

**Minutes of the Ordinary General Assembly Meeting of
Al Salam Bank-Bahrain B.S.C. (Al Salam Bank) held on
3 March 2014 at 10 am at Almurjan 1 hall at Movenpick
Hotel, Kingdom of Bahrain.**

بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ

Mr. Hussein bin Mohammed Al Meeza, Director and Chairman of the Executive Committee in Al Salam Bank- Bahrain, welcomed the shareholders and the attendees at the Ordinary General Assembly meeting and conveyed to all the warm regards of H.H. Shaikha Hessa bin Khalifa Al Khalifa, Board Chairperson, and her apology for not attending the meeting for personal reasons, wishing all success. He also expressed gratitude to the Government of the Kingdom of Bahrain especially the Central Bank of Bahrain, the Ministry of Industry and Commerce and Bahrain Bourse for their continued support to the banking sector.

Also attending were:

A. The Board members of Al Salam Bank-Bahrain

1. Habib Ahmed Kassim
2. Mohammed Ali Rashid Alabbar
3. Salman Saleh Al Mahmeed
4. Adnan Abdullah Al Bassam
5. Yousif Abdulla Taqi (CEO)

B. Members of the Shari'a Supervisory Board

1. Dr. Mohammed Burhan Arbouna

C. Supervisory bodies

1. Ministry of Industry and commerce

Ms. Dua'a Al Moallem

2. The Central Bank of Bahrain

Mr. Nabeel Juma

Ms. Hana Al Marran

3. Bahrain Bourse

Ms. Fatemah Hijris

Ms. Dana Al Zayani

Ms. Sara Aseeri

4. Al Salam Bank auditors - Ernst & Young

Mr. Nader Rahimi

Mr. Basker Rajaraman

5. Al Salam Bank Registrar

Mr. Abdul Qader Al Afia

Mr. Hani Alshaikh

Meeting Chairman and Rapporteur

Mr. Hussein Al Meeza was nominated to chair the Ordinary General Assembly meeting by the shareholders due to the inability of the Board Chairperson and Vice Chairperson to attend, and he appointed Mr. Essa Bohijji as the meeting's Rapporteur. Mr. Abdul Qader Al Afia and Hani Alshaikh from Karvy Computershare were also appointed for counting attendance in the meeting.

Legal Quorum

Mr. Hussein Al Meeza asked Al Salam Bank registrar to hand him the quorum of attendees of the OGM, after which he announced the quorum was present for holding the meeting. The quorum was 51.32% (amounting to 764,396,255 shares) of the total shareholding. Mr. Al Meeza asked Karvy Computershare being the Bank's registrar, the Ministry of Industry and Commerce and the Bank's external auditors to sign and approve the attendance register.

Invitation to the General Ordinary Assembly Meeting

Mr. Hussein Al Meeza opened the meeting and noted that the invitation to this meeting has been sent to all of the Bank's shareholders as per the legal requirement. Then the agenda was read and the shareholders were asked to make their remarks on the agenda's items. Later, the agenda was endorsed



by the shareholders without change and the agenda's items were discussed as follows:

1. To approve the minutes of the previous AGM meeting held on 20 February 2013:

The meeting Chairman asked the shareholders to present their remarks on the items of the previous meeting's minutes and the decisions taken.

The minutes were approved without remarks or amendments.

Decision No. (1): The minutes of the AGM meeting held on 20 February 2013 were approved.

2. To discuss and approve the Board of Directors' report on the Bank's activities for the year ended 31 December 2013.

The meeting Chairman read the Board of Directors' report and gave a review of the activities and operations executed by the Bank during 2013. He noted that the bank was able to achieve a substantial growth of 15% in total assets from BD 942.2 million (US\$2.5 billion) as of 31 December 2012 to BD1,088.2 million (US\$2.9 billion) as of 31 December 2013, and the Bank achieved an increase in Customer deposits from BD624.1 million to BD680.7 million for the same period reflecting a 9% increase over 2012.

The meeting Chairman also pointed to the marked improvement in the financing portfolio as a result of the continuous efforts made to focus on core-banking initiatives, retail, corporate and commercial banking in general. This had resulted in a growth in financing portfolio by 19.5% to BD391.5 million in 2013.

During the year, the Bank's venture in alternative energy sector for production of biodiesel in Hong Kong reached completion with its inauguration in October 2013. The biodiesel plant is capable of producing 100,000 tonnes of biodiesel using multiple feedstock technology and will be compliant with European standard requirements for biodiesel.

During 2013, the Bank successfully consummated several investments, including an investment in the education services sector in the Kingdom of Saudi Arabia ("KSA"), in two state of the art logistics properties in Australia, in a mid-rise residential

development of 142 residential units including villas and apartments in a prime district in Jeddah, KSA. The Bank also acquired significant stake in a luxury residential redevelopment in Mayfair, London.

In line with its commitment to provide timely exit to its investors, the Bank successfully exited its stake in Canada Square, a prime commercial real estate property in Canary Wharf, London in 2013 at a multiple of 1.48x.

Driven by this vision, and strong belief that consolidation is key for Bahraini banks in order to remain competitive in the aftermath of the recent financial crisis, your Bank had concluded a business combination with BMI Bank BSC (c), a local commercial bank based in Bahrain.

After discussing the Board of Directors' report, it was unanimously approved by the shareholders.

Decision No. (2): the General Assembly unanimously approved the Board of Directors' report on the Bank's activities for the year ended 31 December 2013.

3. To receive the Shari'a Supervisory Board report for the year ended 31 December 2013.

Dr. Mohammed Burhan Arbouna, member of the Shari'a Supervisory Board and the Bank's Head of Shari'a Compliance, read the Shari'a Board's report pointing out that the Board has supervised the Banks' activities and transactions during the year, and carried out its role by advising the various departments to adhere to the Shari'a principles and the Board's legal opinions. He also noted that the Board has studied the transactions presented to it during the year, and approved the contracts and documents relating to those transactions. In addition, the Board reviewed samples of contracts and agreements that were presented, and reviewed the financial statements and notes and made its observations on them and in accordance to that the Board believes that the consolidated balance sheet, profit and loss account and the distribution of profits to depositors and shareholders had been prepared in conformity with the Islamic Shari'a.

He also pointed out that the Shari'a Board has set aside the Shari'a non-compliant income and directed it to the Charity Account.

Decision No. (3): The AGM unanimously approved the Shari'a Supervisory Board report for the year ended 31 December 2013

4. To receive the external auditor's report for the year ended 31 December 2013.

Mr. Nader Rahimi, on behalf of Ernst & Young, the external auditor, read the external auditors' report, in which he mentioned that the consolidated financial statements presented fairly, in all material respects, the consolidated financial position of the Group as of 31 December 2013, the results of its operations, its cash flows and changes in equity for the year then ended in accordance with the Financial Accounting Standards issued by AAOIFI. He also clarified the following other matters:

- a. The Bank has maintained proper accounting records and the consolidated financial statements are in agreement therewith; and
- b. The financial information contained in the report of the Board of Directors is consistent with the consolidated financial statements.

In addition, he pointed out that they were not aware of any violations of the Bahrain Commercial Companies Law, the Central Bank of Bahrain and Financial Institutions Law, the CBB Rule Book (Volume 2 and applicable provisions of Volume 6) and CBB directives, regulations and associated resolutions, rules and procedures of the Bahrain Bourse or the terms of the Bank's memorandum and articles of association during the year ended 31 December 2013 that might have had a material adverse effect on the business of the Bank or on its consolidated financial position.

Decision No. (4): The AGM unanimously approved the external auditors' report for the year ended 31 December 2013.

5. To review and approve the financial statements for the year ended 31 December 2013.

The financial statements for the year ended 31 December 2013 were reviewed and the meeting Chairman requested the shareholders to present their remarks. One of the shareholders thanked the Board of Directors and the Executive Management on

the results achieved by the Bank and the growth rate that neared 20% in the net profit. Another shareholder inquired about the amount of the reserves and the retained profits and on the possibility of distributing dividends to the shareholders in the coming years. Mr. Yousif Taqi, Director and CEO, said that the reserves cover a number of amounts including the statutory reserves as well as the Bank's dividends from previous years. As far as distribution of dividends to the shareholders, it has been affirmed that the Bank's policy is to distribute dividends to the shareholders based on the actual annual profit so as the allocation would be from the cash and actual surplus and not from the reserves. It was noted that the increase in the reserves boosts the Bank's position and increases the shareholder's trust.

Decision No. (5): The AGM unanimously approved the financial statements for the year ended 31 December 2013.

6. To appropriate the net profit for the year ending 2013 upon the recommendations of the Board of directors as follows:
 - a. Transfer of BD1,237,200 to statutory reserves.
 - b. Distribution of dividends of 5 fils per share or 5% of the paid up share capital, (excluding Treasury shares), amounting to BD7,446,790 for the year ended 31 December 2013

Decision No. (6): The AGM unanimously approved to appropriate the net profit for the year ending 2013 as follows:

- a. **Transfer of BD1,237,200 to statutory reserves.**
 - b. **Distribution of dividends of 5 fils per share or 5% of the paid up share capital, (excluding Treasury shares), amounting to BD7,446,790 for the year ended 31 December 2013**
7. To receive report on the Bank's compliance with the Corporate Governance Guidelines and the Central Bank of Bahrain's requirements.

The meeting Chairman requested the shareholders to present their remarks on the Corporate Governance report.

Decision No. (7): The AGM unanimously approved 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 2013.

The shareholders agreed on absolving the members of the Board from liability for their.

Decision No. (8): The AGM unanimously agreed to absolve the members of the Board from liability for their actions during the year ended 31 December 2013.

9. Appointment of Ernst & Young as external auditors for the year ending 31 December 2014 and authorize the Board of Directors to determine their remuneration.

The meeting Chairman pointed out that the Bank's Board of Directors suggested the re- appointment of the external auditors Ernst & Young for the auditing processes for the year ending 31 December 2014, and requested the shareholders to present any comments or suggestions.

Decision No. (9): The AGM unanimously agreed on the appointment of Ernst & Young as external auditors for the year ending 31 December 2014 and authorize the Board of Directors to determine their remuneration.

10. Approve Board of Directors remuneration in the aggregate amount of BD364,948 for the year ended 31 December 2013.

The meeting Chairman pointed out that the Board of Directors recommended the Board of Directors remuneration in the aggregate amount of BD364,948 for the year ended 31 December 2013. He affirmed that the amount has been determined in accordance with the law and regulations of the Ministry of Industry and Commerce and the Central Bank of Bahrain. The meeting Chairman requested the shareholders to present any remarks on the mentioned amount.

Decision No. (10): The AGM unanimously approved Board of Directors remuneration in the aggregate amount of BD364,948 for the year ended 31 December 2013.



At the conclusion of the meeting, Mr. Hussein Al Meeza extended his thanks and appreciation to the Central Bank of Bahrain, the Ministry of Industry and Commerce, the Bahrain Bourse and the Bank's registrar for their continued support to the Bank, and thanked the attending shareholders wishing all success.

Mr. Hussein bin Mohammed Al Meeza
Meeting Chairman

Mr. Essa Abdullah Bohijji
Rapporteur