



البنك السعودي للاستثمار
The Saudi Investment Bank

Audit Committee Report to the General Assembly
For the fiscal year ending on December 31, 2021

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Audit committee annual report for the year ending December 31, 2021

Audit Committee formation in a glance:

The Saudi Investment Bank audit committee is composed of five members, including two non-executive members of the Board of Directors and three members from outside the board.

Audit Committee Members:

- Muhammad bin Abdullah Al-Ali, Chairman of the Committee / Independent Board Member
- Muhammad bin Khamis Bamaga, Independent Board Member
- Fayez bin Sayed Bilal, Non-Executive Director
- Manahi Bin Kumaikh Al-Muraikhi, Non-Executive Director
- Abdullah bin Sayel Al-Enezi, Non-Executive Director

Main Audit Committee Duties and Responsibilities:

- Ensuring the effectiveness and accuracy of accounting systems and financial data.
- Recommending auditors appointment to the shareholders' general assembly, approve their fees, and supervise their tasks.
- Settling any disagreements between management and auditors regarding financial reports.
- Pre-approval of all audit and non-audit services with the auditors.
- Assigning independent lawyer, appointing accountants, or others, to advise the committee, assist in the audit, and in investigation.
- Reviewing accounting policies and providing advice and recommendations to the board of directors.
- Ensuring effective communications and coordination with the Risk Committee to facilitate information exchange, effective coverage of all potential risks, emerging risks, and to make any necessary adjustments to develop risk governance in the Bank.
- Providing communications channels between internal auditors, external auditors, and the board of directors.



- Recommending the appointment of the Head of Internal Audit, the Board of Directors, the Committee Nomination, and determining the financial remuneration for the Head of Internal Audit.
- Supervising the monitoring process and initiating specific investigations when necessary.

Financial statement preparation responsibilities:

- Reviewing important accounting issues and reports, including complex operations, reviewing discretionary processes, organisational and accounting developments, highlighting and evaluating its impact on the financial statements.
- Reviewing the quarterly and annual financial statements, in line with the information available to the members of the committee. Evaluating its compatibility with the accepted accounting principles, as well as assessing the results of the external audit with management and external auditors before presenting them to the Board of Directors and expressing opinions and proposing recommendations accordingly.
- Communicating with the management and the external auditors to find out any difficulties they may encounter during the audit process. In addition, reviewing all written correspondence that took place between the external auditors and management, such as the management letter with the remarks or the statement of unreconciled differences.

Compliance Responsibilities:

- Responsible for overseeing the annual compliance program in the bank.
- Approving the annual commitment report, issued by the bank to the Saudi Central Bank.
- Review the findings included in the Compliance Assessment Report as presented by the Management Compliance Committee and make recommendations.
- Ensure code of ethics is communicated to the bank's employees and monitor compliance with those rules.
- Reviewing the policy for reporting violations and the cases that have been dealt with.



- Regularly evaluate the bank's compliance programs and its compliance with legal requirements and its effectiveness. To notify the Board of Directors of any shortcomings, and corrective measures to be implemented.
- Reviewing the results of the quarterly compliance reports issued by the subsidiaries and submitting the necessary recommendations to the Board.

IT Systems Monitoring Responsibilities:

- Determining the appropriate controls to obtain reliable financial data from the bank's automated system, considering the following points that will be reviewed with management and internal and external auditors. Nature and effectiveness of the security controls that the Bank exercises on the information technology systems, and the detection of any weakness. The main recommendations submitted by internal and external auditors regarding information technology systems. The response mechanism of senior management, including setting a timetable for working on implementing recommendations aimed at identifying weaknesses and high risks in control systems, and supervising major activities.
- Ensuring the bank's effectiveness in applying security and control, and addressing weaknesses related to information technology systems.
- Reviewing the main findings received from the internal and external auditors regarding information technology

Internal control systems effectiveness:

The management is responsible for establishing and maintaining an effective system of internal control across the Bank. The internal control system includes the policies, procedures and processes designed under the supervision of the Board of Directors to achieve the Bank's strategic objectives.

The scope of checking the validity of the bank's internal control system includes, assessing the efficiency and effectiveness of all components of the facility. All important and material results related to internal controls are reported to the bank's audit committee, where it monitors the efficiency and effectiveness of the



internal control system to ensure that the identified risks are minimized to protect the Bank's interests.

Efforts are also being made in an integrated manner across all units and departments of the bank to improve the control environment by consistently reviewing and facilitating the procedures to prevent and correct any shortcomings. The controls system has been entrusted to each unit of the bank under the supervision of the senior executive management, The responsibility of correcting any deficiencies to be identified by the internal and external auditors, and other control units across the bank.

In addition, the Bank's management has adopted the integrated framework of internal controls issued in 2013 by the Central Bank of Saudi Arabia. The Bank's internal control system has been designed to ensure that the Board of Directors are informed on managing risks and achieving the Bank's strategic objectives. However, no matter how professionally the internal control systems are designed, it may not prevent or reveal all control deficiencies. Also, the current assessments of the effectiveness of the systems for future are subject to restrictions, it may become obsolete, because of changing requirements for compliance with policies and procedures.

Based on the results of continuous tests and evaluations of the internal control system that were carried out during the year. The management considers the current system of internal control to be appropriate, and effectively implemented and monitored. To enhance oversight, management undertakes a continuous evaluation of the Bank's internal control system.

Committee opinion review:

Based on the periodic reports presented to the Committee in 2021 by the Internal audit department, compliance department, external auditors, executive management reports and operations risk management. The Audit Committee considers the integrity and effectiveness of the censorship controls, and that it was not clear that there were material observations that would affect the integrity and fairness of the bank's financial statements for the fiscal year 2021. Finally, the Audit Committee supports the annual assurances and



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acknowledgments by the executive management that there are no shortcomings that may affect the financial reports for the year ending on December 31, 2021. The annual financial results bulletins are prepared, bearing in mind that any internal control system - regardless of the appropriateness of its design and the effectiveness of its application - cannot provide absolute confirmation.

Mohammed Bin Abdullah Al-Ali
Chairman of Audit Committee