

Bahrain Islamic Bank B.S.C. – Rights Offering

Summary of Prospectus

Rights Offering (“Offering”) of up to 170,940,171 Ordinary Shares (“Ordinary Shares”) in Bahrain Islamic Bank B.S.C. (“the Issuer”, “the Bank” or “BisB”) to existing shareholders as at the Record Date at an Offer Price of BHD 0.117 per share.

THE CENTRAL BANK OF BAHRAIN, THE BAHRAIN BOURSE AND THE MINISTRY OF INDUSTRY AND COMMERCE OF THE KINGDOM OF BAHRAIN TAKE NO RESPONSIBILITY FOR THE ACCURACY AND COMPLETENESS OF THE STATEMENTS AND INFORMATION CONTAINED IN THIS ANNOUNCEMENT AND EXPRESSLY DISCLAIM ANY LIABILITY WHATSOEVER TO ANY PERSON, AN APPLICANT OR OTHERWISE, FOR ANY LOSS OR DAMAGE HOWSOEVER ARISING FROM RELIANCE UPON THE WHOLE OR ANY PART OF THE CONTENTS OF THIS SUMMARY OFFERING CIRUCLAR.

The following information has been extracted from the Offering Circular issued in relation to the Offering of the Ordinary Shares of the Bank to all the existing Shareholders of Bahrain Islamic Bank B.S.C (“BisB” or “the Bank” or “the Issuer”) on the Record Date, which will be available at the designated branches of the Receiving Bank on the Opening Date. This summary does not purport to be a complete summary of the information contained in the Offering Circular. Persons interested in applying for the Ordinary Shares should read the Offering Circular and Application Form in full. Words and phrases defined in the Offering Circular and Application Form shall have the same meanings where used herein, unless the context otherwise requires.

The Board of Directors of BisB invites all existing Shareholders registered in the Bank’s Ordinary Share Register on the Record Date to apply to subscribe for up to 170,940,171 Ordinary Shares at an Offer Price of BD 0.117 each with Nominal Value of BD 0.100 per share based on a rights privileged subscription. Application Forms will be available at designated branches of the Receiving Bank. The Offering will open for subscription on Sunday 15 November 2015 and will close on Sunday 29 November 2015.

Issuer and Advisors

Issuer & Receiving Bank: Bahrain Islamic Bank B.S.C.

Issue Manager & Auditor: KPMG Fakhro

Legal Advisors: Hassan Radhi & Associates

Issue Registrar: Karvy Computershare W.L.L.

Timetable of Offer

Record date	10 November 2015
Opening date	15 November 2015
Closing date	29 November 2015
Subscription result & allotment basis announcement date	01 December 2015
Allotment date	06 December 2015
CMSD approval on allotment date	07 December 2015
Allotment Announcement date	08 December 2015
Distribution date	13 December 2015

Summary of Offer

The Bank: Bahrain Islamic Bank B.S.C., incorporated in the Kingdom of Bahrain under the Amiri Decree in 1979 under a commercial registration no. 9900 and to which this Offering pertains. The Bank is licensed and regulated by the CBB and has a retail banking license. The Bank’s Shari’a supervisory board is entrusted to ensure the Bank’s adherence to Shari’a rules and principles in its transactions and activities. The Ordinary Shares of the Bank are listed on the Bahrain Bourse.

Authorized, Issued and Paid-up Share capital prior to this Offering: Authorized Share Capital of BHD 200,000,000 comprising 2,000,000,000 Ordinary Shares of BHD 0.100 each. Issued and the Paid up Share Capital of BHD 80,347,245 comprising of 803,472,454 Ordinary Shares of BHD 0.100 each.

The Offering: The Bank is offering up to 170,940,171 new Ordinary Shares having Nominal Value of BHD 0.100 per share and having an Offer Price of BHD 0.117 per share. Upon full subscription under this Offering, the Issued and Paid up Share Capital of the Bank will be 974,412,625 Ordinary Shares each at a Nominal Value of BHD 0.100 per Share amounting to BHD 97.44 million.

Entitlement to this Offering: This Offer is open to all Shareholders registered in the Bank’s Ordinary Share Register on the Record Date. Each Shareholder shall be entitled to purchase approximately 2 Ordinary Shares for 10 Ordinary Shares held as at the Record Date. Shareholders may however make an application for the Ordinary Shares in excess of or lower than their entitlement. Fractional Ordinary Shares will not be issued. However, the rights of Shareholders who hold Ordinary Shares other than in multiples of 10 will be rounded upwards – provided that (i) the total number of Ordinary Shares so allotted to each Shareholder shall not exceed the number of Ordinary Shares for which the application was made by such Shareholder and (ii) the total number of Ordinary Shares so allotted shall not exceed the number of Ordinary Shares available for subscription. The right to the Ordinary Shares being offered through this Document is renounceable however, such renunciation shall be made during the Subscription Period only.

Offer Price: The Offer Price for the Ordinary Shares offered through this Offering is BHD 0.117 each representing share premium of BHD 0.017 per share over the Nominal Value. The Offer Price is net of any bank or related charges which shall be borne by the applicant.

Basis of allotment: The Applicants shall first be allotted to the extent of their entitlement or the number of Ordinary Shares applied for - whichever is lower. The remaining Ordinary Shares, if any, will be allotted to Applicants who have applied for Shares in excess of their original entitlement. Such unsubscribed amount shall be allotted amongst such Shareholders pro-rata to their holding as on Record Date.

In the event the Ordinary Shares offered through this Offering are not fully subscribed, the major shareholders of the Bank i.e. NBB, SIO-CPF and SIO-MPF have expressed their non-binding support to subscribe for the remaining unsubscribed Ordinary Shares up to maximum of BHD 10 million at Offer Price in proportion of their shareholding as on the Record Date.

In the event the Ordinary Shares offered through this Offering are not fully subscribed, post support from the major shareholders of the Bank, Issuer in accordance with Article 129 of the Bahrain Commercial Companies Law and in consultation with the relevant Authorities, shall allot the Ordinary Shares up to the level of Subscription Amounts received in accordance with the terms of the Offering Documents.

Announcement of allotment basis and subscription results: The results of the subscription and confirmation of the basis of Allotment will be published in two (2) local newspapers in the Kingdom of Bahrain within two (2) business days of the Closing Date. The decision of the Issuer in this respect will be final and binding on all parties. Allotment of the Shares is expected to be completed by the Allotment Date.

Distribution and Refund: On the Distribution Date, the Applicants shall collect their Allotment Notice and the refund cheques, if any, from the Issue Registrar's office. Such refunds shall be for the excess Subscription Amounts paid by Applicants in respect of Ordinary Shares they applied for and were not allotted. The refunds shall be made in Bahraini Dinars. All refunds distributed by the Receiving Bank will be made after deduction of bank charges and other similar deductions and will not include any profit derived from such funds. Receipt of the Allotment Notice is proof that the allotted Ordinary Shares have been deposited into his / her / their account with the BSE Central Depository. The Allotment Notice must not be used to sell the allotted Ordinary Shares of the Bank before the listing on the Bahrain Bourse.

Listing of shares: Following completion of this Offering, an application will be made to the Bahrain Bourse to list the Ordinary Shares being offered through this Document.

Shareholder Rights: The Ordinary Shares issued through this Offering will rank pari-passu with all other Ordinary Shares of the Bank including in respect to entitlement of dividend. Each Shareholder will be entitled to attend and vote at the General Assembly of the Bank.

Use of Proceeds: The proceeds from this Offering will be utilized for implementing the growth strategy of the Bank and for augmenting the capital base of the Bank and improving regulatory ratios. As per CAR regulations under Basel III norms, the Bank is required to enhance its capital base to meet regulatory ratios. Further, the Bank has embarked on a new five year growth strategy. Key components of the strategy are to focus on core banking activities, grow organic business and exploit opportunities for entering new markets outside Bahrain. The strategy also envisages investment in technology infrastructure.

Risk factors: There are certain risks relating to an investment in the Bank. Some of these risks are described in Section 10, "Investment Considerations and Risk Factors" of the Offering Circular and should be considered carefully by all Applicants prior to making a decision to invest in the Ordinary Shares.

General Information about the Bank

BisB is uniquely distinguished as being the first Islamic bank in Bahrain, and the third in the GCC. Incorporated in 1979, the Bank operates under an Islamic Retail banking license issued by the CBB, and is listed on the Bahrain Bourse. The Bank operates through a network of 7 branches, 4 financial malls and 54 ATMs across Bahrain. The Bank's Shari'a Supervisory Board is entrusted to ensure the Bank's adherence to Shari'a rules and principles in its transactions and activities.

The Bank is registered with the Ministry of Industry and Commerce under commercial registration number 9900 obtained in 1979 and its Ordinary Shares are listed in the Bahrain Bourse (erstwhile Bahrain Stock Exchange) since June 1989. Moody's has assigned the Bank Ba3 Issuer rating.

The main office of the Bank is situated at:

Al Salam Tower. Diplomatic Area, PO Box 5240, Manama, Kingdom of Bahrain

Board of Directors as of the date of this Announcement:

The following are the current members of the Bank's Board of Directors: Mr. Abdul Razak Abdulla Al Qassim (Chairman), Brig. Khalid Mohammed Al Mannai (Vice-Chairman), Mr. Talal Ali Al Zain (Director), Mr. Khalil Ebrahim Nooruddin (Director), Mr. Ebrahim Hussain Ebrahim Al Jassmi (Director), Mr. Osman Ebrahim Naser Al Askar (Director), Mr. Mohammed Ahmed Abdulla Ali (Director), Mrs. Fatima Abdulla Budhaish (Director), Mr. Mohamed Hedi Mejai (Director).

How to Apply:

Applicants should submit to the Receiving Bank a duly signed and completed Application Form together with cleared funds in the amount of subscription. The subscription currency is BHD. Remittance shall be made to the designated bank account with the Receiving Bank in one of the following modes:

- By wire transfer in BHD from an account maintained with another bank other than the Receiving Bank;
- By transferring BHD from an account with the Receiving Bank.
- By Managers Cheque in BHD
- No other modes of payment shall be accepted.

Applicants are responsible for ensuring that the Subscription Amounts are remitted to the designated account with the Receiving Bank on or before the Closing Date. Applicants transferring money into the designated account should present a copy of the wire transfer order along with the Application Form. All charges such as wire transfer charges, subscription application processing fees, collection charges, foreign currency conversion charges, managers cheque charges, special clearing charges and any other charges shall be borne by the Applicant. Applicants will receive a receipt of acknowledgement from the Receiving Bank on submission of their Application Form. No profit shall accrue or be payable to Applicants in respect of Subscription Amounts collected by the Receiving Bank regardless of whether such amounts are returned to the Applicant in whole or in part. For more information, please refer to the Offering Circular available at the Receiving Bank.

Other important details:

- The Subscription Period commences in Bahrain on the Opening Date, which is 15 November 2015, and closes at closing on Banking Business Hours on the Closing Date, which is 29 November 2015. Applicants may apply to subscribe for the Ordinary Shares at the Receiving Bank during normal business hours in Bahrain.
- Please note that there will be no halt of trading of shares on the Bahrain Bourse at any time before and during the Subscription Period.
- Copies of the Offering Circular and the Application Form can be collected from the designated branches of the Receiving Bank.
- Applicants need to present all necessary identification as stated in the Offering Circular and on the Application Form in order to fulfill "Know Your Customer" requirements and have their application considered for acceptance.

Directors' declaration:

The Directors of Bahrain Islamic Bank B.S.C. accept responsibility for the information contained in this announcement. To the best of the knowledge and belief of the Directors, who have taken all reasonable care to ensure that such is the case, the information contained in this announcement is in accordance with the facts and contains no omissions likely to affect the importance and completeness of this announcement.

For and On Behalf of the Board of Directors of Bahrain Islamic Bank B.S.C.:

Mr. Abdul Razak Abdulla Al Qassim, Chairman

Date: 08 November 2015