

The Audit Committee Charter

(Before Amendments)



Audit Committee Charter


BW PL-001

Version 5.0

March 01,2021

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1. Purpose:

The purpose of this Charter is to clarify all issues related to the Audit Committee, including membership and duties, responsibilities of the Chairman and members, meetings, duties of the Committee's Secretary, reporting to the Board of Directors.

2. Scope:

This Charter covers the Audit Committee's work in order to assist it in performing its roles and responsibilities as well as achieving its different goals and objectives.

3. Description:

The Audit Committee Charter includes the purpose, scope, description, role, membership, meetings and minutes, authorities, duties and responsibilities.


4. Role:

The Audit Committee is a supervisory body formed to assist the Board of Directors in fulfilling its supervisory tasks, including:

- 4.1 Ensuring the integrity and fairness of financial reports.
- 4.2 Internal audit activities.
- 4.3 Compliance with applicable rules, regulations and Code of Conduct.
- 4.4 External audit activities of external auditors and their independence.
- 4.5 Consultation with the Sharia'h Committee in issues related to the objectives of internal Sharia'h audit.
- 4.6 Assessment of the effectiveness of the Internal Control System.

5. Membership:

The appointment of the Chairman and members of the Audit Committee shall be approved by the General Assembly. They are selected from the non-executive members of the Board and

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should include non-board members, provided that the number of the Committee's members should not be less than three (3) and not more than five (5). The following rules should be observed in the appointment of the Committee's members:

5.1 All members should be independent of the management of the Bank.

5.2 The Chairman of the Committee should not be one of the major shareholders.

5.3 Non-Board members should be more than the Board members.

5.4 The Committee should include one member specialized in financial, accounting and banking affairs.

5.5 Membership term shall be three (3) years and could be renewed for two additional terms only.

5.6 Any person who is currently hired, or has been hired during the past two years, by the Bank/external auditor of the Bank may not be appointed as a member of the Audit Committee.

5.7 The Chairman of the Board of Directors may not be a member in the Audit Committee.

5.8 The Chairman of the Committee should not have a kinship, business or financial relationship with the Chairman of the Board of Directors or any of its members.


5.9 Upon expiry of its term, the Committee shall continue to exercise its tasks until the issuance of a restructuring resolution.

5.10 Member of the Audit Committee should not have any financing facilities (credit cards, credit facilities, guarantees, etc.) from the Bank for himself or in partnership with any of his first-degree family member in an amount exceeding SAR 300,000.

6. Member Selection Rules and their Remuneration:

6.1 The Committee's members shall be nominated according to the policies of the Nomination and Compensation Committee.

6.2 If a seat becomes vacant, the Board shall appoint a replacement and candidacy shall be voted on in the next General Assembly.

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6.3 Allowances and compensations of the Committee's members shall be paid in accordance with the "Policy of Allowances and Compensations of Members of the Board of Directors, its Committees and Secretariat".

7. Roles & Authorities of the Chairman:

7.1 Supervision of the plans and preparations for the Committee's meetings, including approval of meeting agenda.

7.2 Ensuring the provision by the management of appropriate information to the Committee during the meeting to enable it to exercise its responsibilities based on sufficient information.

7.3 Ensuring proper listing of all items requiring the Committee's approval and recommendations to the Board of Directors.

7.4 Approving the Audit Committee's performance assessment based on its recommendations.

8. Secretary:

8.1 The Audit Committee shall appoint a Secretary to be selected from amongst the Bank's staff.

8.2 The Secretary shall attend the Committee's meetings to prepare the minutes of meeting and circulate the same to the Committee members for approval.


8.3 The Secretary shall immediately document and follow up on matters requiring action by the Committee in subsequent meetings.

8.4 The Secretary shall arrange with the parties invited by the Committee to attend its meetings.

8.5 The Secretary shall arrange and follow up on the completion of the annual assessment of the Committee.

8.6 The Secretary shall circulate the Committee's resolutions to the concerned parties.

8.7 The Secretary shall ensure proper documentation and archiving of all meetings and relevant agenda.

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9. Information Confidentiality:

The Committee's members shall maintain the confidentiality of information they get access to during exercising their duties and shall not disclose them to any third party.

10. Conflict of Interest:

Members of the Audit Committee should abide by rules and regulation issued by supervisory authorities and the Charter of Conflict of Interest of the Bank. The following should be observed while exercising relevant tasks:

10.1 Providing an acknowledgement of the independence of the Audit Committee member on an annual basis.

10.2 Members of the Audit Committee shall be liable for disclosing any conflict of interest.

10.3 If any member of the Audit Committee has a conflict of interest with any item listed in the meeting agenda, he should disclose this before discussing the item. This incident shall be displayed in the minutes of meetings and the member in question will not be allowed to attend discussions and vote on the item.


11. Meetings and Minutes:

11.1 The Committee's Secretary shall be responsible for preparing meeting agendas, which shall be approved by the Chairman of the Committee. The Chairman may consult with other members on the meeting agenda when he deems it necessary.

11.2 The agenda, along with any relevant items, shall be sent to the Committee's members at an appropriate time in advance of the meeting.

11.3 The Committee's meeting shall be held quarterly, with at least four (4) meetings per year. Additional meetings may be held upon the request of Committee's Chairman or the majority of members.

11.4 The Committee's meeting shall be deemed valid if attended by at least 50% of the members. Any member shall have the right to propose the addition of any new item/items to the meeting agenda.

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11.5 All resolutions shall be taken by majority. In the event of a tie, the Chairman shall have a casting vote. Proxy voting shall not be allowed.

11.6 The Committee's deliberations, resolutions and voting results shall be recorded in the minutes of the meetings, which shall be circulated to all members of the Committee.

11.7 The Committee may invite any of the Bank's employees to attend its meetings; provided that such invitation is extended by the CEO who may attend the meeting. However, the Committee shall have the right to meet any employee without the presence of the CEO.

11.8 The Committee may hold meetings with internal or external auditors with (or without) the participation of the Bank's management in order to discuss any issues to be raised by the auditors before the Committee.

11.9 The internal auditor and the external auditor may request a meeting with the Audit Committee as needed.

11.10 The Committee shall invite the Heads of Legal and Compliance departments to attend a meeting (or part thereof) once a year.

11.11 The minutes of meeting of the Audit Committee shall be approved at the next scheduled meeting.

11.12 The minutes of the audit committee meetings shall be presented before the Board of Directors after being approved by the Committee.


12. Authorities:

In order to carry out its tasks, the Committee shall have the following authorities:

8.1 Access to the Bank's documents and records.

8.2 Request any clarification or statement from the Board members or the Executive Management.

8.3 Request the Board to invite the General Assembly to convene if the Board impedes its work or if the Bank suffers gross damages or losses.

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8.4 Request the Internal Audit Department to conduct any audit or special test case that falls within the scope of its responsibilities.

13. Duties and Responsibilities:

Duties and responsibilities of the Audit Committee include:

13.1 Financial Reports

13.1.1 Examining the interim and annual financial statements of the Bank before submitting them to the Board as well as providing feedback and recommendations regarding the same to ensure fairness and transparency.

13.1.2 Providing a technical opinion, upon the request of the Board on whether the Directors' Report and the financial statements of the Bank are fair, balanced, comprehensible and include the information that enables shareholders and investors to evaluate the Bank's financial position, performance, business model and strategy.

13.1.3 Examining any important or uncommon matters included in the financial reports.

13.1.4 Carefully researching any issues raised by the CFO (or his delegate), Compliance Manager or the Auditor.


13.1.5 Verifying accounting estimates in the material issues included in the financial reports.

13.1.6 Studying accounting policies applicable in the Bank and providing feedback and recommendation to the Board with respect thereto.

13.2 Internal Audit

13.2.1 Supervising of the internal audit activities in order to verify its effectiveness in carrying out the tasks assigned to it in line with international standards for the professional practice of internal audit.

13.2.2 Approving the internal audit policies, procedures and charters based on the recommendation of the Chief Internal Auditor.

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13.2.3 Approving the risk-based internal audit plan and all major changes thereto as well as reviewing the performance of the internal audit activity compared to its plan.

13.2.4 Ensuring that there are no restrictions on the work of the internal audit.

13.2.5 Studying the Internal Audit reports and following up on the implementation of the corrective actions related to the notes provided for therein.

13.2.6 Verifying that the findings and recommendations of the internal audit have been responded to and that management responses have been received, appropriately discussed and acted upon.

13.2.7 Approval of the quality assurance reports and the corrective plans related to the activities of the Internal Audit Sector.

13.2.8 Recommending to the Board of Directors the appointment and remuneration of the Chief Internal Auditor.

13.3 Compliance

13.3.1 Revising the findings of the reports of Control Departments and verifying that the Bank has taken all actions required with respect thereto.

13.3.2 Verifying the Bank's compliance with relevant rules, regulations, policies and instructions.


13.3.3 Revising contracts and transactions concluded, or proposed to be concluded, with related parties, ensuring that they are properly registered and disclosed and providing the Board with the committee's feedback regarding the same.

13.3.4 Raising any matters it deems necessary to the Board and recommending actions to be taken.

13.3.5 Obtaining assurances with respect to communicating the Code of Conduct to Bank's employees and monitor compliance the same.

13.3.6 Review the compliance periodic reports.

13.3.7 Ensuring that there is a mechanism in place to allow employees to confidentially submit their comments regarding any violation in financial or other reports, verifying that

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such violation are independently investigated in a manner commensurate with the size of the error or violation, and that appropriate follow up actions are adopted.

13.3.8 The Committee shall review the Bank's malpractice reporting policy and ensure that the reports prepared and submitted in accordance with this policy are dealt with appropriately, while protecting the rights of whistleblowers.

13.4 Relationship with External Auditors

13.4.1 Recommending to the Board the nomination and remuneration of external auditors, evaluate their performance after verifying their independence, revising the scope of their work and contractual terms.

13.4.2 Verifying the independence, objectivity and fairness of the external auditor and the effectiveness of the audit works, taking into consideration relevant rules and standards.

13.4.3 Revising the plan and work of the external auditor of the Bank and verifying that he will not provide technical and administrative works beyond the scope of the external audit work. Providing feedback regarding the foregoing.

13.4.4 Providing answers to the enquiries raised by the external auditor.


13.4.5 Studying the external auditor's report and comments on the financial statements and following up any actions taken regarding the same.

13.4.6 Discussing any obstacles facing external auditors during the audit process, including any restrictions on the audit scope or information acquisition.

13.4.7 Discussing with external auditors the appropriateness of accounting policies followed in the preparation of financial reports to the Bank.

13.5 Internal Control

13.5.1 Examining and reviewing the effectiveness of the risk management and the internal/financial control systems of the Bank, including information technology security and control; and

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13.5.2 Understanding the scope of the external auditors' review of internal control in order to prepare financial reports as well as obtaining reports on material findings and recommendations and management's responses.

13.6 Relationship with the Sharia'h Committee

13.6.1 The Committee shall approve the objectives of the internal Sharia'h audit's task after consultation with the Sharia'h Committee. The objectives must be in line with accepted and customary standards of internal audit.

13.6.2 The results and notes of the internal Sharia'h audit shall be submitted to the Audit Committee and the Sharia'h Committee.

13.3 Internal Sharia'h Audit


13.3.1 Consulting with the Sharia'h Committee to identify the objectives of the internal Sharia'h audit in accordance with accepted and recognized internal audit standards.

13.3.2 The results and notes of the internal Sharia'h audit shall be submitted to both Audit and Sharia'h Committees.

14. Reporting:

14.1 The Audit Committee shall submit at least one annual report to the Board, including the tasks conducted during the year and any material observations related to the Bank's activities.

14.2 The Committee shall issue an annual report that includes its feedback on the adequacy of the internal control system and other activities carried out and fall within its jurisdiction. The Board should file sufficient copies of this report at the Head Office of the Bank. The report shall be posted on the website of the Bank and CMA (simultaneously upon posting the invitation for the meeting of the General Assembly) to enable interested shareholders to get a copy thereof. A summary of the report shall be read during the General Assembly meeting.

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15. Implementation

This Charter shall be deemed effective from the date of its approval by the General Assembly. Any amendment should be acknowledged by the authorized person.

16. Review and Update:

The Audit Committee is the body responsible for reviewing this Charter and recommending any amendment or update thereto every three (3) years or whenever required. The Charter shall then be approved by the Board of Directors and the General Assembly.


17. Definitions and Abbreviations

The following table explains the terms used herein:

Abbreviation	Description
The Bank	Alinma Bank
Charter	The Audit Committee Charter
The Board	Alinma Bank Board of Directors
The Committee	The Audit Committee

18. Approval Matrix


Function	Group	Resolution Number and Date
Owner	Audit Committee	The Charter has been reviewed and approved by the Committee under resolution No. (m/03/43/2019), dated January 23, 2019.

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Approvers	Board of Directors	The Charter has been reviewed and approved by the Board under resolution No. (12/56/2019), dated January 28, 2019.
	General Assembly	The Charter has been approved under resolution No./2019, dated 2019.

19. Document Amendments Record

Change No.	Date	Brief Explanation
Version 1.0	June 23, 2009	The Charter has been prepared by the Internal Audit and reviewed by the Audit Committee according to the committee's resolution No. m/02/02/2009, dated 08/04/2009 and approved by the Board of Directors under resolution No. 03/05/2009 dated 17/05/2009.
Version 2.0	July 19, 2016	The Charter has been amended by the Internal Audit and approved by the Audit Committee according to the committee's resolution No. Im/32/02/2016, dated 19/07/2016 and approved by the Board of Directors under resolution No. 03/44/2016 dated 19/09/2009.
Version 3.0	January 24, 2018	The Charter has been amended by the Internal Audit and approved by the Audit Committee according to the committee's resolution No. Im/03/38/2018, dated 24/01/2018 and approved by the Board of Directors under resolution No. 08/51/2018 dated 06/02/2018 and also approved by the General Assembly under resolution No. 10/2018, dated April 10/2018.

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Version 4.0	January 23, 2019	The Charter has been amended by the Internal Audit and approved by the Audit Committee according to the committee's resolution No. Im/03/42/2019, dated 23/01/2019 and approved by the Board of Directors under resolution No. 12/56/2019 dated 28/01/2019 and approved by the General Assembly under resolution No. 9/2019, Dated 26/03/2019
Version 5.0	Mars 01, 2021	The Charter has been amended by the Internal Audit and approved by the Audit Committee according to the committee's resolution No. Im/05/55/2021, dated 01/03/2021 and approved by the Board of Directors under resolution No. 10/07/2021 dated 04/03/2021 and approved by the General Assembly under resolution No. 14/2021, Dated 07/04/2021.

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(After Amendments)



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Version 6.0

(Date of Approval by the General Assembly)

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Article (1) Preamble:

This Charter has been prepared to define the framework of the Audit Committee in accordance with the provisions of Alinma Bank's Articles of Association, relevant policies and charters and other rules and regulations issued by supervisory and regulatory authorities.

Article (2) Purpose:

The purpose of this Charter is to set the framework of the formation and performance of the Audit Committee in order to enable it to carry out its tasks in an efficient and effective manner.


Article (3) Role:

The Audit Committee is formed by the General Assembly as recommended by the Board of Directors. The Committee exercises all powers delegated to it by the Board of Directors in line with applicable rules and regulations, including:

- 3.1 Integrity and fairness of financial reports.
- 3.2 Internal Audit.
- 3.3 Internal Control.
- 3.4 Compliance with applicable rules, regulations and codes of professional conduct.
- 3.5 Consulting with the Sharia'h Committee in issues related to internal Sharia'h audit targets.
- 3.6 Tasks and independence of external auditors.
- 3.7 Annual assessment of the Committee's performance.

Article (4) Membership:

4.1 The number of the Committee's members shall not be less than three (3) and not more than five (5) and shall be formed pursuant to a resolution issued by an Ordinary General Assembly. The members of the Committee shall have scientific qualifications and professional expertise in audit and risk management, including knowledge of accounting

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and audit standards, ability to read financial reports and familiarity with rules, regulations and instructions issued by relevant authorities.

4.2 All members of the Committee shall be independent and none shall have a credit relationship with the Bank, whether in his name or in the name of a relative, or any other type of relationship with the Bank, members of the Board of Directors or executive officers.

4.3 The number of the Committee non-Board members shall be more than that of the Board members. Additionally, the Chairman of the Board of Directors shall not be the Chairman of the Committee or a member therein.

4.4 The Chairman of the Committee shall delegate to a member the chairmanship of the Committee during his absence.

4.5 The membership term shall be three (3) years, renewable for a maximum of two (2) additional terms.


4.6 Upon the expiry of its term, the Committee shall continue to exercise its functions until the issuance of a restructuring resolution.

4.7 A written non-objection from the Saudi Central Bank (SAMA) shall be obtained prior to the nomination of any member of the Committee. SAMA shall also be notified in writing within five (5) business days upon membership expiry of any member.

4.8 The Capital Market Authority (CMA) shall be informed of the names and capacities of the Committee's members within five (5) business days from the date of appointment. Likewise, CMA shall be informed of any changes in membership within five (5) business days from the date of occurrence of the same.

4.9 Members of the Committee may resign by sending a written notice to the Chairman of the Committee and the Chairman of the Board of Directors and such resignation shall come into full force and effect as of the date of such notice, unless the notice specifies a later date for the resignation.

4.10 If a seat of a member of the Committee becomes vacant for any reason, the Board of Directors shall appoint a replacement to complete the remaining period, taking into account membership requirements. The appointment shall be submitted to the General

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Assembly for approval. The new member shall complete the term of his predecessor after obtaining official approvals from the relevant supervisory authorities.

4.11 Membership of the Committee's member expires if he fails to attend more than three (3) consecutive meetings without prior permission from the Chairman or acceptable excuse approved by the majority of attendees.

4.12 The Chairman and members of the Committee shall comply with the principles of truthfulness, honesty, and loyalty. The interests of the Bank and its shareholders shall be upheld over and above the personal interests of the Chairman and the Committee members.

4.13 Each Committee member shall annually present an independence acknowledgement and disclose any conflict of interest.

Article (5) Scope of Competencies:

The competencies of the Committee shall be established in accordance with the Authority Matrix approved by the Board of Directors and in line with applicable rules and regulations. In order to carry out its tasks, the Committee shall have the following competencies:


5.1 Access the Bank's documents and records.

5.2 Request any clarification or statement from the Board members or the Executive Management.

5.3 Request the Board to convene the General Assembly if the Board impedes the Committee's work or if the Bank suffers material damages or losses.

5.4 Request the Internal Audit Sector to conduct any audit or special test case that falls within the scope of its responsibilities.

5.5 The Committee may seek the assistance of any non-executive member of the Board who is not a member of the Audit Committee or any expert or specialist to examine issues that fall within its duties and responsibilities.

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Article (6) Duties and Responsibilities:

The Audit Committee shall perform, among other things, the following duties and responsibilities in accordance with its competencies provided for in the Authority Matrix approved by the Board of Directors and in line with applicable rules and regulations:

6.1 Financial Reports

6.1.1 Examining quarterly and annual financial statements of the Bank before submitting them to the Board as well as providing feedback and recommendations regarding the same to ensure integrity, fairness and transparency.

6.1.2 Providing a technical feedback, upon the request of the Board, on whether the Directors' Report and financial statements of the Bank are fair, balanced, clear and including information that enables shareholders and investors to evaluate the Bank's financial position, performance, business model and strategy.

6.1.3 Examining material or exceptional matters included in the financial reports.

6.1.4 Carefully researching any issues raised by the CFO (or his delegate), Chief Compliance Officer or the External Auditor.


6.1.5 Verifying accounting estimates in material issues included in the financial reports.

6.1.6 Studying accounting policies applicable within the Bank and providing feedback and recommendation to the Board with respect thereto.

6.2 Internal Audit

6.2.1 Controlling and supervising the performance and activities of Internal Auditors and the Internal Audit Sector of the Bank, and verifying the availability of appropriate human resources for internal audit in terms of number, qualifications, skills and their effectiveness in performing the tasks and functions assigned to the Sector as per international standards for the professional practice of internal audit.

6.2.2 Approving internal audit regulations, policies and procedures based as recommended by the Chief Internal Auditor.

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6.2.3 Examining and approving the annual risk-based internal audit plan as well as approving major changes, including the scope and budget of the plan, and review the performance of the internal audit activity against its plan.

6.2.4 Examining internal audit reports and following up the implementation of corrective actions for the notes contained therein.

6.2.5 Verifying that internal audit findings and recommendations have been responded to and that management responses have been received and properly discussed, and ensuring that management takes the necessary corrective actions in a timely and correct manner to address control weaknesses and shortcomings identified by the internal audit.

6.2.6 Ensuring that there are no restrictions on the internal audit work.

6.2.7 Approving the internal audit strategy and monitoring its performance.

6.2.8 Recommending to the Board the approval of the internal audit organizational structure and reviewing it periodically or whenever required.

6.2.9 Reviewing the performance of the Internal Audit Sector to ensure that it is able to perform and fulfill its responsibilities independently and objectively.


6.2.10 Conducting the independent external review to verify the quality of the internal audit work at least once every five (5) years.

6.2.11 Approving quality assurance reports and corrective plans for the work of the Internal Audit Sector.

6.2.12 Recommending to the Board of Directors the appointment, termination, remuneration of the Chief Internal Auditor.

6.2.13 Approving the performance measurement indicators of the Chief Internal Auditor and assessing his performance.

6.2.14 Ensuring that the Chief of Internal Audit is independent, able to perform his functions with sincerity, care and responsibility, and that he abides by rules and instructions.

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6.3 Compliance

6.3.1 Reviewing the findings indicated in the reports of supervisory authorities and verifying that the Bank has taken all actions required with respect thereto.

6.3.2 Verifying the Bank's compliance with relevant rules, regulations, policies and instructions and taking necessary actions to improve the level of regulatory compliance within the Bank.

6.3.3 Reviewing contracts and transactions concluded, or to be concluded, with related parties, ensuring that they are properly registered and disclosed, and providing the Board with the Committee's feedback regarding the same.

6.3.4 Raising any matters the Committee deems necessary to the Board and recommending actions to be taken thereon.


6.3.5 Obtaining assurances as to informing the Bank's staff of the Code of Conduct and monitoring compliance with the same.

6.3.6 Reviewing the compliance reports periodically.

6.3.7 Ensuring that there is a mechanism in place to allow employees to confidentially submit their feedbacks on any violations of the internal rules of the Bank, including rules pertaining to the preparation of financial statements, verifying that such violations are independently investigated in a manner commensurate with the size of the error or violation and that appropriate follow up actions are adopted.

6.3.8 Reviewing the Bank's malpractice reporting policy and ensuring that reports prepared and submitted in accordance with this policy are dealt with appropriately, while protecting the rights and assuring the safety of whistleblowers.

6.3.9 Inviting the Chief Compliance Officer and the Head of Legal Group to attend a meeting at least once per year.

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6.4 External Auditor

6.4.1 Recommending to the Board the nomination, termination, remuneration and performance appraisal of external auditors after verifying their independence, reviewing their scope of work and contractual terms.

6.4.2 Verifying the independence, objectivity, competency and fairness of the external auditor and the effectiveness of his works, taking into account relevant and governing rules and standards.

6.4.3 Reviewing the plan and work of the external auditor and verifying that he will not provide technical and administrative works beyond the scope of the external audit and providing feedback regarding the foregoing.

6.4.4 Providing answers to enquiries raised by the external auditor as well as necessary support that enables him to perform the tasks assigned to him.

6.4.5 Studying the Directors' report and the external auditor's report and notes on financial statements and following up any actions taken related thereto.

6.4.6 Discussing any obstacles facing external auditors during the audit process, including any restrictions on the audit scope or information acquisition.


6.4.7 Discussing with external auditors the appropriateness of accounting policies applied in the preparation of financial reports to the Bank.

6.5 Internal Control

6.5.1 Studying and reviewing the effectiveness of the Bank's risk management system, internal control system and financial control system, including information technology security and control.

6.5.2 Assessing the effectiveness and efficiency of internal controls, policies and procedures, reporting mechanism and the extent of compliance therewith.

6.5.3 Understanding the scope of review conducted by external auditors for the preparation of financial reports, obtaining reports on significant findings and recommendations and management responses.

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6.6 Sharia'h Committee

6.6.1 The Committee shall approve the objectives of internal Sharia'h audit after consultation with the Sharia'h Committee and such objectives shall conform with accepted and customary internal audit standards.

6.6.2 The findings and notes of the internal Sharia'h audit shall be submitted to both the Sharia'h Committee and the Audit Committee.

Article (7) Competencies and Tasks of the Chairman:

Without prejudice to the competencies of the Audit Committee, the Chairman shall lead the Committee, effectively supervise its workflow and the exercise of its competencies in such a manner that guarantees work progress in accordance with the best applicable practices. The competencies and tasks of the Chairman include:

7.1 Ensuring that the Committee's members have timely access to complete, clear and valid information.

7.2 Verifying discussion by the Committee of all key issues in an effective and timely manner.


7.3 Enabling the Committee's members to express their opinions freely and urging the Committee to discuss issues and seek, upon need, the feedback of specialists in the Executive Management of the Bank and other parties.

7.4 Supervising the Committee's meeting plans and preparation, including the approval of agenda and minutes of meetings.

Article (8) Duties of the Secretary:

The Audit Committee shall appoint a Secretary from among its members or non-members. The Secretary shall not be dismissed unless pursuant to a resolution issued by the Committee. The Secretary's duties include:

8.1 Documenting the Committee meetings and preparing relevant minutes, which include meeting discussions and deliberations, place, date, start and end times of such

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meetings, recording the Committee's discussions and voting results and archiving them in a special and organized register, recording the names of attendees and any reservations raised (if any), signing such minutes by all attending members;

8.2 Archiving reports submitted to the Committee and the ones prepared by it;

8.3 Following up the process of reporting the Committee's resolutions and instructions to related parties within the Bank and their implementation;

8.4 Providing the Committee's members with the meeting agenda and related worksheets, documents and information and any additional information related to the topics included in the agenda items and requested by any Committee member;

8.5 Notifying the Committee's members of the dates of meetings five (5) business days before the scheduled date of the meeting;

8.6 Not participating in or voting on any of the Committee's resolutions;

8.7 Presenting draft minutes to the Committee's members for their feedback before finalizing and signing the same;


8.8 Ensuring that the Committee's members receive, fully and promptly, a copy of the minutes of the Committee's meetings as well as information and documents related to the meeting items;

8.9 Making a coordination between the Audit Committee and the Executive Management of the Bank;

8.10 Coordinating the dates of the Committee's meetings at the beginning of the year with the Board's Secretariat prior to their approval by the Committee, and ensuring that such dates correspond with the dates of presentation of topics that require the Board's approval;

8.11 Notifying the Board's Secretariat of the agenda of the Committee's meetings prior to its convening and providing the Secretariat-General of the Board with the records upon their approval;

8.12 Ensuring the integrity of the Committee's resolutions and their compliance with the approved Authority Matrix and other relevant rules and regulations and coordinating in

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advance with the Board's Secretariat with respect to the Committee's resolutions to be approved by the Board of Directors;

8.13 Providing assistance and advice to the Committee's members upon request or need; and

8.14 Ensuring the sound documentation of the Committee's meetings and retaining relevant minutes and other materials for at least ten (10) years.

Article (9) Meetings:

The Committee's meeting shall be held quarterly. Exceptional meetings should be held or, if circumstances so require, at the request of the Chairman of the Committee or two members, the External Auditor or the Chief Internal Auditor after explaining the reasons for the invitation to the exceptional meeting.


9.1 At the beginning of each year, the Committee shall approve its meeting agenda for the year.

9.2 No Committee member shall authorize another member to vote or attend the meeting of the Committee on behalf of him.

9.3 The meeting invitation shall be sent to each member within no less than five (5) days prior to the date of the meeting accompanied by agenda and necessary documents and information. In the event of convening an emergency meeting, the invitation, agenda and necessary documents and information may be sent within a period of less than five (5) days.

9.4 The Committee shall approve its agenda upon the convening of the relevant meeting. If any member raises an objection thereto, such objection shall be recorded in the minutes of meeting. Every member may suggest the inclusion of any item in the agenda.

9.5 The meeting of the Committee shall not be valid unless attended by at least half of its members in person or by means or tools available via modern technology, i.e., virtual meeting platforms, et cetera, provided that the Chairman of the Committee or his delegate is among attendees.

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9.6 As determined by the Chairman, specialists from within the Bank or outside the Bank may be invited to attend the Committee's meeting without the right to vote on its resolutions or any part thereof.


9.7 While conducting their duties and responsibilities, the Committee's members and the Secretary, even after the expiry of their membership, shall maintain the confidentiality of their activities and the documents they have access to. They shall exercise their duties in a manner that guarantees the interest of the Bank. They shall also maintain the confidentiality of commercial information they have had access to while performing their duties and shall not disclose them to shareholders or to any natural or legal person. In the event of any breach of such confidentiality or disclosure of any of the foregoing information, the erring member shall be dismissed and be held liable for any subsequent financial damages resulting from such breach or disclosure.

9.8 If a member of the Committee has any conflict of interest in a topic listed in the meeting's agenda, he shall disclose the same before the topic is taken up and discussed, provided that this is recorded in the minutes of the meeting. In this case, the concerned member shall neither vote nor participate in the discussion of the topic in question, abiding by the policies, standards and procedures related to the conflict of interest.

Article (10) Resolutions and Minutes of Meetings:

10.1 The Committee's resolutions shall be issued and take effect upon approval by the majority votes of attendees. In the event of a tie,, the Chairman shall have a casting vote to break such tie.

10.2 If there is a situation that calls for urgent issuance of a resolution by the Committee, the Committee shall take such resolution by circulation, sending the resolution in writing, along with relevant documents, to the members of the Committee for approval. The approval of any of the Committee's circulated resolution by the majority of its members shall be done within five (5) business days. Such resolution shall be presented in the next meeting and included in the minutes of meeting for approval. Circulated resolutions shall be deemed effective if approved by the majority of the Committee's members. Any member may request, upon need, a meeting to discuss the subject in question.

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10.3 Any Committee member may raise an objection to any resolution taken by the Committee, provided that such objection and reasons are documented in the minutes of the meeting.

10.4 The minutes and resolutions of the Committee's meetings shall be carefully prepared by the Secretary in coordination with the Chairman, making sure that the data and information contained therein are correct and complete. The Committee resolutions shall be included in the minutes of meeting. The draft minutes shall be sent to members for review. The minutes shall become final and the resolutions shall come into full force and effect if no amendments or notes are received from the members within five (5) business days from their receipt thereof. The final minutes shall be circulated in the next meeting for sign-off.


10.5 In the event of a conflict between the recommendations of the Committee and the resolutions of the Board, or if the Board refuses to adopt the recommendations of the Committee, the recommendations and justifications of the Committee shall be included in the Directors' Report along with reasons behind the failure of the adoption of such recommendations.

Article (11) Remuneration

The Chairman, members and Secretary of the Audit Committee shall be paid remuneration and allowances as stipulated in the Remuneration and Allowance Policy for the members of the Board and its committees, Secretariat and the Executive Management as approved by the General Assembly of the Bank and in line with the regulations and instructions of supervisory authorities. Details of such payment shall be indicated in the Directors' Report.

Article (12) Relationship with the Board of Directors and the General Assembly

12.1 The Committee shall periodically provide the Board with a summary of the items presented at its meetings and resolutions adopted. The Committee shall make the minutes of the meetings available to all members.

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12.2 The Chairman of the Committee shall notify the Board of any material issue in the next meeting of the Board or earlier, if needed.

12.3 The Committee shall submit a quarterly report to the Board, including an assessment of the internal control system as well as the findings and recommendation of the audited units.

12.4 The Committee shall submit, at the end of the next quarter following the end of the relevant financial year, an annual report to the Board, including the tasks conducted during the year as compared with the approved plan, a clarification for the reasons of any shortcomings or deviation from the plan (if any) and any material notes related to the Bank's activities.


12.5 The Committee shall issue an annual report that includes its feedback on the adequacy of the internal control system and other activities carried out and fall within its competence. The Board of Directors shall file sufficient copies of this report in the Head Office before the date of the General Assembly for shareholders. The report will also be posted on the website of the Bank and the CMA upon publishing the invitation to the General Assembly in order to enable interested shareholders obtain a copy thereof. A summary of the report shall be read during the General Assembly meeting.

Article (13) Implementation

This Charter shall be deemed effective as of the date of its approval by the General Assembly. Any amendment should be approved by the authorized person.

Article (14) Review and Update

This Charter shall be amended and updated by the Corporate Governance Management in consultation with the Internal Audit Sector which shall also recommend its approval. The Board may review this Charter and submit it to the General Assembly every three (3) years, or whenever required.

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Definitions and Abbreviations

The following table explains the terms used herein:

Abbreviation	Description
The Bank	Alinma Bank
Charter	The Audit Committee Charter
The Board/Board of Directors	Alinma Bank Board of Directors
The Committee	The Audit Committee
The Market	The Saudi Stock Exchange (TADAWUL)


Approval Matrix

Role	Party	Resolution Number and Date
Owner	Audit Committee	Reviewed and recommended by the Audit Committee under memorandum No. (LM/00/00/2022), dated 00/00/2022.
Approvers	Board of Directors	Recommended by the Board of Directors by the Board resolution No. (00/00/2022), dated 00/00/2022.
	General Assembly	Approved by the General Assembly under resolution No./2022, dated 2022.

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Document Amendments Record

Change No.	Date	Brief Explanation
Version 1.0	June 23, 2009	The Charter has been prepared by the Internal Audit and reviewed by the Audit Committee according to the committee's resolution No. m/02/02/2009, dated 08/04/2009 and approved by the Board of Directors under resolution No. 03/05/2009 dated 17/05/2009.
Version 2.0	July 19, 2016	The Charter has been amended by the Internal Audit and approved by the Audit Committee according to the committee's resolution No. Im/32/02/2016, dated 19/07/2016 and approved by the Board of Directors under resolution No. 03/44/2016 dated 19/09/2009.
Version 3.0	January 24, 2018	The Charter has been amended by the Internal Audit and approved by the Audit Committee according to the committee's resolution No. Im/03/38/2018, dated 24/01/2018 and approved by the Board of Directors under resolution No. 08/51/2018 dated 06/02/2018 and also approved by the General Assembly under resolution No. 10/2018, dated April 10/2018.
Version 4.0	January 23, 2019	The Charter has been amended by the Internal Audit and approved by the Audit Committee according to the committee's resolution No. Im/03/42/2019, dated 23/01/2019 and approved by the Board of Directors under resolution No. 12/56/2019 dated 28/01/2019 and approved by the General Assembly under resolution No. 9/2019, Dated 26/03/2019.
Version 5.0	March 1, 2021	The Charter has been amended by the Internal Audit and approved by the Audit Committee according to the committee's resolution No. Im/05/55/2021, dated 01/03/2021 and approved

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		by the Board of Directors under resolution No. 10/71/2021 dated 04/03/2021 and approved by the General Assembly under resolution No. 14/2021, dated 07/04/2021.
Version 6.0	December 23, 2021	The Charter has been amended by the Corporate Governance Management and reviewed and recommended for approval by the Internal Audit under resolution No Im/./2022, dated ././2022 and recommended by the Board of Directors under resolution No. ././2022, dated ././2021 and approved by the General Assembly under resolution No. ./2021, dated ././2021.
Version 7.0		The Charter has been amended by the Corporate Governance Management and reviewed and recommended for approval by the Internal Audit under resolution No Im/./2022, dated ././2022 and recommended by the Board of Directors under resolution No. ././2022, dated ././2022 and approved by the General Assembly under resolution No. ./2022, dated ././2022.