

Clarification on Issued Article

To: Bahrain Bourse

Arab Banking Corporation (B.S.C.) would like to announce the following clarifications:

توضيح بشأن خبر صادر

السادة / بورصة البحرين

تعلن المؤسسة العربية المصرفية (ش.م.ب.) عن التوضيح المبين تفاصيله أدناه:

Date	18 July 2021	التاريخ
Company Name	Arab Banking Corporation (B.S.C)	اسم الشركة
Trading Code	ABC	رمز التداول
Subject	Confirming news article	الموضوع
Clarification	<p>Arab Banking Corporation (B.S.C.) ("Bank ABC") confirms the news article published by various media outlets on submitting a Mandatory Tender Offer ("MTO") approval request to the Financial Regulatory Authority ("FRA") in Egypt to purchase up to 100% of the issued capital of Blom Bank Egypt S.A.E. ("Blom Egypt").</p> <p>Bank ABC also confirms that the FRA approval on the MTO was received on 18th July 2021, and Bank ABC has received all other relevant regulatory approvals required to complete the acquisition of Blom Egypt. The MTO validity period commences from Sunday 25th July 2021 until Thursday 5th August 2021, inclusive.</p> <p>Completion of the acquisition will take place after the MTO validity period has expired and a number of other pre-closing actions have taken place, and a further announcement will be made at that time.</p>	التوضيح
Impact	-	الأثر المترتب

Previous relevant disclosures (if any)	Disclosed to the Bahrain Bourse on 17 January 2021	إفصاحات سابقة ذات صلة (إن وُجدت)
	<p>Bank ABC enters agreement to acquire Blom Bank Egypt</p> <p>Arab Banking Corporation (B.S.C.) (“Bank ABC”) is pleased to announce that it has entered into an agreement with Blom Bank S.A.L. (“Blom Bank Lebanon”) on Friday 15 January 2021, to acquire its 99.4% stake of Blom Bank Egypt S.A.E. (“Blom Bank Egypt”).</p> <p>Completion of the acquisition is subject to a number of conditions and approvals including regulatory approvals in Bahrain, Egypt and Lebanon. The acquisition is expected to complete in Q2 2021, and a further announcement will be made at that time.</p> <p>The proposed cash consideration to be offered by Bank ABC for 100% of Blom Bank Egypt under the acquisition is EGP 6,700 million.</p> <p>Strategic highlights</p> <p>Bank ABC undertakes a significant level of business in Egypt, which is a key strategic market for ABC, having established its presence through the acquisition of Egypt Arab African Bank in 1999. It currently operates through Bank ABC in Egypt, which is spread across 27 branches in the country. Blom Bank Egypt will contribute to upscale Bank ABC’s Egyptian footprint, which is fully aligned with Bank ABC’s strategy ‘to be MENA’s leading international bank’.</p> <p>The acquisition will contribute to:</p> <ul style="list-style-type: none"> • Reposition Bank ABC’s Egyptian franchise amongst the top 20 banks in Egypt, delivering significantly greater scale and a more efficient platform • Provide the Bank ABC Group with a highly profitable franchise with significant future growth potential in one of the most fundamentally attractive markets in MENA • Build new capabilities, particularly in Retail, Corporate and SME lending leveraging Bank ABC’s 	

	<p>strong digital and mobile banking capabilities and its Group centres of excellence</p> <ul style="list-style-type: none"> • Provide customers with an enhanced product offering, with a more capable and expansive branch network through the addition of 41 branches • Help facilitate greater international connectivity for the enhanced customer base and a stronger platform for access to Egypt for Bank ABC's broader client base <p>Status of the acquisition and next steps</p> <p>Bank ABC and Blom Bank Lebanon will commence working together to satisfy the conditions required to complete the acquisition, including obtaining the relevant regulatory approvals and will continue to carry out their activities independently in Egypt until all regulatory approvals are obtained.</p> <p>HSBC Bank Middle East is acting as the sole financial advisor to Bank ABC, with Freshfields Bruckhaus Deringer and Zulficar & Partners acting as legal advisors. Blom Bank Lebanon was advised by CI Capital, while Baker McKenzie acted as legal counsel.</p> <p>Bank ABC will make further announcements as and when material developments occur in relation to the acquisition.</p> <p>Commenting on the transaction, Dr Khaled Kawan, Group CEO of Bank ABC said, "The acquisition of Blom Bank Egypt is a unique opportunity for Bank ABC to fulfil its longstanding strategic commitment to inorganically expand its core business, giving us a significantly enhanced platform for future growth, in one of the most attractive markets in the region. We have an active relationship with our regulators and will be working to secure their approvals to complete the deal as swiftly as possible. We will then look forward to working with our new Blom Bank Egypt team to combine Bank ABC Egypt and Blom Bank Egypt thereby creating a new powerhouse in the Egyptian banking sector. We also thank the management teams of Blom Bank Lebanon, Blom Bank Egypt and their advisors for the seamless execution process that has led to this agreement."</p>	
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	<p>Mr. Saad Azhari, Chairman and General Manager of Blom Bank Lebanon, commented: "This transaction demonstrates our continuous commitment to our stakeholders and dedication to our strategy. It will allow Blom Bank Lebanon to comply with the latest regulations issued by the Central Bank of Lebanon, which stipulate that all Lebanese banks must increase their equity by 20%. I would like to take this opportunity to thank our team in Blom Bank Egypt for their dedication and perseverance that have made our operation in Egypt successful. I would also like to thank the management and transaction team at Bank ABC for their cooperation and professionalism during the entire transaction process as well as the CI Capital Investment Banking and Baker McKenzie teams for their commitment and dynamism."</p>	
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