

BisB Ordinary General Meeting for the Year 2023

This attachment circular is in reference to agenda item No. 9 with respect to the Long-Term Incentive Plan (LTIP).

Terms of the LTIP Scheme	
Share instrument	Bahrain Islamic Bank BSC (BISB) ordinary shares
Oversight	Nomination, Remuneration, Governance and Sustainability Committee of BISB (NRGSC)
Award Price	Weighted Average of BISB share price in relation to trading volume as quoted and traded on Bahrain bourse for a period of one month forward from the date following the date of declaration of annual results of BISB.
Coverage	Coverage will be for CEO and direct reports (Chief Level), subject to the approval of NRGSC.
Grant Frequency	Annually
Date of Grant	31 st December of the performance year will be set as the effective grant date.
Quantum	Minimum 35% of the annual bonus. Increase in allocation subject to discretion of the NRGSC.
Vesting period	3 years as per the remuneration policy
Type of vesting	Cliff vesting at the end of 3 years or as determined by NRGSC subject to performance and service conditions.
Retention	6 months in addition to the vesting period
Future performance condition	Yes, the employees would need to meet the required performance parameters as determined by NRGSC to be eligible for Vesting of the grant. Release will however be subject to percentage of target achieved. Prior year shortage on target achieved will be eligible to be made up in subsequent years through over-achievement.
Future service condition	Yes, the employees would be required be in service to be over the Vesting Period to be eligible for the awards to vest. If an employee has left or resigned prior to completion of Vesting Period, pro-rata Shares shall be vested for each completed month of service from the date of grant. Any balance unvested Shares shall be forfeited.
Malus	Yes

Terms of the LTIP Scheme

Clawback	Yes
Release of shares	Vested shares will be unconditionally released to participants after completion of the retention period as per the terms of Variable Remuneration Policy
Dividend entitlement	Yes. However, retained till completion of retention periods for each lot. Cash dividend to earn interest during the vesting and retention period as per terms of the Variable Remuneration Policy.
Bonus or share split or capital re-organization	The number of unvested shares issued as awards will be proportionately adjusted for any non-cash bonus issues, share splits or any other form of non-cash capital re-organization. However, dilution arising from a capital increase (rights issue or otherwise) on which employee does not subscribe to will not be adjusted.
On Death (during or after employment)	On NRGSC discretion, all deferred unvested awards can vest immediately and any proceeds accruing there from will be paid to the legal beneficiary duly appointed by the employee or the courts of law
Retirement	In case of good leavers NRGSC at its discretion can convert unvested awards to normal deferred annual bonus.
Change in control or corporate reorganization	All unvested awards will be accelerated immediately; however, this will be subject to Board approval.
Governing law	Laws of Kingdom of Bahrain
Administration	Administered through the existing incentive trust vehicle. However, final decision and oversight by the Bank.

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Process of Establishing Performance Measures

- The NRGSC will identify the approved KPI's at the beginning of each year that would be tracked over a vesting period of 3-years.
- Final vesting of shares will be determined and released at the end of 3 years only, subject to applicable retention periods. The release of awards shall consider the average performance score over the trailing 3 year period
- If the target is below the cumulative plan numbers a pro-rata adjustment will be done to the score. If its met or higher, full score will be given. Scoring is measured on delta change and not absolute amounts.
- If an employee has left or resigned prior to completion of 3 years, pro-rata shares shall be vested for each completed month of service from the date of award. Any balance unvested shares shall be forfeited.
- The NRGSC will review the KPI's for relevance at the beginning of each year and shall make the required adjustments to make it consistent with the reward and retention objective of the LTIP in a fair and consistent manner keeping in mind the interests of both the employee and the Bank at all times. For e.g. a significant market event or externality may require modifications to performance conditions and other terms of the LTIP to realign performance metrics in line with the new market measures. Also ongoing changes in 3-year strategy and business plans should be considered in setting and reviewing the LTIP performance conditions.

