



## **Extraordinary General Assembly Agenda**

- 1- Voting on the Board of Directors' Report for the fiscal year ending on 31/12/2020G.
- 2- Voting on the Auditors report on the bank's accounts for the fiscal year ending on 31/12/2020G.
- 3- Voting on the bank's financial statements for the fiscal year ending on 31/12/2020G.
- 4- Voting on the Board of Director's recommendation to distribute cash dividends for the year 2020 by 0.40 SAR per share, i.e. a total of SR 479.98 million representing 4% of share's nominal value, provided that the entitlement to dividends is for shareholders holding the shares by the end of the trading day of the assembly date, and those registered in the Company's shareholders registry held with the Securities Depository Center Company (Edaa) at the end of the second trading day following the entitlement date, where the distribution of dividends begins on 31/05/2021 corresponding to 19/10/1442.(attached)
- 5- Voting on delegating the Board of Directors to distribute interim dividends on a biannually or quarterly basis for the fiscal year 2021G.
- 6- Voting on the discharge of Directors from their liabilities for the year ending 31 December 2020G.
- 7- Voting on paying an amount of (SAR 8,070,000) as remuneration to the Board of Directors for the fiscal year ending on 31 December 2020G.
- 8-Voting on delegating the Board of Directors the General Assembly's powers stipulated in paragraph (1) of Article (71) of the Companies Law, for a period of one year from the General Assembly's approval, or until the end of the Board of Directors' term whichever is earlier, in accordance with the terms stated in the Regulatory Rules and Procedures issued pursuant to the Companies Law related to listed joint-stock companies.
- 9- Voting on the appointment of external auditors for the bank from among the candidates based on the Audit Committee's recommendation to examine, review and audit the (second, third and fourth) quarter, the annual financial statements of the fiscal year 2021G, and the first quarter of the fiscal year 2022G together with the determination of their remuneration.
- 10- Voting on amending Board Nomination Membership Assessment and Succession Policy. (attached)



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

12- Voting on amending Nomination & Remuneration Committee charter. (attached)

13- Voting on business and contracts concluded between the bank and ABANA Enterprise Group, in which the Board Member, Mr. Abdulrahman Al Rashed has an indirect interest. It is a contract to supply Glory UW-500 machines from 01/03/2016G to 31\05\2020G with a monthly fee of SAR 27,000.00, without preferential terms. (attached)

14- Voting on business and contracts concluded between the bank and ABANA Group, in which the Board of Directors member, Mr. Abdulrahman Al Rashed, has an indirect interest. It is a contract of TCR integration with BDS from 17/10/2019G to 31/12/2020G, with an amount of SAR 2,712,334.00, without preferential terms. (attached)

15-Voting on business and contracts concluded between the bank and Etihad Etisalat Co. (Mobily), in which the Board of Directors member, Mr. Bader Al Issa, has an indirect interest. They are contracts to provide telecommunication services from 01/01/2010G to 31/12/2020G, with an annual amount of SAR 328,860.00, without preferential terms. (attached)

16- Voting on business and contracts concluded between the bank and Etihad Etisalat Co. (Mobily), in which the Board of Directors member, Mr. Bader Al Issa, has an indirect interest. They are contracts to provide telecommunication services from 10/01/2010G to 31/12/2020G, with an annual amount of SAR 30,048.00, without preferential terms. (attached)

17- Voting on business and contracts concluded between the bank and Etihad Etisalat Co. (Mobily), in which the Board of Directors member, Mr. Bader Al Issa, has an indirect interest. It is a contract to provide telecommunication services from 30/01/2008G to 31/12/2020G, with an annual amount of SAR 39,960.00, without preferential terms. (attached)

18- Voting on business and contracts concluded between the bank and Etihad Etisalat Co. (Mobily), in which the Board of Directors member Mr. Bader Al Issa has an indirect interest. It is a contract to provide telecommunication services from 28/03/2007G to 31/12/2020G, with an annual amount of SAR 345,600.00, without preferential terms. (attached)

19- Voting on business and contracts concluded between the bank and Etihad Etisalat Co. (Mobily), in which the Board of Directors member, Mr. Bader Al Issa has an indirect interest. It is a contract to provide telecommunication services from 31/05/2008G to 31/12/2020G, with an annual amount of SAR 265,200.00, without preferential terms. (attached)



20- Voting on business and contracts concluded between the bank and Etihad Etisalat Co. (Mobily), in which the Board of Directors member, Mr. Bader Al Issa, has an indirect interest. It is a contract to provide telecommunication services from 17/05/2008G to 31/12/2020G, with an annual amount of SAR 1,080,000.00, without preferential terms. (attached)

21- Voting on business and contracts concluded between the bank and Etihad Etisalat Co. (Mobily), in which the Board of Directors member, Mr. Bader Al Issa, has an indirect interest. It is a contract to provide telecommunication services from 21/03/2006G to 31/12/2020G, with an annual amount of SAR 19,320.00, without preferential terms. (attached)

22- Voting on business and contracts concluded between the bank and Jeddah National Hospital, in which the Board of Directors member, Dr. Khaled Al Mutabagani, has an indirect interest. It is a contract to rent an ATM site from 01/06/2016G to 31/05/2021G, with an annual amount of SAR 40,000.00, without preferential terms. (attached)

23- Voting on business and contracts concluded between the bank and Jeddah National Hospital, in which the Board of Directors member, Dr. Khaled Al Mutabagani, has an indirect interest. It is a contract to rent an ATM site from 01/06/2014G to 31/05/2024G, with an annual amount of SAR 35,000.00, without preferential terms. (attached)

24- Voting on business and contracts concluded between the bank and Panda Retail Company, in which the Board of Directors member, Mr. Bader Al Issa, has an indirect interest. It is a contract to rent an ATM site from 01/12/2020G to 30/11/2021G, with an annual amount of SAR 43,000.00, without preferential terms. (attached)

25- Vote on the purchase by the bank of a number of its shares with a maximum of 3,000,000 shares, and an amount not to exceed SR 60 million to allocate them within the Employees' Long-Term Incentive Plan, where the purchase of those shares to be financed through the bank's own resources. Further, to authorize the Board of Directors or whoever it delegates to complete the purchase within a period of (12) months from the date of the Extraordinary General Assembly decision. The purchased shares to be kept no longer than 10 years from the date of Extraordinary General Assembly approval, and once the said period lapses, the bank shall follow the rules and procedures stipulated in the relevant laws and regulations, considering that this plan is a continuation of the current one of which terms have previously been defined by the Board of Directors and approved by the General Assembly held on 01/05/2019 corresponding to 26/08/1440. (attached)

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## Audit Committee Report

Audit Committee



# **Audit Committee Report to the General Assembly 2020**

## 1. Introduction

The Audit Committee is an independent Board committee established by a resolution of the General Assembly of Banque Saudi Fransi, it is a sub-committee of the Board of Directors. The committee assists the Board of Directors in fulfilling the responsibility of oversight on shareholders, potential shareholders, the investment environment and other matters related to the financial reporting process, internal control system, audit process, and the bank's approach in monitoring compliance with laws, regulations and codes of conduct.

In line with the requirements of the Corporate Governance regulations, the Audit Committee presents a report to the Board of Directors that details results of performing its responsibilities along with its opinion on the adequacy of the internal control system. The Audit committee has prepared this report to apprise the stakeholders and shareholders on key tasks carried out by the committee within its responsibilities also, the role of the Audit Committee in evaluating the internal control systems and the results in this regard.

The committee consists of five members chaired by one of the independent Board members, in addition to four independent members. The Committee Members hold academic qualifications and professional experiences, including the ability to read financial statements, understand laws and regulations issued by the Saudi Central Bank (SAMA) and the Capital Market Authority (CMA).

## 2. Committee meetings

The committee held six meetings during the year of 2020 in line with its annual plan, approved by the bank's board of directors. The Committee also submitted minutes of the meetings after each meeting, as well as quarterly activity reports to the Board of Directors, with the aim of providing reasonable assurances on the bank's control environment.

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

The audit committee executed several activities during the year of 2020 during the meetings in line with its role as defined in the Audit Committee Charter and in accordance with the regulations from SAMA and CMA. The following is a summary of the Committee's key activities:

### A. Financial Statements

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

### B. External Auditors

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

- The Committee recommended to the Board of Directors the nomination of the External Auditors for the Bank after reviewing the submitted proposals, which included financial and technical analysis.
- The Committee approved the plan submitted by the External auditors to review the Bank's activities which included the scope of work, the engagement schedule and coverage for the main Bank's activities.
- The Committee obtained a statement from the External Auditors confirming their independence in accordance with the applicable regulations standards.
- The Committee evaluated the performance of the External Auditors in line with the evaluation criteria that included independence, plan execution, quality, effective communication, achievement of agreed objective and professionalism.
- The Committee discussed with the External Auditors the annual Management Letter and directed Senior Management to track implementation of the agreed corrective action plans submitted by the concerned divisions according to the committed targeted dates.
- The Committee discussed a number of topics and observations with the External Auditors, and agreed to address them in coordination with concerned Bank functions.

### **C. The Internal Auditors**

The Audit Committee assumed direct oversight over the activities of the Bank's Internal Audit Group to ensure the independence of Internal Audit and assist in obtaining the required resources to carry out their tasks effectively, as well as constantly reviewing and developing the audit framework. The Committee's role over Internal Audit Group included the following:

- The Committee approved the Internal Audit plan for the year 2020, and the strategic plan for the period from (2020-2022) taking into consideration the Bank's overall risks assessment and the directives of the regulatory bodies.
- Considering the challenges of the COVID-19 pandemic on the Bank's business during 2020 and the activation of the contingency plan, the Audit Committee approved Internal Audit's key initiatives, such as:
  - 1- Adopting an Agile audit approach that focused on key risk processes and entities, during the period from March 2020 to July 2020.
  - 2- Review alternative processes which were implemented due to the pandemic to evaluate emerging risks.
  - 3- Active participation in the Crisis Management Team to manage the situation, ensure that precautionary measures are followed and the safety of employees is maintained, as well as the continuity of the Bank's operations.
- Followed up on the Audit activities through the quarterly Internal Audit reports which included a detailed presentation of the progress in the Internal Audit plan implementation, issued reports each quarter and significant observations reported.

- Followed up on the progress of closing reported issues in previous internal audit reports, and retargeting of overdue observations, which lead to improving the control environment in the Bank.
- Followed up on the progress of validating the closure of reported observations in various SAMA reports that resulted in a noticeable improvement in the closure of reported observations.
- Approved the Internal Audit budget to enable the Internal Audit Group to practice its role effectively.
- Approved the Internal Audit Group Charter to be in line with International Standards and best practices and instructions of SAMA and CMA.

#### **D. Compliance**

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

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

- Discussing periodic reports of the Compliance Group, Anti-Money Laundering and the adequacy of the efforts made to enhance the Bank's level of compliance.
- Discussing the penalties and violations imposed on the Bank and the adequacy of actions taken by the Bank to address the root causes of these violations to avoid similar cases in the future.
- Reviewing reports issued by the SAMA, as well as assessing the progress in closing the observations, through the quarterly reports of the Internal Audit Group.
- The Audit Committee reviewed, on a quarterly basis, the Related Parties Transactions.

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

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

With regard to the accounting policies applied in the Bank, the Audit Committee regularly discusses the impact of instructions issued by SAMA and other regulatory bodies and changes in accounting policies



and International Financial Reporting Standards (IFRS) with the Bank representatives, and periodically with External Auditors to ensure prompt implementation of such instructions.

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

Bader Al-Essa

The Chairman of Audit Committee

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## Details of the proposed dividends distribution for the year 2020



## Details of the proposed dividends distribution for the year 2020

Item	Details
The Total amount distributed	SAR 479.98 Millions
Number of Shares Eligible for Dividends	1,199,948,015 shares
Dividend per share	SAR 0.40 after deduction of Zakat
Percentage of Dividend to the Share Par Value (%)	4%
Eligibility date	For shareholders holding the shares by the end of the trading day of the assembly date, and those registered in the Company's shareholders registry held with the Securities Depository Center Company (Edaa) at the end of the second trading day following the entitlement date.
Distribution Date	31/05/2021 corresponding to 19/10/1442

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## **Voting on amending Board Nomination Membership Assessment and Succession Policy**

Comparison table: Board Nomination, Membership, Assessment and Succession Policy.

Board Nomination, Membership, Assessment and Succession Policy		
Reference	Current Clause	Clause after proposed changes
General	The name of <b>Saudi Arabian Monetary Authority</b> has been changed to <b>Saudi Central bank</b> .	
General	The name of <b>Ministry of Commerce and Investment</b> has been changed to <b>Ministry of Commerce</b> .	
4.1.2	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) Corporate Social Responsibility Committee (CSRC); f) Strategy Committee (SBC)	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) Corporate Social Responsibility Committee (CSRC); f) Strategy <b>Board</b> Committee (SBC)
4.8, 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.
4.8, b	<del>The Board shall develop, based on the proposal of NRC, the necessary mechanisms to annually assess the performance of the Board, its members and Board Committees and the Executive Management</del> 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, <del>provided that weaknesses and strengths shall be identified and a solution shall be proposed for the same in the best interests of the Bank.</del>	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.
-	<del>The Board shall adopt specific procedures for assessing the effectiveness of the Board and reviewing the performance and contribution of each of its members. The procedures of performance assessment shall be in writing and clearly stated and disclosed to the Board members and</del>	

	<del>parties concerned with the assessment. The assessment tools can be prepared internally by CGD or externally by a consultant. Entrusting an external entity to carry out a Board assessment can contribute to the objectivity of the process.</del>	
4.8, c	<del>The Board should periodically review the effectiveness of its own performance, controls, and working procedures; identify any weaknesses; make any necessary changes; and ensure members' appropriateness in accordance with the relevant regulations.</del>	
4.8, d	-	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.
4.8, f	-	<p>Assessment Procedures &amp; 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:</p> <ul style="list-style-type: none"> <li>• Assessing the performance of the Board of Director's in general.</li> <li>• Assessment of the performance of the Board Committees.</li> <li>• Assessment of the performance of the Chairmen of the board and board committees.</li> <li>• A self-assessment carried out by each board member.</li> </ul> <p>Once the assessment exercise above is concluded, the results shall provided to NRC.</p>

4.8, g	<p>Based on the outcomes of the assessment and SAMA requirements, the NRC may <del>recommend</del> training for the Board to enhance members' knowledge in banking industry e.g. Compliance, Risk &amp; IT Risk.</p>	<p>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 to enhance members' knowledge in banking industry e.g. Compliance, Risk &amp; 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.</p>
-	<p><del>The Board shall carry out the necessary arrangements to obtain an assessment of its performance from a competent third party every three years.</del></p>	

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## Voting on amending Audit Committee Charter



Comparison table: Audit Committee Charter.

Audit Committee Charter		
Reference	Current Clause	Clause after proposed changes
1.3.3	The minimum frequency for reviewing this charter is <del>annually. However, the charter must be reviewed/updated earlier if</del> required. CGD is responsible for ensuring that this document is reviewed and approved as <del>required</del> .	The minimum frequency for reviewing this Charter is <b>once in two (2) years or when</b> required. CGD is responsible for ensuring that this document is reviewed and approved as <b>per the DoA</b> .
1.3.4	This Charter shall be a permanent part of the induction program provided to <del>the</del> new Board and Board Committee members upon their appointment. It is the duty of the new member to understand and familiarize <del>himself</del> with it.	This Charter shall be a permanent part of the induction program provided to <b>all</b> new Board and Board Committee members upon their appointment. It is the duty of the new member to understand and <b>be</b> familiarized with it.
2.1.1	<del>Deal with,</del> and recommend <del>on,</del> all matters falling within the scope of its purpose and duties as set out in this Charter, <del>Delegation of Authority</del> (DoA) <del>Manual</del> and all other <del>matters</del> that may be delegated by the Board to the Committee from time to time;	<b>Approve</b> and/or recommend all matters falling within the scope of its purpose and duties as set out in this Charter, the (DoA) and all other <b>subjects</b> that may be delegated by the Board <b>of Directors</b> to the Committee from time to time;
2.1.2	Request any clarification or statement from Board members <del>or,</del> Executive Management;	Request any <b>information</b> , clarification or statement from Board members, Executive Management, <b>External Auditors or third party consultants</b> ;
2.1.3	Request the Board to call a general meeting; <del>of the Bank</del> should the activities of the Committee be impaired <del>by the Board</del> or the Bank incurs grave losses or damages;	Request the <b>Chairman of the</b> Board to call <b>for</b> a general meeting. should the activities of the Committee be impaired or the Bank incurs grave losses or damages;
2.1.13	Recommend to the Board the appointment, dismissal and remuneration of external auditors in line with <del>SAMA</del> all applicable regulations <del>guidelines</del> , and oversee the work of the external audit <del>firms employed by the Bank</del> ;	Recommend to the Board the appointment, dismissal and remuneration of external auditors in line with <b>all applicable regulations</b> , and oversee the work of the external audit;
2.1.4	If a conflict occurs between the Committee's recommendations and the Board of Directors' decisions and/or the Board has declined the Committee's recommendation in the appointment/dismissal/remuneration of external auditors and <del>appointment of</del> Chief Audit Executive (CAE), the Board must include in	If a conflict occurs between the Committee's recommendations and the Board of Directors' decisions and/or the Board has declined the Committee's recommendation in the appointment/dismissal/remuneration of external auditors and Chief Audit Executive (CAE), the Board must include in the Board report

	the Board report details of the Committee's recommendations <del>and reasons behind the recommendations</del> and <del>why</del> the Board <del>has decided</del> not to adopt them;	details of the Committee's recommendations and the Board's <del>justification for</del> not adopting them;
2.1.5	<del>Request any information it needs/requires from the bank's staff or external advisors or auditors;</del>	Merged with 2.1.2
2.1.6	Invite to the Committee's meetings any of the Bank's employees to discuss with <del>him/her the</del> issues <del>raised</del> . This includes the, <del>CEO and Managing Director</del> and the internal and external auditors.	Invite to the Committee's meetings any of the Bank's employees to discuss with <del>any reported</del> issues. This includes the <del>MD &amp; CEO</del> , and the internal and <del>or</del> external auditors.
2.1.11	Receive reports/updates on regulatory inspections and external audits, and ensure <del>the existence of a follow-up</del> mechanism to implement the agreed corrective action plans;	Receive reports/updates on regulatory inspections and external auditors' <del>annual Management Letters</del> , and ensure <del>that Internal Audit has a tracking</del> mechanism to implement the agreed corrective action plans;
2.1.12	<del>Meet with BSF officers, external auditors or outside counsel, at any time as necessary;</del>	Covered in 2.1.8
2.1.12	Pre-approve all audit and non-audit services by <del>Internal and</del> External Auditors;	Pre-approve all audit and non-audit services by and External Auditors; <del>and</del>
-	-	<del>Exchange significant financial and other information with the regulators, as and when required.</del>
2.2	The AC represents and assists the BoD in fulfilling its oversight responsibilities relating to:	The AC <del>serves as a sub-committee to the BOD, formed to</del> represents and assists the BoD in fulfilling its oversight responsibilities relating to:
3.1.2	Review and confirm the independence of the external auditors by obtaining statements from the auditors on relationships between the auditors and the Bank, including non- audit services, and discussing the relationships with the auditors. If any;	Review and confirm the independence of the external auditors by obtaining statements from the auditors on relationships between the auditors and the Bank, including non- audit services, and discussing the relationships with the auditors, If any, <del>taking into account the relevant rules and standards;</del>
-	<del>Verify the independence of the external auditor, its objectivity, fairness, and effectiveness of the audit activities, taking into account the relevant rules and standards;</del>	Merged with 3.1.2

3.1.3	-	Recommend appointment of external Auditors to the Board of Directors in line with all applicable regulations and guidelines, considering maximum allowed term for re-appointment and rotation of the licensed partner of external audit firm;
3.1.5	Provide recommendations to the Board to nominate external auditors, dismiss them, determine their remunerations in line with SAMA guidelines, and assess their performance. <del>after verifying their independence and reviewing the scope of their work and the terms of their contracts;</del>	Provide recommendations to the Board to nominate external auditors, dismiss them, determine their remunerations in line with SAMA guidelines, and assess their performance;
3.1.6	-	On the appointment of the external auditors, the following should be discussed by the AC with the external auditors: a) Significant accounting or auditing issues discussed with management prior to being retained as auditors. b) The type of, and total fees, from management consultancy services. c) The responsibility the auditors assume for other information presented with the audited financial statements. d) The level of responsibility the auditors assume in an audit.
3.1.11	Ensure the number of external auditors nominees shall not be less than five.	Ensure the number of external auditors nominees shall not be less than five, <del>where possible</del> .
3.2.1	<del>Review the external auditor's plan related to financial statements;</del>	-
3.2.8	Review significant accounting and reporting issues, including complex or unusual transactions, <del>and</del> highly judgmental <del>areas</del> , and recent professional and regulatory announcements, and understand their impact on the financial statements;	Review significant accounting and reporting issues, including complex or unusual transactions, highly judgmental <del>issues</del> , and recent professional and regulatory announcements, and understand their impact on the financial statements;
3.2.9	Review with management and the external auditors the results of the <del>audit</del> , including any difficulties encountered;	Review with management and the external auditors the results of the External Auditors' work, including any difficulties encountered;
3.2.11	Review <del>/approve</del> Related Parties Transactions, <del>as required by the DoA</del>	Review Related Parties Transactions on post facto basis and to ascertain the

	<del>Manual or the Related Party Transaction Policy. The Committee should provide its opinion on those transactions to the Board of Directors and</del> ascertain the adequacy of their disclosures in the financial statements.	adequacy of their disclosures in the financial statements.
3.3.1	Examine and review the effectiveness of the Bank's Internal and financial control systems and Risk Management system, <del>including Information Technology, Security and Control; and</del>	Examine and review the effectiveness of the Bank's Internal and financial control systems and Risk Management system.
3.3.2	<del>Understand the scope of external auditors' review of internal control over financial reporting, and obtain reports on significant findings and recommendations, together with management's responses.</del>	-
3.4.1	Approve the Internal Audit charter. The Committee should approve the Internal Audit manual/framework;	Approve the Internal Audit charter. <del>The Committee should approve the Internal Audit manual/framework;</del>
3.4.3	Approve the annual audit plan, 3 years' strategic plan, and all major changes to the plan. Review the internal audit activity's performance relative to its plan;	Approve the annual audit plan, 3 years' strategic plan, and all major changes to the plan. Review the <b>quarterly</b> internal audit activity's performance relative to its plan;
-	<del>Prepare a report on the Committee's opinion concerning the efficiency of the Internal Control System of the Bank and of other duties falling within the scope of its competencies;</del>	-
3.4.5	Review the effectiveness of the Internal Audit <del>function</del> , including conformance with The Institute of Internal Auditors' (IIA) Definition of Internal Auditing, Code of Ethics and International Standards for Professional Practice of Internal Auditing;	Review the effectiveness of the Internal Audit <b>Group</b> , including conformance with The Institute of Internal Auditors' (IIA) Definition of Internal Auditing, Code of Ethics and International Standards for Professional Practice of Internal Auditing;
3.4.7	<del>Analyze</del> Review the Internal Audit reports and follow up on the implementation of the corrective measures in respect of the remarks made in such reports;	<b>Review</b> the Internal Audit reports and follow up on the implementation of the corrective measures in respect of the remarks made in such reports;
3.4.8	Review with the Chief Audit Executive the internal audit budget, resource plan, and organizational structure of the internal audit <del>function</del> and provide the necessary approvals;	Review with the Chief Audit Executive the internal audit budget, resource plan, and organizational structure of the internal audit <b>group</b> and provide the necessary approvals;
3.5.1	<del>Decide on the appointment and removal of the CCO, recommend &amp; approve his/her</del>	-

	<del>performance, and suggest his/her remuneration;</del>	
3.5.2	Recommend to the BoD the annual SAMA Compliance Report <del>which shall be submitted by end of March of every year;</del>	Recommend to the BoD the annual SAMA Compliance Report;
3.5.3	Review the findings of any examinations by regulatory agencies, and any <del>auditor</del> observations and ensure that BSF has taken the necessary actions in connection therewith;	Review the findings of any examinations by regulatory agencies, and any <b>Compliance</b> observations and ensure that BSF has taken the necessary actions in connection therewith;
3.5.5	Ensure the Bank's compliance with the relevant laws, regulations, policies and instructions;	Ensure, <b>through the quarterly Compliance activities report</b> , the Bank's compliance <b>status</b> with the relevant laws, regulations, policies and instructions <b>including any issues and corrective actions and obtain regular updates from the Chief Compliance Officer regarding material non-compliance issues;</b>
3.5.6	-	<b>Ensure that adequate measurements, policies and procedures are in place in relation to the identification and reporting of suspicious transactions from money laundering perspective;</b>
3.5.7	<del>Develop arrangements that enable the Bank's employees to confidentially provide their remarks in respect of any inaccuracies in the financial or other reports. The Audit Committee shall ensure that such arrangements have been put into action through an adequate independent investigation in respect of the error or inaccuracy, and shall adopt appropriate follow-up procedures. The Committee should ensure maintaining the confidentiality of reporting procedures through facilitating direct contact with an independent member of the Audit Committee or other specialised committees;</del>	<b>Ensure that adequate whistle blowing mechanism is in place to enable Bank's employees to report improper conduct or activities including protection of confidentiality, independent investigation and follow-up as per the requirements of CMA CGR article #84;</b>
3.5.8	Review <del>the proposed</del> Related Party transactions and <del>contracts</del> ensuring that <del>they</del> are recorded and disclosed appropriately, <del>and provide recommendations to the Board in connection therewith;</del>	Review Related Party transactions and ensure that these are recorded and disclosed appropriately;
-	<del>Report to the Board any issues in connection with what it deems necessary</del>	-

	<del>to take action on, and provide recommendations as to the steps that should be taken; and</del>	
-	<del>Obtain regular updates from the Chief Compliance Officer regarding material non-compliance issues;</del>	-
-	<del>Obtain from the Chief Compliance Officer quarterly reports on the Compliance status of the Bank, including any issues and corrective actions;</del>	- Merged with 3.5.5
3.5.9	-	The Chairman and Audit Committee members are required to be made aware of relevant regulations as stated in SAMA Audit Committee Guidelines by Compliance or Internal Audit.
3.5.10	-	Review and recommend to the Board of Directors the Bank's policy on combating financial fraud, developed in line with SAMA Guidelines on Anti-Fraud, and to evaluate its effective implementation on regular basis.
3.5.11	-	Review and approve key recommendations and corrective actions proposed by the Anti-Fraud Function.
3.5.12	-	Ensure that a mechanism is established by Anti-Fraud Function to follow up on the recommendations and corrective measures proposed by the Anti-Fraud Function.
3.5.13	-	Review and discuss significant fraud cases, types of fraud, analysis and statistics on fraud cases and relevant preventive/control measures to be implemented.
3.5.14	-	The Committee authorizes Anti-Fraud Function within the Bank to conduct investigations in matters related to its roles with any of the Bank's employees, at any level, in coordination with the Compliance Committee, and to access all relevant information and documents necessary to achieve the objectives of the investigation, while ensuring confidentiality of such information.
3.8.5	<del>Assess</del> all material litigation <del>and review</del> the status of all significant legal matters. by	Review, on quarterly basis all material litigation the status of all significant legal

	asking Legal Division of the Bank to provide a listing of all legal matters.	matters. by asking Legal Division of the Bank to provide a listing of all legal matters.
4.1.5	The member shall not be from the Bank's staff, customers, agents, external auditor or advisors. Furthermore, a member of the Audit Committee should not have availed any financing facilities (credit card, credit facility, guarantees, etc.) from the Bank in his/her own name or <del>in-concert-with</del> his/her family members (first-degree) of more than 300,000 SAR; and In addition, the members should not have a business relationship with any other members of the Board or senior management.	The member shall not be from the Bank's staff, customers, agents, external auditor or advisors. Furthermore, a member of the Audit Committee should not have availed any financing facilities (credit card, credit facility, guarantees, etc.) from the Bank in his/her own name or with his/her family members (first-degree) of more than 300,000 SAR; and In addition, the members should not have a business relationship with any other members of the Board or senior management.
4.3.2	Chairman of the Committee should be independent from the Executive Management and major shareholders of BSF;	Chairman of the Committee <b>must always be a member of the Board of Directors and</b> should be independent from the Executive Management and major shareholders of BSF;
4.5.5	Preparing the Committee's reporting packs that should be circulated to the Committee members with the meeting's agenda at least <del>five</del> (5) working days prior to the meeting date;	Preparing the Committee's reporting packs that should be circulated to the Committee members with the meeting's agenda at least <b>seven</b> (7) working days prior to the meeting date;
4.5.6	Attending Committee meetings for the objective of preparing the minutes of meeting and circulating the said minutes within a period not exceeding <del>fifteen</del> (15) days to all Committee members for approval;	Attending Committee meetings for the objective of preparing the minutes of meeting and circulating the said minutes within a period not exceeding <b>ten</b> (10) <b>working</b> days to all Committee members for approval;
4.5.7	Documenting and following up on the issues requiring Committee's action as <del>raised</del> in Committee meetings and recorded ion the related meeting action sheet (Appendix A);	Documenting and following up on the issues requiring Committee's action as <b>reported</b> in subsequent Committee meetings and recorded ion the related meeting action sheet (Appendix A);
4.7.2	Committee members who are residents in a city outside the meeting location are entitled to all out of pocket expenses incurred <del>by them</del> to attend the meeting. Such expenses include <del>business</del> class tickets as well as any accommodation and transportation expenses incurred by them otherwise. <del>BSF will arrange for the above;</del> and	Committee members who are residents in a city outside the meeting location are entitled to all out of pocket expenses incurred to attend the meeting. Such expenses include <b>first</b> class tickets as well as any accommodation and transportation expenses incurred by them otherwise; and
4.10.2	<del>The</del> members shall maintain the confidentiality of the Bank trade secrets gained through performing their duties	<b>Committee</b> members shall maintain the confidentiality of the Bank trade secrets gained through performing their duties and



	and shall not publicize confidential information to shareholders as per Control of Insider Information Policy. <del>In such cases,</del> the member shall be dismissed from the Committee and can be held responsible for the financial damages caused by such announcements.	shall not publicize confidential information to shareholders as per <del>the</del> Control of Insider Information Policy. <del>Not conforming to this,</del> the member shall be dismissed from the Committee and can be held responsible for the financial damages caused by such announcements.
5.5.2	An agenda, together with relevant materials relating to <del>the subject matter of</del> each meeting, shall be sent to members of the Committee <del>five (5)</del> working days prior to each meeting.	An agenda, together with relevant materials relating to each meeting, shall be sent to members of the Committee <del>seven (7)</del> working days prior to each meeting.
5.8.1	The deliberations and resolutions of the Committee should be recorded in the minutes of meetings which must be circulated to all Committee members within a maximum period of <del>fifteen (15)</del> days. The Committee members shall approve or provide any comments they may have;	The deliberations and resolutions of the Committee should be recorded in the minutes of meetings which must be circulated to all Committee members within a maximum period of <del>ten (10)</del> working days. The Committee members shall approve or provide any comments they may have. <del>If no response is received from any Committee member within ten (10) business days from the date of circulation, the minutes will be deemed as approved;</del>
5.8.4	The minutes shall be <del>entered into a special register and be kept</del> for a period of no less than ten (10) years.	The <del>approved</del> minutes shall be <del>retained</del> for a period of no less than ten (10) years.
5.9.2	A decision shall be issued if approved in writing by the majority of the Committee members; and	A decision shall be issued if approved in writing ( <del>physically or by email</del> ) by the majority of the Committee members; and
6.3 (b)	Annual report to the General Assembly on the Committee's opinion as to the adequacy of the Bank's Internal control and in respect of any other activity within the Committee's jurisdictions. The Board shall retain sufficient copies of these reports at the Bank's Head Office for shareholders, at least twenty-one (21) days from the date of each General Meeting and the reports shall be read during the meeting;	Annual report to the General Assembly on the Committee's opinion as to the adequacy of the Bank's Internal control <del>environment</del> and in respect of any other activity within the Committee's jurisdictions. The Board shall retain sufficient copies of these reports at the Bank's Head Office for shareholders, at least twenty-one (21) days from the date of each General Meeting and the reports shall be read during the meeting;



Appendix 8.1	Committee Meeting #	Topic	Discussion	Resolution / Required Action	Person Responsible	Targeted Deadline	#	Action Item	Meeting Date	Responsible	Due Date	Status	Comments

البنك  
السعودي  
الفرنسي  
Banque  
Saudi  
Fransi



## Voting on amending Nomination & Remuneration Committee charter

Comparison table: Nomination & Remuneration Committee Charter.

Nomination & Remuneration Committee Charter		
Reference	Current Clause	Clause after proposed changes
	The name of <b>Saudi Arabian Monetary Authority</b> has been changed to <b>Saudi Central bank</b> .	
	The name of <b>Ministry of Commerce and Investment</b> has been changed to <b>Ministry of Commerce</b> .	
3.1.12	Review/recommend the appointment of certain Executive Management positions, in accordance with the approved DoA Manual, whose qualities and qualifications are appropriate for BSF's operations and approve any termination of their services;	Review/recommend/ <b>approve</b> the appointment of certain Executive Management positions, in accordance with the approved DoA Manual, whose qualities and qualifications are appropriate for BSF's operations and approve any termination of their services;
3.1.15	-	<b>Recommend to the Board the nomination of Shariah Committee members; and</b>
3.1.16	-	<b>Recommend to the Board a formal procedure to evaluate the performance of Shariah Committee members based on indicators of competence, knowledge, contribution and effectiveness.</b>
3.2.6	Providing recommendations to the Board in respect of the remunerations of the Board & Board Committees' members, and approving the remuneration of Senior Executives, in accordance with the <b>approved policy</b> ;	Providing recommendations to the Board in respect of the remunerations of the Board & Board Committees' members, and approving the remuneration of Senior Executives, in accordance with the <b>DoA</b> ;
3.2.16	-	<b>Recommend to the Board the appropriate compensation and wages for Shariah Committee members in proportion to the size of their duties and responsibilities and consistent with the relevant instructions of SAMA.</b>
4.3.2	<b>The Chairman of the Committee shall be a Board independent director.</b> The Chairman of the Board cannot be Chairman of the Committee; and	The Chairman of the Board cannot be Chairman of the Committee; and
4.5.6	Attending Committee meetings for the objective of preparing the minutes of meeting and circulating the said minutes within a period not exceeding <b>fifteen (15)</b> business days to all Committee members for approval;	Attending Committee meetings for the objective of preparing the minutes of meeting and circulating the said minutes within a period not exceeding <b>ten (10)</b> business days to all Committee members for approval;

4.7.2	Committee members who are resident in a city outside the meeting location are entitled to all out of pocket expenses incurred by them to attend the meeting. Such expenses include tickets as well as any accommodation and transportation expenses incurred by them otherwise. BSF will arrange for the above.	Committee members who are resident in a city outside the meeting location are entitled to all out of pocket expenses incurred by them to attend the meeting. Such expenses include <a href="#">first class</a> tickets as well as any accommodation and transportation expenses incurred by them otherwise. BSF will arrange for the above.
5.9.1	The deliberations and resolutions of the Committee should be recorded in the minutes of meetings which must be circulated to all Committee members within a maximum period of <del>fifteen</del> (15) business days. The Committee members shall approve or provide any comments they may have;	The deliberations and resolutions of the Committee should be recorded in the minutes of meetings which must be circulated to all Committee members within a maximum period of <a href="#">ten</a> (10) business days. The Committee members shall approve or provide any comments they may have. <a href="#">If no response is received from any Committee member within ten (10) business days from the date of circulation, the minutes will be deemed as approved by such member;</a>
5.10.2	A decision shall be issued if approved in writing by the majority of the Committee members; and	A decision shall be issued if approved in writing ( <a href="#">physically or by email</a> ) by the majority of the Committee members; and



**Business and contracts where the members  
of the Board have direct or indirect interest**



## KPMG Professional Services

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Kingdom of Saudi Arabia  
Headquarter

Commercial Registration No. 10104245494

## كي بي إم جي للاستشارات المهنية

واجهة الرياض، طريق المطار  
صندوق بريد ٩٢٨٧٦  
الرياض ١١٦٦٣  
المملكة العربية السعودية  
المركز الرئيسي

سجل تجاري رقم ١٠١٠٤٢٥٤٩٤

# Independent Limited Assurance Report

## To the Shareholders of Banque Saudi Fransi

Upon request of the management of **Banque Saudi Fransi** (the "Bank"), we have carried out a limited assurance engagement in order to state whether anything has come to our attention that causes us to believe that the subject matter detailed below ("Subject Matter") has not been prepared, in all material respects, in accordance with the applicable criteria ("Applicable Criteria") set out below.

### Subject Matter

The Subject Matter for our limited assurance engagement is related to the Chairman's declaration enclosed in the attached Appendix 1 (the "Declaration") prepared by the management in accordance with the requirements of Article (71) of the Regulations for Companies presented by the Chairman of **Banque Saudi Fransi**, which comprises the transactions carried out by the Bank during the year ended 31 December 2020 in which any of the members of the Board of Directors of the Bank as at 31 December 2020 had a direct or indirect personal interest.

### Applicable Criteria

We have used Article (71) of the Saudi Arabian Regulations for Companies issued by MOCI (1437H - 2015) as the Applicable Criteria.

### Management Responsibility

The management and the Chairman of the Bank are responsible for the preparation and appropriate presentation of the Subject Matter in accordance with the Applicable Criteria. Further, the Bank's management is responsible for establishing and maintaining internal controls relevant to the preparation and presentation of the Subject Matter that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate criteria; maintaining adequate records; and making estimates that are reasonable in the circumstances.

### Our Responsibility

Our responsibility is to express a limited assurance conclusion on the Subject Matter based on our limited assurance engagement conducted in accordance with the International Standard on Assurance Engagements ("ISAE") 3000, "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" as endorsed in the Kingdom of Saudi Arabia; and the terms and conditions for this engagement as agreed with the Bank's management.

Our procedures were designed to obtain a limited level of assurance on which to base our conclusion and, as such, do not provide all of the evidence that would be required to provide a reasonable level of assurance. The procedures performed depend on the assurance practitioner's judgment, including the risk of material misstatement of the Subject Matter, whether due to fraud or error. While we considered the effectiveness of management's internal controls when determining the nature and extent of our procedures, our assurance engagement was not designed to provide assurance on internal controls.

KPMG professional Services, a professional closed joint stock company registered in the Kingdom of Saudi Arabia. With the paid-up capital of (15,000,000) SAR. (Previously known as "KPMG Al Fozan & Partners Certified Public Accountants") A non-partner member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved

كي بي إم جي للاستشارات المهنية شركة مهنية مساهمة مقفلة، مسجلة في المملكة العربية السعودية، رأس مالها (١٥,٠٠٠,٠٠٠) ريال سعودي مدفوع بالكامل، المسماة سابقاً "شركة كي بي إم جي الفوزان وشركاه محاسبون ومراجعون قانونيون". و هي عضو غير شريك في الشبكة العالمية لشركات كي بي إم جي المستقلة والتابعة لـ كي بي إم جي العالمية المحدودة، شركة انجليزية محدودة بضمان. جميع الحقوق محفوظة.

# Independent Limited Assurance Report

To the Shareholders of Banque Saudi Fransi (continued)

## Independence and Quality Controls

We are independent of the Bank in accordance with the professional code of conduct and ethics as endorsed in the Kingdom of Saudi Arabia that are relevant to our assurance engagement, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Our firm applies International Standard on Quality Control 1, and accordingly maintains a comprehensive system of quality control, including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

## Summary of Procedures

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

As part of this limited assurance engagement, we have not performed any procedures by way of audit, review or verification of the Subject Matter, nor of the underlying records or other sources from which the Subject Matter was extracted. Accordingly, we do not express such an opinion.

Our procedures included, but were not limited to:

- Obtaining the Declaration that includes all kinds of business and contracts carried out during the year by any of the members of the Board of Directors ("BoD") of the Bank as at 31 December 2020, either directly or indirectly, in favour of the Bank.
- Reviewing the BoD's minutes of meetings that indicate BoD members' notifications to the BoD on the business and contracts performed by the BoD member (either directly or indirectly); and further that the concerned board member did not vote on the resolution issued in this regard at the meetings of the BoD;
- On a sample basis, obtaining the required approvals along with supporting documents for the transactions included in the Declaration; and
- Ensuring the transaction amounts included in the Declaration agree, where applicable, to the transaction amounts disclosed in note 35 to the audited consolidated financial statements of the Bank for the year ended 31 December 2020.

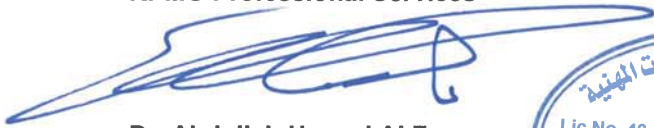
## Limited Assurance Conclusion

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

## Restriction of Use of Our Report

Our report has been prepared upon the request of the Bank's management to be presented to the shareholders in their ordinary general assembly meeting in accordance with the requirements of Article (71) of the Saudi Arabian Regulations for Companies, and should not be used for any other purpose.

## KPMG Professional Services



**Dr. Abdullah Hamad Al Fozan**  
License no. 348

Al Riyadh: 8 April 2021  
Corresponding to: 26 Sha'ban 1442H







Chairman

رئيس مجلس الإدارة

March 29, 2021  
Rajab 16, 2021

Ref: SEG/MGT/17/2021

The shareholders of Banque Saudi Fransi,

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

I confirm that the information mentioned in Appendix (A) contain all business and contracts governed by Article 71 of the Companies Law for the financial year ended 31 December 2020 where the members of the Board of Directors of BSF have direct or indirect interest.

Moreover, significant transactions and balances with related parties of the Bank for the year ended 31 December 2020 have also been disclosed in note 35 of the consolidated financial statements.

Regards,

Mazin Abdulrazzak Al Romaih  
Chairman of the Board





## Appendix A

Mentioned below are the contracts and businesses which were performed in the financial year 2020 without preferential terms where members of the Board of Directors has direct or indirect interest in,

	The nature of business or contract	The amount of business or contract	Start date of the contract	End date of the contract	Contract status	Name of the Board member or any person related to him
1.	Provide GLORY UW-500 ( ABANA Enterprise Group )	27,000.00 per month	01-03-2016	31-05-2020	Expired	Abdulrahman Alrashed's brother Abdulaziz Rashed Al Rashed (Board of Directors member)
2.	TCR integration with BDS ( ABANA Enterprise Group )	2,712,334.00	17-10-2019	31-12-2020	Valid	Abdulrahman Alrashed's brother Abdulaziz Rashed Al Rashed (Board of Directors member)
3.	Telecom Service Provisioning (Mobily Etihad etilsalat)	328,860.00 annually	01-01-2010	31-12-2020	Valid	Bader Alissa's Father. Abdullah Alissa (Board of Directors member)
4.	Telecom Service Provisioning (Mobily Etihad etilsalat)	30,048.00 annually	10-01-2010	31-12-2020	Valid	Bader Alissa's Father. Abdullah Alissa ( Board of Directors member)
5.	Telecom Service Provisioning (Mobily Etihad etilsalat)	39,960.00 annually	30-01-2008	31-12-2020	Valid	Bader Alissa's Father. Abdullah Alissa (Board of Directors member)
6.	Telecom Service Provisioning (Mobily Etihad etilsalat)	345,600.00 annually	28-03-2007	31-12-2020	Valid	Bader Alissa's Father. Abdullah Alissa (Board of Directors member)
7.	Telecom Service Provisioning (Mobily Etihad etilsalat)	265,200.00 annually	31-05-2008	31-12-2020	Valid	Bader Alissa's Father. Abdullah Alissa (Board of Directors member)
8.	Telecom Service Provisioning (Mobily Etihad etilsalat)	1,080,000.00 annually	17-05-2008	31-12-2020	Valid	Bader Alissa's Father. Abdullah Alissa (Board of Directors member)
9.	Telecom Service Provisioning (Mobily Etihad etilsalat)	19,320.00 annually	21-03-2006	31-12-2020	Valid	Bader Alissa's Father. Abdullah Alissa (Board of Directors member)
10.	ATM Site (Jeddah National Hospital)	40,000.00 annually	01-06-2016	31-05-2021	Valid	Khaled Mutabagani (Board of Directors Member)
11.	ATM Site (Jeddah National Hospital)	35,000.00 annually	01-06-2014	31-05-2024	Valid	Khaled Mutabagani (Board of Directors Member)
12.	ATM Site (Panda Retail Company)	43,000.00 annually	01-12-2020	30-11-2021	Valid	Bader Alissa (Board of Directors member)

البنك  
السعودي  
الفرنسي  
Banque  
Saudi  
Fransi



## Financial adequacy report



**Building a better  
working world**

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Registration No. 45/11/323  
C.R. No. 1010383821

Mr. Adel Mallawi  
Acting Chief Financial Officer  
Banque Saudi Fransi  
Head Office  
King Saud Road, Riyadh  
Kingdom of Saudi Arabia

## **REPORT ON AGREED UPON PROCEDURES**

We have performed the procedures agreed with you, enumerated below, with respect to financial adequacy schedule (the "Schedule") attached to Banque Saudi Fransi (the "Bank") and its subsidiaries (collectively referred to as the "Group") related to the Group's compliance with the requirements of Paragraph 3 of Article 12 of the regulatory controls and procedures issued in implementation of the Companies Law for listed joint stock companies promulgated by the Capital Market Authority (the "Authority") Board under Resolution No. (8 - 127 - 2016) dated 16/01/1438H (corresponding to 17/10/2016) based on the Companies Law issued under virtue of Royal Decree No. M/3 on 28/01/1437H (corresponding to 10/03/2015) amended by the Authority Board resolution No. (3 - 57- 2019) dated 15/09/1440H (corresponding to 20/05/2019) for the year ended 31 December 2020. Our engagement was undertaken in accordance with the International Standard on Related Services 4400, "Engagements to Perform Agreed-upon Procedures Regarding Financial Information" endorsed in the Kingdom of Saudi Arabia applicable to agreed-upon procedures engagements.

The procedures were performed solely to assist you in submitting financial adequacy report to the Capital Market Authority and are summarized as follows:

1. We have compared the total assets, total liabilities and total contingent liabilities mentioned in the attached schedule as at 31 December 2020 with the total assets, total liabilities and total contingent liabilities disclosed in the Bank's consolidated financial statements as at 31 December 2020.
2. We have verified the mathematical accuracy of the net assets mentioned in the attached Schedule (representing the balance after deducting total liabilities and total contingent liabilities from total assets) as at 31 December 2020.
3. We have compared the working capital for the years ending 31 December 2021 and 31 December 2022 mentioned in the attached Schedule with the working capital mentioned in the financial plan approved by the management for the years ending 31 December 2021 and 31 December 2022.
4. We have verified the mathematical accuracy of the balance of retained earnings as at 31 December 2020 mentioned in the attached Schedule, after deducting the balance of treasury shares expected to be purchased.



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**Banque Saudi Fransi**

**AGREED UPON PROCEDURES REPORT - (continued)**

We report our findings below:

- With respect to item 1, we found that the total assets, total liabilities and total contingent liabilities mentioned in the attached Schedule as at 31 December 2020 are in agreement with the total assets, total liabilities and total contingent liabilities disclosed in the Bank's consolidated financial statements as at 31 December 2020.
- With respect to item 2, we found that the mathematical accuracy of the net assets mentioned in the attached Schedule (representing the balance after deducting total liabilities and total contingent liabilities from total assets) as at 31 December 2020 to be correct.
- With respect to item 3, we found that the working capital for the years ending 31 December 2021 and 31 December 2022 mentioned in the attached Schedule is in agreement with the working capital mentioned in the management's report for the two years ending 31 December 2021 and 31 December 2022.
- With respect to item 4, we found that the mathematical accuracy of the balance of retained earnings as at 31 December 2020 mentioned in the attached Schedule, after deducting the cost of treasury shares to be correct.

Because the above procedures do not constitute either an audit or a review made in accordance with International Standards on Auditing or International Standards on Review Engagements that are endorsed in the Kingdom of Saudi Arabia, we do not express any assurance on the financial adequacy as at 31 December 2020. Had we performed additional procedures or had we performed an audit or review of the financial statements in accordance with International Standards on Auditing or International Standards on Review Engagements that are endorsed in the Kingdom of Saudi Arabia, other matters might have come to our attention that would have been reported to you.

Our report is solely for the purpose set forth in the first paragraph of this report and for your information and is not to be used for any other purpose or to be distributed to any other parties. This report relates only to the accounts and items specified above and does not extend to any consolidated financial statements of the Group, taken as a whole.

For Ernst & Young & Co

Ahmed I. Reda  
Certified Public Accountant  
License No. 356

Riyadh: 9 Sha'ban 1442H  
22 March 2021





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

**1) Adequacy of working capital**

SAR '000	
The expected date for the completion of the repurchase of treasury shares	Average working capital for a period of 12 months after the completion date of the Treasury Shares repurchase
After the beginning of June 2021	3,743,219

**2) Summary of assets and liabilities, including contingent liabilities**

As of December 31, 2020, based on the latest audited consolidated financial statements

SAR '000					
Assets	Liabilities	Commitments and contingencies	Net Assets	Estimated cost of purchasing treasury shares for the year 2021	Surplus assets
A	B	C	D = A - B - C	E	F = D - E
194,073,584	155,437,639	33,498,782	5,137,163	60,000	5,077,163

**3) Treasury Shares**

As of December 31, 2020, based on the latest audited consolidated financial statements

SAR '000		
Value of treasury shares held (*)	Retained Earnings	Excess retained earnings
A	B	C = B - A
170,929	7,433,263	7,262,334

\*The number of shares expected to be repurchased is a maximum of 3,000,000 shares

For the Saudi Fransi Bank

Adel Mallawi  
Acting Chief Financial Officer