ARAB INSURANCE GROUP B.S.C.

Summary Valuation Report

3 DECEMBER 2023

STRICTLY PRIVATE & CONFIDENTIAL

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Attn: The Board of Directors and The Shareholders

Dear Sirs / Madams

In accordance with our engagement letter dated 26 November 2023 (the “EL”), we (“BDO Consulting W.L.L.” or “BDO” or “us”) have performed fair market valuation of entire equity capital of Arab Insurance Group B.S.C. (“ARIG” or the “Offeree” or the “Client”), for the purpose of evaluating Gulf Tamin Ltd.’s (“Gulf Tamin” or the “Offeror”) 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”).

We draw your attention to the limitation in our scope described on the ensuing pages.

This summary valuation report is addressed to and intended for the use of the addressee(s) only in connection with the evaluation of the Offer. As expressly provided for in our EL, it is not to be referred to or quoted, in whole or in part, in any other context without our prior written consent.

We understand that our summary valuation report (the “Report”) will be used by the Board of Directors (the “Board”) and the Shareholders of ARIG and Central Bank of Bahrain (“CBB”) for the purpose of evaluating the Offer.

This Report is based on the latest information made available to us as at the date of our Report and we have not updated our work since that date. We accept no responsibility to update it for events that take place after the date of its issue.

Summaries of or reference to this Report may be presented to third-parties, however, any use that any such third-party may choose to make of our Report is entirely at their own risk and we shall have no responsibility whatsoever in relation to any such use. Accordingly, we do not owe a duty of care to any third-party reader of this Report.

In carrying out our work and preparing the Report, we have worked solely in the interest of ARIG. Our Report may not have considered the issues relevant to any other third-party.

This Report should be read in conjunction with the fairness opinion letter submitted to the Board on 3 December 2023.

The valuation date for the purpose of this Report is 30 September 2023.

Yours faithfully,

Bipin Shete

Regional Partner, Advisory

MESSAGES

Statement of limitations

We understand that the forecast financial information (if any) has been reviewed and approved by the management of ARIG (the "management"). Since the forecasts are generally based on both internal and market information, therefore not all information may have been considered for the purpose of the valuation due to several factors and limitations. The Client and/or any reader of this Report understands that any such omissions may materially affect our valuation conclusion. Furthermore, due to limitations and factors out of our control, BDO will not be held accountable for not considering any such information (generally information available at or before the date of this Report and especially material information published after the date of this Report).

We will not be liable to the extent that any loss is due to false, misleading or incomplete information or documentation or due to the acts or omissions of any person.

The management agrees to indemnify us from certain risks inherent in the engagement of this nature. Specifically, the management agrees to indemnify and hold us harmless against and from any and all losses, claims, damages, or liabilities to which we may become subject to in connection with our oral and written reports and other communication, under applicable statutes, common law, or otherwise including any claims from a third party.

In the particular circumstances of this engagement, you agree that the liability to you of BDO, its partners, employees, affiliates and agents for any economic loss or damage suffered by you arising out of or in connection with our work, however the loss or damage is caused, shall be limited to the amount of the fees actually received for such work, and that the management will indemnify and hold harmless BDO and its partners, employees, affiliates and agents as concerns any such liability in excess of the foregoing limit.

This Report is based upon information provided by the Client; publicly available information; third party valuation(s); and industry, country and economic reports. We did not independently investigate or otherwise verify the data publicly available and do not express an opinion or offer any form of assurance regarding its accuracy or completeness.

In the event BDO is requested pursuant to legal process to produce its documents relating to this engagement in judicial or administrative proceedings to which BDO is not party, the management will reimburse us at standard billing rates for professional time and expenses, including reasonable attorney's fees, incurred in responding to such requests.

We shall not be liable for any consequential, incidental or punitive loss or expense even if we have been advised of their possible existence. This provision shall survive the termination of the engagement for any reason.

Notice to any person not authorised to have access to this report

Any person who is not an addressee of this Report or who has not signed and returned to BDO either a "no-reliance" or an "assumption of duty" release letter is not authorised to have access to this Report. We do not accept or assume responsibility to any unauthorised person to whom this Report is shown or any other person who may otherwise gain access to it. If any unauthorised person chooses to rely on the contents of this Report, they do so entirely at their own risk. Should any unauthorised person obtain access to and read this Report, such person accepts and agrees that:

- This Report was prepared in accordance with instructions provided by the addressees exclusively for the sole benefit and use of each of them and such other parties whom we expressly agreed in writing may have the benefit of, or rely upon, our work;
- We make no representations regarding this Report or the accuracy of the contents including that the information has not changed since the date of this Report. We shall not be liable in respect of any loss, damage or expense of whatsoever nature which results from any use the reader may choose to make of this Report, or any reliance the reader may seek to place on it, or which is otherwise consequent upon access to this Report by the reader.

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BACKGROUND

Purpose

- 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.
- Pursuant to the requirements of the Takeover, Mergers & Acquisition Module under Volume 6 of the CBB's Rulebook, ARIG has engaged BDO as an independent professional advisor for the purpose of evaluating the Offer and advising the Board as to whether or not the Offer is in the interests of the Shareholders of ARIG.
- This Report is intended solely for the purpose of evaluating the Offer and advising the Board as to whether or not the Offer is in the interests of the Shareholders of ARIG.

Scope of work

- The scope of our engagement was to evaluate the Offer and advise the Board as to whether or not the Offer is in the interests of the Shareholders of ARIG. In order to assess the fair and reasonableness of the Offer, we performed fair market valuation of ARIG's entire equity capital as of the valuation date, i.e., 30 September 2023.
- We did not independently investigate or otherwise verify the data made available to us by the management, for which they are solely responsible and hence do not express any opinion or offer any form of assurance regarding its accuracy or achievability. We further understand that forecast financial information, if any, related to ARIG has been reviewed and approved by the management.
- We understand that prospective financial information, if any, provided is based on the expectations of the competitive and economic environments as they may impact the future operations of ARIG, and the management has consistently applied the key assumptions during the estimation period. We further understand that the management has not omitted any factors that may be relevant. In addition, the management understand that any such omission or misstatement may materially affect our valuation analysis.
- We have not undertaken any due diligence or audit of the information made available to us. The accuracy of such information is the sole responsibility of the management.
- The contents of this Report are for the sole use of the Board and the Shareholders of ARIG and CBB for the purpose of evaluating the Offer. The Report may not, without our prior written consent, be divulged to any other party.
- The management has reviewed a draft copy of this Report. They have confirmed to us that, to the best of their knowledge and belief, so far as the factual content is concerned, it is complete and accurate in the areas it addresses, that no material matters have been omitted from the Report which might cause it to give a misleading view of the current state of, or prospects for, the equity interest being valued, and that where this Report attributes opinions to them, it accurately reflects their views.
- We also note the following:
  - the analysis and conclusions have only been influenced by the circumstances and conditions stated within the valuation report submitted to the management dated 3 December 2023;
  - to the best of our knowledge, we do not have any conflict in relation to the equity interest being valued;
  - the fee charged by BDO to ARIG is not bound to the result of the valuation exercise;
  - we have used Microsoft Excel for our calculations, and accordingly the numbers may not sum due to rounding.
- All the financial information in this Report has been reported in USD unless otherwise stated.

Sources of information

- Following sources of information have been relied upon while performing our valuation work:
  - Annual reports of ARIG for the years ended 31 December 2020, 2021, and 2022;
  - Reviewed financial statements of ARIG for the nine months period ended 30 September 2023;
  - Firm Intention to Make the Offer, the Offer Document, and Summary of the Offer Document;
  - FitchConnect/FitchSolutions;
  - Refinitiv Eikon;
  - Publically available information and industry research reports.

VALUATION ANALYSIS AND OFFER EVALUATION

Valuation analysis

- In determining fair market value of ARIG's entire equity capital, we have considered adjusted Net Assets Value ("NAV") method under the Cost Approach, and Comparable Companies Trading Multiples ("CCM") method under the Market Approach of valuation.
- Based on the above valuation approaches and methodologies deployed and assigning select weightage to both the approaches, ARIG's per share weighted average ("W/AVG") fair market value ("FMV") is arrived at USD 1.37 as of the valuation date.
- The table below provides a valuation summary:

Approach	Method	FMV (USD/share)	Weight	Weighted value (USD/share)
Cost approach	NAV	1.45	75%	1.09
Market approach	CCM	1.11	25%	0.28
Weighted average fair market value (USD/share)				**1.37**

- The above valuation reflects and is dependent on the following key assumption:
  - A managed, willing buyer/seller, orderly sale of the business and not a 'forced sale' which could significantly impair value.
- Please refer to following page for the valuation summary and synthesis.

Offer evaluation

- Based on 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.
- The Offer price was derived by the Offeror using the price per share on the Bahrain Bourse. As per the Offer Document, ARIG stock has been experiencing liquidity challenges in recent years having an average daily traded volume of roughly 3,300 shares since 2020 with just 0.43% of total share capital changing hands on an annual basis.
- The above indicates that the stock market price of ARIG is not market reflective due to low trade frequency. Also, it is significantly lower than the book value per share of USD 1.45 as of 30 September 2023 where more than 90% of total assets of ARIG comprises highly liquid assets i.e., cash and bank balances, investments etc.
- Based on the Offer price of USD 0.53 per ARIG share and the ARIG's concluded weighted average fair market value of USD 1.37 per share, the Offer price is approximately 61.2% lower than the concluded weighted average fair market value per share of ARIG.

VALUATION SUMMARY AND SYNTHESIS

Summary:

- With the application of various equity valuation approaches and methodologies, the equity value of ARIG as of 30 September 2023 is presented in the table below.

Approach	Method	FMV of entire equity (USD '000)	No of shares outstanding (No. '000)	FMV (USD/share)
Cost approach	NAV	288,093	198,115	1.45
Market approach	CCM	219,477	198,115	1.11

Synthesis:

- To conclude fair market value per share of ARIG, we have assigned a weightage of 75% to the cost approach and 25% to the market approach. We have assigned a lower weightage to the market approach as operations and risk appetite of selected comparable companies are not completely comparable with ARIG. Based on the assigned weightage, the weighted average value is arrived at USD 1.37 per share of ARIG as outlined in the table below.

Approach	Method	FMV (USD/share)	Weight	Weighted value (USD/share)
Cost approach	NAV	1.45	75%	1.09
Market approach	CCM	1.11	25%	0.28
Weighted average fair market value (USD/share)				**1.37**

OFFER EVALUATION CALCULATION

Particulars	
% stake to be acquired by Gulf Tamin	10.0%
Total shares to be acquired by Gulf Tamin (No.'000)	22,001
Value per ARIG share based on the Offer price (USD/share) (A)	0.53
Weighted average fair market value per ARIG share (USD/share) (B)	1.37
Discount (C=A/B-1)	**-61.2%**

BDO