

**The 66<sup>th</sup>  
Extraordinary General  
Assembly Meeting**  
(First Meeting)



# Extraordinary General Assembly Meeting Agenda

(First Meeting)

## Bank AlJazira invites its shareholders to attend the Extraordinary General Assembly Meeting No. 66 (the 1<sup>st</sup> meeting) by means of modern technology

### General Assembly Meeting Agenda

1. Reviewing and discussing the Board of Directors Annual Report for the fiscal year ending 31 December 2023.
2. Reviewing and discussing the Financial Statements for the year ending 31 December 2023.
3. Voting on the External Auditor's Report for the year ending 31 December 2023.
4. Voting on releasing the Board members from their liability for the fiscal year ending 31 December 2023.
5. Voting on appointing the Bank's External Auditors among the candidates based on the Audit Committee recommendation as to examine, review and audit the financial statements for the second, third quarter along with 2024-year end financials and the first quarter for the year 2025 and determining their fees.
6. Voting on the Board of Directors' recommendation to increase the Bank's capital by Granting Bonus Shares according to the following:
  - The Bank's capital before the increase is (8,200,000,000) million Saudi riyals, divided into (820,000,000) ordinary shares.
  - The Bank's capital after the increase is (10,250,000,000) million Saudi riyals, divided into (1,025,000,000) ordinary shares.
  - The total amount of the increase is (2,050,000,000) million Saudi Riyals.
  - Percentage of Capital Increase: 25%.
  - **The reason for the capital increase:** The increase is aimed to strengthen the Bank's financial position which will contribute to enable the bank to achieve its strategic goals.
  - **Method of capital increase:** The increase will be made by capitalizing an amount of (2,050) million Saudi riyals from the statutory reserve account, by granting 1 share for every 4 shares.
  - **Eligibility Date:** If the clause is approved, the eligibility date for the bonus shares for the bank's shareholders who own the shares will be on the day of the extraordinary general assembly registered in the bank's shareholder register with the Securities Depository Center Company (the Depository Center) at the end of the second trading day following the entitlement date. In the event that there are fractional shares, they will be collected in one portfolio for all shareholders, sold at the market price, and then their value distributed to the shareholders entitled to the grant, each according to his share, within a period not exceeding 30 days from the date of determining the shares owed to each shareholder.
  - Voting on amending Article (7) of the Bank's bylaws related to increasing the capital (attached).
7. Voting on the payment of (4,630,000) million SAR as remunerations and compensations to the Members of the Board of Directors for the period from 1st January 2023 to 31st December 2023.
8. Voting to authorize the Board of Directors to distribute interim dividends to the shareholders on semi-annual or quarterly basis, against the fiscal year 2024.
9. Voting on Senior Management Compensation and Benefits Policy (attached).
10. Voting to delegate the Board of Directors with the authority of the Extraordinary General Assembly with the license mentioned in Section (1) of Article (27) of the Companies Law, for a one-year period effective upon the AGM approval date or up to ending of the authorized Board term, whichever is earlier, in accordance with the Regulatory Rules and Procedures issued pursuant to the Companies Law relating to Listed Joint Stock Companies.

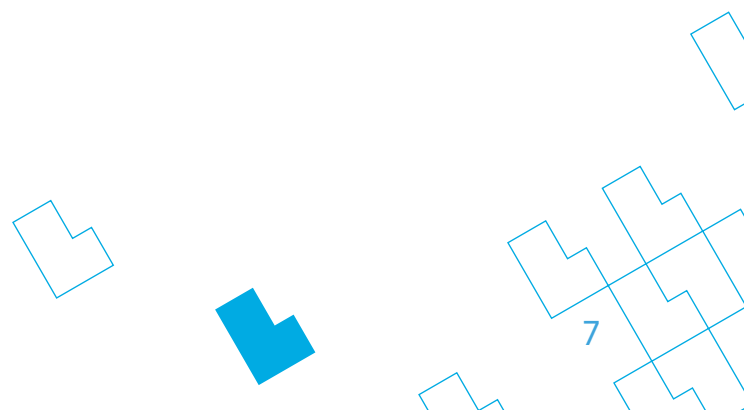
11. Voting on the participation of the Board Member Mr. Abdulwahab Abdulkarim Albetari in a business competing with the bank's business (attached).
12. Voting on the participation of the Board Member Mr. Mohammed Saad BinDawood in a business competing with the bank's business (attached).
13. Voting on the businesses and contracts that will take place between the Bank and AlJazira Cooperative Takaful Company which is considered a Related Party as Eng. Abdulmajeed Al-Sultan a BAJ member of the board of directors, and Mr. Naif Al-Abdulkareem the CEO & MD of the bank have an indirect interest in it being members of the board of directors of AlJazira Cooperative Takaful Company. These contracts are related to Personal Dinar Insurance Policy. These transactions in 2023 amounted to 24,715,375 million SAR and was done without any preferential treatment. (attached)
14. Voting on the businesses and contracts that will take place between the Bank and AlJazira Cooperative Takaful Company which is considered a Related Party as Eng. Abdulmajeed Al-Sultan a BAJ member of the board of directors, and Mr. Naif Al-Abdulkareem the CEO & MD of the bank have an indirect interest in it being members of the board of directors of AlJazira Cooperative Takaful Company. These contracts are related to Mortgage Insurance Policy. These transactions in 2023 amounted to 32,477,083 million SAR and was done without any preferential treatment. (attached)
15. Voting on the businesses and contracts that will take place between the Bank and AlJazira Cooperative Takaful Company which is considered a Related Party as Eng. Abdulmajeed Al-Sultan a BAJ member of the board of directors, and Mr. Naif Al-Abdulkareem the CEO & MD of the bank have an indirect interest in it being members of the board of directors of AlJazira Cooperative Takaful Company. These contracts are related to Group Life Insurance Policy. These transactions in 2023 amounted to 1,718,822 million SAR and was done without any preferential treatment. (attached)
16. Voting on the businesses and contracts that will take place between the Bank and AlJazira Cooperative Takaful Company which is considered a Related Party as Eng. Abdulmajeed Al-Sultan a BAJ member of the board of directors, and Mr. Naif Al-Abdulkareem the CEO & MD of the bank have an indirect interest in it being members of the board of directors of AlJazira Cooperative Takaful Company. These contracts are related to Staff Credit Cover Policy. These transactions in 2023 amounted to 404,607 thousand SAR and was done without any preferential treatment. (attached)
17. Voting on the businesses and contracts that will take place between the Bank and AlJazira Cooperative Takaful Company which is considered a Related Party as Eng. Abdulmajeed Al-Sultan a BAJ member of the board of directors, and Mr. Naif Al-Abdulkareem the CEO & MD of the bank have an indirect interest in it being members of the board of directors of AlJazira Cooperative Takaful Company. These contracts are related to Property All Risk- Mortgage Employee. These transactions in 2023 amounted to 57,337 thousand SAR and was done without any preferential treatment. (attached)
18. Voting on the businesses and contracts that will take place between the Bank and AlJazira Cooperative Takaful Company which is considered a Related Party as Eng. Abdulmajeed Al-Sultan a BAJ member of the board of directors, and Mr. Naif Al-Abdulkareem the CEO & MD of the bank have an indirect interest in it being members of the board of directors of AlJazira Cooperative Takaful Company. These contracts are related to Property All Risk- Mortgage Customer. These transactions in 2023 amounted to 2,089,526 million SAR and was done without any preferential treatment. (attached)

19. Voting on the businesses and contracts that will take place between the Bank and AlJazira Cooperative Takaful Company which is considered a Related Party as Eng. Abdulmajeed Al-Sultan a BAJ member of the board of directors, and Mr. Naif Al-Abdulkareem the CEO & MD of the bank have an indirect interest in it being members of the board of directors of AlJazira Cooperative Takaful Company. These contracts are related to Property All Risk – Own Property. These transactions in 2023 amounted to 414,103 thousand SAR and was done without any preferential treatment. (attached)
20. Voting on the businesses and contracts that will take place between the Bank and AlJazira Cooperative Takaful Company which is considered a Related Party as Eng. Abdulmajeed Al-Sultan a BAJ member of the board of directors, and Mr. Naif Al-Abdulkareem the CEO & MD of the bank have an indirect interest in it being members of the board of directors of AlJazira Cooperative Takaful Company. These contracts are related to Banker Blanket bond. These transactions in 2023 amounted to 5,692,529 million SAR and was done without any preferential treatment. (attached)
21. Voting on the businesses and contracts that will take place between the Bank and AlJazira Cooperative Takaful Company which is considered a Related Party as Eng. Abdulmajeed Al-Sultan a BAJ member of the board of directors, and Mr. Naif Al-Abdulkareem the CEO & MD of the bank have an indirect interest in it being members of the board of directors of AlJazira Cooperative Takaful Company. These contracts are related to Directors and Officers Liability Insurance. These transactions in 2023 amounted to 276,029 thousand SAR and was done without any preferential treatment. (attached)
22. Voting on the businesses and contracts that will take place between the Bank and AlJazira Cooperative Takaful Company which is considered a Related Party as Eng. Abdulmajeed Al-Sultan a BAJ member of the board of directors, and Mr. Naif Al-Abdulkareem the CEO & MD of the bank have an indirect interest in it being members of the board of directors of AlJazira Cooperative Takaful Company. These insurance contracts are against Sabotage & Terrorism - S&T. These transactions in 2023 amounted to 80,749 thousand SAR and was done without any preferential treatment. (attached)
23. Voting on the businesses and contracts that will take place between the Bank and AlJazira Cooperative Takaful Company which is considered a Related Party as Eng. Abdulmajeed Al-Sultan a BAJ member of the board of directors, and Mr. Naif Al-Abdulkareem the CEO & MD of the bank have an indirect interest in it being members of the board of directors of AlJazira Cooperative Takaful Company. These contracts are related to Return on time deposits investments. These transactions in 2023 amounted to 4,368,695 million SAR and was done without any preferential treatment. (attached)
24. Voting on the businesses and contracts that will take place between the Bank and AlJazira Cooperative Takaful Company which is considered a Related Party as Eng. Abdulmajeed Al-Sultan a BAJ member of the board of directors, and Mr. Naif Al-Abdulkareem the CEO & MD of the bank have an indirect interest in it being members of the board of directors of AlJazira Cooperative Takaful Company. These contracts are related to Claims received. These transactions in 2023 amounted to 38,997,456 million SAR and was done without any preferential treatment. (attached)
25. Voting on the businesses and contracts that will take place between the Bank and AlJazira Cooperative Takaful Company which is considered a Related Party as Eng. Abdulmajeed Al-Sultan a BAJ member of the board of directors, and Mr. Naif Al-Abdulkareem the CEO & MD of the bank have an indirect interest in it being members of the board of directors of AlJazira Cooperative Takaful Company. These contracts are related to Face value of bonus shares received. These transactions in 2023 amounted to 24,539,790 million SAR and was done without any preferential treatment. (attached)

26. Voting on the businesses and contracts that will take place between the Bank and AlJazira Cooperative Takaful Company which is considered a Related Party as Eng. Abdulmajeed Al-Sultan a BAJ member of the board of directors, and Mr. Naif Al-Abdulkareem the CEO & MD of the bank have an indirect interest in it being members of the board of directors of AlJazira Cooperative Takaful Company. These contracts are related to Investment in the sukuks issued by BAJ. These transactions in 2023 amounted to 150,000,000 million SAR and was done without any preferential treatment. (attached)
27. Voting on the businesses and contracts that will take place between the Bank and AlJazira Cooperative Takaful Company which is considered a Related Party as Eng. Abdulmajeed Al-Sultan a BAJ member of the board of directors, and Mr. Naif Al-Abdulkareem the CEO & MD of the bank have an indirect interest in it being members of the board of directors of AlJazira Cooperative Takaful Company. These contracts are related to Profit on the sukuks issued by BAJ. These transactions in 2023 amounted to 4,500,000 million SAR and was done without any preferential treatment. (attached)
28. Voting on the businesses and contracts that will take place between the Bank and AlJazira Capital Company which is considered a Related Party as Eng. Tariq O. Alkassabi the chairman of the bank, and Mr. Naif Al-Abdulkareem the CEO & MD of the bank, have an indirect interest in it being members of the board directors of AlJazira Capital Company. These contracts are related to Financing income earned on money market placements. There transactions in 2023 amounted to 103,613,445 million SAR and was done without any preferential treatment. (attached)
29. Voting on the businesses and contracts that will take place between the Bank and AlJazira Capital Company which is considered a Related Party as Eng. Tariq O. Alkassabi the chairman of the bank, and Mr. Naif Al-Abdulkareem the CEO & MD of the bank, have an indirect interest in it being members of the board directors of AlJazira Capital Company. These contracts are related to Return on time deposits investments. There transactions in 2023 amounted to 361,087 thousand SAR and was done without any preferential treatment. (attached)
30. Voting on the businesses and contracts that will take place between the Bank and AlJazira Capital Company which is considered a Related Party as Eng. Tariq O. Alkassabi the chairman of the bank, and Mr. Naif Al-Abdulkareem the CEO & MD of the bank, have an indirect interest in it being members of the board directors of AlJazira Capital Company. These contracts are related to Service Level Agreement. There transactions in 2023 amounted to 1,150,000 million SAR and was done without any preferential treatment. (attached)
31. Voting on the businesses and contracts that will take place between the Bank and AlJazira Capital Company which is considered a Related Party as Eng. Tariq O. Alkassabi the chairman of the bank, and Mr. Naif Al-Abdulkareem the CEO & MD of the bank, have an indirect interest in it being members of the board directors of AlJazira Capital Company. These contracts are related to Income on foreign exchange contracts. There transactions in 2023 amounted to 515,428 thousand SAR and was done without any preferential treatment. (attached)
32. Voting on the businesses and contracts that will take place between the Bank and AlJazira Capital Company which is considered a Related Party as Eng. Tariq O. Alkassabi the chairman of the bank, and Mr. Naif Al-Abdulkareem the CEO & MD of the bank, have an indirect interest in it being members of the board directors of AlJazira Capital Company. These contracts are related to Fees and commission income. There transactions in 2023 amounted to 302,471 thousand SAR and was done without any preferential treatment. (attached)

33. Voting on the businesses and contracts that will take place between the Bank and AlJazira Capital Company which is considered a Related Party as Eng.Tariq O. Alkassabi the chairman of the bank, and Mr.Naif Al-Abdulkareem the CEO & MD of the bank, have an indirect interest in it being members of the board directors of AlJazira Capital Company. These contracts are related Custody fee expense. There transactions in 2023 amounted to 6,427,490 million SAR and was done without any preferential treatment. (attached)
34. Voting on the businesses and contracts that will take place between the Bank and AlJazira Capital Company which is considered a Related Party as Eng.Tariq O. Alkassabi the chairman of the bank, and Mr.Naif Al-Abdulkareem the CEO & MD of the bank, have an indirect interest in it being members of the board directors of AlJazira Capital Company. These contracts are related to Asset management and investment advisory fee. There transactions in 2023 amounted to 2,899,017 million SAR and was done without any preferential treatment. (attached)
35. Voting on the businesses and contracts that will take place between the Bank and AlJazira Capital Company which is considered a Related Party as Eng.Tariq O. Alkassabi the chairman of the bank, and Mr.Naif Al-Abdulkareem the CEO & MD of the bank, have an indirect interest in it being members of the board directors of AlJazira Capital Company. These contracts are related to Lead manager fee for Tier 1 Sukuk issuance. There transactions in 2023 amounted to 4,000,000 million SAR and was done without any preferential treatment. (attached)
36. Voting on the businesses and contracts that will take place between the Bank and AlJazira Capital Company which is considered a Related Party as Eng.Tariq O. Alkassabi the chairman of the bank, and Mr.Naif Al-Abdulkareem the CEO & MD of the bank, have an indirect interest in it being members of the board directors of AlJazira Capital Company. These contracts are related to Rent and building related expense. There transactions in 2023 amounted to 3,065,437 million SAR and was done without any preferential treatment. (attached)

Sincerely,  
Bank AlJazira Board of Directors





**Audit Committee  
Annual Report 2023**





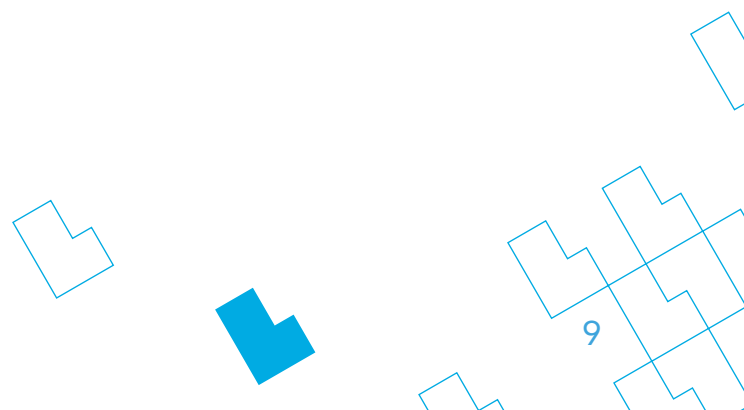
## **1. Introduction:**

The Audit Committee (the “Committee”) of Bank Aljazira (the “Bank”) is pleased to present to the shareholders of the Bank its annual report for the financial year ending on December 31<sup>st</sup>, 2023 which includes details of its performance as stipulated in the Companies Law and its executive regulations, and the opinion of the Committee regarding the adequacy of the internal and financial control systems and Risk Management Group of the Bank and what tasks and activities that were carried out by the Committee that fall within the scope of its competence, in line with the Companies Law and based on the relevant regulatory requirements.

## **2. Scope of The Audit Committee:**

The Committee is responsible for the general oversighting over the Bank’s activities and submits all its observations and recommendations to the Board of Directors of the Bank. The Committee has the right to review records and documents and to request any clarification from members of the board of directors or the executive management of the Bank. The Committee performs its responsibilities, including supervising the Internal Audit, Compliance and Anti-Money Laundering Groups, review their reports, as well as the results of the internal control system evaluation, in addition to reviewing the quarterly and annual financial statements, the accounting policies followed by the Bank, nominate and recommend external auditors to the Board of Directors, reviewing the reports of control functions regarding the Bank’s compliance with applicable regulations, and assess appropriate tools through which the Bank’s staff can communicate their observations on any violation.

In alignment with the tasks and responsibilities assigned to the Committee as per the approved charter, the Audit Committee perform an essential and important role in supporting the board of directors to fulfill its duties regarding the integrity of the Bank's financial statements, the qualifications and independence and effectiveness of the external auditors, the Bank's disclosure procedures, the effectiveness of the Internal Audit Group, the evaluation and examination of the adequacy of the Bank's internal accounting systems and financial controls, as well as compliance with the code of conduct.



The Audit Committee is comprised of a chairperson chosen from (independent) board members and at least two external independent members with relevant experience and knowledge. The Committee meets at least four times a year and the meetings are attended by the Head of the Internal Audit Group, Chief Financial Officer, Chief Risk Officer, Chief Credit Officer and head of the Compliance and Anti-Money Laundering Group on an ongoing basis. The CEO and senior executives attend the Committee meetings as requested by the Committee.

### **3. Audit Committee Charter:**

In accordance with corporate governance mandatory requirements, the Committee's charter was reformulated in line with the regulatory requirements. The Committee charter was approved by the Bank's General Assembly that was held on 18<sup>th</sup> Ramadan 1443 AH / April 19<sup>th</sup>, 2022.

### **4. Audit Committee Members:**

The following are the members of the Audit Committee who were selected for the Board's term started on January 1<sup>st</sup>, 2022 and ending on December 31<sup>st</sup>, 2024 during the Bank's Extraordinary General Assembly meeting held on 10<sup>th</sup> Rabi'II 1443 AH / November 15<sup>th</sup>, 2021.

Committee Member Name	Membership
Saad Ibrahim Almushawah (Independent)	Chairperson-Independent Board Director
Fawzi Ibrahim Alhobayb (Independent)	Member-Independent-External
Dr. AbuBaker BaGabir (Independent)	Member-Independent-External

### **5. Committee Meetings:**

The Committee held (4) four meetings during 2023 as below:

Member Name	Meeting 1 31 <sup>st</sup> January	Meeting 2 30 <sup>th</sup> April	Meeting 3 25 <sup>th</sup> July	Meeting 4 23 <sup>rd</sup> October
Saad Ibrahim Almushawah	√	√	√	√
Fawzi Ibrahim Alhobayb	√	√	√	√
Dr. AbuBaker BaGabir	√	√	√	√

## **6. Audit Committee responsibilities and its activities during 2023:**

During 2023, the Committee performed several activities as summarized below:

- **Financial Statements:**

The Audit Committee reviewed the quarterly and annual financial statements of the Bank, where relevant matters were discussed with Finance Group and the external auditors, review and verify causes of deviations, the adequacy of disclosures, the extent of implementing accounting policies and standards, and discussing all relevant aspects. The external auditors' feedback was obtained regarding the cooperation of the Bank's management in terms of providing all required documents and responding to raised inquiries. The external auditors confirmed that there were no material observations affecting the integrity of the Bank's financial statements. Accordingly, the Committee submitted its recommendation to the Board of Directors.

- **External Auditors:**

The Committee recommended to the Board of Directors and the General Assembly the nominated external auditors for the Bank, after reviewing the offers. Whereas, the Bank's General Assembly, held on Ramadan 21<sup>th</sup>, 1444 AH / April 12<sup>th</sup>, 2023 approved the reappointment of PricewaterhouseCoopers and EY as the Bank's external auditors to examine, review, and audit the financial statements for the second, third quarters as well as the annual statement for the fiscal year 2023 and first quarter 2024 and determine their fees.

Also, the Committee approved the annual audit review plan submitted by the external auditors. The Committee also discussed with the external auditors the annual management letters and the observations raised and directed the concerned departments to implement and follow up the corrective action plans.

- **Internal Audit:**

The Committee approved the annual internal audit plan and the comprehensive strategic plan for the years 2023-2026. The Committee also followed up and reviewed the periodic reports issued by the Bank's Internal Audit Group, the progress of implementing the approved plans, reviewed significant observations and provided the necessary directions to address any deficiencies.

- **Compliance:**

The Committee discussed the periodic reports of the Compliance and Anti-Money Laundering Group, following up on the adequacy of the enhancement level of compliance, reviewed significant observations and reports issued by regulatory inspections and the non-compliance with the regulations and instructions and provided its recommendations.

## **7. Results of the annual internal review of the effectiveness of the Bank's internal control**

The Bank adopts an internal control framework based on three lines of defense. The various departments and business sectors in the Bank correspond their activities in accordance with the rules and regulations established and approved by the competent functions represent the first line of defense. The second line of defense is represented by control functions including the Compliance Group, Risk Management Group, the Finance Group, and the Information Security Group, which are concerned with assessing, measuring and monitoring various levels of risks in terms of daily operations, credit operations and information security to ensure compliance with the controls set in place and with the aim of meeting the Bank's regulatory requirements. These departments submit periodic reports to the Management Committees and the Board's Sub-Committees, including the Board Risk Committee. The Internal Audit Group carries out the tasks of the third line of defense concerned with conducting the necessary audits and reviews that ensure the Bank and its employees are complying with the approved policies and procedures based on the work of the Internal Audit Group implemented during the year 2023, which covered the main activities of the Bank.

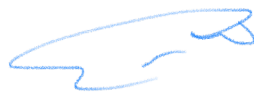
Generally, there is a reasonable assurance of the effectiveness of the internal control systems in terms of covering the important control aspects that materially affect the Bank's achievement of its objectives.

**8. The audit Committee's opinion on the adequacy of the internal control system:**

The executive management of the Bank is responsible for establishing and maintaining an effective internal control system that includes all policies, procedures, and processes that have been designed under the supervision of the Board of Directors to achieve the strategic objectives of the Bank. An integrated system for internal control has been designed in the Bank as recommended by the regulatory and supervisory authorities. The Bank evaluates and monitors the internal control system through its control functions and the concerned Committees.

Based on the periodic reports presented to the Committee by the Internal Audit Group, the Compliance Group, the Risk Management Group, as well as the external auditors, and based on the annual confirmations and disclosures obtained from the executive management, the Audit Committee considers that the internal control system currently in place is operating with an acceptable and reasonable level of effectiveness. Taking into consideration that any internal control system, regardless of the soundness of its design and effectiveness of its implementation, cannot provide absolute assurance.

**Audit Committee Chairperson**



**Saad Ibrahim Almushawah**



# Sixth Item Attachments

Table of Amendments of the  
Article (7) of the Bank's bylaws



Table of Amendments to Article (7) of Bank AlJazira's bylaws

Article	Clause before amendment	Clause after amendment
(7) Capital	The share capital of the Company shall be SAR 8,200,000,000 divided into 820,000,000 fully paid shares of equal nominal value of ten Saudi Riyals (SAR 10) each, all of which will be ordinary shares, and all of which shall rank pari passu as one class in all respects.	The share capital of the Company is (10,250,000,000) ten billion two hundred and fifty million Saudi Riyals divided into (1,025,000,000) one billion twenty-five million shares of equal nominal value of ten Saudi Riyals (SAR 10) each, all of which are ordinary shares, and the value of the amount paid from it is (10,250,000,000) ten billion two hundred and fifty million Saudi Riyals.



## Ninth Item

Table of Amendments of the Senior  
Management Compensation and  
Benefits Policy





# Senior Management Compensation and Benefits Policy

## Human Capital and Corporate Support Group

**Policy Reference: PL-356-0930**

**Version Number: V2.0**

**Issue Date: 01 July 2023**

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## 1. Introduction

### 1.1. Objectives

The HCCS Senior Management Compensation and Benefits Policy defines BAJ's approach to the compensation and benefits of Senior Managers working for the bank. This document provides the policy guidelines whilst ensuring compliance with internal and external rules and regulations. The policy consists of several rules and principles that provide the framework for decisions and governance of the HCCS processes.

This policy shall be read in conjunction with the Human Capital Policies.

### 1.2. Review and amendments to the Policy

The contents of this document will be reviewed whenever changes in operational/system processes necessitate it, or regulatory requirements mandate it; **at a maximum every three (3) years**. The amendments to the manual should be done by the Policy Owner.

The bank is committed to implementing all rules, regulations and guidelines issued by the Saudi Central Bank (SAMA) in a timely manner. Once any new instructions or regulations are published by SAMA, the bank shall review them promptly and execute the necessary amendments to related policies & procedures to ensure full compliance with the regulatory requirements.

In line with SAMA Regulations, the Human Capital Senior Management Compensation & Benefit Policy together with any future amendments, requires the approval of Board of Directors and the General Assembly.

### 1.3. Related Rules & Regulations

- Banks Remuneration Rules 2023.

### 1.4. Policy Exceptions

If no Exception indicated for a specific item within the policy, the General Assembly is authorized to approve the exceptions.

## 1.5. Definitions & Abbreviations

COMMON ABBREVIATIONS	
SAMA	The Saudi Central Bank
Bank	Bank AlJazira
NRC	Nomination Remuneration Committee
CMA	Capital Markets Authority
BoD	Board of Directors
CEO	Chief Executive Officer
C&B	Compensation & Benefits
ERMG	Enterprise Risk Management Group
HCCSG	Human Capital and Corporate Support Group
HRMS	Human Resources Management System
HCBP	Human Capital Business Partnership
JD	Job Description
RBG	Retail Banking Group
PBG	Private Banking Group
SVPs	Senior Vice President
VP	Vice President

Abbreviation	Definition
Clawback	Under this process the individual has to return ownership of an amount of variable remuneration paid in the past or which has already vested to the bank under certain conditions.
Forfeiture	The loss/withdrawal of future compensation elements due to non-fulfilment or breach of contractual obligation. This is normally applied when the reason for non-fulfilment is within the employees' control.
Non- Forfeiture	An exemption provided to receive future compensation element(s) despite non-fulfilment of the contractual obligation. This is normally granted when reason for non-fulfilment is beyond the employees' control.
Malus	Permits the bank to reduce the value of all or part of deferred remuneration based on ex post risk adjustment before it vested.
Senior Management	These are Senior Vice Presidents (SVP) working for the bank. Covers grades 22 to 25 which are Bands A and B. <b><i>The Board approves all the individuals that are listed as Senior Management and will be governed under this policy. Any exclusions for roles in grades 22 to 25 must be approved by the Board.</i></b>
SAMA no-Objection Roles	Roles that require SAMA's written non-objection on the appointment or interim appointment of candidates

## 2. Senior Management Compensation and Benefits

### 2.1. Objectives

- Provide the framework and governance for the provision of Senior Management compensation and benefits.
- Support business strategy by putting in place measures that allow the bank to attract, motivate and retain talented Senior Managers.
- The Compensation Policy should comprehensively cover all aspects of compensation so as to ensure that risks related to compensation have been prudently managed.
- Design compensation schemes that focus on promoting effective risk management and achieving financial soundness and stability of the bank.
- Ensure the bank's compensation practices are in compliance with SAMA Rules on Compensation Practices & FSB Principles and Standards.
- Provide guidance on effective risk management through compensation and hence promote alignment of compensation and risk taking.

### 2.2. Scope

- The scope of this policy covers all Senior Managers employed by the bank.
- Broad structure of the base salary and its key determinants.
- Description and details of major benefits which are part of the compensation package.
- Variable Pay Schemes.
- Design to be influenced by industry practices business model, financial condition, operating performance and strategic priorities of the bank.
- Allowances are always based on work-nature if not part of the contractual agreement as per the signed contract.
- Refer to Appendix 1 for CEO Benefit & Appendix 2 for Compensation & Benefits methodology and practice.

### 2.3. Roles and Responsibilities

- Based on NRC and Board recommendations, HCCS will be responsible to design the policy and the General Assembly of the bank be responsible to approve this document and future changes unless SAMA doesn't requires it anymore.
- The General Assembly delegates the monitoring and running of this policy to the Board which in turn assigns the NRC to conduct half-yearly reviews.
- Once this document is approved and not changed then no need to annual review and approval unless there are changes. The NRC shall review and endorse the policy half-yearly in line with SAMA requirements.
- The NRC conducts performance evaluation and the bonus allocation for all the Group Heads in the bank for Board approval.
- The Board shall ensure that the management has put in place elaborate systems and procedures and an effective oversight mechanism to ensure compliance with the policy.
- Compensation and Benefits policies falls under the responsibility of the HCCS Group.

- Any rules, terms and conditions not mentioned in this policy are subject to the Board endorsement and General Assembly approval.
- The NRC and HCCS Group shall ensure that variable pool sizing and employee compensation takes into account all existing and potential risks including difficult-to-measure risks such as liquidity risk, reputation risk and cost of capital. Furthermore, the size of the variable compensation pool and its allocation within BAJ should consider the full range of risks.
- Finance Group shall employ appropriate techniques to adjust its accounting profits for the full range of identifiable risks keeping in view the size and complexity of its operations.
- Enterprise Risk Management shall ensure the review of Compensation Policy to assess its adequacy and effectiveness should be made an integral part of the bank's risk management.
- The bank shall provide its employees with attractive compensation packages upon a set criterion to ensure fairness and competitiveness in the external market, while retaining talent.
- Compensation payments should be sensitive to the time horizon of risks and, if needed, the variable component of compensation should be deferred where risks are realized over long periods
- HCCSG is responsible to submit a compliance semiannual report to SAMA twice a year which covers all action taken by the bank to comply with SAMA Rules and the FSB Principles/Standards on compensation practice.
- HCCS group is responsible to submit the CEO benefits on a separate guidelines to NRC and Board for approval. CEO Benefits can be reviewed based on Head of HCCSG Recommendation to NRC and/or if an ad hoc request is received to conduct the review from NRC or Board. Additional benefits can be part of the CEO contract / offer.
- The bank through the CEO and HCCSG shall ensure that regulatory caps in remuneration as specified by SAMA or any other regulatory authority are complied with.

#### **2.4. Senior Management Responsibilities**

- The bank's Senior management has the function of implementing remuneration systems that promotes effective governance, sound remuneration practices, ethical behavior and comply with laws, regulations, and internal conduct standards.
- Senior Management shall be responsible for the following:
  - Promote, develop and communicate conduct expectations and clearly link remuneration and conduct standards, including as part of the performance assessment process and ensure that the potential consequences of misconduct on remuneration are clearly explained to all employees.
  - Follow-up on the publication of the desired aspirations of every department in the bank regarding ethical behavior and work practices that are in compliance with the laws, regulations and internal standards of behavior and the application and achievement of these aspirations.

- Identify, monitor and report on relevant indicators of misconduct risk in every department in the bank, as well as monitor the role of each department in the bank in escalating and remediating identified deficiencies or other important matters in an appropriate and timely fashion, in such a way as to allow inclusion of relevant feedback and changes in the performance assessment process if needed.
- HCCSG shall submit a report to the Nomination and Remuneration Committee on a semi-annual basis at least on measures taken and steps to be taken within the framework of applying the Banks Remuneration Rules issued by SAMA and any relevant Laws, Regulations, Principles and Standards.

## **2.5. Risk Alignment**

- Compensation is adjusted for all types of risk.
- Compensation outcomes are symmetric with risk outcomes at the bank level.
- The bank identifies material risk takers (MRT) for compensation purposes.
- The bank to use a mix of cash, equity and other forms of compensation consistent with risk alignment.
- The bank uses an appropriate mix of quantitative and qualitative methods in making ex ante risk adjustments.
- The bank make use of malus or clawback where there have been material breaches.
- There is clear differentiation of the pay-at-risk profile each of the Senior Management roles based on each role profile.

## **2.6. Variable Pay Guidelines**

- 2.6.1. As part of the annual bonus cycle the bank will update and have NRC approve the Variable Pay Guidelines.
- 2.6.2. The Variable Pay Guidelines will define how the bonus pools are derived and distributed across different businesses. This includes differentiation of pool and awards between revenue generating areas and control functions.
- 2.6.3. The treatment of bonus deferrals for the Senior Managers will also be defined within the guidelines.
- 2.6.4. The guidelines also clarifies how risk measures have been taken into account in the bonus distributions.
- 2.6.5. The recommendations of each Senior Manager are presented individually for approval, first by the NRC and subsequently by the Board.

### **3. Fixed Benefits**

#### **3.1. Objectives**

Provide policy guidance that deals with the provision of fixed benefits to Senior Managers.

#### **3.2. Basic Salary**

Basic Salary is the salary amount earned by an employee before any particular addition or deduction is made to the same. This is identified as the rate for the job before any allowances or variable payments are made.

#### **3.3. Housing Allowance**

3.3.1. The bank provides its employees with an equivalent of (4) basic salaries as housing allowance which is disbursed equally over the course of the 12 months of the year.

3.3.2. In cases where the accommodation is provided by the bank, the Senior Manager is excluded from receiving this allowance.

#### **3.4. Transportation Allowance**

3.4.1. The bank provides its employees with (1) basic salary as transportation allowance and this is disbursed evenly over the course of the 12 months of the year.

#### **3.5. Ramadan Allowance**

3.5.1. The bank provides its employees with (1) basic salary Ramadan allowance disbursed evenly over the course of the 12 months of the year.

#### **3.6. December Allowance**

3.6.1. The bank provides its employees with (1) basic salary December allowance disbursed evenly over the course of the 12 months of the year.

#### **3.7. Vacation Allowance**

3.7.1. The bank provides its employees with (1) basic salary as Vacation allowance disbursed evenly over the course of the 12 months of the year.

#### **3.8. Education Support Program**

3.8.1. Education support program shall be provided to employees on Band D and above. The support program has the following:



- The employee must have school going children
- The employee must be residing in KSA to be eligible for the program.
- The children must be up to the age of 19 years old while still in school. College & Universities are excluded.
- Education level covered start from KG3 (the primary year before first grade) to the end of secondary level.
- Education support program covers a maximum of 3 children per employee.
- The Senior Manager entitlement to this benefit is shown below:

Band	Grade	Maximum Reimbursement Amount Per Child
<b>B</b>	23	Up to SAR 25,000 per Annum
	22	

3.8.2. Calculations for children studying overseas are based on pro-rata 12 months (Jan - Dec) for enrolments during the course of the year.

3.8.3. Calculations for children studying locally are based on pro-rata 12 months (Local Education Calendar) for enrolments during the course of the year.

3.8.4. Eligible amount can be paid up to the annual limit upon submission of Education Support Form with the Official stamped Invoices (print-out/electronic).

3.8.5. If the employee have more than 1 child, the single cap is replaced with Employee Cap based on the number of eligible children multiplied by the child cap.

3.8.6. The amount will be assigned to the employee profile as a balance and can be claimed as per 3.8.1 to help matching the educational level needs for each child as much as possible. The amount is capped by the total limits of the eligible children up to 3 children.

***Example:*** (Limit Cap of Two Children for Band B is = to SAR 50K, 1st Child will cost 28K for full year and 2nd Child will cost 22K for full year, total is SAR 50K)

3.8.7. Payment amount is based on the employee Band at the day of the invoice.

3.8.8. New joiners' reimbursement will be held and paid after completing the probation period.

3.8.9. In case the employee leaves the bank, the employee shall be recharged on pro-rata basis of the total reimbursed amount of the last year of employment from the end of Service (EOS) settlement.

## 4. Non-Fixed Allowance

Allowances are based on Work-Nature and/or contractual agreement.

Can be cancelled once the need is no longer valid due to Business Request, Transfer, Relocation or any other changes that may impact the benefit.

### 4.1. Mobile Allowance

4.1.1. The allowances are granted in line with the details below for Senior Managers.

Bands	Amount (SAR)
A	800
B	400

4.1.2. Eligibility of employees within all bands and below should be reviewed annually.

4.1.3. All employees receiving a mobile allowance shall be committed to being reachable through their mobiles in cases of emergency at any time.

4.1.4. All costs associated with mobile allowance are charged to the respective cost center to which the employee receiving the allowance belongs.

4.1.5. All users of the bank mobile voice and data communication services shall abide by the communications security policy and Code of Conduct instituted by the bank, specifically with respect to confidentiality, proprietary and non-business usage.

4.1.6. This allowance is immediately removed or adjusted if the employee role scope is changed for any reason

### 4.2. Relocation Allowance

4.2.1. All Senior Manager relocation payments are presented for approval by the HCCS Group to the CEO&MD.

4.2.2. Employees & new joiners transferring from their geographical domiciles within the Kingdom upon bank request and directives are entitled to a one-time cash relocation allowance that is equivalent to 2 basic salaries (Provided that the distance is not less than 80km).

4.2.3. The bank will bear one way air tickets to the employee and their eligible family (below the age of 18 for male and any age for unmarried female) members in case of employee relocation.

4.2.4. If the relocation is from outside KSA, the cost of visa and residency permits and their eligible family members (below the age of 18 for male and any age for unmarried female both of which needs to be under the sponsorship of the bank) will be borne by the bank.

4.2.5. Hotels stay compensation are in addition to the 2 Basic Salaries, starting from two 2 weeks, extendable to a maximum of 1 month provided for the employee and eligible family members as per the following:

Band	Hotel Daily Rate (SAR)
B	1300

### 4.3. Expatriate Repatriation Expenses and Travel Considerations

4.3.1. Expatriate Employees and their legal dependent family members (Spouse & Children) returning to their home domicile are entitled by contract to Repatriation Travel Expenses in the form of one way return to home domicile air travel ticket. The class of air travel is determined by the employee's contract.

4.3.2. Repatriation travel expenses can be paid by one of two means:

4.3.2.1. A set sum added to the employee's final clearance disbursement of the actual air travel tickets which the employee will purchase; or,

4.3.2.2. The purchases of the desired air tickets on the desired routing by the authorized representative of the HCCS Group and hand it to the employee with the final settlement documentation. In this instance no travel expenses sum would be added to the final settlement.

4.3.3. Employees in senior management positions may be eligible for household goods and personal affects return shipment to their home countries or chosen domiciles, as per their contract agreements.

### 4.4. Special Allowance

4.4.1. This is a contractually agreed allowance that are negotiated with the candidate and addressed within their contract. This is key to address compensation at Senior Manager where flexibility may be required.

4.4.2. For further details, please refer to the Compensation & Benefit Appendix.

### 4.5. Takaful Life Insurance

The Plan is designed to assist employees and their dependents meet the financial difficulties, which could result from death and/or permanent partial or total disability. The bank reserves the right to alter the amounts covered or type of coverage if circumstances deem it necessary, and employees will be kept informed accordingly.

#### 4.6. Medical Insurance

- 4.6.1. All employees at the bank are entitled for a medical insurance to them and their legal dependents as per CCHI.
- 4.6.2. The bank's employee and their eligible dependents in family card (Spouse & Children), including:
- Spouse(s)
  - Sons up to the age of 25
  - Unmarried daughters
- 4.6.3. For non-Saudi employees, medical insurance is provided to the employee and accompanying dependents who are residing in Saudi Arabia through a residency permit, given the employment contract is under family status.
- 4.6.4. Employees' request to include eligible dependents in Medical Insurance shall be within the allowed registration period and determined by the cost of the policy at the time of the request as the contract is renewed annually and benefits of cost may change.
- 4.6.5. Employee's dependents receive the same medical insurance plan category.
- 4.6.6. The medical insurance plan category for Senior Managers is as below. This is subject to change depending on the medical insurance provider and the annual agreements that are made with the bank with the preferred medical provider.

Band	Plan
B	VVIP

### 5. Staff Facilities

#### 5.1. Objectives

- Provide the framework and governance and the provision of benefits.
- Support Headcount in benefiting from the financial facilities as per the following:
- Transferring Headcount Commercial loans granted by retail to Staff Loans.
- Transferring Headcount loans from other banks to bank Al-Jazira Staff Loans.
- Accepting the average / highest valuation in case of deviation between the valuations.

- Maximum deviation accepted between valuers.
- Ensure the bank's compensation practices are in compliance with SAMA Compensation Practices & FSB Principles and Standards

## **5.2. Roles and Responsibilities**

- Staff Facilities processes falls under the responsibility of Retail Banking Group with the support of the HCCS Group
- Rates and fees are subject to Retail Banking decision as per Retail customer pricing matrix.
- Dues waiving are subject to the financial limits.

## **5.3. General Policies**

- 5.3.1. Employee cannot exceed SAMA DBR.
- 5.3.2. In case of an employee resignation / retirement / termination from the bank, end of service clearance is not subject to the settlement of the loan, instead the employees will be treated as a normal Retail Banking customer and customer rates become applicable.
- 5.3.3. Any remaining over-due will be transferred to collection.
- 5.3.4. For expat employees, the maximum financing in amount shall not exceed the equivalent to their End of Service Benefits.
- 5.3.5. A satisfactory "clean" SIMAH credit rating and internal/external obligation repayment record as per Retail Credit policy.
- 5.3.6. Rating will be subject to internal/external obligation repayment record as per the retail customer pricing matrix.
- 5.3.7. HC Business Partnership with the endorsement of Head of HCCSG and CEO approval can propose immediate staff facilities eligibility to the bank candidate.
- 5.3.8. Resigned Employees are required to initiate transferring their dues to commercial products at the earliest to ensure smooth exit.

## **5.4. Advance Salary**

Employees are eligible to apply for advance one month salary and shall not exceed three (3) months' Salary.

Total of advance salary may not exceed End of Service benefit.

## **5.5. "Al Qard Al Hassan" Employees Personal Finance**

- 5.5.1. Full time employees are eligible for Al Qard Al Hasan Employees Personal Finance, after the successful completion of the Probationary Period.
- 5.5.2. The maximum entitlement will be 4 months full salary package, with no exceptions.
- 5.5.3. The amount of the Al Qard Al Hassan can be repaid in several installments, up to 24 installments (Actual 26 in case of Ramadan Deferments). The installments are automatically deducted from the employee’s monthly salary and a grace period of one month from loan release date will apply before initial installment is deducted.
- 5.5.4. Employees may make additional payments on the principal or repay the entire balance of the finance at any time. Partial payments will be applied to reduce the outstanding principal of the finance and will not relieve the employees of the obligation of paying regular monthly installments.
- 5.5.5. A subsequent note mid-term refill (Top Up) refinance is not permissible until the employee has fully settled the original sum of the loan note. Any exception shall be subject to the CEO approval.
- 5.5.6. All Al-Qard Al-Hassan requests at or more than SAR 250,000 (Two Hundred and Fifty Thousand) requires express approval by CEO.
- 5.5.7. Deferral of monthly installment may be granted once during a calendar year based on employee's request. No deferral of monthly installment will be granted within the first six months from the date of disbursement of the finance. These deferments are separate from Ramadan deferments.

**5.6. “Al Bait Al Hassan” Employee Housing Finance**

- 5.6.1. All permanent Saudi and GCC national employees are entitled to the bank Housing Finance once during their employment tenure with the Bank, or at 5-year intervals should they elect to sell or settle their bank financed property to purchase a different one.
- 5.6.2. The maximum finance amount for Al Beit Al Hasan ready home purchases is calculated from a baseline of 5 annual gross salary packages, plus fixed allowances for 5 years, up to the following limits, while observing SAMA DBR.

<b>Band</b>	<b>Financing Limit*</b>
B	Up to 3.75 Million
<i>* Subject to prevailing SAMA Debt-Burden Ratio (DBR).</i>	

- 5.6.3. Eligible employees shall be at the age of 20-60 years of tenure.

- 5.6.4. Eligible employees performance shall be at least "Achieve" for the last two years. If no performance, the Group Head and Business Partner to approve the request.
- 5.6.5. Repayment occurs in 20 years or less, depending on the individual employee's age and time remaining to official retirement age, in equal monthly installments.
- 5.6.6. Employees are also required to carry mandatory program specific Takaful insurance for both the housing note balance and the actual fixed asset value of the property to always assure full self and asset protection. This Takaful coverage is separate from the standard Takaful coverage that the bank offers free of charge to all its regular headcount employees. The cost of the housing Takaful is billed separately to the individual participating employee and deducted monthly with the regular repayment amount.
- 5.6.7. Staff are eligible to apply for the loan after 12 months of joining date if no contractual terms are agreed upon hiring. Eligibility exceptions are within the authority of Head of HCCSG.
- 5.6.8. The bank retains the right to terminate the financing for cause, or to restructure the mortgage notes should market conditions compel it to do so.

## **5.7. Credit Cards**

- 5.7.1. The bank Credit Cards are issued free of charge to qualifying employees upon joining, and to be in aligned with SAMA regulation. The Credit Card Limit is based on SAMA DBR and the Credit Card type is based on the Retail Banking Group segmentation.
- 5.7.2. Comply with SAMA Regulations and mitigate any risks associated with the use of the bank Employees Credit Card, the following limitations have been instituted:
- Employees have the option of full outstanding balances repayment or a minimum of 5% of outstanding balance payment at the end of each billing cycle.
  - Payments are auto deducted from each respective employee's account on the due date.
  - Employees are charged only 50% of the profit margin rates levied against regular customers based on retail banking pricing limits.
  - Employees enjoy free issuance and renewal of their primary and their supplementary cards.
  - Employees are treated and handled almost identically to regular customers with respect to delinquencies, defaults, credit reporting, and all other operational aspects associated with the bank credit cards.

5.7.3. Employees choosing to have more than one type of card will have their credit card facility limits split between the 2 cards at a ratio of their choosing, but without exceeding their credit card limit cap.

5.7.4. Staff Credit Card benefits will be withdrawn upon staff leave and classification will be changed to customer. Hence, Credit Card Limit and type is subject to RBG segmentation.

## **5.8. The Dinari Employees Personal Loan Financing**

5.8.1. All qualifying Saudi National and Expatriate Bank employees meeting the following conditions are eligible to apply for the "Dinari" Program. Application does not guarantee acceptance, and all applications are individually vetted for credit risk worthiness and approvals.

5.8.2. Maximum age at maturity is 60 years (Gregorian), with Minimum 6 months service Finance amount is based on SAMA DBR.

5.8.3. Eligibility exceptions are within the authority of Head of TA&S

5.8.4. A satisfactory "clean" SIMAH credit rating and internal/external obligation repayment record. Dinari product is applicable for buyout and refinance as per the existing consumer Dinar personal finance loan.

5.8.5. Repayment period can range between 3 months up to 5 years maximum.

5.8.6. Lending and vetting conditions identical to consumer Dinar Personal Finance Loans.

5.8.7. Payments are automatically deducted from employees account by RBG as per RBG Customer process.

## **5.9. Auto Lease**

5.9.1. Auto Lease applies to all the bank employees.

5.9.2. Completion of at least 3 months of service with the bank.

5.9.3. Repayment period is ranged between 12 months up to 60 months maximum.

5.9.4. HCCSG will be providing the required confirmation and data directly to the respective assigned staff within RBG.

## **5.10. The New Hire Signing Incentive**



5.10.1. In some instances a highly desirable "must have" new hire may be enticed with the promise of a one-time initial contract joining/signing or "Sign-On" Incentive. These fall under the definition of New Hire Extraordinary Benefits discussed in sections below. However, all sign-on incentives are conditional upon the candidate completing at least a full year of employment with BAJ and, with the understanding that the incentive is due back to BAJ should he elect to leave before the completion of the initial year, and that this condition is expressly indicated in his Job Offer Letter.

5.10.2. Such cases must be endorsed by Head of HCCSG and approved by NRC.

### **5.11. New Hire Extraordinary Benefits**

5.11.1. In some instances a highly desirable "must have" new hire may be enticed with the promise of extraordinary benefits such as granting of an immediate Benevolent Line of Credit, a new Real Estate/Housing Finance Loan, the assumption of the candidate's existing Real Estate loan with their former Employer or other 3rd party, or the granting of a personal secured capital loan, or the assumption of any other existing financial commitments, while waiving the requisite regular tenure, seniority and/or other limitations or other eligibility requirements, or any other form of financial waiver not commonly considered for new hire employees.

5.11.2. Such cases must be endorsed by Head of HCCSG and approved by NRC.

## **6. Variable Pay**

### **6.1. Objectives**

To provide the policy framework that governs the provision of variable pay.

### **6.2. Scope**

The scope of this policy covers all Senior Managers that are eligible to receive variable pay.

### **6.3. Roles and Responsibilities**

Variable pay policy falls under the responsibility of the HCCS Group.

### **6.4. General Policies**

6.4.1. All risk appetite thresholds and limits must be strictly defined and indicated quantitatively with clear and unambiguous stop/go points and acceptable margins. Sales employees must never be encouraged to make those decisions independently or without precise guidance.

- 6.4.2. All employees dealing with all aspects of variable pay must be fully aware that "Faking the numbers" at any stage of the process will have extreme direct consequences, up to and including dismissal without end of service benefits and reporting of the same to regulatory and judicial authorities.
- 6.4.3. Other incentive schemes may be devised and adopted throughout the year for other areas or business, or support units not named above, where incentive-based pay works best to further the performance of the organization. However, these programs are uniformly "Standalone" incentive Programs that may not be merged with any other "Pay for Performance" Bonuses or merit reward programs, and result in the exclusion of all participants in the normal End of Year Performance Bonus considerations.
- 6.4.4. All Income generated, against which any incentive payments are made, is verified by financial control department before release of the payment.
- 6.4.5. Each incentive scheme. Scheme and individual caps are determined separately for each scheme based on product nature and scheme structure.
- 6.4.6. Incentives will be based on the agreed terms and approved process for each incentive as detailed in the Incentive Control Document.
- 6.4.7. All Incentive Schemes must clearly indicate what the incentive ratio, percentage, amount, or distribution will be against achieved targets. Any misconduct will result in corrective actions.
- 6.4.8. Any exceptions require express incentives control management (HCCS, Financial control department and Risk) approval. Such exceptional cases shall be considered as "Adjustments" or "Corrections".
- 6.4.9. In the interest of parity and equality, line management may request that employees may be granted a bonus on "Exceptional Corrective Basis", to achieve parity with their colleagues who may reach or receive substantially higher bonuses despite similar or identical performance, due to their Balance Score Card goals and targets or other various random conditions. (For technicalities outside of normal measured performance parameters).
- 6.4.10. No bank officer or employee may subscribe to or use any personal hedging strategies or compensation-and liability-related insurance to undermine the risk alignment effects embedded in their deferred or retained variable compensation arrangements, including participation in any deferred or retained stock, securities or equity-based performance remuneration and compensation trading schemes.

## **6.5. Risk Adjusted Bonus Deferral Program**

- 6.5.1. All amounts falling within the 3-year parameters are naturally subject to full range of ex-post punitive and corrective Clawback scenarios, including total forfeiture of the entirety of the deferral amount for the entire 3-year period, and Clawback of amount paid, depending on the nature and severity of the case.
- 6.5.2. Any incentive amounts earned above set annual caps may be deferred over 3 years starting the year after the initial incentive is paid and payable at 40% in year 1, 30% in year 2, and the final 30% in year 3, and may be subject to the Clawback policy and misconduct/malus provisions.
- 6.5.3. All employees engaged in material risk undertaking Material Risk Takers (MRT), defined as the nature of work fitting, and falling under the description of jobs engaged in material risk, will have their variable pay subject to the bank Bonus annual performance Deferral Policy, as per the below:
- Tier One (1) Employees (High Risk takers) deferrals will cover all critical positions who would have a primary or direct impact on the bank's general profitability results.
    - Forty percent (40%) of the bonus to be delivered with immediate vesting, as cash or shares in the year of award. The remaining sixty percent (60%) will be deferred over a period of three (3) years, starting the year following disbursed year.
    - The sixty percent (60%) deferred will be delivered equally using cash shares or share-linked instruments over three (3) years.
  - Tier Two (2) Employees (Medium Risk Takers) holding positions which would have secondary impact on the bank's bottom-line results.
    - Sixty percent (60%) of the bonus to be delivered with immediate vesting, as cash or shares in the year of award. The remaining forty percent (40%) will be deferred over a period of three (3) years, starting the year following disbursed year.
    - The forty percent (40%) deferred will be delivered equally using cash, shares or share-linked instruments over three (3) years.
  - In line with SAMA requirements, a substantial proportion of variable remuneration, of at least 40 percent (40%) will be awarded in shares or share-linked instruments (or, where appropriate, other non-cash instruments) and should be subject to an appropriate share retention policy.
- 6.5.4. The implementation of 6.5.3 is subject to final approval from SAMA on the Bank Implementation Plan.
- 6.5.5. The Withholding, forfeiture and/or Clawback may not impact amounts other than what has already been deferred, or in the process of being earmarked for deferment, or yet to be deferred from future incentive earnings. If, however these amounts prove as a catalyst resulting in the employee's resignation, an

executive decision needs to be made at that point on how the funds will be recovered, and what the consequences of non-recovery for the employee will be.

- 6.5.6. In cases of resignation and/or normal or termination, all payment and/or non-payment requests and/or petitions are subject to HCCS review, recommendation, and endorsement, after query and confirmation from HCCS that no losses have occurred for the period, followed by express CEO approval, upon which the deferred cash will be paid to the employee, or remain permanently withheld as a condition of the end of service.
- 6.5.7. Withholding applies to yet undisbursed deferred, accrued, compensation that may be withheld temporarily or permanently, depending on present and/or future circumstances, and the long-term unfolding of future events and changing circumstances, from the present point in time going forward.
- 6.5.8. This means that there is no retro action whatsoever, and that the decision to withhold may be reversed at some point in the future, depending on investigative findings or changing market circumstances. In effect, the funds are held "in Limbo" for a later permanent resolution.
- 6.5.9. Forfeiture applies to the total permanent loss of any undisbursed deferred, accrued, variable annual performance Bonus Compensation, with no possibility of reversal of the administrative decision leading up to the forfeiture action, irrespective of any further unfolding of future events and circumstances, also from the present point in time going forward, and without any retrograde action whatsoever. In effect, Forfeiture follows the administrative decision to permanently withhold this type of compensation.
- 6.5.10. Clawback applies to the reversal of any actual variable annual performance Bonus Compensation, that has already been either paid, accrued, in either cash, or other negotiable monetary instruments, irrespective of any long-term unfolding of future events and circumstances, and most importantly, from a predetermined point in time back in the past up to the present, and possibly going forward. Clawbacks imply a retrograde action, or the "refund" of compensation already paid or secured as defined herein.
- 6.5.11. Withholdings, Forfeitures and Clawback provision and language on conditions and limitations shall be in the job contract of all applicable individuals.
- 6.5.12. All future job offers/contracts at Band D and above level shall include all needed Withholdings, Forfeitures and Clawback condition, stipulation, application, and indemnification language.

- 6.5.13. The Withholdings, Forfeitures and Clawback conditions and stipulations shall also be used for all employees that are promoted to Band D and above who previously did not have these conditions in place.
- 6.5.14. Current employees already affected by the Bonus Deferral policy shall be advised of the changes to the policy and its implementation procedures and must acknowledge understanding and acceptance of the terms.
- 6.5.15. Annual performance bonus and Withholdings, Forfeiture and Clawback shall be approved by Head of Human Capital and Corporate Support Group, and CEO.
- 6.5.16. Human Capital and Corporate Support Group will carry out all necessary due diligence and make recommendations on all Withholdings, Forfeitures and Clawback cases, and it will be presented for approval to CEO and then to NRC.

## **6.6. Annual Performance Bonus**

- 6.6.1. The awarding of the annual bonus will follow the Variable Pay Guidelines that are updated each year and approved by the NRC.
- 6.6.2. Under the below circumstances, employees are disqualified from obtaining an annual performance bonus:
- Employees who did not complete at least 3 months of by the end of the year. Head of HCCS approval will be required if the bonus award was agreed as part of the recruitment process.
  - Employees who are undergoing investigation for any violation, unless specifically agreed to in their respective job offers and/or contracts at the time of hire, in this case their bonus allocation shall be held back upon the outcome of the action.
  - Employees under operational or internal fraud suspicion and/or investigation, whether carried out by Compliance, Audit and/or Legal, or the HCCSG, shall be considered on a case-by-case basis.
- 6.6.3. Employees who receive a disciplinary penalty due to any violation may not receive the full or partial annual bonus amount, the percentage of the bonus amount shall be determined based on the severity of the violation.
- 6.6.4. The HCCSG may exempt the cases based on the impact of the violation by the Head of HCCSG.

### 6.7. Staff Dues and Waivers

The bank have the option to include the Employees who are made redundant by the bank as per the waivers and entitlements guidelines that are approved by the NRC and Board.

### 6.8. Business / Training Trips per Diem

6.8.1. Per diems cover expenses of employees traveling on Bank business outside of their work location as per the needs of the work for all employees and outsource.

6.8.2. Per Diem is set based on the employee's Grade and destination, Business trip and Per Diem disbursement requires the approval of the concerned Group Head.

Basic Per diem / Day					Transportation	Compensation for using personal cars
Band	Domestic		International		Airport Transportation (SAR)	Road Trip**
	Per Diem (SAR)	Air Class	Per Diem (SAR)	Air Class		
CEO	*Actual	1 <sup>st</sup> Class	*Actual for all Regions	1 <sup>st</sup> Class	Domestic: SAR 1,200 International: \$200	0.50 Hallalah for each KM
B	2,000	Business Class	3,750	Business Class	SAR 200 for round trip	

\* \*Business Trips more than 80 Km and Training for less than 100 Km.

\*Actual Payments Conditions:

- Business Meals
- Business Trip Hotels
- Business Trip transportation
- Business meals with clients

\*Actual Payment should not be used for non-related business needs such as but not limited to Shopping and gifts.

- Misusing actual payments will be subject to disciplinary action.

6.8.3. Additional cost beyond the per diem shall be approved by Cost Center Group Head, and processed by Payroll team

6.8.4. Travel class may be upgraded upon the approval of the Cost Center owner for the following cases:

- Upgrading the class will be charged to the requestor group cost center.
- Staff Medical / Health Status

- Non-Availability of the class in all air ticket providers.
- Flight more than 5 hours.
- Business groups where most are in different.

6.8.5. International Trip Country Regions Definitions:

- Region 1: W. Europe/N. America/DXB
- Region 2: MENA/GCC/Africa
- Region 3: Far East/Japan/S.E Asia/India/ S. America, all others

6.8.6. An extra day is added in cases of Training per Diem only (Does not apply for business Travel) to cover the before travel days to the remote training site, as training days calculations start from day 1 of actual training.

6.8.7. Staff participating in the bank programs such as Graduate Program, Branch Network Development Program or any other such programs and might require long stay for Business/Training are subject to the Per Diem policy if no accommodation, transportation & daily meals are covered by the Bank.

6.8.8. Per a Diem for local ground travel to areas within the same geographic region may be periodically adjusted upwards or downwards to accommodate changing economic or market conditions under the authority of the Head of the Human Capital and Corporate Support Group.

6.8.9. Per Diem and Airport transportation will be paid once the required approvals are obtained.

6.8.10. Employees will not be compensated for any extra amount out of the per diem. It will be categorized as reimbursement and will be charged to the requestor cost center as per the internal process.

## **6.9. Salary Increases and Promotions Review**

Any Salary increases or Promotions for Group Heads and SAMA approved positions will be subject to NRC approval. The rest of the bank will be approved by the CEO who may in turn delegate to HHCG with a defined criteria.

## **Archiving**

All original Policy documents are kept with Internal Governance (Policy and Procedure Department) and softcopies are kept electronically in share folders. Owners of Policies are responsible to make sure that documents are marked appropriately as per Information classification, so that Policies and Procedures' Department may upload on Tawasul based on same (if classification is "Internal").

The background features a white page with several decorative elements. In the top-left and bottom-right corners, there are clusters of light blue, stepped geometric shapes that resemble a grid or a series of connected steps. Scattered throughout the page are several solid-colored shapes in shades of blue and dark blue, including a large dark blue shape in the upper right, a medium blue shape in the lower left, and a small dark blue shape in the lower right. The text is centered in the middle of the page.

# Eleventh Item Attachments

Competing Businesses



## Pinnacle Capital

Pinnacle Capital is a leading independent investment company in Saudi Arabia. It provides unbiased financial planning services and unique alternative investment opportunities.

It also provide financial consulting and private fund management services, as their activity is to provide alternative and innovative investment opportunities in the Kingdom of Saudi Arabia, their main business is investment management and arrangement.

The background features a white page with scattered blue geometric shapes. In the top-left and bottom-right corners, there are clusters of light blue, stepped, zig-zag patterns. In the center, there are several solid-colored shapes: a medium blue L-shaped block, a dark blue L-shaped block, and a bright blue L-shaped block. In the bottom-left and top-right areas, there are more light blue stepped patterns, some solid blue L-shaped blocks, and one dark blue L-shaped block.

# Twelve Item Attachments

Competing Businesses

## Dar Al Tamleek

Dar Al Tamleek is one of the largest companies in Saudi Arabia and was established in 2008 to help people find and acquire their dream home. The company offers a variety of programs, each program is tailored to a specific segment of people in the kingdom to match their particular needs and budgets, to make sure that everyone can own their dream home. Dar Al Tamleek operates in Riyadh, Jeddah, and Dammam along with over 15 locations to better serve the vast majority of the population.



**Appendix of Items  
Thirteen to Thirty-six**  
(Related Party Transactions)





**Board of Directors' Declaration under Article 71 of the Regulations for Companies of transactions in which Directors of Bank AlJazira (the "Bank", or "BAJ") have direct or indirect interest, for the year ended December 31, 2023.**

According to the requirements set in Article (27) and Article (71) of the Regulations for Companies issued by the Royal Decree No. 132/m for the year 1443H, which states that any member of the Board of Directors (BoD) is not allowed to have a direct or indirect interest in the businesses and contracts undertaken by Bank AlJazira unless permitted by the General Assembly. We would like to inform you that the Bank intends to renew a number of contracts and commercial transactions of the Bank in which certain members of the BoD have a direct or indirect interest. The Bank seeks to obtain the shareholders' authorization thereon, as follows:

- A. The agreements and transactions that will take place between the Bank and AlJazira Takaful Ta'awuni Company (AJT) which is considered a Related Party as Eng. Abdulmajeed Ibrahim Al-Sultan, Deputy Chairman of BAJ Board of Directors, and Mr. Naif Abdulkareem AlAbdulkareem, the CEO & MD of the Bank, have an indirect interest in these by being members of Board of Directors of AlJazira Takaful Ta'awuni Company. These contracts are the collective insurance agreement for the personal finance portfolio, the collective insurance agreement for the real estate finance portfolio, the collective insurance services agreement for the Bank's employees, the loan portfolio protection services agreement for the Bank's employees, insurance agreements for Property All Risk Mortgage Employees, customers and own properties, Banker Blanket bond, Directors and Officers Liability Insurance, Sabotage & Terrorism Insurance, Bancassurance Distribution Agreement, Agreement for placement of time deposits by AJT and their licensing for the next year. These transactions in 2023 amounted to SAR 290.3 MM and were done without any preferential treatment.
- B. The agreements and transactions that will take place between the Bank and AlJazira Capital Company (AJC) which is considered a Related Party as Eng. Tarek Othman Al-Kasabi, Chairman of BAJ Board of Directors, and Mr. Naif Abdulkareem Al-Abdulkareem, the CEO & MD of the Bank, have an indirect interest in these by being members of Board of Directors of AlJazira Capital Company. These contracts are Shared services agreement, Custody service agreement, Agreement for placement of time deposits by AJC, Agreement for provision of money market funds by BAJ, Agreement for letters of guarantee, Agreements for investment advisory services, Agreements for foreign exchange transactions and branch lease expense sharing agreement and their licensing for the next year. There transactions in 2023 amounted to SAR 122.3 MM and were done without any preferential treatment.

The detailed list of transactions with respect to above related parties, entered during the year ended December 31, 2023 is attached in Annexure 1.

Further, the Bank entered into transactions with certain other related parties during the year ended December 31, 2023, but are not included above as these were below the delegated threshold approved by the shareholders for notification or are excluded as per Article 27(5).

Head Office: Jeddah - Saudi Arabia

المركز الرئيسي: جدة - المملكة العربية السعودية

A Saudi Joint Stock Company - Fully Paid Capital SAR 8,200,000,000  
Tax Identification Number: 30000226900003 - C.R. No. 4030010523  
National Address: King Abdulaziz Road, Al Shati, Building No. 7724  
Zipcode 23513, Additional No. 3551, Unit No. 1, P.O. Box 6277, Jeddah 21442  
Telephone: +966 12 6098888 - Fax +966 12 6098881 - www.bankaljazira.com  
Bank AlJazira is under the supervision of Saudi Central Bank

شركة مساهمة سعودية - رأس المال 8,200,000,000 ريال مدفوع بالكامل  
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الرمز البريدي 23513، الرقم الإضافي 3551، وحدة رقم 1، ص.ب. 6277 جدة 21442  
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بنك الجزيرة يخضع لإشراف ورقابة البنك المركزي السعودي

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BANK ALJAZIRA

ANNEXURE 1

RELATED PARTY TRANSACTIONS UNDER ARTICLE 71 OF THE REGULATIONS FOR COMPANIES  
FOR THE YEAR ENDED DECEMBER 31, 2023

S. No	Purpose	Transaction amount in 2023 in SAR
<b>A</b>	<b>Aljazira Takaful Ta'awuni (AJT)</b>	
1	Personal Dinar Insurance Policy	24,715,375
2	Mortgage Insurance Policy	32,477,083
3	Group Life Insurance Policy	1,718,822
4	Staff Credit Cover Policy	404,607
5	Property All Risk- Mortgage Employee	57,337
6	Property All Risk- Mortgage Customer	2,089,526
7	Property All Risk –Own Property	414,103
8	Banker Blanket bond	5,692,529
9	Directors and Officers Liability Insurance	276,029
10	Sabotage & Terrorism - S&T	80,749
11	Return on time deposits investments	4,368,695
12	Claims received	38,997,456
13	Face value of bonus shares received	24,539,790
14	Investment in the sukuks issued by BAJ	150,000,000
15	Profit on the sukuks issued by BAJ	4,500,000
		<b>290,332,103</b>
<b>B</b>	<b>Al Jazira Capital Company (AJC)</b>	
1	Financing income earned on money market placements	103,613,445
2	Return on time deposits investments	361,087
3	Service Level Agreement	1,150,000
4	Income on foreign exchange contracts	515,428
5	Fees and commission income	302,471
6	Custody fee expense	6,427,490
7	Asset management and investment advisory fee	2,899,017
8	Lead manager fee for Tier 1 Sukuk issuance	4,000,000
9	Rent and building related expense	3,065,437
		<b>122,334,376</b>

Head Office: Jeddah - Saudi Arabia

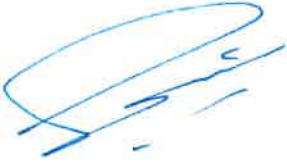
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بنك الجزيرة يخضع لإشراف ورقابة البنك المركزي السعودي



Eng. Tarek Othman AlKasabi  
Chairman of the Board



Eng. Abdulmajeed Ibrahim Alsultan  
Deputy Chairman of the Board




Mr. Naif Abdulkareem AlAbdulkareem  
CEO and Managing Director



Mr. Ibrahim Abdulaziz Al-Shaia



Mr. Adil Saud Dahlawi



Mr. Mohammed Saad Bin Dawood



Mr. Saad Ibrahim Almushawah



Mr. Abdullatif Khalifa Almulhem



Mr. Abdulwahab Abdulkarim AlBetairi

Head Office: Jeddah - Saudi Arabia

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To the shareholders of  
Bank AlJazira

***Limited assurance report on the Board of Directors' declaration to the shareholders of Bank AlJazira***

We have undertaken a limited assurance engagement in respect of the accompanying declaration of related party transactions for the year ended December 31, 2023 relating to bank AlJazira (the "Bank") prepared by the Board Directors of the Bank in accordance with the applicable criteria mentioned below so as to comply with the requirements of Article 71 of the Regulations for Companies (the "Declaration").

***Subject matter***

The Subject Matter for our limited assurance engagement is the Declaration prepared by the management of the Bank and approved by the Board of Directors as attached to this report and submitted to us.

***Criteria***

The applicable Criteria is the requirement of Article 71 of the Regulations for Companies issued by the Ministry of Commerce which states that any member of the board of directors (the "Board") with any interest, both directly or indirectly, in the transactions or contracts made for the account of the Bank shall declare such interests for the approval of the general assembly of the Bank. The board member must notify the Board of such interest and excuse himself in vote by the Board to approve such transactions or contracts. The Board will notify the general assembly of transactions and contracts in which a member of the Board has a direct or indirect interest.

***Management's responsibility***

The management of the Bank is responsible for the preparation of the Declaration in accordance with the Criteria and ensuring its completeness. This responsibility includes the design, implementation and maintenance of internal controls relevant to the preparation of the Declaration that is free from material misstatement, whether due to fraud or error.

***Our independence and quality control***

We have complied with the independence requirements of the code of professional conduct and ethics, endorsed in the Kingdom of Saudi Arabia, and the ethical requirements that are relevant to our limited assurance engagement in the Kingdom of Saudi Arabia, which includes independence and other requirements founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

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





### ***Our responsibility***

Our responsibility is to express a limited assurance conclusion on the Declaration based on the procedures we have performed and the evidence we have obtained. We conducted our limited assurance engagement in accordance with International Standard on Assurance Engagements 3000 (Revised), 'Assurance Engagements Other Than Audits or Reviews of Historical Financial Information', as endorsed in the Kingdom of Saudi Arabia. This standard requires that we plan and perform this engagement to obtain limited assurance about whether anything has come to our attention that causes us to believe that the Bank has not complied, in all material respects, with the applicable requirements of Article 71 of the Regulations for Companies in the preparation of the Declaration for the year ended December 31, 2023.

The procedures selected depend on our judgment, including the assessment of risks such as failure of systems and controls, whether due to fraud or error. In making those risk assessments, we consider internal controls relevant to the Bank's compliance with the requirements of Article 71 of the Regulations for Companies in the preparation of the Declaration. Our procedures included examining, on a test basis, evidence supporting systems and controls in respect of the preparation of the Declaration in accordance with the requirements of Article 71 of the Regulations for Companies.

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

### ***Summary of work performed***

We planned and performed the following procedures to obtain limited assurance over the Bank's compliance with the requirements of Article 71 of the Regulations for Companies in the preparation of the Declaration:

- Discussed with the management the process for obtaining business and contracts by any of the Board members with the Bank.
- Obtained the accompanying Declaration that includes the list of all transactions and agreements entered into by any of the board members of the Bank, either directly or indirectly, with the Bank during the year ended December 31, 2023.
- Reviewed the minutes of the Board meetings that indicate that the Board member notified the Board on the transactions and agreements entered into by the board member during the year ended December 31, 2023; and further that the concerned board member did not vote on the resolution issued in this regard at the meetings of the Board.
- Reviewed confirmation obtained by the management from the board members on the transactions and agreements entered into by the board member during the year.
- Reviewed the consistency of the transactions and agreements included in the Declaration with the disclosure in Note 37 to the audited financial statements for the year ended December 31, 2023.

### ***Inherent limitations***

Our procedures regarding systems and controls relating to the preparation of the Declaration in accordance with the requirements of the Article 71 of the Regulations for Companies are subject to inherent limitations and, accordingly, errors or irregularities may occur and not be detected. Furthermore, such procedures may not be relied upon as evidence of the effectiveness of the systems and controls against fraudulent collusion, especially on the part of those holding positions of authority or trust.



***Inherent limitations (continued)***

A limited assurance engagement is substantially less in scope than a reasonable assurance engagement under ISAE 3000 (Revised), as endorsed in the Kingdom of Saudi Arabia. Consequently, the nature, timing and extent of the procedures outlined above for gathering sufficient appropriate evidence were deliberately limited relative to a reasonable assurance engagement, and therefore less assurance is obtained with a limited assurance engagement than for a reasonable assurance engagement.

Our procedures did not constitute either an audit or a review made in accordance with International Standards on Auditing or International Standards on Review Engagements, as endorsed in the Kingdom of Saudi Arabia, and, accordingly, we do not express an audit opinion or a review conclusion in relation to the adequacy of systems and controls around the preparation of the Declaration.

This conclusion relates only to the Declaration for the year ended December 31, 2023, and should not be seen as providing assurance as to any future dates or periods, as changes to systems or controls may alter the validity of our conclusion.

***Limited assurance conclusion***

Based on our work described in this report, nothing has come to our attention that causes us to believe that the Bank has not complied, in all material respects, with the applicable requirements of Article 71 of the Regulations for Companies in the preparation of the Declaration of related party transactions for the year ended December 31, 2023.

***Restriction of use***

This report, including our conclusion, has been prepared solely upon the request of the management of the Bank, to assist the Bank and its Board of Directors in fulfilling its reporting obligations to the General Assembly in accordance with Article 71 of the Regulations for Companies. The report should not be used for any other purpose or to be distributed to or otherwise quoted or referred to, without our prior consent to any other parties other than the Ministry of Commerce, Capital Market Authority and the shareholders of the Bank.

**PricewaterhouseCoopers**

Waleed A. Alhidiri  
License No.559

March 21, 2024





**THANK YOU**

