

## BOARD OF DIRECTORS REPORT

In the name of Allah, the Most Beneficent. Prayers and Peace be upon the last Apostle and Messenger, His Comrades and Relatives.

I am delighted to present Bahrain Islamic Bank (BisB) annual report and consolidated financial statements for the year 2021.

Despite hopes that the challenges created by the coronavirus pandemic would ease, the personal, economic, and social conditions everyone has faced have continued to place difficult demands on every one of us. Covid-19 continues to remind us of the ties that bind us together and the connections that underpin a healthy and safe society.

Even though we have faced continuing challenges from coronavirus in 2021, the bank's financial performance remained strong. We increased our revenues, reduced operating costs, and in the market, we increased the total financing portfolio.

We further improved the health of our financing portfolio in 2021. The proportion of non-yielding assets was reduced to approximately 4%, and the NPF ratio was reduced to approximately 6.2%. These figures are significantly better than they were five years ago. A larger portion of the bank's assets is now income-generating, which has contributed to improved performance on our key indicators. Through these improvements, coupled with efficient cost control, we have made a significant improvement in our cost to income ratio, which reduced to approximately 47% in 2021.

This performance is underpinned by robust risk management, governance and compliance policies and practices. We keep these under constant review and ensure we are aligned with regulatory requirements and attuned to the ever-changing risk environment in which we operate.

Our duty to protect shareholder investment and to support customer well-being extends far beyond the management of financial risk. Environmental, social and governance (ESG) matters are of vital importance in our own management approach as well being a key issue for our clients. As an Islamic bank, good practice relating to ESG is firmly in line with our beliefs and operating principles. This extends beyond the support we give to philanthropic and charitable efforts and lies at the core of how we behave as an organization – in our interaction with customers, through our financing decisions, and in the way we develop and market our products.

The theme of our annual report this year, "**Stronger Together**", is a true reflection of the positive impact of the strong partnership recently forged with the National bank of Bahrain. The financial support by the National Bank of Bahrain through its majority acquisition of shareholding of BisB was a much-needed catalyst to strengthen our financial position. This partnership also opens the possibilities to more cooperation on many fronts between both entities with the aim of achieving better synergies through improving efficiencies, increasing revenues, lowering cost and providing better and more diverse career paths for employees.

On behalf of our shareholders, the Board of Directors convey their sincere gratitude and appreciation to His Majesty King Hamad bin Isa Al Khalifa – the King of Bahrain; to His Royal Highness Prince Salman bin Hamad Al Khalifa – the Crown Prince, Prime Minister for their wise leadership and continuous support for Islamic Banking sector.

The Directors also express their appreciation to all Government ministries and authorities – in particular to the Central Bank of Bahrain and the Ministry of Industry, Commerce & Tourism for their guidance and support, throughout this difficult period. We are also thankful for the guidance and counsel we have received from the bank's Shari'a Supervisory Board throughout the year.

As chairman of BisB, I am extremely proud of the remarkable resilience we have shown over the past two years. We have maintained strong performance, improved our ways of working, and enhanced our interaction with customers. None of this would have been possible without the extraordinary efforts of our people, and I would like to take this opportunity to thank them for all they do for BisB.

Similarly, the Kingdom of Bahrain has shown its strength and capacity to withstand profound economic and social challenges. By continuing to work in a spirit of partnership and in alignment with national goals, we can continue to make the future bright for our own business, and for society at large.

As part of the Bank's obligation to maintain utmost transparency with our valued shareholders, we are pleased to attach the table below that shows the remuneration of members of the Board of Directors and the Executive Management for the fiscal year ending 31<sup>st</sup> December 2021.

**First: Board of directors' remuneration details:**

Name	Fixed remunerations					Variable remunerations					End-of-service award	Aggregate amount (Does not include expense allowance)	Expenses Allowance
	Remunerations of the chairman and BOD*	Total allowance for attending Board and committee meetings	Salaries	Others***	Total	Remunerations of the chairman and BOD	Bonus	Incentive plans	Others****	Total			
<b>First: Independent Directors:</b>													
1- Khalid Abdulaziz Al Jassim	26,857	24,000	-	539	51,396	-	-	-	-	-	-	51,396	-
2- Marwan Khaled Tabbara	26,857	21,000	-	792	48,649	-	-	-	-	-	-	48,649	-
3- Mohammed Abdulla Al Jalahma	26,857	15,874	-	614	43,345	-	-	-	-	-	-	43,345	-
4- Mohamed Abdulla Nooruddin	26,857	21,000	-	626	48,483	-	-	-	-	-	-	48,483	-
<b>Second: Non-Executive Directors:</b>													
1- Dr. Esam Abdulla Fakhro	40,287	10,000	-	488	50,775	-	-	-	-	-	-	50,775	-
2- Khalid Yousif Abdul Rahman	26,857	11,000	-	574	38,431	-	-	-	-	-	-	38,431	-

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Name	Fixed remunerations					Variable remunerations					End-of-service award	Aggregate amount (Does not include expense allowance)	Expenses Allowance
	Remunerations of the chairman and BOD*	Total allowance for attending Board and committee meetings	Salaries	Others***	Total	Remunerations of the chairman and BOD	Bonus	Incentive plans	Others****	Total			
<b>Third: Executive Directors:</b>													
1- Jean Christophe Durand	26,857**	11,000	-	-	37,857	-	-	-	-	-	-	37,857	-
2- Yaser Abduljalil Al Sharifi	26,857**	11,000	-	626	38,483	-	-	-	-	-	-	38,483	-
3- Dana Abdulla Buheji	26,857**	10,000	-	-	36,857	-	-	-	-	-	-	36,857	-
4- Isa Hasan Maseeh	26,857**	24,000	-	817	51,674	-	-	-	-	-	-	51,674	-
<b>Total</b>	<b>282,000</b>	<b>158,874</b>	<b>-</b>	<b>5,076</b>	<b>445,950</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>445,950</b>	<b>-</b>

Note: All amounts stated in Bahraini Dinars.

\*Subject to AGM and regulatory approval.

\*\*Remuneration is paid to the entity (shareholder) represented by these board members.

Other remunerations:

\*\*\* It includes in-kind benefits – specific amount – remuneration for technical, administrative and advisory works (if any).

\*\*\*\* It includes the board member's share of the profits - Granted shares (insert the value) (if any).

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## Second: Executive management remuneration details:

Executive management	Total paid salaries and allowances	Total paid remuneration (Bonus)	Any other cash/ in kind remuneration for 2021	Aggregate Amount
Top 6 remunerations for executives, including CEO* and Senior Financial Officer**	1,239,504	137,813	-	1,377,317

Note: All amounts must be stated in Bahraini Dinars.

\* The highest authority in the executive management of the company, the name may vary: (CEO, President, General Manager (GM), Managing Director...etc).

\*\* The company's highest financial officer (CFO, Finance Director, ...etc)

Dr. Esam Abdulla Fakhro  
Chairman