

THE VENTURE CAPITAL INVESTMENT BANK CONCEPT PIONEERED BY VENTURE CAPITAL BANK (VCBANK) IN THE GCC AND MENA REGION IS THE FIRST INITIATIVE OF ITS KIND THAT IS PRESENTED AND FORMULATED IN AN INVESTMENT BANKING CONTEXT. BY INCORPORATING VENTURE CAPITAL INVESTMENT ACTIVITIES IN A SHARI'AH COMPLIANT INVESTMENT BANKING FORMAT, VCBANK IS ADDING A NEW DIMENSION TO THE REGIONAL AND GLOBAL ISLAMIC INVESTMENT BANKING INDUSTRY THE VENTURE CAPITAL INVESTMENT BANK CONCEPT PIONEERED BY VENTURE CAPITAL BANK (VCBANK) IN THE GCC AND MENA REGION IS THE FIRST INITIATIVE OF ITS KIND THAT IS PRESENTED AND FORMULATED IN AN INVESTMENT BANKING CONTEXT. BY INCORPORATING VENTURE CAPITAL INVESTMENT ACTIVITIES IN A SHARI'AH COMPLIANT INVESTMENT BANKING FORMAT, VCBANK IS ADDING A NEW DIMENSION TO THE REGIONAL AND GLOBAL ISLAMIC INVESTMENT BANKING INDUSTRY THE VENTURE CAPITAL INVESTMENT



Corporate Governance

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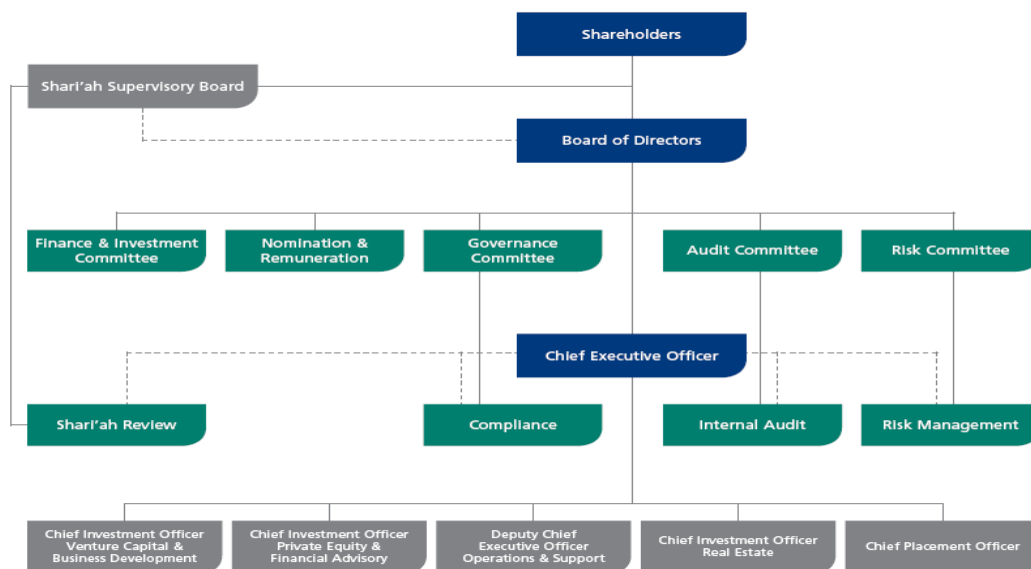
Corporate Governance

VCBank is committed to upholding the highest standards of corporate governance in compliance with relevant governing laws and regulations and global best practice. Accordingly, the Bank has put in place a robust and comprehensive corporate governance framework aimed at ensuring operational effectiveness while protecting the rights and interests of all stakeholders.

VC Bank has always been keen to uphold to the best Corporate Governance practices, which is reflected in the following:

1. The majority of directors are independent
2. Directors with strong mix of business, industrial & financial expertise
3. Independent Internal Audit function
4. Independent Compliance function
5. Code of ethics
6. Whistleblower Policy
7. Comprehensive policies and procedures to manage the bank
8. Effective Board Committee structure
9. Encourages participation in Board Committees by independent directors
10. Formal succession plan which is reviewed annually for adequacy
11. An annual process for the self-assessment and evaluation of the Board of Directors and its Committees

Organization Structure



Board of Directors

The composition of the Board was reviewed and reconstituted during 2009. Four new members were elected in the Bank's AGM held on 4th March 2009 to replace the retiring members, whose term ended. The Board continued to have twelve members.

The Board is responsible for the stewardship of the Bank's business and affairs on behalf of the shareholders, with a view to enhancing long term shareholder value whilst taking into account the interests of other stakeholders, and maintaining high standards of transparency and accountability. All Board Members are independent non-executive members except for the CEO. Members are:

Name of the Directors	Country	Date of Appointment
Dr. Ghassan Ahmed Al Sulaiman – Chairman	Kingdom of Saudi Arabia	6 October 2005
Abdufatah Mohammad Rafie Marafie – Deputy Chairman	State of Kuwait	6 October 2005
Abdullatif Mohammed Janahi (CEO)	Kingdom of Bahrain	6 October 2005
Ali Mousa Al Mousa	State of Kuwait	6 October 2005
Marwan Ahmad Al Ghurair	United Arab Emirates	6 October 2005
Saleh Mohammed Al Shanfari	Sultanate of Oman	6 October 2005
Nedhal Saleh Al Aujan	Kingdom of Bahrain	6 October 2005
Mohammed Bin Sulaiman Abanumay	Kingdom of Saudi Arabia	4 March 2008
Sulaiman Ibrahim Al Hudaithi	Kingdom of Saudi Arabia	4 March 2009
Ajlan Abdulaziz Al Ajlan	Kingdom of Saudi Arabia	4 March 2009
Ibrahim Hamad Al Babtain	Kingdom of Saudi Arabia	4 March 2009
Abdulahdi Treheeb Al Shahwani	Qatar	4 March 2009

Board of Directors Biography

Name	Position	Country	Experience
Dr. Ghassan Ahmed Al Sulaiman	Chairman	Kingdom of Saudi Arabia	31 Years
<p>VCBank Committees: Chairman of Finance & Investment Committee; Chairman of Nomination & Remuneration Committee and Member of Corporate Governance Committee.</p> <p>Chairman: Ghassan Ahmed Al Sulaiman Trading (GAAT); Saudi Venture Capital Investment Company; Ghassan Ahmed Abdullah Al Sulaiman Trading; Ghassan Ahmad Al Sulaiman Furniture Co. Ltd (IKEA); Ghassan Ahmad Al Sulaiman & Partners Co. (GASP); House of Development Co. Ltd (HOD); Sahary Information Development (SID; Training & Education Services Co. Ltd (TESCO); Tauzeef Human Resource Co. Ltd; Ghassan Ahmad Al Sulaiman Holding Co.; Khaleej Salman Bay Development Co.; Siraj Capital Ltd; Al Sulaiman Inter-market Co. Ltd (SIC); Propaganda Advertising Company (Ish'har); (Manafith).</p> <p>Member of the Board: Propaganda Advertising Co. (ISH'HAR); Bin Sulaiman Holding Co.; Abna Abdullah Al Sulaiman Co. Ltd; Arabian Cement Co; Savola Company; Jeddah Province Council.</p>			

Name	Position	Country	Experience
Abdulfatah M. R. Marafie	Deputy Chairman	State of Kuwait	30 years
<p>VCBank Committees: Chairman of Corporate Governance Committee; Deputy Chairman of Nomination & Remuneration Committee, Deputy Chairman of Finance & Investment Committee.</p> <p>Chairman and Managing Director: The Commercial Real Estate Company.</p> <p>Chairman: Mozon Investment Holdings Company; Al Durrat Al Tijaria Co.</p> <p>Director & Treasurer: Kuwait Union for Real Estate, Commercial & Investment Owners.</p> <p>Member of the Board: Omran Al Bahrain Company, Bahrain; Center for Strategic & Futuristic Studies, Kuwait University; The Public Institution for Social Security; Bayan Realty Co., KSA; The Voluntary Work Center; The Fund of Awqaf for Social & Scientific Development, Kuwait Awqaf Public Foundation; Amar Finance & Leasing Co.; Saudi Venture Capital Investment Company.</p>			

Name	Position	Country	Experience
Abdullatif Mohammed Janahi	Board Member & CEO	Kingdom of Bahrain	27 years
<p>VCBank Committees: Chairman of Executive Management Committee; Member of Finance & Investment Committee.</p> <p>Chairman: Al Jazira Plastic Company; Gulf Projects Company; Lemissoler Maritime Co; World Development Co.; Venture Capital Fund Bahrain; Great Harbour Project; OASIS Middle East Holding Company, German Orthopedic Hospital.</p> <p>Deputy Chairman: Chairman of Challenger Oil Drilling Co; Jordan Al Abyad Fertilizers and Chemicals Co. (JAFCCO), Omran Al Bahrain.</p> <p>Member of the Board: ASAS Company; Mozon Holding Company; Challenger Company; Global Omani Real Estate Dev. Col, Qatar Construction & Engineering Company, Industrial Investment Company (Kuwait), Saudi Venture Capital Investment Company.</p>			

Name	Position	Country	Experience
Ali Mousa Al Mousa	Board Member	State of Kuwait	35 years
VCBank Committees: Chairman of Risk Committee. Chairman & Managing Director: Securities Group Company. Vice Chairman: Themar International Holding Co. Member of the Board: Industrial Bank of Kuwait; Saudi Venture Capital Investment Company. Ex. Minister: Planning Ministry, State of Kuwait. Ex. Deputy Governor: Central Bank of Kuwait.			

Name	Position	Country	Experience
Marwan Ahmad Al Ghurair	Board Member	United Arab Emirates	20 years
VCBank Committees: Member of Corporate Governance Committee. Chairman: Fanan Investments; Fanan Food Trading; Dubai National School.			

Name	Position	Country	Experience
Saleh Mohammed Al Shanfari	Board Member	Sultanate of Oman	20 years
VCBank Committees: Member of Finance & Investment Committee; Nominations & Remunerations Committee. Managing Director: The Global Omani Investment Company; Industrial Systems Corporation. Chairman: Global Computer Services Company; Asaffa Poultry Company; Al Telfaz Media Services Company; Al Kawther United Service Company; Dhofar Stones Company. Member of the Board: Global Mining Company; Global Gypsum Company; Dhofar Agriculture Marketing Products; Muscat Securities Market; Oman Chamber of Commerce (Banking & Investment Committee); International Relations Committee; Omani-UAE Joint Business Council; Omani-Syrian Joint Business Council; MENA SME Fund.			

Name	Position	Country	Experience
Nedhal Saleh Al Aujan	Board Member	Kingdom of Bahrain	27 years
VCBank Committees: Chairman of Audit Committee. Chief Executive Officer: Bahrain Development Bank. Member of the Board: Retail Arabia; Bahrain Atomisers International; Bahrain Specialist Hospital; Joslin Diabetes Center; Bahrain Business Incubator Centre; Batelco; Dun & Bradstreet Limited.			

Name	Position	Country	Experience
Mohammed S. Abanumay	Board Member	Kingdom of Saudi Arabia	29 years
VCBank Committees: Member of Finance & Investment Committee. Chief Executive Officer: Abanumay Ind. Corp.			

Member of the Board: SABIC, Malath insurance Company, Qassim Cement Company, Al-Watan Newspaper in the Kingdom of Saudi Arabia, Wajeef Brokerage; Saudi Venture Capital Investment Company.

Name	Position	Country	Experience
Ajlan Abdulaziz Al Ajlan	Board Member	Kingdom of Saudi Arabia	30 years
<p>VCBank Committees: Member of Finance & Investment Committee. Chairman: Ajlan and Bros.; Ajlan Bin Abdulaziz Al Ajlan & Bros.; Abdulaziz bin Ajlan sons Co.; Nomou Real Estate Development Co.; International Fashion Co. Ltd.; Fashion Co. Ltd. for Trade & Real Estate. Member of the Board: Riyadh Chamber of Commerce and Industry; Saudi Venture Capital Investment Company.</p>			

Name	Position	Country	Experience
Ibrahim Hamad Al Babtain	Board Member	Kingdom of Saudi Arabia	25 years
<p>VCBank Committees: Deputy Chairman of Risk Committee. Chairman: Al Babtain Power and Telecom Company. Executive Director: Al Mouwasat Medical Company; Al Maktaba Marketing Company. Member of the Board: Al Babtain Holding Company; Al Babtain Contracting Company.</p>			

Name	Position	Country	Experience
Abdulhadi Treheeb Al Shahwani	Board Member	Qatar	30 years
<p>VCBank Committees: Member of Risk Committee. Chairman: Al Shahwani Group of Companies including; bin Nayfa Al Shahwani International; Hadi Sons Group; Al Hadi Cars & Heavy Equipments; Gulf Fire Fighting Foam Factory; Qatar Fire Extinguishers Factory; Shahwani Fire Protection & Technical Services.</p>			

Name	Position	Country	Experience
Sulaiman Ibrahim Al Hudaiti	Board Member	Kingdom of Saudi Arabia	27 years
<p>VCBank Committees: Member of Audit Committee. Managing Director: Jeddah Commercial Investment Company Member of the Board: Saudi Research & Marketing Group; Saudi Printing and Packaging Company; Saudi Specialized Laboratories Company; Al Madaen Star Group; Saudi Specialized Publishing Company; Saudi Shipping and Maritime Services Company; Saudi Venture Capital Investment Company.</p>			

Board Meeting Attendance

Five meetings were held during 2009 with attendance level as follows:

Name of the Directors	% of Board Meeting attended for year 2009	Attended last AGM on 22 March 2010
Dr. Ghassan Ahmed Al Sulaiman	100%	YES
Abdulfatah M. R. Marafie	100%	YES
Abdullatif Mohammed Janahi	100%	YES
Ali Mousa Al Mousa	60%	YES
Marwan Ahmad Al Ghurair	100%	YES
Saleh Mohammed Al Shanfari	100%	YES
Nedhal Saleh Al Aujan	100%	YES
Mohammed Bin Sulaiman Abanumay	100%	YES
Sulaiman Ibrahim Al Hudaithi	100%	NO*
Ajlan Abdulaziz Al Ajlan	75%	NO*
Ibrahim Hamad Al Babtain	100%	NO*
Abdulahadi Treheeb Al Shahwani	100%	YES

* Board members with effect from 22 March 2010

Board Committees

The formation of sub-committees aims to assist the Board of Directors in maintaining effective oversight over the Bank's operations. Accordingly, the above organization structure depicts a proposed governance structure in accordance with the envisaged internal requirements of the Bank, High Level Controls Module issued by the Central Bank of Bahrain and best practices.

The composition of the Board Committees were reviewed and reconstituted during 2009 and one major change which was instituted thereafter was to split the Nomination, Remuneration & Governance Committee ("NRGC Committee") into two separate committees, namely the Nomination & Remuneration Committee and the Corporate Governance Committee.

Nomination & Remuneration Committee

The role of the Nomination & Remuneration Committee is to assist the Board of Directors in establishing a fair and transparent nominations process for the appointment and remuneration of the members of the Board and its Committees, the Chief Executive Officer and the executive management

team. Three meetings were held during 2009 with attendance level as follows:

Name of the Directors	Position	Meetings attended
Dr. Ghassan Ahmed Al Sulaiman	Chairman	100%
Abdulfatah M. R. Marafie	Deputy Chairman	100%
Abdullatif Mohammed Janahi	Member	100%

Corporate Governance Committee

The role of the Corporate Governance Committee is to assist the Board of Directors in fulfilling its responsibilities for proper corporate governance and oversight over the Bank, including, but not limited to, the Bank's compliance with legal and regulatory requirements and Shari'ah principles. Four meetings were held during 2009 with attendance level as follows:

Name of the Directors	Position	Meetings attended	Remarks
Abdulfatah M. R. Marafie	Chairman	100%	
Dr. Ghassan Ahmed Al Sulaiman	Deputy Chairman	100%	
Marwan Al-Ghurair	Member	100%	
Mohammed Al Sarhan	Non-board member	NA	Appointed with effect from 22 Mar 2010

Finance & Investment Committee

The role of the Finance & Investment Committee is to oversee the financial and investment affairs of the Bank including asset and liability management in coordination with the Executive Management Committee. Four meetings were held during 2009 with attendance level as follows:

Name of the Directors	Position	Meetings attended	Remarks
Dr. Ghassan Ahmed Al Sulaiman	Chairman	100%	
Abdulfatah M. R. Marafie	Deputy Chairman	100%	
Abdullatif Mohammed Janahi	Member	100%	

Saleh Al Shanfari	Member	100%	
Mohammed Sulaiman Abanumay	Member	100%	Appointed with effect from 4 Mar 2009
Ajlan Abdulaziz Al Ajlan	Member	67%	Appointed with effect from 4 Mar 2009

Audit Committee

The Audit Committee is tasked with oversight responsibilities on financial reporting, internal control and risk management, internal and external audit and adherence to Shari'ah rules and principles. Five meetings were held during 2009 with attendance level as follows:

Name of the Directors	Position	Meeting attended	Remarks
Nedhal Saleh Al Aujan	Chairman	100%	
Sulaiman Ibrahim Al Hudaithi	Deputy Chairman	100%	Appointed with effect from 4 Mar 2009
Jawaher Al Mudhahki	Non Board Member	75%	Appointed with effect from 4 Mar 2009

Risk Committee

The Risk Committee is tasked with maintaining oversight of the Bank's risk management framework including its Basel II framework covering all risks faced by the Bank, as well as its control environment. Four meetings were held during 2009 with attendance level as follows:

Name of the Directors	Position	Meeting attended	Remarks
Ali Mousa Al Mousa	Chairman	75%	
Ibrahim Hamad Al Babtain	Deputy Chairman	100%	Appointed with effect from 4 Mar 2009
Abdulhadi Treheeb Al Shahwani	Member	67%	Appointed with effect from 4 Mar 2009

Other Committees

Executive Management Committee

The Executive Management 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, executing investment decisions as delegated by the Board of Directors under the Bank's Discretionary Authority Limits (DAL) in addition to asset and liability management in coordination with the Finance & Investment Committee.

Name of the members	Position
Abdullatif Mohammed Janahi	Chairman
Dr. Khalid Abdulla Ateeq	Deputy Chairman
Dr. Ahmed Al Jawhary	Member
Masood Ahmed Al Bastaki	Member
Faisal Abdul Aziz Al Abbasi	Member
Saad Abdulla Al-Khan	Member

Executive Management Profiles

Abdullatif Mohammed Janahi

Position: Board Member & Chief Executive Officer

Qualification: MSc in Accounting from DeMontfort University, U.K. and Fellow Chartered Management Accountant

Experience: 28 Years

Joined Date: Founder

Dr. Khalid Abdulla Ateeq

Position: Deputy CEO Operation and Support

Qualification: Ph.D. in Philosophy of Accounting, UK.

Experience: 30 Years

Joined Date: October 2005

Dr. Ahmed Al Jawhary

Position: Chief Investment Officer – Venture Capital & Business Development

Qualification: Ph.D. in Strategies for Foreign Investment & Multinational Corporations in Emerging Markets, UK.

Experience: 18 years

Joined Date: September 2005

Masood Ahmed Al Bastaki

Position: Chief Placement Officer

Qualification: B.Sc. in Business Administration and Post Graduate Diploma from the University of Bahrain.

Experience: 23

Joined Date: September 2005

Faisal Abdul Aziz Al Abbasi

Position: Chief Investment Officer – Private Equity & Financial Advisory

Qualification: B.Sc. in Accounting from the University of Bahrain.

Experience: 11 years

Joined Date: December 2005

Saad Abdulla Al-Khan

Position: Acting Chief Investment Officer – Real Estate

Qualification: B.Sc. in Accounting from the University of Bahrain.

Experience: 13 years

Joined Date: June 2007

Directors Remuneration

The principles of VC Bank's remuneration policy reflect the Bank's overall objectives of having a sound corporate governance framework, which targets the creation of a long-term value for the Bank's shareholders. Since inception, VC Bank's Board of Directors was keen to put in place a robust and transparent framework to ensure that Board and senior management remuneration is fair and reasonable to enhance shareholder value and at the same time sufficient to attract, retain and motivate high quality professionals with the right caliber to lead and manage the Bank in this competitive environment.

To meet the above objectives, the Board has established the Nomination & Remuneration Committee to assist it in establishing a fair and transparent process for the appointment and remuneration of members of the Board and its Committees, the Chief Executive Officer and the Executive Management Team. This Committee is guided by the Nomination & Remuneration Committee Charter, being part of the Bank's overall Corporate Governance Framework. The Committee comprises at least three members, the majority being independent non-executive directors (where the Chairman of the Committee and Deputy Chairman should both be independent non executive directors).

The Committee's responsibility is to make recommendations to the Board on the remuneration framework for directors and senior management, which must be carried out with due regard to applicable laws and regulations including the Bahrain Commercial Companies Law 2001, the Bahrain Labor Law, the regulations of the Central Bank of Bahrain and the Bank's Memorandum and Articles of Association.

VC Bank's remuneration policy was approved by the Board of Directors in the year 2007 and was reviewed by the Nomination & Remuneration Committee during 2009 to ensure it remains appropriate for the Bank's needs and reflects current market conditions and any regulatory changes.

VC Bank's Directors' remuneration follows a formula based approach based on the Bank's profitability which is allocated to members based both on the extent of responsibilities and by reference to the number of Board and Committee meetings attended during the year.

The Board of Directors has unanimously resolved not to take any Board remuneration for the year ended 31 December 2009 (other than attendance fees and travel and attendance expenses) due to the current market conditions (2008: US\$ 1.534 million).

Board and Board Committees Development

Board Induction

All newly elected Directors of the Bank have completed the Mandatory Induction Program. The Directors are also encouraged to attend seminars and briefings in order to keep themselves abreast of the latest developments in the business environment and to enhance their skills and knowledge.

The Induction program highlights, amongst others, the major duties and responsibilities of directors vis-à-vis various laws, regulations and guidelines governing the same.

The Directors received briefings and updates on the Bank's financials, businesses, operations, risk management, internal controls, corporate governance, and all changes relevant to legislation, rules and regulations from the Bank's executive management and professionals.

Board and Senior Management Development

VCBank Board Members and Executive Management attended two Risk Management, Compliance & Corporate Governance training workshops during the second half of 2009. This reflected Board and Management's keenness to be updated with the latest risk management and corporate governance developments in international markets especially during the current financial crisis.

These training workshops were part of an annual training plan for the Board and Executive management which include attending workshops allowing them to better perform their supervisory and management roles. The workshops were organized by the Risk Management and Compliance team along with corporate governance expert Mr. Saleh Hussain, the Chairman of Saleh Hussain Consultancy Company (Bahrain), to provide much needed insights in the field.

VCBank's Board Members and Executive Management have also attended a strategy workshop to discuss the Bank's strategy amid current market conditions.

Board Evaluation

In today's environment, banks are under more and more pressure to demonstrate that they are meeting the highest ethical, regulatory, supervisory, and governance standards. Although Board's self assessment is not mandatory and very few institutions implement them regionally, VC

Bank's Board of Directors commit themselves to conduct a comprehensive self assessment that is designed to help them in identifying where there is room for improvement and to reinforce their responsibilities and to help the Bank to achieve even greater success. During 2009 the Bank successfully implemented the first phase of the Board Evaluation program by conducting its first self assessment on the Board level; the next phase will be a self assessment on Board Committees level (expected to be implemented by end of 2010) and the final phase will be on Directors Individual Level (to be implemented during 2011).

Staff Training

In order to fully develop staff members' potential, the Bank offers a wide range of training programs that help in equipping themselves to meet future challenges and work requirements in compliance with the Bank's internal policies and procedures and regulatory requirements including the latest developments in the fight against money laundering. The continuous educational development is provided to staff through In-House Training, Online Training.

New staffs joining the Bank attend an induction program that provides them with a better understanding of Anti Money Laundering and Combating the Financing of Terrorism.

Governance Control Team

Compliance

Compliance is most effective in a corporate culture that emphasizes high standards of honesty and integrity, and where the Board and senior management lead by example. Hence, Compliance at VCBank starts at the top. The effectiveness of the Compliance function is lead by the Bank's Board of Directors and Executive Management, with an emphasize on high standards of transparency and integrity in conducting business across the Bank. Compliance concerns everyone within the Bank and is considered as part of the Bank's culture and not just the responsibility of the Compliance team.

The Bank was keen to establish a strong and independent Compliance Department to assist Senior Management in managing effectively the compliance risk faced by the Bank. The Compliance Department reports functionally to the Corporate Governance Committee and administratively to the CEO to ensure that the Bank's Compliance objectives are achieved. The Compliance function is independent from other business activities and performs only compliance responsibilities and is not involved in those activities where their independence and objectivity may be compromised. They work with other departments as facilitators and assist them in complying with applicable rules and regulations. Compliance function also performs AML function, as approved by Central Bank of Bahrain (CBB).

The Compliance Department oversees the Bank's compliance program and functions as an independent and objective body that reviews and evaluates the Bank's compliance issues. The Compliance function monitors the Bank's operations and activities to ensure they are in compliance with the rules and regulations of the CBB, the Ministry of Industry and Commerce and other applicable laws and regulations. It also monitors that the behavior in the organization meets the Bank's ethical standards and assists senior management in educating staff and increasing awareness on compliance issues across the whole organization. This is supported by comprehensive policies and procedures put in place to ensure full legal and regulatory compliance, including anti-money laundering reporting and prudential reporting.

Risk Management

The Risk Management Department reports functionally to the Risk Committee of the Board and administratively to the CEO. The primary objectives of the Risk Management Department are to develop an integrated risk management framework for the Bank, establish minimum risk

management standards for the entire organization and instill a culture whereby all staff are individual owners of risks.

Key developments during the year included reviewing and assessing the Bank's risk management policy, processes and procedures; providing advice to strengthen the Bank's internal controls; formally identifying the key risks, to which the Bank is exposed as well as developing various initiatives to manage, monitor and minimize such risks. The department also commenced the development of a risk management and internal capital adequacy assessment framework which incorporates a capital allocation process to ensure that the Bank manages its internal capital in accordance with standards prescribed by Central Bank of Bahrain.

Internal Audit

The role of Internal Audit is to evaluate and provide assurance to the Management and Board of Directors of the Bank on the effectiveness of the control, risk management and governance processes, and that such process designed and implemented by the Bank's management are adequate and functioning in the manner intended. In doing so, Internal Audit reviews the effectiveness and efficiency of the business processes and the compliance with policies, standards, procedures, and applicable laws and regulations.

Administratively, Internal Audit reports to the CEO but on all audit matters, reports to the Audit Committee of the Board. Internal Audit conducts its audits in accordance with the audit plan approved by the Audit Committee. The audit plan is developed using a risk-based methodology which also considers any risks identified by the Bank's Risk Management function, the Executive Management and external auditors. Regular reports on Internal Audit activities are presented to the Audit Committee.

The Internal Audit team also works closely with Compliance and Risk Management, and places increased emphasis on providing Executive Management with preventative advice and guidance.

Shari'ah Governance

Shari'ah Supervisory Board

The 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. Three meetings have been held so far during 2010 with attendance level as follows:

Name of the SSB Member	Position	Meeting attended
Shaikh Nidham Mohammed Saleh Yaqooby	Chairman	100%
Shaikh Dr. Abdul Sattar Abdul Kareem Abu Ghuddah	Member	100%
Shaikh Dr. Essa Zaki Essa	Member	100%

In addition to the above official meetings, the Bank normally conducts other Shari'ah Supervisory Board Executive meetings during 2009, attended by the Chairman of the SSB, the Bank's Shari'ah Coordinator and members of the Bank's senior management to discuss any urgent issues from time to time to avoid delays and to ensure that all the Bank's activities are subject to a timely supervision by the SSB Chairman. All issues discussed at these meeting are subsequently ratified by the SSB during their subsequent official meetings.

Shari'ah Coordinator/Reviewer

VC Bank's Shari'ah Coordinator/Reviewer is proactively involved in reviewing and advising on the Shari'ah compliance of all products and investment projects, and plays a vibrant role in communicating all transactions, structures and business plan to the Shari'ah Supervisory Board in order to ensure that the Bank's activities are under a strict and direct oversight of the Shari'ah Supervisory Board. Furthermore, the Shari'ah Coordinator/Reviewer contributes on a day to day basis in ensuring that all areas of the Bank adhere to the Shari'ah Supervisory Board recommendations, advice and opinion.

Shareholder/Investor Communication & Awareness

The Board acknowledges the importance of regular communication with shareholders and investors via a number of means to promote greater understanding and dialogue with stakeholders through the Annual General Meeting, annual reports, circulars to shareholders and quarterly financial reports and various announcements made during the year, through which shareholders and investors can have an overview of the Bank's performance and operations.

Furthermore, since establishment VC Bank has issued regular Newsletters to provide awareness to its shareholders and investors about the Bank's activities, projects, investments and business developments. Up to date the Bank has successfully lunched 8 Issues, and has taken steps to continuously improve the content of the newsletters. Furthermore, the Board of Directors has also decided to launch an educational program through the Newsletters to enhance awareness toward corporate governance which will start in the first issue during 2010. The Newsletter can be found on <http://www.vc-bank.com/newsletter.html>

The Bank has a website at www.vc-bank.com which the shareholders and investors can access for information which includes Bank's Profile, corporate information, press releases, financial performance, investment portfolio and career opportunities. Furthermore the Bank produced a corporate video which highlights the Bank's performance and major achievements.

Queries may be conveyed to the following persons:

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