

Policy of Rules and Regulations for Nomination and hiring for the Board of Directors Members and its Committees

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1. Introduction

Bank Albilad and its Board of Directors, by setting a policy of rules and regulations for nomination and hiring to the Board of Directors and its committees, seek to ensure the business continuity and effectiveness as well as the development and sustainability of its role through managing and adopting several strategies; Importantly, the plans and programs prepared for nomination, hiring, and replacement of its cadres for members of the Board of Directors in general and its committees in particular. This is to be done in accordance with the best practices, applications and experiences, in a manner that ensures the availability of competent, qualified and appropriate member necessary for enabling both the Board and its committees to exercise their duties and responsibilities efficiently and effectively. Also, the process of setting rules and regulations for nomination and hiring ensures that members are acquainted with and abide by all relevant laws, regulations, rules, policies and procedures of the Bank, and know their rights and obligations, as well as the conditions and requirements to be met by the member or nominee, as explained in this policy and relevant documents.

2. Policy Objectives:

This policy aims at:

- Determining the mechanisms, standards, procedures, and regulations used to nominate and hire members of the bank's Board of Directors and its committees.
- Ensuring that the largest possible number of competent, qualified, and experienced persons to have the opportunity to participate in the membership of the Bank's Board of Directors and its committees.
- Emphasizing on applying the principles of justice, transparency, and equality in the processes of nomination and hiring to the Board of Directors and its committees.
- Emphasizing on the acknowledgment of the nominee/ appointee to the Board of Directors and its committees to abide by all the regulations, rules and obligations determined by the bank or imposed by the regulatory authorities.

3. Policy relevance to other policies and documents:

This policy relates to and integrates with other policies and documents related to the nomination, hiring and replacement processes for the members of the Board of Directors and its committees, such as the replacement policy for the members of the Board of Directors and its committees approved by the General Assembly on 8-5-2017 AD, the Governance Guide (especially the part related to the governance of the Board of Directors), and the Guide for Shareholders Accredited by the Board of Directors at its sixty-eighth meeting, dated 18-9-2017 AD, and others. Also, the policy related to the remuneration of the members of the Board and its committees, in accordance with the provisions relevant to the Companies Law and its regulations, the updated Corporate Governance Regulation of the Capital Market Authority, and the main principles of governance in Financial institutions subject to the supervision of the Saudi Central Bank, and any subsequent updates and amendments thereto.

4. Mechanisms and procedures of nomination for membership of the Board of Directors.

a. Announcing the opening of nomination candidacy

- i. Under the supervision of the Nomination and Remuneration Committee, the Bank announces, on the Saudi Stock Exchange (Tadawul) website and on the Bank's website, the opening of candidacy for the membership of the Board of Directors for the new Board term (three years), or as required by the Bank, for those who meet the required membership conditions such as Academic qualification, years of practical experience, required disciplines, and other conditions. And in accordance with the terms, conditions, regulations, and requirements contained in the Companies Law and its regulations, the updated Corporate Governance Regulation issued by the Capital Market Authority, the instruction of the Saudi Central Bank, and other regulations and issues of regulatory authorities and in accordance with the bank's corporate governance manual and documents.
- ii. The announcement shall specify the start and end date of the nomination period, and it shall not be less than one month.

b. Requirements and forms of nomination:

Anyone who finds him/herself able or eligible to run for candidacy and who fulfills the terms, conditions, and regulations set forth in the announcement, and thus wishes to run for candidacy, shall abide by the following actions or procedures:

- i. Submitting a written request signed by him/her, to Investor Relations Department of the bank, specifying his explicit desire to run for candidacy for membership, provided that a brief description of him/herself, his curriculum vitae, his academic qualifications and practical experience in the field of banking business or the required specialization is to be included or attached to such a request.
- ii. Filling out the "Fit and Proper" form of the Saudi Central Bank, which can be obtained from the website of the Saudi Central Bank, or the head office of the bank.
- iii. **Filling out Form No. (3)** of the Capital Market Authority, which can be obtained from the website of the Capital Market Authority, or the bank's head office, as well as other forms, declarations and disclosures approved by the Bank.
- iv. **Submitting a statement by the nominee specifying his/her memberships in the boards of directors of joint stock companies and the committees that the nominee has took over/is still taking over, provided that it states the following:**
 1. Dates of taking over membership and its expiration or termination.
 2. Number of Board meetings held during each year of the Board's term during which he was a member, the actual number of meetings he attended in person at that term, and the ratio of his attendance to the total number of meetings.
 3. Number of meetings held for each of the committees in which the nominee participated during each year of the committee's term, the actual number of meetings he attended during that term, and the ratio of his attendance to the total number of meetings.
 4. In the event that the nominee has previously served as a member of the bank's Board

of Directors, he shall attach to the candidacy application a statement from the bank's general secretariat on the last term during which he took over the membership of the Board or one of its committees, including the aforementioned information in the previous two paragraphs.

- v. Providing a clear copy of the valid national identity card, family record and the nominee's contact numbers, including, at least, the nominee's residential address, mobile phone number, telephone number, and e-mail address.
- vi. Providing a list of the companies or institutions that the nominee is jointly managing or owning which involve in business similar to the Bank's business or have contracts or joint interests with the Bank.
- vii. In the event of being elected to the Board of Directors, the nominee shall abide by submitting the required disclosures in accordance with the policy of conflict of interests of members of the Board of Directors and members of the committees emanating from the Board.
- viii. Filling out the form(s) related to independence and fulfillment of membership conditions approved by the bank, in which, for example, a clarification of any kinship or other relationship to major shareholders, or to the Bank's external auditors, and a statement of existing contracts and deals with the Bank in which the nominee has a direct or indirect interest, are required.
- ix. Any additional forms, requirements or documents determined by the regulatory or supervisory authorities.

5. Procedures and controls regulations for shareholder's nomination of others for membership of the Board of Directors.:

In case any of the shareholders wishes to nominate others for the membership of the Bank's Board of Directors, he/her shall provide a letter or request to Investor Relations Department during the nomination period in which he/her specifies and attaches the following:

- a. His/her name (the shareholder), the name and address of the nominee the shareholder wishes to nominate for membership of the Board.
- b. A declaration by the nominated shareholder that he/she is a shareholder in the company and has the right to vote in the meetings of the General Assembly, and that he/she will attend the meeting in person or delegate other person to attend the meeting, to nominate the nominee mentioned in the notification.
- c. Any other information about each person nominated by a shareholder that shall be included in the power of attorney according to the approved and enforced terms and conditions of the power of attorney.
- d. Consent of the nominee to act as an independent member of the Board of Directors of the Bank when elected.

6. Procedures for screening and sorting papers and selecting/identifying nominees.:

- a. The Investor Relations Department of the Bank collects all nomination applications submitted along with their attachments of necessary documents, provided that they are to be sent within two working days from the closing of the nomination to the Nomination and Remuneration Committee of the Bank.

b. The Nomination and Remuneration Committee reviews, examines and sorts nomination applications and their attachments as well as nomination requirements, and then selects/identifies the nominees who meet the conditions, requirements and criteria, in accordance with this policy, including not having previously been convicted of a crime against honor and honesty, and through relevant official documents. **The Committee then submits its recommendations in this regard to the Board of Directors.**

c. The Committee shall ensure that the number of independent nominees meets the mandatory number of independent members required for the formation of the Board. This requires not to nominate a non-independent member in the event that this results in lacking the mandatory minimum number of independent members required by the Board in accordance with relevant mandatory laws, regulations and controls, and in accordance with the definition of independent member and the definition and identification of cases and issues affecting independence contained therein, particularly the updated Corporate Governance Regulation of the Capital Market Authority, and the Principles of Corporate Governance for Banks Operating in Saudi Arabia issued by the Saudi Central Bank.

d. In case that the nominee meets necessary requirements as mentioned above, the Investor Relations Department of the Bank shall, after obtaining the no-objection of the Saudi Central Bank and other regulatory authorities, announce, on the Tadawul website, the information of the nominees for membership of the Board of Directors at least twenty-one days prior to the date of the General Assembly convention.

e. The Committee shall ensure the retainment of the applications rejected for failure to meet the necessary requirements within the specified time, or failure to meet any of the mandatory conditions and requirements mentioned or referred to in this policy.

f. Voting in the General Assembly is limited to the nominees whose nomination has been approved by the Board of Directors after fulfilling the requirements for nomination as stated in this policy, including obtaining a no-objection from the Saudi Central Bank and other relevant regulatory authorities.

- g. Voting is to be carried out using cumulative voting method.
- h. The Investor Relations Department of the Bank shall announce the results of the Ordinary General Assembly and the names of the elected board members on the Tadawul website, in accordance with the dates and procedures specified thereto.
- i. The Saudi Central Bank, the Capital Market Authority and the Ministry of Commerce shall be notified of the names of the elected board members within five working days from the date of their election, and of any changes occurring to their membership within five working days from the date of such changes.

7. Voting Mechanism and Selection of Elected Members in the General Assembly

When counting votes and determining the elected members of the Board by the General Assembly, it is essential to ensure compliance with the mandatory requirement of having a minimum number of independent members to constitute the Board. This entails refraining from selecting non-independent members, even if they receive more votes or achieve a higher ranking, if doing so would result in failing to meet the minimum required number of independent members as stipulated by the applicable regulations, rules, and controls. Accordingly, the minimum threshold of independent members (4 independent members) must be met, even if their vote count is lower and their ranking is less favorable than that of other non-independent members, **in accordance with the mechanism approved by the Bank.**

8. Member's commitment to contractual terms and conditions:

Each elected/appointed member, upon applying for candidacy and joining the Board or any of its committees, shall be deemed to have acknowledged and pledged to abide by the rules, provisions, conditions and general and contractual obligations between the member and the Bank, which shall include, at a minimum, the following:

- a. Being The member acknowledges and commits to adhering to all relevant laws, regulations, rules, and instructions, such as the Companies Law and its regulations, the Capital Market Law and its regulations, and publications by the Capital Market Authority,

including the Corporate Governance Regulations, the Regulatory and Procedural Rules for the Companies Law, the Rules on the Offer of Securities and Continuing Obligations, among others. This also includes the Banking Control Law and its regulations, the Central Bank Law, the Anti-Money Laundering Law, the Law on Combating Terrorism and its Financing, along with their respective regulations, and any other related laws, regulations, and instructions.

Additionally, the member is required to comply with publications by the Saudi Central Bank, such as the Principles of Governance in Financial Institutions and the Requirements for Appointment to Leadership Positions in Financial Institutions Supervised by the Saudi Central Bank, among others. Furthermore, the member must review and adhere to the bank's relevant policies and documents, including the bank's Articles of Association, governance manuals, policies, and related documents such as the Governance Guide and its appendix, policies on managing conflicts of interest, related party transactions, disclosure, handling gifts, and policies and controls related to confidentiality and the management, handling, and protection of information and data. The member also commits to complying with the rules governing the operations of the Board of Directors and its committees, understanding and agreeing to their terms, duties, tasks, and responsibilities, and executing them accordingly. This includes providing the necessary declarations, disclosures, and reports **within the required timeframes, adhering to any updates in this regard**, maintaining the confidentiality of information accessed, and refraining from any actions or omissions that may violate these rules and provisions.

9. Approval, of issuing, developing and amending the policy:

The issuance and update/amendment of this policy is to be approved by the General Assembly upon the recommendation of the Board of Directors based on the recommendation of the Nomination and Remuneration Committee

10. General and final rules:

1. The terms and conditions governing the nomination, appointment, termination, or cessation of membership, as well as other related matters, shall be implemented in accordance with this policy and in alignment with the relevant provisions outlined in the Bank's Governance Manual, the Shareholders' Guide (published on the Bank's website), and **the Board and Committees Succession Policy** approved by the General Assembly. These shall also adhere to the relevant provisions of the Nomination and Remuneration Committee Charter, the Bank's Articles of Association, and the member remuneration policy. All these provisions shall be applied in compliance with the Companies Law and its implementing regulations, the updated Corporate Governance Regulations issued by the Capital Market Authority, the Principles of Governance for Financial Institutions, and any related updates, amendments, or subsequent issuances.

2. The provisions of this policy reflect the binding laws, regulations, rules, and directives issued by the relevant regulatory authorities in force at the time of their issuance. In the event of amendments or discrepancies arising from such provisions, the Bank will adhere to the updated and binding requirements within the specified compliance timeframe. The rules and provisions of this policy shall be updated or amended immediately based on such changes, subject to the approval of the Board of Director.