Explanatory note to the agenda of the Extraordinary General Meeting of Shareholders (EGM) of Arab Insurance Group (B.S.C) ("Arig") to be held on 25 March 2018

This explanatory note which forms part of the invitation to the Extraordinary General Assembly (EGM) meeting notifies that subject to the agreement of the extraordinary general assembly of Arig, and approval of the Central Bank of Bahrain ("CBB") and Ministry of Industry, Commerce, and Tourism (MOIC), Arig intends to amend and fully restate its Memorandum and Articles of Association in the following manner:

1. To incorporate into a single document, the various amendments to the Memorandum and Articles of Association that have been agreed by the extraordinary general assembly in the past years.
2. To amend the format of the Articles of Association to be in line with the template provided by the Central Bank of Bahrain, wherein the articles are titled and structured in the form approved by the regulator.
3. To incorporate the amendments of the Bahraini Commercial Companies Law since promulgation and until the most recent amendment No. (1) of 2018 and also the requirements of the CBB's Rulebook Volume 3. The main amendments being reflected in the restated Articles of Association are as follows:
    a. Changing the notice period for the ordinary and extraordinary general assembly meetings to be 21 days instead of 15 days.
    b. The removal of the requirement for board members to own shares in the company.
    c. The introduction of cumulative voting by the shareholders for election of board members.
    d. The restriction on board members to have personal interest in the company's contracts or matters which the company is party to.
    e. Disclosure requirement in the company's annual report in relation to contracts in which some or any of the board members have interest.
    f. The requirement for the ordinary general assembly of shareholders to be conducted within three months from the end of the financial year.
    g. The reduction of the qualifying shareholding percentage from 10% to 5% for requesting the discussion of items those are not on the agenda, under Article 207 of the Commercial Companies Law, for the general assembly.
    h. The addition of the following within the scope of the extraordinary general assembly of the shareholders:
        i. Issuance of new shares;
        ii. Disposal of more than half the assets of the company.

    i. Removal of the proxy voting by Directors in the Board meetings as it is prohibited in the CBB's Rulebook Volume 3.

4. To authorize the Chief Executive Officer of the group or his assignees to carry out the necessary actions in accordance with agenda no.2 of the EGM and sign documents on behalf of the Company before the Authorities.