



Al Salam Bank BSC

Minutes of the Ordinary General Assembly Meeting

Held on Sunday 22 Ramadan 1445 AH

Corresponding to 31st March 2024

Time: 12:00 p.m.

Venue: Four seasons Hotel

Manama – Kingdom of Bahrain

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

Legal Quorum: The Chairman announced that the legal quorum was met for holding the Ordinary General Assembly Meeting in accordance with the Bahrain Commercial Companies Law and the Articles of Association of the Bank, as the attendance stood at 81.02%, in person and by proxy, of the total share capital.

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

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

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| 1. H.E Sh. Khalid Bin Mustahail Al Mashani, | Chairman |
| 2. Mr. Salman Saleh Al Mahmeed, | Director |
| 3. Mr. Salim Abdulla Al Awadi, | Director |
| 4. Mr. Zayed Ali Al Amin, | Director |
| 5. Mr. Hisham Saleh Al Saai, | Director |
| 6. Mr. Mr. Khalid Salem Al Halyan, | Director |
| 7. Mr. Tariq Abdul Hafeedh Al Aujaili, | Director |

Board Secretary : Counsellor Mr. Eihab Abdullatif Ahmed.

Attended by Fatwa and Shari'a Supervisory Board:

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| 1. Dr. Osama Bahar | Member |
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Attended by the Executive Management:

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

The meeting was also attended by:

1. Mr. Ali Haron, representative of the Central Bank of Bahrain.
2. Mr. Husien Mohammed, representative of the Central Bank of Bahrain.
3. Ms. Rayan Ali, representative of the Central Bank of Bahrain.
4. Ms. Khadija Ahmed, representative of the Central Bank of Bahrain.
5. Ms. Fatima AlJar, representative of the Central Bank of Bahrain.
6. Mr. Ahmed AlSalman, representative of The Ministry of Industry and Commerce.
7. Mr. Ali AlAlwai, representative of The Ministry of Industry and Commerce.
8. Mr. Jalil Al Aali, representative of the KPMG Fakhro – External Auditors.
9. Mr. Parvin Manik, representative of the KPMG Fakhro – External Auditors
10. Mr. Abdulla Abdin, representative of Bahrain Clear, Share Registrar.
11. Ms. Heba Mubarak, representative of Bahrain Clear , Share Registrar
12. Ms. Huda Tarboosh, representative of Bahrain Clear, Share Registrar
13. Ms. Noor AlHajri, representative of Bahrain Clear , Share Registrar
14. Mr. Ali Abdulhussain, representative of Bahrain Clear, Share Registrar
15. Mr. Sinan AlShrogi, representative of Bahrain Bourse.
16. Mr. Wajdi Al Jallad, representative of Keypoint Consulting, Share Registrar.

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

1. To approve the minutes of the previous Annual Ordinary General Meeting held on 20 March 2023:

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

The minutes were approved with no remarks or amendments.

Resolution No. (1) The Ordinary General Assembly unanimously approved the minutes of the previous meeting held on 20th March 2023.

2. To discuss and approve the Board of Directors' Report on the Bank's activities for the financial year ended 31 December 2023.

H.E Sh. Khalid Bin Mustahail Al Mashani, the Chairman of the Board of Directors presented the Board of Directors' Report highlighting the most significant aspects of the Bank's activities in 2023 and the robust results achieved by the Bank despite the difficulties and market challenges. He also briefed the shareholders on the Bank's future plans and requested any potential input from the shareholders on the Board of Directors Report.

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

Resolution No. (2): The Ordinary General Assembly unanimously approved the Board of Directors' Report on the Bank's activities for the financial year ended 31 December 2023.

3. To receive the Shari'a Supervisory Board's report for the financial year ended 31 December 2023

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

Resolution No. (3): The Ordinary General Assembly Meeting Unanimously approved the Report of the Bank's Fatwa and Shari'a Supervisory Board for the year ended 31 December 2023.

4. To receive the external auditor's report on the consolidated financial statements of the Bank for the financial year ended 31 December 2023.

Mr. Jalil Ala'ali representative of KPMG Fakhro, the Bank's external auditors, presented the external auditors report. He stated that the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the group as at 31 December 2023, and consolidated results of its operations, changes in equity, its cash flows, for the year then ended in accordance with the Financial Accounting Standards issued by the Accounting and Auditing Organization for Islamic Financial Institutions.

There were no other remarks on the report.

Resolution No. (4): The Ordinary General Assembly unanimously approved the report of the External Auditors for the year ended 31 December 2023.

5. To discuss and approve the consolidated financial statements of the Bank for the financial year ended 31 December 2023

Mr. Yousif Ebrahim, (CFO), presented the financial statements for the year ended 31 December 2023, noting significant growth in assets and liabilities during the past period. The Bank achieved a net profit of BHD 42.2 million (an increase of 34% compared to the previous period), as well as a 32% growth in total assets and a 33% growth in total liabilities. The financing portfolio grew by 35% and customer deposits by 36%. He explained that such growth was mainly due to the Bank's recent increase of its ownership in Al Salam Bank Algeria, as well as its core operations' efficiency during the period. Mr. Ebrahim also highlighted the quality of the Bank's assets, with NPL ratio of 3.8% (the lowest among local banks) and clarified the Bank's capital adequacy ratio and liquidity position at the end of 2023. Then, he requested the shareholders to present their comments regarding the financial statements.

Shareholder, Ms. Shaima Tuhami, commented on the efforts made to achieve these positive results and inquired about the increase in the Bank's share of profit from associated entities and the respective statement within the financial statements "derecognition of associate due to step up acquisition". Mr. Ebrahim explained that the increase in the Bank's share of profit in associated entities was a result of the increase in profits of the subsidiary companies, including share of profit from Bank of Bahrain and Kuwait, whereas, the stated comment was to reflect the change in accounting treatment from associate to subsidiary, due to increase of ownership in Al Salam Bank Algeria.

Ms. Shaima Tuhami also raised several inquiries summarized in the following points:

Ms. Shaima inquired about the increase in the percentage of NPL, which increased by 1.96% to reach 3.36%. It was clarified that the margin increase resulted from consolidating financial data of Al Salam Bank Algeria. Despite the slight increase in the mentioned ratio, it is considered to be the lowest compared to other local banks. She also asked about the unrealized losses between the periods, in which were explained to be a result of a bargain gain from acquisition of Al Salam Bank Algeria. Additionally, she inquired about the financing to deposits ratio (69%), which is considered low. It was explained that the actual ratio of loans to customer deposits is not less than 75%, which is among acceptable ratios compared to other banks.

Ms. Shaima also asked about the increase in contingent liabilities resulting from letters of credit, which was explained to be due to the consolidation of financial data of Al Salam Bank Algeria, such business line is considered to be one of the key operations for the respective bank. Mrs. Tuhami inquired about the Bank's external rating plan and the reason for such delay. The Group's CEO, Mr. Rafik, explained that the delay behind being rated is the Bank's focus on its organic and inorganic growth strategy, to build a solid foundation that would enable a better external rating. She also asked about the Bank's sustainability efforts and the percentage of financing in environmentally friendly projects, which was clarified that such information will be included within the Bank's upcoming annual report.

Furthermore, regarding appointment of women at the executive management level, Ms. Shaima

inquired about efforts in this regard, in which it was explained that the Bank has launched a leadership program (Qaedat) to empower women and enable them assuming leadership positions within the Bank. Finally, she asked about the rumor of the Bank acquiring Bahrain Islamic Bank in a share swap deal with Bank of Bahrain and Kuwait, in which the Group's CEO clarified its early to comment, as the two parties (National Bank of Bahrain and Bank of Bahrain and Kuwait) are still in talks regarding the potential merger.

Additionally, Shareholder, Mr. Ahmed Abdulla, then inquired about the reason for the increase in provisions compared to the previous year, in which it was explained that the mentioned provisions also include provisions for Al Salam Bank Algeria. Therefore, the witnessed increase is considered to be reasonable due to the consolidation of financial information.

In turn, the Chairman praised the Bank's performance and the commitment to deliver higher performance in the upcoming years, and to continue the growth plan.

Since there were no further comments and inquiries about the Report:

Resolution No. (5): The Ordinary General Assembly approved the Bank's consolidated financial statements for the year ended 31 December 2023 as presented by the Board of Directors.

6. To report the transactions carried out by the Bank during the financial year ended 31 December 2023 with any related parties or major shareholders of the Bank as presented in the note no. 28 to the consolidated financial statements in accordance with Article 189 of the Commercial Companies Law No. 21 for the year 2001 and its amendments:

The related parties transactions were shown according to note (No 28) of the consolidated financial statement.

Resolution No (6): The Ordinary General Assembly agreed to ratify and approved the operations and transactions carried out during the year ended 31 December 2023 with any related parties or major shareholders of the Bank as presented in the note (No. 28) of the consolidated audited financial statements.

7. To approve the recommendations of the Board of Directors with respect to the following appropriations of the net profit attributable to shareholders for the financial year ended 31 December 2023, amounting to BD 42.226 million, as follows:

- a. Transfer of BD 4.223 million to the statutory reserves.
- b. Distribute a total dividends of 12% of the issued and paid-up share capital of the Bank, amounting to BD 31.032 million, for the financial year ended 31 December 2023, as follows:
 - 7% as cash dividends, equivalent to BD0.007 per share amounting to BD 17.947million, excluding treasury shares;

- 5% as bonus shares, equating to 13.085 million shares – i.e. (1 share for each 20 shares held).

The last day of trading with entitlement to dividends is 1 April 2024, and the first day of trading without entitlement to dividends is 2 April 2024. The record date is 3 April 2024 and the dividends will be paid to the entitled shareholders on 17 April 2024.

- c. Retain BD 500 thousand for charitable donations.
- d. Transfer of the remaining balance of BD 6.471 million to retained earnings account.

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

Resolution No (7): The Ordinary General Assembly unanimously approved the allocation of the net profits of the financial year ended 31 December 2023, amounting to BD 42.226 million, as follows:

- a. Transfer of BD 4.223 million to the statutory reserves.
- b. Distribute a total dividends of 12% of the issued and paid-up share capital of the Bank, amounting to BD 31.032 million, for the financial year ended 31 December 2023, as follows:
 - 7% as cash dividends, equivalent to BD0.007 per share amounting to BD 17.947million, excluding treasury shares;
 - 5% as bonus shares, equating to 13.085 million shares – i.e. (1 share for each 20 shares held).

The last day of trading with entitlement to dividends is 1 April 2024, and the first day of trading without entitlement to dividends is 2 April 2024. The record date is 3 April 2024 and the dividends will be paid to the entitled shareholders on 17 April 2024.

- c. Retain BD 500 thousand for charitable donations.
- d. Transfer of the remaining balance of BD 6.471 million to retained earnings account.

8. To approve remuneration to the members of the Board of Directors amounting to BD 965 thousand, for the financial year ended 31 December 2023

Resolution No. (8): The Ordinary General Assembly unanimously approved the remuneration to the members of the Board of Directors amounting BD 965 thousand for the year ended 31 December 2023.

9. To receive and discuss the Bank's Corporate Governance Report for the financial year ended 31 December 2023, as required by the Central Bank of Bahrain and the Ministry of Industry and Commerce

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

In response to the corporate governance report, shareholder Mr. Hussein Abdulhamid AlShehab (who owns one share, representing 0.0% of the bank's total shares) inquired about the extent of disclosures in the report. Secretary of the Board and the meeting's reporter, Mr. Eihab Ahmed, stated that the report includes all disclosures received by the Bank. Mr. Hussein Abdulhamid AlShehab then requested to register his objection regarding discrepancies in some disclosures concerning board member candidates. With no other comments or objections, the report was approved by an absolute majority of shareholders represented at the meeting.

Resolution No. (9): The Ordinary General Assembly approved the Bank's Corporate Governance Report for the financial year ended 31 December 2023, as required by the Central Bank of Bahrain.

10. To absolve the members of the Board of Directors from any liability for their actions as directors during the financial year ended 31 December 2023

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

Resolution No. (10): The Ordinary General Assembly agreed to absolving the members of the Board from any liability for their actions as directors during the financial year ended 31 December 2023.

11. To appoint or reappoint the Shari'a Supervisory Board for the financial year ending 31 December 2024 and authorize the Board of Directors to determine their remuneration

The Board of Directors recommended to reappoint the members of the Fatwa and Shari'a Supervisory Board for the required period for the financial year ending 31 December 2024 and requested the shareholders to present their comments and suggestions.

Resolution No. (11): The Ordinary General Assembly unanimously agreed to reappoint the members of the Fatwa and Shari'a Supervisory Board for the required period in the financial year ending 31 December 2024, and authorized the Board of Directors to determine their remuneration as follows:

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

12. To appoint or reappoint external auditors for the financial year ending 31 December 2024 and authorize the Board of Directors to determine their remuneration, taking in consideration that this appointment will be subject to the approval of the Central Bank of Bahrain

The Board recommended that the External Auditors, KPMG is to be reappointed for the audit work for the financial year ended 31 December 2024 and requested the shareholders to present their comments and suggestions.

Resolution No: (12): The Ordinary General Assembly unanimously agreed to reappoint KPMG to carry out the external auditing work for the financial year ending 31 December 2024 and authorized the Board of Directors to determine their fees, subject to the approval of the Central Bank of Bahrain.

13. Elect Board of Directors for the Bank, comprising of 9 members for the next term of three years subject to the approval of the Central Bank of Bahrain

After the voting process for the new board under the supervision of a committee consisting of representatives from the Bank's registrar Bahrain Clear, the Ministry of Industry and Commerce, the bank's auditors KPMG, and a representative from the Central Bank, the certified voting results were handed over and signed by members of the vote counting committee to the meeting's reporter, Mr. Eihab Ahmed. He then proceeded to announce the names of the elected board members according to the certified voting results. The results were as follows:

Resolution No. 13: The Ordinary General Assembly elected nine members to the Board of Directors of AlSalam Bank for the next term for a period of three years from March 2024 to March 2027 in the following order:

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| 1. Mr. Hisham Saleh Al Saie | (holding 270,047,864 shares) |
| 2. Mr. Ahmed Habib Kassim | (holding 269,343,559 shares) |
| 3. H.E. Sh. Khalid Mustahil Al Mashani | (holding 221,708,072 shares) |
| 4. Mr. Matar Mohamed Murad Al-Blooshi | (holding 206,190,837 shares) |
| 5. Mr. Zayed Ali Rashid Al-Amin | (holding 199,252,814 shares) |
| 6. Mr. Salman Saleh Al-Mahmeed | (holding 198,282,528 shares) |
| 7. Mr. Alhur Mohamed Al-Suwaidi | (holding 192,185,450 shares) |
| 8. Mr. Salim Abdullah Al-Awadi | (holding 185,358,742 shares) |
| 9. Mr. Tariq bin Abdul Hafez Al-Aujaili | (holding 185,358,742 shares) |

Additionally, Mr. Khalid Al-Halyan and Mr. Hussein Abdulhamid Al-Shihab ranked tenth and eleventh, respectively, in terms of share ownership at the meeting, according to the certified voting results:

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| 10. Mr. Khalid Salem Al-Halyan | (holding 119,480,699 shares) |
| 11. Mr. Hussein Abdulhamid AlShehab | (holding 10,420,927 shares) |

The General Assembly approved them as reserve members for the board.

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

No new matter was discussed under this item.

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

The meeting closed at 1:00 afternoon.



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



Councilor Mr. Ehab Abdullatif Ahmed
Deputy Executive Officer
Board Secretary
Meeting Rapporteur

