

INVESTCORP

Memorandum and Articles
Of Association
(As Amended October 2009)

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INVESTCORP BANK B.S.C.

Bahraini Public Shareholding Company

On this 19th day of Shawwal 1430 AH corresponding to the 8th day of October 2009 AD. Before me the Notary Public, Basima Ahmed Al Samahiji.

There appeared:

The Shareholders of Investcorp Bank B.S.C., a Bahraini Public Shareholding Company, incorporated in the Kingdom of Bahrain and registered in the Commercial Register under No. 12411 on May 15, 1982 (the "Company"), represented for the purposes hereof by Mr. Hatim Sharif Zu'bi, Bahraini national, CPR 270600264, as per written authorization from Mr. Nemir Amin Kirdar, Executive Chairman and Chief Executive Officer of the Bank (as per the Signature Book of the Bank) and pursuant to Resolution No. 3 of the Extraordinary General Meeting ("EGM") convened on September 30, 2009 at Manama, Kingdom of Bahrain.

Whereas:

1. INVESTCORP BANK B.S.C. is a Public Shareholding Company incorporated in the Kingdom of Bahrain and registered in the Commercial Register under No. 12411 on May 15, 1982 (the "Company").
2. The Company's original Memorandum and Articles of Association were (a) amended on March 13, 2001, such amendments having been notarized by the Notary Public of Bahrain under Serial No. 2001005857 on March 13, 2001; (b) supplemented on May 15, 2001, such supplement having been notarized at the Notary Public in Bahrain under Serial No. 20010134307 on May 7, 2001; (c) amended on December 24, 2002, such amendments having been notarized by the Notary Public of Bahrain under Serial No. 2002037516 on December 24, 2002; (d) further amendments were made on April 29, 2003 having been notarized by the Notary Public of Bahrain under Serial No. 2003012253 on April 29th 2003, (e) amended on December 11, 2006, such amendments having been notarized by the Notary Public of Bahrain under Serial No. 2006045869, (f) supplemented on June 30, 2009, such supplement having been notarized at the Notary Public in Bahrain under Serial No. 2009025827 on June 30, 2009, such supplement having been amended on July 17, 2009 and August 13, 2009, such amendments having been notarized at the Notary Public in Bahrain under Serial No. 2009028332 and 2009032455, respectively, on said dates; and (g) supplemented on August 13, 2009 having been notarized at the Notary Public in Bahrain under Serial No. 2009032456 on August 13, 2009.
3. The EGM held on September 30, 2009 passed Resolution No. 3 to amend Article (6) of each of

the Memorandum and Articles of Association to increase the authorized and issued share capital of the Company and to eliminate any references to the Series A Preference Shares of the Company . The EGM also passed Resolution No. 3 whereby the Executive Chairman and Chief Executive Officer and each of the appointed designees, jointly and severally, were authorised to obtain the final approval of the amendment of the Memorandum and Articles of Association adopted by the EGM and to sign on behalf of the Company all the necessary documents needed by all competent official agencies.

4. The Executive Chairman and Chief Executive Officer by the letter dated 30 December 2008 delegated two members from Hatim S. Zu'bi & Partners [and/ or any other individual named in the Commercial Registration of the Company] to sign on behalf of the Shareholders on the amendment of the Memorandum and Articles of Association herein as provided hereinafter.

It is agreed as follows:

Article 1: Recitals Deemed Part of the Memorandum of Association

The recitals hereinabove shall be deemed to be an integral part of this Memorandum ("Memorandum") and shall be read and construed with it for all intents and purposes.

Article 2: Name of the Company

The name of the Company shall be "INVESTCORP BANK B.S.C.", a Bahraini Public Shareholding Company

Article 3: Head Office of the Company

The Head Office of the Company and its legal domicile will be situated in Manama, Kingdom of Bahrain. The Board of Directors may establish subsidiaries, branches, offices and agencies of the Company in the Kingdom of Bahrain and abroad.

Article 4: Duration of the Company

The duration of the Company shall be indefinite and shall be subject to termination by resolution of the shareholders adopted at an EGM providing for dissolution or merger of the Company with another company.

Article 5: Objects of the Company

The objects of the Company shall be as provided herein and may be exercised, subject to the provisions of the applicable laws, rules, regulations and orders in force, including those imposed by the Central Bank of Bahrain ("CBB", which shall be deemed to include any successor thereto), from time to time, provided that the necessary licenses shall be issued for carrying on such business activities:

1. to undertake all kinds of financial, commercial and other operations on its own behalf or on behalf of its clients in order to conduct any type of investment business whatsoever and wheresoever situated; and to provide investment management, advisory, trust and custodial services for individuals, companies, financial institutions and government establishments;
2. to undertake all forms of securities business including, without limitation, underwriting, placing of and trading in securities, and financing and procuring others to finance the issue, acquisition or disposal of investments of all kinds; to invest in, acquire, deal in and hold shares, bonds, other securities, options, contracts, precious metals and commodities; to render advisory services for investments and capital raising; and to carry out for its own account, or for the account of others, hedge fund operations, swaps, options and all kinds of derivative transactions whatsoever;
3. to make loans and advances to non-residents on mutually agreed terms, provided such loans or advances are not in the form of an overdraft; and to make loans and advances to residents subject to the regulations of the CBB;
4. to accept deposits from financial institutions and government establishments in the Kingdom of Bahrain and abroad and in any currency and at call or on fixed deposit; and to accept deposits from non-banks outside Bahrain at call or on fixed deposit in accordance with the regulations of the CBB;
5. to act as custodian, trustee, secretary, registrar and transfer agent; to maintain books of accounts, minute books and company books; and to act and provide the services of directors and other corporate services;
6. to undertake all kinds of foreign exchange or brokerage business; and to undertake the management, supervision or control of the operations of any company or undertaking dealing therewith;
7. to act as promoter, partner, member, associate or manager of any company, partnership, joint venture, trust or other enterprise;
8. to provide expertise, consultancy, assistance, data processing or advisory services; and to provide investment and financial training;
9. to act as a holding company within the Kingdom of Bahrain and abroad; to promote, establish, acquire, own (wholly or partly) and hold interests in other companies, financial establishments, banking institutions, investment funds, real estate companies, companies carrying on any lawful business and other legal entities; to have an interest in or participate in any manner with any such company or entity that carries on similar business activities to assist it in the attainment of the Company's objects both inside and outside the Kingdom of Bahrain; and to merge with, acquire or otherwise be amalgamated with any such company or entity in accordance with the provisions of the Law and its Implementing Regulations;
10. to carry on any business directly or through the agency of any subsidiary, allied or associated company; to enter into any agreement with any such company for taking profits from and bearing the losses of any business so undertaken; to finance or guarantee the liabilities of any such company; and to make any other arrangement which may seem desirable, including the power to discontinue any such business;

11. to purchase or otherwise acquire, lease, use, sell, mortgage, transfer or otherwise dispose of or deal in or with real and personal property or any interest therein, wheresoever situate, and all or any part of the Company's property or assets;
12. to enter into contracts and guarantees; to incur liabilities; to borrow money; to issue its own notes, bonds (in the manner prescribed by the Law) and other obligations; to secure any of its obligations by creating encumbrances of any kind over all or any of its assets of whatever nature; and to draw, accept, endorse, discount, negotiate, issue, buy, sell and deal in bills of exchange, promissory notes and other negotiable or transferable instruments;
13. to lend money for the purpose of attaining its own objects; to invest and reinvest its funds; to take and hold real and personal property as security for the payment of funds so loaned or invested; and to purchase its own shares in accordance with the provisions of the Law;
14. to subsidize, assist or guarantee the payment of money or the performance of any contract or obligation by any natural or juristic person or other enterprise;
15. to lend money and use its credit for the purpose of assisting its employees;
16. to support any charitable or public institution; to give pensions, gratuities or charitable aid to any person who may have served the Company; to form and contribute special benefit, pension, provident or performance incentive funds, incentive equity ownership, equity programs or other bonus or compensation programs for officers and employees of the Company; and to subsidize or assist any association of employers or employees or any trading association;
17. to issue shares of any class or series; and to issue debentures of any tenor, including, but not limited to, senior and subordinated debentures, debentures convertible into shares of the Company and debentures secured by assets of the Company, its subsidiaries or its allied or associated companies;
18. to establish, manage and market collective investment schemes, and to act in various capacities in relation thereto, including, without limitation, in the capacity of investment advisor, investment manager or investment administrator;
19. after first obtaining approval from the CBB and the Ministry of Industry and Commerce, to enter into agreements with insurance companies operating in the Kingdom of Bahrain and abroad within the scope of the provisions of applicable laws for the purpose of acting as broker for the promotion and sale of all types of insurance services and related policies and to form subsidiary companies, alone or with others, and in any part of the world and to the extent permitted by law, for the purpose of carrying on the business of insurance, reinsurance, co-insurance and counter insurance of all classes and guarantee and indemnity business of all kinds;
20. to enter into transactions with related parties as may be deemed incidental or conducive to the attainment of the above objects or any of them; and
21. to do all such things as may be deemed incidental or conducive to the attainment of the above objects or any of them; and to do all or any of the above things either as principal, agent, contractor or otherwise and either alone or in conjunction with others and either by or through agents, sub-contractors or otherwise.

Article 6: Share Capital of the Company

(a) The authorized capital of the Company is US\$ 2,000,000,000 (Two Billion United States Dollars), divided into (i) 4,000,000 (Four Million) ordinary shares, each with a nominal value of US\$250 (Two Hundred Fifty United States Dollars) or such other nominal value as may be determined in accordance with the Articles of Association of the Company and (ii) such additional shares, including, without limitation, preference and other types of shares as may be approved from time to time by the Company's shareholders pursuant to a resolution adopted at an EGM.

(b) The issued capital shall be:

(i) the amount of US\$ 700,000,000 (Seven Hundred Million United States Dollars) divided into (A) 800,000 (Eight Hundred Thousand) ordinary shares, each with a nominal value of US\$ 250 (Two Hundred Fifty United States Dollars) or such other nominal value as may be determined in accordance with the Articles of Association of the Company, (B) 400,000 (Four Hundred Thousand) Series B preference shares, each with a nominal value of US\$1,000 (One Thousand United States Dollars) and issued on the terms and subject to the conditions set out in Appendix B of the Memorandum and Articles of Association of the Company and (C) 100,000 (One Hundred Thousand) Series C preference shares, each with a nominal value of US\$1,000 (One Thousand United States Dollars) and issued on the terms and subject to the conditions set out in Appendix C of the Memorandum and Articles of Association of the Company; and

(ii) such number of additional shares (including without limitation, ordinary shares, preference shares and other types of shares) as shall be issued by the Company from time to time, pursuant to a resolution of the Company's shareholders adopted at an EGM, *provided that* (A) the aggregate nominal value(s) of all issued ordinary shares shall not exceed US\$1,000,000,000 (One Billion United States Dollars), (B) the aggregate nominal value of all other issued shares shall not exceed US\$1,000,000,000 (One Billion United States Dollars), (C) the aggregate nominal value(s) of all issued shares shall not exceed the authorized capital, and (D) in each case, such additional shares shall be issued in accordance with the Law, this Memorandum and the Articles of Association of the Company.

(c) Additional shares issued pursuant to paragraph (b)(ii) of this Article 6 shall be evidenced by a supplement to this Memorandum and Articles of Association of the Company filed with the Ministry of Industry and Commerce by persons duly authorized by the Company's shareholders for such purpose. Any such supplement shall take effect as an integral part of this Memorandum and Articles of Association of the Company.

Article 7: Amendments

The provisions of this Memorandum may be amended in accordance with the Law by resolution of the shareholders acting pursuant to an EGM.

Article 8: Articles of Association

The Articles of Association attached to this Memorandum shall be deemed to be complementary to and form an integral part hereof.

Article 9: No Objection Notice

This Memorandum has been made pursuant to a notice of no objection received from the Directorate of Company Affairs by their letter dated 6/10/2009 AD and under No.12411.

Article 10: Expenses and Fees

All expenses and fees in respect of this Memorandum shall be paid out of and charged to the general expenses of the Company.

Signed on behalf of all shareholders of Investcorp Bank B.S.C.

Hatim S. Zu'bi

This Memorandum has been made in one original and three copies and has been signed, after it was read, by all the parties and by me, and the parties concerned have received four copies hereof to act in accordance herewith.

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INVESTCORP BANK B.S.C.

Bahraini Public Shareholding Company

On this 19th day of Shawwal 1430 AH corresponding to the 8th day of October 2009 AD Before me the Notary Public.

There appeared:

The Shareholders of Investcorp Bank B.S.C., a Bahraini Public Shareholding Company, incorporated in the Kingdom of Bahrain and registered in the Commercial Register under No. 12411 on May 15, 1982 (the "Company"), represented for the purposes hereof by Mr Hatim Sharif Zu'bi, Bahraini national, CPR No. 270600264, as per written authorization from Mr. Nemir Amin Kirdar, Executive Chairman and Chief Executive Officer of the Bank (as per the Signature Book of the Bank) and pursuant to Resolution No 3 of the Extraordinary General Meeting ("EGM") convened on September 30, 2009 at Manama, Kingdom of Bahrain.

Chapter I: Incorporation

Article 1: Incorporation

INVESTCORP BANK B.S.C. (the "Company") has been incorporated in the Kingdom of Bahrain as a Bahraini Public Shareholding Company and registered in the Commercial Register under No. 12411 on May 15, 1982. The Memorandum and Articles of Association were (a) amended on March 13, 2001, such amendments having been notarized at the Notary Public in the Kingdom of Bahrain under Serial No. 2001005857 on March 13, 2001; (b) supplemented on May 15, 2001, such supplement having been notarized at the Notary Public in the Kingdom of Bahrain under Serial No. 20010073248 on May 7, 2001; and (c) amended on December 24, 2002 as required by the Business of the Company and in Compliance with the Commercial Companies Law No. 21/2001 as amended, such amendments having been notarized by the Notary Public in the Kingdom of Bahrain under Serial No. 2002037516 on December 24, 2002; (d) amended on April 29, 2003, such amendments having been notarized by the Notary Public in the Kingdom of Bahrain under serial No. 2003012253 on April 29, 2003; (e) amended on December 11, 2006, such amendments having been notarized in the Kingdom of Bahrain under Serial No. 2006045869 on December 11, 2006; (f) supplemented on June 30, 2009, such supplement having been notarized at the Notary Public in Bahrain under Serial No. 2009025827 on June 30, 2009, such supplement having been amended on July 17, 2009 and August 13, 2009, such amendments having been notarized at the Notary Public in Bahrain under Serial No. 2009028332 and 2009032455, respectively, on said dates; (g) supplemented on August 13, 2009 having been notarized at the Notary Public in Bahrain under Serial No. 2009032456 on August 13, 2009; and (h) pursuant to Resolutions passed by the shareholders at the EGM of the Company held on September 30, 2009, the Articles of

Association of the Company are hereby additionally amended.

Article 2: Name of the Company

The name of the Company shall be "INVESTCORP BANK B.S.C.", a Bahraini Public Shareholding Company.

Article 3: Objects of the Company

The objects of the Company shall be as provided in Article 5 of the Memorandum of Association of the Company (the "Memorandum").

Article 4: Head Office of the Company

The Head Office of the Company and its legal domicile will be situated in Manama, Kingdom of Bahrain. The Board of Directors may establish subsidiaries, branches, offices and agencies of the Company in the Kingdom of Bahrain and abroad.

Article 5: Duration of the Company

The duration of the Company shall be indefinite and shall be subject to termination by resolution of the shareholders adopted at an EGM providing for dissolution or merger of the Company with another company.

Article 6: Capital of the Company

- (a) The authorized capital of the Company is US\$2,000,000,000 (Two Billion United States Dollars), divided into (i) 4,000,000 (Four Million) ordinary shares, each with a nominal value of US\$250 (Two Hundred Fifty United States Dollars) or such other nominal value as may be determined in accordance with the Articles of Association of the Company and (ii) such additional shares, including, without limitation, preference and other types of shares as may be approved from time to time by the Company's shareholders pursuant to a resolution adopted at an EGM.
- (b) The issued capital shall be:
 - (i) the amount of US\$ 700,000,000 (Seven Hundred Million United States Dollars) divided into (A) 800,000 (Eight Hundred Thousand) ordinary shares, each with a nominal value of US\$250 (Two Hundred Fifty United States Dollars) or such other nominal value as may be determined in accordance with the Articles of Association of the Company and (B) 400,000 (Four Hundred Thousand) Series B preference shares, each with a nominal value of US\$1,000 (One Thousand United States Dollars) and issued on the terms and subject to the conditions set out in Appendix B of these Memorandum and Articles of Association of the Company and (C) 100,000 (One Hundred Thousand) Series C preference shares, each with a nominal value of US\$1,000 (One Thousand United States Dollars) and issued on the terms and subject to the conditions set out in Appendix C of the Memorandum and Articles of Association of the Company; and

- (ii) such number of additional shares (including without limitation, ordinary shares, preference shares and other types of shares) as shall be issued by the Company from time to time, pursuant to a resolution of the Company's shareholders adopted at an EGM, *provided that* (A) the aggregate nominal value(s) of all issued ordinary shares shall not exceed US\$1,000,000,000 (One Billion United States Dollars), (B) the aggregate nominal value of all other issued shares shall not exceed US\$1,000,000,000 (One Billion United States Dollars), (C) the aggregate nominal value(s) of all issued shares shall not exceed the authorized capital, and (D) in each case, such additional shares shall be issued in accordance with the Law, this Memorandum and these Articles.
- (c) The shareholders shall, pursuant to a resolution adopted at an EGM, have the power, from time to time, to determine the class(es) and series of shares issued or to be issued pursuant to paragraph (b)(ii) of this Article 6, the numbers of shares of each such class or series, the nominal value(s) of such shares, and the rights, terms and conditions of such shares in accordance with the Law, the Memorandum and these Articles.
- (d) Additional shares issued pursuant to paragraph (b)(ii) of this Article 6 shall be evidenced by a supplement to the Memorandum and these Articles filed with the Ministry of Industry and Commerce by persons duly authorized by the Company's shareholders for such purpose. Any such supplement shall take effect as an integral part of the Memorandum and these Articles.
- (e) For the purpose of these Articles, the term "share" means ordinary shares, preference shares and other types of shares as may from time to time be provided for in the Law and the term "*capital*" includes all the issued and paid-up shares, except to the extent that any class or any series of any class of shares shall be excepted there from by the Ministry of Industry and Commerce or its successor.
- (f) The shareholders shall be entitled to delegate all of their rights and powers under this Article 6 to the Board of Directors of the Company pursuant to a resolution to such effect adopted at an EGM

Article 7: Rights and Obligations in Relation to Shares

- (a) The rights and obligations of the Company, the shareholders of the Company and the Board of Directors in relation to the shares of the Company shall be as set out in the Law and, to the extent not inconsistent therewith, the following:
 - (i) Shares of each class or series shall confer identical rights and obligations in relation to those shares on the owners thereof. The shares of different classes and series may confer rights and obligations on the owners thereof that are different from the rights and obligations in relation to other classes and series of shares, provided that all holders of the ordinary shares of the Company (but not the holders of any other class of shares) shall have priority rights to subscribe for any increase in the ordinary share capital of the Company in accordance with Article 9 of these Articles.

- (ii) The rights and obligations of the holders of preference and other types of shares (other than ordinary shares) issued by the Company from time to time shall be as set out in the terms and conditions for such shares established at the issuance thereof (as amended from time to time in accordance therewith) or pursuant to a resolution of the holders thereof adopted in accordance with such terms and conditions and, to the extent applicable, these Articles.
- (b) The holding of a share of the Company inevitably implies the shareholder's acceptance of the Company's Memorandum and Articles of Association and the terms and conditions pursuant to which such shares were issued (as amended from time to time in accordance therewith).

Article 8: Register of Shareholders

There shall be maintained in the Head Office of the Company, or at the office of the Registrar of Shares appointed by the Company, a Register of Shareholders for each class and series of shares issued by the Company, which Register(s) of Shares shall be maintained in accordance with the requirements of the Law. Transfers and mortgages of shares by the Company's shareholders and the dates of such transfers and mortgages shall be included in such Register(s).

Chapter II: Alteration of Capital

Article 9: Increase of Capital

- (a) The authorized capital of the Company may be increased by a resolution of the shareholders at an EGM in accordance with the Law and subject to the approval of the Central Bank of Bahrain ("CBB" which shall be deemed to include any successor thereto) and the Ministry of Industry and Commerce.
- (b) The issued capital of the Company may be increased in accordance with paragraph (b)(ii) of Article 6 of these Articles. If the increase of issued capital involves the issue of new ordinary shares, the holders of the existing ordinary shares of the Company shall have a priority right to subscribe for such new ordinary shares, which right constitutes a right to subscribe, on a priority basis, for the same percentage of such new ordinary shares as the percentage of existing ordinary shares owned by such ordinary shareholder on the applicable record date for the issue, provided that if the new ordinary shares are also being offered for public subscription, the ordinary shareholders shall also have priority to subscribe for additional new ordinary shares before they are offered to the public.
- (c) If, in connection with the issuance of new ordinary shares of the Company, all of such new ordinary shares are not subscribed for by the holders of the Company's existing ordinary shares in proportion to their ordinary shareholding at the time of such issue, the remaining new ordinary shares may be (i) sold to one or more underwriters (which may include natural and juristic persons) who, prior to commencement of the issue, commit jointly and/or severally to subscribe for such remaining ordinary shares, or if no underwriting arrangements are made under Article 93 of the Law, (ii) offered (A) to the ordinary shareholders of the Company (if they wish to purchase

more than their percentage entitlement), (B) to the public (subject to the proviso set out in paragraph (b) of this Article 9), or (C) to any other purchasers on a private placement basis, or (iii) cancelled, in each case, as determined by the shareholders by resolution at an Ordinary General Meeting or by the Board of Directors pursuant to a delegation from the shareholders adopted by resolution at an Ordinary General Meeting.

- (d) The priority right to subscribe for new shares issued by the Company shall be limited to the holders of the ordinary shares of the Company and, in the case of such ordinary shareholders, shall be limited to a priority right to subscribe for new ordinary shares only. The priority rights, if any, of the holders of classes of shares of the Company, other than ordinary shares, and of the holders of ordinary shares in relation to another class of shares shall be determined in accordance with the terms and conditions of issue for such other shares (as amended from time to time in accordance therewith).

Article 10: Reduction of Capital

- (a) The Company may, pursuant to a resolution of the shareholders adopted at an EGM and with the approval of the Ministry of Industry and Commerce and the CBB, decide to reduce the Company's capital in the manner provided for in the Law.
- (b) A redemption of shares, other than ordinary shares, pursuant to the terms for such redemption established at the time that such shares were issued (or as amended from time to time in accordance therewith) shall not constitute a reduction of capital for the purpose of paragraph (a) of this Article 10, but shall be subject to the approval of the Ministry of Industry and Commerce and the CBB.
- (c) Any reduction of capital or other redemption of shares as provided in this Article 10 shall be evidenced by a supplement to the Memorandum and these Articles filed with the Ministry of Industry and Commerce by persons duly authorized by the Company's shareholders for that purpose. Any such supplement shall take effect as an integral part of the Memorandum and these Articles.

Article 11: Consolidation of Shares

- (a) The Company, with the approval of the Ministry of Industry and Commerce and the CBB may consolidate all or any of its shares in any class into shares of a larger nominal value than the existing nominal value of the shares in that class by means of a reverse stock split and, in connection with such consolidation, exchange existing share certificates for new share certificates representing the shares as consolidated, provided that any such consolidation shall only be made with the approval of the holders of the class or classes of shares so affected pursuant to an EGM, or with the approval of the Board of Directors pursuant to a resolution of such shareholders at an EGM delegating such authority to the Board of Directors.
- (b) If, as a result of the consolidation of shares in accordance with paragraph (a) of this Article 11, any shareholder may be entitled to a fraction of a share, the Board of Directors shall aggregate all

such fractions and sell them for the benefit of such shareholders pro rata.

- (c) Any consolidation of shares pursuant to this Article 11 shall be evidenced by a supplement to the Memorandum and these Articles filed with the Ministry of Industry and Commerce by persons duly authorized by the shareholders or, as the case may be, the Board of Directors for such purpose. Any such supplement shall take effect as an integral part of the Memorandum and these Articles.
- (d) The Company shall enter in the relevant Register of Shareholders the number of shares, as consolidated, owned by each of the holders thereof. The resulting entries in the Register of Shareholders shall be conclusive evidence as to the number of shares so consolidated.

Chapter III: Debentures

Article 12: Issues of Debentures

The Company may issue debentures (including, without limitation, debentures convertible into shares in the capital of the Company) in accordance with the Law, subject to the approval of the CBB.

Chapter IV: Administration of the Company

Article 13: Board of Directors

- (a) The Company shall be administered by a Board of Directors consisting of no less than five (5) and no more than twenty (20) members, such number to be determined from time to time by the shareholders by resolution adopted at an Ordinary General Meeting.
- (b) Directors shall meet the qualifications required by the Law and shall be elected or appointed in accordance with the Law.
- (c) Save as otherwise provided by the Law, each director shall be elected for a three-year renewable term.

Article 14: Meetings of the Board of Directors

- (a) Meetings of the Board of Directors shall be summoned and conducted in accordance with the Law.
- (b) A Director may grant a proxy to another Director or to a representative of the corporate entity represented by said Director on the Board of Directors. A meeting of the Board of Directors shall be valid only if attended in person or by proxy by at least one half of the Directors, provided that in the event of any attendance by proxy, the number of proxies present shall not exceed two and the minimum attendance quorum stated herein shall include the Chairman or, in his absence, the Deputy Chairman.
- (c) Resolutions of the Board of Directors shall be adopted by a simple majority vote of the directors in attendance. If a vote is tied, the Chairman or the Deputy Chairman shall have a casting vote.
- (d) The Board of Directors may adopt resolutions by correspondence, including letters, telegrams, telex, facsimile or e-mail, provided that, in order for resolutions taken in this manner to be valid,

they shall be approved by a majority of three-quarters of the Directors concerned. Resolutions so adopted shall be entered in the minutes of the next meeting of the Board of Directors.

- (e) Directors and members of Executive Committees may participate in meetings through the use of a conference telephone or similar communication equipment, so long as all those participating in the meeting can hear each other. Minutes of such meeting shall be kept and they shall be signed by all Directors who participated in such meeting, provided that in order for the resolutions taken in this manner to be valid, they shall be approved by a majority of three-quarters of the relevant members. Participation by Directors in a meeting conducted in the aforesaid manner constitutes attendance in person at such meeting.
- (f) A dissenting Director must record his objection in the minutes of the meeting.

Article 15: Chairman, Deputy Chairman, Executive Chairman and Chief Executive Officer

- (a) The Board of Directors shall elect from amongst its members its Chairman and Deputy Chairman, each of whom shall hold office for a renewable term of three years (and until his successor is elected). The Chairman will preside over meetings of the Board of Directors and the General Meetings, shall ensure that the resolutions of the Board of Directors are carried out, and shall act in accordance with the Board's recommendations. In the absence of the Chairman, the Deputy Chairman shall act in his place.
- (b) The Board of Directors may appoint an Executive Chairman and a Chief Executive Officer who shall remain in office for such term and shall have such powers and authorities, including the right to sign for the Company, as the Board of Directors may determine from time to time. The foregoing shall be in addition to any powers granted to the Executive Chairman and the Chief Executive Officer pursuant to Article 18 of these Articles of Association.

Article 16: Powers of the Board of Directors

- (a) The Board of Directors shall exercise all the powers and do all the acts necessary for the management of the Company in conformity with its objects, save to the extent limited by the Law, the Memorandum, these Articles and the resolutions of the shareholders of the Company adopted at a General Meeting.
- (b) The Board of Directors may determine the amount, tenor, terms and conditions of any borrowings and guarantees by the Company, and the Board of Directors shall have the power to authorize the sale or mortgage the Company's real properties, other assets or business, the guarantee of debts to third parties, the discharge of the Company's debtors from liability for their obligations, the Company's entry into settlement agreements relating to third party debts and the gift to third parties of the Company's properties.
- (c) The Board of Directors may delegate any of its powers to any Executive Committee established in accordance with Article 17 of these Articles, to any other Committee or Committees established by the Board of Directors, or to the Executive Chairman and the Chief Executive Officer of the Company.

Article 17: Executive Committees

- (a) The Board of Directors may appoint one or more Executive Committees consisting of Board members and others approved by the Board of Directors from time to time. The Board of Directors shall determine the duration of each Executive Committee and the term of each member of each such Executive Committee.
- (b) Each Executive Committee shall elect one of its members as its Chairman for such term as such Executive Committee may determine.
- (c) The Board of Directors may delegate to each Executive Committee such powers and duties as the Board of Directors may deem necessary or appropriate to ensure the adequate discharge of the duties entrusted to it in an efficient and timely manner.
- (d) Each Executive Committee will meet whenever necessary at the summons of its Chairman or the Executive Chairman and the Chief Executive Officer.
- (e) A meeting of an Executive Committee shall be valid only if attended in person or by proxy by at least one-half of the members of that Committee. Resolutions will be adopted by a majority vote of the members present in person or by proxy. The Chairman of the relevant Executive Committee shall have a casting vote.
- (f) An Executive Committee may adopt resolutions by correspondence including letters, telegrams, telex, facsimile or e-mail *provided that*, in order for resolutions taken in this manner to be valid, they shall be approved by a majority of three-quarters of the members of that Executive Committee. Resolutions so adopted shall be entered in the minutes of the next meeting of that Executive Committee.
- (g) Members of an Executive Committee may participate in an Executive Committee meeting through the use of a conference telephone or similar communication equipment, so long as all those participating in the meeting can hear each other. Participation by directors in an Executive Committee meeting conducted in accordance with this paragraph (g) constitutes attendance in person at such meeting.
- (h) At each meeting of the Board of Directors, the Chairman of each Executive Committee, or another member of such Executive Committee appointed for such purpose, will present a report summarizing the decisions taken by his Executive Committee since the last meeting of the Board of Directors.

Article 18: Representation and Signing Powers of the Company

The Chairman of the Board of Directors or, in his absence, the Deputy Chairman shall represent the Company in its relations with third parties. The Board of Directors may by resolution appoint any one or more of its members or any other person, including, without limitation, the Executive Chairman and the Chief Executive Officer, to represent the Company in its relations with third parties, together with the Chairman of the Board of Directors. The signature of any one of the foregoing persons shall be binding on the Company in all matters concerned with the running of the Company in the normal course of its

business.

Article 19: Compliance with the Law

The Board of Directors shall comply, and shall ensure that the Company complies, with all applicable provisions of the Law.

Article 20: Liability and Indemnification

Neither the Board of Directors nor any single director shall be liable to the Company, its shareholders, its creditors or third parties save to the extent that liability is imposed on any of them by the Law. The Company shall indemnify the Board of Directors and any of its members for any liability which they incur in acting as such, unless liability is imposed on them by a provision of the Law and indemnification in such circumstances would be unlawful.

Article 21: Remuneration of the Board

- (a) The Ordinary General Meeting of the Company shall establish, pursuant to a resolution, the remuneration of the members of the Board of Directors, provided that, the total of such remuneration shall not exceed ten per cent (10%) of the net profit in any financial year after deducting amounts allocated to statutory reserves and after allowing for the distribution to the ordinary shareholders of a dividend totalling not less than five percent (5%) of the paid up ordinary share capital of the Company.
- (b) The Ordinary General Meeting may also approve payment of annual remuneration to the members of the Board of Directors in respect of years during which no profit is made which would permit distribution of dividends to shareholders, provided that such payment is approved by the Minister of Industry and Commerce.

Article 22: Removal of Directors

- (a) The term of a member of the Board of Directors may be terminated pursuant to a resolution of an Ordinary General Meeting in accordance with the provisions of the Law for any reason, including, but not limited to, the following:
 - (i) the director has failed to attend in person three (3) consecutive meetings of the Board of Directors without lawful excuse; or
 - (ii) the director has been convicted (in final degree) of theft, misappropriation, fraud, forgery, issuing a false check or committing any of the offences set out in the Law; or
 - (iii) the director has been declared bankrupt; or
 - (iv) the director no longer holds the number of qualifying shares referred to in the Law, or he has failed to follow the requirements in relation to such shares in accordance with the Law.
- (b) A director may resign his appointment to the Board of Directors pursuant to a written instrument delivered to the Chairman or Deputy Chairman of the Board of Directors.

Chapter V: General Meetings

Article 23: Meetings

- (a) General Meetings of the shareholders of the Company shall be summoned and conducted in accordance with the Law, provided that meetings for holders of shares other than ordinary shares shall be summoned and conducted in accordance with the Law and the terms and conditions established at the time that such shares were issued.
- (b) An Ordinary General Meeting shall not be valid unless attended in person or by proxy by ordinary shareholders representing more than fifty per cent (50%) of the issued ordinary share capital of the Company. An EGM of the shareholders shall not be valid unless attended in person or by proxy by ordinary shareholders representing at least two-thirds (2/3) of the issued ordinary share capital of the Company. If, at any General Meeting, the quorum required for that meeting is not obtained, subsequent meetings shall be summoned and conducted in accordance with the Law.
- (c) Each shareholder, regardless of the number or class of shares that he owns, shall be entitled to attend the General Meetings of the Company. Each ordinary shareholder shall have a number of votes equivalent to the number of ordinary shares that he holds. Other shareholders shall only be entitled to vote on the matters and in the manner provided for in the Law and in the terms and conditions of the shares that they hold.
- (d) Voting at a General Meeting shall be by a show of hands or by any other method approved by the General Meeting, provided that voting shall take place by a secret ballot (i) on decisions relating to the election or dismissal of members of the Board of Directors or the filing of suits against any such member or (ii) if so requested by the Chairman of the Board of Directors or a number of ordinary shareholders representing at least one-tenth of the votes present at that General Meeting.
- (e) Matters to be acted upon by the Company's shareholders shall be acted upon by resolution adopted by the shareholders at an Ordinary General Meeting save in respect of those matters required by the Law or these Articles to be acted upon pursuant to a resolution adopted by the shareholders at an EGM.

Article 24: Representation and Proxies

- (a) A shareholder may be represented by another shareholder or another person at a General Meeting in accordance with the Law and this Article 24, provided that any such representation shall only be effective if such appointment is made pursuant to a written instrument provided by the Company for this purpose and such instrument, identifying the representative's capacity, is delivered to the Company at least twenty-four (24) hours prior to the date fixed for that General Meeting.
- (b) A shareholder who is a juristic person may appoint an individual (a "Representative") to attend a General Meeting and vote on its behalf.
- (c) An individual shareholder (natural person) may appoint another person (a "Proxy") to attend a

General Meeting and vote on his behalf, provided that:

- (i) the Proxy may not be the Chairman of the Board of Directors, any other member of the Board of Directors or any employee of the Company unless any of the foregoing are relatives of the first degree of the shareholder so appointing him; and
 - (ii) a Proxy shall not represent in such capacity at a General Meeting a number of votes exceeding 5% of the issued ordinary share capital of the Company.
- (d) A shareholder who is a minor or otherwise lacks legal capacity shall be represented by his legal guardian.
 - (e) The attendance at a General Meeting of a Representative, Proxy or legal guardian of a shareholder (as the case may be) shall constitute attendance of that shareholder, to the extent of the powers and authority granted to such Representative, Proxy or legal guardian.

Article 25: Resolutions

- (a) Resolutions shall be adopted by an absolute majority of the ordinary shares represented in person or by proxy at an Ordinary General Meeting.
- (b) Resolutions shall be adopted by a two-thirds (2/3) majority of the ordinary shares represented in person or by proxy at an EGM unless such resolution relates to the increase or decrease of the authorized or issued capital, the dissolution of the Company, the conversion of the Company, or the merger of the Company with another company, in which cases resolutions shall be adopted by a seventy-five per cent (75%) majority of the ordinary shares represented in person or by proxy at the EGM.
- (c) The EGM may adopt resolutions in respect of matters falling within the competence of an Ordinary General Meeting, provided that the quorum and voting requirements for an Ordinary General Meeting are met and the subject of the resolution was placed on the agenda for the meeting.
- (d) Minutes of all General Meetings, together with copies of all resolutions proposed at the General Meeting, will be prepared and preserved in a register at the Company's Head Office.
- (e) A resolution adopted at a General Meeting in accordance with the Law and these Articles shall be binding on every shareholder whether present at the meeting at which such resolution was passed or not and whether he voted for or against the resolution. The Board of Directors will implement resolutions passed at a General Meeting.
- (f) Any resolution passed in contravention of the Law or the Company's Memorandum of Association or these Articles may be subject to nullification by the competent court under the provisions of the Law.

Chapter VI: Auditors

Article 26: Appointment and Functions of Auditors

One or more auditors of the Company shall be appointed by the Ordinary General Meeting in accordance with the Law, and such auditors shall have the functions provided in the Law.

Chapter VII: Financial Provisions

Article 27: Financial Year

The financial year of the Company shall be the twelve month period commencing on July 1st of each year, save for the period commencing on January 1st 2002 and ending on June 30th 2003 which shall be an independent financial period.

Article 28: Accounts of the Company

The accounts of the Company shall be kept in accordance with the Law.

Article 29: Reserves

- (a) The Company shall establish statutory reserves in accordance with the Law and set aside thereto such amount of its net profits as required by the Law.
- (b) The statutory reserves of the Company may be dealt with by the Company only as permitted by the Law.
- (c) The Ordinary General Meeting may, at the proposal of the Board of Directors, approve the allocation of a percentage of the Company's net profits to a voluntary reserve account.
- (d) The Company's voluntary reserves may be used for the depreciation of the Company's assets, the compensation for any fall in the value of its assets or such other purposes as may be determined by the General Meeting.

Article 30: Distribution of Dividends

Dividends shall be paid to the shareholders in the amounts and at the place and time and in such manner as shall be determined by the Ordinary General Meeting at the proposal of the Board of Directors, subject to the provisions of the Law.

Article 31: Management Incentive Plan and Other Funds

The Board of Directors may approve the establishment, implementation and supervision of special benefit, pension, provident or performance incentive funds, incentive equity ownership, equity programs or other bonus or compensation programs for its officers and employees.

Article 32: Staff Loans

The Company may guarantee and otherwise use its credit to assist its employees in obtaining housing and other loans, as decided from time to time by the Board of Directors.

Chapter VIII: Merger, Dissolution and Liquidation of the Company**Article 33: Merger, Dissolution and Liquidation**

The Company may be merged or consolidated with another company, dissolved and liquidated in accordance with the applicable provisions of the Law.

Chapter IX: Final Provisions**Article 34: Amendments**

These Articles of Association may be amended in accordance with the Law by a resolution of the EGM.

Article 35: No Objection

These Articles of Association have been made pursuant to a notice of no objection received from the Directorate of Company Affairs in the Ministry of Industry and Commerce by their letter dated 6/10/2009 and under No. 12411.

Signed on behalf of all shareholders of Investcorp Bank B.S.C.

Hatim S. Zu'bi

These Articles of Association have been made in one original and three copies and have been signed, after they were read, by all the parties and by me, and the parties concerned have received four copies hereof to act in accordance herewith.

Appendix A

Terms and Conditions of Series A Preference Shares Nominal Value US\$1,000; Issue Price US\$1,000 Issued on May 24, 2001 (the “Preference Shares”)

*****The Series A Preference Shares of the Company have been redeemed as of September 14, 2007 and therefore this Appendix has been deleted*****

Appendix B

Terms and Conditions of Series B Preference Shares Nominal value US \$1,000, Issue Price US \$1,000 Up to a Maximum of 350,000 Shares, the Precise Number of Which Will be Fixed by the Executive Chairman and Chief Executive Officer or His Delegate Issued on One or More Dates (each such date an “Issue Date”) Between June 30, 2009 and August 12, 2009 (the “Series B Preference Shares”)

1. Ranking of the Preference Shares

Claims under the Preference Shares in respect of any liquidating distribution will rank (i) senior to the rights of the holders of ordinary shares, (ii) pari passu with equivalent claims under all outstanding Parity Obligations of the Company and (iii) junior to the rights of all creditors of the Company and holders of obligations of the Company which are not Parity Obligations nor expressly specified as ranking pari passu with or junior to the Preference Shares.

2. Transferability

The Preference Shares are freely transferable and will be governed by the same restrictions on transfer, if any, imposed on the shares of the Company by virtue of its Articles of Association. There are currently no restrictions on the transfer of shares of the Company in its Articles of Association.

3. Dividends

Non-cumulative preferential cash distributions on the Preference Shares (“Dividends”) will be payable in respect of each Dividend Period on the Dividend Payment Date immediately following the end of such Dividend Period, if declared by the Board of Directors and approved by the Shareholders and subject to any applicable Bahrain law and the limitations on Dividends described below.

If declared, such Dividends will be paid:

- (a) for each Dividend Period ending on or prior to the First Call Date (the “Fixed Rate Dividend Period”), at a rate per annum of 12 per cent of the Liquidation Preference. If at any time prior to such date it is necessary to compute Dividends in respect of the Preference Shares for a period less than a full year, such Dividends will be calculated on the basis of (i) the actual number of days elapsed in the relevant Dividend Period divided by 365 if none of the days elapsed in the relevant Dividend Period occurs in a leap year or (ii) if any of the days elapsed in the relevant Dividend Period occurs in a leap year (A) the actual number of days elapsed in such portion of the relevant Dividend Period that does not occur in a leap year divided by 365 and (B) the actual number of days elapsed in the portion of the relevant Dividend Period that occurs in a leap year divided by 366;

- (b) for each Dividend Period thereafter (the “Floating Rate Dividend Period ”), at a rate per annum of twelve month US dollar LIBOR plus the Margin, calculated on the Liquidation Preference and on the basis of the actual number of days elapsed in such period divided by 360;

If declared, Dividends will be paid in US dollars.

For these purposes:

“**Bahrain Banking Day**” means any day, not being a Friday, Saturday or public holiday, on which national banks are open for business in Bahrain;

“**Business Day**” means any day, not being a Saturday, Sunday or public holiday, on which banks are open for business in New York;

“**Dividend Period**” means (a) the period from and including the Issue Date to and including June 30, 2010, (b) from and including July 1, 2010, each twelve-month period from July 1 to, and including, June 30 in each year thereafter, ending on and including June 30, 2014, (c) the period from and including July 1, 2014 to but excluding the First Call Date, (d) the period from and including the First Call Date to, and including June 30, 2015 and (e) each twelve-month period from July 1 to, and including, June 30 in each year thereafter;

“**Dividend Payment Date**” means the day falling 21 days after a meeting of the Shareholders (or any adjournment thereof) at which the Dividend is approved by the Shareholders, or if such day is not a Bahrain Banking Day and a Business Day, then the next following day which is a Bahrain Banking Day and a Business Day thereafter;

“**LIBOR**” means, in relation to any Dividend Period:

- (a) the British Bankers Association Interest Settlement Rate for deposits in US Dollars for a period of twelve months (or, if the Dividend Period is not twelve months, a period equal in duration, or as close in duration as is available, to the relevant Dividend Period) displayed on the appropriate page of the Reuters Screen; or
- (b) if the relevant rate does not appear on the Reuters Screen, the arithmetic mean (rounded upwards, if necessary, to four decimal places) of the rates at which the principal London offices of four leading financial institutions, chosen by the Company, engaged in the London interbank market were offering to prime banks in the London interbank market deposits in US dollars for a period of twelve months (or, if the Dividend Period is not twelve months, a period equal in duration, or as close in duration as possible, to the relevant Dividend Period), as calculated by the Company, in each case, determined at 11.00 am (London time) on the day on which quotations would ordinarily be given by prime banks in the London interbank market for deposits in US dollars for delivery on the first day of such Dividend Period;

“**Margin**” means 9.75 per cent; and

“**Shareholders**” means the holders of the ordinary shares of the Company.

4. Limitation on Payment of Dividends

A Dividend shall be payable on the Preference Shares only if declared by the Board of Directors, and approved by the Shareholders, of the Company. A Dividend will not be payable on the Preference Shares in respect of any Dividend Period or in respect of any other period if (i) the Board of Directors does not declare, or the Shareholders do not approve, the Dividend, or (ii) on the relevant Dividend Payment Date the Company is prevented by applicable Bahrain banking regulations or other requirements (including a failure to obtain Central Bank of Bahrain approval) from making payment in full of such Dividend, or (iii) the amount of such Dividend (if paid in full), together with the sum of any dividends and other distributions on the Company's Parity Obligations due and payable in respect of the same dividend periods, would exceed the Adjusted Distributable Profits of the Company.

For these purposes:

"Parity Obligations" means (i) any preference shares (other than the Preference Shares) or similar securities or obligations issued by the Company that do not, or are not expressly stated to, rank in all material respects senior or junior to the Preference Shares as regards entitlement to distributions on liquidation and (ii) any guarantee, support agreement or other similar undertaking of the Company in respect of any securities or obligations issued by a subsidiary of the Company, which guarantee, support agreement or other similar undertaking does not, or is not expressly stated to, rank in all material respects senior or junior to the Preference Shares as regards entitlement to distributions on liquidation;

"Adjusted Distributable Profits" means, as set out in the Company's most recently audited consolidated financial statements prepared in accordance with IFRS (or any other accounting standards that the Company may adopt in the future for the preparation of its audited annual financial statements in accordance with Bahrain legal requirements), amounts standing to the credit of the Company's consolidated reserves and retained earnings, subject to any adjustments required or permitted by applicable Bahrain law; and

"IFRS" means International Financial Reporting Standards issued by the International Accounting Standards Board ("IASB") and interpretations issued by the International Financial Reporting Interpretations Committee of the IASB (as amended, supplemented or re-issued from time to time).

None of the Company or any of its subsidiaries shall make or procure or permit to be made any payments in respect of the Preference Shares except for payments to which the holders are expressly entitled under the terms of the Preference Shares. Further, the Dividends are non-cumulative, and any payment of a Dividend at any time shall not entitle holders to the payment of a Dividend in respect of any prior Dividend Period in respect of which a Dividend was not declared or payable.

If in respect of any Dividend Period any Dividend is not declared or payable for any of the reasons specified above, the Company will not (a) declare, pay or make any dividends, other distributions or payments in respect of, or redeem or repurchase (if permitted), ordinary shares or any other securities or obligations of the Company ranking junior to the Preference Shares (or contribute any moneys to a

sinking fund for the redemption or other satisfaction of any such securities or obligations) until the next succeeding Dividend Payment Date on which a Dividend in respect of the Preference Shares is paid in full, or (b) repurchase or redeem any Parity Obligations (if permitted) until the next succeeding Dividend Payment Date on which a Dividend in respect of the Preference Shares is paid in full.

5. Maturity and Redemption

The Preference Shares are perpetual securities and are not subject to any mandatory redemption provisions. They may only be redeemed, at the option of the Company, in the circumstances described below.

6. Optional Redemption

The Company has the option, but not the obligation, to redeem the Preference Shares, in whole or in part, subject to satisfaction of the Redemption Conditions, on the First Call Date or on any date thereafter by payment of the Optional Redemption Price. Any partial redemption shall be the redemption of a whole number of Preference Shares from all holders of Preference Shares to the number of Preference Shares held by each such holder, but so that any fractions shall be rounded up to the next whole number.

For these purposes:

“First Call Date” means as to any Preference Share, the fifth anniversary of the Issue Date of such Preference Share.

“Redemption Conditions” means that (i) the consent of the Central Bank of Bahrain and the Ministry of Industry and Commerce to the redemption, if then required, has been obtained and (ii) the Company satisfies all other Bahrain legal requirements in respect of the redemption; and

“Optional Redemption Price” means an amount equal to the Liquidation Preference, together with (i) any declared but unpaid Dividend in respect of the immediately preceding Dividend Period and (ii) a Dividend for the period from the beginning of the Dividend Period in which the redemption is effected up to but excluding the date on which such redemption is effected (subject always to any non-payment of Dividends in accordance with paragraph 4).

7. Redemption or Substitution following a Special Event

If a Special Event occurs, then the Company has the discretion to cause, and if the Central Bank of Bahrain so requires, will cause (i) either the redemption (subject to the satisfaction of the Redemption Conditions) of the Preference Shares at the Optional Redemption Price (a **“Special Event Redemption”**), or (ii) the substitution (subject to the approval of the Central Bank of Bahrain) in whole but not in part of the Preference Shares with Qualifying Tier 1 Instruments (a **“Special Event Substitution”**).

Notwithstanding the provisions of paragraph 15, a Special Event Substitution may be effected without the requirement for the consent or approval of the holders of the Preference Shares.

In the event that the Company elects to effect a substitution of the Preference Shares with Qualifying Tier 1 Instruments, each Series B Preference Share will be substituted for by such number of Qualifying Tier 1 Instruments which have an aggregate liquidation preference equal to the liquidation preference of such

Series B Preference Share and have rights to the quantum of distributions equivalent to the distribution rights of each Series B Preference Share.

For these purposes:

“Accelerating Event” means that, pursuant to any court order, governmental decree or ordinance, or by any other means, the holders of Preference Shares shall have been granted the right to vote, either on a pari passu basis with the holders of ordinary shares or otherwise, at general meetings of the Company on any matters in addition to a material and adverse variation of the rights of the holders of Preference Shares as a class as specified in paragraph 15;

“Accounting Event” shall be deemed to occur if, as a result of a change in accounting principles, in the opinion of the external auditors of the Company, the obligations of the Company under the Preference Shares must not or may no longer be recorded as “equity” in the next following annual audited consolidated financial statements of the Company prepared in accordance with IFRS or any other accounting standards that the Company may adopt in the future for the preparation of its annual financial statements in accordance with Bahrain legal requirements;

“Additional Amounts” means the additional amounts which may be payable in respect of the Preference Shares as described in accordance with paragraph 16;

“Qualifying Tier 1 Instruments” means instruments including non-cumulative perpetual preference shares, issued directly or indirectly by the Company that have terms not materially less favorable to a holder of the Preference Shares (as reasonably determined by the Company) provided that they shall:

- (i) comply with the then current requirements of the Central Bank of Bahrain in relation to Tier 1 Capital;
- (ii) have at least the same distribution rate as the Preference Shares;
- (iii) shall not be subject to optional redemption by the Company on any date earlier than the First Call Date, except upon the occurrence of a Special Event;
- (iv) if not issued by the Company, then have the benefit of a guarantee from the Company which ranks equally with the Preference Shares on a winding-up; and
- (v) rank on a winding-up at least equal to the Preference Shares;

“Regulatory Event” means that at any time the Preference Shares cease to be eligible to qualify as Tier 1 Capital for the purposes of the Central Bank of Bahrain’s capital adequacy requirements applicable to banks in Bahrain;

“Special Event” means a Regulatory Event, an Accelerating Event, an Accounting Event or a Tax Event;

“Tax Event” means that, as a result of any amendment to or change in the laws or regulations of the Kingdom of Bahrain or any political subdivision thereof or any authority or agency therein or thereof having power to tax or any change in the application of or official interpretation or administration of any

such laws or regulations, which amendment or change becomes effective after the Issue Date, the Company is required to pay Additional Amounts; and

“**Tier 1 Capital**” has the meaning ascribed to such term by the Central Bank of Bahrain, being (i) the aggregate of (a) the permanent equity capital of a bank (including issued and fully paid ordinary shares/common stock and perpetual, non-cumulative preference shares but excluding cumulative preference shares), (b) disclosed reserves, excluding revaluation reserves and (c) minority interests arising on consolidation in the equity of subsidiaries which are less than wholly-owned, less (ii) goodwill and current period losses which have been reviewed by the external auditors, as such definition may be amended or updated from time to time by the Central Bank of Bahrain.

8. Investment Protection Event

The Preference Shares may also be redeemed at the Optional Redemption Price or replaced by a substantially economically equivalent security if considered necessary to protect the holders of Preference Shares from materially adverse consequences resulting from extraordinary events that (i) materially impair the ability of the Company to perform its obligations (including, without limitation, its obligations under the terms of the Preference Shares); (ii) cause a change of control of the Company that is not approved or recommended by senior management of the Company or (iii) cause the Company to be unable to continue to conduct its normal business.

9. Rights Upon Liquidation

In the event of the dissolution of the Company, each holder of a Preference Share will be entitled to receive out of the assets of the Company available for distribution a liquidating distribution equal to the Liquidation Preference, together with (i) any declared but unpaid Dividend in respect of the immediately preceding Dividend Period and (ii) a Dividend for the period from the end of the immediately preceding Dividend Period through the date on which such dissolution occurs (subject always to non-payment of Dividends in accordance with paragraph 4). The liquidating distribution will be made (i) before the claims of the holders of ordinary shares, (ii) *pari passu* with the equivalent claims under all outstanding Parity Obligations of the Company and (iii) after the claims of all creditors of the Company and holders of obligations of the Company which are not Parity Obligations nor expressly specified as ranking *pari passu* with or junior to the Preference Shares.

Following payment of the amount of the liquidating distribution entitlement, the holders of Preference Shares will have no further right or claim to any of the remaining assets of the Company.

10. Pre-Emption Rights

The holders of Preference Shares shall not have pre-emptive rights to subscribe for ordinary shares or for any other shares issued by the Company.

11. Further Issues

Subject to obtaining approval from the Bahrain Ministry of Industry and Commerce, if required, the Company may issue further preference shares in different series, *provided that* the shares in each such

series of preference shares constitute Parity Obligations or are expressly stated to rank junior to the Preference Shares.

The Company shall be at liberty from time to time without the consent of the holders of the Preference Shares to create and issue further Preference Shares on the same terms as the Shares (save for the date from which Dividends thereon accrue and the amount of the first payment of Dividends on such further Preference Shares) and so that the same shall be consolidated and form a single Series with the outstanding Preference Shares.

The Company is not permitted to create any class of shares ranking as regards participation in the profits or assets of the Company in priority to the Preference Shares, save with the approval of the holders of at least 51 per cent of the Preference Shares, or by the holders of 51 per cent of the Preference Shares present or represented at a meeting (which shall be called and conducted in accordance with the provisions for extraordinary general meetings set out in the Company's Articles of Association applicable to ordinary shares) at which a quorum of holders of more than 51 per cent of the Preference Shares is present or represented.

12. Purchases

The Company may at any time purchase, or cause to be purchased for its account, all or any of the Preference Shares, subject to compliance with Bahrain Law. The Company shall not be required to select the Preference Shares to be purchased rateably or in any other particular manner as between the holders of Preference Shares or as between them and the holders of shares of any other class or in accordance with the rights as to dividends or capital conferred by any class of shares.

No purchase of Preference Shares will be made by or on behalf of the Company without the prior consent of the Central Bank of Bahrain, if required.

Notwithstanding anything to the contrary contained herein, no holder of Preference Shares will be required to sell or otherwise tender its shares to the Company pursuant to this paragraph 12.

13. Cancellation

All Preference Shares so redeemed or purchased by the Company will be cancelled and may not be re-issued or resold.

14. Voting Rights

Holders of Preference Shares will not be entitled to vote, except as stated in paragraph 15, at any meeting of the holders of ordinary shares of the Company or participate in the management of the Company, although holders of Preference Shares will be entitled to receive notice of, and attend, any such meeting.

15. Variation of Rights

No material and adverse variation of the rights of the holders of Preference Shares may be made except with the approval of the holders of at least 51 per cent of the Preference Shares, or by the holders of 51 per cent of the Preference Shares present or represented at a meeting (which shall be called and

conducted in accordance with the provisions for extraordinary general meetings set out in the Company's Articles of Association applicable to ordinary shares) at which a quorum of holders of more than 51 per cent of the Preference Shares is present or represented; *provided* that if any such variation shall, by its terms, disproportionately and adversely affect one or more specifically named, or otherwise identified, holder(s) of Preference Shares, then such variation also may not be made without the approval of such holder(s). For the avoidance of doubt, any Special Event Substitution made in accordance with paragraph 7 will not constitute a variation of rights.

16. Additional amounts

Payments in respect of the Preference Shares by the Company will be made without withholding or deduction for, or on account of, tax, unless the withholding or deduction of such tax is required by law. In that event, the Company will pay as further dividends such additional amounts (the "Additional Amounts") as may be necessary in order that the net amounts received by each holder of Preference Shares after such withholding or deduction, and after giving effect to any tax benefit to such holder arising from such withholding or deduction, shall equal the amounts that would have been receivable in respect of the Preference Shares in the absence of such withholding or deduction, subject to certain exceptions, including, but not limited to, if such withholding or deduction is imposed or levied by virtue of a holder of Preference Shares having some connection with Bahrain other than being such a holder.

17. Governing Law

The Preference Shares will be governed by, and construed in accordance with, the laws of the Kingdom of Bahrain.

Appendix C

Terms and Conditions of Series C Preference Shares Nominal value US \$1,000, Issue Price US \$1,000 Up to a Maximum of 100,000 Shares, the Precise Number of Which Will be Fixed by the Executive Chairman and Chief Executive Officer or His Delegate Issued on or around August 12, 2009 (the “Issue Date”) (the “Series C Preference Shares”)

1. Ranking of the Preference Shares

Claims under the Preference Shares in respect of any liquidating distribution will rank (i) senior to the rights of the holders of ordinary shares, (ii) pari passu with equivalent claims under all outstanding Parity Obligations of the Company and (iii) junior to the rights of all creditors of the Company and holders of obligations of the Company which are not Parity Obligations nor expressly specified as ranking pari passu with or junior to the Preference Shares.

2. Transferability

The Preference Shares are freely transferable and will be governed by the same restrictions on transfer, if any, imposed on the shares of the Company by virtue of its Articles of Association. There are currently no restrictions on the transfer of shares of the Company in its Articles of Association.

3. Dividends

Non-cumulative preferential cash distributions on the Preference Shares (“Dividends”) will be payable in respect of each Dividend Period on the Dividend Payment Date immediately following the end of such Dividend Period, if declared by the Board of Directors and approved by the Shareholders and subject to any applicable Bahrain law and the limitations on Dividends described below.

If declared, such Dividends will be paid:

- (a) for each Dividend Period ending on or prior to the First Call Date (the “Fixed Rate Dividend Period”), at a rate per annum of 12 per cent of the Liquidation Preference. If at any time prior to such date it is necessary to compute Dividends in respect of the Preference Shares for a period less than a full year, such Dividends will be calculated on the basis of (i) the actual number of days elapsed in the relevant Dividend Period divided by 365 if none of the days elapsed in the relevant Dividend Period occurs in a leap year or (ii) if any of the days elapsed in the relevant Dividend Period occurs in a leap year (A) the actual number of days elapsed in such portion of the relevant Dividend Period that does not occur in a leap year divided by 365 and (B) the actual number of days elapsed in the portion of the relevant Dividend Period that occurs in a leap year divided by 366;

- (b) for each Dividend Period thereafter (the “Floating Rate Dividend Period ”), at a rate per annum of twelve month US dollar LIBOR plus the Margin, calculated on the Liquidation Preference and on the basis of the actual number of days elapsed in such period divided by 360;

If declared, Dividends will be paid in US dollars.

For these purposes:

“**Bahrain Banking Day**” means any day, not being a Friday, Saturday or public holiday, on which national banks are open for business in Bahrain;

“**Business Day**” means any day, not being a Saturday, Sunday or public holiday, on which banks are open for business in New York;

“**Dividend Period**” means (a) the period from and including the Issue Date to and including June 30, 2010, (b) from and including July 1, 2010, each twelve-month period from July 1 to, and including, June 30 in each year thereafter, ending on and including June 30, 2014, (c) the period from and including July 1, 2014 to but excluding the First Call Date, (d) the period from and including the First Call Date to, and including June 30, 2015 and (e) each twelve-month period from July 1 to, and including, June 30 in each year thereafter;

“**Dividend Payment Date**” means the day falling 21 days after a meeting of the Shareholders (or any adjournment thereof) at which the Dividend is approved by the Shareholders, or if such day is not a Bahrain Banking Day and a Business Day, then the next following day which is a Bahrain Banking Day and a Business Day thereafter;

“**LIBOR**” means, in relation to any Dividend Period:

- (a) the British Bankers Association Interest Settlement Rate for deposits in US Dollars for a period of twelve months (or, if the Dividend Period is not twelve months, a period equal in duration, or as close in duration as is available, to the relevant Dividend Period) displayed on the appropriate page of the Reuters Screen; or
- (b) if the relevant rate does not appear on the Reuters Screen, the arithmetic mean (rounded upwards, if necessary, to four decimal places) of the rates at which the principal London offices of four leading financial institutions, chosen by the Company, engaged in the London interbank market were offering to prime banks in the London interbank market deposits in US dollars for a period of twelve months (or, if the Dividend Period is not twelve months, a period equal in duration, or as close in duration as possible, to the relevant Dividend Period), as calculated by the Company, in each case, determined at 11.00 am (London time) on the day on which quotations would ordinarily be given by prime banks in the London interbank market for deposits in US dollars for delivery on the first day of such Dividend Period;

“**Margin**” means 9.75 per cent; and

“**Shareholders**” means the holders of the ordinary shares of the Company.

4. Limitation on Payment of Dividends

A Dividend shall be payable on the Preference Shares only if declared by the Board of Directors, and approved by the Shareholders, of the Company. A Dividend will not be payable on the Preference Shares in respect of any Dividend Period or in respect of any other period if (i) the Board of Directors does not declare, or the Shareholders do not approve, the Dividend, or (ii) on the relevant Dividend Payment Date the Company is prevented by applicable Bahrain banking regulations or other requirements (including a failure to obtain Central Bank of Bahrain approval) from making payment in full of such Dividend, or (iii) the amount of such Dividend (if paid in full), together with the sum of any dividends and other distributions on the Company's Parity Obligations due and payable in respect of the same dividend periods, would exceed the Adjusted Distributable Profits of the Company.

For these purposes:

"Parity Obligations" means (i) any preference shares (other than the Preference Shares) or similar securities or obligations issued by the Company that do not, or are not expressly stated to, rank in all material respects senior or junior to the Preference Shares as regards entitlement to distributions on liquidation and (ii) any guarantee, support agreement or other similar undertaking of the Company in respect of any securities or obligations issued by a subsidiary of the Company, which guarantee, support agreement or other similar undertaking does not, or is not expressly stated to, rank in all material respects senior or junior to the Preference Shares as regards entitlement to distributions on liquidation;

"Adjusted Distributable Profits" means, as set out in the Company's most recently audited consolidated financial statements prepared in accordance with IFRS (or any other accounting standards that the Company may adopt in the future for the preparation of its audited annual financial statements in accordance with Bahrain legal requirements), amounts standing to the credit of the Company's consolidated reserves and retained earnings, subject to any adjustments required or permitted by applicable Bahrain law; and

"IFRS" means International Financial Reporting Standards issued by the International Accounting Standards Board ("IASB") and interpretations issued by the International Financial Reporting Interpretations Committee of the IASB (as amended, supplemented or re-issued from time to time).

None of the Company or any of its subsidiaries shall make or procure or permit to be made any payments in respect of the Preference Shares except for payments to which the holders are expressly entitled under the terms of the Preference Shares. Further, the Dividends are non-cumulative, and any payment of a Dividend at any time shall not entitle holders to the payment of a Dividend in respect of any prior Dividend Period in respect of which a Dividend was not declared or payable.

If in respect of any Dividend Period any Dividend is not declared or payable for any of the reasons specified above, the Company will not (a) declare, pay or make any dividends, other distributions or payments in respect of, or redeem or repurchase (if permitted), ordinary shares or any other securities or obligations of the Company ranking junior to the Preference Shares (or contribute any moneys to a sinking fund for the redemption or other satisfaction of any such securities or obligations) until the next

succeeding Dividend Payment Date on which a Dividend in respect of the Preference Shares is paid in full, or (b) repurchase or redeem any Parity Obligations (if permitted) until the next succeeding Dividend Payment Date on which a Dividend in respect of the Preference Shares is paid in full.

5. Maturity and Redemption

The Preference Shares are perpetual securities and are not subject to any mandatory redemption provisions. They may only be redeemed, at the option of the Company, in the circumstances described below.

6. Optional Redemption

The Company has the option, but not the obligation, to redeem the Preference Shares, in whole or in part, subject to satisfaction of the Redemption Conditions, on the First Call Date or on any date thereafter by payment of the Optional Redemption Price. Any partial redemption shall be the redemption of a whole number of Preference Shares from all holders of Preference Shares to the number of Preference Shares held by each such holder, but so that any fractions shall be rounded up to the next whole number.

For these purposes:

“**First Call Date**” means the fifth anniversary of the Issue Date;

“**Redemption Conditions**” means that (i) the consent of the Central Bank of Bahrain and the Ministry of Industry and Commerce to the redemption, if then required, has been obtained and (ii) the Company satisfies all other Bahrain legal requirements in respect of the redemption; and

“**Optional Redemption Price**” means an amount equal to the Liquidation Preference, together with (i) any declared but unpaid Dividend in respect of the immediately preceding Dividend Period and (ii) a Dividend for the period from the beginning of the Dividend Period in which the redemption is effected up to but excluding the date on which such redemption is effected (subject always to any non-payment of Dividends in accordance with paragraph 4).

7. Redemption or Substitution following a Special Event

If a Special Event occurs, then the Company has the discretion to cause, and if the Central Bank of Bahrain so requires, will cause (i) either the redemption (subject to the satisfaction of the Redemption Conditions) of the Preference Shares at the Optional Redemption Price (a “**Special Event Redemption**”), or (ii) the substitution (subject to the approval of the Central Bank of Bahrain) in whole but not in part of the Preference Shares with Qualifying Tier 1 Instruments (a “**Special Event Substitution**”).

Notwithstanding the provisions of paragraph 15, a Special Event Substitution may be effected without the requirement for the consent or approval of the holders of the Preference Shares.

In the event that the Company elects to effect a substitution of the Preference Shares with Qualifying Tier 1 Instruments, each Series C Preference Share will be substituted for by such number of Qualifying Tier 1 Instruments which have an aggregate liquidation preference equal to the liquidation preference of such Series C Preference Share and have rights to the quantum of distributions equivalent to the distribution rights of each Series C Preference Share.

For these purposes:

“Accelerating Event” means that, pursuant to any court order, governmental decree or ordinance, or by any other means, the holders of Preference Shares shall have been granted the right to vote, either on a pari passu basis with the holders of ordinary shares or otherwise, at general meetings of the Company on any matters in addition to a material and adverse variation of the rights of the holders of Preference Shares as a class as specified in paragraph 15;

“Accounting Event” shall be deemed to occur if, as a result of a change in accounting principles, in the opinion of the external auditors of the Company, the obligations of the Company under the Preference Shares must not or may no longer be recorded as “equity” in the next following annual audited consolidated financial statements of the Company prepared in accordance with IFRS or any other accounting standards that the Company may adopt in the future for the preparation of its annual financial statements in accordance with Bahrain legal requirements;

“Additional Amounts” means the additional amounts which may be payable in respect of the Preference Shares as described in accordance with paragraph 16;

“Qualifying Tier 1 Instruments” means instruments including non-cumulative perpetual preference shares, issued directly or indirectly by the Company that have terms not materially less favorable to a holder of the Preference Shares (as reasonably determined by the Company) provided that they shall:

- (i) comply with the then current requirements of the Central Bank of Bahrain in relation to Tier 1 Capital;
- (ii) have at least the same distribution rate as the Preference Shares;
- (iii) shall not be subject to optional redemption by the Company on any date earlier than July 31, 2014 except upon the occurrence of a Special Event;
- (iv) if not issued by the Company, then have the benefit of a guarantee from the Company which ranks equally with the Preference Shares on a winding-up; and
- (v) rank on a winding-up at least equal to the Preference Shares;

“Regulatory Event” means that at any time the Preference Shares cease to be eligible to qualify as Tier 1 Capital for the purposes of the Central Bank of Bahrain’s capital adequacy requirements applicable to banks in Bahrain;

“Special Event” means a Regulatory Event, an Accelerating Event, an Accounting Event or a Tax Event;

“Tax Event” means that, as a result of any amendment to or change in the laws or regulations of the Kingdom of Bahrain or any political subdivision thereof or any authority or agency therein or thereof having power to tax or any change in the application of or official interpretation or administration of any such laws or regulations, which amendment or change becomes effective after the Issue Date, the Company is required to pay Additional Amounts; and

“**Tier 1 Capital**” has the meaning ascribed to such term by the Central Bank of Bahrain, being (i) the aggregate of (a) the permanent equity capital of a bank (including issued and fully paid ordinary shares/common stock and perpetual, non-cumulative preference shares but excluding cumulative preference shares), (b) disclosed reserves, excluding revaluation reserves and (c) minority interests arising on consolidation in the equity of subsidiaries which are less than wholly-owned, less (ii) goodwill and current period losses which have been reviewed by the external auditors, as such definition may be amended or updated from time to time by the Central Bank of Bahrain.

8. Investment Protection Event

The Preference Shares may also be redeemed at the Optional Redemption Price or replaced by a substantially economically equivalent security if considered necessary to protect the holders of Preference Shares from materially adverse consequences resulting from extraordinary events that (i) materially impair the ability of the Company to perform its obligations (including, without limitation, its obligations under the terms of the Preference Shares); (ii) cause a change of control of the Company that is not approved or recommended by senior management of the Company or (iii) cause the Company to be unable to continue to conduct its normal business.

9. Rights Upon Liquidation

In the event of the dissolution of the Company, each holder of a Preference Share will be entitled to receive out of the assets of the Company available for distribution a liquidating distribution equal to the Liquidation Preference, together with (i) any declared but unpaid Dividend in respect of the immediately preceding Dividend Period and (ii) a Dividend for the period from the end of the immediately preceding Dividend Period through the date on which such dissolution occurs (subject always to non-payment of Dividends in accordance with paragraph 4). The liquidating distribution will be made (i) before the claims of the holders of ordinary shares, (ii) *pari passu* with the equivalent claims under all outstanding Parity Obligations of the Company and (iii) after the claims of all creditors of the Company and holders of obligations of the Company which are not Parity Obligations nor expressly specified as ranking *pari passu* with or junior to the Preference Shares.

Following payment of the amount of the liquidating distribution entitlement, the holders of Preference Shares will have no further right or claim to any of the remaining assets of the Company.

10. Pre-Emption Rights

The holders of Preference Shares shall not have pre-emptive rights to subscribe for ordinary shares or for any other shares issued by the Company.

11. Further Issues

Subject to obtaining approval from the Bahrain Ministry of Industry and Commerce, if required, the Company may issue further preference shares in different series, *provided that* the shares in each such series of preference shares constitute Parity Obligations or are expressly stated to rank junior to the Preference Shares.

The Company shall be at liberty from time to time without the consent of the holders of the Preference Shares to create and issue further Preference Shares on the same terms as the Shares (save for the date from which Dividends thereon accrue and the amount of the first payment of Dividends on such further Preference Shares) and so that the same shall be consolidated and form a single Series with the outstanding Preference Shares.

The Company is not permitted to create any class of shares ranking as regards participation in the profits or assets of the Company in priority to the Preference Shares, save with the approval of the holders of at least 51 per cent of the Preference Shares, or by the holders of 51 per cent of the Preference Shares present or represented at a meeting (which shall be called and conducted in accordance with the provisions for extraordinary general meetings set out in the Company's Articles of Association applicable to ordinary shares) at which a quorum of holders of more than 51 per cent of the Preference Shares is present or represented.

12. Purchases

The Company may at any time purchase, or cause to be purchased for its account, all or any of the Preference Shares, subject to compliance with Bahrain Law. The Company shall not be required to select the Preference Shares to be purchased rateably or in any other particular manner as between the holders of Preference Shares or as between them and the holders of shares of any other class or in accordance with the rights as to dividends or capital conferred by any class of shares.

No purchase of Preference Shares will be made by or on behalf of the Company without the prior consent of the Central Bank of Bahrain, if required.

Notwithstanding anything to the contrary contained herein, no holder of Preference Shares will be required to sell or otherwise tender its shares to the Company pursuant to this paragraph 12.

13. Cancellation

All Preference Shares so redeemed or purchased by the Company will be cancelled and may not be re-issued or resold.

14. Voting Rights

Holders of Preference Shares will not be entitled to vote, except as stated in paragraph 15, at any meeting of the holders of ordinary shares of the Company or participate in the management of the Company, although holders of Preference Shares will be entitled to receive notice of, and attend, any such meeting.

15. Variation of Rights

No material and adverse variation of the rights of the holders of Preference Shares may be made except with the approval of the holders of at least 51 per cent of the Preference Shares, or by the holders of 51 per cent of the Preference Shares present or represented at a meeting (which shall be called and conducted in accordance with the provisions for extraordinary general meetings set out in the Company's Articles of Association applicable to ordinary shares) at which a quorum of holders of more than 51 per

cent of the Preference Shares is present or represented; provided that if any such variation shall, by its terms, disproportionately and adversely affect one or more specifically named, or otherwise identified, holder(s) of Preference Shares, then such variation also may not be made without the approval of such holder(s). For the avoidance of doubt, any Special Event Substitution made in accordance with paragraph 7 will not constitute a variation of rights.

16. Additional amounts

Payments in respect of the Preference Shares by the Company will be made without withholding or deduction for, or on account of, tax, unless the withholding or deduction of such tax is required by law. In that event, the Company will pay as further dividends such additional amounts (the "Additional Amounts") as may be necessary in order that the net amounts received by each holder of Preference Shares after such withholding or deduction, and after giving effect to any tax benefit to such holder arising from such withholding or deduction, shall equal the amounts that would have been receivable in respect of the Preference Shares in the absence of such withholding or deduction, subject to certain exceptions, including, but not limited to, if such withholding or deduction is imposed or levied by virtue of a holder of Preference Shares having some connection with Bahrain other than being such a holder.

17. Governing Law

The Preference Shares will be governed by, and construed in accordance with, the laws of the Kingdom of Bahrain.

Appendix D

Terms and Conditions of Series D Preference Shares

Nominal value US \$1,000, Issue Price US \$1,000

Up to a Maximum of 40,000 Shares, the Precise Number of Which Will be Fixed by the Executive Chairman and Chief Executive Officer or His Delegatee

Issued on One or More Dates (each such date an “Issue Date”) Between 1 December 2009 and 23 December 2009

(the “Series D Preference Shares”)

1. Ranking of the Preference Shares

Claims under the Preference Shares in respect of any liquidating distribution will rank (i) senior to the rights of the holders of ordinary shares, (ii) pari passu with equivalent claims under all outstanding Parity Obligations of the Company and (iii) junior to the rights of all creditors of the Company and holders of obligations of the Company which are not Parity Obligations nor expressly specified as ranking pari passu with or junior to the Preference Shares.

2. Transferability

The Preference Shares are freely transferable and will be governed by the same restrictions on transfer, if any, imposed on the shares of the Company by virtue of its Articles of Association. There are currently no restrictions on the transfer of shares of the Company in its Articles of Association.

3. Dividends

Non-cumulative preferential cash distributions on the Preference Shares (“Dividends”) will be payable in respect of each Dividend Period on the Dividend Payment Date immediately following the end of such Dividend Period, if declared by the Board of Directors and approved by the Shareholders and subject to any applicable Bahrain law and the limitations on Dividends described below.

If declared, such Dividends will be paid:

- (a) for each Dividend Period ending on or prior to the First Call Date (the “Fixed Rate Dividend Period”), at a rate per annum of 12 per cent of the Liquidation Preference. If at any time prior to such date it is necessary to compute Dividends in respect of the Preference Shares for a period less than a full year, such Dividends will be calculated on the basis of (i) the actual number of days elapsed in the relevant Dividend Period divided by 365 if none of the days elapsed in the relevant Dividend Period occurs in a leap year or (ii) if any of the days elapsed in the relevant

Dividend Period occurs in a leap year (A) the actual number of days elapsed in such portion of the relevant Dividend Period that does not occur in a leap year divided by 365 and (B) the actual number of days elapsed in the portion of the relevant Dividend Period that occurs in a leap year divided by 366;

- (b) for each Dividend Period thereafter (the “Floating Rate Dividend Period ”), at a rate per annum of twelve month US dollar LIBOR plus the Margin, calculated on the Liquidation Preference and on the basis of the actual number of days elapsed in such period divided by 360;

If declared, Dividends will be paid in US dollars.

For these purposes:

“**Bahrain Banking Day**” means any day, not being a Friday, Saturday or public holiday, on which national banks are open for business in Bahrain;

“**Business Day**” means any day, not being a Saturday, Sunday or public holiday, on which banks are open for business in New York;

“**Dividend Period**” means (a) the period from and including the Issue Date to and including June 30, 2010, (b) from and including July 1, 2010, each twelve-month period from July 1 to, and including, June 30 in each year thereafter, ending on and including June 30, 2014, (c) the period from and including July 1, 2014 to but excluding the First Call Date, (d) the period from and including the First Call Date to, and including June 30, 2015 and (e) each twelve-month period to, and including, June 30 in each year thereafter;

“**Dividend Payment Date**” means the day falling 21 days after a meeting of the Shareholders (or any adjournment thereof) at which the Dividend is approved by the Shareholders, or if such day is not a Bahrain Banking Day and a Business Day, then the next following day which is a Bahrain Banking Day and a Business Day thereafter;

“**LIBOR**” means, in relation to any Dividend Period:

- (a) the British Bankers Association Interest Settlement Rate for deposits in US Dollars for a period of twelve months (or, if the Dividend Period is not twelve months, a period equal in duration, or as close in duration as is available, to the relevant Dividend Period) displayed on the appropriate page of the Reuters Screen; or
- (b) if the relevant rate does not appear on the Reuters Screen, the arithmetic mean (rounded upwards, if necessary, to four decimal places) of the rates at which the principal London offices of four leading financial institutions, chosen by the Company, engaged in the London interbank market were offering to prime banks in the London interbank market deposits in US dollars for a period of twelve months (or, if the Dividend Period is not twelve months, a period equal in duration, or as close in duration as possible, to the relevant Dividend Period), as calculated by the Company, in each case, determined at 11.00 am (London time) on the day on which quotations

would ordinarily be given by prime banks in the London interbank market for deposits in US dollars for delivery on the first day of such Dividend Period;

“Margin” means 9.75 per cent; and

“Shareholders” means the holders of the ordinary shares of the Company.

4. Limitation on Payment of Dividends

A Dividend shall be payable on the Preference Shares only if declared by the Board of Directors, and approved by the Shareholders, of the Company. A Dividend will not be payable on the Preference Shares in respect of any Dividend Period or in respect of any other period if (i) the Board of Directors does not declare, or the Shareholders do not approve, the Dividend, or (ii) on the relevant Dividend Payment Date the Company is prevented by applicable Bahrain banking regulations or other requirements (including a failure to obtain Central Bank of Bahrain approval) from making payment in full of such Dividend, or (iii) the amount of such Dividend (if paid in full), together with the sum of any dividends and other distributions on the Company's Parity Obligations due and payable in respect of the same dividend periods, would exceed the Adjusted Distributable Profits of the Company.

For these purposes:

“Parity Obligations” means (i) any preference shares (other than the Preference Shares) or similar securities or obligations issued by the Company that do not, or are not expressly stated to, rank in all material respects senior or junior to the Preference Shares as regards entitlement to distributions on liquidation and (ii) any guarantee, support agreement or other similar undertaking of the Company in respect of any securities or obligations issued by a subsidiary of the Company, which guarantee, support agreement or other similar undertaking does not, or is not expressly stated to, rank in all material respects senior or junior to the Preference Shares as regards entitlement to distributions on liquidation;

“Adjusted Distributable Profits” means, as set out in the Company's most recently audited consolidated financial statements prepared in accordance with IFRS (or any other accounting standards that the Company may adopt in the future for the preparation of its audited annual financial statements in accordance with Bahrain legal requirements), amounts standing to the credit of the Company's consolidated reserves and retained earnings, subject to any adjustments required or permitted by applicable Bahrain law; and

“IFRS” means International Financial Reporting Standards issued by the International Accounting Standards Board (“IASB”) and interpretations issued by the International Financial Reporting Interpretations Committee of the IASB (as amended, supplemented or re-issued from time to time).

None of the Company or any of its subsidiaries shall make or procure or permit to be made any payments in respect of the Preference Shares except for payments to which the holders are expressly entitled under the terms of the Preference Shares. Further, the Dividends are non-cumulative, and any payment of a Dividend at any time shall not entitle holders to the payment of a Dividend in respect of any prior Dividend Period in respect of which a Dividend was not declared or payable.

If in respect of any Dividend Period any Dividend is not declared or payable for any of the reasons specified above, the Company will not (a) declare, pay or make any dividends, other distributions or payments in respect of, or redeem or repurchase (if permitted), ordinary shares or any other securities or obligations of the Company ranking junior to the Preference Shares (or contribute any moneys to a sinking fund for the redemption or other satisfaction of any such securities or obligations) until the next succeeding Dividend Payment Date on which a Dividend in respect of the Preference Shares is paid in full, or (b) repurchase or redeem any Parity Obligations (if permitted) until the next succeeding Dividend Payment Date on which a Dividend in respect of the Preference Shares is paid in full.

5. Maturity and Redemption

The Preference Shares are perpetual securities and are not subject to any mandatory redemption provisions. They may only be redeemed, at the option of the Company, in the circumstances described below.

6. Optional Redemption

The Company has the option, but not the obligation, to redeem the Preference Shares, in whole or in part, subject to satisfaction of the Redemption Conditions, on the First Call Date or on any date thereafter by payment of the Optional Redemption Price. Any partial redemption shall be the redemption of a whole number of Preference Shares from all holders of Preference Shares to the number of Preference Shares held by each such holder, but so that any fractions shall be rounded up to the next whole number.

For these purposes:

“First Call Date” means as to any Preference Share, the fifth anniversary of the Issue Date for such Preference Share;

“Redemption Conditions” means that (i) the consent of the Central Bank of Bahrain and the Ministry of Industry and Commerce to the redemption, if then required, has been obtained and (ii) the Company satisfies all other Bahrain legal requirements in respect of the redemption; and

“Optional Redemption Price” means an amount equal to the Liquidation Preference, together with (i) any declared but unpaid Dividend in respect of the immediately preceding Dividend Period and (ii) a Dividend for the period from the beginning of the Dividend Period in which the redemption is effected up to but excluding the date on which such redemption is effected (subject always to any non-payment of Dividends in accordance with paragraph 4).

7. Redemption or Substitution following a Special Event

If a Special Event occurs, then the Company has the discretion to cause, and if the Central Bank of Bahrain so requires, will cause (i) either the redemption (subject to the satisfaction of the Redemption Conditions) of the Preference Shares at the Optional Redemption Price (a **“Special Event Redemption”**), or (ii) the substitution (subject to the approval of the Central Bank of Bahrain) in whole but not in part of the Preference Shares with Qualifying Tier 1 Instruments (a **“Special Event Substitution”**).

Notwithstanding the provisions of paragraph 15, a Special Event Substitution may be effected without the requirement for the consent or approval of the holders of the Preference Shares.

In the event that the Company elects to effect a substitution of the Preference Shares with Qualifying Tier 1 Instruments, each Series D Preference Share will be substituted for by such number of Qualifying Tier 1 Instruments which have an aggregate liquidation preference equal to the liquidation preference of such Series D Preference Share and have rights to the quantum of distributions equivalent to the distribution rights of each Series D Preference Share.

For these purposes:

“Accelerating Event” means that, pursuant to any court order, governmental decree or ordinance, or by any other means, the holders of Preference Shares shall have been granted the right to vote, either on a pari passu basis with the holders of ordinary shares or otherwise, at general meetings of the Company on any matters in addition to a material and adverse variation of the rights of the holders of Preference Shares as a class as specified in paragraph 15;

“Accounting Event” shall be deemed to occur if, as a result of a change in accounting principles, in the opinion of the external auditors of the Company, the obligations of the Company under the Preference Shares must not or may no longer be recorded as “equity” in the next following annual audited consolidated financial statements of the Company prepared in accordance with IFRS or any other accounting standards that the Company may adopt in the future for the preparation of its annual financial statements in accordance with Bahrain legal requirements;

“Additional Amounts” means the additional amounts which may be payable in respect of the Preference Shares as described in accordance with paragraph 16;

“Qualifying Tier 1 Instruments” means instruments including non-cumulative perpetual preference shares, issued directly or indirectly by the Company that have terms not materially less favorable to a holder of the Preference Shares (as reasonably determined by the Company) provided that they shall:

- (i) comply with the then current requirements of the Central Bank of Bahrain in relation to Tier 1 Capital;
- (ii) have at least the same distribution rate as the Preference Shares;
- (iii) shall not be subject to optional redemption by the Company on any date earlier than the First Call Date except upon the occurrence of a Special Event;
- (iv) if not issued by the Company, then have the benefit of a guarantee from the Company which ranks equally with the Preference Shares on a winding-up; and
- (v) rank on a winding-up at least equal to the Preference Shares;

“Regulatory Event” means that at any time the Preference Shares cease to be eligible to qualify as Tier 1 Capital for the purposes of the Central Bank of Bahrain’s capital adequacy requirements applicable to banks in Bahrain;

“Special Event” means a Regulatory Event, an Accelerating Event, an Accounting Event or a Tax Event;

“Tax Event” means that, as a result of any amendment to or change in the laws or regulations of the Kingdom of Bahrain or any political subdivision thereof or any authority or agency therein or thereof having power to tax or any change in the application of or official interpretation or administration of any such laws or regulations, which amendment or change becomes effective after the Issue Date, the Company is required to pay Additional Amounts; and

“Tier 1 Capital” has the meaning ascribed to such term by the Central Bank of Bahrain, being (i) the aggregate of (a) the permanent equity capital of a bank (including issued and fully paid ordinary shares/common stock and perpetual, non-cumulative preference shares but excluding cumulative preference shares), (b) disclosed reserves, excluding revaluation reserves and (c) minority interests arising on consolidation in the equity of subsidiaries which are less than wholly-owned, less (ii) goodwill and current period losses which have been reviewed by the external auditors, as such definition may be amended or updated from time to time by the Central Bank of Bahrain.

8. Investment Protection Event

The Preference Shares may also be redeemed at the Optional Redemption Price or replaced by a substantially economically equivalent security if considered necessary to protect the holders of Preference Shares from materially adverse consequences resulting from extraordinary events that (i) materially impair the ability of the Company to perform its obligations (including, without limitation, its obligations under the terms of the Preference Shares); (ii) cause a change of control of the Company that is not approved or recommended by senior management of the Company or (iii) cause the Company to be unable to continue to conduct its normal business.

9. Rights Upon Liquidation

In the event of the dissolution of the Company, each holder of a Preference Share will be entitled to receive out of the assets of the Company available for distribution a liquidating distribution equal to the Liquidation Preference, together with (i) any declared but unpaid Dividend in respect of the immediately preceding Dividend Period and (ii) a Dividend for the period from the end of the immediately preceding Dividend Period through the date on which such dissolution occurs (subject always to non-payment of Dividends in accordance with paragraph 4). The liquidating distribution will be made (i) before the claims of the holders of ordinary shares, (ii) pari passu with the equivalent claims under all outstanding Parity Obligations of the Company and (iii) after the claims of all creditors of the Company and holders of obligations of the Company which are not Parity Obligations nor expressly specified as ranking pari passu with or junior to the Preference Shares.

Following payment of the amount of the liquidating distribution entitlement, the holders of Preference Shares will have no further right or claim to any of the remaining assets of the Company.

10. Pre-Emption Rights

The holders of Preference Shares shall not have pre-emptive rights to subscribe for ordinary shares or for any other shares issued by the Company.

11. Further Issues

Subject to obtaining approval from the Bahrain Ministry of Industry and Commerce, if required, the Company may issue further preference shares in different series, *provided that* the shares in each such series of preference shares constitute Parity Obligations or are expressly stated to rank junior to the Preference Shares.

The Company shall be at liberty from time to time without the consent of the holders of the Preference Shares to create and issue further Preference Shares on the same terms as the Shares (save for the date from which Dividends thereon accrue and the amount of the first payment of Dividends on such further Preference Shares) and so that the same shall be consolidated and form a single Series with the outstanding Preference Shares.

The Company is not permitted to create any class of shares ranking as regards participation in the profits or assets of the Company in priority to the Preference Shares, save with the approval of the holders of at least 51 per cent of the Preference Shares, or by the holders of 51 per cent of the Preference Shares present or represented at a meeting (which shall be called and conducted in accordance with the provisions for extraordinary general meetings set out in the Company's Articles of Association applicable to ordinary shares) at which a quorum of holders of more than 51 per cent of the Preference Shares is present or represented.

12. Purchases

The Company may at any time purchase, or cause to be purchased for its account, all or any of the Preference Shares, subject to compliance with Bahrain Law. The Company shall not be required to select the Preference Shares to be purchased rateably or in any other particular manner as between the holders of Preference Shares or as between them and the holders of shares of any other class or in accordance with the rights as to dividends or capital conferred by any class of shares.

No purchase of Preference Shares will be made by or on behalf of the Company without the prior consent of the Central Bank of Bahrain, if required.

Notwithstanding anything to the contrary contained herein, no holder of Preference Shares will be required to sell or otherwise tender its shares to the Company pursuant to this paragraph 12.

13. Cancellation

All Preference Shares so redeemed or purchased by the Company will be cancelled and may not be re-issued or resold.

14. Voting Rights

Holders of Preference Shares will not be entitled to vote, except as stated in paragraph 15, at any meeting of the holders of ordinary shares of the Company or participate in the management of the Company, although holders of Preference Shares will be entitled to receive notice of, and attend, any such meeting.

15. Variation of Rights

No material and adverse variation of the rights of the holders of Preference Shares may be made except with the approval of the holders of at least 51 per cent of the Preference Shares, or by the holders of 51 per cent of the Preference Shares present or represented at a meeting (which shall be called and conducted in accordance with the provisions for extraordinary general meetings set out in the Company's Articles of Association applicable to ordinary shares) at which a quorum of holders of more than 51 per cent of the Preference Shares is present or represented; *provided* that if any such variation shall, by its terms, disproportionately and adversely affect one or more specifically named, or otherwise identified, holder(s) of Preference Shares, then such variation also may not be made without the approval of such holder(s). For the avoidance of doubt, any Special Event Substitution made in accordance with paragraph 7 will not constitute a variation of rights.

16. Additional amounts

Payments in respect of the Preference Shares by the Company will be made without withholding or deduction for, or on account of, tax, unless the withholding or deduction of such tax is required by law. In that event, the Company will pay as further dividends such additional amounts (the "Additional Amounts") as may be necessary in order that the net amounts received by each holder of Preference Shares after such withholding or deduction, and after giving effect to any tax benefit to such holder arising from such withholding or deduction, shall equal the amounts that would have been receivable in respect of the Preference Shares in the absence of such withholding or deduction, subject to certain exceptions, including, but not limited to, if such withholding or deduction is imposed or levied by virtue of a holder of Preference Shares having some connection with Bahrain other than being such a holder.

17. Governing Law

The Preference Shares will be governed by, and construed in accordance with, the laws of the Kingdom of Bahrain.

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