



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 FIRM INTENTION TO
MAKE A VOLUNTARY CONDITIONAL OFFER TO ACQUIRE 100% OF THE ISSUED
AND PAID UP ORDINARY SHARES OF AHLI UNITED BANK B.S.C. BY WAY OF A
SHARE SWAP

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 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.

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 5 February 2020 after trading hours, that it has a firm intention to make a voluntary conditional offer to acquire 100% of the issued and paid up ordinary shares of AUB by way of a share swap, subject to the fulfillment, or waiver by KFH, of the conditions outlined below.

Identity of the Offeror making the statement of Kuwait Finance House K.S.C.P.
PO Box 24989 Safat 13110 Kuwait



firm intention to make an offer Telephone: + (965) 22445050

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

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

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

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	24.079%	1,679,888,678
Public Authority for Minors Affairs	10.484%	731,430,456
General Secretariat of Awqaf	7.296%	509,009,141
The Public Institution for Social Security	5.91%**	412,387,713
Other Public	52.231%	3,643,773,214
Total	100%	6,976,489,202

*As at 31 December 2019, unless otherwise provided

**Indirect shareholding as at 7 January 2020

Board of Directors and Management of the Offeror KFH's Board of Directors currently comprises of ten 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	Director
Hanan Yousef Ali Yousef	Director
Barrak Ali Alsheatan	Director
Motlaq Mubarak Al-Sanei	Director
Salah Abdulaziz Al-Muraikhi	Director

The current management team of KFH is:

Management Personnel	Title
Mazin Al-Nahedh	Group Chief Executive Officer
Shadi Zahran	Group Chief Financial Officer
Waleed Mandani	Group Chief Retail and Private Banking Officer
Abdulwahab Al-Rushood	Group Chief Treasury Officer
Ahmed Al Kharji	Group Chief Corporate Banking Officer
Fahad Al-Mukhaizeem	Group Chief Strategy Officer
Gehad El-Bendary	Group Chief Risk Officer
Frederick Carstens	Group Chief Human Resources Officer
Srood Sherif	Group Chief Information Officer
Abdullah Abu Al-Hous	Group Chief Operations Officer
Wissam Sami El-Kari	Group Chief Internal Auditor
Dr Khaled Mohammed Al-Jumah	Group General



Intention to make an offer to purchase securities of Ahli United Bank B.S.C.
Building 2495, Road 2832, Al Seef District 428
PO Box 2424, Manama
Kingdom of Bahrain

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

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

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

Details of securities for which an offer will be made AUB shares that comprise 100% of AUB's issued and paid up share capital. That is inclusive of 8,774,444,281 AUB shares of a nominal value of USD0.25 each and any AUB shares that may be issued, whether as dividends shares or otherwise (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 2.325581 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 agreed between KFH and AUB following valuations and other analysis prepared by the independent international advisors, financial analysis prepared by the financial advisor, and detailed commercial negotiations between the two banks confirmed on 12 September 2019.

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 no less than 100% of the issued and paid up ordinary shares of AUB by way of share swap, at the exchange ratio, in line with the provisions of the TMA Module, and subject to approvals, exemptions and/or waivers granted or may be granted by the CBB.

Offer finance sources Excluding the impact of fractional entitlements and issuance of AUB bonus shares for the year ending 31 December 2019, the consideration of the offer will be financed through an issue of 3,773,011,682 new shares in KFH, which has been approved by the extra ordinary general assembly held on 20 January 2020. The final consideration number of new KFH shares will be determined and announced by KFH as part of the offer process.

Conditions to which the The implementation of the offer will be subject to the fulfilment or



offer or the posting is subject

waiver, where applicable, of the following conditions precedent. For the avoidance of doubt, the offer shall not become unconditional unless the below conditions precedent are fulfilled or waived by KFH:

- (a) The Offeror having received valid acceptances in respect of AUB Shares that represent at least 85% of the total issued share capital of AUB.
- (b) Following receipt of the requisite acceptances referred to in (a) above, the AUB shareholders approving, amongst other things, and subject to any legal and regulatory requirements, converting the AUB business in Bahrain to Sharia'a compliant at the AUB extra ordinary general assembly meeting by a majority vote of two thirds of the AUB Shares represented at the AUB meeting.
- (c) Receipt of all regulatory and statutory approvals, exemptions and/or waivers in connection with the offer and the acquisition of no less than 100% of the issued and paid up ordinary shares of AUB, including receipt of the Central Bank of Bahrain and Central Bank of Kuwait final approvals, exemptions and/or waivers required to implement the offer, receipt of the Kuwaiti Capital Markets Authority approval for the issuance of the new KFH shares and receipt of any other approval required from any regulatory or statutory authority as may be determined.
- (d) KFH successfully completing a cross-listing on Bahrain Bourse in line with the applicable rules and regulations of the Central Bank of Bahrain and Bahrain Bourse.

In respect of condition (b) above, the invitation to the extra ordinary general assembly meeting will be published upon declaring the offer unconditional as to acceptances in line with the provisions of the TMA Module and the Decree Law No. 21 of the year 2001 promulgating the Commercial Companies Law in the Kingdom of Bahrain, as amended from time to time.

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

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 on changing AUB's name to become "Kuwait Finance House – Bahrain", in due course. 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.

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

Except as disclosed otherwise, none of the KFH directors have any direct or deemed interest in the AUB Shares as of the date of this firm intention.

However, the table below depicts the KFH directors' share ownership in AUB as of the date of this firm intention:

KFH Board of Directors	Shares currently owned or controlled in AUB	
	Ownership %	No. of shares
Hamad Abdul Mohsen Al Marzouq	0.163	14,306,762



Abdul Aziz Yacoub Alnafisi	-	-
Fahad Ali AlGhanim	-	-
Muad Saud Al Osaimi	-	-
Khaled Salem Al Nisf	-	-
Noorur Rahman Abid	-	-
Hanan Yousef Ali Yousef	-	-
Barrak Ali Alsheatan	-	-
Motlaq Mubarak Al-Sanei	-	-
Salah Abdulaziz Al-Muraikhi	-	-
Total	0.163	14,306,762

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

