

CORPORATE GOVERNANCE REVIEW

CG Report 2019-2020

Executive Management



Robert C. Wages
Acting Chief Executive Officer
Head of Investments & Post-Acquisition



Nasir Maqsood
Acting Deputy Chief Executive Officer
Chief Financial Officer



Ahmed Hassan Alabbasi
Director - investments



Mahmood Mohammed Zainal
Director - investments



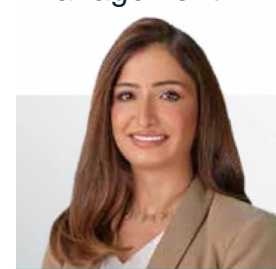
Asya Hasan
Director - Head of internal Audit



Rehan Zulqadar
Director - Head of Risk Management



Jihad Hasan Qamber
Director - Head of Human Resources & Support



Sahar Jafaar Khunji
Director - Head of Investor Relations

CORPORATE GOVERNANCE REVIEW

VCBank is committed to upholding the highest standards of corporate governance in full compliance with relevant governing laws, regulations and international best practice. The Bank has put in place a robust and comprehensive Corporate Governance Framework (the Framework) aimed at ensuring the adoption of the highest standards of ethical conduct, transparent and prudent disclosures, and operational effectiveness; while protecting the rights and interests of all stakeholders.

The Framework has been designed in accordance with the Eleven Principles of the Kingdom of Bahrain's Corporate Governance Code, which was issued by the Ministry of Industry, Commerce and Tourism and embraced by the Central Bank of Bahrain (CBB). The adoption and implementation of such regulations, along with the continuous review and adherence to the Bank's Corporate Governance Framework, is the direct responsibility of the Board of Directors.

KEY ASPECTS OF VCBANK'S CORPORATE GOVERNANCE FRAMEWORK

1. A comprehensive set of Charters and Job Descriptions that clearly articulate the roles, responsibilities and mandate of the Board of Directors, Board Committees, the Executive Management and the Control Functions, as well as all other key functions within the Bank.
2. A comprehensive set of Policy and Procedures Manuals which navigate the governance culture of the Bank.
3. Effective and independent Board oversight through the formation of four independent Board Committees, and through the Bank's Control Functions, with clear, direct and independent reporting lines.
4. A reputable and independent Shari'ah Supervisory Board.
5. A comprehensive annual self-assessment and evaluation of the Board and its Committees.
6. An effective set of Policies and Procedures to govern the activities of the Bank's Business Units and Support Functions.
7. An up-to-date and adequate formal succession plan for the Bank's key positions.

KEY DEVELOPMENTS DURING THE YEAR

- Mr. Saleh Mohammed Al Shanfari, Mr. Mohammed AlSarhan and Mr. Abdullatif Janahi resigned from the Board during the period.
- Dr. Abdulaziz Dakheel and Mr. Fahad AlMoammar were elected as an independent and non-executive Director in February 2020.
- The Board of Directors comprised eight members at the end of the fiscal year.
- The Audit Committee was merged with the Risk Committee to form Audit & Risk Committee.
- The Board has formed a temporary Steering Committee to act as an advisory committee to the board.

*** Dr. Abdulaziz Dakheel resigned during September 2020 and Mr. Fahad AlMoammar resigned during July 2020.**

BOARD OF DIRECTORS

The Board of Directors constitutes the central leadership of VCBank, and is responsible for the stewardship of the Bank's business and affairs on behalf of its shareholders. The Board is also responsible for articulating the Bank's objectives, strategies and risk appetite with a view to enhancing long-term shareholder value; while taking into account the interests of all relevant stakeholders, and maintaining the highest standards of transparency and accountability. The Board ensures that high ethical standards are established across the Bank, and regularly reviews and monitors the Bank's compliance with the regulations of the Central Bank of Bahrain (CBB). Based on VCBank's Memorandum and Articles of Association, the Board will comprise a maximum of 13 members, representing a mix of high-level professional skills and expertise, and with the majority being Independent Non-Executive Directors. The appointment of Directors is subject to the prior approval of the CBB and the shareholders, with classification of Directors in line with the definition stipulated in the CBB Rulebook. Board Members' profiles are listed at the end of this Review.

SYSTEM FOR ELECTION AND TERMINATION OF DIRECTORS

The system for the election and termination of Directors is governed by the Bahrain Commercial Companies Law and VCBank's Articles of Association (Articles 23 & 32).

BOARD COMMITTEES AND MEMBERSHIP BEFORE THE NEW CHANGES

Board Committee	Member's Name	Member's Position
Nomination, Remuneration & Corporate Governance Committee	Mohammed AlSarhan Abdulfatah Marafie Saleh Al Shanfari	Chairman Deputy Chairman Member
Audit Committee	Marwan Al Ghurair Mohammed Jumaan Adwan Aladwani	Chairman Deputy Chairman Member
Risk Committee	Saleh Al Shanfari Adel Abunayyan Mohammed Al Kandari	Chairman Deputy Chairman Member

BOARD AD-HOC COMMITTEES AND MEMBERSHIP

Board Committee	Member's Name	Member's Position
Real Estate Committee	Abdulfatah Marafie Mohammed Jumaan Adwan Al Adwani Adel Abunayyan	Chairman Deputy Chairman Member Member

THE NEW BOARD COMMITTEES AND MEMBERSHIP DURING THE PERIOD

Board Committee	Member's Name	Member's Position
Nomination, Remuneration & Corporate Governance Committee	Adel Abunayyan Abdulaziz Al Dakheel Fahad AlMoammer	Chairman Deputy Chairman Member
Audit & Risk Committee	Marwan Al Ghurair Mohammed Jumaan Mohammed Al Kandari Fahad AlMoammar	Chairman Deputy Chairman Member

BOARD AD-HOC COMMITTEES AND MEMBERSHIP

Board Committee	Member's Name	Member's Position
Real Estate Committee	Abdulfatah Marafie Mohammed Jumaan Adwan Al Adwani	Chairman Deputy Chairman Member
Steering Committee	Mohammed Jumaan Mohammed Al Kandari Abdulaziz Al Dakheel	Chairman Deputy Chairman Member

NOMINATION, REMUNERATION & CORPORATE GOVERNANCE COMMITTEE

The mandate of the Nomination, Remuneration & Corporate Governance Committee is to assist the Board of Directors in establishing a fair and transparent nominations process for the appointment and remuneration of Directors, Board Committee members and the Chief Executive Officer, and remuneration of the Executive Management team; and to assist the Board of Directors in fulfilling its responsibilities of corporate governance, developing and recommending changes from time to time in the Bank's corporate governance policy framework, oversight of the Bank's compliance with regulatory requirements, as well as liaising with the Shari'ah Supervisory Board.

AUDIT & RISK COMMITTEE

The mandate of the Audit & Risk Committee is to provide oversight on financial reporting, internal control and risk management, internal and external audit, and adherence to Islamic Shari'ah rules and principles. It is also responsible for recommending the appointment of the external auditors, determining the audit fees and compensation, overseeing the auditors' work, and reviewing the Bank's compliance with legal requirements. Also, the Committee is to maintain oversight of the Bank's risk management framework, including its Basel III framework, covering all risks faced by the Bank as well as its control environment.

DIRECTORS' ATTENDANCE AT BOARD & COMMITTEE MEETINGS: JULY 2019 TO JUNE 2020

The Board of Directors and its Committees met regularly during the year towards fulfilling their responsibilities. Directors' attendance for FY 2020 is listed below:

Names of Directors	Board of Directors	Audit Committee	Risk Committee	Nomination, Remuneration & Corporate Governance Committee	Real Estate Committee	Audit & Risk Committee	Steering Committee
Abulfatah Marafie	11 of 11			2 of 2	3 of 3		
Mohammed Al Sarhan*	5 of 5			1 of 1			
Saleh Mohammed Al Shanfari**	0			1 of 1			
Abdullatif Mohamed Janahi***	6 of 6			2 of 2			3 of 3
Marwan Ahmad Al Ghurair	11 of 11	4 of 4				1 of 1	
Adwan Al Adwani****	10 of 11	1 of 4		1 of 1	3 of 3		
Mohammed Al Kandari	10 of 11	3 of 4				1 of 1	10 of 10
Mohammed Jumaan	10 of 11	4 of 4		1 of 1	2 of 2	1 of 1	10 of 10
Adel Mohammed Abunayyan	10 of 11				2 of 3		
Abdulaziz Dakheel*****	5 of 5						3 of 10 *****
Fahad Almoammar*****	5 of 5					1 of 1	

*

Resigned in December 2019

**

Resigned in August 2019

Resigned in June 2020

Reallocated from Audit Committee to Real Estate Committee

Elected as an independent and non-executive Directors in February 2020

Member joined the Committee at a later stage

BOARD AND BOARD COMMITTEES DEVELOPMENT

Board Development

The annual awareness plan for Board members enables them to carry out their responsibilities in line with recent regulatory developments and market conditions in an informative and effective way. Normally, the awareness plan includes important topics such as corporate governance, compliance and risk management. During the year, the Bank conducted a strategy workshop for Board Members to revisit the Bank's strategic plan and objectives, and revise the strategy in line with market conditions.

Board Evaluation

The Bank has in place a comprehensive Board Evaluation Programme, which is designed to help Directors identify areas for improvement and reinforce their responsibilities. The NRCG Committee annually conducts a self-evaluation of the performance of the Board as well as its Committees.

SHARI'AH SUPERVISORY BOARD

Composed of eminent Shari'ah scholars, VCBank's Shari'ah Supervisory Board is entrusted with the duty of directing, reviewing and supervising the activities of the Bank in order to ensure that they are in compliance with the rules and principles of Islamic Shari'ah.

MANAGEMENT

The Chief Executive Officer (CEO) is delegated by the Board of Directors with responsibility for the day-to-day management of the Bank. The CEO is supported by a well-qualified and experienced Executive Management team. Executive Managers and their profiles are listed at the end of this Review.

EXECUTIVE MANAGEMENT COMMITTEE

The Executive Management Committee comprises the members of the Executive Management team. The Committee is responsible for assisting the CEO in overseeing day-to-day operations of the Bank; monitoring the performance of business lines and departments in relation to strategy, policies, targets and limits; and conducting investment decisions as delegated by the Board of Directors under the Discretionary Authority Limits (DAL), in addition to asset and liability management.

STRATEGY STATEMENT

VCBank is the first Islamic investment bank in the MENA region to specialise in small-to-medium enterprise (SMEs) capital investment opportunities. Offering clients a broad range of superior products and services across a number of promising asset classes in the region, the Bank focuses on revenue-generating real estate investments, greenfield business development opportunities and very selective private equity transactions. The Bank's strategy and business model is reviewed annually.

CODE OF CONDUCT

The Bank has developed a Code of Conduct which contains rules on professional conduct and ethical behaviour that are applicable to the Directors and employees of the Bank. The Code is designed to guide all Directors and employees in fulfilling their responsibilities and obligations towards the Bank's stakeholders, in compliance with all applicable laws and regulations.

SHAREHOLDER / INVESTOR COMMUNICATION & AWARENESS

The Board is committed to communicating with its shareholders and investors in a professional, transparent, accurate and timely manner, and adopts a number of different ways through which to promote greater understanding and dialogue with all stakeholders. These include the annual general meeting, annual reports and quarterly financial reports, corporate website, and regular announcements in the local media.

A detailed and dedicated section on Corporate Governance is available on the Bank's website at: <http://www.vc-bank.com/en/about-us/corporate-governance.html>.

INVESTOR COMPLAINTS

The Bank treats investors' feedback, concerns and complaints with a great deal of due care and attention. Their inputs constitute a key element towards improving the Bank's standards, policies, products and services. While keen to provide a first-class service to its clients, the Bank understands that there could be a few incidences where a client might not be fully satisfied with the Bank's products, services or responses. Therefore, investors are encouraged to immediately contact the Bank if at any stage they feel that its service levels are not up to their expectation. The Bank adopts a strict hierarchy and time frame towards resolving investors' complaints swiftly and promptly. A dedicated section on complaint handling procedures is available on the Bank's website at: <http://www.vc-bank.com/en/complaint-handling-procedure.html>.

WHISTLE-BLOWING POLICY

The Bank has formulated a whistle-blowing policy designed to enable the airing of genuine concerns regarding suspected malpractice within VCBank, enhancing transparency, and safeguarding the Bank's integrity. The whistle-blowing procedure is embedded in the Human Resources Manual. Malpractice includes, but is not limited to: conduct likely to prejudice the reputation of VCBank; breaches of applicable regulations; breaches of internal rules and limitation; criminal offences or endangerment of the health and safety of any person; environmental damage; and the deliberate concealment of any malpractice. The recommended rule of thumb is "If in doubt – raise it".

GOVERNANCE CONTROL FUNCTIONS

As well as undertaking their specific responsibilities, the Compliance, Risk Management, Internal Audit, and Shari'ah Coordination & Review departments work closely together in assisting the Board and Executive Management of the Bank to uphold the highest standards of corporate governance.

COMPLIANCE

At VCBank, compliance is recognised as the personal responsibility of all staff, not just the Compliance function. Compliance with regulatory requirements and internal policies and procedures is an ongoing process, and considered as an integral part of the Bank's culture.

VCBank is committed to complying fully with the rules and regulations of the Central Bank of Bahrain; the Ministry of Industry, Commerce & Tourism; and other applicable laws and regulations, and international best practices. The Bank continuously strives to improve the level of compliance in conducting its business by actively educating staff to increase awareness of compliance issues and principles.

The Bank's Compliance department acts as a central point for all regulatory compliance, as well as compliance with the Bank's internal policies and procedures. The department is independent from other business activities, and performs its compliance-specific responsibilities along with other limited activities as defined by the CBB, such as Anti-Money Laundering. The Compliance department reports functionally to the Nomination, Remuneration & Corporate Governance Committee and administratively to the CEO, to ensure that the Bank's compliance objectives are achieved to the highest professional and ethical standards. The department performs its activities under a well-established Compliance Framework which is articulated by a comprehensive Compliance Manual approved by the Bank's Board.

ANTI-MONEY LAUNDERING

VCBank's Anti-Money Laundering measures are based on three main pillars:

1. The Ethical pillar, by actively taking part in the fight against financial crime.
2. The Professional pillar, by preventing the Bank and its products to be used as a channel for money laundering and terrorist financing by recycling the proceeds of crime.
3. The Legal pillar, by complying with the Kingdom of Bahrain's legislation and regulations pertaining to Anti-Money Laundering (AML) and Combating Terrorist Financing (CTF).

The Bank's AML Manual has been developed in line with Central Bank of Bahrain guidance, and the requirements stipulated in the Financial Crime Module of the CBB Rulebook Volume 2 – Islamic Banks; international best practices promoted by the Financial Action Task Force (FATF), with 40 recommendations on combating money laundering and the financing of terrorism and proliferation; and Basel Committee guidance on Customer Due Diligence.

The manual provides a comprehensive set of AML policies and procedures that set out detailed requirements relating to customer identification, customer due diligence, ongoing due diligence and monitoring, Suspicious Transaction Reporting (STR), combating the financing of terrorism, recordkeeping, and staff AML education and training.

The Bank's compliance with the Anti-Money Laundering regulations is monitored by its Money Laundering Reporting Officer (MLRO) and Deputy MLRO; and independently assessed, both internally and externally, by Internal Audit and the Bank's external auditors on an annual basis.

RISK MANAGEMENT

VCBank adopts an enterprise-wide approach to manage risk, whereby it is embedded in the organisational culture, with all employees being individual owners of risks. Risk management plays a critical role in the Bank's decision-making process. The ultimate responsibility for oversight of risk management at the Bank resides with the Board of Directors, which delegates its responsibility to the Board Risk Committee. The Risk Management department, which is an independent function, reports directly to the Board Risk Committee, to which it has direct access. The department is responsible for ensuring that the risks inherent in all banking activities are managed in line with the Board-approved risk appetite of VCBank. The department independently identifies measures, and monitors and communicates different dimensions of risk, which aim to protect the asset values and income stream, and optimise shareholders' return.

As part of the Bank's operational risk framework, all functional teams are required to participate in an annual risk and control self-assessment (RCSA) in which they map business processes, and report risks, controls and assessments of risk likelihood and impact, to the Risk Management department. The overall objective of the RCSA is to continuously enhance the quality of all activities undertaken by the functional teams. The internal capital adequacy assessment plan (ICAAP) incorporates a proprietary capital allocation process to ensure that the Bank manages its capital in accordance with international best practices, and meets the standards prescribed by the Central Bank of Bahrain. The Bank uses this model to determine if it has sufficient capital to cover the combination of all balance sheet risks; while maintaining sufficient flexibility to facilitate future growth plans, and protect against periods of prolonged and extreme stress in the Bank's operating environment, execution or performance.

INTERNAL AUDIT

The Internal Audit department reports directly to the Audit Committee of the Board, and administratively to the Chief Executive Officer. The department is responsible for evaluating and providing assurance to the Board of Directors and Executive Management on the effectiveness of the Bank's control, risk management and governance processes. This involves reviewing the effectiveness and efficiency of all business processes and their compliance with the Bank's policies, standards and procedures, and all applicable laws and regulations. In addition, the department audits the activities of some portfolio companies for which the Bank has a fiduciary responsibility. The department conducts its audits in accordance with the audit plan approved by the Audit Committee. This plan is developed using a risk-based methodology which also considers any risks identified by the Risk Management function, the Executive Management and external Auditors. Regular reports on Internal Audit activities are presented to the Audit Committee. The Internal Audit department also provides Management and staff with preventive advice and guidance.

SHARI'AH COORDINATION & REVIEW

The Shari'ah Coordination & Review department reports directly to the Bank's Shari'ah Supervisory Board, and administratively to the CEO. The department adopts a unique continuous review methodology rather than an annual retrospective Shari'ah audit, with all transactions and deals being reviewed, even if there are precedents. The department is proactively involved in the development of new products and investments; follows up on investment project activities such as sub-transactions; and monitors cash management transactions and operations payments on a daily basis. The department plays an important role in communicating all investment activities, structures and documentation of every business plan to the Shari'ah Supervisory Board, in order to ensure that the Bank's activities are in full compliance with the rules and principles of Islamic Shari'ah.

STATUS OF COMPLIANCE WITH CBB'S CORPORATE GOVERNANCE GUIDELINES (HIGH-LEVEL CONTROLS MODULE)

As required by the CBB, VCBank regularly reviews its compliance with the governance requirements stipulated in the CBB's High Level Control Module of its Rulebook Volume 2 – Islamic Banks. The Bank's effort has yielded a high level of compliance with the Eleven Principles of the Corporate Governance Code of the Kingdom of Bahrain, along with its Rules and Guidance. The CBB has embraced the 'Comply or Explain' methodology with regard to its guidance. VCBank is fully compliant with the requirements of the CBB's High Level Control Module except for the following listed below. However, it should be noted that in order to comply with CBB objectives, VCBank implemented alternative internal arrangements as explained below.

GUIDANCE HC- 9.2.4B:

The Corporate Governance Committee shall consist of at least three members, one of whom should be from the Shari'ah Supervisory Board (SSB).

VCBANK'S EXPLANATION:

VCBank established a dedicated Nomination, Remuneration & Corporate Governance Committee (NRCGC), as part of its commitment to promote good governance. While the NRCGC does not include a member from the Shari'ah Supervisory Board (SSB), the Bank believes that spirit of the CBB's guidance can be achieved through an alternative internal arrangement. This entails providing the SSB with an agenda in advance of NRCGC meetings. Based on that, the SSB and the Bank's Shari'ah Reviewer have the full right to attend the Committee meetings. In addition, minutes of meetings will be shared with the SSB for greater transparency.

FINANCIAL PENALTIES

During FY 2020, the Central Bank of Bahrain (CBB) imposed the following financial penalties on the Bank in accordance with Section EN-6.2A of the CBB Rulebook - Volume 2 :

Nature of Financial Penalty	Reference	Date submitted to CBB	Amount (BHD)
Delay in publication of final accounts in two daily local newspapers	Article (62) of CBB's Law	18 th November 2019	9,800
Delay in appointing an external auditors	Article (61) of CBB's Law	25 th November 2019	1,000
Delay in Submission of Agreed Upon Procedure on PIRI	BR-3.1.4 CBB Rulebook - Volume 2	19 th December 2019	3,400

Board and Executive Management Remuneration

The Nomination, Remuneration & Corporate Governance Committee (NRCGC) assists the Board in determining the remuneration and compensation of the Board and Executive Management, including executive incentives and any share-based or other entitlements. The members of the NRCGC and their attendances during the year are disclosed in the Annual Report.

The Bank is committed to full compliance with the CBB's requirements covering sound remuneration which are fully reflected in the revised policy and procedures which have been put into effect. The NRCGC reviews VCBank's remuneration policy and procedures on an annual basis.

The remuneration policy is designed to:

- Attract, motivate and retain key employees
- Ensure reward is linked to risks and aligned with long-term performance goals
- Encourage employees to continue to perform and be cost effective

Employee compensation comprises a fixed portion representing salaries and benefits, plus a variable portion based on corporate and individual performance as adjusted for risk. A substantial portion of the variable portion for senior management is deferred over three years and equity linked, and accordingly subject to claw-backs for subsequent changes in financial performance.

Board compensation comprises sitting fees for attendances plus a discretionary annual Board remuneration based on the recommendation of the NRCGC and subject to approval by the AGM. Board remuneration for the year ended 30 June 2020 is disclosed in the table on page 14. The members of the NRCGC received sitting fees of USD 6,000 during the year ended 30 June 2020 (2019: USD 14,000).

Shari'ah Supervisory Board (SSB) compensation comprises a fixed annual fee plus travel and related costs for their services. SSB remuneration for the year ended 30 June 2020 is disclosed in the table on page 14.

Executive Management compensation comprises a mix of fixed and variable remuneration in line with the CBB's requirements on sound remuneration. Fixed compensation comprises salaries and benefits in line with market and industry norms for the levels of expertise and experience, seniority and knowledge concerned. Variable remuneration comprises annual incentives based on the Bank's performance and profitability, plus individual performance and contribution of employees concerned. Due regard is made to align variable remuneration with risk to ensure convergence of employees' interests with shareholders' interests and the long-term profitability of the Bank. In line with best practice, the Bank uses appropriate corporate and individual scorecard measures of returns and risks, and determining the amount and distribution of variable remuneration to employees.

In compliance with the regulations, the CEO and his key deputies, including senior Investment team members are rewarded based on the Bank's performance with due regard to risk taking and exposures and risk outcomes. A significant portion of the variable remuneration is deferred over a period of three years. The deferred portion is 60% for the CEO and his key deputies, and 50% for all other material risk takers or controlled persons whose aggregate annual compensation exceeds BHD 100,000 as required by the CBB. All deferred variable remuneration is awarded in the form of phantom share units linked to the net book value of the Bank's ordinary shares, and accordingly subject to adjustments for subsequent changes in financial performance.

The remuneration policy takes into consideration all key risks that the Bank is exposed to in determining the quantum and distribution of incentives to ensure that remuneration is adjusted for risk taken and aligned with realisation of income. In this regard the NRCGC considers the overall performance for the year by reviewing the performance of the Bank's investment offerings versus target returns, and of the Bank's actual net income achieved versus budgeted, among other factors, to arrive at a corporate performance scorecard. No incentive is payable unless a minimum 70% corporate performance score (or such other minimum as set by the Board) is achieved.

Additionally, the individual performance of each employee based on performance appraisals is taken into consideration in determining the distribution of the incentive pool, thus ensuring that both corporate and individual performance aspects are appropriately considered in the determination and distribution of performance rewards.

The following metrics are used in this regard: actual net income vs. target; exit income vs. target, weighted average IRR achieved on investment projects during period vs. target; capital adequacy ratio, plus individual performance scorecards reflecting their individual performance achievements.

The Bank is committed to full compliance with the CBB's rules which underpins the remuneration policy and requires that compensation is commensurate with risk outcomes and that the compensation of staff in control functions such as Internal Audit, Risk, Compliance and Financial Control is weighted in favour of fixed, with a greater weightage given to variable compensation for staff categorised as material risk takers. Additionally, the incentive of staff in control functions is independent of the performance of business units, subject to an overriding criteria of minimum corporate scorecard achievement. The revised remuneration policy takes into consideration all these aspects and requirements while relating it to the specific circumstances and activities of the Bank. The remuneration policy is subject to annual review to ensure it properly reflects the Bank's business and risk profile from time to time, so that the objective of ensuring that staff are rewarded in line with performance with due regard for risk taken is achieved.

SUMMARY OF COMPENSATION FOR THE FISCAL YEAR ENDED 30 JUNE 2020

Particulars	No.	Fixed	Variable*		Total
		Upfront	Upfront	Deferred	\$'000
Members of the Board	9	313	-	-	313
Members of Shari'ah Supervisory Board	3	97	-	-	97
Approved persons in business lines	1	718	-	-	718
Approved persons in control & support	10	1,842	-	-	1,842
Other staff	19	979	-	-	979
Total		3,949			3,949

SUMMARY OF DEFERRED COMPENSATION AS AT 30 JUNE 2020

Deferred awards	No. of units '000	NAV \$	Value \$'000
Opening balance	117	0.54	96
Awarded during year	-	-	-
Paid during year	-	-	-
Changes in value during year	-	(0.42)	(75)
Closing balance	177	0.12	21

SUMMARY OF COMPENSATION FOR THE FISCAL YEAR ENDED 30 JUNE 2019

Particulars	No.	Fixed	Variable*		Total
		Upfront	Upfront	Deferred	\$'000
Members of the Board	9	355	-	-	355
Members of Shari'ah Supervisory Board	3	85	-	-	85
Approved persons in business lines	3	2,882	-	-	2,882
Approved persons in control & support	8	1,396	-	-	1,396
Other staff	39	2,365	-	-	2,365
Total		7,083			7,083

*There was no variable remuneration for the year ended 30 June 2019. All upfront amounts applicable are in cash.

*Deferred amounts are converted to phantom units at current book value and paid in cash over 3-year deferral period based on applicable net book value each year.

SUMMARY OF DEFERRED COMPENSATION AS AT 30 JUNE 2019

Deferred awards	No. of units '000	NAV \$	Value \$'000
Opening balance	487	0.87	424
Awarded during year	-	-	-
Paid during year	(310)	0.87	(270)
Changes in value during year	-	(0.33)	(59)
Closing balance	177	0.54	96



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Board Members Profiles

Abdulfatah M R Marafie

Chairman

State of Kuwait

Independent & Non-Executive Director

Elected 6 October 2016

(He was Deputy Chairman from 6/10/2005 – 5/10/2016)

39 years' experience

VCBank Committees: Chairman of Real Estate Committee; Deputy Chairman of Nomination & Remuneration & Corporate Governance Committee.

Chairman & General Manager: Mozon Investment Holding Company, Morocco.

Chairman & Chief Executive Officer: Mutajara Real Estate Company, Kuwait.

Chairman: The Commercial Real Estate Company, Kuwait; The Commercial Real Estate Development Company, Bahrain; TOPSU TARIM HAYVANCILIK GIDA SANAYİ VE TİCARET ANONİM ŞİRKETİ (Turkey Farmland).

Vice Chairman: Mohammed Rafie Husain Foundation, Kuwait.

Board Member: Amar Finance and Leasing Company, Kuwait; Hajar Tower Real Estate Company, Kuwait; Al-Jahra Touristic Company, Kuwait; Kuwait; Bayan Realty Company, KSA; Goknur Foods Import Export Trading & Production Company, Turkey.

Marwan Ahmad Al Ghurair

Deputy Chairman

United Arab Emirates

Independent and Non-Executive Director

Elected 6 October 2005

29 years' experience

VCBank Committees: Chairman of Audit Committee; Member of Nomination, Remuneration & Corporate Governance Committee.

Chairman: Fanan Investments, Dubai; Semakan Holdings, Dubai; Dubai National School.

Board Member: Jordan Al Abyad Fertilizers and Chemicals Company (JAFCCO).

Adwan Mohammad Aladwani

Board Member

State of Kuwait

Non-Independent and Non-Executive Director

Elected 8 December 2015

44 years' experience

VCBank Committees: Member of Audit Committee; Member of Exit Committee.

Chairman & Chief Executive Officer: Al Salmiya Group for Enterprise Development Company, Kuwait.

Chairman: Kuwait Resorts Company, Kuwait;

Vice Chairman: The Commercial Real Estate Company, Kuwait; Bayan Realty Company, KSA; The Commercial Real Estate Development Company, Bahrain.

Board Member: TOPSU TARIM HAYVANCILIK GIDA SANAYİ VE TİCARET ANONİM ŞİRKETİ (Turkey Farmland); Mozon Investment Holding Company, Morocco; Vacation Club Venture BV, Dubai – UAE.

Mohammed Abdulrazzaq Alkandari

Board Member

State of Kuwait

Non-Independent and Non-Executive Director

Elected 25 April 2012

19 years' experience

VCBank Committees: Deputy Chairman of Exit Committee, Member of Real Estate Committee.

Executive Vice President - Investment: Securities Group, Kuwait.

Deputy Chairman: Gulf Energy Holdings, Kuwait; Kuwait Saudi Pharmaceutical Industries, Kuwait.

Board Member: Ajial Real Estate & Entertainment Company, Kuwait; First Investment Company, Kuwait; Technology Industrial Gases Production Company, Kuwait; EYAS for Higher & Technical Education Company, Kuwait.

Dr. Mohammed Ahmed Jumaan

Board Member

Kingdom of Bahrain
Independent and Non-Executive Director
Elected 24 January 2016
37 years' experience

VCBank Committees: Deputy Chairman of Audit Committee; Member of Real Estate Committee.

Board Member: Royal University for Women, Bahrain; TIG Software, Bahrain; Mena Aerospace Enterprises, Bahrain; Pan Arabian Gourmet; The Malls Real Estate Development Company, Bahrain.

Fellow Member: Royal Aeronautical Society (FRAeS); British Computer Society (FBCS). **Senior Member:** Institute of Electrical and Electronics Engineering.

Chartered Professional Engineer

Previous: Member of the Board Directors of Eskan Bank, Bahrain Development Bank, Olive VFM Company B.S.C.

Adel Mohammed Abunayyan

Board Member

Kingdom of Saudi Arabia
Independent and Non-Executive Director
Elected 24 October 2018
24 years' experience

VCBank Committees: Member of Risk Committee, Member of Real Estate Committee.

Board Member: Mohammad Rashed Abu Nayyan Trading & Investment Co. Ltd, General Director & Chairman of the Real Estate and Investment Committee of the company; Delta Company Limited

Representative of Mohammad Rashed Abunayyan Trading and Investment Company in:-

- Union Salihia Closed Joint Stock Company
- Member of the Board of Directors of Phoenix Medical Hospitals Group - London.

Dr. Abdulaziz Fahad Al Dakheel**Board Member**

Kingdom of Saudi Arabia
 Independent and Non-Executive Director
 Elected 24 February 2020
 32 years' experience

VCBank Committees: Member of Nomination, Remuneration & Corporate Governance Committee and Member of the Steering Committee

Co-Founder: Venture Capital Bank

Owner: Abdulaziz Fahad Al Dakheel (AFD) Consulting, Saudi Arabia

Board Member & Partner: Takreerat Oil Recycling & Blending Company, Saudi Arabia; Albaz Industrial Corporation, Saudi Arabia

Previous Board Memberships: Adeem Capital Investment Bank, Saudi Arabia; Tabuk Agricultural Company, Saudi Arabia; Reef Holding Company, Bahrain; Inovent, Bahrain; Ibdar Bank, Bahrain

Fahad S. Almoammar**Board Member**

Kingdom of Saudi Arabia
 Independent and Non-Executive Director
 23 years' experience

VCBank Committees: Deputy Chairman of Nomination, Remuneration & Corporate Governance Committee

Senior Vice President - Head of Investments: Tawuniya Insurance Company, Saudi Arabia

Previous Executive Positions: Executive Vice President - Head of Asset Management: Manafea Holding Company, Saudi Arabia; Chief Investment Officer: Tadawul, Saudi Arabia; Treasurer (KSA): Emirates Bank International, Saudi Arabia; Assistant Vice President - Head of Islamic Treasury: Riyadh Bank, Saudi Arabia

Executive Management Profiles

Robert C. Wages

**Acting Chief Executive Officer and Head of Investments & Post-Acquisition
Chairman of Executive Management Committee**

Joined VCBank in March 2017

35 years' experience

Robert Wages has extensive global experience in sourcing, executing and managing institutional direct private equity investments across multiple industry sectors, spanning the US, Europe, MENA and Asia. Joining VCBank in March 2017 as Head of Post-Acquisition, he took on an additional role as Head of Investments in July 2019, and was appointed Acting CEO in April 2020. Prior to this, Robert was Managing Director of US-based Gazelle Capital Investors, a consulting firm advising family investment offices. Before this, he was Head of Private Equity with Emirates International Investment Company, the proprietary investment arm of National Holding, Abu Dhabi, UAE; and Executive Director, Private Equity at the government-owned Abu Dhabi Investment Company (Invest AD). Previously, he spent 17 years with Castle Harlan, a leading New York-based middle market buyout firm, where he rose from an Associate to Managing Director. Robert holds a Master's degree in Computational Finance & Risk Management from the University of Washington, USA; and a Bachelor's degree in Chemistry from Princeton University, USA. He is a Chartered Financial Analyst, Chartered Alternative Investment Analyst, and Financial Risk Manager.

Nasir Maqsood

**Acting Deputy Chief Executive Officer and Chief Financial Officer
Deputy Chairman of Executive Management Committee**

Joined VCBank in November 2019

21 years' experience

Nasir Maqsood has an impressive track record in global financial services gained from working with leading multinational institutions in public practice and banking, across North America and the Middle East. His experience covers auditing and accounting; retail, commercial and investment banking (both Islamic and conventional); private equity and asset management; M&A and capital markets; and regulatory reporting. Nasir joined VCBank in November 2019 as Chief Financial Officer, and was appointed Acting Deputy CEO in April 2020. Prior to this, he was Chief Financial Officer at HSBC Bank - Bahrain, and CFO of Commercial Banking at HSBC Bank - Canada. Previously, Nasir worked with Ernst & Young - Canada, where he provided auditing and business advisory services; and with Ernst & Young - Bahrain, where he managed the development of a new Regulatory Capital Framework for Islamic Banks, the first of its kind globally. Nasir holds a Master's degree in Business Administration from the Hayworth College of Business, Western Michigan University, USA; and a Bachelor's degree in Business Administration from Southern Arkansas University, USA. He is an Associate Chartered Accountant from the Institute of Chartered Accountants in England & Wales.

Ahmed Hasan Alabbasi

Director - Investments

Joined VCBank in 2006

18 years' experience

Ahmed Alabbasi is a well-seasoned investment professional with sound experience in private equity, real estate and financial advisory. He has developed particular expertise in deal origination, structuring and engineering; acquisition and turnaround strategy; and post-acquisition monitoring and exit planning. Prior to joining VCBank, he was Group Head of Strategic and Direct investments at Bahrain National Holding. Ahmed is a Certified Financial Risk Manager (FRM) and a fellow member of the Global Association of Risk Professionals, (GARP), USA. He holds a Master's degree in Finance & Investments from the University of Exeter, UK; and a Bachelor's degree in Business Management from the University of Bahrain.

Mahmood Mohammed Zainal

Director - Investments

Joined VCBank in 2008

17 years' experience

Mahmood Zainal has extensive experience in investment banking across the Middle East. His specialist expertise includes deal origination, valuations and modelling, post-investment management and due diligence, with a particular focus on real estate and private equity. Prior to joining VCBank, he spent five years with Kuwait Finance House - Bahrain, where he worked in Investments, Retail Banking and Customer Service; having started his career with American Express, Bahrain. Mahmood holds a Bachelor of Commerce degree from the John Molson School of Business at Concordia University, Montreal, Canada. He has also attended the Leadership Grooming Program conducted by the Ivey Business School, University of Western Ontario, Canada.

Asya Hasan

Director- Head of Internal Audit

Member of the Executive Management Committee

Joined VCBank in 2015

21 years' experience

Asya Hasan has extensive experience in the field of audit and accounting professional practices. She has specialist expertise in attest of sovereign lending, and conducting financial safeguard assurance of central banks borrowing from international financial institutions and monetary funds to finance governments' fiscal deficits and support balance of payments. Before joining VCBank, she was a senior member of the Finance Department at the Arab Monetary Fund (AMF), where she was in charge of lending to member states of the Fund. Prior to this, Asya was a staff member of the International Monetary Fund (IMF), where she was responsible for conducting financial safeguards assessment of central banks of IMF borrowing members. Before joining international financial institutions, she was a Senior Audit Manager with Ahli United Bank, a Senior Bank Examiner at the Central Bank of Bahrain, and a Senior Auditor in the Financial Services Industry division of Ernst & Young. Asya is a Licensed Certified Public Accountant (CPA) by the California Board of Accountancy; and holds an MBA with a concentration in Finance from DePaul University Business School, Chicago, USA; and a BSc degree in Accountancy from the University of Bahrain.

Rehan Zulqadar

Director- Head of Risk Management

Member of Executive Management Committee

Joined VCBank in 2020

Over 20 years' experience

Rehan Zulqadar has specialist experience in risk management, compliance, internal audit and consultancy, gained with Big Four auditing firms and financial institutions across the Middle East and Asia. Prior to joining VCBank, he held senior management positions in the Kingdom of Bahrain, including Head of Risk Management & Deputy MLRO at International Investment Bank; Head of Risk, Compliance & MLRO at Investrade Company; Head of Risk Management at Reef Real Estate Finance Company; and Head of Risk Management at Ibdar Bank. Previously, he was a member of the Financial Services Risk Management Group at the Bahrain office of Ernst & Young. Rehan is an Associate of the Professional Risk Managers' International Association, USA; and holds an International Certificate in Banking & Risk Regulation (Basel II) from the Global Association of Risk Professionals, USA (GARP). He is also a Certified Anti-Money Laundering Specialist, Certified Basel iii Professional, Certified Operational Risk Manager, and Certified Financial Advice Programmer. Rehan holds a Bachelor of Commerce degree from the University of Punjab, Lahore, Pakistan.

Jehad Hasan Qamber

Director -Head of Human Resources & Support

Member of the Executive Management Committee

Joined VCBank in 2005

30 years' experience

Jehad Qamber has extensive experience in the areas of Human Resources, Finance and Investment Banking. Before assuming his current position in 2016, he was a Director in the Bank's Wealth Management Division. Prior to joining VCBank, he was Director of HR & Finance with the General Organisation for Youth & Sport (GOYS) of the Kingdom of Bahrain, where he also served as Acting Director of the Technical Affairs Directorate. Previously, he was Head of Quality Assurance at the Kingdom's Civil Service Bureau. Jehad holds a Master's degree in Business Administration from the University of Glamorgan, Wales, UK.

Sahar Jafaar Khunji

Director - Head of Investor Relations

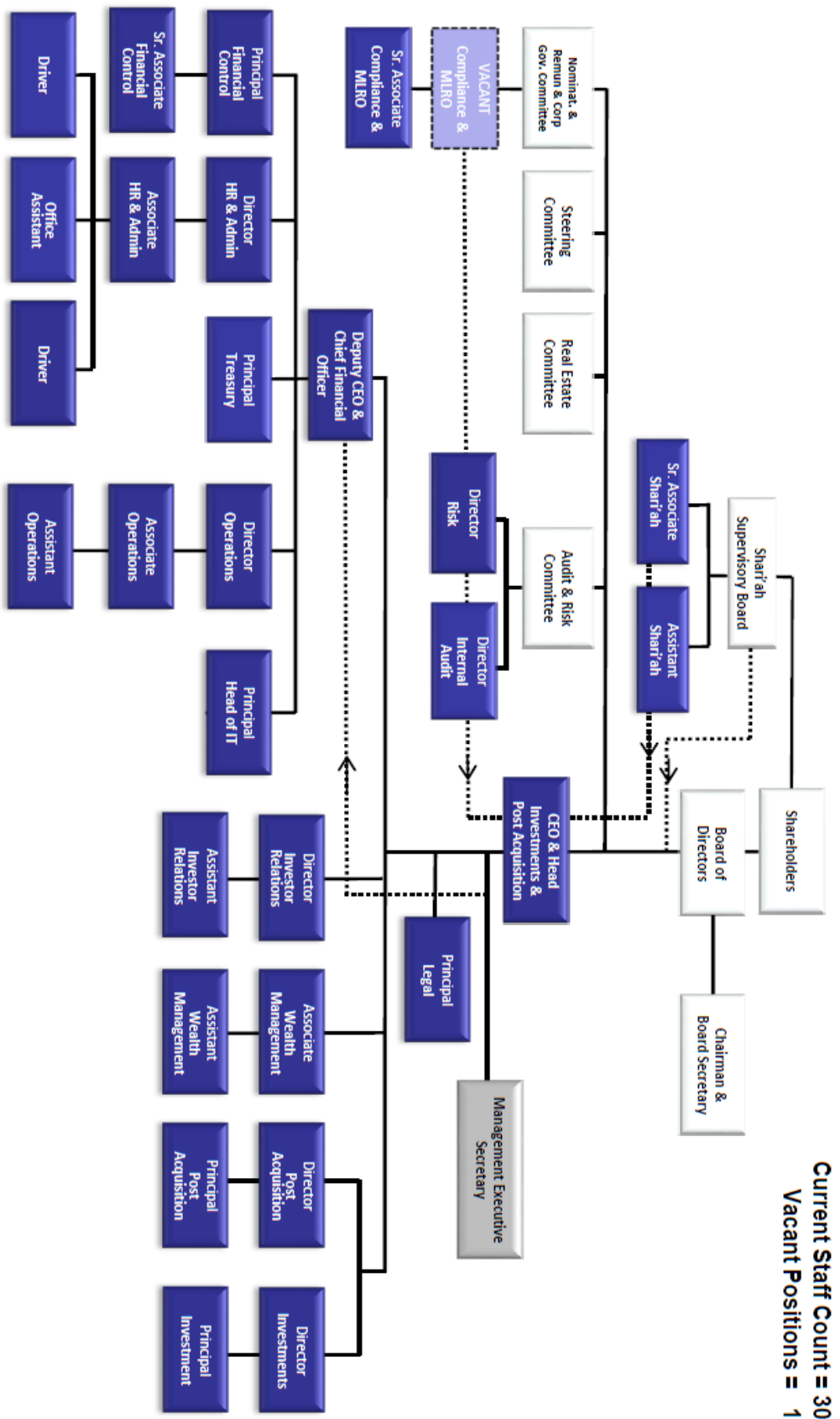
Member of the Executive Management Committee

Joined VCBank in 2007

13 years' experience

Sahar Khunji joined VCBank 13 years ago in the Bank's Operations & Support division, where she was involved in various investor relations, human resources and corporate communications activities. In 2017, she was promoted to Director - Head of Investor Relations, reporting directly to the Chief Executive Officer. A key role of this standalone function is to provide clients and shareholders with up-to-date information about the Bank's investment portfolio, and new investor-related regulatory requirements. In 2019, Sahar also assumed responsibility for Corporate Communications, which covers all stakeholder communications, marketing and research. She has initiated several projects, including a revamp of the Bank's website, development of a new Investor Portal, and enhanced use of social media channels. She also provides regular reports to the Executive Management with research insights on latest market trends and developments. Sahar is an Associate of the Chartered Institute of Personnel & Development (CIPD), UK; and holds a Bachelor's degree in Business (Economics & Finance) from Central Queensland University, Australia.

Governance and Organization Structure



Directors Designations and Share Ownership Details

No.	Name of Director	Board Designation	Country	Ownership % & Representation
1	Mr. Abdulfatah Mohammed Rafie Marafie	Chairman, Non-Executive, Independent	Kuwait	0.23% Representing Najaieb Holding Co.
2	Mr. Marwan Ahmad Al Ghurair	Director, Non-Executive, Independent	UAE	2.24% Representing Fanan Investment Co.
3	Mr. Mohammed Abdulrazzaq Alkandari	Director, Non-Executive, Non-Independent	Kuwait	5.56% Representing Securities Group
4	Mr. Adwan Mohammad Al Adwani	Director, Non-Executive, Non-Independent	Kuwait	6.79% Representing The Commercial Real Estate Co.
5	Dr. Mohammed Ahmed Jumaan	Director, Non-Executive, Independent	Bahrain	0.787% Representing Himself
6	Mr. Adel Mohammed Abu Nayyan	Director, Non-Executive, Independent	Saudi Arabia	0.744% Representing Mohamed Rashid Abu Nayyan Trading Company
7	Dr. Abdulaziz Fahad Al Dakheel	Director, Non-Executive, Independent	Saudi Arabia	0.22% Representing Himself
8	Mr. Fahad Almoammar	Director, Non-Executive, Independent	Saudi Arabia	-

Share Ownership Structure

Distribution of share ownership by Nationality

Country	Number of Shares	Number of Shareholders	Percentage (%)
Bahrain	14,640,789	16	7.70%
Saudi Arabia	109,641,622	105	57.71%
Kuwait	45,511,597	27	23.95%
UAE	6,247,095	5	3.29%
Qatar	9,075,407	11	4.78%
Oman	4,883,490	10	2.57%
Totals	190,000,000	174	100%

Distribution of share ownership by Size of Shareholder

Categories	Number of Shares	Number of Shareholders	Percentage (%)
Less than 1%	84,913,500	149	44.6913%
1% to less than 5%	79,906,884	23	42.0563%
5% to less than 10%	25,179,616	2	13.2524%
Totals	190,000,000	174	100%

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