



Extraordinary General Assembly Meeting Agenda

- 1- Reviewing and discussing the Board of Directors' Report for the fiscal year ending on 31/12/2022G.
- 2- Reviewing and discussing the bank's financial statements for the fiscal year ending on 31/12/2022G.
- 3- Voting on the Auditors report on the bank's accounts for the fiscal year ending on 31/12/2022G, after discussing it.
- 4- Voting on the Board of Director's decision of cash dividends distributed for the first half of the fiscal year 2022 amounting to SR 901.49 million, 0.75 SR per share, representing 7.5% of share's nominal value. (attached)
- 5- Voting on the Board of Director's recommendation to distribute cash dividends for the second half of the fiscal year 2022G by 0.90 SR per share, i.e. a total of SR 1,079.63 million representing 9.0% of share's nominal value, provided that the entitlement to dividends is for shareholders holding the shares by the end of the trading day of the Assembly date, and those registered in the bank's shareholders registry held with the Securities Depository Center Company (Edaa) at the end of the second trading day following the entitlement date, where the distribution begins on Monday 12/06/2023G, corresponding to 23/11/1444H. Therefore, the total dividends distributed to shareholders for the fiscal year ending on 31/12/2022G is SR 1,981.12 million by 1.65 SR per share, representing 16.5% of share's nominal value. (attached)
- 6- Voting on Board's resolution to appoint Mr. Abdulaziz M. Al Gudaimi as an (independent member) in bank's Board of Directors starting from the date of his appointment on 31/01/2023 to complete the Board term until the end of the current term on 31/12/2024, succeeding the former member Mr. Timothy C. Collins (independent member). (resume attached)
- 7- Voting on delegating the Board of Directors to distribute interim dividends on a biannually or quarterly basis for the fiscal year 2023G.
- 8- Voting on the discharge of Directors from their liabilities for the year ending 31/12/2022G.
- 9- Voting on paying an amount of (SAR 8,089,000) as remuneration to the Board of Directors for the fiscal year ending on 31/12/2022G.
- 10- Voting on delegating the Ordinary General Assembly's powers to Board of Directors as stipulated in paragraph (1) of Article (27) of the Companies Law, for a period of one year from the General Assembly's approval, or until the end of the Board of Directors' term whichever is earlier, in accordance with the terms stated in the Implementing Regulations of the Companies Law for Listed Joint Stock Companies.
- 11- Voting of delegating the Ordinary General Assembly's powers to Board of Directors as stipulated in paragraph (2) of Article (27) of the Companies Law, for a period of one year from the General Assembly's approval, or until the end of the Board of Directors' term whichever is earlier, based on the Standards for Competing Business with Banque Saudi Fransi approved by the Ordinary General Assembly on December 2021.



12- Voting on the appointment of external auditors for the bank from among the candidates based on the Audit Committee's recommendation to examine, review and audit the (second, third) quarter, the annual financial statements of the fiscal year 2023G, and the first quarter of the fiscal year 2024G together with the determination of their remuneration.

13- Voting on amending Audit Committee Charter. (attached)

14- Voting on amending Nomination and Remuneration Committee Charter. (attached)

15- Voting on the ESG Policy Framework. (attached)

16- Voting on business and contracts concluded between the bank and Panda Retail Company, in which the Board of Directors member, Mr. Bader Al Issa, has an indirect interest, which is a contract to rent an ATM site, from 01/12/2021G to 30/11/2023G, with an annual amount of SAR 43,000.00 without preferential terms. (attached)

17- Voting on business and contracts concluded between the bank and ABANA Enterprise Group, in which the Board of Directors member, Mr. Abdulrahman Al Rashed, has an indirect interest, which is a contract of maintenance of cash counting machines, from 01/04/2015G to 30/04/2023G, with a total amount of SAR 1,222,745.10 paid for 2022, without preferential terms. (attached)

18- Voting on business and contracts concluded between the bank and Alkhaleej Training and Education, in which the Board of Directors member, Mr. Abdulrahman Al Rashed, has an indirect interest, which is a contract of manpower and professional services from 01/01/2018G to 31/12/2022G, with a total amount of SAR 7,350,000.56 paid for 2022, without preferential terms. (attached).

19- Voting on the purchase by Bank of a number of its shares with a maximum of (3,247,485) of its shares to allocate them to the employees of the bank within the employees' shares program. The purchase will be financed through the bank's own resources, and the board of directors will be authorized to complete the purchase process within a maximum period of twelve (12) months from the date of the Extraordinary General Assembly's decision. The purchased shares will be kept by the Bank for a period not exceeding (10) years from the date of Extraordinary General Assembly approval, as a maximum period until shares are allocated to the eligible employees. Once the said period lapses, the bank shall follow the rules and procedures stipulated in the relevant laws and regulations, considering that this plan is a continuation of the current one of which terms have previously been defined by the Board of Directors and approved by the General Assembly held on 01/05/2019G corresponding to 26/08/1440H. (attached)

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Audit Committee Report

Audit Committee



Audit Committee Report to the General Assembly 2022

1. Introduction

The Audit Committee is an independent sub-committee of the Board of Directors established by a resolution of the General Assembly of Banque Saudi Fransi (the “Bank”). The committee assists the Board of Directors in fulfilling the responsibility on matters related to the Bank’s financial statements, internal control system, internal audit process, related party transactions and the Bank’s approach to monitoring compliance with laws, regulations and codes of conduct.

In line with the requirements of the Corporate Governance regulations, the Board Audit Committee presents a report to the Board of Directors that provides results of performing its responsibilities along with its opinion on the adequacy of the internal control system. This report is prepared to apprise shareholders and potential stakeholders on key tasks carried out by the committee within its responsibilities, including the Committee’s role in evaluating the internal control systems.

The committee consists of five members chaired by one of the independent Board members, in addition to four independent members. Committee Members are collectively knowledgeable of the materials presented to the Committee, have relevant work experience and appropriate qualifications and have a thorough understanding of the roles and responsibilities of the Directors and Executive Management. They also have a good understanding of laws and regulations issued by the Saudi Central Bank (SAMA) and the Capital Market Authority (CMA).

2. Committee meetings

The Audit Committee held eight (8) meetings during the year of 2022 in line with its annual plan, approved by the Bank’s Board of Directors. The Committee also submitted minutes of the meetings after each meeting, as well as quarterly activity reports to the Board of Directors, with the aim of providing reasonable assurances on the Bank’s control environment.

3. Key activities performed within the scope of the committee’s responsibilities

The audit committee completed several activities during 2022 meetings, in line with the Audit Committee’s Charter and in accordance with the regulations from SAMA and CMA. The following is a summary of the Committee’s key activities:

A. Financial Statements

The Board Audit Committee reviewed the quarterly and annual financial statements of the Bank, where significant issues were discussed with the External Auditors including performance ratios, investigated reasons for material changes, the adequacy of disclosures and the extent of applying prevailing accounting policies and standards. The Committee also, obtained the External Auditors’ statement on the level of cooperation of BSF Management in providing the required information. After discussions and obtaining the External Auditors confirmation that there were no material observations noted, the audit committee provided recommendations on the quarterly and annual financial statements to the Board of Directors in line with the requirements of SAMA and CMA.

B. External Auditors

The Audit Committee is responsible of recommending the appointment of the External Auditors, as well as follow up on their performance and ensure their independence. The following is a summary of the committee’s activities in this regard:

- The Committee recommended to the Board of Directors the nomination of the External Auditors for the Bank after reviewing the submitted proposals, which included financial and technical analysis.
- The Committee approved the External auditors' plan to review the Bank's activities that included the scope of work, materiality, independence and ethics confirmation, service delivery timelines, work plan and approach, coordination with Internal Audit and Compliance, and coverage for the main Bank's activities.
- The Committee obtained a statement from the External Auditors confirming their independence in accordance with the applicable regulations and standards.
- The Committee discussed with the External Auditors the annual Management Letter and directed Senior Management through the Internal Audit Group to track implementation of the proposed corrective action plans submitted by the concerned divisions on the agreed target dates.
- The Committee discussed a number of topics related to financial statement and control observations from the External Auditors and the relevant action plan to address the same.

C. The Internal Auditors

The Audit Committee is responsible for direct oversight over the activities of the Bank's Internal Audit Group, to ensure the independence of Internal Audit and to assist in obtaining the required resources to carry out their tasks effectively. The Committee's role over Internal Audit Group included the following:

- The Committee approved the Internal Audit plan for the year 2022, and the 3 years' strategic plan for the period from (2022-2024) taking into consideration the Bank's overall risks assessment and the directives of the regulatory bodies.
- Followed up on the Audit activities through the quarterly Internal Audit reports that included a detailed presentation on the progress of the Internal Audit plan implementation, audit reports issued each quarter and significant observations reported.
- Followed up on the progress of closing reported issues in previous internal audit reports, and retargeting of overdue observations, which lead to improving the control environment in the Bank.
- Followed up on the progress of validating the closure of reported observations in various SAMA reports that resulted in a noticeable improvement in the closure of reported observations.
- Approved the Internal Audit Group's Organizational Chart, budget and objectives of the Group Chief Audit Executive for year 2022 to enable the Internal Audit Group to practice its role effectively.
- Approved the updated Internal Audit Group's Charter to be in line with International Standards, best practices and instructions of SAMA and CMA.

D. Compliance

Although, the Chief Compliance Officer, reports functionally to the Chief Executive Officer (based on the SAMA's instructions on the Compliance principles for banks and commercial institutions operating in the Kingdom of Saudi Arabia, issued in September 2020), the Chief Compliance Officer attends Audit Committee meetings. The Chief Compliance Officer submits periodic reports that include the results of compliance assessment, monitoring and reporting of non-compliance issues with respect to rules and directives of SAMA and other supervisory authorities. In addition, the Compliance function is subject to periodic independent review by the Internal Audit Group.

The Committee contributed in ensuring the Bank's compliance with relevant laws, regulations, policies and instructions through reviewing the multiple reports and discussing issues of non-compliance and providing the required recommendations. The Committee's oversight on Compliance activities include the following:

- Review and approval of the Compliance Annual Program for the year 2022.
- Discuss quarterly reports of the Compliance Group covering Financial Crimes and Anti-Money Laundering updates, Anti-Fraud, Bribery/Corruption and Whistleblowing updates and the adequacy of efforts made to enhance the Bank's level of compliance.
- Discuss penalties and violations imposed on the Bank and the adequacy of actions taken by the Bank to address the root causes of these violations to avoid similar cases in the future.
- Review the status of key SAMA directives and current status of their implementation.
- Review reports issued by the SAMA, as well as assessing the progress in closing the observations, through the quarterly reports of the Internal Audit Group.
- The Audit Committee reviewed and recommended the Related Parties Transactions Policy. In addition, the Committee reviewed list of related party transactions and the reasons on a quarterly basis.

4. Audit Committee's opinion on the adequacy of the internal control system

The Audit Committee reviewed the effectiveness of internal control system and reported to the Board of Directors on the action taken in this regard. The Committee provided an annual report to the Board of Directors to assist in evaluating the effectiveness of the internal control system after reviewing control reports on the Bank's internal control process, mainly; reports from Internal Audit, Risk Management and Compliance. After meeting with the concerned Group Heads to discuss contents of their reports and entities' performance, the Committee provided its conclusion to the Board of Directors on the effectiveness of the Bank's Internal Control System and the fact that the Bank management regularly improves such process to meet the changing business requirements.

With regard to the accounting policies, the Audit Committee regularly discusses the instructions issued by SAMA and other regulatory bodies that could impact accounting policies and International Financial Reporting Standards (IFRS) with the Bank representatives, and periodically with External Auditors to ensure prompt implementation of such instructions.

Based on the results of continuous evaluation of the Bank's internal controls performed by the various control functions (the Internal Audit Group, Compliance Group, and Risk Management), and the External Auditors, the Audit Committee considers the current internal control system of the Bank as adequate and effective. However, the Executive Management is constantly pursuing, in cooperation and coordination with the control functions to enhance and strengthen the Bank's internal control system.



Bader Al-Essa

The Chairman of Audit Committee

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Details of dividends distributed for the 1st half 2022



Details of dividends distributed for the 1st half of 2022

Item	Details
The Total amount distributed	SAR 901.49 Millions
Number of Shares Eligible for Dividends	1,200,849,452 shares
Dividend per share	SAR 0.75 after deduction of Zakat
Percentage of Dividend to the Share Par Value (%)	7.5%
Eligibility date	The entitlement of the interim dividends Shall be at the end of trading day 21/07/2022 Corresponding to 22/12/1443 for the shareholders registered in Depository Center (Edaa) at the end of the second trading day following the Dividend distribution date.
Distribution Date	04/08/2022G corresponding to 06/01/1444H

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Details of the proposed dividends distribution for 2nd half 2022



Details of the proposed dividends distribution for the 2nd half of 2022

Item	Details
The Total amount distributed	SAR 1,079.63 Millions
Number of Shares Eligible for Dividends	1,199,592,392 shares
Dividend per share	SAR 0.90 after deduction of Zakat
Percentage of Dividend to the Share Par Value (%)	9.0%
Eligibility date	The entitlement of the dividends for the second half of the year 2022 shall be for the shareholders registered in Depository Center at the end of the second trading day following the General Assembly Meeting.
Distribution Date	12/06/2023G, corresponding to 23/11/1444H

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Resume of Mr. Abdulaziz Al Gudaimi

CV Template for the Nominee

A) Personal Information of the Nominee						
Full Name	Abdulaziz Mohammed H. Al Gudaimi					
Nationality	Saudi	Date of Birth	28/11/1962			
B) Qualifications of the Nominee						
#	Degree	Major	Date of the Degree	Name of the Awarding Entity		
1	Bachelor of Science	Petroleum Engineering	1983	King Fahd University for Petroleum and Minerals (KFUPM), KSA		
2	Master	Business Administration	2001	Massachusetts Institute of Technology CAMBRIDGE, MA		
C) Work Experience of the Nominee						
Term		Areas of Experience				
1983 - 2022		Aramco in Energy field				
D) Current membership in the board of directors of other joint stock companies (listed or non-listed) or any other company, regardless of its legal form or the committees deriving from it						
#	Company Name	Main Activity	Membership Type	Method of appointment	Committees Membership	Legal Form of the Company
1	N/A					

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Amendments on Audit Committee Charter



Comparison table for amendments of Audit Committee Charter

Current Clause	Clause after proposed changes
<p>3.1.1 Review and provide opinion on Bank's external auditors' plan and activities, and ensure that external auditors do not provide any technical, or administrative work that are beyond their scope of work;</p>	<p>3.1.1 Review and provide opinion on Bank's external auditors' plan and activities, and ensure that external auditors do not provide any technical, or administrative <u>or consultative</u> work that are beyond their scope of work;</p>
<p>3.1.3 Recommend to the Board of Directors annually the nomination or dismissal of the external auditors, determine their fees and evaluate their performance, after verifying their independence and reviewing the scope of their work and the terms of their contracts in line with all applicable regulations and guidelines, considering maximum allowed term for re-appointment and rotation of the licensed partner of external audit firm (SAMA requires that the engagement partners of the external audit firms are rotated every three years);</p>	<p>3.1.3 Recommend to the Board of Directors annually the nomination or dismissal of the external auditors, determine their fees and evaluate their performance, after verifying their independence and reviewing the scope of their work and the terms of their contracts in line with all applicable regulations and guidelines, considering maximum allowed term for re-appointment and rotation of the licensed partner of external audit firm (SAMA requires that the engagement partners of the external audit firms are rotated every three years <u>while CMA requires that the auditor's term shall not exceed seven consecutive or separate fiscal years and the Supervising Partner term shall not exceed seven consecutive or separate fiscal years</u>);</p>
<p>3.1.10 Ensure the number of external auditors' nominees shall not be less than five where possible</p>	<p>3.1.10 Ensure the number of external auditors' nominees shall not be less than <u>three</u> five where possible</p>
<p>3.4.1. Review and recommend the Internal Audit charter to the Board;</p>	<p>3.4.1 Review and recommend the Internal Audit Charter <u>for approval by</u> to the Board;</p>
<p>3.6.4 Review and approve the 3 years strategic plan, annual audit plan including scope and allocated budget, prepared based on the risk assessment and aligned to the Bank's overall strategy and objectives and all major changes to the plan.</p>	<p>3.4.6 Review and approve the <u>4</u> 3 years strategic plan, annual audit plan including scope and allocated budget, prepared based on the risk assessment and aligned to the Bank's overall strategy and objectives and all major changes to the plan.</p>



Current Clause	Clause after proposed changes
<p>3.4.9 Review the effectiveness of the Internal Audit Group, including conformance with the Institute of Internal Auditors' (IIA) Definition of Internal Auditing, Code of Ethics and International Standards for Professional Practice of Internal Auditing;</p>	<p>3.4.9 Review the effectiveness of the Internal Audit Group, including conformance with the Institute of Internal Auditors' (IIA) Definition of Internal Auditing, Code of Ethics and International Standards for Professional Practice of Internal Auditing and conformance to SAMA Principles of Internal Auditing for Local Banks Operating in the Kingdom of Saudi Arabia;</p>
<p>3.5.11 Review Related Party transactions and ensure that these are recorded and disclosed appropriately;</p>	<p>3.5.11 Review the Bank's Policy for Related Party transactions, obtain a listing of all such transactions and review their approvals and reasons thereto and ensure that these are recorded and disclosed appropriately;</p>
<p>-</p>	<p>4.1.9 A member of BSF's audit committee should not be serving as an Audit Committee member in more than five (5) listed joint-stock companies at the same time.</p>
<p>4.5.5 Preparing the Committee's reporting packs that should be circulated to all Committee members with the meeting agenda at least seven (7) working days prior to the meeting date</p>	<p>4.5.5 Preparing the Committee's reporting packs that should be circulated to all Committee members with the meeting agenda at least seven five (5) working days prior to the meeting date</p>
<p>4.8.1 (d) If the person has been absented from three (3) consecutive meetings of the Committee, as the case may be, or from all such meetings for a continuous period of six (6) months, whichever is longer, without leave of absence from the Committee concerned, or without good cause; and</p>	<p>4.8.1 (d) If the person has been absented from three (3) consecutive meetings or five (5) non-consecutive meetings of the Committee, as the case may be, or from all such meetings for a continuous period of six (6) months, whichever is longer, without leave of absence from the Committee concerned, or without good cause; and</p>
<p>5.5.2 An agenda, together with relevant materials relating to each meeting, shall be sent to members of the Committee seven (7) working days prior to each meeting.</p>	<p>5.5.2 An agenda, together with relevant materials relating to each meeting, shall be sent to members of the Committee seven five (5) working days prior to each meeting.</p>
<p>5.8.2 A copy of the minutes of meetings should be signed by all members present at the meeting and the names of absent members should be recorded;</p>	<p>5.8.2 A copy of the minutes of meetings should be signed by chairman and all members present at the meeting as well as the committee secretary and the names of absent members should be recorded;</p>
<p>-</p>	<p>5.8.3 It is permissible to use modern technology to sign, record deliberations and decisions, and record the Minutes;</p>

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**Amendments on Nomination and Remuneration
Committee Charter**



Comparison table for amendments of Nomination and Remuneration Committee Charter

Current Clause	Clause after proposed changes
-	Table of Abbreviations and Definitions: <u>Remuneration: Amounts, allowances, profits and their equivalent, periodic and annual performance-related bonuses, short and long term incentive plans, in addition to any other in-kind benefits, except for reasonable costs and expenses actually incurred by the Bank on behalf of a Board and the committee members in performing his/her work.</u>
-	<u>1.3.4 This Charter shall be submitted to SAMA on semi-annual basis;</u>
-	2 General Provisions <u>2.1 The provisions of this charter came to express the law and the applicable rules and regulations, and in the event of any amendments thereof, or any conflict or inconsistency between the provisions of this charter and the applicable laws, rules and regulations, the latter shall prevail, and the new amended provisions shall be applicable to this charter and complied with from its effectiveness date.</u>
-	<u>4.1.3 Recommend the Board Succession Plan for Board approval at every new term.</u>
3.2.1 Preparing a clear policy for the remunerations of the Board members and its Committees and the Executive Management in accordance with relevant SAMA guidelines, and presenting such policy to the Board in preparation for approval by the General Assembly, provided that such policy follows standards that are linked to performance, and disclosing and ensuring the implementation of such policy;	4.2.1 Preparing a clear policy for the remunerations of the Board members and its Committees and the Executive Management in accordance with relevant SAMA guidelines, and presenting such policy to the Board in preparation for approval by the General Assembly, provided that such policy follows standards that are linked to performance, and disclosing and ensuring the implementation of such policy;
3.2.5 Preparing the remuneration policy for the Board approval, and periodically reviewing it and assessing its effectiveness in achieving its objectives; and making recommendations to the Board for amending/updating the Policy;	4.2.2 Preparing the remuneration policy for <u>Executive Management in accordance with relevant SAMA guidelines, and presenting such policy</u> for the Board approval <u>in preparation for approval by the General Assembly;</u> 4.2.3 <u>Prepare the remuneration policy for other employees in accordance with relevant SAMA</u>



Current Clause	Clause after proposed changes
	<p>guidelines, and presenting such policy for the Board approval; 4.2.4 and Shall periodically review the ing it implementation of the remuneration policy of Executive Management and other employees on semi-annual basis and ensuring & assessing its effectiveness in achieving its objectives; and making recommendations to the Board for amending/updating the Policy;</p>
<p>3.2.6 Providing recommendations to the Board in respect of the remunerations of the Board & Board Committees' members, and approving the remuneration of Senior Executives, in accordance with the DoA;</p>	<p>4.2.8 Providing recommendations to the Board in respect of the remunerations of the Board & Board Committees' members, and approving /recommending the remuneration of Senior Executives including any increments or adjustments, in accordance with the DoA, relevant policies and relevant regulations;</p>
-	<p>4.2.9 Evaluating incentives created by the remuneration system along with Risk Management committee and/or Chief Risk Officer;</p>
-	<p>4.2.10 Review and monitor the remuneration for highest paid staff to verify compliance with the remuneration policy and to avoid misuse;</p>
<p>3.2.11 Ensuring that an annual remuneration and compensation review (internally through Internal Audit or externally by a recognized firm) is conducted independently of Management;</p>	<p>4.2.15 Ensuring that an annual remuneration and compensation review (internally through Internal Audit or externally by a recognized firm) is conducted independently without the intervention of the senior of Management. NRC & BoD should take into consideration the results of such a review when making decisions related to remuneration;</p>
-	<p>4.2.21 Review reports submitted by the Chief Human Capital Officer – at least on semi-annual basis- which covers the measures taken and steps to be taken towards applying the Bank's Remuneration Rules issued by SAMA and any relevant Laws, regulations, principles and standards.</p>
<p>4.8.1.d If the person has been absent from three (3) consecutive meetings of the Committee, as the case may be, or from all such meetings for a continuous period of six (6) months, whichever</p>	<p>5.8.1.d If the person has been absent from three (3) consecutive meetings or five (5) non-consecutive meetings of the Committee, as the case may be, or from all such meetings for a</p>



Current Clause	Clause after proposed changes
is longer, without leave of absence from the Committee concerned, or without good cause; and	continuous period of six (6) months, whichever is longer, without leave of absence from the Committee concerned, or without good cause; and
5.9.2 A copy of the minutes of meetings should be signed by all members present at the meeting and the names of ab sent members should be recorded;	6.9.2 A copy of the minutes of meetings should be signed by chairman and all members present at the meeting as well as the committee secretary and the names of ab sent members should be recorded;
-	6.9.3 It is permissible to use modern technology to sign, record deliberations and decisions, and record the Minutes.

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ESG Policy Framework



ESG Policy Framework

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Table of Abbreviations

S. No.	Abbreviation	Expansion
1	BoD	Board of Directors
2	ESG	Environment, Social and Governance
3	BSF or the Bank	Banque Saudi Fransi
4	CDP	Carbon Disclosure Project
5	CGD	Corporate Governance Division
6	SAMA	Saudi Central Bank
7	WWF	World Wide Fund for Nature
8	DoA	Delegation of Authority Manual
9	CSR	Corporate Social Responsibility
10	UN	United Nations
11	HRG	Human Resources Group
12	GHG	Green House Gas

Explanation of Terms

S. No.	Term	Explanation
1	Principles for Responsible Banking (UNEP- FI)	UNEP- FI is a unique framework for ensuring that signatory banks' strategy and practice align with the vision society has set out for its future in the Sustainable Development Goals and the Paris Climate Agreement.
2	Principles for Responsible Investment (PRI)	PRI is an international network of investors working together to put the six principles into practice. Its goal is to understand the implications of sustainability for investors and support signatories to incorporate these issues into their investment decision-making and ownership practices. In implementing the principles, signatories contribute to the development of a more sustainable global financial system.
3	UN Sustainable Development Goals (SDGs)	The 2030 Agenda for Sustainable Development, adopted by all United Nations Member States in 2015, provides a shared blueprint for peace and prosperity for people and the planet, now and into the future. At its heart are the 17 Sustainable Development Goals (SDGs), which are an urgent call for action by all countries - developed and developing - in a global partnership.
4	Science-Based Targets	The Science Based Targets initiative (SBTi) is a joint initiative by CDP, the UN Global Compact (UNGC), the World Resources Institute (WRI) and WWF intended to increase corporate ambition on climate action by mobilising companies to set greenhouse gas emission reduction targets consistent with the level of decarbonisation required by science to limit warming to less than 1.5°C / 2°C.
5	Task Force on Climate-related Financial Disclosures (TCFD)	Financial Stability Board – Task Force of Climate-related Financial Disclosures (FSB TCFD) is a voluntary, consistent climate-related financial risk disclosures for use by companies in providing information to investors, lenders, insurers, and other stakeholders. The Task Force considers the physical, liability and transition risks associated with climate change and what constitutes effective financial disclosures across industries.

Document Authorization Control Sheet

Document Type	Policy
Document Title	ESG Policy Framework
Version	1.0
Document Reference	
Date	27-11-2022
Policy Custodian	Corporate Governance Division (CGD)
Policy Owner	Corporate Governance Division (CGD)

Document Approval Record

Version	Approval Date	Description of Changes
1.0	27 November 2022	New Framework

Review, Update & Maintenance

- The authority to approve any amendment to this policy framework rests with the General Assembly upon Board of Directors recommendation.
- Any amendment to this document shall be as per procedure set out in the DoA.
- The minimum frequency for reviewing this policy is once in two (2) years or when required. The ESG Board Committee is responsible for ensuring that this document is reviewed and approved as per the DoA.
- This policy shall be a permanent part of the induction program provided to all new Board and Board Committee members upon their appointment. It is the duty of the new member to understand and be familiarized with it.

Purpose

- The purpose of this document is to set Banque Saudi Fransi's (also referred to as "BSF" or the "Bank") Policy Framework on Environment, Social and Governance matters ("ESG") recognising its position at the heart of the economic system and as a significant contributor to society and the environment. It supports BSF's commitment to act in a manner that supports ESG goals and adapt to changes, developments and challenges faced by the business as a participant in ESG related matters.
- ESG is a broad concept at BSF extending beyond the way it conducts business in an ethical manner, its commitment to fair and equal treatment of employees to encompass direct contributions through philanthropy and engagement in our society and the environment.
- Presents BSF's position on key ESG issues relevant to our business and that of our stakeholders and to solidify our commitment to sustainable finance including environmental protection, social responsibility, and good governance. BSF ESG policy framework builds a foundation from which governance will be undertaken and management actions will stem.
- BSF and departments within BSF will, where deemed necessary, implement more detailed policies and procedures, which are designed to support the Bank's on-going compliance with, among other things, this framework.

Applicability & Commitment

This framework applies to all groups and business units at BSF. All the Bank staff and contractors working either on permanent or temporary basis may follow this framework. BSF and its Board of Directors are firmly committed to integrate ESG across our banking operations, and to support social and charitable activities and programs.

Related Charters, Policies & Manuals:

Certain other policies and procedures are relevant to this framework. These include, in particular:

Policy
Board of Directors charter
Executive Committee charter
Audit Committee charter
Board Risk Committee charter
Nomination & Remuneration Committee charter
ESG Board Committee charter
Board Strategy Committee charter
Code of Conduct Policy for Board & Board Committee members
Code of Conduct and Professional Ethics at Banque Saudi Fransi
Delegation of Authority Manual
Corporate Governance Manual
Human Resources Policy
Whistleblowing policy

1 Introduction

1.1 BSF ESG Philosophy

1.1.1 BSF as a Responsible Company and Lender

As a responsible public company, BSF acknowledges its responsibilities to comply with the legal requirements of Regulators and is committed to deliver a strong financial performance through a prudent and robust banking infrastructure. BSF is aware of the importance of strong governance and business ethics, sustainable commercial success, inclusive work environment, and mindful of its direct and indirect environmental and social impacts.

BSF works continuously on its sustainable journey by considering the ESG implications of its activities. BSF works to develop sustainable financial products and services to achieve the ambitions of the UN Sustainable Development Goals (SDGs) and contribute to the Saudi Vision 2030.

1.1.2 BSF as a Responsible Investor

BSF aspires to support and transform with potential, in order to deliver investment returns as well as lasting benefits to society. BSF aims to enhance integration of ESG into investment decision-making and portfolio company oversight with emphasis on mitigation of ESG risks.

BSF continues to grow its Islamic product range throughout its business, and believes that considering ESG factors in its investment decisions in alignment with Sharia principles will support in its mission to drive value for its clients.

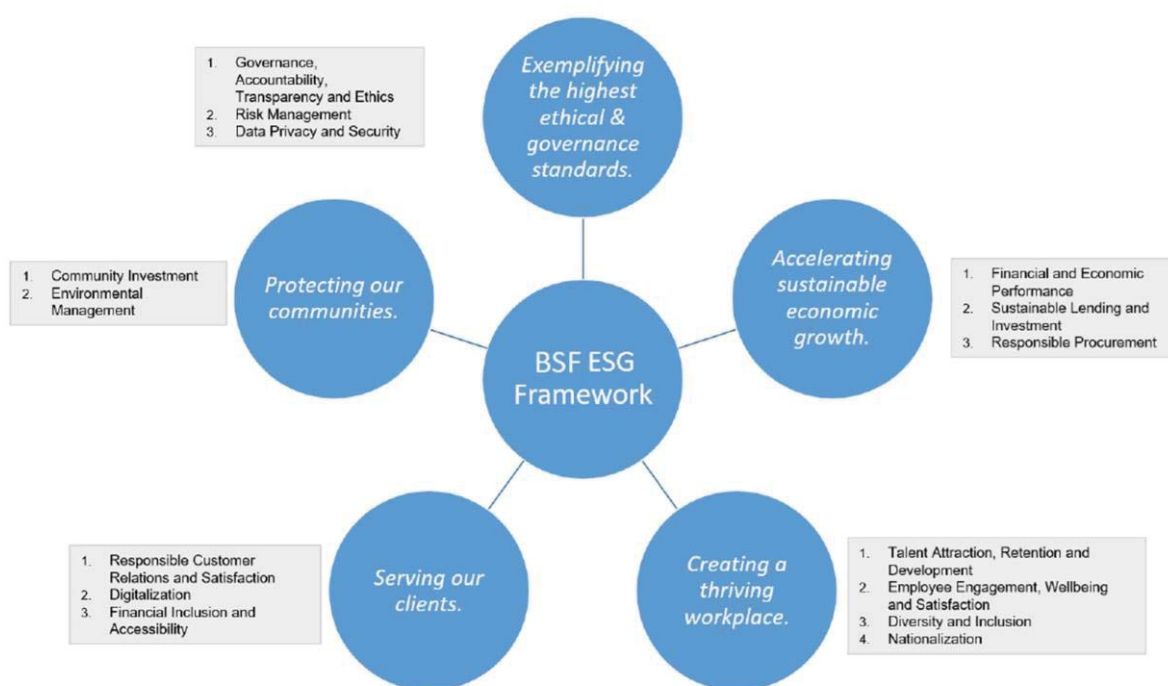
1.2 Industry Collaboration

BSF strives to expand its role in ESG to maintain a sustainability mindset. This is showcased via the Bank's pledging to aligning to the objectives of the Saudi Vision 2030 and UN SDGs.

BSF is continuously reviewing relevant industry and global guidelines such as the Principles for Responsible Banking (PRB) and the Principles for Responsible Investment (PRI). In addition, BSF is also exploring the Task Force on Climate-related Financial Disclosures (TCFD), and Science-Based Targets.

2 BSF's ESG Framework

BSF's framework revolves around five pillars that align with BSF's corporate mission and values. The five key pillars of the ESG framework have defined focus areas which are aligned with the material topics selected for BSF as part of the materiality assessment. The five pillars are described in the below sections.



2.1 Exemplifying the Highest Ethical and Governance Standards¹

2.1.1 Governance, Accountability, Transparency and Ethics

Code of Conduct

Good governance is fundamental to BSF ESG framework - emphasizing both transparency and accountability at the highest level of the bank. In line with the Code of Conduct Policy for Board and Board Committees' Members, BSF's Board members and Board Committees are required to act with the highest ethical standards when engaged in BSF business and should always act in accordance with the duties of their office and take effective measures to avoid conflicts of interests that could impact proper discharge of their duties.

¹ UN Sustainable Development Goal 16 "Peace, Justice and Strong Institutions"

Governance Framework

BSF is committed to meeting the highest standards of governance in line with all laws and requirements issued by regulatory bodies. In addition to improving transparency and accountability to deliver value for all stakeholders. The Bank has established, and advocated for, a robust governance framework starting with the formation of Board of Directors and its committees and the formation of management committees. BSF's Board committees are:

- Audit Committee;
- Executive Committee;
- Board Risk Committee;
- Nomination & Remuneration Committee;
- Board Strategy Committee; and
- ESG Board Committee.

While the committees of the board support ensuring effectiveness of decision-making via assisting the BoD in performing its duties and responsibilities, BSF's management committees assist both the Board, the Board committees as well as the executive management in discharging its responsibilities which is classified in two levels; the first level of management committees report to a Board related committee such as: Management Credit Committee, Compliance Committee and Risk Committee...etc., the second level of management committees report to a first level of management committee such as; Regional Credit Committee, Head Office Credit Committee...etc. In addition, the bank has a Shariah Committee that supervises compliance with Sharia rules and principles and its application in the Bank. This structure effectively addresses the roles and responsibilities of the Board and management and provides structures, policies, and tools to ensure sustainable long-term growth.

Board of Directors Composition

BSF makes diversity a priority in which it is embedded throughout the organization at all levels starting from the Board of Directors election process, our Board of Directors are elected by the General Assembly based on Nomination & Remuneration Committee and Board of Directors recommendation which is in line with BSF's Nomination policy that takes into consideration the need to have a strong combination of experience and skills aligned with the bank's business and strategy as well as to have a board that collectively possess leadership values and skills, such as strong ethics and integrity; diligence and conscientiousness. The policy encourages diversity of gender, backgrounds, age segment, education & past experiences. Moreover, the policy provides equal opportunities to all segments of the society.

Board of Directors Remuneration

BSF's Board of Directors and Board Committee members are entitled to receive remuneration to encourage achieving the success of BSF and its long-term development. Such remuneration is determined based on BSF's Remuneration and Compensation Policy for Board, Board Committees and Senior Executives which is approved by the general assembly. Moreover, details of the Board and Board committees' remunerations are disclosed annually in line with BSF's Transparency & Disclosure policy.

Anti-bribery, Corruption, Money Laundering and Financial Crimes

BSF commitment also extend to the high standards of ethical behavior and operates a zero-tolerance approach to bribery, corruption and money laundering, and all forms of financial crimes in line with the rules and regulations issued by regulatory bodies.

BSF has policies and procedures that include strict measures to reduce the risk of misuse for financial crime. BSF continues to invest in technology to detect and deter such activities and provide learning and training courses for all employees. BSF's employees are fully committed and are equipped to combat financial crimes, including money laundering and terrorism financing, guard against any unusual or suspicious activities and report them.

2.1.2 Risk Management

The Risk Management Framework is established to ensure strong risk management awareness and culture, and to embed these practices in day-to-day business activities and responsibilities. Risk management provides the foundation and organizational arrangements for designing, implementing, monitoring, reviewing and continually improving risk management throughout the Bank. BSF's approach is to identify, analyze and respond appropriately to all risks.

BSF has carefully formulated a framework that guides and defines how risks (including those related to ESG) are measured and managed. It reflects the appetite of the BoD, executive management and Board committees towards monitoring and mitigating risks associated with strategy, financial performance, technology, asset and liability management, credit, operations, legal affairs, organizational affairs and information security. In addition, specific policy guidelines are defined for each business unit that address key areas of risk relevant to their primary activities. Independent and thorough risk reviews are also conducted for each new business transaction, namely investment and financing.

2.1.3 Data Privacy and Security

BSF will assure that customer information is secured and will follow the guidelines of all applicable privacy and data protection laws and regulations. BSF is committed to maintaining and improving information security within accepted best practice and minimizing its exposure to risks in order to protect BSF assets and stakeholders.

BSF recognizes the importance of technology, information and cybersecurity risks, which the Bank has invested in a unique Cybersecurity Development Program that develops cyber skillset amongst local talent and promotes BSF in the local banking sector for cybersecurity.

Cybersecurity in BSF is an independent entity under Risk Management Group and managed by Senior Level Executive – Chief Information Security Officer (CISO) who is responsible for establishing and maintaining the enterprise vision, strategy, and program on cybersecurity.

The BSF Cybersecurity Governance Committee consisting of Group Heads from all relevant Groups support the overall cybersecurity governance in BSF.

BSF Board of Directors recognize cybersecurity as strategic enabler to accomplish corporate mission and achieve business goals, and hence, treat cybersecurity as high priority. BSF and its Board of Directors are firmly committed to maintain high standards of Cybersecurity over its assets and information.

The bank’s overall position on cybersecurity is “Protect BSF data and reputation by providing a secure and resilient digital banking environment and security posture which is in compliance with local and international cybersecurity standards and regulations”.

2.2 Accelerating Sustainable Economic Growth²

2.2.1 Financial and Economic Performance

BSF aims to deliver strong performance, achieve significant increases in profitability and size through its enhanced focus on customer experience. The bank works to optimize its balance sheet, while increasing its investment book, allowing it to significantly reduce cost of funding and increase profitability of the deployed capital.

2.2.2 Sustainable Lending and Investing

BSF believes in integrating ESG principles in lending and investment activities. This involves identifying material issues that affect business decisions, following-up on these issues within the due diligence processes and subsequent credit/investment reviews. BSF applies responsible lending rules in accordance with SAMA rules, taking into consideration a robust internal credit policy where credit history and scoring is applied to calculate an accurate debt burden ratio. In alignment with the government vision to promote small businesses, we aim to finance more micro and small businesses.

2.2.3 Responsible Procurement

BSF is committed to ethical, fair and transparent dealings with our suppliers. BSF aims to maintain good relationships with suppliers, and to support local suppliers to streamline our value chain. BSF have implemented a fully automated Enterprise Resource Planning system that will deliver a huge improvement of all procurement-related activity and is fully aligned with the Bank’s vision to become the most modern and innovative Bank in the region.

BSF aims to assess suppliers financially, socially and environmentally. This will allow the bank to build a strategic relationship with its suppliers and endorse business sustainability and continuity, as well as enhancing its spending efficiency and cost control.

² UN Sustainable Development Goal 8 “Decent Work and Economic Growth”

UN Sustainable Development Goal 9 “Industry, Innovation and Infrastructure”

2.3 Serving our Clients³

2.3.1 Responsible Customer Relations and Satisfaction

BSF success depends on maintaining strong and healthy relationships with its customers. The bank strives to remain close to the customer and offer the best financial services. BSF will provide transparent and responsible financial advice and communication to our customers to enable better financial decisions.

The Bank has implemented a Customer Relationship Management System for its corporate customers that helps the Bank maintain clear visibility on customer activity, identify prospect customers, manage tasks (e.g.: customer follow ups), create customizable internal reports (e.g.: related to customer phone calls and meetings), monitor branch activity through dashboard and/or campaign reports and other various functions. BSF also evaluates the needs of all its customers through market research to ensure competitive services and products. All financial products and services provided to the customer must be accompanied complete and correct information.

BSF has also developed the necessary policies and procedures to be followed by Stakeholders when submitting complaints or reporting any violations. The Bank is committed to resolving all complaints in a timely and fair manner and rectifying process weaknesses, which adversely affect the service delivery to customers or other third parties, and promoting an organization structure that values complaints as a tool for continuous improvement. The Consumer Protection and Customer Complaints Division (CPCCD) is an independent and centralized control function that is entrusted with the responsibilities of leading and managing consumer protection and customer complaints, CPCCD's key role entails monitoring BSF complying with SAMA requirements related to consumer protection through customer complaints from various channels by performing a review, validation, and reporting of all customers' complaints received, the main objective is the upkeep and protection of the Bank's reputation, and the continuous improvement of customer experience to better leverage development and growth.

2.3.2 Digitization

Digitization and automation of processes is a key enabler to achieve the Bank's strategy and core pillar of its vision of becoming "the go-to Bank for Digital. This is not only to enhance the customer experience, but also to help facilitate seamless integration with relevant government entities, credit bureaus and other stakeholders. This digitization will also provide simple and convenient access to product offerings and customer service tools.

BSF strives to continually getting more efficient by increasing the use of automation and digitization across the Bank, making processes faster and more accurate, raising customer service levels and driving profitability. The bank understands the centrality of digitization to this vision, and is committed to being a leader in the Kingdom's Banking sector in the deployment of digital solutions and technologies.

³ UN Sustainable Development Goal 9 "Industry, Innovation and Infrastructure"
UN Sustainable Development Goal 10 "Reduced Inequalities"
UN Sustainable Development Goal 11 "Sustainable Cities and Communities"

2.3.3 Financial Inclusion and Accessibility

BSF is focused on driving social and financial inclusion in the communities in which it operates. BSF aims to provide all segment of the society with accessible customized banking services.

A range of programs overseen by the Bank have been conducted to increase the financial literacy of various communities throughout the Kingdom to expand BSF's ability to reach all populations throughout Saudi Arabia. Examples, include monitoring and engagement with fintechs in KSA to develop strategic partnerships that can be mutually beneficial for the Bank. This will provide a larger and more flexible variety of services to BSF clients and position the Bank as an active member in the ecosystem, while supporting further government initiatives such as the Financial Sector Development Program.

2.4 Creating a Thriving Workplace⁴

2.4.1 Talent Attraction, Retention and Development

BSF is committed to enhance all areas that support service and professionalism for its employees. This commitment is fundamental to the Bank in achieving its vision and strategic objectives as well as maintaining an outstanding workforce by attracting, training, and retaining talented individuals. Our employees undergo the necessary training to develop their full potential.

To ensure the filling of positions with the best qualified applicants that meets BSF's People & Organizational Strategy and as talented people are the prime ingredient to the Bank's success, BSF established variety of channels to attract talented individual to be part of BSF such as Internship Program, Summer Program "SAIFI", graduate program...etc., as well as effective partnerships with agencies and recruiters in which they will play an important role in finding talented employees that can demonstrate their values on a daily basis to BSF. All job applications received by the Talent Mobility and Recruitment Division undergo an appropriate selection methods and objective criteria (e.g. qualifications, competencies, skills, knowledge and experience) are used to identify and appoint the best candidate for each role, in a fair and effective manner.

In line with BSF's Human Resources Policy, BSF provides a framework for helping all its employees get the right learning, experiences and coaching to make a difference to their career. Formal learning helps employees acquire the skills and knowledge they need, whilst a focus on the right experiences can put their knowledge into practice and develop new skills. The training delivery methods follow a blended approach combining in-house training, local training, external training, conferences and seminars, e-learning, on-the job training. BSF develops annually Personal Development Plans (PDPs) for all employees.

As a part of BSF efforts to retain its employees, BSF set out the arrangements and programs which are crucial for supporting and motivating employees to achieve their performance potential and to recognize their contributions accordingly. Such arrangements and programs include awarding long serviced

⁴ UN Sustainable Development Goal 3 "Good Health and Well-Being"

UN Sustainable Development Goal 4 "Quality Education"

UN Sustainable Development Goal 5 "Gender Equality"

UN Sustainable Development Goal 8 "Decent Work and Economic Growth"

employees and retired employees to recognize the commitment of an employee and reward departing employees who served the Bank whilst ensuring both parties end the employment services on goodwill.

In addition, BSF established Recognition and Motivation Programs which one of its objects is to achieve a performance driven culture, to recognize and motivate employees for their contribution. Moreover, the Bank set forth Retention program which is a form of restricted cash plan, where upon enrollment, participants are granted a cash-based Retention Award that can only be cashed out upon satisfying each Retention Award's associated vesting conditions.

In regards of BSF compensation policy, the Bank set forth its Compensation Philosophy to ensure that there is a documented overview of the principles that will underpin the design and administration of compensation policy across Banque Saudi Fransi in order to enhance its ability to attract, retain, and motivate employees all while remaining compliant with applicable banking regulation and aligned to market best practice.

The Compensation Philosophy include four (4) key Reward Principles (Pay for Performance, Flexibility, Competitiveness and Risk Alignment) which are aligned to the Bank wide strategy and which should ensure the achievement of the Bank's intended strategic direction and results over the short, medium and long-term. Also, BSF set forth clear description of the compensation structure, which is comprised of fixed, variable, monetary, and non-monetary elements, with each designed to achieve a desired impact to assist in the attraction, engagement and retention of employees.

BSF's Human Resources Procedures Manual provides guidance on the implementation of BSF's various people-related processes. All HRG procedures shall comply with the Saudi Labor Law and SAMA's regulations and others set out by relevant regulatory authorities in the Kingdom of Saudi Arabia.

2.4.2 Employee Engagement, Wellbeing and Satisfaction

Driven by a commitment to provide the best working environment for its employees, BSF strives to be well informed on matters affecting employee engagement and job satisfaction. Therefore, BSF conducts the employee engagement survey on annual basis, identifies the key engagement and job satisfaction factors, sets action plans with the involvement and alignment of the senior management team, and monitors progress year-on-year.

The Bank has an internal grievance mechanism to protect the rights of its employees and to help foster a strong safety mindset among employees as well as delivering a health and safety training. The internal procedure ensures that the grievances are taken seriously, thoroughly investigated, and resolved.

2.4.3 Diversity and Inclusion

BSF aspires to lead the way in diversity and inclusion. BSF continues to drive diversity and inclusion and to encourage female participation in the workplace, a key pillar of the national Vision 2030 strategy. The Bank has expanded its positioning in supporting females in the workplace by sponsoring initiatives and raising awareness about gender equality and female inclusion in the financial sector.

BSF respects the rights of its people and aims to promote a diverse and inclusive workforce, and prohibits any discrimination on the basis of gender, age, religion or nationality in the workplace. Every employee is entitled to a working environment that promotes dignity, equality and respect for all. BSF will not tolerate

any acts of unlawful or unfair discrimination (including harassment) committed against an employee. BSF's principles of inclusiveness, fairness, and equal opportunity are embedded within its employment policies. In line with the Human Resource policy and Code of Conduct, BSF will investigate any charges of harassment, abuse or discrimination and take appropriate corrective action.

The Bank provides effective means of communication and multiple reporting channels to receive reports of actual or potential violations. BSF has a whistleblowing policy in place that allows employees to discretely report any misconduct through whistleblowing system, or via telephone or email.

2.4.4 Nationalization

Saudization is a key pillar of the Saudi 2030 Vision. BSF strives to increase the number of Saudi nationals in the workplace. In addition, BSF aims to employ and develop Saudi nationals among its workforce by providing bespoke development programs.

2.5 Protecting our communities ⁵

2.5.1 Community investment

BSF is committed to support the communities it operates in to make a difference. BSF aims to deliver targeted activities and initiatives that further socioeconomic development through innovative, social and philanthropic initiatives. It also provides donations to different organizations, sponsorship initiatives, and youth development.

BSF aims to support the largest possible segment of the community in all fields, to be an active participant in developing social, economic and cultural welfare in the community as a whole, and to work on increasing the level of awareness and guidance.

2.5.2 Environmental management

BSF is fully committed to protecting the environment. The bank is conscious of its environmental responsibilities and seeks to limit its environmental impact. BSF has implemented a range of measures to make a tangible impact and ensures effective monitoring, managing, and reporting on its progress to minimize GHG emissions and energy consumption. BSF also aims to deploy water saving mechanisms and recycling initiatives, and to increase responsible paper use by utilizing electronic platforms as an alternative means for document sharing and archiving.

⁵ UN Sustainable Development Goal 6 "Clean Water and Sanitation"

UN Sustainable Development Goal 7 "Affordable and Clean Energy"

UN Sustainable Development Goal 12 "Responsible Consumption and Production"

UN Sustainable Development Goal 13 "Climate Action"

3 ESG governance

3.1 Roles and responsibilities

A robust approach to corporate governance is a key focus for BSF. The bank adopts best practices in this field, applying a transparent approach to create value for all the Bank's stakeholders. BSF follows a Corporate Governance Manual to set out BSF's Governance framework of policies, procedures, systems and controls by which the relationship between the Board, Executive Directors, shareholders and stakeholders are clearly regulated and their interests are protected.

3.1.1 Oversight: Board of Directors:

BSF's Board is collectively responsible for setting BSF's business objectives, the strategy for achieving those objectives, and for approving the Bank's annual budget and business plan. In addition, the Board is responsible for overall oversight of the Bank's performance, ensuring management implement adequate systems & controls and for shareholder communication.

For more details, you may refer to the Board of Directors charter.

3.1.2 ESG Governance Framework

To achieve a disciplined and well-governed structure for ESG, BSF formed an ESG Board Committee at the Board level, ESG Management Committee at the management level, and appointed ESG champions to ensure integrated results.

ESG Board Committee: supports the Board of Directors in achieving its targets in terms of ESG pillars to support BSF's ongoing commitment to sustainable finance, environmental stewardship, health and safety, diversity and inclusion, corporate social responsibility, corporate governance and other sustainability and responsibility matters which are an integral part of enhancing the Banks's long-term shareholder value.

For more details, you may refer to the ESG Board Committee charter.

ESG Management Committee: represents and assists the ESG Board Committee in fulfilling its oversight responsibilities relating to ESG related commitments, strategies, objectives, progress, performance and activities, with the aim to have the highest standard and practices in areas of ESG applied by BSF.

ESG champions: given the level of integration of ESG to BSF activities, one of the elements in BSF's ESG governance framework is ESG champions across all groups/divisions/departments of BSF who are responsible for implementation as BSF believes every employee and group within the bank has a role to play in achieving BSF's sustainable goals.



3.2 ESG training

BSF believes in an ongoing learning and awareness process when it comes to ESG at the Board, Executive Management, and staff levels. BSF aims to provide its employees with relevant and up-to-date training regarding market trends in Sustainability. This allows the Bank to establish a common understanding of ESG across the organisation, and develop the expertise needed to understand, and act upon, the agendas and decision-making processes of key stakeholders.

4. Integration of ESG in financing activities

As the Bank acknowledges that large infrastructure and industrial projects can have adverse impacts on people and on the environment and as BSF committed to sustainable lending and investing practices, BSF developed its approach to integrate and identify ESG principles in its policies for lending and investment activities.

BSF's approach to integrate ESG principles in its portfolio review involves identifying material extra-financial (ESG) factors subsequent to credit/investment reviews in addition to engagement with stakeholders.

Moreover, BSF recognizes the importance of integrating ESG issues into its lending and investment operations by leveraging best practices from the Principles for Responsible Banking (PRB), the Equator Principles (EP), and the Principles for Responsible Investment (PRI).

BSF's Sustainable Financing Framework governs all activities related to Green, Social, Sustainability of financing and investing transactions including screening criteria of business activities to ensure alignment with sustainable financing framework as well as Shariah principles for Islamic products.

5 Reporting

Transparency and disclosure are crucial elements of BSF's ESG policy framework. The bank will disclose its environmental, social and governance performance within its public reporting activities, and engage with stakeholders to understand their expectations via designated communication channels.

BSF will undertake voluntary reporting on ESG-related activities, and on progress in its Sustainability journey, to all stakeholders through BSF website and annual reports. BSF's voluntary disclosures and reporting approach will continuously draw from leading international standards and best practices.

البنك
السعودي
الفرنسي
Banque
Saudi
Fransi



16th to 18th Business and contracts where the members of the Board have direct or indirect interest



March 29, 2023
Ramadan 07, 1444

Ref: SEG/MGT/14/2023

The shareholders of Banque Saudi Fransi,

In reference to the requirements of paragraph (1), Article 71 of the Companies Law stipulating that a Board Member may not have any direct or indirect interest in transactions or contract made for the company, unless with a prior authorization from the General Assembly.

We the Board of Directors of Banque Saudi Fransi confirm that the information mentioned in Appendix (A) contain all business and contracts governed by Article 71 of the Companies Law for the financial year ended 31 December 2022 where the members of the Board of Directors of BSF have direct or indirect interest.

In addition, the Bank provides credit facilities and/or issues letters of guarantee to a number of members of the board of directors and/or companies and institutions related to members of the board, and these facilities are subject to the controls stipulated in the Banking Control Law and the instructions issued by the Saudi Central Bank. These facilities have been disclosed in note (37) of the Bank's consolidated financial statements as of 31 December 2022.

Regards,

Banque Saudi Fransi Board of Directors

Mazin Abdulrazzak Al Romaih
Chairman of the Board

Abdallah Abdulmalik Alshaikh
Corporate Secretary



Appendix A

Mentioned below are the contracts and businesses which were performed in the financial year 2022 without preferential terms where members of the Board of Directors have direct or indirect interest.

	The nature of business or contract	The amount of business or contract (SAR)	Start date of the contract	End date of the contract	Contract status	Name of the Board member or any person related to them
1	ATM Site (Panda Retail Company)	43,000.00 Annually	01/12/2021	30/11/2023	Active	Bader Alissa (Board of Directors member)
2	Maintenance of Cash Counting Machines (ABANA Enterprise Group)	Total amount paid for 2022 1,222,745.10	01/04/2015	30/04/2023	Active	Abdulrahman Alrashed's brother Abdulaziz Al Rashed (Board of Directors member)
3	Manpower and professional services Al Khaleej Training and Education (SMARTLINK)	Total amount paid for 2022 7,350,000.56	01/01/2018	31/12/2022	Active	Abdulrahman Alrashed's brother Abdulaziz Al Rashed (Board of Directors member)



KPMG Professional Services

Riyadh Front, Airport Road
P. O. Box 92876
Riyadh 11663
Kingdom of Saudi Arabia
Commercial Registration No 1010425494

Headquarters in Riyadh

كي بي إم جي للاستشارات المهنية

واجهة الرياض، طريق المطار
صندوق بريد ٩٢٨٧٦
الرياض ١١٦٦٣
المملكة العربية السعودية
سجل تجاري رقم ١٠١٠٤٢٥٤٩٤
المركز الرئيسي في الرياض

Independent Limited Assurance Report to Banque Saudi Fransi on the Board of Director's Declaration on the Requirements of Article 71

To the Shareholders of Banque Saudi Fransi

We were engaged by the management of Banque Saudi Fransi (the "Bank") to report on the Board of Director's declaration prepared by the Management in accordance with the requirements of Article 71 of the Companies Law issued by the Ministry of Commerce ("MOC"), which comprises the contracts and transactions carried out by the Bank during the year ended 31 December 2022 in which any of the members of Board of Directors ("BOD") of the Bank had direct or indirect personal interest as detailed below ("Subject Matter"), in the form of an independent limited assurance conclusion that based on our work performed and evidence obtained, nothing has come to the attention that causes us to believe that the Subject Matter is not properly prepared, in all material respects, based on the applicable criteria ("Applicable Criteria") below.

Subject Matter

The Subject Matter for our limited assurance engagement is related to the Board's declaration enclosed in the attached Appendix 1 (the "Declaration") prepared by the Management in accordance with the requirements of Article 71 of the Companies Law, presented by the Chairman of the Bank, which comprises the contracts and transactions carried out by the Bank during the year ended 31 December 2022 in which any of the members of Board of Directors of the Bank had direct or indirect personal interest.

As mentioned in the Declaration, credit facilities or letters of guarantees issued by the Bank to the members of the BOD and/or to companies and institutes related to the members of the BOD under the same terms and conditions as those offered to the public have not been included, as these are subject to other controls and disclosures as set out.

Applicable Criteria

We have used Article 71 of the Companies Law issued by MOC as the Applicable Criteria

Bank's Responsibility

The management of the Bank is responsible for preparing the Subject Matter information that is free from material misstatement in accordance with the Applicable Criteria and for the information contained therein. The management of the Bank is also responsible for preparing the Subject Matter information (i.e., Appendix 1).

This responsibility includes designing, implementing, and maintaining internal control relevant to the preparation and presentation of the Subject Matter that information is free from material misstatement, whether due to fraud or error. It also includes selecting the Applicable Criteria and ensuring that the Bank complies with the Companies Law issued by MOC; designing, implementing and effectively operating controls to achieve the stated control objectives; selecting and applying policies; making judgments and estimates that are reasonable in the circumstances; and maintaining adequate records in relation to the Subject Matter information.

The management of the Bank is also responsible for preventing and detecting fraud and for identifying and ensuring that the Bank complies with laws and regulations applicable to its activities. The management of the Bank is responsible for ensuring that staff involved with the preparation of the Subject Matter information are properly trained, systems are properly updated and that any changes in reporting encompass all significant business units.

KPMG Professional Services, a professional closed joint stock company registered in the Kingdom of Saudi Arabia, With the paid-up capital of (40,000,000) SAR. (Previously known as "KPMG Al Fozan & Partners Certified Public Accountants") A non-partner member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.

كي بي إم جي للاستشارات المهنية شركة مبنية مساهمة مغلقة، مسجلة في المملكة العربية السعودية، رأس مالها (٤٠٠٠٠٠٠٠٠) ريال سعودي متفرغ بالكامل، المسماة سابقاً "الشركة كي بي إم جي للفرزان وشركاه محاسبون ومراجعون قانونيون". و هي عضو غير شريك في الشبكة العالمية لشركات كي بي إم جي المستقلة والذاتية لـ كي بي إم جي العالمية المحدودة، شركة الإنجليزية محدودة بضمان. جميع الحقوق محفوظة.



Independent Limited Assurance Report to Banque Saudi Fransi on the Board of Director's Declaration on the Requirements of Article 71

To the Shareholders of Banque Saudi Fransi (continued)

Our Responsibility

Our responsibility is to examine the Subject Matter information prepared by the Bank and to report thereon in the form of an independent limited assurance conclusion based on the evidence obtained. We conducted our engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3000, "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" endorsed in the Kingdom of Saudi Arabia and the terms and conditions for this engagement as agreed with the Bank's management. That standard requires that we plan and perform our procedures to obtain a meaningful level of assurance about whether the Subject Matter information is properly prepared, in all material respects, as the basis for our limited assurance conclusion.

The firm applies international Standard on Quality Management 1 which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards, and applicable legal and regulatory requirements.

We have complied with the independence and other ethical requirements of the International Code of Ethics for Professional Accountants (including International Independence Standards) that is endorsed in the Kingdom of Saudi Arabia, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality, and professional behavior.

The procedures selected depend on our understanding of the Subject Matter and other engagement circumstances, and our consideration of areas where material misstatements are likely to arise.

In obtaining an understanding of the Subject Matter and other engagement circumstances, we have considered the process used to prepare the Subject Matter information in order to design assurance procedures that are appropriate in the circumstances, but not for the purposes of expressing a conclusion as to the effectiveness of the Bank's process or internal control over the preparation and presentation of the Subject Matter information.

Our engagement also included: assessing the appropriateness of the Subject Matter, the suitability of the criteria used by the Bank in preparing the Subject Matter information in the circumstances of the engagement, evaluating the appropriateness of the procedures used in the preparation of the Subject Matter information and the reasonableness of estimates made by the Bank.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. We did not perform procedures to identify additional procedures that would have been performed if this were a reasonable assurance engagement.

As part of this engagement, we have not performed any procedures by way of audit, review, or verification of the Subject Matter information nor of the underlying records or other sources from which the Subject Matter information was extracted.

Procedures Performed

Our procedures performed are as follows:

- Obtained the declaration that includes contracts and transactions in which any of the BOD members of the Bank has either direct or indirect interest during the year ended 31 December 2022;
- Reviewed the board resolution by circulation and noted that the concerned Board Member did not vote on the resolution issued at the meeting of the BOD;
- On a sample basis, obtained the required approvals along with supporting documents in respect of the contracts included in the declaration; and
- Checked the transaction amounts included in the Declaration agree, where applicable, to the transaction amounts disclosed in note 37 to the audited consolidated financial statements of the Bank for the year ended 31 December 2022.



Independent Limited Assurance Report to Banque Saudi Fransi on the Board of Director's Declaration on the Requirements of Article 71

To the Shareholders of Banque Saudi Fransi (continued)

Conclusion

Our conclusion has been formed on the basis of, and is subject to, the matters outlined in this report.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Based on the procedures performed and evidence obtained, nothing has come to our attention that causes us to believe that the Subject Matter information is not prepared, in all material respects, in accordance with the Applicable Criteria.

Restriction of Use of Our report

Our report should not be regarded as suitable to be used or relied on by any party wishing to acquire rights against us other than the Bank and MOC for any purpose or in any context. Any party other than the Bank and MOC who obtains access to our report or a copy thereof and chooses to rely on our report (or any part thereof) will do so at its own risk. To the fullest extent permitted by law, we accept or assume no responsibility and deny any liability to any party other than the Bank and MOC for our work, for this independent limited assurance report, or for the conclusions we have reached.

Our report is released to the Bank and MOC on the basis that it shall not be copied, referred to or disclosed, in whole (save for the Bank's own internal purposes) or in part, without our prior written consent.

KPMG Professional Services

Dr. Abdullah Hamad Al Fozan
License No: 348

Riyadh, 30 March 2023
Corresponding to 8 Ramadhan 1444H



البنك
السعودي
الفرنسي
Banque
Saudi
Fransi



19th

**Financial adequacy report issued by the
External Auditor**



Ernst & Young Professional Services (Professional LLC)
Paid-up capital (SR 5,500,000 – Five million five hundred thousand Saudi Riyal)
Head Office
Al Faisaliah Office Tower, 14th Floor
King Fahad Road
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Kingdom of Saudi Arabia

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AGREED-UPON PROCEDURES ON FINANCIAL ADEQUACY REPORT

Mr. Ramzy Darwish
Chief Financial Officer
Banque Saudi Fransi
Head Office
King Saud Road, Riyadh
Kingdom of Saudi Arabia

Scope, purpose and restriction of use

We have performed the procedures enumerated below, which were agreed with Banque Saudi Fransi (the “Bank”) and its subsidiaries (collectively referred to as the “Group”), solely to assist the Bank with respect to financial adequacy report (the “Schedule”) for the year-ended 31 December 2022 to be in compliance with the requirements of Paragraph 3 of Article 12 of the regulatory controls and procedures issued in implementation of the Companies Law for listed joint stock companies promulgated by the Capital Market Authority (the “Authority”) Board under Resolution No. (8 - 127 - 2016) dated 16/01/1438H (corresponding to 17/10/2016) based on the Companies Law issued under virtue of Royal Decree No. M/3 on 28/01/1437H (corresponding to 10/03/2015) amended by the Authority Board resolution No. (3 - 57- 2019) dated 15/09/1440H (corresponding to 20/05/2019) for the year ended 31 December 2022.

This agreed-upon procedures report (“AUP Report”) is intended solely for purpose set forth in the first paragraph this report and for your information and is not to be used for any other purpose or to be distributed to any other parties. This report relates only to the accounts and items specified in the “description of procedures performed and findings” section of this report and does not extend to any consolidated financial statements of the Group, taken as a whole.

Responsibilities of the Bank

The Bank has acknowledged that the agreed-upon procedures are appropriate for the purpose of the engagement and the Bank is responsible for the Schedule on which the agreed-upon procedures are performed. The sufficiency of these procedures is solely the responsibility of the Bank.

Responsibilities of the Practitioner

We have conducted the agreed-upon procedures engagement in accordance with the International Standard on Related Services (ISRS) 4400 (Revised), “*Agreed-Upon Procedures Engagements*” as endorsed in the Kingdom of Saudi Arabia. An agreed-upon procedures engagement involves performing the procedures that have been agreed with the Bank, and reporting the findings, which are the factual results of the agreed-upon procedures performed. We make no representation regarding the appropriateness, or the sufficiency of the agreed-upon procedures described below either for the purpose for which this AUP Report has been requested or for any other purpose.

This agreed-upon procedures engagement is not an assurance engagement. Accordingly, we do not express an opinion or an assurance conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported.

AGREED-UPON PROCEDURES ON FINANCIAL ADEQUACY REPORT (continued)

Our Independence and Quality Control

In performing the Agreed-Upon Procedures engagement, we complied with the ethical requirements in the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants (IESBA) including independence requirements as endorsed in the Kingdom of Saudi Arabia (the “Code”). We are not required to be independent for the purpose of this engagement; however, we complied with the independence requirements of the IESBA Code that apply to assurance engagements other than financial audit or review engagements. We are the independent auditor of the Bank and therefore we will comply with the independence requirements of the Code that apply in context of the financial statement audit.

EY applies International Standard on Quality Control 1, “*Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements*” and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards, and applicable legal and regulatory requirements.

Description of procedures performed

We have performed the procedures described below, which were agreed upon with the Bank on the Schedule:

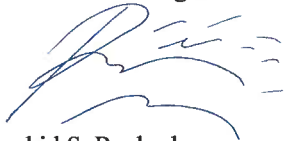
- We will check the arithmetical accuracy of the estimated cost of re-purchasing treasury shares and verify the no. of shares to be purchased and the share price used to reach at the estimated cost.
- We will agree total assets, total liabilities and total contingent liabilities for the year ended 31 December 2022 as disclosed in the schedule with total assets, total liabilities and total contingent liabilities as disclosed in the Bank’s consolidated financial statements for the year ended 31 December 2022.
- We will check the arithmetical accuracy of net assets (which represent the balance after deducting total liabilities and total contingent liabilities from total assets) for the year ended 31 December 2022 as disclosed in the schedule.
- We will check the arithmetical accuracy of the average working capital for the years ending 31 December 2023 and 31 December 2024 as disclosed in the schedule, by agreeing the working capital for each year with the working capital as disclosed in the financial plan that are prepared and approved by the management for the same years.
- We will check the arithmetical accuracy of the retained earnings balance as at 31 December 2022 after deducting treasury stocks balance expected to be purchased as disclosed in the schedule.

AGREED-UPON PROCEDURES ON FINANCIAL ADEQUACY REPORT (continued)

Our findings included:

- With respect to procedure 1, we found that the mathematical accuracy of the estimated cost of purchasing treasury shares is correct, and upon verification we found that the no. of shares to be purchased and the share price used to reach at the estimated cost was also correct. Furthermore, it was noted that management has added additional 7% estimated costs in its calculation for the repurchase of shares, to cater for any fluctuations in the market prices in future.
- With respect to procedure 2, we found that the total assets, total liabilities and total contingent liabilities mentioned in the attached Schedule as at 31 December 2022 are in agreement with the total assets, total liabilities and total contingent liabilities as disclosed in the Bank's consolidated financial statements for the year-ended 31 December 2022.
- With respect to procedure 3, we found that the mathematical accuracy of the net assets mentioned in the attached Schedule (representing the balance after deducting total liabilities and total contingent liabilities from total assets) as at 31 December 2022 to be correct.
- With respect to procedure 4, we found that the average working capital, included in the Schedule, for the 12 months period after the expected date for the completion of the repurchase of treasury shares, has been calculated using the budgeted working capital for the year ending 31 December 2023 and period ended 31 May 2024. Furthermore, management in their calculation of the working capital, have not considered all applicable current assets and liabilities due to the budgeted information being on a high-level basis only. Management has considered "Cash and balances with SAMA" as current assets and "Statutory Deposits" as current liabilities in their working capital calculation. The average working capital as mentioned in the attached Schedule is in agreement with the working capital calculation in the management's report for the year ending 31 December 2023 and period ended 31 May 2024.
- With respect to procedure 5, we found that the mathematical accuracy of the balance of retained earnings as of 31 December 2022, mentioned in the attached Schedule, after deducting the cost of treasury shares to be correct.

for Ernst & Young Professional Services



Rashid S. Roshod
Certified Public Accountant
License Number 366

Riyadh: 7 Ramadhan1444H
29 March 2023





Table of financial adequacy, related to the group's compliance with the requirements of the Paragraph 3 of Article 12 of the regulatory controls and procedures issued in implementation of the Companies Law for Listed Joint Stock Companies issued by the Board of the Capital Market Authority

1) Adequacy of working capital

SAR '000	
The expected date for the completion of the repurchase of treasury shares	Average working capital for the period of 12 months after the completion date of the Treasury Shares repurchase
After the beginning of May 2023	4,422,370

2) Summary of assets and liabilities, including contingent liabilities

As of December 31, 2022, based on the latest audited consolidated financial statements

SAR '000					
Assets	Liabilities	Commitment and contingencies	Net Assets	Estimated cost of purchasing treasury share for the year 2023	Surplus assets
A	B	C	D = A - B - C	E	F = D - E
232,078,119	193,332,794	34,821,105	3,924,220	130,782	3,793,438

3) Treasury Shares

As of December 31, 2022, based on the latest audited consolidated financial statements

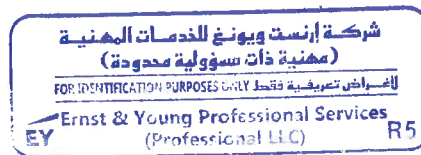
SAR '000		
Value of treasury shares held (*)	Retained Earnings	Excess retained earnings
A	B	C = B - A
234,050	9,768,005	9,533,955

*The number of shares expected to be re-purchased is a maximum of 3,247,485 shares.

For Banque Saudi Fransi


Ramzy Darwish

Chief Financial Officer



Internal Use

Internal Use

