

Nomination and Remuneration Committee Charter

Nomination and Remuneration Committee Charter approved by the General Assembly on
26 April 2020 AD

1.1 Nomination and Remuneration Committee Charter

This Regulation identifies the main lines and the basic purpose of the Nomination and Remuneration Committee in accordance with the memorandum of association of the Bank and all laws, regulations, controls, and relevant principles issued by the supervisory and regulatory authorities.

1.1.1 Committee Structure and the Terms and Conditions of its Membership

1.3.1.1 The Nomination and Remuneration Committee shall be formed by a resolution from the Board of Directors and shall consist of no less than three and no more than five non-executive board members among them at least two independent members and one of them shall be an independent board member, who shall be appointed as the chairman of the Committee. The members shall meet the requirements and terms of appointment stipulated in this Regulation and the policies and mechanisms of appointment and replacement of the members of the Board of Directors and its committees and in a manner that does not violate the relevant laws, regulations, and regulatory instructions, provided that the Chairman of the Board of Directors shall not be a chairman or a member of the Committee, and in the event that the Chairman of the Committee loses membership of the Board of Directors, or loses his/her independence for any reason, he/she shall lose the chairmanship of the Committee.

1.3.1.2 The chairman and the independent committee members shall abstain from anything that affects their independency as they must abstain from accepting any position, work, dealing, contracting, act, etc. that may violate or affect or constitute an independence obstacle unless after informing the Board of Directors and the issuance of a resolution from the Board of Directors allowing them to do so according to the controls and provisions set

by it, in a manner that does not violate the availability of the minimum number of independent members in the Committee as determined by the relevant laws, regulations, and regulatory controls.

1.3.2 Membership of the Committee Term:

The membership of the Committee term is three years or the session term of the Board of Directors or the remaining thereof, whichever is less.

1.3.3 Provisions of Termination or Expiry of the Memberships of the Committee and the Replacement of its Members:

1.3.3.1 The process of termination and expiry of the membership of the Committee and the replacement of its members shall be subjected to the provisions of the memorandum of association of the Bank, the policy and mechanism of replacement approved by the Bank and in accordance with the legal requirements and regulations of the relevant supervisory authorities.

1.3.3.2 In the event of termination or expiry of the membership of the Committee member, the Saudi Central Bank and other regulatory and supervisory authorities must be notified on the specified dates and in accordance with the relevant laws, regulations, controls, and instructions.

1.3.3.3 The appointment/replacement shall not take place until after obtaining a prior no-objection from the Saudi Central Bank, and the new member completes the term of his/her predecessor.

1.3.4 Tasks and Responsibilities:

The main purpose of the Nomination and Remuneration Committee is identifying and making recommendations regarding candidates for the elections of the Board of Directors, whether as executive members, non-executive members or independent members, committees of the Board or its sub-committees (the Audit Committee), and members of the Shariah Board/Committee, in a manner that ensures the availability of the minimum capabilities and skills required for membership and formation. The Committee shall also determine plans and policies for remuneration and compensation in the Bank to ensure the protection of the interests of shareholders/investors and other stakeholders, and in a way that does not conflict with the instructions of the regulatory and supervisory authorities.

The list of fixed agendas of the Committee shall specify the tasks and responsibilities of the Committee and the dates of the periodic presentation and study in accordance with and complements this Regulation and in a manner that does not conflict with the relevant laws, regulations, rules, instructions and legal and regulatory controls.

The Committee shall undertake specifically the following responsibilities:

1.3.4.1 Responsibilities and provisions of the nomination for the membership of the Board of Directors and its sub-committees (including Audit Committee), the executive management, and the senior executives:

1.3.4.1.1 Proposing clear policies and criteria for membership in the Board of Directors and its sub-committees and senior executives.

1.3.4.1.2 Making recommendation to the Board of Directors to nominate members to it, and to its sub-committees, and re-nominate them in accordance with the approved policies, criteria, and the relevant controls.

1.3.4.1.3 Preparing a description of the capabilities and qualifications required for membership in the Board of Directors and holding executive management/senior executive positions.

1.3.4.1.4 Developing a job description /or specifying the tasks and responsibilities (as the case may be) for the executive members, non-executive members, independent members, and senior executives of the Bank, including determining the time that the member should allocate to the works of the Board of Directors.

1.3.4.1.5 Reviewing periodically the necessary needs for appropriate skills or expertise for the membership of the Board of Directors, its sub-committees, and the senior executives.

1.3.4.1.6 Verifying annually the independence of the independent members, and the absence of any conflict of interests or any of independence obstacles.

1.3.4.1.7 Preparing, reviewing, and developing/updating a policy and mechanism for the replacement of members of the Board of Directors and its sub-committees, senior executives, and the like, and in accordance with the legal requirements and regulatory rules of the relevant supervisory authorities, related to membership and nomination to it, and making recommendation to the Board of Directors to approve or submit it with a recommendation for approval by the General Assembly, as required by the relevant regulatory controls.

1.3.4.1.8 Ensuring the implementation of the rules, controls, and criteria for nomination to membership of the Board of Directors and the provisions related to the memorandum of association, the policy and mechanism of replacement approved by the Bank, and the governance manual and documents, in accordance with the legal requirements and regulatory rules of the relevant supervisory authorities.

1.3.4.1.9 Reviewing the structure of the Board of Directors and the Executive Management and make recommendations regarding changes that can be made.

1.3.4.1.10 Coordinating with the CEO to meet with the deputies of CEO who submit their resignations individually - if it deems it important - in accordance with what is specified in the financial and administrative powers matrix of the Bank.

1.3.4.2 Responsibilities of Nomination of Shariah Committee Members

The Nomination and Remuneration Committee shall apply the same criteria, controls, and mechanisms related to the nomination/appointment/replacement of the members of the Board of Directors and its aforementioned committees, taking into account the controls of the Shariah Committee and its regulation.

1.3.4.3 Responsibilities Related to Remuneration and Compensation:

1.3.4.3.1 Preparing, reviewing, and updating a clear policy/policies for the remuneration and compensation of the members of the Board of Directors, its sub-committees, the Shariah Committee, the Executive Management, and all remunerations and compensations for the employees of the Bank and making a recommendation to the Board of Directors for its approval and/or submission for approval by the General Assembly -as the case may be- as required by the relevant legal and regulatory controls and procedures, provided that this policy/these policies adhere to all relevant criteria and controls such as those contained in the Companies Law and its regulations, the corporate governance regulation, and the regulatory controls and procedures issued in implementation of the Companies Law for listed joint stock companies issued by the Capital Market Authority, the main principles of governance in financial institutions that are subjected to the control and supervision of the Saudi Central Bank, its rules and instructions related to remunerations and incentives, the

principles and criteria of the Financial Stability Board (FSB), and any new amendments, instructions and controls, and this policy / these policies must take into account adopting criteria related to performance, disclosing thereof, verifying their implementation, and that the Committee ensures that the policy/policies adhere to the following:

1.3.4.3.1.1 To be consistent with the strategy and objectives of the Bank.

1.3.4.3.1.2 To specify criteria for granting remunerations and the mechanism their disclosure, and to verify their implementation.

1.3.4.3.1.3 That the criteria for granting remuneration to be linked to performance.

1.3.4.3.1.4 The remuneration for senior executives and all employees and the like shall be determined based on the level of the job, the tasks and responsibilities assigned to the incumbent, educational qualifications, practical experience, skills, and level of performance.

1.3.4.3.1.5 The remuneration shall be commensurate with the volume, nature and degree of risks at the Bank, taking into account the practices prevailing locally in determining remuneration.

1.3.4.3.1.6 It should aim to attract, maintain and motivate professional competencies, without exaggerating it.

1.3.4.3.1.7 The policy shall specify the mechanism adopted by the Nomination and Remuneration Committee in its application, review, and evaluation of its effectiveness in achieving its objectives.

1.3.4.3.1.8 Remuneration and incentives pool associated with performance shall be determined on the basis of the rate of profit associated with the degree of risk, and in accordance with the relevant approved controls, criteria, and policies.

1.3.4.3.1.9 The policy shall organize awarding shares in the Bank to the members of the Board of Directors, senior executives, and employees subjected to the long-term remuneration program, whether in the form of new issuance or shares purchased by the Bank.

1.3.4.3.1.10 The policy shall specify the cases and controls for stopping the disbursement or refund of undue remuneration and compensation.

1.3.4.3.1.11 The policy of the Board, its sub-committees, the Shariah Committee shall specify the time that the member should allocate to the works of the Board or the Committee based on the number of expected or planned sessions, size of work and expected tasks, and others.

1.3.4.3.1.12 The policy of the Board, its sub-committees, the Shariah Board/ Committee shall specify the criteria, controls, and cases in which additional remuneration and/ or compensation could be paid to any members of the Board of its sub-committees in consideration of his/her additional contribution and effort and/or in consideration of his/her participation in such committees or in exchange for any additional works or executive, technical, administrative, or consultative positions- under professional license- assigned to him/her, in addition to remunerations and compensations obtained by him/her- according to the Companies Law and the memorandum of association of the Bank- in consideration of his/her membership in the Board and the committees formed by the Board, in accordance with the relevant laws, regulations, resolutions and instructions.

1.3.4.3.2 Explaining the relationship between granted remuneration and the applicable remuneration policy and showing any material deviation from such policy.

1.3.4.3.3 Periodically reviewing the remuneration policy and evaluating its effectiveness in achieving its desired goals.

1.3.4.3.4 Evaluating/ reviewing the long and short term annual remuneration for employees and submitting the necessary recommendations to the Board of Directors for approval.

1.3.4.3.5 Ensuring the periodic evaluation/ review of the incentive system at the Bank, in coordination with the Executive Management/ Human Resources Sector and Risks Group under the supervision of the Committee, to ensure the adoption of the approved policy/ policies of risks management and acceptance and not to adopt and encourage carrying out high risks operations to achieve profits or revenues on the short term.

1.3.4.3.6 Working closely with the Risk Committee and/or the Executive Vice President of Risk (as the case may be) on evaluating the annual incentives/remunerations recommended or approved by the Committee to review the level of risks, and ensuring their compliance with Basel Committee instructions and the rules of the Central Bank and relevant regulatory authorities.

1.3.4.3.7 Conducting periodic (semi-annual) review at least about the implementation of the policy to ensure that it achieves its set goals.

1.3.4.3.8 Making recommendation to the Board of Directors about the remuneration of the members of the Board of Directors and its sub-committees, the Shariah Board/Committee and the senior executives at the Bank in accordance with the policy approved by the General Assembly and the relevant resolutions of the Board.

1.3.4.3.9 Reviewing/ensuring the Bank's compliance with the policies related to incentives, remunerations, rules, criteria and principles mentioned in the first paragraph of this clause

above in a manner that achieves the interests of shareholders/investors, depositors and all other stakeholders, and in a manner that achieves the strategic objectives of the Bank.

1.3.5 General Tasks and Responsibilities of the Committee

1.3.5.1 Preparing an annual report on the overall work and achievements of the Committee, and submitting it to the Board of Directors.

1.3.5.2 Coordinating with the Executive Management to develop the replacement / succession policy and ensuring compliance with it.

1.3.5.3 Studying and evaluating the performance of the members of the Board and its committees and proposing substitution and replacement according to the results of the evaluation of internal and external members.

1.3.5.4 Supervising the conduct of evaluation of the performance of the Board of Directors, its committees and members by an external party, if possible, at least every three years.

1.3.5.5 The Committee may seek the assistance of consultants or experts from outside or within the Bank to carry out some of the works and tasks entrusted to it, such as evaluating members and holding training courses for the Board of Directors, its sub-committees, and the senior executives.

1.3.6 Meetings of the Committee

The Nomination and Remuneration Committee shall hold its meetings as follows:

1.3.6.1 The Committee shall hold two meetings at least each year as a minimum and it may hold a meeting whenever the Chairman of the Committee deemed it necessary. The Committee shall carry out its deliberations and issue its resolutions and recommendations according to the mechanism stipulated in the General Provisions of the Board Committees.

1.3.6.2 The Committee may invite whoever it deems appropriate to attend its meeting without having the right to vote.

1.3.7 Reports Submission Provisions

The Committee shall abide by submitting its minutes and reports to the Board of Directors according to the mechanism stipulated in the General Provisions of the Board Committees in governance manual annex.

1.3.8 Remuneration and Compensation of the Chairman and Members of the Committee

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The remuneration of each of the chairman and members 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.

1.3.9 Provisions of Amendment to the Regulation

This Regulation shall be updated/ amended/ developed based on a recommendation from the Nomination and Remuneration Committee and the Compliance and Governance

Committee to the Board of Directors to be submitted to the Ordinary General Assembly for approval according to the relevant procedures of the Bank.

1.3.10 General and Final Provisions:

1.3.10.1 The general rules and provisions of the committees of the Board of Directors approved in the governance manual annex, and in a manner that does not conflict with the relevant laws, regulations, rules, instructions, and legal and regulatory controls, apply to the works, meetings, and mechanisms of the Committee in a manner that does not conflict with its provisions and rules.

1.3.10.2 The provisions of this Regulation came to express the laws, regulations, rules and controls issued by the regulatory authorities, which are binding and in force as soon as they are issued, and in the event of any amendments to them or issuance of new ones, the new developments are complied with on the dates specified for compliance with them.