بنك السلام
Al Salam Bank

Al Salam Bank BSC

Minutes of the Ordinary General Assembly Meeting

Held on Monday 28 Shaaban1444 AH

Corresponding to 20th March 2023

Time: 11:00 **Venue: Movenpick Hotel** **Muharraq – Kingdom of Bahrain**

Meeting Chairman: The meeting was presided over by H.E. Sheikh Khalid Bin Mustahail Al Mashani, Chairman of the Board of Directors.

Legal Quorum: The Chairman announced that the legal quorum was met for holding the Ordinary General Assembly Meeting in accordance with the Bahrain Commercial Companies Law and the Articles of Association of the Bank, as the attendance stood at 70.63%, in person and by proxy, of the total share capital.

Meeting Rapporteur: The General Assembly authorized the Counsellor - Mr. Eihab Abdullatif Ahmed, Board Secretary as meeting's rapporteur.

The meeting was attended by the following Members of the Board of Directors:

1.	H.E Sh. Khalid Bin Mustahail Al Mashani,	Chairman
2.	Mr. Mattar Mohammed Al balooshi, (Via Zoom)	Vice Chairman
3.	Mr. Salman Saleh Al Mahmeed,	Director
4.	Mr. Salim Abdulla Al Awadi, (Via Zoom)	Director
5.	Mr. Zayed Ali Al Amin,	Director
6.	Mr. Hishm Saleh Al Saai,	Director
7.	Mr. Mr. Khalid Salem Al Halyan,	Director
8.	Mr. Al Hur Mohammed Al Swaidi,	Director
9.	Mr. Tariq Abdul Hafeedh Al Aujaili,	Director

Board Secretary :. Counsellor Mr. Eihab Abdullatif Ahmed.

Attended by Fatwa and Shari'a Supervisory Board:

1. Dr. Osama Bahar Member

Attended by the Executive Management:

1. Mr. Rafik Al Nayed,	Chief Executive Officer Group (CEO).
2. Mr. Anwar Murad,	Deputy Chief Executive Officer.
3. Counsellor Eihab Ahmed, Secretary.	Deputy Chief Executive Officer, Board
4. Mr. Yousif Ebrahim,	Chief Financial Officer (CFO)

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P.O. Box : 18282, Manama
Kingdom of Bahrain

The meeting was also attended by:

1. Ms. Rayan Ali, representative of the Central bank of Bahrain.
2. Mr. Husien Mohammed, representative of the Central bank of Bahrain.
3. Ms. Khadija Ahmed, representative of the Central bank of Bahrain.
4. Mr. Ahmed AlAwadhi, representative of the Central bank of Bahrain.
5. Mr. Ibrahim Awachi, representative of The Ministry of Industry and Commerce.
6. Mr. Jalil Al Aali, representative of the Auditors KPMG Fakhro.
7. Mr. Parven Mink, representative of the Auditors KPMG Fakhro.
8. Ms. Heba Mubarak, representative of Bahrain Clearing Company.
9. Ms. Noora Almahmeed, representative of Bahrain Bourse.
10. Mr. Wajdi Al Jallad, representative of Keypoint Consulting, Share Registrar.

H.E Sh. Khalid Bin Mustahail Al Mashani, the Chairman of the meeting, who welcomed the shareholders and thanked them for attending the meeting. He also welcomed the representatives of the Central Bank of Bahrain, the Ministry of Industry and Commerce, KPMG, and the Registrars, and presented the Agenda of the meeting as follows:

1. To approve the minutes of the previous Annual Ordinary General Meeting held on 17 March 2022:

H.E Sh. Khalid Bin Mustahail Al Mashani presented the previous minutes of the meeting to the shareholders for their comments and approval.

The minutes were approved with no remarks or amendments.

Resolution No. (1) The Ordinary General Assembly unanimously approved the minutes of the previous meeting held on 17th March 2022.

2. To discuss and approve the Board of Directors' Report on the Bank's activities for the financial year ended 31 December 2022.

H.E Sh. Khalid Bin Mustahail Al Mashani, the Chairman of the Board of Directors presented the Board of Directors' Report highlighting the most significant aspects of the Bank's activities in 2022 and the good results achieved by the Bank despite the difficulties and market challenges. He also briefed the Shareholders on the Bank's future plans and requested any potential input from the shareholders on the Board of Directors Report.

There were no remarks on the Board of Directors' Report.

Resolution No. (2); The Ordinary General Assembly unanimously approved the Board of Directors' Report on the Bank's activities for the financial year ended 31 December 2022.

3. **To receive the Shari'a Supervisory Board's report for the financial year ended 31 December 2022**

Dr. Osama Bahar, member of the Fatwa and Shari'a Supervisory Board, presented and read out the report of Fatwa and Shari'a Supervisory Board and underlined that compliance to rules and principals of Shari'a in respect of all businesses and transactions of the Bank is the responsibility of the Bank's Management. The Shari'a Supervisory Board confirms that the transactions executed by the Bank during the year, to the extent of the information and data made available to it by the Bank's Management, do not conflict, in general, with the rules and principles of Shari'a. The Shari'a Supervisory Board also confirms that the accuracy of information, data, numbers, and correctness of the profit distribution are the responsibility of the Management.

In response to the inquiry from the shareholder Mr. Ahmed Abdulla, regarding the mechanism of acquiring BBK shares as a conventional bank, Dr. Osama Bahr explained that a specific mechanism has been structured for non-Islamic returns through a private company. The company is financed by the Bank through a Murabaha who then repays the financing until maturity. This company is the custodian of the BBK shares and is not owned by the Bank.

Resolution No. (3): The Ordinary General Assembly Meeting Unanimously approved the Report of the Bank's Fatwa and Shari'a Supervisory Board for the year ended 31 December 2022.

4. **To receive the external auditor's report on the consolidated financial statements of the Bank for the financial year ended 31 December 2022.**

Mr. Jalil Ala'ali representative of KPMG Fakhro, the Bank's external auditors reviewed the external auditors report. He stated that the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the group as at 31 December 2022, and consolidated results of its operations, changes in equity, its cash flows, for the year then ended in accordance with the Financial Accounting Standards issued by the Accounting and Auditing Organization for Islamic Financial Institutions .

There were no other remarks on the report

Resolution No. (4): The Ordinary General Assembly unanimously approved the report of the external auditors for the year ended 31 December 2022.

5. **To discuss and approve the consolidated financial statements of the Bank for the financial year ended 31 December 2022**

Mr. Yousif Ebrahim, (CFO), presented the financial statements for the year ended 31 December 2022 which outlined that the Bank achieved a net profit of BHD 31.6 million, which reflects 48% increase over the previous year 2021. The increase in profit is due to the acquisition of Ithmaar Bank and from the expansion of the Bank's main core operations. The Chairman requested the Shareholders to present their comments on the financial statements.

The Shareholder Mohammed Bader stated that he had previously requested a summary presentation on the financial statements to be provided to the Shareholders at the meeting. Mr. Yousif stated that the disclosures are sufficient and include details of all financial transactions. In response to another shareholder inquiry about the provisions and their implications, post-acquisition of Ithmaar Bank. Mr. Yousef stated that Al Salam Bank's provisions decreased but we took approximately BHD 3 million in new provisions post-acquisition of Ithmaar Bank, noting that there were recoveries during the year, and that the provisions are based on future expectations. Shareholder Shaima Tohamy also praised the Bank's overall financial performance.

The shareholder Shaima Tohamy also inquired about the percentage of assets in Bahrain, where the Gulf average is 93%? What is the impact? Also, why hasn't the Bank yet been classified?

In response to the inquiry, Mr. Yousif Ebrahim stated, the focus is on Bahrain, and this is normal, since the Bank's activity is focused on the retail sector, and there is no negative impact on that. With regard to the classification, it is currently in progress. In addition the CEO mentioned, we are in the process of growing, and we have currently achieved a significant growth of 40% in the past years, especially in 2022 after the acquisition of Ithmaar and other acquisitions, we will complete the classification in the coming years.

Additionally, the Chairman praised the Bank's performance and the Board's determination to achieve the best performance in the coming years, and to continue growth.

Since there were no other observations about the Report:

Resolution No. (5): The Ordinary General Assembly approved the Bank's consolidated financial statements for the year ended 31 December 2022 as presented by the Board of Directors.

6. **To report the transactions carried out by the Bank during the financial year ended 31 December 2022 with any related parties or major shareholders of the Bank as presented in the note no. 29 to the consolidated financial statements in accordance with Article 189 of the Commercial Companies Law No. 21 for the year 2001 and its amendments:**

The related parties transactions were shown according to note (No 29) of the consolidated financial statement.

The Shareholder EATON VANCE TRUST COMPANY COMMON TRUST (holder of a share representing 0.01% Of the Bank's total shareholding) and EATON VANCE COLLECTIVE INVESTMENT (holder of a share representing 0.02% Of the Bank's total shareholding) expressed their objection to the above item, but the item was approved by majority of the Shareholders.

Resolution No (6): The Ordinary General Assembly agreed to ratify and approved the operations and transactions carried out during the year ended 31 December 2022 with any related parties or major shareholders of the Bank as presented in the note (No. 29) of the consolidated audited financial statements.

7. **To approve the recommendations of the Board of Directors with respect to the following appropriations of the net profit attributable to shareholders for the financial year ended 31 December 2022, amounting to BD 31.593 million, as follows:**

a. Transfer of BD 3.159 million to the statutory reserves.
b. Distribute a total dividends of 10% of the issued and paid-up share capital of the Bank, amounting to BD 24.821 million, for the financial year ended 31 December 2022, as follows:
   - 5% as cash dividends, amounting to BD 12.359 million, excluding treasury shares;
   - 5% as bonus shares, equating to 124.616 million shares – i.e. (1 share for each 20 shares held).

   The last day of trading with entitlement to dividends is 21 March 2023, and the first day of trading without entitlement to dividends is 22 March 2023. The record date is 23 March 2023 and the dividends will be paid to the entitled shareholders on 6 April 2023.

c. Retain BD 500 thousand for charitable donations.
d. Transfer of the remaining balance of BD 3.113 million to retained earnings account.

There were no further observations on the proposed distributions as outlined above.

Resolution No (7): The Ordinary General Assembly unanimously approved the allocation of the net profits of the financial year ended 31 December 2021 with a total value of BD 21.37 million for the following distributions: the following appropriations of the net profit attributable to shareholders for the financial year ended 31 December 2022, amounting to BD 31.593 million, as follows:
a. Transfer of BD 3.159 million to the statutory reserves.
b. Distribute a total Dividends of 10% of the issued and paid-up share capital of the Bank, amounting to BD 24.821 million, for the financial year ended 31 December 2022, as follows:
• 5% as cash dividends, amounting to BD 12.359 million, excluding treasury shares;
• 5% as bonus shares, equating to 124.616 million shares – i.e. (1 share for each 20 shares held).
The last day of trading with entitlement to dividends is 21 March 2023, and the first day of trading without entitlement to dividends is 22 March 2023. The record date is 23 March 2023 and the dividends will be paid to the entitled shareholders on 6 April 2023.
c. Retain BD 500 thousand for charitable donations.
d. Transfer of the remaining balance of BD 3.113 million to retained earnings account.
There were no further observations on the proposed distributions as outlined above.

8. **To approve remuneration to the members of the Board of Directors amounting to BD 780 thousand, for the financial year ended 31 December 2022**

Resolution No. (8): The Ordinary General Assembly unanimously approved the remuneration to the members of the Board of Directors amounting BD 780 thousand for the year ended 31 December 2022.

9. **To receive and discuss the Bank's Corporate Governance Report for the financial year ended 31 December 2022, as required by the Central Bank of Bahrain and the Ministry of Industry and Commerce**

The Chairman requested the Shareholders to present their comments on the Corporate Governance Report.

The Shareholder EATON VANCE TRUST COMPANY COMMON TRUST (holder of a share representing 0.01% Of the Bank's total shareholding) and EATON VANCE COLLECTIVE INVESTMENT (holder of a share representing 0.02% Of the Bank's total shareholding) expressed their objection to the above item, but the item was approved by majority of the Shareholders.

Resolution No. (9): The Ordinary General Assembly approved the Bank's Corporate Governance Report for the financial year ended 31 December 2022, as required by the Central Bank of Bahrain.

10. **To absolve the members of the Board of Directors from any liability for their actions as directors during the financial year ended 31 December 2022**

The shareholders agreed on discharging the members of the Board of Directors from any liability.

Resolution No. (10): The Ordinary General Assembly agreed to absolving the members of the Board from any liability for their actions as directors during the financial year ended 31 December 2022.

11. **To appoint or reappoint the Shari'a Supervisory Board for the financial year ending 31 December 2023 and authorize the Board of Directors to determine their remuneration**

The Board of Directors recommended to reappoint the members of the Fatwa and Shari'a Supervisory Board for the required period for the financial year ending 31 December 2023 and requested the shareholders to present their comments and suggestions.

Resolution No. (11): The Ordinary General Assembly unanimously agreed to reappoint the members of the Fatwa and Shari'a Supervisory Board for the required period in the financial year ending 31 December 2023, and authorized the Board of Directors to determine their remuneration as follows:

1. Sheikh Adnan Abdulla Al Qattan
2. Sheikh Dr Fareed Yaqoob Almeftah
3. Sheikh Dr. Nizam Yaqubi
4. Sheikh Dr. Osama Bahar

12. **To appoint or reappoint external auditors for the financial year ending 31 December 2023 and authorize the Board of Directors to determine their remuneration, taking in consideration that this appointment will be subject to the approval of the Central Bank of Bahrain**

The Board recommended that the External Auditors, KPMG is to be reappointed for the audit work for the financial year ended 31 December 2023 and requested the shareholders to present their comments and suggestions.

Resolution No: (12): The Ordinary General Assembly unanimously agreed to reappoint KPMG to carry out the external auditing work for the financial year ending 31 December 2023 and authorized the Board of Directors to determine their fees, subject to the approval of the Central Bank of Bahrain.

13. **To discuss and approve any other matters that may arise as per Article 207 of the Commercial Companies' Law No. (21) of 2001 and its subsequent amendments.**

No new matter was discussed under this item.

There were no further matters for discussion in the agenda of the meeting, H. E. Sh. Khalid Bin Mustahail Al Mashani, the Chairman, expressed his thanks to all attended shareholders, representatives of the official authorities, directors and the Executive Management for their continued support, and announced the end of the meeting.

The meeting closed at 12:15 afternoon.

H. E. Sh. Khalid Bin Mustahail Al Mashani
Chairman of the Board
Chairman of the meeting

Councilor Mr. Ehab Abdullatif Ahmed

Debuty Executive Officer
Board Secretary
Meeting Rapporteur