

FAQ

About Al Ansari Financial Services

1. What is Al Ansari Financial Services?

Al Ansari Financial Services PJSC (under incorporation in the Emirate of Dubai, United Arab Emirates and in the process of being converted from a limited liability company to a public joint stock company) (the "Group"), is one of the leading integrated financial services groups in the United Arab Emirates ("UAE"), with a history dating back to its establishment as a family business in 1966.

The Group's global platform provides cross-border payments, foreign exchange solutions, access to the Wage Protection System (WPS) in the UAE, and other services such as bill collection and pre-paid cards, as well as payment technology solutions to consumers and businesses in the large and growing payments and foreign exchange and remittance market in the UAE.

Through its wholly-owned subsidiaries including Al Ansari Exchange, Worldwide Cash Express and CashTrans, and Al Ansari Digital Pay (under incorporation), the Group delivers its products and services through a comprehensive global network underpinned by its proprietary technology and relationships with third parties.

Beyond the UAE, Al Ansari Financial Services expanded into Kuwait with the establishment of Al Ansari Exchange Kuwait in 2002. Al Ansari Exchange Kuwait, an entity owned by some of the current shareholders of the Selling Shareholder, is currently in the process of being fully acquired by Al Ansari Financial Services. According to management, upon completion, the acquisition will give the Group a strong presence in the sixth-largest outward personal remittances market globally in 2021. The transaction is expected to be completed post-IPO.

2. Who currently owns Al Ansari Financial Services?

Al Ansari Holding LLC is the sole owner of Al Ansari Financial Services.

3. What are Al Ansari Financial Services' product offerings?

The Group has four business products:

- Remittances – which includes personal outward and inward remittances, and corporate remittances and is the Group's largest contributor to income
- Bank Notes – which includes foreign currency exchange (both retail and wholesale) and pre-paid cards and is the second largest contributor to income
- Wage Protection System – a corporate payroll solution to support salary disbursements in the UAE
- Others – including bill collection and end-to-end cash management solutions

4. What Companies does Al Ansari Financial Services currently fully own?

Currently, the Group is 100% owner of the following operating Companies:

- **Al Ansari Exchange.** Founded in 1966 and licensed by the Central Bank of the UAE, Al Ansari Exchange is the Group's first and largest subsidiary. Al Ansari Exchange offers an integrated offering including remittances, bank notes, pre-paid cards, Wage Protection System and other relevant services such as bills collection.

- **CashTrans.** An integrated cash management solution company formed in 2011 providing cash transportation, processing, and security services to leading financial institutions, private enterprises and major corporations in the UAE.
- **Worldwide Cash Express.** Founded in 2017, it is a money transfer operator providing remittance services for sending and receiving parties in two different countries (outside of the UAE). It does so through its proprietary platform and using its extensive network of global banks and payment correspondents.
- **Al Ansari Digital Pay.** This entity is under incorporation. Upon launch, it will be creating an inclusive digital wallet that provides a seamless payment experience to serve all UAE-based customers. It is expected to enable customers to remit money domestically and abroad, pay bills and unlock a host of other digitally-enabled services, bringing the Group one step closer to creating a digital marketplace. Al Ansari Digital Pay is in the process of obtaining store value facilities and retail payment service provider (PSP) card scheme licenses from the Central Bank of the United Arab Emirates (the "CBUAE").

The Group is also in the process of acquiring **Al Ansari Exchange Kuwait**, an entity owned by some of the current shareholders of Al Ansari Holding LLC (the "Selling Shareholder"). According to management, upon completion of the acquisition, the group will own the fourth largest player in the Kuwait market by number of branches, giving it a stronger presence in the sixth-largest outward personal remittances market globally in 2021. The transaction is expected to be completed post-IPO.

5. What is the difference between Al Ansari Financial Services and Al Ansari Exchange?

Al Ansari Financial Services is the parent group and sole owner of Al Ansari Exchange. Al Ansari Financial Services is the entity that will be listing on the DFM through an initial public offer (IPO).

6. Where does Al Ansari Financial Services operate?

The Group is headquartered in the UAE. As at 31 December 2022, it had 231 physical branches across the UAE, including 103 branches in Dubai, 57 branches in Abu Dhabi, 38 branches in Sharjah, 15 branches in Ajman, 9 branches in Ras Al Khaimah, 6 branches in Fujairah and 3 branches in Umm Al Quwain.

The Group also operates in Kuwait through Al Ansari Exchange Kuwait. The Group is in the process of acquiring Al Ansari Exchange Kuwait (an entity owned by some of the current shareholders of the Selling Shareholder), which in turn has recently acquired Oman Exchange Company, a leading exchange company in Kuwait. The Group's acquisition of the Al Ansari Exchange Kuwait is expected to be completed in the third quarter of 2023. According to management, upon completion, this acquisition is expected to create the fourth-largest player in the Kuwait market with a 7.7% market share in terms of number of physical branches.

The Group's global reach is extensive. The Group deals in over 70 currencies through over 50 correspondent banks and partners for its foreign exchange business and has remittance services in over 45 currencies through over 250 correspondent banks and partners.

7. Which customer groups does Al Ansari Financial Services serve?

The Group serves an array of customer segments including:

- Retail customers which include:
 - Residents including the expatriate community
 - Incoming and outgoing tourists
- Corporate customers, including:

- Large corporates
- SMEs
- Sending and receiving institutions.

8. Who are Al Ansari Financial Services' competitors?

The competitive landscape can be viewed from the perspective of different offers, including remittances, bank note exchange business and wage protection system, and different types of players competing in these segments, including *exchange houses, banks, money transfer operators* ("MTOs") and fintechs.

9. How much market share does Al Ansari Financial Services have in the core market segments it serves?

Al Ansari Financial is a dominant player in two of its core offers, Remittances and Bank Notes.

According to the Edgar, Dunn & Company Report (the "EDC Report"), as at 31 December 2021, through its subsidiaries the Group:

- Held 38% of the exchange house outward personal remittance market and has historically grown at a much faster pace than the UAE personal remittance market;
- Held 35% of the retail foreign exchange market share in the UAE

The Group's market share in the exchange wholesale bank notes market for 2022 is estimated to be between 45% and 50%.

Furthermore, Al Ansari Financial Services' subsidiary, Al Ansari Exchange, is the largest exchange house number of branches in the UAE. As at 31 December 2022 it had:

- 231 physical branches across the UAE, which is more than double compared to the second player in the market, according to the EDC Report;
- Presence across UAE malls and large shopping centres was three times larger than its closest competitor.

10. What are Al Ansari Financial Services' competitive strengths?

With roots dating back to 1966, the founding of Al Ansari Exchange as a family-owned business, the Group has scaled to be one of the leading integrated financial services groups in the UAE providing comprehensive and integrated money mobility ecosystem. Its key competitive strengths are:

- Leading and pioneering Exchange House in the United Arab Emirates with unparalleled physical branch network and customer-friendly digital transactional platforms
- Leading player in the UAE's, the world's second-largest and growing, outward remittances market, according to the EDC Report
- Prominent player in highly demanded banks notes market, well positioned to capitalise on increase in tourism, tourist spend and economic expansion in the UAE
- Well-defined retail and corporate customer acquisition and retention strategy, supported by cross-selling capabilities through its growing B2B offerings
- Setting industry standards and best practice in a highly regulated industry with high barriers to entry
- Innovative and proprietary digital capabilities enhancing customer experience, enabling scale, boosting efficiency and supporting data security
- Solid financial performance, resilient through the COVID-19 pandemic with a history of delivering growth
- Led by high-quality management team with a wealth of industry experience

- Clear growth strategy to support the Group's ambitions to further cement market leadership position in the UAE, grow B2B business, expand footprint in other GCC markets, and boost digital capabilities.

11. What is Al Ansari Financial Services' growth strategy?

The Group has a well-defined growth strategy that will enable it to further cement market leadership position in the UAE, grow B2B business, expand its footprint in other GCC markets, and boost digital capabilities. The growth strategy is centered on six pillars:

1. Expand the Group's physical branch network in the United Arab Emirates
2. Expand to other markets in the GCC region
3. Continue investing in the Group's digital offering
4. Increase margins without compromising competitiveness
5. Expand its value proposition in the corporate remittances market
6. Expand its value proposition in the end-to-end cash management market.

12. Who is the CEO of Al Ansari Financial Services and who is its Chairman?

Members of the Group's senior management team have an average of over 20 years of experience in the industry, including over 75 years of collective industry experience.

- Mr Rashed Al Ansari, the Group Chief Executive Officer
- Mr Mohammad Bitar, the Deputy Group Chief Executive Officer
- Mr Faisal Anwar, the Group Chief Financial Officer.

In addition, the Group's management team retains a high level of independence as Rashed Al Ansari is the only member from the Al Ansari family on the management team.

The Chairman of Al Ansari Financial Services is Mr. Mohammad Ali Abualhassan Al Ansari. He is also the Chairman of Al Ansari Holding and Chairman of Foreign Exchange and Remittance Group (FERG), a non-profit organization formed based on the initiative of the Central Bank of UAE.

The Board of Directors consists of seven members, of which there is one executive director of the Company and six non-executive directors of the Company, three of whom are independent Directors.

Financial Performance and Dividend Policy

13. What was Al Ansari Financial Services' revenue for 2022? How does it compare to 2021 and 2020?

The Group's top line is defined as "operating income". Operating income is in turn defined as "income" *excluding* "other income" and "interest income – net".

For the year ended 31 December 2022, the Group's operating income was AED 1,154 million, compared to AED 988 million for the year ended 31 December 2021 and AED 831 million for the year ended 31 December 2020.

14. What are Al Ansari Financial Services' operating income drivers?

Operating income for the Group is driven by several external factors, predominantly:

- Population growth in the UAE and the population growth of countries where it operates, namely UAE primarily impacts the Remittances, Banks Notes and Wage Protection System offerings

- Number of expatriates in the UAE and in other countries where it operates primarily impacts the Remittances, Banks Notes and Wage Protection System offerings
- Number of tourists visiting the UAE and tourist spend in the UAE primarily impacts the Banks Notes offering
- Number of tourists travelling abroad primarily impacts the Banks Notes offering
- Economic and business activity in the UAE and the impact this consequently has on employment rates, number of licensed companies (especially SMEs and start ups) primarily impacts the Remittances, Wage Protection System and Others offerings
- Exchange house market consolidation in the UAE driven by rigorous regulations and increasingly high barriers to entry into the markets where the Group has market dominance primarily impacts Remittances, Banks Notes and Wage Protection System offerings
- Recent regulatory changes implemented by the CBUAE in June 2022, and effective from 1 January 2023, that require financial institutions to have at least two providers for cash management is a good opportunity for the Group to grow its end-to-end cash management business

15. Which businesses segment was the top contributor to operating income in 2022?

For the year ended 31 December 2022:

- Remittances contributed 64% of the Group's operating income, totalling AED 737 million, which represented a CAGR of 6% between 2020 and 2022.
- Bank notes contributed 29% of the Group's operating income, totalling AED 338 million, which represented a CAGR of 82% between 2020 and 2022.
- Wage Protection System contributed 5% of the Group's operating income, totalling AED 59 million, which represented a CAGR of 13% between 2020 and 2022.
- Other products contributed 2% of the Group's operating income, totalling AED 21 million, which represented a CAGR of 4% between 2020 and 2022.

16. What was Al Ansari Financial Services' EBITDA margin in 2022? How does that compare to previous years?

The Group achieved EBITDA margin of 57% in 2022, increasing from 56% in 2021 and 51% in 2020, with EBITDA growing at a CAGR of approximately 25% between 2020 and 2022.

17. What was Al Ansari Financial Services' net profit in 2022? How does it compare to 2021 and 2020?

Group net profit was AED 595 million for the year ended 31 December 2022, compared to AED 491 million for the year ended 31 December 2021 and AED 375 million for the year ended 31 December 2020.

18. What is Al Ansari Financial Services' dividend policy?

Al Ansari Financial Services is targeting to pay a minimum dividend of AED 600 million with respect to 2023 earnings with the first half of the payment being made in October 2023 and the second half of the payment being made in April 2024. As such, the offer price range, between AED 1.00 and AED 1.03 per share, implies a minimum dividend yield of c. 7.77% to c. 8.00% with respect to the 2023 financial year.

The Company continues to evaluate accretive investment opportunities for growth. In the absence of suitable opportunities that meet the target investment criteria and returns, the Company will consider distributing higher dividends than the minimum annual dividend (including with respect to 2023 earnings).

This dividend policy is designed to reflect Al Ansari Financial Services' expectation of strong cash flow and expected long-term earnings growth potential. This dividend policy is subject to consideration of the Board of Directors of the cash management requirements of Al Ansari Financial Services' business for operating

expenses, interest expense and anticipated capital expenditures and investments. In addition, Al Ansari Financial Services' expects that the Board of Directors will also consider market conditions, the then current operating environment in the Al Ansari Financial Services' markets, and the Board of Directors' outlook for the Al Ansari Financial Services' business and growth opportunities when determining the dividend amounts to be paid.

In addition, as Al Ansari Exchange accounts for the majority of the profits of the Group, the payment of dividends by Al Ansari Financial Services will also be subject to the approval of the CBUAE on dividend payments from Al Ansari Exchange to Al Ansari Financial Services.

While Al Ansari Financial Services intends to pay dividends in respect of the shares, there can be no assurance that it will do so. Furthermore, any level or payment of dividends will depend on, among other things, future profits and the business plan of the Al Ansari Financial Services and will be at the discretion of the Board of Directors and subject to the approval of the General Assembly.

About Al Ansari Financial Services IPO and Subscription to the UAE Retail Offer

19. Where will the Group be listed?

The Group will be listed on the Dubai Financial Market ("DFM").

20. How many shares are being offered as part of the IPO?

750 million (seven hundred and fifty million) shares are on offer, which represents 10% of the Group's issued share capital.

21. How many shares will be made available to UAE retail shareholders?

5% of the shares on offer will be made available to the Retail Tranche which is equivalent to 37,500,000 (thirty-seven million five hundred thousand) shares.

22. What is the price per share?

The price range for the Offering has been set at between AED 1.00 and AED 1.03 per share. The final offer price and the final offering size will be announced on 27 March 2023. This is the price at which UAE retail subscribers will be allocated shares.

23. What will the proceeds of the IPO be used for?

The Offering is being conducted, among other reasons, to allow the Selling Shareholder to sell part of its shareholdings, and to raise the profile of the Group with the domestic and international investment and financial services communities. All the IPO proceeds will go to the Selling Shareholder; the offer is 100% secondary (no primary component)

24. Will the Selling Shareholder consider selling additional shares?

All decisions related to the size of the Offer and increasing the number of shares on offer are made by Al Ansari Holding LLC, the Selling Shareholder.

25. Is the transaction Shariah-compliant?

Yes. The Internal Sharia Supervision Committees of Abu Dhabi Commercial Bank and Emirates NBD Bank have issued pronouncements confirming that, in their view, the Global Offering is compliant with Shariah principles.

26. Can I take out a loan to subscribe for the IPO?

Please contact one of the Receiving Banks for information or queries related to IPO financing options.

27. When can I invest in Al Ansari Financial Services and when do subscriptions close?

Subscriptions opened on 16 March 2023 and will close at 13:00 on 23 March 2023 for eligible retail investors in the UAE.

28. Which banks can I contact to subscribe for the IPO?

If you are interested in investing in Al Ansari Financial Services, please contact one of the Receiving Banks.

29. Can I subscribe to the IPO through one of the Al Ansari Exchange branches?

No, you may not subscribe through one of the Al Ansari Exchange branches. Eligible retail investors in the UAE can only subscribe through the list of Receiving Banks or through DFM's eService platform.

30. Who is eligible to subscribe to the Retail Investor Tranche of the IPO?

Individual subscribers who hold a DFM Investor Number (NIN) and have a bank account in the UAE as well as "Professional Investors" (as defined in the SCA Board of Directors' Chairman Decision No.13/R.M of 2021).

31. Can I apply for shares in more than one Tranche?

No, it is not permissible for investors to apply for shares in more than one Tranche. The Tranche you subscribe to is dependent on what type of investor you are. Please see above questions related to defining investors in the Retail Investor Tranche and the Qualified Investor Tranche.

32. For retail investors, is there a minimum and maximum subscription order size?

For the Retail Tranche, the minimum subscription order is AED 5,000 (five thousand) with any additional orders to be made in increments of at least AED 1,000 (one thousand). There is no maximum limit for order size.

33. How do I register for a DFM Investor Number (NIN) to?

Please find below the channels to apply for a DFM Investor Number:

DFM App	For Individual Investors only (Legal guardians can also apply for their minors below age 18)
eServices at www.dfm.ae	For Companies Only
Dubai CSD Desk at DFM Trading Floor	For all Types of Investors Timings: Mon-Fri (8:00 am – 4:00 pm) Click here for the list of required documents

34. Can I subscribe through DFM?

To subscribe through the DFM App: The app will guide you through the IPO process and to acquire a DFM investor number (NIN) if you do not already have one.

You will be able to pay for the subscription through:

- A DFM iVestor Card, which is activated and has sufficient funds;
- Your Bank Account to subscribe online through the UAE Central Bank payment gateway (on the DFM app); or
- Make a direct transfer to the specified bank account number

To subscribe through DFM's website on the IPO Subscription Platform: Go to ipos.dfm.ae and click on the quick link on the home page, the IPO subscription platform will only be active from the subscription period opening date until the end of the subscription period.

To subscribe online, you will need to have the following:

- An active DFM Investor Number (NIN) (can be obtained in 3 minutes with DFM app); and
- A DFM iVestor Card (if preferred as payment method) which is activated and has sufficient funds, or use your Bank Account to subscribe online through the UAE Central Bank payment gateway from dfm.ae or the DFM App.

35. As a non-UAE resident, can I get an Investor Number (NIN)?

Yes, The Dubai Central Securities Depository (Dubai CSD) CSD is open to investors of any nationality based in any country. Any individual or institution can apply for an Investor Number (NIN) with the Dubai CSD in order to trade both DFM and Nasdaq Dubai listed securities.

36. When is the final day to subscribe to the Retail Tranche?

Subscription period for the Retail Tranche started on 16 March 2023 and ends at 13:00 on 23 March 2023.

37. When will I know how many shares have been allotted to me?

Allotment of shares will be made on 29 March, and you will receive a message from the Receiving Bank from which you subscribed for the offer notifying you of your final allocations.

38. If I do not receive the full number of shares I subscribed to, how and when will I be refunded?

You will be refunded on 03 April 2023.

39. When is Al Ansari Financial Services listing on the DFM?

Listing day is expected to be on or around 06 April 2023.

40. How soon after listing day can I sell my shares?

Once shares start trading on the DFM on our around 06 April 2023, investors that are not bound by a lock up period, can buy or sell shares immediately. Buying or selling shares after the listing on the DFM is considered a secondary capital market transaction.