



Samba Financial Group

Samba ESG Report 2019

“ESG: it’s just good Business”

1. Chairman's Introduction:

I am delighted to introduce Samba's Environment, Social and Governance Report.

Saudi Arabia is a country undergoing profound transformation, with the Government's Vision 2030 strategic plan designed to modernize, diversify and advance the nation. As a systemically important Saudi bank, Samba is playing a crucial role in this process, and will continue to do so. Samba contributes to this nation-building strategy not only in the areas directly affecting our industry – the Financial Sector Development Program, for example – but in all the areas where our activities, people and footprint can make a difference. For Samba, Vision 2030 runs in parallel to our business strategy and serves to guide our role and impact on Saudi society.

Since our foundation, Samba has been deeply conscious of its relationship with, and responsibility towards, the communities in which it operates. We take pride in Samba's track record of community involvement, people development, and the contribution to society that our financing makes.

In terms of Governance, we are fortunate to operate under the guidance of some of the world's most forward-thinking regulators. The Saudi Arabian Monetary Authority (SAMA) and the Capital Market Authority (CMA), together with relevant government institutions, have created a banking environment that is robust, liquid, prudent and diversified. Samba is recognized as one of the best-governed banks in the Kingdom, and we take great pride in the comprehensive framework of policies and procedures that govern our business and conduct, and the strong infrastructure in place to ensure that we can continue to lead by example.

Recent years have seen the emergence of climate change as perhaps the greatest risk facing humanity. It is part of our duty as a responsible corporate citizen and member of society to face up to our responsibilities in this regard. With the publication of this first foray into reporting on our approach to ESG matters, we are at the start of a new journey at Samba, but it is a journey we embark upon with relish and enthusiasm. Ensuring a sustainable future has been the cornerstone of our purpose.

For Samba, ensuring the right outcomes for our people, for society, for communities, and for the environment is not a new departure. Although ESG is a new name, it is not a new concept: It is just good business, the way Samba has always conducted business.

Ammar Alkhudairy, Chairman

2. Samba's ESG Approach: A New Definition of Capital:

Samba's approach to Environment, Social and Governance factors is driven by the same vision that frames our business strategy, determines our business decisions and defines our conduct and values.

In order to function and to help our customers to thrive, any bank requires capital. At Samba, we define capital more broadly than most. In addition to the financial capital that enables us to conduct our business as a bank, Samba is dependent on other sources of capital: Human, Innovation, Relationship, Social and Natural Capital. These sources of capital share equal importance: all contribute to the delivery of our vision and purpose.

Samba depends on:

- Financial capital: to enable us to conduct our business
- Human capital: the competencies, capabilities and experience of our people
- Innovation capital: the intellectual property and innovation that will help Samba to thrive in the 21st century
- Relationship capital: the two-way relationships we hold with all stakeholders
- Social capital: being an active and vigorous member of the communities and society we serve
- Natural capital: How we use the resources of the planet, and how we partner with our customers to use them responsibly

These sources of capital provide the building blocks that combine to form our offering and services. They are the subject of strategic focus and analysis to drive mutual benefit. The strategic actions that Samba takes with regard to harnessing and nurturing these sources of capital leads to strategic outcomes that benefit all stakeholders.

3. Human Capital: Our People:

3.1. Our People: Samba's Single Greatest Asset

Samba has a long and proud tradition of developing its people into the leaders of tomorrow. Our training, education and development programmes are recognized as being among the most effective in Saudi Arabia. The bank fosters an environment of ongoing personal and professional development for all its people, leading to opportunities for promotion and career development that are fully meritocratic. The majority of the bank's Executive Management team, including its CEO, who has spent her entire career at Samba, are Samba people who have developed and grown their careers in this way.

Key to the success of our people strategy is a robust and rigorous appraisal and reward system. This ensures that the right behaviours and conduct are encouraged, that banking for mutual benefit is the guiding principle of our business, and that reward is delivered where it is merited.

3.2. Appraisal Policy Framework: Fostering a Meritocracy

Each employee receives written annual performance objectives, and each employee's performance is reviewed against these at least once per year. Additionally, managers establish an ongoing dialogue with subordinates to discuss their performance at frequent intervals throughout the year.

The objectives of this policy are:

- To provide a basis for recognizing and rewarding employees based on merit.
- To ensure that staff members receive regular feedback on their performance, giving them opportunities to improve and develop, and build an environment of collaboration and trust.
- To identify specific strengths and areas for development and to create personal and professional development plans to improve overall performance.
- To establish a historical performance record of employees.

This framework is mature and well-established and provides an environment where professional excellence is recognized and rewarded, and where shortcomings are identified and addressed. The outcomes of this people strategy are:

- Meritocratic environment
- Higher performance levels
- Higher morale
- Increased engagement
- Better understanding of strategy
- Perceived and actual fairness of reward and sanction structures
- Heightened ability of the bank to promote from within.

Samba has always used non-financial measures into management appraisals and scorecards as we encourage and promote the right behaviours and cultural direction for all our people.

3.3. Gender Balance and Nationality

The meritocracy strategy also manifests itself in the gender balance of our workforce, a factor that has been assisted by the Vision 2030 reforms, and which will continue to play an important role as Samba and the Kingdom continue their development goals.

Saudization is a key element of the Vision 2030 strategy, and Samba is proud to be overwhelmingly staffed by Saudi nationals.

In terms of gender balance, Samba has made great strides in recent years, with female representation in 2019 60% higher than in 2017, for example.

At the end of 2019, the personnel make-up of the bank was as follows:

| | 2017 | 2018 | 2019 |
|--------------------------------------|--------|--------|--------|
| % females in workforce | 6.7% | 7.3% | 11.1% |
| % females in senior management roles | 0.5% | 0.5% | 0.7% |
| % females in middle management roles | 1.1% | 1.8% | 3.7% |
| % females in junior roles | 5.1% | 4.9% | 6.5% |
| % Saudi nationals | 94.14% | 94.50% | 95.51% |
| % expatriates | 5.86% | 5.50% | 4.48% |

Hiring and promoting more qualified women is a bank-wide strategic imperative, and we look forward to reporting more progress on this in future.

3.4. Training and Development

Samba invests heavily in the development of its human capital. In 2019, almost 16,000 days of training were delivered to over 5,300 colleagues in classroom format, in addition to continuous e-learning and training outside Samba. In a complex and highly regulated industry, it is critical that people remain up to date with the latest developments. At the same time, Samba is determined to develop the next generation of leaders from within its own ranks, and we fast-track our most promising talent through the Samba Academy. The bank's in-house academy has trained 165 talented individuals in 2019, developing a home-grown source of leadership and global best-practice.

Samba's Academy is rightly perceived as the foremost development institution in the country, and its alumni occupy senior roles not only at Samba, but also in other sectors including government circles. Samba will continue to invest and grow the Academy, and its graduates will continue to succeed in delivering the future of the bank and of the nation.

Breakdown of training staff numbers and days of training delivered over three years:

| Training Provider | 2017 # Staff | 2017 Training Man Days | 2018 # Staff | 2018 Training Man Days | 2019 # Staff | 2019 Days |
|--------------------------|--------------|------------------------|--------------|------------------------|--------------|-----------|
| Samba Academy | 3,754 | 10,529 | 4,684 | 12,041 | 5,385 | 15,902 |
| Financial Academy (SAMA) | 31 | 87 | 56 | 176 | 82 | 311 |
| In-Kingdom courses | 64 | 1,727 | 66 | 1,086 | 37 | 355 |
| Overseas courses | 20 | 79 | 34 | 118 | 41 | 154 |
| Total | 3,869 | 12,152 | 4,840 | 13,421 | 5,545 | 16,722 |

3.5. Listening to our People

Understanding how our people feel about Samba is vital. It helps us ensure we are giving them the right support to achieve their potential and to serve our customers well. We capture the views of our people through our employee engagement survey. Results are presented to Senior Management, relevant committees and to the Board of Directors. This allows Samba to take action based on the feedback.

Samba will continue to survey its people, will continue to monitor closely their engagement, feelings and attitudes.

3.6. When Our People Leave the Bank

Samba invests heavily in its people, and never likes to see good people leave the bank. When they do, we conduct a thorough exit interview to understand why, and, if necessary, to take action. However, the bank's regrettable attrition rate was low at almost 1% in 2019, and we strive to maintain that level of satisfaction that will keep it low.

4. Human Capital: Our Communities

Samba has been a proactive and energetic supporter of the communities in which it operates for over 40 years. Through a series of programmes focused on health, education and housing, Samba contributes financially and with the time and dedication of its people to help the less fortunate in society, to increase levels of financial literacy, to contribute to a healthy population, and to deliver homes for people to live in.

From staff donating blood for medical relief to training programmes for staff family members; from open days at the bank for Middle School pupils to a partnership with universities for graduate recruitment; from vaccination programmes to donations to hospitals for sick children, our community activities are designed to improve the quality of life in the Kingdom, and to give our people the chance to get involved.

There are many opportunities for Samba employees around the country to lend their time and skills to their local community. As well as benefitting the communities we serve, volunteering can bring great personal rewards – enabling people to build connections, develop new skills, and gain a fresh perspective.

5. Innovation Capital: Staying Ahead of New Developments to Drive Beneficial Outcomes

We are on the cusp of a new technological era, and Samba is well-placed to bring the benefits of digital banking to its customers.

Much of the national strategy of Vision 2030 is built on technology; for the country to succeed in realizing its vision, it must harness technology. For Samba this imperative is no different.

Our vision is to use technology to drive efficiency, customer service quality, accuracy and shareholder value. And we have a strong cultural and historical head start in this: Samba has always been the bank of innovation. Samba was the first bank in the Kingdom to introduce ATMs, the first to introduce credit cards, the first private bank, the first to use derivatives, and many more.

This heritage of innovation makes us confident that we can continue the great work already begun on harnessing the power of digital technology for the benefit of all stakeholders.

Samba is an active player in fostering a culture of innovation focused on creating awareness and engagement around the importance of enhancing digital literacy and the elevation of the fintech ecosystem within the kingdom. The bank has sponsored and hosted more than 10 digital focus events, activities and trainings throughout 2019.

2019 was a particularly strong year in terms of introducing new digital solutions for the benefit of our customers. Among the highlights were:

- 91% of bank wide transactions were executed via digital channels with 43% stemming from SambaMobile.
- 99% of main financial transactions were performed digitally with 54% stemming from SambaMobile.
- 51% of Samba customers are registered in digital channels.
- 36% of overall cards payments have been executed through mobile payments and NFC contactless technology in 2019.
- Introduced Apple Pay to Samba customers.
- Samba launched Digital Customer Onboarding in online and mobile banking: This service delivers convenience, helps the bank to reach new customers, and brings operational efficiencies.
- Prospective customers will now be able to open a new account instantly, obtain a debit card and seamlessly be registered to digital channels – all without visiting a branch. This new level of digital service also enables the bank to serve remote and under-banked communities, helping to deliver financial inclusion.
- Launched Digital IPO Funding and Dependent Update: allowing customers to instantly get funding for an IPO and update their dependents instantly via SambaMobile & SambaOnline. This was an initiative that supported the landmark Saudi Aramco IPO. Over half (52%) of total retail funding for this IPO was carried out digitally.
- Instantly activate debit cards via SambaMobile & SambaOnline.
- Instantly assign or reset a debit card PIN via SambaMobile, SambaOnline, and ATM.

- Instantly assign or reset a telephone PIN for IVR services via SambaMobile, SambaOnline, or ATM.
- Launched ITM Services: Interactive Teller Machines to serve customers around the clock via video conferencing with a remote agent. ITM functionality allows customers to withdraw cash above their daily limits for emergencies, deposit cash and cheques, transfer between Samba accounts, and cash cheques.
- Launched beneficiary activation using automated call back in online and mobile banking: The service simplifies the customer experience of adding and activating a beneficiary which is a pre-requisite for any financial transfer.
- Implemented a new IVR platform to enhance system stability, scalability and flexibility to provide a better customer experience.

The Innovation Capital that drives these customer-benefitting advances will continue to be nurtured and valued, as Samba embraces the digital future.

6. Relationship Capital: Our Stakeholders and Communities

Our stakeholders are the people who work for us, bank with us, own us, regulate us, and live in the societies we serve and the planet we all inhabit. These human connections are complex and overlap. Many of our employees are customers and shareholders, while our business customers are often suppliers. We exist to serve, creating value for our customers and shareholders.

What defines and unites these stakeholders is the relationships that Samba enjoys with them.

At one level, this might involve charitable donations; at another, it might involve listening to and acting on customer and staff feedback. At another, it might involve assisting the authorities as they continue to safeguard the regulatory environment that we operate in.

Whatever the relationship, Samba works hard to reinforce these relationships and to drive mutually beneficial outcomes.

6.1. Relationship Capital: Our Community Activities

Samba is a major donor to communities and has been a valuable member of the community since its founding. Samba's relationship with its communities is just as important today, and the inclusive nature of our community activities mean that all our people are able to participate.

Education programmes, graduate recruitment programmes, housebuilding programmes and staff participation in community events all serve to reinforce and support the bank's role as a responsible and active community member.

These activities undergo thorough analysis before being carefully selected to bring real benefit to society and our communities, in a manner consistent with Samba's values and culture.

Highlights included:

- Housebuilding programme: 500 homes for needy families will have been constructed by 2021
- Community Events with staff participation
- Arts and events sponsorship
- Diabetes and other health awareness drives
- Workshops for entrepreneurs
- Sponsoring educational programmes for the disabled
- Regular presence on social media to highlight and celebrate these activities
- Regular social media posts on environmental issues throughout the year

Another highlight was the Furiyat Initiative in partnership with the Ministry of Interior through the electronic services platform "Absher" during the holy month of Ramadan to assist and release detainees and prisoners of financial cases.

Samba contributed to pay off the financial obligations of many detainees, allowing them to spend Eid Al-Fitr holiday among their loved ones.

These activities are not merely charitable donations; they are directly related to our business strategy, and contribute to the delivery of Vision 2030.

6.2. Relationship Capital: Our Regulators

Saudi Arabia has one of the most-respected regulatory regimes in the world. It is this infrastructure that encourages and mandates the nation's banks to be well-capitalized, liquid, and secure. Samba collaborates with SAMA and the CMA to constantly enhance and improve the rules and regulations that govern our industry.

Our Compliance and Conduct culture exists within this macro prudential framework to ensure the orderly running of the financial system, to protect customers, and to ensure the bank can withstand any shocks that may come along.

This prudent and conservative approach serves all stakeholders well: for our staff, it ensures security of compensation and employment; for our customers, it ensures stability and strength in an uncertain world; and for our shareholders it ensures a secure and stable long-term future.

Samba is proud to be regulated by SAMA and the CMA, and will continue to support them in their objectives.

6.3. Relationship Capital: Our Customers

Samba serves every type of customer, from the simple requirements of individuals, to more complex lifestyle planning for families, to the needs of small businesses and start-ups, to the largest multinationals, corporates and government institutions.

And while these customers represent a huge diversity of scale and requirement, they have one thing in common, a factor that we at Samba never forget: The customer is always free to choose another bank. For this reason, Samba seeks to serve and to satisfy its customers every day.

Relationships are at the heart of every customer's interaction with the bank. We create value by providing the products and services our customers need, and we aim to do so in a way that fits seamlessly into their lives and operations. This helps us to build long-lasting relationships with our customers. We maintain trust by striving to protect our customers' data and information, and by delivering fair outcomes for them. And if things go wrong, we address complaints in a timely manner. Operating with high standards of conduct is central to our long-term success and underpins our ability to serve our customers.

We view customer complaints as a critical element in our striving to constantly improve our products and services. Complaints data are analyzed thoroughly, and any trends are escalated to senior management to take appropriate action or amend products and services accordingly.

6.4. Corporate and Institutional Relationships

For our corporate and institutional clients, relationships are one of the most important factors in our mutual success. A strong relationship built on trust and track record enables more ideas to flow, more deals to be done, and more mutual benefits to accrue.

Typical of this virtuous circle was Samba's role in the world's largest ever IPO, when Saudi Aramco listed its shares on the Tadawul in December 2019.

Samba has a long-standing relationship with Aramco, having supported and financed the company for many years. When the oil group was looking for a partner to offer its shares to the Saudi public, all Saudi banks played a role, assisting investors through the process and providing liquidity for investment. But Samba's capability, depth of relationship and capital markets expertise led to it being awarded the crucial role of Manager.

7. Social Capital: Our Role in Society

Just as Vision 2030 aims to transform Saudi society, so the business and actions of Samba are aligned to contribute to the development of a modern nation.

7.1. A Strong Bank with a Strong Purpose

Of course, any bank needs to be secure, liquid and possess balance sheet strength if it is to fulfil its purpose and role in society. Samba takes this responsibility to its shareholders, staff, customers and society extremely seriously, and consequently manages its capital and balance sheet in a prudent way for the long term. Proof of this can be found in the ratings assigned to it by the international credit ratings agencies.

7.2. Samba's Status Leads to Social Responsibility

- *Financially*, Samba has taxation and zakat obligations.
 - In 2018, Samba paid SAR33 million in tax at an effective tax rate of 23%, and SAR444 million in zakat
- As an *employer*, Samba is a major source of national talent and people development
 - Samba employs 3,614 people
- As a *listed company*, Samba is a material constituent of the Tadawul, bringing investment to the Kingdom
 - Samba had a market capitalization of SAR 65 billion as at 31 December 2019
- 52% of Samba's stock is publicly traded, with around 10% held by foreign investors
 - Samba is one of the most internationally-held stocks in Saudi Arabia

7.3. The Role Samba Plays

This status, as a large and systemically important Saudi institution means we play a meaningful and material role in society. This manifests in many ways, including:

- Residential Finance: Samba lent almost SAR2 billion to help people buy their own homes in 2019
- SME banking: in 2019, Samba's facilities to SMEs topped SAR17 billion, an increase of 12.3% over 2018 (see 7.4 below)
- Financial education: Samba regularly holds seminars and workshops for schoolchildren, students, entrepreneurs and small businesses to improve financial literacy and foster engagement with the financial sector.
- Helping companies and individuals in financial hardship

7.4. Support for Small Businesses

Samba's SME customer book is healthy and growing, as this table shows:

| | Customer Count | Total Facility SAR '000 |
|-------------------|-----------------------|--------------------------------|
| All Segments | 339 | 18,082,474 |
| Micro Enterprise | 7 | 375,987 |
| Small Enterprise | 122 | 3,761,180 |
| Medium Enterprise | 210 | 13,945,307 |

Samba has been a staunch supporter of the Kafalah programme in which government and banks share the financing risk needed to help SMEs make the transition from start up to established profitable enterprises.

Our Kafalah statistics in 2019 are something to be proud of:

| Kafalah Status | No. of Customer | Total Facility SAR 000 |
|-----------------------------|------------------------|-------------------------------|
| Approved by Kafalah | 62 | 252,700 |
| Under Approval with Kafalah | 1 | 8,500 |
| Under Circulation | 6 | 26,000 |
| Pipeline | 16 | 58,000 |
| Total | 85 | 345,200 |

7.5. Our Role in Society: Protecting Customer Data

Data security is one of the highest risks that banks face today. The threat from system failure and cyber-crime, along with the unprecedented amount of data that we are responsible for, means that data security demands high levels of investment and senior management focus.

Samba works closely with regulators and with national and international security agencies to ensure its data integrity. The bank has robust risk management controls in place. Its primary data center hosting all services is supported by a detailed and regularly tested disaster recovery plan, including the existence of an alternative data center.

Samba's data and Information security is governed by a set of policies and procedures, along with clear definition of the responsible and accountable parties in the bank, to ensure that this most precious asset is safeguarded and monitored at all times. Data Loss Prevention, Information Security and Information Asset Management are all subject to detailed policy guidelines which are enforced and reviewed regularly.

This framework has ensured that Samba's excellent record in data security is maintained and nurtured, and that the bank will continue to lead the industry in best practice in this field.

Samba provides data security training to its staff covering information security operations and regulations. It also delivers specialized courses in awareness and prevention of cyber-crime both in classroom settings in the Samba Academy and, for specialist staff, international training courses. Samba sends regular information security awareness messages to its staff.

8. Natural Capital: Samba and the Environment

As climate change climbs the agenda of governments, companies and citizens, it is our duty to consider our impact on the environment and to seek to lessen and mitigate it.

The journey that Samba is undertaking towards a more sustainable future will be a long one, but we can be proud of the first steps that we have taken, and of the plans in place for 2020 and beyond.

- **New Head Office building:** The project is a Golden LEED (Leadership in Energy and Environmental Design) that has been certified through EMS (energy management system). The building is highly efficient, with emissions and energy offset in mechanical, engineering and plumbing systems such as photo-voltaic thermal hybrid solar collectors, an energy system that

is entirely solar powered and heat recovery in heating, ventilation and air conditioning. 720 employees will be based in the new building in 2020.

- Solutions for energy savings at other premises are being assessed. There are many technologies in the market and different divisions of the bank are collaborating to deliver material benefits in the short term.

9. Governance: Ensuring Samba is Managed for the Greater Good

Good governance is good business. Operating in a highly regulated industry, Samba is governed and overseen on several levels:

- Our regulators provide the framework, rules, guidelines and sanctions that oversee our business and operations
- The internal governance model begins with the Board of Directors, who are accountable for governance throughout the bank
- Our Risk Management approach and framework ensures the bank is prudently managed for the long term
- Our policies and procedures are the foundations and guidelines for how we do business
- Our culture and values provide the overarching guidance for everything we do

9.1. Regulatory Governance

Samba's relationship with its regulators is discussed in 6.2. Samba takes pride in the quality and expertise of its Compliance team, and the compliant culture that pervades all our activities. This is further reinforced in the regular and mandatory regulatory training that our people undergo, and the close interaction between risk, compliance and customer facing teams.

These control functions operate closely and seamlessly with the business areas of the bank, aiding a culture of risk awareness and compliance which pervades all the bank's activities.

9.2. Board of Directors and Senior Management

The board ensures that the highest standards of corporate governance are observed. It is important that all aspects of Samba's business are conducted in a transparent and responsible manner, with full accountability and integrity.

The board is responsible for the overall governance of Samba, ensuring the strategic guidance of the group, the effective monitoring of management goals, accountability to the group and stakeholders, and ensuring that the group's internal controls, risk management, and reporting procedures are functioning as they should.

The conduct and governance of the Board is enshrined and defined in the Charter of the Board of Directors.

9.3. Board and Management Committees

The board has established several board committees, the composition and terms of reference of which are in accordance with the regulatory requirements and best practices of corporate governance. The functions and terms of reference of the board committees and the authority delegated by the board to these committees are clearly defined by the board. Samba currently has the following board committees:

- **Board Executive Committee:** The strategic decision-making body of the bank. Highest decision-making body within the group. Mandate includes setting the risk culture, governance structure and processes to ensure adequate risk systems and controls
- **Board Nomination and Remuneration Committee:** Helps to identify skill requirements for membership of the board and reviews the board and its structure. It is also responsible for establishing and reviewing Samba's compensation policies regarding rewards and employee retention incentives. As such, this committee has a material impact on the bank's objective of becoming Employer of Choice.
- **Board Audit Committee:** Monitors the financial reporting and internal control systems, controls the work of the external and internal auditors, reviews the interim and annual financial statements, monitors the accounting policy in force, and reviews compliance with regulations.
- **Board Risk Committee:** Oversees the implementation of Samba's risk management policies and reviews management's periodic reports on risk management activities. This committee is critical to the day-to-day liquidity and risk profile of the bank. It applies the filter of stakeholder outcomes and value drivers to all its decisions.

Furthermore, a series of committees exists to monitor and ensure governance. These committees are attended by senior management, their deliberations are minuted and minutes are circulated as per their respective charters.

- **Group Risk & Compliance Committee:** Supervises overall operational, fraud and compliance risk management activities
- **Asset and Liability Management Committee:** Oversees the bank's balance sheet in line with approved risk strategy
- **Information Security Steering Committee:** Oversees implementation of information security matters and issues
- **Credit Risk Policy Committee:** Oversees credit risk architecture and policies that conform to regulations and internal guidelines

- Capital Planning Committee: Oversees the capital planning process (Pillar I & II risks, capital adequacy assessments, stress testing)
- Market Risk Policy Committee: Oversees the management, measurement and monitoring of market and liquidity risk items
- Investment Committee: Reviews and approves investment proposals for various asset classes managed by Treasury
- Human Resource Committee: Manages all HR related activities and matters including policies, staff development programs and compensation framework across the bank.
- Compliance Committee: Oversees all regulatory and compliance matters, policies and issues
- Technology Steering Committee: Oversees the technology systems and projects implementation
- Business Continuity Management Committee: Manages and oversees business continuity planning and preparation
- Shariah Committee: Independent Shariah Committee appointed by the Board for Islamic financing transactions

9.4. Risk Management

The bank has a robust risk governance structure that is underpinned by a comprehensive policy framework that covers all identified risks. The framework is further supported by key risk assessment and monitoring processes that are under the oversight of a team of experienced risk professionals.

Stress testing and scenario analysis are fundamental to sound risk management practices. These activities are applied to credit, liquidity, and market and operational risk and enable us to identify potential vulnerabilities at an early stage and take pre-emptive actions when they are needed. This stress testing is regularly conducted in collaboration with our regulators.

The Risk Management Committee is the forum that agrees and monitors all risks affecting the bank, and which is responsible for the sustainable operation of the bank.

9.5. Policies and Procedures

Under the umbrella framework provided by our regulators, board and senior management, the bank's operations and functioning are governed by a series of policies and protocols that have been adapted and updated over time. Among the many policies that govern all business and conduct at the bank are:

- Charter of the Board of Directors
- Corporate Governance Manual
- Related Party Policy
- Risk and Compliance
- Compensation Policy

- Code of Conduct
- Whistle Blowing Policy
- Employee Trading Policy
- Standard and Procedure for the Board Nomination

Together, these and others form the working manual of the bank, providing guidance and direction for all activities, informed and governed by the regulatory, management and values-led culture of the bank.

The Board of Directors of Samba Financial Group has adopted these Corporate Governance Guidelines to assist the Board and Executive Management in the exercise of their responsibilities. They serve as the Corporate Governance Framework for Samba and provide guidelines for the effective governance in an effort to enhance developing, maintaining, monitoring and controlling corporate structures and procedures to ensure that accountability, transparency, fairness and responsibility are embedded in the corporate decision making process. The Corporate Governance Manual has been developed on the basis of SAMA, the Companies Laws and CMA Corporate Governance Regulations. This manual includes a comprehensive record of the Samba's Governance framework, the Board and Executive Management governance structures, as well as the key policies, guidelines and control functions at Samba.

Within the Corporate Governance Manual every element of the bank's business receives focus and the manner of its governance is outlined and defined including:

- How we account for our Assets and Liabilities (IFRS 7 and 9)
- Tax and Zakat
- Expense policy
- Related parties policy
- Revenue policy

Taken together, these policies ensure that Samba manages its business and its people, maintains and nurtures its culture, and accounts for its revenues and expenses in a transparent, orderly and well-governed manner, ensuring maximum security and stability for all stakeholders.

10. Conclusion

Samba exists to bring about positive outcomes for its stakeholders. This report outlines the thinking behind that ambition, and the ways in which our activities are carried out in a sustainable manner. Samba is a material and systemically important bank in the Kingdom of Saudi Arabia. The decisions and actions it takes have an impact on millions of citizens, and on the economy of the country and the region. Samba takes these responsibilities very seriously. The governance structure outlined in this report ensures that the bank is managed in a prudent manner. The various sources of capital on which the bank relies – human, innovation, relationship, social and natural, in addition to financial – are carefully nurtured through the application of this governance.

Through the management and execution of our strategy, Samba achieves positive outcomes for all stakeholders, creating value and benefitting all.

This is our purpose.