

Adopted April 20, 2011

Most Recently Updated September 14, 2016 under delegated authority

Investcorp Bank B.S.C.

Corporate Governance Guidelines

Introduction

Investcorp Bank B.S.C. (“Investcorp”) has long been a strong proponent of good corporate governance, which Investcorp believes involves keeping business practices above reproach and thus retaining the trust and confidence of all of Investcorp’s stakeholders who enable Investcorp to operate, thrive and prosper.

In recent years, corporate governance has become an important focus of attention for both regulators and investors globally.

The Bahrain Ministry of Industry and Commerce issued a Corporate Governance Code (the “Governance Code”), which became applicable to all companies that are listed on the Bahrain Bourse on January 1, 2011, and the Central Bank of Bahrain (“CBB”) issued a revised High Level Controls Module in the CBB’s Rulebook 1 (“Module HC”) which became effective on January 1, 2011 and has been revised by the CBB from time to time since that date.

Module HC sets forth requirements that must be met by Investcorp and other CBB conventional bank licensees with respect to (i) corporate governance principles in the Governance Code, (ii) international best practice corporate governance standards set by bodies such as the Basel Committee for Banking Supervision and (iii) related high level controls and policies.

These Corporate Governance Guidelines (“Guidelines”) have been adopted by the Board of Directors of Investcorp (the “Board”) in accordance with Module HC. Module HC requires the adoption of written corporate governance guidelines that cover the matters stated in Module HC and the CBB’s Module PD (Public Disclosure) as well as any other corporate governance matters deemed appropriate by the Board of Directors.

Module HC and the relevant corporate governance disclosure sections of Module PD are incorporated by reference in, and form part of, these Guidelines except to the extent specifically noted in these Guidelines.

These Guidelines supersede the Investcorp Director’s Handbook.

These Guidelines follow the format of Module HC by setting out Module HC principles (the “Principles”) and then elaborating upon the Principles.

Principle 1: Investcorp must be headed by an effective, collegial and informed Board

Directors' Roles and Responsibilities

The Board's role is distinct from that of both the shareholders of Investcorp, whose interests the Board represents, and the management of Investcorp, which the Board oversees.

The Board owes fiduciary duties of care and loyalty to Investcorp and the shareholders of Investcorp.

In recognition of its duties and responsibilities, the Board has adopted the Charter of the Board of Directors of Investcorp (the "Board Charter") that is attached as Annex A to these Guidelines.

Having regard to the importance of each Director understanding his duties and responsibilities, the Chairman of the Board, assisted by the Corporate Secretary, or the Corporate Secretary should review the Board's role and its duties and responsibilities with each newly elected Director.

In addition, Investcorp must have a written appointment agreement with each Director that refers to the Director's powers, duties and responsibilities and accountabilities, as well as other matters relating to his appointment, including time commitment, any committee assignment and remuneration.

Risk Recognition and Assessment

The Board's responsibilities in respect of Investcorp's systems and controls framework is set forth in the Board Charter.

The Board should ensure that it collectively has sufficient expertise to understand and measure the risks to which Investcorp is exposed in its business activities.

The Board must regularly assess the systems and controls framework of Investcorp. In its assessments, the Board must determine whether:

- a) Investcorp's operations, individually and collectively are measured, monitored and controlled by appropriate, effective and prudent risk management systems commensurate with the scope of Investcorp's activities;
- b) Investcorp's operations are supported by an appropriate control environment. The compliance, risk management and financial reporting functions must be adequately resourced, independent of business lines and must be run by individuals not involved with the day-to-day running of the various lines of business. The Board must additionally ensure that management develops, implements and oversees the effectiveness of comprehensive know your customer standards, as well as on-going monitoring of accounts and transactions, in keeping with the requirements of relevant law, regulations and best practice (with particular regard to anti-money laundering measures). The control

environment must maintain necessary client confidentiality, ensure that the privacy of Investcorp is not violated, and ensure that clients' rights and assets are properly safeguarded; and

- c) There are any significant issues related to Investcorp's governance framework, in which case, appropriate and timely action is taken to address any identified adverse deviations from the requirements of Module HC.

Decision Making Process

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

The Board must meet no less than four times during each financial year and each Director must attend at least 75% of the Board meetings within a financial year. This means that each Director must attend at least three Board meetings if the total number of meetings held during a financial year is four.

At least half of the Board meetings in any twelve-month period must be held in Bahrain.

It is not permissible for a Director to attend a meeting, or to vote at such meeting, by proxy.

See HC-1.3.4 for further information regarding the number of meetings required to be attended by each Director based upon the total number of Board meetings held in a financial year if more than four meeting are held in a financial year. See also HC-1.3.5, HC-1.3.6 and HC-1.3.8 for requirements relating to recording and reporting Director non-attendance of meetings.

The Chairman of the Board is responsible for the leadership of the Board and for the efficient functioning of the Board. The Chairman of the Board must ensure that all Directors receive an agenda, minutes of prior meetings and adequate background information in writing before each Board meeting and, when necessary, between Board meetings. All Directors must receive the same Board information.

While agendas for forthcoming Board and Committee meetings are initiated by Investcorp's management, a Director is entitled to place on the agenda for a Board or Committee meeting matters that the Director reasonably considers to be important and to require consideration of such matters by the Board or the relevant Committee.

Subject to the receipt of timely information, a primary requirement of a Director's duty of care is that the Director study the materials provided to Directors in advance of the Board meeting and the meeting of any Committee on which the Director serves and prepare to contribute constructively in the deliberations of the Board and any such Committee.

If sufficient information is not made available in a timely manner, a Director may request that action by the Board or a Committee be delayed until the desired information is made available to Directors for review.

Each non-executive Director should inform the Executive Committee for Administrative Policy, acting in its capacity as the Nominating Committee, before such Director accepts any board appointment to another company.

HC-1.3.12 provides that a director of a CBB licensed bank may not be a director of more than one retail bank or one wholesale bank, which means an effective limit of two directorships of Bahrain banks. If any Director holds more than one such directorship, it is the responsibility of the Head of Compliance to ensure that the CBB is aware of such multiple directorships.

HC-1.3.13 provides in guidance that no person should hold more than three directorships of public companies in Bahrain, subject to the proviso that such directorships should not give rise to any conflict of interest. HC-1.3.13 also provides that the Board should not propose the election or re-election of any director who holds more than three such directorships. If any then current Director or candidate for election as a Director holds more than three such directorships, it is the responsibility of the Head of Compliance to confirm that the CBB is aware of such multiple directorships before that Director or candidate is proposed to the shareholders for re-election or election to the Board, as the case may be.

Independence of Judgment

The duty of loyalty requires a Director to exercise the Director's powers in the interests of Investcorp and Investcorp's shareholders and not in the Director's own interests or in the interests of other persons (including family members) or organizations. Each Director must consider himself or herself as a representative of all Investcorp shareholders.

See HC-1.4.2 and HC-1.4.3 relating to the obligations of executive and non-executive directors.

HC-1.4.4 provides that at a minimum, at least one director of every Bahrain bank must be independent. HC-1.4.5 provides in guidance that at least half of each conventional bank licensee's board should be comprised of non-executive directors and at least three of those persons should be independent directors. HC-1.4.6 provides in guidance that the Chairman of the Board should be an independent director. HC-1.4.7 provides that the Chairman of the Board and/or the Deputy Chairman of the Board must not be the same person as the Chief Executive Officer. HC-1.4.8 provides that the Chairman of the Board must not be an executive director.

The Chairman of the Board, the Executive Chairman and the Co-Chief Executive Officers of Investcorp are different persons and the Chairman of the Board is a non-executive Director, but he is not an independent Director.

Pursuant to the "comply or explain" principle, the Company must explain in its Annual Report the rationale for not complying with the guidance in HC-1.4.6.

The Board will review on an annual basis the independence of each Director based upon the criteria specified by the CBB, the interests disclosed by them in their annual conflict of interests questionnaires and his conduct.

Prior to the end of each Board meeting, the independent Directors will meet without any Investcorp employees present to discuss any matters of concern.

Directors' Access to Independent Advice

As stated in the Board Charter, and consistent with the provisions of HC-1.6.1 and HC-1.6.2, each Director shall have access to the Corporate Secretary of Investcorp, who has responsibility for reporting to the Board on Board procedures. Each Director also will have access to independent legal or other professional advice at Investcorp's expense. Such access to legal or other professional advice will be arranged by the Corporate Secretary upon the request of any Director.

If a Director has serious concerns which cannot be resolved regarding the management of Investcorp or a proposed action, that Director should consider seeking independent advice and should ensure that those concerns are recorded in the Board meeting minutes and that any dissent from a Board action is noted or delivered in writing.

When a non-executive Director resigns from the Board, he should provide a written statement to the Chairman of the Board if he has serious concerns of the nature referred to in the paragraph above.

Directors' Communications with Management

In line with HC-1.7.1, it is the policy of the Board to encourage reporting at Board meetings by relevant members of management.

In line with the guidance set forth in HC-1.7.2, non-executive Directors may have free access to management through either the Executive Chairman or the Chairman of the Audit Committee.

Committees of the Board

Acting in accordance with Investcorp's Articles of Association, the Board has appointed the following Executive Committees: (i) the Audit Committee, (ii) the Executive Committee for Administrative Policy, (iii) the Executive Committee for Investment Policy and (iv) the Corporate Governance Committee. The Terms of Reference of these Committees are attached as Annex B, Annex C, Annex D and Annex E, respectively, to these Guidelines.

These Executive Committees operate with authority delegated by the Board in accordance with their respective Terms of Reference. However, the Board may not delegate its ultimate decision-making responsibility.

Evaluation of the Board and Each Committee

HC-1.9.1 requires that the Board conduct an evaluation of its performance and the performance of each committee and each Director at least annually.

The Board will conduct such an evaluation on an annual basis in compliance with HC-1.9.1, having regard to the evaluation process specified by HC-1.9.2. The results of such evaluations will be reported to the shareholders at the Ordinary General Meeting of Shareholders ("OGM") held each year.

These evaluations will be organized by the Corporate Governance Committee, with the assistance of an external expert, if and to the extent deemed appropriate by the Corporate Governance Committee.

Principle 2: Investcorp's approved persons must have full loyalty to Investcorp

Personal Accountability

The mission of Investcorp is to be the preferred global alternative asset manager for its clients based on attractive performance and distinguished customer service while generating superior returns to shareholders.

The fulfilment of that mission requires Investcorp to conduct its business activities and transactions with complete honesty and total integrity in accordance with the highest moral, ethical and legal standards.

Each of Investcorp's approved persons and each other Investcorp employee owes a duty of loyalty to Investcorp and its shareholders. For purposes of these Guidelines, the term "approved person" means each Director, the Executive Chairman, the Co-Chief Executive Officers and each head of a function in Investcorp who has been approved by the CBB. Directors are personally accountable to Investcorp and the shareholders if they violate this duty of loyalty, and Directors can be personally sued for such violations.

Having regard to Investcorp's mission and this duty of loyalty, the Board has approved the Investcorp Group Code of Conduct (the "Code of Conduct") that sets forth standards of conduct that apply to Directors and all of Investcorp's employees. It demands that all approved persons and employees conduct their business activities with absolute propriety and it affirms Investcorp's commitment to the highest moral, legal and ethical standards of conduct.

Acting in accordance with the duty of loyalty, each Director and other approved person, and all other Investcorp employees, must avoid transactions or situations in which their personal interests actually conflict with, or have the appearance of conflicting with, those of Investcorp, its shareholders and its clients.

In furtherance of this duty, the Board has adopted Conflicts of Interest Policies and Procedures that apply to Directors, each Investcorp Group employee at the level of Managing Director and less senior employees who are CBB approved persons (collectively, "Covered Persons") and the Code of Conduct enumerates several activities that employees are prohibited from engaging in.

In addition, conflicts of interest questionnaires are completed by Directors and other Covered Persons at least annually in a further effort to identify existing or potential Covered Person conflicts of interest.

Consistent with the Bahrain Commercial Companies Law, it is the policy of the Board to submit any affiliation by a Director with an entity engaged in a business that is competitive with Investcorp's business to the shareholders for approval each year at the annual Ordinary General Meeting (the "OGM"). In addition, any abstention from voting motivated by a conflict of interest, and the authorization of any contract or transaction involving a conflict of interest, shall also be disclosed to the shareholders each year at the OGM.

Principle 3: The Board must have rigorous controls for financial audit and reporting, internal control and compliance with law.

As noted above, the Board has established an Audit Committee, and its Terms of Reference are attached as Annex B to these Guidelines. The Terms of Reference are consistent with the requirements of HC-3.2.1 and Appendix A of Module HC.

All members of the Audit Committee must be independent non-executive Directors.

As part of the process of discharging its responsibilities in relation to overseeing Investcorp's systems and controls, risk management and compliance frameworks, the Audit Committee should receive reports from the Head of Investcorp's Internal Audit Department, Investcorp's Risk Manager and Investcorp's Head of Compliance at every meeting of the Audit Committee unless otherwise approved by the Audit Committee.

In line with the guidance set forth in HC-3.3.3, the Board has adopted Whistleblowing Procedures to encourage the disclosure of genuine concerns regarding potential wrongdoing by Investcorp or its employees, including financial fraud or other actions that raise questions regarding the integrity of Investcorp's financial statements or its accounting, auditing, internal control and reporting practices, and to ensure that potential issues are promptly and properly investigated and addressed. The Whistleblowing Procedures are available to all employees on the Investcorp intranet. In addition, Investcorp has engaged the services of a third party to operate a Whistleblower Hotline Services to receive whistleblower reports.

To encourage management accountability for Investcorp's financial statements and as required by HC-3.4.1, the Executive Chairman or at least one Co- Chief Executive Officer and the Chief Financial Officer must state in writing to the Audit Committee and to the Board as a whole that Investcorp's annual and interim financial statements present a true and fair view, in all material respects, of Investcorp's financial condition and results of operations in accordance with International Financial Reporting Standards.

Principle 4: Investcorp must have rigorous and transparent procedures for appointment, training and evaluation of the Board

Nominating Committee

The Board has delegated to the Executive Committee for Administrative Policy (“ECAP”) authority to act as the Nominating Committee of the Board, with responsibility to, among other things, identify persons qualified to become Directors, as well as senior executive officers of Investcorp. The details regarding ECAP’s responsibilities in acting as the Nominating Committee are set forth in the ECAP Terms of Reference attached as Annex C to these Guidelines.

See HC-4.4.1, which specifies the information regarding each candidate for election or reelection as a Director that should be provided to the shareholders with each proposal that such candidate be elected or reelected as a Director.

HC-4.4.2 states in guidance the information that should be provided to the shareholders by the Chairman of the Board when it is proposed that a Director be reelected to the Board.

Induction and Training of Directors

Each new Director must be provided with a formal and tailored induction, based upon the new Director’s knowledge of Investcorp. Unless the Director already possesses detailed knowledge relating to Investcorp, the induction must include, among other matters, meetings with senior management, visits to Investcorp’s office in Bahrain and presentations regarding strategic plans, significant financial, accounting and risk management issues, compliance programs, and information about Investcorp’s internal and external auditors and legal counsel.

The Chairman of the Board, assisted by the Corporate Secretary, 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 and Module HC.

All other Directors must be invited to attend induction meetings for new Directors and all Directors must continually educate themselves as to Investcorp’s business and corporate governance.

The Board has determined that the Corporate Governance Committee is responsible for developing induction programs for new Directors and for developing education activities for the Directors. This is a variance from HC-4.5.3, which provides in guidance that the Nominating Committee should oversee directors’ corporate governance educational activities.

Principle 5: Investcorp must remunerate approved persons fairly and responsibly

Remuneration Committee

The Board has delegated to the ECAP authority to act as the Remuneration Committee, with responsibility, among other matters, to (i) make recommendations to the Board regarding remuneration policies and amounts for each approved person and material risk-taker (as such term is defined by the CBB) and (ii) recommend to the Board Director remuneration based upon attendance and performance.

As noted above, the Board has also delegated to ECAP authority to act as the Board's Nominating Committee. HC-5.2.2 specifically provides that the Remuneration Committee may be merged with the Nominating Committee.

Remuneration Standards

Remuneration for approved persons and material risk-takers must be sufficient enough to attract, retain and motivate persons of the quality required to operate Investcorp's business without being excessive and it must comply with the principles and requirements of Chapter HC-5 of Module HC.

Remuneration for non-executive Directors must not include performance-based elements such as grants of shares, share options or other deferred share-related incentive schemes.

The total amount of remuneration payable to the Board of Directors must be capped in line with Article 188 of the Bahrain Commercial Companies Law.

It is the policy of Investcorp to structure the remuneration of material risk takers and CBB approved persons as well as other professional employees in a manner designed to ensure that their interests are aligned with the interests of Investcorp's shareholders.

Investcorp's Remuneration Policies have been approved by the shareholders of Investcorp as required by HC-5.2.1.

Investcorp's Remuneration Policies are effectuated pursuant to a Board-approved Remuneration Procedures Manual.

Principle 6: The Board must establish a clear and efficient management structure.

Establishment of Management Structure

The Board must appoint at a minimum the following members of senior management with formal letters of appointment:

- The Executive Chairman
- The Co- Chief Executive Officers
- The Chief Financial Officer
- The Head of Internal Audit
- The Corporate Secretary

as well as such other CBB approved persons as the Board considers appropriate.

Investcorp has adopted By-laws which prescribe the authorities, duties and internal reporting responsibilities of each of the members of senior management listed above as well as other members of senior management appointed by the Board.

This has been done with the advice of the Corporate Governance Committee rather than the Nominating Committee as required by Module HC on the basis that this is in line with the Corporate Governance Committee's mandate to oversee Investcorp's implementation of the Governance Code.

Compliance

Investcorp will review its compliance with the principles in the Basel Committee publication "Compliance and the Compliance Function in Banks" on a regular basis through review of the compliance function by the Internal Audit Department. The results of those internal audit reviews will be reported to the Audit Committee and the Board.

Principle 7: Investcorp must communicate with shareholders, encourage their participation and respect their rights.

It is the policy of Investcorp to conduct shareholders' meetings in accordance with the requirements of HC-7.2.1, which requires, among other things that:

- Notices of meetings must be honest, accurate and not misleading;
- Notices of meetings must ensure that all material information and documentation is provided to shareholders on each agenda item, including but not limited to any recommendations or dissents of Directors;
- The Board must propose a separate resolution at any meeting on each substantially separate issue so that unrelated issues are not bundled together;
- The minutes of the meeting must be made available to the shareholders upon their request as soon as possible but not later than 30 days after the meeting and they must be provided to the CBB not later than 15 days after the meeting is held;
- Disclosure of all material facts must be made to the shareholders by the Chairman of the Board prior to any vote by the shareholders; and
- At any meeting during which Directors are to be elected or removed, the Board must ensure that each person is voted on separately, so that the shareholders can evaluate each person individually.

All directors should attend and be available to answer questions from shareholders at any shareholder meeting. The chairs of the Executive Committees should also be available to answer appropriate questions regarding matters within their respective Committee's responsibility, it being understood that confidential and proprietary business information may be kept confidential.

Investcorp's external auditors should attend the AGM and be available to answer shareholders' questions concerning the conduct and conclusions of the audit.

Principle 8: Corporate Governance Disclosure: Investcorp must disclose its corporate governance.

Disclosure under the Company Law and CBB Requirements

These Guidelines must be published on the Investcorp website.

At each AGM, the Board must report to the shareholders on Investcorp's compliance with these Guidelines and Module HC, and explain the extent, if any, to which the Board has varied from the Guidelines or believes that variance or non-compliance was justified.

The Board must also report at each AGM on the corporate governance matters listed in the CBB's Module PD.

Board's Responsibility for Disclosure

The Board is responsible for overseeing the process of disclosure and communication with Investcorp's internal and external stakeholders. The Board is responsible to ensure that the disclosures made by Investcorp are fair, transparent, comprehensive and timely and reflect the character of Investcorp and the nature, complexity and risks inherent in Investcorp's business activities.

In line with this responsibility, the Board has adopted a Public Disclosure Policy and Procedures Statement.

Adopted January 19, 2011

Most Recently Reviewed With No Change September 14, 2016

**Charter
of
The Board of Directors
of
Investcorp Bank B.S.C.**

Introduction

This Charter sets out the role and responsibilities of the Board of Directors (“Directors”) of Investcorp Bank B.S.C. (“Investcorp”) in order to carry out their fiduciary duties of care and loyalty to Investcorp and its shareholders, having regard to the fact that the Directors are ultimately accountable and responsible for the strategy and business performance of Investcorp and its subsidiaries.

Duties and Responsibilities

The Directors’ responsibilities are as follows:

- ensuring that financial statements are prepared which accurately disclose Investcorp’s financial position;
- monitoring the implementation of strategy by management;
- monitoring management performance and determining whether to approve recommendations for the remuneration of senior management;
- convening and preparing the agenda for shareholders meetings;
- monitoring conflicts of interest and preventing abusive related party transactions;
- assuring equitable treatment of shareholders, including minority shareholders;
- the adoption and annual review of Investcorp’s strategy, provided that, as part of the strategy review process, the Board is responsible for:
 - reviewing Investcorp’s business plans and the inherent level of risk in these plans;
 - assessing the adequacy of capital to support the business risks of Investcorp;
 - setting performance and other business objectives; and
 - overseeing major capital expenditures, divestitures and acquisitions
- ensuring that an adequate, effective, comprehensive and transparent corporate governance framework is in place;
- adopting and reviewing the systems and controls framework of Investcorp to ensure that this framework, including Investcorp’s Board structure and organisational structure, is appropriate for Investcorp’s business and associated risks;
- adopting and reviewing management structure and responsibilities;
- putting in place effective policies and procedures for approving budgets and reviewing performance against those budgets and key performance indicators, and the management of Investcorp’s compliance risk; and
- establishing corporate standards for itself, senior management and all other employees, including policies and procedures for the identification, disclosure, prevention or strict limitation of conflicts of interest.

Adopted January 19, 2011

Most Recently Reviewed With No Change September 14, 2016

Access to Counsel and the Corporate Secretary

To facilitate the fulfilment the Directors' responsibilities, the Directors shall have access to (i) the Corporate Secretary, who shall have responsibility for reporting to the Board on Board procedures and (ii) independent legal or other professional advice, at the expense of Investcorp, whenever they judge this necessary to discharge their responsibilities as Directors, which shall be arranged by the Corporate Secretary if requested by one or more Directors.

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Terms of Reference of the Audit Committee

of

The Board of Directors

of

Investcorp Bank B.S.C.

Introduction

The Board of Directors (the "Board") of Investcorp Bank B.S.C. ("Investcorp") has established a committee of the Board to be known as the Audit Committee (the "Audit Committee"). These are the Terms of Reference of the Audit Committee.

Audit Committee Membership and Qualifications

The Audit Committee shall be appointed by the Board from amongst its members and shall consist of not less than three members. Such members must have no conflict of interest with any other duties they have for Investcorp.

The majority of members, including the Chairman of the Audit Committee, must be independent directors under the criteria stated in the Corporate Governance Code of the Kingdom of Bahrain.

The members of the Audit Committee should have recent and relevant financial ability and experience, which includes:

- an ability to read and understand corporate financial statements including Investcorp's balance sheet, income statement and cash flow statement and changes in shareholders' equity;
- an understanding of the accounting principles which are applicable to Investcorp's financial statements;
- experience in evaluating financial statements that have a level of accounting complexity comparable to that which can be expected in Investcorp's business;
- an understanding of internal controls and procedures for financial reporting; and
- an understanding of the Audit Committee's controls and procedures for financial reporting.

The Executive Chairman of Investcorp may not be a member of the Audit Committee, but he may attend specific meetings of the Audit Committee by invitation.

A quorum shall be at least one half of the members of the Audit Committee, and resolutions of the Audit Committee shall be adopted by a majority vote of the members of the Audit Committee participating in a quorate meeting. If there is a tied vote, the Chairman of the Audit Committee shall have a casting vote.

The Chairman of the Audit Committee shall be elected by the members of the Committee.

Reporting Procedures

The minutes of Audit Committee meetings should be circulated to the Board. The Chairman of the Audit Committee should report to the Board any significant matters of concern that have arisen at any meeting of the Audit Committee held since the last Board meeting.

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Committee Duties and Responsibilities

The Audit Committee shall:

- be responsible for the selection, appointment, remuneration, oversight and termination where appropriate of Investcorp's external auditor, subject to ratification by the Board and the shareholders. The external auditor shall report directly to the Audit Committee,
- make a determination once a year of the external auditor's independence, including:
 - determining whether its performance of any non-audit services compromised its independence (the Audit Committee may establish a formal policy specifying the types of non-audit services which are permissible); and
 - obtaining from the external auditor a written report listing any relationships between the external auditor and Investcorp or with any other person or entity that may compromise the auditor's independence;
- monitor rotation arrangements for audit engagement partners and monitor the performance of the external auditor and the non-audit services provided by the external auditor;
- review Investcorp's accounting and financial practices;
- review and discuss with the external auditor the scope and results of its audit, any difficulties the auditor encountered including any restrictions on its access to requested information and any disagreements or difficulties encountered with management;
- review and discuss with management and the external auditor the annual and half year financial statements of Investcorp including judgments made in connection with the financial statements;
- review and discuss and make recommendations regarding the selection, appointment and termination where appropriate of the Head of Internal Audit and the Head of Compliance and the budget allocated to the internal audit and compliance functions, and monitor the responsiveness of management to the Audit Committee's recommendations and findings;
- review and discuss the activities, performance and adequacy of Investcorp's internal auditing and compliance personnel and procedures and its internal controls and compliance procedures, and any risk management systems, and any changes in those;
- review the risk management function, including the independence and authority of its reporting obligations;
- review, with the Head of Risk Management, the adequacy and effectiveness of the risk management policies and methodologies of Investcorp and elicit any recommendations for their improvement;
- review with the Head of Internal Audit, and financial and accounting personnel, the adequacy and effectiveness of the accounting and financial controls of Investcorp and elicit any recommendations for the improvement of such internal control procedures or particular areas where new or more detailed controls or procedures are desirable. Emphasis should be given to the adequacy of such

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internal controls to expose any payments, transactions, or procedures that might be deemed illegal or otherwise improper;

- ensure the integrity of Investcorp's accounting and financial reporting systems through regular independent review (by internal and external audit), utilising audit findings and independent checks on the information received from management about Investcorp's operations and performance and the effectiveness of internal controls;
- review and discuss possible improprieties in financial reporting or other matters, and ensure arrangements are in place for independent investigation and follow-up regarding such matters;
- consider the major findings of internal audit investigations and management's response, and ensure coordination between the internal and external auditors;
- receive prior to each meeting of the Audit Committee a summary of findings from completed internal audit projects and a progress report on the proposed internal audit plan for the current year, with explanations for any deviations from the original plan;
- review half-year and annual financial statements, focusing particularly on:
 - any changes in accounting policies and practices
 - major judgmental areas
 - significant adjustments resulting from the audit, if any
 - the going concern assumption
- oversee Investcorp's compliance with legal and regulatory requirements, codes and business practices, and ensure that Investcorp communicates with shareholders and relevant stakeholders (internal and external) openly and promptly, and with substance of compliance prevailing over form;
- conduct any special investigations it deems necessary to meet its responsibilities, including any investigation required to be conducted by the Whistleblowing Procedures; and
- review and supervise the implementation of, enforcement of and adherence to The Investcorp Group Code of Conduct.

Attendance at Meetings

The Head of Compliance, the Head of Risk Management and the Head of Internal Audit shall normally attend meetings, but such attendance and the attendance of any other person who is not a member of the Audit Committee shall be subject to the Audit Committee's discretion. Non-members who are not directors of Investcorp may not vote.

In addition, it is to be expected that the external auditor's lead representative will be invited to attend meetings regularly but this will always be subject to the Audit Committee's decision. However, the Audit Committee must meet with the external auditor at least twice per year, and at least once per year in the absence of any members of executive management.

The Audit Committee may meet at any time without any other director or any officer of Investcorp being present.

The Company Secretary shall serve as the Secretary to the Audit Committee.

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Frequency of Meetings; Written Resolutions

Meetings shall be held at least four times a year. The Audit Committee may convene a meeting if requested to do so by the external auditors.

The timing of meetings may be set to coincide with Investcorp's reporting cycle and Board meetings. One or more members of the Audit Committee may participate in a meeting by conference telephone or similar communications equipment, provided that all of those participating in the meeting can hear each other.

The Audit Committee may adopt resolutions in writing, provided that the resolutions are approved by at least three-fourths of the members of the Audit Committee.

Authority

The Audit Committee is authorized by the Board to investigate any matter within the scope of these Terms of Reference. It is authorized to seek any information it requires from any employee, and all employees are directed to cooperate with any request made by the Audit Committee. The Head of Internal Audit, the Head of Compliance, the Head of Risk Management and the Money Laundering Reporting Officer shall report functionally to the Audit Committee.

The Audit Committee shall have the resources and authority necessary for its duties and responsibilities, including the authority to select, retain, terminate and approve the fees of outside legal, accounting or other advisors as it deems necessary or appropriate, without seeking the approval of the Board or management. Investcorp shall provide appropriate funding for the compensation of any such persons.

Audit Committee Performance Evaluation

The Audit Committee shall prepare and review with the Board an annual performance evaluation of the Audit Committee, which shall compare the Audit Committee's performance with the above requirements and shall recommend to the Board any improvements deemed necessary or desirable to these Terms of Reference. The report must be in the form of a written report made at any regularly scheduled Board meeting.

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Terms of Reference of the Executive Committee For Administrative Policy
of
The Board of Directors
of
Investcorp Bank B.S.C.

Introduction

The Board of Directors (the “Board”) of Investcorp Bank B.S.C. (“Investcorp”) has established a committee of the Board known as the Executive Committee for Administrative Policy (“ECAP”). These are the Terms of Reference for ECAP.

Membership

The members of ECAP shall be appointed by the Board from amongst its members and shall consist of not less than three members, which will include only independent directors or, alternatively, only non-executive directors of whom a majority is independent directors and the Chairman is an independent director.

A quorum shall be at least one half of the members of ECAP, and resolutions of ECAP shall be adopted by a majority vote of the members of ECAP participating in a quorate meeting. If there is a tied vote, the Chairman of ECAP shall have a casting vote.

The Chairman of ECAP shall be appointed by the members of ECAP.

Attendance at Meetings

The Executive Chairman of Investcorp may not be a member of ECAP, but he may attend meetings of ECAP by invitation.

The Chief Administrative Officer and/or the Company Secretary may attend meetings of ECAP, but such attendance and the attendance of any other person who is not a member of the ECAP shall be subject to ECAP’s discretion.

The Company Secretary shall serve as the Secretary of ECAP.

Frequency of Meetings; Written Resolutions

Meetings shall be held not less frequently than two times a year. The timing of meetings may be set to coincide with Board meetings. Members of ECAP may participate in meetings through the use of conference telephone or similar communications equipment, as long as all of those participating in the meeting can hear each other.

ECAP may adopt resolutions in writing, provided that such resolutions are approved by three-fourths of the members of ECAP.

Reporting Procedures

The minutes of ECAP meetings should be circulated to the Board. The Chairman of ECAP should report to the Board any significant matters of concern that have arisen at any meeting of ECAP held since the last Board meeting.

Adopted January 19, 2011

Most Recently Reviewed With No Change September 14, 2016

Duties and Responsibilities

The duties and responsibilities of ECAP shall be to function as a (i) a Nominating Committee, (ii) a Remuneration Committee and (iii) an Administrative Policy Committee.

Duties and Responsibilities of ECAP When Functioning as a Nominating Committee

When functioning as a Nominating Committee, ECAP shall:

- make recommendations to the Board from time to time as to changes ECAP believes to be desirable to the size of the Board or any committee of the Board;
- identify persons qualified to become Chief Executive Officer, Chief Financial Officer, Corporate Secretary and any other officers of Investcorp considered appropriate by the Board, with the exception of the appointment of the external auditor, which will be the responsibility of the Audit Committee;
- whenever a vacancy arises (including a vacancy resulting from an increase in the size of the Board), identify persons qualified to become members of the Board and recommend to the Board a person to fill the vacancy either through appointment by the Board or through shareholder election;
- in performing the above responsibilities, consider any criteria approved by the Board and such other factors as it deems appropriate. These may include judgment, specific skills, experience with other comparable businesses, the relation of a candidate's experience with that of other Board members, and other factors;
- make recommendations to the Board regarding candidates for Board memberships to be included by the Board on the agenda for the next annual shareholders meeting;
- consider all candidates for Board membership recommended by the shareholders and any candidates proposed by management;
- identify Board members qualified to fill vacancies on any committee of the Board and recommend to the Board that such person be appointed to such committee;
- oversee succession planning and design a plan for orderly succession and replacement of officers including replacement in the event of an emergency or other unforeseeable vacancy, ensuring appropriate resources are available;
- make recommendations to the Board from time to time as to changes ECAP believes to be desirable in the structure and job descriptions of Investcorp's officers including the Executive Chairman and Co-Chief Executive Officers, and prepare terms of reference for each vacancy stating the job responsibilities, qualifications needed and other relevant matters, including integrity, technical and managerial competence, and experience; and
- recommend persons to fill specific officer vacancies including Executive Chairman and Co-Chief Executive Officers, considering criteria such as those referred to above.

Committee Resources and Authority

When functioning as a Nominating Committee, ECAP shall have the resources and authority necessary for its duties and responsibilities, including the authority to select, retain, terminate and approve the fees of outside legal, consulting or search firms used to identify candidates, without seeking the approval of the Board or management. Investcorp shall provide funding for the compensation of any such persons.

Adopted January 19, 2011

Most Recently Reviewed With No Change September 14, 2016

Duties and Responsibilities of ECAP When Functioning as a Remuneration Committee

When functioning as a Remuneration Committee, ECAP shall:

- consider and make specific recommendations to the Board regarding Investcorp's remuneration policies (which policies should be approved by the shareholders) and individual remuneration packages for approved persons, material risk takers (as such terms are defined by the Central Bank of Bahrain) and other members of senior management.

The remuneration policy should cover at least the following components:

- salary;
- the specific terms of performance-related plans including any share compensation, share options, or other deferred-benefit compensation;
- pension plans;
- fringe benefits such as non-salary perquisites;
- termination policies including any severance payment policies;

Policy guidelines used for determining remuneration in individual cases should include:

- the relative importance of each component of remuneration as noted above; and
 - specific criteria to be used in evaluating a senior manager's performance;
- consider, and make recommendations to the Board regarding, remuneration to be paid to Directors based on their attendance of Board meetings and performance, subject to compliance with Article 188 of the Bahrain Commercial Companies Law;
 - consider and approve remuneration amounts for each approved person and material risk taker, as well as the total variable remuneration to be distributed, taking into account all forms of remuneration, including salaries, fees, expenses, bonuses, deferred remuneration and other employee benefits, ensuring that such compensation is consistent with Investcorp's corporate values and reflects an evaluation of performance in implementing agreed corporate goals, objectives, strategy and business plans; provided, however, that the Committee may consider Investcorp's performance and shareholder return relative to comparable bank licensees, and, in considering and approving remuneration to the Chief Executive Officer, the Committee may consider awards to the Executive Chairman and Co-Chief Executive Officers in past years and the value of remuneration awards to chief executive officers at comparable bank licensees;
 - approve individual remuneration packages for other Managing Directors and Principals, taking into account all forms of remuneration referred to above, ensuring that such compensation is consistent with Investcorp's corporate values and reflects an evaluation of performance in implementing agreed corporate goals, objectives, strategy and business plans;
 - approve, monitor and review the remuneration system to ensure the system operates as intended; and
 - retain and oversee outside consultants or firms for the purpose of determining approved persons' and material risk takers' remuneration, administering remuneration plans or related matters.

Adopted January 19, 2011

Most Recently Reviewed With No Change September 14, 2016

Committee Resources and Authority

When functioning as a Remuneration Committee, ECAP shall have the resources and authority necessary for its duties and responsibilities, including the authority to select retain, oversee and terminate and approve the fees of outside legal, consulting or compensation firms used to evaluate the compensation of directors, the Executive Chairman and Co-Chief Executive Officers or other approved persons and material risk takers or remuneration plans without seeking the approval of the Board or management. Investcorp shall provide appropriate funding for the compensation of any such persons.

Duties and Responsibilities of ECAP When Functioning as an Administrative Policy Committee

When functioning as an Administrative Policy Committee, ECAP will be responsible for:

- the review and approval of the Executive Chairman's recommendations for corporate and administrative policies;
- the review and approval of the Executive Chairman's recommendations for capital expenditures by Investcorp;
- the review and approval of the Executive Chairman's recommendations with respect to any other administrative matter delegated to ECAP by the Board; and
- overseeing the charitable contributions made by Investcorp and its consolidated subsidiaries.

Performance Evaluation

ECAP shall prepare and review with the Board an annual performance evaluation of ECAP, which shall compare performance with the above requirements and shall recommend to the Board any improvements deemed necessary or desirable to these Terms of Reference. The report must be in the form of a written report made at any regularly scheduled Board meeting.

Adopted September 14, 2011

Most Recently Reviewed With No Change September 14, 2016

**Terms of Reference of the Executive Committee For Investment Policy
of
The Board of Directors
of
Investcorp Bank B.S.C.**

Introduction

The Board of Directors (the “Board”) of Investcorp Bank B.S.C. (“Investcorp”) has established a committee of the Board known as the Executive Committee for Investment Policy (“ECIP”). These are the Terms of Reference for ECIP.

Membership

The members of ECIP shall be appointed by the Board from amongst its members and shall consist of not less than three members, a majority of whom must be independent non-executive directors.

A quorum shall be at least one half of the members of ECIP, and resolutions of ECIP shall be adopted by a majority vote of the members of ECIP participating in a quorate meeting. If there is a tied vote, the Chairman of the Committee shall have a casting vote.

The Chairman of the Committee shall be appointed by the Board and must be an independent non-executive Director.

Frequency of Meetings; Written Resolutions

Meetings shall be held not less frequently than two times a year. The timing of meetings may be set to coincide with Board meetings. Members of ECIP may participate in meetings through the use of conference telephone or similar communications equipment, as long as all of those participating in the meeting can hear each other.

ECIP may adopt resolutions in writing, provided that such resolutions are approved by three-fourths of the members of ECIP.

The Corporate Secretary of Investcorp shall serve as the Secretary of ECIP.

Duties and Responsibilities

The duties and responsibilities of ECIP shall be to:

- review and approve Investcorp's budget for each fiscal year;
- review and approve Investcorp's corporate funding plan for each fiscal year;
- review and approve recommendations for Investcorp's investment strategies and products and services;
- evaluate Investcorp's investment processes and recommend enhancements to such investment processes; and
- take action with respect to any other matter relating to the oversight of Investcorp's investment processes.

Performance Evaluations

ECIP shall prepare and review with the Board an annual performance evaluation of ECIP, which shall compare ECIP's performance with the above requirements and recommend to the Board any modifications to these Terms of Reference deemed necessary and advisable. The report must be in the form of a written report made at any regularly scheduled Board meeting.

Adopted January 19, 2011

Most Recently Updated September 14, 2016 under delegated authority

**Terms of Reference of the Corporate Governance Committee
of
The Board of Directors
of
Investcorp Bank B.S.C.**

Introduction

The Board of Directors (the “Board”) of Investcorp Bank B.S.C. (“Investcorp”) has established a committee of the Board known as the Corporate Governance Committee (“Governance Committee”). These are the Terms of Reference for the Governance Committee.

Membership

The members of the Governance Committee shall be appointed by the Board from amongst its members and shall consist of not less than three members, which will include only independent directors.

A quorum shall be at least one half of the members of the Governance Committee, and resolutions of the Governance Committee shall be adopted by a majority vote of the members of the Governance Committee participating in a quorate meeting. If there is a tied vote, the Chairman of the Governance Committee shall have a casting vote.

The Chairman of the Governance Committee shall be appointed by the members of the Governance Committee.

Attendance at Meetings

The Executive Chairman of Investcorp may not be a member of the Governance Committee, but he may attend meetings of the Governance Committee by invitation.

The Corporate Secretary shall normally attend meetings of the Governance Committee, but such attendance and the attendance of any other person who is not a member of the Governance Committee shall be subject to the Governance Committee’s discretion.

The Corporate Secretary shall serve as the Secretary of the Governance Committee.

Frequency of Meetings; Written Resolutions

Meetings of the Governance Committee shall be held not less frequently than twice a year. The timing of meetings may be set to coincide with Board meetings. Members of the Governance Committee may participate in meetings through the use of conference telephone or similar communications equipment, as long as all of those participating in the meeting can hear each other.

The Governance Committee may adopt resolutions in writing, provided that such resolutions are approved by three-fourths of the members of the Governance Committee.

Adopted January 19, 2011

Most Recently Updated September 14, 2016 under delegated authority

Reporting Procedures

The minutes of the Governance Committee meetings should be circulated to the Board. The Chairman of the Governance Committee should report to the Board any significant matters of concern that have arisen at any meeting of the Governance Committee held since the last Board meeting.

Duties and Responsibilities

The Governance Committee shall:

- be responsible for developing for consideration and approval by and recommending to the Board changes from time to time in Investcorp's written corporate governance guidelines, which shall constitute Investcorp's corporate governance policy framework and shall include or refer to the principles and numbered directives of the Corporate Governance Code of the Kingdom of Bahrain ("Bahrain Code");
- oversee Investcorp's implementation of the Bahrain Code;
- oversee the development of a formal and tailored induction programme for newly appointed Directors, to which current Directors must be invited;
- oversee Director's Corporate Governance educational activities; and
- as required by Investcorp's Conflicts of Interest Policies and Procedures for Members of the Board of Directors, Senior Management and Central Bank of Bahrain Approved Persons, consider any report of an actual or potential conflict of interest involving any Director, member of senior management or less senior executive who is a Central Bank of Bahrain approved person and make a recommendation to the Board regarding such actual or potential conflict of interest.

Performance Evaluation

The Governance Committee will prepare and review with the Board an annual performance evaluation of the Governance Committee which shall compare performance with the above requirements and shall recommend to the Board any improvements deemed necessary or desirable to these Terms of Reference. The report must be in the form of written report made at any regularly scheduled Board meeting.