



KUWAIT FINANCE HOUSE K.S.C.P.
(Incorporated in the State of Kuwait)
Commercial Registration Number 26066

NOTIFICATION OF KUWAIT FINANCE HOUSE K.S.C.P.'S REVISED FIRM INTENTION TO MAKE A 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

DISCLAIMER STATEMENT

THE CENTRAL BANK OF BAHRAIN AND BAHRAIN BOURSE ASSUME NO RESPONSIBILITY FOR THE CONTENTS OF THIS ANNOUNCEMENT, MAKE NO REPRESENTATION AS TO ITS ACCURACY OR COMPLETENESS AND EXPRESSLY DISCLAIM ANY LIABILITY WHATSOEVER FOR ANY LOSS HOWSOEVER ARISING FROM OR IN RELIANCE UPON THE WHOLE OR ANY PART OF THE CONTENTS OF THIS ANNOUNCEMENT. THIS ANNOUNCEMENT IS FOR INFORMATION PURPOSES ONLY AND DOES NOT CONSTITUTE AN INVITATION OR OFFER TO ACQUIRE, PURCHASE OR SUBSCRIBE FOR SECURITIES OF KUWAIT FINANCE HOUSE K.S.C.P.

DIRECTORS' STATEMENT

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

Important note: Pursuant to TMA-2.7.6 of the Central Bank of Bahrain (CBB) Rulebook, Volume 6, Takeovers, Mergers and Acquisitions Module (*TMA Module*), the offer document must be sent to the offeree company by or on behalf of the offeror within 21 calendar days of the date of the announcement of the terms of the offer. Capitalised terms used herein and not defined have the meaning as defined in the offer document which will be published shortly after this document (the *Offer Document*).

Date of submission of the statement of firm intention

Kuwait Finance House K.S.C.P. (the *Offeror* or *KFH*) notified the board of directors of Ahli United Bank B.S.C. (the *Offeree* or *AUB*) on 25 July 2022 after trading hours, that it has a firm intention to make a voluntary conditional offer to acquire up to 100% of the issued ordinary shares of AUB by way of a share swap, subject to the fulfillment, or waiver by KFH, of the conditions outlined below.



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

On 1 December 2021, each of KFH and AUB disclosed their board of directors' approvals to update the acquisition studies. On 6 July 2022, KFH announced that it has received a final approval from the Central Bank of Kuwait (the **CBK**) in connection with the acquisition of 100% of the issued ordinary shares of AUB. On 6 July 2022, AUB announced that its board 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 at the revised exchange ratio and authorized KFH's board of directors to proceed with the relevant procedures to effect the proposed acquisition.

Identity of the Offeror making the statement of firm intention to make an offer

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

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

KFH is licensed by the CBK as a locally incorporated bank operating as an Islamic bank providing a wide range of banking Sharia'a compliant products and services.

KFH has an authorized share capital of KWD1,348,570,712.700 and an issued and paid-up share capital of KWD928,570,712.700 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 KWD 0.100 each.

Shareholders of the Offeror

The summary of principal shareholdings in KFH is given below:

Shareholder's Name*	% owned in KFH	No. of 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	58.14%	5,398,750,199
Total	100%	9,285,707,127

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



Board of Directors and Management of the Offeror

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

Board of Directors	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
Hamad Abdellatif Al-Barjas	Director
Motlaq Mubarak Al-Sanei	Director
Salah Abdulaziz Al-Muraikhi	Director
Ahmad Meshari Al-Faris	Independent Director
Mohammed Naser Al-Fouzan	Director

The current management team of KFH is:

Management Personnel	Title
Abdulwahab Issa Al-Rushood	Acting Group Chief Executive Officer and Group Chief Treasury Officer
Shadi Ahmed Zahran	Group Chief Financial Officer
Khaled Yousif Al-Shamlan	Group Chief Retail & Private Banking Officer
Ahmed Soud AlKharji	Group Chief Corporate Banking Officer
Fahad Khaled Al-Mukhaizeem	Group Chief Strategy Officer
Gehad Mohamed El-Bendary	Group Chief Risk Officer
Zeyad Abdulla Alomar	Group Chief Human Resources Officer
Haitham Abdulaziz Alterkait	Group Chief Information Technology Officer
Abdullah Mohammed Abu Alhous	Group Chief Operations Officer



Wissam Sami El-Kari	Group Chief Internal Auditor
Dr. Khaled Mohammed Al-Jumah	General Manager Legal Group

KFH's Firm Intention to make an acquisition offer

Offeree

Ahli United Bank B.S.C.
Building 2495, Road 2832, Al Seef District 428
PO Box 2424, Manama
Kingdom of Bahrain

AUB is registered with the Ministry of Industry and Commerce in the Kingdom of Bahrain under commercial registration number 46348 as a public joint stock company whose ordinary shares are listed on the Bahrain Bourse (the **BB**) and BK.

AUB is licensed by the CBB as a locally incorporated bank operating as a conventional retail bank.

AUB has an issued and paid-up share capital of USD 2,786,982,864.500 divided into 11,147,931,458 ordinary shares with a nominal value of USD0.25 each.

Details of securities for which an offer will be made

AUB shares that comprise up to 100% of AUB's issued and paid-up share capital. That is inclusive of 11,147,931,458 AUB shares of a nominal value of USD 0.25 each and any AUB shares, whether bonus shares or pursuant to an employee share option scheme, that are issued after the date of the Offer Document, but before the Effective Date (the **AUB Shares**).

Consideration for the offer

The consideration for the offer is new shares in the Offeror at a share exchange ratio of 1 KFH share for each 2.695 AUB Shares.

The offer price (which determines the number of shares that will be issued to AUB shareholders in KFH as a result of the offer) was considered by the respective boards of directors of KFH and AUB with reference to advice and assistance from their advisers and their review of due diligence information on their respective businesses. Following such consideration, KFH's board of directors approved the new revised final share exchange ratio and AUB's 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.

Mechanism

It is envisaged that the offer will be implemented by way of a voluntary conditional offer to the shareholders of AUB by KFH to acquire up to 100% of the issued ordinary shares of AUB by way of share swap, at the exchange ratio, in line with the applicable procedures of the TMA Module.

Compulsory acquisitions (squeeze-out)

Subject to receipt of acceptances from AUB shareholders in respect of AUB shares representing no less than 90% 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 acquire the remainder of AUB shares (pursuant to Article 319 bis I of Law No. 21 of 2001 promulgating the Commercial Companies Law in the State of Bahrain (as amended), and Article TMA-3.4.4 of the TMA Module), within 3 months from the date of receipt of the Requisite Acceptances (as defined below), being the prescribed level under the Commercial Companies Law and TMA required for compulsory acquisition. AUB shareholders should note that the Requisite Acceptances shall not be deemed to have been received until the date on which the Offer is declared unconditional in all respects (and not any prior date).

It is to be noted that the acquisition of the remainder of the AUB shares is conditional on KFH receiving acceptances in respect of AUB shares representing no less than 90% of the total outstanding share capital of AUB, as detailed in the Offer Document to be circulated to AUB shareholders in accordance with the terms of the TMA Module. Upon completion of the compulsory acquisition, KFH will acquire 100% of the 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.

Offer finance sources

Excluding the impact of fractional entitlements, the consideration of the offer will be financed through an issue of up to 4,200,000,000 new shares in KFH (assuming the acquisition by KFH of 100% of AUB's share capital), which has been approved by the extra ordinary general assembly of KFH held on 25 July 2022. The final consideration number of new KFH shares will be determined and announced by KFH as part of the offer process.

Conditions to which the offer or the posting is subject

The implementation of the Offer will be subject to the fulfilment or waiver, where applicable, of the following conditions precedent. For the avoidance of doubt, the offer shall not become unconditional unless the below conditions precedent are fulfilled or, where applicable, waived 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 (*Requisite Acceptances*).
- (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 Bahrain Bourse as at the Effective Date (as such term is defined in the offer document) 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 as such term is defined in the Offer Document (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 shall not be deemed unsatisfied solely as a result of such breach).
- (f) No Material Adverse Effect (as defined below) 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).

Shareholders and/or potential investors of AUB should note that the offer shall be subject to the satisfaction or, with the exception of conditions (b) and (d) above, waiver by KFH (where applicable) of the conditions¹, 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 valid acceptances that represent at least 90% of the total outstanding share capital of AUB are not received by the Initial Offer Closing Date (as defined in the Offer Document), 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, including shareholders who accept the Offer, but excluding, where applicable, the Offeror and persons acting in concert with the Offeror shall be eligible to vote their AUB shares in such general meeting.

For the purposes of condition (f) above, **Material Adverse Effect** means any event, occurrence or change in circumstances which individually,

¹ KFH shall not waive the condition (a) unless, as at the Initial Offer Closing Date (as defined in the Offer Document) KFH has received acceptances which represent at least 50% of the total outstanding share capital of AUB.



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 or AUB (acting reasonably); and (ii) subject to the consent of the CBB.

Offeror's intention for the future of the company

Following the successful implementation of the offer and acquisition of shares, 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. AUB will continue to operate under normal course of business and maintain its operations as a wholly owned 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.

KFH's strategy for AUB post-acquisition commences with the process of converting the business of AUB in the Kingdom of Bahrain, Egypt, Iraq and the United Kingdom to Sharia'a compliant offering full range of Sharia'a compliant banking products subject to approval of CBB.

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

Details of any existing holding of AUB Shares and rights over the AUB Shares

None.

No AUB Shares have been acquired by KFH in the last 12 months.

Details of any outstanding derivative in respect of the AUB Shares entered into by KFH or any person acting in concert with it

None.

Details of any arrangement (whether by way of option, indemnity or otherwise) in relation to the KFH shares or AUB Shares which might be material to the offer

None.



Details of any relevant securities of AUB in which KFH or any person acting in concert with it has an interest or has a right to subscribe None of the KFH directors have any direct or deemed interest in the AUB Shares as of the date of this firm intention.

Details of any relevant securities of AUB which KFH or any person acting in concert with it has borrowed or lent, excluding any borrowed shares which have been either on-lent or sold None.

Details of any agreements or arrangements to which KFH is party which relate to the circumstances in which it may or may not invoke or seek to invoke a pre-condition or the consequences of its doing so, including details of any break fees payable as a result None.

Details of any arrangement for the payment of an inducement fee or similar arrangement None.

On behalf of the Board of Directors of KFH

Mr. Hamad Abdul Mohsen Al Marzouq
Chairman

