



KUWAIT FINANCE HOUSE K.S.C.P.

(Incorporated in the State of Kuwait)
Commercial Registration Number 26066

KUWAIT FINANCE HOUSE K.S.C.P. VOLUNTARY CONDITIONAL OFFER TO ACQUIRE 100% OF THE ISSUED AND PAID UP ORDINARY SHARES OF AHLI UNITED BANK B.S.C. BY WAY OF A SHARE SWAP AT AN EXCHANGE RATIO OF 1 NEW KFH SHARE FOR EACH 2.325581 AUB SHARES

OFFEROR'S ANNOUNCEMENT OF DISPATCH OF THE OFFER DOCUMENT TO THE OFFEREE
THE OFFER DOCUMENT IS A COMPLEX DOCUMENT AND THE FOLLOWING IS A SUMMARY ONLY AND IS QUALIFIED IN ITS ENTIRETY BY, AND IS SUBJECT TO, THE CONTENTS OF THE OFFER DOCUMENT

DISCLAIMER STATEMENT

THE CENTRAL BANK OF BAHRAIN, BAHRAIN BOURSE AND THE MINISTRY OF INDUSTRY, COMMERCE AND TOURISM, IN THE KINGDOM OF BAHRAIN, ASSUME NO RESPONSIBILITY FOR THE ACCURACY AND COMPLETENESS OF THE STATEMENTS AND INFORMATION CONTAINED IN THIS ANNOUNCEMENT AND EXPRESSLY DISCLAIM ANY LIABILITY WHATSOEVER FOR ANY LOSS HOWSOEVER ARISING FROM THE RELIANCE UPON THE WHOLE OR ANY PART OF THE CONTENTS TO THIS ANNOUNCEMENT.

DIRECTORS' STATEMENT

THE DIRECTORS OF KUWAIT FINANCE HOUSE K.S.C.P. ISSUING THIS ANNOUNCEMENT, WHOSE NAMES APPEAR IN THE OFFER DOCUMENT, JOINTLY AND SEVERALLY ACCEPT FULL RESPONSIBILITY FOR THE ACCURACY OF INFORMATION CONTAINED IN THIS ANNOUNCEMENT. TO THE BEST OF THE KNOWLEDGE AND BELIEF OF THE DIRECTORS, WHO HAVE TAKEN ALL REASONABLE CARE TO ENSURE THAT SUCH IS THE CASE, THE INFORMATION CONTAINED IN THIS ANNOUNCEMENT IS IN ACCORDANCE WITH THE FACTS AND CONTAINS NO OMISSIONS LIKELY TO AFFECT THE IMPORTANCE AND COMPLETENESS OF THIS ANNOUNCEMENT.

Reference is made to the notice of Firm Intention to make an Offer issued by Kuwait Finance House K.S.C.P. (the "Offeror" or "KFH") dated 5 February 2020 to Ahli United Bank B.S.C. (the "Offeree" or "AUB")'s board of directors. Capitalised terms used herein and not defined have the meaning as defined in the Offer Document.

The Offer

KFH's voluntary conditional offer to acquire 100% of the issued and paid up ordinary shares of AUB by way of a share swap and subject to the fulfilment, or waiver by KFH, of the conditions outlined below (the "Offer").

Dispatch of the Offer Document

KFH dispatched the Offer Document to the board of directors of AUB on Monday 24 February 2020.

Pursuant to TMA-2.7.7 of the Central Bank of Bahrain ("CBB") Rulebook, Volume 6, Takeovers, Mergers and Acquisitions Module ("TMA"), the Offer Document and the Offeree board circular must be sent to the Offeree shareholders by, or on behalf of, the Offeree within 21 calendar days of the date of receipt of the Offer Document by the Offeree.

The Offeror

Kuwait Finance House K.S.C.P.
PO Box 24989 Safat 13110 Kuwait
Telephone: + (965) 22445050

KFH is registered with the Ministry of Commerce and Industry in the State of Kuwait under commercial registration number 26066 as a Public Kuwaiti Shareholding Company whose ordinary shares are listed on Boursa Kuwait (the “**BK**”).

KFH is licensed by the Central Bank of Kuwait (the “**CBK**”) as a locally incorporated bank operating as an Islamic bank and provides a wide range of banking Sharia’a compliant products and services.

KFH has an authorized share capital of KWD1,117,648,920.200 and an issued and paid up share capital of KWD697,648,920.200 divided into 6,976,489,202 ordinary shares with a nominal value of KWD0.100 each.

| Board of Directors of the Offeror | Title |
|--|---------------|
| Hamad Abdul Mohsen Al Marzouq | Chairman |
| Abdul Aziz Yacoub Alnafisi | Vice Chairman |
| Fahad Ali AlGhanim | Director |
| Muad Saud Al Osaimi | Director |
| Khaled Salem Al Nisf | Director |
| Noorur Rahman Abid | Director |
| Hanan Yousef Ali Yousef | Director |
| Motlaq Mubarak Al-Sanei | Director |
| Salah Abdulaziz Al-Muraikhi | Director |

| Management of the Offeror | Title |
|-----------------------------------|--|
| Mazin Al-Nahedh | Group Chief Executive Officer |
| Shadi Zahran | Group Chief Financial Officer |
| Waleed Mandani | Group Chief Retail and Private Banking Officer |
| Abdulwahab Al-Rushood | Group Chief Treasury Officer |
| Ahmed Al Kharji | Group Chief Corporate Banking Officer |
| Fahad Al-Mukhaizeem | Group Chief Strategy Officer |
| Gehad El-Bendary | Group Chief Risk Officer |
| Frederick Carstens | Group Chief Human Resources Officer |
| Srood Sherif | Group Chief Information Officer |
| Abdullah Abu Al-Hous | Group Chief Operations Officer |
| Wissam Sami El-Kari | Group Chief Internal Auditor |
| Dr Khaled Mohammed Al-Jumah | Group General Manager Legal |
| Mr. Khaled Yousif Al-Shamlan | General Manager Corporate Banking Kuwait |
| Mr. Ahmad Eissa Al-Sumait | General Manager Treasury Kuwait |
| Mr. Fadi Elias Chalouhi | Group General Manager Retail Banking |
| Mr. Dharar Aldakhil | General Manager Group Risk Management |
| Mr. Abdulla Abdulmohsen Al-Mejhem | General Manager Private Banking |

The Offeree

Ahli United Bank B.S.C.

Building 2495, Road 2832, Al Seef District 428
 PO Box 2424, Manama
 Kingdom of Bahrain

AUB is registered with the Ministry of Industry, Commerce and Tourism in the Kingdom of Bahrain under commercial registration number 46348 as a Public Bahraini Shareholding Company whose ordinary shares are listed on the Bahrain Bourse (the “**BB**”) and BK.

AUB is licensed by the Central Bank of Bahrain (the “**CBB**”) as a locally incorporated bank operating as a conventional retail bank.

AUB has an issued and paid up share capital of USD2,193,611,070.250 divided into 8,774,444,281 ordinary shares with a nominal value of USD0.25 each.

Details of securities for which the offer is made

The Offer is to acquire AUB shares that comprise 100% of AUB’s issued and paid up share capital. That is inclusive of 8,774,444,281 (eight billion, seven hundred and seventy four million, four hundred and forty four thousand and two hundred eighty one) AUB shares of a nominal value of USD0.25 each and any AUB shares that are issued, whether as dividends shares, shares issued pursuant to AUB’s employee stock option plan and/or otherwise, after the date

of the Offer Document, but before the Effective Date (the “**AUB Shares**”).

KFH has not purchased or sold AUB Shares during the 12-month period prior to the date of the Offer Document and does not hold any AUB Shares and has not held in the past any direct or indirect shareholding in AUB as of the date of the Offer Document. Mr. Hamad Abdul Mohsen Al Marzouq, the Chairman of KFH, currently owns 15,378,272 shares in KFH (0.220%) and 14,306,762 AUB Shares (0.163%).

Consideration for the Offer

The consideration for the offer is new shares in the Offeror at a share exchange ratio of 1 New KFH Share for each 2.325581 AUB Shares.

Conditions Precedent to the Offer

The implementation of the Offer will be subject to the fulfilment or waiver, where applicable, of the following Conditions Precedent. For the avoidance of doubt, the Offer shall not become unconditional unless the below Conditions Precedent are fulfilled or waived by KFH:

- (a) Receipt of valid Acceptances in respect of AUB Shares that represent at least 85% of the total issued share capital of AUB at the time of the Initial Offer Closing Date (the “**Requisite Acceptances**”).
- (b) Following receipt of the Requisite Acceptances, the AUB Shareholders approving, amongst other things, and subject to any legal and regulatory requirements, converting the AUB business in Bahrain to Sharia’a compliant at the AUB EGM by a majority vote of two thirds of the AUB Shares represented at the AUB EGM.
- (c) Receipt of all regulatory and statutory approvals, exemptions and/or waivers in connection with the Offer and the acquisition of no less than 100% of the issued and paid up ordinary shares of AUB, including receipt of the CBB and CBK final approvals, exemptions and/or waivers required to implement the Offer, receipt of the CMA approval for the issuance of the New KFH Shares and receipt of any other approval required from any regulatory or statutory authority as may be determined.
- (d) KFH successfully completing a cross-listing on BB in line with the applicable rules and regulations of the CBB and BB.

In respect of Condition Precedent (b) above, the invitation to the AUB EGM will be published upon declaring the Offer unconditional as to Requisite Acceptances in line with the provisions of the TMA Module and the Commercial Companies Law.

AUB Shareholders and/or potential investors of AUB should note that the Offer is subject to the satisfaction or, with the exception of Conditions Precedent (a) and (d) above, waiver (where applicable) of the Conditions Precedent and conditional upon, the Offer becoming or being declared unconditional in all respects. Accordingly, the Offer may or may not become unconditional. Shareholders and/ or potential investors of AUB should therefore exercise caution when dealing in the securities of AUB. Persons who are in doubt as to the action they should take should consult their licensed brokers, dealers, solicitors, professional accountants or other professional advisers.

Offer expected timeline and key dates

The key dates for the Offer will be determined in accordance with the CBB's regulations and, in particular, the TMA. The timetable set out below is indicative and may be subject to change. Any changes to the timetable will be announced by the Offeror

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| Date of the Offer Document | 24 February 2020 |
| Last Trading Date for AUB Shares | 22 March 2020 ⁽¹⁾ |
| Suspension Date for trading of AUB Shares | 23 March 2020 |
| Record Date for AUB BB Shares | 24 March 2020 |
| Record Date for AUB BK Shares | 25 March 2020 |
| Offer Opening Date | 26 March 2020 |
| Initial Offer Closing Date | 15 April 2020 (subject to extension) |
| Offer Acceptance/Rejection Announcement Date | 15 April 2020 |
| Last day for the Offer to become or declared unconditional as to Requisite Acceptances | 24 April 2020 |
| Right of Accepting AUB Shareholders to withdraw their Acceptance arises unless the Offer has become unconditional as to Requisite Acceptances | 29 April 2020 |
| AUB EGM | 7 May 2020 |
| Final Offer Closing Date | 12 May 2020 |
| Offer to be declared unconditional in all respects | Expected to be 12 May 2020 |
| Release of the New KFH Shares to AUB Shareholders | Effective Date |
| Effective Date | Expected to be 18 May 2020 |

⁽¹⁾ If an official public holiday is declared in Kuwait, then the date in Kuwait shall be 19 March 2020.

KFH Post Acquisition Strategy

Following the successful implementation of the Offer and acquisition of shares, KFH intends to maintain AUB's commercial registration, however, KFH intends on changing AUB's name to become "Kuwait Finance House – Bahrain", in due course. Given that KFH is a Sharia'a compliant institution and undertakes only Sharia'a compliant activities, the principal change to be implemented immediately post-Offer would be to commence the process of converting the business of AUB in the Kingdom of Bahrain, Egypt, Iraq and the United Kingdom to Sharia'a compliant offering full range of Sharia'a compliant banking products.

Following the successful completion of the offer, KFH will commence converting AUB's subsidiary in Kuwait to a digital bank as requested by the CBK. Immediately following the successful completion of converting AUB's business to Sharia'a compliant, KFH will commence the process of conducting a statutory merger to merge its two wholly owned subsidiaries in Bahrain, being AUB and KFH Bahrain.

Further details of KFH's post-acquisition strategy can be found in Section 11 of the Offer Document.

Procedures for accepting the Offer

AUB Shareholders of AUB BB Shares who wish to accept the Offer must submit the completed Acceptance and Transfer Form (along with the required documentation) at one of the Participating Branches of AUB or at the dedicated desk of the Bahrain Receiving Agent at Bahrain Bourse during the Offer Period.

AUB Shareholders of AUB BK Shares who wish to accept the Offer must submit their details to the Kuwait Receiving Agent (along with the required documentation) during the Offer Period.

Copies of the Offer Document can be obtained from the offices of the Receiving Agents, BB and the Participating Branches. Copies of the Acceptance and Transfer Form can be (i) in Bahrain, obtained from the offices of the Bahrain Receiving Agent, BB and the Participating Branches; and (ii) in Kuwait, provided and completed electronically at the offices of the Kuwait Receiving Agent.

Offer finance sources

Excluding the impact of fractional entitlements, issuance of AUB dividends shares for the year ending 31 December 2019 and the shares issued pursuant to AUB's employee stock option plan, the consideration of the offer will be financed through an issue of 3,773,011,682 New KFH Shares, which has been approved by the KFH extra ordinary general assembly held on 20 January 2020. The final consideration number of New KFH Shares will be determined and announced by KFH as part of the offer process on or around the Initial Offer Closing Date.

Important note: Pursuant to TMA-2.20 and TMA-2.21, the Offeror's associates are reminded of the restrictions to dealing and to disclose all dealings in any securities of Ahli United Bank B.S.C.

On behalf of the Board of Kuwait Finance House K.S.C.P.

Hamad Abdul Mohsen Al Marzouq
Chairman

| Offeror | |
|--|--|
| Kuwait Finance House K.S.C.P. | |
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| Financial Advisor to the Offeror | Legal Advisor to the Offeror | Bahrain Receiving Agent | Bahrain Receiving Agent, Bahrain Execution Advisor and Cross Listing Advisor | Kuwait Receiving Agent and Allotment Agent |
|---|---|---|---|---|
| Goldman Sachs International | Freshfields Bruckhaus Deringer LLP | Bahrain Clear B.S.C.(c) | SICO B.S.C.(c) | Kuwait Clearing Company K.S.C. |
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