

Shareholders Guide

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General Secretariat and Governance - Shareholders Guide - Fifth Update (Sixth Edition) The result of the periodic review was approved by the Board of Directors by Resolution No. (QF-9(D) - 05/2024/BOD) dated 05/09/2024.

1- Introduction

1. Introduction:

Bank Albilad's governance framework emphasizes the protection of shareholders' rights guaranteed by the laws and regulations, and encourages positive cooperation between the Bank and shareholders with the aim of creating a successful and viable financial entity.

The relationship of trust between the Bank and its shareholders is based on the principles of transparency, credibility, justice and equality, and transparency is an important element to enhance the Bank's effectiveness because it allows the Board of Directors to act at the required speed when necessary.

This guide has been prepared to guide the shareholder to his most important rights and duties in accordance with what is contained in the relevant laws and regulations such as the Companies Law and its Executive Regulations for Listed Joint Stock Companies, the Corporate Governance Regulations, and best practices, and therefore refer to these documents for more details.

2- Shareholders' Rights

2- Shareholders' Rights:

2.1 General Shareholders' Rights:

The Bank shall ensure the following:

- 2.1.1 Treat all shareholders equally in relation to all rights associated with such shares.
- 2.1.2 Protecting the rights of shareholders to ensure justice and equality among them.
- 2.1.3 Not to discriminate between shareholders of the same share class and not to withhold any right from them.
- 2.1.4 The Bank's Articles of Association and its bylaws and internal policies have the necessary controls and procedures to ensure the exercise of all shareholders' rights, including:
 - 2.1.4.1 Obtaining a share of the profits to be distributed in cash or by issuing shares.
 - 2.1.4.2 Obtaining a share of the bank's assets upon liquidation.
 - 2.1.4.3 Attend the general and private shareholders' assemblies, participate in their deliberations and vote on their resolutions.
 - 2.1.4.4 Dispose of the shares in their possession in accordance with the provisions of the Law.
 - 2.1.4.5 Monitor the performance of the Bank and the work of the Board of Directors.
 - 2.1.4.6 Holding the members of the Board of Directors accountable and filing a liability lawsuit against them, and challenging the invalidity of the resolutions of the General Assemblies in accordance with the conditions and restrictions contained in the rules and regulations of the Bank's articles of association.
 - 2.1.4.7 Inquiring and requesting information in a manner that does not harm the interests of the Bank and does not conflict with the governing laws, regulations and controls, especially the Capital Market Law and their implementing regulations.

- 2.1.4.8 Priority to subscribe to new shares issued by the bank in return for cash shares, unless otherwise stipulated in the articles of association.
- 2.1.4.9 Request to view a copy of the Bank's Articles of Association unless the Bank publishes it on its website and on the website of the Saudi Stock Exchange (Saudi Exchange).

2.2 Candidacy for membership of the Board of Directors:

- 2.2.1 Each shareholder has the right to nominate himself for membership of the Board of Directors whenever he meets the conditions for nomination, or to nominate one or more other persons, within the limits of his ownership percentage in the capital shares.
- 2.2.2 Each shareholder in the General Assembly of the Bank has the right to inquire about the qualifications, experience and capabilities of the members of the Board of Directors, and to discuss the size of the remuneration and financial incentives received by the members of the Board of Directors and senior executives.
- 2.2.3 Each shareholder has the right to submit any inquiry to the Board regarding any unprofessional practices and obtain a report thereon.

2.3 Communication with shareholders:

- 2.3.1 The Board of Directors affirms its permanent commitment to providing adequate, accurate and up-to-date information to enable the shareholder to exercise his rights to the fullest, and this information is provided in a timely manner through several channels of communication, the most important of which are: Publishing on the Bank's website and the Bank's profile on the Saudi Stock Exchange website (Saudi Exchange) or through communication channels with the management of Investor Relations at the General Secretariat of the Bank Through these channels, information can be obtained through approved sources.
- 2.3.2 The Bank ensures that its website includes an investor relations icon to publish all publishable information related to shareholders including notification of the dates of the General Assembly meetings, and the minutes of the Ordinary and Extraordinary General Assemblies.

- 2.3.3 The Board of Directors shall ensure effective communication between the Bank and shareholders based on a common understanding of the Bank's objectives, strategy and interests.
- 2.3.4 The Chairman and CEO shall inform the rest of the members of the Board of Directors of the opinions of the shareholders and discuss them with them.
- 2.3.5 In its annual report, the Board of Directors shall include the measures taken to inform its members, especially its non-executive and independent members, of the suggestions and observations of shareholders regarding the Bank's performance.
- 2.3.6 No shareholder may interfere in the work of the Board of Directors and the work of the executive management of the Bank unless he is a member of the Board of Directors or its executive management, or his intervention is through the ordinary or extraordinary general assembly in accordance with its terms of reference or within the limits and conditions permitted by the Board of Directors and in accordance with the Law.
- 2.3.7 The Investor Relations Department at the General Secretariat of the Bank is responsible for communicating with shareholders, in all available ways.

2.4 Shareholders' Rights Related to General Assemblies:

- 2.4.1 The General Assembly of Shareholders shall be the supreme authority of the Bank competent in all its affairs, and the General Assembly convened in accordance with the statutory procedures shall represent all shareholders and exercise their competencies related to the Bank, and shall exercise its role in accordance with the provisions of the Law and Regulations, the Corporate Governance Regulations, the Bank's Articles of Association, and the specific competencies of the General Assembly, whether it is an ordinary or extraordinary general assembly.

2.4.2 The General Assembly of Shareholders shall convene at least once a year during the six months following the end of the Bank's financial year, in accordance with the conditions stipulated in the Companies Law and its Implementing Regulations, the Corporate Governance Regulations and the Bank's Articles of Association.

2.4.3 The General Assembly shall be chaired by the Chairman of the Board of Directors or his deputy in his absence, or whoever the Board of Directors delegates from among its members in the absence of the Chairman and Vice-Chairman of the Board of Directors.

2.4.4 Rights associated with the convening of the General Assembly:

The Board of Directors shall convene the General Assembly within thirty days from the date of the request of the Saudi Central Bank, the auditors, the Audit Committee, or one or more shareholders representing at least ten percent (10%) of the Bank's shares that have voting rights, and the auditor may invite the Ordinary Assembly to convene if the Board does not issue the invitation within thirty days from the date of the auditor's request, and the request referred to in this paragraph must indicate the items required to be voted on by the shareholders. It may By a resolution of the competent authority, invite the ordinary general assembly to convene, if the board does not convene the general assembly within thirty days from the date of the request of the auditor, the audit committee, or one or more shareholders representing (10%) ten percent of the bank's shares that have voting rights, in addition to the cases specified in the articles and articles of association, in accordance with the specified controls.

2.4.5 Right to information, discussion and voting:

2.4.5.1 The invitation to convene the General Assembly must be published on the website of the Saudi Stock Exchange (Saudi Exchange) and the website of the bank after obtaining the approval of the Capital Market Authority, and the date, place and agenda of the General Assembly must be announced at least twenty-one days before the date, and the invitation includes the agenda and

a copy of the invitation and agenda shall be sent to the Saudi Central Bank, the Commercial Register as well as a copy to the Capital Market Authority on the date of announcing the invitation.

- 2.4.5.2 The Board of Directors shall work to facilitate the participation of the largest number of shareholders in the General Assembly meeting, including choosing the appropriate place and time for the General Assembly meeting and announcing at the specified time the schedule, location and timing of the meeting, and a list of the names of the shareholders present and represented shall be drawn up at the time of the General Assembly, indicating the number of shares in their possession in person or by proxy and the number of votes allocated to them, and every interested party shall have the right to view this list.
- 2.4.5.3 Shareholders must be provided with sufficient information prior to the date set for their meeting to enable them to take their decision, including the date, location and agenda of the General Assembly, in addition to complete and timely information regarding the topics to be discussed during the General Assembly meeting.
- 2.4.5.4 Upon publication of the invitation to the General Assembly, shareholders shall be able to obtain the annexes to the agenda of the General Assembly, in particular the report of the Board of Directors, the auditor, the financial statements and the report of the Audit Committee of the General Assembly, in order to enable them to view them to take an informed decision thereon. The Bank shall update this information in the event of amendment to the agenda of the General Assembly.
- 2.4.5.5 Shareholders must have the opportunity to participate effectively and vote in the meetings of the General Assembly, and the meetings of the general assemblies of shareholders may be held, the shareholder may participate in their deliberations and vote on their decisions by means of modern technology, and in all cases automatic voting must be made available to shareholders in accordance with the Executive Regulations of the Companies Law for listed joint stock companies.
- 2.4.5.6 Each shareholder has the right to discuss the topics included in the agenda of the General Assembly, direct questions thereon to the members of the Board of Directors and the auditor, and allow sufficient time for discussion, and the Board of Directors or the auditor shall answer the questions of the shareholders to the extent that does not expose the interest of the Bank to

damage, and if the shareholder deems that the response to his question is insufficient, he shall appeal to the Assembly and its decision in this regard shall be effective and final.

- 2.4.5.7 The chairmen of the Board of Directors committees or their members must attend the general assemblies to answer the shareholders' questions.
- 2.4.5.8 Each shareholder has the right to attend the General Assembly and the shareholder may appoint another person to attend the General Assembly, other than members of the Board of Directors, employees of the Bank or those assigned to carry out a permanent technical or administrative work affiliated to it.
- 2.4.5.9 When preparing the agenda of the General Assembly meeting, the Board shall take into account the topics that the shareholders wish to include. One or more shareholders representing **ten percent (10%)** of the Bank's voting rights may add one or more topics to the agenda of the General Assembly when it is prepared, provided that Singling out each of the topics on the agenda of the General Assembly in a separate item, not combining substantially different topics under one item, and not including works and contracts in which the members of the Board have a direct or indirect interest and that are outside the scope of the mandate granted to the Board of Directors within one item.
- 2.4.5.10 Shareholder voting must be obtained on each item separately.
- 2.4.5.11 The competent authorities such as the Capital Market Authority and the Saudi Central Bank may add the topics they deem appropriate to the agenda of the General Assembly.
- 2.4.5.12 The Bank may amend the agenda of the General Assembly during the period between the publication of the aforementioned announcement and the date of the General Assembly, provided that the Bank announces this in accordance with the conditions prescribed for this in the aforementioned Corporate Governance Regulations.

2.4.5.13 The Chairman of the Shareholders' Assembly shall provide shareholders with the opportunity to participate effectively and vote in the meetings of the General Assembly, and they shall be informed of the rules governing the work of such meetings and the voting procedures.

In the event that the General Assembly approves a resolution voted by a large number of shareholders - at the discretion of the Board of Directors - against it, the Board shall, upon announcing the results of the General Assembly, indicate the measures it will take to determine the reasons for voting against the resolution.

2.4.5.14 Shareholders shall have the right to obtain information related to the Bank through the audited financial statements, the Board of Directors' report and the auditor's report, which can be obtained through the Bank's website or the Saudi Stock Exchange (Saudi Exchange).

2.5 Quorum for the General Assembly of Shareholders:

2.5.1 Quorum of Ordinary Assemblies:

2.5.1.1 The Ordinary General Assembly Meeting shall be valid if attended by shareholders representing at least one quarter of the Bank' s capital.

2.5.1.2 The second meeting shall be held one hour after the end of the period specified for the first meeting, if the quorum described in the preceding paragraph is not available in the first meeting, provided that the invitation to hold the first meeting includes an announcement of the possibility of holding this meeting, and the second meeting shall be considered valid regardless of the number of shares represented in it.

2.5.2 Quorum for Extraordinary Assemblies:

- 2.5.2.1 The extraordinary general assembly meeting shall be valid if attended by shareholders representing at least half of the Bank's capital, and such invitation shall be announced in the manner provided for in Article (29) of the Bank's Articles of Association.
- 2.5.2.2 The second meeting shall be held one hour after the end of the period specified for the first meeting, if the quorum described in the preceding paragraph is not available in the first meeting, provided that the invitation to hold the first meeting includes an announcement of the possibility of holding this meeting, and the second meeting shall be considered valid if attended by a number of shareholders representing at least (1/4) quarter of the capital.
- 2.5.2.3 If the necessary quorum is not available at the second meeting, an invitation shall be issued to a third meeting to be held in the same conditions stipulated in Article (29) of the Articles of Association, and the third meeting shall be valid regardless of the number of shares represented therein, subject to the approval of the competent authorities.
- 2.5.2.4 Shareholders are allowed to vote in person, proxy or electronic voting, and the same weight is given to votes, whether authentic, proxy or remote electronic voting.
- 2.5.2.5 The resolutions of the Ordinary General Assembly of the shareholders shall be issued by a majority of the shares represented at the meeting, while the resolutions of the Extraordinary General Assembly of the shareholders shall be issued by a two-thirds (2/3) majority of the shares represented at the meeting, unless the resolution is related to increasing or decreasing the capital, prolonging the term of the bank, dissolving it before the period specified in its Articles of Association, or merging it into another bank, the resolution shall not be valid unless it is issued by a majority of three quarters (3/4) of the shares represented at the meeting and the prior approval of the supervisory authorities.

2.6 Methods of voting in the meetings of shareholders' assemblies:

- 2.6.1 Voting is an inherent fundamental right of the shareholder, and the bank must provide the opportunity to vote for all shareholders without discrimination and inform them of all the rules governing its procedures with information on the right to

vote regularly, and avoid putting any procedure that hinders the use of this right, including imposing financial compensation to attend assemblies or vote on their resolutions.

- 2.6.2 The Bank applies the cumulative voting method when selecting the members of the Board of Directors in the General Assembly, and this method gives each shareholder voting power by the number of shares he owns, so that he has the right to vote for one candidate or divide it among the candidates he chooses without any repetition of these votes, and this method increases the chances of minority shareholders obtaining representation on the Board of Directors through cumulative votes for one candidate.

2.7 Outcome of the General Assembly:

- 2.7.1 A minutes shall be drawn up at the meeting of the General Assembly that includes the number of shareholders present or represented, including electronic voting, the number of shares held by them in person or by proxy, the number of prescribed votes taken, the number of votes approved or disagreed with, and a compendium of the discussions that took place at the meeting, and the minutes shall be recorded regularly after each meeting in a special register signed by the Chairman and Secretary of the Assembly.
- 2.7.2 Shareholders can view the minutes of the General Assembly meeting by visiting the Bank's website, and the Saudi Central Bank, the Ministry of Commerce and the Capital Market Authority shall be provided with a copy of the minutes of the meeting within ten days from the date of its convening.
- 2.7.3 The results of the General Assembly meeting shall be announced to the public and notified to the Authority and the Market immediately upon its completion, in accordance with the controls determined by the Authority.

3. Shareholders' rights associated with the share

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3. Shareholders' Rights Related to the Shares:

3.1 Shareholders' Rights in Dividends:

- 3.1.1 The shareholder shall be entitled to his share in the profits in accordance with the resolution of the General Assembly issued regarding the distribution of profits to shareholders, or the resolution of the Board of Directors to distribute interim dividends, and the resolution shall indicate the maturity date and the date of distribution, provided that the resolution shall be implemented in accordance with what is stipulated in the Executive Bylaws of the Companies Law for Listed Joint Stock Companies. (In accordance with Article (9) of the updated Corporate Governance Regulations).
- 3.1.2 Subject to the provisions of paragraph (3.1.7), the Bank may distribute interim dividends to shareholders on a semi-annual or quarterly basis, in accordance with the Executive Regulations of the Companies Law for Listed Joint Stock Companies and the instructions of the relevant regulatory authorities.
- 3.1.3 The Board of Directors shall implement the resolution of the General Assembly regarding the distribution of dividends to the registered shareholders within fifteen (15) days from the date of maturity of such dividends specified in the resolution of the General Assembly or in the resolution of the Board of Directors to distribute interim dividends.
- 3.1.4 Bonus shares are issued after approval by the Extraordinary General Assembly based on the recommendations of the Board of Directors.
- 3.1.5 The Board of Directors shall establish a clear policy regarding the distribution of dividends in order to achieve the interests of the shareholders and the Bank in accordance with the Bank's Articles of Association.
- 3.1.6 The Bank's annual net profits determined by the General Assembly shall be distributed after deducting all general expenses and other costs, and the necessary reserves shall be formed to meet doubtful debts, investment losses and contingent liabilities that the Board of Directors deems necessary in accordance with the provisions of the Banking Control Law and the directives of the Saudi Central Bank as follows:

- 3.1.6.1 The amounts required to pay the Zakat prescribed by the shareholders shall be calculated, and the bank shall pay these amounts to the competent authorities.
- 3.1.6.2 At least twenty-five percent (25%) of the remaining net profits after deducting zakat shall be carried forward to the statutory reserve until the said reserve becomes at least equal to the paid-up capital.
- 3.1.6.3 An amount of not less than five percent (5%) of the paid-up capital shall be allocated from the remainder of the profits after deducting the statutory reserve and zakat, as proposed by the Board of Directors and decided by the General Assembly. If the remaining percentage of the profits due to the shareholders is not sufficient to pay this percentage, the shareholders may not demand payment in the following year or years, and the General Assembly may not decide to distribute a percentage of the profits in excess of what was proposed by the Board of Directors.
- 3.1.6.4 The remainder shall be used after the allocation of the amounts mentioned in paragraphs (1, 2, 3) of this item as proposed by the Board of Directors and decided by the General Assembly.
- 3.1.7 Subject to the provisions of paragraph (1) of this Article, the Bank may distribute interim dividends to shareholders on a semi-annual or quarterly basis, subject to fulfilling the following requirements:
- 3.1.7.1 The Ordinary General Assembly shall authorize the Board to distribute interim dividends by virtue of a resolution renewed annually.
- 3.1.7.2 The bank should be profitable and regular.
- 3.1.7.3 The Bank has reasonable liquidity and is reasonably able to predict the level of its profits.
- 3.1.7.4 The Bank shall have dividends distributable in accordance with the latest audited financial statements, sufficient to cover the profits proposed to be distributed, after deducting the dividends that have been distributed and capitalized after the date of these Financial statements.

4. Shareholders' Rights Related to Disclosure:
5. Shareholders' Rights Related to Filing a Liability Claim:

4. Shareholders' Rights Related to Disclosure:

- 4.1 Disclosure to shareholders should be without discrimination, clearly, correctly and non-misleading, timely, regularly and accurately, and by the most effective means of communication, in order to enable shareholders and stakeholders to exercise their rights to the fullest.
- 4.2 The Bank shall inform the Capital Market Authority and the public without delay of any material developments that fall within the framework of its activity and whose knowledge is not available to the general public and may affect its assets and liabilities, its financial position, the general course of its business or its subsidiaries, and may reasonably lead to a change in the price of the Security or significantly affect the Bank's ability to meet its obligations related to debt instruments.
- 4.3 The Bank shall disclose its annual financial statements and interim financial statements for the first, second and third quarters of the Bank's fiscal year to the Authority and the public in accordance with the relevant regulations and instructions.

5. Shareholders' Rights Related to Filing a Liability Claim:

The shareholder may file his personal claim against the members of the Board of Directors if the mistake made by them would cause his own damage. In accordance with the relevant regulatory rules and provisions.

6. General Provisions:
7. Development and modification of the manual:
8. Final Provisions and Accreditation:

6- General Provisions:

The terms of this guide reflect the laws, regulations, rules and controls issued by the binding regulatory authorities in force upon their issuance or amendment, and in the event of any amendments or the emergence of a difference between them, the new and binding provisions shall be adhered to within the specified dates for complying with it, and it shall be updated accordingly.

7- Development and modification of the manual:

- 7.1 This guide falls under the governance framework of the Bank, which is approved by the Board of Directors and is available to all shareholders.
- 7.2 This guide and any amendments thereto shall be approved by the Board of Directors and reviewed periodically in accordance with the requirements of the Companies Law, its regulations, the issuances of the Saudi Central Bank, the Capital Market Authority and other relevant and in accordance with best practices.

8. Final Provisions and Accreditation:

- 8.1 The Shareholders' Guide was issued in Arabic.
- 8.2 The shareholder guide is reviewed and updated periodically every year or whenever needed.
- 8.3 The First Issue Shareholders Guide was approved by the Board of Directors on 10/05/2010.
- 8.4 The Shareholders' Guide was updated and approved in Arabic by the Board of Directors in its sixty-second meeting held on 05/09/2016.
- 8.5 The Shareholders' Guide was updated and approved in Arabic by the Board of Directors in its sixty-eighth meeting held on 18/09/2017.
- 8.6 The Shareholders' Guide was updated and approved in Arabic by the Board of Directors at its seventy-fifth meeting held on 17/09/2018.
- 8.7 The Shareholders' Guide was updated and approved by Board of Directors Resolution No. (QF-7(E) - 09/2021/BOD issued in its meeting No. 09/2021 on 13/12/2021, based on the recommendation of the Compliance and Governance Committee and amendments to the Shareholder Guide to comply with the governing laws and regulations.

- 8.8 The periodic review and updating of the Shareholders' Guide was approved by Board of Directors Resolution No. (BC-9(D) - 05/2024/BOD) dated 05/09/2024, based on the recommendation of the Compliance and Governance Committee and the amendments to the Shareholder Guide to comply with the governing laws and regulations.
- 8.9 The date of the next periodic review of the manual is the third quarter of 2026 AD or whenever necessary, whichever is earlier.