

## Note to AUB Shareholders

### Legal Reorganization of Ahli United Bank B.S.C.

Ahli United Bank B.S.C. (“AUB” or “the Bank”) has achieved significant growth over the past years to become a leading regional bank covering 7 countries including Bahrain as its home base. The growth in size and range of operations achieved by the AUB Group entities over the years has necessitated a review of the current operating structure in order to further improve the Group’s performance and meet the shareholders’ expectations.

AUB currently holds a retail banking license in Bahrain and conducts both onshore (primarily comprising of Bahrain domestic business) and offshore business under the same legal entity. Furthermore, it also acts as a holding company for the Group’s strategic investments including subsidiaries and other investments. Unlike other AUB operating countries, there is currently no dedicated entity for the management and development of the Bahrain business which is subsumed under the holding structure of AUB. The Bank proposes to reorganize its legal and corporate structure in Bahrain so as to align it with the Group’s standardized country-focused operating model whereby there is a dedicated banking entity for each of the operating countries in which it has a presence.

Accordingly, the Bank is finalizing plans to establish a new banking entity under the name of “Ahli United Bank (Bahrain) B.S.C. (c)” (AUBB). The new entity, which will be 100% owned by AUB, will undertake domestic Bahrain business under a retail banking license issued by the Central Bank of Bahrain (CBB).

The plan includes the transfer of the identified domestic Bahrain business of AUB to the newly established banking entity i.e. AUBB. The business transfer process also requires the transfer of existing Bahrain branches of AUB to AUBB to enable the latter to undertake retail banking activities in Bahrain.

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After the transfer of the identified domestic Bahrain business to AUBB, the existing entity's (AUB) license in Bahrain will be changed from retail banking to wholesale banking to align it with its intended business model as an operating bank holding company. In addition to its

wholesale activities, AUB will continue to hold the Group's strategic investments including subsidiaries and other investments and to be the hub of its private banking and wealth management activities.

As the new onshore entity (AUBB) will be a 100% subsidiary of AUB, there will effectively be no change in shareholding or attributable net profit for AUB's existing shareholders on account of the proposed reorganization. Similarly, there will also not be any impact on AUB's current share listing and its shares will continue to trade on the Bahrain Bourse and Boursa Kuwait. From a client perspective, the re-organization is expected to be seamless in terms of continuing our clients' experience in terms of the people, processes and products to which they are accustomed and will focus on improving this experience in terms of service levels and quality as well as product range and focus.

The Board of Directors has reviewed in detail the proposed corporate structure reorganization and recommends its adoption by the AUB shareholders in view of its various assessed benefits expected.

The proposed reorganization remains subject to the approvals of regulatory authorities and of the presented resolutions by the AUB shareholders at the Extraordinary General Meeting on 20 December 2017.