CORPORATE GOVERNANCE

Bahrain Commercial Facilities Company BSC 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. This section covers the high level controls aspects of corporate governance of the Company. It highlights the areas with which the Company complies in relation to the corporate governance and disclosure requirements, particularly in compliance with 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.

Board of Directors

Constituted of ten non-executive members, the Board, who are appointed and elected as per the Company's Memorandum and Articles of Association, represents a mix of high-caliber professional skills and expertise. Any newly appointed /elected director undergoes a comprehensive, formal and tailored induction program 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 BSC 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.

In compliance with the regulatory requirements, below is the number of shares held by the Company's Directors as at 31st December 2010 as follows:

Directors *	Types of Shares	31 December 2010	31 December 2009
Abdulrahman Yusuf Fakhro	Ordinary	343,337	343,337
Abdulkarim Ahmed Bucheery	Ordinary	Nil	Nil
Abdulrahman Abdulla Mohammed	Ordinary	Nil	Nil
Khalid Mohammed Ali Mattar	Ordinary	776,276	776,276
Shk. Mohammed Bin Isa Al-Khalifa	Ordinary	Nil	Nil
Ebrahim Abdulla Buhindi	Ordinary	Nil	Nil
Sayed Abdughani Hamza Qarooni	Ordinary	1,529,910	1,529,910
Abdulaziz Saleh Al-Saie	Ordinary	Nil	Nil
Ali Abdulla Ahmadi	Ordinary	816,750	816,750
Jamal Mohamed Jassim Hejres	Ordinary	Nil	Nil

* The Board of Directors did not trade in the shares of the company during the financial year ended 31 December 2010.

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 2010, the Board of Directors convened six meetings. The meetings were attended as follows:

Directors	16 Feb	15 Mar	20 Jul	09 Oct**	26 Oct	13 Dec	Total
Abdulrahman Yusuf Fakhro	√	√	√	√	√	√	6
Abdulkarim Ahmed Bucheery	√				√	√	3
Abdulrahman Abdulla Mohammed	√	√	√	√	√	√	6
Khalid Mohammed Ali Mattar	√	√		√	√	√	5
Shk. Mohammed Bin Isa Al-Khalifa	√	√		√	√	√	5
Ebrahim Abdulla Buhindi	√	√	√	√	√	√	6
Sayed Abdughani Hamza Qarooni	√	√	√	√	√	√	6
Abdulaziz Saleh Al-Saie	√	√	√	√	√	√	6
Ali Abdulla Ahmadi	√	√	√	√	√	√	6
Jamal Mohamed Jassim Hejres	√	√	√	√	√	√	6

** An unscheduled meeting of the Board held to consider an investment proposal in 2010.

Additionally, in order to avoid conflicts of interest, a Board Sub-Committee meeting was held to consider proposals of a Bond issue in 2010. The meeting was attended as follows:

Board Sub-committee	22 Apr
Abdulrahman Yusuf Fakhro	√
Khalid Mohammed Ali Mattar	√
Ebrahim Abdulla Buhindi	√
Abdulaziz Saleh Al-Saie	√

Executive Committee

In accordance with Article 23 of the Company's Articles of Association, the Executive Committee is delegated with defined scope of duties and authorities in relation to Bahrain Credit, TRESCO and TISCO.

The Committee is comprised of four non-executive members appointed by the Board of Directors on an annual basis. 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 fulfill its assigned responsibilities, the Executive Committee held seven meetings in 2010. The meetings were attended as follows:

Executive Committee Members	26 Jan	16 Mar	20 Apr	25 May	15 Jun	22 Sep	23 Nov	Total
Khalid Mohammed Ali Mattar, *Chairman*	√	√	√	√	√	√	√	7
Shk. Mohammed Bin Isa Al-Khalifa, *Vice Chairman*	√	√	√	√	√	√	√	7
Abdulrahman Abdulla Mohammed, *Member*	√	√	√	√	√	√	√	7
Abdulkarim Ahmed Bucheery, *Member*	√		√	√	√	√	√	6

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 three members appointed by the Board of Directors on annual basis. All the three 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.

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.

During 2010, the Board Audit Committee met eight times. On each occasion, the Board Audit Committee met on a quarterly basis with the External Auditor. The meetings were attended as follows:

Audit Committee Memebers	24 Jan	09 Feb	14 Feb	18 Apr	18 Jul	23 Sep	25 Oct	07 Nov	Total
Ebrahim Abdulla Buhindi, *Chairman*	√	√	√	√	√	√	√	√	8
Abdulaziz Saleh Al-Saie, *Vice Chairman*	√	√	√	√	√	√	√	√	8
Ali Abdulla Ahmadi, *Member*	√	√	√	√	√	√	√	√	8

Remuneration and Nomination Committee

Comprised of four non-executive directors appointed by the Board on an annual basis, the Remuneration and Nomination Committee provides advice to the Board on matters related to the nomination and appointment of Directors, the Chief Executive Officer, the General Manager of National Motor Company WLL and the Secretary to the Board.

The Committee makes recommendations to the Board on the appointment of Directors, the Chief Executive Officer and the General Manager of National Motor Company WLL; the Secretary to the Boards; Directors to the Boards of the Company's subsidiaries; and membership to all Committees of 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 WLL and the Secretary to the Board, the bonus, share option, redundancy and termination payment policies of the Company. The Committee assesses the roles of the Chief Executive Officer, General Manager of National Motor Company WLL 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 Remuneration and Nomination Committee convened three meetings during 2010. The meetings were attended as follows:

Remuneration and Nomination Committee Members	10 Feb	20 Jun	06 Dec	Total
Abdulrahman Yusuf Fakhro, *Chairman*	√	√	√	3
Ebrahim Abdulla Buhindi, *Vice Chairman*	√	√	√	3
Jamal Mohamed Jassim Hejres, *Member*	√	√		2
Sayed Abdulghani Hamza Qarooni, *Member*	√		√	2

Risk Management, Compliance and Anti-Money Laundering

Bahrain Commercial Facilities Company BSC 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, Compliance Officer and Anti-Money Laundering 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, Compliance Officer and Anti-Money Laundering Officer now 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.

Communication Strategy

The Company has a clear policy in relation to communication with its stakeholders, shareholders, employees, customers, government bodies, regulators and society and has approved Corporate Communication Policy Guidelines. 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 financials and annual reports of the Company are made available on the Company's website. Internally, electronic mail is used for communicating with the Company's staff on general matters, and sharing information of common interest and concern.