



GULF FINANCE HOUSE B.S.C.

TERMS OF REFERENCE BOARD INVESTMENT COMMITTEE (BIC)

The Board Investment Committee was established in accordance with Article 42 of the Memorandum and Articles of Association of Gulf Finance House (BSC) and International best practices.

1. PURPOSE

- 1.1 The *Board Investment Committee "BIC"* is a Board's sub-committee appointed to assist the board in formulating the bank's investment policy and make investment transaction decisions.
- 1.2 The *BIC* shall report its activities to the full board on a regular basis.

2. COMMITTEE STRUCTURE & MEMBERSHIP

- 2.1 The size of the BIC will be not less than three members who shall be selected by the Board.
- 2.2 Members of the BIC shall be appointed on a 3-years term.
- 2.3 The *BIC* is chaired by the Chairman of the Board of Directors. In his absence, the Vice Chairman will chair the committee. *BIC* members shall be the Board of Directors who are willing to devote the necessary time to the determination of the Bank's investment policy, investment review and decision making.
- 2.4 Non Directors (guests) can also be invited to participate in, but not vote at, a committee's meeting so that the committee may gain the benefit of their advice and expertise.
- 2.5 The chairman of the committee may decide if non-voting guests are to be invited, such decision will be based upon the individual's skills, contacts, experience and abilities which may add value to the Bank's investment policy making.



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Secretary to the Executive Investment Committee

- 2.6 The Chief Investment Officer shall act as *BIC* Secretary.
- 2.7 The Secretary to the *BIC* shall fulfill the following responsibilities pertaining to the committee meetings:
 - a) Prepare and obtain approval of the meeting agenda.
 - b) Issue meeting invitations and Agenda.
 - c) Prepare and submit the minutes of the meeting for approval.

3. MEETING

• General

- 3.1 The *BIC* shall meet at least four times a year. Its meeting may be scheduled in conjunction with regularly scheduled meeting of the entire board.
- 3.2 The *dates of* the meetings for the year should be set forth and agreed at the beginning of the year. To the extent possible, meetings of the *BIC* will be scheduled to coincide with meetings of the Board.
- 3.3 The *BIC* will meet additionally as events and decision making require. Meeting might be conducted through conference call between the members of the Committee.

• Agenda and Invitations

- 3.4 Meeting invitations and Agenda will be prepared and issued by the Secretary after consultation with the Chairman of the *BIC*.
- 3.5 Meeting invitations and agenda will be issued by fax or email, with as much advance notice as possible (not less than one week). However, depends on the nature of the investment business, which may require extremely rapid decision making, in which case it may be necessary from time to time to call *BIC* meetings at very short notice.



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- **Quorum**

- 3.6 Participation by half plus one of the *BIC* members will represent a quorum.
- 3.7 Resolutions will be adopted by a majority vote of the members present and those voting in absentia. In the event of an equal vote, the Chairman of the Committee will cast a second, deciding vote.

- **Minutes**

- 3.8 Copies of the resolutions will be maintained with the Corporate Secretary of GFH's Headquarters and will be circulated to the EXCOM and other senior management to take the necessary actions
- 3.9 The BIC will maintain written minutes of its meetings, along with a table tracking the committee's decisions which will be filed with the minutes of the meetings of the Board.

4. ATTENDANCE

- 4.1 Given the importance of the investment decisions being taken by the *BIC*, active participation by all Committee members is essential. Accordingly, the attendance record must be maintained.
- 4.2 Recognizing that some meetings will have to be scheduled at short notice and to permit participation by all *BIC* members, consultation may be undertaken by in-person visits, conference calls, facsimiles and telex communication or by memorandum (by courier delivery).
- 4.3 Each member will be required to provide proper briefing of their view point on each required decision.
- 4.4 Proxies may not be given and substitution is not permitted; however, an *BIC* member may vote in absentia provided he has been properly briefed on the required decisions.
- 4.5 Decisions based upon faxed information may be taken where rapid decision making is required. In such instances, failure to respond to a fax or email request (with receipt confirmed by telephone) for the decision within seven business days will be assumed to be an affirmative vote.

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5. RESPONSIBILITIES OF BIC

5.1 The *BIC* is headed by the Chairman and composed of selected Members of the Board of Directors of the Bank.

5.2 *BIC* establishes operating guidelines and reviews and endorses the EXCOM's recommendations for investment strategies and products and services. Its actions are in accordance with the investment policies adopted by the Board of Directors.

5.3 In addition, one of the primary tasks of *BIC* is to make investment transaction decisions within the authority delegated by the Board of Directors. It reviews and monitors investment, financing and trading decisions taken by the EXCOM and refers investment decisions in excess of its own authority with their recommendations to the Board of Directors.

5.4 The *BIC* evaluates investment, financing and trading performance and recommends enhancements. In addition, it also reviews and approves investment policies and plans.

5.5 In particular, *BIC* shall provide recommendation/ approval on the following activities:

- a) *Investments:*
- b) *Treasury:*
- c) *Placement and underwriting activities;*
- d) *Credit Facilities (rollover, new facilities, settlement, commissions paid, etc).*
- e) *Maximum Exposure Limit (Investment & Credit)*
- f) *Provisions / Write offs (Investment & Credit)*

**Specific activities and the corresponding limit, pertinent to the above listed areas, are detailed in the Board approved 'Delegation Authority Limit Matrix (DAL).*

5.6 The *BIC* approves banking relationships and placement arrangements as recommended by the EXCOM.



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6. BUSINESS DECISION BY CIRCULATING

- 6.1 Due to the time constraint and the nature of the investment banking business it is necessary to take prompt decisions where the *BIC* authority is required.
- 6.2 Such decision making is authorized provided the *BIC* has sufficient time to review the appropriate briefing material and the opportunity to discuss the matter with Management either in person or by telephone, facsimile, telex or courier delivered memoranda. No response from the *BIC* Members shall be interpreted as an approval of the request; provided receipt of material has been confirmed.
- 6.3 A majority of the *BIC* shall be required to approve the request. Notwithstanding the decision taken in this fashion, the proposal will be reviewed in detail at the next regularly scheduled meeting of the *BIC*.

7. PERFORMANCE EVALUATION

- 7.1. The committee shall preview and review with the Board an annual performance evaluation of the committee, which shall compare the committee's performance with the above requirements and shall recommend to the Board any improvements deemed necessary or desirable to the committee's charter. The report may be in the form of a written report provided at any regularly scheduled Board meeting.
- 7.2 The Terms of Reference of the Board Investment Committee shall be reviewed on an annual basis and revised as required.

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