



# **Board Risk Committee Mandate**

**Gulf International Bank KSA**

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## Board Risk Committee Mandate

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### 1 Introduction

#### 1.1 Purpose

- 1.1.1 This is the mandate ("the Mandate") for the Board Risk Committee ("the Committee") of the Board of Directors ("the Board") of Gulf International Bank KSA ("the Bank"). The primary objective of the Committee is to assist the Board in fulfilling its oversight responsibilities in respect of setting the Bank's overall risk appetite, parameters and limits within which it conducts its activities.
- 1.1.2 The mandate is owned by the Governance function which shall be responsible for updating it in co-ordination with the Chief Risk Officer, as well as with the Committee members.

#### 1.2 Review and Update

- 1.2.1 An annual review of the Mandate shall be carried out by the Governance unit jointly with the Chief Risk Officer to ensure that the Mandate continues to reflect the current processes and guidance utilised. The Committee shall review and endorse the recommended changes to the Mandate, and the Board will need to approve any amendments to the Mandate, that stem from the review.
- 1.2.2 The Governance function in co-ordination with the Chief Risk Officer shall provide an update to the Committee members on new regulatory requirements applicable to the Committees' mandate along with their recommended changes, if any.
- 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 for their review and 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 requirements stated in the committee charter. The report must be in the form of a written report provided at the regularly scheduled Board meetings.
- 1.3.2 The Committee shall conduct periodic assessment to ensure that the Committee has a Member who possessed expertise in Cyber Security and technical risks in conjunction with GNRC.

### 2 Delegation of Power

The Committee has been established pursuant to the Bank's bylaws ("Bylaws") and the Board has delegated certain powers to the Committee pursuant to Article 27 of the Bylaws.

### 3 Composition

The Committee shall comprise of no less than three and no more than five members, three of whom shall be non-executive members, and it shall not be chaired by the Chief Executive Officer.

Members of the 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 / her tenure as a Board member is less than this period.

Members of the Committee shall have an appropriate level of knowledge of risk management and shall include an expert in cyber and technical risks.

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The Bank must get Saudi Central Bank's (SAMA's) approval prior to the appointment of Board members and the members of the Board committees.

### **4 Removal or Resignation**

If a member of the Committee retires, is removed or resigns from the Committee, the Board shall then appoint a successor for its remaining term.

### **5 Invitees**

5.1 The Committee may invite any person, it deems necessary, to attend a meeting of the Committee without having the right to vote on the Committee decisions.

5.2 Such invitees will include the Chief Risk Officer who may attend its meetings without being a member therein.

5.3 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.

5.4 The Group Chief Risk Officer and the Group Head of Enterprise Risk Management and Analytics shall be permanent invitees of the Committee.

### **6 Secretary**

6.1 The Chief Risk Officer or his designate shall act as the Secretary to the Committee and shall keep appropriate records of all meetings of the Committee as well as minutes of the proceedings and all decisions made.

6.2 The Secretary will only be present in an administrative capacity and will only participate in the discussions of the Committee if he is invited to participate in such discussions. The Secretary will not participate in any decision or vote of the Committee.

6.1 The Secretary shall ensure, on an annual basis, the disclosure of non-Board Committee Members of any related party involvement, outside interests and activities (in line with the requirements of SAMA) and communicate such disclosures to the Governance Unit at GIB-KSA."

### **7 Meetings**

#### **7.1 Frequency**

7.1.1 The Committee shall meet at least four times a year.

7.1.2 Any member of the Committee, in consultation with the Chairman, may call for a meeting.

#### **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

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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 or in such manner as the Committee shall from time to time determine. Participation in Meetings via teleconference or any electronic or virtual means of communication that permits all Members present to be heard by all others present, is regarded as attendance and may be recorded as such. The Chairman may consider, for purposes of determining a quorum, that any Member participating by telephonic or electronic means is present during the entire meeting.
- 7.2.3 Resolutions by Circulation - When necessary, the Committee may make resolutions by way of circulation via correspondence through letters / electronic mail 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 (including comments raised during circulation of a resolution) of the subsequent meeting of the Committee. Notwithstanding that, a decision will be deemed to have been approved, if a decision of the majority of the members of the Committee (entitled to vote) has been received.

### **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, the Chairman shall appoint one of the Committee 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.

### **7.4 Situations of conflict of interests**

In circumstances where a conflict of interest arises, the conflicted member shall be excused and recused from attending (either physically or virtually) the discussions/deliberations in regards. The conflicted member shall not vote on a decision by the Committee relating to such conflicting matter.

### **7.5 Minutes**

Minutes of meetings and resolutions of Committee meetings will be kept by the Secretary. Minutes will be distributed to all Committee members, whilst taking into consideration any comment raised during the circulation of a resolution, if any, within three (3) Business Days of being approved by the Committee Chairman. All attending Committee members shall be required to sign the minutes. Minutes, agenda and supporting papers will be made available to any member upon request to the Secretary, providing no conflict of interest exists.

## **8 Authority & Responsibilities**

### **8.1 Resources**

- 8.1.1 The Committee shall have the resources and authority necessary for its duties and responsibilities, including the authority to select, retain, terminate and approve the fees of external advisors as it deems necessary or appropriate, without seeking the approval of the Board or management. The Bank shall provide appropriate funding for the compensation of any such persons.
- 8.1.2 The internal audit function is responsible for providing reliable and timely information to the

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Board, the Committee and senior management concerning the quality and effectiveness of, and the level of adherence to, the Bank's control and compliance procedures and risk management systems.

8.1.3 The Committee may meet with external advisers without the management being present.

### 8.2 Authority & Responsibilities

8.2.1 The Committee shall have the following authority and responsibilities:

#### **Chief Risk Officer:**

- Review, discuss and make recommendations regarding the selection, appointment and termination where appropriate of the Chief Risk Officer.
- Approve the reporting lines of the Chief Risk Officer. The Chief Risk Officer shall report functionally to the Committee and administratively to the Chief Executive Officer.

Setting and approving KPIs for the Chief Risk Officer and divisional scorecard for the Risk Function and review the performance of CRO at least once per year and make appropriate recommendations to the Board or to the Governance, Nomination and Remuneration Committee, to oversee the performance of the Chief Risk Officer.

- Review the independence of risk management function from management.
- Review with management and the Chief Risk Officer the charter, activities, staffing and organizational structure of the risk management function.
- Ensure there are no unjustified restrictions or limitations on the Chief Risk Officer function.
- Non-executive board members shall have the right to meet regularly with the Chief Risk Officer, in the absence of the senior management.

#### **Risk Management Function:**

The function of the Committee is oversight. The role of the Committee is to act as the agent of the Board in ensuring that the Bank has an effective risk management framework in place and that all risk controls operating throughout the Bank are in accordance with the regulatory requirements and best practice standards for management of risks in banks.

The Committee shall, on behalf of the Board, monitor the Bank's implementation of the policies, procedures and practices for the management of key risks under the Bank's risk management framework. Accordingly, it shall review (at least annually) and recommend to the Board for approval the Bank's risk management policies and risk appetite and tolerance to ensure that such policies remain appropriate and prudent.

In general, the Committee shall on an ongoing basis:

- Discuss risk strategies, both at an aggregated basis and by type of risk and make recommendations to the Board thereon;
- Ensure that policies in respect of management of all significant risks are drafted and implemented appropriately;
- Oversee that the Bank has in place processes to promote the Bank's adherence to the approved risk policies;
- Recommend the Bank's risk appetite to the Board and ensure that the Bank's risk

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management framework is aligned with the Bank's strategic, capital strategies and financial plans and compensation practices and includes detailed policy that sets specific bank-wide prudential limits on the Bank's activities;

- Ensure that the Bank has in place appropriate methodology to determine the Risk Adjusted Return on Capital (RAROC) based on both regulatory and economic capital;
- Ensure that a sound risk management culture is established throughout the Bank;
- Ensure that appropriate limits are established that are consistent with the Bank's risk appetite, risk profile and capital strength, and that are understood by, and regularly communicated to relevant staff;
- Ensure that roles and responsibilities for risk management are clearly defined, Chief Risk Officer is in supporting or monitoring role and independent of business development;
- Ensure that management reports significant excesses and exceptions, as and when they arise, to the Committee for information and review;
- Ensure that, on a timely basis, management informs the Committee of all significant risks arising and it is comfortable with management's responses and action taken to address such findings;
- Remain informed, on an ongoing basis about material risks as financial markets, risk management practices and the Bank's activities evolve;
- Ensure that accountability and lines of authority are clearly delineated;
- Review the changes in risk profile arising from new lines of business or activities and ensure that the infrastructure and internal controls necessary to manage any related risks, are in place;
- Review the Bank's risk profile and significant risk positions.
- Determine and maintain an acceptable risk level to which the Bank may be exposed and ensure that the Bank does not go beyond said level;
- Verify the feasibility of the Bank's successful continuation of its activities, and identify the risks that threaten its existence over the following twelve months;
- Provide recommendations to the Board as per the appointment/termination of service of the manager of the risk unit or department;
- Review the organizational structure of risk management and provide recommendations thereon prior to approval thereof by the Board;
- Review any issues raised by the audit committee that may affect the Bank's risk management;
- Ensure that offering of products and services by the Bank remains consistent with the risk appetite approved by the Board and internal policies and procedures for offering of new products and services; and
- Review and revise (for endorsement to the Board for approval) the Bank's risk appetite when the offering of products and services by the Bank is no longer consistent with the approved risk appetite. Any changes to the risk appetite must be justified and documented

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with detailed risk assessment, taking into consideration the risk management capabilities and risk bearing capacity of the Bank.

In relation to **Credit Risk Management**, the responsibilities of the Committee include:

- Assisting the Board in ensuring that the Bank has an adequate Credit Risk Management framework in place to realise the overall risk strategy and risk appetite;
- Endorsing the policies governing Credit Risk Management, and ensuring sufficient resources and expertise to effectively implement the framework;
- Reviewing the expected impacts of current / potential macro-economic risk scenarios on the credit portfolio;
- Reviewing regular reports and stress testing results on the Bank's credit positions;
- Monitoring the performance and quality of the Bank's wholesale credit portfolio by requesting management to present a break-up of the credit portfolio on quarterly basis showing the following:
  - By region at commercial & total portfolio levels;
  - By rating at commercial & total portfolio levels;
  - Credit Concentrations;
  - Top exposures by limits, utilization and industry / sector;
  - Non-performing loans (NPLs), related provisions and NPL coverage;
  - Weighted Average Probability of Default;
  - Analysis of collaterals pledged (after haircut);
  - Industry / sectors analysis showing breaches to industry caps (if any);
  - Largest exposures in specific industries as deemed appropriate; and
  - Classified obligors.
- Monitoring the performance and quality of the Bank's retail credit portfolio by requesting the management to present an overview of the portfolio on quarterly basis including relevant metrics and key updates on retail risk such as:
  - Acquisitions - Product & Subsegments trends in bookings
  - Portfolio Performance - Delinquency Trend Analysis - Write-off Trend - ECL Provisions for the Quarter
  - Portfolio Key Indicators - Financial Parameters and Risk Adjusted Return
  - KPI Metrics Trend - Portfolio Unsecured Lending, Employer Class & Sector Caps.
  - Vintage Analysis - Quarterly Vintage Analysis by Segments
  - Customer Net Revenue update
  - Others e.g., audit related matters, update on Risk IT projects etc.
- Endorsing industry and country concentration limits; and
- Directing management to carry out rapid portfolio reviews in response to global / regional stress events or economic conditions and review the results and proposed management actions.

In relation to **Market Risk Management**, the responsibilities of the Committee include:

- Oversee the Bank's overall market risk strategy, market risk appetite and market risk policy document while ensuring it has an adequate market risk management and market risk control framework in place to realise the overall risk strategy and risk appetite;
- Assess periodic reports on the Bank's market risk profile and market risk positions (VaR);

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- Reviewing the expected impacts of current / potential macro-economic risk scenarios from a market risk perspective;
- Ensure compliance with the regulator's capital adequacy regulations on market risk as well as the internal market risk limits structure; and
- Assess the Bank's trading strategy, investment objectives and plans related to the market risk positions.

In relation to **Liquidity Risk Management**, the responsibilities of the Committee include:

- Articulating the Bank's liquidity risk appetite and tolerance that is appropriate for the Bank's business strategy and ensuring that it is communicated to all levels of management (i.e. thresholds for Liquidity Coverage Ratio, Net Stable Funding Ratio, Survival Time Horizon and Fund-raising capacity from Liquidity and Fixed Income Investment Portfolio).
- Reviewing the expected impacts of current / potential macro-economic risk scenarios from a liquidity risk perspective;
- Ensuring that any authority that is delegated to the Bank's Asset and Liability Committee ("ALCO") to carry out some of its responsibilities for liquidity risk management is adequately executed and overseeing ALCO's performance.
- Ensuring the competence of senior management and appropriate personnel in measuring, monitoring and controlling liquidity risk in terms of expertise, systems and resources, and in taking appropriate and prompt remedial actions to address concerns when necessary.
- Reviewing and endorsing, on an annual basis at least, the liquidity risk strategy and other significant liquidity risk management policies and procedures [including Internal Liquidity Adequacy Assessment Process ("ILAAP"), contingency funding planning and liquidity stress testing framework], and ensuring that senior management translates the Board's decisions into clear guidance and operating processes (in the form of controls) for effective implementation.
- Reviewing regular reports and stress testing results on the Bank's liquidity positions and becoming fully aware of the Bank's performance and overall liquidity risk profile.
- Understanding, supported by senior management of the Bank, how other risks (credit, market, operational and reputation risks) interact with liquidity risk and affect the overall Liquidity Risk Management Strategy, ensuring that the interaction of these risks is considered and taken into account by the relevant Board-level committees and Risk Management function within the Bank.

In relation to **Operational Risk Management**, the responsibilities of the Committee include:

- Periodically reviewing and evaluating the Bank's policies and practices with respect to operational risk assessment of the Bank's methods for identifying, managing and reporting operational risks;
- Reviewing and evaluating the effectiveness of the operational risk assessment processes and recommending improvements, where appropriate;
- Reviewing, as appropriate, management's actions with respect to key operational risk areas identified through the operational risk framework;
- Continually obtaining reasonable assurance from the Bank's senior management that all known and emerging risks have been identified and mitigated or managed;

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- Reviewing the effectiveness of the Three Lines of Defence model adopted by the Bank and receive reports on the results of the self-assessment for each First Line of Defence (as discussed in the Business Risk and Compliance Committee and submitted to the Operational Risk and Internal Control Committee).

In relation to **Internal Capital Adequacy Assessment Process**, the responsibilities of the Committee include:

- Ensuring adequate capital management policies are in place; also review and endorse these policies on an annual basis;
- Understanding the material risks that are impacting the business, and also having an awareness of emerging risks and vulnerabilities;
- Reviewing and endorsing the capital plan and corresponding capital actions; and
- Ensuring that the Bank has adequate capital proportionate to its risk profile under normal and adverse conditions.

In relation to **Stress Testing Framework**, the responsibilities of the Committee include:

- Endorsing the policies and procedures governing the stress testing program and ensuring sufficient resources and expertise to effectively implement the program;
- Ensuring that the design of the stress testing program is consistent with the Bank's risk appetite and is appropriate to the nature, scale, complexity of its risk-taking activities and overall business strategy;
- Ensuring that views and inputs from relevant functions and departments are considered in the stress testing program;
- Providing constructive challenge on the results of stress tests, scenarios, key assumptions and methodologies used in the stress tests;
- Reviewing the appropriateness of management actions proposed by senior management to mitigate potential vulnerabilities, in line with SAMA regulations;
- Endorse management actions; and
- Commissioning regular stress testing program in accordance with SAMA regulations.

In relation to **Reputational Risk Management**, the responsibilities of the Committee include:

- Overseeing the overall reputational risk management processes; and
- Conducting a post-event review, in coordination with the Bank's senior management, to identify any lessons learnt, or problems and weaknesses revealed, from the event in order to take appropriate actions to improve the Bank's approach for managing reputational risk.

In relation to **Information Technology Risk Management**, the responsibilities of the Committee include:

- Review and endorsement of the Information Technology (IT) Risk Strategy and Policies;
- Receive regular updates on the emerging Information Technology Risks of the Bank including the IT Steering Committee risk updates; and
- Receive regular updates on the Bank's disaster recovery capabilities.

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- Receive updates prepared by the management as relevant and required relating to GIB Capital.

In relation to **Information and Cyber Security Risk Management**, the responsibilities of the Committee include:

- Reviewing and evaluating the implementation of the Information and Cyber Security Risk Management Program as well as receiving updates on projects related to the implementation of Information Security;
- Reviewing and endorsing Information and Cyber Security Risk Management Policies to ensure compliance with regulatory and leading industry standards;
- Receiving regular updates Information and Cyber Security Risk Management as well as periodic updates on the results of the review of the Bank's controls to prevent, detect and respond to cyber-attacks or data breaches; and
- Review, as appropriate, management's actions with respect to key Information and Cyber Security risk areas identified through the operational risk framework.
- Receive regular updates prepared by the management as relevant and required relating to GIB Capital.

In relation to **Strategic Risk Management**, the responsibilities of the Committee include:

- Reviewing and endorsing the Bank's Strategic Risk Management Policies and in doing so:
  - Receive, as appropriate, updates on the Bank's Key Strategic Risk; and
  - Proposed mitigating actions proposed by the Bank's management in response to these risks.

In relation to **Non-Financial Risks (NFR) Management**, the responsibilities of the Committee include:

- Maintain oversight on top Non-Financial Risks e.g., regulatory compliance, ESG risks, outsourcing and 3<sup>rd</sup> party risk etc. in the bank by ensuring the development of the governance, framework, process, responsibility within this area to ensure appropriate identification, monitoring and management of these risks, and to derive assurance on the adequacy of the overall control framework and system to keep the bank within its agreed NFR & Financial risk-tolerance and risk-capacity thresholds, while also ensuring that any control gaps identified are addressed on a timely preventative basis.

In relation to **Other Risks Management**, the responsibilities of the Committee include:

- Regularly monitor and ensure compliance of the Bank's with the adopted risk strategy by reviewing reports prepared by the Bank's Risk Management Division, and any other information the Committee considers necessary and in doing so:
  - Sharia governance and non-compliance Risk: receiving updates (as appropriate) on all matters relating to Shariah requirements, Sharia governance or Sharia non-compliance risks;
  - Compliance, Anti Money Laundering (AML) and Combating the Financing of Terrorism (CFT) Risks: receiving updates (as appropriate) on all matters relating to Compliance, AML and CFT risks;
  - Review other major risk concentrations as deemed appropriate; and
  - Discuss any changes by the regulators or governmental agencies and any published

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reports that raise risk issues material to the Bank.

In relation to **Capacity Management (resourcing & availability of specialized skills) of the Risk Management Function**: the responsibilities of the Committee include receiving regular updates as part of the CRO update on matters relating to capacity management and providing their recommendations / guidance.

In relation to **Portfolio Analytics Capabilities (systems & preparation of appropriate MIS) of the Risk Management Function**: the responsibilities of the Committee include receiving regular updates as part of the CRO update on matters relating to portfolio analytics capabilities and providing their recommendations / guidance.

### 9 Report to the Board

- 9.1 The Committee Chairman or delegate shall regularly report to the Board about Committee activities, issues and related recommendations on the matters set out in Section 8 of this Mandate.
- 9.2 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.

### Document Approval Record

The signatories below have given their agreement to this document:

Name	Role	Date
Khalil Baghdadi	Head of Legal and Corporate Governance - KSA	5 February 2026
Risk Committee	Endorsement	10 February 2026
Governance, Nomination and Remuneration	Endorsement	11 February 2025
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