

Sustainability review

Investing in a sustainable future

At BBK, our commitment to sustainability and corporate social responsibility (CSR) is not just a part of our business strategy; it is deeply ingrained in our corporate culture and guides our every step as we work towards our vision for the future.

Sustainability, to us, means meeting the needs of the present without compromising the ability of future generations to do the same. This principle serves as the cornerstone of our operations, and to ensure the effectiveness of our efforts, we rely on BBK's comprehensive sustainability framework to manage our environmental, social, and governance (ESG) impacts effectively.

BBK recognizes the pivotal role of governance in driving positive change. The Board has taken a proactive stance and included sustainability KPIs in the Executive Management's annual goals, ensuring that ESG and the sustainability framework are embedded in the Bank's day-to-day activities. In doing so, we are complying with industry standards, setting a higher benchmark for ourselves, and reinforcing our commitment to transparent, ethical, and future-oriented practices.

In 2023, BBK acknowledged the critical role of financial institutions in addressing climate challenges and established a dedicated Climate Risk task force. This strategic initiative integrates green financing,

reflecting our commitment to environmental responsibility and alignment with the Central Bank of Bahrain (CBB).

BBK's Climate Risk task force is instrumental in expanding our product offerings to all customers, with a fundamental goal—to utilize proceeds to positively impact the environment. This helps to ensure that the Bank not only meets financial needs, but also actively contributes to a more sustainable and resilient future.

Performance measurement through Key Performance Indicators (KPIs)

At BBK, we track and measure our performance against a robust set of KPIs, which allows us to quantify our achievements and assess the impact of our sustainability initiatives. This strategic approach ensures accountability and enhances our ability to adapt and improve. Transparency is at the heart of our commitment, and by diligently monitoring KPIs, we reinforce our dedication to providing stakeholders with clear insights into our sustainability progress. Through this transparent and data-driven approach, we underscore our commitment to responsible banking practices and the pursuit of excellence across our operations.



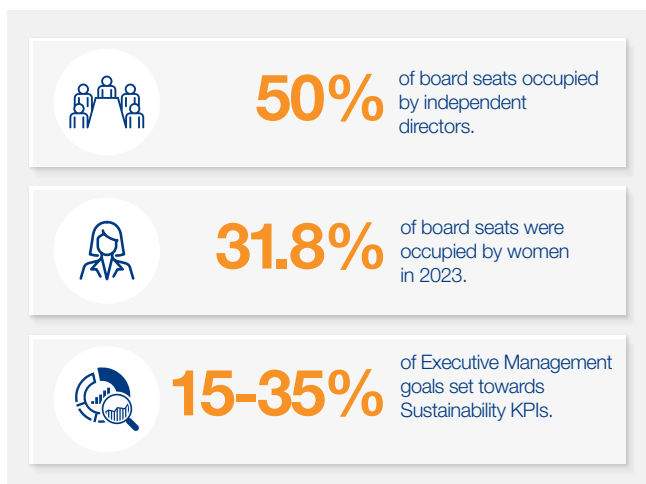
Guiding pillars of sustainability

Our sustainability framework is centered on five pillars that steer our actions:



Good Corporate Governance

- To ensure alignment between the Executive Management and Sustainability, we integrated Sustainability KPIs into the Executive Management performance goals, with at least 15% of the goals being related to ESG.
- BBK maintains a robust anti-money laundering (AML) training program, with 100% of transaction-based staff receiving training in 2023. This annual training for front-line staff and biennial training for other employees underscores BBK's commitment to upholding AML compliance and fostering a comprehensive understanding of anti-money laundering measures across the organization.



We have aligned our priorities with Bahrain's National Vision 2030, which aims to build a robust economy and a motivated, innovative society. Additionally, we have incorporated the United Nations Sustainable Development Goals (SDGs) into our activities, demonstrating our commitment to global sustainability objectives.

- In 2023, BBK strengthened its commitment to board independence, with 50% of board seats occupied by independent directors. This surpasses the 2022 figure of 41.6% and exceeds the regulatory requirement of a minimum of 33.3%, highlighting BBK's dedication to fostering a substantial presence of independent directors on its board.
- BBK significantly enhanced its Board of Directors gender diversity, with women occupying 31.8% of board seats of BBK and its wholly owned subsidiaries in 2023, compared to 16.6% in 2022. This increase underscores BBK's commitment to advancing gender representation at the highest levels of governance.



Women on Board Program

The Women on Board Program, launched in collaboration with the Bahrain Institute of Banking and Finance, aims to promote gender equality by empowering Bahraini women to take on executive management roles and board memberships.

The program demonstrates BBK's proactive response to the directives of His Royal Highness Prince Salman bin Hamad Al Khalifa, the Crown Prince and Prime Minister of the Kingdom of Bahrain. It also aligns with decisions from the Central Bank of Bahrain and the Ministry of Industry and Commerce to revise corporate governance rules. This includes considering the representation of women in forming boards of directors for joint-stock and public companies, as well as enhancing women's representation on boards of directors of joint-stock companies listed on the Bahrain Stock Exchange. These efforts are in accordance with national directives for women's progression led by the Supreme Council for Women.

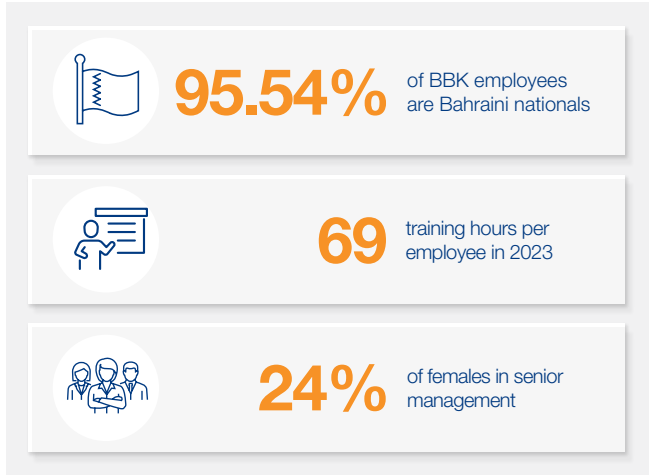
BBK is proud to support initiatives that promote equality and ensure adequate representation of women at the board level. We recognize that gender diversity on our board is a strategic imperative, as it tangibly enhances our collective expertise and offers a distinct perspective vital to our organizational success.





Being a responsible and responsive employer

- Maintaining a strong focus on local talent, BBK recorded a high nationalization percentage of 95.54% in 2023, indicating a positive trajectory in hiring Bahraini nationals. This marks a slight increase from 95.13% the previous year.
- The Bank continues to prioritize gender diversity, achieving progress in its workforce composition. The percentage of females among the total workforce increased from 40.72% in 2022 to 42% in 2023. This underscores BBK’s commitment to fostering an inclusive workplace environment and advancing gender representation.
- The percentage of women in senior management increased from 20% in 2022 to 24% in 2023. This upward trajectory highlights the Bank’s commitment to fostering an inclusive and diverse leadership team, and promoting from within. BBK remains dedicated to gender diversity and will continue implementing initiatives to support the professional growth and representation of women in management roles.



We have made substantial progress in promoting gender equality within our organization, with female members constituting a significant proportion of our board and workforce. This aligns with SDG 5: “Ensure women’s full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic, and public life.”

- BBK increased the average training hours per employee to 69 hours in 2023, up from 59 hours in 2022. This reflects a more efficient and targeted training approach.
- BBK maintained a strong performance review process, with all eligible employees completing their probationary period undergoing performance reviews in both 2022 and 2023.
- To measure employee satisfaction and engagement, BBK conducts surveys that generate an Employee Net Promoter Score (eNPS). In 2023, the score was a favorable 21.
- There were no industrial injury incidents at BBK in 2022 or 2023, highlighting the Bank’s commitment to providing a safe working environment for its employees.



Training Programs

Demonstrating its dedication to workforce training and development, the Bank initiated the “DigiPro” program designed to enhance the digital skills of its entire workforce, reaffirming its commitment to staying at the forefront of technological advancements. Additionally, the Bank focused on key areas such as Anti-Money Laundering (AML), fraud prevention, and other compliance-related matters.

Recognizing the importance of Environmental, Social, and Governance (ESG) considerations, the Bank mandates training on ESG-specific products for all relevant customer-facing employees. This strategic approach underscores its commitment to sustainability and responsible banking practices



Fostering long-term positive customer relationships and experiences

- In 2023, the Bank increased its offerings designed to help customers meet social or environmental challenges, with the number of tailored products and services rising by 57%.
- BBK continued its focus on employee knowledge and development, particularly in sustainable product sales.



We continue to prioritize long-term positive customer relationships by providing world-class banking services and experiences. This includes initiatives such as offering solar panel loans, supporting blue collar expatriates through BBK Lite branches, and providing real estate finance facilities with our Mazaya loans.

- In 2023, BBK experienced a notable improvement in customer satisfaction, with the Net Promoter Score (NPS) rising from 67 in 2022 to an impressive 75. This indicates strong customer satisfaction and loyalty.
- The average resolution time for customer complaints was well within the set target at 2.2 days in 2023.
- BBK’s customer base saw consistent growth in 2023. Corporate & Institutional Banking customers and SME customers showed a growth of 1% year-on-year.
- The Bank’s impact on customers through credit and debit products targeting SMEs showed growth, increasing from BD 6.8 million in 2022 to BD 11.4 million in 2023.
- The number of customers benefiting from ESG prepackaged products has increased significantly over 2022 with a growth of 58% in the total number of applications processed over last year.



Partnership with Nasmaakum application

Enhancing accessibility and inclusivity: BBK’s collaboration with Nasmaakum demonstrates a strong commitment to enhancing accessibility for individuals with hearing and speech impairments. By providing real-time sign language interpretation services, this initiative breaks down communication barriers and ensures that individuals with special needs can access a range of services seamlessly.

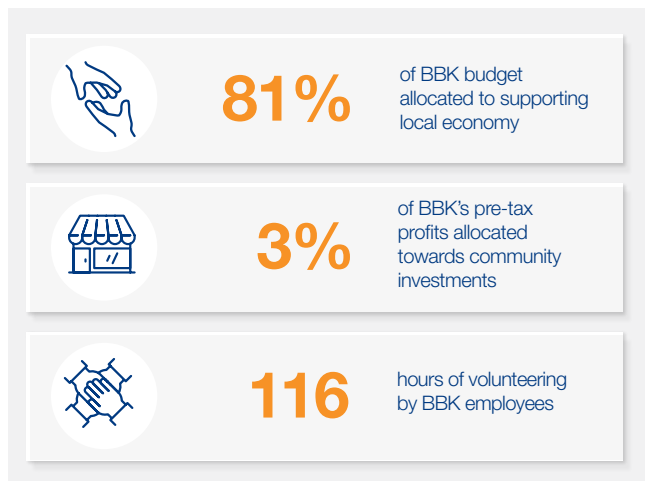


BBK Business

The “BBK Business” platform exemplifies BBK’s commitment to digital transformation. By offering corporate digital onboarding solutions, BBK is making it easier for Bahraini companies to access essential banking services digitally. This not only enhances convenience for businesses but also aligns with sustainability by reducing paper-based processes and supporting the growth of commercial activities.

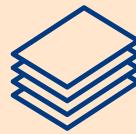


Instilling a social responsibility mindset



BBK's commitment to CSR goes beyond banking services. We consistently invest in the communities where we operate, underscoring our broader commitment to making a social impact. This involves initiatives that span diverse sectors, including education, healthcare, environmental sustainability, and community development.

- In 2023, BBK reaffirmed its commitment to local suppliers, allocating 81% of its budget to support the local economy. BBK remains dedicated to nurturing strong relationships with local partners.
- BBK made progress in reducing its environmental footprint in 2023, decreasing its annual paper consumption from 86,500kg 2022 to 70,493kg. However, the energy consumption per employee increased from 13,843 kWh the previous year to 14,470 kWh. Water consumption intensity increased from 9,502m³ in 2022 to 12,743m³ in 2023.
- BBK continued its community engagement initiatives in 2023, allocating 3% of its pre-tax profits towards community investments, ensuring ongoing support for various charitable and community-focused initiatives.
- The Bank has a comprehensive volunteering framework designed to encourage employee engagement in supporting and positively impacting the communities it serves. In 2023, BBK employees contributed to a total of 116 hours to volunteering initiatives, supporting various community causes.



Reduction in paper consumption

The Bank made significant strides in reducing its environmental footprint, further reflecting its commitment to sustainability. This included a substantial revamping of its forms, resulting in an impressive 19% reduction in paper consumption. This environmentally conscious move creates tangible benefits by minimizing environmental impact, enhancing efficiency, and contributing to a more eco-friendly and sustainable future.



“Grow” Program

The “Grow” program plays a crucial role in supporting CSR and community development. By cultivating the skills and competencies of Bahraini university graduates pursuing careers in the banking industry, BBK not only empowers local talent but also prepares them for successful careers. This aligns with the Bank's mission to support the economic well-being and development of Bahrain.



BBK Scholarships

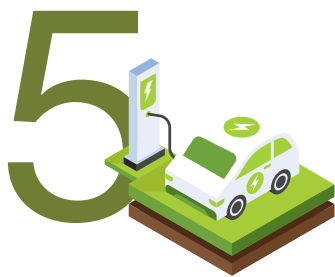
The Bank continued to provide financial support to students as they progressed in their university degrees, aiming to alleviate financial burdens and empower them to achieve their academic aspirations. The ongoing commitment to educational assistance reflects BBK's dedication to fostering learning opportunities and contributing to the development of future talents in the community.



BBK Digital Literacy Program

The BBK Digital Literacy Program is an initiative designed to enhance the digital skills of the community. It aims to bridge the digital divide by providing training and education on diverse technologies. Through this program, BBK aims to empower individuals to confidently navigate the digital landscape, whether for personal or professional use.





Climate Risk



82%

of customer transactions carried out on online and mobile channels

BBK reaffirmed its commitment to environmental sustainability by incorporating green financing and investing into its corporate values. This aligns with efforts to expand product offerings to all customers with greater focus on digital services.

- In 2023, BBK witnessed a significant shift in customer transaction behavior, with online and mobile channels accounting for 82% of total transactions, compared to 77% in 2022. This underscores a growing preference among customers for digital banking channels. As BBK continues to adapt to changing customer preferences, the focus on enhancing digital offerings remains a key strategic priority.
- At BBK, we understand the critical role financial institutions play in driving sustainable development. As a result, the Bank has introduced Sustainability Linked Loans as part of its lending activities where clients receive preferential rates for successfully meeting ESG linked KPIs.
- The Bank has also developed an ESG checklist as part of the credit and investments applications, where clients will be assessed based on ESG efforts.



Climate Risk task force

In 2023, the Bank established a Climate Risk task force to incorporate green financing and investing into its corporate values. This includes expanding its product offerings to all customers, with the ultimate aim of using proceeds to positively impact the environment.

BBK's initiatives in 2023 reflect its dedication to social responsibility and sustainability by promoting accessibility, economic growth, gender equality, community development, and empowering local talent. As a responsible corporate citizen, BBK continues making strides toward a more sustainable and inclusive future.

