

Al Salam Bank Completes a US\$2.2bn Transaction with Ithmaar Holding to Acquire Ithmaar Bank's Consumer Banking Business and a selection of other Assets

- *Transaction to set regional benchmark for successful M&As as Al Salam Bank cements its position as Bahrain's largest Islamic bank*
- *The transition of consumer banking business from Ithmaar Bank to Al Salam Bank is earmarked to enhance customer experience as Al Salam Bank combines strength, knowledge, and expertise to create new value for retail customers*
- *A detailed integration roadmap has been created to ensure a smooth and seamless transition with no customer disruption*

Manama, Bahrain – 15 November 2022 – Al Salam Bank (Bahrain Bourse Trading Code "SALAM", Dubai Financial Market Trading Code "SALAM_BAH") recently announced that it has completed the acquisition of select assets from Ithmaar Holding B.S.C. ("Ithmaar Holding") (Bahrain Bourse and Dubai Financial Market Trading Code "ITHMR") in the Kingdom of Bahrain, including the consumer banking business of its wholly-owned subsidiary, Ithmaar Bank, in a transaction worth US\$2.2 billion.

The shareholders of Ithmaar Holding approved the transaction on 17 March 2022, and the Central Bank of Bahrain granted its final approval following the completion of the 90-day notice period in June 2022. The full transition of Ithmaar Bank's consumer banking services to Al Salam Bank is expected to be completed within 2022. All banking operations and services will continue to work as normal, and customers are not required to take any action.

Al Salam Bank continues to work closely with Ithmaar Bank to implement a phased integration roadmap which will ensure a seamless transition of products and services, with no disruption to the customers banking experience. Customers will be kept informed of any upcoming updates and a detailed acquisition process will be announced in due course. Customers can continue to use Ithmaar Bank's online and mobile banking services and will continue to have access to Ithmaar Bank branches (owned and operated by Al Salam Bank), ATMs, and the call center. The consumer banking operations will continue to operate as normal under the management of Al Salam Bank.

Commenting on the transaction, His Royal Highness Prince Amr Mohammed Al Faisal, Chairman of Ithmaar Holding, said: "Over the last 40 years, Ithmaar Holding has created substantial value for its stakeholders, and is confident that Ithmaar Bank's consumer banking customers will benefit under the management of Al Salam Bank. Following the transaction, Ithmaar Holding still retains

a well-diversified portfolio of international and local financial and other assets, which includes banking businesses both in Bahrain and in Pakistan. In Bahrain, Ithmaar Bank remains a wholly-owned subsidiary of Ithmaar Holding and continues to build on its rich heritage by embarking on a new chapter of growth with an exclusive focus on corporate banking, particularly the fast-growing Small and Medium Enterprises (SME) sector."

His Excellency Shaikh Khalid bin Mustahil Al Mashani, Chairman of Al Salam Bank, said: "We are pleased to have completed the acquisition of the consumer banking business of Ithmaar Bank, which will serve as a benchmark for successful M&A transactions and integrations. The transaction reinforces Bahrain's banking ecosystem and elevates Bahrain's status as a leading Islamic financial hub. The Kingdom provides a supportive environment that acts as a platform for financial institutions to conduct impactful M&As. We will continue leveraging this environment to nurture and grow the Al Salam Bank family, both organically and inorganically."

Al Salam Bank Group Chief Executive Officer, Rafik Nayed, added "The integration of the consumer banking business of Ithmaar Bank with Al Salam Bank will be a seamless transition and will lead to an enhanced banking experience. All customers will continue to receive the quality service they are used to but will benefit further from a combined workforce and an expanded network of branches and ATMs following the acquisition. Al Salam Bank will leverage on the team's strengths and expertise to innovate and deliver enhanced banking products and services to enrich the customer experience. We look forward to a new chapter of growth that will cement Al Salam Bank's position as Bahrain's largest Islamic bank."

The acquisition supports Al Salam Bank's growth trajectory and its efforts to grow and diversify its business lines. The bank's success is underpinned by a strategy that targets sustainable double-digit growth across all metrics and increased incomes from a diverse range of streams.

The transaction includes the acquisition of the entire consumer banking business of Ithmaar Bank. It also includes a 26.19% stake in Bank of Bahrain and Kuwait B.S.C. (Bahrain Bourse "BBK"), a 55.91% shareholding in Solidarity Group Holding B.S.C. (Closed), the owner of Solidarity Bahrain (Bahrain Bourse Trading Code "SOLID"), a 1% interest in The Benefit Company B.S.C. (Closed), and other assets including MasterCard Inc. shares and a portfolio of Sukuk and liquid assets.

Al Salam Bank was advised by KPMG Fakhro and Ernst & Young (EY) Bahrain while Trowers and Hamlins acted as legal counsel.

Please visit our website, www.alsalambank.com, to learn more and view the Frequent Asked Questions (FAQs).

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