



Executive Committee Mandate

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1 Introduction

1.1 Purpose

- 1.1.1 This is the mandate ("Mandate") for the Executive Committee ("Committee") of the Board of Directors ("Board") of the Gulf International Bank B.S.C. ("Bank"). It governs the procedures of the Committee and outlines the procedures and guidelines in relation to approving credit limits that exceed the authority of the CEO and exercise the power of the Board in certain circumstances.
- 1.1.2 The mandate is owned by the Governance function which shall be responsible for updating it with the Board Executive Committee members.
- 1.1.3 All provisions herein reflecting new requirements under the consultation HC Module published by the CBB in 2022, will only be applied once the reinstated HC Module is duly issued by the CBB and comes into effect.

1.2 Review and Update of Mandate

- 1.2.1 The Board will, in consultation with the Committee, conduct an annual review of the Mandate to ensure that the Mandate continues to reflect the current processes and guidance utilised. The Board will need to approve any amendments to the Mandate that stem from the review.
- 1.2.2 The Group Head of Governance may recommend as and when required any changes to be incorporated in this Mandate due to change in regulations, or as the Group Head of Governance may deem appropriate as a measure of good governance.
- 1.2.3 Any amendment to this Mandate shall be endorsed and recommended by the Committee members and sent to the Board of Directors through the Governance, Nomination & Remuneration Committee which endorses the Mandate for the Board's final approval.

1.3 Evaluation Process

- 1.3.1 The Committee shall prepare and review with the Board an annual performance evaluation of the Committee, which will compare the Committee's performance with the applicable requirements. The report must be in the form of a written report provided at the regularly scheduled Board meetings.

2 Delegation of Power

The Committee has been established pursuant to the Articles of Association of the Bank ("Articles") and the Board has delegated certain powers to the Committee pursuant to Article 22 of the Articles.

3 Composition

The Committee shall be comprised of two or more directors appointed by the Board. The Chairman of the Board shall be the Chairman of the Committee.

Members of the Board Executive Committee shall be appointed by the Board of Directors for a period of three years. However, a member's tenure may be less than three years where his tenure as a Board member is less than this period.

4 Removal or Resignation

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If a member of the Committee retires, is removed or resigns from the Board, that member ceases to be a member of the Committee. The Board shall then appoint a successor.

5 Invitees

- 5.1 The Committee may invite any person, it deems necessary, to attend a meeting of the Committee.
- 5.2 The invitees cannot be present at any discussion in relation to themselves unless the Committee has invited them to discuss these issues with them. None of the invitees shall be considered members of the Committee.

6 Secretary

- 6.1. The Secretary to the Board shall act as Secretary to the Committee meetings. The Secretary will only be present in an administrative capacity and will only participate in discussions of the Committee if he is invited to participate in such discussions.
- 6.2 The secretary will not participate in any decision or vote of the Committee.

7 Meetings

7.1 Frequency

The Committee shall meet as and when required.

7.2 Calling Meetings and Notice

- 7.2.1 A notice of each meeting confirming the date, time, venue and agenda must be forwarded to each member of the Committee at least five working days before the date of the meeting (less, in case of emergency). The notice for the Committee members will include relevant supporting papers for the agenda items to be discussed.
- 7.2.2 Meetings may be held in person or via teleconference, any electronic or virtual means of communication, or in such manner as the Committee shall from time to time determine, that permits all Directors present to be heard by all others present. The Chairman may consider, for purposes of determining a quorum, that any Director participating by telephonic or electronic means is present during the entire meeting.
- 7.2.3 The Committee may also reach decisions via correspondence, without the need for a meeting, and such decisions shall be ratified at the following Executive Committee or Board meeting.

7.3 Quorum and Voting

- 7.3.1 A quorum will comprise of the majority of the Committee members. In the absence of the Committee's Chairman or an appointed delegate, the Committee will elect one of its members to act as Chairman for that meeting.
- 7.3.2 Resolutions are passed by majority of attending members' votes. Each member will have one vote and the Chairman of the Committee will not have a second or casting vote. In case of a tie, the matter will be referred to the full Board for a decision.
- 7.3.3 **Resolutions by Circulation** - When necessary, the Committee may make resolutions by way

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of consultation through e-mails and such decisions taken in this manner, unless a member has requested in writing that the Committee be convened to deliberate on such resolutions, shall be recorded in the minutes of the subsequent meeting of the Committee. Notwithstanding that, a decision will be deemed to be approved, if a decision of the majority of the members of the Committee entitled to vote) has been received.

- 7.3.4 The invitees to the meeting will not have the right to vote on any matters being discussed by the Committee.

7.4 Minutes

Minutes of proceedings and resolutions of Committee meetings will be kept by the Secretary. Minutes will be distributed to all Committee members and the Chairman no later than 3 working days following the approval of the minutes by the Committee's Chair. Minutes, agenda and supporting papers will be made available to any director upon request to the Secretary, providing no conflict of interest exists.

8 Responsibilities and Duties

8.1 Resources

- 8.1.1 The Committee shall have the resources and authority necessary to discharge its duties and responsibilities, including the authority to select, retain, terminate and approve the fees of outside independent professionals and advisors as it deems necessary and appropriate, without seeking approval of the Board or management. The Bank shall provide appropriate funding for the compensation of any such persons.
- 8.1.2 The Committee may meet with these external advisers without the management being present.

8.2 Responsibilities

- 8.2.1 The Committee shall have the following authority and responsibilities:
- a) Subject to the provisions of this Mandate, the Committee is authorised to formulate executive policy of the Bank and control the implementation of the executive policy;
 - b) Assist the Board by reviewing, evaluating and making recommendations to the Board with regard to key strategic issues such as mergers, acquisitions, privatisation, or material changes in key strategic objectives or direction.
 - c) Approve credit limits that exceed the authority of the Chief Executive Officer subject to the limits approved by the Board (annexed under Appendix A); and
 - d) Review and approve all types of credit facilities within its delegated authorities.
 - e) Approve the extension of credit lines to Banks and Countries as per its delegated authorities.
 - f) Other additional responsibilities specifically mandated to the Committee by resolution of the Board.

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- g) Conduct an annual self-evaluation of the performance of the Committee, including its effectiveness and compliance with its Mandate.
 - h) Annually review the Committee's Mandate and recommend to the Board any changes, where applicable.
 - i) The Committee shall update the Board on its significant discussion items, issues, deliberations and decisions.
- 8.2.2 Exercise, in circumstances in which it is impossible or impractical to convene a meeting of the Board and subject to applicable law and the Bank's Agreement of Establishment & Article of Association, the powers of the Board on matters for which the Board has not otherwise given specific direction. The Board may, acting unanimously, modify or amend any decision of the Committee under this Article 4.2.
- 8.2.3 In all cases, the members of the Committee shall exercise their business judgement to act in what they reasonably believe to be in the best interest of the Bank and its shareholders.

9 Report to Board

- 9.1 Regularly report to the Board about Committee activities, issues and related recommendations.
- 9.2 The Committee Chairman, or delegate, will report to the Board following each meeting. The Committee will report to the Board regularly on the matters set out in Section 8.2 of this Mandate.
- 9.3 The Committee will review for approval by the Board any report on the matters set out in Section 8.2 of this Mandate.
- a) Required by any legislation, regulatory body or other regulatory requirement; or
 - b) Proposed for inclusion in the annual report.
- 9.4 The Committee may delegate the role of preparing any such report to the management provided that any such report would be considered, reviewed and approved by the Committee before being sent to the Board.
- 9.5 If and when requested by the Committee members, the relevant Management Committees may share the minutes of their meetings.

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APPENDIX A GIB BSC – Executive Committee Authorities

Rating / Type of limit	1	2	3	4	5	6	7-10
Percentages (%) #							
I. COUNTRY LIMITS							
KSA	USD20,000MM						
Others *	500%	360%	100%	40%	14%	8%	USD60MM
II. SINGLE OBLIGOR LIMITS							
A. Exposure							
1. Governments							
KSA	USD20,000MM						
Others *	50%	50%	50%	20%	20%	20%	USD60MM
2. Financial Institutions							
FIs	50%	50%	30%	20%	20%	20%	USD40MM
3. Corporate							
Corporate	30%	30%	20%	20%	20%	20%	USD20MM
B. Underwriting	200% of relevant exposure						Nil
C. Settlement	Financial Institutions.: 200% of relevant Exposure Government and Corporate: 100% of relevant Exposure						Nil
D. Equity**	Maximum of USD10MM to any single name. Counts as Exposure. Maximum of USD20MM to any single name for GCC Private Equity. Maximum aggregate equity exposure of equivalent to 30% of GIB's Capital Base, with a sublimit of 15% for non-marketable equity exposure.						
III. MARKET RISK LIMITS							
VAR limits	10% of GIB's Capital Base for all activities. 2% of GIB's Capital Base for trading activities.						
For credit facilities fully secured by cash collateral, approval will follow the GIB 1-2 authority regardless of rating. For credit facilities secured by cash, cash margins should be netted off from exposure in determining the required level of approval							
Note: Exercising of above limits will be subject to Regulatory Caps as applicable.							

As percentages of GIB's Capital Base as per the latest published annual reports..

*For GCC countries and governments other than Saudi Arabia, the limits are at 200% of the relevant limit for each rating category.

**Equity exposure shall be measured on the basis of the equity equivalent of equity related instruments (e.g. convertibles) and the net of long and short positions.