

INVESTCORP BANK B.S.C.

SHAREHOLDER CIRCULAR

**FOR THE
ORDINARY GENERAL MEETING OF SHAREHOLDERS
TO BE HELD
ON
September 26, 2017**

September 10, 2017

Dear Shareholders

An Ordinary General Meeting of the Shareholders of Investcorp Bank B.S.C. (the "Company") is scheduled to be held at 11:00 a.m. on Tuesday, September 26, 2017 at Investcorp House, Diplomatic Area, Manama, Kingdom of Bahrain to consider a number of matters. Among these matters will be:

- (1) a proposed change to the Investcorp Group Remuneration Policies in order to bring them in line with the Central Bank of Bahrain Rulebook, Volume One; and
- (2) the approval of the competitive affiliations of three Directors in accordance with Article 191 of the Commercial Companies Law as well as one Director's service as a director of more than three Bahrain listed companies.

1. Investcorp Group Remuneration Policies

On the fourth page of the Investcorp Group Remuneration Policies, it is provided that:

"Individuals who are classified as Material Risk Takers or who are Approved Persons whose remuneration is in excess of BD100,000 (other than individuals performing a Control Function) have their remuneration linked to the long-term risk adjusted performance of their business, as well as measures of individual and Investcorp Group-wide performance. Greater than 40% of their total remuneration will be variable."

While the above paragraph from the Investcorp Group Remuneration Policies was previously in line with Sections 5.4.30 and 5.4.30A of the High-Level Controls Module of Volume One of the Central Bank of Bahrain Rulebook ("Module HC"), these Sections of Module HC have been amended. As of October 1 2016, the requirement for greater than 40% of the total remuneration for approved persons and material risk-takers to be variable was removed. Therefore, in order to bring the Investcorp Group Remuneration Policies in line with the requirements of Module HC, as amended, the shareholders are being requested to consider an amendment to the Investcorp Group Remuneration Policies, removing the requirement that greater than 40% of the total remuneration for approved persons and material risk-takers be variable. This amendment has been approved by the Executive Committee for Administrative Policy of the Board of Directors, in its capacity as a remuneration committee, and by the Board of Directors.

The text of the amended paragraph will read as follows (with the changes marked):

"Individuals who are classified as Material Risk Takers or who are Approved Persons whose remuneration is in excess of BD100,000 (other than individuals performing a Control Function) have their remuneration linked to the long-term risk adjusted performance of their business, as well as

measures of individual and Investcorp Group-wide performance. ~~Greater than 40% of their total remuneration will be variable~~"

2. Director Competitive Affiliations and a Directors Service on more than three Bahrain listed companies.

Three Directors of the Company, Mr. Abdullah Mohammed Mazrui, Mr. Abdullah Al Humaidhi, and Mr. Hisham Saleh Ahmed Al Saie, have affiliations with other financial institutions. These institutions are The National Investor, Bank ABC B.S.C., and Global Banking Corporation B.S.C.(c), respectively. Each of these financial institutions operates a business that could compete with the Company. The Board of Directors is not aware of any instance in which there actually has been direct competition between the Company and any of such financial institutions. However, the Board of Directors is requesting shareholder approval of these affiliations.

In addition, Mr. Farouk Yousuf Khalil Almoayyed serves as a director of Bahrain Duty Free Shop Complex, Bahrain National Holding Co., National Bank of Bahrain and Gulf Hotel Group B.S.C., which are Bahrain public companies, in addition to serving as a Director of the Company. The Board of Directors does not believe there is any conflict of interest between Mr. Almoayyed's service on the Board of Directors of the Company and his service as a director of the other public companies. However, the Board of Directors is requesting shareholder approval of these directorships.

With God's blessings,



Nemir A. Kirdar
Chairman of the Board of Directors