Al Salam Bank's US$2.2bn bid to acquire Ithmaar Bank consumer banking division approved by Ithmaar Holding shareholders

Landmark transaction is critical step in Al Salam Bank's growth journey and will result in a stronger industry positioning for Bahrain's largest Islamic bank

MANAMA, BAHRAIN – 21 March 2022 – Al Salam Bank (Bahrain Bourse Trading Code "SALAM", Dubai Financial Market Trading Code "SALAM_BAH") announced that the acquisition of Ithmaar Bank's consumer banking division and a number of other assets in a transaction worth US$2.2 billion received the shareholders' approval of Ithmaar Holding B.S.C. ("Ithmaar Holding") (Bahrain Bourse and Dubai Financial Market Trading Code "ITHMR") at an EGM on Thursday, 17 March 2022. The approval follows a memorandum of understanding in October 2021 and the agreement to proceed with the transaction in January 2022.

"This transaction is a significant step in our continued journey towards achieving our long-term growth strategy," said H.E. Shaikh Khalid bin Mustahil Al Mashani, Chairman of Al Salam Bank. "Al Salam Bank continues to build on its robust track-record by executing numerous organic and inorganic growth initiatives cementing Al Salam Bank's position as the fastest growing bank in the Kingdom of Bahrain.

"With significant potential for shared synergies, the acquisition of Ithmaar Bank's consumer banking portfolio, with its rich history spanning almost four decades, will lead to significant growth for Al Salam Bank and will further reinforce Bahrain's position as a leading Islamic Banking hub."

The transaction, which is subject to regulatory approvals and definitive agreements, entails the sale and transfer of: the entire consumer banking business of Ithmaar Bank, a 26.19% stake in Bank of Bahrain and Kuwait B.S.C. (BBKB.BH), a 55.91% shareholding in Solidarity Group Holding B.S.C. (Closed), a 1% interest in The Benefit Company B.S.C., and other assets including MasterCard Inc. shares and portfolio of Sukuk and liquid assets.

The acquisition will boost Al Salam Bank's industry positioning as the largest Islamic bank in Bahrain and one of the leading banks in the Kingdom. It is expected that the acquisition will emerge as a benchmark for successful M&A's locally and regionally.

Rafik Nayed, Group CEO of Al Salam Bank said, "The transaction will positively impact our clients. We will leverage a stronger value proposition to better serve client needs and elevate their banking experience in line with our brand promise. We plan to capitalise on our expanded resources and infrastructure to deliver an enhanced product and service offering."

With its proven track-record in mergers and acquisitions, reflected in its successful acquisition of BMI Bank in 2014 and merger with Bahraini Saudi Bank (BSB) in 2011, this landmark transaction will reinforce Al Salam Bank's position as a leading financial institution in the region, effectively expanding its core-banking operations and accelerating market share acquisition in the consumer banking segment. By accelerating its pace in capturing value through the added benefit of a combined customer base, this transaction is designed to continue the resilient and sustainable growth trajectory of Al Salam Bank.

The transaction will significantly contribute to the Kingdom's vision of strengthening its financial sector, complementing national efforts to reinforce the Kingdom's position as a key regional Islamic banking hub.

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