



BMB Investment Bank

CORPORATE GOVERNANCE PRINCIPLES & PRACTICES

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TABLE OF CONTENTS

INTRODUCTION	3
SCOPE AND OBJECTIVES	4
CORPORATE GOVERNANCE FRAMEWORK & STRUCTURE	5
CORPORATE GOVERNANCE PRINCIPLES & PRACTICES	6
PRINCIPLE 1: <i>PERFORMANCE ORIENTATION</i>	6
PRINCIPLE 2: <i>BANK WILL BE HEADED BY AN EFFECTIVE COLLEGIAL & INFORMED BOARD</i>	6
PRINCIPLE 3: <i>BOARD OF DIRECTORS' AND MANAGEMENT'S LOYALTY TO THE BANK</i>	8
PRINCIPLE 4: <i>RIGOROUS CONTROLS FOR FINANCIAL AUDIT AND REPORTING</i>	9
PRINCIPLE 5: <i>RIGOROUS & TRANSPARENT PROCEDURES FOR APPOINTMENT, TRAINING AND EVALUATION OF THE BOARD</i>	9
PRINCIPLE 6: <i>REMUNERATE DIRECTORS & MANAGEMENT FAIRLY & RESPONSIBLY</i>	10
PRINCIPLE 7: <i>BOARD SHALL ESTABLISH CLEAR & EFFICIENT MANAGEMENT STRUCTURE</i>	11
PRINCIPLE 8: <i>BANK COMMUNICATES WITH SHAREHOLDERS, ENCOURAGE THEIR PARTICIPATION AND RESPECT THEIR RIGHTS</i>	12
PRINCIPLE 9: <i>DISCLOSURE OF BANK'S CORPORATE GOVERNANCE</i>	12

CORPORATE GOVERNANCE PRINCIPLES AND PRACTICES

1. INTRODUCTION

Corporate governance is a set of principles, policies, processes, customs, laws, and governance structure affecting the way a bank (or a corporation) is directed, administered or controlled.

Good corporate governance requires an overriding commitment to a culture of good governance throughout the organization with the tone at the top set by the board and management.

The Board of directors ("Board") and the management of Bahrain Middle East Bank ("Bank" or "BMB") are fully committed to good corporate governance and aspire to:

- a) Conduct its business in full compliance with all applicable laws, regulations, and codes of best practice with high degree of integrity, ethical standards and professional conduct.
- b) Conduct its business with an appropriate balance between risk and reward with due consideration to the interests of all its shareholders and stakeholders
- c) Make disclosures which are accurate, complete, and easily understandable and fairly present bank's financial condition and results of operations in all material respects on a timely basis, in compliance with applicable laws and regulations.

The Kingdom of Bahrain issued a Corporate Governance Code (The "Code") with the aim of establishing best-practice corporate governance principles in Bahrain thereby providing protection to shareholders and other stakeholders and enhances investor confidence and foster economic development. In pursuance of the same objectives and principles, Central Bank of Bahrain ("CBB") has issued its rule book "High-Level Controls Module" ("HC") to be applied by all conventional banks in Bahrain. As a Bahrain incorporated bank, it is mandatory for BMB to be in full compliance with the Code and CBB's directives and guidelines effective from 1st January 2011

CBB directed banks to adopt written corporate governance guidelines covering the matters stated in the Code and other corporate governance matters deemed appropriate by bank's board. It also advised banks that their corporate governance guidelines shall include or refer to the principles and numbered directives of the Code. Banks also must publish their corporate governance guidelines in bank's website.

The bank has prepared this corporate governance policy in compliance with the requirements and directives of the Code of Corporate Governance for Banks in Bahrain issued by Central Bank of Bahrain. The Board of Director of BMB has approved this corporate governance framework, principles and practices policy.

ABBREVIATION

BMB	: Bahrain Middle East Bank
CBB	: Central Bank of Bahrain
HC	: High Level Control
CEO	: Chief Executive Officer
CFO	: Chief Financial Officer
NRC	: Nominations and Remuneration Committee
PD	: Public Disclosure

DEFINITIONS

Unless otherwise indicated, in this document following terms will have the meaning assigned to them:

"Bank" or "BMB"	- Bahrain Middle East Bank and its direct and indirect subsidiaries
"Board"	- Board of directors of Bahrain Middle East Bank
"Board member"	- Member of board of directors of Bahrain Middle East Bank
Central Bank of Bahrain	- The Central Bank of Bahrain, the Regulator for Financial Services Industry
"Director"	- Member of board of directors of Bahrain Middle East Bank
The Code	- The Corporate Governance Code issued by Central Bank of Bahrain
Shareholders	- Any person, company, or other institution that owns at least one share in a company.

SCOPE AND OBJECTIVES

The bank has a well established framework for good corporate governance which provides a solid basis for an effective relationship between the Bank, its Board of Directors, its shareholders and other interest group. In general the framework for the corporate governance ensure equitable treatment for all shareholders, also guarantees the availability of timely and precise information in all material matters concerning the Bank along with the accountability of the Board to the Bank and the shareholders.

The Bank on its annual shareholders meeting shall reports its compliance with the Code. Such information will be available at Bank for shareholders and regulatorat their request.

Through the underlying core principles of "**Transparency**" and "**Disclosure**", this corporate governance framework aims to achieve following objectives:

- 1) Performance orientation with transparency, adherence to rule of law, regulatory requirements, and codes of best practice standards
- 2) Clear division of responsibilities among various authorities
- 3) Protect and facilitate exercise of shareholders' rights
- 4) Equitable treatment of all shareholders, including minority shareholders
- 5) Make complete, transparent and timely disclosures and encourage active participation of shareholders and stakeholdersin corporate governance

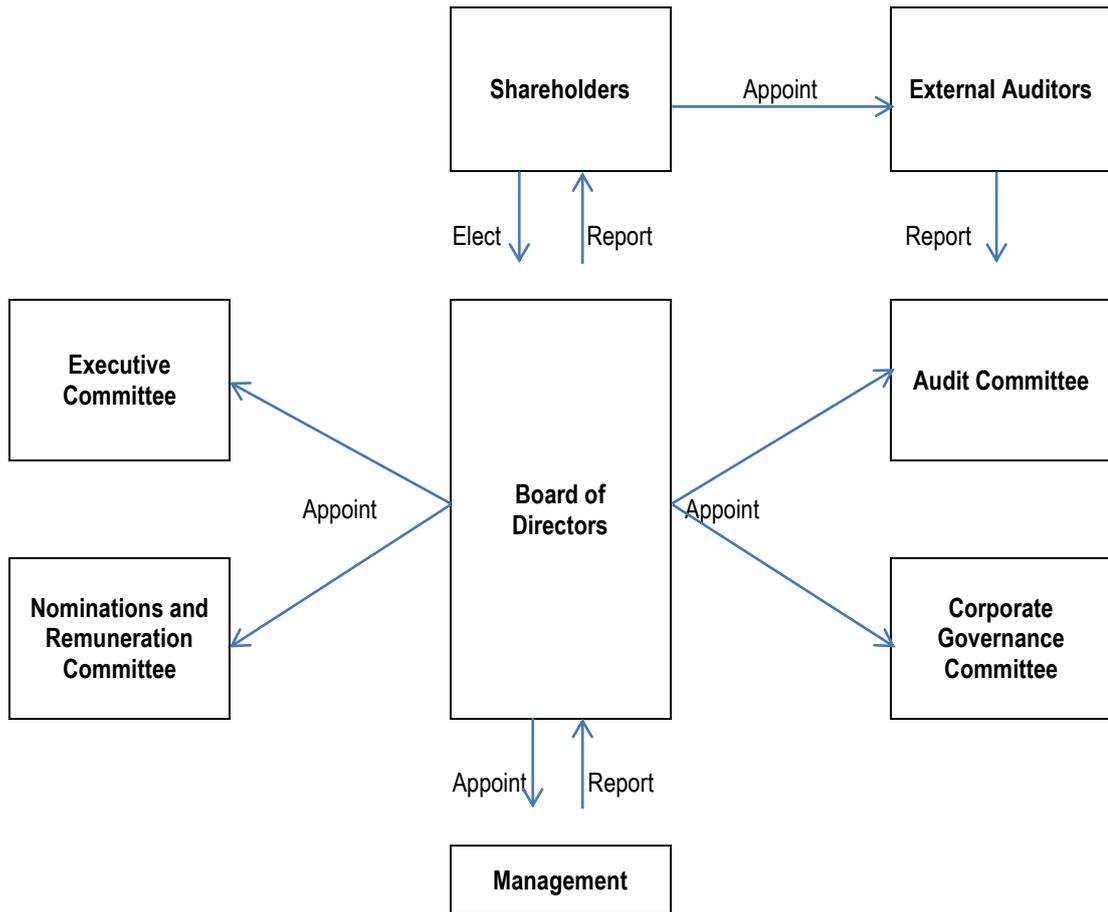
2. CORPORATE GOVERNANCE FRAMEWORK& STRUCTURE

BMB's corporate governance framework is based on principles laid down in Kingdom of Bahrain's Corporate Governance Code, directives and guidelines of CBB and best governance practices in the banking industry.

The board and management of BMB assure all its shareholders and stakeholders that: a) bank's corporate governance policies and practices meet or exceed applicable legal/regulatory requirements and b) bank would continuously monitor all new rules and best practices in the banking industry and modify bank's corporate governance policies and practices to meet any additional requirements.

Corporate Governance Structure

The following is the overview of BMB's corporate governance structure:



3. CORPORATE GOVERNANCE PRINCIPLES AND PRACTICES

BMB's corporate governance framework is based on nine (9) core principles which will guide the practices to be followed in conducting bank's business

Principle 1: Performance Orientation

Bank's principal objective, like that of any business enterprise, is to enhance economic value for all its shareholders by making the most efficient use of resources.

Bank believes that when it meets the ultimate objective of shareholder value creation it will have greater internally generated resources which in turn will also improve bank's contribution to its corporate social responsibility of adding value to the economy and its growth (by paying more taxes, creating more jobs, improving economic conditions of communities, and meet its other environmental, community, and social obligations).

In pursuit of its performance objective, bank will adhere to following practices:

- 1) Bank Management will prepare strategic and business plans to achieve sustainable long-term value creation for review and approval of the board.
- 2) Board will approve bank's strategic and business plans and monitor its implementation by management. It will monitor management performance against approved budgets (if need be by comparison with performance of competitors) and in case of shortfalls, early corrective actions will be taken. Standard performance metrics used in banking like Return on Assets, Return on Equity, Economic Value Added will be applied in long-term performance achievement.
- 3) While assessing Economic value performance, due consideration will be given to bank's management procedures, organisation structure, budgets, incentive plans, capital deployment, business risks, capital adequacy etc.
- 4) Human capital strategy, which is a lead indicator of corporate success, will be a key focus area of assessing performance

Principle 2: Bank will be headed by an effective, collegial and informed board of directors

The board of directors, elected by the shareholders as their representatives with fiduciary responsibilities, has ultimate duty to preserve and enhance shareholder value.

Bank believes that directors can perform their duties well if they:

- a) know their duties and responsibilities and legally empowered to carry them out;
- b) have clear understanding of bank's business and requisite qualifications and qualities to perform their duties;
- c) get appropriate directorship trainings and updated with the developments in the industry;
- d) devote needed time commitment;
- e) receive proper notice of meetings with full information on agenda items, have right to consult each other privately without management and executive directors;
- f) get appropriate and timely information to perform their monitoring role;
- g) are suitably remunerated; and
- h) are proactive.

Bank shall take various steps to address the above.

Board's role and responsibilities

Board has fiduciary duty of care and loyalty to bank and its shareholders. Board and all directors have individual and collective responsibilities for:

- a) Establishing objectives of the bank;
- b) Overall business performance and strategy of bank;
- c) Causing financial statements to be prepared which accurately disclose bank's financial position;
- d) Monitoring management performance;
- e) Convening and preparing the agenda for shareholder meetings;
- f) Monitoring conflicts of interest and preventing abusive related party transactions; and
- g) Assuring equitable treatment of shareholders including minority shareholders.

To enable board to fulfill above responsibilities effectively, bank shall take necessary steps to ensure the following:

- a) Board collectively has sufficient expertise to identify, understand and measure the significant risks to which the bank is exposed in its business activities
- b) Board is effective, collegial and deliberative to gain the benefit from each individual director's judgment and experience.

CORPORATE GOVERNANCE PRINCIPLES AND PRACTICES

- c) Board periodically reviews its current composition against its desired composition with a view to maintain an appropriate balance of skills and experience and for a planned and progressive refreshing of the board. When required, it will recommend to shareholders election of new directors to replace long-standing directors or directors whose contribution to the board or its committees is not adequate
- d) Board shall regularly review its size and composition to assure that it is small enough for efficient decision making yet large enough to have members who can contribute from different specialties and viewpoints.
- e) To facilitate free and open communication among independent directors, each board meeting is preceded or followed with a session at which only independent directors are present, except as may otherwise be determined by the independent directors themselves

Delegation of responsibilities and establishment of board committees

Board will adopt a formal board charter specifying matters which are reserved to it and delegations made to board committees and management. The board charter will be published in bank's website.

Board will not delegate its responsibility to put in place and implement a robust corporate governance framework.

Board has established four specialized committees (Executive, Audit, Corporate Governance and Nomination and Remuneration committees) each with formal written charter specifying its purpose, responsibilities etc. Committees shall act only within their mandates and board will not allow any committee to dominate or effectively replace the whole board in its decision-making responsibility. Committees meet regularly as needed and keep full minutes of their activities and report to board. Every committee makes its self-performance evaluation once a year. Board shall conduct an evaluation of its performance and the performance of each committee and each individual director and reports its findings to shareholders, at annual shareholder meeting.

Directors' time commitment

Bank requires each director, including Chairman of the board, to allocate sufficient time and effort to discharge his/her roles effectively. Following steps will be taken in this regard:

- 1) Potential non-executive directors are made aware of their duties before their nomination, particularly to the time commitment required. Nomination & Remuneration Committee will regularly review time commitment required from non-executive directors and require each non-executive director to inform the Committee before they accept any board appointments to another company
- 2) Bank enforces CBB guidelines that one person should not hold more than three directorships in public companies in Bahrain with the provision that no conflict of interest may exist, and board will not propose the election or reelection of any director who does. Also, no board member may have more than one Directorship of Retail Bank or Wholesale Bank.
- 3) Bank will have a written appointment agreement with each director reciting the directors' powers and duties and other matters relating to his appointment including his term, the time commitment, committee assignments, remuneration and expense reimbursement entitlement, and access to independent professional advice when needed
- 4) All directors must attend meetings whenever possible and maintain informal communication between meetings. Each director must attend at least 75% of all board meetings in a given financial year. Absence of directors at Board and committee meetings will be noted in the meeting minutes. Number of board and committee meetings held and attendance of directors is reported to CBB.
- 5) Board requires directors to step down if they are not actively participating in Board and committee meetings

Directors' induction orientation

When new director is inducted, board chairman, assisted by bank's legal counsel or compliance officer, shall review the board's role and duties with that person, particularly covering legal and regulatory requirements and his/her responsibilities under the Code and CBB directives. New directors are also given orientation about the bank, management members, organisation structure, bank's products & services, challenges facing the bank etc.

Board meetings

Board shall meet frequently, as needed, but in no event less than four times a year (once every calendar quarter) to address its responsibilities for management oversight and performance monitoring. Chairman is responsible for the leadership and efficient functioning of the board and shall ensure the following:

- 1) All directors contribute actively to the work of the Board in order to discharge its responsibilities
- 2) Each director receives proper notice of meetings, minutes of prior meetings, and full information on agenda items.
- 3) All directors receive the same board information
- 4) Encourage directors to consult each other, when necessary, between the board meetings.

CORPORATE GOVERNANCE PRINCIPLES AND PRACTICES

Board's role of monitoring management performance

Bank shall ensure that each director gets appropriate and timely information to perform their monitoring role.

Bank expects non-executive directors to be fully independent of management and encourage them to constructively scrutinize and challenge management including the management performance of executive directors

Board encourages participation by management regarding matters the board is considering, and also by management members who by reason of responsibilities or succession, the CEO believes should have exposure to the directors

Board has approved policy to so that Non-executive directors have free access to management beyond that provided in board meetings.

Director's responsibilities

Bank expects and encourages all directors to be proactive and effectively contribute to board's assigned roles and responsibilities. Board requires directors to step down if they are not actively participating in board and committee meetings. Bank expects following from board and each director:

- 1) Directors consider themselves representing all shareholders, including minority shareholders and act accordingly.
- 2) Every director should bring independent judgment to bear in decision-making. Board shall review independence of each director at least annually in light of interests disclosed by them, and their conduct. Each independent director shall provide the board with all necessary and updated information for this purpose
- 3) Each director have right to consult with each other privately without management and executive directors
- 4) No individual director should dominate board's decision making and should not have unfettered powers of decision making
- 5) The board shall avoid having representatives of specific groups or interests within its membership and should not allow itself to serve any vested interests
- 6) Whenever a director has serious concerns which cannot be resolved concerning the running of the bank or a proposed action, he/she should consider seeking independent advice and should ensure the concerns are recorded in the board minutes and any dissent from a board action is noted or delivered in writing
- 7) Board approved policy to provide individual directors access to independent legal or other professional advice at bank's expense whenever they judge this necessary to discharge their responsibilities as directors.

Remuneration of directors

Bank shall remunerate its directors suitably and responsibly so as to attract talent, yet they are not overpaid (see principle 6).

Principle 3: Board of directors and Management's loyalty to the bank

All bank directors and managers shall have full loyalty to the bank. Under the Bahraini Company Law they are personally accountable to the bank and its shareholders if they violates their legal duty of loyalty to the bank, and they can be personally sued by the bank or the shareholders for such violations.

Duty of loyalty includes:

- a) Not to use property of the bank for personal needs as though it is own property nor misuse bank's assets;
- b) Not to disclose confidential information of the bank or use it for personal profit;
- c) Not to take away business opportunities of the bank for their personal benefit;
- d) Not to compete in business with the bank, but to serve bank's interest in any transactions with the bank in which director has a personal interest. A person is considered to have personal interest in the transaction with bank if:
 - i) director, or
 - ii) a member of his/her family (i.e. spouse, father, mother, sons, daughters, brothers or sisters), or
 - iii) another bank of which he/she is a director or controlling shareholder,is a party to the transaction or has a material financial interest in the transaction (transactions and interests of minor value will be excluded).

Each director and manager shall make every effort to arrange his/her personal and business affairs to avoid a conflict of interest with the bank.

Each director and manager shall disclose all material facts to the entire board of conflicts of interest as they arise and abstain from voting on the conflicted matter. They must obtain advance approval of board on all transactions in which they have personal interest. Bank shall disclose to its shareholders in the Annual Report any abstention from voting motivated by a conflict of interest and shall disclose any authorization of a conflict of interest contracts or transactions.

CORPORATE GOVERNANCE PRINCIPLES AND PRACTICES

Board has set the "tone at the top" and approved a corporate "Code of Conduct" mandating all directors, managers and staff to conduct bank's business in full compliance with all applicable laws, regulations and best practice codes and fulfill their fiduciary responsibilities to the bank's stakeholders. It also mandates conducting their affairs with a high degree of integrity, due diligence and care keeping in view best interest of the bank and its shareholders and stakeholders.

Principle 4: Rigorous controls for financial audit and reporting, internal control and compliance with law

Board has established rigorous controls for financial audit and reporting, internal control, and compliance with laws.

Board has established an Audit Committee of three members who have financial literacy qualifications. This committee has a written charter and has following responsibilities:

- a) review bank's accounting and financial policies and practices;
- b) review integrity of the bank's financial and internal controls and financial statements;
- c) review bank's compliance with legal requirements;
- d) recommend appointment, compensation and oversight of the bank's external auditor; and
- e) recommend appointment of internal auditor.

Board has set up an internal audit function which is outsourced to an outside accountancy firm. They get annual audit plan approved by audit committee and report directly to audit committee.

Board has also adopted a "Whistleblower" program under which employees can confidentially raise concerns, without fear of reprisals, about possible improprieties in financial or legal matters directly to Audit Committee.

To encourage management accountability for financial statements, bank's CEO and CFO are mandated to provide in writing that bank's interim and annual financial statements present a true and fair view, in all material respects, of the bank's financial condition and results of operations in accordance with applicable accounting standards

Audit committee also performs following duties to ensure accurate financial reporting, internal controls and compliance with laws:

- a) Determine, at least once a year, external auditor's independence
- b) Review with external auditor the scope and results of its audit, any difficulties they encountered including restrictions on access to requested information and any disagreements with management
- c) Review with management and external auditor annual and quarterly financial statements including judgments made in connection with the financial statements
- d) Review the activities, performance and adequacy of the bank's internal audit personnel and procedures, internal controls and compliance procedures, and risk management systems.
- e) Budget allocations to internal audit and compliance function
- f) Monitor responsiveness of management to the committee's recommendations and findings
- g) Review of the systems and controls framework based on observations of external and internal auditors.
- h) Review integrity of the bank's accounting and financial reporting systems based on regular independent review by internal and external audit. Audit findings are used as an independent check on the information received from management about the bank's operations and performance and the effectiveness of internal controls
- i) Review possible improprieties in financial reporting or other matters, and ensure that arrangements are in place for independent investigation and follow-up regarding such matters
- j) Oversight of risk management using self-assessments, stress/scenario tests, and/or independent judgments made by external advisors, if any.
- k) Review systems put in place by management for identifying, quantifying, and monitoring risks, compliance with applicable laws, regulations and best practice standards.
- l) Review implementation, enforcement and adherence to bank's code of conduct,

Audit committee has resources and authority necessary for carrying out its duties and responsibilities, including authority to select, retain, terminate and approve the fees of outside legal, accounting or other advisors as it deems necessary or appropriate, without seeking approval of the board or management.

Principle 5: Rigorous and transparent procedures for appointment, training and evaluation of the board

Bank has established rigorous and transparent procedures for appointment, training and evaluation of the board

Board has established a combined "Nominations and Remuneration Committee" ("NRC") to identify qualified persons to the board and senior management positions (except internal auditor) and address issues including their training and remuneration etc.

NRC has its own charter and its members exercise judgment free from personal career conflicts of interest.

CORPORATE GOVERNANCE PRINCIPLES AND PRACTICES

NRC identifies persons for directorship based on their judgmental capabilities, qualifications, specific skills, experience with other comparable businesses, relating candidate's experience with that of other board members for diversity consideration etc. NRC also considers recommendations received from shareholders and management

When recommending election or re-election of board members, NRC provides following specific information to board and shareholders:

- a) term to be served (not exceed three years each term with no limit on reelection for further terms);
- b) biographical details and professional qualifications;
- c) any other directorships held;
- d) particulars of other positions which involve significant time commitments;
- e) in case of independent director, a statement that criteria of "independence" stipulated by CBB have been met; and
- f) details of relationships between:
 - i) candidate and the bank; and
 - ii) candidate and other directors of the bank.

NRC also has following responsibilities:

- a) Make recommendations to the board from time to time desired changes to the size of the board or any board committee
- b) Make recommendations for filling up vacancies arising on the board using board approved criteria
- c) Put in place plans for orderly succession of senior management, management structure, job descriptions of the officers including the CEO, qualifications needed and other relevant matters including integrity, technical and managerial competence and experience etc.
- d) Replacement of key executives when necessary (ensuring appropriate resources are available and minimizing reliance on key individuals) and recommend persons to fill specific officer vacancies including CEO.
- e) Regular review of time commitment required from non-executive directors and receive advance notice from non-executive directors before they accept board appointments in another companies

Every year board makes its self-evaluation and also evaluates each director and board committee and report its findings to shareholders.

Principle 6: Remunerate directors and management fairly and responsibly

Bank's policy is to remunerate all approved persons (directors and management) fairly and responsibly to be sufficient enough to attract, retain and motivate persons of the quality needed to run the bank successfully, but avoid paying more than is necessary for that purpose.

Board has established a combined "Nominations and Remuneration Committee" ("NRC") to address all issues related to remuneration of directors and management.

NRC has its own charter and its members exercise appropriate judgment while dealing with all issues of remuneration within the following policies/guidelines:

- 1) Bank's remuneration policies for directors and senior management shall be approved by the shareholders and should be consistent with corporate values and strategy of the bank.
- 2) All share incentive plans will be approved by the shareholders. All performance-based incentives shall be approved by the shareholders, but the approval shall be only of the plan itself and not of the grant to specific individuals of benefits under the plan
- 3) All performance-based incentives will be awarded under written objective performance standards which have been approved by the board and are designed to enhance shareholder and bank value, and under which shares should not vest and options should not be exercisable within less than two years of the date of award of the incentive
- 4) Board member remuneration shall be based on their attendance and performance.
- 5) Remuneration of non-executive directors shall not include performance-related elements such as grants of shares, share options or other deferred stock-related incentive schemes, bonuses, or pension benefits
- 6) Remuneration of executive directors will take into account compensation received by them in their capacity as director
- 7) Remuneration of managers is structured in such a way that a portion of the total is linked to bank and individual performance and aligns their interests with interests of shareholders.

CORPORATE GOVERNANCE PRINCIPLES AND PRACTICES

- 8) Evaluate the CEO's performance in light of corporate goals, agreed strategy, objectives and business plans and may consider the bank's performance and shareholder return relative to comparable banks, the value of awards to CEOs at comparable banks, and awards to the CEO in past years
- 9) Rewards for managers may include grants of shares, share options and other deferred stock-related incentive schemes, bonuses, and pension benefits which are not based on salary
- 10) NRC shall make specific recommendations to the board on, both remuneration policy and individual remuneration packages for the CEO and other senior officers. This remuneration policy shall cover following components:
 - a. salary,
 - b. the specific terms of performance-related plans including any stock compensation, stock options, or other deferred-benefit compensation,
 - c. pension plans,
 - d. fringe benefits such as non-salary perquisites,
 - e. termination policies including any severance payment policies; and
 - f. specific criteria to be used in evaluating a senior manager's performance.
- 11) NRC is also be responsible for retaining and overseeing outside consultants or firms for the purpose of determining approved persons' remuneration, administering remuneration plans, or related matters.

NRC shall have the resources and authority necessary to carry out its duties and responsibilities, including the authority to select, retain, terminate and approve the fees of outside legal, consulting or compensation firms used to evaluate the compensation of directors, the CEO or other approved persons, without seeking the approval of the board or management.

Principle 7: Board shall establish clear and efficient management structure

Board has established a clear and efficient management structure to suit the current business needs of the bank. The management structure is reviewed from time to time and amended, as needed.

Board also approves appointment of senior manager (including CEO, CFO, Corporate Secretary, Internal Auditor and other managers occupying "controlled functions"), whose authority include management and operation of bank's activities and reporting to and work under the directions of the Board.

Board specified rules for prescribing each senior manager's title, authorities, duties and internal reporting responsibilities with the advice of the Nominations and Remuneration Committee and in consultation with the CEO, to whom other managers report

Board reviews and concurs, at least annually, a succession plan addressing the policies and principles for selecting a successor to the CEO, both in emergencies and in the normal course of business. The succession plan includes an assessment of the experience, performance, skills and planned career paths for possible successors to the CEO

Board specified limits of the authority of the CEO and other managers including monetary maximums for transactions which they may authorize without separate board approval.

CEO is given authority to act generally in the bank's name, representing the bank's interests in concluding transactions on bank's behalf and giving instructions to other officers and bank employees.

CFO is be responsible and accountable for:

- i) the complete, timely, reliable and accurate preparation of the bank's financial statements, in accordance with the accounting standards and policies of the bank; and
- ii) presenting the board with a balanced and understandable assessment of the bank's financial situation.

Corporate secretary's duties include arranging, recording and following up on the actions, decisions and meetings of the Board and of the shareholders (both at annual and extraordinary meetings) in books to be kept for that purpose. Corporate secretary is also responsible for reviewing bank's procedures and advising the board directly on such matters

Internal auditor's duties include providing an independent and objective review of the efficiency of the bank's operations. The report would include a review of the accuracy and reliability of the bank's accounting records and financial reports as well as a review of the adequacy and effectiveness of the bank's risk management, control, and governance processes.

Principle 8: Bank communicates with shareholders, encourage their participation and respect their rights

Bank's policy is to maintain regular communication with shareholders and to encourage their participation and respect their rights

Chairman of the board and other directors maintain continuing personal contact with major shareholders to solicit their views and understand their concerns. Their views are communicated to the board as a whole and management.

Chairman discusses bank's corporate governance and strategy with major shareholders. To abide by "Comply or explain" approach of the Code, bank shall comply with all the provisions of this Corporate Governance Principles and Practice or explain why it has not (because of any specific situations). The board also encourages shareholders and investors, particularly institutional investors, to help in evaluating the bank's corporate governance. Bank also

BMB currently has a controlling shareholder and the directors actively encourage them to make a considered use of their position and to fully respect the rights of minority shareholders.

Bank has taken/takes following steps to communicate with shareholders, encourage their participation and respect their rights:

- 1) All directors (in particular, chairs of the Audit and Remuneration and Nomination committees) will attend shareholders meetings and be available to answer questions from shareholders (with a clear understanding that confidential and proprietary business information shall be kept confidential and shall not be disclosed)
- 2) Bank's external auditor also attends the annual shareholders' meeting and be available to answer shareholders' questions concerning the conduct and conclusions of their audit
- 3) Bank shall maintain website (www.bmb.com.bh) and dedicate a specific section of its website to describing shareholders' rights to participate and vote at each shareholders' meeting, and post significant documents relating to meetings including the full text of notices and minutes. For information of confidential nature, bank may provide controlled access to shareholders.
- 4) Bank will make efforts to establish an electronic means for shareholders' communications including appointment of proxies.
- 5) With regard to conduct of shareholders' meetings, board shall observe, both the letter and the intent, of the legal requirements of shareholder meetings, particularly:
 - a) notices of meetings will be honest, accurate and not misleading. They will clearly state and, where necessary, explain nature of business of the meeting,
 - b) meetings shall be held during normal business hours and at a place convenient for greatest number of shareholders to attend,
 - c) notices of meetings shall encourage shareholders to participate by proxy and shall refer to procedures for appointing a proxy and for directing the proxy how to vote on a particular resolution. The proxy agreement shall list the agenda items and shall specify the vote (such as "yes," "no" or "abstain"),
 - d) notices shall provide all material information and documentation to shareholders on each agenda item, including but not limited to any recommendations or dissents of directors,
 - e) board shall propose separate resolutions on each substantially separate issue, so that unrelated issues are not "bundled" together,
 - f) in meetings where directors are to be elected or removed the board shall ensure that each person is voted on separately, so that the shareholders can evaluate each person individually. Also, where number of candidates exceeds the number of available seats, the notice of the meeting shall explain the voting method by which the successful candidates will be selected, method used for counting of votes and if possible the notice of the meeting shall try to disclose fairly the views of candidates,
 - g) Chairman of the meeting shall disclose all material facts to the shareholders prior to any vote on any item,
 - h) Chairman of the meeting shall encourage questions from shareholders, including questions regarding the bank's corporate governance guidelines,
 - i) Bank shall report to shareholders on compliance with bank's corporate governance guidelines and explain to them if bank has varied them or believes that any non-compliance was justified.
 - j) the minutes of the meeting shall be made available to shareholders upon their request as soon as possible but not later than 30 days after the meeting, and

Principle 9: Disclosure of bank's corporate governance

Bank is committed to Good Corporate Governance and adopted this Corporate Governance framework as a guide for conducting its business. This is published in bank's website.

Bank shall follow the principles and practices laid down in this Corporate Governance framework and shall report to its shareholders at its annual general meeting its compliance. In compliance with "Comply or Explain" principle, bank will explain to its shareholders to the extent, if any, to which it has varied them or believes that any variance or non-compliance was justified.

CORPORATE GOVERNANCE PRINCIPLES AND PRACTICES

Bank has adopted a separate "Disclosure Policy" and is committed to make all its public disclosures in a fair, transparent, comprehensive and timely manner to reflect the character of the bank and the nature, complexity and risks inherent in the bank's business activities.

Board also oversee the process of disclosure and communications with the shareholders and stake holders to be in strict compliance with bank's Disclosure Policy

Board established a corporate governance committee which is responsible for developing and recommending changes from time to time in the bank's corporate governance policy framework and receives any comments or complaints on it.

Bank shall make disclosures required as per CBB's PD module (which are included in bank's disclosure Policy).