

2013 AGM minutes

The Ordinary General Meeting was held Al Murjan Ballroom 1, 2 Movenpick Hotel, Kingdom of Bahrain, at 10.00 a.m. on Wednesday 20 February 2013 under the Chairmanship of H.H. Shaikha Hessa bint Khalifa Al Khalifa, Chairperson of the Board of Directors in the presence of the following:

1. Mr. Hussain Mohammed Al Meeza	Board Member
2. Mr. Habib Ahmed Kassim	Board Member
3. Mr. Adnan Abdulla Al Bassam	Board Member
4. Mr. Salman Saleh Al Mahmeed	Board Member
5. Mr. Yousif Taqi	Board Member & Chief Executive
6. Ms. Mashael Ebrahim Mattar	Board Secretary - Rapporteur
7. Dr. Mohammed Arbouna	Member of the Fatwa & Shari'a Supervisory Board and the Bank's Head of Shari'a Compliance
8. Mr. Ali Al Alawi	Representative of the Ministry of Industry & Commerce
9. Mr. Ahmed Humaidan	Representative of the Central Bank of Bahrain
10. Mr. Faisal Ahmed	Representative of the Bahrain Bourse
11. Mrs. Dana Al Zayani	Representative of the Bahrain Bourse
12. Mr. Ahmed Qassim	Representative of Fakhro Karvy, Share Registrar
13. Mr. Abdul Qader Al Afya	Representative of Fakhro Karvy, Share Registrar
14. Mr. Hani Al Shaikh	Representative of Fakhro Karvy, Share Registrar
15. Mr. Isa Al Jowder	Representative of Ernst & Young, External Auditor
16. Mr. Basker Rajaraman	Representative of Ernst & Young, External Auditor
17. Mr. Ashwani	Representative of Ernst & Young, External Auditor

The said meeting was held to discuss the following agenda which was previously published in the local press before the date of the meeting according to the legal requirements. The agenda consisted of the following items:

1. To approve the minutes of the previous AGM meeting held on 20 March 2012.
2. To discuss and approve the Board of Directors' report on the Group's activities for the year ended 31 December 2012.
3. To receive the Shari'a Supervisory Board report for the year ended 31 December 2012.
4. To receive the external auditor's report for the year ended 31 December 2012.

5. To review and approve the financial statements for the year ended 31 December 2012.
6. To appropriate the net profit for the year ending 2012 upon the recommendations of the Board of Directors as follows:
 - a) Transfer of BD1,027 thousands to statutory reserves.
 - b) Distribution of dividends of 5 fils per share or 5% of the paid up share capital, amounting to BD7,485 thousands, for the year ended 31 December 2012
7. To receive report on the Bank's compliance with the Corporate Governance Guidelines and the Central Bank of Bahrain's requirements.
8. To absolve the members of the Board from liability for their actions during the year ended 31 December 2012.
9. Appointment of Ernst & Young as external auditors for the year ending 31 December 2013 and authorize the Board of Directors to determine their remuneration.
10. Approve Board of Directors remuneration in the aggregate amount of BD 100,000 for the year ended 31 December 2012.
11. Increase Shari'a Board remuneration and approve their remuneration for the year ended 31 December 2012.

The meeting was opened by H.H. Shaikha Hessa bint Khalifa Al Khalifa who thanked the shareholders for attending the meeting. Then, she declared that the General Meeting had a quorum of 51.29% of the shareholders, which meant that the meeting was validly convened according to Article 49 of the Bank's Articles of Association and the Commercial Companies Law.

The Chair reviewed the agenda and requested the shareholders to present their remarks on the items in discussion. Then the agenda was approved by the shareholders and the agenda's items were discussed as follows:

1. Approving the Minutes of the Previous General Meeting held on 20 March 2012:

None of the shareholders presented any remark on the minutes, thus it was approved.

- **Resolution 1/2013: The minutes of the Ordinary General Meeting held on 20 March 2012 was approved.**

2. Reviewing the Directors' Report:

H.H. the Chairperson read out the Directors' report and presented to the Shareholders a synopsis about the Bank's activities and operations during 2012.

- **Resolution 2/2013: The General Meeting unanimously approved the Directors' report.**

3. Reviewing the Fatwa & Shari'a Supervisory Board's Report:

Shaikh Dr. Mohammed Burhan Arbouna, Member of the Fatwa & Shari'a Supervisory Board and the Bank's Head of Shari'a Compliance, read out the Board's Report. Following a discussion of the report, it was approved by the General Meeting.

- **Resolution 3/2013: The General Meeting unanimously approved the Fatwa and Shari'a Supervisory Board's report.**

4. Reviewing the External Auditors' Report about the Financial Statements for the Period ended on 31 December, 2012:

Mr. Isa Al Jowder, representative of Messrs. Ernst & Young (External Auditor) read out the report and confirmed the soundness of the financial statements which were prepared according to the financial accounting standards of The Accounting and Auditing Organization for Islamic Financial Institutions. After some deliberations and inquiries the report was approved.

- **Resolution 4/2013: The General Meeting unanimously approved the report of the Auditors (External Auditors) about the financial statements for the period ended on 31 December, 2012.**

5. Discussing the Financial Statements for the Period ended on 31 December, 2012:

The Shareholders present discussed the financial statements for the period ended on 31st December, 2012, and H.H. the Chairperson asked the shareholders to present their remarks.

One shareholder thanked the Board of Directors on the results achieved by the Bank despite of the hard circumstances currently the market is going through. He also pointed out that there was an increase in the appropriations in comparison to those of 2011 and asked the Executive Management and the Board for more explanation in this regard. He also inquired if there was any agreement with the External Auditors on the percentage of the appropriations.

Mr. Yousif Taqi, Board Director and Chief Executive, said that the instructions of the CBB and the External Auditors were implemented in regard to the appropriations, and pointed out that there was an agreement with the External Auditors on this percentage. In addition, Mr. Isa Al Jowder, E&Y representative, said there were no differences with the Bank on the amount of the appropriations.

Another shareholder thanked the Executive Management for constant communication, and inquired on the reason behind the absence of some of board directors, and requested that the directors be more keen to attend the General Meetings in the future.

He also mentioned that the Bank followed a conservative policy relating to investment in Saudi Arabia, which is considered one of the biggest markets in the Middle East, and requested the Board to take that into consideration as there are promising opportunities in the Kingdom.

H.H. the Chairperson and Mr. Hussain Al Meeza affirmed the keenness of the Board to take the adequate investment opportunities, and also affirmed that at the current time the Bank is studying investment opportunities in Saudi Arabia.

Following the discussion, the Financial Statements were approved.

- **Resolution 5/2013: The General Meeting unanimously approved the Financial Statements for the period ended on 31 December, 2012.**

6. Approving the Directors' recommendation for Appropriation of the net Profits and Retained Earnings as follows:

- a) Transfer of BD1,027 thousands to statutory reserves.
- b) Distribution of dividends of 5 fils per share or 5% of the paid up share capital, amounting to BD7,485 thousands, for the year ended 31 December 2012.

The General Meeting took note of the Directors' recommendation with respect to appropriations and approved them.

- **Resolution 6/2013: The General Meeting unanimously approved the aforesaid appropriations.**

7. Adoption of the report on Corporate Governance of the Bank.

H.H. the Chairperson asked the shareholders to present their remarks on the Corporate Governance report. As no one made any remark, the report was approved unanimously.

- **Resolution 7/2013: The General Meeting approved unanimously the Corporate Governance report.**

8. Absolving the Directors from liability for their acts during the financial year ended on 31 December, 2012.

The General Meeting approved absolving the Directors from liability for their acts during the year.

- **Resolution 8/2013: The General Meeting unanimously approved absolving the Directors from liability for all their acts during the period ended on 31 December, 2012.**

9. Re-appoint Ernst & Young as external auditors for the year ending 31 December 2013 and authorize the Board of Directors to determine their remuneration.

One of the shareholders asked Mr. Yousif Taqi for clarification on view of the Executive Management and the Board of Directors in respect to reappointing the same External Auditors.

Mr. Yousif Taqi explained that there were no reservations on E&Y and that their work is done according to the professional requirements. He also hinted that the subject of changing the External Auditors was discussed in details with the Board of Directors, and the studies made in this respect concluded that changing the External Auditors would lead to more risks on the Bank's operations and would cost the Management a lot of time to prepare the tenders and evaluating them.

After discussing the subject, the shareholders approved reappointing E&Y for the year ending 31 December 2013 and authorize the Board of Directors to determine their remuneration.

- **Resolution 9/2013: The General Meeting approved the appointment of Messrs. Ernst & Young as the External Auditors for the period ended as at 31 December 2013, and reconsider the appointment of the auditor next year.**

10. Approve the Board of Directors' remuneration in the aggregate amount of BD100,000 for the year ended 31 December 2012:

The shareholders approved the Board of Directors' remuneration in the aggregate amount of BD100,000.

- **Resolution 10/2013: The General Meeting unanimously approved Board of Directors' remuneration in the aggregate amount of BD100,000 for the year ended 31 December 2012.**

11. Increase Shari'a Board remuneration and approve their remuneration for the year ended 31 December 2012:

H.H. the Chairperson mentioned that it was recommended at the last Board of Directors' meeting to increase the remuneration of the Shari's Board by US\$5,000 to make it come to US\$15,000 paid annually to each member, and asked the shareholders to present any remarks on this increment. The shareholders approved the increment.

• Resolution 11/2013: The General Meeting unanimously approved the increase of the Shari'a Board remuneration by US\$5,000 to be in total US\$15,000 for each member.

At the end of the meeting, H.H. the Chairperson expressed her thanks and appreciation to His Majesty King Hamad bin Isa Al Khalifa, HRH the Prime Minister Prince Khalifa bin Salman Al Khalifa, HRH the Crown Prince, Deputy Supreme Commander and First Deputy Prime Minister Prince Salman bin Hamad Al Khalifa, and to the Ministry of Finance, the Central Bank of Bahrain, Ministry of Industry & Commerce and Bahrain Bourse and to the clients, shareholders and employees for their continued support and wished everyone further progress and success.

H.H. Shaikha Hessa bint Khalifa Al Khalifa

Ms. Mashael Ebrahim Mattar

Meeting Chair

Board Secretary