



STRICTLY PRIVATE AND CONFIDENTIAL

December 8, 2024

To the attention of:

Hossam El-Din Hefnawi
Chief Executive Officer
Delta Insurance Company S.A.E.

Subject: Non-Binding Indicative Offer to acquire up to hundred per cent (100%) of the share capital of Delta Insurance Company S.A.E. with a minimum of fifty one per cent (51%) of the share capital, including, without limitations, its subsidiaries, sister companies, and any other assets it owns ("Delta" or the "Target")

Dear Sir,

This Non-Binding Offer shall confirm our intentions to engage in negotiations toward a formal agreement by which Wafa Assurance (the "Investor") would acquire up to hundred per cent (100%) of the share capital and voting shares of Delta from its shareholders, including Egypt Kuwait Holding Company (the "Majority Shareholder") with a minimum of fifty one per cent (51%) of the shares (the "Transaction").

We reiterate our strong interest in the Transaction, and have devoted considerable time and resources to evaluate this opportunity. In this regard, we would like to thank you for the support and assistance provided during this process. We look forward to working with you on this important Transaction and remain committed to consummate the Transaction in a timely manner.

Wafa Assurance is pleased to submit this Non-Binding Offer ("NBO") with respect to the Transaction, and based on the principal terms described herein.

This NBO is intended to highlight Wafa Assurance Group's willingness to move forward in the Transaction.

1. Bidding Entity

The Transaction is expected to be concluded through the Investor or an Affiliate of the Investor. For the purpose of this document, "Affiliate" shall mean any corporation or other business entity controlling, controlled by, or under common control with, such party. "Control" (including "controlling", "controlled by" and "under common control with") of any party, corporation or other business entity shall mean the direct or indirect beneficial ownership of more than fifty percent (50%) of the voting stock of, or more than a fifty percent (50%) interest in the income of, such corporation or other business entity, or such other direct or indirect interest or relationship as in fact constitutes actual control.

Overview of the Investor

Wafa Assurance is a leading insurer in Morocco and Africa (excluding South Africa) with +50 years of experience and a robust financial performance. Our key indicators are summarized in the table below:

Wafa Assurance's main indicators	As of December 31 st , 2023 (Annual report / 1 MAD = 0.09738 \$)
Gross written premiums (consolidated)	1.3 billion USD
Net income group share (consolidated)	72 million USD
Equity (consolidated)	0.9 billion USD
Market Capitalization	1.5 billion USD
Solvency margin ('Solvency I equivalent')	2.5x regulatory requirements
Market share in Morocco	20.4% overall (#1) ; 24.3% in Life (#2) ; 17.2% in Non-Life (#2)
Distribution network in Morocco	333 tied agents or owned agencies ; 210 brokers ; +3,000 banking branches
Staff	+1,000 as a Group



Wafa Assurance has managed to build its leadership in Morocco in a very short time-frame, and has successfully maintained its leadership since 2008. This market performance has been achieved through organic growth, fuelled by over-performance, and differentiation across all market segments:

- In the Corporate segment, Wafa Assurance benefits from a unique underwriting know-how, partnerships with world leading reinsurers, its differentiation through product innovation (e.g. simple and hassle free dedicated product for SMEs) and value added services (notably prevention diagnosis and programs for large corporates);
- In the Motor insurance segment, Wafa Assurance has one of the most performing agents' network in the country, thanks to a strong expertise in agents' network management in terms of recruitment, training, animation and incentive systems. Wafa Assurance also brought to market multiple innovations with fast/super-fast claims reimbursement processes and by leveraging its Assistance subsidiary;
- In the life insurance segment, Wafa Assurance has achieved significant growth, relying on a proven integrated bancassurance model that is deployed mainly with its parent company Attijariwafa bank as well as Al Barid Bank (Morocco's postal bank) ;
- Wafa Assurance's high level of profitability has been sustained on the back of stringent risk selection and pricing approach, out-performing asset management, as well as operational excellence. As such, Wafa Assurance has one of the highest productivity ratio in the industry.

Since 2011, Wafa Assurance has successfully expanded its operations in Morocco and Africa, through:

- Wafa IMA Assistance (2011 - greenfield), assistance company established in Morocco in partnership with Attijariwafa bank and Inter Mutuelles Assistance (leading European assistance player – 4th worldwide);
- A life insurance company in Tunisia (2012 - greenfield), established in partnership with Attijari Bank Tunisie, a major player in the Tunisian banking sector with the largest network of bank branches. This subsidiary became after two years of existence one of the leading life insurers in the country, and currently holds a 12% market share (#2);
- 5 subsidiaries in the CIMA region (2014-2016 - greenfield): Life and Non-Life in Senegal and Ivory Coast, and Life in Cameroon;
- The acquisition in 2019 of Pro Assur SA, a Non-Life insurance company operating in Cameroon;
- Wafa Life Insurance Egypt (licenced in 2021), a Life and Medical insurance company operating in Egypt;
- A reinsurance representation office for assistance in the CIMA region (2021);
- A Takaful company in Morocco (2022);
- A life company in Gabon (licence in 2024; ongoing launch).

In terms of shareholding structure, Wafa Assurance has a sound and balanced structure with Attijariwafa bank and Al Mada owning ~40% each, and ~ 20% as free float on the Casablanca Stock Exchange (Wafa Assurance is listed since 1998):

- Attijariwafa Bank is the first financial services group in Morocco and Africa (excl. South Africa), with a presence in 26 countries, a network of ~6,000 branches, a customer base of over 10 million over the world and over ~20,000 employees;
- Al Mada is one of the largest private pan-African investment funds, established nearly a century ago, with strategic positions in leading players across multiples industries such as financial services, retail, telco, real estate, construction, agribusiness, energy and mining.

2. Investment Strategy

Wafa Assurance international development focused primarily on a greenfield approach allowing us to export our model in countries where Attijariwafa bank has a strong position. As we look to further expand our presence in Africa and enlarge our current positions, we are targeting increasingly acquisitions and strategic partnerships with successful local businesses.

We believe such a transaction can strengthen and accelerate value creation for Delta on multiple fronts:

- Insurance expertise and know-how: acknowledging that Delta has already a strong expertise on its own, we believe that many of the differentiating capabilities that allowed Wafa Assurance to aggressively and profitably scale up its business can be adapted to local market specificities and put at the service of Delta to further sharpen its competitive edge. Areas of opportunity include:



- Bancassurance, a channel which has significant growth opportunities in Egypt and where Wafa Assurance can bring over 30 years of experience and proven operating model to support Delta by providing an immediate access to the existing/future branches of Attijariwafa bank Egypt;
Key figures of Attijariwafa Bank Egypt: 63 existing branches located in 18 cities, 1,392 employees, 176,028 banking customers;
- Innovation in products and services to fuel differentiation, for instance through leveraging and adapting Wafa Assurance's packaged SME product range, prevention know-how for corporates, fast claims reimbursement process in Motor, or its wide range of life products (saving and life);
- Technical and operational excellence, through open sharing of best practices in terms of underwriting, pricing capabilities, processes design and industrialization to fully realize productivity potential with growing scale;
- Micro insurance, with tailored products in terms of guaranties/pricing;
- Synergies, between Wafa Life Insurance Egypt and Delta Life Assurance in terms of complementarity of the distributed products, distribution channels and expertise of the management team. A merger or a partnership between these two companies could expand the operations by reaching their full potential.
Key figures of Wafa Life Insurance Egypt: start of operations in 2022 ; shareholders' equity of 300 M EGP ; Gross Written Premiums of 260 M EGP expected for FY 2024 (January – December) ; products distributed (saving ; life ; medical).
- Leveraged investments, notably in digital: digitalization is a fantastic opportunity for insurers to differentiate and attain new levels of performance. Seizing the digital opportunity will require sizable investments that can be better leveraged and mutualized within a broader Group. Wafa Assurance has full time developers who work in their Digital Factory with existing mobile applications already in place;
- Relationships and negotiating power with global brokers and reinsurers: Wafa Assurance has built strong, high quality partnerships with leading brokers (such as AON and WTW), and reinsurers (such as Swiss Re or Scor) in countries where the company is currently operating; such relationships could potentially be leveraged in Egypt where these players are present as well;
- Financial soundness and investment capacity: with Wafa Assurance's equity of ~0.9 billion USD, a large solvency margin, and the backing of reference shareholders committed to the insurance sector, Wafa Assurance has enough capacity to financially support Delta if needs be, whether to smoothly transition towards increasingly stringer regulatory requirements, support aggressive organic growth plans in Egypt - even during potential down-cycles, be a frontrunner in consolidating the sector through acquisitions, or fund an expansion in the English speaking East African region, which would be best undertaken from Egypt as a hub;
- Strategic and long-term investment lens: Wafa Assurance has an affirmed African identity, with unwavering long-term commitment in its countries of presence. As such, and unlike Private Equity funds, Wafa Assurance is a long-term investor and would be a stable partner supporting Delta on a strategic value creation that is not limited to the mid-term.

3. Stake sought

Acquisition of up to hundred per cent (100%) and not less than fifty one per cent (51%) of the issued share capital of the Target. However, in the event that the other shareholders of Delta express the willingness to sell their shares in the Target, Wafa Assurance shall seek to acquire up to 100% of the issued capital of the Target.

4. Offer price

Subject to the assumptions and the conditions set out in this Non-Binding Offer, the Investor hereby values the equity value of 100% of the Target at EGP 5,000,000,000 (five billion Egyptian Pounds) (the "Equity Value").

The Equity Value of Delta is based on the historical audited financial statements as of June 30th, 2021 to June 30th, 2024 as well as the Q1 2025, and take into consideration, notably, the following adjustments:

- A normative scenario that mitigate the exceptional macroeconomic conditions currently prevailing in Egypt, which positively affect yield rates and the growth of gross written premiums (a return to normal conditions would impact the growth rate of the Non-Life segment as well as the profitability of both the Life and Non-Life segments);
- The confirmation in the full year 2025 of the trend observed in Q1 2025.

The transaction value to be considered under this NBO shall be calculated as the Equity Value multiplied by the percentage acquired of the share capital of the Target.

5. Key Assumptions and Basis of the Offer Price

The Equity Value of Delta is based on standard valuation methodologies, specifically the Dividend Discount Model, Trading Comparables and Transaction Comparables.

6. Sources and Structure of Financing

Wafa Assurance has adequate financial resources available and plans to fund this Transaction through its own internal resources.

7. Authorizations and Approvals

The Investor has obtained the approval of its Investment Committee prior to submission of this NBO.

This transaction will be subject to:

- All mandatory approvals, including, without limitation, those of the regulatory bodies including FRA, Supervisory Authority of Insurance and Social Welfare of Morocco;
- Approval of the Investment Committee of the Investor (anticipated timing: up to one month after finalizing the Due Diligence and negotiation relative to the legal documentation).

8. Legal qualification

We are confident that there should be no major issues to acquiring a significant stake in a listed insurance company in Egypt. Indeed, Wafa Assurance operates in Egypt through Wafa Life Insurance Egypt (owned at 100% by Wafa Assurance), and complies with all the local regulatory approvals, including those pertaining to ownership.

Subject to further investigations, there should be no major issues to proceed with the Transaction.

9. Due Diligence Requirements

The Investor would be permitted to carry out a due diligence exercise on the Target including without limitation, the review of all accounting, commercial, technical, financial, tax, social, HR, environmental, operational and legal aspects and records. Such due diligence would be completed by the Investor or any of its designated representatives and advisors within a period of forty-five (45) business days starting from the date of opening the virtual data room up to the Investor's requirement and expectation as confirmed in writing by the Investor. The Investor would bear all its own time, costs and expenses in relation to such due diligence. In addition, the Investor would require (i) access to the site(s) of the Target, (ii) interviews with the management and key employees of the Target, and (iii) any other available documents which would be necessary to carry out the evaluation of the Transaction. The review period will cover the 2024 accounting year plus previous years as well as the ongoing accounting year with the last financial disclosures available.

10. List of Contacts

Wafa Assurance - Our contact person will be:



Yassine Mekki Berrada
Mergers & Acquisitions Central Director
Wafa Assurance
Mob: +212700092843
Email: yassine.mekhiberrada@wafaassurance.co.ma

Advisors - The contacts of the advisors will be shared upon acceptance of the NBO.

II. Others

Due Diligence findings

The Equity Value could be increased or decreased depending on the Due Diligence findings.

Confidentiality

The terms and conditions of this offer, including our proposed Equity Value, our identity and the fact that we are in discussions with regards to the Transaction and that we have issued this NBO are strictly confidential and are not to be disclosed to any other party, including any other potential purchasers, provided that you may disclose such information to your legal and financial advisors in connection with their evaluation of this NBO and provided that such advisors are informed of the confidential nature of such information and undertake to maintain it.

Notwithstanding the foregoing, you may disclose such information if and to the extent required by applicable law, regulation, or regulatory authorities.

No party may issue any statement, announcement or other publicity relating to these terms without the prior written approval of the other parties.

Validity, Legal Effect and Termination

This NBO is valid for a period of forty five (45) calendar days from its execution by the Investor; unless extended in writing by the Investor.

The terms of this NBO are not intended to be, and are not, legally binding on the parties thereto, with the exception of the following sections: Confidentiality, Validity, Legal Effect and Termination, Signatories, Counterparts, Governing Law and Dispute Resolution.

The terms of this NBO do not and are not intended to constitute a binding commitment to purchase or make an offer to acquire any shares in the Target until a binding Definitive Agreements (the "**Definitive Agreements**" shall include, but not be limited to: a/ Sale and Purchase Agreement, b/ Escrow Agreement, c/ Employment contracts with key employees, e/ Shareholders' Agreement, if applicable, and e/ Other agreements as appropriate and on terms satisfactory to the Investor) are entered into.

It is agreed and understood that this NBO does not include all of the essential terms that will be required to consummate the Transaction. The full and definitive terms relating to the Transaction shall be contained in the Definitive Agreements to be entered into in connection with the Transaction.

This NBO shall terminate upon on either of the following:

- i. The delivery by the Investor of written notice to the Target stating the Investor's intention to terminate its evaluation of the Transaction; or
- ii. The expiration of the forty five (45) calendar days, without acceptance of the NBO through not receiving the Target's board and FRA approval on commencement of due diligence on the Target

No amendment, modification, or discharge of the legally binding provisions of this NBO, and no waiver hereunder, will be valid or binding unless set out in writing and duly executed by the party against whom enforcement of the amendment, modification, discharge, or waiver is sought. No delay or failure by a party to exercise any right under this NBO will be construed as a waiver of such provision or will affect the right of such party to enforce the legally binding provisions of this NBO in accordance with its terms. This NBO and the agreements referred to herein constitute the entire understanding and agreement between the parties hereto with respect to the subject matter hereof, and it supersedes all prior oral or written agreements, commitments, or understandings with respect to such matters.



تامين الوفاء
Wafa Assurance

Governing Law and Dispute Resolution

The terms of this Non-Binding Offer shall be governed and construed in accordance with the English law.

We look forward to receiving your response to our Non-Binding Offer and to moving forward to the next stages of the Transaction.

We look forward to working with you on this opportunity.

Yours sincerely,

Signed on behalf of Wafa Assurance:

Wafa Assurance
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1. Boulevard Abdelmoumen
Casablanca
Tel : 05 22 42 86 30 / Fax : 05 22 29 94 34

BOUBKER JAI
Chairman and Chief Executive Officer

رئيس مجلس
إدارة الوفاء

"المعلومة مهمة .. وتحليلها أهم"