



# Dubai Financial Market Listing



KHALEEJI  
COMMERCIAL  
BANK | المصرف  
الخليجي  
التجاري

## **Vision**

To become the stronghold of the domestic economy and regional Islamic Banking by providing unique, innovative and trustworthy Shari'a compliant products, services and investment opportunities for our clients.

## **Mission**

Emerge as a catalyst in the economic development of Bahrain, the GCC and the MENA region, maximize client and shareholder value in accordance with the principles of Shari'a, contribute towards stable growth of Islamic Banking and provide a challenging, composed and optimistic environment for our employees to be innovative and attain their professional milestones.



## PART ONE

### a. Share Capital & Shareholders Structure

Khaleeji Commercial Bank BSC (the “Bank” or “KHCB”), is a public shareholding company incorporated on 24 November 2004 in the Kingdom of Bahrain under Commercial Registration (No. 55133). The Authorized capital of KHCB is BD 300 million (3,000,000,000 ordinary shares of BD 0.100 each) and the issued and fully paid up capital is BD 105 million (1,050,000,000 ordinary shares of BD 0.100 each). The Bank issued one class of equity shares and the holders of these shares have equal voting rights.

The Bank’s shareholders in their general meeting held on 30 March 2015, approved the Board of Directors’ recommendations for a reduction of the paid-up capital by 13.36% (reduction of 2 shares for each 15 shares approximately) from BD 115,416,109 to BD 100,000,000 by reducing the total number of shares from 1,154,161,084 shares to 1,000,000,000 shares and writing-off of BD 1,535,181 share premium, to write-off the accumulated losses of BD 16,951,290. The difference resulted by the reduction was amortized as part of the recovered shares account.

The Bank’s shareholders in their general meeting held on 15 March 2016, approved to distribute 5% of paid up capital as bonus shares to the shareholders registered (by issuing 5 shares for every 100 existing shares) equivalent to 50,000,000 new shares equivalent to BD 5 million, increasing the paid up capital to BD 105 million. As of 31 December 2016, the issued shares were held by 536 shareholders out of which 63.57% (422 shareholders) were Bahraini nationals while the remaining 36.43% (118 shareholders) were non-Bahraini nationals.

### b. Shareholding Structure

Name	Nationality	Shareholding Interest
GFH Financial Group B.S.C	Bahrain	47.00%
Goldilocks Investment Company Limited	UAE	9.90%
Emirates Islamic Bank PJSC	UAE	8.41%
Khaleeji Commercial Bank B.S.C (Treasury Shares)	Bahrain	8.19%
Others less than 5%	Various	26.5%

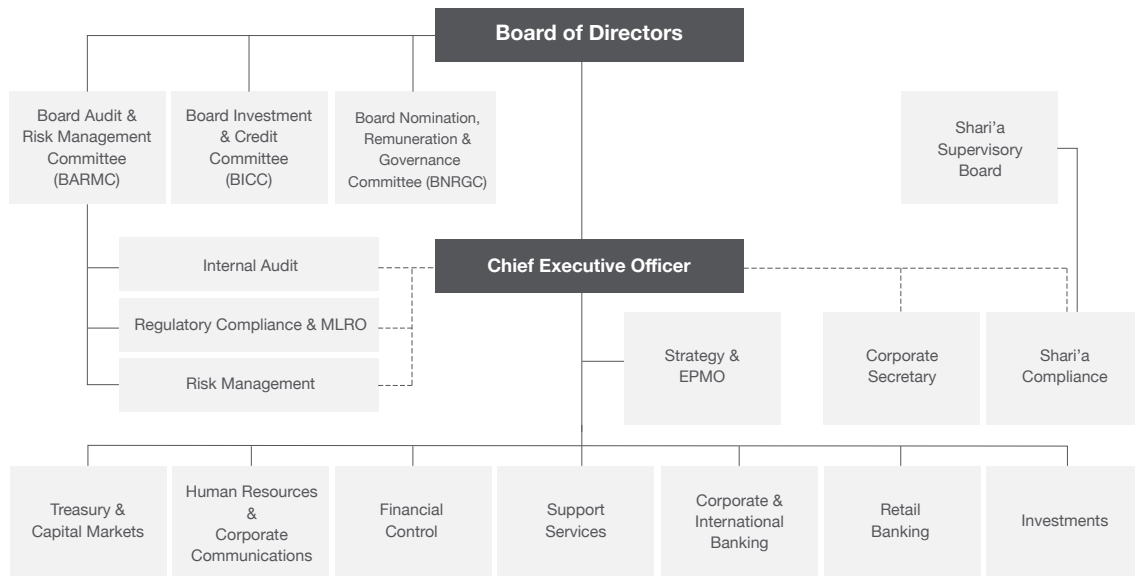
## PART TWO

The Bank operates under an Islamic retail banking license granted by the Central Bank of Bahrain (the “CBB”) on 20 October 2003. The Bank was listed on the Bahrain Bourse on 11 June 2008.

The Bank’s activities are regulated by the CBB and supervised by a Religious Supervisory Board to ensure adherence to Shari’a rules and principles in its transactions and activities. The principal activities of the Bank include providing banking and investment products and services to retail customers, high net worth individuals, corporate entities, and financial institutions.

These include retail and corporate banking, consumer finance, wealth management, structured investment products and project financing facilities which comply with Islamic Shari’a rules and principles as determined by the Bank’s Shari’a Supervisory Board. KHCB is headquartered in Bahrain Financial Harbor and has 11 branches in the Kingdom of Bahrain with a total of 220 staff.

## a. Organizational Chart



## b. Board of Directors

Name	Background
Dr. Ahmed Khalil Al-Mutawa Chairman	<ul style="list-style-type: none"> <li>Over 20 years of experience in economics and financial sector.</li> <li>Ph.D. in Economics from Georgetown University - USA.</li> <li>Master in Economics from University of North Carolina - USA.</li> <li>Bachelor in Economics from University of Cairo - Egypt.</li> </ul>
Abdulkareem Ahmed Bucheeri Vice Chairman	<ul style="list-style-type: none"> <li>Over 40 years of professional banking experience.</li> <li>BSc in Economics Science from Aleppo University, Syria</li> </ul>
Abdulla Abdulkarim Showaiter	<ul style="list-style-type: none"> <li>Over 38 years of experience in the banking industry.</li> <li>Attended several courses in the field of banking and finance.</li> </ul>
Hisham Ahmed Al Rayes	<ul style="list-style-type: none"> <li>Over 19 years of experience in the financial and banking sector.</li> <li>Chief Executive Officer of GFH Financial Group BSC.</li> <li>Managing Director of GFH Capital Limited.</li> <li>Master in Business Administration from University of DePaul - USA.</li> <li>Bachelor of Science in Electrical / Electronic Engineering from University of Bahrain.</li> </ul>
Loay Hasan Ahmadi	<ul style="list-style-type: none"> <li>Over 19 years of experience in Management &amp; Investment</li> <li>Chief Placement Officer of GFH Financial Group BSC</li> <li>Senior Executive Officer of GFH Capital Limited</li> </ul>

	<ul style="list-style-type: none"> <li>• Master in Science (EgMt) from the George Washington University - USA</li> <li>• Bachelor in Business Administration (Finance/ Minor Accountancy) from the George Washington University – USA</li> </ul>
Mohammed Abdulmohsen Al Rashed	<ul style="list-style-type: none"> <li>• Over 9 years of experience in the field of business &amp; finance.</li> <li>• Consultant for Rashed Al Rashed Group Company.</li> <li>• Bachelor in Business Administration from the Fairleigh Dickson University, Canada.</li> </ul>
Sheikh Ahmed Bin Essa Al Khalifa	<ul style="list-style-type: none"> <li>• Over 29 years of experience in the fields of Project &amp; Information Management.</li> <li>• Over 16 years of experience at the Ministry of Interior, currently the Assistant Undersecretary of Nationality, Passports &amp; Residence Affairs (NPRA).</li> <li>• Master Certificate in Project Management from the George Washington University, USA.</li> <li>• BSc in Computer Science from Saint Edwards University, USA.</li> </ul>
Dr. Khalid Mohammed Al Khazraji	<ul style="list-style-type: none"> <li>• Over 30 years of experience in the fields of Management, Entrepreneurship, Human Resources &amp; Education.</li> <li>• Adjunct Professor at the University of Dubai.</li> <li>• Major professional contributions to the UAE's Ministry of Labor.</li> <li>• Major professional contributions to the United Arab Emirates University.</li> <li>• Participation in various training workshops, conferences &amp; programs in the US &amp; Switzerland.</li> <li>• Published multiple books &amp; research in fields such as Entrepreneurship, Management, Labor, etc.</li> <li>• Ph.D. in Business Administration (Major: Management, Minor: Management Information System) from the University of Mississippi, USA.</li> <li>• Master in Business Administration from Loyola University, USA.</li> <li>• Bachelor in Business Administration from the University of Miami, USA.</li> </ul>
Fawad Tariq-Khan	<ul style="list-style-type: none"> <li>• Over 13 years of experience in the field of Management &amp; Investment.</li> <li>• General Manager of SHUAA Capital, UAE</li> <li>• MSc in Business Studies, University College Dublin Michael Smurfit Graduate Business School, Ireland.</li> <li>• BSc in Computer Science &amp; Economics, University College Cork, Ireland.</li> </ul>

Yousif Ibrahim Al Ghanim

- Over 10 years of experience in the field of Management.
- Deputy General Manager for Investment & Development of Alam Almesila General Trading Company, Kuwait.
- Acting CEO & Head of the Executive Committee of Alaman Investment Co., Kuwait.
- Bachelor in Accounting from Kuwait University.
- Certificate in Credit Management from the Institute of Banking Studies, Kuwait.

The Board of Directors (the “Board”) of the Bank comprises ten members. Members of the Board were elected/appointed for a three year renewable term during the Annual General Meeting (“AGM”) meeting held on 14th March 2017 as follows:

Name	Designation	Directorship in Other Companies
Dr. Ahmed Khalil Al-Mutawa	Chairman	<ol style="list-style-type: none"> <li>1. Vice Chairman, GFH Financial Group – Bahrain.</li> <li>2. Chairman, Falcon Cement Company – Bahrain.</li> <li>3. Board Member, Dubai University College - UAE.</li> <li>4. Board Member, Dunia Finance - UAE.</li> </ol>
Abdulkareem Ahmed Bucheeri	Vice Chairman	<ol style="list-style-type: none"> <li>1. Chairman, Bahrain Bourse – Bahrain.</li> <li>2. Vice Chairman, Ibdar Bank – Bahrain.</li> <li>3. Board Member, Bahrain Credit – Bahrain.</li> </ol>
Abdulla Abdulkarim Showaiter	Board Member	<ol style="list-style-type: none"> <li>1. Board Member, First Energy Bank - Bahrain.</li> <li>2. Board Member, Al Mahraab Real Estate Company - Kuwait.</li> <li>3. Board Member, Bukhatir Investment Company – UAE.</li> </ol>
Hisham Ahmed Al-Rayes	Board Member	<ol style="list-style-type: none"> <li>1. Chief Executive Officer, GFH Financial Group – Bahrain.</li> <li>2. Director, GFH Capital Limited - UAE.</li> <li>3. Chairman, Tunis Bay Project Company – Tunis.</li> <li>4. Director, Tunis Bay S.A.R.L. - Luxemburg.</li> <li>5. Chairman, Gulf Holding Company K.S.C.C. - Kuwait.</li> <li>6. Director, Royal Ranches Marrakesh - Morocco.</li> <li>7. Chairman, Balexco - Bahrain.</li> <li>8. Director, Cemena Holding Company – Bahrain.</li> <li>9. Director, Energy City Libya Company – Libya.</li> </ol>
Loay Hasan Ahmadi	Board Member	<ol style="list-style-type: none"> <li>1. Chief Placement Officer of GFH Financial Group BSC</li> <li>2. Senior Executive Officer of GFH Capital Limited</li> </ol>
Mohammed Abdulmohsen Al Rashed	Board Member	<ol style="list-style-type: none"> <li>1. Consultant, Rashed Al Rashed Group – KSA.</li> <li>2. Executive Director, Food Capital Company – KSA.</li> <li>3. Executive Director, Fine Food Co. – KSA.</li> <li>4. Executive Director, Alshifa Medical Syringe MFG Co. – KSA.</li> <li>5. Executive Director, Orange Fuel Company – KSA.</li> <li>6. Executive Director, Mahra Co. – KSA.</li> <li>7. Executive Director, Hadaf Co. – KSA.</li> <li>8. Executive Director, Hawadi Co. – KSA.</li> <li>9. Executive Director, Rimal Co. – KSA.</li> </ol>

Fawad Tariq-Khan	Board Member	<ol style="list-style-type: none"> <li>1. Director, Arab Gateway Fund</li> <li>2. Director, Asia for Economic Consultancy</li> <li>3. Director, Dammam Rayhaan Fund</li> <li>4. Investment Committee Member, Frontier Opportunities Fund I.L.P.</li> <li>5. Director, Gulf Finance Corporation pjsc</li> <li>6. Director, Jeddah Centro Fund</li> <li>7. Representative, Septech Holdings Ltd.</li> <li>8. Director, SHL Global Investments</li> <li>9. Director, SHUAA 1 Commercial Broker LLC</li> <li>10. Director, SHUAA 2 Commercial Broker LLC</li> <li>11. Director, SHUAA 3 Commercial Broker LLC</li> <li>12. Director, SHUAA 4 Commercial Broker LLC</li> <li>13. Director, SHUAA Capital International Ltd.</li> <li>14. Director, SHUAA Capital psc</li> <li>15. General Manager, SHUAA Capital psc</li> <li>16. Director, SHUAA Capital Saudi Arabia cjsc</li> <li>17. Director, SHUAA Corporate Director Ltd.</li> <li>18. Investment Committee Member, SHUAA Hospitality Fund I.L.P.</li> <li>19. Director, SHUAA Saudi Arabia Holding Ltd.</li> <li>20. Director, SHUAA Saudi Hospitality Fund</li> <li>21. Chairman, SHUAA Securities Egypt</li> <li>22. Chairman, SHUAA Securities LLC</li> <li>23. Director, Northacre Plc</li> <li>24. Director, BLD Partners GP</li> <li>25. Director, BLD Mezzanine Partners GP</li> <li>26. Director, BLD Holdings Ltd</li> <li>27. Director, Krypto Capital GP</li> <li>28. Director, Business Bay Fund Limited</li> <li>29. Director, BBD Partners GP</li> </ol>
Sh. Ahmed Bin Essa Al Khalifa	Board Member	<ol style="list-style-type: none"> <li>1. Assistant Under Secretary for Nationality, Passports and Residence, Ministry of Interior – Bahrain.</li> <li>2. Board Member, Labor Market Authority – Bahrain.</li> <li>3. Board Member, Bahrain Airport Company – Bahrain.</li> </ol>
Dr. Khalid Mohammed Al Khazraji	Board Member	<ol style="list-style-type: none"> <li>1. Non-Executive Director, University of Dubai – UAE.</li> <li>2. Executive Director, Al Kawthar Investment - UAE.</li> <li>3. Non-Executive Director, Mohammed Bin Rashid School of Government - UAE.</li> </ol>
Yousif Ibrahim Al Ghanim	Board Member	<ol style="list-style-type: none"> <li>1. Executive Director, Alaman Investment Company - Kuwait.</li> </ol>

### c. Committees

The Board of Directors has constituted three committees with specific delegated authorities as follows:

Committee	Primary responsibilities
Board Nominations, Remunerations and Governance Committee (“BNRGC”)	<ul style="list-style-type: none"> <li>• Human Resources</li> <li>• Compensation and incentives</li> <li>• Administration</li> <li>• Corporate Governance</li> </ul>



Board Audit and Risk  
Management Committee (“BARMC”)

- Internal Audit
- External Audit
- Compliance
- Anti-Money Laundering
- Risk management
- Policies related to risk management

Board Investment and Credit  
Committee (“BICC”)

- Investment & credit approval
- Investment policies
- Asset Liability Management
- Banking relationship
- Oversight of Off-Balance Sheet Vehicles

## Senior Management

Name	Background
<p>Tawfeeq Mohammed Al Bastaki Acting CEO Chief Risk Officer</p>	<p><b>Experience:</b></p> <ul style="list-style-type: none"> <li>• Over 35 years of Islamic and Conventional banking experience in Corporate Banking, Structured Finance, Retail Banking, Risk, Governance, and Compliance.</li> <li>• Joined the Bank in 2015.</li> </ul> <p><b>Qualification:</b></p> <ul style="list-style-type: none"> <li>• Masters in Finance from DePaul University.</li> <li>• B.Sc. in Islamic Financing from University College of Bahrain - Bahrain.</li> <li>• Advanced Banking Diploma from Bahrain Institute of Banking and Finance (BIBF)</li> <li>• Executive Diploma “Post Graduate” in Business Management from the University of Bahrain.</li> </ul>
<p>Mahdi A. Nabi Mohammed DGM – Support Services</p>	<p><b>Experience:</b></p> <ul style="list-style-type: none"> <li>• Over 36 years of experience in both Conventional and Islamic banking (all around areas)</li> <li>• Joined the Bank in 2005.</li> </ul> <p><b>Qualification:</b></p> <ul style="list-style-type: none"> <li>• Diploma, Banking Studies, Intermediate Level – BIBF</li> <li>• Diploma, Banking Studies, Advance Level – BIBF</li> <li>• Diploma, Advanced Management – University of Bahrain</li> <li>• Certified Diploma in Accounting and Finance -The Chartered Association of Certified Accountants (ACCA)</li> <li>• Investment Representative Certification in accordance with Series 7 Registered Representative Guidelines – Bahrain Stock Exchange Resolution no.2/199</li> <li>• MBA, General Business Administration - The University of Strathclyde, Scotland, United Kingdom</li> <li>• Managing Strategically, Leading for Results – Harvard Business School, Executive Education.</li> </ul>



Yaser Ismaeel Mudhafar  
Chief Financial Officer

**Experience:**

- Over 18 years of extensive experience in the Islamic banking industry and audit.
- Joined the Bank in 2006.

**Qualification:**

- Certified Public Accountant (CPA) from the American Institute of Certified Public Accountants.
- Certified Islamic Professional Accountant (CIPA) from the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI).
- Executive MBA from University of Bahrain.
- Advanced Diploma Executive Leadership (University of Virginia - Darden Business School).

Mazen Salman Sater  
AGM – Retail Banking

**Experience:**

- 19 years of banking experience.
- Joined the Bank in January 2016.

**Qualification:**

- Graduate with a degree in Business and Marketing from St. Edward's University-USA
- Master in Business Administration, Major Marketing & Change Management from DePaul University - USA.

Khalid Mohammed Turki  
AGM – Corporate & International Banking

**Experience:**

- Over 31 years of experience in the banking sector.
- Joined the Bank in 2006.

**Qualification:**

- Diploma in Business "Post Graduate" from University of Bahrain.
- Executive Management Diploma from University of Bahrain.
- Diploma in Advance Banking Studies from Bahrain Institute of Banking and Finance (BIBF).
- Diploma in Basic Supervision from University of Bahrain.
- Diploma in Computer Science from University of Bahrain.
- Attended the Leading Strategy Execution in Financial Services Program organized by Harvard Business School.

Mohammed Abdulla Saleh  
AGM – HR and Corporate Communications

**Experience:**

- Over 14 years of experience in Management, Islamic Banking, Corporate Governance, Compliance and Anti-money laundering.
- Joined the Bank in 2009.

**Qualification:**

- Master's in IT, Media and E-Commerce Law from the University of Essex - UK.
  - B.Sc. in Law from Dubai Police Academy - UAE.
  - Advanced Diploma in Islamic Finance from Bahrain Institute of Banking and Finance (BIBF).
  - Diploma in Business Management from the University of Bahrain.
  - ICA International Diploma in Compliance from the International Compliance Association ICA.
  - Attended the Waqf Fund - Leadership Grooming Program for Islamic Banks at Ivey Business School in Western University (Canada & Hong Kong).
- in Financial Services Program organized by Harvard Business School.

Husam Ghanem Saif  
AGM – Treasury & Capital Markets

**Experience:**

- Over 26 years of experience in treasury and Islamic banking.
- Joined the Bank in 2007.

**Qualification:**

- Graduate with a degree in Business Administration & Management from Western International University, London - UK.

Ahmed Abdulrahman Seyadi  
AGM – Information Technology

**Experience:**

- Over 24 years of experience in banking sector.
- Joined the Bank in 2006.

**Qualification:**

- Executive Master in Business Administration from University of Bahrain.
- Diploma in Executive Management from University of Bahrain.
- Advanced Diploma in Banking Studies from Bahrain Institute of Banking and Finance (BIBF).
- Associated Diploma in Accounting from University of Bahrain.
- Attended the Leading Strategy Execution in Financial Services Program organized by Harvard Business School.

Sh. Abdalnasser Omar Al Mahmood  
Head of Shari'a

**Experience:**

- Over 25 years of experience in Shari'a Audit and Islamic banking.
- Joined the Bank in 2008.

**Qualification:**

- Master's in Business Administration with thesis in Shari'a Control and Review in Islamic banks.
- B.Sc. in Shari'a and Islamic Studies.
- Associate Diploma in Shari'a Control.

Talal Nabeel Al Mahroos  
Head of Investments

**Experience:**

- Over 11 years of experience in Investments and Islamic banking.
- Joined the Bank in 2006.

	<p><b>Qualification:</b></p> <ul style="list-style-type: none"> <li>• B.Sc. in Banking &amp; Finance - University of Bahrain.</li> <li>• Advanced Diploma Executive Leadership (University of Virginia - Darden Business School).</li> </ul>
<p>Mohammed Abdulla Al Tamimi Head of Compliance &amp; MLRO</p>	<p><b>Experience:</b></p> <ul style="list-style-type: none"> <li>• Over 8 years of experience in Compliance, Anti-money Laundering, Banking Supervision, Islamic Banking, and Corporate Governance.</li> <li>• Joined the Bank in 2013.</li> </ul> <p><b>Qualification:</b></p> <ul style="list-style-type: none"> <li>• B.Sc. in Banking and Finance from the University of Bahrain.</li> <li>• Advanced Diploma in Islamic Finance from Bahrain Institute of Banking and Finance (BIBF).</li> <li>• ICA International Diploma in Compliance from the International Compliance Association ICA.</li> <li>• Certified Anti-money Laundering Specialist (CAMS) from the Association of Certified Anti-money Laundering Specialist (ACAMS).</li> </ul>
<p>Mohammed Hamad Fakhri Head of Internal Audit</p>	<p><b>Experience:</b></p> <ul style="list-style-type: none"> <li>• 9 years of experience in Internal Audit, Risk Management, Governance and controls both in Islamic Retail and Investments Banking sectors.</li> <li>• Joined the Bank in 2012.</li> </ul> <p><b>Qualification:</b></p> <ul style="list-style-type: none"> <li>• B.Sc. in Accounting from University of Bahrain.</li> <li>• CFA charter holder from CFA Institute - USA</li> <li>• Certified Internal Auditor (CIA) from the Institute of Internal Auditors – USA.</li> </ul>

**e. Companies owned and activities (subsidiaries and investments)**

Name	Country of Incorporation	Shareholding Percentage	Nature of Business
Hawafiz Khaleeji Management Company BSCC	Bahrain	100%	To hold shares for the beneficial interest of the employee incentive scheme
Harbour Tower West 2 Real Estate SPC	Bahrain	100%	To hold property for the beneficial interest of the Bank
Harbour Tower West 4 Real Estate SPC	Bahrain	100%	To hold property for the beneficial interest of the Bank

Surooh Limited	Cayman Islands	19.08%	To construct and sell properties at "Oryx Hills" Real Estate Development Project in Bahrain
Eqarat Al Khaleej	Cayman Islands	10%	To buy, sell and lease income producing properties across the GCC
True Horse Real Estate L.L.C.	UAE	100%	Buying and selling of real estate

#### f. Brief of General Meetings of the Last Two Years

Year Ended	Resolutions
2015	<p><b>Ordinary General Meeting:</b></p> <ol style="list-style-type: none"> <li>1. Approved the Minutes of the previous Ordinary Assembly held on 30 March 2015.</li> <li>2. Discussed and approved the Board of Directors' Report on the bank's business activities for year ended 31 December 2015.</li> <li>3. Read the Shari'a Supervisory Board's Report on the Bank's transactions for the year ended 31 December 2015.</li> <li>4. Read and discussed the Auditors' Report for the accounts of the financial year ended 31 December 2015.</li> <li>5. Discussed and approved the financial accounts for the year ended 31 December 2015.</li> <li>6. Approved the recommendation of the Board of Directors on the appropriation of the net profit for the year ending 31 December 2015 as follows: <ol style="list-style-type: none"> <li>a. Distribute 5% of paid up capital as bonus shares to the shareholders registered (by issuing 5 shares for every 100 existing shares) equivalent to 50,000,000 new shares equivalent to BD 5 million, after obtaining the approval from the concerned governmental bodies.</li> <li>b. Transfer of BD 701,460 to statutory reserves.</li> <li>c. Remuneration payment of BD 131,314 to the Board of Directors.</li> <li>d. Transfer of BD 1,181,824 to the retained earnings.</li> </ol> </li> <li>7. Discussed the Corporate Governance Report for financial year ended 31 December 2015.</li> <li>8. Released the Directors from liability in respect of their management of the Bank for the financial year ended 31 December 2015.</li> <li>9. Re-appointed the External Auditors to audit accounts for the financial year 2016 and delegated the Board of Directors to specify their remuneration.</li> <li>10. Re-appointed of the Shari'a Supervisory Board for the financial year 2016.</li> </ol> <p><b>Extra-Ordinary General Meeting:</b></p> <ol style="list-style-type: none"> <li>1. Approved the Minutes of the previous Extra-Ordinary Assembly held on 30 March 2015.</li> <li>2. Approved increasing the paid up capital (by issuing 5 shares for every 100 existing shares) equivalent to 50,000,000 new shares equivalent to BD 5 million, after obtaining the approval from the concerned governmental bodies.</li> <li>3. Approved the amendment to the Articles and Memorandum of Association of the Bank, in accordance with the resolution of the Ordinary General Meeting held on 15 March 2016 to distribute 5% of paid up capital as bonus shares and in accordance with the approval of shareholder on Agenda item 2 of the Extra-Ordinary General Meeting (above) with respect to increasing the paid up capital of the Bank.</li> </ol>

4. Approved the amendment to the Memorandum of Association of the Bank to be in compliance with the requirements of Resolution (50) for the year 2014 with respect to amendments to Bahrain Commercial Companies Law of 2001, subject to obtaining the approval from the concerned governmental bodies.
5. Authorized the Chief Executive Officer or whomever he authorizes to sign the amendments to the Memorandum and Articles of Association on behalf of the shareholders before the Notary Public to reflect the above changes.

2016

**Ordinary General Meeting:**

1. Approved the Minutes of the previous Ordinary Assembly held on 15 March 2016.
2. Discussed and approved the Board of Directors' Report on the bank's business activities for the year ended 31 December 2016.
3. Read the Shari'a Supervisory Board's Report on the Bank's transactions for the year ended 31 December 2016.
4. Read and discussed the External Auditors' Report for the accounts of the financial year ended 31 December 2016.
5. Discuss and approved the financial accounts for the year ended 31 December 2016.
6. Authorized and ratified the operations and transactions carried out during the past year with any related parties or major shareholders of KHCB as outlined in the Board of Directors report presented to the general assembly and consolidated audited financial statements and approve the same, in line with Article 189 of Bahraini Companies Law.
7. Approved the recommendation of the Board of Directors on the appropriation of the net profit for the year ending 31 December 2016 as follows:
  - a. Transfer of BD 530,992 to statutory reserves.
  - b. Transfer of BD 4,418,723 to the retained earnings.
8. Discussed the Corporate Governance Report for financial year ended 31 December 2016.
9. Released the Directors from liability in respect of their management of the Bank for the year ended 31 December 2016.
10. Re-appointed the External Auditors to audit accounts for the financial year 2017 and delegated the Board of Directors to specify their remuneration.
11. Re-appointed the Shari'a Supervisory Board for the financial year 2017.
12. Approved the Board of Directors recommendation to cross list KHCB's shares on DFM.
13. Appointed/elected members of the Board of Directors for the upcoming three years.

**Extra-Ordinary General Meeting:**

1. Approved the Minutes of the Previous Extra-Ordinary Assembly held on 15 March 2016.
2. Released GFH Financial Group from acquisition and compulsory acquisition of the remaining shareholders in KHCB to increase the percentage of acquisition from 46.97 % to no more than 55.38% stake in KHCB, through acquisition of Emirates Islamic Bank shares within a period of 3 years, as per the module concerning acquisition issued by the Central Bank of Bahrain.

## PART THREE

### a. Significant Contracts

There are no significant contracts entered into by KHCB and all other companies in which it has a stake of 25% and above which were valid on the date of submitting the Listing Application.

### b. Company assets and current investments

KHCB total assets amounted to BD 764,999 million as at 31 December 2016. KHCB holds sukuk worth BD 74,154 million out of which CBB sukuk represented BD 58,196 million while UAE corporates and quasi-government sukuk represented BD 15,246 million.

Both retail and corporate financing assets accounted for BD 450,789 million, out of which facilities provided to UAE based entities accounted for BD 39,585 million. In the last five to six years, the Bank's strategy shifted focus to both corporate and consumer finance instead of commercial finance. These changes in strategy lead to a growth in the financing assets by BD 164,775 million from 2013 to date.

KHCB's investments totaled BD 87,191 million, out of which BD 5,090 million is related to investment in UAE. The Bank's major investments are Danat India (BD 5,634 million), Global logistics in India (BD 14,833 million), a land in Jabal Ali (BD 5,090 million), Naseej a development company in Bahrain (BD 6,761 million) and North Gate Project Company in Bahrain (BD 4,204 million).

### c. KHCB liabilities and Unrestricted Investment Account (URIA)

As at 31 December 2016, customers' total deposits and URIA totaled BD 581,114 million. The Bank managed to grow customer deposit by 48.33% from 2013 to date. This growth was supported by an increase in the number of products and services offered by the Bank as well as the expansion in the Bank's retail network to 11 branches.

### d. Liquidity ratio and Capital Adequacy ratio

As of 31 December 2016, total liquid assets ratio amounted to 27.2% of total assets with a CAR ratio of 18.35%.

## PART FOUR

### a. Financial Statements

The consolidated financial statements for the year ended 31 December 2016 (including comparative figures with the year ended 31 December 2015) are enclosed to the Share Listing Prospectus.

### b. Board of Directors' Report on 2016 Performance

The year 2016 has noticed significant economic variations and geopolitical developments that affected growth rates on a global and regional scale. The GCC region has entered into an era with several austerity measures to reduce the government deficits, introducing taxes and reducing yields due to the continued low price levels of oil. Moreover, the United States presidential election results and the passing of JASTA law infused more uncertainty and fears in global markets. Meanwhile the 'BREXIT' event was considered to be the most significant global event during the year 2016. And finally, the OPEC agreement to freeze oil production towards end of the year is considered as a major development that the oil market has witnessed. These represent the most important global economic events for the year 2016 which its effects are expected to span and spill over to the year 2017.

Despite the challenges that the banking sector faces at present due to the instability of the regional and world markets the Bank was able to achieve a good result. In spite of this, we have shown tremendous success in implementing our strategies according to well-thought out plans and clear objectives based on our market study of the current economic situation and the constant evaluation of our performance. Our priorities have been exemplified and we continue to improve our business to enhance our pioneering reputation amongst the other Islamic banks

in the Kingdom. This is mainly achieved through enhancing our services network and launching new and innovative products that cater to the needs of our clients.

Despite the adverse market and economic challenges the Bank, with efforts of the management and support of the shareholders, was able to achieve tangible success by adopting a combination of prudent and conservative management during the year 2016. The Bank has focused on diversifying and expanding its business while maintaining conservative liquidity and capital positions.

Positive indicators of the Bank's performance show a growth in total assets from BD 654 million in 2015 to BD 765 million in 2016, i.e. 17.0% growth year on year. Total net income for the financial year ended 31 December 2016 decreased as compared to the financial year ended 31 December 2015, i.e. BD 5.3 million in 2016 compared to BD 8 million reported in 2015. It is worth mentioning that although the Bank has reduced its weighted average profit distributed to depositors, results show that these deposits has actually grown by 19.7%, from BD 485.4 million in 2015 to BD 581.1 million in 2016, which confirm our customer's loyalty and their confidence in the Bank's products and services. Overall financing assets increased by 16.2% in 2015, reaching BD 450.8 million; with Consumer Finance Portfolio reaching BD 165.3 million, a 33.9% growth over 2015. Total Income from Commercial Banking comprises 72.9% of total income as a result of a significant increase in Consumer Finance activities.

As the Bank continued to execute its strategic plan, the Board and the Management conducted a review to ensure that assets, especially those acquired prior to the new business model reflect realizable and fair value. Based on this review, the Board decided to take an amount of BD 8.9 as provisions for the financial year ended 31 December 2016, such conservative approach has been taken in dealing with the assets which were impaired or likely to be impaired in the short to medium term and is in-line with the Bank's strategy implementation.

Consequently, in 2016 the Bank reported a net profit of BD 5.3 million compared to a net profit of BD 8.0 million in 2015 (a 33.8% decrease year on year). These results will provide considerable stability for the business in the future and will pave the way towards achieving acceptable results. It is worth mentioning that, the Bank continues to maintain strong liquidity (with 27.2% of the Bank's assets being liquid) and adequate capital (the Bank has a regulatory capital adequacy ratio of 18.4% compared to a minimum regulatory mandated 12.5%), both comfortably in excess of regulatory requirements.

The Bank is working steadily towards strengthening its position as the pioneering Islamic Bank in the Kingdom of Bahrain and confirms this by receiving a variety of prestigious awards during the first- half of 2016. The Bank received the award "the fastest growing bank in Bahrain" granted by CPI Financial Banker Middle East and Africa. The CEO of the Bank was named amongst the top 4, in a list with 100 best performing Managers and Chief Executive Officers in the GCC and Arab countries, announced by the Trends Magazine and Insead Business School.

These awards come as a result of the strong financial results and the deeply-rooted growth achieved by the Bank during the last period including revenue and net income, indebtedness level, return on equity and return on assets, where the Bank's results were compared to the competitor's results in the Kingdom of Bahrain.

The year 2016 was filled with achievements, this is coupled with the recent rating exercise undertaken by Moody's, an international bond credit rating business, which confirmed its rating of the bank's long-term counterparty risk assessment at a rate of 'Ba2(cr)'. The report indicated that this rating was driven by the bank's improved profitability standards and stable balance sheet, supported by adequate capital and healthy liquidity levels, which contributed to strengthening the bank's financial performance, in turn strengthening the bank's long-term credit risk.

Also during 2016, SHUAA Capital, the UAE's premier financial services firm, concluded a 14% (147,106,849 shares) acquisition of ownership stake in the Bank. This acquisition is expected to positively affect the Bank's results through the support from SHUAA Capital based on the pioneering reputation that the new shareholder possesses.



The Board believes that the recent global challenges the Bank faced during 2016 and its effects are expected to span and spill over to year 2017 which the Bank is exposed. Despite the previous, the Board foresees several growth opportunities for the Bank products and services catering individuals and medium to small institutions. In the last five years, the Bank has taken several steps to diversify its assets, revenue streams and widen its customer base. The launch of the Bank's range of consumer finance products and expansion of the branch network will further support this endeavour.

The key challenge in the medium term would be to build the scale necessary for the Bank to become a leading player in the local and regional market. The Bank will continue to aggressively grow its commercial and retail banking business while exploring other options; which includes viable acquisitions of other entities and asset portfolios as well as forming strategic alliances or merger with other financial institutions. The Board will also continue to expand the Bank's network of branches and distribution channels to reach wider and a larger number of customers.

In addition, the Bank believes continuation of investment in the human resource aspect is key towards achieving and overcoming the upcoming challenges, as such resource is considered as the main focal point and backbone of the institution. The Board believes that the Bank has established a solid foundation from which to execute the new strategic plan and capitalize on opportunities currently available in the market.

**c. KHCB Indebtedness**

KHCB does not have any outstanding long term debts. The Bank has not issued any sukuk or secured any sukuk. In 2017, the Bank obtained two medium term Murabaha facilities of BD 41 million secured by pledge over sukuk of BD 49 million.

## PART FIVE

### a. Legal Cases & Claims

There are no current legal cases, claims or potential legal cases or claims against KHCB or any of its subsidiaries that may significantly affect KHCB's activities or financial position.

## PART SIX

### a. Financial Solvency

The Bank did not face any insolvency or inability to repay debts during the two years prior to submitting the Listing Application to the Dubai Financial Market.

# Pursuing new horizons

We will continue on the path of growth and expansion, whilst exploring and capitalizing on opportunities in key regional markets.

