# Corporate Governance Report 2022

# Corporate Governance Report

### Corporate Governance Practice

The Bank aspires to the highest standards of ethical conduct: doing what it says; reporting results with accuracy, transparency, and maintaining full compliance with the laws and regulations that govern the Bank's business. Since the introduction of the Corporate Governance Code in the Kingdom of Bahrain, the Bank has continuously implemented measures to enhance its compliance with the code. The Bank also follows Module HC of the CBB rulebook. The Same is tested regularly to ensure compliance. Furthermore, as per the latest updates there are no major changes to the Bank's corporate governance guidelines.

### Shareholders

Major Shareholders as of 31 December 2022

| S. No. | Investor Name | Country | No. of Shares | % |
|---|---|---|---|---|
| 1 | Bank Muscat (S.A.O.G) | Sultanate of Oman | 367,275,880 | 14.74 |
| 2 | Overseas Investment S.P.C. | Kingdom of Bahrain | 238,360,460 | 9.56 |
| 3 | Sayacorp B.S.C Closed | Kingdom of Bahrain | 156,440,101 | 6.28 |
| 4 | Al Salam Bank - Bahrain B.S.C | Kingdom of Bahrain | 145,000,000 | 5.82 |
| 5 | تصاميم العقاريه (تصاميم) | United Arab Emirates | 119,048,957 | 4.78 |
| 6 | AL-RUSHD INVESTMENTS LIMITED | Jersey | 97,786,635 | 3.92 |
| 7 | المتحده العالميه لتمثيل الشركات ذ.م.م | United Arab Emirates | 90,184,887 | 3.62 |
| 8 | Royal Court Affairs, Sultanate of Oman | Sultanate of Oman | 82,449,682 | 3.31 |
| 9 | السيد حسين على علوى القطرى | Kingdom of Bahrain | 69,074,679 | 2.77 |
| 10 | Global Express Comapany W.L.L. | Kingdom of Bahrain | 61,800,000 | 2.48 |
| 11 | بوند للاستثمار ش .ذ.م.م | United Arab Emirates | 44,586,048 | 1.79 |
| 12 | EMIRATES INVESTMENT BANK | United Arab Emirates | 27,604,633 | 1.11 |
| 13 | H.H SH. Salman Khalifa Salman Alkhalifa | Kingdom of Bahrain | 26,763,997 | 1.07 |
| 14 | Al Salam Bank - Sudan | Sudan | 24,446,658 | 0.98 |
| 15 | HRH Prince Mohammad Fahad A.Aziz Alsaud | Kingdom of Saudi Arabia | 24,438,425 | 0.98 |

### Shareholding – 31 December 2022

| Category | No. of Shares | No. of Shareholders | % of Outstanding Shares |
|---|---|---|---|
| Less than 1% | 965,938,470.00 | 22,910 | 38.76 |
| 1% to less than 5% | 619,299,518.00 | 9 | 24.85 |
| 5% to less than 10% | 539,800,561.00 | 3 | 21.66 |
| 10% to less than 20% | 367,275,880.00 | 1 | 14.74 |
| 20% up to less than 50% | - | - | - |
| 50% and above | - | - | - |
| **Total** | **2,492,314,429** | **22,923** | **100.00** |

# Corporate Governance Report (continued)

The outstanding ordinary share ownership of the Bank is distributed as follows:

| Nationality | No. of Shares | Ownership Percentage |
|---|---|---|
| **Bahraini** | | |
| Government | - | - |
| Institutions | 736,966,620 | 29.57 |
| Individuals | 287,383,484 | 11.53 |
| **GCC** | | |
| Government | 82,449,682 | 3.31 |
| Institutions | 775,100,710 | 31.10 |
| Individuals | 371,154,266 | 14.89 |
| **Other** | | |
| Government | - | - |
| Institutions | 164,919,677 | 6.62 |
| Individuals | 74,339,990 | 2.98 |
| **Total** | **2,492,314,429** | **100.00** |

**Board of Directors**

The Board of Directors provides central leadership to the Bank, establishes the Bank's objectives, and develops the strategies that directs the ongoing activities of the Bank to achieve these objectives. Directors determine the future of the Bank through the protection of its assets and reputation. Directors apply skill and care in exercising their duties to the Bank and are subject to fiduciary duties. Directors are accountable to the shareholders of the Bank for the Bank's performance and can be removed from office by them.

The primary responsibility of the Board is to provide effective governance over the Bank's affairs for the benefit of its shareholders, and to balance the interests of its diverse stakeholders including its customers, correspondents, employees, suppliers, and the local community. In all actions taken by the Board, the directors are expected to exercise their business judgment in what they reasonably believe to be in the best interests of the Bank and its stakeholders. In discharging that obligation, directors may rely on the honesty and professional integrity of the Bank's senior management and, its external advisors and auditors.

## Board of Directors



### H. E. Shaikh Khalid bin Mustahail Al Mashani

Chairman

**Non-executive**
**Director since: 5 May 2014**
**Current Term started: 17 March 2021**
**Experience: more than 27 years**

H.E. Shaikh Khalid bin Mustahail Al Mashani offers the Bank over 27 years of in-depth experience. He is the Chairman of the Board of Directors of Al Salam Bank in Bahrain, Bank Muscat S.A.O.G. and Dhofar International Development & Investment Holding Company S.A.O.G. in Oman. He is also the Chairman of the Board of Solidarity Group. Additionally, H.E Shaikh Khalid is Director of Al Omaniya Financial Services Company, Dhofar Food and Investment Co S.A.O.G. in Oman and Maalem Holding in Bahrain.

H.E. Shaikh Khalid has a BSc. in Economics, and a Master's Degree in International Boundary Studies from the School of Oriental and African Studies (SOAS), from the University of London.



### Mr. Matar Mohamed Al Blooshi

Deputy Chairman

**Non-executive**
**Director since: 22 March 2018**
**Current Term started: 17 March 2021**
**Experience: more than 25 years**

Mr. Matar Mohamed Al Blooshi has over 25 years of experience in the financial and fund management industries. Beginning his career in 1992 with the Central Bank of the United Arab Emirates as a Dealer in the Treasury department, he joined Abu Dhabi Investment Company as a Portfolio Manager in 1995. In 1998, he joined First Gulf Bank as the Head of Treasury & Investment, moving to National Bank of Abu Dhabi in 2001 as Head of Foreign Exchange and Commodities.

In February 2005, Mr. Matar Al Blooshi became the Head of Domestic Capital Market Group and the General Manager of Abu Dhabi Financial Services (a subsidiary of National Bank of Abu Dhabi) and was given the title of Senior Manager, Asset Management Group in October 2006. Mr. Matar Al Blooshi is Group Chief Investment Officer at Das Holding LLC, a Member of the Board of Directors of Al Salam Bank, a Member of the Board of Directors of SAYACORP in Bahrain, Etisalat Misr. Air Arabia, Chief investment officer and Member of Emirates Strategic Investment Company in Emirates and Chairman of Maalem Holdings in Bahrain.

Mr. Matar Al Blooshi holds a BA in Banking & Financial Management from University of Arkansas, US.

## Board of Directors (continued)



### Mr. Salman Saleh Al Mahmeed

Board Member

Non-executive
Director since: 15 February 2010
Current Term started: 17 March 2021
Experience: more than 35 years

Mr. Salman Saleh Al Mahmeed is a prominent business figure with experience exceeding 35 years. He is the Chairman of Board's Audit Committee at Al Salam Bank, Chairman of Burj Al Jewar and Burj Al Safwa, the Deputy Chairman of Solidarity Bahrain and Deputy Chairman of Dar Albilad, Chairman of Coca Cola Bottling Company Bahrain and Owner's Representative of Global Express and the Movenpick Hotel in Bahrain.

Previously, he was a Board Member and member of the Investment, Executive and Strategic Options Committee for the Bahraini Saudi Bank, CEO of Bahrain Airport Services and the Investment Director of Magna Holdings.

Mr. Salman Al Mahmeed holds an MBA in Business Administration, a Diploma in Hotel Management and a BSc in Management.



### Mr. Salim Abdullah Al Awadi

Board Member

Independent
Director since: 22 March 2018
Current Term started: 17 March 2021
Experience: 33 years

Mr. Salim Abdullah Al Awadi is the Board member of Al Salam Bank Seychelles, Deputy CEO of Al Omaniya Financial Services S.A.O.G., Oman. He is also a Director of Dhofar Cattle Feed Company S.A.O.G., Oman, Chairman of Dhofar Poultry S.A.O.G., Oman and Director of Dhofar International Development & Investment Holding S.A.O.G., Oman. Chairman of Rital Travel LLC, Oman.

Mr. Salim Al Awadi holds a Bachelor Degree in Business Administration, a Post Graduate Diploma in Accounting from Strathclyde University, UK and an MBA from Lincoln University, UK.

## Board of Directors (continued)



### Mr. Khalid Salem Al Halyan

Board Member

Independent
Director since: 24 February 2015
Current Term started: 17 March 2021
Experience: more than 40 years

Mr. Khalid Salem Al Halyan is a business professional with over 40 years of senior level experience spanning a number of industries. Mr. Khalid Al Halyan is currently the Group Chief Audit Executive at Dubai Aviation City Corporation (DACC). His career has seen him hold senior positions at the UAE Central Bank, the Department of Economic Development (DED), Dubai, and in the aviation industry where he played a key role in the establishment of the new Dubai Airport Free Zone (DAFZA) and head up the Finance Department, before moving on to establish the Group Internal Audit and Risk Assessment (GIARA) function at DACC.

Mr. Khalid Al Halyan has also supported the establishment of DED, Emaar Properties, the UAE Internal Audit Association, the UAE Golf Association and restructured projects for DUBAL, Dubai World Trade Centre, Dubai Civil Aviation, UAE Central Bank Banking Supervision, and realized the construction of a new facility for the Al Noor Special Needs Centre in Dubai. He currently serves as Vice President of the UAE Internal Audit Association (affiliated to the Institute of Internal Auditors (IIA), USA), is Chairman of Al Noor Special Needs Centre in Dubai, Chairman of Emaar South, Dubai, Board Member of Emaar Development Company, Board Member of Amlak Real Estate, and he has recently become a member at the Board of Trustees of American University in the Emirates.



### Mr. Zayed A. R. Al-Amin

Board Member

Non-executive
Director since: 22 March 2018
Current Term started: 17 March 2021
Experience: more than 24 years

Mr. Zayed Al-Amin is a Bahraini Businessman with over 24 years of experience in the finance and investment sectors. Currently serving as Executive Director of Investments at Ali Rashid AlAmin Group, he is also a Board Member of various organizations including Chairman of Bahrain Gourmet, Chairman of SAYACORP, Board Member of Al Salam Bank, Board Member of Solidarity Group, Board Member of Esterad Investment Co., Board Member of Gulf African Bank, and a former Board Member of MIDAD Gulf Energy, RAMAKAZA Logistics Qatar and Food Storage Co. Ltd. KSA. Prior to his current responsibilities at AlAmin Group, he worked for National Bank of Bahrain and Towry Law International. Prior to his current responsibilities at AlAmin Group, he worked for National Bank of Bahrain and Towry Law International.

Mr. Zayed Al-Amin holds a Post Graduate Degree in Finance and Investment from the London School of Business & Finance. He has also attended many executive courses in management, finance and investment.

## Board of Directors (continued)



### Mr. Alhur Mohammed Al Suwaidi

Board Member

Independent
Director since: 22 March 2018
Current Term started: 17 March 2021
Experience: 18 years

Mr. Alhur Mohammed Al Suwaidi is a well-rounded investment strategist with over 18 years of experience in investments, portfolio management at both listed and private equities. He is currently serving as a Director in Al Salam Bank in Bahrain, he is also a Director in Al Salam Bank Seychelles and Chairman of BHM Capital in UAE. Beginning his career in 2004, Mr. Alhur Al Suwaidi held senior positions at Abu Dhabi Investment Authority (ADIA), UAE. as a Portfolio manager, a Fund manager and Investment manager. He also served in a number of Advisory Boards of General Partners and International Private Equity Firms that includes Leonard Green and Partners, The Blackstone Group, Carlyle Group, Apollo Global Management, Ares Management and Silver Lake Partners.

Mr. Alhur Al Suwaidi holds a Bachelor degree in Business Administration from Chapman University, California, USA.



### Mr. Hisham Al-Saie

Board Member

Non-executive
Director since: 17 March 2021
Current Term started: 17 March 2021
Experience: 24 years

Mr. Hisham Al-Saie has over 24 years of experience in Investment Management (financial investments, real estate asset management and corporate finance). He is a member of the Board and Executive Committee at Al Salam Bank. Mr. Al-Saie, is currently the Deputy Group Chief Executive Officer at Premier Group, he also serves as Board member at McLaren Group Limited where he also Chairs the Board Audit & Risk Committee. In addition, he is a member of the Board of Investcorp Holdings B.S.C, South City W.L.L., Diyar Al Muharraq W.L.L., and Bahrain Bay Development W.L.L.

Furthermore, Al-Saie is the Chairman of the Board's Remuneration Committee and a member of the Board Audit and Risk Committee at Nass Corporation B.S.C Bahrain, he is also the Vice Chairman of the Board at LAMA Real Estate W.L.L. Bahrain, and a Board member of Solidarity Group.

Mr. Hisham Al-Saie holds an MBA from London Business School, has completed the INSEAD YMP Executive Management Program, and holds a BA in Accounting from the University of Texas.

## Board of Directors (continued)



### Mr. Tariq Abdul Hafidh Salim Al- Aujaili

Board Member

Independent
Director since: 17 March 2021
Current Terms started: 17 March 2021
Experience: 21 years

Mr. Tariq Al-Aujaili is a Board Member at Al Salam Bank and Board member at Solidarity Bahrain, He is currently Deputy Chairman at Dhofar International Development and Investment Holding Co. SAOG, Dhofar Insurance SAOG and Oman Investment and Finance Co. SAOG. Mr. Al- Aujaili additionally serves on the Board at Bank Dhofar SAOG.

Mr. Tariq Al-Aujaili holds a BSc in Accounting and Finance from the London School of Economics and Political Science.

# Corporate Governance Report (continued)

### Board Composition

The Board consists of members who possess both the required skills and expertise to govern the Bank in a manner that would achieve the objectives of all stakeholders. Furthermore, in compliance with relevant regulations, the Board Committees consist of Directors with adequate professional background and experience. The Board periodically reviews its composition, the contribution of Directors and the performance of its various Committees. The appointment of Directors is subject to prior screening by the Nomination and Corporate Governance Committee and the Board of Directors, as well as the approval of both the Shareholders and the Central Bank of Bahrain. The classification of "executive", "non-executive" and "independent" directors is as per the definitions stipulated in the Central Bank of Bahrain Rulebook.

Each Director is elected for a three-year term, after which he must present himself to the Annual General Meeting of shareholders for re-appointment. Board Meeting attendance is as per the regulations stipulated in the Central Bank of Bahrain Rulebook.

Currently, Al Salam Bank does not have any female representation on the Board of Directors as per the below:

| Gender | Men | Women |
|---|---|---|
| Number of Directors | 9 | 0 |
| Percentage % | 100% | 0% |

However, the Bank will take into consideration female representation on the Board of Directors in the future.

### Mandate of the Board of Directors and their Roles and Responsibilities

The principal role of the Board is to oversee the implementation of the Bank's strategic initiatives in accordance with relevant statutory and regulatory structures. The Board is also responsible for the consolidated financial statements of the Group. The Board ensures the adequacy of financial and operational systems and internal controls, as well as the implementation of corporate ethics and the code of conduct. The Board has delegated the responsibility of the day-to-day management of the Bank to the Group Chief Executive Officer ("Group CEO").

The Board reserves a formal schedule of matters for its decision to ensure that the direction and control of the Bank rests with the Board. This includes:

- Reviewing the strategic plan of the Bank.
- Performance reviews of the Senior Management (all approved persons).
- Performance assessment of the Board, Board Sub-Committees and the Shari'a Supervisory Board.
- Approving material acquisition and disposal of assets.
- Approving capital expenditure.
- Approving authority levels.
- Appointing auditors and, reviewing the financial statements and financing activities.
- Reviewing the Corporate Governance Report
- Approving the annual operating plan and budget.
- Ensuring regulatory compliance through its various committees.
- Reviewing the adequacy and integrity of the internal controls; and
- Approving all policies pertaining to the Bank's operations and functioning.

### Board Elections System

Article 25 of the Bank's Articles of Association provides the following:

1. The company shall be administered by a Board of Directors consisting of not less than five (5) members elected by the shareholders by means of cumulative voting by secret ballot and in accordance with the provisions of the Commercial Companies Law, after obtaining the approval of the Central Bank of Bahrain for their appointment. Members of the Board of Directors shall be appointed or elected to serve for a term not exceeding three (3) years renewable. A cumulative vote shall mean that each shareholder shall have a number of votes equal to the number of shares he owns in the Company and shall have the right to vote for one candidate or to distribute them among his chosen candidates.
2. Each shareholder owning 10% or more of the capital may appoint whoever represents him on the Board to the same percentage of the number of the Board members. His right to votes shall be forfeited for the percentage he has appointed representatives. If a percentage is left that does not qualify him to appoint another member, he may use such percentage to vote.
3. The Board of Directors shall elect, by secret ballot, a Chairman and one Vice Chairman or more, three years renewable. The Vice Chairman shall act for the Chairman during his absence or if there is any barrier preventing him. The Ministry of Industry and Commerce and the Central Bank of Bahrain shall be provided with a copy of the resolution electing the Chairman and the Deputy Chairman.

### Board Elections System (continued)

4. The Board of Directors shall consist of independent and non-executive members in accordance with the Central Bank of Bahrain's rules and regulations.
5. No person may be appointed or elected as a member of the Board of Directors until he has declared his acceptance to such nomination in writing, provided that the declaration includes the disclosures of any work performed that may directly or indirectly constitute competition for the company, names of the companies and entities in which he works in or in which he is a member of their board of directors.

Article 27 of the Bank's Articles of Association covers the "Termination of Membership in the Board of Directors" which states the following:

A Director shall lose his office on the Board in the event that he:

1. Fails to attend four consecutive meetings of the Board in one year without an acceptable excuse, and the Board of Directors decides to terminate his membership;
2. Resigns his office by virtue of a written request;
3. Forfeits any of the provisions set forth in Article 26 of the Articles of Association;
4. Is elected or appointed contrary to the provisions of the Law; and
5. Has abused his membership by performing acts that may constitute a competition with the Company or caused actual harm to the Company;
6. If he has been convicted before any court for theft, embezzlement, fraud, forgery or issuing dishonored cheques or any crime as provided in the law;
7. If he declares bankruptcy;
8. If any of the shareholders have terminated his appointment to any of their representatives on the Board of Directors or if the shareholders of the General Assembly vote for his removal in accordance with Article 42; or
9. If the Central Bank of Bahrain considers him not eligible for the position.

### Independence of Directors

An independent Director is a Director whom the Board has specifically determined has no material relationship, which could affect his independence of judgment, taking into account all known facts. The Directors have disclosed their independence by signing the Directors Annual Declaration whereby they have declared that during the year ending 31 December 2022, they have met all the conditions required by the various regulatory authorities to be considered independent.

As of 31-12-2022, the members of the Board were:

### Non-executive Members

| | |
|---|---|
| H.E. Shaikh Khalid bin Mustahil Al Mashani | Chairman |
| Mr. Matar Mohamed Al Blooshi | Vice Chairman |
| Mr. Salman Saleh Al Mahmeed | Board Member |
| Mr. Hisham Saleh AlSaie | Board Member |
| Mr. Zayed Ali Al-Amin | Board Member |

### Independent Members

| | |
|---|---|
| Mr. Salim Abdullah Al Awadi | Board Member |
| Mr. Alhur Mohammed Al Suwaidi | Board Member |
| Mr. Khalid Salem Al Halyan | Board Member |
| Mr. Tariq Abdulhafidh AlAujaili | Board Member |

All current Directors were elected for a three-year term on 17 March 2021.

# Corporate Governance Report (continued)

### The Board Charter

The Board has adopted a Charter which provides the authority and practices for governance of the Bank. The Charter was approved by the Board with the beginning of its term in 2021 and includes general information on the composition of the Board of Directors', classification of Directors', Board related Committees, Board of Directors' roles and responsibilities, Board of Directors' code of conduct, Board remuneration and evaluation process, insider dealing, conflict of interest and other Board related information.

### Conflict of Interest

The Bank has a documented procedure for dealing with situations involving "conflict of interest" of Directors. In the event of the Board or its Committees considering any issues involving "conflict of interest" of Directors, the decisions are taken by the full Board/ Committees. The concerned Director abstains from the discussion/ voting process. These events are recorded in Board/ Committees proceedings. The Directors are required to inform the entire Board of (potential) conflicts of interest in their activities with, and commitments to, other organizations as they arise and abstain from voting on the matter. This disclosure includes all material facts in the case of a contract or transaction involving the Director. A report detailing the absentation from voting relating to conflict of interest is made available to shareholders upon their request.

The below illustrates instances where Board Members have abstained from voting due to conflict of interest

| Sr. | Members | Instances of abstaining from voting | Status |
|---|---|---|---|
| 1 | Mr. Hisham Saleh AlSaie | 3 instances | Approved by Board |
| 2 | Mr. Zayed Ali Al Amin | 2 instances | Approved by Board |
| 3 | H. E. Shaikh Khalid bin Mustahail Al Mashani | 1 instance | Approved by Board |
| 4 | Mr. Matar Al Blooshi | 1 instance | Approved by Board |
| 5 | Mr. AlHur Mohammad Al Suwaidi | 1 instance | Approved by Board |
| 6 | Mr. Salman Al Mahmeed | 1 instance | Approved by Board |
| 7 | Mr. Tariq Al Aujaili | 1 instance | Approved by Board |

### Induction and Orientation for New Directors

When new Directors are appointed, they shall be provided with an appointment letter and the Directors' Handbook containing information relevant to the performance of their duties as members of the Board. The Handbook includes the Corporate Governance Guidelines, Charters of the Board and Committees, key policies, etc. The Board reserves a formal schedule of matters for its decision to ensure that the direction and control of the Bank rests with the Board.

### Code of Conduct

The Board has an approved Code of Conduct for Directors, as follows:

- To act with honesty, integrity and in good faith, with due diligence and care, in the best interest of the Bank and its stakeholders;
- To act only within the scope of their responsibilities;
- To have a proper understanding of the affairs of the Bank and to devote sufficient time to their responsibilities;
- To keep confidential Board discussions and deliberations;
- Not to make improper use of information gained through the position as a director;
- Not to take undue advantage of the position of director;
- To ensure his/her personal financial affairs will never cause reputational loss to the Bank;
- To maintain sufficient/detailed knowledge of the Bank's business and performance to make informed decisions;
- To be independent in judgment and actions and to take all reasonable steps to be satisfied as to the soundness of all decisions of the Board;
- To consider themselves as a representative of all Shareholders and act accordingly;
- Not to agree to the Bank incurring an obligation unless he/she believes at the time, on reasonable grounds, that the Bank will be able to discharge the obligations when it is required to do so;
- Not to agree to the business of the Bank being carried out or cause or allow the business to be carried out, in a manner likely to create a substantial risk of serious loss to the Bank's creditors;
- To treat fairly and with respect all of the Bank's employees and customers with whom they interact;
- Not to enter into competition with the Bank;
- Not to demand or accept substantial gifts from the Bank for himself/herself or his/her associates;
- Not to take advantage of business opportunities to which the Bank is entitled for himself/herself or his/her associates;
- Report to the Board any potential conflicts of interests; and
- Absent themselves from any discussions or decision-making that involves a subject in which they are incapable of providing objective advice or which involves a subject or proposed conflict of interest.

# Corporate Governance Report (continued)

### Evaluation of Board Performance

The Board has adopted a 'Performance Assessment Framework' designed to provide Directors with an opportunity to assess their performance on an annual basis. The self-assessment consists of three categories, such as:

- Assessment of the Board as a unit;
- Assessment of the Committee as a unit; and
- Self-assessment of individual Directors.

The results of the annual performance assessment shall be communicated to the Shareholders at the Annual General Meeting. The results for this year were satisfactory.

### Remuneration of Directors

Remuneration of the Directors as provided by Article 34 of the Articles of Association states the following:

"The General Assembly shall specify the remuneration of the members of the Board of Directors. However, such remunerations must not exceed in total 10% of the net profits after deducting statutory reserve and the distribution of dividends of not less than 5% of the paid capital among the shareholders. The General Assembly may decide to pay annual bonuses to the Chairman and members of the Board of Directors in the years when the Company does not make profits or in the years when it does not distribute profits to the shareholders, subject to the approval of the Ministry of Industry and Commerce. The report of the Board of Director to the general Assembly shall include full statement of the remuneration the members of the Board of Directors have been paid during the year in accordance with the provisions set forth in Article (188) of the Law."

The Board, based upon the recommendation of the Remuneration Committee and subject to the laws and regulations, determines the form and amount of Director compensation subject to final approval of the shareholders at the Annual General Meeting. The Remuneration Committee shall conduct an annual review of Directors' compensation.

As per the Directors Remuneration Policy approved by the Shareholders, the structure and level for the compensation for the Board of Directors consist of the following:

1. Annual remuneration subject to the annual financial performance of the Bank and as per the statutory limitation of the law.
2. The total amount payable to each Board member with respect to Board and Committee meetings attended during the year.
3. The remuneration of the Board of Directors will be approved by the shareholders at the Annual General Meeting.

In addition to the above, Directors who are employees of the Bank shall not receive any compensation for their services as Directors and Directors who are not employees of the Bank may not enter any consulting arrangements with the Bank without the prior approval of the Board. Directors who serve on the Audit and Risk Committee shall not directly or indirectly provide or receive compensation for providing accounting, consulting, legal, investment banking or financial advisory services to the Bank.

### Board Meetings and Attendances

The Board of Directors meets at the summons of the Chairman or his Deputy (in the event of his absence or disability) or if requested to do so as per the Bank's Board Charter. According to the Bahrain Commercial Companies Law and the Bank's Articles of Association, the Board meets at least four times a year. A meeting of the Board of Directors shall be valid if attended by half of the members in person. During 2022, the Directors that were present at the Annual General Meeting are detailed in the minutes of the 2022 Annual General Meeting. The details of the Board meetings held during 2022 are as follows:

**Board Meetings in 2022 - Minimum Four Meetings per Annum**

| Members | 10 Feb | 12 May | 13 Jun | 22 Sep | 13 Nov | 12 Dec |
|---|---|---|---|---|---|---|
| H.E. Shaikh Khalid bin Mustahil Al Mashani | √ | √ | √ | √ | √ | √ |
| Mr. Alhur Mohammed Al Suwaidi | √ | √ | √ | √ | √ | √ |
| Mr. Khalid Salim Al Halyan | √ | √ | √ | √ | √ | √ |
| Mr. Matar Mohamed Al Blooshi | √ | √ | * | √ | √ | √ |
| Mr. Salim Abdullah Al Awadi | √ | √ | √ | √ | √ | √ |
| Mr. Salman Saleh Al Mahmeed | √ | √ | √ | √ | √ | √ |
| Mr. Zayed Ali Al Amin | √ | √ | √ | √ | √ | √ |
| Mr. Tariq Abdulhafidh AlAujaili | √ | √ | √ | √ | √ | √ |
| Mr. Hisham Saleh AlSaie | √ | √ | √ | √ | √ | √ |

# Corporate Governance Report (continued)

### Directors' Interests

Directors' shares ownership in two-year comparison as of 31 December:

| Members | No of Shares | |
|---|---|---|
| | 2022 | 2021 |
| H.E. Shaikh Khalid bin Mustahil Al Mashani | 0 | 0 |
| Mr. Matar Mohamed Al Blooshi | 0 | 0 |
| Mr. Salim Abdullah Al Awadi | 0 | 0 |
| Mr. Alhur Mohammed Al Suwaidi | 0 | 0 |
| Mr. Khalid Salem Al Halyan | 11,641 | 11,302 |
| Mr. Zayed Ali Al-Amin | 5,150,000 | 5,000,000 |
| Mr. Salman Saleh Al Mahmeed | 0 | 0 |
| Mr. Tariq Abdulhafidh AlAujaili | 0 | 0 |
| Mr. Hisham Saleh AlSaie | 0 | 0 |

### Approval Process for Related Parties' Transactions

The Bank has a due process for dealing with transactions involving related parties. Any such transaction will require the unanimous approval of the Board of Directors. The nature and extent of transactions with related parties are disclosed in the consolidated financial statements under note 29 - related party transaction.

### Material Transactions that require Board Approval

Depending on the internal risk rating transactions above BD 5 million and up to BD 15 million requires the approval of the Executive Committee of the Board of Directors, any transaction above BD 15 million requires the approval of the Board of Directors of the Bank. In addition, when acquiring 20% of a company Board approval is required regardless of the amount.

### Material Contracts and Financing Involving Directors and Senior Management During 2022

The Bank's dealings with its directors/ associated entities are conducted on an arms-length basis and at prevailing commercial terms in respect of its exposure to and deposits received from them. All financing facilities to senior management members are governed by the policies applicable to staff, which are reviewed and approved by the Board Remuneration & Nomination Committee. Material contracts and financing facilities involving directors and senior management during 2022 are as follows:

- Financing Facilities provided to certain Directors of the Board and related entities with a total amount of BD 315,848 thousand.
- Financing Facilities provided to senior management with a total amount of BD 510,756 thousand.

All related party transactions are disclosed in note 29 of the consolidated financial statements for the year ending 31 December 2022.

### Directorships held by Directors on Other Boards

The High-Level Controls Module of the Central Bank of Bahrain Rulebook provides that no Director should hold more than three directorships in Bahrain public companies. All members of the Board of Directors met this requirement and are approved by the Central Bank of Bahrain.

### Board Committees

Consistent with the industry's best practice, the Board has established four Committees with defined roles and responsibilities. The Standing Committees of the Board are Executive Committee, Audit and Risk Committee, Remuneration Committee and, Nomination and Corporate Governance Committee.

Certain information relating to the work of certain Board Committees during the year 2022, summary of the dates of Committee meetings held, Directors' attendance and a summary of the main responsibilities of each Committee is enclosed in this report.

# Corporate Governance Report (continued)

### Executive Committee

The Committee operates under the delegated authority of the Board and provides direction to the executive management on business matters, as delegated by the Board, to address matters arising between the Board meetings. The Committee is responsible for reviewing business matters concerning credit and market risks, strategy review and providing recommendation to the Board.

Committee Meetings in 2022 - Minimum four meetings per annum.

Four Committee meetings were held during 2022 as follows:

| Members | 7 Feb | 9 Jun | 13 Sep | 30 Dec |
|---|---|---|---|---|
| Mr. Matar Mohamed Al Blooshi (Chairman) | √ | √ | √ | √ |
| Mr. Hisham Saleh AlSaie | √ | √ | √ | √ |
| Mr. Salim Abdullah Al Awadi | √ | √ | √ | √ |
| Mr. Zayed Ali Al Amin | √ | √ | √ | √ |

### Audit and Risk Committee

The Committee's responsibility is to assist the Board in discharging its oversight duties relating to matters such as Audit, Risk and Compliance including the integrity of the Bank's financial statements, financial reporting process and systems, internal controls and financial controls. The Committee also acts as a liaison between the external auditor, internal auditor and the Board. The Committee is also charged with the responsibility of handling whistleblowing complaints and monitoring related party transactions.

Committee Meetings in 2022 - Minimum four meetings per annum.

Seven Committee meetings were held during 2022 as follows:

| Members | 3 Feb | 8 May | 6 Jun | 2 Aug | 12 Sep | 7 Nov | 8 Dec |
|---|---|---|---|---|---|---|---|
| Mr. Salman Saleh Al Mahmeed (Chairman) | √ | √ | √ | √ | √ | √ | √ |
| H.E. Shaikh Khalid bin Mustahil Al Mashani | √ | √ | √ | √ | √ | √ | √ |
| Mr. Khalid Salim Al Halyan | √ | √ | √ | √ | √ | √ | √ |
| Mr. Alhur Mohammed Al Suwaidi | √ | √ | √ | √ | √ | √ | √ |
| Mr. Tariq Abdulhafidh AlAujaili | √ | √ | √ | √ | √ | √ | √ |

### Remuneration Committee

The Committee's role is to provide a formal and transparent procedure for developing a compensation policy for the Board, Group Chief Executive Officer and Senior Management (approved persons and material risk takers); ensures that compensation offered is competitive, in line with the market/peer group and consistent with the responsibilities assigned to employee. In addition, the Committee recommends to the Board special compensation plans, including annual performance bonus and short/long term incentives to attract, motivate and retain key employees.

Committee Meetings in 2022 - Minimum two meetings per annum.

Four meetings were convened during 2022:

| Members | 3 Feb | 6 Jun | 2 Aug | 8 Dec |
|---|---|---|---|---|
| H.E. Shaikh Khalid bin Mustahail Al Mashani (Chairman) | √ | √ | √ | √ |
| Mr. Khalid Salim Al Halyan | √ | √ | √ | √ |
| Mr. Alhur Mohammed Al Suwaidi | √ | √ | √ | √ |

### Nomination and Corporate Governance Committee

The Committee's role is to evaluate and nominate candidates to the Board, as well as facilitate the assessment of the performance of the Board, Committees and individual Directors. In addition, the Committee is responsible to ensure that Directors receive adequate training during the year so as to be able to perform their duties on the Board and the Committees they serve on. The Committee is also charged with the responsibility of ensuring that the Corporate Governance Framework of the Bank is adequate and in compliance with the prevailing regulations. The Committee liaises with the Bank's Corporate Governance Officer to manage the governance related activities.

Committee Meetings in 2022 - Minimum two meetings per annum.

Two meetings were convened during 2022:

| Members | 7 Feb | 13 Sep |
|---|---|---|
| Mr. Salim Abdullah Al Awadi (Chairman) | √ | √ |
| Mr. Matar Mohamed Al Blooshi | √ | √ |
| Mr. Tariq Abdulhafidh AlAujaili | √ | √ |
| Dr. Fareed AlMaftah (Shari'a Supervisory member) | √ | √ |

### Fatwa & Shari'a Supervisory Board

The Bank is guided by a Shari'a Supervisory Board consisting of four distinguished scholars. The Shari'a Supervisory Board reviews the Bank's activities to ensure that all products and investment transactions comply fully with the rules and principles of Islamic Shari'a. Further, the Shari'a Supervisory Board shall review and vet the screening criteria for charitable donations/ sponsorships as well as the sponsorship contracts.

The Shari'a Supervisory Board shall also ensure that an internal Shari'a audit function is in place and is adequately performing their duties as stipulated in the Shari'a Governance Module and AAOIFI Standards.

In addition, one designated member from the Shari'a Supervisory Board shall form part of the Nomination and Corporate Governance Committee to ensure that the corporate governance related matters are in compliance with the Islamic Shari'a rules and guidelines.

The Board meets at least 4 times a year. Its members are remunerated by annual retainer fee and sitting fees per meeting attended, with travel expenses reimbursed as appropriate. Its members are not paid any performance-related remuneration.

Performance assessment of the Shari'a Supervisory Board is done on a self-assessment basis and submitted to the Board for their review and action.

**Sheikh Adnan Abdullah Al Qattan**
Chairman

Sheikh Adnan Al Qattan holds Master's degree in the Quran and Hadith from the University of Um Al-Qura, Makka, Kingdom of Saudi Arabia; and Bachelor's degree in Islamic Shari'a from the Islamic University, Madeena, Saudi Arabia. Shaikh Al Qattan is also a Judge in the Supreme Sharia Court of Appeals, Ministry of Justice – Kingdom of Bahrain. Shaikh Al Qattan is a Member of Shari'a Supervisory Boards for several Islamic banks and he is also Chairman of Al Sanabil Orphans Protection Society, Chairman of the Board of Trustees of the Royal Charity Establishment under the Royal Court – Kingdom of Bahrain, and President of the Kingdom of Bahrain Hajj Mission. In addition, he is a Friday sermon orator at Al Fateh Grand Mosque. Shaikh Al Qattan contributed to drafting the Personal Status Law for the Ministry of Justice and is a regular participant in Islamic committees, courses, seminars and conferences.

**Dr. Fareed Yaqoub Al Meftah**
Member

Dr. Fareed Almeftah is the Undersecretary – Court of Cassation, Supreme Judicial Council – Bahrain, the Former Undersecretary of the Ministry of Justice & Islamic Affairs – Bahrain, member of the Supreme Council of Islamic Affairs and a former judge of the high Shari'a Court. Dr. Fareed is the Chairman of the Shari'a Supervisory Board of Khaleeji Commercial Bank (KHCB) and a former Lecturer at the University of Bahrain and wrote a lot of research papers. Dr. Fareed holds PhD in Islamic Philosophy from University of Edinburgh – United Kingdom.

**Dr. Nedham Mohammed Yaqoobi**
Member

Sheikh Dr. Nedham Mohammed Yaqoobi is an internationally acclaimed Shari'a scholar in the Islamic banking industry. He has a background in both Traditional Islamic sciences with senior scholars from different parts of the Muslim World. He holds a PhD in Islamic studies also a degree from McGill University in Canada. Sheikh Nedham has taught Islamic Subjects in Bahrain and lectured all over the world. He is a member of many International Boards: the Shari'a Council of AAOIFI, Dow Jones Islamic Index, Central Bank of Bahrain Shari'a Committee and IIFM Shari'a Council. He is also a member of several local and International Shari'a Boards. Sheikh Nedham has edited several Arabic manuscripts and has more the 500 audio-visual lectures and lessons in both Arabic and English.

**Dr. Osama Mohammed Bahar**
Member

Sheikh Dr.Osama Mohammed Bahar is a recognized Shari'a scholar in Islamic banking and financing. He has extensive experience in the structuring of financial and Islamic products and Islamic contracts, in addition to his contributions to a number of research papers on Islamic finance and banking. Sheikh Osama Bahar holds a Bachelor's degree from Prince Abdul Qader University for Islamic Studies in Algeria and he has a Master's degree in the Islamic economy from 'Al Awzai University' in Lebanon and PhD in Islamic Financial Engineering from Islamic University of Europe. He is also a member of many Shari'a Supervisory Boards.

### Annual General Meeting

The Board of Directors report to the Shareholders on the performance of the Bank through the Annual General Meeting. The meeting shall be convened upon an invitation from the Chairman of Board and be convened during the three months following the end of the Bank's financial year.

All the Directors, especially the Chairs of the Board and Committees, at least one member of the Shari'a Supervisory Board and the external auditors shall be present at this meeting to answer questions from the Shareholder regarding matters within their responsibilities:

At a minimum, the Board shall report on the following to the Shareholders, for their approval, at the Annual General Meeting:

- Audited financial statements of the Bank;
- Related party transactions executed;
- Corporate governance report;
- Corporate social responsibility report;
- Performance assessment of the Board, Committees and individual Directors; and
- Remuneration for the Directors and the Shari'a Supervisory Board members.

### Executive Management

The Board delegates the authority of managing the Bank to the Group Chief Executive Officer ("Group CEO"). The Group CEO and Executive Management are responsible for implementation of decisions and strategies approved by the Board of Directors and the Shari'a Supervisory Board.

## Executive Management



**Mr. Rafik Nayed**

Group Chief Executive Officer

Experience: more than 30 years

Mr. Rafik Nayed is a seasoned banker with over 30 years of experience. He joined Al Salam Bank from Deutsche Bank where he held several positions, including Vice Chairman of the MENA region, Chief Country Officer for the UAE and Senior Executive Officer of Deutsche Bank AG Dubai (DIFC). Before joining Deutsche Bank, Mr. Nayed was the Chief Executive Officer of the Libyan Investment Authority and prior to that worked for many years in the oil and gas and financial services industries in a variety of senior international positions. He currently serves as a Chairman of Gulf African Bank and a board member of Solidarity Group.



**Mr. Anwar Mohammed Murad**

Deputy Chief Executive Officer – Banking

Experience: more than 29 years

Mr. Anwar Murad is a proficient Banker with over 29 years of experience in the areas of Private Banking, Treasury, Market Risk Management and Retail Banking. Prior to his current appointment with the Bank, Mr. Murad served as the Executive Vice President - Head of Private Banking at Al Salam Bank since May 2006. Previous to joining Al Salam Bank, he was the Head of Private Banking at BMI Bank, Bahrain and Regional Market Risk Manager for the MENA region at ABN AMRO Bank where he also headed the Bank's Treasury Operations in Bahrain and he held various senior positions at CitiBank – Bahrain. Mr. Murad has extensive knowledge and experience in Global Consumer Banking, Treasury and Investment products including Money Market, Foreign Exchange, Debt Derivatives, and Structured Products.

## Executive Management (continued)



### Mr. Eihab Abdellatif Ahmed

Deputy Chief Executive Officer - Corporate Affairs

**Experience: more than 27 years**

Mr. Eihab Ahmed has a wide range of professional experience that spans over 27 years covering all major legal disciplines including but not limited to Investment Banking, Corporate Banking and Criminal, Labour, Public and Private International Laws. Prior to joining Al Salam Bank, he was the General Counsel - Corporate Secretary & Money Laundering Reporting Officer (MLRO) Legal & Compliance of First Energy Bank - Bahrain. He was the focal point of communication between the Board of Directors and Senior Management as well as between the Bank and its Shareholders, providing advisory and guidance on Corporate Governance principles and practices. Mr. Ahmed had worked at the International Investment Bank - Bahrain (IIB) as Head of Legal and Compliance, MLRO and for Khaleej Finance & Investment as the Head of Legal, MLRO and Corporate Secretary. He also worked for a number of reputed firms in the Kingdom of Bahrain. Before coming to Bahrain 15 years ago, he served the Ministry of Justice, Sudan as a Legal Counsel. Mr. Ahmed holds L.L.B degree from the Faculty of Law - University of Khartoum, Sudan. In January 2017, he obtained his International Diploma in Governance, Risk and Compliance from the ICTA and University of Manchester, UK. He also holds the Sudanese Bar certificate from Sudan and he is a registered member of the Sudanese Advocates Association as a Proper Advocate before various Courts of Law. Mr. Ahmed is a Certified Compliance Officer (CCO) from the American Academy of Financial Management - Dubai, UAE. In 2014, Mr. Eihab was awarded the GCC MLRO of the year.



### Mr. Yousif Ahmed Ebrahim

Chief Financial Officer

**Experience: more than 29 years**

Mr. Yousif Ebrahim is a proficient banker with over 29 years of experience in the areas of finance and audit. He is primarily responsible for directing and overseeing the financial and fiscal management of the Bank and its subsidiaries that includes contributing to the Bank's strategy planning, leading and directing the budget process, maintaining appropriate accounting framework and establishing effective system of cost management and internal control. Prior to joining Al Salam Bank, he served as the Chief Financial Officer at First Energy Bank for more than 9 years. He also worked at Gulf International Bank as a Vice President of Internal Audit and he was also in the Audit & Business Assurance services at PricewaterhouseCoopers. Mr. Ebrahim is a Certified Public Accountant (USA) and a member of the American Institute of Certified Public Accountant.

## Executive Management (continued)



### Mr. Abdulkarim Turki

Chief Operating Officer

**Experience: more than 42 years**

Mr. Abdulkarim Turki is a well-rounded banker with more than 42 years of experience spanning Treasury, Operations, Audit, Internal Controls, Remedial and Risk Management. Mr. Turki worked in the incorporation and structuring of the Bank's Operation and he was appointed as a key member in the Selection and Implementation Committee of the Bank's core banking system responsible for the integration and business transfer of BMI Bank to Al Salam Bank in addition to being a member in the Bank's major management committees. Prior to joining the Bank in 2006, Mr. Turki was Vice President - Head of Treasury Support at Citibank Bahrain where he headed various departments and business units and was a key player in the launch of Citi Islamic Investment Banking. Mr. Turki holds an MBA in Investment & Finance from the University of Hull, UK.



### Mr. Ahmed Abdulla Saif

Head of Strategy and Planning

**Experience: more than 16 years**

Mr. Ahmed Saif brings over 16 years of experience in the banking sector. Prior to joining Al Salam Bank in 2008 as an Associate in the Investment Team, Mr. Saif worked with DBS Singapore as an Investment Analyst. In 2012, he was appointed as the Head of the Investment Middle Office Department, and in 2016 took the reigns as the Head of Strategic Acquisition and Investment Management. Mr. Saif sits on the Board of a number of the Bank's affiliate and subsidiary companies, including Al Salam Bank-Seychelles, NS Real Estate Holding, and SAMA Investment Company. He holds an MSc in Finance and Financial Law with Honors from SOAS University of London, UK, and a BSc with Honors in Commerce, majoring in Finance & Economics, from DePaul University, USA.

## Executive Management (continued)



**Mr. Hussain Abdulhaq**

Head of Treasury and Capital Markets

Experience: more than 22 years

Mr. Hussain Abdulhaq is an experienced Treasurer in the area of Islamic Banking and Financial Markets. His 22 years banking career as a treasury specialist has been very focused in Islamic liquidity management, Islamic capital markets, the development of Islamic compliant investment products and hedging instruments as well as Financial Institutions relationships. Mr. Abdulhaq joined Al Salam Bank in 2007 as a senior member in the treasury team, and has led the treasury integration process of Al Salam Bank and Bahrain Saudi Bank in 2010 and the same for BMI Bank in 2014. Prior to joining Al Salam Bank, he was in charge of dealing room activities for Kuwait Finance House Bahrain for a period of 5 years. Mr. Abdulhaq holds an MBA degree in Banking & Islamic Finance with honors from University of Bahrain and is a Chartered Financial Analyst (CFA).



**Mr. Ahmed Jasim Murad**

Head of Corporate Banking

Experience: more than 26 years

Mr. Ahmed Murad brings over 26 years of experience in the banking sector covering areas that include Retail, Commercial and Corporate Banking. Prior to joining Al Salam Bank BSC, he served as Head of Corporate Banking and also a member of the Credit Committee at National Bank of Bahrain BSC. Mr. Murad holds a Bachelor degree in Business Marketing from St. Edward's University – Austin, Texas, USA, Associate Diploma in Commercial Studies from University of Bahrain, and Executive Diploma from University of Virginia, USA. Moreover, he attended number of banking training courses inside the Kingdom of Bahrain and abroad

## Executive Management (continued)



**Mr. Ali Habib Qassim**

Head of Private Banking

**Experience: more than 23 years**

Mr. Ali Habib Qassim is a banking expert with more than 23 years of experience covering Corporate, Investment and Private Banking; developing new products, locally and throughout GCC and capitalizing on his investment experience. Previous to his appointment with the Bank's Private Banking division in 2011, he marketed the Bank's Corporate Banking products and services in local markets after which he handled financial institutions and government relationships. He holds a Master Degree in Science from Emerson College, Boston, USA.



**Mr. Sadiq Al Shaikh**

Head of International Transaction Banking

**Experience: more than 25 years**

Mr. Sadiq Al Shaikh is a professional banker with over 25 years of experience in both Wholesale and Retail Banks in the Kingdom of Bahrain. Mr. Al Shaikh managed global markets with a focus on the GCC, MENA region, East Africa, South Asia and CIS region, where he develops Financial Institutions Group (FIG) products and structured finance. These include bilateral and syndication, correspondent and transaction banking, global trade finance instruments, export credit insurance covers and credit review of credit limits for countries and banks. Prior to joining Al Salam Bank in 2014, he was the Head of FIG & International banking at BMI Bank for 10 years, and held various senior positions for 7 years at the Arab Investment Company in Operations, Risk Management and the International Banking Division, covering Financial Institutions and Corporate products in overseas markets. Mr. Al Shaikh holds a Bachelor degree in Business Management majoring in finance and marketing from Bangalore University.

## Executive Management (continued)



**Mr. Krishnan Hariharan**

Chief Risk Officer

**Experience: more than 38 years**

Mr. Krishnan Hariharan is a versatile Banker with over 38 years of experience in conventional and Islamic banks in the region and India. Prior to joining Al Salam Bank in 2019 he worked with Ithmaar Bank, Bahrain as Chief Risk Officer. Before joining Ithmaar Bank, he was part of the founding team of Alizz Islamic Bank, Sultanate of Oman. He holds twin Bachelor degrees one in Commerce and the other in Economics from Universities in India, he also holds a Master degree in Financial Management from Jamanalal Bajaj Institute of Management Studies, Mumbai – India.



**Mr. Mohammed Yaqoob Buhijji**

Head of Retail Banking

**Experience: more than 21 years**

Mohammed Buhijji is an accomplished executive of multi-cultural environments with superb organizational skills and has enjoyed an exceptional career to date with more than 21 years of high-level management in banking and consultancy. His skillset embraces superb hallmarks of understanding business restructuring and development processes within an organization. An initial period with Ernst & Young became the baseline for his audit and consultancy skills with exposure to international business practices in major financial institutions and government bodies. He moved to the nascent Al Salam Bank in 2007 to establish the Internal Audit division and various departmental policies and procedures. His essential role in driving the two acquisitions and subsequent mergers with Bahraini Saudi Bank and BMI Bank covered integration and conversion of significant areas of business-related processes. Mr. Buhijji has been resolute in the delivery of operational and financial targets as evidenced by the seamless and impressive Retail Banking transformation within Al Salam Bank resulting in a major contribution to the Bank's asset book and profitability. Mr. Buhijji holds MBA degree from the University of Strathclyde, Glasgow, and completed two Executive Management Programs at Harvard Business School, Boston, and Ivey Business School in Canada.

## Executive Management (continued)



### Ms. Muna Al Balooshi

Head of Human Resources and Administration

**Experience: more than 23 years**

Ms. Muna Al Balooshi is a practiced HR professional with over 23 years of industry experience and vast knowledge of HR policies and Labor Law regulations. Prior to her appointment with Al Salam Bank in 2006, Ms. Al Balooshi was the Head of Human Resources at the Court of HRH the Crown Prince prior to this served as HR Associate with KPMG Bahrain. She has played a major role in the Bank's two acquisitions of the Bahraini Saudi Bank and BMI Bank where she managed the merger of the Bank's Human Resources. She holds an MBA from De Paul University, Chicago, and is a CIPD Associate.



### Mr. Qassim Taqawi

General Counsel

**Experience: more than 20 years**

Mr. Qassim Taqawi is a skilled legal counsel with over 20 years of experience covering Investment Banking, Islamic Banking, Retail Banking, Finance, Company Law, Labor Law, Real Estate and Construction. Mr. Taqawi has handled legal matters covering the GCC, USA, Europe and MENA region. Prior to his appointment with Al Salam Bank, Mr. Taqawi held a number of senior executive positions with various Banking and Financial Institutions throughout the region. In addition to his current executive responsibilities as General Counsel, Mr. Taqawi is a member of the Bank's Investment Committee and Remedial Committee. Mr. Taqawi holds a Bachelor degree (LLB) in Law, and is a registered lawyer with the Ministry of Justice & Islamic Affairs in the Kingdom of Bahrain.

## Executive Management (continued)



### Dr. Mohammed Burhan Arbouna

Head of Shari'a Compliance

**Experience: more than 25 years**

Dr. Mohammed Burhan Arbouna is a well versed Islamic banking and finance expert with over 25 years of Islamic banking experience. Prior to joining Al Salam Bank, Dr. Arbouna was the Shari'a Head and Shari'a Board Member of Seera Investment Bank B.S.C Bahrain, Head of the Shari'a department at Kuwait Finance House Bahrain, and has worked as a Shari'a researcher and consultant for the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI) in Bahrain. He is a respected lecturer on Islamic banking and finance, and provides consultancy on orientation and professional programs for a number of professional and educational institutions. Dr. Arbouna was also a member of the Islamic Money Market Framework (IMMF) steering committee, a committee initiated by the Central Bank of Bahrain for the management of liquidity amongst Islamic banks. He holds a PhD in comparative law with a specialization in Islamic banking and finance and a Masters in Comparative Laws with specialization in Law of Evidence from the International Islamic University Malaysia, a BA degree in Shari'a, and Higher Diploma in Education from the Islamic University, Medina.



### Mr. Ali Al Khaja

Head of Compliance and MLRO

**Experience: more than 14 years**

Mr. Ali Al Khaja brings more than 14 years of Compliance experience to the Bank. Prior to joining Al Salam Bank, he worked with Kuwait Finance House Bahrain, where he was responsible for various regulatory aspects including ensuring that transactions, investments and general dealings with the public were in compliance with the Central Bank of Bahrain (CBB) regulations and applicable laws. Previous to this he was employed by the CBB, where he held responsibility for the oversight of various local Islamic Bank's in the Kingdom of Bahrain. Mr. Al Khaja holds a Bachelor degree in Banking and Finance from the University of Bahrain and an International Diploma in Compliance from the International Compliance Association (ICA).

## Executive Management (continued)



### Mr. Ahmed Abdulrahim Al Mahmood

Head of Internal Shari'a Audit

**Experience: more than 16 years**

Mr. Ahmed Al Mahmood has over 16 years of professional experience in the field of Shari'a supervision and auditing in Islamic financial institution. Prior to joining Al Salam Bank, he established the Shari'a department in BMI Bank and GBCORP in addition to joining the Shari'a department of Abu Dhabi Islamic Bank (ADIB). He also played an essential role in the integration and conversion phases of the Bank's acquisition of BMI Bank; serving as a member in the Conversion Committee. He holds an MBA degree in Islamic Finance from University of Bolton - UK, and he is currently preparing a PhD at the same university. In addition to BA in Islamic Studies from University of Bahrain. He holds various professional qualifications that includes Certified Shari'a Advisor and Auditor (CSAA) from AAOIFI along with Advanced Diploma in Islamic commercial Jurisprudence (ADICJ) from BIBF. He also provided several training workshops on the principles of Islamic banking and wrote a lot of researches and published articles about Islamic banking & products.



### Mahmood Qannati

Head of Marketing & Communications

**Experience: more than 21 years**

With over 21 years of extensive experience in Marketing, Communications and Branding on both local and regional levels, Mahmood Qannati is a veteran of the communications industry; having worked across various sectors including banking, telecommunications, automotive and aviation. During his time in the United Arab Emirates, Mr. Qannati worked in prominent and established institutions, leading Standard Chartered Bank as the Regional Head of Marketing & Branding for the entire Middle East, Africa and Pakistan region, as well as serving as the Middle East Chief Marketing Officer at Cigna Insurance. He has also held several senior positions on a local level, gaining experience in marketing and communications at HSBC Bank, Bahrain International Airport and Batelco. Most recently, Mr. Qannati served as the Chief Corporate Communications and Marketing Officer at Bahrain Islamic Bank (BisB), after which he joined Al Salam Bank as Head of Marketing and Communications. Mr. Qannati holds a Master's degree in Marketing Information Systems from the University of Sunderland and a Bachelor's degree in Marketing from the University of Bahrain.

## Executive Management (continued)



**Mr. Hemantha Wijesinghe**

Chief Technology Officer

Experience: more than 22 years

Mr. Hemantha Wijesinghe is the Chief Technology Officer at Al Salam Bank, possessing over 22 years of experience in Information Technology management in the banking and finance sector in international markets globally. Prior to his UK based global roles, he had also covered multiple regions including Asia, Middle East, North America and Europe. He carries various international qualifications covering systems engineering and other areas of information technology, in addition to his higher IT studies in NCC Education (UK). Further to the Chartered institute of IT (UK), Mr. Wijesinghe also holds a MSc in Strategic Business Information Technology from the University of Portsmouth – UK.



**Mr. Essa Abdulla Bohijji**

Chief Auditor

Experience: more than 22 years

Mr. Essa Bohijji has more than 22 years of consulting and industry experience covering financial services, commercial entities, governmental bodies, and internal audit. Prior to joining Al Salam Bank, Mr. Bohijji was the Chief Auditor and Board Secretary of an Islamic Investment Bank in Bahrain and held senior positions at Ernst & Young where he worked in the Audit and Assurance Services Group and Business Advisory Services responsible for the Internal Audit and Risk Management assignments. Mr. Bohijji has previously served as a Board and Audit Committee member of Al Salam Bank-Algeria, a non-executive Audit Committee member in Manara Developments B.S.C. (c), as a Board member of BMI Bank, as a Board and Audit Committee member of Bahraini Saudi Bank, and an interim Board member in BMIO Bank in Seychelles. Mr. Bohijji is a Certified Public Accountant (CPA), licensed from the state of New Hampshire and is a member of the American Institute of Certified Public Accountants. He also holds a B.Sc. in Accounting from the University of Bahrain.

## Executive Management (continued)



**Mohammed Alshehabi**

Head of Innovation

**Experience: more than 16 years**

Mohammed AlShehabi has over 16 years of experience in banking covering multiple areas including Capital Markets, Corporate Banking as well as Treasury and Trade Services. He is the Head of Innovation at Al Salam Bank. Mohammed is responsible for the Bank's digital strategy and fintech initiatives with an objective to maintain the Bank's pioneering role in offering digitally native Shari'a-compliant digital products & services in the Kingdom of Bahrain.

Prior to joining Al Salam Bank in 2018, he was part of the Corporate Banking team at Citi Bahrain with a business coverage role after spending several years at Citi's Treasury & Trade Solutions unit covering Bahrain and Saudi Arabia. He started his career at the Arab Banking Corporation as part of the Debt Capital Markets team as well as ABC Islamic Bank before moving to the Bahrain Economic Development Board's Business Development team with a focus on Financial Services.

Mohammed holds dual Bachelor degrees with a B.Sc. in Accounting and a B.B.A. in E-Business from Texas Christian University, Fort Worth Texas.

# Corporate Governance Report (continued)

### Senior Managers' interest

The number of shares held by the senior managers, in two-year comparison, as on 31 December 2022 is as follows:

| Members | Shares | |
|---|---|---|
| | 2022 | 2021 |
| Mr. Anwar Mohammed Murad* | 772,500 | 750,000 |
| Mr. Abdulkarim Turki | 206,192 | 187 |
| Mr. Essa Abdulla Bohijji | 138,523 | 134,489 |
| Dr. Mohammed Burhan Arbouna | 389 | 378 |
| **Total** | **1,117,604** | **885,054** |

*The shares represent shares under Mr. Anwar's guardianship

### Management Committees

The Group Chief Executive Officer ("Group CEO") is supported by a number of management committees each having a specific mandate to give focus to areas of business, risk and strategy. The various committees and their roles and responsibilities are:

| | Roles and Responsibilities |
|---|---|
| **Management Executive Committee** | Overseeing the other Management committees and assisting the Group CEO in various issues or topics as and when required. |
| **Credit/Risk Committee** | Recommending the risk policy and framework to the Board. Its primary role is the selection and implementation of risk management systems, portfolio monitoring, stress testing, risk reporting to Board, Board Committees, Regulators and Executive Management. In addition to these responsibilities, individual credit transaction approval and monitoring is an integral part of the responsibilities. |
| **Asset Liability Committee** | This Committee's primary responsibility is to review the trading and liquidity policy for the overall management of the balance sheet and its associated risks. |
| **Investment Committee** | The role of the Committee is to review and approve all transactions related to corporate and real estate investments and monitoring their performance on an ongoing basis. In addition, the Committee is responsible to oversee the performance of the fund managers and recommend exit strategies to maximize return to its investors. |
| **Technology Steering Committee** | The Committee oversees the information technology function of the Bank. It recommends the annual IT budget and plans, drawn up in accordance with the approved strategy of the Bank, to the Group CEO for submission to the Board of Directors for their approval. It supervises the implementation of the approved IT annual plan within set deadlines and budgetary allocations. |
| **Remedial Committee** | The role of the committee is to assess and follow up on all non-performing assets of the Bank with the objective of maximizing recoveries for the Bank. |
| **Human Resources Committee** | The role of the committee is to enable the Bank's employees to meet their professional and personal goals aligned with the growth of the Bank by focusing on skill enhancement, career development, rewards with performance, and work life balance. |
| **Information Security Committee** | The role of the committee is advisory in nature. It assists the relevant stakeholders to develop, review and execute a comprehensive Information Security Management System (ISMS) for the Bank. The role of the Committee is to strengthen the Information Security Department's capabilities as well. |
| **Sustainability Committee** | This Committee oversees the Corporate Social Responsibility affairs of the Bank, managing donations and sponsorship requests, evaluating the proposals and allocating funds to causes that the Bank is committed to support, in line with the annual corporate social responsibility plan and the Corporate Social Responsibility Policy. Any exceptions to the approved plan are reviewed and recommended to the Board for approval. The Committee is also involved in the preparation of the Corporate Social Responsibility Report, which forms part of the Annual Report, detailing the donations and sponsorships made during the year.<br><br>The social causes that are supported by the Bank are:<br>• Medical assistance;<br>• Care for the less fortunate; and<br>• Cultural initiatives focused on preserving and promoting Bahraini traditions into the future. |

# Corporate Governance Report (continued)

**Management Committees** (continued)

| | |
|---|---|
| Operational Risk Committee | The Operational Risk Committee ("ORC" or the ''Committee'') is appointed by the Management Executive Committee ("MANCO") of Al Salam Bank BSC ("the Bank") to assist the MANCO and other committees in discharging its oversight duties relating to:<br>Reviewing the Bank's Operational risk policies, which must be approved by the Board and be consistent with the corporate values and strategy of the Bank; and<br>Making recommendations regarding Operational risk policies, and procedures related to operational risk management. |

### Executive Management Compensation

The performance bonus of the Group Chief Executive Officer is recommended by the Remuneration and Nomination Committee and approved by the Board. The performance bonus of senior management is recommended by the Group Chief Executive Officer for review and endorsement by the Remuneration Committee subject to Board approval. The Performance Audit for the Compliance, Audit and Risk functions are assessed and approved by both the Audit and Risk Committee and the Remuneration Committee.

### Compliance

The Bank has in place comprehensive policies and procedures to ensure full compliance with the relevant rules and regulations of the respective regulators.

Due diligence is performed to ensure that the financial activities of the Bank's customers are performed in accordance with the guidelines issued by the regulatory authorities.

The Bank continuously endeavors to enhance its Compliance and Anti Money Laundering systems. The Bank as part of its enhancement efforts, has recently started implementing the national E-KYC initiative which was launched nationwide as part of the Kingdom of Bahrain's digitization initiatives related to the Banking Sector.

The Bank adheres to the Financial Crimes Module of Central Bank of Bahrain's Rulebook. The module contains Bahrain's current anti-money laundering legislation, developed under the directives of the Financial Action Task Force, which is the international organization responsible for developing global anti-money laundering policies. The Bank complied with Foreign Account Tax Compliance Act (FATCA) and Common Reporting Standards (CRS) requirements as mandated by the Central Bank of Bahrain (CBB).

### Remuneration And Appointment of The External Auditors

During the Annual General Meeting held on 17 March 2022, the shareholders approved the re-appointment of KPMG as external auditors for the year ending 31 December 2022 and authorized the Board of Directors to determine their remuneration.

### Internal Control

Internal control is an active process that is continually operating at all levels within the Bank. The Bank has established an appropriate culture to facilitate an effective internal control process. Every employee of the Bank participates in the internal control process and contributes effectively by identifying risks at an earlier stage and implementing mitigating controls at optimum cost. Residual risk is properly communicated to the senior management and corrective actions are taken.

### Key Persons Policy

The Bank has established a Key Persons' Policy to ensure that Key Persons are aware of the legal and administrative requirements regarding holding and trading of the Bank's shares, with the primary objective of preventing abuse of inside information. Key Persons include the Directors, Executive Management, designated employees and any person or firm connected to the identified Key Persons. The ownership of the Key Persons' Policy is entrusted to the Board's Audit Committee. The latest Key Persons' Policy is posted on the Bank's website and is updated every board term.

### Employee Relations

Al Salam Bank is committed to promoting a diverse and inclusive environment and encourages understanding of the individuality and creativity that each employee uniquely brings to the Bank. Employees are hired and placed on the basis of ability and merit. Evaluation of employees is maintained on a fair and consistent basis.

In line with the Bank's policy of being on equal opportunity firm and as part of Central Bank of Bahrain's Rulebook and Corporate Governance requirements, the Bank shall not employ relatives of employees up to the 4th degree. Existing employees must alert the Human Resources of any relatives or relationship of other employees or candidates being interviewed. Failure to do so will subject the employee to disciplinary action pursuant to the Law No. 36 of 2012 Promulgation of the Labour Law in the Private Sector and the Bank's Disciplinary Guidelines.

### Communication Policy

The Bank recognizes that active communication with different stakeholders and the general public is an integral part of good business and administration. In order to reach its overall communication goals, the Bank follows a set of guiding principles such as efficiency, transparency, clarity and cultural awareness.

The Bank uses modern communication technologies in a timely manner to convey messages to its target groups. The Bank shall reply without unnecessary delay, to information requests by the media and the public. The Bank strives in its communication to be as transparent and open as possible while taking into account Bank confidentiality. This contributes to maintaining a high level of accountability. The Bank also proactively develops contacts with its target groups and identifies topics of possible mutual interest. The Bank reinforces clarity by adhering to a well-defined visual identity in its external communications. The Bank's formal communication material is provided in both Arabic and English languages.

The annual reports and quarterly financial statements and Corporate Governance reports are published on the Bank's website. Shareholders have easy access to various types of forms including proxies used for the Annual General Meeting. In addition, forms are also available online to file complaints or make inquiries which are duly dealt with. The Bank regularly communicates with its staff through internal communications to provide updates of the Bank's various activities.

### Whistle Blowing Policy

This Policy details the procedures for a whistleblower to escalate a complaint to the designated authority and procedures that are to be followed by the Audit and Risk Committee to ensure that a valid whistleblowing complaint is investigated properly and action taken appropriately, while protecting the whistleblower from any adverse reaction due to their complaint.

### Delegation of Authority Limits

Approving limits for the Board, Board Committees and other designated individuals are incorporated into the Delegation of Authority Limits. The authorities are established for both financial and operational activities.

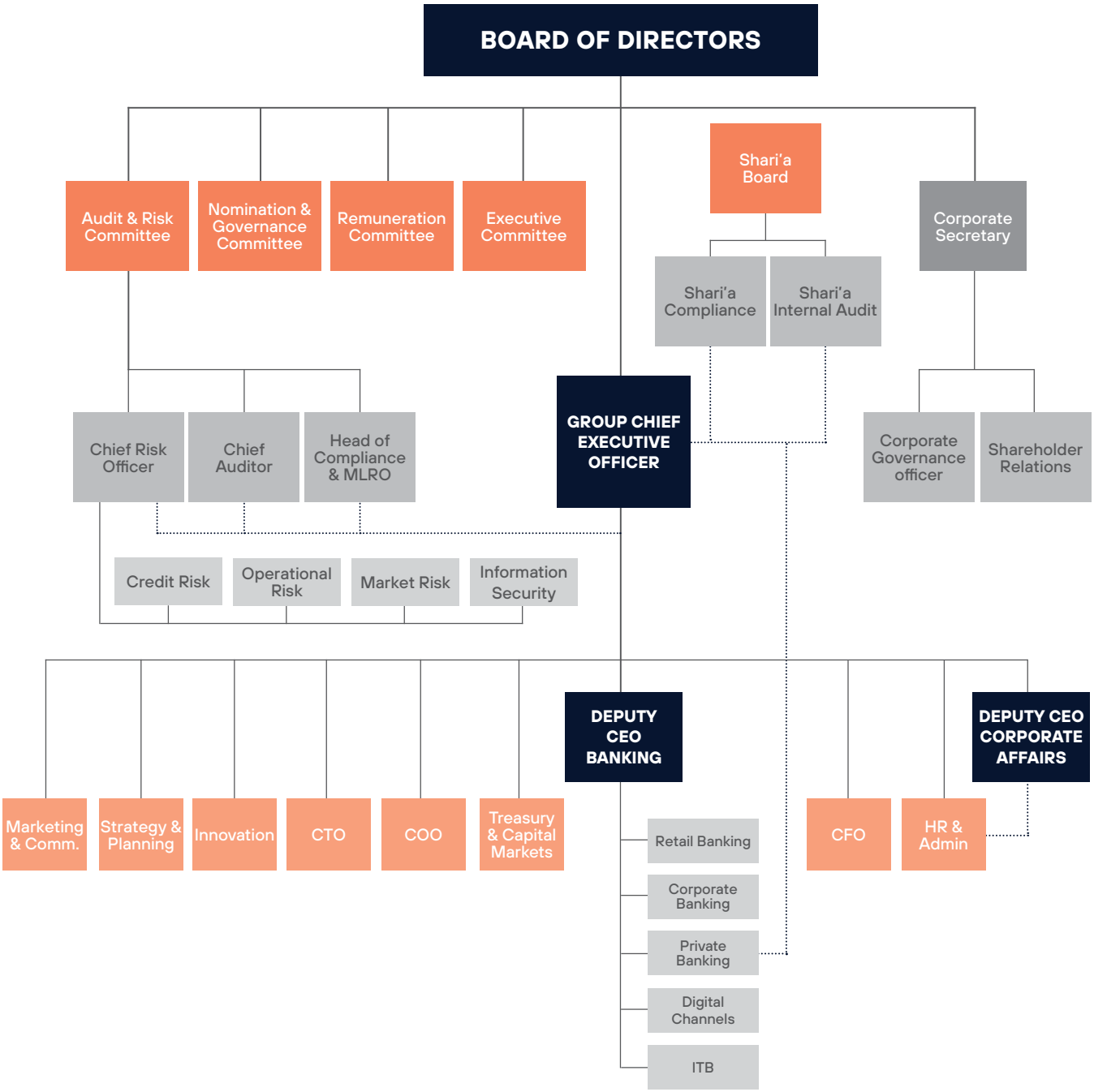
### Disclosures

The Bank has a Disclosures Policy in place detailing the Bank's internal as well as external communications and disclosures. The Board oversees the process of disclosure and communication with the internal and external stakeholders.

HC comply or Explain:

| Sr | Rule | Explanation |
|---|---|---|
| 1 | HC-1.4.6 - The chairman of the Board should be an independent director, so that there will be an appropriate balance of power and greater capacity of the Board for independent decision making. | The Board structure is approved by the CBB, the chairman is non-executive, however, given his experience he was deemed the most suitable director to chair the board. |
| 2 | HC-5.3.2 (Remuneration Committee) - The committee should include only independent directors or, alternatively, only non-executive directors of whom a majority are independent directors and the chairman is an independent director. This is consistent with international best practice and it recognizes that the remuneration committee must exercise judgment free from personal career conflicts of interest. | The chairman is non-executive, however, given his experience he was deemed the most suitable director to chair the Remuneration committee. The same was approved by the CBB. |
| 3 | HC-6.6.15A (Board Risk Committee) - The risk committee must be chaired by an independent director. | The chairman is non-executive, however, given his experience he was deemed the most suitable director to chair the Board Risk Committee. The same was approved by the CBB. |
| 4 | HC-3.2.1 - The Board must establish an audit committee of at least three directors of which the majority must be independent including the Chairman. | The chairman is non-executive, however, given his experience he was deemed the most suitable director to chair the audit committee. The same was approved by the CBB. |

### Organizational Structure



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