

CORPORATE GOVERNANCE REPORT 2023

Bahrain Commercial Facilities Company B.S.C. (BCFC) is licensed by the Central Bank of Bahrain (CBB) as a 'Financing Company' regulated under Rulebook Volume 5 'Specialized Licensees' category. BCFC is also a listed company on Bahrain Bourse and the provisions of Rulebook Volume 6 apply to it as a capital market participant. The corporate governance provisions relate to the High-Level Controls (Module HC) of the respective Rulebook Volumes.

BCFC is committed to the best practices of corporate governance in line with the legal and regulatory requirements. Maintenance of high standards in corporate governance is an intrinsic part of the Company's pursuit of its business activities and its subsidiaries. These Policies highlight the areas the Company and its employees have to comply with in relation to the corporate governance and disclosure requirements, particularly with reference to Corporate Governance Code of the Ministry of Industry and Commerce (MOIC), applicable regulatory requirements under HC Modules of Rulebook Volumes 5 and 6 (whichever applies) and any other rules, regulations and Directives issued on this matter and the Memorandum and Articles of association of the Company.

A. Shareholder Information

Details of the Company's capital, shareholders and distribution of equity shares are disclosed under Note 18 to the Consolidated Financial Statements for the year ended 31 December 2023.

B. Board of Directors

The Board is constituted of ten directors, divided into independent, non-executive and executive members. The members are appointed and elected for a three-year term unless terminated earlier in accordance with applicable laws or as per the Company's Memorandum and Articles of Association or the Board of Directors Charter. Additionally, as per the High-Level Controls Module (Module HC) of the CBB Rulebook, which requires disclosure of the percentage of women's representation on the board of directors of listed companies in 2023, the BCFC Board of Directors is comprised of one female Board member who represents 10% of the overall Board composition. The Board 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. In this regard, it is worth mentioning that training of the Board Members, as approved persons holding controlled functions in the Company, has always been at the forefront of the responsibilities of the Company, which ensures proper Continuous Professional Development (CPD) Training is extended to all Directors as per the CBB Training and Competency Module (Module TC). In this respect, the Board members fulfilled all their training requirements for the year ended 31 December 2023 as per the regulatory directive. To fulfill some of its responsibilities, the Board has in place an Executive Committee, a Nomination, Remuneration, Sustainability and Governance Committee (NRSG) and an Audit, Risk and Compliance Committee (ARCC), whose compositions consist of members with adequate professional background and experience. The Board annually reviews its own composition and Charter and conducts an evaluation of its performance, the performances, and contributions of all Committees vis-à-vis their respective charters and the performance, effectiveness, and contribution of each board member. The performance appraisals are in the form of written forms or reports made at the last scheduled meeting of the calendar year. The final performance appraisal report is reviewed and recommended by the Nomination, Remuneration, Sustainability and Governance Committee for the approval of the Board and finally approved by the BCFC Board of Directors at the first meeting of the calendar year where the Company's year-end results are approved for publication. The overall rating of the Board, Board Committees and Boards of the portfolio companies and the Executive Committee of the automotive companies was 3.91 out 4.

The Board is responsible for the preparation and fair representation of the consolidated financial statements in accordance with International Financial Reporting Standards (IFRS), and for establishing such internal controls as the Board determines is necessary to enable the preparation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

The Board of Directors of Bahrain Commercial Facilities Company B.S.C. are under an obligation to 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 disclosures are fair, transparent, and comprehensive; and reflect the character of the Company and the nature and complexity of risks inherent in the business activities of the Company. The Board of Directors and Senior Management oversee and ensure that Information and Cyber Security controls are periodically evaluated for adequacy.

In compliance with the local statutory and regulatory 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 highest standards of corporate conduct, including compliance with applicable laws, regulations, business and ethical standards, receives considerable attention by the Board of Directors.

The types of material transactions that require the Board of Directors approval cover a wide area ranging from credit approvals, approval of policies, strategies, donations to signing and investment authorities.

The Company strives to promote the highest standard of professional ethical norms and values towards its stakeholders (including without limitation, its customers, employees, regulators and the community). The Board has approved a Code of Conduct (the Code) that applies to the Directors and another one dedicated for the Executive Management and staff that includes the "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 code includes areas pertaining to conflict of interest, related parties' transactions, 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.

Furthermore, directors as approved persons abide by their fiduciary duties of care and owe loyalty not to use property of the Company for their personal needs as though it was their own property, not to disclose confidential information or use it for their personal profit, not to take business opportunities for themselves that constitute direct and material conflicts of interest, not to compete directly or indirectly in business with of the Company; and to declare their conflict and abstain from participating in any deliberation in or voting on any transaction contemplated between the Company and a company in which they have personal interests.

In compliance with the regulatory requirements, below are the numbers of shares held by the Company's directors, in their capacity as approved persons, and the connected persons as at 31st December 2023 as follows:

<i>Directors *</i>	<i>Type of Shares</i>	<i>31 December 2023</i>	<i>31 December 2022</i>
<i>Mr. AbdulRahman Yusuf Fakhro</i>	<i>Ordinary</i>	<i>991,718</i>	<i>991,718</i>
<i>Dr. AbdulRahman Ali Saif</i>	<i>Ordinary</i>	<i>Nil</i>	<i>Nil</i>
<i>Mr. Ebrahim Abdulla Buhindi</i>	<i>Ordinary</i>	<i>Nil</i>	<i>Nil</i>
<i>Mr. AbdulAziz Abdulla Al-Ahmed</i>	<i>Ordinary</i>	<i>Nil</i>	<i>Nil</i>
<i>Mr. Reyadh Yusuf Hasan Sater</i>	<i>Ordinary</i>	<i>Nil</i>	<i>Nil</i>

Mr. Yusuf Saleh Khalaf	Ordinary	Nil	Nil
Mr. Mohamed Abdulla Isa	Ordinary	Nil	Nil
Sh. Salman Bin Isa Al-Khalifa	Ordinary	Nil	Nil
Mrs. Najla Mohamed Al Shirawi	Ordinary	Nil	Nil
Mr. Mishal Ali Mohamed Alhellow	Ordinary	Nil	Nil

* The Board of Directors and their connected persons did not trade in the shares of the Company during the financial year ended 31st December 2023.

Annual confirmations as well as an on-going obligation update regarding the profiles, directorships, conflicts and personal interests of the Board of Directors are sought from the Board of Directors. The process of declaration of interests takes place on an annual basis and as part of the public disclosure requirements in the Company's Annual Report. The Board Secretary writes to all the Directors, requesting them to confirm and/or update their existing directorships and profiles. Upon receiving their responses, profiles, directorships, conflicts and personal interests of the Board of Directors are disclosed in the annual report at the end of each financial year. Similar confirmations and declarations are also applied at the time of election and nomination or appointment of a new Board of Director, when candidates fill in and submit the CBB forms together with their declarations of interest in other enterprises and these declarations are refreshed thereafter with necessary information on an annual and regular basis to fully adhere to the applicable CBB Rulebook provisions.

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 plus one of the members are present. In 2023, the Board of Directors convened seven ordinary meetings and one unscheduled meeting. The meetings were attended as follows:

Board of Directors	12 Feb.	27 Feb.	5 Apr.	08 May. <5>	24 July. <6>	07 Aug.	01 Nov. <7>	14 Dec.	Total	Attendance Percentage
Mr. AbdulRahman Yusuf Fakhro	✓	✓	✓	✓	✓	✓	✓	✓	8	100%
Dr. AbdulRahman Ali Saif	✓	✓	✓	✓	✓	✓	✓	✓	8	100%
Mr. Reyadh Yusuf Hasan Sater	✓	✓	✓	✓	✓	✓	✓	✓	8	100%
Mr. Nader Karim Al Maskati <1>	✓	✓							2	100%
Mr. Ebrahim Abdulla Buhindi	✓	✓	✓	✓	✓	✓	✓	✓	8	100%
Mr. AbdulAziz Abdulla Al-Ahmed	✓	✓	Virtual	✓	✓	✓	✓	Virtual	8	100%
Mr. Abdulla Mohamed Al Mahmood <2>	✓	✓							2	100%
Mr. Mohamed Abdulla Isa	✓	✓	✓	✓	✓	absent	Virtual	✓	7	87.5%
Mr. Yusuf Saleh Khalaf	✓	✓	✓	✓	Virtual	✓	✓	✓	8	100%
Mrs. Dana Aqeel Raees <2>	✓	✓							2	100%
Sh. Salman Bin Isa Al-Khalifa <3>			✓	✓	Virtual	✓	✓	✓	6	100%
Mrs. Najla Mohamed Al Shirawi <4>			✓	✓	Virtual	✓	✓	✓	6	100%
Mr. Mishal Ali Mohamed Alhellow <3>			✓	✓	Virtual	✓	✓	✓	6	100%

1. His term of office expired at the last OGM held on 29 March 2023.
2. Their term of office as SIO Nominees expired at the last OGM held on 29 March 2023.
3. Appointed as Board Members [as SIO Nominees] for the next term of office for the years 2023-2026.
4. Elected as Board Member for the next term of office for the years 2023-2026.
5. Mrs. Najla Al Shirawi declared a conflict of interest as far as treasury shares purchase and a market making proposal and absented herself from any discussion and decision on the subject matter.
6. To discuss the Company's overall business performance YTD.
7. Dr. AbdulRahman Saif, Mr. Mohammed Abdulla & Mr. AbdulAziz Al Ahmed declared a conflict of interest as far as a well-known corporate entity case & therefore they absented themselves from any discussions or decisions on the subject matter.

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 non-banking and non-conflicted 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. In this regard, the Board disclosed the areas that featured discussions and decision-making where potential conflicts of interest might engage, and where the respective members absented themselves to avoid conflict of interest. In 2023, the Board formed three different Board ad hoc committees to review and consider different subject matters. The Board ad hoc committees convened, and the meetings were attended as follows:

Board Sub-committee meeting. (To approve the proposed new refinancing facility)	09 Feb
Mr. AbdulRahman Yusuf Fakhro, Chairman	✓
Mr. Reyadh Yusuf Hasan Sater, Member	✓
Mr. Yusuf Saleh Khalaf, Member	Virtual
Mrs. Dana Aqeel Raees, Member	✓

* Board Sub-committee was constituted and formed of non-banking members to avoid any conflict of interest based on a circular resolution taken by the BCFC Board to approve the proposed new refinancing facility.

Board Sub-committee meeting. (To review all the proposals related to the Board System Initiative and attend demos in the presence of Management and Board Secretary to make a final recommendation on the system selection to the Board)	29 May
Sh. Salman Bin Isa Al-Khalifa, Member	Virtual
Mrs. Najla Mohamed Al Shirawi, Member	Virtual
Mr. Mishal Ali Mohamed Alhellow, Member	Virtual

Board Sub-Committee Meeting (To discuss the Company's deteriorating performance to make the necessary recommendations to the Board for immediate action)	27 July
Mr. AbdulRahman Yusuf Fakhro, Chairman	✓

<i>Dr. AbdulRahman Ali Saif, Vice Chairman</i>	<i>Virtual</i>
<i>Mr. Yusuf Saleh Khalaf, Member</i>	<i>Virtual</i>

Board Sub-Committee Meeting <i>(To review the Company's Second Half Financial Results - Part 1)</i>	17 September
<i>Dr. AbdulRahman Ali Saif, Vice Chairman</i>	✓
<i>Sh. Salman Bin Isa Al-Khalifa, Member</i>	✓
<i>Mr. Yusuf Saleh Khalaf, Member</i>	<i>Virtual</i>
<i>Mr. Abdulla Bukhowa, Chief Executive Officer</i>	✓
<i>Mr. Ali Khalaf, Chief Financial Officer</i>	✓

Board Sub-Committee Meeting <i>(To review the Company's Second Half Financial Results - Part 2)</i>	09 Oct
<i>Dr. AbdulRahman Ali Saif, Vice Chairman</i>	✓
<i>Sh. Salman Bin Isa Al-Khalifa, Member</i>	✓
<i>Mr. Yusuf Saleh Khalaf, Member</i>	<i>Virtual</i>
<i>Mr. Abdulla Bukhowa, Chief Executive Officer</i>	✓
<i>Mr. Ali Khalaf, Chief Financial Officer</i>	✓

C. Key Persons Dealing Policy

The Company has in place 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 natural 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 Head of Compliance 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 (19) and (20) of the Company's Articles of Association and Article (1.6) Paragraph (1) of the Board of Directors Charter, the Executive Committee is delegated with a defined scope of duties and authorities in relation to BCFC, TRESKO and TISCO and to review and make recommendations to the whole Board in respect of the aforementioned scope of duties and authorities as per the Executive Committee Charter.

The Executive Committee is comprised of a minimum of three members, who are not members of the ARCC, appointed by the Board of Directors and at least one member shall be independent. Currently, the Committee has in place four members, one of whom is an independent member [who is already a member of the ARCC] and is not in line with the Company's policy. This internal requirement for an independent member within the Committee composition was substantiated as necessary to ensure independence. This was communicated with the relevant department and obtained CBB approval. 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, where applicable. These responsibilities and authorities cover a wide area ranging from credit approvals, write-offs, strategy, business planning, 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 2023, the Executive Committee held five ordinary meetings and three unscheduled meetings. The meetings were attended as follows:

Committee Member	04 Jan. <1>	15 Jan. <2>	16 Apr.	30 May	26 Jun.	26 Sep.	27 Nov	12 Dec. <8>	Total	Attendance Percentage
Sh. Salman Bin Isa Al-Khalifa, Chairman <3>			✓	✓	✓	✓	✓	Virtual	6	100%
Dr. AbdulRahman Ali Saif, Vice Chairman <4>	✓	✓	✓	✓	✓	✓	✓	Virtual	8	100%
Mr. AbdulAziz Abdulla Al-Ahmed, Member <5>	✓	Virtual	✓	✓	✓	✓	Virtual	Virtual	8	100%
Mr. Ebrahim Abdulla Buhindi, Member <5>			✓	✓	✓	✓	Virtual	✓	6	100%
Mr. Reyadh Yusuf Hasan Sater, Vice Chairman <6>	✓	Virtual							2	100%
Mrs. Dana Aqeel Raees- Member <7>	✓	✓							2	100%

1. A joint meeting with the prior Audit Committee to discuss different topics related to the Company's overall performance, deferred portfolio, ECL provision etc.
2. To review different agenda items including some business initiatives.
3. Appointed as Member on 05 April 2023 and as Committee Chairman for a rolling period of three years effective from 16 April 2023.
4. Re-appointed as Member on 05 April 2023 and as Committee Vice Chairman for a rolling period of three years effective from 16 April 2023.
5. Re-appointed / appointed as Committee Members respectively for a rolling period of three years effective from 05 April 2023..
6. Quit as Committee Vice Chairman effective from 05 April 2023.
7. Quit as Committee Member after her term of office expired at the last OGM held on 29 March 2023.
8. To discuss the revised Business Plan 2024.

2. Audit, Risk and Compliance Committee ("ARCC")

The Board Audit, Risk and Compliance Committee ("ARCC"), which was formed by the Board on 05 April 2023 after consolidating the prior Audit Committee and the prior Corporate Governance, Risk and Compliance Committee ("CGRC"), assists the Board of Directors, in overseeing the responsibilities for the financial reporting process, the system of internal control and the audit process, monitoring compliances with the Company's policies and procedures and overall risks related to the Group's operations and matters pertaining to anti-money laundering relevant to regulatory requirements. Consistent with this function, the Committee encourages continuous improvement of, and fosters adherence to, the Company's policies, procedures, and sound practices at all levels.

The Committee must have at least three directors of which the majority must be independent and have no conflict of interest with any other duties they have and must be appointed by the Board of Director for a three-year term. The Committee will elect a Chairman and Vice-Chairman. The Chairman of the Committee must be an independent director under the criteria stated in the Corporate Governance Code. However, the Committee composition was not in line with the requirements, since the majority of the committee members were not independent directors, this was communicated with the relevant department and obtained CBB approval.

The Committee must receive internal and external audit, risk management and compliance reports and ensure that Senior Management is taking necessary corrective actions in a timely manner to address any control weaknesses, non-compliance with policies, laws and regulations, and other problems identified by external auditors, the Chief Internal Audit, Head of Risk Management, and Head of Compliance and other control functions. The Committee directs the role and assesses the performance of the Internal Audit, Risk Management, Compliance and Anti-Money Laundering Departments. The Committee is also responsible for developing and recommending to the Board risk related policies and the Company's risk management framework reviewing those policies at least once a year in compliance with the regulatory requirements. The Committee reviews and recommends any amendments to the Company's Memorandum and Articles of Associations in consultation with a legal counsel. The Committee reviews and challenges where necessary, the actions and judgment of management, in relation to the interim and annual financial statements before submission to the Board.

The Committee is authorized by the Board to seek appropriate professional advice inside and outside of the Company as and when it considers this necessary at the Company's expense. To ensure full discharge of duties, the Committee shall convene its meetings regularly as required, but with a minimum of four meetings per annum. In 2023, the Audit, Risk and Compliance Committee held four ordinary meetings. The meetings were attended as follows:

<i>Committee Member</i>	<i>04 May</i>	<i>02 Aug</i>	<i>29 Oct</i>	<i>03 Dec</i>	<i>Total</i>	<i>Attendance Percentage</i>
<i>Mr. Yusuf Saleh Khalaf, Chairman <1></i>	✓	✓	✓	✓	4	100%
<i>Mr. Mishal Ali Mohamed Alhellow, Vice Chairman <2></i>	✓	<i>Virtual</i>	<i>Virtual</i>	<i>Virtual</i>	4	100%
<i>Mr. Mohamed Abdulla Isa, Member <3></i>	✓	<i>Absent</i>	✓	✓	3	75%
<i>Mr. Ebrahim Abdulla Buhindi, Member <3></i>	✓	✓	✓	✓	4	100%

- 1. Appointed as Member on 05 April 2023 and as Committee Chairman for a rolling period of three years effective from 04 May 2023.*
- 2. Appointed as Member on 05 April 2023 and as Committee Vice Chairman for a rolling period of three years effective from 04 May 2023.*
- 3. Appointed / re-appointed as Committee Members respectively for a rolling period of three years effective from 05 April 2023.*

During 2023 and before merging the prior Audit Committee with the prior Corporate Governance, Risk and Compliance Committee as per the above-mentioned BCFC Board Resolution dated 05 April 2023, the following meetings were held:

First: The prior Audit Committee had one ordinary meeting and one unscheduled meeting, which were attended as follows:

<i>Committee Member</i>	<i>04 Jan. <1></i>	<i>20 Feb.</i>	<i>Total</i>	<i>Attendance Percentage</i>
<i>Mr. Nader Karim Al-Maskati, Chairman</i>	✓	✓	2	100%
<i>Mr. Mohamed Abdulla Isa, Vice Chairman</i>	✓	✓	2	100%
<i>Mr. AbdulRahman Yusuf Fakhro, Member</i>	✓	✓	2	100%

1. A joint meeting with the Executive Committee to discuss different topics related to the Company's overall performance, deferred portfolio, ECL provision etc.

Second: The prior Corporate Governance, Risk and Compliance Committee had one ordinary meeting, which was attended as follows:

<i>Committee Member</i>	<i>28 Feb.</i>	<i>Total</i>	<i>Attendance Percentage</i>
<i>Mr. Mohamed Abdulla Isa, Chairman</i>	✓	1	100%
<i>Mr. Yusuf Saleh Khalaf, Vice Chairman</i>	✓	1	100%
<i>Mr. Abdulla Mohamed Al-Mahmood, Member</i>	✓	1	100%

Additionally, the Chief Executive Officer and Chief Financial Officer shall certify in writing to the ARCC Committee and the Board as a whole the Company's interim and annual financial information / statements.

3. Nomination, Remuneration, Sustainability and Governance Committee ("NRSG")

Comprised of at least three directors, appointed by the Board, of which should include only independent directors or, alternatively, only non-executive directors of whom a majority are independent directors, and the chairman is an independent director. This is consistent with international best practice, and it recognizes that the remuneration committee must exercise judgment free from personal career conflicts of interest. The Nomination, Remuneration, Sustainability and Governance Committee provides advice and makes recommendations to the Board on matters related to the nomination and appointment of Directors, memberships to all Committees of the Board, Directors to the Boards and memberships of Executive Committees of the Company's subsidiaries, the Chief Executive Officer or his delegate and controlled functions under Bahrain Credit, the General Managers or their Delegates of all the subsidiaries of the Group and the Secretary to the Board.

The Nomination, Remuneration, Sustainability and Governance 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, General Managers or their delegates of the subsidiaries 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 or his delegates, all the General Managers or their delegates of the subsidiaries, and Secretary to the Board. Moreover, the Committee reviews and approves the salary and bonus payments for the CEO's direct reports. 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 for approval of the Board of BCFC. The Committee evaluates and recommends Corporate Governance policies, practices, and guidelines applicable to the Board and the Company. The Committee also reviews and makes recommendations to the Board on all matters relevant to Corporate Governance to coordinate and integrate the implementation of the governance policy framework. In addition, the Board of Directors delegates their responsibilities towards Environmental, Social and Governance (ESG) to the NRSG committee as outlined in the Group's ESG Policy.

The Committee directs the role and assesses the performance of the Risk Management Department regarding the ESG activities, and the Compliance Department regarding the Governance activities.

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. In 2023, the Nomination, Remuneration, Sustainability and Governance Committee convened three ordinary meetings and three unscheduled meetings. The meetings were attended as follows:

Committee Member	06 Feb.	26 Feb.	14 Mar. <1>	15 Jun. <2>	10 Jul <2>	06 Dec	Total	Attendance Percentage
Mr. AbdulRahman Yusuf Fakhro, Chairman <3>				✓	✓	✓	3	100%
Mrs. Najla Mohamed Al Shirawi, Vice Chairman <4>				✓	✓	✓	3	100%
Mr. Ebrahim Abdulla Buhindi, Member <5>	✓	✓	Absent	✓	✓	✓	5	83.3%
Mr. AbdulAziz Abdulla Al-Ahmed, Chairman <6>	✓	✓	Virtual				3	100%
Dr. AbdulRahman Ali Saif, Vice Chairman <7>	✓	✓	✓				3	100%

1. To interview shortlisted candidates for a key function role.
2. To discuss important different agenda items.
3. Appointed as Member on 05 April 2023 and as Committee Chairman for a rolling period of three years effective from 15 June 2023.
4. Appointed as Member on 05 April 2023 and as Committee Vice Chairman for a rolling period of three years effective from 15 June 2023.
5. Re-appointed as Committee Member for a rolling period of three years effective from 05 April 2023.
6. Quit as Committee Chairman effective from 05 April 2023.
7. Quit as Committee Vice Chairman effective from 05 April 2023.

E. Risk Management

BCFC is fully aware of its responsibilities toward implementing the international best practices on risk management as reflected by the regulatory requirements of the Central Bank of Bahrain. The overall responsibility for Risk Management in the Group remains with the Board of Directors. The Board approves appropriate credit, liquidity, market, and operational and any other risk policies based on the advice of the Board Audit, Risk and Compliance Committee.

The Company has a Head of Risk Management which is independent of business lines and the day-to-day running of the various business areas and is separate from the Internal Audit and Compliance function. In addition, the Head of the Risk Management Department reports directly to the Board ARCC, has full access to the Board of Directors, and administratively to the Chief Executive Officer.

The Group's Risk Management Strategy is a cornerstone of our corporate governance, ensuring the prudent and effective handling of risks that could impact our operations. Guided by BCFC's Board of Directors, we maintain a robust framework that encompasses the identification, evaluation, and mitigation of financial and non-financial risks, including Environmental, Social, and Governance (ESG) factors. Our approach is designed to align with our risk appetite and incorporates ongoing monitoring to ensure responsiveness to the dynamic risk landscape. The Group strives to create a disciplined and constructive control environment in which all employees understand their roles and responsibilities through its training and management standards and procedures.

F. Compliance and Anti-Money Laundering

BCFC 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 compliance and anti-money laundering as reflected by the regulatory requirements of the Central Bank of Bahrain.

The Company has a Head of Compliance and Money Laundering Reporting Officer (MLRO). 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 and Risk Management. In addition, the Head of Compliance and MLRO reports directly to the ARCC Committee and has full access to the Board of Directors and administratively to the Chief Executive Officer.

The Company has in place clear strategies, frameworks, and risk-based plan for compliance to identify, monitor and test compliance and money laundering risks, and put right controls on a regular and in an ongoing basis. The Company also retains an approved Compliance and Anti-Money Laundering Policies, which contain Customer Due Diligence measures, procedures for identifying and reporting suspicious transactions, an annual awareness programme for staff training, record keeping requirements and documentation, which are reviewed annually and approved by the Board of Directors.

The Group Head of Compliance also assumes the responsibilities of the Group Corporate Governance Officer and in this context, he supports the NRSG Committee in the process of reviewing on an annual basis the Corporate Governance disclosure guidelines in the Company's annual report to ensure that the scope of the disclosure is in line with the Corporate Governance Code, High Level Control Module, Public Disclosure (PD) Module, and other Corporate Governance matters. He also assesses the board and the committees composition and carries out an annual test of directors' independence and then reports the results to the NRSG Committee. In addition, he supports the process of evaluating and recommending Corporate Governance policies, practices, and guidelines applicable to the Board and the Company. The appointment of the Group Governance Officer is subject to the approval of the NRSG Committee.

The Group's Compliance and MLRO ensures the implementation of applicable regulatory requirements on a group-wide level to the subsidiaries and branches. Furthermore, the AML is subject to an annual independent review and examination by External Audit/Independent Third Party, and Internal Audit.

G. Management Committees:

- a. **The Assets and Liabilities Committee ("ALCO")** shall be comprised of at least three members, headed by the Chief Executive Officer, CFO and Head of Risk Management as permanent members. The CEO may appoint any other member as needed. ALCO is mandated to fulfill oversight responsibilities for the Group with regard to (1) asset and liability management; (2) capital planning; (3) liquidity adequacy; (4) contingency planning and (5) approving product programmes (which shall form part of Consumer Finance and Mortgage loans and CSMEs policies framework) with respect to the foregoing. It is also mandated to fix and review the overall portfolio yield, reviews and takes appropriate action with regard to its mandated responsibilities relevant to the CBB consultation papers, guidelines and new rules and follow up on all matters reported in regulatory inspection reports, review and approve rates, administration charges, business terms, and acceptance criteria of existing and new loan products. ALCO shall meet at least once a Quarter or more frequently as circumstances dictate. A resolution is deemed passed if more than half the voting members present at the meeting vote "for" such a resolution. The Management Secretary will take the minutes of ALCO meetings. The Committee periodically reviews its own composition and charter and conducts an evaluation of its performance and the performances of its members.

- b. **The Credit Committee** is set up with the objective of overseeing all aspects of credit exposures within its limits or above so as to ensure that proper due diligence is established before sanctioning any credit exposure and that credit risk arising from a credit exposure is closely monitored throughout the tenor. To fulfill this objective, the Credit Committee is delegated with a defined scope of responsibilities and authorities, as per its charter. To ensure that the Credit Committee possesses the right skills and expertise to professionally discharge its responsibilities, membership to this Committee is not appointed based on seniority but exclusively based on the skills of the appointed member. The credit approval authorities of the Credit Committee are arranged into two tiers, each of which is delegated with a definite credit authority level. The members of Tier 1 and Tier 2 of the Credit Committee are appointed from time to time by the BCFC Board upon the recommendation of the Chief Executive Officer. The details including the members and their approval authorities are given in the policy manual approved by the Board.
- c. **The Risk Management Committee** is an integral part of the Company's strategic directions to drive efforts of enhancing the risk management culture and to provide oversight across the company for all categories of risk in order to ensure that proper practices are in place to manage risks for BCFC, TISCO and TRESKO. The main responsibilities of the Committee are to institutionalize the good practices of risk management across all the levels of the Companies, oversee all the Companies' efforts, decision and actions that will have implication on the Companies' risk management culture, align the Companies' business objectives with the sound practices of risk management as per the CBB guidelines and rules, and to review departmental compliance with risk management framework. The Committee shall be chaired by the CEO, the Vice Chairman who shall be elected by the Chairman, the membership of the Risk Management Committee shall include the Chief Executive Officer, Deputy CEO, Head of Consumer Finance, Head of CSMEs, Head of Risk Management, Head of IT and Operations, Chief Finance Officer, Head of Legal and Head of Compliance & MLRO. The Committee shall meet at least quarterly or more frequently as circumstances dictate.
- d. **The Impairment and Provisioning Committee's** objective is to provide oversight and guidance on the Company's impairment and provisioning practices at the management level. The Committee is responsible for ensuring the adequacy and accuracy of facilities impairment assessments and provisions, as well as promoting sound credit risk management practices within the Company.

H. Remuneration Policy:

a. Board Remuneration:

The Company's remuneration practices are aligned with the guidelines and rules of the CBB High-Level Controls, HC-6 Remuneration of Approved Persons and Material Risk Takers duly prescribed under Volume 1: Conventional Bank Licensees.

The Company has in place policies and guidelines for the attendance and sitting fees payable to all the Directors in consideration of attending one or more of Board and Committee meetings in a financial year. This Policy reflects the Company's commitment to best practices of corporate governance in line with the legal and regulatory requirements and is intended to remunerate its Board and Committee members fairly and responsibly. The Policy ensures that the remuneration of Board and Committee members is sufficient to attract, retain and motivate persons of quality and desired competencies needed to run the Company successfully. The Remuneration Policy of the Company applies to all the Boards of Directors of the Parent Company, its Committees, the Boards of its Subsidiaries and any other Committee of a subsidiary formed from time to time.

The structure and level of the compensation for the Board and Committee Members are as follows:

- A fixed amount representing an annual remuneration fee approved by the Shareholders at the AGM; and

- Attendance fees payable to members attending different Board-related committees' meetings.

b. CEO and Management Remuneration:

The performance and remuneration of the CEO is reviewed by the Nomination, Remuneration, Sustainability and Governance Committee and approved by the Board. The remuneration of the Chief Executive Officer's direct reports is reviewed and approved by the Nomination, Remuneration, Sustainability and Governance. Furthermore, the Board takes into consideration the following dimensions to remunerate the CEO:

- 1- The bonus is discretionary and decided by the board depending on the profitability of the Company, i.e. the bottom line not the top line.
- 2- The strength of internal controls and risk management practices.
- 3- Lending growth in each product.
- 4- Meeting all the funding requirement needed to ensure the growth of the Company.
- 5- Quality of loan portfolio and levels of non-performing loans.
- 6- Meeting agreed upon strategic objectives both financial objectives and non-financial objectives.

c. Directors Remuneration

Every director shall be entitled to receive gross remuneration as Director Sitting Fees, when approved by the Annual General Meeting per annum. The Directors' remuneration shall not exceed 10% of the net profits after deducting the statutory and general reserves and distributing dividends of no less than 5% of the Company's paid-up capital to the shareholders:

- a) As per the Remuneration Policy, a director shall be also paid quarterly in arrears for his services during the term of his appointment attendance fees in consideration of attending one or more of the Board Committees;
- b) A 50% of the attendance fees shall be paid to the members of the executive management occupying memberships of the automotive companies' executive committees and TISCO Board of Directors;
- c) A 100% of the attendance fees shall be paid to the independent and non-executive directors in order attract and retain talents for the best interest of the Company;
- d) The Board shall ensure disclosure of all remuneration and benefits received by the directors during the financial year in the company's annual reports and make it available at shareholders' meetings; and
- e) The nominating shareholder shall be entitled to the amounts due to be paid to its representative on the Company's Board of Directors of any kind whatsoever. The Chairman of the Board shall pay such amounts to the treasury of the said shareholder within one week from their due date. The latter shall be empowered to fix the remuneration and salaries to be paid to such a representative.

I. Related Party Policy

The Company has in place a policy which is set out to define the related parties, related transactions and how the Company discloses information related to conflict of interest, loans and credit facilities. The policy applies to the Directors, Key Management Personnel and Approved Persons Senior Management and Staff, including transactions between the Company and its Subsidiaries. It also covers within its scope credit facilities granted to, purchases made from, joint ventures and business agreements.

J. Communication Strategy/Policy:

The Company has a clear policy in relation to communication with its stakeholders, shareholders, and employees, customers, Government bodies, Regulator 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 Nomination, Remuneration, Sustainability and Governance Chairman, Audit, Risk and Compliance Committee Chairman, the Chairmen of subsidiaries' boards 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 corporate information is provided by the Company on all events that merit announcement, either on its website: www.bahraincredit.com.bh or through local newspapers, Bahrain Bourse website or other means of communication. The financials and annual reports of the Company; the Charters of the Board and its Committees are made available on the Company's website. The website features a specific section that is related to investors' and shareholders' relations in general and describes shareholders' rights to participate and vote at each shareholders' meeting that include documents relating to meetings with full text of notices and minutes. 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. At board level, there is an easy-to-use electronic web-based portal that is aimed at automating all board works and providing Board Members with secure, real-time access to the Board's and Committees' materials and archive.

K. Approved Persons Policy

a. Controlled Functions

The Company adheres to all the CBB requirements regarding the "approved persons" "fit and proper" conditions. Approval of the CBB is obtained prior to the appointment for controlled functions. Controlled functions (i.e Approved Persons) are those of:

1. Board Member
2. Chief Executive Officer or General Manager;
3. Deputy CEO;
4. Head of Function;
5. Compliance Officer; and
6. Money Laundering Reporting Officer.

b. Key Functions

As mentioned in the CBB HC-2.4.1 “Each approved person must inform the entire board of (potential) conflicts of interest in their activities with, and commitments to other organisations as they arise. Board members must abstain from voting on the matter in accordance with the relevant provisions of the Company’s Law (The Commercial Companies Law). This disclosure must include all material facts in the case of a contract or transaction involving the approved person. The approved persons must understand that any approval of a conflicted transaction is effective only if all material facts are known to the authorising persons and the conflicted person did not participate in the decision. In any case, all approved persons must declare in writing all of their other interests in other enterprises or activities (whether as a shareholder of above 5% of the voting capital of the Company, a manager, or other form of significant participation) to the Board (or the Nominations or ARCC Audit Committees) on an annual basis.”

L. Employment of Relatives Policy

The Company has in place a board approved policy on the employment of relatives of approved persons that are embedded in various policies. The Chief Executive Officer/ General Manager of the company shall disclose to the Board of Directors, on an annual basis, relatives of any approved persons occupying controlled functions within the company, if any.

M. Code of Conduct

a) BCFC strives to promote the highest standard of professional ethical norms and values towards its stakeholders such as customers, employees, regulators and the community) including 10 Principles of Business detailed in Volume 5 of CBB Rulebook and other ethical values as per the following: a) Principles 1 to 8 apply to approved persons in respect of the controlled function for which they have been approved.
b) Principles 1 to 8 do not apply to behaviour by an approved person with respect to any other functions or activities they may undertake. However, behaviour unconnected to their controlled function duties may nonetheless be relevant to an assessment of that person’s fitness and propriety.

1. Principle 1 – Integrity

The Company must observe high standards of integrity and fair dealing. It must be honest and straightforward in their dealings with customers and provide full disclosure of all relevant information to customers, as required by CBB’s and regulatory bodies’ regulations and directives.

2. Principle 2 – Conflicts of Interest

The Company must take all reasonable steps to identify, and prevent or manage, conflicts of interest that could harm the interests of the customer.

3. Principle 3 – Due Skill, Care and Diligence

The Company must act with due skill, care, and diligence.

4. Principle 4 – Confidentiality

The Company must observe in full any obligations of confidentiality, including with respect to client information. This should not override lawful disclosures.

5. Principle 5 – Market Conduct

The Company must observe proper standards of Market Conduct and avoid action that would generally be viewed as improper.

6. Principle 6 – Customer Assets

The Company must take reasonable care to safeguard the Assets of Customers for which they are responsible.

7. Principle 7 – Customer Interests

The Company must pay due regard to the legitimate Interests and Information needs of its customers and communicate with them in a fair and transparent manner and, when dealing with customers who are entitled to rely on advice or discretionary decisions, must take reasonable care to ensure the suitability of such advice or decisions.

8. Principle 8 – Relations with Regulators/Supervisors

The Company must act in an open and cooperative relationship with the CBB and other regulatory/supervisory bodies whose authority they come under. It must take reasonable care to ensure that activities comply with all applicable laws and regulations.

9. Principle 9 – Adequate Resources

The Company must maintain adequate resources, whether human, financial or otherwise, sufficient to run the business in an orderly manner.

10. Principle 10 – Management, Systems & Controls

The Company must take reasonable care to ensure that affairs are managed effectively and responsibly, with appropriate Management, Systems and Controls in relation to the size and complexity of operations. The Company's systems and controls, as far as is reasonably practical, must be sufficient to manage the level of risk inherent in their business and ensure compliance with the CBB requirements.

11. For the protection of all parties with whom the Company deals with, written contracts and agreements should be provided to all parties involved.

12. The Company is committed to creating openness and transparency in the Company's operations.

13. The Company is committed to achieving customer excellence. Complaint handling procedures are in place and the results are continuously reviewed.

14. The Company should ensure that all approved persons submit their conflict-of-interest declarations on an annual basis. Further, the annual declarations by the approved person pertaining to conflict of interest other than dealing in shares must be updated in the Code of Conduct.

N. Whistleblowing Policy

a) This Whistle Blowing Policy is in furtherance of the desire of the Board of Directors of Bahrain Commercial Facilities Company (BCFC) and its subsidiaries to strengthen the company's system of integrity and the fight against corruption and related offences.

b) Whistle blowing encourages and enables employees to raise serious concerns within the Company rather than overlooking a problem or 'blowing the whistle' outside.

c) Employees are often the first to realize and detect a potential wrongdoing that may affect the company financially or from a reputational risk perspective.

O. General Guidelines

a) Business Plans

The strategic planning exercise for the Company is conducted every three years. Operating plans are created on an annual basis. The strategic plan is approved by the BCFC Board and the operating plans are reviewed by the Executive Committee/subsidiary Boards and approved by the BCFC Board. The strategy to be reviewed by the Board on an annual basis.

b) Board Members

The Board and its members shall continually educate themselves as to the Company's business and corporate governance. At a minimum, they individually and collectively should:

1. Act with honesty, integrity and in good faith, with due diligence and care, with a view to the best interest of the Company and its shareholders and other stakeholders;
2. Act within the scope of their responsibilities and not participate in the day-to-day management of the Company;
3. Have a proper understanding of, and competence to deal with the affairs and products of the Company and devote sufficient time to their responsibilities; and
4. To independently assess and question the policies, processes and procedures of the Company, with the intent to identify and initiate management action on issues requiring improvement. (i.e. to act as checks and balances on management).

c) Maintenance of The Policies

The Board shall annually review, approve and amend, if it sees necessary as part of the regulatory requirements, its Corporate Governance Policies at the first scheduled meeting of the new calendar year.

d) Controllers

The Company shall obtain prior approval from the CBB in respect of any changes in the Company's controllers as defined by the CBB's guidelines or otherwise comply with the notification of the CBB following the resignation/termination/retirement of a controller, as applicable.

e) Financial Penalties

Any financial penalty resulted from violating any of the CBB rules and regulations or as part of the rulebook shall be duly disclosed in the annual report in line with the regulatory requirements. No penalties were levied against BCFC during the year 2023.

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f) Disclosure of Write off

Any written-off exposures equal to or in excess of BHD 100,000 should be notified to the CBB as per the specified rules and regulations.

g) Remuneration of Board Members, Senior Management and Fees Paid to External Auditor

The detailed remuneration paid to the Board Members individually and aggregate remuneration paid to top six senior management personnel are disclosed in the Chairman's Report which is also published on the website of Bahrain Bourse. Ernst & Young are the Group's external auditors for the financial year ended 31 December 2023. The Group total audit and quarterly review services fees for the year ended 31 December 2023 amount to BHD71,400/-. Other attestation services fees amount to BHD22,313/- which include CBB related mandatory review requirements under the Agreed Upon Procedures engagement. Given the performance achieved by the External Auditor, BCFC will re-appoint Ernst & Young as the Group's external auditors for 2024.

h) Others

1. Besides fulfilling the compliance/licensing requirements, the Company strives to adopt related best practice standards issued by the Central Bank of Bahrain, Bahrain Bourse, local and/or international organizations.
2. A summary of the Corporate Governance Policies shall be produced by the Board and incorporated in the Company's annual report.