



Publication of Khaleeji Commercial Bank B.S.C. Board Circular

Khaleeji Commercial Bank B.S.C. ("KHCB") shareholders are hereby notified that the Offeree Board Circular issued by the Board of KHCB, the Revised Offer Document issued by GFH and the Acceptance and Transfer Form ("Offer Documents") relating to the formal Voluntary Conditional Revised Offer by GFH Financial Group B.S.C. ("GFH") to acquire up to 100% of the issued and paid up ordinary shares of KHCB, representing up to 187,589,034 ordinary shares of KHCB (constituting voting rights), not currently owned by GFH, representing up to 21.03% stake of KHCB's share capital by way of revised share exchange ratio of 0.384 GFH Shares and BHD 0.024 per KHCB Share at the discretion of each KHCB Shareholder ("GFH Offer") have been posted on the websites of KHCB and Bahrain Bourse ("BHB") on 1 December 2021 (the "Posting Date").

The Offeree Board Circular contains, among other things, the following:

- I. The letter to the KHCB shareholders from the Board;
- II. The letter to the KHCB shareholders from the Independent Committee containing the Recommendation of the Independent Committee;
- III. The fairness opinion of the Professional Independent Adviser containing the advice and recommendation of the Professional Independent Adviser to the Independent Committee; and
- IV. The Shari'a Supervisory Board Fatwa issued in relation to the GFH Offer.

Terms not defined herein are defined in the Offer Documents.

DISCLAIMER STATEMENT

THE OFFER DOCUMENTS HAVE BEEN FILED WITH THE CENTRAL BANK OF BAHRAIN IN ACCORDANCE WITH THE REQUIREMENTS OF THE CENTRAL BANK OF BAHRAIN RULEBOOK VOLUME 6, TAKEOVERS, MERGERS AND ACQUISITIONS MODULE.

THE CENTRAL BANK OF BAHRAIN, THE BAHRAIN BOURSE AND THE MINISTRY OF INDUSTRY, COMMERCE AND TOURISM, IN THE KINGDOM OF BAHRAIN, ASSUME NO RESPONSIBILITY FOR THE ACCURACY AND COMPLETENESS OF THE STATEMENTS AND INFORMATION CONTAINED IN THIS ANNOUNCEMENT AND EXPRESSLY DISCLAIM ANY LIABILITY WHATSOEVER FOR ANY LOSS HOWEVER ARISING FROM THE RELIANCE UPON THE WHOLE OR ANY PART OF THE CONTENTS OF THIS ANNOUNCEMENT.

DIRECTORS' DECLARATION

THE DIRECTORS OF KHCB, ISSUING THIS ANNOUNCEMENT JOINTLY AND SEVERALLY, ACCEPT FULL RESPONSIBILITY FOR THE ACCURACY OF INFORMATION CONTAINED IN THIS ANNOUNCEMENT.

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 ANNOUNCEMENT ACCORD WITH THE TERMS OF THE OFFER RECEIVED FROM GFH AND CONTAINS NO MATERIAL OMISSIONS LIKELY TO AFFECT THE IMPORTANCE AND COMPLETENESS OF THIS ANNOUNCEMENT.

Shareholders should not rely on only this announcement but should refer to the contents of the Revised Offer Document and the Offeree Board Circular. If you are in any doubt about the contents of this announcement and the aspects of the offer, you should consult a licensed securities dealer or licensed institution in securities, a bank manager, solicitor, professional accountant or other professional advisors.

Dispatch of Offer Documents to Shareholders

The Offer Document, and any other related documents are available on the Offeree's website: www.khcbonline.com.

The Acceptance and transfer Form will be dispatched by mail to all KHCB shareholders whose names appeared in the KHCB share register at their addresses as registered in the share register pursuant to the Central Bank of Bahrain Rulebook Volume 6, Takeovers, Mergers and Acquisitions Module. The Acceptance and Transfer Forms will be available in receiving agent and participating branches on 5 December 2021.

Alternatively, any KHCB Shareholder who wishes to receive electronic copies of the Circular and revised Offer Document may email Ms. Fajer AlBusmait, Head of Compliance, at fabusmait@khcbonline.com.

Details of the Offer

Securities for which the Offer will be made

The GFH Offer is to acquire up to 100% of the issued and paid-up ordinary shares of KHCB, representing up to 187,589,034 ordinary shares of KHCB (constituting voting rights), not currently owned by GFH, representing up to 21.03% stake of KHCB's issued and Paid-up share capital by way of Revised Share Exchange Ratio of 0.384 GFH Shares and BHD 0.024 per KHCB Share at the discretion of each KHCB Shareholder.

The Offeree

KHCB is a company registered with the Ministry of Industry, Commerce and Tourism ("MOICT") under Commercial Registration number 55133 as a Public Bahraini Shareholding Company whose ordinary shares are listed on BHB.

The Offeror

GFH is a company registered with the MOICT under commercial registration number 44136 as a Public Bahraini Shareholding Company whose ordinary shares are listed on BHB.

Shareholding in Khaleeji Commercial Bank B.S.C.

During the 12-month period prior to the date of this announcement, GFH has acquired 121,726,795 KHCB shares representing 13.64% of KHCB Shares for a consideration of BHD 0.072 per KHCB Share. GFH (together with its subsidiary, KHCB Asset Company) holds 616,057,287 KHCB shares representing 69.06% of the issued and paid-up capital of KHCB as of the date of this announcement. None of the Directors of GFH have any direct or deemed interest in KHCB Shares.

Consideration of the Offer

The consideration for the Share Exchange Offer provided is the allotment of GFH shares at a Revised Share Exchange Ratio of 0.384 GFH Shares and a cash consideration of BHD 0.024 per KHCB share provided that the GFH Offer becomes unconditional after the fulfillment, or waiver by GFH (where applicable), of the Conditions Precedent detailed in section 3.6 of the GFH revised Offer Document.

KHCB shareholders are notified that GFH is an Islamic (wholesale) bank and as such, the GFH Shares offered are a Shari'a compliant investment.

Acquisition of the KHCB Shares pursuant to the GFH Offer will be settled using the treasury shares of 72,034,189 ordinary shares of GFH and cash as stated in the Revised Offer Document.

Shareholders Eligible for the Offer

KHCB shareholders whose names appear in the KHCB Share register two (2) Business Days after the Last Trading Date, i.e. 6 December 2021, being one (1) Business Day after the Suspension of Trading Date for KHCB Shares, are eligible to receive the GFH Offer.

Conditions Precedent to the Offer

In light of the Revised Offer the condition precedent of "the availability of treasury shares required for the settlement" as disclosed in the Firm Intention announcement dated 14th October 2021 and the Initial Offer Document dated 4th November 2021, has been satisfied.

The Offeror does not intend to further revise the offer.

The implementation of the Revised Offer will be subject to the fulfilment, or waiver by GFH where applicable,

of the following conditions precedent. For avoidance of doubt, the offer shall not become unconditional in all respects unless the below 3 conditions precedent are fulfilled, or waived by GFH:

1. Acceptances are received in respect of at least 168,830,131 KHCB shares representing %18.93 of the entire issued share capital of KHCB, which would result in total ownership by GFH of at least %87.98 of the total issued share capital of KHCB, represented by 784,887,418 shares of KHCB;

2. Receipt of all regulatory and statutory approvals in connection with the GFH Offer;
3. KHCB does not undertake any of the following from the date of GFH's Firm Intention to make the GFH Offer until the expiration of the Offer Period:
 - a. issue any shares and/or distribute cash dividends;
 - b. create, issue or grant, or permit the creation, issue or grant of, any convertible securities, options or warrants in respect of shares of the KHCB;
 - c. other than in the normal course of business, sell, dispose of or acquire assets without a written consent of GFH;
 - d. enter into contracts, including service contracts, otherwise than in the ordinary course of business, including contracts or actions which may give rise to any contingent liability;
 - e. cause KHCB or any subsidiary or associate of KHCB to purchase or redeem any shares in KHCB or provide financial assistance for any such purchase;
 - f. acquire any company, partnership, other business organization or division thereof, or enter into any joint venture, or strategic alliance;
 - g. enter into any commitment, agreement or arrangement for assumption of third-party financing or bank debt or any other loan or debt, nor obtain or procure any such financing for KHCB;
 - h. make any changes in the memorandum and articles of association or nature of bank licence or registered address of KHCB;
 - i. amend, waive, modify or consent to the termination of any contract or the KHCB's rights thereunder other than in the ordinary course of business consistent with past practice;
 - j. enter into any contract which is not in the ordinary course of business with any related party;
 - k. enter into any formal or informal agreement, or otherwise make a commitment to do any of the foregoing; or
 - l. carry out any actions prohibited by the Central Bank of Bahrain Rulebook Volume 6, Takeovers, Mergers and Acquisitions Module.

Offer Period and Acceptance Procedures

KHCB Shareholders willing to accept the Offer may potentially be holding the KHCB Shares in one of the following forms:

- a. shares in Demat form held in a brokerage account with a registered broker in the BHB;
- b. shares in Demat form held in the CSD of Bahrain Clear; or
- c. shares in physical form with an original share certificate only.

The GFH Offer will be open for acceptance from 6 December 2021 (the "Offer Opening Date") to the Initial Offer Closing Date, subject to extension and subject to the Final Closing Date, which is the Initial Offer Closing Date, or fifteen calendar days from the date the Offer becomes unconditional, whichever is later (the "Offer Period").

Please refer to section 4 "Procedures for accepting the Offer" of the GFH revised Offer Document for further details.

An announcement will be made by KHCB upon the fulfillment of the conditions precedent to the GFH Offer.

In the event that the conditions precedent to the GFH Offer are not fulfilled, then the rejection of the GFH Offer will be communicated to the KHCB shareholders.

All announcements will be made in local newspapers in the Kingdom of Bahrain, and through the BHB and will be available on the website of KHCB and BHB.

In the event that the GFH Offer is declared unconditional in all respects, the offer will remain open for acceptance by shareholders of KHCB for a further 15 calendar days from the date of such declaration.

Suspension of Trading

Trading in KHCB shares will be suspended on the BHB from 5 December 2021, being one (1) business day before the Offer Opening Date and will remain suspended until one (1) Business Day after the Offer Settlement Date.

Settlement

For those KHCB shareholders accepting the Offer, settlement of the cash element will be made on the Settlement Date by bank transfer on BHD from GFH's account to KHCB Shareholder's account shown in the Acceptance and Transfer Form, unless:

- a) KHCB Shareholder does not provide adequate information about his account in order to do the transfer (such as not providing the IBAN) or the account number, or
- b) KHCB Shareholder has chosen to receive the cash element by way of a manager's cheque in the Acceptance and Transfer Form.

If a KHCB shareholder did not provide adequate information about the account in order to do this transfer (such as not providing the IBAN) or the account number, or has chosen to receive the cash element by way of a manager's cheque in the Acceptance and Transfer Form, a manager's cheque will be issued for the cash settlement which will be available for pick up at KHCB's Head Quarter at Bahrain Financial Harbour, during normal working hours from the Settlement Date for a period of six (6) months.

No other payment method will be used, and accordingly KHCB Shareholders shall bear all fees such as bank transfer charges, administrative charges, collection charges, foreign currency charges, cheque issuance charges and settlement charges.

For those KHCB shareholders accepting the Offer, settlement will be made by exchanging the GFH shares in electronic form, for KHCB shares as per the prescribed share exchange ratio. Such exchange shall be effected on the Settlement Date.

KHCB shareholders who have accepted the Offer will be notified of their allotment by an allotment notice, upon which the KHCB shares held by them will be transferred to GFH and the GFH shares credited to their account with the BHB (provided that the GFH Offer becomes unconditional after the fulfilment, or waiver by GFH (where applicable), of the Conditions Precedent).

Further details are included in the Offer Documents that have been sent to the shareholders of KHCB pursuant to the Central Bank of Bahrain Rulebook Volume 6, Takeovers, Mergers and Acquisitions Module.

Key Dates

Revised Offer Documents Posting Date	1 December 2021
Last Trading Date	2 December 2021
Suspension of Trading Date for KHCB shares	5 December 2021
Offer Opening Date	6 December 2021
Initial Offer Closing Date*	20 December 2021
Final Offer Closing Date*	To be announced
Right to Withdraw Date	To be announced
Last date upon which the Offer can be declared unconditional as to Acceptance	3 January 2022
Announcement of the Results of the Offer Date*	To be announced
Settlement Date*	To be announced

*These dates are subject to changes and depend on the date of declaration of the GFH Offer having become unconditional. Announcements will be made in accordance with the CBB regulations to KHCB Shareholders, as applicable.

Key Parties

The Offeree
Khaleeji Commercial Bank B.S.C.
P.O. Box 60002 Bahrain Financial Harbour, East Tower,
Manama - Kingdom of Bahrain
Tel: (973) 17540054
Fax: (973) 1710 0017

Share Registrar
Bahrain Clear B.S.C.
4th Floor, Harbour Gate, Bahrain Financial Harbour,
Manama, Kingdom of Bahrain
Tel: (973) 17108781

Receiving Agent
KFin Technologies (Bahrain) W.L.L.
Office No. 74, 7th Floor,
Zamil Tower, Building 31, Road 383, Block 305, P.O. Box 514,
Manama, Kingdom of Bahrain
Tel: (973) 17215080
Fax: (973) 17212055

The Offeror
GFH Financial Group B.S.C.
P.O. Box 10006, 29th Floor
Bahrain Financial Harbour, East Tower, Road 4626, Block 346,
Manama, Sea Front
Kingdom of Bahrain
Tel: (973) 17538538 Ext. 550
Fax: (973) 17540006

Legal Advisor to the Offeree
Zu'bi & Partners Attorneys & Legal Consultants
GBCORP Tower, 16th Floor
Building 1411, Road 4626,
Block 346, Bahrain Financial Harbour District, P.O. Box 2397
Manama, Kingdom of Bahrain
Tel: (973) 17538600
Fax: (973) 17532342

Professional Independent Advisor to the Offeree
BDO Consulting W.L.L.
Diplomatic Commercial Office Tower – 17th Floor
P.O. Box 787
Manama, Kingdom of Bahrain
Tel: (973) 17 530077
Fax: (973): 17919091