

## The Board of Directors' Report

In 2023, the National Bank of Bahrain ('NBB') Group witnessed resilient growth underpinned by several prominent milestones. The Bank continues to implement a thorough and rigorous approach to successfully identifying and managing risks and opportunities.

With the aim of creating long-term value for our stakeholders, NBB has remained focused on delivering growth, driven by its client-centric and innovative banking solutions that are seamlessly delivered through its branches and digital channels. During the year, our strong financial performance, market leading focus on Sustainability and talented workforce have further strengthened our leading market position in Bahrain, while making us more regionally relevant.

### Resilient financial performance

The Group's total assets increased by 12% during the year to reach a record level of BHD 5,372.5 million (USD 14,250.7 million) compared to BHD 4,785.3 million (USD 12,693.1 million) recorded on 31 December 2022. The increase reflects the continued ability of the Group to serve its customers competitively, while effectively managing its balance sheet.

NBB Group has also registered 6% and 16% growth in its operating income and attributable net profit respectively, reflecting our continued commitment to delivering strong returns to our shareholders. The attributable net profit of BHD 79.1 million (USD 209.8 million) marks a historical level for the Group.

### Recommended appropriations

Based on the financial results, the Board of Directors has recommended for approval by shareholders the following appropriations:

	BHD million
Cash dividend (30%) *	68.0
Donations and contributions	4.0

\* Includes interim cash dividend of BHD 22.7 million that has already been distributed to the shareholders on 31 August 2023.

### Elevated Business Operations

Building on our robust financial performance, NBB has consistently delivered curated customer services that directly align with our brand promise of being 'Closer to You.'

Our drive for digital innovation has enabled us to meet the ever-evolving needs of our customer base through a seamless and cost-effective approach. Digitalisation plays an instrumental role in maintaining our high standards as we embed digital initiatives that reinforce our standing as a leading financial institution. NBB continues to develop superior banking solutions that ensure our customers receive an unparalleled banking experience across all aspects of our operations.

In 2023, we enhanced our operational efficiency and scalability as we invested in upgrading our IT infrastructure and network to improve connectivity and the overall performance of the Group's systems. Simultaneously, we initiated the roll out of our new corporate digital platform that aims to empower businesses with advanced functionalities and seamless transaction execution capabilities.

### People-Driven and ESG-Focused Initiatives

Our dedicated workforce is fundamental to our business success, propelling the organisation forward and ensuring excellence across all levels. To further solidify the importance of our people, NBB has successfully achieved its Gold Accreditation from Investors in People for the third consecutive year. The prestigious accreditation reflects the Bank's commitment to excellence in talent management and solidifies its position as a leading workplace.

In recognition of our team's efforts, NBB launched the 'Group CEO Awards for Excellence' to recognise exceptional employee achievements.

To further elevate our human capital, a new digital workforce management system was introduced in 2023 to streamline all employee-related operations, from performance management to tailored training programmes. Through the new portal, employees can access over ten thousand training courses, covering a diverse range of topics including technical and leadership programmes.

Responsible banking remains central to our operations and among the core pillars of NBB's sustainability strategy. Through responsible banking, we are able to strengthen our business performance as well as address social and environmental issues in an impactful way, while maintaining our focus on enabling economic development. As such, our Financial Literacy Programme continues to play an essential role in making banking accessible to all segments of society.

Throughout 2023, NBB's responsible banking approach strategically incorporated Environmental, Social and Governance ('ESG') factors into lending activities, while also expanding our range of sustainability-related financing and risk management products to meet the needs of both our retail and corporate clients. NBB proudly arranged Bahrain's first sustainability-linked interest rate swap.

The second phase of our sustainability roadmap (2024-2026) will accelerate our ESG efforts to further integrate sustainability considerations into our operations. The Group has also increased its decarbonisation efforts by closely monitoring its greenhouse gas emissions and identifying ways to minimise carbon footprint. As a national enabler, NBB firmly believes in contributing to the Kingdom's ambitious directives to achieve net-zero carbon emissions by 2060. NBB was also among the participating Bahraini entities at the 2023 COP28 Climate Change Conference.

Since its inception, uplifting local communities has been ingrained in NBB's value system. As a pillar of the Bahraini community, the Group has been heavily involved in key collaborations with local government entities, non-governmental organisations and private sector organisations, sustaining a broad Corporate Social Responsibility (CSR) programme for several years.

NBB's CSR programme has always been one of the most comprehensive and multifaceted in Bahrain and is central to the Group's overarching sustainability vision. Our humanitarian efforts continue to make a notable difference, as we focus on supporting all segments of society. As part of its donations and contributions programme, NBB donates 5% of its annual attributable net profits to various social welfare, healthcare, education, youth, sporting, environmental, and governance programmes.

NBB has been one of the leading drivers of economic and social development in the Kingdom. In addition to spearheading the transition to a more sustainable economy, we continue to enable local businesses to thrive through essential financial services. NBB has supported 81 organisations throughout this year, among them community and philanthropic institutions, schools, universities, hospitals and health centres, and local sporting events.

We are confident that the Group is poised for continued growth on both a national and regional level as we take advantage of new market opportunities that create value for all our stakeholders and grow our presence in Bahrain, the United Arab Emirates and the Kingdom of Saudi Arabia.

#### **Board of Directors and executive management remuneration**

As part of NBB's obligations and ongoing efforts for increased transparency, the following tables provide remuneration disclosures in relation to the Directors and selective executive management for the year ended 31 December 2023.

Board of Directors remuneration (reported in Bahraini Dinars)

Name	Fixed remunerations					Variable remunerations					End-of-service award	Aggregate amount (Does not include expense allowance)	Expenses Allowance
	Remunerations of chairman and BOD <sup>1</sup>	Total allowance for attending Board and committee meetings	Salaries	Others <sup>6</sup>	Total	Remunerations of chairman and BOD	Bonus	Incentive plans	Others <sup>7</sup>	Total			
First: Independent Directors:													
1- Mr. Rishi Kapoor	45,000	4,500	-	-	49,500	-	-	-	-	-	-	49,500	-
2- Mr. Yusuf Abdulla Yusuf Akbar Alireza	45,000	5,500	-	-	50,500	-	-	-	-	-	-	50,500	-
3- Ms. Hala Ali Hussain Yateem	45,000	5,500	-	-	50,500	-	-	-	-	-	-	50,500	-
4- Mr. Zaid Khalid Abdulrahman	45,000	3,000	-	-	48,000	-	-	-	-	-	-	48,000	-
Second: Non-Executive Directors:													
1- Mr. Farouk Yousuf Khalil Almoayyed	70,000	3,000	-	-	73,000	-	-	-	-	-	-	73,000	-
2- Dr. Esam Abdulla Yousif Fakhro <sup>2</sup>	45,000	5,500	-	-	50,500	-	-	-	-	-	-	50,500	-
3- Mr. Fawzi Ahmed Ali Kanoo	45,000	4,500	-	-	49,500	-	-	-	-	-	-	49,500	-
4- Sh. Rashid Bin Salman Mohamed Al Khalifa <sup>3</sup>	45,000	5,500	-	-	50,500	-	-	-	-	-	-	50,500	-
5- Mr. Mohamed Tareq Mohamed Sadeq Akbar <sup>2,4</sup>	28,669	3,500	-	-	32,169	-	-	-	-	-	-	32,169	-

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Board of Directors remuneration (continued)

Name	Fixed remunerations					Variable remunerations					End-of-service award	Aggregate amount (Does not include expense allowance)	Expenses Allowance
	Remunerations of the chairman and BOD <sup>1</sup>	Total allowance for attending Board and committee meetings	Salaries	Others <sup>6</sup>	Total	Remunerations of chairman and BOD	Bonus	Incentive plans	Others <sup>7</sup>	Total			
6- Mr. Amin Ahmed Alarrayed <sup>2</sup>	45,000	4,500	-	-	49,500	-	-	-	-	-	-	49,500	-
7- Mr. Vincent Van Den Boogert <sup>2</sup>	45,000	4,000	-	-	49,000	-	-	-	-	-	-	49,000	-
8- Dr. Paul David Pester <sup>2,5</sup>	16,331	1,000	-	-	17,331	-	-	-	-	-	-	17,331	-
<b>Third: Executive Directors:</b>													
- Not applicable	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	520,000	50,000	-	-	570,000	-	-	-	-	-	-	570,000	-
<p>Note: All amounts are stated in Bahraini Dinars</p> <p><sup>1</sup> Subject to AGM and regulatory approval</p> <p><sup>2</sup> Remuneration is paid to Bahrain Mumtalakat Holding Company B.S.C. (c), represented by the above-mentioned Board members</p> <p><sup>3</sup> Remuneration is paid to Social Insurance Organisation, represented by the above-mentioned Board member</p> <p><sup>4</sup> Board directorship ended on 20 August 2023</p> <p><sup>5</sup> Board directorship commenced on 20 August 2023</p> <p>Other remunerations:</p> <p><sup>6</sup> Includes in-kind benefits - remuneration for technical, administrative and advisory works (if any)</p> <p><sup>7</sup> Includes the board member's share of the profits - granted shares (if any)</p>													



## Executive management remuneration

Executive management	Total paid salaries and allowances	Total paid remuneration (Bonus)	Any other cash / in kind remuneration for 2023	Aggregate amount
Top 6 remunerations for executives, including the Chief Executive Officer <sup>1</sup> and Chief Financial Officer <sup>2</sup>	2,008,592	1,046,400	-	3,054,992
Note: All amounts are stated in Bahraini Dinars				
<sup>1</sup> The highest authority in the executive management of the Bank				
<sup>2</sup> The Bank's highest financial officer. This includes Group CFO and Acting Group CFO during the year				


## Acknowledgements

The Board of Directors offers its sincere gratitude to His Majesty King Hamad bin Isa Al Khalifa, King of Bahrain, and His Royal Highness Prince Salman bin Hamad Al Khalifa, Crown Prince and Prime Minister of Bahrain. Their unwavering patronage has provided the means for NBB to flourish.


We also extend our appreciation to the Ministry of Finance and National Economy, and the Central Bank of Bahrain, for their exceptional support and collaboration. We remain grateful to our dedicated customers, partners, and shareholders for their invaluable loyalty and trust.

United by the enduring promise of delivering sustained and ever-growing value to our stakeholders, and under the visionary leadership of our Group CEO Mr. Usman Ahmed, we look forward to a year ahead that holds immense promise.

The remarkable synergy and passion of our teams forms the bedrock of our ambitious growth aspirations. We profoundly acknowledge each employee at NBB Group, and we are confident that they will continue to be the driving force behind great milestones in the years to come.

  
Farouk Almoayyed. (Feb 27, 2024 11:26 GMT+4)

**Farouk Yousuf Khalil Almoayyed**  
Chairman of the Board

  
Esam Fakhro (Feb 27, 2024 11:33 GMT+4)

**Dr. Esam Abdulla Fakhro**  
Deputy Chairman

27 February 2024