

Shareholders Rights and Obligations

Introduction

The Corporate Governance framework of Bahrain Islamic Bank (the “Bank” or “BISB”) protects and facilitates the shareholders rights and obligations, as set by the bank’s Memorandum of Association, Bahrain Bourse and the Central Bank of Bahrain.

Controllers and Minority Shareholders

All BISB’s shareholders are treated equally. All shares carry the same rights and all shareholders should be able to obtain information about the rights and obligations.

Minority shareholders must be protected from abusive actions by, or in the interest of, controlling shareholders acting either directly or indirectly, and must have effective means of redress.

The Controlling Shareholder is a legal or natural entity who holds 10% or more of the shares in a company or is able to exercise (or control the exercise) more than 10% of the voting power in the company. Whereas a Minor Shareholder is defined as a legal or natural entity who doesn’t control the management of the company or select its directors.

Shareholders Rights

Each share confers upon its holder equal rights and obligations. A shareholder shall have the following rights in particular:

- a. Receiving dividends approved for distribution to the shareholders.
- b. The right to division of its assets upon dissolution and liquidation. Upon distributing any profit, BISB shall pay profit to the shareholder who is registered in the Bank's records as the final shareholder, upon approval of the financial statements and dividends by the General Meeting as far as the Bank's assets are concerned the latest shareholders registered in the Bank's records will be the sole person who is entitled to receive the share value such in assets.
- c. Participating in the management of the Bank's business, whether at the General Meetings or the Board of Directors in accordance with the Bank's Articles of Association.
- d. Receiving a printed brochure including previous year's balance sheet, profit and loss account, the report of the Board of Directors and the report of the auditors.
- e. Filing actions do mining for revoking any resolution adopted by the General Assembly and the Board of Directors that is not in compliance with the applicable laws, Memorandum or Articles of Association.
- f. Disposing of the shares owned by him and enjoying a priority to subscribe for the new shares in accordance with provisions of the law.
- g. Having access to the Bank's records, obtaining photocopies or extracts thereof subject to the terms and conditions set out by these Articles, provided that the use of such documents shall not adversely affect the Bank's interest, its financial position or third parties.

Shareholders Obligations

Each share confers upon its holder equal obligations. A Board Member shall have the following obligation in particular:

- a. Payment of the outstanding installments.
- b. Payment of the expenses incurred by the Bank towards the unpaid installments and selling of shares.
- c. Refraining from any act that may deliberately be detrimental to the Bank.