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The Board of Directors
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3 December 2023

Re: Fairness Opinion Letter

Dear Sirs,

Pursuant to the requirements of the Takeover, Mergers & Acquisition Module under Volume 6 of the Central Bank of Bahrain's ("CBB") Rulebook ("TMA Module"), Arab Insurance Group B.S.C. ("ARIG" or the "Offeree") has engaged BDO Consulting W.L.L. ("BDO" or "we" or "us") as an independent professional advisor for the purpose of evaluating Gulf Tamin Ltd.'s ("Gulf Tamin" or the "Offeror") offer (as described below) and advising ARIG's board (the "Board") as to whether or not the offer is fair and reasonable.

The Offer

We understand that Gulf Tamin has made a partial offer to acquire 22,001,000 of the issued and fully paid-up ordinary shares of ARIG by way of a cash offer representing approximately 10% of the issued and fully paid-up ordinary shares of ARIG with a purchase price of USD 0.53 for each 1 share of ARIG (the "Offer" or the "Proposed Transaction").

The consideration for the Offer is a cash offer of USD 0.53 for each 1 share of ARIG provided that the Offer becomes unconditional after the fulfilment, or waiver by Gulf Tamin, of the Conditions Precedent (as defined in the Offer Document).

We further understand that the Offer is to purchase shares and will have no impact on ARIG's commercial registration, legal status, or trade name. Also, upon completion of the Offer, the Offeror intends to join and work with the Board to identify/suggest additional Board members with insurance and governance experience who could nominate themselves for possible election by ARIG shareholders.

Please note that we have outlined some pronouncements of the Offer in this letter, however the Offer is fully described in the Offer Document. Accordingly, the description of the Offer contained herein is subject to reference in the Offer Document. The terms that are not defined herein bear the meanings specified in the Offer Document.

Scope of Analyses

In developing our fairness opinion (the "Opinion"), our procedures included, but were not limited to, the following:

1. Reviewed Firm Intention to make the Offer;
2. Reviewed the Offer Document;
3. Participated in discussions with ARIG's management team (the "Management") regarding ARIG's financial condition, business and operations, and the Offer.

4. Reviewed audited financial statements of ARIG for the fiscal years ending 31 December 2020 through 31 December 2022 and for the nine months period ending 30 September 2023 as well as other financial schedules where relevant.
5. Reviewed price history of ARIG shares listed on the Bahrain Bourse.
6. Performed certain valuation and comparative analyses using generally accepted valuation and analytical techniques.
7. Took into account general economic, market, and financial conditions.
8. Conducted such other analyses and considered such factors as we deemed appropriate.

Assumptions and Limiting Conditions

This Opinion is subject to certain overall assumptions and limiting conditions, many of which may have a significant influence on the conclusion, including without limitation, the following:

1. In developing our Opinion, we have relied on information provided by ARIG and have performed no independent verification of the information provided.
2. We have relied on information, data, and representations obtained from public sources or provided by private sources and have performed no independent verification of the information provided.
3. We have assumed the accuracy and completeness of all information provided and assume projections and forecasts (if any) have been prepared in good faith by the Management, upon reasonable estimates that represent ARIG's best judgment as to future performance.
4. We have assumed that there have been no material changes in the financial condition, business, or prospects of ARIG since the date of the most recent financial statements and other information provided to us.
5. Our Opinion is necessarily based on economic, market, and other conditions as in effect on, and the information made available to us as of, the date hereof. Accordingly, it is important to understand that although subsequent developments may affect our Opinion, we do not have any obligation to further update, revise, or reaffirm our Opinion.
6. We express no opinion on matters of a legal, regulatory, tax, or accounting nature of the Proposed Transaction or the ability of the Proposed Transaction, as set forth in the Offer Document, to be consummated.
7. We have assumed the Proposed Transaction will be completed in accordance with the Offer Document and without any amendments thereto or any waivers of any terms or conditions thereof.
8. We have relied upon the fact that ARIG has been advised by its counsel as to all legal matters with respect to the Proposed Transaction, including whether all procedures required by law to be taken in connection with the Proposed Transaction have been duly, validly, and timely taken.
9. No opinion is expressed as to whether any alternative transaction might be more favorable to holders of ARIG shares than the Proposed Transaction.

Disclosures

We represent to the Client as follows:

- With respect to the Proposed Transaction, we have not acted as a financial adviser to any party involved.
- Our compensation is not contingent upon any action or event resulting from use of the Opinion, including the successful completion of the Proposed Transaction.
- We have had no material relationships in past years or that are mutually understood to be contemplated in which any compensation was received or is intended to be received as a result of the relationship between BDO and any party to the Proposed Transaction that is the subject of this Opinion.

Use of Opinion Letter

We are providing our Opinion to the Board who may use this document only in its entirety in the communication with the shareholders of ARIG concerning the Offer.

Methodology and Valuation

To establish fair market value per ARIG ordinary share, we have deployed adjusted Net Assets Value ("NAV") method under the Cost Approach and Comparable Companies Trading Multiples ("CCM") method under the Market Approach and of valuation.

With the application of NAV and CCM methods, the weighted average fair market value per ARIG ordinary share is arrived at USD 1.37 as of 30 September 2023 (the "Valuation Date"). As per the Offer Document, Gulf Tamin will pay a cash of USD 0.53 for each 1 share of ARIG which is equal to the last traded price on 25 October 2023, which is approximately 61.2% lower than the concluded weighted average fair market value per ARIG ordinary share as of the Valuation Date.

Conclusion

Subject to the foregoing, it is our opinion as of the date hereof that the Offer is **Not** Fair and **Not** Reasonable, from a financial point of view to the shareholders of ARIG. Based on our Opinion, it is our advice to the Board that they do not recommend Acceptance of the Offer to the shareholders of ARIG concerning the Offer.

This fairness opinion letter should read in conjunction with the ARIG valuation report submitted to the Management on 3 December 2023.

Yours faithfully,

Bipin Shete
Regional Partner, Advisory