

## **MetLife AIG ANB Cooperative Insurance Company announces a binding Merger Agreement with Walaa Cooperative Insurance Company**

### **Introduction**

Further to the announcement dated 15/10/1440H (corresponding to 18 June 2019G) regarding the signing of a non-binding memorandum of understanding with Walaa Cooperative Insurance Company ("**Walaa**") to assess the feasibility of a potential merger between the two companies, MetLife AIG ANB Cooperative Insurance Company ("**MetLife AIG ANB**") announces that it has signed a binding merger agreement with Walaa on 30 /1/1440 H (corresponding to 29/09/2019G) ("**Agreement**" and/or "**Merger Agreement**"). Whereas, the Board of Directors of MetLife AIG ANB and the Board of Directors of Walaa have reached an agreement regarding the terms under which Walaa proposed to acquire all the shares issued by MetLife AIG ANB by exchanging securities and without paying any cash payment to the shareholders of MetLife AIG ANB (the "**Merger**"). This is in accordance with the Companies Law issued by the Ministry of Commerce and Investment and the regulations of the Capital Market Authority of the Kingdom of Saudi Arabia (the "**CMA**"), including the Mergers and Acquisitions Regulations, the Rules for the Offering of Securities and Continuous Obligations, the Listing Rules issued by the Saudi Stock Exchange ("**Tadawul**") and the relevant regulations of the Saudi Arabian Monetary Authority ("**SAMA**").

Upon completion of the Merger, MetLife AIG ANB's assets and liabilities will be transferred to Walaa. Walaa has been notified by the Board of Directors of MetLife AIG ANB that if the terms of the Merger Agreement and the Offer Document comply with the terms of the Merger set out in this announcement, they intend to recommend that MetLife AIG ANB shareholders vote in favor of the proposed decisions to approve the Merger within the MetLife AIG ANB Extraordinary General Meeting and the opinion of MetLife AIG ANB's Board of Directors on the Merger will be included in the announcement of the Extraordinary General Meeting of the shareholders of MetLife AIG ANB related to the Merger. Walaa announces its firm intention to continue the Merger in accordance with Article 17 of the Mergers and Acquisitions Regulations.

On the basis of the Merger Agreement and if the Merger is approved by all relevant government entities and by the Extraordinary General Assembly of both companies, Walaa will issue 11,839,706 new ordinary shares with a nominal value of SAR 10 per share (the "**New shares**") for the purchase of all shares issued in MetLife AG ANB with a total nominal value of SAR 118,397,060, i.e. one share will be issued in Walaa for every (1.52038021162010) shares owned by MetLife AG ANB (the "**Exchange Ratio**")."

Upon completion of the Merger, MetLife AIG ANB's shareholders will own 18.32% of the merged entity's capital after the Merger is complete and Walaa's current shareholders will own 81.68% of the merged entity's capital after the Merger is complete.

The date of the Extraordinary General Assembly of both companies will be determined after the completion of the procedures for preparing and publishing the offer document and circulating the shareholders' circular and obtaining the required approvals from the CMA and other relevant government agencies, and these documents will include all the information related to the Merger and the issuance of the new shares for MetLife AIG ANB's shareholders and the risks involved.

After the publication of the Extraordinary General Assembly resolutions of the two companies approving the Merger, a period of thirty (30) days (the "**Creditors Objection Period**") must be extended so that any creditors of MetLife AIG ANB will be allowed to make any objections they

may have to the Merger, knowing that the two companies will only become a single company after the Merger is complete and after the Creditors' Objection Period, which will begin after the publication of the Extraordinary General Assembly of MetLife AIG ANB, to approve the Merger.

The Merger also requires the approval from SAMA, the CMA, the General Authority for Competition and Tadawul. The two companies expect to be able to meet all the requirements for regulatory approvals for the Merger.

After obtaining the necessary regulatory approvals, Walaa will publish the Shareholders' Circular which will be directed to Walaa's shareholders for the purpose of approving the capital increase for the Merger. This circular will include all the details of the Merger. Walaa will also publish the Offer Document, which will be addressed to the shareholders of MetLife AIG ANB. MetLife AIG ANB will publish the Board Circular, which will be directed to the shareholders of MetLife AIG ANB, which will mainly include the opinion of MetLife AIG ANB's Board regarding the Merger. These documents will contain all information related to the Merger and will be published later after obtaining the relevant regulatory approvals. The shareholders of MetLife AIG ANB should rely solely on the information contained in the above-mentioned documents when deciding on the Merger at the extraordinary general meeting.

### **The Merger**

Under the terms of the Merger, Walaa offers to acquire 100% of the issued and paid-up share capital of MetLife AIG ANB in accordance with the terms and conditions of the Merger set out below and based on the following:

- For every 1.520308021162010 shares held in MetLife AIG ANB, one (1) new share in Walaa is issued.

Accordingly, if the Merger is complete, the total number of shares Walaa will issue to MetLife AIG ANB shareholders under the Merger is 11,839,706 new shares (the "**New Shares**") of Walaa shares representing 18.32% of the total share capital of the merged entity after the addition, which will increase to 64,639,706 shares with a total value of SAR 646,397,060.

If the Merger is approved by the shareholders of MetLife AIG ANB during the Extraordinary General Assembly Meeting of MetLife AIG ANB, after the Merger has been approved by the shareholders of Walaa at the Extraordinary General Meeting of Walaa, the listing of MetLife AIG ANB shares in Tadawul will be canceled. However, MetLife AIG ANB will continue to exist as a wholly owned subsidiary of Walaa until it is removed from the Commercial Register in accordance with the provisions of the Companies Law.

After the expiration of the Creditors' Objection Period which is 30-days from the date of the publication of the resolutions of the Extraordinary General Meeting of both companies approving the Merger, in the event that the Merger is approved by the shareholders of MetLife AIG ANB, all the shareholders of MetLife AIG ANB, including those who did not vote on the proposed decisions to approve the transaction, or who voted against it, will receive new shares in Walaa equal to 18.32% of the total share capital of Walaa, which will be worth SAR 646,397,060. (This will consist of the current issued share capital of Walaa issued in the amount of 52,800,000 shares in addition to the number of 11,839,706 new shares with a par value of SAR 10 per share which will be issued to the shareholders of MetLife AIG ANB, if they approve the Merger).

### **Financing of the Merger**

If the Merger is approved by the shareholders of Walaa and MetLife AIG ANB shareholders during the Extraordinary General Meeting meetings held in this regard for both companies, Walaa will pay for the Merger by issuing 11,839,706 new shares at a par value of SAR 10 for MetLife AIG ANB shareholders, through the issuance of new shares. The new shares will be of equal value and rating in all respects with existing Walaa shares.

Walaa will not need to pay any cash in favor of the shareholders of MetLife AIG ANB or obtain any external financing to execute this Merger.

### **Terms Related to the Merger and Regulatory Approvals**

The Merger is subject to regulatory approvals from government bodies, as follows:

- 1) SAMA approval of the Merger.
- 2) The CMA approval of the request to increase the capital of Walaa by issuing new shares to the shareholders of MetLife AIG ANB for the purpose of executing the Merger, including approval of the publication of the offer document and the Shareholders' circular, in accordance with the provisions of the Merger and Acquisition Regulations and the Regulations for the Offering of Securities and Continuing Obligations issued by the CMA..
- 3) The approval or non-objection of the General Authority for Competition on the Merger.
- 4) Tadawul approval of the application for listing new shares for Walaa.

In addition to the above, the Merger requires obtaining approvals by the Extraordinary General Assemblies of both Walaa and MetLife AIG ANB as per the following:

1. Approval by the required majority of shareholders of Walaa to proceed with the Merger and approval on the other related decisions, which will be mentioned in the agenda of the invitation to convene the Extraordinary General Assembly of Walaa.
2. Approval by the required majority of shareholders on MetLife AIG ANB to proceed with the Merger and approval on other related decisions, which will be mentioned in the agenda of the invitation to convene the Extraordinary General Assembly of MetLife AIG ANB.

The date of the Extraordinary General Assembly of both companies will be determined after the completion of the procedures for preparing and publishing the offer document and circulating the shareholders' circular and obtaining the required approvals from the CMA and other relevant government agencies, and these documents will include all the information related to the Merger and the issuance of the new shares for MetLife AIG ANB's shareholders and the risks involved.

After the publication of the Extraordinary General Assembly resolutions of the two companies approving the Merger, a period of thirty (30) days (the "**Creditors Objection Period**") must be extended so that any creditors of MetLife AIG ANB will be allowed to make any objections they may have to the Merger, knowing that the two companies will only become a single company after the Merger is complete and after the Creditors' Objection Period, which will begin after the publication of the Extraordinary General Assembly of MetLife AIG ANB, to approve the Merger.

## **MetLife AIG ANB Approvals on the Merger**

To enable Walaa to acquire all of the issued shares of MetLife AIG ANB and complete the Merger, the shareholders of MetLife AIG ANB should vote in favor of the Merger.

Based on the provisions of Article (26) of the Mergers and Acquisitions Regulations, the decisions of MetLife AIG ANB shall be approved by the shareholders of MetLife AIG ANB who represent at least 75% of the shares represented at the Extraordinary General Meeting of MetLife AIG ANB. In the event that the shareholders of MetLife AIG ANB approve the Merger, this approval is binding on all MetLife AIG ANB shareholders, whether they attended the MetLife AIG ANB Extraordinary General Meeting and whether they voted for or against the Merger, or if they did not vote on it (including remote voting).

## **The Merger Agreement**

The Board of Directors of Walaa and the Board of Directors of MetLife AIG ANB have agreed to conclude a Merger Agreement setting out the terms under which both companies intend to complete the Merger. Full details of the terms and conditions of the Merger Agreement will be included in the circular of the Board of Directors of MetLife AIG ANB.

## **Additional Information**

Walaa has not received any commitments from any of the shareholders of MetLife AIG ANB stating that they intend to vote for Walaa's decisions at the Extraordinary General Meeting of MetLife AIG ANB.

No arrangements have been made for the payment of compensation related to MetLife AIG ANB shares by Walaa, MetLife AIG ANB, or any other person acting in agreement with Walaa or MetLife AIG ANB. There are no special arrangements in relation to the shares of MetLife AIG ANB from Walaa, MetLife AIG ANB, or any other person acting in agreement with Walaa or MetLife AIG ANB.

Neither Walaa nor any person acting in agreement with it has made any obligation or agreement involving a compensation or option arrangement (formally or informally) that would be an incentive for any person to hold, deal or refrain from trading in the shares of MetLife AIG ANB.

## **Termination Scenarios and Related Indemnity Arrangements**

It was agreed in the Merger Agreement to set a break-up fee indemnity amounting to SAR 3,000,000 (Three Million Saudi Riyals) which represents a pre-agreed estimate of the fees and costs of financial, legal, actuarial consultancy and other expenses incurred by both companies to complete the Merger. The break-up fee shall be paid by one of the two companies to the other in any of the following termination scenarios:

1. If the Board of Directors of any of the two companies fails to recommend the Merger to its shareholder, or if the Board of Directors of any of the companies withdraws or materially modifies its recommendation to proceed with the Merger as reflected in the offer document.
2. If any of the companies fails to take all steps within its power which are appropriate and necessary to implement the Merger by no later than the longstop date which has been

agreed in the Merger Agreement to be on 30 June 2020G, except for the steps that either company has expressly agreed in writing or stated in writing that the other company need not to take.

3. In the event where one of the two companies is found to be in breach of its obligation to refrain from taking any action to encourage, initiate or solicit discussions or negotiations with any other company or party concerning any similar merger, amalgamation, or other similar transaction or otherwise has taken any action whatsoever which would prejudice the ability of the parties to consummate the Merger, and which has resulted in the withdrawal or termination of the Walaa offer or the Merger Agreement.
4. In the event of occurrence of any material adverse change in any of the two companies (any circumstances or events or series of events or circumstances resulting in the decrease of 15% or more in the net book value of any such company) and the two companies have failed to reach an agreement to proceed with the Merger or an adjustment of the Exchange Ratio.
5. In the event where the Board of Directors of MetLife AIG ANB takes any of the following frustrating actions in breach of paragraph (a) of Article 36 of the Merger and Acquisition Regulations during the offer period and without the approval of the shareholders' general assembly of MetLife AIG ANB:
  - Issuance of any undisclosed unissued shares;
  - Issuance or granting rights in respect of unissued shares;
  - Creating or issuing, or permitting the creation or issuance of, any convertible securities into shares or subscription for shares;
  - Selling, disposing of or acquiring, or agreeing to sell, disposing of or acquiring, assets of a value equal to 10% of the net assets of MetLife AIG ANB according to the latest reviewed interim financial statements or audited annual financial statements, whichever is later, whether through a transaction or various transactions;
  - Buying-back of the shares of MetLife AIG ANB; or
  - Entering into contracts otherwise than in the ordinary course of business.
6. In the event where MetLife AIG ANB fails to comply with its obligation to pay its due debts or provide sufficient guarantees for its deferred debts to any of its creditors who object to the Merger within the thirty (30) days creditors objection period provided for in Article 193 of the Companies Law.
7. In the event of occurrence of one or more breach(es) of the warranties given by each company to the other and detailed in the Merger Agreement based on information disclosed by the two companies in the context of the Merger, provided that the value or financial impact of such one or more breach(es) of the warranties is not less than SAR

4,000,000 (provided each breach is not less than SAR 500,000), and that the two companies have failed to agree on an adjustment of the Exchange Ratio in order to proceed with the Merger after negotiation.

### **Important Information**

This announcement does not constitute an offer, an invitation to buy or subscribe to any securities.

This announcement may not be published in any jurisdiction other than the Kingdom of Saudi Arabia. The shareholders of Walaa and MetLife AIG ANB who reside outside the Kingdom of Saudi Arabia shall do their utmost to attend the Extraordinary General Meeting of MetLife AIG ANB and Walaa, vote remotely, or appoint an agent to attend the Extraordinary General Meeting and vote on behalf of them.

This announcement or any part thereof may not be published or distributed in or from any jurisdiction other than the Kingdom of Saudi Arabia.

This announcement is not intended and does not form part of any offer, invitation or promotion of an offer to buy, acquire, subscribe, sell, or dispose of any securities under this Merger, this announcement or otherwise. Walaa's offer document will be published to the shareholders of MetLife AIG ANB which will include all terms and conditions related to the Merger.

Saudi Kuwait Finance House ("**SKFH**"), operating in accordance with the regulations of the Kingdom of Saudi Arabia and licensed by the CMA, is the exclusive financial advisor to MetLife AIG ANB in connection with the Merger, and does not work for any other party in connection with the Merger and shall not be liable for the protection obtained by SKFH customers, or for providing advice regarding the Merger, or any other order or arrangement referred to in this announcement to any party other than MetLife AIG ANB.

It should be noted that this announcement may not be considered as a public offering of shares, including the shares of the merged entity to be issued for the purpose of the Merger. This announcement may not be considered as a shareholders' circular or a prospectus.

### **Profits Forecasts**

None of the information contained in this announcement may be regarded as future earnings expectations, nor should it be considered as a confirmation that the earnings per share of Walaa and MetLife AIG ANB will be equal to or greater than the earnings per share in the previous financial periods.

### **Forward-Looking Statements**

This announcement, the information contained therein, statements relating to the Merger and any other information posted by Walaa or MetLife AIG ANB may be considered "future statements". With the exception of statements that are based on historical facts, all other statements may be considered future statements and are therefore potentially inherent information, not based on historical facts but on assumptions, expectations, evaluations, objectives, estimates and predictions from Walaa and MetLife AIG ANB regarding future events and are therefore subject to risks and fluctuations, which may result in actual results, performance or events being significantly different from what was expressly or implicitly anticipated in such future statements. Future statements in this announcement relate, inter alia, to the expected impact of the Merger

Agreement on MetLife AIG ANB and Walaa, the expected timeline and scope of the Merger Agreement. As well as other statements not related to historical facts. These future statements can generally be identified by the use of future keywords such as "plan", "estimate", "expect", "see", "predict", "intend", "may", "will", "should", "expected", "likely" and "will" or negations of these or other vocabulary close or similar in meaning. Although Walaa and MetLife AIG ANB believe that the future statements contained in this announcement are reasonable, they cannot provide assurances that these expectations will be met in the form contained in this announcement, as the nature of future expectations is usually subject to fluctuations and risks (known or unknown, expected or unexpected). There are also a number of factors that may affect the future operations of Walaa, MetLife AIG ANB or the merger entity, which in turn may cause actual results and developments to differ significantly from what was expressly or implicitly expected in these future statements. These factors are the ability of the two companies to meet the terms of the Merger Agreement (or assign the Merger Agreement, where permitted), among other factors, including: global and local economic situation, asset prices, market risks such as fluctuations in interest rates and exchange rates, market trends, competition, changes in regulations and laws and changes in government and/or regulatory policies and procedures (including changes in capital and tax requirements), changes in political and economic stability, disruption of business operations due to reorganization activities, interest rate, inflation, deflation, currency fluctuations, and other uncertainties in future acquisitions, sales or offers, and the inability of Walaa to effectively benefit from the expected merger benefits when implementing the Merger (including changes in the composition of the Board of Directors and/or employees of Walaa), inability of Walaa to successfully integrate MetLife AIG ANB's operations and programs upon implementation of the Merger, Walaa incurring costs and/or unexpected delays (including failure of IT systems, cybercrime and fraud), or difficulties related to the Merger when the Merger is complete.

Other unknown or unpredictable factors may affect future operations and/or cause actual results to differ significantly from what was expected in future statements and should therefore be interpreted in the light of these factors. All future statements apply only as of the date of this announcement. Neither Walaa, MetLife AIG ANB or any of its affiliates, directors, employees or advisors make any representations, assurances, representations or warranties regarding the occurrence of any actual or implied expectation in future representations.

All future representations contained in this announcement have been made with reservation, as set out in the warning statements contained in or referred to in this paragraph. Readers should not rely heavily on future statements. Neither Walaa nor MetLife AIG ANB shall be deemed to be subject to any obligations, and each will discharge itself of any intention or obligation to update or revise any future statements, whether as a result of new information, future events or otherwise, unless such update or review is required based on their legal or regulatory obligations.

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