

BisB SOCIAL INNOVATION REPORT 2020

بنك البحرين الإسلامي



How We Work

Nothing could have prepared any of us for the recent outbreak of COVID 19, it has impacted individuals, communities, economies and countries around the world. It has acted as catalyst for growth because its impact has gone beyond a physical, financial and economical level, it has influenced our emotional and social way of being.

But as a Bank, as the world struggled to adapt to the 'new normal' we had our values that held us together. We had each other, and together we adapted to the new circumstances.

The reason for this is that we formed our values together as an organisation, values that we identified with and that still ring true in the face of all of this reawaking.

Whether you are a new joiner in our BisB family, or need a refresher on who we are, this guidebook will serve as a comforting reminder of all the values that underline our corporate culture at BisB, that allow us to continue to evolve, to grow and bloom.

In this document we want to share what's worth knowing about our Bank, our story, our culture, our values, our ethos. It offers us all a chance to clarify who we are as a company. What do we stand for? How should we work?

Because having these beliefs written down not only makes them tangible, but it allows us to refine and change it as we go along. Because our guiding principles will always evolve with the people that make up this company, it will always be an honest reflection of how we are, it will always be updated as the world continues to evolve, and as we continue to grow as an organisation. Because we believe in continual growth.

If you have just joined the company, welcome to our family. If you have been part of the family for a long time, use this guidebook a refresher, and a reminder to support any newcomers we have just come on board, to help get them acquainted with what we are about, and to make them feel welcome.

Section One: Our Story

For years, we were trying to understand our values as a Bank.

The fact is, all that BisB has experienced as Bank since it first opened our doors in the heart of Bab Al Bahrain back in 1979 has been leading up to this moment.

When BisB was first establishing itself as an Islamic Bank, the entire industry of Islamic banking was still in its early stages. Even then, as the founders embarked setting up procedures and adding new sharia' compliant products to the Bank's offerings to spread the concept of Islamic Banking into the Kingdom, they were learning as they went along. As years went by, they learned, exchanging knowledge, collaborating, paving the way for the Banks evolution.

Time went on, the Bank continued to evolve, management structures changed, strategies were formed and

achieved. The people of BisB continued to build upon a solid foundation of excellence to take the Bank to the next level, ushering in digitization, constantly working to improve BisB's portfolio or products and offerings.

Then one day, we realized it was time for re-invention...

We realized we needed to go further to build and sustain a true connection with our customers. More than ever before, we turned inward and set out on a journey of self-discovery and reflection, because if we were to truly transform into a customer-centric Bank, we had to ensure we had the right components to take us forward.

We took an analytic look at our business, what we stood for, what inspired us, what made us who we were. We involved our people in this journey, to truly understand what our values were. What we found was that every single person that worked in the Bank shared the same inherent 'Bahraini' values of hospitality, comradeship, integrity and empathy. No matter what their job description was, everyone united in their basic fundamental 'roots'.

Our values all started and were formed at the heart and soul of what defines us a Bank – our people. Because at BisB, we have always had the right pool of people that know that a vision is not a statement that is memorized and forgotten. They are a living representation of what we stand for, the very core of our identity – our Bank's DNA. Our DNA was born out of who we are, born out of our culture at BisB, our affinity for working together, side by side.

Section Two: What We Stand For

This is our brand promise:

Fueled by Bahraini devotion, we craft new ways of simplifying your money matters.

Simply put, we're in the business of simplification...

But what does it mean? Where did it come from?

Essentially, we were inspired by the history our sunny little island, a melting pot of cultures known for its people who are hospitable, warm, friendly and openhearted, and the spirit for Islam.

We are only too aware that banking is far too complicated, so we are constantly discovering new ways to simplify it, moving mountains to ensure we provide our customers with innovative streamlined solutions to deliver exactly what they deserve: simplified money management.

At the end of the day, it's the simple things in life that really matters.

How do we do this, you might ask? How do achieve this vision?

Through our guiding brand pillars, a reflection of our optimism about the future and our spirit to never settle for less, challenging the status quo.

Section Three: Our Guiding Pillars

Bahrain-ness

Bahrain-ness reflects our desire to instill our Bahraini insights, which have grown from our Islamic roots. It is how we transcend our local values in our daily tasks at work and in our approach to business. It is a living value in the way we try to capture the hearts of our customers, and be known for our friendly, expert voice by treating our customers with warmth and respect, maintaining our ongoing dedication to surpassing their expectations.

Banking re-imagined

This illustrates our constant aim to find new and innovative solutions for our customers, connecting people to the right technology, and protecting them from the increasing risks of the digital world through handing world class security measures.

We are solution-oriented, and are known for being bold, for being different, for re-imagining the traditional way of doing things and creating entirely new solutions to simplify their lives.

Start-up mindset

Because at BisB, we want to celebrate every day success stories and support an ecosystem of continuous learning, creativity and innovation. We want to inspire each and every one of you to harness your creativity, strive for growth and seek out any opportunity for learning.

It is the very reason we have our own in house innovation lab, which goes beyond the boundaries of a creative space. Our BisB Innovation Lab fosters idea generation and is one of our achievements we are most passionate about.

The end result is the development of the industry as a whole, and providing the next generation with the tools and knowledge to rise to the challenge.

Which brings us to our next pillar:

Social innovation (Jood)

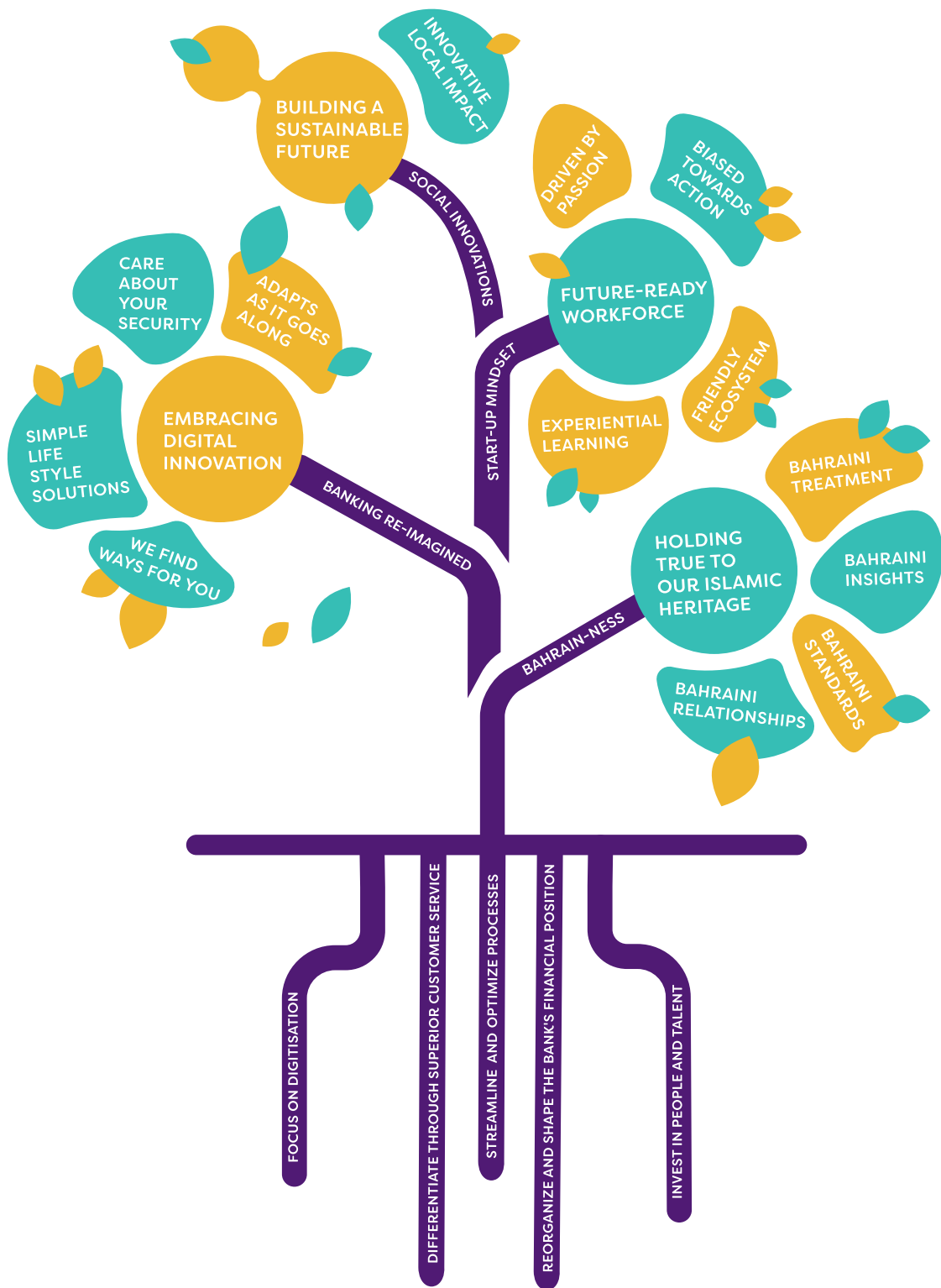
Jood, our CSR pillar, is perhaps the most important because it serves as a reminder of how we truly aspire to make a change. Because giving back to the community has helped us reach where we are today, and is truly at the heart and soul of BisB. We chose the name “Jood” because of its Arabic meaning of “giving” and “generosity” which is deeply rooted within our values at BisB, it’s in our DNA.

Some companies use CSR as a buzzword, but at BisB we went about it differently, because we are always striving to be different, to make that change, to create that impact, to leave a positive imprint.

Jood unites all our community-centric projects towards a common goal, because we realized that the traditional CSR simply isn’t enough to drive solutions to the problems of our world today, nor address the needs of our community.

Ultimately, our aim as a Bank is to simplify banking. We have been working to drive digitisation in the financial industry, and launch innovative financial solutions to make banking less complicated and more intuitive, more human. Similarly, we wanted to simplify the act of giving back to the community.

The two focus areas of “Jood” are education and innovation, because we realised that if we want to create a future ready workforce, and ensure the generations to come are prepared to lead; it’s time we start working together across industries to create an innovative ecosystem of learning and foster creative minds to solve the problems of tomorrow.



Section Four: Our Culture of Learning, Flexibility and Transparency

We believe in providing multiple opportunities for training. We believe in an open door policy, and our Human Resources department are there to assist you with whatever concern you may have.

We want to create an environment that inspires new ways of thinking and working in order to boost collaboration and innovation.

It's the reason we launched the innovation lab, it's the reason we launched My Career, the platform that allows you to see every person's job title, from an entry level intern, all the way up to the CEO. It's the reason why we have e-learning library.

We consider you, our BisB family, to be our most valuable asset.

When the pandemic hit, we launched series of initiatives to ensure a seamless flow implementing an effective work from home policy, to enable you to work remotely from the safety of your home.

We are proud that approximately 88% of you were able to work remotely, and extend our thanks to those who continued working, with increased security measures, during this time. For your safety, we implemented all the necessary safety precautions across the Bank's buildings and facilities by practicing social distancing, installing barriers where required.

Throughout the COVID 19 pandemic, we kept you all informed of the latest updates during these difficult times. But we also went further, because we were only too aware of the mental effects this pandemic has had, and wanted to safeguard your mental wellbeing while working-from-home in isolation.

For this reason, we held virtual training programs, and motivational online sessions for all of you that were working from home, which focused on promoting positive mental health practices, led by several influential speakers including Dr. Majdi Obaid, Dr. Nabeel Taha, Dr. Gardenia Al-Saffar and Psychologist Ms. Jacqueline Wilson, which were designed to inspire you and all, and keep you motivated not only professionally, but on a personal level.

During the holy of month of Ramadan, when the global pandemic was still in full force, we were solution oriented to check in and maintain our social ties. We held weekly Virtual 'coffee rooms' on Zoom via Zoom to engage and check-in on your wellbeing as part our efforts to stay connected.

Section Five: Virtual is the New Normal

Even after this pandemic, god willing, is over, we want have always believed in adapting.

Virtual is the new normal, we will continue to have virtual onboarding sessions for new employees into the Bank, we will continue to conduct virtual trainings.

For the health of our planet, and our mental well-being, our meetings and conferences will continue to be held online. Meetings will continue to be held via Microsoft teams, or Zoom, because we have realized we can all be more productive using the virtual technology we have at hand.

But this also means being social, online. Did you know that we are the top Bank in Bahrain on LinkedIn? If you haven't already signed up to an account, we encourage you do so and check out our account, after all as a part of the BisB family we want your opinions on how we communicate with the outside world. Our leaders share their insights with opinion pieces, we honestly want your feedback on what you thought of what they've written, and want your ideas on what else we should be talking about.

We are proud of our online transformation. Our social media channels are a reflection of our bold fresh approach, be it the Bank's main channels on Instagram, Facebook and Twitter or our growing online presence. We have our YouTube channel, that we are continuing to develop with new content, including a series called "Suwalif BisB" which features industry professionals who discuss a wide range of topics related to the banking sector and other economic sectors as well. You'll find our Chief of departments, including Mahmood Qannati, Dalal AlQais, Wesam Baqer, and we will continue to feature more as we go along. If you feel inclined, and are inspired by what you see, share it with your friends and family members, and anyone who may be interested. We want you to proud to work for BisB.

We are proud of the fact that we have our very own virtual employee, Dana, our appointed Head of Simplification, who has her own channel on Instagram and Twitter! We didn't appoint a virtual employee for the sake of it, its because we believe in doing things differently, Dana is a living reflection of our promise to simplify, and our desire to break boundaries, to question the status quo, to innovate and imagine!

Here are our Social Media Channels, follow us, and drop by the Communications and Marketing Department and tell us your ideas!

LinkedIn: <https://www.linkedin.com/company/bahrain-islamic-bank-bisb/>

YouTube: <https://www.youtube.com/user/BahrainIslamicBank>

BisB: Instagram, Facebook @Bahrain Islamic Bank
Twitter @_BisB

Dana: Instagram @Dana_Simplifies
Twitter @dana_simply

Section Six: You Are a Representation of BisB

Everyone who works at BisB is a representative of the Bank. But this goes beyond simply having an email signature with the Bank, or the logo on the business card. It is about the fact that every interaction you have with a customer is a representative of the Bank.

Every interaction you've had with a vendor, every conversation you have in the lift going up to your office. Because the fact is, each one of you is a reflection of the Bank.

Think back to a situation you've had, when you needed to run an errand, or get your morning cup of coffee, and anytime you have had a face to face interaction with a person. Was that person positive, by being accommodating, helpful, and doing it all with a smile?

This is what it means to be a part of the family, it's about taking the time to consider how you'd feel if you were on the other side of that interaction.

But it also means that because you a part of the family, your opinion matters. You are strongly encouraged to share your thoughts, your feedback and your suggestions. We have an open door policy at Human Resources, and all our departments heads are happy to hear your ideas for a new product, a new idea, or a new idea of working. It's part of our culture of collaboration.

Because at BisB, we want you to love your job, love coming to work every day, so you can bring your best version of yourself each day.

Information Security Department

We continue to embed security, privacy and reliance into the culture of the organization. By ensuring that security by design principles are applied in existing and newly enhanced processes, products and services. Our layered security controls approach is entrenched in everything we do as we rapidly transforming our business.

Key Highlights

- Being the first organization in Bahrain and among the first worldwide to achieve ISO 22301:2019 Business Continuity Management System certification.
- Enabling our business to rapidly and effectively respond to COVID-19 challenges with no impact on productivity and operations, while ensuring highest levels of protection of our people and customers.
- Working with regulators, government authorities, regional and international professional organizations in the development of security, privacy and resilience standards, policies, strategies and initiatives.

Data Privacy and Security - Strategy Targets

Frameworks, methodology, risk-based strategy and approach

Bahrain Islamic Bank has made a formal commitment to ensure customer data privacy and security in its Security and Privacy Statement. Bahrain Islamic Bank commits to respect its customers' privacy, cyber security, recovery and resilience. The Bank has internal processes to enforce privacy protection internally and in outsourcing contracts. In addition, the Bank is certified against ISO22301:2019 Business Continuity Management System, PCI-DSS 3.2 for card security and SWIFT Customer Security Framework 2020.

A strategic plan is developed by Information security based on NIST Cybersecurity Framework, ISO22301 and ISO27001 to identify risk areas and potential maturity enhancements. The strategic plan is governed by the Bank's Board Risk Committee, with detailed Objectives and Key Results (OKRs) for the year with a target to enhance security levels. Based on current benchmarks, the Bank exceeds industry averages in the field of information security and risks, identity and access control, business continuity management and privacy management.

Security & privacy controls

People: As part of the Bank's information security strategy, people play a significant role in providing the first line control against security threats. The Bank maintains a comprehensive information security awareness program that aims to embed information security, privacy and continuity principles into the organization culture. Targeted training programs and provided to specific groups, along with computer based security training modules, tests and knowledge assessment and phishing simulation activities with defined KPIs and OKRs to maintain phishing detection below a certain threshold, maintain attendance of training above a defined percentage and the number of topics covered.

Information security also covers the awareness of security and privacy topics to the general public through the use of social media and communication channels. Services, products and initiatives are designed to cater for security by design principles, promoting secure controls and best practices.

The department is staffed with subject matter experts in the fields of information security, cyber security, privacy management and business continuity. With over 20 professional certifications in these fields in the team, including some qualifications that are the first in the region.

Processes: The Bank implements a comprehensive risk-based information security framework and a strategic plan to continuously manage and mitigate risks across project lifecycles and software development. A comprehensive set of policies are enforced and designed in compliance with security best practices including ISO27001 for security management, NIST Security Framework, ISO22301 for BCM, ISO 22701 privacy information management.

Technology: From a technology point of view the Bank maintains a number of security controls and systems to safeguard information through the implementation of security in depth principles. As multiple controls are deployed on several layers, monitored and reported on defined basis. Information security department maintains a KPI of keeping medium and high vulnerabilities in publicly published systems close to zero at all times.

Control of Technical Vulnerabilities

	2017	2018	2019	2020
Number of technical vulnerabilities on public assets and websites rated medium, high or critical	-	-	-	-

Security Breaches Reported Internally

	2017	2018	2019	2020
Number of reported security breaches	-	-	-	-

Security & privacy awareness program

	2017	2018	2019	2020
Number of Simulated Phishing Campaigns	4	7	4	4
Number of simulated phishing emails	436	1716	480	1445
Reported simulated phishing campaigns	45	173	71	43
Phishing Simulation failure rate	17.28%	6.64%	5.42%	5.47%
Suspected emails reported by users	296	1048	751	544
Number of computer based training modules completed	660	1426	51	252
Average security awareness score	89%	90%	93%	88%

Team Competency

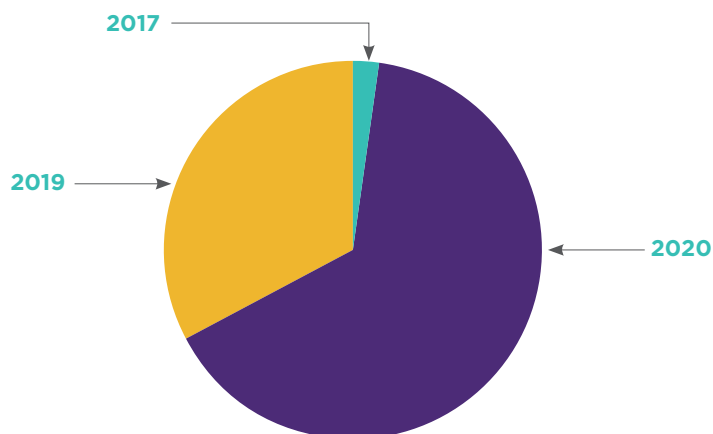
	2017	2018	2019	2020
Number of professional certifications in the information security, continuity and privacy field	19	21	23	25
Number of unique professional certifications or award in the field, where BisB security professional is the first to achieve in Bahrain	1	3	3	4

Working with regulators

Provided comments and enhancements to various regulatory rules and guidelines, including:

- Enhancement to Operational Risk Module based on COVID-19 response - October 2020
- Cybersecurity module - January 2020
- Operational Risk Module - April 2019
- Digital Financial Advice Module - February 2019
- Regulation relating to Crypto-Assets - February 2019
- Open Banking - December 2018
- Financing Based Crowdfunding Directives - November 2017

	2017	2018	2019	2020
Number of enhancements and comments to regulatory rules	2	0	54	27



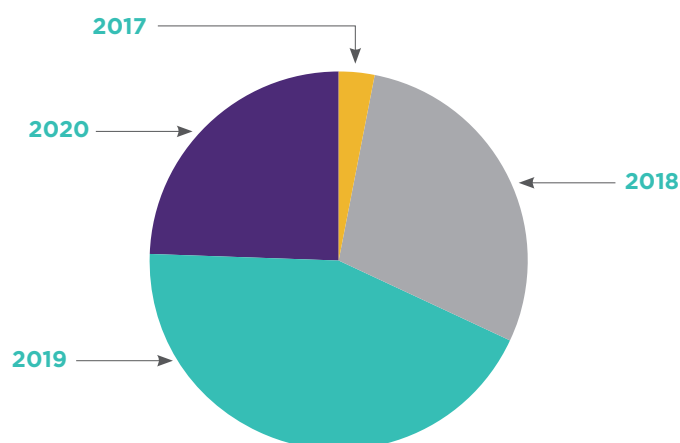
Contribution to the profession

Our information security and business continuity professional contributed to the advancement of the field of information security and business continuity management by engaging the following:

- Part of the National Cybersecurity Strategy working group, with active participation in development of the financial sector cybersecurity strategy and the overall strategy for the Kingdom.
- Participated in the University of Bahrain (UoB), Program Industry Advisory Committee (PIAC). To review the university's curriculum and programs including the upcoming MSc. In CyberSecurity. In April 2017 and April 2019. (16 Hours)
- Contributed to Draft ISO22301 Consultation by providing feedback and comments in 2 general requirements, which contributes to making the standard more accepted internationally. The comments were passed through BCI to the ISO committee and reviewed during their meeting. The comments were reflected into the ISO22301 Guidance. (7 Hours)
- Worked with Business Continuity Institute (BCI) to review the Arabic version of their professional certification exam.
- Serving in professional judging panels of various BCI Awards, including:
 - BCI Award 2020 - APAC- 14 August 2020 to 27 August 2020 - Team Category - 3 Hours
 - BCI Award 2020 - Africa - 14 August 2020 to 27 August 2020 - Innovation Category - 2 Hours
 - BCI Award 2020 - Africa - 14 August 2020 to 27 August 2020 - Provider Category - 2 Hours
 - BCI Award 2020 - Africa - 14 August 2020 to 27 August 2020 - Contributor Category - 1 Hours
 - BCI Award 2020 - Europe - 18 March 2020 to 6 April 2020 - Private Sector Professional Category - 8 Hours
 - BCI Award 2020 - Europe - 18 March 2020 to 6 April 2020 - Contributor Category - 3 Hours
 - BCI Award 2020 - Americas - 28 Feb 2020 to 13 March 2020 - Team Category - 12 Hours
 - BCI Award 2020 - India & South Asia - 9 January 2020 to 27 January 2020 - Most effective Recovery Category - 5 Hours
 - BCI Award 2019 - Global - 15 August 2019 to 29 August 2019 Global - Provider Category - 5 Hours
 - BCI Award 2019 - Global - 15 August 2019 to 29 August 2019 Global - Personality Category - 2 Hours
 - BCI Award 2019 - Global - 15 August 2019 to 29 August 2019 Global - Provider Category - 4 Hours
 - BCI Award 2019 - Africa - 5 August 2019 to 7 August 2019 - Provider Category - 8 Hours
 - BCI Award 2019 - Africa - 23 July 2019 to 5 August 2019 - Provider Category 3 Hours
 - BCI Award 2019 - Africa - 23 July 2019 to 5 August 2019 - Private Sector Professional Category 8 Hours
 - BCI Award 2019 - Asia - 29 April 2019 to 17 May 2019 - Private Sector Category - 3 Hours
 - BCI Award 2019 - Asia - 29 April 2019 to 17 May 2019 - Innovation Category - 6 Hours
 - BCI Award 2019 - Asia - 29 April 2019 to 17 May 2019 - Public Sector Category - 8 Hours
 - BCI Award 2019 - Europe - 22 March 2019 to 25 March 2019 - Team Category - 12 Hours
 - BCI Award 2019 - Europe - 8 March 2019 to 22 March 2019 - Innovation Category - 12 Hours
 - BCI Award 2019 - Americas - 15 March 2019 to 18 March 2019 - Provider Category - 9 Hours
 - BCI Award 2019 - Americas - 26 February 2019 to 15 March 2019 - Innovation Category - 8 Hours
 - BCI Award 2019 - Middle East - 20 February 2019 to 8 March 2019 - Consultant Category - 9 Hours

- BCI Award 2019 - India and South Asia - 10 Jan 2019 to 25 January 2019 - Innovation Category - 7 Hours
- BCI Award 2018 - Global - 26 September 2018 to 11 October 2018 Global - Personality Category - 7 Hours
- BCI Award 2018 - Americas - 12 April to 27 April 2018 - Team Category - 5 Hours
- BCI Award 2018 - Europe - 19 March to 16 April 2018 - Provider Category - 6 Hours
- BCI Award 2018 - Middle East - 2 March to 12 March 2018 - Private Sector Professional Category - 5 Hours
- BCI Award 2018 - Middle East - 2 March to 12 March 2018 - Consultant Category - 6 Hour

	2017	2018	2019	2020
Contribution to the profession in hours	8	74	111	62



Corporate Governance

BisB is committed to upholding the highest standards of corporate governance by way of balancing entrepreneurship, regulatory compliance, and industry best practices, while creating value for all stakeholders.

It also involves having the right checks and balances in place throughout the organization to ensure that the Bank's processes are within an adequate, efficient, and robust internal control and governance framework.

BisB - Board of Directors

Composition

Board of Directors

Name	Designation	Title
Dr. Esam Abdulla Fakhro	Non-Executive Director	Chairman
Mr. Khalid Yousif Abdul Rahman	Non-Executive Director	Vice Chairman
Mr. Jean Cristophe Durand	Executive Director	Vice Chairman
Mr. Khalid Abdulaziz Al Jassim	Independent Non-Executive Director	Board Member
Mr. Mohammed Al Jalahama	Independent Non-Executive Director	Board Member
Mr. Marwan Khaled Tabbara	Independent Non-Executive Director	Board Member
Mr. Mohamed Nooruddin	Independent Non-Executive Director	Board Member
Mr. Yaser Al Sharifi	Executive Director	Board Member
Ms. Dana Buheji	Executive Director	Board Member
Mr. Isa Maseeh	Executive Director	Board Member

The Board at BisB is 40% independent. 4 out of 10 members are considered Independent Directors. The Independent Director are individuals with less than 5% voting rights.

Such directors do not have any other material relationship with the Bank or its Parent or Subsidiaries.

Executive Committee (EC)

Name	CBB Designation	Title
Mr. Khalid Yousif Abdul Rahman	Non-Executive Director	Chairman
Mr. Jean Cristophe Durand	Executive Director	Member
Mr. Yaser Al Sharifi	Executive Director	Member
Mr. Hassan Jarrar	CEO	Member

The EC reviews and approves/recommends Credit Proposals to the Board for approval.

Audit Committee (AC)

Name	CBB Designation	Title
Mr. Khalid Abdulaziz Al Jassim	Independent Non-Executive Director	Chairman
Mr. Mohammed Al Jalahama	Independent Non-Executive Director	Member
Mr. Yaser Al Sharifi	Executive Director	Member

The AC oversees the integrity and reporting of the Bank's quarterly and annual financial statements. It also covers review of audit findings, provisions and impairments.

Nomination, Remuneration & Governance Committee (NRGC)

Name	CBB Designation	Title
Dr. Esam Abdulla Fakhro	Non-Executive Director	Chairman
Mr. Mohamed Nooruddin	Independent Non-Executive Director	Member
Mr. Marwan Khaled Tabbara	Independent Non-Executive Director	Member
Ms. Dana Buheji	Executive Director	Member

The NRGC is responsible for developing and recommending changes from time to time in the Bank's nomination and remuneration policy, including the variable payment policy. It is also entrusted to identify and recommend persons occupying senior positions including board members. Furthermore, it also oversees governance related matters of the Bank.

Board Risk & Compliance Committee (BRCC)

Name	CBB Designation	Title
Mr. Marwan Khaled Tabbara	Independent Non-Executive Director	Chairman
Mr. Mohamed Nooruddin	Independent Non-Executive Director	Member
Mr. Khalid Abdulaziz Al Jassim	Independent Non-Executive Director	Member
Mr. Isa Maseeh	Executive Director	Member

The BRCC is formed to assist the Board of Directors in overseeing the risk management framework of the Bank. It also covers compliance with legal and regulatory requirements.

Inclusion of Sustainability Issues at the Board Level

On 26th August 2020 a session was held on ESG for the Board and Senior Management of the Bank.

BisB - Anti-Money Laundering Statement

BisB is strongly committed to prevent the use of its products and services for money laundering or terrorist financing. Accordingly, the Bank has put in place effective internal controls, policies and procedures to ensure compliance with the CBB's relevant regulations. The Bank will comply with all applicable laws and regulations designed to combat money laundering and terrorist financing, and is committed to cooperate with the appropriate local authorities in that regard.

The Bank has taken Screening measures to ensure compliance with the sanctions requirements and to safeguard it from providing financial services to the listed terrorist and/or sanctioned names, as notified by the competent authorities.

BisB's AML Policy is designed to ensure that the Bank comply with the requirements and obligations set out in Kingdom of Bahrain's legislation, CBB regulations, rules and industry guidance for the financial services sector, including the need to have adequate systems and controls in place to mitigate the risk of the Bank being used to facilitate financial crime. The AML Policy sets out the minimum standards which must be complied with and includes:

- The appointment of a Money Laundering Reporting Officer (MLRO) who have the responsibility for oversight of compliance with relevant legislation, CBB regulations, rules and industry guidance;
- Establishing and maintaining a Risk Based Approach towards assessing and managing the money laundering and terrorist financing risks;
- Establishing and maintaining risk-based customer due diligence, identification, verification and know your customer (KYC) procedures, including enhanced due diligence

for those customers presenting higher risk, as stipulated in the CBB Rulebook Volume 2, such as:

- a) Politically Exposed Persons (PEPs);
- b) Countries identified as having strategic deficiencies in their national AML/CTF frameworks;
- c) Correspondent Banking relationships;
- Establishing and maintaining risk based systems and procedures to monitor ongoing customer activity;
- Performing AML Risk Assessment for the Bank's products and services;
- Procedures for reporting suspicious activity internally and to the relevant law enforcement authorities as appropriate;
- Maintenance of appropriate records for the minimum prescribed record-keeping periods;
- Training and awareness for all employees
- Annual AML compliance review and monitoring by independent internal and external auditors; and
- Provision of appropriate management information and reporting to senior management of the Bank's compliance with the requirements.

Human Resources Development

We stress at BisB to empower Human Resources function to play a strategic business partner role as part of creating a sustainable and productive work environment. The rapid change within the environment along with the altering circumstances affected the way human resource function is delivering its services and practices.

This present the need to explore the way of Human Resources Management practice that reflected positively on social, environmental and governance factors at workplace.

Investing to maintain sustainability in developing current talent reflected on the overall training hours provided to the staff. BisB launched its own training academy where more than 600 online tutorials in various subjects have been added to the portal, aside from 88 employees has been certified as professional qualification holder representing 25% of total staff.

We have utilized BisB's LinkedIn page to attract the best professional talents from the market and to show case the Bank's achievements and promote its thought leaders to position BisB as an employer of choice.

Acknowledging the importance of women in the workforce and in line with the Kingdom of Bahrain's strategy to empower women, we have appointed ladies at managerial positions within BisB and worked on a designed development program targeting them as part of the diversity and inclusion.

All the above have helped driving a culture of engagement.

Key Highlights

- 25% of total employees are a professional certifications holders.
- 35% of total employees are Female.

	2017	2018	2019	2020
Females in BOD				1
Female in Middle Management	11%	12%	11%	10%
Female in Senior Management	1%	3%	3%	3%
Compared to total population	34%	35%	35%	35%

	2017	2018	2019	2020	
Total Headcount	360	364	361	350	
Staff Headcount by Age	Employees age 18-30 %	26.5 %	23%	21%	25%
	Employees age 31-50 %	69 %	74%	77%	73%
	Employees age 51+ %	3 %	2.7%	2%	2.8%
Staff Headcount by Gender	Male employees	237	237	233	228
	Female employees	123	127	128	122
Bahranization	96 %	95.6%	93%	93%	

	2017	2018	2019	2020
Total training delivered (hours)	2892	12624	7392	11900
Average training per employee (hours)	8.0	34.7	20.5	33.5
Percentage of employees who received a performance and career development review	100	100	100	100
Women Empowerment Programs (hours)	-	2184	1528	-

	2017	2018	2019	2020	
Turnover & Retention	Turnover rate %	11%	6%	8%	5%
	Male	25	15	23	9
	Female	13	5	5	10
Recruitment	Total New hired employees	33	28	23	8
	Male	19	17	16	6
	Female	14	11	7	2

Technology Department:

Embracing technology to deliver innovative, digital and sustainable products and services is a key priority to BisB. The digital innovation journey was driven with a focus on achieving efficiency through automation of processes, empowering customers by providing more self services using digital channels, and continuously improving the delivered services.

Key Highlights:

- Introducing first of its kind in Bahrain, digital mobile onboarding using selfie verification.
- Rolling out small footprint self-service kiosk machines in different locations in Bahrain
- Enabling a seamless paperless onboarding process for new customers at BisB branches.

Environment

New Products & Services: Significant measures were deployed to offer green solutions by introducing a set of new digital products and services available to customers purely over digital channels.

Streamlining process and capitalizing on the digital channels: Delivery processes for all products were

redefined to introduce a digital delivery line by eliminating the use of paper. The alternative channels includes mobile, web, the call center, and the elimination of paper work within the branches for the onboarding process. BisB has also launched its first Self-Service kiosk machine reducing our carbon footprint through lower energy consumption. The Self-Service Kiosks are stationed across the country providing around the clock services to customers according to their convenience.

2017	2018	2019	2020
<p>Digital Channels: Rollout of Mobile app and revamped online services for Retail clients with over 60+ services and features.</p> <p>Kiosk: No kiosks were available</p>	<p>Digital Channels: Rollout of Mobile app and revamped online services for Corporate Clients. Delivering the same experience provided to retail clients, in addition to key services for corporate clients; such as salary transfer, online batch transfers and trade finance service. Introduced PayPal services for Retail & Corporate clients.</p> <p>Kiosk: No kiosks were available</p>	<p>Digital Channels: Two key services were added to the service portfolio: Introduced in-app digital onboarding for retail clients using selfie & automated ID verification services as well as instant account opening for all account types. Introduced online finance topup service.</p> <p>Kiosk: Number of total kiosks: 2 Number of total services: 1 Services: New to Bank Clients: Retail customer onboarding</p> <p>Branches: Paperless retail clients onboarding in all branches.</p>	<p>Digital Channels: Added 9 new additional services to Retail Clients and Corporate clients. 1. Credit Card Applications, 2. Online disputes, 3. PIN reset 4. Certified Digital Certificates, 5. Certified Digital Statement, 6. Small business online onboarding & account opening 7. Finance against tejoori account, 8. Credit Card Cash Finance service, 9. Open Banking - Account Aggregation service.</p> <p>Kiosk: Number of total kiosks: 10 Number of total services: 11 Services Details: New to Bank Clients: 1. Retail customer onboarding Existing to Bank Clients: 1. Get Prepaid Card, 2. Update Your Address. Customers can update their address with their ID(CPR) card. 3. Issue or Replace Card, a. New Prepaid Card b. New ATM Card, c. Replace Debit/Prepaid Card, 4. Print Statements & Certificates, a. Print Official Statement, b. Print IBAN Certificate, c. Print Balance Certificate, 5. Update Personal Details. Customer can update their expired IDs expiry dates (CPR card and Passport), monthly income and expense, and FATCA/CRS details. 6. Update Employment Info. Customers can update their employer information with the data fetched from their ID(CPR) card, and the salary amount.</p>

The BisB norm: Although Bahrain Islamic Bank does not have a Certified Environmental Management System, it nonetheless does not fail on its' commitments of Social Corporate Responsibility. The management reviews yearly new ways to increase recycling, decrease waste, paper, electricity & water.

Development of an Environmental Management System on a group level

BisB recognizes that water is a valuable resource in the world and the region particularly.: BisB management has always looked into ways to provide a sustainable future for new generations, with the management promising to leave no stone unturned and no idea overlooked. All water taps are fitted with water saving nozzles and are checked weekly for leaking, including all other water outlets. All newly renovated floors have been fitted with smaller WC Water Tanks, and motion detection water taps. Bahrain Islamic Bank Tower Consumption 2019, 9076 m³, 2020 upto Sept 6336 m³.

BisB Tower is one of the first buildings to fit Capacitor Banks to correct consumption Power Factor in 2015. BisB is also currently in process of procuring Solar Panels, for two of its branches, which would collectively produce 370 kwh annually in clean renewable energy, further showing BisB's dedication towards its' Corporate Social Responsibility. In 2019, Bahrain Islamic Bank Tower Consumption 2019, 3863000 KWH, 2020 upto Sept 2687000 KWH

Environmental Responsibility: Bahrain Islamic Bank puts the future of the next generations at the forefront of all of its decisions. Reducing 57% of all printing expenses came year on year with the vision of the management, finding new ways to reduce paper waste, and ensuring that all printing used to date is recyclable.

Electricity consumption is another aspect that is always under the radar of the management. Since 2015, BisB has procured Capacitor Banks to correct consumption Power Factor. In 2016, the Bank has changed all the lighting used at its premises to energy efficient LED lights, and fitted motion detectors in all of its offices, corridors, lift lobbies, service areas and Emergency Staircases. In 2018, BisB has upgraded all 4 Lifts in its tower to a cleaner more energy efficient lifts, that work on Regenerative Energy, which reduces power consumed by more than 30%. BisB is also currently in process of procuring Solar Panels, for two of its branches, which would collectively produce no less than 370 kwh annually in clean renewable energy, further showing BisB's dedication towards its Corporate Social Responsibility.







Also in 2018, we have switched main office to 4 Hybrid Lifts, generating electricity to a battery and used when operating downwards to reduce energy consumption by no less than 30%.

Waste Management: One of Bahrain Islamic Bank's driving forces behind digitization, is the reduction of waste and paper, with no stone left unturned to decrease paper usage. Since 2017, BisB has stopped printing all yearly statements for its' customers and have introduced E-Statement, with physical statements provided to regulatory defined segments. All mandatory paper transactions are shredded after the end of the regulatory and legal period, and are recycled at a local welfare society. Bahrain Islamic Bank has reduced costs on printing items with a decrease of 57% over the past 4 years.

Distribution Channels

Digital Transactions Growth achieving more paperless transactions: Year on year there's an overall growth of customers' adoption to digital services and various alternative channels. There has been a significant

growth in the utilization of alternate and digital channels for financial and non-financial services compared to the traditional branch channel where the majority of the transactions are handled on paper. In addition, the year 2020, has witnessed paperless on boarding activities within the branches transactions.

	2018			2019			2020		
	Non-Financial transactions	Financial transactions	No. of Channels	Non-Financial transactions	Financial transactions	No. of Channels	Non-Financial transactions	Financial transactions	No. of Channels
 Branch	25%	99%	9	18%	86%	9	13%	60%	9
 ATM	52%	0%	52	50%	0%	52	44%	0%	52
 KIOSK	0%	0%	0	0%	0%	1	1%	19%	9
 Call Center	0%	1%	4	0%	4%	6	0%	2%	6
 ITM	0.01%	0%	1	0.2%	0%	1	0.2%	0%	2
 Digital	23%	0%	1	32%	10%	1	42%	19%	1

Open Banking: BisB has established and adopted Open Banking services in line with the Central Bank of Bahrain directives. BisB was the first bank in Bahrain to enable Open Banking services offering a streamlined experience from within its mobile app.

2019: Established open banking platform and published APIs for any licensed FinTech to use.

2020: Launched open banking enabled service within BisB app by enabling customers to add other banks accounts into BisB app, providing them with the ability to view their consolidated networth across banks as well as view their statement and search through the transaction of all accounts added.

ATM Parts Recycling: After deploying the new ATM machines, BisB has also taken measures to recycle the old machines component.

2020: Around 60 machines were sold as spare parts to the vendor to be reused/recycled in different regions.

Digital Paperless Financing Services: Automation of the finance process is a key strategic direction of BisB. Not only to offer the service online to customers, but to also ensure end-to-end integration through APIs to the key 3rd parties involved in the delivery chain. The personal financing process is automated offering the service to customers online through integration of end-to-end third party personal finance agent ALFAJER to process a sharia compliant financing process using APIs. This enabled the Bank to offer a paperless and instant financing service to customers. Currently the following services are available online: personal finance online topup service, offering existing approved clients the option to request additional finance amount and obtain it instantly online. Also another service is instant tejoori finance, offering the clients with existing tejoori accounts to obtain financing services completely online.. Soon additional online financing services will also be added to the different customers segments. The credit card process was also automated where BisB clients can apply for a card online, the card request will be sent through APIs to the card payment processor to issue the cards instantly. In addition, a feature for instant credit card withdrawal was offered online, enabling customers

in need of cash to instantly transfer funds from their credit card into their bank account.

2019: 1 Online Finance Service Online Top-up service

2020: 4 Online Finance Services Online Top-up service Instant Tejoori Finance Service Credit Card Online Finance Credit Card online application.

Water Leakage: Implemented water sensors in BisB datacenter to monitor and detect water leakage part of BCM (Business Continuity Management) requirements to protect the devices and eliminate water waste.

2020: Water sensors implementation in data center

Datacenter cooling system design: Since 2012, BisB redefined the design of the cooling system distribution on-premises for the Data center and Server Room to achieve energy efficiency, the value of which is gained till date. In addition, given the fact that the cloud service providers use green energy, BisB has selected to host some applicable services to the cloud.

Servers setup and cloud adoption: As cloud services setup and regulation is maturing, BisB adopted the direction to capitalize on Cloud services and hosting for applicable services contributing in overall reduction on the dependency of equipment hosted within the on-premise data center. In addition, the servers setup for systems hosted in-premise is based on active passive to reduce energy consumption.

2017: 5 application on cloud (Board vintage, Signature Net, Qualys Cloud, Proof point Security Awareness Platform, Secura)

2018: 7 total application on cloud Board vintage, SignatureNet, Qualys Cloud, Proofpoint Security Awareness Platform, Secura, Kibana, Success Factor

2019: 10 total applications on the cloud (Boardvintage, Signature Net, Success Factor, TFS, Yammer, Avulation Catalyst, DMARC Analyzer, Jumio, regula, Mailchimp)

2020: Total of 12 applications on the cloud including Microsoft 365 and other integrated Microsoft Tools.

Eliminate drivers transport to transfer papers: By automating the retail and corporate customers onboarding process, BisB has minimized the transit of papers between different branches and Head quarter.

2017: Total new retail clients onboarded in 2017 through branches other than the Head quarter is around **(10419) between a total of 10 branches.** Contributing to an average of **2880** transport activities

2018: Total new retail clients onboarded in 2018 through branches other than the Head quarter is around **(11482) between a total of 8 branches working 6 days a week with 1 delivery daily.** Contributing to an average of **2304** transport activities

2019: Total new retail clients onboarded in 2019 through branches other than the head quarter is around **(12979) between a total of 8 branches working 6 days a week with 1 delivery daily** contributing to **2304** transport activities

2020: Total new retail clients onboarded in 2020 through branches other than headquarter is around **6320** as of

September 2020 with **ZERO** paper transport activities. In addition a total of around **11k customers** were onboarded online again with **ZERO** paper transport activities

Service Feedback and continuous improvement: Added rating service for each digital transaction to measure and continuously improve customers' feedback

2019: Service introduced in August 2019. Total of **28851** ratings submitted

2020: Total of **64044** ratings submitted as of September 2020.

Offering 24/7 services: Introducing self service machines to serve customers 24/7 and expanding digital services on the app.

2019: 2 kiosks

2020: 10 kiosks (expanding to 12 by end of 2020).

Suppliers

Responsibility towards supplier through contractual terms: With all agreements signed with suppliers, especially with technology partners, the relation is governed by contractual terms within the agreements that protects the right of both the Bank and the suppliers. Terms such as limitation of liability and milestones Payment Terms, and others act as governing clauses to protect both entities. BisB is committed to its responsibility towards all partners and suppliers.

Furthermore, the contractual arrangements are reviewed by Information Security to ensure security requirements are identified, along with protection of personal data and resilience requirements to ensure continuity of services and operations.

Health & Safety: Bahrain Islamic bank has an approved Safety & Security Manual, conducts Safety & Security Training for all of its' Front Liners. All Floors and Branches have a trained First Aid personnel and two trained Fire Marshals.

Community initiatives

As part of the brand DNA, the Bank is committed to social innovation. Its primary focus is on the development of the country's education and innovation sector. "Jood", the Bank's CSR programme, carries a strong governance commitment towards the distribution of its community

funds. In addition to Jood, the Bank also invests in the wellness of the community under the radar through its Zakaat and Non Halal Income. The Bank invested BD784,762 , BD934,779 and BD807,191 in 2018, 2019 and 2020 respectively (2020 year to date Sep) in the community.

Sharia Supervisory Board (SSB) and the Sharia Coordination and Implementation Department

The Sharia Supervisory Board of Bahrain Islamic is the oldest Sharia Board in the Kingdom of Bahrain, and its membership is occupied by 5 specializing scholars in Islamic economics and Islamic banking. The SSB issued more than 1,500 decisions and fatwas, It is one of the Four Sharia regulators with Sharia Coordination and Implementation Department, sharia internal audit and independent external Sharia auditor.

The SSB activities to ensure that the Bank's management adheres to the provisions and principles of Islamic sharia in the transactions conducted by the Bank, and that its decisions are binding on the Bank. In its decisions, the Commission is concerned with the purposes and principles of Islamic sharia that are based on preserving religion, soul, money, reason and offspring. Including the environment.

The SSB committed to the Sharia principles and provisions in accordance with the Sharia standards issued by the Accounting and Auditing Organization for Islamic Financial Institutions in addition to the decisions and fatwas issued by the Central Sharia Supervisory Board.

The SSB committed to implementing the principles and policies of governance, decisions and instructions issued by the Central Bank of Bahrain, and is committed to applying the standards of control, governance and ethics issued by the Accounting and Auditing Organization for Islamic Financial Institutions.

The application of standards of governance and ethics in accordance with what was stated in the AAOIFI standards are binding on application in the Kingdom of Bahrain

Ethics Standard 1.2

The Bank has been a pioneer in creating an investment mechanism with the possibility of obtaining prizes in accordance with the provisions of Islamic Sharia through Tejoori accounts since 2007, and providing credit card service with a flexible mechanism, in addition to providing real estate and personal financing solutions for people with low and middle income.

Providing innovative Sharia solutions for Islamic financial transactions and Islamic investment

According to what was stated in the AAOIFI standards and according to what was decided by the Bank's Sharia supervisory board, including the prohibition

of participating in the following activities, whether by providing direct financing for them or participating in them or participating in the purchase of shares of companies that deal with them:

Not participating in forbidden activities: Usury (Reba) and consuming people's money unlawfully.

- Alcohol, tobacco and drugs.
- Weapons.
- Terrorism.
- Forbidden waste.
- Gambling.
- Pork derivatives.
- Prostitution and Human Trafficking.
- Suspicious activities.

Take into account insolvent people: Application of the provisions of Islamic Sharia law for insolvent persons when they are unable to pay their installments, and allowing them to postpone the installments and reschedule without additional burdens in most cases

Organizing and sponsoring educational forums and conferences that contribute to enhancing the concepts of Islamic banking and simplifying them among the public

2017: A conference dedicated to imams and preachers to educate them about Islamic financial transactions

2018 : A conference dedicated to lawyers and students, and the conference contributed to submitting a proposal to amend the Central Bank of Bahrain's Law for Islamic Financial Institutions

Issuing a number of educational literature and booklets and distributing them free of charge to specialists and the public in written copies of approximately 30,000 paper copies for 13 issues, in addition to providing electronic copies through the Bank's website.

2017: Fatwas of Bank Products (2000) printed copy, and the provision of electronic copies

2018: Sessions of the First and Second Bank Forums (4000) printed copies, and the provision of electronic copies

2019: General inquiries about Islamic banks (1500) printed copies, and the provision of electronic copies

2020: The Bank's Sharia Obligations Electronic Copies only

Committee for Zakat, Donations and Good Loan

It is the committee concerned with counting zakat funds, Non halal and commitment to charity them to needy individuals and associations, and it is occupied by 5 members from different departments of volunteers with a volunteers dozens of employees for the purposes of visits and social events, and the committee studies the incoming requests thoroughly and then decides on them according to special standards and regulations, The committee also assumes the approval of applications for a loan with no interest for people with limited income, for the purposes of treatment, marriage, restoration, debt repayment, study and others.

The committee shall abide by the decisions of the Bank and its Sharia supervisory board.

The Bank has allocated an amount of BD 250,000 as good loans without interest or fees granted to needy families and those with limited income, up to a ceiling of 8,000 BD for the purposes of treatment, marriage, study, restoration and debt repayment. BisB is the only bank in the Kingdom of Bahrain that provides this service to the public.

2017: 10 Requests

2018: 15 Requests

2019: 24 Requests

2020: 11 Requests

	2017	2018	2019	2020
Donations Account: (an annual amount is allocated by the Board of Directors).	Individuals: 484 Requests	Individuals: 502 Requests	Individuals: 701 Requests	Individuals: 423 Requests
Zakat Account: (As determined by the Sharia Supervisory Board in the Bank).				
Set aside funds account: (These are funds that the Sharia Supervisory Board decides to set aside for transactions executed in ways that contradict the provisions of Islamic Sharia).	Societies: 48 Requests	Societies: 156 Requests	Societies: 103 Requests	Societies: 105 Requests
Donation commitment account: (the funds deducted from the account of customers who are delayed in paying their installments).				
These accounts are managed by an internal committee of volunteers under the name of (The Committee of Zakat, Donations and Good Loan), and aid is granted to individuals, associations and institutions for the purposes of living, treatment, study, construction, furnishing, debt repayment, and others in accordance with the conditions and controls mentioned in the internal committee's regulations.	Number of Social Events: 0	Number of Social Events: 5	Number of Social Events: 7	Number of Social Events: 3
	Amounts disbursed: 6,10,484.81	Amounts disbursed: 7,84,762.06	Amounts disbursed: 9,34,779.17	

Sharia Supervisory Board (SSB) and the Sharia Coordination and Implementation Department

The Sharia Supervisory Board of Bahrain Islamic Bank is the oldest Sharia Board in the Kingdom of Bahrain, and it has 5 memberships occupied by a specialized scholars in Islamic economics and Islamic banking. The SSB issued more than 1,500 decisions and fatwas.

The SSB aim to ensure that the Bank's management adheres to the provisions and principles of Islamic sharia in the transactions conducted by the Bank, and that its decisions are binding on the Bank. In its decisions, the Commission is concerned with the purposes and principles of Islamic sharia that are based on preserving religion, soul, money, reason and offspring. Including the environment.

The SSB committed to the Sharia principles and provisions in accordance with the Sharia standards issued by the Accounting and Auditing Organization for Islamic Financial Institutions in addition to the decisions and fatwas issued by the Central Sharia Supervisory Board.

The SSB committed to implement the principles and policies of governance, decisions and instructions issued by the Central Bank of Bahrain and applying the standards of control, governance and ethics issued by the Accounting and Auditing Organization for Islamic Financial Institutions.

BisB formed the Committee for Zakat, Donations and Good Loan as part of the social responsibility