CORPORATE GOVERNANCE

Bahrain Commercial Facilities Company B.S.C. is committed to best practices of corporate governance in line with legal and regulatory requirements. Maintenance of high standards in corporate governance is an intrinsic part of the Company's pursuit of its business activities. These Guidelines cover the high level controls aspects of corporate governance of the Company. They highlight the areas with which the Company complies in relation to the corporate governance and disclosure requirements, including the recently-approved Corporate Governance Code Principles of the Ministry of Industry and Commerce and the updated regulatory requirements of the High-Level Controls of the Central Bank of Bahrain.

A. Shareholder Information

Details of the Company's capital, shareholders and distribution of equity shares are disclosed under Note (14) to the Consolidated Financial Statements for the year ended 31 December 2011.

B. Board of Directors Information

Constituted of ten non-executive members divided equally into independent and non-independent, the Board, who are appointed and elected as per the Company's Memorandum and Articles of Association and the Board of Directors Charter, represents a mix of high-caliber professional skills and expertise. Any newly appointed/elected director undergoes a comprehensive, formal and tailored induction to ensure the director's fiduciary responsibilities are well understood and appreciated. To fulfill its responsibilities, the Board has in place an Executive Committee, a Board Audit Committee and a Remuneration and Nomination Committee, whose compositions consist of members with adequate professional background and experience. The Board annually reviews its composition and conducts an evaluation of its performance and the performances and contributions of all committees vis-à-vis their respective charters.

The Board of Directors of Bahrain Commercial Facilities Company B.S.C. exercise their individual and collective business judgment objectively, transparently and in good faith in what they reasonably believe to be in the best interest of the Company, its shareholders and stakeholders. The Board of Directors oversees the process of disclosure and communications to internal and external stakeholders. The Board of Directors ensures that disclosure is fair, transparent and comprehensive; and reflects the character of the Company and the nature and complexity of risks inherent in the business activities of the Company.

In compliance with the local statutory requirements, the Board of Directors oversees the exercise of corporate powers and ensures that the Company's business and affairs are well managed to meet its stated goals and objectives. Maintenance of the high standards of corporate conduct, including compliance with applicable laws, regulations, business and ethical standards, receives considerable attention by the Board of Directors.

The Company strives to promote the highest standard of professional ethical

norms and values towards its stakeholders (i.e. customers, employees, regulators and the community). The Board has approved a Code of Conduct that applies to the Directors and another one dedicated for the Executive Management and staff that includes "whistle-blowing" procedures. It is in the best interest of the company and shareholders to bind all the concerned to the highest standards of professionalism and due diligence in discharging their duties. The codes include areas pertaining to conflict of interest, obligations of integrity and loyalty, confidentiality and the responsibilities of all those concerned to adhere to best practices and high standards in ethical norms and values.

In compliance with the regulatory requirements, below is the number of shares held by the Company's directors as at 31st December 2011 as follows:

*Directors **	*Types of Shares*	*31 December 2011*	*31 December 2010*
Abdulrahman Yusuf Fakhro	Ordinary	384,198	343,337
Abdulkarim Ahmed Bucheery	Ordinary	Nil	Nil
Khalid Mohammed Ali Mattar	Ordinary	1,254,891	776,276
Ebrahim Abdulla Buhindi	Ordinary	Nil	Nil
Jamal Mohamed Jassim Hejres	Ordinary	Nil	Nil
Sayed Abdughani Hamza Qarooni	Ordinary	1,529,910	1,529,910
Ali Abdulla Ahmadi	Ordinary	816,750	816,750
Abdulaziz Abdulla Al-Ahmed	Ordinary	Nil	Nil

* The Board of Directors did not trade in the shares of the company during the financial year ended 31st December 2011. However, the Directors' shareholding included shares held by the spouse(s) and children, if any.

The Board of Directors meets at least four times in each financial year upon the summons of the Chairman of the Board or his Deputy (in case of absence or disability) or at least two of its members. A quorum shall be attained if one half of the members are present. In 2011, the Board of Directors convened five ordinary meetings and three unscheduled meetings. The meetings were attended as follows:

Board of Directors	*19 Jan ‹1›*	*16 Feb.*	*28 Mar.*	*22 May ‹2›*	*27 Jun. ‹3›*	*27 Jul.*	*26 Oct.*	*25 Dec.*	*Total*
Abdulrahman Yusuf Fakhro	✓	✓	✓	✓	✓	✓	✓	✓	8
Abdulkarim Ahmed Bucheery	✓	✓	✓	✓	✓	✓	✓	✓	8
Abdulrahman Abdulla Mohammed ‹4›	✓	✓							2
Khalid Mohammed Ali Mattar	✓	✓	✓	✓		✓	✓	✓	7
Shk. Mohammed Bin Isa Al-Khalifa ‹5›	✓	✓	✓	✓	✓	✓			6
Ebrahim Abdulla Buhindi		✓	✓	✓	✓	✓	✓	✓	7
Abdulaziz Saleh Al-Saie ‹6›	✓	✓	✓	✓	✓	✓	✓	✓	8
Jamal Mohamed Jassim Hejres	✓	✓	✓	✓		✓	✓	✓	7
Sayed Abdulghani Hamza Qarooni	✓	✓	✓	✓	✓	✓	✓	✓	8
Ali Abdulla Ahmadi	✓	✓	✓	✓	✓	✓	✓	✓	8
Abdulaziz Abdulla Al-Ahmed ‹7›			✓	✓	✓		✓	✓	5

1. An unscheduled meeting of the Board held to consider an investment proposal in 2011.
2. An unscheduled meeting of the Board held to revise the Group's Business Plan for 2011 in the aftermath of the sad events in Bahrain.
3. An unscheduled meeting of the Board held to consider an investment proposal in 2011.
4. Retired from the Board effective from 28 February 2011.
5. Resigned from the Board effective from 01 October 2011.
6. Ceased being a Board member from 27 December 2011.
7. Joined the Board in place of the outgoing nominee of NBB, Mr. Abdulrahman Abdulla Mohammed, effective on 28 March 2011.

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Additionally, where there is a potential for conflict of interest, or there is a need for impartiality in relation to a subject or proposed transaction where a conflict of interest exists, the Board shall form ad hoc Board sub-committees, comprising of a sufficient number of Board members capable of exercising independent, objective judgment. This is to ensure that the Board members discharge their duties with a high degree of integrity and loyalty, taking into account applicable laws, codes and regulations. During 2011, the Board did not hold any Sub-Committee meeting to consider any subject or proposed transaction where a conflict of interest existed.

C. Key Persons Dealing Policy

The Company has established a Key Persons Dealing Policy to ensure that insiders are fully aware of the regulatory requirements regarding dealing with BCFC shares, with the objective of preventing abuse of inside information. A Key Person is defined as a person or a juristic person that possesses or has access to price-sensitive information, from time to time, by nature of their duties performed. Key persons are Board of Directors, senior management and other persons or third parties as decided by the Company's Board. The Group's Compliance Officer maintains at all times an updated Register of Key Persons and makes immediate notification to Bahrain Bourse of their dealings in the Company's shares.

D. Board of Directors Committees

1. Executive Committee

In accordance with Article (23) of the Company's Articles of Association and Article (8) Paragraph (8.1) of the Board of Directors Charter, the Executive Committee is delegated with defined scope of duties and authorities in relation to Bahrain Credit, TRESCO and TISCO and to review and make recommendations to the whole Board on the Company's actions.

The Committee is comprised of four non-executive members appointed by the Board of Directors on an annual basis. In accordance with its charter, the Executive Committee has the role of reviewing reports and activities, taking decisions on issues within its defined authorities and recommending to the Board of Directors on other issues that are above its authorities. These responsibilities and authorities cover a wide area ranging from credit approvals, write-offs, strategy, business planning, human resources policies and practices, donations, signing and investment authorities.

To ensure full discharge of duties, the Executive Committee shall convene its meetings regularly as required, but with a minimum of four meetings per annum. In 2011, the Executive Committee held seven meetings. The meetings were attended as follows:

Committee Member	*19 Jan.*	*28 Mar.*	*27 Apr.*	*30 May*	*27 Jun.*	*21 Sep.*	*28 Nov.*	*Total*
Khalid Mohammed Ali Mattar, Chairman	✓	✓	✓	✓		✓	✓	6
Shk. Mohammed Bin Isa Al-Khalifa, Vice Chairman ‹1›	✓	✓	✓	✓	✓	✓		6
Abdulrahman Abdulla Mohammed, Member ‹2›	✓							1
Abdulkarim Ahmed Bucheery, Member	✓	✓	✓	✓	✓	✓	✓	7
Sayed Abdulghani Hamza Qarooni, Member / Vice Chairman ‹3›		✓	✓	✓	✓	✓	✓	6

1. Quit as vice chairman following his resignation from the Board of Directors effective from 01 October 2011.
2. Quit as member following his retirement from the Board of Directors effective from 28 February 2011.
3. Appointed as member in March 2011 and elected as Vice Chairman in November 2011 following the departure of the outgoing Vice Chairman.

2. Board Audit Committee

The Board Audit Committee assists the Board of Directors in overseeing the responsibilities for the financial reporting process, the system of internal control, the audit process, monitoring compliances with group's risk management policies and procedures and the process for monitoring compliance with laws and regulations and the Company's code of conduct. Consistent with this function, the Committee encourages continuous improvement of, and fosters adherence to, the Company's policies, procedures and practices at all levels.

The Board Audit Committee consists of at least three members appointed by the Board of Directors on an annual basis. All the members are non-executive directors who are financially literate and independent of the management and free of any business or other relationships (including, without limitations, day to day involvement in the management of the business) which could interfere with the exercise of their independent judgment.

The Committee directs the role and assesses the performance of the Internal Audit Department and is responsible for developing and recommending to the Board corporate governance guidelines and reviews those guidelines at least once a year in compliance with the regulatory requirements.

The Board Audit Committee has the authority to conduct or authorize investigations into any matters within its scope of responsibility and has full access to all information required to discharge its functions.

The Committee shall hold a minimum of 4 meetings a year, with authority to convene additional meetings, as circumstances require. On each occasion, the Board Audit Committee will meet on a quarterly basis with the External Auditor in the presence of members of management of the parent company and its subsidiaries, internal auditors or others, as necessary. During 2011, the Board Audit Committee met seven times. The meetings were attended as follows:

Committee Member	*25 Jan.*	*13 Feb.*	*20 Apr.*	*05 May ‹1›*	*25 Jul.*	*25 Sep.*	*20 Oct.*	*Total*
Ebrahim Abdulla Buhindi, Chairman	✓	✓	✓	✓	✓	✓	✓	7
Abdulaziz Saleh Al-Saie, Vice Chairman ‹2›	✓	✓	✓	✓	✓	✓	✓	7
Ali Abdulla Ahmadi, Member	✓	✓	✓	✓	✓	✓	✓	7

1. An unscheduled meeting held to review the CBB Inspection Report for recommendation to the Board of Directors.
2. Quit as vice chairman following his resignation from the Board of Directors effective from 27 December 2011.

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Additionally, the Chief Executive Officer and the Head of Operations certify in writing to the Audit Committee and the Board the Company's interim and annual financial statements.

3. Remuneration and Nomination Committee

Comprised of at least three non-executive directors appointed by the Board on an annual basis, the Remuneration and Nomination Committee provides advice and makes recommendations to the Board on matters related to the nomination and appointment of Directors, Directors to the Boards of the Company's subsidiaries, membership to all Committees of the Board, the Chief Executive Officer, the General Manager of National Motor Company W.L.L. and the Secretary to the Board.

The Committee reviews and makes recommendations to the Board on all matters of remuneration and compensation of Directors and the remuneration of the Chief Executive Officer, the General Manager of National Motor Company W.L.L. and the Secretary to the Board, the bonus, share options, redundancy and termination payment policies of the Company.

The Committee assesses the roles of the Chief Executive Officer, General Manager of National Motor Company W.L.L. and Secretary to the Board. The Committee also ensures that failure is not rewarded and that the duty to mitigate loss is fully recognized. Additionally, the Committee determines the policy for the disclosure of Directors and Executive Management's remuneration.

The Committee shall meet as necessary to ensure full discharge of duties based upon a request of the Chairman, Vice-Chairman or the Chief Executive Officer. The Committee shall convene not less than two meetings each year. The Remuneration and Nomination Committee convened three meetings during 2011. The meetings were attended as follows:

Committee Member	*10 Feb.*	*10 Mar.*	*21 Jun.*	*Total*
Abdulrahman Yusuf Fakhro, Chairman	✓	✓	✓	3
Ebrahim Abdulla Buhindi, Vice Chairman	✓	✓	✓	3
Jamal Mohamed Jassim Hejres, Member	✓	✓	✓	3
Sayed Abdulghani Hamza Qarooni, Member ‹1›	✓	✓		2

1. Quit as member and was appointed as Executive Committee member effective from 28 March 2011.

E. Risk Management, Compliance and Anti-Money Laundering

Bahrain Commercial Facilities Company B.S.C is fully aware of its responsibilities in observing all regulatory provisions and best international practices in relation to its functioning. It is committed to complying with international best practices on risk management, compliance and anti-money laundering as reflected by the requirements of the Central Bank of Bahrain.

The Company has a Risk Manager, Group Compliance Officer and Anti-Money Laundering Reporting Officer. These functions are independent of business lines and the day-to-day running of the various business areas and are separate from the Internal Audit function. In addition, following a rigorous review to ensure compliance with the regulatory requirements in regard of these functions, the Risk Manager, Group Compliance Officer and Anti-Money Laundering Reporting Officer reports directly to the Chief Executive Officer and has full access to the Board of Directors through the Board Audit Committee.

The Company retains an approved Anti-Money Laundering Policy, which contains customer due diligence measures, procedures for identifying and reporting suspicious transactions, an annual awareness programme for staff training, record keeping requirements and documentation. The Internal Audit Department and External Auditors regularly carry out an independent review of Anti Money Laundering controls for the attention of the Central Bank of Bahrain.

F. Communication Strategy

The Company has approved Corporate Communication Policy Guidelines in relation to communication with its stakeholders, employees, customers, government bodies, regulators etc. Shareholders are invited by the Chairman of the Board to attend the Annual General Meeting in the presence of the Chairman and other directors including the Executive Committee Chairman, the Audit Committee Chairman and the External Auditors, who are available to answer any questions raised by shareholders or media representatives with regard to the operations and performance of the Company.

Additionally, the Company is cognizant and fully aware of its regulatory and statutory obligations regarding dissemination of information to its stakeholders. Without prejudice to the disclosure standards, guidelines on key persons and other requirements of the relevant statutory bodies, financial and non-financial information is provided by the Company on all events that merit announcement, either on its website: www.bahraincredit.com.bh or through local newspapers or other means of communication. The financial statements, annual reports of the Company, Board of Directors Charter and Corporate Governance Guidelines are made available on the Company's website. Internally, electronic mail and departmental portals are used for communicating with the Company's staff on general matters, and sharing information of common interest and concern.