

**THIS LETTER IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.**

**If you are in any doubt about the Offer, the contents of this Letter or what action you should take, you are recommended to seek your own personal financial advice immediately from your stockbroker, bank manager, solicitor, accountant or other independent financial adviser duly authorised under the Financial Services and Markets Act 2000 (as amended) if you are resident in the United Kingdom, or, if not, from another appropriately authorised independent financial adviser in the relevant jurisdiction.**

This letter ("**Letter**") should be read in conjunction with the offer document sent to BLME Shareholders dated 20 December 2019, (the "**Offer Document**"). The Offer Document can be viewed on the BLME investor relations website at <https://www.blme.com/about-us/investors/recommended-cash-offer-for-blme-holdings-plc/> along with a copy of this Letter. Words and expressions defined in the Offer Document have the same meaning in this Letter unless the context requires otherwise. Key terms used in this Letter and the accompanying documents are explained in Appendix 3 of this Letter.



24 January 2020

To: Holders of options (the "**Optionholders**") under the 2013 BLME Holdings plc Unapproved Share Option Plan (the "**USOP**").

Dear Optionholder

**Recommended cash offer for BLME Holdings plc ("BLME") by Boubyan Bank K.S.C.P ("Boubyan Bank")**

On 5 December 2019, Boubyan Bank and BLME announced that they had agreed the terms of a recommended all cash offer by Boubyan Bank for the entire issued and to be issued ordinary share capital of BLME (other than the BLME Shares already held by Boubyan Bank (or its associates) and treasury shares) (the "**Offer**").

This Letter explains the effect of the Offer on the options granted to you under the USOP (the "**Options**"), the proposal being made to you by Boubyan Bank in relation to your Options and the courses of action available to you. The proposal is that you exercise your Options and accept the Offer in respect of the resulting BLME Shares (the "**Proposal**"). Further details are contained in Q&A 10 below. You can also find additional information regarding the Offer in the Offer Document.

**If you wish to accept the Proposal in respect of your Options as set out in this Letter, it is important that you fill in and sign the enclosed Form of Instruction and return it to the HR Department at BLME by email to the following address: [HR@blme.com](mailto:HR@blme.com) to be received as soon as possible and in any event not later than 12 noon UK time on 14 February 2020. Please then send the original signed Form of Instruction to: The HR Department, BLME, Cannon Place, 78 Cannon Street, London, EC4N 6HL.**

## **INTRODUCTION**

### **1. Why am I being contacted now?**

You are being contacted now because you will need to decide whether to accept the Offer in respect of any BLME Shares acquired by you if you decide to exercise your Options.

### **2. Who is Boubyan Bank?**

Boubyan Bank is an Islamic bank established in the state of Kuwait. Boubyan Bank provides a range of Sharia compliant financial services, including personal banking, private banking and business banking to retail and corporate customers. Boubyan Bank is the Islamic banking subsidiary of the National Bank of Kuwait S.A.K. Boubyan Bank is the fifth largest bank and the second largest Islamic bank in Kuwait, in terms of total assets, and is one of the fastest growing banks in Kuwait.

## **THE OFFER**

### **3. How does the Offer work?**

The purpose of the Offer is to enable Boubyan Bank to become the owner of the entire issued and to be issued share capital of BLME (or such lesser percentage as Boubyan Bank may be permitted to acquire within the terms of the Offer, the Code and the TKO). A key condition of the Offer is that Boubyan Bank owns (or will own pursuant to BLME Shareholders accepting the Offer) 75 per cent or more (or such lower amount, which must be more than 50 per cent, as Boubyan Bank may elect) of the voting rights in BLME (the "**Acceptance Condition**").

The first closing date for the Acceptance Condition to be met will be 27 January 2020 (the "**First Closing Date**"). The Acceptance Condition could be met on the First Closing Date and, as the other conditions have already been satisfied, the Offer could become unconditional in all respects on the First Closing Date. If this occurs, any BLME Shares which have been accepted into the Offer will be acquired by Boubyan Bank (the "**Acquisition**").

The Offer, the Acceptance Condition and other Offer conditions are described in more detail in the Offer Document (including on page 19 of the Offer Document) which you can view on the BLME investor relations website.

### **4. What can BLME Shareholders receive under the Offer?**

Under the terms of the Offer, BLME Shareholders will be entitled to receive, for each BLME Share held:

**US\$1.05 in cash (the "BLME Offer Price")**

Please refer to page 2 of the Offer Document for further information.

### **5. Will the Acquisition definitely go ahead?**

It is expected that the Acquisition will go ahead on the First Closing Date when the Acceptance Condition is expected to be satisfied (see Q&A 3). If the Acceptance Condition is not satisfied on or before the date when the Offer lapses, the Acquisition will not go ahead.

### **6. What if the Acquisition does not go ahead?**

If the Offer does not become or is not declared unconditional in all respects, the Acquisition will not

go ahead, the Proposal will not apply and your Options will continue unaffected.

## **YOUR OPTIONS**

### **7. What are my Options?**

Your Options consist of a right to acquire a certain number of BLME Shares at an exercise price per BLME Share (the "**Exercise Price**") granted to you under the USOP.

Your Options are subject to the USOP Rules and the terms set out in the Option documentation provided to you when your Options were granted.

Details of your outstanding Options (including the Exercise Price) which are already vested or which will vest and become exercisable once the Offer becomes or is declared unconditional in all respects, are set out in the enclosed Form of Instruction (other than your Underwater Options, see Q&A 9 below).

### **8. What is the impact of the Offer on my Options?**

Your Options will become exercisable (to the extent not already exercisable) as a consequence of the Acquisition. This is earlier than would ordinarily be the case as Options normally become exercisable on or after the end of the three year period following the date that the Options were granted to you.

Your Options will remain exercisable for six months from the date the Offer becomes or is declared unconditional in all respects (the "**Acquisition Date**"), unless this period is shortened in accordance with the USOP Rules if Boubyan Bank becomes entitled to compulsorily acquire all BLME Shares under the terms set out in the Offer Document. If this happens, and you have not yet exercised your Options, you will be notified as soon as possible. **Your Options will lapse to the extent not exercised by the relevant deadline.**

Your Options are subject to Performance Conditions which affect the number of BLME Shares in respect of which your Options will vest. BLME's Remuneration Committee has determined that the Performance Conditions have been satisfied in full in the context of the Acquisition. Therefore, your Options will vest in full with effect from the Acquisition Date.

### **9. What approach will be taken in relation to any Underwater Options?**

If you are a long-serving member of staff, you may hold Options where the Exercise Price of your Options is higher than the BLME Offer Price (the "**Underwater Options**"). As a result it would be uneconomical for you to exercise your Underwater Options and accept the Offer i.e. you will make a financial loss if you exercise your Underwater Options and sell the resulting BLME Shares as part of the Acquisition.

For the purposes of this Letter and the accompanying Form of Instruction it is therefore assumed that you will not exercise your Underwater Options. The Underwater Options are not included on the Form of Instruction and the Proposal does not extend to the Underwater Options. If you wish to take a different approach in relation to your Underwater Options, please contact the HR department at BLME as soon as possible.

## **THE PROPOSAL**

### **10. What is the Proposal?**

Boubyan Bank is required by the Code and the TKO to make an "appropriate proposal" to Optionholders to safeguard their interests in the context of the Offer.

The Proposal is that you exercise your Options as soon as possible and accept the Offer in respect of the BLME Shares to which you become entitled on exercise. The exercise of your Options and acceptance of the Offer under the Proposal is conditional and effective only on the Offer becoming or being declared unconditional in all respects.

If you accept the Proposal, you will receive the BLME Offer Price for each BLME Share you become entitled to on exercise (the "**Offer Proceeds**") less the relevant Exercise Price per BLME Share.

The terms and conditions set out in the Form of Instruction include a "cashless exercise facility." This means that you do not need to fund the Exercise Price separately and this will automatically be deducted from your Offer Proceeds.

### **11. How do I accept the Proposal?**

If you wish to accept the Proposal, you should complete, sign and submit the enclosed Form of Instruction. You must return your Form of Instruction no later than 12 noon UK time on 14 February 2020.

Your Options will be exercised subject to and with effect from the later of (i) the Acquisition Date and (ii) 17 February 2020.

It is important that you take the appropriate course of action as soon as possible. In particular your Options will only be exercisable for a limited period under the USOP Rules and will lapse and become worthless if you take no action.

When deciding the course of action you should take in respect of your Options, you should also consider the costs of doing so (i.e. the Exercise Price), as outlined in this Letter, the enclosed Form of Instruction and the Offer Document.

Payment of the Offer Proceeds less the Exercise Price and any income tax and employee National Insurance contributions (see Q&A 12 below) will be made to you in cash through payroll within 14 days of the date on which your BLME Shares are accepted into the Offer and acquired by Boubyan Bank. Payment will be made in pounds sterling, with the US\$ amount converted at the applicable exchange rate around the time of payment.

### **12. What tax will I have to pay if I accept the Proposal?**

Please see Appendix 2 of this Letter which sets out a summary of the UK tax that you will be required to pay in relation to your Options. For the avoidance of doubt, your Options will have different UK tax implications to any BLME Approved Share Plan options ("**ASOPs**") that you may hold.

Income tax and employee National Insurance contributions that you are required to pay in relation to the exercise of your Options are required to be withheld and paid to HM Revenue & Customs ("**HMRC**") by your employer (including if you are a former employee) and will be deducted from the Offer Proceeds before the balance is paid to you.

Before you decide what action you would like to take, you should consider your tax position. If you are in any doubt as to your tax position, you should seek your own independent professional tax advice immediately.

## **GENERAL**

### **13. Will I receive dividends in relation to my Options?**

No, you will not receive dividends or dividend equivalent amounts in relation to any of your Options.

### **14. Do I need to pay anything?**

No, you will not need to make any upfront payments in relation to the Proposal.

However:

- as explained at Q&A 10 above, under the terms of the cashless exercise facility, the Exercise Price due on the exercise of your Options will be deducted from your Offer Proceeds before they are paid to you; and
- the exercise of your Options will give rise to income tax and employee National Insurance contributions (see Q&A 12 above). These amounts will also be deducted from your Offer Proceeds before they are paid to you.

### **15. Can I give my Options to someone else?**

No, under the USOP Rules, you cannot transfer your Options.

### **16. Will the Proposal affect my employment rights?**

No, the Proposal, and whether or not you accept it, will not affect your employment rights.

### **17. What if I leave employment with the BLME group?**

You must either be an employee of the BLME group or a former employee who is entitled to retain their Options under the USOP Rules on the Acquisition Date to benefit from the Proposal in relation to your Options.

## **NEXT STEPS**

### **18. What should I do now?**

If you wish to accept the Proposal you should complete, sign and return the Form of Instruction to the HR Department at BLME by email to the following address: [HR@blme.com](mailto:HR@blme.com) to be received as soon as possible and in any event **not later than 12 noon UK time on 14 February 2020. Please then send the original signed Form of Instruction to the HR Department, BLME, Cannon Place, 78 Cannon Street, London, EC4N 6HL.**

If you do not wish to accept the Proposal, please contact [HR@blme.com](mailto:HR@blme.com) as soon as possible.

**19. What are my other choices?**

You do not have to accept the Proposal if you do not wish to do so and your other choices, and the consequences of those choices, are set out in Appendix 1.

**20. What will happen if I do nothing?**

If you do not exercise your Options before they lapse, six months after the Acquisition Date unless this period is shortened in accordance with the USOP Rules if Boubyan Bank becomes entitled to compulsorily acquire BLME Shares under the terms set out in the Offer Document, they will cease to be exercisable and will be worthless.

**21. Can I amend my choice after I have submitted my Form of Instruction?**

No. Once submitted, the Form of Instruction is irrevocable.

**22. Power of attorney**

Under the power of attorney included within the Form of Instruction, you authorise BLME or Boubyan Bank to take certain actions on your behalf including signing the documents that are required to put into place the arrangements described as part of the Proposal.

**RECOMMENDATION**

**The Independent BLME Directors, who have been so advised by Peel Hunt LLP as to the financial terms of the Proposal, consider the terms of the Proposal to be fair and reasonable in the context of the Offer. In providing its advice to the Independent BLME Directors, Peel Hunt LLP has taken into account the commercial assessments of the Independent BLME Directors.**

**The Independent BLME Directors recommend that you accept the Proposal. You should consider your own personal circumstances, including your tax position.**

**FURTHER QUERIES**

If you have any queries in relation to the Offer, the Proposal, this Letter or how to complete the enclosed Form of Instruction please contact the HR Department at BLME by email on [HR@blme.com](mailto:HR@blme.com). Please note that none of BLME, your BLME group employer or Boubyan Bank will be able to provide you with any legal, financial, tax planning or investment advice or advice on what action you should take. **If you are in any doubt as to the action you should take, you should seek your own independent professional advice.**

Yours sincerely

Giles Cunningham  
Chief Executive Officer  
For and on behalf of BLME Holdings plc

Abdul-Salem Al-Saleh  
Deputy Chief Executive Officer  
For and on behalf of Boubyan Bank K.S.C.P.

## Notes

The release, publication or distribution of this Letter and the accompanying Form of Instruction in, into or from jurisdictions other than the United Kingdom, the DIFC, the United Arab Emirates, the Kingdom of Bahrain, Kuwait or Qatar and the availability of the Offer Document to BLME Shareholders who are not resident in the United Kingdom, the DIFC, the United Arab Emirates, the Kingdom of Bahrain, Kuwait or Qatar, may be restricted by the laws of those jurisdictions and therefore persons into whose possession this Letter and the accompanying Form of Instruction come should inform themselves about, and observe, such restrictions. Any failure to comply with the applicable restrictions may constitute a violation of the securities laws of any such jurisdiction. To the fullest extent permitted by law, the companies and persons involved in the Acquisition disclaim any responsibility of liability for the violation of such restrictions by any persons. This Letter does not constitute an offer to sell or issue, nor the solicitation of an offer to buy or subscribe for, shares in any jurisdiction in which such offer or solicitation is unlawful.

The directors of BLME (other than Adel Abdul Wahab Al-Majed and Jabra Ghandour), whose names are set out in paragraph 2(b) of Appendix 5 of the Offer Document, each accept responsibility for the information contained in this Letter (including any expressions of opinion) relating to the BLME Group, the directors of BLME and their close relatives and related trusts and companies and other connected persons and persons acting, or deemed to be acting, in concert with BLME (as such term is used in the Code and TKO). To the best of the knowledge and belief of the directors of BLME (who have taken all reasonable care to ensure that such is the case), the information contained in this Letter for which they accept responsibility is in accordance with the facts and does not omit anything likely to affect the import of such information. Adel Abdul Wahab Al-Majed and Jabra Ghandour have not participated in the decision to make the recommendation referred to as above they hold senior management positions at Boubyan Bank or its subsidiaries.

The directors of Boubyan Bank, whose names are set out in paragraph 2(a) of Appendix 5 of the Offer Document accept responsibility for the information contained in this Letter (including any expressions of opinion) except for such information (and expressions of opinion) contained in this Letter for which responsibility has been taken by the directors for BLME pursuant to the paragraph above. To the best of the knowledge and belief of the directors of Boubyan Bank (who have taken all reasonable care to ensure that such is the case), the information contained in this Letter for which they accept responsibility is in accordance with the facts and does not omit anything likely to affect the import of such information.

Peel Hunt LLP, which is authorised and regulated in the United Kingdom by the FCA is acting exclusively for BLME and for no one else in connection with the Acquisition and/or any other matter referred to in this Letter and will not be responsible to anyone other than BLME for providing the protections afforded to clients of Peel Hunt LLP or for providing advice in relation to the Acquisition, the contents of this Letter and any other matters referred to in this Letter.

Peel Hunt LLP has given and not withdrawn its written consent to the issue of this Letter with the inclusion of the references to its name in the form and context in which they appear.

Accidental omission to dispatch this Letter or the accompanying Form of Instruction to, or any failure to receive the same by, any person will not invalidate anything set out in this Letter.

Your Options are governed by the USOP Rules and in the event of a conflict between this Letter and the USOP Rules or any relevant legislation, the USOP Rules or the legislation will prevail.

This Letter has been prepared in accordance with English law, the Code, the TKO, the applicable rules and regulations of the DFSA and the laws of the DIFC and information disclosed may not be the same as that which would have been prepared in accordance with the laws of jurisdictions outside England or the DIFC. The statements contained in this Letter are not to be construed as legal, business, financial or tax advice. If you are in any doubt about the contents of this Letter, you should consult your own legal adviser, financial adviser or tax adviser for legal, business, financial or tax advice.

## **APPENDIX 1 OTHER CHOICES**

You do not have to accept the Proposal if you do not wish to do so. However there are potential consequences of not doing so (which are outlined below). You may instead:

- A. Exercise your Options at any other time up to six months after the Acquisition Date. However, you should note the following:
- the Offer is only open for acceptance before the Offer is closed (it is expected that Boubyan Bank will want to close the Offer as soon as possible after 14 February 2020). Therefore, if you do not accept the Proposal and instead exercise your Options at a later date, you will become a minority BLME Shareholder and you will not be able to necessarily sell your BLME Shares to Boubyan Bank or anyone else; and
  - you may not be able to exercise your Options a full six months after the Acquisition Date if Boubyan Bank becomes entitled to compulsorily acquire BLME Shares under the terms set out in the Offer Document.
- B. Exercise your Options and retain any BLME Shares that are acquired by you on the exercise of your Options or sell them on Nasdaq Dubai. However, you should note the following:
- if you attempt to sell your BLME Shares on Nasdaq Dubai you may need to appoint an authorised broker and may find that it is not possible to sell them at the BLME Offer Price. In addition, you would expect to incur dealing costs in respect of such a sale;
  - if sufficient acceptances are received and/or sufficient BLME Shares are otherwise acquired by Boubyan Bank, Boubyan Bank may be entitled to acquire them from you compulsorily on the terms set out in the Offer Document and you will receive the same Offer Proceeds as you would have received having accepted the Proposal;
  - in due course Boubyan Bank intends to consider delisting the BLME Shares from Nasdaq Dubai, at which point there would be no public market for the BLME Shares, and you would become a minority shareholder in an unlisted company; and
  - you will be required to provide the necessary funds in respect of any income tax and/or employee National Insurance contributions that arise on the exercise of your Options.



## **APPENDIX 2 UK TAXATION**

This Appendix 2 is intended as a general guide to the **UK tax** implications of accepting the Proposal if you are resident and domiciled for tax purposes in the UK only, at all material times. This Appendix 2 is not a full description of all the circumstances in which a tax liability may arise. **If you are in any doubt as to your tax position or if you are subject to taxation in any jurisdiction other than the UK, you should consult an appropriate professional adviser without delay.**

For the avoidance of doubt, your Options will have different UK tax implications to any ASOPs that you may hold.

### **1. Income tax and National Insurance Contributions**

- 1.1 On the exercise of your Options, an income tax and employee National Insurance contributions charge (together the "**Tax Liability**") will arise on the Offer Proceeds relating to the BLME Shares acquired on exercise less the total Exercise Price payable (the "**Option Gain**").
- 1.2 The Tax Liability must be accounted for by BLME to HMRC on your behalf under the PAYE system (see paragraph 2 below).

### **2. Recovery of income tax and employee National Insurance contributions**

- 2.1 On the exercise of your Options and the sale of BLME Shares under the Offer, you authorise BLME to deduct from the Offer Proceeds, an amount equal to the Tax Liability due on the Option Gain and account for the same to HMRC under the PAYE system.
- 2.2 You will then receive the net amount due to you from the Offer Proceeds through the relevant BLME payroll.

### **3. Capital gains tax (CGT)**

- 3.1 On the exercise of your Options and the sale of BLME Shares under the Offer, it is unlikely that you will become liable to CGT because the full amount of the Offer Proceeds less the Exercise Price payable will have been subject to an income tax charge (see paragraph 1.1 above). If you have any CGT to pay, it will be your responsibility to pay it.

### **4. Accounting for tax under self-assessment**

- 4.1 Under the self-assessment regime, taxpayers are required to provide HMRC with all the information needed to calculate their taxable income (from all sources) and any chargeable gains. The calculation of tax may then be carried out either by the taxpayer or by HMRC. The time limit for filing a return on-line and paying your tax (if any) for the 2019/2020 tax year is 31 January 2021.
- 4.2 If you hold both ASOPs and Options and you exercise them at the same time, the starting point is that you may have CGT to pay on the "gain" made when you exercised even though you will have paid income tax and employee National Insurance contributions on the gain on your Options.

This is a result of special tax rules. Those rules treat all BLME Shares from your ASOPs and Options as one "pool" for CGT purposes and average the cost of you acquiring those BLME Shares (being the Exercise Price plus any tax paid) when calculating whether CGT is due. However, you may be able to reduce the amount on which you pay CGT by making a tax election.

The effect of the tax election is to split the cost of you exercising the ASOPs and Options into two separate pools so that the ASOPs are treated as explained in the UK taxation appendix set out in the equivalent letter relating to ASOPs and the Options are treated as explained in paragraph (3) above. If you do not also have ASOPs, then the comments in this paragraph 4.2 will not apply to you.

This tax election must be made by 31 January after you exercise your Options and ASOPs and is made in your self-assessment tax return.

Further information on making this tax election will be sent to you in due course.

- 4.3 If your Options are exercised whilst you continue to be an employee or director of BLME (or another company within the group), the entire Tax Liability due will be accounted for under PAYE directly to HMRC (and if this is the case you should not need to complete a tax return). If your Options are exercised after you have ceased to be an employee or director of BLME, or another company within the group, then there may be some further income tax to pay or you may be entitled to an income tax refund under the self-assessment regime described above (and if this is the case you must complete a tax return).

**APPENDIX 3**  
**SCHEDULE OF KEY TERMS**

The below is a glossary of the key terms used in the Letter and Form of Instruction. For the full definitions of certain of those terms, please refer to the Offer Document or the USOP Rules (as appropriate).

<b>Acquisition</b>	The proposed acquisition of the entire issued and to be issued share capital of BLME by Boubyan Bank to be effected by way of the Offer.
<b>BLME Shares</b>	The ordinary shares with a nominal value of £0.25 each in the share capital of BLME.
<b>Form of Instruction</b>	The form, enclosed with this Letter, whereby you can indicate your acceptance of the Proposal.
<b>Offer</b>	The recommended cash offer made by Boubyan Bank for the entire issued and to be issued share capital of BLME by Boubyan Bank to be implemented by means of a general offer.
<b>Offer Document</b>	The document setting out the terms and conditions of the Offer made by Boubyan Bank to acquire the entire issued and to be issued share capital of BLME which was dispatched to BLME shareholders on 20 December 2019.
<b>Performance Conditions</b>	The performance conditions attaching to your Options as set out in the documentation provided to you at the time that your Options were granted to you.
<b>Proposal</b>	The Proposal that is being made to you in relation to your Options as set out in this Letter.
<b>Options</b>	The right to acquire BLME Shares granted under the USOP.
<b>USOP</b>	The 2013 BLME Holdings plc Unapproved Share Option Plan approved and adopted in June 2013.
<b>USOP Rules</b>	The rules of the USOP as approved and adopted in June 2013.
<b>Underwater Options</b>	Any Options which have an Exercise Price which is higher than the BLME Offer Price.