



Gulf Finance House B.S.C
Director's Code of Conduct

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1. Overview

- 1.1 GFH's Board of Directors has adopted the following Code of Conduct and the Directors are expected to adhere to the principles of loyalty, good faith, and the avoidance of conflict of interest.
- 1.2 The Board as a whole has an organizational and personal responsibility to sustain all standards and to act at all times with integrity and honesty in order to protect the Bank's reputation
- 1.3 All the Directors are expected to adhere to the principle and procedures set forth in this code.

2. Applicability

- 2.1 This code is applicable to all Directors and shall come into effect from 1st March 2013. The code may be modified, change, altered or amended from time to time.

3. Standards and Guidelines

- 3.1 The Bank's Code of Conduct is set out the follows:
 - Standards - appear in bold print govern the Board's decisions and action.
 - Guidelines - describe how the standards should be applied.

4. The Need for Individual Judgment

- 4.1 This code sets out the behavioral standard expected form a Director. The Bank relies on each of its Director to make a judgment of what is right and suitable for any particular situation. Should there be any contention in determining appropriateness of any action; the following question should there be considered:
 - Does the action "feel" right?

- Could it be justified to others in the Bank or the stakeholders?
- Could the Board defend the action if it appeared in press?
- Is the action legal?
- Does it comply with Bank standards and policies?

5. Code of Conduct

5.1 Integrity and honesty

- Each Director owes a duty to the Bank to observe high standards of integrity. This requires Director's outmost honesty in the performance of their duties.
- The Board and each Director will not represent any entity that would compromise the reputation of the Bank.
- The Board will take all reasonable measures to identify, and prevent/ manage, conflict of interest that could harm the interests of the Bank.

5.2 Conflict of interest

- The Central Bank of Bahrain defines 'Conflict of Interest' as "a situation when a person or an entity has competing professional or personal obligations to other parties in a financial transaction (e.g. underwriting a securities transaction and simultaneously advising clients whether to buy the security or not) or in ongoing financial relationships (e.g. when a Bank has a Director of one of its major borrowers on its Board), or personal or financial interests that would make it difficult to fulfill his duties fairly".
- A Conflict of interest occurs when a Director's private or personal interest interfere, or appear from the perspective of a reasonable person to interfere, with the interests of the Bank thereby impeding, or seen to impede their duties objectively and effectively.
- A Director must never use his position to obtain improper personal benefit for himself or his family or for any other persons.

- In cases where a Director suspects that transaction would result to possible conflict of interest, appropriate actions should be taken such as consultation which the Corporate Secretary (or the Bank's Legal Advisor).
- With regard to compliance which procedures and guidelines relating to related parities' transaction, all Directors shall refrain form :
 - Carrying out activities competing with the financial interests of the Bank, including carrying out a competitive work.
 - Taking possession of opportunity that is the right of Bank, except when such opportunity was offered first to the Bank and latter declined it.
 - Apparent, potential and actual conflict of interest that relates to a Director; such Director shall fully disclose the conflict and abstain from voting on it or attending a Board meeting when the conflict of interest issues are to be raised for voting by the Board.

The Corporate Secretary should, on an annual basis, request all the Directors of the Bank to disclose the interest they have in any other organization.

5.3 Due Skill, Care and Diligence

- The Board while acting on behalf of the Bank will observe due skill, care and diligence. Each Director will obtain the necessary skills required; due diligence and care must be observed in any representation made by the Director to prevent any financial or reputational loss for the Bank.

5.4 Confidentiality

- All Directors must maintain the confidentiality of confidential information entrusted to them by the Bank. The Directors shall not disclose such information to any third party, except when the Bank authorizes disclosure or when such disclosure is needed under any legal obligation.

- The term “confidential information” includes, but is not limited to, non-public information that might be of use to competitors of the Bank, or harmful to the Bank or its customer if disclosed.
- Disclosure of non-public information is not a violation of this code only when it is authorized or legally required.

5.5 Fair Dealing

- In accordance with the assigned functional responsibilities, each Director should deal fairly with the Bank’s customers, suppliers, competitors, officers, and employees. Ensuring minority shareholders are treated equally. None should take unfair advantage of anyone through manipulation, concealment, abuse of privileged information, misrepresentation of material facts or any other unfair practice. Inappropriate use of proprietary information, misusing trade secret information or including such disclosures by the past or present employees is prohibited.

5.6 Insider Trading

- “Insider trading” refers not only to the purchase or sale of GFH’s equity and debt securities, but also to the purchase or sale of puts, calls or other options with respect to such securities. Such trading is deemed to be done by an insider whenever he has any beneficial interest, direct or indirect, in such securities or options, regardless of whether they are actually held in his name.
- Included in the concept of "insider trading" is "tipping" or revealing inside information to outside individuals, to enable such individuals to trade in the issuer's securities on the basis of undisclosed information.
- “Inside Information” shall mean information which (a) Is precise in nature; (b) Has not been made public; (c) If made public, is likely to have a significant impact on price of securities of the Bank or its subsidiaries.
- Directors who in the context or course of their duties, have direct or indirect access to or are in possession of inside information of the Bank,

its branches and subsidiaries may not make use, either directly or indirectly of this inside information in order to carry out, recommend or advise either in favour of or against transactions involving the Bank or its branches and subsidiaries for their own account or that of third parties.

5.7 Corporate Opportunities

- Except as approved in advance by the Board, Directors are prohibited from taking for themselves personally any opportunity related to the Bank's business, or from engaging in business that is in competition with the Bank or any of its affiliates.
- Director shall not use their status to seek personal gain from those doing business or seeking to do business with the Bank. Director shall not accept any gift or other benefits except those extended as a customary courtesy of business life.
- All gifts and or entertainment, whether offered to a Director or by a Director, and where the cost to the provider is more than BHD 50/- must be reported to the Corporate Secretary. Please note: the reporting requirement excludes lunches and dinners provided they are reasonable in the context and provided there is no associated entertainment.
- Entertainment, including lunch or dinner, may only be accepted if the host or a representative of the host attends.

5.8 Protection and proper use of Bank Assets

- The Board and each Director shall act as a guardian of the Bank's assets and would ensure of its efficient use.
- The Board shall ensure that Bank assets are used for legitimate business purposes only.

5.9 Strategy Review

- The Board and each Director must review the Bank's business plans and the inherent level of risk in these plans. The Board must notify the CBB in

writing of all major change to the strategy and / or corporate plan of the Bank prior to implementation.

- Assess the adequacy of capital to support the business risks of the Bank.
- Set performance objectives.
- Oversee major capital expenditures, divestitures and acquisitions.

5.10 Communication

- All information provided by the Board must be full, fair, accurate, and understandable.

5.11 Compliance with Laws, Rules and Regulations

- Director must comply with all of the regional and shari's laws, rules, and regulations applicable to the Bank and its business.
- The Director shall work within the scope of the powers vested to them by virtue of Articles of Association and directives of the Board duly issued and in accordance with the relevant decisions of shareholders, laws and regulation. The Director who exceeds their powers shall bear the liability towards the losses incurred by the Bank as a consequence of breaching the powers.

5.12 Policies and Procedures

The Board should have effective policies and procedures in place for:

- Approving budgets and reviewing performance against those budgets and key performance indicators.
- The management of the Bank's compliance risk.

5.13 Appointment of New Directors

- When a new Director is inducted by the Chairman of the Board, or the Legal Counsel or the Compliance Officer, or any other individual delegated by the Chairman of the Board, should review the Board's role

and duties with that person, particularly covering legal and regulatory requirements.

- The Bank must have a written appointment agreement with each Director which recites the Director's powers, duties, responsibilities and accountabilities and other matters relating to his appointment including his term, the time commitment envisaged, the committee assignment if any, his remuneration and expense reimbursement entitlement, and his access to independent professional advice when that needed.

5.14 Systems and Controls Framework

The Board must regularly assess the system and controls framework of the Bank and must demonstrate to the CBB that:

- The Bank's operations, individually and collectively are measured, monitored and controlled by appropriate, effective and prudent risk management systems commensurate with the scope of the Bank's activities.
- The Bank's operations activities are supported by an appropriate control environment.
- Appropriate and timely action is taken to address any identified adverse deviations from the requirement

5.15 Decision Making Process

- The Board must be collegial and deliberative, to gain the benefit of each individual Director's judgment and experience.
- The Chairman must take an active lead in promoting mutual trust, open discussion, constructive dissent and support for decisions after they have been made.

6. Implementation

- 6.1 The Board and each Director are responsible for knowing the contents of this Code of Conduct and adhering to the standards as details herein.
- 6.2 Any question relating to this code or to be interpreted or applied should be addressed to and resolved by the Board and / or Bank Secretary (or the Bank's legal Advisor).

7. Compliance with the Code

- 7.1 Every Director has to affirm the compliance with the Code on an annual basis, which shall form the basis for disclosure in the annual reports / annual General Meeting of the Bank.

8. Breaches/ Misconduct

- 8.1 Breaches of the Code shall be dealt with either by the Board of Directors or by a Committee established for this purpose
- 8.2 The Board should ensure that all shareholders are kept informed on all major development affecting the affairs of the Bank.
- 8.3 The Board encourages the external auditor attend the Annual General Meeting to ensure a high level of accountability and identification with the Bank's strategy and goals.
- 8.4 The Board encourages the external auditor to attend the Annual General Meeting and be available to answer shareholder questions about the conduct of audit and preparation and content of the auditor's report.

9. Amendment / Modification

- 9.1 This code may be amended or modified by the Board, pursuant to changes in the regulatory environment and business needs of the Bank.

10. Key Persons (KPs) Dealings

- 10.1 Bank has KP Dealing Policy consistent with Bahrain Bourse and CBB's Guidelines on KPs' and their dealing in Bank's securities. All members of the Board (elected/nominated) and institutions which nominate Directors are considered as KPs.
- 10.2 All KPs shall declare all requested information in this regard, including 'connected persons', 'controlled corporations' and 'corporations in which the KP exercises influence'. The information relates to KP's, basic data, initial beneficial ownership and subsequent changes thereof.
- 10.3 Any changes in basic information and change in ownership regardless of the type of such change and howsoever occurring, from time to time, should be advised to the Corporate Secretary by the end of the next business day.
- 10.4 The KP should inform his 'connected persons', 'controlled corporations' and 'corporation in which person exercises influence' that he is a KP in the Bank.
- 10.5 For the purpose of this Code, any interest in the shares of the Bank held by 'connected person', 'controlled corporations' and 'corporation in which the member of the Board of Directors exercises influence', shall be deemed to be an 'interest' of the relevant member of the Board of Directors.

11. Acceptance of this Code

- 11.1 All members of the Board of Directors shall sign this Code of Conduct, including any new members upon resuming the office.
- 11.2 The signed copies shall be held by the Corporate Secretary.

I confirm that I have read this document 'Code of Conduct for the Directors' and will comply with the Code throughout the tenor served in the capacity of GFH's Board Member.

Board Member Name: _____

Signature & Date: _____