

7th March 2018

Ithmaar Holding B.S.C.

Explanatory Memorandum to Item 6-2 of the Ordinary General Meeting Agenda of Ithmaar Holding

In reference to Ithmaar Holding B.S.C. (erstwhile Ithmaar Bank B.S.C.) invitation to Ordinary General Meeting that was published on 5th March 2018, this explanatory memorandum is related to item 6-2 of the Meeting's Agenda in respect of expenses paid or to be paid to some of the Directors during the period from 2013 to 2017 in consideration for their advisory services, in line with Article 188 of the Bahrain Commercial Companies Law.

Ithmaar Bank B.S.C. "Ithmaar" has executed certain Consultancy Contracts and Service Engagements during 2013 to 2017 with certain Members of its Board of Directors and a Shareholder for receiving their assistance to be nominated as Ithmaar representatives on the board of directors of its subsidiaries and associates.

Ithmaar has several subsidiaries, associates and other investments, which necessitate representation on the board of directors of the investee companies to protect and enhance the value of these investments and uphold the principles of good corporate governance. In addition to nominating representatives from the management team on these investee companies, Ithmaar requires additional qualified persons possessing required experience to represent Ithmaar and uphold.

The nominees members are required to provide Ithmaar with comprehensive updates for all board and/or committee meetings and the ordinary and or extra-ordinary general meetings.