



**Kuwait Finance House K.S.C.P.**  
(Incorporated in the State of Kuwait)  
Commercial Registration Number 26066

## OFFER DOCUMENT

**Kuwait Finance House K.S.C.P. voluntary conditional offer to acquire up to 100% of the issued ordinary shares of Ahli United Bank B.S.C. by way of a share swap at an exchange ratio of 0.371 New KFH Share for each 1 AUB Share or 2.695 AUB Shares for 1 New KFH Share**

**Important:** If you are in doubt about any aspect of this Offer Document and/or the Offer, you should consult a licensed securities dealer or licensed institution in securities, a bank manager, solicitor or attorney, professional accountant, or other professional advisor.

### DISCLAIMER STATEMENT

The Central Bank of Bahrain, Bahrain Bourse and the Ministry of Industry and Commerce in the Kingdom of Bahrain, assume no responsibility for the accuracy and completeness of the statements and information contained in this Offer Document 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 Offer Document.

**This Offer Document is dated 25 July 2022**

Offeror				
Kuwait Finance House K.S.C.P.				
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, Dubai International Financial Centre (DIFC) Branch	Freshfields Bruckhaus Deringer LLP	Bahrain Clear B.S.C.(c)	SICO B.S.C.(c)	Kuwait Clearing Company K.S.C.

## DIRECTORS' DECLARATION

THE DIRECTORS OF KUWAIT FINANCE HOUSE K.S.C.P. ISSUING THIS OFFER DOCUMENT, WHOSE NAMES APPEAR BELOW, JOINTLY AND SEVERALLY ACCEPT FULL RESPONSIBILITY FOR THE ACCURACY OF INFORMATION CONTAINED IN THIS OFFER DOCUMENT. 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 OFFER DOCUMENT IS IN ACCORDANCE WITH THE FACTS AND CONTAINS NO OMISSIONS LIKELY TO AFFECT THE IMPORTANCE AND COMPLETENESS OF THIS OFFER DOCUMENT.

## STATEMENT FROM THE BOARD OF DIRECTORS OF KUWAIT FINANCE HOUSE K.S.C.P.

This Offer Document has been prepared by Kuwait Finance House K.S.C.P. in accordance with the Central Bank of Bahrain (CBB) Rulebook, Volume 6, Takeovers, Mergers and Acquisitions Module, in particular Appendix TMA-C, to provide information to the shareholders of Ahli United Bank B.S.C. in connection with the offer made by Kuwait Finance House K.S.C.P. to acquire 100% of the issued ordinary shares of Ahli United Bank B.S.C.

This Offer Document has been filed with the CBB. The Board of Directors of Kuwait Finance House K.S.C.P. hereby declare that having taken all reasonable care to ensure that such is the case, the information contained in this Offer Document is, to the best of its knowledge, in accordance with the facts and contains no material omissions.

Board of Directors	Title	Signature
Hamad Abdul Mohsen Al Marzouq	Chairman	
Abdul Aziz Yacoub Alnafisi	Vice Chairman	
Fahad Ali Al Ghanim	Director	
Mohammed Naser Al-Fouzan	Director	
Muad Saud Al Osaimi	Director	
Khalid Salem AlNisf	Director	
Noorur Rahman Abid	Independent Director	
Hanan Yousef Ali Yousef	Director	
Motlaq Mubarak Al-Sanei	Director	
Salah Abdulaziz Al-Muraikhi	Director	
Ahmad Meshari Al-Faris	Independent Director	
Hamad Abdellatif Al-Barjas	Director	

## IMPORTANT INFORMATION

This Offer Document has been prepared in connection with a voluntary conditional offer (the *Offer*) made by Kuwait Finance House K.S.C.P. (the *Offeror* or *KFH*) to acquire up to 100% of the issued ordinary shares of Ahli United Bank B.S.C. (the *Offeree* or *AUB*), on the terms and conditions set out in this Offer Document. This Offer becomes unconditional only if the Conditions Precedent are fulfilled or waived, where applicable, as set out in section 5.7 (*Conditions Precedent to the Offer*) of this Offer Document.

If at the time you receive this Offer Document, and prior to providing your Acceptance, you have sold all your shares in AUB, you should immediately hand this Offer Document to the person to whom the shares have been sold, or to the person authorized by AUB or BB or another agent through whom the sale was made, to effect the sale or transfer in favor of the person to whom the shares have been sold. However, this Offer Document should not be forwarded to or distributed in any jurisdiction where such transfer would constitute a violation of the relevant laws in such jurisdiction. If you have sold only part or otherwise transferred only part of your shares in AUB, you should retain this Offer Document.

This Offer Document has been prepared in compliance with the provisions of the TMA Module of the CBB Rulebook, Volume 6.

This Offer Document has been filed with the CBB and it does not constitute a guarantee by the CBB that the facts stated in this Offer Document are accurate or complete.

This Offer to AUB Shareholders resident in or citizens of countries other than the Kingdom of Bahrain or the State of Kuwait may be affected by the laws of their respective country of residence or citizenship and shall not be deemed to be an Offer in any jurisdiction where the Offer would violate the laws of such jurisdiction. All AUB Shareholders wishing to accept this Offer must satisfy themselves as to the due observance of the laws in the jurisdictions relevant to them, including the receipt of any necessary governmental consent or the payment of any taxes due.

The information in this Offer Document regarding the Offeror has been provided by the Offeror. The Financial Advisor and the Legal Advisor make no representation or warranty, express or implied, as to the accuracy or completeness of such information, and nothing contained in this Offer Document is, or shall be relied upon as, a promise or representation by the Financial Advisor or the Legal Advisor.

The information in this Offer Document pertaining to AUB has been prepared in good faith based on publicly available information. Consequently, the Offeror, the Financial Advisor and the Legal Advisor do not accept any liability for the accuracy or completeness of the information in this Offer Document regarding AUB.

All inquiries relating to this Offer Document should be directed to any of the Receiving Agents. No person has been authorized to provide any information or make any representation on behalf of the Offeror other than as indicated in this Offer Document.

The information contained in this Offer Document is correct as of the date of this Offer Document. Any new material information will be published and announced promptly as a supplement to this Offer Document in accordance with the provisions of the TMA Module.

**IMPORTANT: If you are in any doubt about the contents of this Offer Document and the aspects of the Offer, you should consult a licensed securities dealer or an institution licensed in securities, a bank manager, solicitor or attorney, professional accountant or any other professional advisor. The fact that this Offer has been filed with the CBB, does not mean that the CBB takes**

**responsibility for the performance of the Offeror or the Offeree, nor the correctness of any statements or representations made by the Offeror.**

Copies of this Offer Document can be obtained from the offices of the Receiving Agents, BB and the Participating Branches. An electronic copy of this Offer Document can be located at the following website: [www.bahrainbourse.com](http://www.bahrainbourse.com) or [www.sicobank.com](http://www.sicobank.com). 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 as well as the following website: [www.ipo.com.kw](http://www.ipo.com.kw); (ii) in Kuwait, provided and completed electronically at [www.ipo.com.kw](http://www.ipo.com.kw). This Offer Document has been prepared in an Arabic version and an English version.

Please refer to section 6 (*Procedures for Accepting the Offer*) for further details.

## **FORWARD LOOKING STATEMENTS**

This Offer Document contains words or phrases such as ‘will’, ‘aim’, ‘expect’, ‘anticipate’, ‘forecast’, ‘estimate’, ‘intend’, ‘future’, ‘objective’, ‘project’, ‘should’, and similar expressions or variations of such expressions which are “Forward-Looking Statements”. Such Forward Looking Statements are based on assumptions and should not be construed as being indicative of the actual events which will occur or a guarantee of future performance.

## **NOTICE TO SHAREHOLDERS LOCATED IN THE UNITED STATES**

This Offer is made for the securities of a foreign company pursuant to a takeover offer under Bahraini law. Accordingly, the Acquisition will be made in the US pursuant to Section 14(e) and Regulation 14E under the U.S. Securities Exchange Act of 1934 as a “Tier I” tender offer, and otherwise in accordance with the requirements of Bahraini law. The Offer is therefore subject to procedural and disclosure requirements of a foreign country that are different from those of the United States. Financial statements included in this Offer Document, if any, have been prepared in accordance with foreign accounting standards that may not be comparable to the financial statements of United States companies.

It may be difficult for you to enforce your rights and any claim you may have arising under the United States federal securities laws, since KFH is located in a foreign country, and some or all of its officers and directors may be residents of a foreign country. You may not be able to sue a foreign company or its officers or directors in a foreign court for violations of the U.S. securities laws. It may be difficult to compel a foreign company and its affiliates to subject themselves to a U.S. court’s judgment.

KFH reserves the right to purchase AUB Shares outside the Offer in accordance with the TMA Module and applicable laws.

This Offer Document does not constitute an offer of securities for sale in the United States. The New KFH Shares have not been, and will not be, registered under the U.S. Securities Act of 1933 (the *U.S. Securities Act*) or with any securities regulatory authority of any state of the United States. The New KFH Shares may not be offered, sold, pledged or otherwise transferred in the United States, except to persons reasonably believed to be qualified institutional buyers (*QIBs*), as defined in, and in reliance on, the exemption from the registration requirements of the U.S. Securities Act provided in Rule 144A under the U.S. Securities Act (*Rule 144A*) or another exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act. Such shareholders will be required to make such acknowledgements and representations to, and agreements with, KFH as KFH may require to establish that they are entitled to receive New KFH Shares. A person who receives New KFH Shares pursuant to the Offer may not resell such securities in the U.S. without registration under the U.S. Securities Act or without an applicable exemption from registration or in a transaction not subject to

registration (including a transaction that satisfies the applicable requirements of Regulation S under the U.S. Securities Act).

The receipt of New KFH Shares pursuant to the Acquisition by a US AUB Shareholder may be a taxable transaction for US federal income tax purposes and under applicable US state and local, as well as foreign and other tax laws. Each AUB Shareholder is urged to consult an independent professional adviser immediately regarding applicable tax consequences of the Acquisition.

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## 1. GLOSSARY

Words and expressions not otherwise defined in this Offer Document have, unless the context otherwise requires, the following meanings:

<b><i>AAOIFI Standards</i></b>	the Sharia'a, Accounting and Auditing and Governance standards issued by the Accounting and Auditing Organization for Islamic Financial Institutions from time to time
<b><i>Acceptance</i></b>	the valid acceptance of this Offer by an AUB Shareholder by indicating such acceptance on the Acceptance and Transfer Form and submitting the same to any of the Receiving Agents or electronically at <a href="http://www.ipo.com.kw">www.ipo.com.kw</a> within the Offer Period as per the procedures prescribed in this Offer Document, and which shall only be deemed validly received by the Offeror upon the Offer being declared unconditional in all respects
<b><i>Acceptance and Transfer Form</i></b>	the form (electronic or paper) to be prepared by the Receiving Agents and available: (i) for the AUB Shareholders of AUB BB Shares, from the Participating Branches and/or the Bahrain Receiving Agent and/or at the following website: <a href="http://www.ipo.com.kw">www.ipo.com.kw</a> ; and (ii) for AUB Shareholders of AUB BK Shares, at the following website: <a href="http://www.ipo.com.kw">www.ipo.com.kw</a> , in each case for the AUB Shareholders to accept the Offer
<b><i>Acquisition</i></b>	the acquisition by KFH of up to 100% of the issued ordinary shares of AUB by way of a share swap at the Exchange Ratio
<b><i>AUB</i></b>	Ahli United Bank B.S.C., a public joint stock company incorporated in the Kingdom of Bahrain and registered under commercial registration number 46348
<b><i>AUB BB Shares</i></b>	AUB Shares that are listed on the BB, including shares held in physical form
<b><i>AUB BK Shares</i></b>	AUB Shares that are listed on the BK
<b><i>AUB Board of Directors</i></b>	the board of directors of AUB
<b><i>AUB Group</i></b>	AUB and its subsidiaries and branches
<b><i>AUB Kuwait</i></b>	Ahli United Bank K.S.C.P., a bank incorporated in the State of Kuwait with commercial registration number 429
<b><i>AUB Shareholders</i></b>	holders of AUB Shares
<b><i>AUB Shares</i></b>	11,147,931,458 outstanding issued shares of AUB with a nominal value of USD 0.25 each in the capital of AUB, and any AUB shares that are issued and paid, whether as dividends shares, shares issued pursuant to AUB's employee stock option plan, after the date of this Offer Document, but before the Effective Date

<b><i>Bahrain Receiving Agent</i></b>	BC and/or SICO, being the entities appointed by the Offeror which are authorized to receive Acceptance and Transfer Forms in accordance with the Offer Document for AUB Shareholders holding AUB BB Shares and for AUB Shareholders resident outside of Kuwait and Bahrain
<b><i>Banks</i></b>	KFH and AUB
<b><i>BB</i></b>	the Bahrain Bourse
<b><i>BC</i></b>	Bahrain Clear B.S.C.(c)
<b><i>BK</i></b>	Boursa Kuwait
<b><i>Board of Directors or KFH Board</i></b>	the board of directors of KFH
<b><i>Business Day</i></b>	a day (other than a Friday or Saturday) on which banks are open for general business in Kuwait and the Kingdom of Bahrain
<b><i>CBB</i></b>	the Central Bank of Bahrain
<b><i>CBB Rulebook</i></b>	the Central Bank of Bahrain's rulebook issued and in force in the Kingdom of Bahrain
<b><i>CBK</i></b>	the Central Bank of Kuwait
<b><i>Certified Copy</i></b>	a copy of a document certified as a true copy of the original by any of the following from a GCC or FATF member state indicating that the 'original was sighted' or a combination of words that give the same effect: (i) a lawyer; (ii) a notary; (iii) a chartered/certified accountant; (iv) an official of a government ministry; (v) an official of an embassy or consulate; or (vi) an official of the Offeror, Offeree, or another licensed financial institution. The individual certifying the Certified Copy must provide clear contact details that allow the recipient of the Certified Copy to check and confirm the authenticity of the document if required
<b><i>CMA</i></b>	the Capital Markets Authority in the State of Kuwait
<b><i>CMA Executive Bylaws</i></b>	the Executive Bylaws of Law No. (7) of 2010 and its Amendments Regarding the Establishment of the Capital Markets Authority and Regulating Securities Activities
<b><i>Commercial Companies Law</i></b>	Decree Law No. 21 of the year 2001 promulgating the Commercial Companies Law in the Kingdom of Bahrain, as amended from time to time
<b><i>Conditions Precedent</i></b>	the conditions set out in section 5.7 ( <i>Conditions Precedent to the Offer</i> ) of this Offer Document
<b><i>Cross Listing Agent</i></b>	SICO B.S.C(c)
<b><i>Demat</i></b>	dematerialized

<b><i>Dissenting Shareholders</i></b>	AUB Shareholders who appear on the shareholder register of AUB as at the Record Date and who do not deliver valid Acceptances prior to the Final Offer Closing Date
<b><i>Dissenting Shareholder Effective Date</i></b>	if the Offeror receives the Requisite Acceptances and exercises its compulsory acquisition rights, the date on which New KFH Shares are successfully issued at the Exchange Ratio as fully paid-up to the Dissenting Shareholders (excluding any Dissenting Shareholders subject to a legal binding order of a competent court which would prevent the transfer of their AUB Shares to KFH), which date shall be no earlier than 60 days from the date of the Squeeze-Out Notice but no later than three months after the day on which KFH received the Requisite Acceptances
<b><i>Effective Date</i></b>	if the Offer is successful, the date on which New KFH Shares are successfully issued at the Exchange Ratio as fully paid-up to the AUB Shareholders who appear on the shareholder register of AUB as at the Record Date and who accepted the Offer in accordance with the terms of this Offer Document, which date shall be no later than 10 calendar days from: (i) the Final Offer Closing Date; or (ii) the date on which the general assembly of AUB (convened in accordance with section 5.7) is validly held (and subject to the consent of the CBB)
<b><i>Exchange Ratio</i></b>	the exchange ratio set out in section 5.4 ( <i>Consideration for the Offer</i> ) of this Offer Document
<b><i>External Advisors</i></b>	the Legal Advisor and the Financial Advisor
<b><i>FATF</i></b>	the Financial Action Task Force
<b><i>Final Offer Closing Date</i></b>	the date falling not less than the 15 <sup>th</sup> calendar day from the date of announcement of the Offer having become unconditional in all respects
<b><i>Financial Advisor</i></b>	Goldman Sachs International, Dubai International Financial Centre (DIFC) branch
<b><i>Firm Intention</i></b>	the firm intention to make an Offer issued by KFH to the AUB Board of Directors on 25 July 2022
<b><i>GCC</i></b>	the Gulf Co-operation Council comprising the Kingdom of Bahrain, the State of Kuwait, the Sultanate of Oman, the State of Qatar, the Kingdom of Saudi Arabia and the United Arab Emirates
<b><i>IN</i></b>	a unique number issued by BC for any investor who opens a securities depository account at BC
<b><i>Islamic Financial Institutions</i></b>	financial institutions whose financial transactions are conducted according to, and who adhere to, Islamic Sharia'a / Islamic precepts and principles
<b><i>Initial Offer Closing Date</i></b>	the date falling on the 15 <sup>th</sup> calendar day from the Offer Opening Date, being the last date, subject to the Final Offer Closing Date and any extensions as may be permissible under the TMA Module, for

receiving the completed Acceptance and Transfer Forms, which will be announced by KFH and AUB in due course.

<b><i>KCC</i></b>	the Kuwait Clearing Company K.S.C.
<b><i>KFH</i></b>	Kuwait Finance House K.S.C.P., a public joint stock company incorporated in the State of Kuwait and registered under commercial registration number 26066
<b><i>KFH Bahrain</i></b>	Kuwait Finance House (Bahrain) B.S.C.(c), a bank incorporated in the Kingdom of Bahrain with commercial registration number 48128
<b><i>KFH Capital</i></b>	KFH Capital Investment Company K.S.C., a company incorporated in the State of Kuwait with commercial registration number 76471
<b><i>KFH Group</i></b>	KFH and its subsidiaries and branches, including, after completion of the Acquisition, the AUB Group
<b><i>KFH Shares</i></b>	9,285,707,127 outstanding issued and paid-up shares of KFH with a nominal value of KWD0.100 each in the capital of KFH
<b><i>Kuwait Receiving Agent</i></b>	the KCC, being the entity appointed by the Offeror which is authorized to receive Acceptance and Transfer Forms in accordance with the Offer Document for AUB Shareholders holding AUB BK Shares and for AUB Shareholders resident outside of Kuwait and Bahrain
<b><i>KWD</i></b>	Kuwaiti Dinar, the lawful currency in the State of Kuwait
<b><i>Last Practicable Date</i></b>	the last date prior to the dispatch of this Offer Document to the AUB Board of Directors for the purpose of ascertaining certain information contained herein, being 21 July 2022
<b><i>Last Trading Date</i></b>	the date falling one (1) Business Day prior to the Suspension Date
<b><i>Legal Advisor</i></b>	Freshfields Bruckhaus Deringer LLP
<b><i>Material Adverse Effect</i></b>	means any event, occurrence or change in circumstances which individually, or when aggregated with all such other events, occurrences or changes, has or could reasonably be expected to have a material adverse effect on the business, assets, liabilities, financial position, profitability or prospects of either of the KFH Group or the AUB Group (in each case taken as a whole), provided that in no event shall a deterioration of the economic, political or market conditions in the industry globally, in the Middle East, in Kuwait, in Bahrain or in general be treated as a 'Material Adverse Effect' except to the extent that such effect disproportionately adversely affects the KFH Group or the AUB Group (as the case may be) compared to other businesses or participants in the industry. The occurrence of a Material Adverse Effect shall be: (i) determined by KFH Board or AUB Board of Directors (acting reasonably) and (ii) subject to the consent of the CBB
<b><i>Minor</i></b>	a person who is below 21 years of age
<b><i>MOCI</i></b>	the Ministry of Commerce and Industry in the State of Kuwait

<b><i>MOIC</i></b>	the Ministry of Industry and Commerce in the Kingdom of Bahrain
<b><i>New KFH Shares</i></b>	the new KFH Shares to be issued, credited as fully paid, to AUB Shareholders pursuant to the Offer
<b><i>Offer</i></b>	the voluntary conditional offer made by KFH to acquire up to 100% of the issued and paid-up ordinary shares of AUB by way of a share swap at the Exchange Ratio
<b><i>Offer Document</i></b>	this offer document, which is prepared in relation to the Offer, dated 25 July 2022
<b><i>Offer Opening Date</i></b>	the date from which the completed Acceptance and Transfer Forms will be received by the Receiving Agents, which shall be announced by KFH and AUB
<b><i>Offer Period</i></b>	the period beginning on the Offer Opening Date and ending on the Final Offer Closing Date
<b><i>Offeree</i></b>	AUB
<b><i>Offeror</i></b>	KFH
<b><i>Participating Branches</i></b>	the branches of AUB in Bahrain listed in section 6.2 ( <i>The Receiving Agents and the Participating Branches</i> ) of the Offer Document that will be receiving Acceptance and Transfer Forms during the Offer Period
<b><i>PRA</i></b>	the Prudential Regulation Authority in the United Kingdom
<b><i>RCB</i></b>	Regulation on Control in Banks in Bahrain, issued by virtue of Resolution No. 16 of 2021
<b><i>Receiving Agents</i></b>	the Bahrain Receiving Agent and the Kuwait Receiving Agent
<b><i>Record Date</i></b>	the date preceding the Offer Opening Date established for the purposes of identifying the AUB Shareholders' entitlement to receive the Offer, which shall be announced by KFH and AUB
<b><i>Requisite Acceptances</i></b>	valid Acceptances which are received in respect of AUB Shares, representing at least 90% or more of the total outstanding share capital of AUB and which remain unwithdrawn until the day on which the Offer is declared unconditional in all respects (excluding, for the avoidance of doubt, AUB shares which are owned by KFH or persons acting in concert as at the date of this Offer Document)
<b><i>SICO</i></b>	SICO B.S.C(c)
<b><i>Squeeze-Out</i></b>	the acquisition of the AUB Shares held by Dissenting Shareholders in accordance with article 319 <i>bis</i> I of the Commercial Companies Law and article TMA-3.4.4. of the TMA Module
<b><i>Squeeze-Out Notice</i></b>	the notification to be issued by the Offeror, within 15 days from the date on which the Offer is declared unconditional in all respects, to the Dissenting Shareholders to inform them of its intention to exercise its

power of compulsory acquisition and the date for executing such acquisition as per articles TMA-3.4.4, TMA-3.4.7 and TMA-3.4.8 of the TMA Module, in the form prescribed in Appendix TMA-E

***Suspension Date***

the date on which trading in the AUB Shares is suspended to enable a list of AUB Shareholders entitled to receive the Offer to be drawn up, which shall be announced by KFH and AUB

***Suspension Period***

the period during which trading in the AUB Shares will be suspended which shall commence on the Suspension Date and will continue until the earlier of: (i) the date on which the Offer is discontinued due to failure in declaring it unconditional as to the Requisite Acceptances; (ii) the date on which the Offer is discontinued due to failure in declaring it unconditional in all respects; and (iii) the Effective Date (provided that in case the Offeror receives the Requisite Acceptances and exercises its right to Squeeze Out, the Suspension Period shall be automatically extended until the Dissenting Shareholder Effective Date)

***TMA Module***

the Takeovers, Mergers and Acquisitions Module of Volume 6 of the CBB Rulebook

***USD***

United States Dollar, the lawful currency in the United States of America

## 2. LETTER FROM THE KFH BOARD OF DIRECTORS

25 July 2022

Dear AUB Shareholders,

On 1 December and 9 October 2019, the KFH Board announced receipt of the CBB's conditional approval to commence acquisition procedures of AUB and the receipt of the conditional approval of CBK on the proposed acquisition of AUB, respectively.

Due to the consequences of the outbreak of the COVID-19 pandemic late in 2019, KFH and AUB announced, on 12 April 2020 and again on 29 December 2020, that it was agreed to postpone the procedures of the proposed Acquisition.

On 1 December 2021 and with reference to the previous disclosures concerning KFH's acquisition of AUB, KFH have announced that, following coordination with AUB, and in compliance with the instructions of the regulators in Kuwait and Bahrain, KFH's Board approved to update the acquisition studies and identify their expected effects on the exchange ratio and its subsequent update.

On 6 July 2022, the KFH Board approved the new revised final share exchange ratio of 2.695AUB Shares for each New KFH Share after the review and evaluation of the top-up due diligence findings (the new *Exchange Ratio*). On 6 July 2022, AUB announced that the AUB Board of Directors has resolved to accept the revised share exchange ratio of 2.695 AUB shares for each KFH share as proposed by KFH, subject to (i) the fairness opinion of the independent professional advisor to be appointed by the AUB Board of Directors and (ii) the aggregate ownership of the AUB Shareholders in KFH immediately following completion of a full acquisition of all AUB Shares being not less than 31% of the total outstanding and paid up shares of KFH at such time. On 25 July 2022, the General Assembly of the KFH shareholders resolved to approve the proposed acquisition of AUB and authorized the KFH Board to proceed with the relevant procedures to effect the proposed acquisition.

The Acquisition is intended to be effected through this voluntary conditional offer by way of a share swap. Subject to receipt of valid Acceptances representing at least 90% or more of the total outstanding share capital of AUB, KFH intends to exercise its right of compulsory acquisition and acquire AUB Shares which are owned by Dissenting Shareholders (pursuant to Article 319 *bis* I of the Commercial Companies Law, and Article TMA-3.4.4 of the TMA Module), as detailed in 5.10 below. Subject to the satisfaction or, where applicable, waiver of the Conditions Precedent set out in this Offer Document, upon the Effective Date, New KFH Shares will be issued to existing AUB Shareholders who accept the Offer in consideration for the Acquisition. Prior to the Effective Date, KFH shall take all steps, and obtain all regulatory approvals, required to complete a cross-listing of the KFH Shares on Bahrain Bourse as at the Effective Date in line with the applicable rules and regulations of the CBB and BB.

Upon the Offer becoming effective, AUB will become a subsidiary of KFH, subsidiaries of AUB will become subsidiaries of KFH and the AUB Shareholders will become shareholders in the KFH Group. Upon completion of the Squeeze Out, KFH will acquire 100% of the issued share capital of AUB, AUB will become a wholly owned subsidiary of KFH and AUB will apply to the CBB to delist AUB from the BB in accordance with the terms of the TMA Module.

As set out in section 5.7 (*Conditions Precedent to the Offer*), in the event KFH waives the Condition Precedent in respect of Requisite Acceptances, KFH may request that the AUB Board of Directors invites the shareholders of AUB (after obtaining the approval of the CBB and other competent regulatory authorities in Bahrain), after the Final Offer Closing Date, to convene a general meeting of AUB in order to consider and approve the delisting of AUB from the BB and the BK. In this scenario,

all AUB Shareholders, other than the Offeror and persons acting in concert with the Offeror, including AUB Shareholders who accept the Offer, shall be eligible to vote their shares in such general meeting.

In addition, AUB Shareholders who have accepted the Offer may experience a slight delay in receiving their New KFH Shares as such AUB Shareholders will only receive their New KFH Shares after the general meeting of AUB, to consider and approve the delisting of AUB from the BB and the BK, is validly held.

The proposed Acquisition, will, if effected, create a leading Islamic financial institution with robust financial strength and a global network. In addition, it will strengthen KFH's position among global Islamic Financial Institutions, as the undisputed Islamic banking leader supplemented by a presence in nine additional countries through subsidiaries.

KFH's strategy for AUB post-Acquisition will commence with the process of converting the subsidiaries of AUB in the Kingdom of Bahrain, Egypt, Iraq and the United Kingdom to Sharia'a compliant units, offering a full range of Sharia'a compliant banking products subject to approval of the CBB. This is with the intention of maintaining AUB's commercial registration. Following the successful completion of the Offer, KFH will also commence the transformation of AUB Kuwait into a digital bank, and 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.

The Exchange Ratio was approved by the shareholders of KFH in the general assembly meeting of KFH held on 25 July 2022. AUB Shareholders whose names appear in the AUB share register on the Record Date will be eligible to receive the Offer. AUB Shareholders should note that trading in AUB Shares will be suspended for the duration of the Suspension Period.

The implementation of the Offer will be subject to the fulfilment or waiver, as applicable, of the Conditions Precedent set out in this Offer Document.

Subject to the details set out in this Offer Document, the AUB Shareholders holding the AUB BK Shares will receive their New KFH Shares on BK and the AUB Shareholders holding the AUB BB Shares will receive their New KFH shares on BB.

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.

## **Board of Directors**

### **KFH**



### 3. EXPECTED TIMETABLE OF PRINCIPAL EVENTS

The following dates will be announced by AUB and KFH in due course and will depend, among other things, on whether (and the dates on which) the Conditions Precedent are satisfied or waived (where applicable).

Event	Time and/or Date
Last Trading Date	To be announced
Suspension Date	To be announced
Record Date for AUB BB Shares	To be announced
Record Date for AUB BK Shares	To be announced
Offer Opening Date	To be announced
Initial Offer Closing Date	To be announced
Offer to be declared unconditional in all respects	To be announced
Squeeze-Out Notice to Dissenting Shareholders sent / published <sup>(1)</sup>	To be announced
Final Offer Closing Date	To be announced
Release of the New KFH Shares to accepting AUB Shareholders <sup>(2)</sup>	Effective Date
Effective Date <sup>(3)</sup>	To be announced
End of Dissenting Shareholders 60-day objection period	To be announced
Release of the New KFH Shares to Dissenting Shareholders	To be announced

#### Notes

- (1) KFH will deliver the Squeeze-Out Notice in the manner described in section 5.10 (*Compulsory Acquisitions(Squeeze-Out)*).
- (2) Subject to the approval of the CMA on issuance of the New KFH Shares and adhering to the applicable laws and regulations in Kuwait and Bahrain.
- (3) Subject to the Conditions Precedent of the Offer having been satisfied or (where applicable) waived and, where applicable, after the general assembly, described in section 5.7 (*Conditions Precedent to the Offer*), is held.

## **4. RESOLUTIONS AND APPROVALS**

### **4.1 COVID-19 POSTPONEMENT**

Due to the consequences of the outbreak of the COVID-19 pandemic late in 2019, KFH and AUB announced, on 12 April 2020 and again on 29 December 2020, that it was agreed to postpone the procedures of the proposed Acquisition.

On 1 December 2021 and with reference to the previous disclosures concerning KFH's acquisition of AUB, KFH have announced that, following coordination with AUB, and in compliance with the instructions of the regulators in Kuwait and Bahrain, KFH's Board approved to update the acquisition studies and identify their expected effects on the exchange ratio and its subsequent update.

On 6 July 2022, KFH announced that it has received approval from the CBK to acquire 100% of the capital shares of AUB.

On 6 July 2022, the KFH Board approved the new revised final share exchange ratio of 2.695 AUB Shares for each New KFH Share after the review and evaluation of the top-up due diligence findings (the new *Exchange Ratio*). On 6 July 2022, AUB announced that the AUB Board of Directors has resolved to accept the revised share exchange ratio of 2.695 AUB shares for each KFH share as proposed by KFH, subject to (i) the fairness opinion of the independent professional advisor to be appointed by the AUB Board of Directors and (ii) the aggregate ownership of the AUB Shareholders in KFH immediately following completion of a full acquisition of all AUB shares being not less than 31% of the total outstanding and paid up shares of KFH at such time.

On 17 July 2022, KFH received a letter from the CBB providing its no objection for KFH to proceed with the Acquisition of up to 100% of AUB's issued and paid-up shares subject to the satisfaction of all applicable conditions and in accordance with the Commercial Companies Law.

### **4.2 BOARD OF DIRECTORS**

This Offer is made pursuant to the resolutions adopted by the Board of Directors at their meeting held on 6 July 2022. The Board of Directors resolved to, amongst other items, adopt the reports of the External Advisors viewed in detail by the Board of Directors in its meeting held on 6 July 2022, approve the final Exchange Ratio of 0.371 New KFH Share for each 1 AUB Share or 2.695 AUB Shares for 1 New KFH Share to acquire up to 100% of AUB's share capital, recommend the same to the general assembly when it is called for a meeting and finalize the relevant procedures and approvals.

### **4.3 KFH GENERAL ASSEMBLY OF SHAREHOLDERS**

This Offer is also made pursuant to the resolutions adopted by the general assembly of KFH's shareholders at the meeting held on 25 July 2022. The results of KFH's General Assembly meeting have been disclosed on 25 July 2022 in accordance with the laws and regulations of Kuwait and are available on the website of BK at <https://www.boursakuwait.com.kw>.

### **4.4 CBB – CAPITAL MARKET SUPERVISION DIRECTORATE**

KFH have received from the Capital Market Supervision Directorate of the CBB a no objection letter dated 25 July 2022 on the use of and dispatch of this Offer Document.

Copies of the Board of Director's resolutions and this Offer Document have been filed with the Capital Market Supervision Directorate of the CBB.

## 5. THE OFFER

The Board of Directors refers to the Firm Intention dated 25 July 2022 whereby the AUB Board of Directors were notified of KFH's firm intention to make an Offer to the AUB Shareholders to acquire their shares in AUB.

The details of the Offer follow:

### 5.1 SECURITIES FOR WHICH THE OFFER IS MADE

The Offer is to acquire AUB Shares that comprise up to 100% of AUB's issued share capital. That is inclusive (as of the date of this Offer Document) of 11,147,931,458 (eleven billion, one hundred and forty-seven million, nine hundred and thirty-one thousand and four hundred fifty-eight) AUB Shares of a nominal value of USD 0.25 each and any AUB shares that are issued, whether as dividends shares, shares issued pursuant to AUB's employee stock option plan, after the date of this Offer Document, but before the Effective Date.

### 5.2 THE OFFEREE

AUB is registered with the MOIC under commercial registration number 46348 as a Public Bahraini Shareholding Company whose ordinary shares are listed on the BB and BK.

AUB is licensed by the CBB as a locally incorporated bank operating as a conventional retail bank and providing its clients through its network of subsidiaries and associated companies with: (i) retail banking; (ii) corporate banking; (iii) treasury and investment services; (iv) private banking and wealth management services; and (v) Islamic banking products & services besides offering conventional and Takaful life insurance products. AUB operates regionally through its subsidiaries and associates in United Kingdom, United Arab Emirates, Egypt, Kuwait, Iraq, Libya and Oman.

AUB has an issued and paid-up share capital of USD 2,786,982,864.50 divided into 11,147,931,458 ordinary shares with a nominal value of USD 0.25 each.

### 5.3 THE OFFEROR

KFH is registered with the MOCI under commercial registration number 26066 as a Public Kuwaiti Shareholding Company whose ordinary shares are listed on the BK.

KFH is licensed by 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, covering real estate, trade finance, investment portfolios, commercial, retail and corporate banking and is available in Kuwait, Kingdom of Bahrain, Kingdom of Saudi Arabia, Turkey, Malaysia, and Germany.

As at the date of this Offer Document, KFH has an authorized share capital of KWD 1,348,570,712.700 and an issued and paid-up share capital of KWD 928,570,712.700 divided into 9,285,707,127 ordinary shares with a nominal value of KWD0.100 each and 9,207,101,211 outstanding ordinary shares with a nominal value of KWD0.100 each.

### 5.4 CONSIDERATION FOR THE OFFER

The consideration for the Offer is New KFH Shares issued to AUB Shareholders on the following basis:

**for each 1 AUB Share: 0.371 New KFH Share**

**or**

**for each 2.695 AUB Share: 1 New KFH Share**

In the event that the Exchange Ratio calculation set out above produces fractional New KFH Shares, the resulting figure will be rounded up to the nearest number of New KFH Share(s).

The new Exchange Ratio (which determines the number of KFH shares that will be issued to AUB Shareholders as a result of the Acquisition) was considered by the KFH Board and AUB Board of Directors following commercial negotiations between the two banks, with reference to advice and assistance from their respective advisers. The KFH Board, following its review of due diligence information on AUB’s businesses, approved the Exchange Ratio. The AUB Board of Directors resolved to accept the Exchange Ratio as proposed by KFH subject to (i) the fairness opinion of the independent professional advisor to be appointed by the AUB Board of Directors and (ii) the aggregate ownership of the AUB Shareholders in KFH immediately following completion of a full acquisition of all AUB shares being not less than 31% of the total outstanding and paid-up shares of KFH at such time.

The Exchange Ratio and the KFH Shares will not be subject to any amendment or variation which would result in the aggregate ownership of the AUB Shareholders in KFH immediately following completion of a full acquisition of all AUB Shares being less than 31% of the total outstanding and paid up shares of KFH at such time (unless such amendment or variation is agreed, evidenced in writing, and signed by the parties and included in a Revised Offer Document (as approved by the CBB and published to the AUB Shareholders)).

The following table summarizes the new exchange ratio and total number of KFH shares expected post the Acquisition:

<b>New Exchange Ratio</b>	<b>2.695 AUB Shares for one New KFH Share or 0.371 New KFH Shares for one AUB share</b>
<b>Total number of KFH Shares – post Acquisition (and assuming acquisition of 100% of the AUB Shares)</b>	<b>13,422,230,859 shares, fully paid-up</b>

## **5.5 SHAREHOLDERS ELIGIBLE FOR THE OFFER**

AUB Shareholders whose names appear in the AUB share register on the Record Date will be eligible to receive the Offer.

## **5.6 SUSPENSION OF TRADING**

Trading in AUB Shares will be suspended for the duration of the Suspension Period.

## **5.7 CONDITIONS PRECEDENT TO THE OFFER**

The implementation of the Offer will be subject to the fulfilment or waiver, where applicable, by KFH 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, where applicable, by KFH:

- (a) KFH having received acceptances in respect of AUB Shares representing at least 90% of the total outstanding share capital of AUB, which would result in total ownership by KFH of at least 90% of the total outstanding share capital of AUB.
- (b) Receipt of all regulatory and statutory approvals, exemptions and/or waivers from the CBB and the Kuwait Capital Markets Authority as may be determined to be required in connection with

the Offer, the acquisition of up to 100% of the issued ordinary shares of AUB and the issuance of new KFH shares.

- (c) Receipt of all regulatory and statutory approvals, exemptions and/or waivers from any other regulatory or statutory authority as may be determined to be required in connection with the Offer and the acquisition of up to 100% of the issued ordinary shares of AUB.
- (d) KFH completing all the steps required, and obtaining all regulatory approvals required to, complete a cross-listing of the KFH shares on BB as at the Effective Date in line with the applicable rules and regulations of the CBB and BB.
- (e) No material breach of the warranties given by AUB in the implementation agreement (to be entered into between KFH and AUB in respect of this Offer) having occurred during the period up to (and inclusive of) the Initial Offer Closing Date (provided, however, that if such breach is capable of remedy, and is remedied to the reasonable satisfaction of the non-breaching party prior to such date, this Condition Precedent shall not be deemed unsatisfied as a result solely of such breach).
- (f) No Material Adverse Effect having occurred prior to, and being continued as at, the date on which the Offer would have been declared unconditional in all respects but for the occurrence of a Material Adverse Effect.

**AUB Shareholders and/or potential investors of AUB should note that the Offer is subject to the satisfaction or, with the exception of the Condition Precedent at (b) and (d) above, waiver by KFH (where applicable), of the Conditions Precedent<sup>1</sup>, and is 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.**

**In the event the Requisite Acceptances are not received by the Initial Offer Closing Date, KFH reserves the right to waive condition (a) above and proceed to declaring the offer unconditional in all respects (subject to the satisfaction or, where applicable, waiver of the other conditions), in which case KFH may either (i) proceed to settlement of the Offer after the Final Offer Closing Date; or (ii) announce that it intends to seek the delisting of AUB from BB and BK, and request that the AUB Board (subject to the approval of the CBB and other competent regulatory authorities in Bahrain), after the Final Offer Closing Date, invites the shareholders of AUB to convene a general meeting in order to consider and approve the delisting of AUB from the BB and the BK. All AUB Shareholders, other than the Offeror and persons acting in concert with the Offeror, including shareholders who Accept the Offer, shall be eligible to vote their shares in such general meeting.**

## **5.8 OFFER ACCEPTANCE PROCEDURES**

AUB Shareholders willing to accept the Offer are required to tender all of their AUB Shares and may not tender only a part of their AUB Shares. AUB Shareholders may potentially be holding the AUB Shares in one, or a combination, of the following forms:

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<sup>1</sup> KFH shall not waive the condition set out in Clause 5.7(a) unless, as at the Initial Offer Closing Date, KFH has received Acceptances which represent at least 50% of the total outstanding share capital of AUB.

- (a) Shares in Demat form held in a brokerage account with a registered broker in BB;
- (b) Shares in Demat form held in BC or KCC; and/or
- (c) Shares in physical form with an original share certificate only.

Please refer to section 6 (*Procedures for Accepting the Offer*) for further details.

## **5.9 ACCEPTANCE IRREVOCABLE**

Upon an AUB Shareholder submitting the completed Acceptance and Transfer Form to the relevant Receiving Agent, the Acceptance becomes irrevocable and cannot be withdrawn by that AUB Shareholder either in whole or in part. However, an AUB Shareholder will be entitled to withdraw his acceptance within 14 days from the Initial Offer Closing Date if the Offer has not become unconditional as to Requisite Acceptances by that date.

In accordance with TMA-2.18.11 if the Offer has been declared unconditional as to the Requisite Acceptances, but KFH fails to comply with any of the requirements of the section titled “Announcement of Result of Offer” of the TMA Module by close of trading at the licensed exchange in Bahrain on the relevant day, the CBB shall have the right to grant the AUB Shareholders who have accepted the Offer with the right to withdraw their Acceptance.

## **5.10 COMPULSORY ACQUISITIONS (SQUEEZE-OUT)**

Subject to receipt of valid Acceptances in respect of AUB Shares representing at least 90% or more of the total outstanding share capital of AUB and the satisfaction of the requirements under Article 319 *bis* I of the Commercial Companies Law and requirements under the TMA Module, KFH intends to exercise its right to compulsorily acquire all AUB Shares which are owned by the Dissenting Shareholders (pursuant to Article 319 *bis* I of the Commercial Companies Law, and article TMA-3.4.4 of the TMA Module), within three months from the date of receipt of the Requisite Acceptances, being the period prescribed for compulsory acquisition under the Commercial Companies Law and the TMA Module. AUB Shareholders should note that the Requisite Acceptances shall not be deemed to have been received before the date on which the Offer is declared unconditional in all respects (and not any prior date).

The Dissenting Shareholders shall receive a number of New KFH Shares which depends on the number of AUB Shares which they own at the Record Date and calculated at the Exchange Ratio (i.e. each Dissenting Shareholder will receive one New KFH Share against each 2.695 AUB Shares which they own as at the Record Date).

No later than 15 calendar days from the date on which the Offer is declared unconditional in all respects (and provided that KFH received the Requisite Acceptance prior to such date), KFH will issue to the Dissenting Shareholders the Squeeze-Out Notice in the form prescribed in Appendix TMA-E of the TMA Module. The Squeeze-Out Notice will be accompanied by a declaration from KFH confirming that the Requisite Acceptances have been received.

The Squeeze-Out Notice will be issued by KFH to the Dissenting Shareholders in the following manner:

The notice will be sent by registered mail to the address registered with the Central Registry of BB as at the Initial Closing Date in respect of those Dissenting Shareholders whose details registered with the Central Registry of BB are up-to-date.

**AUB Shareholders are encouraged to update their details (including their registered address) with the Central Registry of BB as soon as possible and prior to the Initial Offer Closing Date.**

## **Untraceable Shareholders**

KFH will fulfil its obligation to exercise best efforts to deliver the Squeeze-Out Notice by completion of serving the Squeeze-Out Notice in accordance with the manner prescribed above. KFHH has discussed with the CBB, the following alternative methods for serving the notice, in case KFHH, despite best efforts fails to deliver the Squeeze-Out Notice to the Dissenting Shareholders, pursuant to TMA-3.4.8 of the TMA Module:

- (a) the dedication of an email address for any AUB Shareholder who would like to receive the Offer documentation and announcements (including the Squeeze-Out Notice). Any AUB Shareholder who would like to receive the Offer documentation and announcements (including the Squeeze-Out Notice) which is made available to the AUB Shareholders at any point in time shall send a request to the following email address: [agent@sicobank.com](mailto:agent@sicobank.com).
- (b) the Squeeze-Out Notice will be announced through a market announcement in the BB and through a newspaper publication in two official newspapers in circulation in the Kingdom of Bahrain and such announcement shall be deemed to be a valid and effective notice issued by KFHH.

Dissenting Shareholders have the right to make an application to the court to object to such compulsory acquisition and such application shall be made by the Dissenting Shareholders within 60 calendar days from the date of the Squeeze-Out Notice.

Dissenting Shareholders who wish to object to the Squeeze-Out shall be entitled to make an application to a competent court in accordance with the provisions of the TMA Module and Bahrain Commercial Companies Law.

Unless otherwise ordered by a competent court, Dissenting Shareholders shall receive the New KFHH Shares on the Dissenting Shareholder Effective Date which will be set out in the Squeeze-Out Notice, and such Dissenting Shareholders will, as at such date, cease to own their respective AUB Shares which will be transferred to, and registered in the name of, KFHH. It should therefore be noted that, in the event KFHH exercises its right to compulsory acquisition under the Commercial Companies Law and TMA Module, receipt of the New KFHH Shares by Dissenting Shareholders will be delayed compared to AUB Shareholders who have accepted the Offer and submitted a valid Acceptance and Transfer Form.

Upon completion of the compulsory acquisition, KFHH will acquire 100% of the share capital of AUB, AUB will become a wholly owned subsidiary of KFHH and AUB will apply to the CBB to delist AUB from the BB in accordance with the terms of the TMA Module.

### **5.11 ISSUANCE OF THE NEW KFHH SHARES**

The process for issuing the New KFHH Shares will be conducted and managed by the KCC and is subject to the CMA processes and approval. The KCC will liaise directly with the BC to create a shared electronic platform in order to enable the production of an AUB Shareholders register of the shareholders entitled to receive the New KFHH Shares, whether in Kuwait or Bahrain, pursuant to the terms and conditions of the Offer.

Two (2) Business Days prior to the Effective Date, the KCC will issue and credit the New KFHH Shares in Kuwait to the AUB Shareholders holding the AUB BK Shares who have submitted a valid Acceptance and Transfer Form, however the issued New KFHH Shares will not be released to the AUB Shareholders until the Effective Date. AUB Shareholders should note that the two (2) Business Days' period reflects the timing required administratively for the transfer of the New KFHH Shares with respect to the AUB Shareholders holding AUB BB Shares to BB. For the avoidance of doubt, the Acquisition

will be effected by way of an off-market trade through the KCC or the BC (as applicable) and not through a licensed exchange.

On the Effective Date the KCC or BC, as the case may be, will release the New KFH Shares and the AUB Shareholders holding the AUB BK Shares and who have submitted a valid Acceptance and Transfer Form will receive their New KFH Shares listed on BK, and the AUB Shareholders holding AUB BB Shares will receive their New KFH Shares listed on BB. Each such AUB Shareholder will be added to the register of shareholders of KFH in respect of the New KFH Shares to which they are eligible. However, AUB Shareholders who accepted the Offer will not be able to trade the New KFH Shares allotted to them until five (5) business days after (and excluding) the Effective Date.

AUB Shareholders should note that on the Effective Date, the share register of KFH will be updated to reflect the ownership of both AUB Shareholders holding the AUB BK Shares and those holding the AUB BB Shares who have submitted a valid Acceptance and Transfer Form. Actual ownership of the New KFH Shares and the attached entitlements will be effected for both AUB Shareholders holding AUB BK Shares and AUB BB Shares who have submitted a valid Acceptance and Transfer Form on the Effective Date.

Unless otherwise ordered by a competent court, Dissenting Shareholders shall receive the New KFH Shares after 60 days from the date of the Squeeze-Out Notice but before the end of the three months after the day on which the Requisite Acceptances have been received and such Dissenting Shareholders will, as at such date, cease to own their respective AUB Shares which will be transferred to, and registered in the name of, KFH. The share register of KFH will be further updated to reflect the ownership of Dissenting Shareholders, however such Dissenting Shareholders will not be able to trade the New KFH Shares allotted to them until (5) five business days after (and excluding) the Dissenting Shareholder Effective Date. Actual ownership of the New KFH Shares and the attached entitlements will be effected for any Dissenting Shareholder on the Dissenting Shareholder Effective Date.

**AUB Shareholders should note that the process for issuing the New KFH Shares may be subject to change or update as may be required by the CMA, KCC, BC, BK and/or BB. Full and immediate disclosure will be made to the AUB Shareholders of any changes or updates that may occur after the date of this Offer Document.**

#### **5.12 RIGHTS OF THE NEW KFH SHARES**

The New KFH Shares shall rank *pari passu* with the existing ordinary shares of KFH. Other than ordinary shares, KFH has not issued any other classes of shares.

Provided that the Offer becomes unconditional after the fulfilment or waiver (where applicable) of the Conditions Precedent, AUB Shareholders of the New KFH Shares who have submitted a valid Acceptance and Transfer Form will be entitled to any dividends declared by KFH from the Effective Date and for subsequent years on a *pari passu* basis with other holders of shares in KFH. Unless otherwise ordered by a competent court, Dissenting Shareholders shall be entitled to any dividends declared by KFH from the Dissenting Shareholder Effective Date and, for subsequent years, on a *pari passu* basis with other holders of shares in KFH.

Holders of the New KFH Shares will enjoy all the rights and obligations of the existing shareholders of KFH, including but not limited to, participation and voting in shareholders' general assembly meetings and participation on a *pari passu* basis in any distributions or other returns of capital whether with respect to a liquidation or otherwise.

#### **5.13 DELISTING OF AUB**



Upon completion of the Squeeze Out, KFH will acquire 100% of the issued share capital of AUB, AUB will become a wholly owned subsidiary of KFH and AUB will apply to the CBB to delist AUB from the BB and the BK in accordance with the terms of the TMA Module. As set out in section 5.7 (*Conditions Precedent to the Offer*), in the event KFH waives the Condition Precedent in respect of Requisite Acceptances, KFH may announce that it intends to seek the delisting of AUB from BB and BK and request that the AUB Board invites the shareholders of AUB (after obtaining the approval of the CBB and other competent regulatory authorities in Bahrain), after the Final Offer Closing Date, to convene a general meeting in order to consider and approve the delisting of AUB from the BB and the BK. All AUB Shareholders, other than the Offeror and persons acting in concert with the Offeror, including shareholders who Accept the Offer, shall be eligible to vote their shares in such general meeting.

## 6. PROCEDURES FOR ACCEPTING THE OFFER

### 6.1 FORM SUBMISSION

#### **A. Acceptance submission procedures pertaining to AUB Shareholders holding AUB BB Shares**

All AUB Shareholders holding AUB BB Shares who are willing to accept the Offer will be required to forward the following documentation to the Bahrain Receiving Agent or submit them at the following website: [www.ipo.com.kw](http://www.ipo.com.kw) under the tab titled "Current IPOs and CI". AUB BB Shareholders may opt to submit their Acceptances in either detail form or simplified form as set out below:

Certain AUB Shareholders who are located in the United States will not be able to participate in the Offer. AUB Shareholders located in the United States must complete and return an executed US Investor Letter (as such term is defined in the Acceptance and Transfer Form) to the Bahrain Receiving Agent alongside their Acceptance and Transfer Form. The form of US Investor Letter can be requested from the Bahrain Receiving Agent by contacting [agent@sciobank.com](mailto:agent@sciobank.com).

#### *For detailed submissions by individuals*

AUB Shareholders who are individuals and who wish to accept the Offer must submit the following documents:

- (a) the original signed Acceptance and Transfer Form;
- (b) the original together with a copy, or Certified Copy, of the following two forms of identification:
  - (i) the individual's valid passport or valid international travel document; and
  - (ii) the individual's valid national identification card or an equivalent document;
- (c) proof of permanent residential address. The proof can consist of a copy of a recent utility bill, bank statement or similar statement from another bank or financial institution licensed in the country, which have been issued within three months prior to their presentation, or official documentation, such as a smartcard, from a public/governmental authority, or a tenancy agreement;
- (d) signature verification of the signature on the application (with a passport copy showing the specimen of the person signing the application form to suffice);
- (e) proof of IN is required in the form of a BB investor card or statement of account, or a BB system print-screen or an allotment notice from a previous initial public offering in Bahrain of no earlier than 2006;
- (f) original share certificates for those AUB Shareholders holding physical AUB Shares. Holders of physical AUB Shares that have been misplaced or damaged are required to obtain replacements of such shares directly from BC prior to submitting their Acceptance and Transfer Form. As an alternative to physical AUB Shares, holders of lost or damaged physical AUB Shares may also approach BC to have such replacement shares issued in electronic form at no additional cost;
- (g) a statement of account from BC or a BB registered broker in respect of AUB Shares held in electronic form;

- (h) the following additional documents are required when a person is signing on behalf of an individual AUB Shareholder by way of a power of attorney:
  - (i) the original or Certified Copy and copy of the valid passport or international travel document of the person applying and signing on behalf of the individual AUB Shareholder;
  - (ii) the original or Certified Copy and copy of the valid national identification card or an equivalent document of the person applying and signing on behalf of the individual AUB Shareholder; and
  - (iii) the original or Certified Copy and copy of the notarized (or where from outside the Kingdom of Bahrain, apostilled/legalized) power of attorney;
- (i) the following additional documents are required for applications on behalf of Minors<sup>2</sup>:
  - (i) the original or Certified Copy and copy of the valid passport or valid international travel document of the legal guardian applying and signing on behalf of the Minor;
  - (ii) the original or Certified Copy and copy of the government-issued valid national identification card or an equivalent document of the legal guardian applying and signing on behalf of the Minor; and
  - (iii) unless the legal guardian signing on behalf of the Minor is the Minor's father, the original or Certified Copy and copy of the proof of guardianship to the applying Minor.

*For detailed submissions by institutions*

All institutions must submit the following documentation:

- (a) the original signed Acceptance and Transfer Form;
- (b) a copy of a valid commercial registration certificate of the institution;
- (c) a copy of the memorandum and articles of association, or equivalent, of the institution;
- (d) the original together with a copy, or Certified Copy, of the following two forms of identification in respect of the individual signing on behalf of the institution:
  - (i) the individual's valid passport or valid international travel document; and
  - (ii) the individual's valid national identification card or an equivalent document;
- (e) signature verification of the signature on the application (with a passport copy showing the specimen of the person signing the application form to suffice);
- (f) proof of IN is required in the form of a BB investor card or statement of account, or a BB system print-screen, or an allotment notice from a previous initial public offering in Bahrain of no earlier than 2006;
- (g) original share certificates for those institutions holding AUB Shares in physical form. Holders of physical AUB Shares that have been misplaced or damaged are required to obtain replacements of such shares directly from BC prior to submitting their Acceptance and Transfer

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<sup>2</sup> *Guardians of Minors to ensure compliance with the Legislative Decree no. (7) of 1986 promulgating the Guardianship of Money Law and the Minor Fund Directorate (as defined in the law) document booklet and user guidelines, and to submit any consents required under such law.*

Form. As an alternative to physical AUB Shares, holders of lost or damaged physical AUB Shares may also approach BC to have such replacement shares issued in electronic form at no additional cost;

- (h) a statement of account from BC or a BB registered broker in respect of their AUB Shares held in electronic form;
- (i) the original and copy of the document authorizing the person(s), whose signature(s) appear(s) on the Acceptance and Transfer Form to sign such document on behalf of the institution. Such a document can be either a power of attorney or a resolution of the board of the institution; and
- (j) if located in the United States, a completed and executed US Investor Letter.

All completed Acceptance and Transfer Forms, together with the required documentation, may be submitted electronically at the following website: [www.ipo.com.kw](http://www.ipo.com.kw) under the table titled “Current IPOs and Cis” or physically at:

- (a) the desk of the Bahrain Receiving Agent listed in section 6.2 (*The Receiving Agents and the Participating Branches*) during the Offer Period; or
- (b) the Participating Branches listed in section 6.2 (*The Receiving Agents and the Participating Branches*) during the Offer Period.

The documents should be submitted no later than the close of business on the Initial Offer Closing Date. The Bahrain Receiving Agent may accept couriered applications that have been pre-agreed and pre-arranged with the Bahrain Receiving Agent with Certified Copies and on the basis of receipt of such Acceptances by the Bahrain Receiving Agent prior to the Initial Offer Closing Date.

At the time of submission of a completed Acceptance and Transfer Form, the Bahrain Receiving Agent or the Participating Branches shall verify the validity of all copies of each participating AUB Shareholder’s identification documents along with the submitted Acceptance and Transfer Form.

Following the electronic submission of a completed Acceptance and Transfer Form, the Bahrain Receiving Agent shall verify the validity of the submission and a notification shall be sent to the AUB Shareholder confirming receipt of the submission. Any AUB Shareholder holding BB Shares who has electronically submitted a completed Acceptance and Transfer Form but has not received such notification should contact the Bahrain Receiving Agent. All AUB Shareholders holding BB Shares and who make physical submissions will receive a copy of their Acceptance and Transfer Form at the time of application.

AUB Shareholders intending to accept the Offer and who hold AUB BB Shares that are mortgaged will have to provide original written clearance from the mortgagee in a form acceptable to the Offeror or the Bahrain Receiving Agent. The clearance must acknowledge that such AUB Shares shall be transferred to KFH pursuant to the Offer free from any and all charges, liens and other encumbrances, and that any encumbrances (including mortgages and attachments) on the sold AUB Shares will be transferred to the corresponding New KFH Shares owned by the relevant selling AUB Shareholder in the manner prescribed and provided for in the Acceptance and Transfer Form.

The following important directions should be followed when completing the Acceptance and Transfer Form:

- (a) Only the prescribed Acceptance and Transfer Form made available on the prescribed electronic platform or collected from the participating desk of the Bahrain Receiving Agent, or the

Participating Branches should be used, and completed in full in accordance with the instructions contained therein.

- (b) In the case of joint owners of AUB Shares only one Acceptance and Transfer Form may be used and signed by all such joint owners.
- (c) In the case of any AUB Shares held by investment managers, the Acceptance and Transfer Form should be signed by the investment manager and sent along with a copy of the document reflecting the investment manager's position as the investment manager for the AUB Shareholder. The Acceptance and Transfer Form must state the beneficial owners of the AUB Shares and be provided together with their specific signed mandate.

For simplified submissions by institutions and/or individuals

All institutions and individuals holding AUB BB Shares and a valid IN may opt to submit their Acceptance in a simplified manner without requiring the documents set out above by submitting their Acceptance and Transfer Form electronically or physically in a simplified manner together with (i) two copies of valid identification (passport and National ID/CPR) and (ii) signature verification of the signature on the Acceptance and Transfer Form (passport signature page or equivalent).

However, should institutions and individuals holding AUB BB Shares opt to submit their Acceptance in a simplified manner, upon receipt by such AUB BB Shareholders of the New KFH Shares, their New KFH Shares will not be available for trading until the rest of the documents listed above (as applicable to individuals or institutions) are submitted to the BC.

The Offeror and the Bahrain Receiving Agent reserve the right to reject any Acceptance and Transfer Form if:

- (a) the Acceptance and Transfer Form is not completed in all respects or is completed with incorrect information;
- (b) if it receives an Acceptance and Transfer Form from an AUB Shareholder located in the United States and such Acceptance and Transfer Form is not accompanied by a completed, accurate and executed US Investor Letter or the Bahrain Receiving Agent has reason to believe that any of the acknowledgements, representations, agreements and warranties contained in the US Investor Letter are inaccurate;
- (c) any of the information stated in this section 6.1 (*Form Submission*) is not included in or with the Acceptance and Transfer Form; or
- (d) the Acceptance and Transfer Form along with all of the above documents is received by the Bahrain Receiving Agent after the close of business on the Initial Offer Closing Date.

The Offeror and the Bahrain Receiving Agent reserve the right to accept, at its sole discretion, duly completed Acceptance and Transfer Forms where the information set out in this section 6.1 (*Form Submission*) has not been provided in its entirety but sufficient information and documentation has been provided or otherwise procured to comply with all applicable laws and regulations associated with know your client and anti-money laundering requirements and other laws and regulations applicable to the Offeror and the Offer have been complied with. AUB Shareholders who do not have an IN number will be required to obtain an IN number prior to any future transfer of any New KFH Shares received pursuant to the Offer using BC Application Form Number 1(A) for individuals and 1(B) for institutions. Certain fees payable to BC may apply. AUB Shareholders who wish to trade any New KFH Shares received pursuant to the Offer on the BB in the future will be required, prior to such trading, to open a

trading account with a registered broker and open an investor account with BC via BC Application Form Number (2) – Investor Account Opening Form. Subsequently, an AUB Shareholder may transfer the shares from the “CSD to the Broker” via the BC Application Form Number (6) - Transfer application between CSD and Broker. Certain fees payable to BC may apply. For the avoidance of doubt, this is not a requirement for Accepting the Offer.

AUB Shareholders holding AUB Shares in physical form must first submit the original share certificates and obtain an IN.

The AUB Shareholder holding AUB BB Shares who accepts the Offer shall:

- (a) consent to the passing on of any information about the AUB Shareholder to any relevant regulatory authorities (including but not limited to the KCC) by the Bahrain Receiving Agent, the registrar, the Offeror or the Offeree (as the case may be) or their delegates and any onward transmission by those regulatory authorities of such information;
- (b) acknowledge that due to money laundering requirements operating within Bahrain, the Bahrain Receiving Agent, the Offeror or the Offeree (as the case may be) may require identification of the AUB Shareholder(s) and source of funds before the Acceptance and Transfer Forms indicating acceptance can be processed;
- (c) hold the Bahrain Receiving Agent, the Offeror or the Offeree (as the case may be) harmless and indemnified and shall keep them held harmless and indemnified against any loss arising from the failure to process the Acceptance and Transfer Form, if information as has been required from the AUB Shareholder has not been provided within the allotted time to the satisfaction of the party requesting such information;
- (d) understand and agree that any New KFH Shares to be issued to the AUB Shareholder may be retained pending the completion of any verification of identity required by the Bahrain Receiving Agent, the Offeror or the Offeree (as the case may be); and
- (e) consent to the deposit of any New KFH Shares to the brokerage account where their AUB shares were held prior to the Acquisition.

#### **B. Acceptance submission procedures pertaining to AUB Shareholders holding AUB BK Shares**

All AUB Shareholders holding AUB BK Shares who are willing to accept the Offer will be required to submit the following documentation at the following website: [www.ipos.com.kw](http://www.ipos.com.kw) under the tab titled “Current IPOS and CIS”. AUB Shareholders holding AUB BK Shares who require assistance may approach the offices of the Kuwait Receiving Agent.

Certain AUB Shareholders who are located in the United States will not be able to participate in the Offer. AUB Shareholders located in the United States must complete and return an executed US Investor Letter alongside their Acceptance and Transfer Form. The form of US Investor Letter can be requested from the Bahrain Receiving Agent by contacting [agent@sciobank.com](mailto:agent@sciobank.com).

All institutions and individuals holding AUB BK Shares may submit their Acceptance and Transfer Form electronically together with:

- (a) the original signed Acceptance and Transfer Form;
- (b) a copy of one of the following forms of identification:
  - (i) the individual’s valid passport or valid international travel document; and

- (ii) the individual's valid national identification card or an equivalent document,
- (c) signature verification of the signature on the application (with a passport copy showing the specimen of the person signing the application form to suffice);
- (d) the following additional documents are required when a person is signing on behalf of an individual AUB Shareholder by way of a power of attorney:
  - (i) the original or Certified Copy and copy of the valid passport or international travel document or valid national identification card of the person applying and signing on behalf of the individual AUB Shareholder;
  - (ii) the original or Certified Copy and copy of the valid national identification card or an equivalent document of the person applying and signing on behalf of the individual AUB Shareholder; and
  - (iii) the original or Certified Copy and copy of the notarized (or where from outside the State of Kuwait, apostilled/legalized) power of attorney;

In addition to the above, all institutions must also submit:

- (iv) the original and copy of the document authorizing the person(s), whose signature(s) appear(s) on the Acceptance and Transfer Form to sign such document on behalf of the institution. Such a document can be either a power of attorney or a resolution of the board of the institution; and
- (v) signature verification of the signature on the application (with a passport copy showing the specimen of the person signing the application form to suffice); and
- (vi) if located in the United States, a completed and executed US Investor Letter

The following additional documents are required for applications on behalf of Minors:

- (vii) copy of the valid passport or valid international travel document or valid national identification card of the legal guardian (being the Minor's father) applying and signing on behalf of the Minor; and
- (viii) copy of the government-issued valid national identification card or an equivalent document of the legal guardian applying and signing on behalf of the Minor.

Any other legal guardianship arrangements should approach the Kuwait Receiving Agent to assist with the application.

All signed Acceptance and Transfer Forms should be submitted electronically through the following website: [www.ipos.com.kw](http://www.ipos.com.kw) under the tab titled "Current IPOs and CIs" during the Offer Period.

The documents should be submitted no later than the close of business on the Initial Offer Closing Date.

Following the electronic submission of a completed Acceptance and Transfer Form, the Kuwait Receiving Agent shall verify the validity of the submission and a notification shall be sent to the AUB Shareholder confirming receipt of the submission. Any AUB Shareholder holding BK Shares who has electronically submitted a completed an Acceptance and Transfer Form but has not received such notification should contact the Kuwait Receiving Agent.

AUB Shareholders intending to accept the Offer and who hold AUB BK Shares that are mortgaged will have to provide original written clearance from the mortgagee in a form acceptable to the Offeror or the Kuwait Receiving Agent. The clearance must acknowledge that such AUB Shares shall be transferred to KFH pursuant to the Offer free from any and all charges, liens and other encumbrances, and that any encumbrances (including mortgages and attachments) on the sold AUB Shares will be transferred to the corresponding New KFH Shares owned by the relevant selling AUB Shareholder in the manner prescribed and provided for in the Acceptance and Transfer Form.

Noting that the Acceptance and Transfer Form will be submitted electronically through the electronic platform made available by the Kuwait Receiving Agent, the following important directions should be followed when completing the Acceptance and Transfer Form:

- (a) Only the prescribed Acceptance and Transfer Form made available on the prescribed electronic platform should be used and completed in full in accordance with the instructions contained therein.
- (b) In the case of joint owners of AUB Shares only one Acceptance and Transfer Form may be used and signed by all such joint owners.
- (c) In the case of any AUB Shares held by investment managers, the Acceptance and Transfer Form should be signed by the investment manager and submitted along with a copy of the document reflecting the investment manager's position as the investment manager for the AUB Shareholder. The Acceptance and Transfer Form must state the beneficial owners of the AUB Shares and be provided together with their specific signed mandate.

The Offeror and the Kuwait Receiving Agent reserve the right to reject any Acceptance and Transfer Form if:

- (a) the Acceptance and Transfer Form is not completed in all respects or is completed with incorrect information;
- (b) if it receives an Acceptance and Transfer Form from an AUB Shareholder located in the United States and such Acceptance and Transfer Form is not accompanied by a completed, accurate and executed US Investor Letter or the Kuwait Receiving Agent has reason to believe that any of the acknowledgements, representations, agreements and warranties contained in the US Investor Letter are inaccurate;
- (c) any of the information stated in this section 6.1 (*Form Submission*) is not included in or with the Acceptance and Transfer Form; or
- (d) the Acceptance and Transfer Form along with all of the above documents is received by the Kuwait Receiving Agent after the close of business on the Initial Offer Closing Date.

The Offeror and the Kuwait Receiving Agent reserve the right to accept, at its sole discretion, duly completed Acceptance and Transfer Forms where the information set out in this section 6.1 (*Form Submission*) has not been provided in its entirety but sufficient information and documentation has been provided or otherwise procured to comply with all applicable laws and regulations associated with know your client and anti-money laundering requirements and other laws and regulations applicable to the Offeror and the Offer have been complied with.

The AUB Shareholders holding AUB Shares in physical form with original share certificates shall deliver the original share certificate to the BK or the Receiving Agent and receive an IN prior to their submission of the Acceptance and Transfer Form.



The AUB Shareholder holding AUB BK Shares shall:

- (a) consent to the passing on of any information about the AUB Shareholder to any relevant regulatory authorities by the Kuwait Receiving Agent, the registrar, the Offeror or the Offeree (as the case may be) or their delegates and any onward transmission by those regulatory authorities of such information;
- (b) acknowledge that due to money laundering requirements operating within Kuwait, the Kuwait Receiving Agent, the Offeror or the Offeree (as the case may be) may require identification of the AUB Shareholder(s) and source of funds before the Acceptance and Transfer Forms can be processed;
- (c) hold the Kuwait Receiving Agent, the Offeror or the Offeree (as the case may be) harmless and indemnified and shall keep them held harmless and indemnified against any loss arising from the failure to process the Acceptance and Transfer Form, if information as has been required from the AUB Shareholder has not been provided within the allotted time to the satisfaction of the party requesting such information; and
- (d) understand and agree that any New KFH Shares to be issued to the AUB Shareholder may be retained pending the completion of any verification of identity required by the Kuwait Receiving Agent, the Offeror or the Offeree (as the case may be).

## 6.2 THE RECEIVING AGENTS AND THE PARTICIPATING BRANCHES

The Receiving Agents and the Participating Branches as set out below will receive the completed Acceptance and Transfer Forms together with the information stated in section 6.1 (*Form Submission*) (as applicable):

### Bahrain Receiving Agent's addresses, contact details and opening times

No.	Name	Address	Telephone No.	Opening days	Operating hours
1	SICO B.S.C.(c) – Receiving desk at the BB	4 <sup>th</sup> floor, Harbour Gate, Bahrain Financial Harbour, Manama, Kingdom of Bahrain	(973) 17515022	Sunday to Thursday	9:00am – 1:00pm
2	Bahrain Clear B.S.C.(c)	4 <sup>th</sup> floor, Harbour Gate, Bahrain Financial Harbour, Manama, Kingdom of Bahrain	(973) 17108844	Sunday to Thursday	9:00am – 1:00pm

### Participating Branches' addresses, contact details and opening times

No.	Branch name	Address	Telephone No.	Opening days	Operating hours
1	Seef Headquarters	Building 2495, Road 2832, Al Seef District 428	(973) 17585539/5813/5514	Sunday to Thursday	8:00am – 3:30pm
2	Central Manama	Bahrain car park commercial center, Manama, Building #126, Road 383, Block 316	(973) 17221855/1736/1807	Saturday to Thursday	8:00am – 2:00pm
3	Seef Mall Muharraq	Seef Mall Muharraq in Arad Block 240	(973) 17562720	Saturday to Wednesday	9:00am – 4:30pm
4	Mercado Mall	Unit 112, Building 108, Road #79 Avenue 79, Block 575 Janabiyah	(973) 17562749	Saturday to Wednesday	9:00am – 4:30pm
5	Juffair Oasis Mall	Building 304, Road 2929, Block 341, Oasis Mall, Juffair	(973) 17579354	Saturday to Wednesday	9:00am – 4:30pm
6	Riffa Branch	Shops 122, 124, 126 & 128, Shaikh Ali Bin Khalifa Road, Block 903, East Riffa	(973) 17562722	Sunday to Thursday	8:00am – 3:30pm

### **Kuwait Receiving Agent's address, contact detail and opening time**

<b>No.</b>	<b>Name</b>	<b>Address</b>	<b>Telephone No.</b>	<b>Opening days</b>	<b>Operating hours</b>
1	Kuwait Clearing Company K.S.C.	Ahmad Tower 5 <sup>th</sup> Floor, Sharq, Kuwait City	(965) 22464565	Sunday to Thursday	8:30am – 3:00pm

### **6.3 GENERAL INFORMATION**

AUB Shareholders should note that only Acceptances that are not rejected will count towards the Requisite Acceptances.

Once all the Conditions Precedent have been fulfilled or waived, where applicable, and the Offer becomes unconditional in all respects, during or at the end of the Final Offer Closing Date, KFH will arrange to make an announcement to this effect in two newspapers in the Kingdom of Bahrain and the websites of the BB, BK, AUB and KFH.

Allotment notices for each AUB Shareholder will be made available for collection at the KCC for AUB Shareholders holding AUB BK Shares and the BC for AUB Shareholders holding AUB BB Shares, during normal working hours starting from the Effective Date. Allotment notices will also be sent to the e-mail address provided by the AUB Shareholder in the Acceptance and Transfer Form.

Any queries regarding the application procedure should be directed to the Receiving Agents.

### **6.4 PURCHASE OF AUB SHARES OUTSIDE THE OFFER**

KFH reserves the right to purchase AUB Shares outside the Offer in accordance with the TMA Module and applicable laws.

### **6.5 TAX**

The tax consequences for AUB Shareholders pursuant to the Acquisition depend upon the shareholders' individual circumstances. AUB Shareholders should therefore consult their own tax advisors as to the particular tax consequences on them of accepting the Offer.

### **6.6 PRIOR CONTACTS**

On 22 July 2018 KFH and AUB entered into a memorandum of understanding pursuant to which they agreed to commence a preliminary assessment of a potential consolidation of their respective businesses.

On 24 January 2019 each of KFH and AUB announced an average of a preliminary exchange ratio that has been agreed based on the preliminary assessments. KFH and AUB further announced that the determination of the final Exchange Ratio remains subject to the conclusion of due diligence studies to be conducted by each bank on the other.

On 12 September 2019, KFH and AUB announced that the commercial, financial and legal due diligence exercises with respect to the Offer have been concluded and that their respective boards of directors have approved the final Exchange Ratio.

On 5 February 2020, KFH communicated to AUB's Board of Directors its firm intention to make an Offer.

Due to the consequences of the outbreak of the COVID-19 pandemic late in 2019, KFH and AUB announced, on 12 April 2020 and again on 29 December 2020, that it was agreed to be postponed the procedures of the proposed Acquisition.

On 1 December 2021 and with reference to the previous disclosures concerning KFH's acquisition of AUB, KFH have announced that, following coordination with AUB, and in compliance with the instructions of the regulators in Kuwait and Bahrain, KFH's Board approved to update the acquisition studies and identify their expected effects on the exchange ratio and its subsequent update.

On 24 March 2022, AUB announced that the professional advisers appointed by AUB have completed their due diligence work on KFH, that KFH has communicated to the AUB Board of Directors a revised share exchange ratio and that the AUB Board of Directors and KFH Board are in discussions regarding the share exchange ratio and potential alternatives.

On 6 July 2022, the KFH Board approved the new revised final share exchange ratio of 2.695AUB Shares for each New KFH Share after the review and evaluation of the top-up due diligence findings.

On 6 July 2022, AUB announced that the AUB Board of Directors has resolved to accept the revised share exchange ratio of 2.695 AUB shares for each KFH share as proposed by KFH, subject to (i) the fairness opinion of the independent professional advisor to be appointed by the AUB Board of Directors and (ii) the aggregate ownership of the AUB Shareholders in KFH immediately following completion of a full acquisition of all AUB shares being not less than 31% of the total outstanding and paid up shares of KFH at such time.

KFH and AUB intend to enter into an Implementation Agreement (a copy of which will be on display, once signed, as referred to in section 17.6 (*Documents on Display*)) to set out, among other matters, their rights and obligations in respect of, and the process for, the implementation of, the Acquisition.

On 25 July 2022, KFH has notified the AUB Board of Directors by way of a Firm Intention of its revised firm intention to make the Offer.

## 7. THE OFFEROR

### 7.1 KUWAIT FINANCE HOUSE K.S.C.P.

Kuwait Finance House K.S.C.P. (**KFH**) is considered a pioneer in Islamic Finance and Sharia'a compliant banking. KFH was the first Islamic bank established in 1977 in the State of Kuwait and today is one of the foremost Islamic Financial Institutions in the world.

KFH has steadily managed to expand its business to become a market leader both in the Islamic Finance and broader banking industry, being a recognized leader in both the Islamic banking industry and the banking sector as a whole. KFH is regarded as one of the biggest lenders in both the local and regional markets.

KFH provides a wide range of banking Sharia'a compliant products and services, covering real estate, trade finance, investment portfolios, commercial, retail and corporate banking and is available in the State of Kuwait, Kingdom of Bahrain, Kingdom of Saudi Arabia, Turkey, Malaysia and Germany.

### 7.2 CAPITAL AND MAJOR SHAREHOLDERS

KFH's authorized share capital currently stands at KWD 1,348,570,712.700 with an issued and paid-up capital of KWD 928,570,712.700 divided into 9,285,707,127 shares with a nominal value of KWD 0.100 each. KFH is currently listed and publicly traded on BK with the following shareholders owning more than 5% each:

Major Shareholders	Percentage Owned*
Kuwait Investment Authority	24.08%
Public Authority for Minors Affairs	10.48%
General Secretariat of Awqaf	7.30%

*\*As at 7 July 2022 based on the information disclosed by the shareholders to Bourse Kuwait on such date*

### 7.3 BOARD OF DIRECTORS

KFH's Board currently comprises of 12 board members, as follows:

Board Member	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	Independent Director
Hanan Yousef Ali Yousef	Director

Board Member	Title
Motlaq Mubarak Al-Sanei	Director
Salah Abdulaziz Al-Muraikhi	Director
Ahmed Meshari Al Faris	Independent Director
Hamad Abdullateef Al Barjas	Director
Mohammed Nasser Al Fouzan	Director

**Hamad Abdul Mohsen Al Marzouq** – Chairman since 2014 - Chairman of the Board Executive Committee and Chairman of the Board Governance Committee

Mr. Al Marzouq received his Master’s Degree in International Finance and Business Management from Claremont Graduate University in the U.S. in 1987. He received his Bachelor’s Degree in Industrial Systems Engineering from the University of Southern California in the U.S. in 1985. Mr. Al Marzouq serves as a Board Member of Kuwait Banking Association (KBA) since 2002 and was appointed as Chairman of the Association from 2010 until 2016. Mr. Al Marzouq served as a Board Member of the Kuwait Institute of Banking Studies (KIBS) from 2003 to 2014 and the Public Authority for Applied Education and Training (PAAET) from 2007 until 2016. Mr. Al Marzouq served as a Member of the Board of Trustees of the Arab Academy for Financial and Banking Sciences from 2004 until 2009 and was a Board Member of the Union of Arab Banks from 2003 until 2010. Mr. Al Marzouq has a diverse professional experience in Banking and Finance both in Kuwait and abroad spanning more than 30 years as he has held many prominent positions in various banking, financial and regulatory institutions. Mr. Al Marzouq was Chairman and Managing Director of Ahli United Bank - Kuwait from 2002 until 2014 and was Vice Chairman of Ahli United Bank - U.K. from 1998 until 2014 and was Vice Chairman of Ahli United Bank - Egypt from 2006 until 2014. Mr. Al Marzouq served as Vice Chairman of Ahli United Bank – Bahrain from 2000 until 2014 and served as Vice Chairman of Ahli Bank - Oman from 2007 until 2014. Mr. Al Marzouq served as Vice Chairman of the Commercial Bank of Iraq from 2006 until 2014. Mr. Al Marzouq served as a Board Member, Vice Chairman, and Chairman of Kuwait & Middle East Financial Investment Company in Kuwait from 2002 until 2010. He held the position of Vice Chairman of Middle East Financial Investment Company in the Kingdom of Saudi Arabia from 2009 until 2013 and was Vice Chairman of Ahli Bank in Qatar from 2004 until 2013. Mr. Al Marzouq previously held several executive positions at the Central Bank of Kuwait including the position of Deputy Manager of the Technical Affairs Office in 1990. In addition, Mr. Al Marzouq served as the Deputy Manager of Financial Control Department from 1992 until 1996 and then served as Manager of Financial Control Department from 1996 until 1998. Mr. Al Marzouq commenced his professional career as an Investment Officer in the U.S. Equity Portfolios and Derivatives at the Investment Department at Kuwait Investment Company from 1987 until 1990.

**Abdul Aziz Yacoub Alnafisi** – Vice Chairman since 2014 - Member of the Board Executive Committee and Member of the Board Nomination and Remuneration Committee

Mr. Alnafisi received his Bachelor’s Degree in Economics from Whittier College in the U.S. in 1977. Mr. Alnafisi holds the position of General Manager of Abdul Aziz Alnafisi General Trading Company. Mr. Alnafisi has a wealth of experience in Kuwait and abroad as he has held many prominent leadership positions in companies within Banking, Financial, Real Estate and Telecommunication Sectors. Mr. Alnafisi was a Board Member in Mobile Telecommunications Company “Zain Group” from 2005 until

2017 where he held the position of Vice Chairman until 2013. In addition, he was a Board Member in Mobile Communication Company - Saudi Arabia “Zain KSA” from 2013 until 2019. Mr. Alnafisi held many positions in the Board of Directors of Zain Group MENA entities including Zain Iraq, Zain Jordan and Zain Sudan as well as many positions in the Board of Directors of Celtel - Zain Africa. Mr. Alnafisi was the Chairman of Mada Communication Company from 2001 until 2011 and assumed the position of the Chairman of Al Madar Finance and Investment Company from 1998 until 2004. Mr. Alnafisi was a Board Member of Wethaq Takaful Insurance Company from 2000 until 2004 and was a Board Member of Kuwait Investment Projects Company from 1993 until 1996. In addition, Mr. Alnafisi held the position of the Chairman of KFIC Brokerage Company from 1989 until 1992. Mr. Alnafisi previously held several executive positions including the position of CEO of Alnafisi National Real Estate Group from 1996 until 2010. In addition, Mr. Alnafisi held the position of Deputy General Manager of Yacoub Alnafisi General Trading and Contracting Establishment from 1984 until 1990 and Managing Director of KFIC Brokerage Company from 1989 until 1990. Mr. Alnafisi commenced his professional career as the Head of Banking Facilities Division at Burgan Bank from 1978 to 1981.

**Fahad Ali AlGhanim** – Board Member since 2014 - Chairman of the Board Investment Committee, Member of the Board Executive Committee and Member of the Board Audit and Compliance Committee

Mr. AlGhanim received his Bachelor’s Degree in Civil Engineering from Kuwait University in 2002. Mr. AlGhanim is the Chairman of Aayan Leasing and Investment Company since 2011. In addition, he is the Vice Chairman of AlAhlia Heavy Vehicles Selling and Import Company since 2011 and Board Member of Kuwait Building Materials Manufacturing Company since 2004. Mr. AlGhanim currently holds the position of CEO at Ali Mohammed Thunayan AlGhanim and Sons Automotive Group of Companies since 2005 and is a Board Member and Treasurer at Kuwait Sports Club since 2007. He is also a member of Kuwait Society of Engineers since 2003. Mr. AlGhanim has held many prominent leadership positions including the position of the Chairman and CEO of AlAhlia Heavy Vehicles Selling and Import Company from 2005 until 2011 and was the Chairman of the Restructuring Committee at Aayan Leasing and Investment Company from 2010 until 2011. He also held the position of Board Member of the Representatives Board of the World Agents of McLaren Motors Company (Representatives of the Middle East) from 2010 until 2015. Mr. AlGhanim assumed Board Member positions in numerous local companies including the International Company for Electronic Payment (UPS) from 2005 until 2010, Al-Oula Slaughter House Company from 2003 until 2005 and was the CEO of Ali AlGhanim and Sons Group of Companies – Contracting Sector from 2002 until 2005.

**Muad Saud Al Osaimi** – Board Member since 2014 - Member of the Board Executive Committee, Member of the Board Risk Committee, and Member of the Board Investment Committee

Mr. Al Osaimi received his Bachelor’s of Science Degree in Finance from George Mason University in the U.S. in 2001. Mr. Al Osaimi was appointed as the Chairman of Kuwait Finance House - Malaysia since 2017. He also served as a Board Member of numerous companies including Kuwait Gate Holding Company from 2004 until 2014, Kuwait Financial Center Company from 2008 until 2011 and Al Raya International Holding Company from 2005 until 2009. Mr. Al Osaimi is the CEO of Faiha International Real Estate Company since 2017. He previously held the position of Deputy General Manager of Global Retail Company from 2003 until 2020. In addition, Mr. Al Osaimi worked at the Investment Department of Aayan Leasing and Investment Company in 2002 and completed an 18-month specialized training program for graduates at Kuwait Investment Authority (KIA) in 2001.

**Khaled Salem Al Nisf** – Board Member since 2014 - Member of the Board Risk Committee, Member of the Board Executive Committee, and Member of the Board Investment Committee

Mr. Al Nisf received his Bachelor's Degree in Finance from the College of Commerce, Economics and Political Sciences at Kuwait University in 1995. He also pursued specialized courses in Financial Statement Analysis from the Institute of International Research, in addition to several specialized courses in Islamic Banking. Mr. Al Nisf is a Board Member at the Kuwaiti Digital Computer Company since 2001. In addition, Mr. Al Nisf holds the position of Board Member at Al-Shamiya Holding Company since 2016 and is a Board Member at Al Tadamon Al Kuwaitiya Holding Company since 2016. Mr. Al Nisf held the position of Chairman of the Executive Board specialized in setting strategies and implementation at Al Nisf Group of Companies. Mr. Al Nisf has held the position of CEO at Mohamed Bin Yusuf Al Nisf & Partners Company, Al Tadamon Al Kuwaitiya Company, and Trading and Industrial Equipment Company since 2008. Mr. Al Nisf previously held several executive positions including the position of Investment and Finance Manager at Al Nisf Companies from 1997 until 2008 and was the Administration Manager of the Company from 1995 until 2007. In addition, Mr. Al Nisf previously held the position of Deputy Chairman at the Kuwaiti Digital Computer Company from 2016 until 2019.

**Noorur Rahman Abid** – Board Member since 2014 - Chairman of the Board Audit and Compliance Committee and Chairman of the Board Nomination and Remuneration Committee

Mr. Abid has been a Fellow Chartered Accountant from Institute of Chartered Accountants in England and Wales (ICAEW) since 1976. Mr. Abid was appointed as Assurance Leader for Ernst & Young Middle East and North Africa in 1999 and has vast experience within the profession spanning more than 41 years. In 2012, Mr. Abid received the World Islamic Banking Conference Industry Leadership Award in recognition for his contribution to the Islamic Banking industry. Mr. Abid previously served as Chairman of the Accounting Standards Committee and Vice Chairman of Accounting and Auditing Standards Board of the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI). Mr. Abid is currently a member of the Board of Trustees of the (AAOIFI). Mr. Abid serves as the Chairman of the Audit Committee and the Chairman of Board Human Resources Committee at Meezan Bank, one of the largest Islamic Banks in Pakistan. In addition, Mr. Abid is a Board Member at Arcapita Company in the Kingdom of Bahrain and Chairman of its Audit Committee. Mr. Abid is a Board Member at Dr. Soliman Fakeeh Hospital in Jeddah in the Kingdom of Saudi Arabia, Chairman of its Audit Committee, and a member of its Nomination and Remuneration Committee.

**Hanan Yousef Ali Yousef** – Board Member representing Kuwait Awqaf Public Foundation (KAPF) since 2019 - Member of the Board Governance Committee and Member of the Board Risk Committee

Ms. Hanan Yousef received her Bachelor's Degree in Business Administration in Finance and Banking from Kuwait University in 1996. Ms. Hanan Yousef is the Director of the Investments Management Department in Kuwait Awqaf Public Foundation since 2018. In addition, Ms. Hanan Yousef holds the position of Acting Deputy Secretary General for Investment since June 2021. Ms. Hanan Yousef commenced her professional career in the Investments Management Department at Kuwait Awqaf Public Foundation as a Financial Researcher in 2000. In addition, Ms. Hanan Yousef held the position of Head of Financial Investment Unit from 2004 until 2011, and the Investment Management Controller from 2011 until 2018. Furthermore, Ms. Hanan Yousef was a board member representing Kuwait Awqaf Public Foundation in Public Services Company from 2003 until 2006, Al Masar Leasing & Investment Company from 2005 until 2012, Al Madar Finance & Investment Company from 2006 until 2007, and Rasameel Investment Company since 2012 until 2021. In addition, Ms. Hanan Yousef is the Chairman of the Board Audit Committee and Board Risk Committee in Rasameel Investment Company since 2015 until 2021. Ms. Hanan Yousef possesses a vast financial experience. During her professional career, she held numerous prominent leadership roles at Kuwait Awqaf Public Foundation including the position of Member and Rapporteur of the Staff Social Committee from 2001 until 2003, Rapporteur of Waqf Resources Development and Investment Committee since 2010, Assistant Rapporteur of the



Committee for responding to the Observations of the State Audit Bureau of Kuwait since 2010, a member of the Strategic Planning's Working Group in 2013, and a member of Awqaf Management System Implementation Committee in 2014. Ms. Hanan Yousef also served as the Rapporteur of the Doubtful Debt Reviewing Committee in 2015 and the Secretary of the Real Estate Investment Company (Al-Awadhi) Liquidation Committee from 2016 until 2018.

**Motlaq Mubarak Al-Sanei** – Board Member representing Kuwait Investment Authority since 2017 - Member of the Board Executive Committee, Member of the Board Risk Committee, and Member of the Board Nomination and Remuneration Committee

Mr. Al-Sanei received his Bachelor's Degree in Economics from Kuwait University in 1983. Mr. Al-Sanei has a wealth of professional experience in the Economic and Investment field where he has held numerous prominent positions. He served as the Director General of Kuwait Authority for Partnership Projects from 2016 until 2020, and he served as the Chairman and Board Member for numerous leading companies in Kuwait including the role of Chairman of Kuwait Small Projects Development Company from 2005 until 2011. Mr. Al-Sanei has assumed overseas roles including the role of Chairman of the Tunisian Kuwaiti Bank from 2001 until 2011. Mr. Al-Sanei made efficient and effective contributions to the Board Committees he participated in. He headed the Privatization Committee of Kuwait Airways Corporation in 2010. In addition, Mr. Al-Sanei has a highly distinguished professional experience in the field of Islamic Banking and Capital Markets as he headed the Founding Committee of Warba Bank. In addition, he was a member of the Privatization Committee of Kuwait Stock Exchange in 2011 and the Founding Committee of Media City Company in 2008. Mr. Al-Sanei was a Board Member in several leading companies in Kuwait including Tri International Consulting Group (TICG) from 2014 until 2016 and Bank of Bahrain and Kuwait from 2011 until 2017. He served as a Board Member in several companies abroad including Arab Investment Company in the Kingdom of Saudi Arabia from 2008 until 2015, Arab Authority for Investment and Agricultural Development in the Republic of Sudan from 2001 until 2008, and the Kuwaiti United Company in the Syrian Arab Republic for one year. Mr. Al Sanei was a member at Kuwait Economic Society from 2006 until 2014 and Board Member of Kuwait Airways Company during 2011. In addition, he assumed the role of Chairman and General Manager for the Kuwaiti Tunisian Development Group. Mr. Al Sanei served previously as the General Manager of the Kuwaiti Real Estate Investment Group Office in Tunisia until 2000.

**Salah Abdulaziz Al-Muraikhi** – Board Member representing Kuwait Investment Authority since 2018 - Member of the Board Audit and Compliance Committee, Member of the Board Investment Committee, and Member of the Governance Committee

Mr. Al-Muraikhi received his Master's Degree in Business Management and Financial Accounting from Claremont Graduate University in the U.S. in 1987. He received his Bachelor's Degree in Finance from the Kuwait University in 1984. Mr. Al-Muraikhi joined Kuwait Investment Authority in 1996. He then worked in Kuwait Investment Office in London from 2000 until 2005. Mr. Al-Muraikhi currently holds the position of Manager of Hedge Fund Department in Kuwait Investment Authority. Mr. Al-Muraikhi has a wealth of professional experience in the Economic and Investment field where he held numerous prominent positions. He served as the Chairman of the Board of Farah Al-Maghreb Company (previously known as Moroccan Kuwaiti Development Group) from 2015 until 2018, Board Member of Kuwait Investment Company from 2012 until 2018, Chairman of the Board for Pakistan Kuwait Investment Company from 2007 until 2012, Board Member of Kuwaiti Egyptian Investment Company from 2007 until 2013, Board Member of Grupo Plastico Company in Spain from 2004 until 2005, and Vice Chairman for Kuwait Real Estate Investment Consortium from 1998 until 2000 where he held the position of Managing Director from 1999 until 2000. Mr. Al-Muraikhi served as Board Member of Housing Bank in Amman - Jordan from 1997 until 2001.

**Ahmed Meshari Al Faris** – Board Member since 2020 - Chairman of the Board Risk Committee, and Member of the Board Governance Committee

Mr. Al Faris received his Higher Diploma in Islamic Finance from the College of Graduate Studies at Kuwait University in 2010. In addition, he received his Master of Business Administration in 2009 and Postgraduate Diploma in Business Administration in 2006 from Maastricht School of Management – Kuwait. Mr. Al Faris received his Bachelor's Degree in Accounting from the College of Business Administration at Kuwait University in 2000. Mr. Al Faris is currently the Board Secretary at Kuwait Telecommunication Company since 2019 and Board Treasurer in Kuwait Transparency Society. In addition, Mr. Al Faris was the Acting Chief of the Internal Audit Department at Kuwait Telecommunication Company from 2019 until 2020, the Assistant Under-Secretary for the Corporate Affairs and Commercial Licenses at the Ministry of Commerce and Industry from 2017 until 2018, Board Member at the Public Authority for Industry from 2017 until 2018, Board Member at the Central Bank of Kuwait in 2018, Board Secretary at the Kuwait Accountants and Auditors Association from 2017 until 2019, Chairman of the Kuwait Accountants and Auditors Association from 2015 until 2017 and a Board Member from 2007 until 2015. Mr. Al Faris holds many Professional Certificates such as Certified Compliance Officer (CCO) since 2019, Certified Merger & Acquisition Specialist (CMAS) since 2017, Certified Professional Internal Auditor (CPIA) since 2015 from the U.S., Certified Risk Based Auditor (CRBA) since 2015 and Certified Risk Analyst (CRA) since 2014 from Hong Kong.

**Hamad Abdullateef Al Barjas** – Board Member since 2020 - Member of the Board Audit and Compliance Committee, Member of the Board Nomination and Remuneration Committee, and Member of the Board Governance Committee

Mr. Al Barjas received his Bachelor's Degree in Civil Engineering from the College of Engineering and Petroleum at Kuwait University in 1993. Mr. Al Barjas is a Board Member at El Durra Company since 2019, and the Deputy General Manager of Minors Affairs since 2018. Mr. Al Barjas previously held several executive positions including the Deputy General Manager for the Administrative and Financial Affairs in the Public Authority for Minors Affairs from 2017 until 2018 and Board Member at REAM Real Estate Company from 2007 until 2015.

**Mohammed Nasser Al Fouzan** – Board Member since 2020 - Member of the Board Audit and Compliance Committee, and Member of the Board Investment Committee

Mr. Al Fouzan received his Bachelor's Degree in Business Administration from Kuwait University in 1986. He also received his Higher Banking Diploma from the Arab Institute for Banking Studies - Jordan in 1989. Mr. Al Fouzan has successfully completed many specialized training programs and he holds numerous specialized professional certificates such as the Executive Development Program from The Wharton School in the U.S. in 2001, and the Strategic Management Program from Harvard Business School in 2006. Currently, Mr. Al Fouzan is the Vice Chairman of Kuwait Finance House - Bahrain since 2012, and a Board Member in Kuwait Finance House - Malaysia since 2014. In addition, he previously held various positions in different companies such as the Chairman of K-Net Company from 2005 until 2008, and the Chairman of International Turnkey Systems Group (ITS) from 2008 until 2012. Mr. Al Fouzan previously held several executive positions at KFH Group including the Group CEO Office Consultant from 2014 until 2018, Acting CEO in 2014 and Chief Retail Banking Officer from 2012 until 2014.

## **7.4 FATWA AND SHARIA'A SUPERVISORY BOARD**

### **Dr. Sayyed Mohammad Al-Sayyed Abdul Razzaq Al-Tabtaba'e – Chairman**

Dr. Al-Tabtaba'e received his PhD in 1996, and his Masters in 1993 from the Supreme Jurisdiction Institute at Al-Imam Mohammad Ibn Saud Islamic University in Riyadh, Kingdom of Saudi Arabia. He received his Bachelor's Degree in 1988 in Islamic Jurisprudence from Al-Imam Mohammad Ibn Saud Islamic University in Riyadh, Kingdom of Saudi Arabia. Dr. Al-Tabtaba'e is currently the Chairman of Fatwa & Shari'a Supervisory Board at Kuwait Finance House since 2014. During his professional career, he held numerous prominent roles including Chairman of Personal Status Committee in Kuwait, and Member of the Board of Trustees of Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI). Dr. Al-Tabtaba'e was the former Dean of Shari'a and Islamic Studies College at Kuwait University and a Teaching Faculty Member. Dr. Al-Tabtaba'e previously held the position of Chairman of the Supreme Committee for working on applying Islamic Shari'a Law.

### **Dr. Mubarak Al-Harbi – Member**

Dr. Al-Harbi received his PhD in Comparative Islamic Jurisprudence from Dar Al Ulum Faculty in Cairo University, Egypt in 2002. He received his Master's Degree in Comparative Islamic Jurisprudence from Dar Al Ulum Faculty in Cairo University, Egypt in 1998. Dr. Al-Harbi received his Bachelor's Degree in Shari'a from the Islamic University of Medina, Kingdom of Saudi Arabia in 1992. Dr. Al-Harbi is currently a member of the Fatwa & Shari'a Supervisory Board at Kuwait Finance House since 2009. Dr. Al-Harbi is member of the Fatwa and Shari'a Supervisory Board for Kuwait Finance House in Bahrain. He is also a member of the Fatwa Board at the Ministry of Awkaf and Islamic Affairs in Kuwait, and a member of Fatwa & Shari'a Supervisory Boards at various Islamic Financial Institutions and organizations. Dr. Al-Harbi was a Former Head of the Comparative Islamic Jurisprudence and Shari'a Policy Department at Shari'a and Islamic Studies College at Kuwait University.

### **Dr. Isam Al-Ghareeb – Member**

Dr. Al-Ghareeb received his PhD in Islamic Jurisprudence and Usul Al-Fiqh from Birmingham University in the U.K. in 2000. He received his Master's Degree in Islamic Jurisprudence and Usul Al-Fiqh from Birmingham University in the U.K. in 1997. Dr. Al-Ghareeb received his Bachelor's Degree in Islamic Jurisprudence and Usul Al-Fiqh from Kuwait University in 1988. Dr. Al-Ghareeb is currently a member of the Fatwa & Shari'a Supervisory Board at Kuwait Finance House since 2014. Dr. Al-Ghareeb is a Teaching Faculty Member at the Islamic Jurisprudence and Usul Al-Fiqh Department at Shari'a and Islamic Studies College at Kuwait University. Dr. Al-Ghareeb previously held the position of Assistant Dean at Shari'a and Islamic Studies College at Kuwait University. Dr. Al-Ghareeb previously held the position of member of the Supreme Committee for working on applying Islamic Shari'a Law.

### **Dr. Anwar Al-Abdulsalam – Member**

Dr. Al-Abdulsalam received his PhD in Islamic Jurisprudence and Usul Al-Fiqh from Al-Azhar University in Egypt in 1999. He received his Master's Degree in Islamic Jurisprudence and Usul Al-Fiqh from Al-Azhar University in Egypt in 1996. Dr. Al-Abdulsalam received his Bachelor's Degree in Shari'a from Kuwait University in 1989. Dr. Al-Abdulsalam is currently a member of the Fatwa & Shari'a Supervisory Board at Kuwait Finance House since 2000. Dr. Al-Abdulsalam is a member of the Fatwa and Shari'a Supervisory Board of Kuvveyt Turk Participation Bank and a member of Fatwa & Shari'a Supervisory Boards at various Islamic Financial Institutions and organizations. Dr. Al-

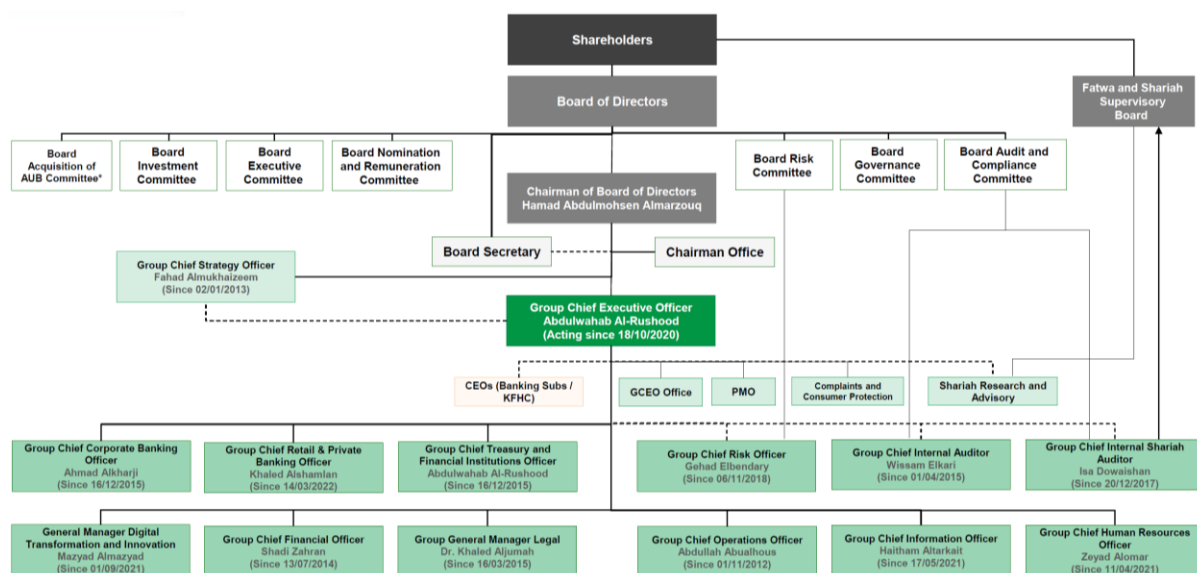
Abdulsalam was a former Head of Islamic Jurisprudence and Usul Al-Fiqh Department at Shari'a and Islamic Studies College at Kuwait University.

**Dr. Khaled Al-Otaibi – Member**

Dr. Al-Otaibi received his PhD in Islamic Jurisprudence and Usul Al-Fiqh from the Islamic University of Medina, Kingdom of Saudi Arabia in 2000. He received his Master's Degree in Islamic Jurisprudence and Usul Al-Fiqh from the Islamic University of Medina, Kingdom of Saudi Arabia in 1995. Dr. Al-Otaibi received his Bachelor's Degree in Islamic Jurisprudence and Usul Al-Fiqh from the Islamic University of Medina, Kingdom of Saudi Arabia in 1991. Dr. Al-Otaibi is currently a member of the Fatwa & Shari'a Supervisory Board at Kuwait Finance House since 2014. Dr. Al-Otaibi is a Teaching Faculty Member at the Islamic Jurisprudence and Usul Al-Fiqh Department at Shari'a and Islamic Studies College at Kuwait University. He is the Head of the Shari'a Supervisory Board at Kuwait Zakat House and the General Advisor for Kuwait Hajj Delegation and a member of Fatwa & Shari'a Supervisory Boards at various Islamic Financial Institutions and organizations. Dr. Al-Otaibi is an Imam and Orator at the Ministry of Awqaf and Islamic Affairs in Kuwait.

**7.5 MANAGEMENT TEAM**

The following organizational chart depicts the current management team of KFHC:



\* this committee is a temporary committee.

**Abdulwahab Al-Rushood – Acting Group Chief Executive Officer & Group Chief Treasury Officer**

Mr. Al-Rushood received his Bachelor's Degree in Mathematics and Computer Science from Western Oregon State College in the U.S in 1987. Mr. Al-Rushood successfully completed a specialized training course on Strategic Leadership at Harvard Business School. Mr. Al-Rushood is currently the Acting Group CEO and Group Chief Treasury and Financial Institutions Officer at Kuwait Finance House since 2015. In addition, Mr. Al-Rushood is the Chairman of KFHC Capital Investment Company, Board Member at Kuwait Finance House - Bahrain and a Board Member of Aviation Lease & Finance Company (ALAFCO). Mr. Al-Rushood possesses a vast banking experience, spanning more than 32 years. During his professional career, he held numerous prominent leadership roles starting in the Treasury Department in Gulf Bank before moving to Kuwait Finance House where his roles included General Manager - Kuwait Treasury from 2013 until 2015. In addition, he was promoted to various leadership positions within the Treasury Department from 2002 until 2013. Mr. Al-Rushood served as

Board Member for numerous leading companies including Kuwait Finance House - Malaysia from 2007 until 2013, Liquidity Management House (KFH Investment Company) from 2008 until 2013, Development Enterprises Holding Company (DEH) from 2014 until 2016 and Liquidity Management Centre - Bahrain (LMC) from 2006 until 2016.

**Shadi Zahran** – Group Chief Financial Officer

Mr. Zahran received his Master of Business Administration (MBA) Degree in Finance from the University of Manchester in the U.K. in 2014. He received his Bachelor of Science Degree in Accounting from the University of Jordan in 1992. Mr. Zahran successfully completed the General Management Program at Harvard Business School in 2021. Mr. Zahran holds several specialized professional certificates including Certified Public Accountant (CPA) from the state of Illinois in the U.S. since 1996, an Auditing License from the Council of the Auditing Profession in Jordan since 1996, Certified Bank Auditor (CBA) from Bank Administration Institute (BAI) since 1999, and Certified Islamic Professional Accountant (CIPA) from the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI) since 2006. Mr. Zahran is currently the Group Chief Financial Officer at Kuwait Finance House since 2014. In addition, Mr. Zahran is the Vice Chairman of KFH Capital Investment Company and Board Member at Kuwait Finance House – Bahrain and Board Member of Kuveyt Turk Participation Bank. Mr. Zahran is a member of the Board of Trustees of the Accounting and Auditing Organization for Islamic Financial Institution (AAOIFI), and Board Member of the General Council for Islamic Banks and Financial Institutions (CIBAFI). Mr. Zahran previously held several executive positions at Ahli United Bank Group including Chief Financial Officer in Kuwait from 2009 until 2014 and Head of Group Financial Controlling at Ahli United Bank in Bahrain from 2005 until 2009. Mr. Zahran previously held the position of Head of Financial Systems Management & Operations Department at Al Rajhi Bank in the Kingdom of Saudi Arabia from 2000 until 2005. In addition, Mr. Zahran previously worked as an External Auditor at international external audit firms including Ernst & Young.

**Khaled Al-Shamlan** –Group Chief Retail, Private Banking Officer and Group General Manager Retail Banking

Mr. Al-Shamlan received his Bachelor's degree in Economics from Kuwait University in 1995. Mr. Al-Shamlan successfully completed a specialized training course on Managing Strategically and Leading for Results conducted by Harvard Business School and attended numerous professional courses in Leadership, Financial Analysis and Risk Management. Mr. Al-Shamlan is currently Acting Chief Retail & Private Banking Officer at Kuwait Finance House since April 2021 and Group General Manager Retail Banking since January 2021. In addition, Mr. Al-Shamlan is a Board Member of KFH Capital Investment Company. Mr. Al-Shamlan possesses a vast banking experience, spanning more than 23 years. During his professional career, he held numerous prominent leadership roles at Kuwait Finance House including General Manager Corporate Banking - Kuwait from 2018 until January 2021, Deputy General Manager Individual Financing from 2016 until 2017, Deputy General Manager Corporate Real Estate Financing from 2015 until 2016, Executive Manager Corporate Real Estate Financing in 2014 and Executive Manager Credit Analysis in 2013. In addition, Mr. Al-Shamlan completed a two-year specialized training program for graduates at Kuwait Investment Authority (KIA).

**Ahmed AlKharji** – Group Chief Corporate Banking Officer

Mr. AlKharji received his Master of Business Administration (MBA) Degree in Finance from University of San Diego in the U.S. in 1998. He received his Bachelor of Science Degree in Finance and Banking from Kuwait University in 1994. Mr. AlKharji successfully completed the Program for

Leadership Development at Harvard Business School in 2008. In addition, Mr. AlKharji completed the Leading Change & Organizational Renewal Program at Harvard Business School in 2018 and the Leading Global Business Program at Harvard Business School in 2021. Mr. AlKharji is currently the Group Chief Corporate Banking Officer at Kuwait Finance House since 2016. In addition, Mr. AlKharji is a Board Member of Kuveyt Turk Participation Bank, Board Member of Kuwait Finance House - Malaysia, Board Member of KFH Capital Investment Company and a Board Member of The Shared Electronic Banking Company (KNET). Mr. AlKharji was seconded to Kuveyt Turk Participation Bank from 2006 until 2008 to revamp and enhance the Investment Banking Division. Mr. AlKharji previously held the position of CEO and Managing Director at Kuwait Finance House - Malaysia from 2015 until 2016.

**Fahad Al-Mukhaizeem** – Group Chief Strategy Officer

Mr. Al-Mukhaizeem received his Master of Business Administration (MBA) and Master's Degree in Economics from Boston University in the U.S. in 2000. He received his Bachelor of Science Degree in Engineering and Bachelor's Degree in Economics from Tufts University in the U.S. in 1996. Mr. Al-Mukhaizeem successfully completed many training programs in addition to the Leadership Development Program at Harvard Business School in 2008. Mr. Al-Mukhaizeem is currently the Group Chief Strategy Officer at Kuwait Finance House since 2015. In addition, Mr. Al-Mukhaizeem is the Chairman of International Turnkey Systems Group (ITS). Mr. Al-Mukhaizeem also supervises some of the duties related to the Head of GCEO Office Support and provides the required assistance. Mr. Al-Mukhaizeem possesses a vast banking experience, spanning more than 20 years. During his professional career, he held numerous prominent leadership roles at Kuwait Finance House including Group General Manager - Strategy & Corporate Affairs from 2013 until 2015. Mr. Al-Mukhaizeem previously held several executive positions within Retail Banking and other areas at Kuwait Finance House. Mr. Al-Mukhaizeem successfully supervised the execution of several initiatives concerning the bank's business development in addition to being an effective member in several Restructuring Programs at Kuwait Finance House during his career in addition to establishing many departments within different areas at Kuwait Finance House.

**Gehad El-Bendary** – Group Chief Risk Officer

Mr. El-Bendary received his Finance & Risk Management Diploma from the University of Wales in the U.K. in 2014. He received his Bachelor of Commerce Degree in Accounting from Tanta University in Egypt in 1996. Mr. El-Bendary has successfully completed specialized training programs in Enterprise Leadership from INSEAD University, Network Leadership Program from IMD University, and Advanced Risk Management from Wharton School. Mr. El-Bendary holds numerous specialized professional certificates including the International Certificate in Banking Risk and Regulation (ICBRR) from the Global Association of Risk Professionals (GARP) in 2009. Mr. El-Bendary is currently the Group Chief Risk Officer at Kuwait Finance House since 2018. Mr. El-Bendary has over 22 years of experience in Risk Management, Auditing, and Internal Control Systems in Financial Institutions. Mr. El-Bendary previously held several executive positions at Kuwait Finance House including the position of General Manager Risk Management from 2016 until 2018, Deputy General Manager - Portfolio & Enterprise Risk Management from 2013 until 2016, Head of Enterprise Risk Management Unit from 2012 until 2013, and Head of Risk Unit from 2007 until 2012.

**Zeyad Alomar** – Group Chief Human Resources Officer

Mr. Alomar received his Bachelor's Degree in English Language & Literature from Kuwait University in 1986. Mr. Alomar is currently the Group Chief Human Resources Officer at Kuwait Finance House since April 2021. Mr. Alomar possesses a vast Human Resources experience, spanning more than

30 years. During his professional career, he held numerous prominent leadership roles at Kuwait Finance House including General Manager Human Resources from 2013 until 2015. Mr. Alomar previously held several executive positions including Group Human Resources Director at Zain Group from 2012 until 2013, Corporate Affairs Director at Zain Group from 2011 until 2012, Chief Regulatory Officer at Wataniya Telecom from 2009 until 2011 and Human Resources Director at Wataniya Telecom from 2002 until 2009.

**Haitham Alterkait** – Group Chief Information Technology Officer

Mr. Alterkait received his Bachelor's Degree in Mechanical Engineering Technology from Metropolitan State College in U.S in 1989. Mr. Alterkait is currently the Group Chief Information Officer at Kuwait Finance House since May 2021. In addition, Mr. Alterkait is a Board Member of International Turnkey Systems Group (ITS). Mr. Alterkait possesses a vast Information Technology experience, spanning more than 30 years. During his professional career, he held numerous prominent leadership roles including Chief Technology Officer at Warba Bank from 2012 until May 2021 and Infrastructure Services Department Manager at Kuwait Finance House from 2002 until 2012.

**Abdullah Abu Alhous** – Group Chief Operations Officer

Mr. Abu Alhous received his Bachelor's Degree in Business Administration in Finance and Banking from Kuwait University in 1987. He attended numerous specialized Executive Programs including the Senior Executive Leadership Program at Harvard Business School in the U.S. in 2008 in addition to attending numerous professional courses and executive programs from world's most reputable business schools like London Business School, INSEAD and Wharton School and some prestigious institutions such as JP Morgan in 2019. Mr. Abu Alhous is currently the Group Chief Operations Officer at Kuwait Finance House since 2015. In addition, Mr. Abu Alhous is a Board Member of International Turnkey Systems Group (ITS). Mr. Abu Alhous previously held several executive positions including Group General Manager Operations at Kuwait Finance House from 2012 until 2015, Chief Operations Officer at Warba Bank from 2011 until 2012 and Deputy General Manager of Operation Group at the National Bank of Kuwait from 2005 until 2011.

**Wissam El-Kari** – Group Chief Internal Auditor

Mr. El-Kari received his Master of Applied Finance Degree from the University of Melbourne in Australia in 2002. He received his Bachelor's Degree in Business Administration from the American University of Beirut, Lebanon in 1996. Mr. El-Kari holds many specialized professional certificates including Certified Information Systems Auditor (CISA) from the U.S in 2020, Certified Anti-Money Laundering Specialist (CAMS) from the U.S in 2020, Financial Risk Manager (FRM) from the U.S. in 2012, Certified Fraud Examiner (CFE) from the U.S. in 2008, Certified Internal Auditor (CIA) from the U.S. in 2001 and Certified Management Accountant (CMA) from the U.S. in 2001. Mr. El-Kari is currently the Group Chief Internal Auditor at Kuwait Finance House since 2017. Mr. El-Kari possesses a vast experience, spanning more than 22 years and a solid experience in assessing Internal Controls, Risk Management, and Governance Processes. During his professional career, he held numerous prominent leadership roles where he has been heading the Group Internal Audit Department at Kuwait Finance House since 2012. In addition, Mr. El-Kari served as Assistant General Manager Internal Audit, Banking Operations at Burgan Bank in Kuwait from 2005 until 2012.

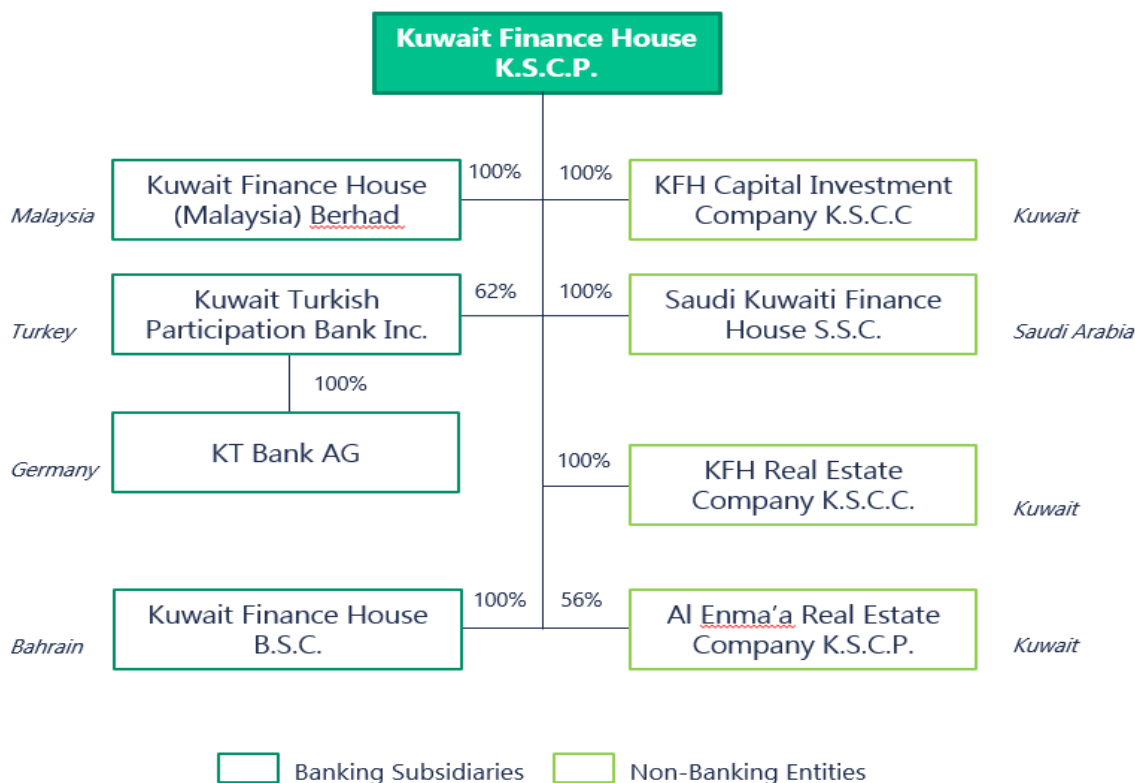
**Dr Khaled Al-Jumah** – Group General Manager Legal

Dr. Al-Jumah received his PhD in International Economic Law from the University of Wales in the U.K. in 1997. He received his Master's Degree in Law from the University of Edinburgh in the U.K. in 1993. Dr. Al-Jumah received his Bachelor's Degree in Law from Kuwait University in 1988. Dr. Al-

Jumah is currently the Group General Manager Legal at Kuwait Finance House since 2015. Dr. Al-Jumah previously held several consultant positions including Legal Consultant at the Central Bank of Kuwait in 2012 and the Legal Consultant at the Office of Secretary General of the Organization of Arab Petroleum Exporting Countries “OAPEC” in 1999. In addition, Dr. Al-Jumah previously worked in the legal field at the Legal Consultancy Group Office in 1998. Prior to that, Dr. Al-Jumah held the position of Chief Legal Consultant at Kuwait Oil Company from 1988 until 1998.

## 7.6 CORPORATE STRUCTURE

The following structure chart depicts KFH’s ownership in banking and material non-banking subsidiaries:



## 7.7 RELATED PARTY AND BUSINESS MODEL

Board members and shareholders of the Offeror may have cross shareholdings and cross-directorships in organizations which may provide services to the Offeror and/or the Offeree. Furthermore, the Offeror and Offeree currently have competitive services and subsidiaries and/or associate companies and/or business relationships.

## 7.8 REGISTERED ADDRESSES AND CONTACT INFORMATION

The Offeror	Kuwait Finance House K.S.C.P. AlMirqab Area, Abdulla Al-Mubarak Street, Kuwait City, Kuwait PO Box 24989 Safat 13110 Kuwait Telephone: + (965) 22445050 Fax: + (965) 22409414 Web: www.kfh.com
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Financial Advisor to the  
Offeror

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Dubai, United Arab Emirates  
Telephone: +9714 376 3444  
Web: [www.goldmansachs.com](http://www.goldmansachs.com)

**8. REPORT OF THE INDEPENDENT AUDITOR ON THE SUMMARY  
CONSOLIDATED FINANCIAL STATEMENTS OF KUWAIT FINANCE HOUSE  
K.S.C.P.**

**Kuwait Finance House K.S.C.P And Subsidiaries**  
State of Kuwait

**Summary Consolidated Financial Statements and Independent Auditor's Report**  
**For the years ended 31 December 2021, 2020 and 2019**

**Kuwait Finance House K.S.C.P and Subsidiaries**  
State of Kuwait

**Summary Consolidated Financial Statements and Independent Auditor's Report**  
**For the years ended 31 December 2021, 2020 and 2019**

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**Report of the Independent Auditor on the Summary Consolidated Financial Statements to the Board of Directors of Kuwait Finance House K.S.C.P ("The Group")**

**Opinion**

The summary consolidated financial statements, which comprise the consolidated statement of financial position as at 31 December 2021, 31 December 2020 and 31 December 2019; the consolidated statements of income; comprehensive income; changes in equity; and cash flows for the years then ended, and related notes, are derived from the audited consolidated financial statements of Kuwait Finance House K.S.C.P ("The Group") for the years then ended.

In our opinion, the accompanying summary consolidated financial statements are consistent in all material respects, with the audited consolidated financial statements for the years ended 31 December 2021, 31 December 2020 and 31 December 2019 on the basis described in Note (2).

**Summary Consolidated Financial Statements**

The summary consolidated financial statements do not contain all the disclosures required by International Financial Standards adopted for use in the State of Kuwait. Reading the summary consolidated financial statements and the auditor's report thereon, therefore, is not a substitute for reading the audited consolidated financial statements and the auditors' report thereon. The summary consolidated financial statements and the audited consolidated financial statements do not reflect the effects of events that occurred subsequent to the date of our report on the audited consolidated financial statements.

**The Audited Consolidated Financial Statements and Our Report Thereon**

We expressed unmodified audit opinions on the audited consolidated financial statements in our reports dated 6 February 2022, 4 February 2021 and on 9 January 2020 respectively. These reports also include communication of key audit matters.

**Management's Responsibility for the Summary Consolidated Financial Statements**

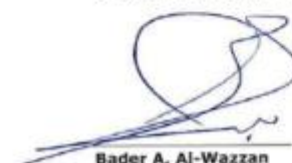
Management is responsible for the preparation of the summary consolidated financial statements on the basis described in Note 2.

**Auditor's Responsibility**

Our responsibility is to express an opinion on whether the summary consolidated financial statements are consistent, in all material respects, with the audited consolidated financial statements based on our procedures, which were conducted in accordance with International Standard on Auditing (ISA) 810 (Revised), Engagements to Report on Summary Financial Statements.

**Other Matter**

This report has been prepared for the purpose of inclusion in the Offer Document of Kuwait Finance House K.S.C.P in connection with the voluntary conditional offer to acquire 100% of the issued and paid up ordinary shares of Ahli United Bank B.S.C by way of share swap.



**Bader A. Al-Wazzan**  
License No. 62A  
Deloitte & Touche  
Al-Wazzan & Co.  
Kuwait, 26 June 2022

**Kuwait Finance House K.S.C.P and Subsidiaries**

**Consolidated Statement of Financial Position as at 31 December 2021, 2020 and 2019**

	KD 000's		
	2021	2020	2019
<b>Assets</b>			
Cash and balances with banks and financial institutions	2,325,092	2,490,801	1,910,088
Due from banks	3,349,685	3,364,577	3,782,828
Financing receivables	11,355,363	10,747,536	9,336,555
Investments in Sukuk	2,734,922	2,742,100	2,276,432
Trading properties	96,304	102,395	107,613
Investments	218,754	192,347	210,524
Investments in associates and joint ventures	491,703	520,784	504,343
Investment properties	325,128	350,838	455,406
Other assets	654,468	728,059	546,782
Intangible assets and goodwill	32,351	32,390	31,329
Property and equipment	204,442	230,487	228,958
<b>Total assets</b>	<b>21,788,212</b>	<b>21,502,314</b>	<b>19,390,858</b>
<b>Liabilities</b>			
Due to banks and financial institutions	2,594,754	2,954,115	2,427,166
Sukuk payables	216,717	315,105	319,965
Depositors' accounts	15,866,901	15,317,335	13,552,645
Other liabilities	802,658	814,361	847,707
<b>Total liabilities</b>	<b>19,481,030</b>	<b>19,400,916</b>	<b>17,147,483</b>
<b>Equity attributable to the shareholders of the bank</b>			
Share capital	844,155	767,414	697,649
Share premium	720,333	720,333	720,333
Proposed issue of bonus shares	84,416	76,741	69,765
Treasury shares	(27,739)	(27,739)	(36,243)
Reserves	209,996	323,199	470,908
	1,831,161	1,859,948	1,922,412
Proposed cash dividend	100,442	76,093	137,980
<b>Total equity attributable to the shareholders of the Bank</b>	<b>1,931,603</b>	<b>1,936,041</b>	<b>2,060,392</b>
Perpetual Tier 1 Sukuk	226,875	-	-
Non-controlling interests	148,704	165,357	182,983
<b>Total equity</b>	<b>2,307,182</b>	<b>2,101,398</b>	<b>2,243,375</b>
<b>Total liabilities and equity</b>	<b>21,788,212</b>	<b>21,502,314</b>	<b>19,390,858</b>

**Kuwait Finance House K.S.C.P and Subsidiaries**

**Consolidated Statement of Income for the years ended 31 December 2021, 2020, and 2019**

	<i>KD 000's</i>		
	<b>2021</b>	<b>2020</b>	<b>2019</b>
<b>Income</b>			
Financing Income	871,483	892,883	931,574
Finance cost and distribution to depositors	<u>(285,782)</u>	<u>(278,661)</u>	<u>(401,319)</u>
Net financing income	585,701	614,222	530,255
Investment income / (loss)	16,359	(6,410)	130,249
Fees and commissions income	72,191	73,138	79,129
Net gain from foreign currencies	88,571	69,994	34,061
Other income	<u>48,189</u>	<u>44,652</u>	<u>40,708</u>
<b>Total operating income</b>	<u>811,011</u>	<u>795,596</u>	<u>814,402</u>
<b>Operating Expenses</b>			
Staff costs	(183,976)	(172,286)	(182,439)
General and administrative expenses	(82,181)	(81,155)	(78,843)
Depreciation and amortization	<u>(41,783)</u>	<u>(42,596)</u>	<u>(42,989)</u>
<b>Total operating expenses</b>	<u>(307,940)</u>	<u>(296,037)</u>	<u>(304,271)</u>
<b>Net operating income before provision and impairment</b>	503,071	499,559	510,131
Provisions and impairment	<u>(135,369)</u>	<u>(284,067)</u>	<u>(196,908)</u>
<b>Operating Profit before taxation and proposed directors' fees</b>	<u>367,702</u>	<u>215,492</u>	<u>313,223</u>
Taxation	(56,469)	(30,662)	(50,460)
Proposed directors' fees	<u>(1,096)</u>	<u>(608)</u>	<u>(942)</u>
<b>Profit for the year</b>	<u>310,137</u>	<u>184,222</u>	<u>261,821</u>
<b>Attributable to:</b>			
Shareholders of the Bank	243,414	148,399	251,023
Non-controlling interests	<u>66,723</u>	<u>35,823</u>	<u>10,798</u>
	<u>310,137</u>	<u>184,222</u>	<u>261,821</u>
<b>Basic and diluted earnings per share attributable to the shareholders of the Bank</b>	<u>28.59 Fils</u>	<u>19.52 Fils</u>	<u>36.45 Fils</u>

**Kuwait Finance House K.S.C.P and Subsidiaries**

**Consolidated Statement of Comprehensive Income for the years ended 31 December 2021, 2020 and 2019**

	<i>KD 000's</i>		
	<b>2021</b>	<b>2020</b>	<b>2019</b>
<b>Profit for the year</b>	<u>310,137</u>	<u>184,222</u>	<u>261,821</u>
<i>Items that will not be reclassified to consolidated statement of income in subsequent periods:</i>			
Revaluation gain / (loss) on equity instrumenting at fair value through other comprehensive income	13,206	(1,989)	(1,280)
<i>Items that are or may be reclassified to consolidated statement of income in subsequent periods:</i>			
<i>Investments in Sukuk at fair value through other comprehensive income:</i>			
Net change in fair value during the year	(6,893)	589	65,253
Net transfer to consolidated statement of Income	<u>(18,845)</u>	<u>21,420</u>	<u>10,802</u>
Net gain / (loss) on investments in sukuk at fair value through other comprehensive income	<u>(25,738)</u>	<u>22,009</u>	<u>76,055</u>
Share of other comprehensive(loss)/ income of associate and joint venture	(537)	(346)	1,430
Exchange differences on translation of foreign operations	<u>(205,274)</u>	<u>(69,438)</u>	<u>(42,008)</u>
Other comprehensive (loss)/ income for the year	<u>(218,343)</u>	<u>(49,764)</u>	<u>34,197</u>
Total comprehensive income	<u>91,794</u>	<u>134,458</u>	<u>296,018</u>
<b>Attributable to:</b>			
Shareholders of the Bank	99,642	123,363	292,056
Non-controlling interests	<u>(7,848)</u>	<u>11,095</u>	<u>3,962</u>
	<u>91,794</u>	<u>134,458</u>	<u>296,018</u>

**Kuwait Finance House K.S.C.P and Subsidiaries**

**Consolidated Statement of Changes in Equity for the year ended 31 December 2021**

	<i>KD 000's</i>										
	Share capital	Share premium	Proposed issue of bonus shares	Treasury shares	Reserves	Subtotal	Proposed cash dividend	Subtotal	Perpetual Tier 1 Sukuk	Non-Controlling interests	Total
<b>Balance at 1 January 2021</b>	767,414	720,333	76,741	(27,739)	323,199	1,859,948	76,093	1,936,041	-	165,357	2,101,398
Profit for the year	-	-	-	-	243,414	243,414	-	243,414	-	66,723	310,137
Other comprehensive loss	-	-	-	-	(143,772)	(143,772)	-	(143,772)	-	(74,571)	(218,343)
Total comprehensive income /(loss)	-	-	-	-	99,642	99,642	-	99,642	-	(7,848)	91,794
Issue of bonus shares	76,741	-	(76,741)	-	-	-	-	-	-	-	-
Zakat	-	-	-	-	(20,508)	(20,508)	-	(20,508)	-	-	(20,508)
Cash dividends paid	-	-	-	-	-	-	(76,093)	(76,093)	-	-	(76,093)
Distribution of profit:											
Proposed issue of bonus shares	-	-	84,416	-	(84,416)	-	-	-	-	-	-
Proposed cash dividends	-	-	-	-	(100,442)	(100,442)	100,442	-	-	-	-
Issue of Perpetual Tier 1 Sukuk	-	-	-	-	-	-	-	-	225,788	-	225,788
Transaction costs on issue of Perpetual Tier 1 Sukuk	-	-	-	-	(535)	(535)	-	(535)	-	-	(535)
Perpetual Tier 1 Sukuk Foreign Currency translation adjustment	-	-	-	-	(1,087)	(1,087)	-	(1,087)	1,087	-	-
Profit payment on Perpetual Tier 1 Sukuk	-	-	-	-	(4,084)	(4,084)	-	(4,084)	-	-	(4,084)
Group's share of associate adjustments	-	-	-	-	(2,366)	(2,366)	-	(2,366)	-	-	(2,366)
Acquisition of Non-controlling interest	-	-	-	-	593	593	-	593	-	(6,765)	(6,172)
Net other change in non-controlling interest	-	-	-	-	-	-	-	-	-	(2,040)	(2,040)
<b>Balance as at 31 December 2021</b>	<b>844,155</b>	<b>720,333</b>	<b>84,416</b>	<b>(27,739)</b>	<b>209,996</b>	<b>1,831,161</b>	<b>100,442</b>	<b>1,931,603</b>	<b>226,875</b>	<b>148,704</b>	<b>2,307,182</b>



**Kuwait Finance House K.S.C.P and Subsidiaries**

**Consolidated Statement of Changes in Equity for the year ended 31 December 2020**

	<i>KD 000's</i>									
	Share capital	Share premium	Proposed issue of bonus shares	Treasury shares	Reserves	Subtotal	Proposed cash dividend	Subtotal	Non-Controlling interests	Total
<b>Balance at 1 January 2020</b>	697,649	720,333	69,765	(36,243)	470,908	1,922,412	137,980	2,060,392	182,983	2,243,375
Profit for the year	-	-	-	-	148,399	148,399	-	148,399	35,823	184,222
Other comprehensive loss	-	-	-	-	(25,036)	(25,036)	-	(25,036)	(24,728)	(49,764)
Total comprehensive income	-	-	-	-	123,363	123,363	-	123,363	11,095	134,458
Issue of bonus shares	69,765	-	(69,765)	-	-	-	-	-	-	-
Zakat	-	-	-	-	(19,943)	(19,943)	-	(19,943)	-	(19,943)
Share based payments	-	-	-	-	4	4	-	4	-	4
Cash dividends paid	-	-	-	-	-	-	(137,980)	(137,980)	-	(137,980)
<b>Distribution of profit:</b>										
Proposed issue of bonus shares	-	-	76,741	-	(76,741)	-	-	-	-	-
Proposed cash dividends	-	-	-	-	(76,093)	(76,093)	76,093	-	-	-
Group share of distribution to Tier 1 Sukuk of an associate	-	-	-	-	(1,398)	(1,398)	-	(1,398)	-	(1,398)
Net movement in treasury shares	-	-	-	8,504	3,129	11,633	-	11,633	-	11,633
Modification loss on finance receivables	-	-	-	-	(95,631)	(95,631)	-	(95,631)	-	(95,631)
Gain on partial sale of subsidiary	-	-	-	-	234	234	-	234	795	1,029
Amount paid to non-controlling interest on capital redemption of a subsidiary	-	-	-	-	-	-	-	-	(14,960)	(14,960)
Acquisition of non-controlling interest	-	-	-	-	(4,633)	(4,633)	-	(4,633)	(11,663)	(16,296)
Disposal of a subsidiary	-	-	-	-	-	-	-	-	(1,975)	(1,975)
Net other change in non- controlling interests	-	-	-	-	-	-	-	-	(918)	(918)
<b>Balance as at 31 December 2020</b>	<u>767,414</u>	<u>720,333</u>	<u>76,741</u>	<u>(27,739)</u>	<u>323,199</u>	<u>1,859,948</u>	<u>76,093</u>	<u>1,936,041</u>	<u>165,357</u>	<u>2,101,398</u>

**Kuwait Finance House K.S.C.P and Subsidiaries**

**Consolidated Statement of Changes in Equity for the year ended 31 December 2019**

	<i>KD 000's</i>									
	Share capital	Share premium	Proposed issue of bonus shares	Treasury shares	Reserves	Subtotal	Proposed cash dividend	Subtotal	Non-Controlling interests	Total
<b>Balance at 1 January 2019</b>	634,226	720,333	63,423	(44,452)	395,278	1,768,808	125,097	1,893,905	180,265	2,074,170
Profit for the year	-	-	-	-	251,023	251,023	-	251,023	10,798	261,821
Other comprehensive income/ (loss)	-	-	-	-	41,033	41,033	-	41,033	(6,836)	34,197
Total comprehensive income	-	-	-	-	292,056	292,056	-	292,056	3,962	296,018
Issue of bonus shares	63,423	-	(63,423)	-	-	-	-	-	-	-
Zakat	-	-	-	-	(14,748)	(14,748)	-	(14,748)	-	(14,748)
Share based payments	-	-	-	-	1,000	1,000	-	1,000	-	1,000
Cash dividends paid	-	-	-	-	-	-	(125,097)	(125,097)	-	(125,097)
<b>Distribution of profit:</b>										
Proposed issue of bonus shares	-	-	69,765	-	(69,765)	-	-	-	-	-
Proposed cash dividends	-	-	-	-	(137,980)	(137,980)	137,980	-	-	-
Group share of distribution to Tier 1 Sukuk of an associate	-	-	-	-	(151)	(151)	-	(151)	-	(151)
Net movement in treasury shares	-	-	-	8,209	4,952	13,161	-	13,161	-	13,161
Gain on partial sale of subsidiary	-	-	-	-	266	266	-	266	-	266
Dividends paid to non- controlling interests	-	-	-	-	-	-	-	-	(1,047)	(1,047)
Net other change in non- controlling interests	-	-	-	-	-	-	-	-	(197)	(197)
<b>At 31 December 2019</b>	<b>697,649</b>	<b>720,333</b>	<b>69,765</b>	<b>(36,243)</b>	<b>470,908</b>	<b>1,922,412</b>	<b>137,980</b>	<b>2,060,392</b>	<b>182,983</b>	<b>2,243,375</b>

**Kuwait Finance House K.S.C.P and Subsidiaries**

**Consolidated Statement of Cash Flows for the years ended 31 December 2021, 2020 and 2019**

	KD 000's		
	2021	2020	2019
<b>Operating activities</b>			
Profit for the year	310,137	184,222	261,821
Adjustments to reconcile profit to net cash flows:			
Depreciation and amortization	41,783	42,596	42,989
Provisions and impairment	135,369	284,067	196,908
Dividend income	(2,621)	(2,459)	(4,845)
Loss/ (gain) on sale/liquidation of investments	(15,388)	6,119	(32,636)
Gain on sale of real estate investments	(14,022)	(12,619)	(17,900)
Share of result of investment in associates and joint venture	3,357	7,063	(22,408)
Other investment (income)/ loss	-	-	(41,281)
	<u>458,615</u>	<u>508,989</u>	<u>382,648</u>
<b>Changes in operating assets and liabilities:</b>			
<i>(Increase)/decrease in operating assets:</i>			
Financing receivables and due from banks	(594,207)	(915,093)	(169,588)
Investment in Sukuk	6,826	(478,505)	(718,465)
Trading properties	6,091	4,637	42,640
Other assets	73,591	(186,436)	(18,694)
Statutory deposit with Central Bank	(421,374)	(64,532)	(280,069)
<i>Increase/(decrease) in operating liabilities:</i>			
Due to banks and financial institutions	(359,361)	526,949	(440,536)
Depositors' accounts	549,566	1,764,690	1,772,335
Other liabilities	(245,542)	(164,201)	135,491
Net cash flows (used in) / from operating activities	<u>(525,795)</u>	<u>996,498</u>	<u>705,762</u>
<b>Investing activities</b>			
Investments, net	(17,146)	(3,463)	146,091
Purchase of investment properties	(1,914)	(574)	(1,406)
Proceeds from sale of investment properties	41,759	16,159	40,015
Purchase of property and equipment	(18,828)	(34,443)	(33,828)
Proceeds from sale of property and equipment	9,389	5,439	3,064
Intangible assets, net	39	(4,413)	(4,594)
Proceeds from sale/ redemption of investments in associates and joint venture	2,931	101	6,102
Proceed from disposal of subsidiaries	-	2,733	307
Dividend received	6,689	17,270	14,429
Net cash flows from / (used in) investing activities	<u>22,919</u>	<u>(1,191)</u>	<u>170,180</u>
<b>Financing activities</b>			
Net proceeds from Tier 1 Sukuk	225,788	-	-
Profit payments on Perpetual Tier 1 Sukuk	(4,084)	-	-
Cash dividends paid	(76,093)	(137,980)	(125,097)
Movement in Sukuk payable	(98,388)	(4,860)	-
Zakat paid	(7,738)	(1,287)	(13,236)
Net movement in treasury shares	-	11,633	13,161
Amounts paid to non-controlling interests on capital redemption of a subsidiary	-	(14,960)	-
Dividend paid to non-controlling interests	-	-	(1,047)
Acquisition of non-controlling interests	-	(16,296)	-
Net cash flows from / (used in) financing activities	<u>39,485</u>	<u>(163,750)</u>	<u>(126,219)</u>
<b>(Decrease) / Increase in cash and cash equivalents</b>	<u>(463,391)</u>	<u>831,557</u>	<u>749,723</u>
Cash and cash equivalents at 1 January	<u>3,351,559</u>	<u>2,520,002</u>	<u>1,770,279</u>
<b>Cash and cash equivalents at 31 December</b>	<u>2,888,168</u>	<u>3,351,559</u>	<u>2,520,002</u>

## **Kuwait Finance House K.S.C.P and Subsidiaries**

### **Notes to the Summary Consolidated Financial Statements for the years ended 31 December 2020, 2019 and 2018**

#### **1. Background information**

Kuwait Finance House KSCP is a Kuwaiti Shareholding Company incorporated in the State of Kuwait on 23 March 1977. Kuwait Finance House KSCP (the Bank) and its consolidated subsidiaries are collectively referred to as the Group. List of principal operating material subsidiaries is disclosed in the full set of audited consolidated financial statements for the years 2021, 2020 and 2019.

All activities of the Group are conducted in accordance with Islamic Shareea'a, as approved by the Bank's Fatwa and Shareea'a Supervisory Board. These comprise all Islamic banking activities for its own account as well as for third parties, including financing, purchase and sale of investments, leasing, project construction and other trading activities without practising usury.

The full set of consolidated financial statements of the Group for the years ended 31 December 2021, 31 December 2020 and 31 December 2019 were approved for issue by the shareholders of the Bank on 21 March 2022, 22 March 2021 and 13 April 2020 respectively.

The summary consolidated financial statements have been prepared for the purpose of inclusion in the Offer Document of Kuwait Finance House KSCP in connection with the voluntary conditional offer to acquire 100% of the issued and paid up ordinary shares of Ahli United Bank B.S.C, Bahrain by way of a share swap.

#### **2. Basis of preparation**

- 2.1 The summary consolidated financial statements have been derived from the audited consolidated financial statements of the Group for the respective years, for which unqualified audit opinions were issued. The accounting policies and disclosure requirements applicable may vary from year to year as a result of adoption of new International Financial Reporting Standards (IFRS), amendment to existing standards or the changes in regulatory requirements of the Central Bank of Kuwait (CBK). Accordingly, users of these summary consolidated financial statements should refer to the annual audited annual consolidated financial statements of the respective years for a better understanding of the financial information presented.

The numbers for the years ended 31 December 2020 and 31 December 2019 have been derived from the respective audited annual consolidated financial statements of the Group, some of which are not strictly comparable to the comparative figures as reported at 31 December 2021 and 31 December 2020 respectively, due to reclassification adjustments to these figures which did not affect the previously reported assets, liabilities, equity and profit for those years.

- 2.2 The consolidated financial statements are prepared in accordance with the regulations for financial services institutions as issued by the CBK in the State of Kuwait. The full set of those consolidated financial statements are available at the respective annual reports published by the Bank.

## 9. OVERVIEW OF KUWAIT'S BANKING SECTOR

### Overview of the Kuwaiti economy<sup>3</sup>

Kuwait enjoys an open economy, dominated by the Government sector. It is primarily dependent on the oil industry, but the non-oil contribution to the economy has been growing in recent years.

Economic growth is expected to increase in the financial year 2022, spearheaded by robust consumer spending and, most notably, recovering oil production. High oil prices provide substantial support for the economy given its oil dependency. A large fiscal surplus – the first since 2014 – is expected in 2022, alleviating recent government liquidity constraints.

Non-oil GDP is expected to grow by 4.7% in 2022 as authorities eased restrictions for those without a vaccine, allowing them to enter shopping malls as well as entertainment facilities, with social distancing requirements also being scrapped. However, inflation is expected to average more than 4.0% in 2022.

Oil GDP is expected to grow by 6.6% in 2022 on the back of surging oil prices, with Brent crude price rising above USD 120 per barrel (in March 2022) due to supply concerns from Russia and rising demand.

Consequently, Kuwait real GDP is expected to grow by 6.3% in 2022, compared to 2.5% in 2021.

The announced infrastructure programme, part of the New Kuwait Vision 2035, seeks to diversify the Kuwaiti economy and boost the private sector participation. The objectives are six-fold: (i) increasing GDP growth, (ii) encouraging the private sector, (iii) supporting human and social development, (iv) promoting demographic policies, (v) enhancing and improving the effectiveness of government administration and (vi) consolidating the country's Islamic and Arab identity.

### Overview of the Kuwaiti banking sector<sup>4</sup>

#### Sector overview

Kuwait plays a leading role in the Islamic banking sector. International financial institutions can also establish operations in Kuwait. The Central Bank of Kuwait regulates banks, investment and exchange companies. Legal, regulatory, and accounting systems in the financial sector are transparent and consistent with international norms.

The total amount of credit extended to the private sector (business and personal) by local banks witnessed a boost with a 7.2% YoY (in local currency) increase moving from USD 130.4 billion to USD 139.7 billion in 2021. The private sector deposit base experienced limited growth (+0.4% in local currency), reaching USD 122.9 billion in 2021. Personal loans and business loans (including Public Services and Other) experienced 12.6% and 1.5% YoY growth respectively.

The size of the assets of the banking sector in Kuwait was USD 254.7 billion as of 31 December 2021 (1.9 times of GDP), growing by 5.1% YoY (in local currency).

*Figure 1: Evolution of the balance sheet of the banking sector in Kuwait*

	2014	2015	2016	2017	2018	2019	2020	2021
Banking System (USD billion)	189.4	193.2	197.4	210.0	219.2	234.3	241.6	254.7
Times GDP	1.2 x	1.7 x	1.8 x	1.7 x	1.6 x	1.7 x	2.3 x	1.9 x

<sup>3</sup> Sources: Oxford Economics – Country Economic Forecast | Kuwait – 25 February 2022; NBK – Macroeconomic Outlook 2022-2023 – Kuwait – 28 April 2022.

<sup>4</sup> Based on following exchange rates: for 2020 at USD:KWD exchange rate of 0.3026; for 2021: At USD:KWD exchange rate of 0.3036.

Sources: CBK Monthly and Quarterly Statistical Bulletins, World Bank, IMF

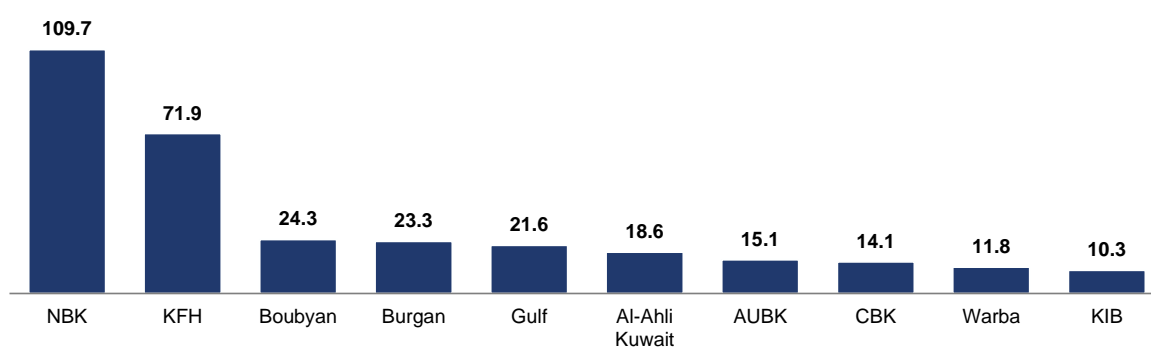
## Competitive landscape

As of 2021, the Kuwait banking sector comprised 23 banking institutions<sup>5</sup>, consisting of:

- Five Islamic Banks
- Five Conventional Banks
- One Specialized Bank (i.e., Industrial Bank of Kuwait)
- Branches of 11 foreign banks
  - 10 conventional banks
  - One Islamic bank

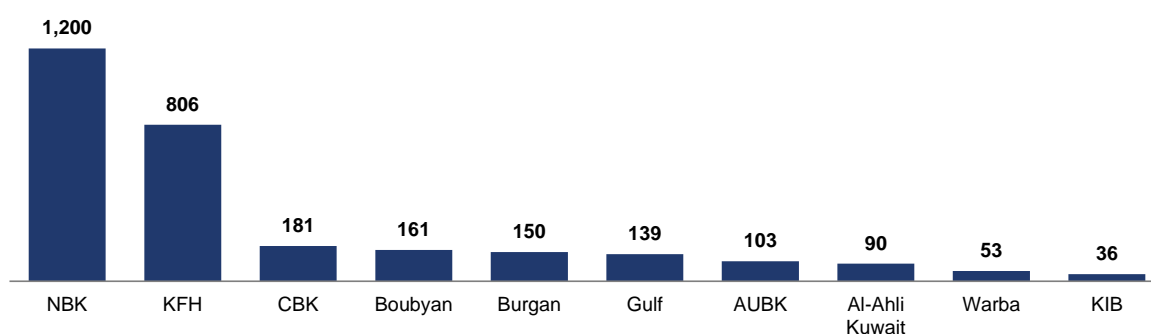
Furthermore, the CBK supervises Finance Companies, Exchange Companies and Investment Companies.

Figure 2: Ranking of main Kuwaiti banks by total assets 2021 (in USD billion, including foreign assets)



Source: SNL

Figure 3: Ranking of main Kuwaiti banks by net profit attributable to shareholders 2021 (in USD million)



Source: SNL

## Deposits

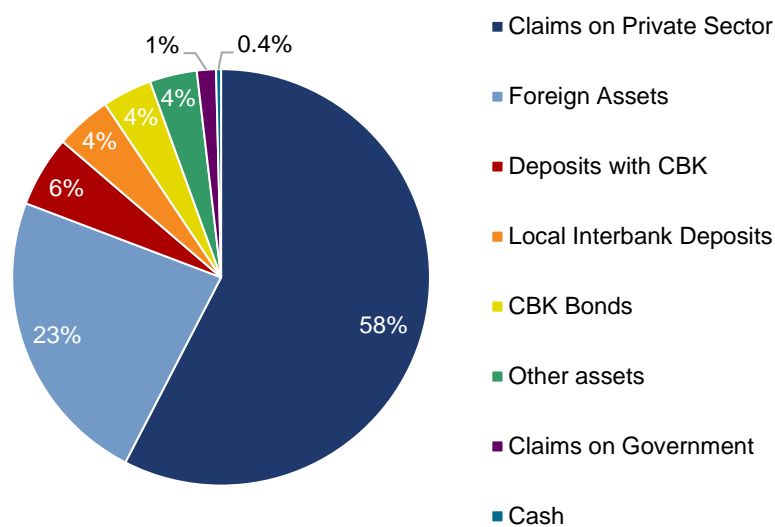
<sup>5</sup> Source: CBK

Total deposits in Kuwait (Private Sector and Government) amounted to USD 147.3 billion by the end of 2021, decreasing by (1.6)% YoY (based on local currency). Private Sector deposits amounted to USD 122.9 billion, mostly flat YoY in 2021. Government deposits decreased by (7.2)% YoY (based on local currency) to reach USD 24.4 billion in 2021, showcasing the decreasing need to support liquidity in the system.

### Assets

Local banks assets grew from USD 242 billion in 2020 to USD 254.7 in 2021 (growing 5.1% YoY on a local currency basis). Around 58% of the assets were claims on the private sector, followed by foreign assets representing 23%.

Figure 4: Local banks 2021 assets break-down (in USD billion)



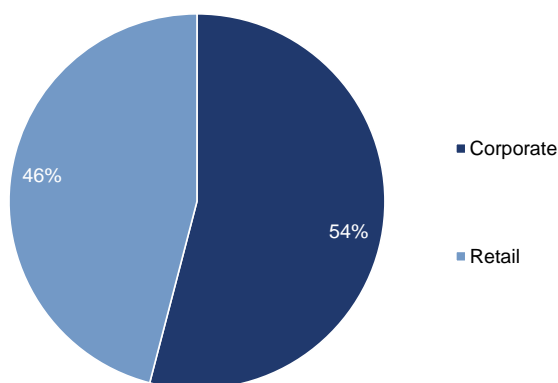
**Total: USD 254.7 billion**

Sources: CBK Monthly Statistical Bulletins

### Lending

Total lending extended by local banks in 2021 amounted to USD 139.7 billion, growing by 6.3% YoY (on a local currency basis). Retail lending (i.e., personal facilities) amounted to USD 64.2 billion, representing 45% of total credit from local banks. Corporate lending (including Public Services) amounted to USD 75.5 billion, representing 54% of total credit from local banks.

Figure 5: Local banks credit 2021 broken-down by segment (in USD billion)

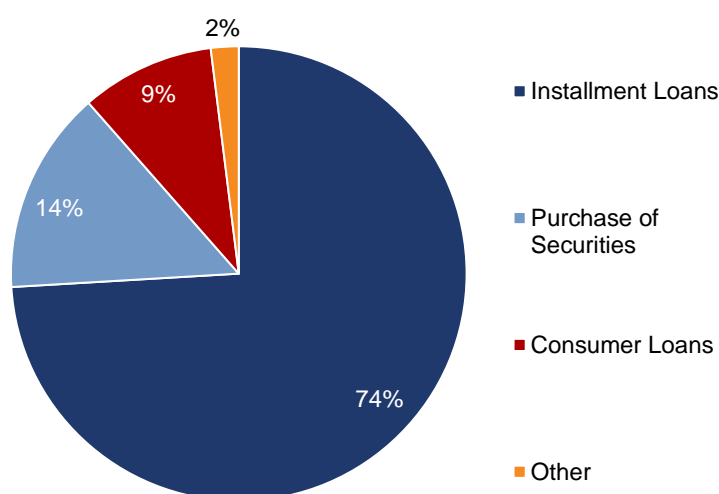


**Total: USD 139.7 billion**

Sources: CBK Monthly Statistical Bulletins

Overall retail lending grew by 12.6% YoY (on local currency basis) to reach USD 64.2 billion in 2021. Within retail lending (i.e., personal facilities), instalment loans (mainly mortgages) are the main contributor with USD 47.6 billion of credit extended as of 2021, representing 74% of total personal facilities.

Figure 6: Local banks personal facilities 2021 broken-down by product (in USD billion)



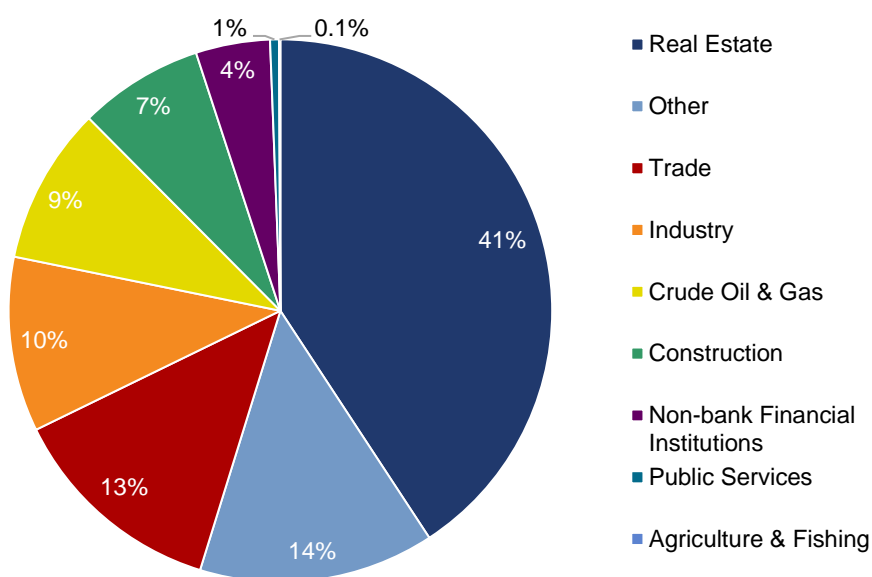
**Total: USD 64.2 billion**

Sources: CBK Monthly Statistical Bulletins

Overall corporate lending (including public services) lending grew by 1.5% YoY (on local currency basis) to reach USD 75.5 billion in 2021. Within corporate lending (i.e., non-personal facilities), real estate sector is the main recipient of lending with USD 30.8 billion of credit extended as of 2021, representing 41% of total non-personal facilities.



Figure 7: Local non-personal facilities 2021 broken-down by sector (in USD billion)



Total: USD 75.5 billion

Sources: CBK Monthly Statistical Bulletins

### Sector performance<sup>6</sup>

The banking sector has demonstrated strong resilience and continued to exhibit strong levels of financial soundness in 2021. The capital adequacy ratio (CAR) for the bank sector stood at 19.2%, vs. the required minimum of 10.5%. The NPL ratio remains low at 1.4% in 2021.

Return-on-assets reached 0.9% in 2021, compared to 0.6% in 2020. The return-on-equity reached 7.9% in 2021 respectively, compared to 5.0% in 2020. The regulatory liquidity ratio<sup>7</sup> stood at 25% in Q1 2021, 7%-pts above the minimum requirement on a stand-alone basis.

Kuwaiti banks have also built ample provisions in light of CBK's conservative stance, with a NPLs coverage ratio standing at 310% as of Q4 2021.

<sup>6</sup> Sources: NBK Investor Presentation 2021, CBK Monthly and Quarterly Statistical Bulletins, SNL.

<sup>7</sup> Ratio of (balance with CBK (current and deposits), Government Treasury Bills and Bonds or any other financial institutions issued by CBK) to customers' KWD deposits.

## 10. CROSS SHAREHOLDINGS BY THE OFFEROR AND ITS DIRECTORS IN AUB

The table below depicts the Board of Directors' share ownership in KFH and AUB as of the date of this Offer Document:

KFH Board of Directors	Shares Currently Owned or Controlled in KFH		Shares Currently Owned or Controlled in AUB	
	Ownership%	No. of Shares	Ownership %	No. of Shares
Hamad Abdul Mohsen Al Marzouq	0.153	14,176,478		
Abdul Aziz Yacoub Alnafisi	0.001	109,807		
Fahad Ali AlGhanim	0.002	160,766		
Mohammed Naser Al Fouzan	0.091	8,494,685		
Muad Saud Al Osaimi	0.003	242,223		
Khalid Salem Al Nisf	0.092	8,586,892		
Noorur Rahman Abid	0.002	181,665		
Hanan Yousef Ali Yousef	-	-		
Motlaq Mubarak Al-Sanei	-	-		
Salah Abdulaziz Al-Muraikhi	0.003	260,854		
Ahmed Meshari Al Faris	-	-		
Hamad Abdullateef Al Barjas	-	-		
<b>Total</b>	<b>0.347</b>	<b>32,213,370</b>		

KFH has not purchased or sold AUB Shares during the 12-month period prior to the date of this 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 this Offer Document.

## **11. KFH POST-ACQUISITION STRATEGY**

### **11.1 AUB – COMMERCIAL REGISTRATION, LEGAL STATUS AND TRADE NAME**

Following the successful implementation of the Offer and the Acquisition, KFH intends to maintain AUB's commercial registration, however, KFH intends to change AUB's name in due course to reflect its acquisition by KFH.

Subject to KFH acquiring 100% of the total issued share capital of AUB, KFH will, in due course following the successful implementation of the Offer, convert AUB into a closed Bahrain shareholding company. In such case, AUB will only have two shareholders, namely, KFH Capital holding one hundred (100) AUB Shares, and the remaining AUB Shares will be held by KFH.

AUB will continue to operate under normal course of business and maintain its operations as a subsidiary of KFH where disruption to or cessation of any significant line of operations of AUB is not expected to occur as a result of the proposed Acquisition of shares under the Offer.

### **11.2 AUB CURRENT EMPLOYEES AND ORGANIZATIONAL STRUCTURE**

Save for any changes due to KFH's commitment to Bahrainization levels and regulatory requirements, including any changes that may be required for the purposes of achieving the anticipated synergies or converting the business of AUB to be Sharia'a compliant, the successful completion of the Offer will not impact the current organizational structure except for any changes which may be implemented as part of AUB's existing strategy, or as identified in the other subsections of section 11 (*KFH Post-Acquisition Strategy*).

### **11.3 CONVERSION OF AUB'S BUSINESS TO BE SHARIA'A COMPLIANT**

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 subsidiaries of AUB in the Kingdom of Bahrain, Egypt, Iraq and the United Kingdom to Sharia'a compliant entities.

The Fatwa and Sharia'a Supervisory Board of KFH, in its recommendation issued on 28 June 2022 (a copy of which is on display as referred to in section 17.6 (*Documents on Display*)), confirmed that it has reviewed the parameters of the Acquisition, and that it is directly acquainted with all the steps of the Acquisition and conversion, which is done in a Sharia'a compliant manner. Further, it has confirmed that it will continue to monitor the next steps and that it is confident that the Board of Directors will implement the plan for acquisition and conversion as approved and envisaged.

For this purpose, an application shall be submitted to the CBB requesting the amendment of AUB's license to change the basis of the banking activities from conventional banking to Sharia'a compliant banking in due course.

AUB shall ensure the existence of a Sharia'a Supervisory Committee and bring about any changes as deemed necessary to comply with the principles of Sharia'a as set out in the AAOIFI Standards and the CBB Rulebook.

### **11.4 MANDATORY TENDER OFFER FOR THE SHARES OF AUB KUWAIT**

The successful completion of the Offer will trigger the requirement for a mandatory tender offer to be submitted by KFH with respect to the shares in AUB Kuwait pursuant to the CMA Executive Bylaws. KFH intends to submit the mandatory tender offer as prescribed for under the CMA Executive Bylaws and is confident that the maximum cash payable for the shares in AUB Kuwait (if it were to acquire

shares representing 100% of the issued and paid-up share capital of AUB Kuwait) will not have a material impact on its cash position or capital strength.

Further details in relation to the mandatory tender offer will be provided and disclosed following the successful implementation of the Offer. For the avoidance of doubt, the mandatory tender offer referred to in this section 11.4 (*Mandatory Tender Offer for the Shares of Kuwait*) is only relevant and applicable to the shares in AUB Kuwait and does not apply to the shares of AUB listed on BK.

### 11.5 CONVERSION OF AUB KUWAIT TO A DIGITAL BANK

Following the successful completion of the Offer, KFH will seek all the approvals required to commence the process of converting AUB Kuwait to a digital bank.

### 11.6 STATUTORY MERGER IN BAHRAIN

Immediately following the successful completion of converting AUB’s business to be 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, to become “**Kuwait Finance House – Bahrain**”. This merger would result in the assets and liabilities of KFH Bahrain being assumed by AUB, as per applicable law.

### 11.7 KFH DIVIDENDS POLICY POST-OFFER

KFH has no intention in changing its existing dividends policy, which shall continue into effect following the successful completion of the Offer.

Set out below is a summary of KFH’s dividends over the last three years:

	2021	2020	2019
Cash dividend – fils per share	12	10	20
Cash dividend – KWD 000	100,442	76,093	137,980
Profit attributable to shareholders (post Tier 1 sukuk cost) – KWD 000	239,330	148,399	251,023
Payout ratio (post Tier 1 sukuk cost)	42.0%	51.3%	55.0%
Bonus shares – per 100 shares	10	10	10
Bonus share Amount – KWD 000	84,416	76,741	69,765

### 11.8 STRATEGIC PLANS FOR THE OFFEREE COMPANY

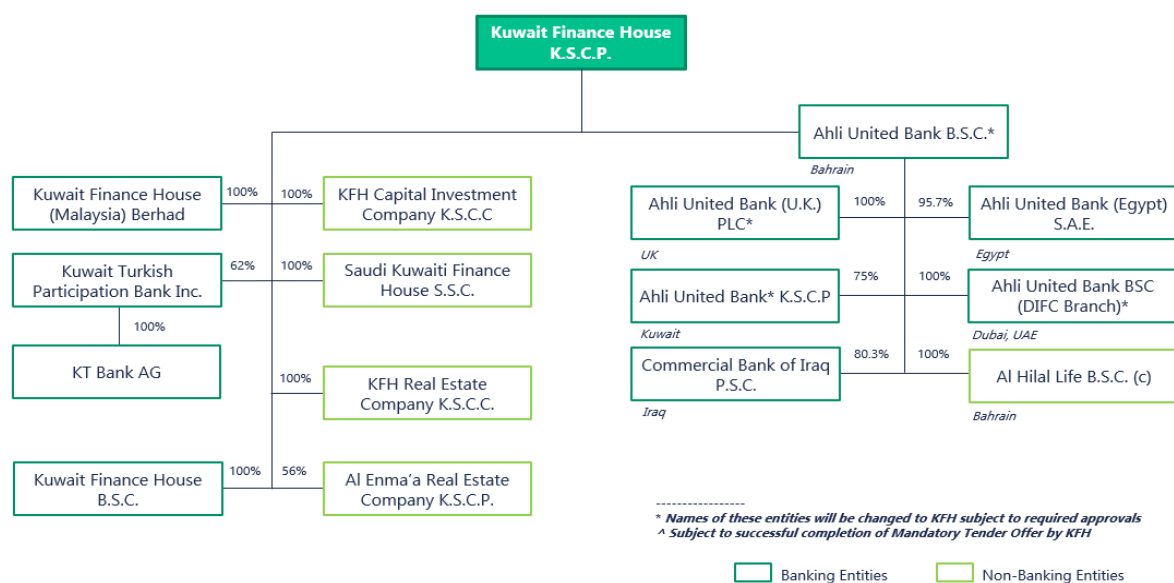
KFH intends to acquire up to 100% of the issued share capital of AUB. AUB operates regionally through its subsidiaries and associates in United Kingdom, United Arab Emirates, Egypt, Kuwait, Iraq, Libya and Oman. AUB also has a 100% stake in Al Hilal Life which provides life and health insurance products. The proposed acquisition will aid KFH’s expansion plan and enhance its market share in the banking industry both locally and regionally.

KFH’s strategy for AUB post-acquisition commences with the process of converting the entities of AUB in the Kingdom of Bahrain, Egypt, Iraq and the United Kingdom to Sharia’a compliant entities offering full range of Sharia’a compliant banking products subject to approval of CBB. This is with the intention of maintaining AUB’s commercial registration.

Following the successful completion of the Offer, KFH will commence converting AUB Kuwait to a digital bank. Immediately following the successful completion of converting AUB’s business to be 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.

### 11.9 KFH GROUP STRUCTURE FOLLOWING SUCCESSFUL COMPLETION OF THE OFFER

Set out below is a structure chart<sup>8</sup> demonstrating the structure of the banking and material non-banking subsidiaries in the KFH Group following successful completion of the Offer:



### 11.10 LONG TERM COMMERCIAL JUSTIFICATION FOR THE OFFER

KFH and AUB have complementary businesses and as such the KFH Group would be a well-diversified, full-service financial institution, with strong offerings across products and segments.

The Board of Directors believes that, on completion of the Acquisition, the KFH Group will play a key role in supporting Bahrain and Kuwait’s economic ambitions, financing growth and developing the banking and finance expertise, and helping drive international corporate relationships.

Furthermore, as mentioned above from KFH’s strategic plans post-Acquisition, AUB will continue to operate as a subsidiary of KFH Group, however, the proposed Acquisition is expected to create a combined group with leading market share in the banking and Islamic banking industries.

The Board of Directors believes that this transformational Acquisition brings significant benefits to all stakeholders:

- (a) Following the completion of the Offer, KFH Group will become the leading banking institution in both Kuwait and Bahrain, in terms of both total assets and deposits, with a combined USD 121 billion of total assets as at 31 December 2021, already considering the preliminary impact

<sup>8</sup> Fractional percentages have been rounded up.

of acquisition accounting/goodwill. In Kuwait, KFH Group will have a 27% market share of total assets and in Bahrain, KFH Group will be more than four times larger than the second largest bank in Bahrain by assets.

- (b) In addition to market leadership in Kuwait and Bahrain, the Acquisition will create the sixth<sup>9</sup> largest bank in the Middle East by total assets with a diversified footprint notably across the United Kingdom, Egypt, Iraq, Turkey and Malaysia. The enlarged KFH Group will be well positioned to leverage this international connectivity to the benefit of all domestic clients across the Middle East, as well as institutional and multinational clients abroad.
- (c) The Acquisition will reinforce KFH's position as the second largest Islamic bank (by total assets and customer deposits) in the world. As a global leading Islamic institution, the enlarged KFH Group will significantly enhance the profile and strength of the Islamic banking sector in Bahrain as well as lead the growth of Islamic banking across the world.
- (d) The Acquisition combines the significant reach of KFH Group's retail and corporate footprint with AUB's corporate backbone. As a result, the enlarged KFH Group will be well positioned to capture the significant opportunities arising from existing and new retail and corporate relationships across both banks. These relationships can be strengthened with increased cross-sell and an enhanced product offering across an expanded platform.
- (e) The anticipated annual synergies are expected to be realized over three years post-completion, with estimated run-rate cost synergies of between 10% - 12% of the 2021 combined cost base<sup>10</sup>. The anticipated annual synergies are expected to be realized over three years post-completion. The enlarged KFH Group is expected to benefit from enhanced scale in its home markets of Kuwait and Bahrain, a more efficient platform and infrastructure optimization from both banks.
- (f) The enlarged KFH Group will be better positioned to support the Kuwaiti and Bahraini economies through its services and financial support to local and international companies operating in Kuwait and Bahrain, as well as the residents living in Kuwait and Bahrain. With larger capital and liquidity bases, the enlarged KFH Group will also possess enlarged underwriting and balance-sheet capacity, thereby enhancing its ability to support growth opportunities across the economy and support the development of the local capital markets.

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<sup>9</sup> Total assets used for combined entity already reflect preliminary impact of acquisition accounting / goodwill.

<sup>10</sup> Sum of KFH and AUB 2021 cost bases.

## 12. SHARE OWNERSHIP IN KFH AND AUB

Currently, the following shareholders own 5% or more shares in KFH and AUB respectively:

### Current and Pre-Offer Ownership Structure

Kuwait Finance House K.S.C.P.	% owned in KFH*	No. of Outstanding Shares
Kuwait Investment Authority	24.08%	2,235,931,828
Public Authority for Minors Affairs	10.48%	973,533,936
General Secretariat of Awqaf	7.30%	677,491,164
Other Public	53.34%	4,953,299,514
<b>Total</b>	<b>100%</b>	<b>9,285,707,127</b>

\*As at 7 July 2022 based on the information disclosed by the shareholders to Bourse Kuwait on such date

Ahli United Bank B.S.C.	% owned in AUB*	No. Outstanding of Shares
The Public Institution for Social Security **	18.86%	2,102,445,127
Social Insurance Organization **	10.01%	1,115,637,140
Sheikh Salem Sabah Al-Naser **	5.88%	655,662,339
Tamdeen Investment Co. **	5.83%	650,080,797
Other Public	59.42%	6,624,106,055
<b>Total</b>	<b>100%</b>	<b>11,147,931,458</b>

\*As at 30 June 2022

\*\*As per shareholders declaration.

### 13. THE OFFEROR'S CONFIRMATORY STATEMENTS

The Offeror confirms that:

- (a) settlement of the Offer consideration to which all of the Offeree's shareholders are entitled under this Offer will be implemented in full in accordance with the terms of this Offer;
- (b) no arrangements involving rights over shares, nor any indemnity agreements, nor any agreements or understandings, both formal or informal, relating to the shares pertaining to this Offer (that may be an inducement to deal or refrain from dealing) exist between the Offeror or any person acting in concert with the Offeror and any other party;
- (c) none of the AUB Shares being acquired in pursuance of the Offer will be transferred to any other persons other than the transfer of 100 AUB Shares to KFH Capital in order to maintain the requirement as to minimum number of shareholders applicable to Bahraini Shareholding Companies;
- (d) it has not entered nor made any agreements, arrangements or understandings, nor has it undertaken any compensation agreements, both directly or through any person acting in concert with the Offeror, in connection with the Offer with the directors or shareholders of the Offeree other than as disclosed in this Offer Document; and
- (e) no material changes in the financial or trading position or outlook of KFH has occurred following the last published audited accounts, excerpts of which are included in this Offer Document, and entire audited accounts and annual reports are publicly available through KFH's website and the BK.



## 14. MARKET PRICE AND HISTORICAL STOCK TRADING SUMMARY

### 14.1 TRADING PRICE OF THE OFFEREE

AUB shares are traded on both BB as well as BK. Below are the market prices of AUB shares on key dates:

<b>On 21 July 2022, the Last Practicable Date</b>	AUB shares closing market price on BB on 21 July 2022 was USD 0.960 per share	AUB shares closing market price on BK on 21 July 2022 was KWD 0.294 per share (approximately USD 0.957) <sup>11</sup>
<b>On 6 July 2022, the last business day prior to the date of announcing the approved Exchange Ratio</b>	AUB shares closing market price on BB on 6 July 2022 was USD 0.920 per share	AUB shares closing market price on BK on 6 July 2022 was KWD 0.278 per share (approximately USD 0.905) <sup>12</sup>
<b>On 23 March 2022, the last business day prior to the date of announcement of update of financial and legal due diligence studies</b>	AUB shares closing market price on BB on 23 March 2022 was USD 0.914 per share	AUB shares closing market price on BK on 23 March 2022 was KWD 0.277 per share (approximately USD 0.912) <sup>13</sup>
<b>On 30 November 2021, the last business day prior to the December announcement regarding resumption of the transaction</b>	AUB shares closing market price on BB on 30 November 2021 was USD 0.818 per share	AUB shares closing market price on BK on 30 November 2021 was KWD 0.240 per share (approximately USD 0.793) <sup>14</sup>

Over the six months prior to and including the Last Practicable Date, the total number of shares traded in AUB (i) on BB stood at 46,272,363 shares in 1,004 transactions with a volume weighted average price of USD 0.946 per share with a total value traded<sup>15</sup> of USD 43,756,436; and (ii) on BK stood at 2,725,921,868 shares in 56,408 transactions with an average closing price of KWD 0.281 (approximately USD 0.921) per share with a total value traded of KWD 765,568,614 (approximately USD 2,509,989,332). The lowest closing price (i) of USD 0.827 per share on BB was on 30 January 2022; and (ii) of KWD 0.249 (approximately USD 0.812) per share on BK was on 19 June 2022. The highest closing price (i) of USD 1.060 per share on BB was on 10 April 2022; and (ii) of KWD 0.329 (approximately USD 1.080) per share on BK was on 6 April 2022.

The following table details the closing price for the AUB Shares at the end of each of the calendar months during the period commencing six months prior to the commencement of the Offer Period and ending on the Last Practicable Date:

	<b>Closing price per share on BB (USD)</b>	<b>Closing price per share on BK (KWD)</b>	<b>Closing price per share on BK (USD approximate)</b>
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<sup>11</sup> USD:KWD exchange rate of 0.3073 x

<sup>12</sup> USD:KWD exchange rate of 0.3072 x

<sup>13</sup> USD:KWD exchange rate of 0.3041 x

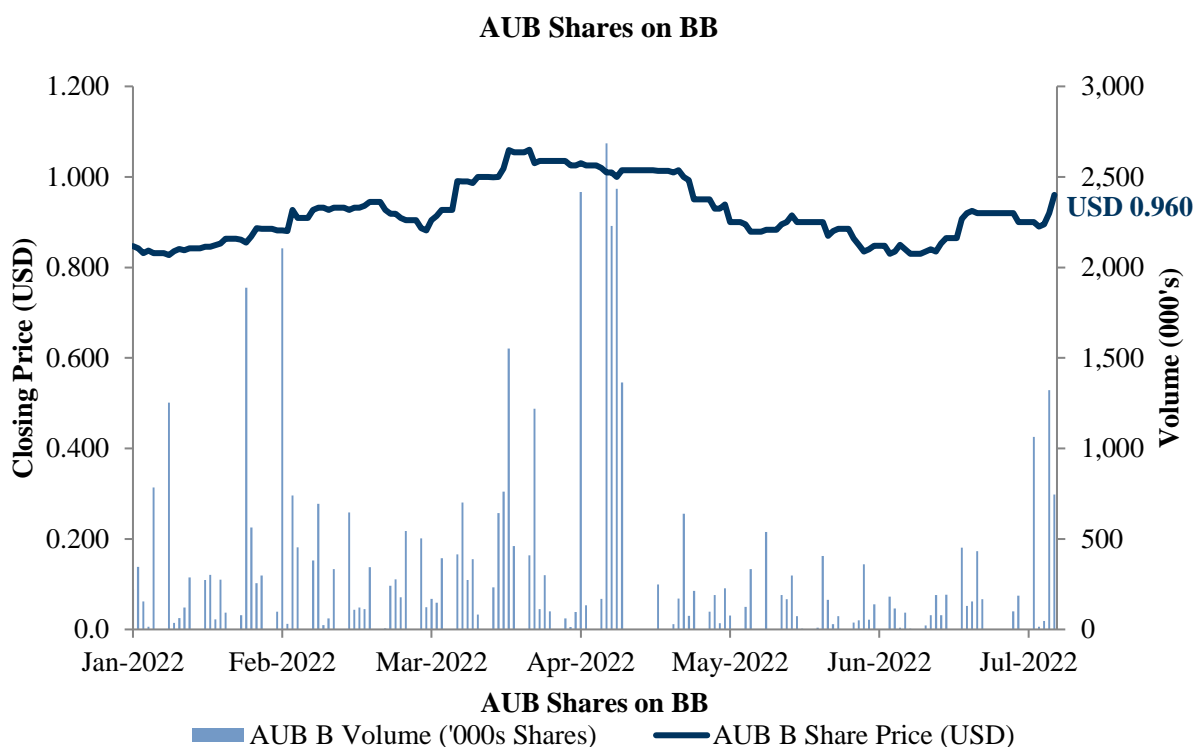
<sup>14</sup> USD:KWD exchange rate of 0.3026 x

<sup>15</sup> Value Traded in Money Terms is calculated as Volume Weighted Average Price per Share in the six-month period (prior to and including) the Last Practicable Date multiplied by the Total Number Of Shares Traded over the same period.

Last Practicable Date	0.960	0.294	0.957
June 2022	0.865	0.267	0.871
May 2022	0.915	0.274	0.896
April 2022	1.015	0.315	1.027
March 2022	1.000	0.302	0.993
February 2022	0.932	0.272	0.898
January 2022	0.835	0.255	0.843

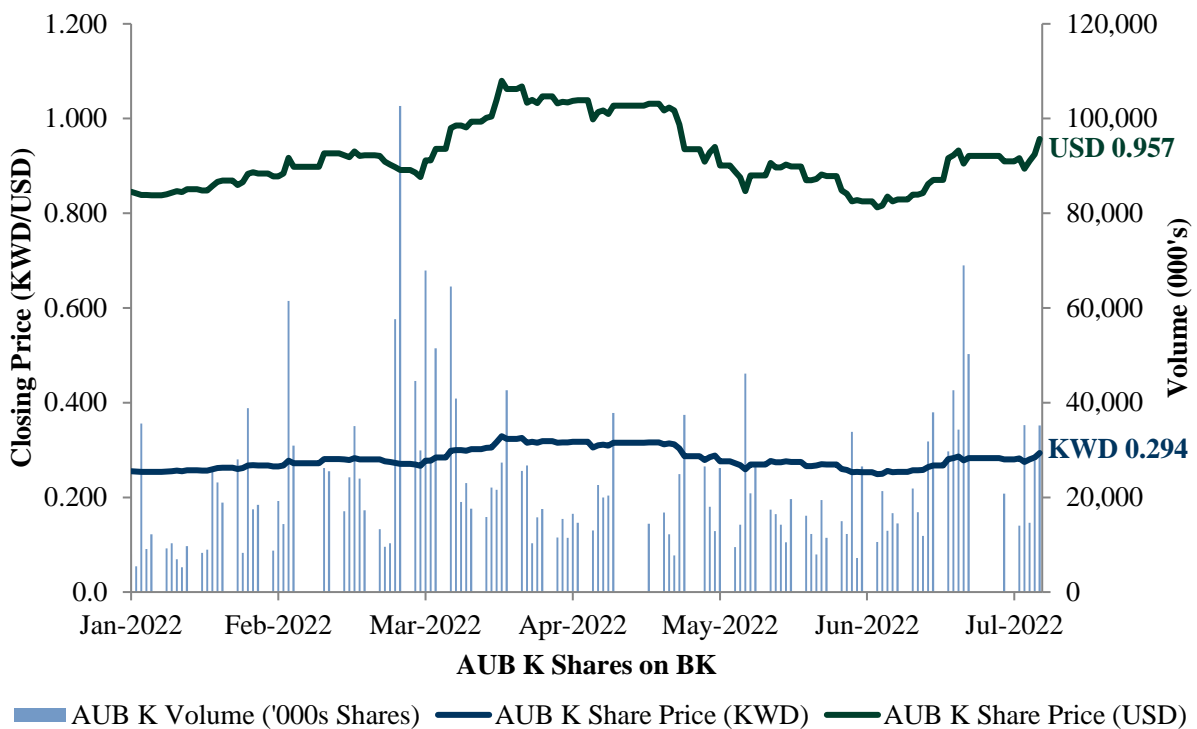
The volume weighted average price<sup>16</sup> per AUB Share in the six-month period prior to and including the Last Practicable Date was USD 0.946 for BB and KWD 0.281 (approximately USD 0.921)for BK.

Market price movement of AUB Shares on BB and BK for the period from 23 January 2022 to 21 July 2022 is shown in the charts below:



<sup>16</sup> Volume weighted average price is calculated using daily volumes and end-of-day prices over the last six-month period. For the last six months period, each end-of-day price is multiplied by the daily volume, the sum of which is then divided by the total volume traded in the same period.

### AUB Shares on BK



The implied value of the Offer at the Exchange Ratio:

- (a) exceeds the market price per AUB BB Share of USD 0.960 on the Last Practicable Date by USD 0.117 per AUB BB Share (implying an Offer price of USD 1.077<sup>17</sup> per AUB BB Share), and exceeds the market price per AUB BK Share of KWD 0.294<sup>18</sup> (approximately USD 0.957) on the Last Practicable Date by KWD 0.037 (approximately USD 0.120) per AUB BK Share (implying an Offer price of KWD 0.331 (approximately USD 1.077) per AUB BK Share);
- (b) exceeds the volume weighted average price per AUB BB Share of USD 0.946 in the six-month period prior to and including the Last Practicable Date by USD 0.134 (implying an Offer price of USD 1.080<sup>19</sup> per AUB BB Share), and exceeds the volume weighted average price per AUB BK Share of KWD 0.281 (approximately USD 0.921) in the six-month period prior to and including the Last Practicable Date by KWD 0.049 (approximately USD 0.159) per AUB BK Share (implying an Offer price of KWD 0.330<sup>20</sup> (approximately USD 1.080) per AUB BK Share); and
- (c) exceeds the market price per AUB BB Share of USD 0.845 six months prior to the Last Practicable Date, by USD 0.170 per AUB BB Share (implying an Offer price of USD 1.015<sup>21</sup> per AUB share) and exceeds the market price per AUB BK Share of KWD 0.255 (approximately USD 0.845) six months prior to the Last Practicable Date, by KWD 0.052

<sup>17</sup> Calculated using KFH's market price on the Last Practicable Date multiplied by the agreed Exchange Ratio.

<sup>18</sup> Calculated using KFH's market price (converted to USD) on the Last Practicable Date multiplied by the agreed Exchange Ratio.

<sup>19</sup> Calculated using KFH's volume weighted average price in the six-month period prior to and including the Last Practicable Date, multiplied by the agreed Exchange Ratio.

<sup>20</sup> Calculated using KFH's volume weighted average price in the six-month period prior to and including the Last Practicable Date (converted to USD), multiplied by the agreed Exchange Ratio.

<sup>21</sup> Calculated using KFH's market price six months prior to the Last Practicable Date multiplied by the agreed Exchange Ratio.

(approximately USD 0.170) per AUB BK Share (implying an Offer price of KWD 0.307<sup>22</sup> (approximately USD 1.015) per AUB BK Share).

## 14.2 TRADING PRICE OF THE OFFEROR

KFH shares are traded on BK. Below are the market prices of KFH shares on key dates:

<b>On 21 July 2022, the Last Practicable Date</b>	KFH shares closing market price on BK on 21 July 2022 was approximately USD 2.903 per share	KFH shares closing market price on BK on 21 July 2022 was KWD 0.892 per share
<b>On 6 July 2022, the last business day prior to the date of announcing the approved Exchange Ratio</b>	KFH shares closing market price on BK on 6 July 2022 was approximately USD 2.803 per share	KFH shares closing market price on BK on 6 July 2022 was KWD 0.861 per share
<b>On 23 March 2022, the last business day prior to the date of announcement of update of financial and legal due diligence studies</b>	KFH shares closing market price on BK on 23 March 2022 was approximately USD 3.016 per share	KFH shares closing market price on BK on 23 March 2022 was KWD 0.917 per share
<b>On 30 November 2021, the last business day prior to the announcement by KFH that is has resumed its consideration of the Acquisition.</b>	KFH shares closing market price on BK 30 November 2022 was approximately USD 2.379 per share	KFH shares closing market price on BK on 30 November 2022 was KWD 0.720 per share

Over the six months prior to and including the Last Practicable Date, the total number of shares traded in KFH stood at 1,337,827,932 shares in 135,761 transactions with an average closing price of KWD 0.889 (approximately USD 2.911) per share with a total value traded<sup>23</sup> of KWD 1,188,737,863 (approximately USD 3,894,214,958). The lowest closing price of KWD 0.798 (approximately USD 2.604) per share was on 20 June 2022. The highest closing price of KWD 1.024 (approximately USD 3.360) per share was on 6 April 2022.

The following table details the closing price for the KFH Shares at the end of each of the calendar months during the period commencing six months prior to the commencement of the Offer Period and ending on the Last Practicable Date:

	<b>Closing price per share (USD approximate)</b>	<b>Closing price per share (KWD)</b>
Last Practicable Date	2.903	0.892
June 2022	2.840	0.871
May 2022	2.941	0.899

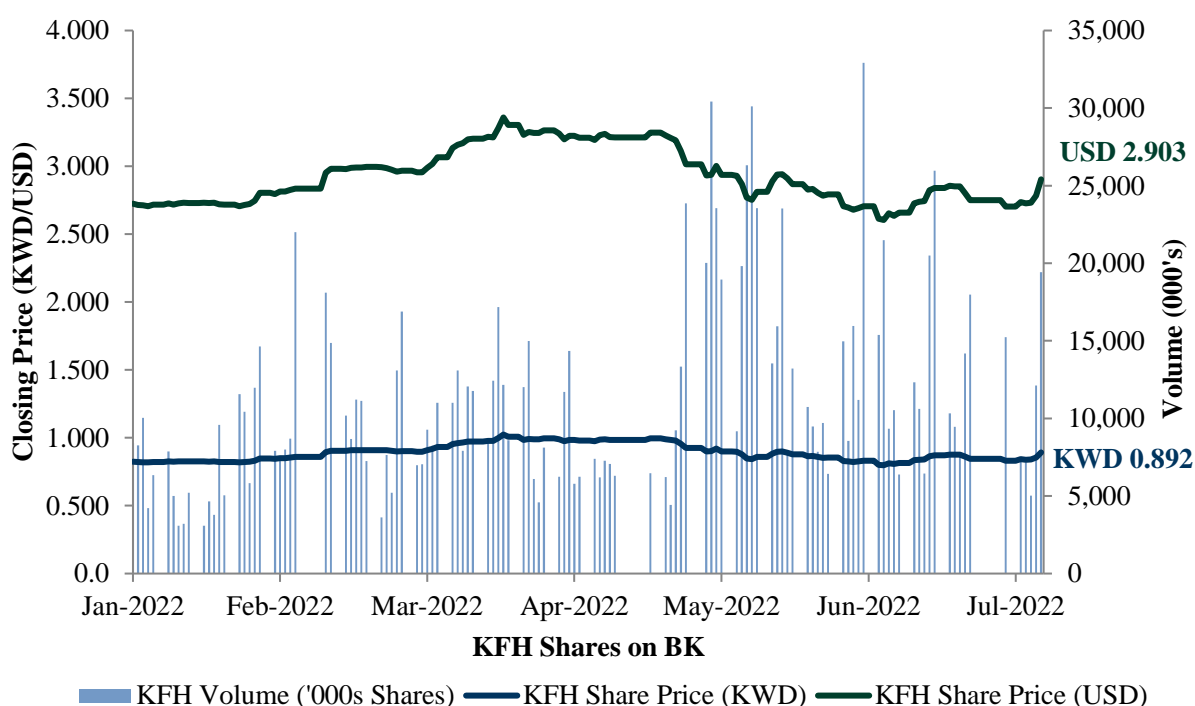
<sup>22</sup> Calculated using KFH's market price six months prior to the Last Practicable Date (converted to USD) multiplied by the agreed Exchange Ratio.

<sup>23</sup> Value Traded in Money Terms is calculated as Volume Weighted Average Price per Share in the six-month period (prior to and including) the Last Practicable Date multiplied by the Total Number Of Shares Traded over the same period.

April 2022	3.212	0.985
March 2022	3.204	0.974
February 2022	2.835	0.858
January 2022	2.718	0.824

The volume weighted average price<sup>24</sup> per KFH Share in the six-month period prior to and including the Last Practicable Date was KWD 0.889 (approximately USD 2.911).

Market price movement of KFH Shares on BK for the period from 23 January 2022 to 21 July 2022 is shown in the chart below:



<sup>24</sup> Volume weighted average price is calculated using daily volumes and end-of-day prices over the last six-month period. For the last six months period, each end-of-day price is multiplied by the daily volume, the sum of which is then divided by the total volume traded in the same period.

## **15. EFFECT OF THE ACQUISITION**

### **15.1 LEGAL CONSEQUENCES OF THE ACQUISITION**

The Acquisition, if completed, will result in KFH becoming, directly and indirectly, the legal owner of up to 100% (but not less than 50% + 1 AUB Share) of the AUB Shares together with all rights and interests associated with such ownership.

All AUB Shares to be sold to KFH by way of a share swap pursuant to the Offer must be free from any and all charges, liens and other encumbrances. Any encumbrances (including mortgages or attachments) on the sold AUB Shares will be transferred to the corresponding New KFH Shares owned by the relevant selling AUB Shareholder in the manner prescribed and provided for in the Acceptance and Transfer Form.

AUB Shareholders shall receive New KFH Shares along with all rights associated with the New KFH Shares, including but not limited to, rights concerning share ranking, voting, dividend and liquidation.

### **15.2 NO SPECIAL BENEFITS TO EXECUTIVES, MANAGERS AND DIRECTORS**

No payments of any kind will be made by KFH to the executive managers, the directors or the employees of AUB in connection with the Offer or the Acquisition, except as ordinary settlement pursuant to the Offer for any AUB Shares held by such persons.

KFH's executive managers, its directors and its employees will not receive any payments of any kind from AUB or any other third party in connection with the Offer, except as ordinary settlement pursuant to the Offer for any AUB Shares held by such persons.

### **15.3 THE EFFECT OF THE OFFER ON THE DIRECTORS OF THE OFFEROR**

Subject to any legal and regulatory requirements as may be, or have been, introduced in Kuwait, the Offer and the Acquisition will not have any material effect on the current directors of KFH and no change in the composition or the number of members of the AUB Board of Directors will be effected or triggered by the Offer or the Acquisition.

### **15.4 IMPACT ON OFFEREE'S EMPLOYEES**

The successful completion of the Acquisition will not result in any immediate effect on AUB's employees and there is no current intention to implement changes in management or organizational structure except for any changes which may be implemented as contemplated in this Offer Document (reference is made to section 11.2 (*AUB Current Employees and Organizational Structure*)).

## 16. RISK FACTORS

In deciding whether to accept the Offer, AUB Shareholders should carefully read this document and consider the risk factors set out in this section 16 (*Risk Factors*). Additional risks and uncertainties not presently known to KFH, or which KFH currently considers to be immaterial, may also have an adverse effect on the KFH Group.

### 16.1 RISKS RELATING TO THE OFFER AND THE ACQUISITION

(a) **Regulatory authorities may delay or prevent the Offer taking place, which may diminish the anticipated benefits of the Acquisition**

The Offer is subject to certain risks and uncertainties, including the inability of KFH and AUB to obtain the necessary resolutions, approvals and other relevant consents (regulatory, governmental or otherwise) as necessary for the implementation of the Offer and the Acquisition. Any delay in obtaining the required approvals may also postpone the execution of the Offer and the Acquisition, which KFH currently expects to take place over 2022. The failure to consummate the Offer as currently planned could result in KFH not obtaining the anticipated benefits of the Acquisition. The Offer requires the receipt of consents and approvals from regulators in Kuwait (including the CBK, the Capital Markets Authority and the Ministry of Commerce and Industry), in Bahrain (including the CBB and the MOIC) and abroad including the Central Bank of Egypt, the Central Bank of Oman, the United Kingdom PRA and Financial Conduct Authority, the Central Bank of Iraq, the Dubai Financial Services Authority and Bank Negara Malaysia. Although KFH intends to pursue vigorously all required regulatory consents and approvals, and although it is not aware of any reason why it would not be able to obtain the necessary approvals in a timely manner, these approvals may not be granted or may be delayed. Any delay or prevention in the consummation of the Offer and the Acquisition may diminish anticipated benefits or may result in additional transaction costs, loss of revenue or other effects associated with uncertainty about the Offer.

(b) **If the conditions to, and the procedural requirements of, the Offer (set out in section 5.7 (*Conditions Precedent to the Offer*) and section 6 (*Procedures for Accepting the Offer*) of this document) are not satisfied or waived (where applicable), the Acquisition may not take place or may be delayed**

The Offer is conditional on a number of conditions as set out in section 5.7 (*Conditions Precedent to the Offer*) of this document. If any of these conditions are not satisfied or waived (where applicable), then there is a risk that the Offer will not take place. Further, in order to implement the Offer, the procedural requirements set out in section 6 (*Procedures for Accepting the Offer*) of this document must be satisfied. If any such requirement is not satisfied, then the Offer will not take place (or, in certain circumstances, the implementation of the Offer and the Acquisition may be delayed). Any of the foregoing events may have a negative impact on the existing value of the KFH Shares.

(c) **The KFH Group may fail to realise the anticipated cost savings, growth opportunities, synergies and other benefits anticipated from the Acquisition**

The KFH Group may fail to achieve the synergies that it anticipates will arise from the Acquisition. The success of the Acquisition will depend, in part, on the KFH Group's ability to realise anticipated cost savings, revenue synergies and growth opportunities from integrating the businesses of KFH and AUB. The KFH Group expects to benefit from synergies resulting from the consolidation of capabilities, rationalisation of operations and headcount, greater efficiencies from increased scale and market integration, and organic growth. In particular, the KFH Group's ability to realise anticipated

synergies and the timing of this realization may be affected by a variety of factors, including but not limited to:

- its broad geographic areas of operations and the resulting potential complexity of integrating KFH's and AUB's corporate and regional offices;
- the difficulty of implementing its cost saving plans; and
- unforeseeable events, including major changes in the markets in which KFH and AUB operate.

The KFH Group may incur higher than expected integration, transaction and Offer-related costs. In addition, KFH will incur legal, accounting and transaction fees and other costs related to the Offer. Some of these costs are payable irrespective of whether the Acquisition is completed, and such costs may be higher than anticipated.

**(d) Trading prices of the KFH Shares and the AUB Shares may be volatile until the Offer takes place**

Given the awareness in the market of the Offer, it is likely that there will be increased volatility in the share price of the KFH Shares and the AUB Shares until the Offer and the Acquisition are finalised.

**(e) Risks relating to the Exchange Ratio**

The Exchange Ratio has been calculated on the basis of, amongst other things, certain internal financial information and other data relating to the business and financial prospects of the Banks, including estimates and financial forecasts together with certain pro forma effects of the Acquisition on the Banks' respective financial statements and certain estimates of synergies. In calculating the Exchange Ratio, the financial forecasts, estimates, pro forma effects and calculations of synergies have been reasonably prepared on a basis reflecting the best currently available estimates as to the future performance of the Banks, such pro-forma effects and such synergies. Additionally, the future financial forecasts and estimates, including synergies, referred to above will be realised in the amounts and time periods contemplated thereby. If a material variation is to take place with respect to all or any of these assumptions, this could materially affect the valuations of the Banks and the Exchange Ratio may not accurately reflect the values of the respective companies.

## **16.2 RISKS RELATING TO THE KFH SHARES**

**(a) General volatility of KFH Share price and realisation of investment**

The trading price of the KFH Shares following implementation of the Acquisition may be subject to wide fluctuations in response to a number of factors, specific to the KFH Group or otherwise, such as variation in operating results, changes in financial estimates, changes in credit ratings, recommendations by securities analysts, the operating and news reports relating to trends in the KFH Group's markets. These factors may adversely affect the trading price of the KFH Shares regardless of the KFH Group's operating performance. AUB Shareholders should be aware that the value of the KFH Shares (including the New KFH Shares) and the income from them can increase or decrease as is the case with any other investment in listed securities.

**(b) Risks relating to the trading patterns for the KFH Shares relative to historic trends**

The shareholders of KFH should be aware that the historic trading patterns of the KFH Shares are independent of, and may bear no resemblance whatsoever to, the trading patterns of the KFH Shares following implementation of the Offer.



(c) **Future sales of KFH Shares by substantial shareholders in KFH may affect the market price of the KFH Shares**

Sales, or the possibility of sales, of substantial numbers of KFH Shares owned by substantial shareholders in KFH following the Offer could have an adverse effect on the market price of the KFH Shares.

### **16.3 RISKS RELATING TO THE KFH GROUP'S BUSINESS**

(a) **The KFH Group will face significant competition in its business**

The banking sector is highly competitive. The KFH Group will face competition from various local and multinational banks and financial institutions. This may affect the KFH Group's business and results of operations. The KFH Group's financial performance is affected by general economic conditions. Risks arising from changes in credit quality and the recoverability of amounts due from borrowers and counterparties are inherent in banking businesses. Adverse changes in global economic conditions, or arising from systemic risks in the financial systems, could affect the recovery and value of the KFH Group's assets and require an increase in the KFH Group's provisions. KFH currently uses various hedging strategies to minimise risk. However, there can be no guarantee that such measures will eliminate or reduce such risks of the KFH Group.

(b) **Risks relating to the KFH Group's income and dividend paying capacity**

The KFH Group profitability may be impacted by various factors affecting its distributable reserves and consequently dividends payable to shareholders. In addition, the capacity of the KFH Group to pay dividends may also be constrained by prevailing regulatory capital requirements and capital and risk-weighted ratios imposed on the KFH Group from time to time by the CBK, non-Kuwaiti regulators or other governmental agencies, together with prevailing rating agency considerations as to the rating of the KFH Group.

(c) **Failure to attract and retain key personnel may adversely affect the KFH Group's ability to conduct its business**

The KFH Group's future success depends, in large part, upon its ability to attract and retain highly qualified professional personnel. Competition for key personnel in the various localities and business segments in which the KFH Group operates is intense. The KFH Group's ability to attract and retain key personnel, in particular senior officers, will be dependent on a number of factors, including prevailing market conditions and compensation packages offered by companies competing for the same talent. There is no guarantee that the KFH Group will have the continued service of key employees who will be relied upon to execute its business strategy and identify and pursue strategic opportunities and initiatives. In particular, the KFH Group may have to incur costs to replace senior executive officers or other key employees who leave, and the KFH Group's ability to execute its business strategy could be impaired if it is unable to replace such persons in a timely manner.

(d) **Risks related to the KFH Group's business being dependent on its information and technology systems which are subject to potential cyber-attack**

Cyber-security has become an increasingly important consideration for financial institutions. The quantity of sensitive information stored by financial institutions makes them potential targets of cyber-attacks. Risks to technology and cyber-security change rapidly and require continued focus and investment and the KFH Group will need to act accordingly and take appropriate steps on an on-going basis to combat such threats and minimise such risks. Given the increasing sophistication and scope of potential cyber-attack, it is however possible that future attacks may lead to significant breaches of

security. Failure to adequately manage cyber-security risk and continually review and update current processes in response to new threats could adversely affect the KFH Group's reputation, business, results of operations, financial condition and prospects.

**(e) Employee misconduct could harm the KFH Group and is difficult to detect**

Misconduct by employees of the KFH Group could result in binding the KFH Group to transactions that exceed authorised limits or present unacceptable risks or concealing from the KFH Group unauthorised or unsuccessful activities which, in each case, may result in unknown and unmanaged risks or losses. Employee misconduct could also involve the improper use or disclosure of confidential information which could result in regulatory and legal sanctions and significant reputational and/or financial harm and could have a material adverse effect on the KFH Group's results, operations, or financial condition. It is not always possible to deter employee misconduct, and the precautions the KFH Group takes to prevent and deter any such activity may not be effective in all cases.

**(f) The KFH Group's business entails operational risks**

The KFH Group is exposed to operational risks, which is the risk of loss resulting from inadequacy or failure of internal processes or systems or from external events. The KFH Group is susceptible to, amongst other things, fraud by employees or outsiders including unauthorised transactions, operational errors and clerical and record keeping errors resulting from faulty computer or telecommunications systems. Although the KFH Group maintains a system of controls designed to monitor and control operational risk, there is no guarantee that the KFH Group will not suffer losses from any failure of these controls to detect or contain operational risk in the future. Consequently, any inadequacy of the KFH Group's internal processes or systems in detecting or containing such risks could result in unauthorised transactions and errors, which may have a material adverse effect on the KFH Group's business, financial condition and results of operations.

**(g) Risks relating to credit**

Risks arising from adverse changes and recoverability of loans, securities and amounts due from counterparties are inherent in a wide range of the KFH Group's activities principally in its lending and investment activities. Credit risks could arise from a deterioration in the credit quality of specific borrowers, issuers and counterparties of the KFH Group, or from a general deterioration in local or global economic conditions which could affect the recoverability and value of the KFH Group's assets and require an increase in the KFH Group's provisions for the impairment of loans, securities and other credit exposures.

**(h) Liquidity risk**

Liquidity risk could arise from the inability of the KFH Group to anticipate and provide for unforeseen decreases or changes in funding sources which could have adverse consequences on the KFH Group's ability to meet its obligations when they fall due.

**(i) Risks related to failure or delay in converting the AUB business in Bahrain, Egypt, Iraq and the United Kingdom to be Sharia'a compliant**

The businesses and revenues of the KFH Group may be impacted by failure or delay in converting the AUB business in Bahrain, Egypt, Iraq and the United Kingdom to be Sharia'a compliant. This may have adverse impact on the profitability of the KFH Group.

(j) **Conversion of AUB Kuwait to a digital bank may be challenging from a regulatory perspective**

The finalization of legal set up and regulatory framework may cause issues and delays in implementing the conversion, therefore affect the synergies and cost efficiencies.

**16.4 RISKS RELATING TO THE MENA REGION, KUWAIT AND BAHRAIN**

(a) **Kuwait and Bahrain have a commodity and services economy based in the Middle East and are developing their other industries**

The majority of each of KFH and AUB's operations are in Kuwait and Bahrain and accordingly their business and results of operations are, and will continue to be, generally affected by the financial, political and general economic conditions prevailing from time to time in Kuwait and Bahrain and/or the Middle East generally.

These markets are subject to risks similar to other developed and developing markets, including in some cases significant legal, economic and political risks.

(b) **Continued instability and unrest in the MENA region may adversely affect the economies in which KFH and AUB operate**

Although both Kuwait and Bahrain have enjoyed significant economic growth in recent years, there can be no assurance that such growth or stability will continue. This is particularly so in light of significant adverse financial and economic conditions experienced worldwide commencing in early 2008. Since that time, there has been a slowdown or reversal of the high rates of growth that had been experienced by many countries within the GCC. Consequently, certain sectors of the GCC economy such as financial institutions that had benefitted from such high growth rates, have been adversely affected by the crisis.

These challenging market conditions have historically resulted in reduced liquidity, greater volatility, widening of credit spreads and lack of price transparency in credit and capital markets. The KFH Group's businesses and financial performance may be affected by the financial, political and general economic conditions prevailing from time to time in Kuwait, Bahrain and the Middle East.

(c) **Risks arising from uncertainties relating to the legal and regulatory systems in certain of the countries in which the KFH Group will operate after the Acquisition**

Some of the countries in which KFH and AUB currently operate (and where the KFH Group will operate after the Acquisition is completed) are in various stages of developing institutions and legal and regulatory systems. Some of these countries are also in the process of transitioning to a market economy and, as a result, are experiencing changes in their economies and their government policies (including, without limitation, policies relating to foreign ownership, repatriation of profits, property and contractual rights) that may affect the KFH Group's investment in those countries.

The procedural safeguards of the legal and regulatory regimes in these countries are still developing and, therefore, existing laws and regulations may be applied inconsistently. There may be ambiguities, inconsistencies and anomalies in the interpretation and enforcement of laws and regulations. All of these factors could affect the KFH Group's ability to enforce its rights under its contracts or to defend itself against claims by others.

(d) **Risks arising from unlawful or arbitrary governmental action**

Governmental authorities in many of the countries in which the KFH Group will operate may have a high degree of discretion and, at times, act selectively or arbitrarily, without hearing or prior notice, and

sometimes in a manner that is contrary to law or influenced by political or commercial considerations. Such governmental action could include, amongst other things, the withdrawal of certain exemptions and dispensations granted by various regulatory authorities in connection with the Offer, the expropriation of property without adequate compensation or limitations on repatriation of profits and/or dividends. Any such action taken could have an adverse effect on the KFH Group's business, financial condition and results of operations.

**(e) Risks associated with regulatory changes**

Each of KFH and AUB are subject to a number of prudential and regulatory controls designed to maintain the safety and soundness of banks, ensure its compliance with economic, social and other objectives and limit their exposure to risk. These regulations include Kuwaiti and Bahraini laws and regulations, as well as the laws and regulations of the other countries in which each of KFH and AUB operate (and the KFH Group will operate after the Offer takes place). Such regulations may limit the KFH Group's ability to lend to a single borrower or group of related borrowers, increase its loan/financing receivable portfolios or raise capital or may increase its cost of doing business.

Any changes in such laws and regulations and/or the manner in which they are interpreted or enforced may have a material adverse effect on the KFH Group's business, results of operations, financial condition and prospects.

**(f) Risks relating to overseas shareholders**

AUB Shareholders who are not resident in Bahrain or Kuwait or who are nationals or citizens of other jurisdictions (overseas shareholders) may face particular risks in relation to their shareholdings. For example, if KFH were in future to make an offer of its shares to existing shareholders, the ability of overseas shareholders to participate in such further offering may be affected by the laws of relevant jurisdictions as a result of KFH's inability to guarantee compliance with all necessary requirements of those jurisdictions.

## **16.5 RISKS RELATING TO THE GLOBAL ECONOMY**

**(a) Recovery from the COVID-19 impact**

The outbreak of COVID-19 on a global scale had an effect on investment sentiment and resulted in sporadic volatility in global markets. COVID-19 was first identified in Wuhan, Hubei Province, China in late 2019 and spread rapidly around the globe. This resulted in countries around the world, including Kuwait, imposing varying levels of restrictions, which aimed to reduce in-person interactions. These measures, designed to slow the spread of COVID-19, resulted in significant reductions in economic activity globally. It remains unclear how long existing restrictions will be in place, the duration of possible future restrictions and what their ultimate impact will be on global and local economies.

COVID-19 resulted in temporary closures of many businesses which led to a number of precautionary measures across the globe. The curfews and lockdown measures and slower economic activity in Kuwait, particularly during the second quarter of 2020, had a significant adverse impact on the banking sector, including on KFH. Lower transaction volumes resulted in lower fees and commission income while the impact of non-oil GDP contraction, lower oil prices and lockdown measures increased the level of uncertainty around cash flows for certain customers of KFH, which led to a significant increase in provision charges in 2020 compared to 2019.

Although the pandemic has slowed down, there remains to be a potential significant risk of future mutations of the virus that may lead to the reintroduction of precautionary measures and closures. The extent of COVID-19's impact on KFH's business, results of operations, and financial condition, as well

as its regulatory capital and liquidity ratios, is difficult to quantify, however, KFH continues to closely monitor the impact of the pandemic on the global economy, on the countries in which KFH operates, on KFH's clients and on KFH itself. The pandemic led to a number of adjustments to specific elements of KFH's operations and customer exposures including loan tenor extensions and adjustments to loan and credit card instalments. The actual impacts will depend on future events that are highly uncertain, including the extent, severity, and duration of the COVID-19 pandemic, and on the effectiveness of actions and measures taken by governments, monetary authorities, and regulators over the long term.

**(b) Russia / Ukraine War**

In February 2022, Russia launched a large-scale invasion of Ukraine. The extent and duration of the military action, resulting sanctions and future market disruptions in the region are extremely difficult to predict, but could be significant and may have a severe adverse effect on the region. Among other things, the conflict has resulted in increased volatility in the markets for certain securities and commodities, including oil and natural gas, and other sectors.

Following the invasion of Ukraine, the EU and countries like the U.S., U.K., Switzerland, Canada, Japan, Australia and some other countries and international organizations have imposed broad-ranging economic sanctions on Russia and certain Russian individuals, banking entities and corporations as a response to Russia's invasion of Ukraine. In March 2022, the U.S. announced that it would ban imports of oil, natural gas and coal from Russia. The impact of this announcement on commodities and futures prices is difficult to predict and depends on a number of factors, including whether other countries act in the same manner, but such impact could be significant.

Actual and threatened responses to Russia's invasion, as well as a rapid peaceful resolution to the conflict, may also impact the markets for certain commodities, such as oil and natural gas, and may have collateral impacts, including increased volatility, and cause disruptions to availability of certain commodities, futures prices and the supply chain globally. At this time, the situation is rapidly evolving and may evolve in a way that could have a negative impact on KFH and the banking sector as a whole in the future.

**(c) Global supply chain shortages**

COVID-19 has severely affected economies and financial markets since 2020. The introduction of lockdown measures and other restrictions internationally has caused economies around the world to contract. This resulted in a decline in trade, production capabilities and caused disruptions to supply chains. An example of the supply chain disruption is the shortage of consumer goods such as semiconductors which caused delays in the production of telephones and automobiles. Furthermore, KFH's business, operations, and cash flows may be significantly affected by any negative impact on the global economy, capital markets, or supply chain resulting from the conflict in Ukraine or any other geopolitical tensions.

## **17. ADDITIONAL INFORMATION**

### **17.1 ARRANGEMENTS**

No arrangements have been made involving rights over shares, indemnity arrangements or any other agreements or understandings relating to relevant securities which may be an inducement to deal or refrain from dealing between KFH or any person acting in concert with KFH.

Securities acquired in pursuance of this Offer shall be retained by KFH and no arrangement has been made for transfer of securities acquired through this Offer to any other person other than the transfer of 100 AUB Shares to KFH Capital in order to maintain the requirement as to minimum number of shareholders applicable to Bahraini Shareholding Companies.

No arrangement, agreement or understanding, including any compensation agreement, exists in connection with the Offer between KFH and any person acting in concert with it and the directors of AUB or AUB Shareholders.

### **17.2 SIGNIFICANT ACCOUNTING POLICIES**

All the significant accounting policies as contained in the annual report for the financial year ended 31 December 2021 have been mentioned in section 19 (*Annexures*) of this Offer Document, under the heading “*Notes to the Financial Statements*”.

### **17.3 SHAREHOLDING AND DEALINGS IN OFFEREE COMPANY**

KFH has not purchased or sold AUB Shares during the 12-month period prior to the date of this Offer Document and does not hold any AUB Shares as of the date of this Offer Document.

### **17.4 MATERIAL LITIGATION**

At the date of this Offer Document, there is no material litigation to which KFH is a party or to the best of the knowledge of KFH, to which KFH may become a party.

### **17.5 NO MATERIAL LIABILITY**

There are no material loans, mortgages, charges or guarantees other than those entered into in the normal course of business or other contingent liabilities of KFH as at the date of this Offer Document. Please refer to section 8 (*Report of the Independent Auditor on the Summary Consolidated Financial Statements of Kuwait Finance House K.S.C.P.*) for further information regarding the financial position of KFH.

### **17.6 DOCUMENTS ON DISPLAY**

As of the date of this Offer Document, the following documents (or copies thereof) may be inspected by AUB Shareholders on KFH’s website at ([www.kfh.com](http://www.kfh.com)):

- (a) the Memorandum and Articles of Association of KFH;
- (b) annual reports of KFH for the years ended 31 December 2019, 2020 and 2021;
- (c) KFH’s latest interim condensed consolidated financial statements, being for the three months ended 31 March 2022;
- (d) extract of the Board of Directors’ resolutions dated 6 July 2022 ;
- (e) the KFH general assembly resolutions of the meeting held on 25 July 2022;

- (f) notice of Firm Intention from KFH to AUB dated 25 July 2022;
- (g) written consents of the Financial Advisor, the Legal Advisor and the Receiving Agents and the Cross-Listing Agent;
- (h) the recommendation of the KFH Fatwa and Sharia'a Supervisory Board dated 28 June 2022;  
and
- (i) Implementation Agreement once signed.

## 18. KEY PARTIES

### The Offeror

بيت التمويل الكويتي  
Kuwait Finance House



AlMirqab Area, Abdulla Al-Mubarak Street, Kuwait City, Kuwait  
PO Box 24989 Safat 13110 Kuwait  
Telephone: + (965) 22445050  
Fax: + (965) 22409414

### Financial Advisor to the Offeror



Dubai International Financial Centre  
Level 7, Gate Precinct Building 5  
PO Box 506588  
Dubai, United Arab Emirates  
Telephone: +9714 376 3444  
Fax: +9714 376 3458

### Legal Advisor to the Offeror



Freshfields Bruckhaus Deringer

20<sup>th</sup> Floor, Al Fattan Currency House, Tower 2  
Dubai International Financial Centre  
PO Box 506569  
Dubai, United Arab Emirates  
Telephone: +971 4 5099 100

### Bahrain Receiving Agent



Bahrain Financial Harbour  
Harbour Gate (4<sup>th</sup> Floor)  
PO Box 3203  
Manama, Kingdom of Bahrain  
Telephone: +973 17108781

### Bahrain Receiving Agent, Bahrain Execution Advisor and Cross Listing Advisor

SICO B.S.C.(c)



BMB Building, 1<sup>st</sup> Floor  
Diplomatic Area  
PO Box 1331  
Manama, Kingdom of Bahrain  
Telephone: +973 1751 6060

### Kuwait Receiving Agent and Allotment Agent



Ahmad Al-Jabar Street  
Stock Exchange Building  
PO Box 22077  
Kuwait City, State of Kuwait  
Telephone: +965 184 11 11



**19. ANNEXURES**

**19.1 AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021**

*To be provided separately.*