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Banque Saudi Fransi

Policies, standards and special procedures for

Membership of the Board of Directors and its Committees

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Approved by:

Nomination and Remuneration Committee

Board of Directors

General Assembly

Custodian:

Corporate Governance Department

Note :

Any amendments to this document require approval from the Board of Directors or whom it authorizes, and the approval of the General Assembly. These amendments shall be duly disclosed to the parties concerned. The Corporate Governance Department is responsible for reviewing and updating any amendments to this document to be always consistent with the regulations and laws issued by the relevant regulatory authorities, instructions of the Board of Directors and its committees, the senior management, the legal department and the bank's Articles of Association.

Contents

.1	Purpose	4
.2	Standards and procedures	4
2.1	formation of Board of Directors and its committees	4
2.1.1	formation of Board of Directors	4
2.1.2	formation of the committees	4
2.2	Appointing of members of Board of Directors and its committees	5
2.2.1	appointing Board of Directors members	5
2.2.2	secretary of Board of Directors	6
2.2.3	appointing Committees' members	6
2.3	Membership term	6
2.3.1	term of membership in Board of Directors	6
2.3.2	term of membership in committees	7
2.4	Qualifications of Board of Directors members, members of committees and Board secretary	7
2.4.1	qualifications of Board of Directors members and members of committees	7
2.4.2	secretary of the Board	8
2.4.3	additional qualifications of Audit committee's members	8
2.4.4	additional qualifications of risk committee's members	9
2.5	Independent Board of Directors members and members of committees	9

2.5.1additional standards of independency for Audit committee	9
2.5.2independency annual assessment	10
2.6The vacancy in Board of Directors or its Committees	10
2.6.1Expiry of Board of Directors membership	10
2.6.2filling the vacancy in Board of Directors	11
2.6.3termination of membership and filling the vacancy in the committees	11
2.7Procedures for the selection, appointment, reappointment, discharging / resignation of Board's member or a member of the Committee	11
2.7.1Announcing the nomination	12
2.7.2Procedures for nomination and election	12
2.7.3Candidate's disclosure of conflict of interest	14
2.7.4Termination of service / resignation of members of the Board of Directors or members of committees	15
2.7.5Renewing the membership of members of Board of Directors or committees	15
2.8Evaluate the performance of the Board and Committees and provide them with information	15

1. Purpose

This document has been prepared as a guide to the applicable policies, standards and basic procedures of Banque Saudi Fransi “Bank” regarding the selection and appointment of Board members “Board”, members of the Board’s committees “Committees” and the Secretary of the Board of Directors “ secretary.”

2. Standards and procedures

2.1 Formation of the Board of Directors and its committees

2.1.1 Formation of the Board of Directors

2.1.1.1 The Board of Directors of Banque Saudi Fransi is composed of ten members, the majority of whom are non-executive members, and (at least) one third independent members as per Bank's Articles of Associations laws and regulations issued by the regulatory authorities.

2.1.1.2 The Board may not consist of more than two executive members.

2.1.1.3 The chairman and vice-chairman of Board shall be appointed. Both of whom must be non-executive members.

2.1.2 Formation of committees

Board Committees are as follows:

2.1.2.1 Executive Committee.

2.1.2.2 Audit Committee.

2.1.2.3 Risk Management Committee.

2.1.2.4 Nomination and Remuneration Committee.

2.1.2.5 The Donations and Social Contributions Committee.

The Board shall adopt a charter for each committee. These shall include the appropriate formation, roles and responsibilities of each committee, taking into account the following points:

2.1.2.6 The members of each committee shall not be less than three and not more than five members.

2.1.2.7 The members of the Audit Committee shall be all non-executive members, most of whom are not members of the Board of Directors. The Chairman of the Audit Committee must be an independent member (other than the chairman of the Board, who may not be the Chairman or a member of the Audit Committee). Everyone who is currently working or was working during the past two years in the financial management of the bank or its executive management or as an external auditor for the bank, is not allowed to be a member in the Audit committee.

2.1.2.8 Members of the Nomination and Remuneration Committee shall be all non-executive members and two of them shall be independent members. The Chairman of the Committee shall be an independent member (other than the chairman of the Board, who may not be the Chairman or a member of the Nomination and Remuneration Committee.)

2.1.2.9 The majority of the members of Risk Management Committee and its Chairman shall be non-executive members.

2.2 Appointment of members of the Board of Directors and its committees

2.2.1 Appointment of Board of Directors members

2.2.1.1 The shareholders of Banque Saudi Fransi shall elect the members of the Board of Directors in the General Assembly after being nominated by the Board based on the recommendations of the Nomination and Remuneration Committee.

2.2.1.2 The members of the Board of Directors shall be elected by cumulative voting so that one share may not cast more than one vote.

2.2.1.3 The Board of Directors nominates a (non-executive) member to serve as Chairman of the Board and another (non-Executive) member to serve as Vice-chairman.

2.2.1.4 All appointments to the Board shall be subject to non-objection of the Saudi Arabian Monetary Authority. Applications for issuing letters of non-objection should be submitted to SAMA (at least) thirty 30 days prior to the date of the General Assembly concerned with the election of members of Board of Directors. The appointment of the Chairman and Vice-

Chairman of the Board of Directors shall also be subject to obtaining a letter of non-objection from the Saudi Arabian Monetary Authority.

2.2.2 Secretary of the Board of Directors

The Board shall appoint a Secretary of the Board, either from its members or from others.

2.2.3 Appointment of committees' members

2.2.3.1 The Board of Directors shall appoint the members of its various committees based on the recommendations made by the Nomination and Remuneration Committee.

2.2.3.2 The Board shall submit to the General Assembly its proposals and recommendations regarding the rules for appointing the members of Audit Committee and Nomination and Remuneration Committee for approval, specifying the duration of their membership and the procedures that these committees are committed to follow.

2.2.3.3 The Board shall appoint the Chairmen of the Committees as per with the charter of each Committee, and in accordance with the requirements of regulatory and supervisory authorities.

2.2.3.4 All appointments in the committees shall be subject to SAMA's non-objection requirement.

2.2.3.5 The Saudi Arabian Monetary Authority and the Capital Market Authority shall be notified of all appointments or changes made to the Board of Directors and its committees within five working days from the date of appointment, along with notifying Tadawul at least half an hour before the opening of the next trading session. In addition, providing the Saudi Arabian Monetary Authority with a report of Board of Directors members, the members of Board Committees and Bank's senior positions as per SAMA's instructions. This report is submitted semi-annually (beginning and middle of the calendar year). In the event of any changes, SAMA must be provided with the updated report in a period not exceeding one week from the date of the change.

2.3 Term of membership

2.3.1 Term of membership of Board of Directors

The term of membership of each member of the Board shall be expired by the end of three years. The member of the Board of Directors may be re-elected for an additional period, as permitted by the rules, regulations and Bank's Articles of Association.

2.3.2Term of membership of committees

The term of membership of the members of the committees shall be expired by the end of three years, or any other term as provided in committees' charters. The members of the committees may be re-elected for consecutive periods as permitted by the rules, regulations and Bank's Articles of Association.

For members of the Audit Committee, they may be re-elected for two consecutive terms, as maximum .

2.4Qualifications of members of the Board of Directors, members of committees and Secretary of the Board

2.4.1Qualifications of members of the Board of Directors and members of committees

The Board of Directors and the Nomination and Remuneration Committee shall be responsible for determining the qualifications of candidates to be appointed to the Board of Directors and the Committees of the Board. The Nomination and Remuneration Committee evaluates all candidates and recommends the appointments to the Board of Directors. The requirements of the members of the Board of Directors and the members of the committees shall be determined as stipulated in the relevant charter, which includes the minimum requirements required by the applicable laws and regulations. Stated qualifications requirements are as follows:

2.4.1.1The main principles of the governance for banks operating in the Kingdom of Saudi Arabia, issued by the Saudi Arabian Monetary Authority.

2.4.1.2Requirements for appointment to senior positions in financial institutions supervised by SAMA, issued by the Saudi Arabian Monetary Authority.

2.4.1.3Corporate Governance Regulations issued by the Capital Market Authority.

2.4.1.4Bank's Articles of Associations

2.4.1.5Any amendments or updates to the abovementioned or any additional requirements

hereby imposed.

2.4.1.6 The requirements also include, that the persons appointed must have high level of knowledge, experience, skills and competence. In addition, they shall have the ability to lead and guide, not be bankrupt or convicted of a crime of honor, fraud or breach a trust, and must be healthy to take this post. They shall have the ability to read financial data and statements, and have at least ten years of experience for members of the Board of Directors.

In addition to:

2.4.1.7 Any member of the Board of Directors or Committees may not serve on a board of directors or a committee in any other bank in the Kingdom of Saudi Arabia, However, a member of the board of directors of a bank outside the Kingdom may assume the position of a member of the Board of Directors of Banque Saudi Fransi subject to approval of Bank's Board of Directors.

2.4.1.8 No member of the Board of Directors may serve on the board of directors of more than five companies listed on the Stock Exchange.

2.4.2 Secretary of the Board of Directors

The Secretary of the Board should be:

2.4.2.1 Holding a bachelor's degree in law, finance, accounting, administration or equivalent and has at least three years of practical experience, or

2.4.2.2 Has at least five years of practical experience.

2.4.3 Additional qualifications for members of the Audit Committee

The members of the Audit Committee shall have the appropriate qualifications and shall include a specialist in financial and accounting matters.

The General Assembly shall, upon a proposal from the Board of Directors, issue the charter of Audit Committee provided that such charter shall include the controls and procedures of the Committee, its tasks, the rules of selecting its members, the manner of their nomination, the term of their membership, their remunerations and the mechanism for appointing them

temporarily in the event of a vacancy.

2.4.4 Additional qualifications for members of Risk Management Committee

Members of the Risk Management Committee should have adequate knowledge of financing and risk management.

2.5 Independent Board members and members of committees

The Board of Directors assesses the independence of independent members annually, based on the standards set by the Board which include- as minimum- the independence standards set by SAMA in the key principles of governance and the Capital Market Authority in the Corporate Governance Regulations.

2.5.1 Additional Independence Standards for the Audit Committee

To fully ensure the independence of the Audit Committee, the following standards must be considered:

2.5.1.1 The majority of the members of the Audit Committee shall be from outside the Board of Directors of the Bank.

2.5.1.2 The Chairman of the Audit Committee shall be independent from the Executive Management and the Senior Shareholders of the Bank.

2.5.1.3 there must be no family relationship or financial or commercial relationship between the Chairman of the Committee and any member of the Board of Directors.

2.5.1.4 The Chairman of the Committee shall not have a relationship with the Executive Directors or the Bank's officials that may affect his independence.

2.5.1.5 Any person who is working or has worked during the past two years in the executive or financial management of the Bank or with the Company's auditor may not be a member of the Audit Committee.

2.5.1.6 A member of the Audit Committee shall not be a customer of the Bank, its agents or advisors. Moreover, he or his relative of the first degree shall not have any credit relationship with the Bank (credit cards, credit facilities, guarantees, etc.) of more than 300,000 Riyal, and by any means with the Bank, its Board of Directors or its executive officers.

2.5.2 Annual Assessment of Independency

The Bank evaluates the independency annual (at least). All members of the Board of Directors and Committees are requested to complete the detailed questionnaire about their personal status annually and submit it to the Board's Secretary who will deliver these questionnaires to the Nomination and Compensation Committee.

The Nomination and Compensation Committee shall study and discuss the evaluation results with the Chairman of the Board. Accordingly, the Chairman of the Board of Directors submits the evaluation results to the Board of Directors to take the appropriate decision and authenticate it. No Board or Committee member shall consider as independent unless the Board of Directors decides so.

2.6 The vacancy in the Board of Directors or its Committees

2.6.1 Expiry of the membership of Board of Directors

The position of a Board's member shall be vacant in the cases stipulated in the Articles of Association of the Bank and the applicable laws, regulations and laws, as follows:

2.6.1.1 Upon resignation or death of the member.

2.6.1.2 If a bankruptcy or insolvency ruling has been issued against the member or if he has submitted a request for settlement with his creditors or stop repaying his debts.

2.6.1.3 If the member becomes incompetent.

2.6.1.4 If the member fails to attend three consecutive meetings of the Board of Directors, three consecutive meetings of the Executive Committee or all of the meetings referred to above for a further six consecutive months (whichever is longer) without obtaining absence permission from the Board of Directors or the Executive Committee or Without a legitimate excuse.

2.6.1.5 If the Member does not meet the membership requirements as per the regulations of the

relevant legislative authorities in the Kingdom of Saudi Arabia.

2.6.1.6 Membership in the Board of Directors shall be terminated upon the expiry of the Board's term or upon the expiry of the membership as per the Bank's Article of Association or any applicable laws, regulations or rules in the Kingdom of Saudi Arabia. The General Assembly may at any time exempt all or some of the Board of Directors members from their duties without prejudice to his right to claim compensation if the exemption is due to an unacceptable reason or at an inappropriate time. Otherwise, the resigning member will be liable to the Company for damages resulting from such resignation.

2.6.2 Fill the vacancy in the Board of Directors

If a position of a member becomes vacant, the Board of Directors may appoint an temporary member, provided that he has the required experience and competence after obtaining SAMA's non-objection. The appointment of the new member shall be subject to the approval of the General Assembly at its next meeting, and the new member shall complete the term of his successor.

In case of failure to meet the necessary conditions to hold the Board of Directors meeting due to the reason that the number of members is less than six, the rest of the members invite the General Assembly to meet within sixty days to select the required number of members.

2.6.3 Membership termination and fill the vacancy in the Committees

The Board of Directors (based on the majority votes) may terminate the membership of the committees' members, and the vacant position in the committees may be filled in the same manner. The procedures stipulated in the regulations of each committee shall be followed in a manner not conflict with the laws and regulations issued by the regulatory authorities.

2.7 Procedures of selecting, appointing, re-appointing and discharging/ resigning the Board or the Committee member:

The following procedures shall apply to all members of the Board and its committees. The Secretary of the Board shall be responsible for preparing, organizing and updating supporting files and documents related to the appointment, reappointment, discharging or resignation procedures of the member of the Board or its Committees. As well as the responsibility of monitoring the procedures and the maintain the documents for the evaluation of the Board and its committees.

2.7.1 Announcing the nomination:

The Bank shall announce the nomination on the Bank's website, Tadawul website, and in any other means determined by SAMA, CMA, Companies Law or any instructions issued by the relevant regulatory authorities, in order to invite those willing to be nominated to the Board's membership. The nomination announcement shall be before the end of the Board's term not less than 60 days and the nomination must be available for at least one month starting from the announcement date.

2.7.2 Nomination and electing procedures:

Each shareholder has the right to nominate his self or others for the Board's membership. The Nomination and Compensation Committee is responsible for assessing qualifications, skills and experiences that ensure the diversity and balance of the Board's competencies and increasing its effectiveness. Candidates 'qualifications must comply with the requirements of the laws and the regulations issued by the regulatory authorities and with the special requirements of the Board or Committees as specified in the Board's or the Committees' Charters.

The following procedures shall be followed to execute the nomination process:

2.7.2.1 Nomination requests shall be received by the Secretary of the Board, and he must ensure that they are complete and contain the required documents and information, such as:

2.7.2.1.1 A letter from the candidate expressing his desire for nomination, along with

acknowledging that if he is selected for the Board's membership, he will submit the required disclosures in accordance with the conflict of interests policy of the Board of its Committees members. emanating from the Board.

2.7.2.1.2 A copy of the ID and the family book.

2.7.2.1.3 Curriculum Vita, academic qualifications, experience and contact information.

2.7.2.1.4 candidate who was a previous member in the Board of a joint stock company shall attach a statement of the number and dates of the boards of the companies to which he was a member.

2.7.2.1.5 A statement of companies or institutions which the candidate participates in its management, ownership or representation, and it is practicing a business similar to the Bank's business or has contracts or common interest with the Bank.

2.7.2.1.6 Fill in and attach form 3 issued by CMA.

2.7.2.1.7 Fill in and attach the Fit and Proper form issued by SAMA.

2.7.2.1.8 A member who was a previous member in the Bank's Board shall attach a certified statement from the Board's Secretariat on the last session where he was a member of the Board including:

2.7.2.1.8.1 Number of Board's meetings held during every year of the session within his membership, the number of meetings attended personally and the percentage of his attendance for the total number of meetings.

2.7.2.1.8.2 Names of the permanent committees in which he participated, the number of meetings held by each committee each year during his membership and the percentage of his attendance for the total number of meetings.

2.7.2.1.8.3 Summary of the financial results achieved by the Bank every year during his membership.

- 2.7.2.2 Applications shall be sent to the Nomination and Compensation Committee which will study the applications and evaluate them, identify the qualified candidates for membership, identify the independent candidates, and obtain the approval for the nomination from the Board of Directors.
- 2.7.2.3 Then the Board's Secretary shall submit no objection request to SAMA to nominate the members who have been approved by the Board of Directors before the date of the General Assembly during which the members will be elected not less than thirty days. The Fit and Proper form, all the documents and information contained therein shall be attached, as well as completing the requirements mentioned in requirements for Appointment to Senior Positions in Financial Institutions issued by SAMA or any updated version thereof.
- 2.7.2.4 After obtaining SAMA's non-objection to candidates, the CMA and the Ministry of Commerce and Investment shall be notified by the names of the candidates.
- 2.7.2.5 In the event that any information relating to the suitability of any of the candidates for membership of the Board of Directors, committees or senior positions is found that it will affect the validity or suitability of the candidate, SAMA shall be notified in writing within three working days from the day where the information is found, even if this occurred after obtaining the non-objection of SAMA to appoint the concerned candidate.
- 2.7.2.6 The Company shall announce on the Market's website information about the candidates nominated for the Board of Directors when inviting the General Assembly. Such information shall include a description of the candidates' experience, qualifications, skills and previous and current jobs and memberships. The Company shall provide a copy of this information at its headquarter and website.
- 2.7.2.7 Voting in the General Assembly shall be limited to candidates whom the company announced their information.
- 2.7.2.8 The General Assembly shall elect the required number of members. SAMA, CMA and the Ministry of Commerce and Investment shall be notified of the appointment of the new members within five working days.

2.7.2.9 The new members shall be notified of the appointment decision. In addition to, providing them with an induction profile and comprehensive information about the Bank, including a memo specifying their roles, responsibilities and contractual terms and conditions.

2.7.3 Candidate disclosure of conflict of interests

Any person willing to be nominated for membership of the Board of Directors shall disclose to the Board and the General Assembly any conflicts of interest, including:

2.7.3.1 If there is a direct or indirect interest in the business and contracts executed for the Bank.

2.7.3.2 Participate in a business that would compete with the bank or compete with one of its activity's branches.

2.7.4 Terminate the service/ resign a Board or Committee member:

Upon the Board's approval to terminate the service or accept the resignation of a Member, the Secretary of the Board shall notify SAMA and CMA in writing within five working days from the expiry date of the membership, indicating the reasons along with announcing this on Tadawul immediately.

2.7.5 Membership renewal of Board or Committees members:

The Board is aware that the renewal of the membership of some of its members or committees members may have a positive impact on the performance and term of the Board and Committees. Taking into account that the reappointment of members is not automatic but subject to the assessment of the member.

2.7.5.1 Renewal of the membership of the committees shall be subjected to the Board's decision, except committees requiring the approval of the General Assembly.

2.7.5.2 Renewal of the membership of the Board shall be subjected to the General Assembly's decision based on the Board recommendation.

2.7.5.3 The Board's Secretary shall be responsible for including membership renewal applications in the agenda of the Board or the General Assembly, according to the specialty

2.8 Evaluating the performance of the Board and the Committees and provide them with information:

- 2.8.1 The Board shall work continuously through the Nomination and Remuneration Committee to achieve continuity and adequacy within the Board to ensure that there is a Board of sufficient and balanced size to limit the effect of discharging or resignation of members. The Nomination and Remuneration Committee shall coordinate with the Human Resources Group of the Bank to develop replacement policy and ensure compliance with it.
- 2.8.2 The Board shall periodically assess its performance, controls and working procedures, identify any weaknesses, make any necessary changes and ensure that members are appropriate in accordance with the relevant regulations.
- 2.8.3 Evaluating the effectiveness of the Board and committees and review the performance and contribution of each member, shall be by the evaluation tools specified in the Board of Directors and Committees charters.
- 2.8.4 The Nominations and Remuneration Committee shall review the policies, criteria and procedures for the membership of the Board and its Committees, update them from time to time and submit its recommendations to the Board.
- 2.8.5 The Executive Management of the Bank shall provide the Board's directors, non-executive members in particular and the Committees with all necessary information, data, documents and records, provided that they must be complete, clear, correct, straightforward and in due time in order to enable them to perform their duties and functions.



Acknowledgement of Membership Description In accordance with the Corporate Governance Regulations Issued by Capital Market Authority

Reference is made to article twenty of the Corporate Governance Regulations issued by the Capital Market Authority (CMA) concerning the issues affecting board members independence. We kindly request you to fill-in this form pertaining to the acknowledgment of membership description (independent, non-independent) as per the below definition of independent director. Kindly ensure the accuracy and in the event of issues affecting your independence in future; please inform SEG immediately.

Independent Director: a member of the Board who enjoys complete independence in his/her position and decisions and none of the following independence affecting issues apply to him/her:-

#	Issues Affecting Independence	Applicable	Not Applicable
1	If he/she holds five percent or more of the shares of the Bank or any other company within its group; or is a relative of who owns such percentage.		
2	If he/she is a representative of a legal person that holds five percent or more of the shares of the Bank or any company within its group;		
3	If he/she is a relative of any member of the Board of the Bank, or any other company within the Bank's group;		
4	If he/she is a relative of any Senior Executive of the Bank, or of any other company within the Bank's group;		
5	If he/she is a Board member of any company within the group of the Bank for which he/she is nominated to be a Board member.		
6	If he/she is an employee or used to be an employee, during the preceding two years, of the Bank, of any party dealing with the Bank or any company within its group, such as external auditors or main suppliers; or if he/she, during the preceding two years, held a controlling interest in any such parties;		
7	If he/she has a direct or indirect interest in the businesses and contracts executed for the Bank's account;		
8	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.		
9	If he/she engages in a business where he competes with the Bank, or conducting businesses in any of the bank's activities.		

Relatives:

- Fathers, mothers, grandfathers and grandmothers (and their ancestors).
- Children and grandchildren and their descendants.
- Siblings, maternal and paternal half-siblings.
- Husbands and wives.

I hereby confirm:	
I'm independent as per the above mentioned criteria, and in case my independence was affected by any issue of the above stated, I shall inform SEG immediately.	()
I'm not independent due to above stated issue#	()

Director Name: Signature: Date:



Acknowledgement of Membership Description In Accordance With the Principles of Corporate Governance Issued By the Saudi Arabian Monetary Authority

Reference is made to the Principles of Corporate Governance issued by the Saudi Arabian Monetary Authority (SAMA), concerning the issues affecting board members independence. We kindly request you to fill-in the form pertaining to the acknowledgment of membership description (independent, non-independent) as per the below definition of the independent member. Kindly ensure the accuracy and in the event of issues affecting your independence in future; please inform SEG immediately.

Independent Member: A member of the Board who enjoys complete independence. This means that the member is fully independent from management and the bank. Independence is the ability to judge things after taking into account all relevant information without undue influence from management or from other external entities, Independence cannot be attained by a Board member in the following situations:

#	Issues Affecting Independence	Applicable	Not Applicable
1	If the member is currently conducting, or was conducting in the last two years, executive assignments in the bank.		
2	If the member owns 5% or more of the bank or any of its affiliated companies.		
3	If there is a relationship of first-degree with any member of the Board or any member of the affiliated companies of the Bank.		
4	If there is a relationship of first-degree with any senior executive of the bank or with any of the executive directors of other affiliated companies of the bank.		
5	If he has a borrowing relationship with the bank (credit card, credit facility, guarantees...etc.) in his own name or in concert with his family members (first-degree) of more than (300,000) SAR.		
6	If he was a partner or an employee of one of the external audit firms of the bank or one of its subsidiaries during the last two years.		
7	Being a representative of a legal person that holds a five percent or more of the issued shares of the bank or any of its affiliated companies.		

First-degree relatives: parents, spouse and offspring.

I hereby Confirm:	
I'm independent as per the above mentioned criteria, and in case my independence was affected by any issue of the above stated, I shall inform SEG immediately.	()
I'm not independent due to above stated issue#	()

Director Name: Signature: Date: