Press Release

BMI Bank and Al Salam Bank-Bahrain set to merge

Manama, 8 September 2013:

The boards of directors of Al Salam Bank-Bahrain B.S.C (ASBB) and BMI Bank B.S.C. have resolved to merge the two entities. The business combination will be carried out by way of exchanging 11 ASBB shares for each BMI Bank share, it was announced here today.

Under the terms of the proposed business combination, ASBB will acquire 58.5 million BMI Bank shares of BD1 each and issue 644 million ASBB shares of 100 fils each.

A joint statement issued by both banks mentioned that the proposed merger of ASBB and BMI Bank will result in the group becoming the fourth largest commercial bank in Bahrain. H.H. Shaikha Hessa Bint Khalifa Al-Khalifa, Chairperson of ASBB stated that the offer is subject to approval by ASBB shareholders in their proposed Extraordinary General Assembly Meeting. She stated that this combination comes in pursuit of the ASBB's strategy towards expansion and growth within and outside the Kingdom of Bahrain.

The proposed business combination if completed will result in the combined entity having 19 retail branches, including one overseas (Qatar), and 44 automated teller machines (ATMs) and would enhance the visibility of ASBB and consolidate its retail/commercial banking in Bahrain while increasing its market share, HH Shaikha Hessa stated.

For his part, Sheikh Khalid bin Mustahail Al Mashani, Chairman of BMI Bank stated that "taking into consideration the saturated local market, consolidation becomes necessary in order to create larger and stronger financial institutions capable of competing both locally and regionally."

"The combined entity would become an economically significant entity in the domestic market and position itself to expand regionally" he added.

ASBB is working closely with BMI Bank to accelerate the regulatory approval process and is drawing up a post-merger integration plan that best leverages the strength of the two banks.

End

****

Note to the editors:

BMI Bank B.S.C (c)

Bahraini retail and commercial banking institution, BMI Bank is a retail bank, registered in Bahrain and regulated by the Central Bank of Bahrain. The Bank offers its customers a complete range of innovative and unique financial products and services through its extended network of strategically located branches and ATMs. The Bank posted a profit of USD 1.3 million for the year ended 31st December 2012, marking its

sixth straight quarter of profit as well as its full-year return to profitability for the first time in the last five years. The Bank maintains an excellent Capital Adequacy Ratio of over 18% with very strong liquidity as reported during the year ended 2012.

BMI Bank operates an international branch in Qatar, owns and operates the Diners Club cards franchise in Bahrain, has a 21.33% shareholding in Gulf African Bank – Kenya, and has an equal stake in an Offshore Bank in the Seychelles (a joint venture with Nouvobanq). BMI Bank's shareholders include some of the strongest and most respected financial institutions across the GCC, including BankMuscat (SAOG) the flagship financial institution in the Sultanate of Oman.

In addition to Retail Banking BMI Bank also offers Wholesale, SME, Private and Islamic Banking as well as Financial Institutions Group (FIG) and Treasury services.

Al Salam Bank-Bahrain B.S.C.

Headquartered in the Kingdom of Bahrain, Al Salam Bank-Bahrain (B.S.C.) is a dynamic, diversified and differentiated Islamic bank.

Incorporated on 19 January 2006 in the Kingdom of Bahrain and commenced commercial operations on 17 April 2006, the Bank operates under Shari'a principles in accordance with regulatory requirements for Islamic banks set by the Central Bank of Bahrain.

Al Salam Bank-Bahrain was listed on the Bahrain Bourse on 27 April 2006, and subsequently on the Dubai Financial Market on 26 March 2008.

The Bank's high caliber management team comprises highly qualified and internationally-experienced professionals with proven investment expertise in key areas of banking, finance and related fields; all supported by a world-class Information Technology (IT) infrastructure and the latest 'smart' working environment.

Al Salam Bank-Bahrain adopts internationally recognized standards and best practices in Corporate Governance and operates with highest levels of integrity, transparency and trust.

The Bank is committed to its role as a concerned corporate citizen, actively seeking ways to contribute and add value to the social and economic well-being of the local communities in which it invests and operates.

For further information, please contact:
Adnan Alshaikh
Head, Corporate Communications & Investor Relations
Tel: +973 39336900
Email: a.alshaikh@alsalambahrain.com