

**Investcorp Holdings B.S.C.**  
**(formerly, “Investcorp Bank B.S.C.”)**  
**Corporate Governance Report**  
**to the**  
**Ordinary General Meeting of Shareholders**

**September 23, 2019**

The following Corporate Governance Report is presented to the September 23, 2019 Ordinary General Meeting of Shareholders (the “OGM”) of Investcorp Holdings B.S.C. (formerly, “Investcorp Bank B.S.C.”) in accordance with the High Level Controls Module (“Module HC”) of the Central Bank of Bahrain (the “CBB”).

Module HC requires Investcorp Bank B.S.C. to report at each Ordinary General Meeting of Shareholders on its compliance with Module HC (which also requires compliance with the corporate governance disclosure requirements of the CBB’s Public Disclosure Module) and Investcorp Bank B.S.C.’s Corporate Governance Guidelines.

During the Fiscal Year ended June 30, 2019, Investcorp Bank B.S.C. was in full compliance with all material provisions of Module HC and Investcorp Bank B.S.C.’s Corporate Governance Guidelines except to the extent listed below:

- Module HC states as guidance that no Director of a Bahrain bank should hold more than three directorships in Bahrain public companies. During Fiscal Year 2019, Mr. Farouk Yousuf Khalil Almoayyed served as a director of Investcorp Bank B.S.C. while also serving as a director of more than three Bahrain public companies. The Board of Directors of Investcorp Bank B.S.C. does not believe there was any conflict of interest between service on the Board of Directors of Investcorp Bank B.S.C. by Mr. Almoayyed and his service on the other boards of directors. In addition, the Board of Directors of Investcorp Bank B.S.C. believes that Mr. Almoayyed devoted the required time to his service on the Board of Directors of Investcorp Bank B.S.C..
- Module HC states in guidance that a board of directors should meet once every quarter. The Board of Directors of Investcorp Bank B.S.C. met twice in the first quarter of Fiscal Year 2019 and once in each of the third and fourth quarters of Fiscal Year 2019. The Board of Directors of Investcorp Bank B.S.C. believes that meetings should be held when warranted rather than automatically in every quarter.
- Module HC states that a director of a Bahrain bank should not serve as a director of more than one Bahrain wholesale bank. During Fiscal Year 2019, Mr. Hisham Saleh Ahmed Al Saie served as a director of Global Banking Corporation B.S.C. and Mr. Abdullah Saud Alhumaidhi served as a director of Bank ABC B.S.C., each of which is licensed by the CBB as a wholesale bank. Consequently, Mr. Al Saie and Mr. Alhumaidhi each served as a director of two wholesale banks, given that Investcorp Bank B.S.C. was also licensed as a wholesale bank during Fiscal Year 2019. The Board of Directors of Investcorp Bank B.S.C. believes that Mr. Al Saie and Mr. Alhumaidhi are excellent additions to the Board of Directors and each of them brings valuable experience to the Board of Directors.
- Module HC requires that Directors and other approved persons declare their interests in all other enterprises or activities (whether as a shareholder of greater than 5% of the voting capital of a company, as a manager or other form of significant participation) to the Board of Directors or the Nominating or Audit and Risk Committees on an annual basis. These declarations are instead reviewed by the Corporate Governance Committee of

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Investcorp Bank B.S.C. on the basis that this is consistent with the role played by the Corporate Governance Committee with respect to Investcorp Bank B.S.C.'s corporate governance.

- Module HC provides that each Director and other approved person must make every practicable effort to arrange his personal and business affairs to avoid competing with Investcorp Bank B.S.C.. During Fiscal Year 2019, two Directors of Investcorp Bank B.S.C., Mr. Al Saie and Mr. Alhumaidhi had affiliations with other financial institutions. These institutions are Global Banking Corporation B.S.C. and Bank ABC B.S.C., respectively. Each of these financial institutions operates a business that could compete with Investcorp Bank B.S.C.. The Board of Directors is not aware of any instance in which there actually has been direct competition between Investcorp Bank B.S.C. and any of these financial institutions. However, consistent with its practice at previous OGMs, the Board of Directors of Investcorp Bank B.S.C. will request shareholder approval of these affiliations at the OGM in accordance with Article 191 of the Commercial Companies Law.
- Module HC provides that the Nominating Committee should oversee directors' corporate governance education activities. Directors' corporate governance education activities are instead overseen by the Corporate Governance Committee of Investcorp Bank B.S.C. on the basis that this is consistent with the Corporate Governance Committee's role with respect to Investcorp Bank B.S.C.'s corporate governance.
- Module HC provides that no 'approved person' may take benefits from any investment that is managed by a bank or promoted to its clients. An 'approved person' is a director of a bank or any senior executive who has been specifically approved by the CBB for his or her position.

Many of Investcorp Bank B.S.C.'s Directors invest in the Investcorp Group's investment products alongside Investcorp Group's clients, and Investcorp Bank B.S.C.'s senior executives co-invest in the Investcorp Group's products and participate in investment carried interest programs pursuant to Investcorp Group executive compensation programs on the same terms as other employees of Investcorp Bank B.S.C.. These investment participations by Directors of Investcorp Bank B.S.C. and its senior executives are consistent with the principle of alignment of interests among shareholders, clients and employees that has been a cornerstone of Investcorp Bank B.S.C.'s corporate governance since it was first established, and Investcorp Bank B.S.C. does not believe that such alignment of interest is what this Module HC provision is attempting to prevent.

- Module HC provides that individual board members must attend at least 75% of all Board meetings in a given financial year. Sheikh Abdulrahman Al-Thani and Mr. Hussain Ibrahim Al Fardan, both Qatari Directors, could not attend the minimum number of meetings during the financial year because the meetings were held in Bahrain. In addition, Mr. Abdulla Alireza could not attend the minimum number of meetings during the financial year because of other work commitments. Investcorp Bank B.S.C. has informed the CBB of their absence in accordance with the requirements of Module HC.
- Module HC states as guidance that all Directors are required to attend and be available to answer questions from shareholders at any shareholder meeting. Not all of Investcorp Bank B.S.C.'s Directors attended the Fiscal Year 2018 Ordinary General Meeting that was held on September 25, 2018. However, more than half of Investcorp Bank B.S.C.'s Directors were in attendance at that meeting and therefore there was sufficient Board representation at the meeting in order to answer questions from shareholders.
- For information regarding financial penalties that were imposed on Investcorp Bank B.S.C. by the CBB during Fiscal Year 2019, please refer to the Section of the Annual Report titled "Regulation".