

INVESTCORP BANK B.S.C.

SHAREHOLDER CIRCULAR

**FOR THE
ORDINARY GENERAL MEETING OF SHAREHOLDERS
TO BE HELD
ON
SEPTEMBER 22, 2014**

Dear Shareholders

The Thirty-First Ordinary General Meeting of Shareholders of Investcorp Bank B.S.C. (the "Company") is scheduled to be held at 11:30 a.m. on September 22, 2014 (the "OGM") at Investcorp House, Diplomatic Area, Manama, Kingdom of Bahrain to consider the matters listed on the Agenda attached as Annex A to this Shareholder Circular.

The purpose of this Shareholder Circular is to provide information to Shareholders regarding Agenda Items 7 and 8.

Agenda Item 7:

To elect Dr. Yousef Al-Ebraheem to serve as a member of the Board of Directors for a period of two years, from the date of this meeting until the Ordinary General Meeting of the Shareholders to be held following the end of the fiscal year ending June 30, 2016, to fill the vacancy that arose from the death of Board of Directors member, Mr. Mustafa J. Boodai.

At a meeting held on April 22, 2014, the Executive Committee for Administrative Policy of the Board of Directors, acting as a nominating committee, determined to recommend to the Board of Directors that Dr. Yousef Hamad Al-Ebraheem be nominated for election for a two-year term at the OGM to fill the vacancy that arose from the death of Board of Directors member, Mr. Mustafa J. Boodai. The Committee provided written advice regarding that recommendation to the Board of Directors (the "Nomination Advice").

At a meeting held on April 23, 2014, the Board of Directors considered and adopted the Nomination Advice and it approved the nomination of Dr. Al Ebraheem for election at the OGM.

The Board of Directors recommends to the Shareholders that Dr. Al Ebraheem be elected for a two year term.

Dr. Al Ebraheem is the Advisor of Economic Affairs to H.H. The Amir of the State of Kuwait.

Dr. Al Ebraheem is also a member of the Board of Directors of the American Kuwaiti Alliance, a member of the Board of Directors of INJAZ Kuwait, a member of the Board of Trustees and a member of the Executive Committee of the Arab Open University, Kuwait, and a member of the Board of Advisors of the Center for Contemporary Arab Studies at Georgetown University. Dr. Al Ebraheem serves as a research fellow for the Economic Research Forum for the Arab Countries, Iran and Turkey which is located in Cairo, Egypt. He is a member of the Kuwait Economic Society, and a member of the Board of Trustees of the Kuwait Institute for Medical Specializations.

Dr. Al Ebraheem holds an M.A. and a Ph.D. in Economics from Claremont Graduate School, and a B.Sc. in Economics from Kuwait University.

Agenda Item 8: To approve the competitive affiliations of two Directors and a Director's Service on the Board of Directors of More than Three Bahrain Public Companies

Two Directors of the Company, Mr. Abdullah Mohammed Mazrui, and Mr. Abdul Rahman Ali Al-Turki, have affiliations with other financial institutions. These institutions are The National Investor and Abraaj Capital, respectively. Each of these financial institutions operates a business that could compete with the Company.

The Board of Directors is not aware of any instance in which there actually has been direct competition between the Company and either of such financial institutions.

However, the Board of Directors is requesting shareholder approval of these affiliations.

In addition, the Central Bank of Bahrain's Module HC provides that no director of a Bahrain bank should hold more than three directorships in public companies in Bahrain.

Mr. Farouk Yousuf Khalil Almoayyed serves as a director of Bahrain Duty Free Shop Complex, Bahrain National Holding Co., National Bank of Bahrain and Gulf Hotel Group B.S.C., which are Bahrain public companies, in addition to serving as a Director of the Company. However, the Board of Directors does not believe there is any conflict of interest between Mr. Almoayyed's service on the Board of Directors of the Company and his service as a director of the other public companies and the Board of Directors believes that Mr. Almoayyed devotes sufficient time to his service on the Board of Directors of the Company.

However, the Board of Directors is requesting shareholder approval of Mr. Almoayyed's service on the boards of directors of more than three public companies in Bahrain.

With God's blessings,

Abdul-Rahman Salim Al-Ateeqi
Chairman of the Board of Directors

INVESTCORP BANK B.S.C.

**The Thirty-First Ordinary General Meeting
of the Shareholders of Investcorp Bank B.S.C.
to be held at 11:30 a.m. on September 22, 2014
at Investcorp House, Diplomatic Area, Manama,
Kingdom of Bahrain**

AGENDA

1. To receive the Board of Directors' Report on the Company's activities for the year ended June 30, 2014 and approval thereof.
2. To receive the Report of the Auditors, Messrs. Ernst & Young, for the year ended June 30, 2014 and approval thereof.
3. To receive the Profit and Loss Account and Balance Sheet for the year ended June 30, 2014 and approval thereof.
4. To approve the proposal made by the Board of Directors for allocation of the net profits for the year as follows:
 - A. Distribution of dividends to holders of Preference Shares in accordance with the Terms and Conditions of issue of said shares for the dividend period from and including July 1, 2013 up to and including June 30, 2014, as follows:

Preference Share Series	Aggregate Dividend Amount
B	US\$41,204,040.00
C	US\$6,542,040.00
D	US\$1,629,720.00

If approved, dividend payments shall be made no later than October 2, 2014.

- B. Distribution of dividends to holders of the Series B-2 Preference Shares that were redeemed by the Company on July 15, 2014, the holders of the Series B-3 Preference Shares that were redeemed by the Company on August 12, 2014, and the holders of the Series C Preference Shares that were redeemed by the Company on August 12, 2014 in accordance with the Terms and Conditions of issue of said shares, as follows:

Preference Series	Share	Aggregate Dividend Amount	For Period
B-2		US\$147,927.45	July 1, 2014 to July 14, 2014
B-3		US\$154,058.30	July 1, 2014 to August 11, 2014
C		US\$139,269.70	July 1, 2014 to August 11, 2014

If approved, dividend payments shall be made no later than October 2, 2014.

- C. Distribution of US\$9,413,175.00 to holders of Ordinary Shares (excluding treasury shares) at the rate of US\$15.00 per Ordinary Share, representing 6% of the paid-up Ordinary Share capital. If approved, dividend payments shall be made no later than October 2, 2014.

- D. Charitable donations in the amount of US\$4,500,000.
- E. Carrying over of US\$67,882,427.79 as retained profits for the following year.
5. To approve payment of Board of Directors' remuneration in the aggregate amount of US\$1,540,000.
 6. To discharge the Directors of the Company from any liability arising in connection with their duties during the year ended June 30, 2014.
 7. To elect Dr. Yousef Al-Ebraheem to serve as a member of the Board of Directors for a period of two years, from the date of this meeting until the Ordinary General Meeting of the Shareholders to be held following the end of the fiscal year ending June 30, 2016, to fill the vacancy that arose from the death of Board of Directors member, Mr. Mustafa J. Boodai.
 8. To approve the competitive affiliations of two Directors as well as one Director's service as a director of more than three Bahrain public companies.
 9. To re-appoint Messrs Ernst & Young as the Company's Auditors for the fiscal year ending June 30, 2015 after first obtaining the approval of the Central Bank of Bahrain and empower the Board of Directors to fix their remuneration in respect of that fiscal year based upon the recommendation of the Audit Committee of the Board of Directors.
 10. To receive the Report on the Company's compliance with its Corporate Governance Guidelines, the Central Bank of Bahrain's High Level Controls Module and the corporate governance matters listed in the Central Bank of Bahrain's Public Disclosure Module.
 11. To discuss any other matters in accordance with Article 207 of the Commercial Companies Law.

With God's blessings,

Abdul-Rahman Salim Al-Ateeqi
Chairman of the Board of Directors