Invitation to the Ordinary and Extraordinary General Meetings

8 March 2010

The Chairman of the Board of Directors of Al Salam Bank-Bahrain (BSC) ("the Bank") cordially invites the shareholders to attend the Ordinary and Extraordinary General Meetings (AGM & EGM) to be held on Monday, 8 March 2010, at 10:00am and 10:30am respectively at Al Ghazal Ballroom, Ritz-Carlton, Bahrain Hotel & Spa, Kingdom of Bahrain, to discuss the agenda below. If the required quorum is not available, a second meeting will be held on Monday 15 March 2010 at the same venue and time.

First: The Agenda of the Ordinary General Meeting:

1. To approve the minutes of the previous AGM meeting held on 22 February 2009.
2. To discuss and approve the Board's report on the Bank's activities for the year ended 31 December 2009.
3. To receive the Shari'a Supervisory Board report for the year ended 31 December 2009.
4. To receive the External Auditor's Report for the year ended 31 December 2009.
5. To review and approve the Consolidated Financial Statements for the year ended 31 December 2009.
6. To appropriate the retained earnings upon the recommendations of the Board of Directors as follows:
   a. Transfer of BD 1,396,038 to the Statutory Reserves.
   b. Transfer of BD 5,772,270 to the Investments Reserves.
   c. Appropriation of BD 100,000 for Charities and Donations.
   d. The distribution of 5% cash dividend on paid-up capital, or 5 fils per share, aggregating to a total cash dividend of BD7,128,875 and utilize BD7,128,875 or (5% of the paid-up capital) to issue one bonus share for every twenty shares held.
7. To approve directors remuneration of BD250,000.
8. To absolve the members of the Board from liability for their actions during the year ended 31 December 2009.
9. To reappoint Ernst & Young as external auditors for the year ending 31 December 2010 and authorize the Board of Directors to determine their remuneration.

Second: The Agenda of the Extraordinary General Meeting:

1. To approve the minutes of the previous EGM meeting held on 12 November 2009.
2. To amending the Memorandum and Articles of Association of the Bank according to the decision issued as per Article no. (6-d) above.
3. To authorize the Chairman of the Board of Directors and anyone who he authorizes to take all necessary measures to implement all required procedures and requisites pertaining to the amendment and documentation of the Memorandum and Articles of Association of the Bank.

Mohamed Ali Rashid Alabbar
Chairman

Important note to the shareholders:

1. You can download the Consolidated Financial Statements for the year ending 31 December 2009 and a copy of the Proxy letter through the Bank's web site: www.alsalambahrain.com.
2. Shareholders whose names are registered in the share register of the Bank on the date of the Meeting are entitled to attend in person, or appoint a Proxy to attend, the meeting and vote on behalf of such shareholder provided (a) such Proxy is not a director or employee of the Bank (unless the Proxy is a first degree relative of that shareholder) and (b) such Proxy, if representing more than one shareholder, does not hold proxies totaling in excess of 5% of the issued share capital of the Bank. The appointed Proxy need not be a shareholder of the Bank and should be appointed in writing. The written appointment must be submitted prior to the Submission Deadline.
3. In the case of an institutional shareholder, the representative attending the meeting must submit a letter of appointment of representative duly appointing the relevant person as the respective shareholders representative. The appointment must be in writing, issued by an authorized person of the institution, sealed under the company's stamp and provided prior to the Submission Deadline.
4. For submission of Proxy or representative authorization documents ("Appointment Documents"), the "Submission Deadline" shall mean receipt of the relevant documents by Al Salam Bank-Bahrain, P.O. Box 18282, Manama, Kingdom of Bahrain, no later than 24 hours before meeting time. Appointment Documents may be provided by hand delivery, post, or facsimile transmission (fax no.: 00973-17560223) or by E-mail: investors@alsalambahrain.com provided same are received prior to the Submission Deadline. Appointment Documents received after the Submission Deadline shall be invalid for the purposes of the meeting.