

Corporate governance report

Corporate governance philosophy

High standards in corporate governance are fundamental in maintaining BBK's leading position within the local and regional banking sector and the community. Continuous review and adherence to strong corporate governance practices help enhance compliance levels according to international standards and best practice.

BBK shall continue its endeavour to enhance shareholder value, protect their interests and defend their rights by practicing pursuit of excellence in corporate life. The Bank shall not only comply with all statutory requirements but also formulate and adhere to strong corporate governance practices. BBK shall continuously strive to best serve the interests of its stakeholders including shareholders, customers, employees and the public at large.

The adoption and implementation of corporate governance is the direct responsibility of the Board of Directors, and this endeavour is in line with the policies of regulatory authorities and statutory requirements in the Kingdom of Bahrain and other countries where BBK operates.

Shareholder information

BBK's shares are listed on the Bahrain Bourse Company. The Bank has issued 851,356,126 equity shares, each with a face value of 100 fils. All shares are fully paid.

Annual General Meeting

The Annual General Ordinary and Extraordinary Meetings were held on 7th March 2010. The Extraordinary Meeting resolved to approve the changes in the Memorandum of Association and Articles of Association concerning amending article No.(4) Paragraph (12) by adding the phrase "and awarding shares to the Bank's employees" to appear in the Memorandum of Association and Articles of Association under both documents in full as "Buying the permitted number of the Bank's shares (treasury shares) according to the rules and conditions prescribed in the commercial companies law, Ministerial orders and official circulars and maintaining such shares, selling them and disposing thereof by all means of legal conveyances while allowing the use thereof in the Bank's employees' share option scheme and awarding shares to the Bank's employees".

Shareholders

Name	Country of origin	No. of shares	% holding
Citizens of the Kingdom of Bahrain & Others	–	156,356,123	18.37
Ithmaar Bank	Bahrain	215,736,187	25.34
Social Insurance Organization (Pension Fund)	Bahrain	159,943,766	18.79
Kuwait Investment Authority	Kuwait	159,073,547	18.68
Social Insurance Organization (GOSI)	Bahrain	113,490,122	13.33
Global Mena Macro Fund Company	Kuwait	25,736,556	3.02
Emerging Markets Middle East Fund	Ireland	11,827,057	1.39
Global Investment House	Kuwait	9,192,768	1.08

Distribution schedule of each class of equity

Category	No. of shares	No. of shareholders	% of outstanding shares
Less than 1%	156,356,123	2,369	18.37
1% to less than 5%	46,756,381	3	5.49
5% to less than 10%	–	–	–
10% to less than 20%	432,507,435	3	50.80
20% to less than 50%	215,736,187	1	25.34
50% and above	–	–	–

Board of Directors information

Board composition

The Board composition is based on the Bank's Memorandum of Association and Articles of Association and comprises twelve Members. The Board represents a mix of high-level professional skills and expertise. Furthermore, in compliance with the corporate governance requirements, the Board Committees consist of Members with adequate professional background and experience. The Board periodically reviews its composition and the contribution of Directors and Committees.

The appointment of Directors is subject to prior Central Bank of Bahrain (CBB) approval. The classification of 'executive' Directors, 'non-executive' Directors and 'independent non-executive' Directors is as per definitions stipulated by the CBB.

During 2010, two Directors retired from the Board and one new Director representing Ithmaar Bank was inducted. The retiring members were: Mr. Khalid Abdulla Janahi and Mr. Jamal Ali Al Hazeem.

The Board is supported by the Board Secretary who provides professional and administrative support to the general assembly, the Board, its committees and members. The appointment of the Board Secretary is subject to the approval of the Board.

Directors' roles and responsibilities

The Board of Directors oversees the implementation of the Bank's strategic initiatives and its functioning within the agreed framework, in accordance with relevant statutory and regulatory structures. The Board ensures the adequacy of financial and operational systems and internal control, as well as the implementation of corporate ethics and the code of conduct.

The Board reserves a formal schedule of matters for its decision to ensure that the direction and control of the Bank rest with the Board. This includes strategic issues and planning, performance reviews, material acquisition and disposal of assets, capital expenditure, authority levels, appointment of auditors and review of the financial statements, financing and borrowing activities including annual operating plan and budget, ensuring regulatory compliance and reviewing the adequacy and integrity of internal controls.

The Board shall exercise judgment in establishing and revising the delegation of authority for Board committees and management. This delegation could be for authorisation of expenditures, approval of credit facilities and for other corporate actions. Such delegation may be approved and expressed under various policies of the Bank. The thresholds for the identified authorities will depend upon the operating requirements of the Bank.

The issues of major capital expenditure, divestitures, mergers and acquisitions, certain strategic investments would be within Board's authority.

Each Director holds the position for three years, after which he must present himself to the Annual General Meeting of shareholders for re-appointment. The majority of BBK Directors (including the Chairman and / or Deputy Chairman) are required to attend the Board meetings in order to ensure a quorum.

The Board and committees have a process of self-evaluation. Furthermore, the Bank has a formal induction programme for new Directors to familiarise them with the Bank's policies and procedures as well as the divisions of the Bank and its subsidiaries.

A continuous awareness program is in place to constantly update the Directors with various regulatory and market changes.

Whistle blowing policy

The Bank has a whistle blowing policy with designated officials to whom the employee can approach. The policy provides adequate protection to the employees for any reports in good faith. The Audit Committee oversees this policy.

Insider Trading policy

The Bank has established an Insider Trading policy to ensure that insiders are aware of the legal and administrative requirements regarding holding and trading of BBK shares, with the primary objective of preventing abuse of inside information. Insiders are defined to include the Directors, Executive Management, designated employees and any person or firm connected to the identified insiders. Responsibility for ensuring compliance with the Insider Trading policy is entrusted to the Board's Insider Committee.

The policy in due course would cover the new regulation of Bahrain Bourse Company relating to key persons.

Code of Conduct

The Board has approved a Code of Conduct for BBK Directors. The Board has also approved a Code of Ethics for the Executive Management and employees. These codes outline areas of conflict of interest, confidentiality, and the responsibilities of signatories to adhere to best practices.

Corporate social responsibility

BBK's contribution towards the well being of the community is an integral part of its corporate role. This corporate social responsibility is translated by the Bank through annual appropriation of a budget allocated for donations to finance community related projects and initiatives. The projects may vary in nature but ought to fall into any one of the following fields; charity, culture, research, education, philanthropy, environmental protection and sports.

BBK has an approved high-level donation policy for the distribution of the donation budget. The policy outlines guiding principles and sets criteria for the evaluation and selection of donation requests with the ultimate objective of maximising the return on both the Bank's social image and the benefit of the community.

Disclosures relating to Board of Directors

Directors' profiles

<p>Murad Ali Murad Chairman Chairman of Nomination and Remuneration Committee</p>		<p>Director since 21 March 1999 (independent and non-executive)</p>
Deputy Chairman	Banader Hotels Co.	Kingdom of Bahrain
Board Member	Bahrain Telecommunications Co. (Batelco)	Kingdom of Bahrain
Board Member	Bahrain Kuwait Insurance Co.	Kingdom of Bahrain
Board Member	Bahrain Mumtalakat Holding Co.	Kingdom of Bahrain
Board Member	Umniah Mobile Telephones Limited Private Shareholding Company	Jordan
Board Member	BMIC	Mauritius
Chairman	Human Resources Development Fund in Banking Sector	Kingdom of Bahrain
Member	Council of Vocational Training in Banking Sector	Kingdom of Bahrain
<p>Sh. Mohammed bin Isa Al Khalifa Deputy Chairman Chairman of the Executive Committee Nominated by Social Insurance Organization (GOSI)</p>		<p>Director since 4 December 2002 (non-independent and non-executive)</p>
CEO	Social Insurance Organization	Kingdom of Bahrain
Chairman	Securities and Investment Co.	Kingdom of Bahrain
Chairman	Oasis Capital Bank	Kingdom of Bahrain
First Deputy Chairman	Bahrain Telecommunication Co. (Batelco)	Kingdom of Bahrain
Deputy Chairman	National Motor Co.	Kingdom of Bahrain
Deputy Chairman	Bahrain International Golf Course Company	Kingdom of Bahrain
Deputy Chairman	Umniah Mobile Telephones Limited Private Shareholding Company	Jordan
Deputy Chairman	Riffa Views Development Company	Kingdom of Bahrain
Board Member	Bahrain Commercial Facilities Co.	Kingdom of Bahrain
Board Member	Ethiad Atheeb Telecom Co.	Kingdom of Saudi Arabia
Board Member	Investcorp Bank	Kingdom of Bahrain
<p>Ali Hasan Mushari Al Bader Board Member</p>		<p>Director since 9 June 2009 (independent and non-executive)</p>
Board member	Automated Systems Co.	State of Kuwait
<p>Sh. Abdulla bin Khalifa bin Salman Al Khalifa Board Member</p>		<p>Director since 2 March 2008 (non-independent and non-executive)</p>
Chairman	Seef Properties B.S.C	Kingdom of Bahrain
Vice Chairman	Naseej B.S.C. (c)	Kingdom of Bahrain
Board Member	Bahrain International Golf Course Co. B.S.C. (c)	Kingdom of Bahrain
Board Member	BFC Group	Kingdom of Bahrain
Assistant Director, Investment	Social Insurance Organization	Kingdom of Bahrain
<p>Sh. Khalifa bin Daij Al Khalifa Board Member</p>		<p>Director since 27 February 2005 (independent and non-executive)</p>
President	Court of the Crown Prince	Kingdom of Bahrain
Board Member and Chairman of Investment Committee	EDAMA	Kingdom of Bahrain
Board Member	Crown Prince's International Scholarship Program	Kingdom of Bahrain

Dr. Abdulmohsen Medej Mohammed Al Medej		<i>Director since 11 May 2009 (non-independent and non-executive)</i>
Board Member <i>Nominated by Kuwait Investment Authority</i>		
Chairman	Zahra Group Holding	State of Kuwait
Board Member	Kuwait Investment Authority	State of Kuwait
Member	Supreme Council for Planning & Development	State of Kuwait
Member-Board of Trustee	Australian College in Kuwait	State of Kuwait
Mohamed Abdulrahman Hussain		<i>Director since 2 March 2008 (non-independent and non-executive)</i>
Board Member		
Board Member	First Leasing Bank B.S.C. (c)	Kingdom of Bahrain
Board Member	Faysal Bank Limited	Pakistan
Board Member	Ithraa Capital	Kingdom of Saudi Arabia
Board Member	Solidarity Holding Group B.S.C. (c)	Kingdom of Bahrain
Board Member	Emerging Markets Partnership B.S.C. (c)	Kingdom of Bahrain
Aref Saleh Khamis		<i>Director since 1 April 2003 (non-independent and non-executive)</i>
Board Member <i>Nominated by Social Insurance Organization (Pension Fund)</i>		
Undersecretary	Ministry of Finance	Kingdom of Bahrain
Chairman	Gulf Aluminium Rolling Mills Co. (GARMCO)	Kingdom of Bahrain
Deputy Chairman	Qatar-Bahrain Causeway Foundation	Kingdom of Bahrain
Alternate Board Member	Arab Ship Building & Repair Yard Co. (ASRY)	Kingdom of Bahrain
Member	Sh. Mohd. bin Khalifa bin Salman Al Khalifa Cardiac Centre	Kingdom of Bahrain
Member	King Hamad Hospital Consultative Board	Kingdom of Bahrain
Hassan Mohammed Mahmood		<i>Director since 1 September 2010 (non-independent and non-executive)</i>
Board Member <i>Nominated by Ithmaar Bank</i>		
Board Member	Faisal Finance (Maroc) S.A.	Morocco
Board Member	Overland Capital Group, Inc.	USA
Board Member	RIMCO SA	Switzerland
Board Member	Tenth of Ramadan Company for Pharmaceuticals Industries & Diagnostic Reagents S.A.E.	Egypt
Board Member	Egyptian Investment Company	Egypt
Board Member	Faysal Bank Limited	Pakistan
Board Member	Islamic Investment Company of Gulf (Bahamas) Limited	Bahamas
Ziad Hasan Rawashdeh		<i>Director since 2 March 2008 (non-independent and non-executive)</i>
Board Member <i>Nominated by Ithmaar Bank</i>		
Board Member	Solidarity Holding Group B.S.C. (c)	Kingdom of Bahrain
Board Member	Faisal Private Bank (Switzerland) S.A.	Switzerland
Board Member	Faisal Islamic Bank of Egypt	Egypt
Board Member	Islamic Investment Company of the Gulf (Bahamas) Limited	Bahamas
Group Chief Operation Officer	Dar Al-Maal Al-Islami Trust (DMITrust)	Switzerland
Jassem Hasan Ali Zainal		<i>Director since 22 November 1994 (independent and non-executive)</i>
Board Member		
Chairman & Managing Director	Automated Systems Co.	State of Kuwait
Deputy Chairman	Al Razi Holding Co.	State of Kuwait
Deputy Chairman	Addax Investment Bank	Kingdom of Bahrain
Board Member	Kuwait International Bank	State of Kuwait
Board Member	Kuwait Airways Co.	State of Kuwait

Directors' and related parties' interests

The number of shares held by Directors as of 31 December 2010 was as follows:

Name of Director	Type of shares	31 Dec 2010	31 Dec 2009
Murad Ali Murad	Ordinary	672,164	672,164
GOSI / Sh. Mohammed bin Isa Al Khalifa	Ordinary	133,133	133,133
Ali Hasan Mushari Al Bader	Ordinary	100,000	Nil
Sh. Abdulla bin Khalifa bin Salman Al Khalifa	Ordinary	100,000	Nil
Sh. Khalifa bin Daij Al Khalifa	Ordinary	500,000	130,000
KIA / Dr. Abdulmohsen Medej Al Medej	Ordinary	100,000	Nil
Mohamed Abdulrahman Hussain	Ordinary	105,000	105,000
Pension Fund Commission / Aref Saleh Khamis *	Ordinary	105,000	105,000
Hassan Mohammed Mahmood	Ordinary	50,000	50,000
Ziad Hasan Rawashdeh	Ordinary	105,000	105,000
Jassem Hasan Ali Zainal	Ordinary	149,773	149,773

* Qualifying shares related to Aref Saleh Khamis are part of the whole shares of the Pension Fund Commission ownership.

Related parties:

Al Janabeya Co. owns 198,998 shares and is related to the Chairman of the Board.

Nature and extent of transactions with related parties during 2010:

None.

Approval process for related parties transactions:

The Bank has a due process for dealing with transactions involving Directors and related parties. Any such transaction will require the approval of the Board of Directors.

Directors trading of company shares during the year 2010

Name of Director	Trading through Bahrain Bourse Company	Date of trading
Sh. Abdulla bin Khalifa bin Salman Al Khalifa	Buying 100,000 shares	17/05/2010
Dr. Abdulmohsen Medej Mohammed Al Medej	Transfer 100,000 shares from Kuwait Investment Authority	01/07/2010
Sh. Khalifa bin Daij Al Khalifa	Buying 370,000 shares	04/08/2010
Ali Hasan Mushari Al Bader	Buying 100,000 shares	04/08/2010

Board meetings and attendances

The Board of Directors meets at the summons of its Chairman or his deputy (in event of his absence or disability) or if requested to do so by at least two Directors. The Board meets at least four times a year. A meeting of the Board of Directors shall be valid if attended by not less than seven Directors in person. During 2010, eight Board meetings at the Bank were held in the Kingdom of Bahrain in the following manner:

Quarterly Board meetings 2010

Members	31 Jan	18 Apr	11 Jul	17 Oct
Murad Ali Murad	✓	✓	✓	✓
Sh. Mohammed bin Isa Al Khalifa	✓	✓		✓
Ali Hasan Mushari Al Bader	✓	✓	✓	✓
Sh. Abdulla bin Khalifa bin Salman Al Khalifa	✓	✓		✓
Sh. Khalifa bin Daij Al Khalifa		✓		✓
Dr. Abdulmohsen Medej Al Medej	✓	✓	✓	✓
Mohamed Abdulrahman Hussain	✓	✓	✓	✓
Aref Saleh Khamis	✓	✓	✓	✓
Hassan Mohammed Mahmood				✓
Ziad Hasan Rawashdeh		✓	✓	✓
Jassem Hasan Ali Zainal	✓	✓	✓	✓

Other Board meetings 2010

Members	10 Jan	7 Mar	7 Mar	26 Dec
		1st Session	2nd Session	
Murad Ali Murad	✓	✓	✓	✓
Sh. Mohammed bin Isa Al Khalifa	✓	✓	✓	✓
Ali Hasan Mushari Al Bader	✓	✓	✓	✓
Sh. Abdulla bin Khalifa bin Salman Al Khalifa	✓	✓	✓	✓
Sh. Khalifa bin Daij Al Khalifa		✓		✓
Dr. Abdulmohsen Medej Al Medej	✓	✓	✓	✓
Mohamed Abdulrahman Hussain	✓	✓	✓	✓
Aref Saleh Khamis	✓	✓	✓	✓
Hassan Mohammed Mahmood				✓
Ziad Hasan Rawashdeh	✓	✓	✓	✓
Jassem Hasan Ali Zainal		✓	✓	✓

Board Committees

The Board level committees are formed and their members are appointed by the Board of Directors at the beginning of each Board term. They are considered the high level link between the Board and the Executive Management. The objective of these committees is to assist the Board in supervising the actual operations of the Bank, by reviewing many issues that are submitted by the management to the Board and making recommendations to the Board for their final review.

The Board reserves the right to form temporary committees and discontinue them, from time to time and as it sees necessary. Further, the members of the Board are provided with copies of meeting minutes of the said committees as required by the regulators.

Board Committees' composition, roles and responsibilities

Executive Committee	
<p>Members: Sh. Mohammed bin Isa Al Khalifa Chairman Mohamed Abdulrahman Hussain Deputy Chairman Abdulkarim Ahmed Bucheery Aref Saleh Khamis Jassem Hasan Ali Zainal</p>	<p>Summary terms of reference, roles and responsibilities:</p> <ul style="list-style-type: none"> ▶ At least five members are appointed for a 1 year term. ▶ Minimum number of meetings required each year: 10 (actual meetings in 2010: 13). ▶ Chairman and Deputy Chairman are elected from among its members for one year. ▶ At least four Directors (including the committee's Chairman and / or Deputy Chairman) are required to attend the meetings in person in order to ensure a quorum. ▶ The Chief Executive, General Managers, AGM treasury and investment and Chief Financial Officer shall normally attend meetings. <p>Summary of responsibilities: reviews, approves and directs the Executive Management on matters raised to the Board of Directors such as various policies, business plans and the periodical review of the Bank's achievements.</p>
Audit Committee	
<p>Members: Sh. Khalifa bin Daij Al Khalifa (Independent) Ali Hasan Mushari Al Bader (Independent) Hassan Mohammed Mahmood (Non-independent)</p>	<p>Summary terms of reference, roles and responsibilities:</p> <ul style="list-style-type: none"> ▶ The Board appoints not less than three members for a 1 year term and appoints the Chairman thereto. ▶ Minimum number of meetings required each year: 4 (actual meetings in 2010: 4). ▶ Meetings shall be valid only if attended by two members including the committee's Chairman. ▶ The Chief Executive, GM Shared Services Group, Head of internal audit, and a representative of the external auditors shall normally attend meetings. <p>Summary of responsibilities: reviews the internal audit program and internal control system, considers major findings of internal audit reviews, investigations and management's response. Ensures coordination among internal and external auditors.</p>
Insider Committee	
<p>Members: Sh. Khalifa bin Daij Al Khalifa (Independent) Ali Hasan Mushari Al Bader (Independent) Hassan Mohammed Mahmood (Non-independent)</p>	<p>Summary terms of reference, roles and responsibilities:</p> <ul style="list-style-type: none"> ▶ At present, the Audit Committee is assigned to hold the role of Insider Committee. Meetings of the Insider Committee were held through audit meetings and with the same formation. <p>Summary of responsibilities: tracks, monitors and reports trading activities of insiders to ensure compliance with the CBB's guidelines on insiders. Ensures prohibition of the abuse of inside information and disclosure requirements.</p>
Nomination and Remuneration Committee	
<p>Members: Murad Ali Murad Chairman Dr. Abdulmohsen Medej Al Medej Deputy Chairman Sh. Abdulla bin Khalifa bin Salman Al Khalifa Ziad Hasan Rawashdeh</p>	<p>Summary terms of reference, roles and responsibilities:</p> <ul style="list-style-type: none"> ▶ The Board appoints not less than three members for a 1 year term and appoints the Chairman thereto. ▶ The committee shall meet at least twice a year and at such other times as the Chairman of the committee requires (actual meetings in 2010:4). ▶ Meetings shall be valid only if attended by two members including the committee's Chairman or Deputy Chairman. ▶ The Chairman of the committee shall attend the Annual General Meeting and be prepared to respond to any shareholder questions on the committee's activities. <p>Summary of responsibilities: establishes a Board compensation policy for the Directors and Executive Management.</p>
Corporate Governance Committee	
<p>Members: Murad Ali Murad (Independent) Sh. Khalifa bin Daij Al Khalifa (Independent) Ali Hasan Mushari Al Bader (Independent) Hassan Mohammed Mahmood (Non-independent)</p>	<p>Summary terms of reference, roles and responsibilities:</p> <ul style="list-style-type: none"> ▶ The committee was established during the year 2010. ▶ The main responsibility of the committee is to ensure that the Bank adopts and enhances sound corporate governance practices which are consistent with the corporate governance code of the Kingdom of Bahrain, regulatory requirements and also reflects the best market practices in corporate governance.

Board Committee meetings and record of attendance

Executive Committee meetings 2010

Members	09 Jan	30 Jan	20 Feb	06 Mar	17 Apr	30 Apr	29 May	10 Jul	09 Aug	25 Sep	16 Oct	27 Nov	25 Dec
Sh. Mohammed bin Isa Al Khalifa	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Mohamed Abdulrahman Hussain	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Abdulkarim Ahmed Bucheery	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Aref Saleh Khamis	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Jassem Hasan Ali Zainal		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓

Attended by telephone conference.

Audit Committee meetings 2010

Members	30 Jan	17 Apr	10 Jul	16 Oct
Sh. Khalifa bin Dajj Al Khalifa		✓	✓	✓
Ali Hasan Mushari Al Bader	✓	✓	✓	✓

Attended by telephone conference.

Insider Committee meetings 2010

Members	30 Jan	17 Apr	10 Jul	16 Oct
Sh. Khalifa bin Dajj Al Khalifa		✓	✓	✓
Ali Hasan Mushari Al Bader	✓	✓	✓	✓

Attended by telephone conference.

Note: The Audit Committee is assigned to hold the role of Insider Committee, with the same formation.

Nomination and Remuneration Committee meetings 2010

Members	31 Jan	06 Mar	11 Jul	17 Oct
Murad Ali Murad	✓	✓	✓	✓
Dr. Abdulmohsen Medej Al Medej	✓	✓	✓	✓
Sh. Abdulla bin Khalifa bin Salman Al Khalifa	✓	✓		✓
Ziad Hasan Rawashdeh		✓	✓	✓

Compliance and anti-money laundering

Compliance with regulatory and statutory requirements is an ongoing process. The Bank is conscious of its responsibilities in observing all regulatory provisions and best international practices in its functioning. The Bank has established independent Compliance Function in keeping with Basel and CBB guidelines. The unit acts as a focal point for all regulatory compliance and for adapting other best practice compliance principles. The Bank continuously strives to improve the level of compliance in all its activities. The Bank's adopted corporate philosophy is 'BBK shall continue its endeavour to enhance shareholders' value, protect their interests and defend their rights by practicing pursuit of excellence in corporate life.'

Anti-money laundering measures form an important area of the Compliance Function, in addition to areas of corporate governance, disclosure standards, insiders' trading, conflict of interest and adherence to best practices. The Bank has documented an Anti-Money Laundering and Combating Terrorist Financing Policy and Procedure, which contains sound Customer Due Diligence measures, procedure for identifying and reporting suspicious transactions, a programme for periodic awareness training to employees, record-keeping and a designated Money

Laundering Reporting Officer (MLRO). The Bank has deployed a risk based automated transaction monitoring system in keeping with the anti-money laundering regulations of the CBB.

The Bank's anti-money laundering measures are regularly audited by the internal auditors who report to the Audit Committee of the Board. The Central Bank performs periodic inspections of the Bank's compliance with anti-money laundering regulations. Additionally, the Bank's anti-money laundering measures are audited by independent external auditors every year and their report is submitted to the CBB. The overseas branches in India and Kuwait and subsidiaries (CrediMax and Capinnova) have designated compliance and MLRO functions to ensure implementation of local regulations and also to meet CBB requirements as applicable.

The Bank is committed to combating money laundering and, towards this end, implements all 'Prevention of Money Laundering Regulations' and other guidelines issued by the CBB. These regulations and guidelines are consistent with the revised FATF 49 recommendations, 'Customer Due Diligence for Banks' paper, and best international practices.

Communication strategy

The Bank has an open policy on communication with its stakeholders and has adopted a communication disclosure policy consistent with Basel II requirements. Shareholders are invited by the Chairman to attend the Annual General Meeting. The Chairman and other Directors attend the Annual General Meeting and are available to answer any questions. The Bank is at all times mindful and conscious of its regulatory and statutory obligations regarding dissemination of information to its stakeholders.

The Bank provides information on all events that merit announcement, either on its website – www.bbkonline.com – or through other forms of publication. The Bank's annual report and three years financial statements are also published on the website, as well as the Bank's corporate governance report, the corporate governance framework manual, whistle blowing policy and Insiders Trading policy. Shareholders can complete an online form which can be found on the website to forward any queries they may have.

The Bank uses a bulletin board for communicating with its employees on general matters, and sharing information of common interest and concern.