In the wake of the global financial crisis of 2008, we made a decision to re-focus our business firmly on local and regional business opportunities. With the continuing economic difficulties in some areas, particularly the Eurozone, this has proved to be a prudent decision and in 2012 our financial performance was very satisfactory. Our numbers demonstrate a strong ability to generate recurring core revenues from our businesses and we have managed to avoid any unpleasant financial surprises. Additional precautionary provisions have been made to cover impaired assets and we are optimistic that 2012 is the last year in which we have to make substantial provisions to cover the diminution in the value of the assets we have on our books.

We have continued our policy of focussing on the GCC region and withdrawing from international markets other than those, such as India, where we already have a presence. We were pleased to have been able to secure a licence to establish a third branch in India, thereby becoming one of a very limited number of banks given approval to expand their presence in this important market. BBK has benefitted from a flight to quality and we have had excess liquidity throughout 2012. We have sought to deploy this liquidity effectively into investment level securities and these have shown significant growth compared with our loans portfolio. There has been growth in customer deposits and the increasing size of our balance sheet is a reflection of the overall expansion of the Bank as we are doing more business in GCC countries. We have been growing locally at a faster rate than the Bahrain economy, which suggests that we have gained market share in 2012.

On the retail side of our business there are clear signs that our investments into developing our electronic delivery channels are paying off, and we have been able to compete effectively on the basis of our service excellence and speed of response, rather than on price. We have been particularly aggressive in expanding in consumer loans and there will be new opportunities to exploit synergies between our retail and credit cards businesses. We have also done well in the local small and medium size business sector – our SME portfolio almost doubled in 2012. BBK won recognition for how it addresses the online needs of the capital market rising 41 places to 5th position amongst listed organisations in the Middle East Region in the KWD Webranking Survey 2012. This also places BBK in 1st position amongst Bahrain listed banking institutions and is a key accomplishment which reflects the Bank’s pioneering position in providing the latest technologies and superior services to all our stakeholders via our website.

Our corporate banking business continues to perform well, despite challenging market conditions and limited opportunities to lend. Not all of the Government-led infrastructure development projects earmarked for commencement in 2012 got under way, but a number of them are expected to commence in 2013, and this will bring new opportunities for BBK. Corporate Banking have continued to seek out lending opportunities in the GCC region and Transactional Banking have focussed on trade finance opportunities, particularly in the export field.

**Our people**

We place great importance on the continuing development of the skills and competencies of our employees, and on ensuring that we are able to identify future leaders at an early stage and put them on a suitable career path within the organisation. Our policy continues to be to promote from within and we are very fortunate to have a number of highly competent managers coming up through the ranks, which assists us greatly in our succession planning.

A considerable amount of the training activity in 2012 was focussed on the retail side of the business. The Retail Banking Certification Programme, which commenced in January 2010 with the aim of upgrading the job skills of Retail Banking employees in a proactive and structured way, saw the graduation of the first batch of employees. Many other BBK employees have already started work on their certification and will complete all modules of the programme soon.
Leadership, crisis management, compliance and many other training programmes were also held during the year. These benefit the organisation in a number of positive ways, by creating a pool of skilled employees and enhancing the Bank’s overall efficiency levels, simultaneously helping the employees themselves build solid experience and motivation as they proceed along their career paths.

In another training initiative, a number of employees were given training in Sign Language to enable them to communicate with the hearing-impaired customers and thus provide more convenient banking services to special needs customers in general. We believe that this is a first both in Bahrain and in the GCC region.

Our clients
Retail Banking had another very active year during which a number of new initiatives were implemented in line with the Bank’s Strategic Plan. Service delivery enhancements included the launch of SMS banking, eStatements on mobile phones and the upgrading of Telebanking. A new premium banking service, Al Wajaha Account, was introduced for the Bank’s most discerning customers, who can now be assisted by dedicated relationship managers and have all of their banking needs taken care of in BBK Financial Malls, Branches and in Majlis Al Wajaha, a luxurious lounge in BBK’s Head Office.

“A new premium banking service, Al Wajaha account, was introduced for the Bank’s most discerning customers.”

A comprehensive array of financial privileges are offered to the account holders, such as preferential interest rates, and higher ATM withdrawal and spending limits at Point of Sales. The Al Wajaha services include the prestigious Al Wajaha Visa Infinite Debit Card, a first in the local market, offering a unique package of benefits from Visa including travel rewards such as multi-trip insurance, access to concierge services and emergency medical services. In addition, Al Wajaha customers are automatically provided with a Priority Pass card giving them access to over 600 airport lounges in over 300 cities worldwide.

A very successful summer loans promotion, which ran between May and September, saw the Bank gain market share in this important sector.

During the year, BBK launched the revamped Secura brand, offering a new range of insurance and saving products from Medgulf Allianz Takaful and Bahrain Kuwait Insurance Co., designed to meet all the insurance needs of our customers. The certification of 14 employees in the sales of insurance products took place in 2012 and now we can count more than 250 employees of BBK, Credimax and Invita having received insurance products training over the last two years from the Bancassurance unit in BBK.

2012 saw continuing investment in BBK’s branch network and cashpoint infrastructure with new and enhanced ATMs offering not only cash dispensing but cash and cheque deposit functionality. The branch modernisation programme also saw the installation of parking facilities and wheelchair access for the disabled at all BBK Financial Malls.

In the Kingdom of Bahrain, BBK has seven Financial Malls, nine branches and a total of 53 ATMs including 19 off-site and six CDMS (Cash Deposit Machines). BBK also has one large branch in the State of Kuwait, a representative office in Dubai and two branches in the Republic of India, in Mumbai and Hyderabad, with a third one under establishment in Kochi.

Retail Banking management relocated to the CrediMax building in Al Seef District during 2012 in a move designed to maximise synergies between the Bank’s retail banking and credit cards businesses.

Transactional Banking launched Phase 2 of “BBKCashlink”, the Bank’s internet accessible cash management payments system. This has brought greater efficiencies to bulk payments processing and offers a range of user access improvements designed to help customers and ensure that BBKCashlink remains a market-leading product.

There has been a continuing focus on driving up transaction volumes and this has resulted in good growth in Transactional Banking revenues. A number of enhancements to the Bank’s trade finance system were also implemented during the year, including automation of the export financing module.

Professional excellence and integrity is at the heart of our business.
Our clients continued

Bahrain’s tourism industry showed signs of improvement in 2012 and there has also been considerable expansion of the medical services sector, resulting in overall asset growth in the SME sector. The Bank’s efforts last year to segment the market began to pay dividends and while there have been signs that some banks have withdrawn from providing finance to local SMEs, BBK has maintained support for local business and remains committed to helping Bahrain’s exporters.

Corporate Banking focussed their business development efforts primarily on the trading and manufacturing sectors, as well as on contractors involved in Government projects, and recorded satisfactory growth in assets. On the liabilities side, the Bank was able to reduce costs. In view of the Bank’s strong liquidity position there was no requirement to bid up for deposits. The Bank was aided by a “flight to quality” and the net result was that Corporate Banking comfortably exceeded their revenue target.

Much attention was given to staying in close contact with clients and supporting them fully in the event that they encountered financial difficulties. Some accounts were restructured but provisions were in line with forecast.

Another important initiative was the establishment of a Group Relationship Management approach. Relationship Managers in Corporate Banking are working hand-in-hand with staff in other divisions of the Bank, and in subsidiaries, to cross-sell the full range of products. Primarily the focus was on trade finance, cash management and treasury products.

International Banking had another profitable year and all of the goals set out in the 2010-2012 Strategic Plan were achieved. The operation in India, which currently consists of two branches, is performing well and has seen steady growth in assets. The injection of additional capital into the Indian business in 2011 has enabled BBK to move up a notch in terms of its ability to compete for corporate loan business. Although the corporate lending environment in India was not without its challenges in 2012, BBK has prospered by focussing on “defensive” sectors such as the pharmaceutical industry.

The Reserve Bank of India has granted BBK a licence to operate a third branch in the country.

“... The Reserve Bank of India has granted BBK a licence to operate a third branch in the country.”

In the rest of the GCC region the focus continued to be on building bilateral corporate relationships and providing primarily working capital facilities to clients in Saudi Arabia, Qatar and Oman. This strategy is progressing well and there have been business wins in all three of these markets. At the end of 2012 the offshore banking loan book was some 20 per cent above plan period forecast.

While some major projects are still mothballed and cash-flow remains a problem, the situation in the Dubai market is slowly improving. We have continued to adopt a cautious approach and our representative office there has been working hard to avoid credit impairment in the portfolio. Following the restructuring of this portfolio it has been performing well. Opportunities to get into cash assignment businesses such as shopping-malls are being selectively pursued.

Our NRI (Non-Resident Indians) business continues to grow and we have expanded our services to include sales of third party insurance products from the Life Insurance Company of India to NRIs in Bahrain and Kuwait. In addition, the new joint venture between BBK, Geojit and a Kuwaiti partner will be operational shortly and this will give us the opportunity to widen our product range further to include sales of investment products in India to NRIs based in Kuwait.

Treasury & Investment continue to make a significant contribution to the Bank’s net profit. This contribution grew in 2012. Their overall strategy of pursuing high quality, and highly liquid, investment opportunities in the GCC region, with some diversification into the wider MENA region, has continued. A number of opportunistic deals were concluded, on a highly selective basis, in emerging markets.

Throughout 2012 many of the same concerns that were present in the markets in 2011, remained. Primarily these centred around the Eurozone sovereign debt crisis and growth in some Emerging Markets and the potential impact of these concerns on other markets, but equity markets rallied and ended the year higher than they were before the collapse of Lehman Brothers. This has enabled Treasury and Investment to grow the size of their equities portfolio. There was also a strong rally in GCC bond yields and clients have shown greater appetite for GCC fixed income opportunities. Growth in the Bank’s investment portfolio has continued to offset lower than anticipated growth in credit.

The Bank’s liquidity and funding positions remain sound and this has meant that there was little pressure to bid up for deposits. Going forward, a gradual recovery of the regional stock market is anticipated and it is hoped that BBK’s recent launch of a GCC equity brokerage service and the new BBK-Geojit Securities venture in Kuwait will generate attractive new business.
Management review

Our subsidiaries

CrediMax, BBK’s wholly-owned subsidiary specialising in credit card issuing and acquiring continues to perform very well, maintaining its dominant position. As there are limited opportunities for CrediMax to expand further within Bahrain, they are considering the possibility of establishing a presence in other markets in the wider GCC region.

Capinnova Investment Bank, the Shari’a compliant investment banking arm of BBK, provides various products and services through its Asset Management, Corporate Finance and Private Equity departments. Despite the current challenging and difficult market conditions, Capinnova performed satisfactorily in comparison with their peers. The private equity deals Capinnova closed this year, will reap the benefits in the years to come, as we are constantly looking at ways of improving Capinnova’s overall performance. The bank is in the process of signing a Memorandum of Understanding (MOU) with the Arab Tourism Organization (ATO), the main purpose being to create a strategic alliance which will enable the bank to explore and target different types of projects from the public and private sector in the member countries of the ATO.

Invita, BBK’s wholly-owned call centre outsourcing subsidiary, continues to perform very well. Seeking more opportunities for growth, they are expanding into other GCC markets, particularly Kuwait.

Sakana, a 50-50 joint venture between Capinnova and Ithmaar Bank of Bahrain, provides Islamic finance to the real estate sector. Its business model has been affected by the unfavorable conditions being witnessed in the real estate markets and this will require us to consider a new strategy for this subsidiary.

Global Payment Services (GPS), a subsidiary of CrediMax specialising in the processing and outsourcing business, continued to attract new local and overseas clients, with particular success in Iraq, and will be an important business arm of both BBK and Credimax going forward. They have an attractive business model and will continue to seek out opportunities to develop their business by extending their services to clients outside Bahrain.

Internal processes

Information Technology (IT) focused their efforts on implementing key initiatives set out in the Bank’s five year IT Strategic Plan (ITSP) which is overseen by a group-wide IT Steering Committee.

IT initiatives progress during the year included the replacement of all legacy networking equipment with the latest technology, enhancements to the Bank’s network connectivity, and the performance of critical system back-ups. BBK’s core banking system was upgraded and there were also upgrades to the AML and Trade Finance platforms. In addition to the upgrades, Phase 2 of BBK CashLink was released, the SMS/Mobile Banking Platform was completely revamped and multi-function ATMs (which allow both cash/cheques deposit and withdrawal) were introduced. Furthermore, in line with the ITSP objective of increasing the Bank’s outsourcing footprint with subsidiaries, the debit card personalisation process was migrated to GPS and the Tele-Banking service was moved to Invita.

Two CBB-mandated initiatives, IBAN and Image Based Cheque Clearing, were also successfully completed.

The Bank maintains a Business Continuity Management (BCM) capability which minimises the risk of severe operational disruptions occurring and ensures business continuity in an unforeseen event, complying with corporate governance and regulatory requirements. In June, the Bank conducted a full bank-wide test of the Business Continuity Plan (BCP) in line with CBB directives and approved BCM policy. It was attended by Executive Management, members of the Crisis Management team and three members of the Bank’s Board of Directors. BBK is one of Bahrain’s first banks to have its own dedicated, bespoke and fully equipped Business Continuity Centre (BCC) which ensures customers with a continuity of critical banking services simultaneously securing its vital assets in the scenario of an unexpected event. During the year similar exercises were undertaken for CrediMax, Capinnova and BBK-India.

In 2012, Risk, Compliance & Legal Affairs focussed considerable attention on reviewing and strengthening important risk management policies of the Bank. These included the policies on Country Risk, Bank Risk and Maximum Exposure. Every policy has to be reviewed at least once every three years at a minimum. In addition, the monitoring of non-performing assets and high risk facilities was strengthened.

The requirements of Basel 2.5 were implemented. This is a regulation which imposes higher capital charges on banks for the market risks they run in their trading operations. The Bank continues to work towards Basel III implementation, and does so in close consultation with the Central Bank of Bahrain.

Other initiatives undertaken during the year included automation of the Bank’s FAROC (Risk Adjusted Return on Capital) process and the completion of an Impact Assessment Study on FATCA (the U.S. Foreign Account Tax Compliance Act).

Regulatory compliance is a key area of focus for the Bank and the general trend towards increasing compliance expectations by all stakeholders continues. BBK’s Compliance Department plays an essential role in ensuring that the Bank and all subsidiaries and overseas branches operate in full compliance with all Central Bank of Bahrain directives, as well as those issued by all relevant overseas regulatory authorities. In 2012 an upgrade of the Bank’s automated risk-based Anti Money-Laundering (AML) monitoring system was completed.

Credit Management performs an independent, and essential, risk management role for the Bank on both the credit portfolio and the investment portfolio. Their credit review role ensures that the Bank maintains a prudent and independent approach to risk. Their credit administration role ensures that the Bank makes its lending and investment decisions based on all required information and in full compliance with relevant credit risk policies and procedures through reliable credit monitoring and comprehensive management information systems. In 2012, further enhancements were made to the Bank’s credit and management information systems to ensure robust credit control and timely, accurate reporting to support lending and investment decisions.
The Internal Control Unit’s (ICU) main role is to plan, monitor and ensure that adequate internal control systems are in place in all departments and that the assets of the Bank are duly safeguarded. ICU has well designed and comprehensive internal control systems and procedures in place to ensure the Bank’s business activities and any associated risks that could arise in the course of doing business are appropriately managed. These control systems and procedures are reviewed at least annually or even more frequently if deemed necessary.

Operations Division played a significant role in the successful implementation of the Bahrain Cheque Truncation System project, a major country wide initiative for the banking industry driven by the Central Bank of Bahrain, which enables customers to get same day value for all cheques deposited before 11:30 a.m. The Operations Division controlled various phases of this project to ensure BBK’s readiness for smooth “go live” as per CBB’s deadline.

The division has also been heavily involved in other strategic initiatives of the Bank such as the implementation of BBK Cash Management platform phase 2 and the upgrade of three major core applications namely Core Banking, Trade Finance and Treasury Back Office to further enhance customer services.

Our community

We are proud of our long tradition of providing support to a wide range of humanitarian, educational, cultural, social and health initiatives in the communities in which we operate. In 2012, in addition to our ongoing commitments in respect of our Corporate Social Responsibility (CSR) as a major local employer, the Board has additionally approved the creation of a “sinking fund” which the Bank will build up in the years ahead in order to support significant future CSR projects.

We have continued our support for the Crown Prince’s International Scholarship Programme (CPISP). BBK is a Platinum Sponsor of the CPISP programme, with a BD 1 million commitment pledged over five years. In 2012 we presented a cheque for BD 200,000 being the third instalment. Other areas where we have been able to provide support for the education of our young people include internships at the Bank for students of inJAz Bahrain, lectures to students at the Royal University for Women, and the provision of sunshades for 3 Elementary Schools.

We have also provided support for, amongst others, the “Wehda Wahda” campaign of the Ministry of Human Rights and Social Development, which fosters national unity and citizenship amongst members of the Bahraini society.

In line with our belief in the importance of preserving our culture and heritage, we have also committed BD 420,000 to support the re-building and renovation of the Khalifiya Library in Muharraq, which is currently being restored as public library for local residents.

“BBK is a Platinum Sponsor of the CPISP programme, with a BD 1 million commitment pledged over five years.”

Conclusion

The Bank’s performance in 2012 has been very pleasing. We are particularly delighted to have been able to deliver on the vast majority of initiatives set out in our 2010-2012 Strategic Plan, particularly as during this plan period we encountered events both locally and internationally which were not possible to predict, but which have not blown us off course. Our financial performance bears testament to the solid foundations on which the Bank is built and the excellence of the people who work with us.

The outlook for our region remains positive and with our new 2013-2015 Strategic Plan in place we have an effective roadmap for taking BBK forward and achieving further success.

In closing, it is my pleasure to extend the BBK management team’s sincere appreciation to our Board of Directors for their ongoing support and valuable guidance, to the Central Bank of Bahrain, the Central Bank of Kuwait, the Reserve Bank of India, Bahrain Bourse, our loyal customers and finally to all our dedicated employees who have worked so hard to achieve such a satisfactory performance and to deliver on BBK’s vision, while at the same time contributing to the Kingdom of Bahrain’s progress and to a brighter future for all.

Abdulkarim Ahmed Bucheery
Chief Executive
Executive Management

Abdulkarim Ahmed Bucheery  
Chief Executive  
BSc, University of Aleppo, Syria (1976).  
35 years banking experience.  
Joined BBK in 2002.

Rashed Salman Al Khalifa  
General Manager, Business Group  
MBA, Arizona State University, United States of America (1982).  
30 years banking experience.  

Reyad Younif Sater  
General Manager, Shared Services Group  
MBA, University of Glamorgan, United Kingdom (2001).  
35 years banking experience.  
Joined BBK in 1978.

Mahmood Abdul Aziz  
Assistant General Manager, Operations  
Executive Management Diploma, University of Bahrain. Gulf Executive Management Program, University of Virginia, United States of America (1997).  
41 years banking experience.  
Joined BBK in 1976.

Adnan A. Wahab Al Arayyed  
Head of Credit Management  
BSc, Beirut Arab University, Lebanon (1984).  
31 years banking experience.  
Joined BBK in 1983.

Rashad Akbari  
Assistant General Manager, Transactional Banking  
MSc, Marketing, University of Stirling, United Kingdom (1997).  
26 years work experience, of which 12 years in banking.  
Joined BBK in 2000.

Abdul Hussain Bustani  
Assistant General Manager, Project Management Office  
(Effective 15 October 2012)  
Higher National Diploma, Civil Engineering, Trent University, United Kingdom (1978).  
37 years work experience, of which 23 years in banking.  

Axel Hofmann  
Assistant General Manager, Retail Banking  
MBA, University of Texas, United States of America (1991).  
22 years banking experience.  

Mohammed Abdulla Isa  
Assistant General Manager, Financial Planning & Control  
Certified Public Accountant, American Institute of Certified Public Accountants, Delaware State Board of Accountancy, United States of America (2001).  
21 years finance experience.  

* Effective 2 December 2012, Mahmood Abdul Aziz joined the Project Management Office.
Hassaan Mohammed Burshaid
Assistant General Manager, Human Resources & Administration (Effective 15 October 2012)
MSc, Human Resources Management, DePaul University, United States of America (2006).
18 years of experience in the field of human resources.

Khalil Al Meer
Assistant General Manager, Corporate Banking
BSc, Business Administration, University of Bahrain, Kingdom of Bahrain (1985).
27 years banking experience.

Jamal Al Sabbagh
Assistant General Manager, Information Technology
MBA, University of Glamorgan, United Kingdom (2001).
32 years banking experience.
Joined BBK in 1980.

Khalil Al Meer
Assistant General Manager, Corporate Banking
BSc, Business Administration, University of Bahrain, Kingdom of Bahrain (1985).
27 years banking experience.

Amit Kumar
Assistant General Manager, Risk, Compliance & Legal Affairs
29 years banking experience.

Abdulrahman Saif
Assistant General Manager, Treasury & Investment
PhD, Economics, University of Leicester, United Kingdom (1992).
30 years banking experience.

Ashish Sarkar
Assistant General Manager, International Banking
22 years banking experience.
Joined BBK in 1997.
(3) The Project Management Office has been created to oversee the implementation of key strategic initiatives.

(2) The Assistant General Manager of Risk, Compliance & Legal Affairs (RCLA) participates in the Board and/or Executive Committee meetings whenever risk issues are discussed. The Head

(1) The branches in India and the Representative Office in Dubai report to the International Banking Division.

Notes:

[1] The branches in India and the Representative Office in Dubai report to the International Banking Division.

[2] The Assistant General Manager of Risk, Compliance & Legal Affairs (RCLA) participates in the Board and/or Executive Committee meetings whenever risk issues are discussed. The Head of Compliance and Money Laundering Reporting Officer (MLRO) reports to the Assistant General Manager of RCLA, and has access to the management and presents quarterly compliance reports to the Audit Committee.

[3] The Project Management Office has been created to oversee the implementation of key strategic initiatives.
Remuneration Policy
BBK employee remuneration framework aims at providing an economically competitive level of compensation to attract and retain talented employees. In its endeavour to achieve this, the Bank maintains the level of overall compensation at the upper quarter percentile line of the Bahrain banking industry with specific reference to the premier commercial banks. The Bank’s reward policy is meritocracy based system, linking reward to performance through a performance management system that recognises the value of each job in the organisation and focuses on creating a performance driven culture.

Executive Management remuneration

Fixed and Variable Pay
The total remuneration of the Executive Management team in 2012 was BD 4,562,225. This amount includes the guaranteed cash components such as the basic salary, fixed bonus allowances and the variable performance reward related to 2011.

Employee Performance Share Plan (EPSP) Awards
The total accumulative number of shares granted under the EPSP to the eligible members of the Executive Management as at end of 2012 was 4,145,620 shares. The vesting of the awarded shares will be subject to satisfactorily achieving the target performance conditions.

Subsidiaries Board remuneration
Members of the Executive Management who represent the Bank as Directors on the Boards of wholly owned subsidiaries and/ or associate companies received a total amount of BD 229,831 as remuneration and sitting fees for their contribution in the respective subsidiary or/ and the associate company in 2011.

Long Term Incentive Plans
The BBK Long Term Incentive Plans are share based reward schemes, under which the Bank allocates certain numbers of shares every year to Executive Management employees based on performance, potential, and job criticality level. The grant price is determined according to the share price at the closing of the market on the fourteenth day after the Annual General Meeting. There are two forms of the Employee Long Term Incentive Plans:

Employee Stock Options Plan
This plan was introduced in 1999 and options were granted on a yearly basis until 2009. The plan will end once all options granted till 2009 expire or vest.

Employee Performance Shares Plan
The scheme was introduced effective 2010. The plan operates on a yearly basis of shares being allocated and held in a trust in the name of the individual employee over the vesting period. Following the assessment of the performance of the Bank against the target performance conditions stipulated for the period, the ownership of the vested shares is transferred to the individual employee.

Executive Management interests
The number of shares held by members of the Executive Management team as of 31 December 2012 was as follows:

<table>
<thead>
<tr>
<th>Name</th>
<th>Type of shares</th>
<th>31 December 2012</th>
<th>31 December 2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mahmood Abdul Aziz</td>
<td>Ordinary</td>
<td>7976</td>
<td>7976</td>
</tr>
<tr>
<td>Jamal Al Sabbagh</td>
<td>Ordinary</td>
<td>6208</td>
<td>6208</td>
</tr>
</tbody>
</table>

Executive Management trading of Bank’s shares during the year 2012
No trading.

Management Committees
Management Committees are chaired by the Chief Executive. Committee members are heads of the relevant divisions appointed by the Committee Chairman.

<table>
<thead>
<tr>
<th>Committee</th>
<th>Summary terms and reference</th>
</tr>
</thead>
<tbody>
<tr>
<td>Asset &amp; Liability</td>
<td>Establishes policies and guidelines for the overall management of the statement of financial position and its associated risks. Frequency of meetings: At least once a month.</td>
</tr>
<tr>
<td>Liability Management</td>
<td></td>
</tr>
<tr>
<td>Senior Human Resources</td>
<td>Establishes appropriate policies, procedures and guidelines for the management of human resources. Frequency of meetings: Once every other month.</td>
</tr>
<tr>
<td>Provision</td>
<td>Reviews and establishes provisioning requirements for loans, advances and investments. Frequency of meetings: Once every quarter.</td>
</tr>
<tr>
<td>Risk Management</td>
<td>Identifies, measures, monitors and controls risk by establishing risk policies and procedures. Frequency of meetings: Once every other month.</td>
</tr>
<tr>
<td>Strategy Review</td>
<td>Reviews and monitors progress on strategic initiatives. Frequency of meetings: Twice a year.</td>
</tr>
<tr>
<td>Management Credit</td>
<td>Approves credit and investment proposals above a certain limit. Also reviews and recommends any proposal requiring Executive Committee or Board approval. Frequency of meetings: Once a week.</td>
</tr>
<tr>
<td>Country Risk</td>
<td>Reviews country reports/ratings/strategies of the identified countries and presents recommendations for undertaking exposures to the Board for their approval. Frequency of meetings: Once a month.</td>
</tr>
</tbody>
</table>
## Major BBK shareholdings as of 31 December 2012

<table>
<thead>
<tr>
<th>Name / Entity</th>
<th>Nationality / Head Quarters</th>
<th>Legal status</th>
<th>Ownership date</th>
<th>%</th>
<th>Previous</th>
<th>Current</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>The company’s ownership in other companies listed on the Bahrain Bourse</strong> (5% and above)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bahrain Kuwait Insurance (BKIC)</td>
<td>Bahrain</td>
<td>B.S.C. (c)</td>
<td>2006</td>
<td>6.82%</td>
<td>4,436,215</td>
<td>4,679,836</td>
</tr>
<tr>
<td>Securities Investment Company</td>
<td>Bahrain</td>
<td>B.S.C. (c)</td>
<td>2006</td>
<td>9.89%</td>
<td>41,250,000</td>
<td>41,250,000</td>
</tr>
<tr>
<td>Bahrain Commercial Facilities Company</td>
<td>Bahrain</td>
<td>B.S.C. (c)</td>
<td>1994</td>
<td>23.00%</td>
<td>37,618,691</td>
<td>37,618,691</td>
</tr>
<tr>
<td><strong>Major shareholders of the company’s outstanding shares</strong> (5% and above)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ithmaar Bank</td>
<td>Bahrain</td>
<td>B.S.C.</td>
<td>2008</td>
<td>25.34%</td>
<td>215,736,187</td>
<td>215,946,187</td>
</tr>
<tr>
<td>Pension Fund Commission (PFA)</td>
<td>Bahrain</td>
<td>Governmental Institution</td>
<td>1986</td>
<td>18.79%</td>
<td>159,933,766</td>
<td>159,933,766</td>
</tr>
<tr>
<td>Kuwait Investment Authority (KIA)</td>
<td>Kuwait</td>
<td>Investment Company</td>
<td>1990</td>
<td>18.70%</td>
<td>159,173,547</td>
<td>159,173,547</td>
</tr>
<tr>
<td>Social Insurance Organization (SIO)</td>
<td>Bahrain</td>
<td>Governmental Institution</td>
<td>1986</td>
<td>13.34%</td>
<td>113,573,255</td>
<td>113,573,255</td>
</tr>
<tr>
<td><strong>The Bank’s holdings in other companies</strong> (Quoted / unquoted in / out Kingdom of Bahrain) (10% and above)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>CrediMax</td>
<td>Bahrain</td>
<td>B.S.C. (c)</td>
<td>1999</td>
<td>100.00%</td>
<td>5,000,000</td>
<td>5,000,000</td>
</tr>
<tr>
<td>Invita</td>
<td>Bahrain</td>
<td>B.S.C. (c)</td>
<td>2006</td>
<td>100.00%</td>
<td>500,000</td>
<td>1,000,000</td>
</tr>
<tr>
<td>Global Payment Services *</td>
<td>Bahrain</td>
<td>W.L.L.</td>
<td>2005</td>
<td>55.00%</td>
<td>10,000</td>
<td>10,000</td>
</tr>
<tr>
<td>Sakina Holistic Housing Solutions **</td>
<td>Bahrain</td>
<td>B.S.C. (c)</td>
<td>2006</td>
<td>50.00%</td>
<td>10,000,000</td>
<td>10,000,000</td>
</tr>
<tr>
<td>Capinnova Investment Bank</td>
<td>Bahrain</td>
<td>B.S.C. (c)</td>
<td>1999</td>
<td>100.00%</td>
<td>125,000,000</td>
<td>125,000,000</td>
</tr>
<tr>
<td>The Benefit Company</td>
<td>Bahrain</td>
<td>B.S.C. (c)</td>
<td>1997</td>
<td>22.00%</td>
<td>3,960</td>
<td>3,960</td>
</tr>
<tr>
<td>EBLA Computer Consultancy **</td>
<td>Kuwait</td>
<td>K.S.C. (c)</td>
<td>2010</td>
<td>36.36%</td>
<td>13,333,334</td>
<td>13,333,334</td>
</tr>
<tr>
<td>Naseej Company</td>
<td>Bahrain</td>
<td>B.S.C. (c)</td>
<td>2009</td>
<td>13.89%</td>
<td>250,000,000</td>
<td>250,000,000</td>
</tr>
<tr>
<td>Aloos Bank</td>
<td>Bahrain</td>
<td>B.S.C. (c)</td>
<td>2009</td>
<td>10.00%</td>
<td>5,000,000</td>
<td>5,000,000</td>
</tr>
<tr>
<td>Shared Electronic Banking Services</td>
<td>Kuwait</td>
<td>K.S.C.</td>
<td>1990</td>
<td>10.00%</td>
<td>900,000</td>
<td>900,000</td>
</tr>
<tr>
<td>Diyaar Al Harameen Al Ola Limited **</td>
<td>Cayman Islands</td>
<td>W.L.L.</td>
<td>2011</td>
<td>35.00%</td>
<td>1,645,000</td>
<td>1,645,000</td>
</tr>
<tr>
<td>Saudi MAIS Company for Medical Products **</td>
<td>Saudi Arabia</td>
<td>W.L.L.</td>
<td>2011</td>
<td>24.00%</td>
<td>8,250</td>
<td>8,280</td>
</tr>
<tr>
<td>BBK Geojit Securities</td>
<td>Kuwait</td>
<td>K.S.C.</td>
<td>2012</td>
<td>40.00%</td>
<td>2,000,000</td>
<td>2,000,000</td>
</tr>
</tbody>
</table>

* Shareholding through CrediMax.
** Shareholding through Capinnova Investment Bank.

### BBK offices and international branches

<table>
<thead>
<tr>
<th>Bahrain Headquarters</th>
<th>Kuwait</th>
<th>Mumbai</th>
<th>Hyderabad</th>
<th>Dubai Representative</th>
</tr>
</thead>
<tbody>
<tr>
<td>43 Government Avenue</td>
<td>Ahmed Al Jaber Avenue</td>
<td>P.O. Box 11692</td>
<td>6-3-550, L.B. Bhavan</td>
<td>Creek Tower</td>
</tr>
<tr>
<td>P.O. Box 597</td>
<td>P.O. Box 24396</td>
<td>Jolly Maker Chambers II</td>
<td>Akashganga</td>
<td>Office No. 18A</td>
</tr>
<tr>
<td>Manama</td>
<td>13104 Safat</td>
<td>225 Nariman Point</td>
<td>Somajiguda</td>
<td>P.O. Box 31115</td>
</tr>
<tr>
<td>Kingdom of Bahrain</td>
<td>State of Kuwait</td>
<td>Mumbai 400021</td>
<td>Republic of India</td>
<td>Dubai, UAE</td>
</tr>
<tr>
<td>TEL: +973 17 22 33 88</td>
<td>TEL: +965 2223 3600</td>
<td>TEL: +912 22 282 3698</td>
<td>TEL: +914 02 339 8219</td>
<td>TEL: +971 4 221 0560</td>
</tr>
<tr>
<td>FAX: +973 17 22 98 22</td>
<td>FAX: +965 2244 0937</td>
<td>FAX: +912 22 204 4458</td>
<td>FAX: +914 02 337 5977</td>
<td>FAX: +971 4 223 7156</td>
</tr>
<tr>
<td>TELEX: 8919</td>
<td>SWIFT: BKKUBHBM</td>
<td>+912 22 284 1416</td>
<td>+914 02 339 8218</td>
<td>FAX: +971 4 221 0570</td>
</tr>
<tr>
<td></td>
<td></td>
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<td></td>
<td>TEL: +971 4 221 0260</td>
</tr>
</tbody>
</table>