

› Corporate Governance

The Board of Directors is responsible for the overall governance of the National Bank of Bahrain. The Board ensures that high ethical standards are established across the Bank and regularly reviews the Bank's compliance with the Central Bank of Bahrain regulations and applicable legislation regarding corporate governance. The Board recognizes that good corporate governance is a vital ingredient in the creation of sustainable shareholder value and protecting the interests of all stakeholders.

Maintaining the best standards of corporate governance has provided the Bank's customers, counterparties, shareholders, regulators, employees and rating agencies with a high degree of confidence in our institution. In maintaining these standards, the Bank has achieved an appropriate balance between long-term growth and short-term objectives, created a sound portfolio of assets, a stable customer base, income diversity as well as the ability and resources to face economic cycles and uncertainties. The Board has set the moral tone for the Bank with a high degree of intolerance for any instances of malpractice, fraud and unethical behaviour and ensured the highest degree of adherence to laws, rules and regulations.

Board of Directors:

The Board's composition is governed by the Bank's Memorandum and Article of Association and comprises of eleven members. Four members of the Board are appointed by Bahrain Mumtalakat Holding Company, which holds 44.06% of the Bank's share capital and one member is appointed by Social Insurance Organization, which holds 10.85% of the Bank's Share Capital. The remaining six members of the Board of Directors are elected by secret ballot at the ordinary general meeting of the shareholders, by a simple majority of valid votes. The six members of the Board elected by the shareholders remain in office for a term not exceeding three years, which may be renewed. In order to be eligible for being nominated for directorship, the individuals concerned should meet the 'fit and proper' criteria established by the Central Bank of Bahrain and their appointment is subject to prior approval by the Central Bank of Bahrain. The present Board was elected at the Ordinary General Meeting in March 2018 and its term was originally scheduled to expire by the Ordinary General Meeting to be held in March 2021.

Due to issues posed by the COVID-19 pandemic, the present term of the Board has been extended to September 2021 with approval of the Central Bank of Bahrain.

On joining the Bank's Board, all Directors are provided with a "Directors Kit" which includes the Bank's Memorandum and Articles of Association, key policies, charters of the Board and its sub-committees and Corporate Governance guidelines. Induction sessions, attended by the Chairman and Chief Executive Officer, are also held with the Directors which focuses on business profile, opportunities, challenges and risks faced by the Bank.

In accordance with the definitions stipulated by the Central Bank of Bahrain, Directors are categorized as independent, executive and non-executive. The Board currently comprises of five independent directors and six non-executive directors. The roles of the Chairman and the Chief Executive Officer are separate and exercised by different persons.

The Board's primary responsibility is to deliver sustainable value to all stakeholders by charting the strategic direction of the Bank as well as setting the risk appetite and the overall capital structure of the Bank. The Board is also responsible for monitoring Management's running of the business within the agreed framework. The Board seeks to ensure that the Management strikes an appropriate balance between long-term growth and the short-term objectives. The Board is ultimately accountable and responsible for the affairs and performance of the Bank. Accordingly, the main functions of the Board are:

- Maintain an appropriate Board structure.
- Maintain an appropriate management and organization structure in line with the Bank's business requirements.
- Plan the strategic future of the Bank, approve annual business plans, approve and monitor major initiatives.
- Monitor the operations framework of the Bank and the integrity of internal controls.
- Ensure compliance with laws and regulations.
- Monitor the Bank's performance and approve financial results, ensure transparency and integrity in stakeholders reporting including financial statements.
- Evaluate periodically the Board's own performance including that of Board sub-committees.
- Assure equitable treatment of all shareholders including minority shareholders.

The Chairman is mainly responsible for the leadership of the Board, ensuring that it operates effectively and fully discharges its legal and regulatory responsibilities.

The Board of Directors meets regularly throughout the year and maintains full and effective control over strategic, financial, operational, internal control and compliance issues. As per its terms of reference, the Board shall meet at least once every calendar quarter.

In its role as the primary governing body, the Board provides oversight for the Bank's affairs and constantly strives to improve and build on the Bank's strong corporate governance practices. The business performance of the Bank is reported regularly to the Board. Performance trends as well as performance against budget

and prior periods are closely monitored. Financial information is prepared using appropriate accounting policies, in accordance with International Financial Reporting Standards as promulgated by the International Accounting Standards Board and are consistently applied. Operational procedures and controls have been established to facilitate complete, accurate and timely processing of transactions and the safeguarding of assets.

The Board has unlimited authority within the overall regulatory framework. The Board has delegated approval authorities to its sub-committees and members of Management; all transactions falling outside the delegated limits are referred to the Board for approval. In addition, the Board approves on a yearly basis the annual budget and operating limits for various activities of the Bank.

Committees of the Board of Directors:

The Board has set up several sub-committees which provide effective support to the full Board in carrying out its responsibilities. These are the Executive Committee, the Audit Committee, the Nomination, Remuneration and Governance Committee, the Risk Committee and the Donations and Contributions Committee.

Executive Committee:

The Executive Committee comprises of not more than five Board members selected and appointed by the Board, with at least two of the members being independent directors. The Executive Committee meets at least six times a year. The role of the Executive Committee is to assist the Board of Directors in fulfilling its responsibilities with regard to lending and investments in debt securities, as well as any other matters not delegated to a specific Board Committee. Accordingly, the Executive Committee is empowered to approve specific credit and investment proposals, review budgets, plans and major initiatives for eventual submission to the Board for approval, and to monitor the Bank's performance against business plan objectives.

Audit Committee:

The Audit Committee comprises of four non-executive Board members selected and appointed by the Board, two of which are independent directors. The Committee shall meet at least four times a year. The primary function of the Committee is to reinforce the internal and external audit process and assist the Board of Directors in fulfilling its responsibility in ensuring an effective system of internal control and risk management. The Audit Committee is responsible for recommending to the Board of Directors, the appointment and compensation of the external auditors, reviewing the integrity of the Bank's financial reporting, reviewing the activities and performance of the internal audit function and reviewing compliance with relevant laws and regulations.

The Audit Committee is supported by the Internal Audit Department, which regularly monitors the system of internal controls. Monitoring includes an assessment of the risks and controls in each operating unit and matters arising therefrom are reported to the Audit Committee on a regular basis.

Donation and Contributions Committee:

The committee is created to manage the distribution of funds allocated towards corporate donations and contributions. The Committee is comprised of a maximum of four Directors and two members of management as decided by the Board. The allocated annual contribution towards the fund is equivalent to 5% of the Bank's net profit.

Risk Committee:

The Risk Committee comprises of four members selected and appointed by the Board. It includes two directors and two independent advisors. The Risk Committee meets at least four times a year. The role of the Committee is to oversee and monitor the risk management framework established by the Board of Directors including reviewing and reporting its conclusions and recommendations to the Board on the Bank's current and future risk appetite and policies. The Committee is additionally responsible for overseeing and assessing the compliance framework of the Bank.

Nomination, Remuneration and Governance Committee:

The Nomination, Remuneration and Governance Committee comprises of four Board members selected and appointed by the Board of Directors. A minimum of one Director must be independent and attending every meeting. The Committee meets at least three times a year. The role of the Nomination, Remuneration and Governance Committee is to assist the Board in fulfilling its responsibilities with regard to the nomination, remuneration policies and corporate governance guidelines of the Bank based on regulatory requirements or industry best practices. The Committee has the mandate of identifying persons qualified to become members of the Board, CEO, CFO, Corporate Secretary, and any other officer positions as considered appropriate by the Board. The Committee also has the responsibility of reviewing and recommending the remuneration policies for the Board and Management.

Board Meetings and Attendance

The Board and the sub-committees of the Board meet regularly to effectively discharge their responsibilities. For meeting the requirements of the Corporate Governance Code and the Central Bank of Bahrain Rulebook, the Bank considers attendance of Directors at Board and sub-committee meetings. A summary of the Board meetings and sub-committee meetings held during the year 2020 and attendance are detailed below:

Name of the Director	Board		Executive Committee		Audit Committee		Risk Committee		Nomination, Remuneration and Governance Committee		Donations & Contributions Committee		Total		% of Meetings attended
	Total No of meetings*	Meetings attended	Total No of meetings	Meetings attended	Total No of meetings	Meetings attended	Total No of meetings	Meetings attended	Total No of meetings	Meetings attended	Total No of meetings	Meetings attended	Total No of meetings	Meetings attended	
Farouk Yousuf Khalil Almoayyed Chairman	6	6							4	4	2	2			100%
Dr. Esam Abdulla Fakhro Deputy Chairman	6	6	5	5					4	4	2	2			100%
Fawzi Ahmed Kanoo Deputy Chairman	6	6	5	5							2	2			100%
Khalid Yousuf Abdulrahman Director	6	6			5	5									100%
Hussain Sultan Al Ghanem Director	6	6	5	5											100%
Khalid Omar Al Rumaihi ¹ Director	1	0					1	0							0%
Sh. Rashid Bin Salman Al Khalifa Director	6	6	5	5					4	4					100%
Hala Ali Hussain Yateem Director	6	6			5	4					2	2			92%
Rishi Kapoor Director	6	6					6	6							100%
Mohamed Tareq Mohamed Sadeq Mohamed Akbar Director	6	6			5	5	3	3							100%
Yusuf Abdulla Yusuf Akbar Alireza Director	6	6	5	5					4	4					100%
Amin Ahmed Alarrayed ² Director	5	5			3	3									100%

* One Board meeting was ad-hoc.

¹ Khalid Omar Al Rumaihi resigned from the Board on 10th March 2020.

² Amin Ahmed Alarrayed joined the Board on 2nd April 2020.

Dates of meetings and attendance details:

Board Meetings: Total number of meetings held: 6

Members	Meeting dates					
	12/2/2020	22/4/2020	13/5/2020 (Ad Hoc)	29/7/2020	27/10/2020	24/11/2020
Farouk Yousuf Khalil Almoayyed – Chairman	✓	✓*	✓*	✓*	✓*	✓*
Dr. Esam Abdulla Fakhro – Deputy Chairman	✓	✓*	✓*	✓*	✓*	✓*
Fawzi Ahmed Kanoo – Deputy Chairman	✓	✓*	✓*	✓*	✓*	✓*
Khalid Yousuf Abdulrahman – Director	✓	✓*	✓*	✓*	✓*	✓*
Hussain Sultan Al Ghanem – Director	✓	✓*	✓*	✓*	✓*	✓*
Khalid Omar Al Rumaihi – Director	X	(Resigned the Board)				
Sh. Rashed Bin Salman Al-Khalifa – Director	✓	✓*	✓*	✓*	✓*	✓*
Hala Ali Hussain Yateem – Director	✓	✓*	✓*	✓*	✓*	✓*
Rishi Kapoor – Director	✓	✓*	✓*	✓*	✓*	✓*
Mohamed Tareq Mohamed Sadeq Mohamed Akbar – Director	✓*	✓*	✓*	✓*	✓*	✓*
Yusuf Abdulla Yusuf Akbar Alireza – Director	✓*	✓*	✓*	✓*	✓*	✓*
Amin Ahmed Alarrayed – Director	-	✓*	✓*	✓*	✓*	✓*

* Attended through video conference

Board Meetings and Attendance (continued)**Executive Committee Meetings: Total number of meetings held: 5**

Members	Meeting dates				
	15/1/2020	23/3/2020	24/6/2020	1/10/2020	6/12/2020
Dr. Esam Abdulla Fakhro – Deputy Chairman and Chairman of Executive Committee	✓	✓*	✓	✓	✓
Fawzi Ahmed Kanoo – Deputy Chairman	✓	✓*	✓	✓	✓
Hussain Sultan Sultan Al Ghanem – Director	✓	✓*	✓	✓	✓
Sh. Rashed Bin Salman Al-Khalifa – Director	✓*	✓*	✓	✓	✓
Yusuf Abdulla Yusuf Akbar Alireza – Director	✓	✓*	✓*	✓*	✓*

* Attended through video conference

Audit Committee Meetings: Total number of meetings held: 5

Members	Meeting dates				
	20/1/2020	4/2/2020	28/7/2020	22/10/2020	26/10/2020
Khalid Yousuf Abdulrahman – Director and Chairman of Audit Committee	✓	✓	✓	✓	✓*
Hala Ali Hussain Yateem – Director	✓	X	✓	✓	✓*
Mohammed Tareq Sadeq Akbar – Director	✓	✓	✓	✓	✓*
Amin Ahmed Alarrayed – Director			✓	✓	✓*

* Attended through video conference

Risk Committee: Total number of meetings held: 6

Members	Meeting dates					
	19/1/2020	8/4/2020	5/5/2020 (Ad Hoc)	7/7/2020	23/7/2020 (Ad Hoc)	14/10/2020
Khalid Omar Al Rumaihi ¹ – Director and Chairman of Risk Committee	X					
Rishi Kapoor ² – Director and Chairman of Risk Committee	✓	✓*	✓*	✓	✓*	✓
Mohamed Tareq Mohamed Sadeq Mohamed Akbar ³ , Director				✓	✓	✓
Sabah Al Moayyad , Non-Director – Advisor to the Board	✓	✓*	✓*	✓	✓	✓
Matthew Deakins , Non-Director – Advisor to the Board	✓	✓*	✓*	✓	✓	✓

* Attended through video conference

¹ Khalid Omar Al Rumaihi resigned from the Board on 10th March 2020.² Rishi Kapoor was appointed as Chairman of the Risk Committee on 13th May 2020.³ Mohamed Tareq Mohamed Sadeq Mohamed Akbar was appointed as a member of the Risk Committee on 13th May 2020.**Nomination, Remuneration and Governance Committee Meetings: Total number of meetings held: 4**

Members	Meeting dates			
	3/2/2020	16/2/2020	22/7/2020	24/11/2020
Farouk Yousuf Khalil Almoayyed – Chairman of the Board and Chairman of the NRG	✓	✓	✓*	✓*
Dr. Esam Abdulla Fakhro – Deputy Chairman	✓	✓	✓*	✓*
Sh. Rashed Bin Salman Al-Khalifa – Director	✓	✓	✓*	✓*
Yusuf Abdulla Akbar Alireza – Director	✓*	✓*	✓*	✓*

* Attended through video conference

Donations and Contributions Committee Meetings: Total number of meetings held: 2

Members	Meeting dates	
	22/4/2020	28/10/2020
Farouk Yousuf Khalil Almoayyed – Chairman of the Board and Chairman of the DCC	✓*	✓*
Dr. Esam Abdulla Fakhro – Deputy Chairman	✓*	✓*
Fawzi Ahmed Kanoo – Deputy Chairman	✓*	✓*
Hala Ali Hussain Yateem – Director	✓*	✓*

* Attended through video conference

Management Structure

The Board has established a management structure that clearly defines roles, responsibilities and reporting lines, the details of which are annexed to this report.

Within the management structure there are separate committees responsible to meet on a regular basis to discuss and decide on the various strategic and tactical issues within their respective areas.

Committee Name	Members	Objective
1- Weekly Executive Committee Meeting (WEM)	1- Jean Christophe Durand – Chief Executive Officer (Chairman) 2- Abdulaziz Al Ahmed – Chief Executive, Strategic Accounts 3- Dana Buheji – Group Chief Human Resources Officer 4- Iain Blacklaw – Group Chief Operating Officer 5- Bruce Wade – Group Chief Executive, Financial Restructuring 6- Yaser Alsharifi – Group Chief Strategy Officer 7- Gaby El Hakim – Group Chief Legal Officer and Corporate Secretary 8- Hisham Al Kurdi – Group Chief Executive, Corporate and Institutional Investment Banking 9- Russell Bennett – Group Chief Financial Officer 10- Isa Maseeh – Group Chief Risk Officer and acting Chief Compliance Officer 11- Subah Al Zayani – Chief Executive, Retail Banking	The Weekly Executive Committee Meeting (WEM) meets on a weekly basis and was created by the Bank to provide a regular forum for the discussion of strategic matters among executive/senior management. While the WEM does not have any decision making powers, it serves as an advisory role and provides a sounding forum for the major decisions or actions that need to be taken by the Group Chief Executive Officer within his delegation.
2- Management Credit Committee	Permanent Members: 1- Jean Christophe Durand – Chief Executive Officer (Chairman) 2- Isa Maseeh – Group Chief Risk Officer and acting Chief Compliance Officer 3- Yaser Al Sharifi – Group Chief Strategy Officer 4- Ali Ehsan – Chief Credit Officer Temporary Members: 1- Abdulaziz Al Ahmed – Chief Executive, Strategic Accounts 2- Hisham Al Kurdi – Group Chief Executive, Corporate and Institutional Investment Banking	<ul style="list-style-type: none"> - Overseeing the effective implementation of the credit risk framework of the Bank - Approving credit proposals and monitoring the credit portfolio in line with the defined risk appetite and policies of the Bank.
3- Operational Risk Management Committee (ORMC)	1- Jean Christophe Durand – Chief Executive Officer 2- Isa Maseeh – Group Chief Risk Officer and acting Chief Compliance Officer (Chairman) 3- Iain Blacklaw – Group Chief Operating Officer 4- Hisham Al Kurdi – Group Chief Executive, Corporate and Institutional Investment Banking 5- Dana Buheji – Group Chief Human Resources Officer 6- Subah Al Zayani – Chief Executive, Retail Banking 7- Jaffar Mohammed – Head of Operational Risk & Permanent Controls 8- Razi Amin - Head of Information Technology 9- Panos Moschonas – Group Chief Internal Auditor (Observer)	<ul style="list-style-type: none"> - Review and assess different aspects of risk arising from the Bank's business processes (i.e. Operational Risks, Technology Risk, BCP, DR, Legal Risk, Compliance Risks and Compliance with internal controls) to ensure that material risks are captured, monitored and mitigated. - Serve as a forum for senior management to discuss, evaluate and decide key Operational Risk issues concerning all division of the Bank.

Management Structure (continued)

Committee Name	Members	Objective
4- Group Asset Liability Committee (ALCO)	1- Jean Christophe Durand – Chief Executive Officer (Chairman) 2- Hassan Jarrar – Chief Executive Officer, Bahrain Islamic Bank 3- Hisham Al Kurdi – Group Chief Executive, Corporate and Institutional Investment Banking 4- Russell Bennett – Group Chief Financial Officer 5- Ameer Shabaan – Chief Financial Officer, Bahrain Islamic Bank 6- Isa Maseeh – Group Chief Risk Officer and acting Chief Compliance Officer 7- Yaser Alsharifi – Group Chief Strategy Officer 8- Jaafar Husain – Head of Liquidity and Market Risk 9- Nabeel Kazim – Head of Bank Operations* * Nabeel Kazim's last working day in the Bank was 31st December 2020.	<ul style="list-style-type: none"> - Serve as a forum for senior management discussion and evaluation of key issues concerning the Bank's balance sheet structure and performance, pricing of assets and liabilities, funding and capital planning, contingency planning, market risk, interest rate risk, and liquidity risk. - Ensure that appropriate action consistent with market developments and the Bank's policies are taken to address the above key issues.
5- Retail Steering Committee	1- Jean Christophe Durand – Chief Executive Officer (Chairman) 2- Yaser Alsharifi – Group Chief Strategy Officer 3- Iain Blacklaw – Group Chief Operating Officer 4- Dana Buheji – Group Chief Human Resources Officer 5- Subah Al Zayani – Chief Executive, Retail Banking 6- Muneera Mahmood – Project Specialist	Ensure proper execution of the Retail strategy as well as Branch refurbishment, Cards Business strategy and overall Retail performance.
6- Project Steering Committee (PSG)	1- Jean Christophe Durand – Chief Executive Officer (Chairman) 2- Yaser Alsharifi – Group Chief Strategy Officer 3- Iain Blacklaw – Group Chief Operating Officer 4- Isa Maseeh – Group Chief Risk Officer and acting Chief Compliance Officer 5- Russell Bennett – Group Chief Financial Officer 6- Razi Amin – Head of Information Technology 7- Abdulla Buali – Head of Project Management Office 8- Muneera Mahmood – Project Specialist 9- Panos Moschonas – Group Chief Internal Auditor (Observer)	<ul style="list-style-type: none"> - To ensure that the strategic Programs and Major Projects as approved by the Management are successfully implemented. - To monitor issues raised through the PMO, Project Sponsors, and other Program Committees are resolved and that progress is made according to the approved plans and approved financial budgets.
7- Group Compliance Management Committee	1- Jean Christophe Durand – Chief Executive Officer 2- Isa Maseeh – Group Chief Risk Officer and acting Chief Compliance Officer (Chairman)* 3- Dana Buheji – Group Chief Human Resources Officer 4- Hisham Al Kurdi – Group Chief Executive, Corporate and Institutional Investment Banking 5- Subah Al Zayani – Chief Executive, Retail Banking 6- Zaina Al Zayani – Strategy Manager 7- Arif Janahi – Head of Commercial and SMEs 8- Nabeel Kazim – Head of Bank Operations** 9- Panos Moschonas – Group Chief Internal Auditor (Observer) 10- Mariam Turki – Compliance Advisory Specialist (Secretary) * Eduardo Rangel's (Chief Compliance Officer) last working day in the Bank was 6th August 2020. ** Nabeel Kazim's last working day in the Bank was 31st December 2020.	<ul style="list-style-type: none"> - Review and approve group-wide processes, policies and procedures related to the Bank's financial crime and regulatory compliance framework - Approve and periodically review the Compliance Maturity Model and the annual Compliance Plan. - Discuss the compliance management dashboards, KRIs, KPIs residual risks, compensating controls and mitigating controls for RCSAs. - Monitor the adherence of the Bank to the Central Bank of Bahrain (CBB) requirements in the relevant rule book volumes and modules. - Review and monitor compliance risk management status on the Bank's branches and overseas operations - Review and consider for approval the Bank's compliance risk framework at least annually.

Management Structure (continued)

Committee Name	Members	Objective
8- Digital Advisory Committee (DAG)	1- Yaser Alsharifi – Group Chief Strategy Officer (Chairman) 2- Iain Blacklaw – Group Chief Operating Officer 3- Hisham Al Kurdi – Group Chief Executive, Corporate and Institutional Investment Banking 4- Subah Al Zayani – Chief Executive, Retail Banking 5- Razi Amin - Head of Information Technology 6- Nabeel Mustafa – Head of Network Management and Strategy 7- Zaina Al Zayani – Strategy Manager 8- Ali Ghuloom – Head of Digitization and Projects Management 9- Muneera Mahmood – Project Specialist	<ul style="list-style-type: none"> - To define the digital direction of the bank, govern the digital initiatives and projects and support business transformation via: - Understand the digital priorities of the Bank - Review the solutions and evaluate these to the Bank - Align IT to the Bank's direction and priorities in a planned manner to ensure effective and efficient utilization of technology - Ensure that staffing, technology and investment are available to ensure reliable and timely services and projects - Oversee all digital related projects and initiatives
9- Information Security Committee (ISC)	1- Isa Maseeh – Group Chief Risk Officer and acting Chief Compliance Officer (Chairman) 2- Iain Blacklaw – Group Chief Operating Officer 3- Razi Amin – Head of Information Technology 4- Ali Al Majed – Head of Information Security 5- Nabeel Mustafa – Head of Network Management and Strategy 6- Ali Alsaegh - Head of Information Technology Security 7- Panos Moschonas – Group Chief Internal Auditor (Observer) 8- Salman Radhi - Information Security Risk Analyst (Secretary)	<ul style="list-style-type: none"> - Set the direction in establishing an Information Security Management System (ISMS). - Review and recommend security policies to the Board of Directors for approval. - Review the periodical information security reports. - Ensure that processes are created to measure the effectiveness of the security controls specified in this policy. - Approve the Bank's information security plan and monitor its implementation.
10- Business Continuity Management Committee	1- Iain Blacklaw – Group Chief Operating Officer (Chairman) 2- Isa Maseeh – Group Chief Risk Officer and acting Chief Compliance Officer 3- Razi Amin – Head of Information Technology 4- Haitham Seyadi – Head of Property, Procurement and Administration 5- Nabeel Mustafa – Head of Network Management and Strategy 6- Nabeel Kazim – Head of Bank Operations* 7- Jaffar Mohamed – Operational Risk & Permanent Controls 8- Rashid Abdul Rahman – IT infrastructure Manager (Secretary) ** Nabeel Kazim's last working day in the Bank was 31st December 2020.	<ul style="list-style-type: none"> - Ensure effective continuance of the Bank's operations in the event of a moderate, major or potentially catastrophic incident. - Establish, review and test Bank wide business continuity and disaster recovery plans. - Coordinate the planning and delivery of the training on crises and emergency management and disaster recovery.
11- Product and Service Approval Committee	1- Jean Christophe Durand – Chief Executive Officer (Chairman) 2- Isa Maseeh – Group Chief Risk Officer and acting Chief Compliance Officer 3- Hisham Al Kurdi – Group Chief Executive, Corporate and Institutional Investment Banking 4- Iain Blacklaw – Group Chief Operating Officer 5- Jaffar Mohamed – Head of Operational Risk & Permanent Controls	<ul style="list-style-type: none"> - To approve new products and services. - To approved material changes to existing products and services. - Ensure that the key risks associated with the introduction of products and services are identified, thoroughly considered, and addressed in a controlled manner before the launch/ reactivation of the product or services.

The Group Chief Risk Officer/Acting Chief Compliance Officer reports directly to the Board Risk Committee and administratively to the CEO and the Corporate Secretary reports directly to the Board of Directors and administratively to the CEO in accordance with Corporate Governance requirements.

Performance evaluation of Board of Directors and sub-committees

The Board has conducted a self-evaluation of the performance of the Board and its sub-committees for the year 2020. This was carried out through the completion of a structured questionnaire on the effectiveness and contribution of each member against certain pre-defined criteria as per the mandate of the Board and each Board sub-committee. The Nomination, Remuneration and Governance Committee is responsible for overseeing the process and the findings were presented to the Board of Directors in the first quarter of 2021 which confirms that the Bank's Board and its sub-committees continue to operate with a high level of effectiveness. Furthermore, during 2020 the board attended an awareness session aimed at sharing the best practices around board evaluation with the intention to revise and revamp the existing process for 2021.

Related party transactions and conflict of interest

Directors have a duty under the Commercial Companies Law, the Central Bank of Bahrain regulations and the Bank's corporate governance policy to avoid situations in which they may have conflicts of interest with those of the Bank, unless they are specifically authorized by the Board of Directors. This includes potential conflicts that may arise when a Director takes up a position with another company or has any material transactions with the Bank.

The Bank has policies and procedures for handling related party transactions including loans and advances to directors, senior management and their related parties, as well as transactions and agreements in which a Director or an employee has a material interest. In addition, exposures to directors and senior management are governed by the regulations of the CBB. Details of related party transactions involving the Bank in 2020 are disclosed in Note 30 of the consolidated financial statements.

As per the Bank's policy, the Directors concerned do not participate in decisions in which they have or may have a potential conflict of interest.

Related party transactions are entered into in compliance with Article 189 of the Commercial Companies Law. They are entered into following the satisfaction of the Bank's tender processes and procedures to ensure that the Bank receives optimal services from its counterparties at the best pricing available. Decisions relating to the approval of related party transactions, whether with connected parties of Directors, Controllers or significant shareholders of the Bank, or employees are approved after appropriate disclosures have been made and the related parties and their connected persons refrain from participating in the decision making process. The Bank's shareholders are referred to Note 30 of the consolidated financial statements setting out disclosures of related party transactions in compliance with Article 189(C) of the Commercial Companies Law. The Board of Directors is satisfied with the procedures in place for the approval of related party transactions and the outcomes of related party contracts entered into in 2020.

Employment of Relatives

The Bank has a Board approved policy in place on employment of relatives to prevent the potential favouritism and conflict of interest in decision-making due to factors of blood relations amongst employees and Board including Approved Persons.

Code of Conduct

The Board has adopted a comprehensive Code of Conduct that provides a framework for directors, officers and employees on the conduct and ethical decision making integral to their work. All officers and employees subscribe to this Code of Conduct and are expected to observe high standards of integrity and fairness in their dealings with customers, regulators and other stakeholders.

Shareholder's rights

The Bank has a public disclosure on its website on shareholder's rights. It includes, among other things, the right to deal in the Bank's shares, to attend the general assembly and the right to receive dividends as decided by the general assembly.

Whistle Blower policy

The Board has adopted a Whistle Blower policy which provides all employees with the opportunity to access in good faith, the Chairman of the Audit Committee on any instances they observe regarding unethical and improper practices or any other wrongful conduct of a financial or legal nature in the Bank and to prohibit managerial personnel from taking adverse action against employees for doing so. The policy is available on the website of the Bank.

Communication Strategy

The Bank has a public disclosure policy approved by the Board of Directors. The Bank is committed to support the timely and accurate disclosure of material information in accordance with the requirements set out in the rules and regulations of the CBB and the Bahrain Bourse as well as other applicable laws, to facilitate efficient capital market activities. The Bank believes in the principle of transparency about its financial performance thus enabling all stakeholders to have access to such information on a timely basis. In addition to the annual audit, the external auditors conduct reviews on the Bank's quarterly financial statements. These statements are subsequently published in the newspapers and posted on the Bank's website in accordance with regulatory requirements. The annual report including the complete financial statements for the current financial year and a minimum of five preceding financial years are provided on the Bank's website.

Fines and Penalties

The following penalties were paid by the Bank to the CBB during the year:

- BD 50 on account of failure to clean up erroneously opened account in Bahrain Credit Reference Bureau system in time.

Directors and executive management interests

The number of shares held by directors and their related parties and trading during the year is as follows:

Name	Type of shares	31 December 2020 ¹	Sales during 2020	Purchases during 2020	31 December 2019
Farouk Yousuf Khalil Almoayyed - Chairman	Ordinary	27,414,742	-	-	24,916,022
Dr. Esam Abdulla Fakhro - Deputy Chairman	Ordinary	11,939,888	-	-	10,854,446
Fawzi Ahmed Kanoo - Deputy Chairman	Ordinary	108,063	-	-	96,535
Khalid Yousuf Abdulrahman - Director	Ordinary	27,275,075	-	-	24,795,523
Hussain Sultan Sultan Al Ghanem - Director	Ordinary	-	-	-	-
Sh. Rashed Bin Salman Al-Khalifa - Director	Ordinary	-	-	-	-
Khalid Omar Al Rumaihi - Director	Ordinary		(Resigned the Board)		
Hala Ali Hussain Yateem - Director	Ordinary	5,284,923	-	-	4,668,713
Rishi Kapoor - Director	Ordinary	-	-	-	-
Mohamed Tareq Mohamed Sadeq Mohamed Akbar- Director	Ordinary	-	-	-	-
Yusuf Abdulla Yusuf Akbar Alireza - Director	Ordinary	-	-	-	-
Amin Ahmed Alarrayed - Director	Ordinary	-	-	-	-
Total shares		72,022,691	-	-	65,331,239
As a % of the total number of shares		4.23%			4.23%

¹ Shares as at 31 December 2020 includes bonus shares issued during the year (where applicable) at the rate of one additional share for every ten shares held and BISB share swaps.

The number of shares held by executive management and their related parties and trading during the year is as follows:

Name	Type of shares	31 December 2020 ¹	Sales during 2020	Purchases during 2020 ²	31 December 2019	
Jean Christophe Durand - Chief Executive Officer	Ordinary	523,894	-	351,396	156,817	
Abdulaziz Al Ahmed - Chief Executive Strategic Accounts	Ordinary	836,532	-	229,064	552,244	
Bruce Wade - Group Chief Executive of Financial Restructuring	Ordinary	33,975	130,000	100,574	57,638	
Dana Buheji - Group Chief Human Resources Officer	Ordinary	101,523	-	101,523	-	
Iain Blacklaw - Group Chief Operating Officer	Ordinary	86,072	-	58,750	24,839	
Yasser Alsharifi - Group Chief Strategy Officer	Ordinary	-	68,293	68,293	-	
Hisham Alkurdi - Group Chief Executive - Corporate, Institutions and Investment Banking	Ordinary	37,406	-	37,406	-	
Moschonas Panagiotis - Group Chief Internal Auditor	Ordinary	68,310	50,000	57,158	55,593	
Russell Bennett - Group Chief Financial Officer	Ordinary	21,860	-	17,957	3,549	
Gaby El Hakim - Group Chief Legal Officer and Corporate Secretary	Ordinary	90,817	-	58,714	29,185	
Isa Maseeh - Group Chief Risk Officer and acting Chief Compliance Officer	Ordinary	56,926	-	39,362	15,968	
Subah Al Zayani - Chief Executive, Retail Banking	Ordinary	3,985	-	3,985	-	
Hussain Al Hussaini - Chief Executive Treasury, Capital Markets and Wealth Management	Ordinary		(Retired from NBB)			236,602
Richard Hicks - Chief Marketing Officer	Ordinary		(Resigned from NBB)			47,587
Eduardo Rangel - Chief Compliance Officer	Ordinary		(Resigned from NBB)			-
Total shares		1,861,300	248,293	1,124,182	1,180,022	

Notes

¹ Shares as at 31 December 2020 includes bonus shares issued during the year (where applicable) at the rate of one additional share for every ten shares held and share swap consideration as part of the acquisition of Bahrain Islamic Bank.

² Represents shares transferred during the year as part of the Employee Share Incentive Scheme.

Approved Persons interests

The total interest in the shares held by approved persons and their related parties is as follows:

	Type of shares	31 December 2020	31 December 2019
Total number of shares held	Ordinary	73,989,539	66,612,118
As a % of the total number of shares		4.35%	4.32%

Remuneration

Board of Directors Remuneration Policy

The Board is paid an annual remuneration as approved by the shareholders at the Ordinary General Meeting. While the amount of remuneration is not directly linked to the performance of the Bank, factors such as the Bank's performance, industry comparison and the time and effort committed by the directors to the Bank, are considered for determining the total remuneration. Directors remuneration is accounted as an expense as per International Financial Reporting Standards and Central Bank of Bahrain regulations, the payment of which is subject to approval by the shareholders at the Ordinary General Meeting. In addition, the members are paid sitting fees for the various sub-committees of the Board of Directors.

Employees Remuneration Policy

The employees of the Bank are critical for the Bank's success and future business sustenance. Hence, it is imperative to recruit and retain talented resources from the competitive employment market. In order to achieve this objective, the Bank's remuneration policy is developed to attract, retain and motivate the best talent. Accordingly, employee remuneration and benefits are reviewed and revised in the context of business performance, industry and local practices. In addition to fixed monthly salary and allowances, employees are provided with several other benefits like variable remuneration in the form of bonus, medical, life insurance cover, retirement benefits and employee savings scheme. While doing so, the Bank gives paramount importance to the interests of the shareholders and to this end, the Bank has implemented the Sound Remuneration Practices mandated by the Central Bank of Bahrain. While aligning the compensation of the employees with the risk outcomes and performance levels of the Bank, the revised policies for Variable Remuneration i.e. the Bonus and Share Incentive Scheme also endeavour to align senior management's interest with shareholders' interests. The total variable remuneration paid to all employees including the Share Incentive Scheme is within the range of 7% to 9% of the net profit before the bonus and the variable remuneration of senior management is reviewed and approved by the Board Nomination, Remuneration and Governance Committee of the Bank.

Remuneration of Board Members, Executive Management and Fees Paid to External Auditors

The aggregate remuneration paid to board members and executive management personnel are disclosed in Note 30 of the consolidated financial statements.

KPMG Fakhro was the Group's external auditors for the financial year ended 31 December 2020. Details of the audit fee paid to the auditors during the year 2020 as well as the details of non-audit services and fees paid are held at the Bank's premises, which is available to eligible shareholders upon specific request.

Status of compliance with CBB's Corporate Governance guidelines (High Level Controls Module)

Banks are required to comply with the High Level Controls (HC) Module of the CBB Rulebook. The HC Module contains both Rules and Guidance; Rules must be complied with, but Guidance may either be complied with or non-compliance explained by way of an annual report to the shareholders and to the CBB.

The Bank has provided the following explanations related to the guidance items below:

Guidance

1. HC 1.3.13 states that no director of a bank should hold more than three directorships in public companies in the Kingdom of Bahrain, with the provision that no conflict of interest may exist, and the Board should not propose the election or re-election of any director who does. Three of the Bank's directors, Mr. Farouk Almoayyed, Dr. Esam Fakhro and Mr. Fawzi Kanoo hold more than three directorships in public companies in Bahrain. However, the Board is of the opinion that this does not impact the effectiveness and efficiency of the Board of Directors, as the directors provide adequate attention to their responsibilities and there are no conflict of interests between their other directorships and that of the Bank.
2. HC 1.4.6 states that the Chairman of the Board of Directors should be an independent director. The Bank's Chairman, Mr. Farouk Almoayyed is not treated as an independent director taking into account the business transactions that the Bank has with the Almoayyed Group which is controlled by Mr. Farouk Almoayyed. The Board is of the view that this does not compromise the high standards of corporate governance that the Bank maintains as (i) the business transactions are entered into on 'arm's length' basis following transparent tendering and approval processes (ii) the Bank follows strict policies to manage conflicts of interest in Board decisions (iii) Directors who are interested parties in business proposals considered by the Bank do not participate in decisions related to such proposals.
3. HC-1.8.2 states that the Board should establish a Corporate Governance Committee of at least three independent members and HC-1.8.5 allows combination of committees. The Bank has combined the responsibility of the Corporate Governance Committee with that of the Nomination, Remuneration and Governance Committee, which has four members one of whom is independent. The Board is of the view that this does not compromise the high standards of corporate governance as the Nomination, Remuneration and Governance Committee has sufficient resources and time to discharge its duties and holds sufficient number of meetings to fulfil its responsibilities. As a result of this combination, the Nomination, Remuneration and Governance Committee does not satisfy the requirements of HC-1.8.2, however, it is the Board's determination that the Nomination, Remuneration and Governance Committee is sufficiently independent to meet its requirements and responsibilities, and on this basis the CBB has confirmed that it has no objection to the combination of these committees in this manner.