve the higher authority levels of their accountability for the authorities vested in them
- Has delegated the Management personnel the **right** to exercise the authority that is attached to their position and have an **obligation** to do so in a judicious manner and in the best interests of the bank

8. BANK OVERSIGHT OVER BUSINESS PARTNERS

8.1 Business Partners Overview

The Bank's equity investments in Subsidiaries and Associates are considered to be strategic investments with a long term investment horizon. The objective is to develop strong partnership models with investee companies with an aim to deliver strong returns on investment and a robust cross-selling/referral framework to enhance the profitability of the entire Group. The Bank aims for investment in companies with complementary financial products and services and ability to generate substantial value creation and cash flow over time.

8.2 Operational Separation as per Regulation

The Bank's oversight of its associates shall at all times respect the domestic regulation on separation of operations between the parent and its subsidiary. In this respect, no direct managerial reporting line shall exist between the subsidiaries and the bank.

8.3 Strategy Investment Department Oversight Levers

Recognizing the importance of subsidiaries and associates oversight, The Bank has a dedicated Strategy Investment Department within the Governance Group responsible for maintaining an effective oversight of the partner companies and promoting cross-selling efforts. The Bank's Investment Policy guideline for

Subsidiaries and Associates as well as Business Partners Policies and Procedures Manual guide the parent-subsi-dary relationship.

Primarily, the Bank shall exercise adequate oversight over its subsidiaries and associates as per the Investment Policy guideline for Subsidiaries and Associates.

9. DIRECTION SETTING LEVERS

9.1 Strategy

The Bank shall put a multi-year strategy in place. This strategy is essential to having common understanding of the current state of the business, where it is heading and what resources the bank needs to deploy, to achieve its vision. Having a strategy enables clarity, focus and direction. It also allows alignment of efforts by all internal stakeholders to achieve the long term goals. The Board shall ensure that the bank has a valid and approved strategy at all times. The Board also has the responsibility to ensure that management is aligned to the strategy and that it executes the strategy as approved.

9.2 Planning and Budgeting

Management shall put in place an annual profit and capital plan. The foundation of the consolidated operational planning is for the coming year for the Bank and its consolidated subsidiaries. The purpose of the Plan is to set forth the consolidated financial objectives of the Bank for the Plan year, to generate a consolidated projected profit and balance sheet performance for the Plan year, and to provide the basis on which to evaluate the individual profit and balance sheet performance for individual business units, support units, and subsidiaries of the Bank for the Plan year.

The Plan is initiated by the Bank's Chief Financial Officer (the CFO) after consultation with the CEO . The Plan process generally begins in September/ October of each year. The Plan is the responsibility of the Financial Planning and Control Unit (FPC) of the Bank.

9.3 Control levers

9.3.1. Corporate Governance

The Bank shall put in place the function of Chief Governance Officer who would act as the executive arm of the Board Corporate Governance Committee at management level The Chief Governance Officer shall be in charge of supporting the bank in continuously following sound corporate governance practices.

The Chief Governance Officer is to be the custodian of the corporate governance manual, the delegation of authority, all policies & procedures and the conflict of interest registry

The Corporate Governance Officer shall be in charge of the Governance function and shall report to the Board Corporate Governance Committee on governance matters. The Chief Governance Officer shall report to the CEO and Corporate Governance Committee.

9.3.2. Internal Audit

The Bank views Internal Audit as an agent for continually enhancing the bank's governance, risk management and controls. The Audit Committee shall ensure that the audit function is always adequately staffed with the right caliber and number of resources to conduct its responsibilities effectively.

Internal Audit is managed by the Chief Internal Auditor (CIA) whose appointment shall be approved by the Nomination and Remuneration as delegated by the Board based on the Audited Committee recommendation. the Chief Internal Auditor shall be responsible, among other things, of sharing all relevant reports with the Audit Committee, and the CEO.

Internal Audit Report

- A. The internal audit department shall prepare and submit a written report on its activities at least quarterly to the Board and the audit committee. Such report shall include an assessment of the Bank's internal control system and the final opinion and recommendations of the unit or department. Such report shall also specify the procedures taken by each department for addressing the findings and recommendations from the previous audit, and any remarks thereon, particularly failures to promptly address such findings and recommendations and the reasons for such failure.
- B. The internal audit department shall prepare a general written report to be submitted to the Board and the audit committee on the audit activities it carried during the fiscal year compared to the approved plan. Such report shall explain the reasons for any deviation from the plan, if any, during the quarter following the end of the relevant financial year;
- C. The Board shall specify the scope of the report of the internal audit department, based on recommendations from the audit committee and the internal audit unit or department. The report shall include at minimum the requirements as per internal policies, SAMA, CMA regulations.

9.3.3. Compliance

The Compliance Group shall be responsible for combatting money laundering, the financing of illegal activities, including compliance with all relevant regulatory directives as imposed by regulators (such as SAMA and CMA), and shall take any action designed to ensure integrity of the Bank towards its customers and markets. In that respect, the Compliance function shall help the management to identify, evaluate such regulatory risks and to mount an adequate response to such risks. Compliance shall be managed by the Chief Compliance Officer who shall report to the CEO and the Board Audit Committee.

9.3.4. Risk Management

The Bank's Risk department shall be responsible for the identification and management of risks across all bank's activities. This shall include the areas of credit risk, market risk, liquidity risk, operational risk, and reputational risk. Risk shall be managed by the Chief Risk Officer who shall report to the CEO and the Board Risk Committee.

9.3.5. Cybersecurity

The commitment to safeguarding the personal and confidential information of customers and employees is crucial to the success of The Bank. Where the bank collects, maintains and uses data, they must protect that data to the fullest extent possible by maintaining high standards of data and security information by complying with SAMA, NCA, SDAIA and international applicable regulatory standards (PCI, DSS and Swift) which is crucial for enablement of business. Cybersecurity is governed by the Cybersecurity Strategy, Master, Cybersecurity Policy and Cybersecurity Committee Charter.

9.3.6. IT Governance

The confidentiality, integrity and availability of information are essential for the Bank to maintain its competitive edge, cash-flow, profitability, legal compliance and commercial image. This makes it necessary for the Bank to continuously define, document, communicate, implement and audit information systems' security. This control lever is governed by IT function in accordance with internal policies, SAMA, CMA regulations, the Companies Law and the Bank's bylaws.

9.3.7. Internal communication

The main goal of internal communication shall be to strengthen the organizational culture and level of commitment of bank employees. Specifically, internal communication shall also be responsible, together with the Chief Governance Officer, for raising awareness around and instilling the bank values and Corporate Governance principles.

9.3.8. Shareholder communication

The Bank shall provide adequate and accurate information to its shareholders. The bank shall enable its shareholders to make informed decisions about their investment in the bank.

In order for the market to have an understanding of the business operations and performance, the bank shall aim to provide shareholders with access to quality information, at minimum in the form of:

- Interim and final results
- Annual reports
- General Assembly meetings

The bank shall ensure the availability of an extensive investor relations section on its website which includes all publishable information which concern investors, including a notification on the dates of planned General Assembly meetings, as well as the Bank has an investor relation function in order to achieve effective and fair communication between the Bank and shareholders.

The Bank shall ensure recording the details of the shareholders who desire to attend at the Bank's head office prior to the specified time for convening the assembly, unless the Bank's bylaw state other means.

All other price sensitive information will be released to the CMA in a timely manner; and shall be published on the bank's website, and where necessary, on sources for the public to read.

The Bank will also provide shareholders with a comprehensive outline of the bank's corporate governance approach and the ongoing activities designed to enhance governance.

10. Appendix

10.1 Appendix I: Board Committee Charters

These general provisions are valid for all Board Committees:

Formation and composition:

- The Board may establish Board Committees which assist it in performing its responsibilities and approve its Charters which should be reviewed every three years.
- The Chairman of the Committee and Committee members shall be selected by the Board
- Committee terms and membership shall be limited to a period of three years, unless otherwise stated in the respective committee charter
- Committee terms and memberships shall be renewable by the Board up to two additional terms
- The number of members of a committee shall not be less than three or more than five(5)
- Each Committee shall have a nominated Secretary approved by the Committee's members
- The Secretary shall be the authorized channel of communication of all Committee decisions

Meetings:

- All the annual meetings of the Committees shall be scheduled at the beginning of each year
- The meetings' agenda shall be determined by the Chairman of the Committee, and shall be provided via the Secretary of the Committee, to Committee members 5 business days in advance with the accompanying documents for the meeting. In exceptional cases, the Chairman can decide to have the agenda and/or the accompanying documents forwarded within a shorter period of time. Meetings may be held without notice if all of the members waive notice
- The Committee may conduct meetings through modern technology means or by circulation, provided that meeting in person is the normal standard
- The quorum for the meeting is the majority of its members, unless otherwise specified in the committee charter
- Board Committee members may not delegate to another Board member to attend Committee meetings and vote.

- The Committees must act upon their authorities as stipulated in the Charters or as delegated by the Board of Directors.
- The decision-making process is through consensus and when there is no consensus; decisions shall be reached by a simple majority decision by a voting process. If there is a voting deadlock, the Chairman or the acting Chairman shall have the casting vote
- Minutes shall be approved by the Committee, within 5 business days from the meeting and included in the papers for the following Board meeting. Once the Secretary has received the approval of two Committee members (apart from the Chairman), the minutes are deemed to be final
- Board Committee members shall receive attendance allowance against each Committee meeting
- Committee members who are not Board directors shall be paid competitive market rates
- All expenses incurred by members to attend Board Committee meetings shall be reimbursed

Performance:

- The Committee Chairman shall report to the Board on its proceedings after each meeting
- The Committee shall, once a year, review its own performance, constitution and terms of reference to ensure it is operating effectively and report to the Nominations and Remuneration Committee. The results of the evaluation of the Nominations and Remuneration Committee shall be reported to the Board
- Any member of a Board Committee may be removed and replaced at any time by the Board, and shall automatically cease to be a member when the member ceases to be a Director