

البنك  
السعودي  
الفرنسي  
Banque  
Saudi  
Fransi



## | Related Party Transactions Policy

البنك  
السعودي  
الفرنسي  
Banque  
Saudi  
Fransi



## | Related Party Transactions Policy

## Table of Contents

<b>Table of Abbreviations</b> .....	<b>4</b>
<b>1. Introduction</b> .....	<b>5</b>
1.1. Document Authorization Control Sheet .....	5
1.2. Document Approval Record.....	5
1.3. Review, Update & Maintenance .....	5
<b>2. Purpose of the Policy</b> .....	<b>6</b>
<b>3. Applicability, Commitment, Review and Roles &amp; Responsibilities</b> .....	<b>6</b>
3.1. Applicability .....	6
3.2. Statement of Commitment .....	6
3.3. Review of Related Party Transactions.....	6
3.4. Roles & Responsibilities .....	7
<b>4. Laws, Regulations, Related Policies &amp; Supporting Procedures</b> .....	<b>15</b>
4.1 Laws & Regulations .....	15
4.2 Related Policies .....	15
4.3 Supporting Procedures .....	16
<b>5. Policy</b> .....	<b>16</b>
5.1 Policy Background .....	16
5.2 Policy Statement.....	16
5.3 BSF Policy Principles.....	18
5.4 Policy Details .....	18
<b>6 Annexures</b> .....	<b>24</b>
<b>6.1 Definitions</b> .....	<b>24</b>

## Table of Abbreviations

S. No.	Abbreviation	Expansion
1	AFCD	Accounting and Financial Control Division
2	AC	Audit Committee
3	BoD	Board of Directors
4	CAD	Credit Administration Department
5	CBG	Corporate Banking Group
6	CCM	Credit Control & Monitoring
7	CCO	Chief Compliance Officer
8	CFO	Chief Financial Officer
9	CGD	Corporate Governance Division
10	CAE	Chief Audit Executive
11	CMA	Capital Market Authority
12	CPG	Compliance Group
13	CRD	Credit Risk Department
14	CRO	Chief Risk Officer
15	DoA	Delegation of Authority Manual
16	EC	Executive Committee
17	FI	Financial Institution
18	HRG	Human Resource Group
19	LGG	Legal and Governance Group
20	MoC	Ministry of Commerce
21	CEO	Chief Executive Officer
22	PBG	Private Banking Group
23	PD	Procurement Division
24	PBG	Personal Banking Group
25	RMG	Risk Management Group
26	RP	Related Parties
27	RPTs	Related Parties Transactions
28	SAMA	Saudi Central Bank
30	SEG	Secretary General

# 1. Introduction

## 1.1. Document Authorization Control Sheet

<b>Document Type</b>	Policy
<b>Document Title</b>	Related Party Transactions Policy
<b>Version</b>	3.1 (English)
<b>Document Reference</b>	
<b>Date</b>	21-12-2022
<b>Policy Custodian</b>	Corporate Governance Division
<b>Policy Owner</b>	Corporate Governance Division

## 1.2. Document Approval Record

Version	Approval Date	Description of Changes
1.0		New Policy
2.0	27, March, 2019	Comprehensive review to incorporate all regulatory & legal requirements and meet best practices.
2.1	15, July, 2020	Amendments in light of new regulations issued by CMA & SAMA.
3.0	30, Nov, 2021	General Periodic Review
3.1	21, Dec, 2022	Based on SAMA new related parties rules for Banks.

## 1.3. Review, Update & Maintenance

1.3.1 The authority to amend this policy rests with the Board of Directors;

1.3.2 Any amendment to this document shall be as per procedure set out in the DoA; and

1.3.3 The minimum frequency for reviewing this Policy is annually. However, the Policy must be reviewed / updated earlier if required. CGD is responsible for ensuring that this document is reviewed & approved as required.

## 2. Purpose of the Policy

The purpose of the Related Party Transactions (RPTs) Policy is to establish the guiding principles to identify and manage actual and potential conflicts of interest in Banque Saudi Fransi ("BSF" or the "Bank"). Engaging in non-Banking and all other transactions with parties who are related to BSF as per the regulatory definitions ("Related Party/ies" or "RP/RPs"). This Policy seeks to set ground rules that ensure that BSF's decisions in connection with such RPTs are entered into in the best interests of BSF, its shareholders and, where appropriate its customers such that they are:

- a) In compliance with all regulations applicable to BSF as a Bank regulated by Saudi Central Bank (SAMA) and as a public listed Company in Saudi Arabia, regulated by the Capital Market Authority (CMA), Ministry of Commerce (MoC) and any other relevant regulator; and
- b) In-line with BSF's commitment to high Governance Standards.

This document is intended as a statement of BSF Policy. It is not a Procedure document, although certain procedures may be included where these are pertinent to a better understanding of the Policy.

BSF Divisions/Departments will, where deemed necessary, implement more detailed procedures, which are designed to support the Bank's on-going compliance with, among other things, this RPTs Policy.

## 3. Applicability, Commitment, Review and Roles & Responsibilities

### 3.1. Applicability

This Policy is applicable to all BSF's transactions with RPs. As such it is the responsibility of Board, Board Committee Members, Senior Executive management and all Employees to be appropriately familiar with its content, in particular those who contact or otherwise interact with customers, RPs, and their relatives.

### 3.2. Statement of Commitment

BSF and its BoD are firmly committed to BSF's compliance with all applicable laws, regulations and governance standards aimed at ensuring RPTs are properly identified and only entered into on appropriate terms in the best interests of the Bank, its shareholders and customers.

### 3.3. Review of Related Party Transactions

3.3.1 For non-Banking transactions, studies should be performed on RPTs when considering approving these transactions by the reviewer and approver as specified in the DoA. Such studies would include details on

the commercial benefits of the transaction, arm's length of the transaction and disclosure impacts on the Bank's financial statements as per the relevant regulations;

- 3.3.2 The RPT should be on terms comparable to those that could be obtained in arm's length dealings with an unrelated third party;
- 3.3.3 All recurring RPTs that have an agreement term that exceeds one (1) year, must be reviewed and approved on an annual basis to determine whether to continue/renew the agreement; and
- 3.3.4 The approval of an RPT may be conditioned upon the Bank and the related person, taking any or all of the following additional actions, or any other actions that the Bank deems appropriate:
- Requiring the Related Party to resign from, or change position within, an entity that is involved in the RPTs with the Bank to avoid a conflict of interest;
  - Assuring that the Related Party will not be directly involved in negotiating the terms of the RPTs, or in the ongoing relationship between the Bank and the other persons or entities involved in the RPTs or in voting in any decision in this respect;
  - Limiting the duration or magnitude of the RPTs;
  - Requiring that information about the RPTs is documented, and that reports reflecting the nature and amount of the RPTs to be delivered to the EC, AC and to BoD on a regular basis; and
  - Requiring that the Bank have the right to terminate the RPTs by giving a specified period of advance notice or in line with the agreed notice period.

### 3.4. Roles & Responsibilities

The below table sets out the roles and responsibilities of each stakeholder in monitoring/ disclosing the RPTs:

Function	Roles & Responsibilities
General Assembly	<ul style="list-style-type: none"> <li>Authorize non-banking RPTs related to the BoD, unless such authority was delegated to the Board as per the relevant regulations.</li> </ul>
BoD	<ul style="list-style-type: none"> <li>Approving the RPTs Policy and any or all proposed amendments and/or changes thereto;</li> <li>Ensuring RPTs Policy reviewed at least annually, or earlier if required;</li> <li>Monitoring of risks arising from potential RPs and RPTs;</li> <li>Ensuring that all RPTs are adequately assessed by the authorized delegated approver and/or Committees;</li> <li>Ensuring that a process exists to ensure all RPTs are being made at arm's-length and in the benefit of the Bank;</li> <li>Approving RPTs related to the BoD as delegated by the GA and as per</li> </ul>

	<p>the DoA; and</p> <ul style="list-style-type: none"> <li>• While considering any proposal of lending to a board member or any of their connected parties, the Board of Directors shall ensure that the concerned board member would neither participate in the discussion nor influence such a decision.</li> </ul>
Chairman of the Board	<ul style="list-style-type: none"> <li>• The Chairman shall notify the General Assembly of RPTs concerning BoD (directly or indirectly) which require GA's authorization.</li> </ul>
Executive Committee (EC)	<ul style="list-style-type: none"> <li>• Approving RPTs as per the DoA.</li> </ul>
Audit Committee (AC)	<ul style="list-style-type: none"> <li>• Review RPTs policy as per the DoA;</li> <li>• Oversight over the controls adopted by the management in relation to RPTs;</li> <li>• Overseeing that the Related Party guidelines are being implemented, through reports submitted by Compliance and reviews performed by Internal Audit and report key risk identified based on such reviews to the Board;</li> <li>• Report to the Board on any risks arising from the potential/existing RPTs and any inadequacies noted in relation to the controls over identification, monitoring and assessment of RPTs;</li> <li>• Ensure the proper disclosures of RPTs in financial statement;</li> <li>• Review RPTs as required in regulatory instruction and as per the DoA to ensure that these transactions are recorded and disclosed; and</li> <li>• Monitor, recommend and report to BoD actions in relation to RPTs.</li> </ul>
Chief Executive Officer (CEO)	<ul style="list-style-type: none"> <li>• Review Banking &amp; Non-Banking RPTs as per DoA;</li> <li>• Review RPTs policy;</li> <li>• Before entering into RPTs, ensure that management has performed required studies to verify the commercial benefits of the RPT to the Bank and the transaction is at arm's length;</li> <li>• Provide support to the Board and AC in implementing the policy;</li> <li>• Monitor development and implementation of controls to manage and monitor the integrity and authenticity of the RPTs; and</li> <li>• Ensure that the level of risks associated with the RPTs is in line with the Bank's Risk Policy.</li> </ul>
Chief Compliance Officer (CCO)	<ul style="list-style-type: none"> <li>• Review RPTs Policy as per the DoA; and</li> </ul>



	<ul style="list-style-type: none"> <li>Submitting quarterly RP Transactions (banking &amp; non-banking) reports to Audit Committee as received from RMG &amp; PD.</li> </ul>
Chief Risk Officer (CRO)	<ul style="list-style-type: none"> <li>Review RPTs Policy and procedure as per the DoA;</li> <li>Ensure alignment with BSF's Credit Policies;</li> <li>Effectively implement RPTs Policy; and</li> <li>Review RPTs as stipulated in the DoA.</li> </ul>
Corporate Board Secretary	<ul style="list-style-type: none"> <li>Circulate RP disclosure forms prepared by CGD to the Board Members &amp; major shareholders and provide CGD with the forms filled with the needed information;</li> <li>To maintain a register for the disclosures of the Board members, Shariah Committee members major shareholders and the Executive Management and updating it regularly based on disclosures required by the law and regulations; and</li> <li>Scan and attach all approvals obtained for any RPT related to any "Board Members" received from Procurement Division.</li> </ul>
Risk Management Group (RMG)	<ul style="list-style-type: none"> <li>Reviewing, Monitoring and Reporting of RPTs.</li> </ul>
Corporate Governance Division (CGD)	<ul style="list-style-type: none"> <li>Recommend RPTs Policy and any proposed amendments and/or changes thereto to ensure adherence to all applicable laws and regulations;</li> <li>Policy ownership and custody;</li> <li>Review the Related Party Procedure;</li> <li>Developing RP disclosure forms and have them circulated to the relevant parties for disclosure, and updating such forms when needed; and</li> <li>Maintaining &amp; updating the Related Party Data Base and sharing such data base with RMG, Procurement &amp; any other stakeholder as deemed necessary to monitor RPTs as per the relevant regulations.</li> </ul>
Chief Financial Officer (CFO) and Accounting and Financial Control Division (AFCD)	<ul style="list-style-type: none"> <li>To disclose RPTs in financial statements and regular SAMA reports after it is reviewed and approved by RMG;</li> <li>To inform CMA &amp; the public through SEG &amp; CGD immediately, of any transaction, between the bank and a related party or any arrangement through which the bank and a related party invest in any project or asset therefore if this transaction or arrangement is equal to or greater than 1% &amp; of the gross revenues of the bank according to the latest audited annual financial statements;</li> <li>Provide CCM with the first draft of Q27-5 report that includes exposure/transaction, deposit for all Related Party Borrowing Clients</li> </ul>

	<p>(where collateral is required in line with article 9 of the banking control law) including without limitation Staff on Quarterly Basis;</p> <ul style="list-style-type: none"> <li>• Disclose (Q27-5)) report to SAMA (once reviewed and approved by RMG) and ensure completeness and accuracy;</li> <li>• Custodian of all related party reports; and</li> <li>• Provide CCM with a confirmation supported by a copy of the Q27-5 report that was sent to SAMA.</li> </ul>
Legal and Governance Group (LGG)	<ul style="list-style-type: none"> <li>• Review &amp; suggest updates to this Policy &amp; procedure in light of applicable laws and regulations.</li> </ul>
Credit Administration Department (CAD)	<ul style="list-style-type: none"> <li>• Prepare and review Non-Retail / Non-Staff related party security documentation as per the credit approval;</li> <li>• to confirm the acceptance of the signed security documentation after completing all standard checks including signature verification;</li> <li>• to issue exception reports periodically as per standard practice;</li> <li>• to safe keep, being the custodian, the original Security Documentation for non-retail &amp; non-staff related party clients; and</li> <li>• to provide collateral and documentation information as and when required to CCM.</li> </ul>
Credit Control & Monitoring (CCM)	<ul style="list-style-type: none"> <li>• As the owner of the “Related Party Transaction Database”, to update, add, delete and/or amend the related party names along with any related information as received from CGD on the related parties – being the owner of the Related Party data base - and from CAD/CRD for the related party Transaction;</li> <li>• To ensure that CRD has fulfilled approval formalities, securities and terms &amp; conditions in line with (a) SAMA Rules &amp; Regulations on Related Party”, (b) the DOA, (c) “Related Party Transactions Policy and (d) the Credit Policy;</li> <li>• To ensure facilities granted to related parties are properly collateralized in line with Article 9 of Banking Control Law, SAMA Related Party Rules &amp; the Credit Policy;</li> <li>• To monitor and control that proper approvals have been obtained/ scanned (only for Non-Retail) and confirmed by all involved stakeholders;</li> <li>• RPTs (credit related) shall be reported to SAMA through CPG as specified in the “Disclosure to SAMA” section of the policy;</li> </ul>

	<ul style="list-style-type: none"> <li>• To consult with CGD prior to any addition to the RPs database (application) to ensure alignment between both databases – as and when requested by BL &amp;/or CRD;</li> <li>• To review and finalize SAMA quarterly related party report Q27-5;</li> <li>• Provide CGD with a list of banking RPTs when requested for disclosure as per the relevant regulations;</li> <li>• To provide list of banking RPTs executed during a quarter to CPG for submitting to AC; and</li> <li>• Perform a semi-annual review on related parties to identify any missing approvals or collateral.</li> </ul> <p>For further detailed roles, please refer to the RPTs procedures.</p>
Business Line – Non Retail	<p>As being the first line of defense:</p> <ul style="list-style-type: none"> <li>• To identify the Banking Related Party/Potential RPTs to be validated by CRD;</li> <li>• To fulfill the security requirement for related party transaction as requested by CRD in line with Article 9 of the Banking Control Law, SAMA Rules &amp; Regulations &amp; the Credit Policy; and</li> <li>• To ensure that all Banking RPTs are properly documented and are determined to be made at arm's-length and in line with SAMA's Circular on "Related Party Rules for Banks" and Related Party and Bank's Credit Policy.</li> <li>• To flag the related party in Credit System, in case the client is not yet flagged;</li> <li>• Ensuring all concerned staff members have adequate information/awareness on RPT affairs</li> </ul>
Business Line – Retail	<p>As being the first line of defense:</p> <ul style="list-style-type: none"> <li>• To identify the Banking Related Party / Potential RPTs based on the database of RPs provided by CGD. And inform Retail CRD &amp; CCM to add such transactions in the list of RPTs;</li> <li>• To ensure that all Banking RPTs are properly documented and are determined to be made at arm's-length and in line with SAMA's Circular on " Related Party Rules for Banks "and Related Party and Bank's Credit Policy;</li> </ul>

	<ul style="list-style-type: none"> <li>• To fulfill the approval and security requirement for related party transaction as requested by CRD in line with Article 9 of the Banking Control Law, SAMA Rules &amp; Regulations &amp; the Credit Policy;</li> <li>• To prepare the related security documentation in line with the approval;</li> <li>• To safe keep, being the custodian, the original security documentation including security documentation related to Key Executive or a member of the Senior Management, where their facility falls under the commercial loan; and</li> <li>• To provide CCM with a copy of the security documentation when requested.</li> <li>• Ensuring all concerned staff members have adequate information/ awareness on RPT affairs.</li> </ul>
Financial Institution (FI)	<p>As being the first line of defense:</p> <ul style="list-style-type: none"> <li>• To identify Banking Related Party/Potential RPTs concerning FI;</li> <li>• Make sure proper approvals have been obtained in case of any banking related party transaction.</li> </ul>
Credit Risk Department (CRD) Non-Retail & Retail	<p>As a second line of defense:</p> <ul style="list-style-type: none"> <li>• To comply with the RPTs policy, Credit Policy, SAMA and CMA Guidelines for definitions, security requirements and delegations with respect to credit exposure/transaction to Related Parties;</li> <li>• To ensure &amp; confirm that all Banking RPTs are properly documented and are determined to be made at arm's-length;</li> <li>• To ensure facilities granted to related parties are properly collateralized in line with Article 9 of Banking Control Law, SAMA Related Party Rules &amp; the Credit Policy;</li> <li>• To confirm that all identified RPTs have been properly approved in line with SAMA's Rules covered in SAMA "Related Party Rules for Banks " and Bank approved Credit Policy;</li> <li>• To approve the grouping &amp; de-grouping of the related counter party – for Non-Retail Non Staff;</li> <li>• To ensure that the Banking related party is flagged by the business line in Credit system (for non-retail/ non-staff).</li> </ul> <p>For detailed roles, please refer to the <b>RPTs procedures</b>.</p>
Compliance Group (CPG)	<ul style="list-style-type: none"> <li>• Report RPTs to SAMA without any delay once received from relevant</li> </ul>

	<p>stakeholder;</p> <ul style="list-style-type: none"> <li>Working closely with all stakeholders to ensure adequate implementation of SAMA Related Party Rules &amp; escalate identified issues and gaps in result of compliance review; and</li> <li>To advise all concerned parties about how to implement SAMA Related Party Rules.</li> </ul>
Internal Audit Group	<p>As a Third line of defense:</p> <ul style="list-style-type: none"> <li>Performing regular audits of the RPTs (as part of the Internal Audit Plan) to check the compliance with the RPTs policies and procedures and RPTs disclosure requirements;</li> <li>Monitoring the adherence to the guidelines, and reporting breaches of RPTs Policy to CEO and the AC; and</li> <li>To independently review the process and the controls that has been put in place by the Bank to monitor the RPTs on a regular basis.</li> </ul>
BSF Employees	<ul style="list-style-type: none"> <li>To notify their managers with a copy to HRG and CPG of any business, or proposed business relationship or transactions, BSF may have with any entity to which the employee has a material direct or indirect interest in line with Conflict of Interest Policy.</li> </ul>
Human Resource Group (HRG)	<ul style="list-style-type: none"> <li>Provide update to CGD regarding the appointment/termination of any member of the Senior Management (including positions requiring SAMA no objection) in order for CGD to update the list of RPs.</li> </ul>
Procurement Division	<ul style="list-style-type: none"> <li>To identify any potential RPT based on the "Related Party Data Base" managed and updated by CGD;</li> <li>To provide CGD with a list of all non-banking RPTs;</li> <li>To ensure that all Non-Banking RPTs are properly documented, conducted on an arm's-length and approved as per the RPTs policy, DoA &amp; relevant regulations;</li> <li>To report Non-Banking RPTs to SAMA through CPG as specified in the "Disclosure to SAMA" section of the policy;</li> <li>To inform CGD, Corporate Secretary -in case the transaction was related to any of the "Board Members" or any of "Senior Executive Management", LGG for reviewing the transaction;</li> <li>To provide Corporate Secretary with a copy of the agreement / approvals and any other information related to the transaction;</li> <li>To obtain disclosures from vendors or additional declarations to</li> </ul>

	<p>confirm/negate existence of a related party relationship;</p> <ul style="list-style-type: none"> <li>• To provide list of non-banking RPTs (signing of contracts) executed during a quarter to CPG for submitting to AC.</li> </ul>
Islamic Banking Division	<ul style="list-style-type: none"> <li>• To obtain the required disclosures from the Shariah Committee Members via the forms developed by CGD on yearly basis or as and when required.</li> </ul>

## 4. Laws, Regulations, Related Policies & Supporting Procedures

### 4.1 Laws & Regulations

Fundamental to the need for this policy is ensuring compliance with laws as well as SAMA, CMA and other regulatory requirements and BSF corporate governance principles. These laws and regulations include, but are not limited to, the following:

Law/Regulation	Authority
Banking Control Law (Article 9)	SAMA/Royal Decree
Companies Law	Ministry of Commerce
Corporate Governance Regulations	CMA
Rules on the Offer of Securities and Continuing Obligations	CMA
Regulatory Rules and Procedures issued pursuant to the Companies Law relating to Listed Joint Stock Companies	CMA
Principles of Corporate Governance for Financial Institutions under the Supervision of SAMA	SAMA
Related Party Rules for Banks	SAMA

### 4.2 Related Policies

There are various other BSF policies that are related to this Policy. This Policy should be read in conjunction with such other policies. The key related policies include, but are not limited to:

Policy
Outsourcing Policy
Credit Policy
Transparency & Disclosure Policy
Conflict of Interest Policy
Code of Business Conduct & Ethics
Compliance Policy
Human Resources Policy

Whistleblowing Policy
Code of Conduct Policy for Board & Board Committees
Procurement Policy

It is the responsibility of each relevant employee to familiarize themselves with the requirements of the above policies and to the extent applicable, their related procedures.

### 4.3 Supporting Procedures

This policy is not intended as a procedure document. Where this policy document contains procedural information it is because it has been deemed that such information is relevant to an understanding of the underlying policy. As such, knowledge of this policy is not a substitute for relevant employees having a detailed understanding of the procedures relevant to their role.

## 5. Policy

### 5.1 Policy Background

BSF enters into a multitude of transactions with a wide variety of customers, service providers and other third parties. Where the party to these transactions is a Related Party a potential conflict of interest arises and there is a risk that BSF is or is seen to be entering into the Transaction for reasons or on terms that are otherwise than in the best interests of the Bank, its shareholders or customers.

Notwithstanding, it is recognized that it may be that the transaction with such Related Party may be appropriate in the circumstances, for example because the product or service is not readily available from other sources or is not available on equivalent terms. BSF also recognizes that, in providing services to RPs, for example credit facility, it should be doing so on legitimate, arm's length terms comparable to those provided to unrelated and unconnected parties.

### 5.2 Policy Statement

It is BSF policy to comply with all applicable laws and regulations governing RPTs, in particular the rules and regulations of Saudi Central bank (SAMA), the Capital Markets Authority (CMA), Companies Law (MoC),



Banking Control Law (Article 9) and International Financial Reporting Standards (IFRS). This policy encompasses the following in particular:

**a) Security for Related Party Transactions:**

1. Article 9 of the Banking Control Law requires banks not to grant, without security, a loan or credit facilities, or issue a guarantee or incur any other financial liability in respect to parties specified in the law (as below):
    - I. Granting a loan or extending credit facilities, or issuing a guarantee or incurring any other financial liability on the security of its own shares;
    - II. Granting, without security, a loan or credit facilities, or issuing a guarantee or incurring any other financial liability in respect of:
      - 1) Member of its Board of Directors or its Auditors;
      - 2) Establishments not taking the form of joint-stock companies in which any member of its Board or Auditors is a partner or a manager or has a direct financial interest; and
      - 3) Persons or establishments not taking the form of joint stock companies in cases where any of the Bank's directors or Auditors is a Guarantor.
    - III. Granting, without security, a loan or a credit facility or giving a guarantee or incurring any other financial liability in favor of any of its officials or employees for amounts exceeding a four (4) month salary of any such concerned person.
  2. For loans, credit facilities, guarantees or other financial liabilities to establishments not taking the form of joint-stock companies in which any of its Directors or Auditors is a partner or is a manager or has a direct financial interest, BSF is required to ensure such facilities are fully secured where control relationship by the related party exists. Where no control relationship exists, security for the borrowing should be on pro rata basis. In other words, only the related party's share of the facility is required to be fully secured.
- b) BSF overarching policy is one of requiring transparency in all of its dealings;
  - c) All RPTs must be reviewed and approved as per the DoA;
  - d) All RPs shall be identified through filling the RPs forms developed by CGD which will be distributed annually;
  - e) All Board and Board Committee members and Senior Executive Management (through Corporate Secretary) are required to notify the RMG of any potential or actual banking and non-banking RPTs as soon as practicable prior to entering into such RPTs;
  - f) Risk Management Group (RMG) & Procurement Division (PD) will implement policy and procedures designed to ensure the proper identification, approval, monitoring and reporting of RPTs;

- g) All RPTs will be carried out fairly, without preference and on an arm's length basis. Any banking transaction involving credit facility should be in line with the Bank's Credit policy and procedures;
- h) In the event of transactions involving a Related Party, the relevant Related Party must abstain from voting on the approval of, or approving the transaction, where applicable. In addition to it, the concerned member should leave the meeting room during the discussion of RPT;
- i) BSF should institute procedures to prevent the beneficiaries of any credit exposure/transactions being part of the processing for approval of such exposure/transactions;
- j) Any facilities granted by BSF to its key executives/members of senior management as a part of their employment contract/compensation package shall be exempt from the application of this Policy and relevant SAMA rules;
- k) RPTs will be disclosed to SAMA promptly and adequately as specified in the "Disclosure to SAMA" section of this policy;
- l) BSF shall notify SAMA, CMA and the public of any transaction between the bank and a related party or any arrangement through which the bank and a related party invest in any project or asset therefore if this transaction or arrangement is equal to or greater than 1% of the gross revenues of the bank according to the latest audited annual financial statements;
- m) As required by relevant regulations, Shareholders and the General Assembly shall be informed about the RPTs;
- n) RPTs will be disclosed in financial statements and annual reports; and
- o) Related party exposures/transactions of the bank shall be reviewed on quarterly basis.

### 5.3 BSF Policy Principles

The general principles, which BSF applies to implement this policy, are as follows:

- a) **Internal transparency** - this requires openness and disclosure by relevant executives, Board and Board Committee members and employees of potential or actual RPTs to the designated departments in BSF;
- b) **Review & approval** - RPTs should not go ahead without the approval of the appropriate body as specified in the DoA; and
- c) **External disclosure** - This requires that RPTs be reviewed properly and appropriately, disclosed to regulators, shareholders or the market in general when required by this Policy.

### 5.4 Policy Details

The following set out, in more detail, policy requirements covering the policy statement and principles outlined above.

#### 5.4.1 Notifying Related Party Relationships – Internal RPs

Internal RPs are required to notify BSF of their relevant RPs. Notification should be made to CGD.

**IMPORTANT:** It is the obligation of the Internal RPs to disclose their RPs through the relevant disclosure forms developed by CGD.

### **Related Parties Data Base**

CGD will circulate disclosure forms to the internal RPs annually to identify relevant RPs. SEG shall assist in circulating such forms to BoD members and major shareholders. Once all disclosures are made, CGD will provide RMG, Procurement, with the Related Party Data Base to capture any RPT.

Immediately upon the emergence of a new Related Party relationship, the relevant parties shall give notice thereof to CGD and the same will be logged in the Related Party Data Base.

### **Identification of Related Parties Transactions**

- Business lines are responsible for identifying potential RPTs based on the Related Party Data Base and to flag potential RPs under its supervision and their transactions and report it to Risk Management Group (Credit Control and Monitoring). Non-Retail Business Lines to Flag all banking RPTs in Credit system.
- CCM is responsible to monitor, control and to ensure that proper approvals have been obtained for all RPs clients as per regulatory guidance.
- RMG will automate the Related Party Database received from CGD and integrate the same with other relevant banking systems in order to identify RPTs for proper approvals and monitoring.
- Business Lines will also incorporate measure in its Policy & Procedures (s) to ensure that the RPs do not get undue advantage on pricing, tenors and securities over the other non-related customers.
- PD is responsible for identifying Non-Banking RPTs related to vendors and suppliers based on the related party database received from CGD.
- PD will update its policy and procedures including approval process concerning RPTs.

#### **5.4.2 Notifying Related Party Relationships – External RPs**

CGD will circulate disclosure forms annually to relevant External RPs to identify external RP and update the Related Party Data Based accordingly. Once updated, the Data Based shall be shared with RMG & Procurement to identify RPTs.

#### **5.4.3 Notifying Potential Related Party Transactions**

All Potential RPTs must be disclosed or identified irrespective of size or materiality. However, particular attention should be paid to relationships that are outside the ordinary course of business, such as the employment of family members, transactions that could be considered unusual for one or both of the parties or transactions that are provided on particularly favorable terms.

In order to ensure reasonable certainty that potential RPTs are identified, it is BSF policy to take an inclusive approach to RPTs:

- a) In relation to Internal RPs, the primary obligation on all Internal Banking RPs is to notify RMG through the Corporate Secretary about RPTs immediately upon becoming aware that such RPT may be entered into;
- b) In relation to Internal RPs, the primary obligation on all internal Non-Banking RPs is to notify the Corporate

Secretary about RPTs immediately upon becoming aware that such RPT may be entered into;

- c) Business Lines to identify and capture potential RPTs based on the database of the RPs. Business Lines will also incorporate measure(s) in its Policy & Procedures to ensure that the RPs do not get undue advantage on pricing, tenors and securities over the other non-related customers;
- d) The concerned Business Lines to review the Banking Transaction against the database of RPs (Internal and External RPs) to identify any RPTs and, if identified will notify the same to RMG;
- e) For banking transactions, the business line responsible for managing the particular relationship is required to notify the actual or potential Banking RPTs to RMG; and
- f) In addition, PD will review all contracts for Non-Banking RPTs against the database of RPs and update all concerned including RMG.

#### **5.4.4 Entry of Exposures onto BSF Systems:**

In relation to Banking Transactions, responsibility for identifying RPTs rests with the relevant business line responsible for managing the relationship:

- a) Once identified the information shall be Flagged by the relevant business line in Credit system;
- b) BSF's (RMG/CCM/CRD) will monitor and control appropriate approvals as part of the Credit Application Approval Process; and
- c) The business lines shall inform (RMG/CCM/CRD) of any changes or updates in relation to RPs on an ongoing basis by initiating an update in Credit system and via email.

#### **5.4.5 Determining whether a Potential Related Party Transaction is an Actual Related Party Transaction**

The determination of whether a notified potential RPT constitutes an actual RPT requiring compliance with this policy and/or disclosure in accordance with applicable regulations is the responsibility of RMG. As and when required RMG can consult with all the concerned including CPG, LGG, and Corporate Secretary to avoid any ambiguity about the determination of a RPT.

#### **5.4.6 Review & Approval**

The purpose of approvals is to provide independent confirmation that the RPT is being entered into in the interests of the Bank and is being conducted on an arm's length basis such that the relevant Related Party is not unfairly benefiting from the Transaction.

#### **5.4.7 General Approval Requirements**

It is BSF's policy that all RPTs require approval as stipulated in the DoA & relevant regulations.

### **Business and Contracts that don't Require Authorisation from the General Assembly:**

The businesses and contracts that are executed for personal needs shall not be deemed as a direct or indirect interest that require an authorisation from the ordinary general assembly, provided that such businesses and contracts are carried out in the same conditions and settings followed by BSF with all contractors and dealers, and that such businesses and contracts must be within the normal course of BSF's activities.

### **Refusal to Grant the Authorization:**

- a) If the Board of Directors rejects granting the authorisation, the member of the Board shall resign within a period specified by the Board of Directors; otherwise, his/her membership in the Board shall be deemed terminated, unless he/she decides to withdraw from such contract, transaction or competing venture or regularise his/her situation in accordance with the Companies Law and its Implementing Regulations prior to the end of the period set by the Board of Directors.
- b) If the Ordinary General Assembly rejects granting the authorisation pursuant to Article (71) of the Companies Law, the member of the Board shall resign within a period specified by the General Assembly; otherwise, his/her membership in the Board shall be deemed terminated, unless he/she decides to withdraw from such contract, transaction or competing venture or regularise his/her situation in accordance with the Companies Law and its Implementing Regulations prior to the end of the period set by the General Assembly.

### **5.4.8 Maximum Exposure/Transaction Limit:**

Exposures to related parties are subject to measurement requirements as prescribed in SAMA Rules on Large Exposures of Banks. Subject to the following limits:

- a) The sum of all exposures/transactions values BSF has to a non-bank related party must not be higher than 5% of BSF's available eligible capital base at all times. However, a bank may have exposure/transaction to its non-banking subsidiary in financial sector of up to 25% of the banks eligible capital.
  - b) Banks exposures/transactions to a non-bank related party that is a listed company in the Saudi stock exchange are exempted from the 5% limit specified in section (a) the sum of all exposures/transactions values BSF has to the non-bank related party that is a listed company in the Saudi stock exchange must not be higher than 10% of BSF's available eligible capital base at all times.
  - c) Where a related party is included within a Group of Connected Counterparties, the exposure/transaction limit specified under sections (a) and (b) above shall be applicable, in addition to the overall group exposure limit as specified in SAMA Rules on Large Exposures of Banks.
  - d) A cumulative limit on all exposures to non-bank related parties shall be 50% of BSF's eligible capital.
- Any breaches of the exposure/transaction limits, must be communicated immediately to SAMA by the relevant department as per the RPTs procedures. The communication to SAMA must also include BSF's action plan to bring the exposure/transaction to within the breached limit. Furthermore, any such breaches may attract punitive supervisory action depending upon their materiality.

### **Exposures/Transactions Exempted from Related Parties Limits:**

The following exposures/transactions shall be exempt from the limits specified under SAMA Related Party Rules for Banks:

- i- BSF's exposures/transactions to the Saudi Government, SAMA, Entities Connected with the Saudi Government, GCC and their central banks.
- ii- Entities that are related to BSF only due to the above sovereign ownership in both the entity and BSF. This also applies if there is a joint Board member representing and appointed by Saudi Government in both the related party entity and BSF. However, the representative himself or herself is not exempted from these limits.

#### **5.4.9 Standing Pre-approval for Certain Related Party Transaction**

The Board may determine that each of the following Transactions (for example) shall be deemed to be pre-approved by the relevant authority (as per the DoA). However, all the RPTs are subsequently reported to the Board for approval and ratification:

- a) Any employment by the Bank of a Related Party employed through the regular interview and recruitment process as per the Bank policies;
- b) Any compensation paid to a Board Chairman, Board member (executive, non-executive or independent), Board Committee members and Senior Executives;
- c) Any Transaction where the Related Party's interest arises solely from the ownership of the Bank's common stock and all holders of the Bank's common stock received the same benefit on a pro rata basis (e.g. dividends); and
- d) Any Transaction with a Related Party involving services as a bank depository of funds, transfer agent, registrar, trustee under a trust indenture, or similar services.

#### **5.4.10 Recurring RPTs**

Recurring RPTs will only be approved for a maximum of one (1) year. Additional approvals are required each additional year from the relevant body.

In exceptional circumstances, where the nature of the particular Transaction requires, the relevant approval body/ies may provide approval for a longer period. In such cases, the relationship will be reviewed annually to determine whether it should be continued or terminated. The Board or their delegated Board Committees must approve any such exceptions.

#### **5.4.11 External Disclosure**

BSF's policy on external disclosure is designed to ensure appropriate and compliant transparency with external stakeholders, regulators and the market as a whole.

The Board is ultimately responsible for ensuring appropriate disclosure of RPTs and Related Party relationships.

RMG in co-ordination with the other relevant functions, will support the Board in discharging this responsibility. Financial Services Group is responsible, on behalf of the Board for ensuring proper disclosure, in accordance with IFRS and other rules and regulations, in BSF's quarterly and annual financial statements.

Disclosure will be made in accordance with BSF's Transparency and Disclosure Policy. However, specifically:

#### **Disclosure in Financial Statements**

Financial Services Group to follow disclosure requirements for RPTs as per illustrative financial statements of Saudi Banks.

#### **Disclosure to SAMA**

As soon as detected by RMG & PD, CPG shall arrange to notify SAMA and the public (through CGD) without any delay on the contracted RPTs if the contract is equal to or exceed one (1%) per cent of the Bank's total revenues according to the last annual audited financial statements.

AFCD within Financial Services Group will report to SAMA the required quarterly reports in respect to RPTs on the given template in SAMA Related Parties Rules for banks after review and approval of RMG.

BSF is required to submit to SAMA by the relevant department as per the RPTs procedures all exposures/transactions to related parties that exceeded 5% of BSFs eligible capital base on the reporting date.

The above information shall be submitted to SAMA each calendar quarter within 30 calendar days of the end of each quarter.

#### **Disclosure to CMA**

As soon as detected by AFCD, CGD shall arrange to notify CMA and the public without any delay on the contracted RPTs if the contract is equal to or exceed one (1%) per cent of the Bank's total revenues according to the last annual audited financial statements;

#### **5.4.12 Outsourcing**

In addition to the requirements of this Policy, where applicable, BSF Outsourcing Policy also applies to RPTs.



## 6 Annexures

### 6.1 Definitions

Presented in this section are definitions of key terms and concepts used in this document:

Term	Definition
Affiliate (CMA Definition)	Affiliate means a person who controls another person or is controlled by that other person or who is under common control with that person by a third person, in any of the preceding, control could be direct or indirect.
Subsidiary	Any company controlled by BSF.
Control	<p><b><u>SAMA Definition (Control Relationship):</u></b></p> <p><b>Control Relationship:</b> control relationship will be deemed to exist automatically if one entity owns more than 50% of the voting rights of another entity. In addition, banks must determine whether a control relationship exists using the following criteria:</p> <ul style="list-style-type: none"> <li>a. Voting agreements (e.g. control of a majority of voting rights pursuant to an agreement with other shareholders);</li> <li>b. Significant influence on the appointment or dismissal of an entity’s administrative, management or governing body, such as the right to appoint or remove a majority of members in those bodies, or a majority of members have been appointed solely as a result of the exercise of an individual entity’s voting rights;</li> <li>c. Significant influence on senior management, e.g. an entity has the power, pursuant to a contract or otherwise, to exercise a controlling influence over the management or policies of another entity (e.g. through consent rights over key decisions);</li> </ul> <p>Banks are also expected to refer to criteria specified in appropriate internationally recognized accounting standards (The International Financial Reporting Standards - IFRS are applied to all banks in KSA) for further qualitatively based guidance when determining control.</p> <p><b><u>CMA Definition (Controlling Interest):</u></b></p> <p>The ability to influence the actions or decisions of another person directly or</p>



	indirectly, individually or collectively with a Relative or Affiliate through;(a) owning 30% or more of the Voting Rights in a company, or (b) having the right to appoint or dismiss 30% or more of the members of the administrative team members.
Person	Any natural or legal person recognized as such under the laws of Saudi Arabia.
Arm's Length Transaction	Businesses or contracts that are carried out in the same conditions and settings followed by the Bank with all contractors and dealers, and that such businesses and contracts must be within the normal course of the Bank's activities.
Transactions	Any transaction, whether for the facility, purchase, sale, transfer of assets or services or creating any other commercial or financial relationship between BSF, it's Affiliates and another person.
Banking Transactions	Financial transactions related to normal course of banking business such as granting facilities including loans, guarantees, letter of credits, consumer loans including credit cards (collectively known as exposure) and deposits.
Non-Banking Transactions	Non-Banking transactions means transactions other than banking transactions including contracts related to services, purchases, renting real estate and offer for employment etc. (Commercial contracts).
Exposures/transaction	Includes both on and off-balance sheet exposures/transaction either the banking or trading books or instruments with counterparty credit risk under the Basel risk-based capital framework. Banking and trading books have the same meaning as under the Basel risk-based capital framework. Additionally, all Shari'ah based products and Shari'ah compliant product exposures/transaction, including but not limited to; service contracts, asset purchases and sales, construction contracts, lease (ijarah) contracts, financings, borrowings (through Qard) and write-offs.
Related Parties	<p><b><u>SAMA Definition (SAMA Rules on Related Parties for Banks):</u></b></p> <ul style="list-style-type: none"> <li>a. Substantial Shareholders of the bank.</li> <li>b. Board members of the bank or any of its subsidiaries/ affiliates (associates and joint ventures) and their relatives.</li> <li>c. Shariah Committee Members of the bank or their relatives.</li> <li>d. Senior Executives of the bank or any of its subsidiaries/ affiliates and their relatives.</li> <li>e. Board members and Senior Executives of Substantial Shareholders of the bank.</li> </ul>

f. Entities, other than companies, owned by the following:

- 1- Board member of the bank or their relatives
- 2- Shariah Committee Members of the bank or their relatives
- 3- Senior Executive of the bank or their relatives

g. Non-joint stock companies in which the following is a partner:

- 1- Board member of the bank or their relatives
- 2- Shariah Committee Members of the bank or their relatives
- 3- Senior Executive of the bank or their relatives

Companies in which the following is a member of its Board of directors or is one of its Senior Executives or has influence on the companies' decisions even if only by giving advice or guidance:

- 1- a Board member of the bank or their relatives
- 2- Shariah Committee Members of the bank or their relatives
- 3- Senior Executive of the bank or any of their relatives.

i. Joint stock companies in which the following owns (5%) or more:

- 1- Board member of the bank or their relatives
- 2- Shariah Committee Members of the bank or their relatives
- 3- Senior Executive of the bank or their relatives.

j. Subsidiary/ affiliate.

Advice or guidance that is provided on a professional basis by a person licensed to provide such advise shall be excluded from the provisions of paragraph (g) of this definition.

**SAMA Definition (CG Principles for Financial Institutions):**

- A. Substantial Shareholders of BSF;
- B. Board members of BSF or any of its affiliates and their relatives;
- C. Senior Executives of BSF or any of its affiliates and their relatives;
- D. Board members and Senior Executives of Substantial Shareholders of BSF;
- E. Establishments- other than companies, owned by a Board member or any Senior Executive or their relatives;
- F. Companies in which a Board member or a Senior Executive or any of their relatives is a partner;
- G. Companies in which a Board member or a Senior Executive or any of their relatives is a member of its Board of directors or is one of its Senior Executives;
- H. Joint stock companies in which a member of the Board or a Senior Executive or any of their relatives owns (5%) or more, subject to the provisions of paragraph (D) of this definition;
- K. Holding companies or affiliates of the financial institution

**CMA Definitions:**

The following are considered RPs:

- A. Substantial Shareholders of BSF;
- B. Board members of BSF or any of its affiliates and their relatives;
- C. Senior Executives of BSF or any of its affiliates and their relatives;
- D. Board members and Senior Executives of Substantial Shareholders of BSF;
- E. Entities, other than companies, owned by a Board member or any Senior Executive or their relatives;
- F. Companies in which a Board member or a Senior Executive or any of their relatives is a partner;
- G. Companies in which a Board member or a Senior Executive or any of their relatives is a member of its Board of directors or is one of its Senior Executives;
- H. Joint stock companies in which a member of the Board or a Senior Executive or any of their relatives owns (5%) or more, subject to the provisions of paragraph (D) of this definition;
- I. Companies in which a Board member or a Senior Executive or any of their relatives has influence on their decisions even if only by giving advice or guidance;
- J. Any person whose advice or guidance influence the decisions of the Bank, the Board and the Senior Executives;
- K. Holding companies or affiliates.

Advice or guidance that is provided on a professional basis by a person licensed to provide such advice shall be excluded from the provisions of paragraphs (I) and (J) of this definition.

This document also distinguishes the obligations on RPs between Internal RPs and External RPs. Internal RPs are:

- BSF and its Subsidiaries;
- Board members of BSF or any of its affiliates and their relatives;
- Senior Executives of BSF or any of its affiliates and their relatives.

All other RPs are referred to as External RPs.

**IFRS Definition:**

- a) A person or a close member of that person's family is related to a reporting entity if that person has control, joint control, or significant influence over the entity or is a member of its key management personnel.
- b) An entity is related to a reporting entity if, among other circumstances, it is a parent, subsidiary, fellow subsidiary, associate, or joint venture of the

	reporting entity, or it is controlled, jointly controlled, or significantly influenced or managed by a person who is a related party.
Substantial Shareholders	Any person who owns 5% or more of the shares of the bank or voting rights therein.
Relatives	<p><b><u>CMA Definition</u></b></p> <ul style="list-style-type: none"> <li>- Fathers, mothers, grandfathers and grandmothers (and their ancestors).</li> <li>- Children and grandchildren and their descendants.</li> <li>- Siblings, maternal and paternal half-siblings.</li> <li>- Husbands and wives.</li> </ul> <p><b><u>SAMA Definition (Related Party Rules for Banks)</u></b></p> <ul style="list-style-type: none"> <li>- Fathers, mothers, grandfathers and grandmothers</li> <li>- Children and grandchildren</li> <li>- Siblings, maternal and paternal half-siblings.</li> <li>- Husbands and wives.</li> </ul> <p>Where dependence criteria for relatives/ family members has been identified based on the Related Party definition, BSF may still demonstrate to SAMA in exceptional cases, that the family members clearly operate all business activities independent of each other with no economic inter dependence, financial support or shareholding from the other family member.</p> <p><b><u>SAMA Definition (CG Principles for Financial Institutions):</u></b></p> <ul style="list-style-type: none"> <li>- Fathers, mothers;</li> <li>- Grandfathers, grandmothers;</li> <li>- Children and grandchildren;</li> <li>- Husbands and wives.</li> </ul>
Recurring RPTs	<p>Transactions which are ongoing indefinitely or for a Recurring Related Party specified period. Examples include:</p> <ul style="list-style-type: none"> <li>• Data Processing Services;</li> <li>• Accounting Services;</li> <li>• Supplies (e.g. office supplies); and</li> <li>• Management Fees.</li> </ul>

<p>Non-Recurring RPTs</p>	<p>Transactions which are individual or distinct and do not provide for on-going services. Examples include:</p> <ul style="list-style-type: none"> <li>• Sales of equipment;</li> <li>• Sales of real-estate;</li> <li>• Service contracts for specific projects; and</li> <li>• Settlement of liabilities on behalf of a Related Party.</li> </ul>
<p>Security</p>	<p>Means such security as would, in the opinion of the SAMA, be acceptable to a prudent banker and satisfies the following criteria:</p> <ol style="list-style-type: none"> <li>a. The market value of the asset is readily determinable or can be reasonably established and verified.</li> <li>b. The asset is marketable and there exists a readily available secondary market for disposing of the asset;</li> <li>c. The bank’s right to repossess the asset is legally enforceable and without impediment;</li> <li>d. The bank is able to secure control over the asset if necessary; and</li> <li>e. The bank has the expertise and systems to manage the asset concerned.</li> </ol> <p>Details of securities eligible for this purpose will be defined /detailed in the Bank’s Credit Policies, reviewed and approved as per the DoA.</p>
<p>Executive Management or Senior Executive</p>	<p><b><u>CMA Definition</u></b></p> <p>Persons responsible for managing the daily operations of the Company, and proposing and executing strategic decisions, such as the Chief Executive Officer (CEO) and his/her delegates and the Chief Financial Officer (CFO).</p> <p><b><u>SAMA Definition</u></b></p> <p>The Managing Director, Chief Executive Officer, General Manager, their deputies, Chief Financial Officer, Managers of key departments, officers of risk management, internal audit, and compliance functions, and similar positions in the Bank, in addition to incumbents of any other positions determined by SAMA.</p> <p>For the purpose of this policy Senior Executives of BSF are:</p> <ol style="list-style-type: none"> <li>1. Chief Executive Officer</li> <li>2. Chief Compliance Officer</li> <li>3. Regional Manager</li> </ol>

	<ol style="list-style-type: none"> <li>4. Chief Financial Officer</li> <li>5. Head of Legal &amp; Governance Group</li> <li>6. Head of Procurement Division</li> <li>7. Chief Investment Officer</li> <li>8. Chief Audit Executive</li> <li>9. Corporate Board Secretary</li> <li>10. Chief Human Capital Officer</li> <li>11. Head of Wholesale Banking Group</li> <li>12. Chief Strategy &amp; Digital Officer</li> <li>13. Head of Personal Banking Group</li> <li>14. Chief Risk Officer</li> <li>15. Chief Operations Officer</li> <li>16. Head of Global Markets Group</li> <li>17. Head of Private Banking Group</li> <li>18. Head of Corporate Banking Group</li> <li>19. Head of Property Management and Security</li> <li>20. Chief Individual Credit Risk</li> <li>21. Head of Funding &amp; Foreign Exchange</li> <li>22. Chief Information Security Officer</li> <li>23. Head of Credit Risk Department</li> <li>24. Chief Technology Officer</li> <li>25. Head of Anti-Fraud Management</li> <li>26. Head of Corporate Operations</li> <li>27. Head of Financial Crimes – AML &amp; CTF Division</li> </ol>
Voting Rights	All the voting rights attributable to the shares of a company, which are exercisable at a general meeting.
Related Party Data Base	The database built & updated by CGD including the list of all persons identified as “Related Parties” for BSF as per the relevant regulations.
Indirect Interest	An interest shall be considered indirect if the business and contract executed for BSF’s account may result in financial or non-financial benefits to, but not limited to, the following categories:

	<ol style="list-style-type: none"> <li>1. The relatives of the board member.</li> <li>2. A partnership, limited partnership or limited liability company where any board member or any of his/her relatives is a partner in it or among its managers.</li> <li>3. A joint stock company in which a board member or any of his/her relatives, individually or collectively, own (5%) or more of its total ordinary shares.</li> <li>4. An entity - other than companies - in which a board member or any of his/her relatives has ownership, or is managing it.</li> <li>5. An entity or a company where a board member or any of his/her relatives is a member of its Board of Directors or a senior executive, except for BSF's affiliates.</li> <li>6. A legal person represented by a board member.</li> </ol>
Eligible Capital Base	Is the effective amount of Tier 1 capital fulfilling the criteria defined in the Basel III Framework.