

البنك
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Banque
Saudi
Fransi



| Board Nomination, Membership, Assessment and Succession Policy

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Table of Abbreviations and Definitions

S. No.	Abbreviation	Expansion
1	AC	Audit Committee
2	ESGC	Environment, Social and Governance Board Committee
3	NRC	Nomination and Remuneration Committee
4	BoD	Board of Directors / the Board
5	BRC	Board Risk Committee
6	CGD	Corporate Governance Division
7	CMA	Capital Market Authority
8	EC	Executive Committee
9	LGG	Legal and Governance Group
10	MoC	Ministry of Commerce
11	SAMA	Saudi Central Bank
12	SEG	Secretary General
13	DoA	Delegation of Authority Manual
14	BSF or the Bank	Banque Saudi Fransi
15	The Policy	Board Nomination, Membership, Assessment and Succession Policy
16	Executive Director	A member of the Board who is a full-time member of the executive management team of the Bank and participates in its daily activities.
17	Non-Executive Director	Member of the Board who is not a full-time member of the management team of the Bank and does not participate in its daily activities.
18	Independent Director	A non-executive member of the Board who enjoys complete independence in his/her position and decisions and none of the independence affecting issues stipulated in SAMA and CMA regulations apply to him/her.
19	Executive Management/ Senior Executives	Persons responsible for managing the daily operations of the Bank, and proposing and executing strategic decisions, such as the Chief Executive Officer (CEO), his/her deputies, and Chief Financial Officer (CFO).

1. Introduction

1.1. Document Authorization Control Sheet

Document Type	Policy
Document Title	Board Nomination, Membership, Assessment and Succession Policy
Version	5.0 (English)
Document Reference	
Date	22-05-2024
Policy Custodian	Corporate Governance Division "CGD"
Policy Owner	Corporate Governance Division "CGD"

1.2. Document Approval Record

Version	Approval Date	Description of Changes
1.0		New Policy
2.0		
3.0	May 1, 2019 (GA)	Comprehensive review to incorporate all regulatory & legal requirements and meet best practices
3.1	May 5, 2021 (GA)	General Periodic Review.
4.0	Dec 8, 2021	Based on SAMA new CG Principles
5.0	May 22, 2024 (GA)	Based on the new Companies Law and it's implementing regulations.

1.3. Review, Update & Maintenance

- 1.3.1 The authority to amend this policy rests with the General Assembly upon Board of Directors recommendation;
- 1.3.2 Any amendment to this document shall be as per procedure set out in the DoA Manual; and
- 1.3.3 The minimum frequency for reviewing this policy is two (2) years. However, the policy must be reviewed / updated earlier if required. CGD is responsible for ensuring that this document is reviewed & approved as required.

1.4. Policy Implementation & Disclosure

- 1.4.1 **Banque Saudi Fransi's** (also referred to as “BSF” or the “Bank”) shall commit to this policy which shall be implemented from the date of its approval by the General Assembly, and shall be duly disclosed to the concerned parties in accordance with the disclosure requirements issued by the relevant regulators.

2. Purpose of the Policy

The purpose of this document is to set out the bank guidelines to the basic policies, standards, and procedures on the selection, appointment, assessment and succession of Board members, members of the Board Committees “The Committees”.

3. Applicability

3.1. Applicability

This policy applies to the candidates and members of the Board of Directors, and members of the Board Committees.

4. Laws, Regulations, Related Policies & Supporting Procedures

4.1 Laws & Regulations

A fundamental aspect of this Policy is ensuring compliance with all laws such as CMA and SAMA and other regulatory requirements.

Key laws and regulations include:

Law/Regulation	Authority
Companies Law	MoC
Capital Markets Law	CMA
Corporate Governance Regulations	CMA
Requirements for Appointments to Senior Positions	SAMA
The key principles of governance in financial institutions under the control and supervision of the Saudi Central Bank	SAMA
Implementing Regulation of the Companies Law for Listed Joint Stock Companies	CMA

5. Standards and Procedures

5.1. Composition of the Board and its Committees

5.1.1. Composition of the Board of Directors

The Board of Directors of BSF is composed of ten (10) members, the majority of whom are non-executive members, and (at least) four (4) are independent members, as stipulated in the Bank's bylaws, taking into consideration SAMA and CMA independence criteria which requires minimum of two (2) BoD members or one-third of its members, whichever is greater to be independent. The number of executive members on the Board shall not exceed two (2) members.

The Board Chairman (preferably an independent member) and the Vice-Chairman shall be appointed at the Board's first meeting considering that both of them shall be from the non-executive members. The Board, may appoint a managing director or Chief Executive Officer from among its members.

5.1.2. Committees Composition

The Board Committees are as follows:

- a) Executive Committee (EC);
- b) Audit Committee (AC);
- c) Board Risk Committee (BRC);
- d) Nomination and Remuneration Committee (NRC);
- e) Environmental, Social, and Governance Board Committee (ESGC); and
- f) Board Strategy Committee (BSC)

BSF has adopted Charters for each Committee including the appropriate composition, roles, and responsibilities of each Committee.

5.2. Procedures for the Nomination, Appointment, Re-appointment, Exemption/Resignation of the Board and Board Committee Members

The following procedures shall apply to all the Board members and its Committees' members. The Board Secretary shall be responsible for preparing, organizing, and updating the supporting files and documents related to the appointment, reappointment, exemption or resignation procedures of the Board member or one of its Committees, as well as the responsibility of monitoring the procedures and keeping the documents for assessing the Board and its Committees.

5.2.1 Publishing the Nomination Announcement

The Bank shall publish the nomination announcement on the Bank and Tadawul's websites and through any other medium specified by CMA; to invite persons wishing to be nominated to the membership of the Board, provided that the nomination period shall remain open for at least a month from the date of the announcement.

5.2.2 Nomination and Election Procedures

Each shareholder of the Bank shall have the right to nominate himself/herself or one or more from among shareholders or others to the membership of the Board providing that Board members must be in their natural capacity in accordance with the provisions of the Companies Law and Its Implementing Regulations. The NRC shall be responsible for assessing the qualifications, skills, and expertise to ensure the diversity and balance of the Board's competencies and effectiveness. Moreover, the candidates' qualifications shall comply with the requirements of the regulations issued by the regulators and with the special requirements of the Board or Committees as specified in the Board's Charter or the Committees' Charters.

The following procedures shall be followed in implementing the nomination process:

- a) BSF Board of Directors shall call the Ordinary General Assembly to convene in ample time prior to the expiration of the board's term in order to elect the board of directors for the new term.
- b) Nomination applications shall be received by the Board Secretary to ensure that they are complete and contain the required documents and information such as:
 - I. A letter from the candidate expressing his/her desire for nomination. In the letter, he/she shall commit, if elected to the Board membership, to submit the required disclosures in accordance with the Conflict of Interest policy of the Board members and the members of the Committees emanating from the Board;
 - II. A copy of the national identity and the family register;
 - III. Curriculum vitae, academic qualifications, practical experience and contact information;
 - IV. Filling out the forms specified by the Bank and providing any additional information/documents as determined by the Bank;
 - V. Filling out and attaching the relevant CMA form;
 - VI. Filling out and attaching the SAMA Fit & Proper Form;
 - VII. Filling out independency forms as per CMA & SAMA criteria which will be provided by CGD; and other forms that BSF may require;
- c) Board Secretary shall ensure candidates applications meet SAMA requirement and shall send it to the NRC to examine and evaluate the applications, identify the qualified candidates for membership and identify independent candidates. The NRC shall submit the list to the BoD for review and then send it officially to SAMA by the Chairman of NRC to obtain SAMA's "no-objection" on the candidates after ensuring that all candidates fitness and propriety is assessed in accordance with relevant laws and regulations. This shall be completed at least thirty (30) days before the date of the General Assembly meeting in which new Board members will be elected;



- d) In the event that any information regarding the suitability of any of the candidates for the membership of the Board and Committees is found, and this information affects the validity or suitability of the candidate, SAMA shall be notified in writing within a period not exceeding five (5) working days from the date of finding out the information, even if this finding occurs after obtaining SAMA's non-objection to nominate the candidate concerned;
- e) The Bank shall announce on Tadawul website the information about the Board candidates when publishing the call for or conveying the General Assembly's meeting. Such information shall include a description of the candidates' experience, qualifications, skills and previous and current jobs and memberships. The Bank shall provide a copy of this information at its headquarters and on its website;
- f) The vote in the General Assembly shall be limited to the candidates for the Board membership whose company has announced their information;
- g) The General Assembly shall elect the required number of members for the term stated in BSF's bylaws, provided that such term shall not exceed three years. Board members may be re-elected, unless otherwise provided for in the BSF's bylaws;
- h) BSF shall notify SAMA, CMA & MoC of the names of the Board members and description of their memberships within five business days from the commencement date of the Board term or from the date of their appointment, whichever is shorter, as well as any changes that may affect their membership within five business days from the occurrence of such changes;
- i) The new members shall be notified of their appointment and shall be provided with a profile and comprehensive information about the Bank (strategic goals and objectives, BSF's financial & operations, obligations, duties and competencies of the Board committees), including a memorandum specifying their roles, responsibilities and rights, and contractual terms and conditions;
- j) The Executive Management of the Bank shall provide the Board members, the Non-Executive Directors in particular, and the committees of the Bank with all of the necessary information, details, documents and records, provided that they shall be complete, clear, correct and non-misleading, in due course to enable them to perform their duties and obligations; and
- k) In the event that the BoD term ends and the new BoD members are not elected, the current BoD members shall continue to perform their duties until the new board of directors is elected. The period of continuation of the BoD members whose term ended shall not exceed ninety (90) days from the date of the BoD end term. The BoD, therefore, must take the necessary measures to elect a Board of Directors to replace it before the expiry of the specified continuity period.

5.2.3 Candidate Disclosure of the Conflict of Interests

A person who desires to nominate himself/herself for the membership of the Board shall disclose to the Board & the General Assembly any cases of conflicts of interest, including:

- 1) Having direct or indirect interest in the contracts and businesses entered into for the benefit of the Bank in which he/she desires to be nominated to the Board.
- 2) Engaging in business that may compete with the Bank or any of its activities.



5.2.4 Termination / Resignation of the Board Members or Committees Members

- 1) The Bank's bylaws specifies the manner by which membership of the Board may end or in which it may be terminated upon a request from the Board. The Ordinary General Assembly may, however, remove some or all Board members, even if BSF's bylaws provides otherwise, with consideration to any rules set out by the regulatory authorities. The Ordinary General Assembly shall elect a new Board or a replacement for the removed member, as the case may be, in accordance with the provisions of the Companies Law and its implementing regulations.
- 2) The General Assembly may, upon a recommendation of the Board, terminate the membership of the Board member who did not attend three consecutive or five non-consecutive Board meetings during the course of his/her membership without a legitimate excuse accepted by the Board.
- 3) Upon the end of the membership of a Board member by any way, the Board Secretary shall notify CMA and Tadawul immediately as well as notify SAMA, CMA and MoC in writing thereof within five (5) working days of the expiry date of membership, specifying the reasons thereof.
- 4) A board member may resign pursuant to a written notice submitted to the chairman of the board of directors. If the chairman of the board resigns, the notice shall be submitted to the board members and the board's secretary. In both cases, the resignation shall take effect from the date specified in the notice.
- 5) In the event that the chairman and members of the board of directors resign (full board resignation), the BoD shall call for an ordinary general assembly meeting for the purpose of electing a new board.
- 6) Resignation of Chairman and members of the Board of Directors (full board resignation) shall not be effective unless the new Board is elected, provided that the resigning board does not continue to carry out its duties beyond the one-hundred and twenty (120) days from the date of resignation. The Board, therefore, shall undertake all necessary procedures to elect a new replacement Board before the expiry of the specified period.

5.2.5 Renewal of Membership to the Board or Committees

The Board is aware that renewal of membership of some of its members or Board Committees members may have a positive impact on the performance and duration of the work of the Board and Committees, taking into account that the reappointment of members is not automatic but subject to General Assembly approval and SAMA's no-objection.

- a) Renewal of Board membership and Board Committees membership shall be subject to the General Assembly's approval based on a recommendation of the Board; and
- b) The Board's Secretary shall be responsible for including the membership renewal applications in the agenda of the Board or the General Assembly, according to the competence of each.



5.3. Qualifications of Board Members and Committees Members

5.3.1 Qualifications of Board Members and Committees Members

The BoD and the NRC shall be responsible for determining the qualifications of candidates for appointment to the BoD and the Board Committees. The NRC shall assess all the candidates and recommend the appointments to the BoD. The qualifications of and prerequisites for the Board members and Committees members shall be determined as prescribed in the relevant laws and regulations. These shall include the minimum necessary requirements prescribed in the following laws and regulations:

- a) Key Principles of Governance in Financial Institutions under the Control and Supervision of the Saudi Central Bank;
- b) Appointment Requirements issued by SAMA for leadership positions in the financial institutions supervised by SAMA;
- c) Corporate Governance Regulations issued by CMA;
- d) The Bank's bylaws;
- e) Any amendments or updates to the above or any additional requirements hereby impose.

The qualifications' prescribed requirements shall include the following:

- a) Board members should be qualified to perform the tasks entrusted to them. They should have a clear understanding of their required roles and have the ability to make decisions impartiality and objectively judgment on all affairs of the Bank without any external influence from inside or outside the Bank.
- b) The board member must be of professional capabilities, and has the required experience, knowledge, skill and independence, which enable him/her to perform the duties efficiently, possess various practical and administrative skills and financial experiences, and appropriate personal qualities, especially high reputation and competence, honesty and integrity and ability to oversee, follow up and direct the Bank to achieve its strategic goals, in addition to the following:
 - i. Leadership: A Member should possess leadership skills that enable the member to delegate powers in order to enhance performance and apply best practices in effective management and to demonstrate & adhere to corporate professional values and ethics;
 - ii. Independence: The ability of the member to be neutral and objective in decision making as well as having the independency to perform the duties and responsibilities and without undue influence from job obligations, interest or other circumstances that might lead to conflict of interest or influence the member in any form his/her ability to exercise the duties and responsibility related to the position;
 - iii. Competence: He/she shall have the academic qualifications and proper professional and personal skills as well as an appropriate level of training and practical experience related to the current and future business of the Bank and the knowledge of management, economics, and accounting, law or governance as well as the desire to learn and receive training;
 - iv. Guidance: Having technical, leadership and administrative capabilities, as well as the



- ability to making decisions promptly, understanding technical requirements and developments related to the job. He/she shall also be able to provide strategic guidance, long-term planning and have a clear future vision.
- v. Honesty, Integrity, Good Reputation and Justice: Acquiring the qualities of honesty, integrity, good reputation, and justice, without prior conviction of a crime involving honor and trust, unless rehabilitation has been granted
 - vi. Financial Capacity: Acquiring the ability and previous experience in managing personal obligations and financial affairs prudently and appropriately, provided that this does not excuse the member's limited financial capabilities.
 - vii. Financial Knowledge: The ability and skills to read and understand financial statements and reports as well as ratios used to measure performance; and
 - viii. Physical Fitness: He/she shall not suffer from any health issue that may hinder him/her from performing his/her duties and responsibilities.
- c) No member of the Board or Committees shall serve on any Board or Committee in any other bank in the Kingdom of Saudi Arabia. However, a member of the BoD of a bank outside the Kingdom may assume the post of a Board Member of BSF subject to approval by the Bank's BoD; and
 - d) A Board member may participate in the membership of the Board of other companies other than banks, with a maximum of five listed companies provided that there should be no conflict of interests in his membership in any of these companies.

5.3.2 Additional Qualifications for Board Committees Members

- a) Committee members collectively shall be knowledgeable of the matters 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. The Committee member shall be able to devote adequate time to their duties as members of this Committee.
- b) Each members of the Audit Committee should have academic qualifications, professional experience in auditing, finance, or risk management and relevant knowledge of auditing & accounting standards, and the capacity to read financial reports and understand related rules and regulations issued by regulators.
- c) Members of the BRC shall possess an adequate knowledge in risk management and finance. Among committee members, there should be member/s with experience in cyber and technical risks.



5.4. Appointment of Members for the Board and its Committees

5.4.1 Appointment of Board Members

- a) The shareholders of BSF shall elect the Board members in the General Assembly after being nominated by the Board based on recommendations from the NRC. In all cases, it is required that the members of the Board of Directors be personals of natural capacity.
- b) The number of nominees to the Board whose names are presented to the General Assembly shall be more than the number of available seats to give a chance to the General Assembly to select the Board members among those nominees.
- c) The Board members shall be elected by way of a cumulative vote, so that no more than one (1) vote may be cast per share.
- d) The Board shall nominate a non-executive Board member as chairman (preferably an independent member) and another non-executive Board member as vice chairman, and the bank shall obtain SAMA's prior written non-objection on those appointments.
- e) All appointments to the Board shall be subject to non-objection by the Saudi Central Bank (SAMA). Applications for the issuance of no objection letters should be submitted to SAMA at least thirty (30) days prior to the date of the General Assembly's meeting for electing the Board members.
- f) The Board should disclose the CV of all members of the Board of Directors so that shareholders and investors can judge their competence and their ability to carry out their functions effectively. Ensuring not nominating any member already sentenced by a court judgment or convicted of a crime involving moral turpitude and honesty.
- g) After receiving SAMA's written non-objection on the appointment to Senior Position, the Bank shall periodically, and at least annually, assess the fitness and propriety of its Board Members on an on-going basis. In the event of such assessments leading to any adverse information or findings that may materially compromise the fitness and propriety of any of its Board Members or members of Senior Management, the Financial Institution shall immediately report such information and findings to SAMA.

5.4.2 Appointment of Committee Members

- a) Except to the Audit Committee which is appointed by the General Assembly, the BoD shall appoint the members of its various Committees based on the recommendations provided by the NRC.
- b) The Board shall submit to the General Assembly the proposed charters of the AC and the NRC for approval, which determines the rules and procedures for the activities and duties of the committee, the rules for selecting its members, the means of their nomination, the term of their membership, their remunerations, and the mechanism of appointing temporary members in case a seat in the committee becomes vacant.
- c) The Board shall appoint the Committees' Chairmen, in accordance with the charter of each Committee, and in accordance with the requirements of the regulatory and supervisory bodies.
- d) All appointments to the Committees shall be subject to SAMA's written no-objection.



- e) SAMA, Capital Market Authority (CMA) and Ministry of Commerce (MoC) shall be notified by the Board Secretary of all the appointments or changes made to the BoD and its Committees within five (5) working days from the date of appointment. Moreover, SAMA shall be provided with a report on the Bank's Board members, Board Committees' members, as well as leadership positions in accordance with the instructions of SAMA. The report shall be submitted semi-annually (end of June and December). In the event of any changes, SAMA shall be provided with the updated report within a period not exceeding one (1) week from the date of the change.

5.5. Membership Term

5.5.1 Term of Membership in the Board

The term of the members of the Board shall be three years and the board may re-nominate themselves every three years through the Ordinary General Assembly (OGA), which follows their appointment as permitted by the Bank's bylaws & policies, and any applicable laws and regulations.

It is preferable that the board member's service does not exceed 12 consecutive or non-consecutive years.

5.5.2 Term of Membership in the Committees

The term of the Committee members is equivalent with that of the Board, where the Committee members are elected for a period of three (3) years. The AC members may be re-elected for a maximum of two (2) consecutive terms.

5.6. Board Members and Independent Committees' Members

The Board of Directors shall assess the independence of independent members annually, as per the independence criteria set by SAMA in the key principles of governance, and those prescribed by CMA in the Corporate Governance Regulations.

5.6.1 Additional Independence Criteria for the Audit Committee

To ensure that the Audit Committee is fully independent, the following criteria shall be considered:

- The Audit Committee shall comprise of at least three members and not exceeding five members.
- All members must be independent.
- The committee members from outside the Board shall be more than those from inside the Board.
- The Audit Committee member should not have any fiduciary relationship with the bank in his/her name or in the name of one of his/her relatives or have any financial or business relationship with the bank or other members of the Board or senior management.



- e) The member shall not be one of personals who works or has worked in the Bank's Financial Group, the Executive Management or as BSF's external auditor during the preceding two years.
- f) Audit Committee member shall not be an AC member of more than five listed joint stock companies at the same time.
- g) The Audit Committee Chairman may not be the Chairman of the board.

5.6.2 Annual Independence Assessment

- a) The Board shall assess independence (at least) annually. All the Board members and the Committees' members shall be required to complete detailed independence forms about their personal status annually and submit them through the Board Secretary, who in turn will submit these forms to the NRC. The member shall inform the Board if his/her independency has impaired for any reason.
- b) The NRC shall examine and discuss the assessment results with the Board Chairman. Accordingly, the Board Chairman shall submit the assessment results to the Board for their appropriate decision and approval thereof. No Board member or Committee member shall be considered independent unless the Board decides so.
- c) The following transactions of the Board of Directors /external committee members will be exempted from the independency assessment criteria if the below conditions are fulfilled:
 - a. For non-banking RPTs, the total amount should be below 5 million SAR, provided on arm length basis, and the interest of the Board Member/external committee member is not direct.
 - b. For Banking RPTs, it should be provided on arm length basis and the interest of the Board Member/external committee member is not direct.

5.7. The Vacant Position in the Board or Board Committees

5.7.1 Termination of Board and Board Committees Membership

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

- a) If the person holding it resigns his/her office provided that such resignation takes place at an appropriate time as the member shall be liable to the Bank for the resulting damages;
- b) If the person at any time has been bankrupt or insolvent, or compounds with his creditors or suspends payment;
- c) If the person is facing mental challenges, or become rationally unfit;
- d) If the person has absented himself/herself from three (3) consecutive meetings or five (5) non-consecutive meetings of the Board or of the Board Committees, 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 Board or the Committee concerned, or without legitimate excuse accepted by the BoD or BoD committees, he/she shall be replaced with another member;

- e) If he is not fit for the membership as per applicable local laws and regulations;
- f) The term of the Board or the member expired;
- g) If the OGA, for any reason, dismiss/ removes all or some of board members, even if the Bank's Bylaw stipulate otherwise in accordance with rules and regulations stipulated by regulatory authorities;
- h) If he/she has been convicted of an offense involving moral turpitude, fraud or dishonesty;
- i) If he/she was at any time in the service of the Bank and was dismissed or his services had been terminated by the Bank;
- j) If the person is a Director of any Commercial Bank in Saudi Arabia other than a Bank sponsored or established by BSF, provided that with the consent of the Board, a Director of a Bank outside Saudi Arabia may become a Director of this Bank; and
- k) If the person is in the employment of any Saudi banking company whether on salary or on commission, or is engaged in the performance of any paid continuous services.

5.7.2 Filling the Board and Board Committee Vacant Position

Unless the Bank's Bylaw stipulate otherwise, in the case of a Board or AC member, external member position becomes vacant due to a member death or resignation, and the vacancy does not result in a breach of the conditions necessary for the validity of the board's meeting due to a decrease in the number of its members below the minimum stipulated in law and regulation or BSF Bylaw, the Board may appoint a new member for the vacant position, after obtaining SAMA's no-objection subject to the upcoming General Assembly ratification, provided that the new member have the required experience and competency. Ministry of Commerce, CMA and SAMA shall be notified within five (5) working days from Board member appointment date. If the General Assembly ratify the appointment, the new Board member shall serve the remaining term of his predecessor. In case of failure to meet the necessary conditions for the Board to convene due to having less than six (6) Board members, the rest of the members shall convoke the General Assembly to convene within sixty (60) days to choose the required number of members.



5.8. Assessment of the Performance of the Board and its Committees

- a) A performance assessment should be carried out annually to assess the board & board committee's performance. Such assessment shall cover the effectiveness of the board, the working procedures, skills and experiences of the members, and identify the strength and weaknesses.
- b) The assessment shall be carried out using key performance indicators linked to the extent to which the strategic objectives of the Bank have been achieved, the quality of the risk management and the efficiency of the internal control systems, among others.
- c) Non-Executive Directors shall also carry out an annual assessment of the performance of the chairman of the Board after getting the opinions of the Executive Directors, without the presence of the chairman of the Board in the discussion on this matter, provided that weaknesses and strengths shall be identified and a solution shall be proposed for the same in the best interests of the bank.
- d) The individual assessment of the Board members shall take into account the extent of effective participation of the member and his/her commitment to performing his/her duties and responsibilities and developing his/her knowledge and skills, including attending the Board and its Committees meetings and dedicating adequate time thereof.
- e) Assessment Procedures & Mechanism:

The performance assessment shall be carried out by an external third party at least once every three years. When the performance assessment is carried out internally, the relevant tools/documents shall be prepared by the Corporate Governance Division and shared with members of the board and board committees. Such tools/documents shall should cover by minimum:

- Assessing the performance of the Board of Director's in general.
 - Assessment of the performance of the Board Committees.
 - Assessment of the performance of the Chairmen of the board and board Committees.
 - The effectiveness of governance policies and followed practices, and determining whether there is a need for any improvements or changes, and the Board must use the results of these assessments as part of the continuous improvement efforts, and if necessary, share the results with SAMA.
- f) Once the assessment exercise above is concluded, the results shall be provided to the NRC.
 - g) Based on the outcomes of the assessment and SAMA requirements, the NRC shall determine the points of strength and weakness, and may propose appropriate solutions for improvement in case needed. Such solution may include training for the Board & its Committees to enhance members' knowledge in banking industry e.g. Compliance, Risk & IT Risk. Also, NRC may propose plans to resolve the weakness, if needed, by nominating competent professional staff able to improve the performance of the Board & its Committees.

5.9. Succession of the Board and Committee Members

The NRC shall maintain a list of potential candidates who have the qualifications and meet the requirements mentioned above in section (5.3) to sit in the Board and Board Committee seats, taking into consideration the additional requirements of membership for each committee. NRC may recommend candidate or select directly from those who applied for the Board membership, but have not been elected by the General Assembly. NRC may also utilize a head-hunter to recommend qualified potential candidates, but it shall review their C.Vs to ensure all candidates meet the required qualifications, experience and other requirements. The NRC have the right to interview any potential candidates in person when it deems needed. In case of a Board and Board Committee vacancy, the NRC shall promptly nominate a qualified candidate to the Board among the list it is maintaining.

5.9.1 Board of Directors Succession

- a) The Board of Directors Succession Plan shall be recommended by NRC and approved by the Board of Directors, at every new Board term.
- b) NRC shall maintain a list of qualified candidates from outside the board who are ready to join as a Board member or a committee member upon call.
- c) In case of a Director or a Member of the Board Committees vacancy, the Board has the right to fill the vacancy, based on recommendation from the NRC, by a temporary assignment of a new member provided that such assignment must be presented at the first upcoming meeting of the General Assembly for approval and the new member has to complete the period of his/her predecessor;
- d) If, during any financial year, the vacancies in Board positions reduced the overall Board membership below six (6) members, due to the resignation and/or removal of Directors or for reasons mentioned in Article (19) of the bylaws, the Board shall call for a Board meeting to convene, for the purpose of electing Directors to such positions and the same shall be provided to the General Assembly.

5.9.2 Succession of Audit Committee Members

- a) In case of an Audit Committee member vacancy, the Board has the right to fill the vacancy, based on recommendation from the NRC, by a temporary assignment of a new member provided that such assignment must be presented at the first upcoming meeting of the General Assembly for approval and the new member has to complete the period of his/her predecessor; taking into consideration that majority of AC members shall be external.