

Khaleeji's Annual General Meeting for the year 2023

This attachment circular is with reference to item No. 13 of Khaleeji Bank ("Khaleeji") Annual General Meeting agenda with respect to the proposed amendments to the Remuneration framework of the bank (variable remuneration policy and share incentive scheme):

Key terms of the Khaleeji Share Incentive Scheme	
Share instrument	<ul style="list-style-type: none"> • Khaleeji equity shares
Award Price	<ul style="list-style-type: none"> • Weighted Average of Khaleeji share price in relation to trading volume as quoted and traded on Bahrain bourse for a period of three months prior to one week following the date of declaration of annual results of Khaleeji. A discount of 10% will be applied on the weighted average price to determine the Award Price.
Coverage	<ul style="list-style-type: none"> • All staff to whom deferred compensation applies as set out in the Variable Remuneration Policy (i.e. Covered Staff)
Grant Frequency	<ul style="list-style-type: none"> • As per Variable Remuneration Policy
Date of Grant	<ul style="list-style-type: none"> • 1 January following each performance year
Quantum	<ul style="list-style-type: none"> • 50% of the annual bonus.
Vesting period	<ul style="list-style-type: none"> • Date at which a share award is transferred to an employee (not including retention period)
Type of vesting	<ul style="list-style-type: none"> • As per Variable Remuneration Policy
Retention	<ul style="list-style-type: none"> • 6 months in addition to the Vesting Period
Future performance condition	<ul style="list-style-type: none"> • None
Future service condition	<ul style="list-style-type: none"> • None
Malus	<ul style="list-style-type: none"> • Yes; however does not apply in retention period
Clawback	<ul style="list-style-type: none"> • Yes

Key terms of the Khaleeji Share Incentive Scheme	
Release of shares	<ul style="list-style-type: none"> Shares will be unconditionally released to participants after completion of the retention period as per the terms of Variable Remuneration Policy
Dividend entitlement	<ul style="list-style-type: none"> Yes. However, retained till completion of retention periods for each lot. Cash dividend to earn profit during the vesting and retention period.
Bonus or share split or Corporate Action	<ul style="list-style-type: none"> 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 corporate action. However, dilution arising from a capital increase (rights issue or otherwise) would not be adjusted.
On Death (during or after employment)	<ul style="list-style-type: none"> All deferred unvested awards 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	<ul style="list-style-type: none"> No accelerated vesting of shares and planned Vesting Period to apply.
Change in control, corporate reorganization or Market Event	<ul style="list-style-type: none"> All unvested awards may vest immediately; subject to BNRGC approval.
Share Incentive Scheme modification	Subject to approval of BNRGC/Board of Directors, Shareholders, and CBB.
Governing law	<ul style="list-style-type: none"> Laws of Kingdom of Bahrain
Administration	<ul style="list-style-type: none"> The Trustee to administer the Scheme, however, final decision and oversight by the Bank.



- Share Awards (“bonus awards” or “share awards”) are where Khaleeji awards a portion of the annual variable bonus in the form of conditional shares to eligible participants. Share Awards is an equity settled bonus plan, under which the number of shares is determined by reference to the amount of bonus divided by the Award Price. The shares are awarded at no additional cost to the employees and are effectively funded by the bonus pool of Khaleeji subject to the Rules.
- The entire process is overseen by the Board Nomination, Remuneration, and Governance Committee (“BNRGC”) and Khaleeji’s Human Resource Department is responsible for the day to day operation of the scheme as per the directions of BNRGC.

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Licensed by the Central Bank of Bahrain as a Retail Islamic Bank

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