

ANNOUNCEMENT TO THE SHAREHOLDERS OF BAHRAIN ISLAMIC BANK B.S.C.



Bahrain Islamic Bank B.S.C. ("BisB") shareholders are hereby notified that the Offeree Board Circular issued by the Board of BisB, the Offer Document issued by NBB and the Acceptance and Transfer Form ("Offer Documents") relating to the formal Voluntary Conditional offer by National Bank of Bahrain B.S.C. ("NBB") to acquire up to 100% of the issued and paid up ordinary shares of BisB subject to a minimum acquisition of 40.94% of the issued share capital of BisB, bringing NBB's total stake in BisB to a minimum of 70% for either cash or shares exchange at the option of each BisB shareholder ("NBB Offer") have been posted on the websites of BisB and Bahrain Bourse on 12 December 2019 (the "Posting Date").

The Offeree Board Circular contains the following:

- (i) The letter to the BisB shareholders from the Board;
- (ii) The letter to the BisB shareholders from the Independent Committee containing the Recommendation of the Independent Committee;
- (iii) The fairness opinion of the Professional Independent Adviser containing the advice and recommendation of the Professional Independent Advisor to the Independent Committee; and
- (iv) The Shari'a Supervisory Board Fatwa issued in relation to the NBB Offer.

Terms not defined herein are defined in the Offer Documents.

DISCLAIMER STATEMENT

THE OFFER DOCUMENTS HAVE BEEN FILED WITH THE CENTRAL BANK OF BAHRAIN IN ACCORDANCE WITH THE REQUIREMENTS OF THE CENTRAL BANK OF BAHRAIN RULEBOOK VOLUME 6, TAKEOVERS, MERGERS AND ACQUISITIONS MODULE.

THE CENTRAL BANK OF BAHRAIN, THE BAHRAIN BOURSE AND THE MINISTRY OF INDUSTRY, COMMERCE AND TOURISM, IN THE KINGDOM OF BAHRAIN, ASSUME NO RESPONSIBILITY FOR THE ACCURACY AND COMPLETENESS OF THE STATEMENTS AND INFORMATION CONTAINED IN THIS ANNOUNCEMENT AND EXPRESSLY DISCLAIM ANY LIABILITY WHATSOEVER FOR ANY LOSS HOWEVER ARISING FROM THE RELIANCE UPON THE WHOLE OR ANY PART OF THE CONTENTS OF THIS ANNOUNCEMENT.

DIRECTORS' DECLARATION

THE DIRECTORS OF BISB, ISSUING THIS ANNOUNCEMENT JOINTLY AND SEVERALLY, ACCEPT FULL RESPONSIBILITY FOR THE ACCURACY OF 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 ACCORD WITH THE TERMS OF THE OFFER RECEIVED FROM NBB AND CONTAINS NO MATERIAL OMISSIONS LIKELY TO AFFECT THE IMPORTANCE AND COMPLETENESS OF THIS ANNOUNCEMENT.

Shareholders should not rely on only this announcement but should refer to the contents of the Offer Document and the Offeree Board Circular. If you are in any doubt about the contents of this announcement and the aspects of the offer, you should consult a licensed securities dealer or licensed institution in securities, a bank manager, solicitor, professional accountant or other professional advisors.

DISPATCH OF OFFER DOCUMENTS TO SHAREHOLDERS

The Offer Documents will be dispatched by mail to all BisB shareholders whose names appeared in the BisB share register at their addresses as registered in the share register pursuant to the Central Bank of Bahrain Rulebook Volume 6, Takeovers, Mergers and Acquisitions Module.

The abovementioned documents are also available at the receiving desk of SICO B.S.C.(c) at Bahrain Bourse, at 5 branches of BisB in the Kingdom of Bahrain, namely the Head Office in Al Salam Tower, the Budaiya Financial Mall branch, the Hamad Town Financial Mall branch, the Arad Financial Mall branch and the Riffa Financial Mall branch and at 5 branches of NBB in the Kingdom of Bahrain, namely the Main Branch in Manama, the Tubli Branch, the Seef Mall Branch, the Atrium Mall Branch and the Al Istiqlal Highway Branch. Alternatively, any BisB shareholder who wishes to receive electronic copies of the Offer Documents may email Ms. Nada Ishaq Abdul Kariam, Board Secretary, at nada.ishaq@bisb.com.

DETAILS OF THE OFFER

Securities for which the Offer will be made
The NBB Offer is to acquire up to 100% of the issued and paid up ordinary shares of BisB subject to a minimum acquisition of 40.94% of the total issued share capital of BisB, bringing NBB's total stake in BisB to a minimum of 70% for either cash or shares exchange at the option of each shareholder of BisB.

BisB is registered with the Ministry of Industry, Commerce and Tourism ("MOICT") under Commercial Registration number 9900 as a Public Bahraini Shareholding Company whose ordinary shares are listed on Bahrain Bourse ("BHB").

THE OFFEROR

NBB is registered with the MOICT under commercial registration number 269 as a Public Bahraini Shareholding Company whose ordinary shares are listed on BHB.

SHAREHOLDING IN BAHRAIN ISLAMIC BANK B.S.C.

NBB has not purchased or sold BisB shares during the 12-month period prior to the date of this announcement and holds 309,206,266 BisB shares representing 29.06% of the issued share capital of BisB as of the date of this announcement. Some of the directors of NBB hold BisB shares as highlighted in section 8 of the offer document.

CONSIDERATION OF THE OFFER

The consideration for the cash offer is BHD 0.117 per BisB share provided that the NBB Offer becomes unconditional after the fulfilment, or waiver by NBB, of the Conditions Precedent detailed in section 3.6 of the NBB Offer Document. Assuming that all BisB shareholders avail of the cash offer, the total value of the NBB Offer would be BHD 88,317,721.557.

The consideration for the share exchange offer provided as an alternative to the cash offer at the option and discretion of each BisB shareholder is the issue of new NBB shares at a share exchange ratio of 0.167 new NBB shares per BisB share provided that the NBB Offer becomes unconditional after the fulfilment, or waiver by NBB, of the Conditions Precedent detailed in section 3.6 of the NBB Offer Document.

BisB shareholders are notified that NBB is a conventional retail financial institution and as such the new NBB shares offered as an alternative to the cash offer are not a Shari'a compliant investment.

The cash consideration payable by NBB for acceptances of the cash offer will be financed through internal accruals. The shares to be issued by NBB for acceptances of the share exchange offer provided as an alternative to the cash offer at the option and discretion of each BisB shareholder will be financed through an issue of up to 145,000,000 new NBB shares approved pursuant to the NBB EGM held on 24 November 2019.

SHAREHOLDERS ELIGIBLE FOR THE OFFER

BisB shareholders whose names appear in the BisB Share register two (2) Business Days after the Last Trading Date, i.e. one (1) Business Day after the Suspension of Trading Date for BisB Shares, are eligible to receive the NBB Offer

CONDITIONS PRECEDENT TO THE OFFER

The implementation of the NBB Offer will be subject to the fulfilment, or waiver by NBB where applicable, of the following conditions precedent:

1. Acceptances are received in respect of at least 435,634,745 BisB shares representing 40.94% of the entire issued share capital of BisB, which would result in total ownership by NBB of at least 70% of the total issued share capital of BisB;
2. Receipt of all regulatory and statutory approvals in connection with the NBB Offer;
3. The shareholders of NBB approving the increase in issued and paid up capital of NBB and waiving their statutory rights of pre-emption in respect of those shares in favour of BisB shareholders provided that the NBB Offer becomes unconditional after the fulfilment, or waiver by NBB, of the Conditions Precedent;
4. BisB does not undertake any of the following from the date of NBB's Firm Intention to make the NBB Offer until the expiration of the Offer Period:
 - (a) issue any shares and /or distribute cash dividends;
 - (b) create, issue or grant, or permit the creation, issue or grant of, any convertible securities, options or warrants in respect of shares of the BisB;
 - (c) other than in the normal course of business, sell, dispose of or acquire assets;
 - (d) enter into contracts, including service contracts, otherwise than in the ordinary course of business, including contracts or actions which may give rise to any contingent liability;
 - (e) cause BisB or any subsidiary or associate of BisB to purchase or redeem any shares in BisB or provide financial assistance for any such purchase;
 - (f) acquire any company, partnership, other business organization or division thereof, or enter into any joint venture, or strategic alliance;
 - (g) enter into any commitment, agreement or arrangement for assumption of third-party financing or bank debt or any other loan or debt, nor obtain or procure any such financing for BisB;
 - (h) make any changes in the memorandum and articles of association or nature of bank licence or registered address of BisB;
 - (i) amend, waive, modify or consent to the termination of any contract or the BisB's rights thereunder other than in the ordinary course of business consistent with past practice;
 - (j) enter into any contract which is not in the ordinary course of business with any related party;
 - (k) enter into any formal or informal agreement, or otherwise make a commitment to do any of the foregoing; or
 - (l) carry out any actions prohibited by the Central Bank of Bahrain Rulebook Volume 6, Takeovers, Mergers and Acquisitions Module.

OFFER PERIOD AND ACCEPTANCE PROCEDURES

The NBB Offer will be open for acceptance from 18 December 2019 (the "Offer Opening Date") to the Initial Offer Closing Date, which is the fifteenth day from the date of announcement of the offer having been revised or become unconditional, whichever is later, subject to extension and subject to the Final Closing Date, which is the Initial Offer Closing Date, or fifteen calendar days from the date the Offer is revised or announced as unconditional, whichever is later (the "Offer Period").

Please refer to section 4 'Procedures for accepting the Offer' of the NBB Offer Document for further details.
An announcement will be made by BisB upon the fulfilment of the conditions precedent to the NBB Offer.

In the event that the conditions precedent to the NBB Offer are not fulfilled, then the rejection of the NBB Offer will be communicated to the BisB shareholders.

All announcements will be made in local newspapers in the Kingdom of Bahrain, and through the BHB and will be available on the website of BisB.

In the event that the NBB Offer is declared unconditional, the offer will remain open for acceptance by shareholders of BisB for a further 15 calendar days from the date of such declaration.

SUSPENSION OF TRADING

Trading in BisB shares will be suspended on the BHB one (1) business day before the Offer Opening Date, and will remain suspended until one (1) Business Day after the Offer Settlement Date.

BisB shareholders willing to accept the NBB Offer may potentially be holding the BisB shares in one of the following forms:

- (a) shares in dematerialised form held in a brokerage account with a registered broker in the BHB;
- (b) shares in dematerialized form held in the CSD of Bahrain Clear; or
- (c) shares in physical form with an original share certificate only.

SETTLEMENT

For those BisB shareholders accepting the cash offer, the settlement shall be effected on the Settlement Date by wire transfer in BHD from an account held with NBB to the account of the BisB shareholder indicated on the Acceptance and Transfer Form unless:

- i) the BisB shareholder has not provided sufficient account details to process such transfer (such as an absence of an IBAN or account number for an account in the name of the BisB Shareholder); or
- ii) has elected in the Acceptance and Transfer Form to collect a manager's cheque as an alternative to the wire transfer.

Where the BisB shareholder has not provided sufficient account details to process such transfer (such as an absence of an IBAN number for an account in the name of the BisB shareholder) or has elected in the Acceptance and Transfer Form to collect a manager's cheque as an alternative to the wire transfer, a manager's cheque will be made available for collection by the relevant BisB Shareholder from NBB's Main Branch at Building 120, Government Road, Block 316 Manama, Kingdom of Bahrain during its opening hours from the Settlement Date to the date falling six months after the Settlement Date.

No other modes of payment shall be effected and all settlement shall be net of any bank or related charges.

All charges such as wire transfer charges, processing fees, collection charges, foreign currency conversion charges, managers cheque charges, special clearing charges shall be borne by the BisB shareholder.

For those BisB shareholders accepting the share exchange offer provided as an alternative to the cash offer at the option and discretion of each BisB shareholder, settlement will be made by exchanging the new NBB shares in electronic form, for BisB shares as per the prescribed share exchange ratio. Such exchange shall be effected on the Settlement Date.

BisB shareholders who have accepted the share exchange offer provided as an alternative to the cash offer at the option and discretion of each BisB shareholder will be notified of their allotment by an allotment notice, upon which the BisB shares held by them will be transferred to NBB and new NBB shares credited to their account with the BHB (provided that the NBB Offer becomes unconditional after the fulfilment, or waiver by NBB, of the Conditions Precedent).

Further details are included in the Offer Documents that have been sent to the shareholders of BisB pursuant to the Central Bank of Bahrain Rulebook Volume 6, Takeovers, Mergers and Acquisitions Module.

*These dates are subject to changes and depend on the date of declaration of the NBB Offer having been revised or become unconditional, whichever is later. Announcements will be made in accordance with the CBB regulations to BisB Shareholders, as applicable.

KEY DATES

Offer Documents Posting Date	12 December 2019
Last Trading Date	12 December 2019
Suspension of Trading Date for BisB shares	15 December 2019
Offer Opening Date	18 December 2019
Initial Offer Closing Date*	2 January 2020
Final Offer Closing Date*	To be announced
Offer Acceptance / Rejection Announcement Date*	To be announced
Settlement Date*	To be announced
Resumption of Trading Date for BisB shares*	To be announced

KEY PARTIES

The Offeree Bahrain Islamic Bank B.S.C. P.O. Box 5240, Al Salam Tower Diplomatic Area, Manama Kingdom of Bahrain Tel: (973) 17515151 Fax: (973) 17535808	The Offeror National Bank of Bahrain B.S.C. P.O. Box 108, NBB Tower Government Avenue, Manama Kingdom of Bahrain Tel: (973) 17228800 Fax: (973) 17228998
Share Registrar Bahrain Clear B.S.C. 4th Floor, Harbour Gate, Bahrain Financial Harbour, Manama, Kingdom of Bahrain Tel: (973) 17108781	Legal Advisor to the Offeree Zu'bi & Partners Attorneys & Legal Consultants GBCORP Tower, 16th Floor Building 1411, Road 4626, Block 346, Bahrain Financial Harbour District, P.O. Box 2397 Manama, Kingdom of Bahrain Tel: (973) 17538600 Fax: (973) 17532342
Receiving Agent SICO B.S.C. 1st Floor, BMB Centre, Diplomatic Area, P.O. Box 1331, Manama, Kingdom of Bahrain Tel: (973) 17515000 Fax: (973) 17514000	Professional Independent Advisor to the Offeree Gulf International Bank B.S.C. Al-Dowali Building 3 Palace Avenue P.O. Box 1017 Manama, Kingdom of Bahrain Tel: (973) 17 534000