

INVESTCORP BANK B.S.C.

SHAREHOLDER CIRCULAR

**FOR THE
EXTRAORDINARY GENERAL MEETING OF SHAREHOLDERS
TO BE HELD
ON
September 29, 2015**

September 14, 2015

Dear Shareholders

An Extraordinary General Meeting of the Shareholders of Investcorp Bank B.S.C. (the "Company") is scheduled to be held at 12:00 p.m. on Tuesday, September 29 2015 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 the matters listed on the Agenda.

Agenda Item 1: To approve a proposal to split the Company's Ordinary Shares, on a basis of 100:1, pursuant to which each Ordinary Share, having a nominal value of US\$250 per share, shall be split into 100 Ordinary Shares, having a nominal value of US\$2.50 per share, resulting in (i) an increase in the number of the Company's authorized Ordinary Shares from 4,000,000 to 400,000,000 and (ii) an increase in the number of the Company's issued Ordinary Shares from 800,000 to 80,000,000 Ordinary Shares, and to amend Article 6 of the Company's Memorandum of Association and Articles of Association accordingly to reflect the share split.

The Company believes that the liquidity of its Ordinary Shares that are listed on the Bahrain Bourse would be increased, and trading in those shares would be stimulated, if the Company's Ordinary Shares were split.

For this reason, the Company proposes a 100:1 split of its Ordinary Shares, pursuant to which each Ordinary Share, having a nominal value of US\$250 per share, shall be split into 100 Ordinary Shares, having a nominal value of US\$2.50 per share. The result of the share split would be that (i) the Company's authorized Ordinary Shares would increase from 4,000,000 to 400,000,000 Ordinary Shares, (ii) the Company's issued Ordinary Shares would increase from 800,000 to 80,000,000 Ordinary Shares and (iii) the total number of the Ordinary Shares listed on the Bahrain Bourse would increase from 256,119 to 25,611,900.

Article 6 of the Company's Memorandum of Association and Article 6 of the Company's Articles of Association would be amended to reflect the decrease in the nominal value of the Ordinary Shares, and the increase in the number of authorized and issued Ordinary Shares.

The text of the amended Article 6 of the Memorandum of Association and the amended Article 6 of the Articles of Association (with the proposed changes marked) is attached as Annex B to this Shareholder Circular.

Agenda Item 2: To approve the amendment to Articles 15, 16(c), 17(d) and 18 of the Company's Articles of Association to reflect the revised corporate governance structure of the Company, and to authorize the Board of Directors to designate one or more individuals to sign the Amendment to the Articles of Association before the Notary Public of the Kingdom of Bahrain.

The Company has determined that Articles 15, 16(c), 17(d) and 18 of its Articles of Association must be amended in order to reflect (1) the separation of the Executive Chairman and Chief Executive Officer positions and (2) the appointment of Co-Chief Executive Officers. The appointments of the Executive Chairman and the Co-Chief Executive Officers were approved by the CBB and became effective on July 1, 2015. The Company is requesting the approval of the shareholders to amend the Articles of Association to reflect the revised corporate governance structure of the Company. The amended Articles 15, 16(c), 17(d) and 18 (with the proposed changes marked) are attached as Annex C to this Shareholder Circular.

With God's blessings,

Nemir A. Kirdar
Chairman of the Board of Directors

ANNEX A

INVESTCORP BANK B.S.C.

**Extraordinary General Meeting
of the Shareholders of Investcorp Bank B.S.C.
to be held at 12:00 p.m. on Tuesday, September 29, 2015
at Investcorp House, Diplomatic Area, Manama,
Kingdom of Bahrain**

AGENDA

1. To approve a proposal to split the Company's Ordinary Shares, on a basis of 100:1, pursuant to which each Ordinary Share, having a nominal value of US\$250 per share, shall be split into 100 Ordinary Shares, having a nominal value of US\$2.50 per share, resulting in (i) an increase in the number of the Company's authorized Ordinary Shares from 4,000,000 to 400,000,000 Ordinary Shares and (ii) an increase in the number of the Company's issued Ordinary Shares from 800,000 to 80,000,000 Ordinary Shares, and to amend Article 6 of the Company's Memorandum of Association and Articles of Association accordingly to reflect the share split.
2. To approve the amendment to Articles 15, 16(c), 17(d) and 18 of the Company's Articles of Association to reflect the revised corporate governance structure of the Company, and to authorize the Board of Directors to designate one or more individuals to sign the Amendment to the Articles of Association before the Notary Public of the Kingdom of Bahrain.

With God's blessings,

Nemir A. Kirdar
Chairman of the Board of Directors

ANNEX B

Proposed Amendments to Article 6 of the Company's Memorandum Of Association and Articles of Association

"Article 6: **Share Capital of the Company**

(a) Authorized Share Capital:

The authorized share capital of the Company is US\$ 2,000,000,000 (Two Billion United States Dollars) divided into (i) ~~4,000,000 (Four Million)~~ 400,000,000 (Four Hundred Million) ordinary shares, each with a nominal value of ~~US\$250 (Two Hundred Fifty United States Dollars)~~ 2.50 (Two Dollars and Fifty Cents) or such other nominal value as may be determined in accordance with [the Articles of Association of the Company]/[these Articles] 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 Extraordinary General Meeting.

(b) Issued and Paid-Up Share Capital:

The issued and paid-up share capital shall be:

- (i) the amount of US\$70,000,000 (Seven Hundred Million United States Dollars) divided into (A) ~~800,000 (Eight Hundred Thousand)~~ 80,000,000 (Eighty Million) ordinary shares, each with a nominal value of ~~US\$250 (Two Hundred Fifty United States Dollars)~~ 2.50 (Two Dollars and Fifty Cents) or such other nominal value as may be determined in accordance with [the Articles of Association of the Company]/[these Articles] 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 Annex B of [the Articles of Association of the Company]/[these Articles] 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 [the Articles of Association of the Company]/[these Articles]; 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 Extraordinary General Meeting, *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]/[these Articles] and the [Articles of]/[Memorandum of] Association of the Company.

(c) Shareholder Rights:

Shareholders shall have the right to determine the categories and series of issued shares, and shares to be issued pursuant to Article (b)(ii) of this Article (6), the number of shares of each category or series, the nominal value of such shares, and the rights, entitlements, terms and conditions in relation to such shares, in accordance with the Law, and the Memorandum of Association and the Articles of Association of the Company.

(d) Issuance of Additional Shares:

Additional shares issued pursuant to paragraph (b)(ii) of this Article 6 shall be evidenced by a supplement to [this Memorandum]/[these Articles] and [Articles of]/[Memorandum of] Association of the Company filed with the Ministry of Industry & 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]/[these Articles] and the [Articles of]/[Memorandum of] Association of the Company.

(e) Definition of Shares and Share Capital:

The term "share" shall, for purposes of [this Memorandum]/[these Articles] mean any ordinary or preference or other kind of share referred to in the Law and the term "share capital" shall mean all the issued and paid up shares, unless any specific issuance or category of shares is excluded from the provisions of the Law by the Ministry of Industry and Commerce or its successor.

(f) Delegation to the Board of Directors:

The shareholders may delegate their rights and entitlements under this Article (6) to the Board of Directors in accordance with a resolution to this effect to be passed by the Extraordinary General Meeting.

(g) Shares of the Company:

The shares of the Company are nominal and negotiable in accordance with Article (86) of the Central Bank of Bahrain and Financial Institutions Law and the regulations issued to its effect. Each share shall be indivisible. If two or more persons jointly own one share, only one person (the first named in the Share Register, unless agreed otherwise) shall receive communication and represent the joint owners in respect of such share. Joint owners of a share shall be jointly and severally liable for the obligations in respect of such share.

(h) Dealing in the Company's Shares:

The dealing of the Company's shares shall be undertaken in accordance with Article (95) of the Central Bank of Bahrain and Financial Institutions Law and the regulations issued to its effect."

ANNEX C

ANNEX C

Proposed Amendments To Articles 15, 16(c), 17(d) and 18 Of The Company's Articles of Association

Article 15

“Article 15: Chairman, Deputy Chairman, Executive Chairman, and Chief Executive Officers

(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 may also appoint one or two Chief Executive Officers, ~~who~~ each of whom 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 to the Chief Executive Officer(s) pursuant to Article 18 of these Articles of Association.”

Article 16(c)

“(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~~ or the Chief Executive Officer(s) of the Company.”

Article 17(d)

“(d) Each Executive Committee will meet whenever necessary at the summons of its Chairman or the Executive Chairman ~~and the Chief Executive Officer.~~”

Article 18

“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~~ or the Chief Executive Officer(s), 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.”