INVESTCORP

Additional disclosures as required under PD Module of CBB Rule book

For the year ended December 31, 2012

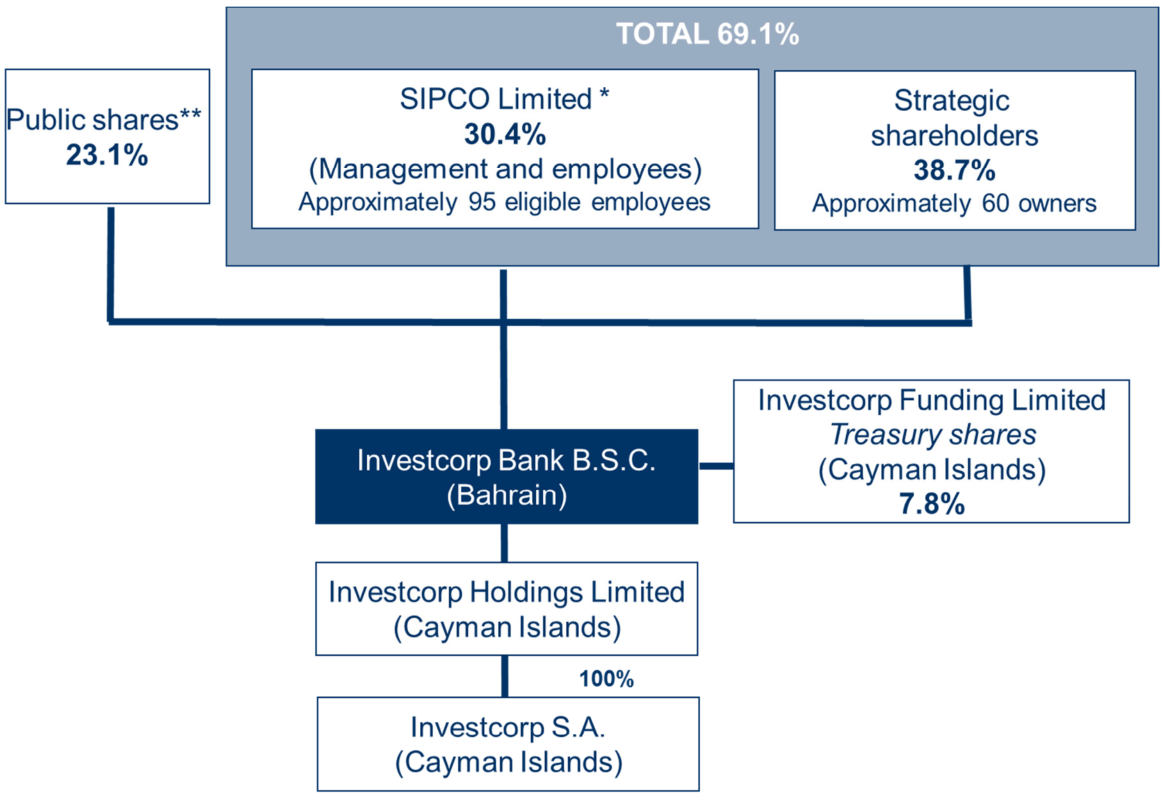
TABLE OF CONTENTS

Note: figures in this document may not reconcile due to rounding

OWNERSHIP STRUCTURE

Shareholder base

At December 31, 2012, Investcorp remains a management controlled company, with management, in concert with strategic shareholders, controlling the voting of [76.9]% of Investcorp's ordinary shares. The public float of 23.1% is split between owners holding [22.8]% in ordinary shares on the Bahrain Bourse, and [0.3]% of beneficial ownership through unlisted GDRs.



*Includes 13.2% in shares that are held for potential future allocation to the Stock Ownership Plan and 3.5% un-vested shares under the Stock Ownership Plan. The Group has approval from the Central Bank of Bahrain ("CBB") to hold up to 40% of shares for the Stock Ownership Plan. On the balance sheet these shares are accounted for as the equivalent of treasury shares.

** Includes 0.3% beneficial ownership held in the form of unlisted Global Depositary Receipts (GDRs)

Share ownership

An aggregate of 76.9% of Investcorp Bank's Ordinary Shares are held by management and employees and strategic shareholders through various Cayman Islands companies. The table below shows the distribution by nationality of the holders of the 22.8% of Investcorp Bank's Ordinary Shares that are held by public shareholders and traded on the Bahrain Bourse.

Nationality	Number of shares	Ownership %
American	9,454	1.2%
Bahamian	250	0.0%
Bahraini	45,506	5.7%
Belgian	100	0.0%
British	2,116	0.3%
Cayman Islander	8,512	1.1%
Channel Islander	1,238	0.2%
Emarati	16,950	2.1%
French	207	0.0%
Greece	600	0.1%
Jordanian	100	0.0%
Kuwaiti	18,589	2.3%
Lebanese	400	0.1%
Liechtensteiner	162	0.0%
Omani	4,295	0.5%
Pakistani	100	0.0%
Qatari	14,750	1.8%
Saudi Arabian	56,677	7.1%
Spanish	100	0.0%
Swaziland	1,000	0.1%
Swiss	640	0.1%
Virgin Islander	654	0.1%
Total	**182,400**	**22.8%**

The table below shows the distribution by nationality of the holders of Investcorp Bank's Preference Shares.

Nationality	Number of shares	Ownership %
American	1,743	0.3%
Bahamian	100,000	19.4%
Bahraini	37,600	7.3%
British	2,375	0.5%
Canadian	1,000	0.2%
Cayman Islander	193,134	37.5%
Emarati	4,000	0.8%
French	1,000	0.2%
German	1,000	0.2%
Indian	950	0.2%
Jordanian	1,000	0.2%
Kuwaiti	118,350	23.0%
Lebanese	500	0.1%
New Zealander	150	0.0%
Omani	22,200	4.3%
Qatari	3,450	0.7%
Saudi Arabian	18,680	3.6%
Swiss	8,000	1.6%
Total	**515,132**	**100.0%**

The tables below show the distribution of ownership of Investcorp Bank's Ordinary Shares and Preference Shares by size of shareholding.

Ordinary shares	No. of shares	No. of shareholders	% of total
Less than 1%	176,370	302	22.0%
1% up to less than 5%	37,013	2	4.6%
5% up to less than 10%	62,369	1	7.8%
10% up to less than 20%	138,196	1	17.3%
More than 20%	386,052	1	48.3%
Total	**800,000**	**307**	**100.0%**

Preference shares	No. of shares	No. of shareholders	% of total
Less than 1%	65,798	51	13%
1% up to less than 5%	79,334	6	15%
5% up to less than 10%	-	0	0%
10% up to less than 20%	370,000	4	72%
More than 20%	-	0	0%
Total	**515,132**	**61**	**100%**

As disclosed in the Annual Report for fiscal year 2012, members of Investcorp's senior management (Investcorp's Managing Directors) own beneficial interests in Investcorp Bank's Ordinary Shares through the Investcorp Employee Share Ownership Plans ('ISOPs') and, with the exception of Mr. Kirdar, no member of senior management owns any Ordinary Shares.

The table below shows the number of Ordinary Shares held by Directors including Mr. Kirdar. There was no trading in Ordinary Shares by Directors in H1 FY13.

Shareholder name	Number of shares
Abdul Aziz Jassim Kanoo	364
Abdul Rahman Ali Al-Turki	2,158
Abdullah M. Alireza	107
Abdul-Rahman Salim Al-Ateeqi	147
Abdullah Mohammed Mazrui	229
Mazrui Investments LLC (a)	1,000
Khalid Rashid Al Zayani	199
Al Zayani Investments WLL (b)	2,282
Farouk Yousuf Khalil Almoayyed	334
Y K A Estates Corporation	405
Hussain Ibrahim Hasan Al-Fardan	107
Perlier Investment Company Ltd (c)	2,158
Mustafa Jassim Boodai	107
Nemir Amin Kirdar	107
Total	**9,704**

(a) Holding company of Mr. Mazrui

(b) Investment holding company of Mr. Al Zayani

(c) Investment holding company of Mr. Al-Fardan

In addition to the shares listed above, certain of the Directors own shares in holding companies that, in turn, hold indirect interests in an aggregate of 33,878 Ordinary Shares.

The table below shows the number of Preference Shares held by Directors and certain members of Investcorp's senior management. There was no trading in the Preference Shares held by Directors or members of senior management in H1 FY 13.

Shareholder name	Number of shares
Farouk Yousuf Khalil Almoayyed	1,000
Abdul Aziz Jassim Kanoo	2,000
Mustafa Jassim Boodai	3,000
Perlier Investment Company Ltd (a)	2,000
Ahmed Yousif Akber Alireza	400
Mohammed Bin Mahfoodh Al Ardhi	1,000
Nemir Amin Kirdar	5,000
Al Zayani Investments WLL(b)	500
James Tanner	1,000
Stephanie Bess	100
Total	**16,000**

(a) Investment holding company of Mr. Al-Fardan

(b) Investment holding company of Mr. Al Zayani

RISK MANAGEMENT

Risk management is an integral part of the corporate decision-making process of Investcorp Bank and its consolidated subsidiaries (the “Investcorp Group” or the “Group”). The Financial and Risk Management Committee (“FRMC”), which oversees the Group’s risk management activities, and defines the Group’s risk profile and sets the appropriate risk appetite on an enterprise wide basis, is comprised of members of senior management drawn from all key areas of the Group.

The principal risks associated with the Group’s business, and the related exposures, are detailed below, in line with the methodology adopted for disclosures as at June 30, 2012.

Counterparty credit risk

The Group is exposed to counterparty credit risk on its short term funds, placements, fair value of derivatives, receivables, loans and advances, debt investments and guarantees. The Group manages counterparty credit risk by setting credit limits and allocating economic capital. The Group also monitors credit exposures, and continually assesses the creditworthiness of counterparties.

The table below analyses the Group’s maximum counterparty credit risk exposures at the balance sheet date of December 31, 2012 without taking into account any credit enhancements.

December 31, 2012 ($m)	Neither past due nor impaired (a) Credit risk rating		Past due but not impaired (b)	Impaired* (c)	Provisions (d)	Maximum credit risk (a+b+c+d)	Average balance
	High	Standard					
Short-term funds	9	30	-	-	-	39	71
Placements with financial institutions and other liquid assets	346	28	-	-	-	374	211
Positive fair value of derivative	52	27	-	-	-	79	63
Receivables	-	185	33	10	(10)	218	298
Advances	-	180	-	12	(12)	180	114
Co-investments - debt	-	105	-	-	-	105	50
Guarantees	-	64	-	-	-	64	32
Total	**407**	**619**	**33**	**22**	**(22)**	**1,059**	

The aging analysis of the past due but not impaired financial assets is given in the table below.

December 31, 2012 ($m)	
Up to 3 months	29
> 3 up to 6 months	-
> 6 months up to 1 year	4
Over 1 year	-
Total	**33**

Funding liquidity risk

Funding liquidity risk is the risk that the Group will be unable to fund increases in assets and meet obligations when they fall due, without incurring unacceptable losses. To mitigate this risk, the Group implements a comprehensive liquidity risk management framework, which includes use of risk limits, monitoring systems and scenario analyses that are incorporated into a contingency funding plan.

The table below summarizes the maturity profile of the Group's assets and liabilities as at the balance sheet date based on expected realizations.

December 31, 2012 ($*m*)	Up to 3 months	>3 months up to 1 year	Sub-Total up to 1 year	>1 year up to 5 years	>5 years up to 10 years	>10 years up to 20 years	Total
Assets							
Cash and short-term funds	39	-	**39**	-	-	-	**39**
Placement with financial institutions and other liquid assets	374	-	**374**	-	-	-	**374**
Positive fair value of derivatives	2	1	**3**	3	1	73	**79**
Receivables and prepayments	116	27	**143**	125			**268**
Loans and advances	2	44	**46**	134			**180**
Co-investments	-	-	**-**	-	-	-	
Hedge funds	204	93	**297**	82			**379**
Corporate investment	121	328	**449**	668			**1,118**
Real estate investment	45	22	**67**	142			**209**
Premises, equipment and other assets	0	-	**0**	18	27	8	**54**
Total assets	**903**	**515**	**1,418**	**1,172**	**28**	**81**	**2,699**
Liabilities							
Deposits from financial institutions	21	-	**21**				**21**
Deposits from clients - short term	464	-	**464**				**464**
Negative fair value of derivatives	60	0	**60**	4		30	**95**
Payables and accrued expenses	33	16	**49**	7			**56**
Deposits from clients - medium term	-	-	**-**	96			**96**
Medium-term debt*	166		**166**	310			**476**
Long-term debt		26	**26**			466	**492**
Total liabilities	**745**	**42**	**787**	**417**	**-**	**496**	**1,699**
Net gap	**157**	**474**	**631**	**755**	**28**	**(415)**	
Cumulative liquidity gap	**157**	**631**	**631**	**1,386**	**1,414**	**999**	

* Does not take in to account the $297.4 million undrawn revolvers of which $292.8 million is to be repaid in March 2013 on maturity. Furthermore this also does not include the impact of the undrawn forward start facility of $514 million refinancing the upcoming maturities (refer Note 14 of the financial statements).

Contractual maturity of financial liabilities on an undiscounted basis

The table below presents the cash flows payable by the Group relating to its financial liabilities and derivatives upon their respective earliest contractual maturities at the balance sheet date. The amounts disclosed in the table are the contractual undiscounted cash flows (i.e. nominal plus interest) determined by using the forward yield curve for the relevant periods.

December 31, 2012 ($*m*)	Up to 3 months	>3 months up to 1 year	>1 year up to 5 years	>5 years up to 10 years	>10 years up to 20 years	Over	Total
Financial liabilities							
Deposits from financial institutions	21	-	-	-	-	-	**21**
Deposits from clients	465	-	97	-	-	-	**562**
Payables and accrued expenses	33	16	7	-	-	-	**56**
Medium-term debt*	170	22	402	-	-	-	**594**
Long-term debt	2	45	76	95	633	-	**851**
	691	**83**	**582**	**95**	**633**	**-**	**2,084**
Derivatives:							
Contracts settled on a gross basis:							
Contractual amounts payable	844	305	239	-	-	-	**1,388**
Contractual amounts receivable	(818)	(277)	(234)	-	-	-	**(1,329)**
Contracts settled on a net basis:							
Contractual amounts payable (receivable)	2	(9)	(23)	(22)	5	-	**(47)**
	28	**19**	**(18)**	**(22)**	**5**	**-**	**12**
Commitments	16	87	45	10	-	-	**158**
Guarantees	64	-	-	-	-	-	**64**
Total undiscounted financial liabilities	**799**	**189**	**609**	**83**	**638**	**-**	**2,318**

* The medium term debt maturities takes into account the impact of the undrawn forward start facility that the Group has signed amounting to $514 million. (refer to Note 14 of the financial statements for details)

Concentration risk

Concentration risk arises when a number of counterparties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Group's performance to developments affecting a particular industry or geographic location. The Group's policies and procedures and the broad geographical and industry spread of its activities limit its exposure to any concentration risk. Additionally management has established credit limits for geographic and counterparty exposures, which are monitored on a daily basis.

The table below shows the distribution of credit concentration exposuresof debt-like investments, other credit-based assets and off-balance sheet guarantees by geographical region and industry sector as at the balance sheet date:

December 31, 2012 ($*m*)	Assets exposed to credit risk	Off-balance sheet exposed to credit risk	Total credit risk exposure
Industry Sector			
Banking and Finance	577	0	577
Consumer products	57	-	57
Consumer services	39	-	39
Distribution	47	-	47
Industrial	97	-	97
Real estate	111	54	165
Technology and Telecom	59	-	59
Others	8	10	18
Total	**995**	**64**	**1,059**

December 31, 2012 ($*m*)	Assets exposed to credit risk	Off-balance sheet items exposed to credit risk	Total credit risk exposure
Geographical Region			
North America	799	64	863
Europe	185	-	185
Middle East	11	-	11
Total	**995**	**64**	**1,059**

Market price risk

The principal market related risks to which the Group is exposed are foreign currency risk, interest rate risk and equity price risk associated with its co-investments in hedge funds, corporate investment and real estate investment, as well as on its debt financings. For purposes of managing market price risks, the Group has established appropriate procedures and limits approved by the Board of Directors. In addition, for internal risk assessments, the Group uses a variety of internal models to analyze the market price risks that may arise from adverse market movements.

Market price risk as at the balance sheet date is detailed below under (a) foreign currency risk, (b) interest rate risk and (c) equity price risk.

(a) Foreign currency risk

The Group's significant net hedged and un-hedged foreign currency positions are set out below.

($m)	December 31, 2012	
Long (Short)	**Net hedged exposure**	**Net unhedged exposure**
Bahraini Dinar*	-	40
Euro	198	(0)
Pounds Sterling	56	(1)
Japanese Yen	(377)	(0)
	(123)	**38**

* Currency exchange rate currently pegged against the US Dollar

The following table summarizes the 99% confidence level over a 1-day holding period VaR for the Group's foreign currency exposures.

December 31, 2012 ***($000s)***	
Average FX VaR	6
Year end FX VaR	9
Maximum FX VaR	28
Minimum FX VaR	1

(b) Interest rate risk

The following table depicts the sensitivity of the Group's net income to a 200 basis points possible change in interest rates, with all other variables held constant. The sensitivity is based on the floating rate financial assets and financial liabilities (including items hedged back to floating rate) held at the balance sheet date.

December 31, 2012 ($m)	***Sensitivity to net income for +200 basis points***	***Sensitivity to net income for -200 basis points***
Currency		
Euro	(9)	1
Pounds Sterling	(1)	-
Japanese Yen	1	-
US Dollar	(2)	2
Others	-	-
Total	**(11)**	**3**

a) Figures in parenthesis above represent loss.
b) The downside case of -200bps impact is calculated with the assumption that the yield curve will not go below 0%

(c) Equity price risk

The Group's equity price risk arises primarily from its co-investments in hedge funds, corporate investment and real estate investment.

Co-investments in corporate investment and real estate investment

The table below summarizes the sensitivity to changes in multiples / discount rates of the Group's co-investments in CI–NA & Europe, CI – Technology and real estate investment, that are measured based on models that use inputs that are not based on observable market data.

December 31, 2012 ($m)	Factor	Change	Balance sheet exposure	Projected Balance sheet Exposure		Impact on Income	
				Increase	Decrease	Increase	Decrease
CI - NA & Europe	EBITDA Multiples	+/- 0.5x	1,006,019	1,078	927	72	(79)
CI - Technology	Revenue Multiples	+/- 0.5x	76,815	81	73	4	(4)
Real Estate Investment	Capitalization Rate	+/- 1%	163,956	188	142	24	(22)

Co-investments in hedge funds

The table below sets out the VaR, at a 99% confidence level and a one-month time horizon, for the Group's hedge funds gross exposure.

December 31, 2012 ($m)	
Average VaR	25
Year end VaR	22
Maximum VaR	27
Minimum VaR	22