



البنك السعودي للاستثمار
The Saudi Investment Bank

Board Executive Committee Charter

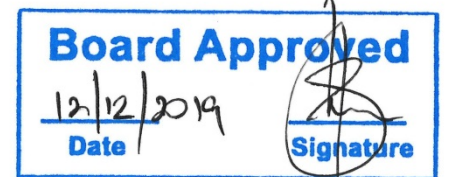


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1. Introduction

1.1 Charter Purpose

The purpose of this charter is to provide guidance to effectively operate and manage the Board Executive Committee of The Saudi Investment Bank

1.2 SAIB documents for use in tandem


- SAIB Governance Manual
- Credit Policy Guide (CPG)
- Risk Policy Guide (RPG)
- Risk Appetite Policy
- Risk Appetite Framework Compliance Report
- Credit Portfolio stress test results
- Lending Authority Grid

1.3 Regulatory Documents for Reference

- SAMA Corporate Governance Guidelines
- CMA Corporate Governance Regulations
- Basel Corporate Governance Guidelines
- SAMA Prudential Guidelines (single exposure)
- Basel risk-based capital framework
- KSA Banking Control Law –as of 1386 H

1.4 Ownership and Amendments

This charter is owned by the Governance function which shall be responsible for updating it in co-ordination with the General Manager – Corporate Banking, as well as with the Board Executive Committee.

Board Executive Committee	 البنك السعودي للاستثمار The Saudi Investment Bank

2. Charter Body

2.1 Committee Introduction

- 2.1.1 The primary purpose of the Board Executive Committee shall be to act as the Board Committee fully delegated to oversee the implementation of the Board approved Credit Policy Guide
- 2.1.2 In addition, the Committee will have the responsibility to review and provide the necessary guidance on items that drive the core business of the Bank

2.2 Composition

2.2.1 Requirements

- 2.2.1.1 The committee shall be comprised of at least five members as per prevailing rules and regulations
- 2.2.1.2 Members of the Board Executive Committee shall be appointed by the Board of Directors for a period of three years renewable for a maximum of two additional periods. The Board of Directors may extend this period of membership of a particular member should his expertise be required on the Committee. However, a member's tenure may be less than three years where his tenure as a Board member is less than this period
- 2.2.1.3 The Chairman of the Board Executive Committee will be appointed by the Board of Directors
- 2.2.1.4 The Chairman will serve for a period of three years in this capacity, renewable for a maximum of two additional terms
- 2.2.1.5 The Chairman of the Board Executive Committee shall not be the Chairman of the Board, or related to any member of the Board or senior management of the Bank
- 2.2.1.6 The Chairman of the Board Executive Committee shall not be a member of the Board Risk committee
- 2.2.1.7 The appointment of all members of the Committee must be approved by SAMA.

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2.2.2 Members

2.2.2.1 The Board Executive Committee comprises of the following members

1. Board Member
2. Board Member
3. Board Member
4. Board Member
5. Board Member
6. Management Member (*secretary*)

2.2.2.2 The Committee shall have the right to invite any staff within the organization to attend the Committee meeting(s), as deemed necessary, subject to the approval of its Chairman

2.2.3 Chairman, Vice Chairman and Secretary

2.2.3.1 The Chairman of the Committee will be:

- Selected by the Board of Directors
- Approved by SAMA

2.2.3.2 The Vice Chairman of the Committee will be:

- In the absence of the Chairman, his designee becomes the Chairman of the session

2.2.3.3 The Secretary of the Committee will be:

- Recommended by the CEO
- Approved by the Board Executive Committee

2.3 Roles and Responsibilities

2.3.1 Credit Responsibilities

- 2.3.1.1 Oversee and confirm that the adequate organizational structure/framework and credit risk policies and procedures are in place
- 2.3.1.2 Ensure that the Bank's remuneration policies are in line with the Bank's credit strategy
- 2.3.1.3 Review and approve all types of credit facilities within its delegated authorities as per the Credit Policy Guide approved by the Board
- 2.3.1.4 Ensure effective implementation of the Credit Policy Guide
- 2.3.1.5 Ensure adherence of the Credit Risk Management policies and framework with the Bank's Risk Appetite Policy
- 2.3.1.6 Approve the extension of credit lines to Banks and Countries as per its delegated authorities in excess of those delegated to the Management Credit Committee
- 2.3.1.7 Ensure adequate resources and expertise are dedicated for marketing, approvals, administration, monitoring and control of credits
- 2.3.1.8 Ensure that review of credit lines (including usage patterns, trends run-offs, time risk, etc.) are carried out at regular intervals
- 2.3.1.9 At the time of granting credit approvals ensure that SAMA and CMA guidelines are strictly adhered to and prudent levels of credit concentrations are maintained (i.e. by risk rating, line of business, industry, product, country, single-obligor etc.)
- 2.3.1.10 Ensure that the bank
 - 2.3.1.10.1 Dedicates its resources to provide excellent service to all credit customers in various business segments and seek the business of customers of undoubted integrity, financial strength, and professionalism

- 2.3.1.10.2 Positions its credits in the stronger end of the market and to seek out customers and transactions in a diversity of markets and diversified sectors
- 2.3.1.10.3 Targets the choice of customers to be reflective of the Bank's market image; any evidence that a customer does not meet with the Bank's own high ethical standards will prompt a review of a relationship
- 2.3.1.10.4 Selects customers with a view to a long-term relationship and continue to support them wherever possible but without diluting the Bank's credit standards or compliance with its credit policy
- 2.3.1.10.5 Finances the borrower's transactions and needs and monitors the usage of its facilities in conjunction with business activity, economic conditions, contract terms and the working capital cycles to ensure that its advances represent tangible receivables, inventory and other assets
- 2.3.1.10.6 Secures the exposures with tangible collateral wherever possible
- 2.3.1.10.7 Documents the credit facilities in appropriate agreements which clearly define all essential terms, such as borrower, amounts, maturities, pricing, fees, structure, amortization, security, collateral, margins, covenants, availability and boiler-plate legal clauses as appropriate
- 2.3.1.10.8 Uses its funding and other resources in the most optimal manner to generate satisfactory returns;
- 2.3.1.10.9 Manages the nature and size of its exposure to each borrower relative to:
- I. Bank's capital resources;
 - II. Borrower's size;
 - III. Position of other lenders; and
 - IV. Applicable SAMA guidelines.
- 2.3.1.11 Monitor on a regular basis, through the Management Credit committee, the performance of the credit portfolio of the Bank including the Non-performing credit report
- 2.3.1.12 Confirm the forgiveness and write-off actions as per the approved lending authority grid
- 2.3.1.13 Discuss changes in approved plans for growth, risk improvement, maturity changes, product, or segment emphasis/de-emphasis and report to the Board of Directors
- 2.3.1.14 Confirm that the Senior Management of the Bank maintains adequate

internal controls for each stage of the credit process

- 2.3.1.15 Review input from the ALCO Committee pertaining to credit trends, non-performing asset levels, and other relevant credit metrics
- 2.3.1.16 Review results of the periodic stress-tests on the Bank's credit portfolios, with insight from the Asset / Liability Committee (ALCO), and the Credit Risk Management Department
- 2.3.1.17 Receive and review updates on the status of large scale strategic initiatives through the Management, Credit, ALCO and IT Steering Committees

2.4 Meetings

- 2.4.1 The Committee shall convene at least six times a year and when deemed necessary by the Committee's Chairman
- 2.4.2 The Board Executive Committee must meet in response to any major issue that may arise and which needs their immediate attention and decision
- 2.4.3 At least 50% of the Committee members must be present to have a quorum for a meeting to be held
- 2.4.4 The Committee shall make decisions by a majority vote of members participating in the meeting
- 2.4.5 In case of a tie, the Chairman of the committee will have a casting vote
- 2.4.6 The dissenting members can register their disagreement mentioning the reasons for their dissent
- 2.4.7 No voting by proxy shall be permitted

2.5 Term

- 2.5.1 The Committee's term is 3 years, or until the end of the term of the present Board, whichever comes first
- 2.5.2 The term of the Board member elected should also be linked to his membership term in the Board of Directors
- 2.5.3

2.6 Reporting Provisions

- 2.6.1 The committee shall report to the Board of Directors and make available its minutes of meetings to the Board of Directors. The Chairman of the committee shall brief the Board on any significant matters arising
- 2.6.2 Four Management Committees will make available the minutes of their meetings to the Board Executive Committee. They are:
1. IT Steering Committee
 2. Management Committee
 3. Credit Committee
 4. ALCO Committee