

# Audit Committee Charter

Audit Committee Charter approved by the General Assembly on 11 April 2022 AD

## 1.4 Audit Committee Charter

### 1.4.1 Committee Structure and the Considerations of its Formation:

1.4.1.1 The Audit Committee shall be formed by a resolution from the Ordinary General Assembly of the Bank based on a proposal from the Board of Directors. It shall consist of three independent members, provided that none of them shall have any fiduciary relationship with the Bank in his/her name or in the name of one of his/her relatives or in any capacity with the Bank or its Board of Directors or its executive employees. One of the members must be from the board members and shall be appointed as the Chairman of the Committee and two external members who have the appropriate scientific qualifications and professional experiences required in the Committee member as well as the requirements and conditions for appointment stipulated in this Regulation and the policies and mechanisms of appointment and replacement of the members of the Board of Directors, its affiliated committees, and relevant laws and regulations, provided that the Chairman of the Board shall not be a member in the Committee and in case the Chairman of the Committee loses the membership of the Board for any reason, he/she shall lose the chairmanship of the Committee.

1.4.1.2 The chairman/member of the Committee shall be obligated to abstain from everything that affects his/her independence and the conditions of his/her membership in the committee. In case the chairman/ member of the Committee loses his/her independence for any reason, he/she shall lose the membership of the Committee.

1.4.1.3 The chairman and members of the Committee shall be appointed for a period of three years, renewable for two additional terms, according to the nomination and appointment mechanism specified in the policy of rules and controls for nomination and

appointment of the Board of Directors and its committees, and the relevant laws, regulations, policies and procedures.

1.4.1.4 In the event of a vacancy in the position of the chairman/ member of the Committee, the Board of Directors shall appoint, upon the recommendation of the Nomination and Remuneration Committee, an alternate member in the vacant position who meets the requirements and terms of appointment stipulated in this Regulation and the policies and mechanisms of appointment and replacement of members of the Board of Directors and its affiliated committees and relevant laws and regulations. The new member shall complete the term of his/her predecessor, provided that the appointment/replacement is presented to the Bank's General Assembly at its first meeting for approval, with obtaining a prior no-objection from the Central Bank in all cases.

1.4.1.5 The Executive Director of Internal Audit shall assume the duties of the secretary of the Committee, and in the event of his/her absence - for any reason - whoever is entrusted with his/her duties shall substitute him/her, unless the Committee decides to assign someone else.

#### **1.4.2 Powers of the Committee:**

The Committee shall, in performing its tasks, have:

1.4.2.1 The right to view all Bank records and documents.

1.4.2.2 The right to request any clarification or statement from the members of the Board of Directors or the Executive Management without interfering with decision-making or participating in executive works.

1.4.2.3 The right to obtain the opinion of advisory or legal entities from outside the Bank on issues that may have an effect on the financial position of the Bank.

1.4.2.4 The possibility of inviting any of the officials and employees of the Bank in coordination with the CEO, as well as inviting the auditors to discuss reports, notes and any other topics related to their scope of work.

1.4.2.5 The right to request from the Board of Directors to call for the convention of the General Assembly if its work is hindered or the Bank suffers serious damage or losses.

### **1.4.3 Tasks and Responsibilities of the Committee**

The main purpose of the Audit Committee is to assist the Board of Directors in performing its tasks and responsibilities by contributing to enhancing the confidence in the fairness of the financial reports and control over the Bank's business and the protection of the Bank's assets and the interests of its customers, shareholders, investors and all stakeholders in it and supervising the works of the external auditors and internal auditors and others. The Committee shall exercise its tasks independently in the light of the directions of the Board of Directors according to the laws and regulations without interfering in decision-making or participating in executive works.

#### **1.4.3.1 Financial Reports**

1.4.3.1.1 Examining the initial and annual financial statements of the Bank before presenting them to the Board of Directors and the Committee shall express its opinion and recommendation about them regarding their integrity, fairness, transparency and their compliance with generally accepted accounting standards.

1.4.3.1.2 Expressing a technical opinion - upon the request of the Board of Directors - on whether the report of the Board of Directors and the financial statements of the Bank are

fair, balanced and understandable, and include information that allows shareholders and investors to evaluate the Bank's financial position, performance, business model and strategy.

1.4.3.1.3 Studying any important or unfamiliar issues included in the financial reports.

1.4.3.1.4 Researching carefully any issues raised by the Deputy Chief Financial Officer, the Executive Director of Compliance and Anti-Financial Crimes, or the auditors.

1.4.3.1.5 Verifying the accounting estimates in the material issues contained in the financial reports and discussing provisions for financing losses, and the opinion of auditors on their adequacy.

1.4.3.1.6 Examining the accounting policies followed in the Bank and the amendments to them, expressing an opinion and making recommendations to the Board of Directors in this regard, following up the application of accounting policies and standards and their changes, verifying any amendments to the controls and their causes, and reviewing the notes as well as the accounting amendments proposed by the auditors to ensure the integrity of recording transactions and segregation of duties.

1.4.3.1.7 Ensuring that the policies related to purchasing, selling, and evaluating commercial and investment bonds and transactions with bond brokers and agents are reviewed.

1.4.3.1.8 The Committee shall continuously monitor developments in the programs used in processing financial statements and their adequacy.

#### **1.4.3.2 Internal Audit**

1.4.3.2.1 Making recommendation to the Board of Directors to approve the organizational structure of the internal audit and periodically reviewing and updating it when necessary.

1.4.3.2.2 Ensuring the availability of appropriate human resources for internal audit in terms of numbers, qualifications, and skills, especially in specialized topics that fall within its specialties in accordance with the requirements of the relevant regulatory controls and approved Bank documents.

1.4.3.2.3 Approving the strategy of the Internal Audit Sector and monitoring its performance along with the performance of the annual audit plane in accordance with the strategy and general objectives of the Bank.

1.4.3.2.4 Making recommendation to the Board about approving the internal audit policies and verifying and approving the adequacy of internal audit procedures.

1.4.3.2.5 Studying and approving the annual internal audit plan that is based on annual risks assessment results and any amendments to it. This includes the scope of the plan and the budget allocated to it and following up its implementation and evaluating the methodology upon which this plan was prepared and verifying its coverage of the Bank's scope of work and high-risk aspects and ensuring linkage with the strategy and objectives of the Bank in compliance with relevant regulatory controls and approved Bank documents.

1.4.3.2.6 Reviewing the annual internal audit report about the audit processes conducted during the year and the deviations in the implementation of the plan and their causes.

1.4.3.2.7 Studying and discussing the internal audit reports, including the internal control system and notes regarding it and corrective measures, including reports of unclaimed and abandoned accounts, reports of related party transactions, reports related to information

technology and security controls, and others that fall within the specialties and tasks of the Committee.

1.4.3.2.8 Following up the progress in correcting the observations contained in the internal audit reports and ensuring that the Executive Management has taken the necessary corrective measures in a timely manner to address the deficiencies recommended by the internal audit.

1.4.3.2.9 Following up the performance of internal audit and verifying its ability to perform its tasks effectively and subjectively and that it is not facing any difficulties during the audit processes, including any restrictions on the scope of work or obtaining the required information.

1.4.3.2.10 Working on conducting an independent external assessment for internal audit to verify the quality of its works once every five years at least according to the relevant policies, controls, and regulatory procedures.

1.4.3.2.11 Making recommendation to the Board of Directors about the appointment, reappointment, dismissal or acceptance the resignation of the Executive Director of Internal Audit, and proposing his/her financial benefits and making recommendation about his/her remuneration in accordance with the relevant policies and controls.

1.4.3.2.12 Obtaining annually the internal audit confirmation of its independence in accordance with relevant laws and professional standards.

1.4.3.2.13 Approving key performance indicators of the Executive Director of Internal Audit, and evaluating his/her performance.

1.4.3.2.14 Ensuring that the Executive Director of Internal Audit has integrity, and is able to perform his/her work honestly, carefully and responsibly, and ensuring that he/she abides by laws and instructions, and that he/she has never been involved in any violating activities.

### **1.4.3.3 External Audit (Auditors)**

1.4.3.3.1 Making recommendation to the Board of Directors to nominate and dismiss auditors, determining their fees and evaluating their performance, after verifying their independence and reviewing the scope of their work and the terms of their contract.

1.4.3.3.2 Verifying the independency, objectivity, and fairness of the auditors, the effectiveness of the audit works, while taking into account the relevant rules and standards and that there are no restrictions on the scope of their work and the extent to which the management responds to their requirements.

1.4.3.3.3 Reviewing the auditor's plan and works, verifying that no technical or administrative works are submitted that fall outside the scope of the audit works or not approved by the Committee, expressing its views on this, in addition to approving any works that could be required from the auditors outside the scope of the audit works they perform.

1.4.3.3.4 Examining the reports submitted by the auditors and their notes on the financial statements, including the annual management letter, following up the corrections of the notes contained in them, and verifying the implementation of the recommendations of the external auditors.



1.4.3.3.5 Reviewing any reports issued by the auditors to the Central Bank or any other supervisory authority, or to the Bank's management, or any results raised with the management, and the management's response to them.

1.4.3.3.6 Ensuring that the Executive Management implements the recommendations of the external auditors related to improving internal controls and applying accounting policies and standards.

1.4.3.3.7 Obtaining annually a letter from the auditors confirming their independence in accordance with the applicable laws and professional standards.

1.4.3.3.8 Ensuring the existence of coordination and complementary work between the external auditors and the internal audit of the Bank to ensure that they perform their work efficiently and effectively.

#### **1.4.3.4 Shariah Control:**

1.4.3.4.1 Reviewing and approving the annual Shariah audit plan recommended by the Shariah Committee, and any amendments to it, following up its implementation, evaluating the methodology on which that plan was prepared, verifying its coverage of the Bank's scope of work and high-risk aspects, and ensuring linkage with the strategy and objectives of the Bank, the Shariah governance framework, internal audit standards, and verifying coverage of high risk areas.

1.4.3.4.2 Studying and discussing the Shariah audit reports and following up the progress in correcting the notes contained in them.

1.4.3.4.3 Evaluating the extent of the Shariah Control Department's commitment to auditing the Bank's works in accordance with the requirements of the Shariah governance framework issued by the Central Bank, as well as the policies and procedures of the Bank.

**1.4.3.5 Ensuring compliance and adequacy of the internal control system:**

1.4.3.5.1 Reviewing the results of the regulators' reports and following up that the necessary measures are taken by the Bank in this regard that fall within the activities or specialties of the Committee.

1.4.3.5.2 Verifying the Bank's compliance with the laws, regulations, policies and instructions related to the activities and specialties of the Committee, and issuing its resolutions and recommendations in matters that require action.

1.4.3.5.3 Evaluating the adequacy and effectiveness of the internal controls for the various activities of the Bank, and the changes in them, including the use of automated banking systems to obtain reliable financial information.

1.4.3.5.4 Ensuring the existence of a policy and mechanism that allows employees in the Bank to submit their observations regarding any breach in the financial reports or other reports in complete confidentiality, as well as ensuring the existence of policies and procedures followed by the stakeholders in submitting their complaints or reporting violating practices, and policies related to conflict of interests management and related parties transactions, and trading or dealing based on inside information, as well as ensuring that there is a mechanism for publishing and implementing the Bank's code of professional conduct, and verifying the implementation of these policies and mechanisms.

1.4.3.5.5 Reviewing the insurance coverage assessment reports of the Bank and determining the efficiency of the insurance policies.

1.4.3.5.6 Reviewing contracts and transactions proposed to be conducted by the Bank with related parties and presenting its views in this regard to the Board of Directors.

1.4.3.5.7 Obtaining a list of all transactions of related parties and reviewing approvals on them and ensuring their integrity and the adequacy of their disclosure in the financial statements in accordance with the regulating instructions and the policies of the Bank.

1.4.3.5.8 Viewing the administrative reports and information required by the supervisory authority and any other documents or reports submitted by the Bank that fall within the responsibilities or specialties of the Audit Committee.

1.4.3.5.9 Viewing the minutes of the meetings of the Board and the various committees of the Bank and following up on topics of interest to the Committee and that fall within its responsibilities, including those related to the collection or write-off of bad debts, internal and external fraud cases, risk reports, and lawsuits.

1.4.3.5.10 Obtaining the necessary clarifications regarding the amount and size of operational losses, violations, fines calculated on the Bank, their causes and remedy procedures.

1.4.3.5.11 Reviewing the periodic and annual reports issued by the Compliance and Anti-Financial Crimes Committee of the Department regarding the compliance status of the Bank, including any defects and the measures taken to correct them.

1.4.3.5.12 Ensuring the evaluation of the extent to which the management is able to calculate the results of economic activities, such as foreign exchange rates and service prices such as options contracts, foreign exchange contracts, interest rates...etc.

#### 1.4.4 Reports of the Committee

1.4.4.1 The Board of Directors shall approve the annual plan for the Committee's work according to its responsibilities and powers and the Committee shall submit periodically to the Board the minutes of its meetings including the results of its works, resolutions, and recommendations.

1.4.4.2 The Committee shall submit a quarterly and annual report to the Board of Directors that includes a summary of the Committee's work, recommendations and internal audit activities.

1.4.4.3 The Committee shall prepare its report that includes details on its performance of its specialties and tasks stipulated in the Companies Law and its regulations, provided that it includes its recommendations and opinion about the adequacy of the internal control system and other works performed by it that fall within the scope of its specialties. A copy of the Audit Committee report shall be deposited at the main headquarter of the Bank and shall be published on the website of the Bank and the website of the Market upon publishing the invitation to convene the General Assembly prior its convention with twenty-one days at least to provide any shareholder who wishes so with a copy of it, and a summary of the report is read during the Assembly convention.

#### 1.4.5 Meetings of the Committee

1.4.5.1 The Audit Committee shall meet periodically, provided that its meetings shall not be less than four during the financial year of the Bank, including its annual meeting with the Board of Directors.

1.4.5.2 The Audit Committee shall meet periodically with the auditors of the Bank and with the internal audit of the Bank.

1.4.5.3 The Executive Director of Internal Audit and the auditors of the Bank may request a meeting with the Audit Committee whenever needed.

1.4.5.4 The Committee quorum shall be present with the presence of the majority of the members (two members out of three), and no member of the Audit Committee shall have the right to delegate another member on his/her behalf.

#### **1.4.6 Remuneration and Compensation of the Chairman and Members of the Committee**

The remuneration and compensation of the chairman and members of the Committee are subject to the provisions related to the Companies Law and the regulatory controls and procedures issued in implementation of the Companies Law for listed joint stock companies, and the corporate governance regulation issued by the Capital Market Authority and the memorandum of association of the Bank.

The remuneration of the chairman and each member of the Committee shall be determined in accordance with the policy and mechanism of remuneration for members of the Board of Directors and its committees, approved by the Board of Directors and the General Assembly and the relevant resolutions. In the event of being absent from attending the meetings of the Committee, an amount will be deducted from the absent member's remuneration set for him/her as chairman or member of the Committee in proportion to the percentage of his/her absence.

#### **1.4.7 Amendment to the Regulation**

This Regulation shall be updated or amended by a resolution from the General Assembly with a recommendation from the Board of Directors based on recommendations from the Audit Committee and Compliance and Governance Committee according to the relevant procedures and mechanisms of the Bank.

#### 1.4.8 General and Final Provisions:

1.4.8.1 The general rules and provisions of the committees of the Board of Directors approved in the governance manual annex apply to the works, meetings, and mechanisms of the Committee in a manner that does not conflict with its provisions and rules.

1.4.8.2 The provisions of this Regulation came to express the laws, regulations, rules and controls issued by the regulatory authorities, which are binding in force as soon as they are issued, and in the event of any amendments to them or there are differences emerged in them, the new developments are complied with on the dates specified for compliance with them and the rules and provisions contained in the Regulation shall be immediately updated/ amended accordingly.