

Al Salam Bank and Ithmaar Holding Agree a Financial Assets Acquisition Transaction

MANAMA, BAHRAIN – 27 January 2022 – Al Salam Bank ("Al Salam Bank") (Bahrain Bourse Trading Code "SALAM", Dubai Financial Market Trading Code "SALAM_BAH") and Ithmaar Holding B.S.C. ("Ithmaar Holding") (Bahrain Bourse and Dubai Financial Market Trading Code "ITHMR") have agreed the acquisition by Al Salam Bank of the consumer banking business of Ithmaar Bank, and Ithmaar Holdings' ownership stake in both Bank of Bahrain and Kuwait B.S.C (BBK) (Bahrain Bourse "BBK"), and Solidarity Group Holding, one of the largest takaful groups globally and the parent of Solidarity Bahrain (Bahrain Bourse Trading Code "SOLID"). This announcement follows the execution of a memorandum of understanding between the two entities in October 2021. The transaction remains subject to the approval of Ithmaar Holding's shareholders and the signing of definitive agreements.

Ithmaar Bank, an integral player in the development of Islamic finance in Bahrain and the wider region, will remain to be a wholly-owned subsidiary of Ithmaar Holding and will continue its journey as an innovative and agile Sharia compliant banking institution post this strategic transaction maintaining its banking operations as a licensed Islamic bank regulated by the Central Bank of Bahrain, focusing on corporate banking and related services.

Al Salam Bank has a proven track-record in the M&A space, reflected in the Bank's successful acquisition of BMI Bank and merger with Bahraini Saudi Bank (BSB) in 2014 and 2011 respectively. This transaction will position Al Salam Bank as the largest Islamic lender in Bahrain by accelerating the pace of market share acquisition in the consumer banking segment and the implementation of its strategy of expanding its core-banking operations.

The transaction is in line with CBB's objectives to develop the Islamic finance industry.

HRH Prince Amr Al Faisal, the Chairman of Ithmaar Holding said, "This transaction with Al Salam Bank is in line with Ithmaar Holding's long-standing strategy of creating value for its shareholders by delivering synergies within its portfolio holdings. Following the transaction, Ithmaar Holding will continue to hold a well-diversified portfolio of international and local financial and other assets which includes banking businesses in Bahrain and Pakistan".

H.E. Shaikh Khalid bin Mustahil Al Mashani, the Chairman of Al Salam Bank, said, "The transaction supplements the achieved organic growth during the past 3 years cementing Al Salam Bank's position as the fastest growing bank in Bahrain. The Bank has a robust track record of successfully achieving inorganic growth through targeted acquisitions of assets in line with our long-term growth strategy. The acquisition of Ithmaar Bank's consumer banking portfolio, with its rich history spanning almost four decades, will further reinforce Al Salam Bank's position as a leading financial institution in Bahrain."