



## **Venture Capital Bank reports outstanding performance for the first year of operations that exceeded all expectations**

Manama, Kingdom of Bahrain, 29 February 2007

Venture Capital Bank BSC (c) (VC Bank) held its sixth board meeting yesterday, and reported a strong performance for the first full year of operations.

Chairman Dr. Ghassan Al-Sulaiman said: 'In October 2005, the founding shareholders of the Bank embarked upon their ambitious mission to create the first Islamic venture capital bank focused on the MENA region. I am delighted to report that 2006 proved to be a blessed and successful first full year of operations for Venture Capital Bank. Our financial results, organisational developments and business achievements have all exceeded expectations.'

VC Bank posted a net profit of US\$ 13.3 million for the period ended 31 December 2006, achieved a return on equity of 20.1%, and recommends 12.5% dividend of which 7.5% cash dividend and 5% bonus shares. 'This constitutes a record-breaking performance for the initial start-up period of an investment bank in the Kingdom of Bahrain,' he announced.

Dr. Al-Sulaiman reported that the Bank had rapidly established a robust organisational structure, and had instituted a comprehensive corporate governance and risk management framework in line with industry best practice.

Since its establishment, the Bank has been successful in executing a number of innovative investment products and deals. These include the US\$ 250 million MENA SME Private Equity Fund; the US\$ 30 million Park Plaza in Bahrain; the US\$ 80 million Asas Real Estate Company in Saudi Arabia; and Challenger Limited – an oil drilling contractor in North Africa. 'These achievements are the result of an excellent deal flow, and the Bank's structuring expertise and placement capability,' explained Dr. Al-Sulaiman.

Summarising the Bank's overall performance to date, Dr. Al-Sulaiman said: 'These excellent results have laid the foundations for the future success and prosperity of VC Bank. Due to the rapid growth in the Bank's business to date, and in order to support our ambitious strategic goals, the Board of Directors has recommended an increase in the capital of VC Bank to US\$ 150 million for the approval of the shareholders, subject to regulatory approval.'

Commenting on the Bank's achievements since operations commenced, Chief Executive Officer Mr. Abdullatif Mohammed Janahi said: 'From an operational point of view, we have successfully established the strong institutional capability that is required to support our strategic objective of becoming the leading Islamic

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venture capital bank in the MENA region. Members of our management team have a proven track record in the regional and international investment banking and financial services industry – both Islamic and conventional – as well as extensive regulatory and related academic experience.

‘On the business side, superior deal flow, sophisticated structuring and strong placement capability have resulted in VC Bank identifying, evaluating and executing a number of innovative investment products and deals. Covering North Africa and the GCC, these will not only provide superior returns for our shareholders and clients, but will also contribute to the economic and social well-being of the region,’ he added. ‘For example, the Park Plaza project in Bahrain was conceived to solve a major parking problem in the Diplomatic Area and address the need for retail outlets to serve the thousands of people who daily work in this business district; Venture Estates and ASAS Real Estate Company are focusing on providing affordable housing projects in Saudi Arabia and the UAE; and the Bank is involved in urban development and tourism projects in Jeddah and Abha City in Saudi Arabia. ‘In addition, through its MENA SME Private Equity Fund and specialised venture capital and financial advisory services, VC Bank is providing much needed support and encouragement for the growth and development of the underserved regional small-to-medium enterprises (SME) sector,’ said Mr. Janahi.

Looking ahead, Mr. Janahi confirmed that the Bank has a strong pipeline of potential business. ‘We are currently working on a number of major investment projects, which we expect to finalise shortly before launching them as investment products to our clients. The strong performance across all areas of our activities during 2006 serves to demonstrate the validity of our business strategy and operating model which, God willing, will form the base for the future success of VC Bank.’

The annual general meeting of the Bank’s shareholders will be called for Sunday 25 March 2007 in Bahrain to receive the report of the Board of Directors and the audited financial statements for the period ended 31st December 2006, and approve the recommended appropriations of net profit. This will be followed by an extraordinary general meeting, at which shareholders will be requested to approve the proposed increase in the Bank’s capital to US\$ 150 million.