

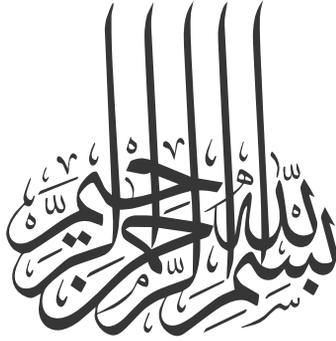


Kuwait Finance House (K.S.C.P.)

Memorandum & Articles of Association

Kuwait
1435 AH - 2014 AD





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Memorandum of Association

Article (1)

The Ministry of Awqaf and Islamic Affairs, the Ministry of Finance and the Department of Minors' Affairs have, by this Memorandum of Association, formed a Kuwaiti Shareholding Company to be governed by the provisions of the Law.

Article (1) Bis

The founders declare that the Company has been established pursuant to the provisions of Law Decree No. 72 of 1977 and the Company is governed by virtue of the provisions of Law No. 32 of 1968 on Monetary and Central Bank of Kuwait and Organization of Banking Profession and its amendments, Companies Law No. 25/2012, its amendments and its Executive Regulations, Law No. 7 of 2010 on the Foundation of Capital Markets Authority and the Regulation of Activity of Securities and its Executive Regulations and the provisions of this Memorandum. The Company enjoys the capacity of a corporate body since the promulgation of the Law Decree of its incorporation.

Article (2)

The name of the Company and its legal address shall be: "Kuwaiti Shareholding Company Public (K.S.C.P)".

Article (3)

The head office and legal domicile of the Company shall be in Kuwait City, and the Board of Directors may establish branches, offices or agencies for the Company inside and outside Kuwait.

Article (4)

The duration of the Company shall be unlimited, and shall commence from the date of issue of the Decree authorizing its incorporation. The Company shall be dissolved for any legal reason dictating dissolution.

Article (5)

The objectives of the Company shall be as follows:

First: To conduct all banking operations and services for its own account, or for the account of third parties, without engaging in usury, whether in the form of interest or in any other form. The Company may, including but not limited, carry out the following:

1. Receive various types of cash deposits, either for safe-custody or for conditional or unconditional re-investment, provided that they do not conflict with Islamic Shari'a.

2. Purchase and sell gold bullion, supplying foreign currencies, and sell or purchase drafts of such currencies.
3. Provide short-term financing against collateral in the form of commercial paper and at an agreed commercial yield provided that it does not conflict with Islamic Shari'a.
4. Open letters of credit, provide banking facilities, with or without security.
5. Issue guarantees in favor of third parties, with or without security.
6. Collect the value of drafts, promissory notes, cheques, bills of lading and all other instruments against commission for the account of customers and others.
7. Receive subscriptions related to the establishment of new shareholding companies or capital increases.
8. Purchase shares, certificates of investment and similar financial papers, either for the account of the Company or for the account of third parties provided that they do not conflict with the Islamic Shari'a.
9. Safe-keep all kinds of currencies, precious metals, jewelry, documents, packages and parcels, and rent safes for private use.
10. Act as trustee and agent, accept agencies and appoint agents with or without commission.

In general, the Company may carry out all banking operations and services as well as other operations permissible by law, regulations and statutes observed by banks, on condition that such operations shall not conflict with Islamic Shari'a.

Second: To carry out investments activities directly, or purchase or finance projects or activities owned by others, without engaging in usury. The Company may for example carry out the following:-

1. Establish new companies, or participate in or provide financing to companies in existence.
2. Provide individuals and governmental organizations with studies, expertise, research and advice on capital placements, and provide all services concerning such operations.
3. Purchase land and other real estate either for the purpose of selling them in their original condition or after partition, or for renting them as open land or including installations, buildings and equipment added thereto.
4. Investment financing in enterprising activities of all kinds.
5. Engage in the securities activities, including Islamic Sukuk in compliance with the provisions of Islamic Shari'a.

In general, the Company may carry out all such activities as may assist it to realize its banking and investment objectives whether directly or through cooperation with other organizations, companies and governments provided that it shall not conflict with Islamic Shari'a.

Article (6)

The Ministry of Awqaf and Islamic Affairs, the Ministry of Finance and the Department of Minors' Affairs have, by virtue of this Memorandum of Association, formed a Kuwaiti shareholding Company to be governed by the Articles of Association attached hereto.

Article (7)

An independent entity called the Fatwa and Shari'a Supervisory Board is to be founded in the Company which comprises not less than three scholars who are specialized in Islamic Jurisprudence and hold university degrees in the subject to be appointed by the Company's General Assembly.

Its functions shall be as follows:

- To give the Islamic Shari'a opinion on the Company's operations and business activities.
- To check the Company's compliance with the Islamic Shari'a principles.
- To provide the Company's General Assembly with an annual report stating therein its opinion on the Company's business activities and operations are in compliance and consistent with Islamic Shari'a Principles, the extent of the Company's management compliance with Shari'a Supervisory Board opinions in this respect, and to give its remarks on the Company's business activities.

This report shall be included within the Company's annual report.

Decisions are adopted by the majority of votes and in case the majority of votes is not achieved and disagreement arises among the Board's members on legal judgment, the disputed matter shall be referred to the Fatwa Board of Ministry of Awqaf and Islamic Affairs.

Article (8)

The Company's capital is fixed of Kuwaiti Dinar four hundred thirty three million one hundred eighty five thousand ninety divided into four billion three hundred thirty one million eight hundred fifty thousand nine hundred and eight shares, the value of each is one hundred fils and all shares are in cash.

Article (9)

The founders shall subscribe to the capital of the Company by four million nine hundred thousand shares to be divided amongst them as follows:

- Ministry of Awqaf and Islamic Affairs: Nine hundred thousand shares to the value of nine hundred thousand Dinars.
- Ministry of Finance: Two million shares to the value of two million Dinars.
- Department of Minors' Affairs: Two million shares to the value of two million Dinars.
- They shall undertake to deposit 25% of the shares' value in any of the banks operating in Kuwait.

The remaining shares shall be offered for public subscription in Kuwait.

Article (10)

Expenses which the Company shall incur for the process of foundation are estimated to be about fifty thousand Kuwaiti Dinars, which shall be deducted from the general expenses account.

Article (11)

The founders shall take all measures to finalize the establishment of the Company and to do all related procedures for placement of shares for public subscription. They may entrust these formalities to a Committee to be formed by a decision of their own, but they shall specify in their decision those individuals assigned to produce the required documents and those entitled to deposit subscriptions amount, effect withdrawals from the Company's establishment account and finalize allocation process in proper manner.

Article (12)

An original copy of the Company's Memorandum of Association shall be kept at its main office and uploaded on its website and the original copy of this Memorandum shall be maintained in the Company's files and in the custody of the competent department of Ministry of Commerce and Industry.

Every interested party may obtain a true copy of the Memorandum from the Company against a fee to be prescribed by the Company.

Articles of Association

Article (1)

The Company has been incorporated according to the provisions of Law Decree No. 72 of 1977. It is governed by virtue of the provisions of companies, Law No. 25/2012 and its amendments and its Executive Regulations and these Articles of Association by the shareholders stated below called Kuwait Finance House Company, a “Kuwaiti Shareholding Company Public (K.S.C.P)” without prejudice to the provisions of which this Company is exempt, namely the provisions of the existing applicable laws being specified in these Articles of Association which the promulgated law licensing the establishment of this Company is considered as an acknowledgement thereof.

Kuwait Finance House shall be subject to the provisions of Law No. 32 of 1968 concerning Monetary Policy, the Central Bank of Kuwait, Organization of Banking Profession and amendment thereof.

Article (2)

The head office and legal domicile of the Company shall be in Al-Murgab, Sheikh Abdullah Al-Mubarak Al-Sabah Street being the elected domicile for correspondence and legal notices. Any change to this domicile shall be invalid unless it is recorded in the Commercial Register. The Board of Directors may institute branches, offices or agencies for the Company inside and outside Kuwait.

Article (3)

The duration of the Company shall be unlimited.

Article (4)

Without prejudice to the provisions of the Companies Law No. 25/2012 and executive regulations and amendments thereof, the objectives of the Company shall be as follows:

First: To conduct all banking operations and services for its own account, or for the account of third party, without engaging in usury, whether in the form of interest or in any other form. The Company may for example carry out the following:

1. Receive various types of cash deposits, either for safe-custody or for conditional or unconditional re-investment, provided that it does not conflict with Islamic Shari’a.

2. Purchase and sell gold bullion, supplying foreign currencies, and sell or purchase drafts of such currencies.
3. Provide short-term financing against collateral in the form of commercial paper and at an agreed commercial yield provided that it does not conflict with Islamic Shari'a.
4. Open letters of credit provide banking facilities, with or without security.
5. Issue guarantees in favor of third parties, with or without security.
6. Collect the value of drafts, promissory notes, cheques, bills of lading and all other instruments against commission for the account of customers and others.
7. Receive subscription related to the establishment of new shareholding companies or capital increases.
8. Purchase shares, certificates of investment and similar financial paper, either for the account of the Company or for the account of others in accordance with Islamic Shari'a Laws.
9. Safe-keep all kinds of currencies, precious metals, jewelry, documents, packages and parcels, and rent safes for private use.
10. Act as trustee and agent, accept agencies and appoint agents with or without commission.

In general, the Company may carry out all banking operations and services as well as other operations permissible by law, regulations and statutes observed by banks, on condition that such operations shall not conflict with Islamic Shari'a Laws.

Second: To carry out investment activities directly, or purchase or finance projects or activities owned by others, without practising usury. The Company may, for example, carry out the following:

1. Establish new companies, or participate in or provide financing to companies in existence.
2. Provide governmental individuals and organizations with studies, expertise, researches and advice on capital placements, and providing all services concerning such operations.
3. Purchase land and other real estate either for the purpose of selling them in their original condition or after partition, or for renting them as open land or including installations, buildings and equipment added thereto.
4. Investment financing in enterprising activities of all kinds.
5. Practice the securities activities, including Islamic Sukuk in compliance with the provisions of Islamic Shari'a.

In general, the Company may carry out all such activities as to assist it in realizing its banking and investment objectives whether directly or through cooperation with other organizations, companies and governments provided that it does not conflict with Islamic Shari'a Laws.

Article (5)

Cancelled by the consequent resolutions of the Extraordinary General Assembly on 17/5/2004, approved by Decree no. 279

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The Company's capital is fixed at Kuwaiti Dinars four hundred thirty three million one hundred eighty five thousands and ninety divided into four billion three hundred thirty one million eight hundred fifty thousand nine hundred and eight shares, the value of each is one hundred fils and all shares are in cash.

Article (8)

The founders shall subscribe by 4,900,000 shares (four million and nine hundred thousand shares) in the capital of the Company, and undertake to pay 25% of the nominal value, amounting to four million and nine hundred thousand Dinars, by depositing in one of the registered banks in Kuwait.

The remaining shares, amounting to five million and one hundred thousand, shall be placed for public subscription in Kuwait, and the founders shall specify the procedures and conditions for subscription.

Article (9)

Kuwaitis and non-Kuwaitis may own them according to the law provisions.

Article (10)

Each subscriber shall pay 25% of the shares' values at the time of subscription. The remaining value must be paid within a maximum period of five years from the date of issue of the establishment Decree, on such dates and in such manner as may be determined by the Board of Directors. In case of default by any subscriber, the Board of Directors shall have the right to sell the shares for the amount of such shareholder; on his own responsibility and without need for any advance official notification, provided that such sale shall be by auction.

The Board shall then have priority to collect from the proceeds of the sale the value of installments due plus all relative charges, and refund the balance to the defaulting shareholder. In case the proceeds of the sale are insufficient to cover the amount due, the Company shall have the right to set claim against the shareholders' private funds.

Article (11)

With regard to the provision of the Law No. 32 of 1968 concerning Monetary Policy, Kuwait Central Bank, Organization of Banking Profession and its amendment, it is not allowed for any natural nor legal person to own shares exceeding in value 5% of the capital.

As an exception, the maximum share limit referred to earlier is exempted when purchased for the Government account.

Article (12)

The Board of Directors shall issue each shareholder a temporary certificate representing the shares he owns; within three months from the date of incorporation of the Company is declared final.

Article (12) Bis

The securities issued by the Company shall be subject to the central regulation on deposit of securities with a clearance agency. The deposit voucher of the original securities with the clearance agency shall be considered a title deed of such instrument. Each holder shall be provided with a voucher of the number of securities he holds.

Article (12) Bis 1

The Company shall maintain a special record with the clearance agency in which the names of shareholders, nationalities, domicile and number of shares they hold, and the class and the paid value of each share shall be entered. Any changes made to the recorded data according the data received by the Company or the clearance agency shall be recorded in the shareholders register. Each concerned party may ask the Company or the clearance agency to provide him with the data from such register.

Article (12) Bis 2

Trading in such shares shall be subject to the provisions of Law No. 7 of 2010 and its Executive Regulations and the Rules to be issued by the Capital Markets Authority regarding this issue.

Article (12) Bis 3

The Company's properties may not be attached in settlement of any debt payable by any shareholder therein. However, the shares and the dividends of this debtor may be attached and such attachment shall be recorded in the shareholders register. The shares shall be sold even if the mortgagee fails to produce the original copy of the deposit voucher. The required amendments shall be made in the shareholders register maintained with the clearance agency according to the outcome of the sale process.

Such shares may be mortgaged even if the value thereof is not paid in full. The mortgage shall be recorded in the shareholders register and in the presence of mortgagor and the mortgagee or their representatives.

The debtor may assign his right to the mortgagee to attend and vote in the Company's General Assembly meetings.

All decisions adopted by the General Assembly shall be applicable to the attaching party and the mortgagee in the same manner applicable to the debtor whose shares are attached or mortgaged.

Article (13)

Ownership of shares shall have purport acceptance of the Articles of Association of the Company and the resolutions of its General Assembly.

Article (14)

Each share shall entitle its holder to such right in share equal to that of other shareholders in both unprivileged ownership of the assets of the Company and in dividends distributable in the manner indicated hereinafter. As the Company's shares are nominal, the last owner whose name is registered in the Company shall solely have the right to receive the share earnings, whether in the form of dividends or equity in the Company's assets.

Article (15)

The Company's authorized capital may be increased by virtue of the Extraordinary General Assembly decision and after securing the regulatory authorities consent upon a grounded proposal from the Board of Directors and the Auditors report on this issue, provided that the decision for the increase of capital shall indicate the amount of such increase and the methods of such increase.

The authorized capital may not be increased unless the value of the original shares is already paid in full. The General Assembly in an extraordinary meeting may authorize the Board of Directors to determine the date on which such increase is implemented.

Article (15) Bis

The capital increase shall be covered by shares the value of which to be paid in any of the following methods:

1. Offering the increase shares for public subscription.
2. Converting funds from the voluntary reserve fund or retained earnings or the excess of the minimum limit of the statutory reserve fund to shares.
3. Converting a Company's debt, bonds or Sukuk to shares.
4. Providing in kind shares.
5. Issuing new shares to be allotted to the entry of new partner or partners to be introduced by the Board of Directors and approved by the Extraordinary General Assembly.
6. Any other mode provided for under the Executive Regulations of Companies Law.

In all respects, the nominal value of the increase shares shall be equivalent to the nominal value of the original shares.

Article (15) Bis 1

If a decision is adopted to increase the capital by offering the shares to public subscription according to clause 1 of Article 15 Bis, the shareholders shall have the priority right to subscribe in the new shares at prorata basis within fifteen days from date of notice.

The shareholder may assign his priority rights to another shareholder or third party against material consideration or free of charge according to the agreement of the shareholder and assignee.

Article (15) Bis 2

In case of offering the increase shares for public subscription, the invitation to the public to subscribe shall be by virtue of a prospectus which includes the particulars and meets the procedures provided for under Law No. 7 of 2010 on the Foundation of Capital Markets Authority.

Article (15) Bis 3

If the capital increase shares are not covered, the Extraordinary General Assembly that decided the increase may come to a decision whether to regress its decision of such increase or suffice itself with the amount subscribed thus far. The Executive Regulations of Companies Law demonstrate the applicable procedures to be taken in this case.

Article (15) Bis 4

The Extraordinary General Assembly may decide the addition of an issue premium to the new shares nominal value to be allocated for meeting the expenses of issuance then to be added to the reserve fund as provided for in the Executive Regulations of Companies Law and Capital Markets Authority instructions.

Article (15) Bis 5

If the capital increase shares are against in kind share, such share shall be evaluated according to the provisions of Article 11 of Companies Law.

Article (15) Bis 6

In case the capital increase is covered through a transfer from voluntary reserve fund or retained earnings or the excess of the minimum statutory reserve, the Company shall issue bonus shares of nominal value without issue premium. Such shares shall be distributed on a commensurate basis to the shares held by each of them in the capital.

Article (15) Bis 7

In case the increase is covered through the conversion of a Company's debt or bonds or Sukuk to shares, the provisions stipulated under the Companies Law and amendments and Executive Regulations thereof shall be adopted.

Article (15) Bis 8

The Extraordinary General Assembly, upon a justified proposal from the Board of Directors, may decide after securing CBK and Capital Markets Authority consent, the decrease of the capital in the following cases:

1. If the capital exceeds the need of the Company.
2. If the Company incurs gross losses that would unlikely be covered from the Company's profits.
3. Other cases provided for in the Executive Regulations of Companies Law.

Article (15) Bis 9

If the decrease decision is due to excess beyond the Company need, the Company, prior to the implementation of the decrease decision, shall repay the outstanding debts and provide the sufficient collateral to pay off the future debts. The Company's creditors, in case of default or insufficient collateral of deferred debts, may raise objections against the decrease decision before the Court according to the Executive Regulations of Companies Law.

Article (15) Bis 10

The Capital may be decreased by:

1. Decreasing the nominal value of the share to not less than the specified minimum amount.
2. Cancellation of a number of shares equal to the intended decrease in the capital.
3. The Company's purchase of a number of shares equal to the intended decrease in the capital.

Related procedures in this respect shall apply as set out in the Executive Regulations of the Companies Law.

Article (15) Bis 11

A Company may purchase shares in the following cases:

1. To maintain the stability of share price, to an extent not exceeding the percentage set out by Central Bank of Kuwait and Capital Markets Authority out of the total share capital thereof.
2. To decrease its capital.
3. To fulfill a debt against such shares.

Any other cases set out by Capital Markets Authority.

Purchased shares shall not be included in the Company's share capital where certain percentage of capital by shareholders is required, as well as all cases related to calculating the quorum of the General Assembly meeting and voting on the resolutions thereof, as set out by Capital Markets Authority.

The ordinary General Assembly shall authorize the Board to buy and sell 10% at most of the Company share capital according to Law.

Article (16)

Subject to the Companies Law No. 25 of 2012, amendments thereof and Executive Regulations, the Company shall be managed by a management board comprising of ten members elected in the general assembly by secret ballot. The membership term in the board membership shall be three years renewable.

Article (17)

A nominee for membership in the Board shall meet the following conditions:

1. Be of legal capacity to act.
2. May not have been previously sentenced in a: misdemeanor with a freedom-limiting penalty, crime involving bankruptcy by reason of default or

misrepresentation, crime infringing on honor or honesty or sentenced with a freedom-limiting due to a violation of the Companies Law, unless reinstated.

3. The member of the Board of Directors should be owner in person and the legal person it represents should own no less than seventy five thousand shares.

This number of shares is reserved to assure the member management and should be deposited within one month of the nomination date in the Company and it is deposited un-transacted till the end of membership term. It should authorize the budget of the last financial year during which the member exerted his activities.

Should any of the said conditions or the terms stipulated under the Law no. 32 of 1968 and said amendments thereof be lacking from the member, membership capacity shall elapse.

Article (17) Bis

Every shareholder either a natural person or body corporate may appoint representatives in the Board in proportion with his shares held in the Company. Representatives so selected shall be discounted from the total number of elected Board members. Shareholders with representatives in the Board may not take part in electing the rest of Board members along with other shareholders except within the limits in excess of the percentage used to appoint their representatives in the Board of Directors. A group of shareholders may jointly select one or more representatives to represent them in the Board, in proportion with the total shareholding percentage of this group of shareholders.

The said representatives shall enjoy the same rights and shall assume the same duties as those of selected members.

A shareholder shall be liable before the Company, its creditors and shareholders for the acts of his representative.

Article (18)

With regard to the provisions of the Law No. 32 of 1968 concerning Monetary Policy, the Central Bank of Kuwait, Organization of Banking Profession and its amendment.

A member of the Board of Directors may not be a member of the Board of Directors of any similar or competitor Company, nor may he be a merchant engaged in business similar to or competition with that of the Company, or have any direct or indirect interest in contracts or transactions concluded with the Company, or for its own account, or have an interest conflicting with the Company's

unless he is given special authorization by the General Assembly, and under the same conditions as the Company may apply to deal with third party.

Neither the Chairman nor any member of the Board of Directors – even where he represents a corporate body – may use any information acquired by virtue of his position, for his own benefit or others, nor may he conduct any action on the Company shares during the term of his service as member of the Board of Directors except after securing the approval of Capital Markets Authority.

Article (18) Bis

Board members may not disclose any of the Company's secrets that they become aware of in the ordinary course of their work in the Company to shareholders or third parties, other than in the general assembly meetings otherwise, such members shall be removed and shall be held liable to compensate for the damages resulting from such violation.

Article (18) Bis 1

The Chairman, Board members and staff shall maintain strictly confidential all information and data pertaining to the Company, its customers as well as the data and information related to the customers of other companies, of which they may become aware of in the ordinary course of their work in the Company.

Article (19)

In the event of the post of an elected member of the Board of Directors becoming vacant, it shall be occupied by the unsuccessful candidate who had obtained the highest number of votes in the latest election.

In the event of vacant posts being equal to one quarter of the original number of posts, and no qualified candidates are available, the Board of Directors must convene the General Assembly of shareholders within two months from the date on which the last post became vacant election of members to fill the vacant posts. In all such cases, the new member shall only serve up to the end of the term of his predecessor.

Article (20)

The Board of Directors shall elect its Chairman and Chairman Deputy by a secret ballot for a three-year term.

Article (21)

Along with other duties set out herein, the Chairman shall represent the Company before third parties and judicial bodies. The signature of the Chairman shall

be equal to the signature of the Board before third parties. The Chairman shall execute the Board resolutions and shall follow its recommendations. The Vice Chairman shall assume the duties of the Chairman in the absence of the latter and if there are circumstances that may prevent the Chairman from assuming his duties.

Article (22)

The Company shall have a Chief Executive Officer or more to be appointed by the Board from among Board members or otherwise. The Chief Executive Officer shall assume the management of the Company. The Board shall define the Chief Executive Officer's duties and powers regarding signing on behalf of the Company. No one may hold the offices of the Chairman and the Chief Executive Officer in tandem.

Article (23)

The Board shall meet at least six times in a year. Board meetings shall convene by the Chairman or the Vice Chairman invitation in the absence of the former, or upon the request of at least three Board members.

A Board meeting shall be valid if a majority of the members attend the meeting. Board meetings may not be attended through proxies.

If a Board meeting is held in the absence of the Chairman and the Vice Chairman, the meeting shall be presided over by the oldest of the present members.

The Board may convene using modern communication means and may approve resolutions by rotation, provided that all Board members approve of such resolutions. The Board shall appoint a secretary for the Board.

Article (24)

Board resolutions shall be adopted by the majority of the present members. In case of a tie vote, the side of the session Chairman shall prevail. The minutes of Board meetings shall be recorded and signed by the present members and the Secretary. A member voting against a Board resolution may record his objection in the minutes of the meeting.

Article (25)

The member of the Board of Directors loses his position in the Board when realizing one of the situations stipulated under Article (68) of the Law No. 32 of 1968 and amendments thereof or when failing to attend four successive sessions without excuse under a decision by the Board of Directors.

Article (26)

The Ordinary General Assembly shall fix the total remunerations of the Chairman and Board members, provided that such remunerations may not exceed ten percent (10%) of net profits less depreciation and reserves. In this case, the dividends to be distributed to the shareholders may not be less than five percent (5%) of the share capital.

The Board shall fix the remunerations of its executive Board members and the Chief Executive Officer.

The Board shall prepare an annual report and present the same to the Ordinary General Assembly for approval. The said report shall accurately detail all the amounts and benefits obtained by the Board, whatever their nature or categorization.

Article (26) Bis

To public organizations, public bodies and wholly State-owned companies shall evolve the amounts accrued in consideration of their representation in companies at which they hold shares. The Chairman shall make payments of such amounts directly to the said parties within one week from their date of accrual. The said parties may fix the remunerations and salaries to be dispensed to representatives thereof in this Company's Boards of directors.

Article (26) Bis 1

No party having a representative in the Board, the Chairman, a board member, a member of the executive management, wives or second of kin relatives thereof may have a direct or indirect interest in the contracts and transactions concluded with or on behalf of the Company, unless so authorized by the Ordinary General Assembly.

Article (27)

The Board of Directors shall have full authority to manage the Company and to conduct all such activities as may be required to realize the objectives of the Company. The Board's authority shall only be limited by restrictions provided for by Law, by these Articles, or by such resolutions as may be issued by the General Assembly. The Board of Directors may, in particular, pay all initial fees and expenses required for the establishment of the Company, including fees and expenses related to registration, publications and implementation of requirements embodied in the Memorandum of Agreement. It may also carry out all legal procedures required for such purposes, fix the general expenses for the Management, draw up Company by-laws and work procedures and appoint managers, supervisors, officers, deputies and assistants of all administrative

levels. Furthermore, the Board may draw-up job descriptions, specify staff authorities and responsibilities, and fix their salaries and remunerations, provided that the system of granting financial remunerations shall include appropriate performance standards associated with the Company performance on the long term. The Board of Directors shall exert due diligence in exercising its powers and authorities.

Article (27) Bis

The Board may allocate its duties among its members according to the nature of the Company businesses. The Board may authorize one of its members, a board committee or any third party to perform one or more of its activities, supervise one or more of the activities of the Company or exercise some of the powers and authorities vested in the Board.

Article (27) Bis 1

Following its election, the Board shall appoint an adequate number of its members in the core committees of Board after their formation, to enhance the efficiency of Board control over the Company vital operations. Such committees shall report regularly to the Board according to the nature of their respective missions. Core committees shall include a Governance Committee, Risk Committee, Audit Committee and Remuneration and Nomination Committee.

Article (28)

The Board of Directors shall have the power to purchase and sell movables and real estates, and to dispose of the Company's assets in whole or in part by sale or through indemnity contract, against such price as it may deem profitable, or in exchange for shares, stocks or other financial papers issued by any other Company. The Board shall also have power to borrow or acquire money in such manner as it may deem suitable, inside or outside Kuwait, and to conclude lease or rent agreements or any and all transactions it deems suitable and within the Company's objectives.

The Board of Directors may further sell or mortgage the Company's real estate; and provide guarantees and grant loans guaranteed by the Company real estate provided that all this shall be effective on non-usurious basis. Moreover, the Board may give permission for filling law-suits or defending the interests of the Company before courts, whether the Company is plaintiff or defendant. It may also endorse reconciliation and arbitration, quash entries, waive rights – with or without recompense – and decide how the Company's assets including reserves should be used. In general, the Board shall manage the Company in the most appropriate way.

Article (29)

The members of the Board of Directors shall not be personally held liable for Company undertakings by reason of performing their duties within the limits of their competence.

Article (30)

The Chairman and members of the Board of Directors shall be held liable before the Company, the shareholders and third parties for any fraudulent act, misuse of authority, violation of the Law or the Articles of Association or mismanagement.

No vote by the General Assembly shall absolve the Board of Directors from responsibility, or prevent the filing of a law-suit against it for liability. The members of Board of Directors may not engage in a vote on the General Assembly resolutions related to discharging them from management liability thereof, such related to private benefit to them or their spouses or first of kin relatives, or that connected with a conflict involving them with the Company.

Article (30) Bis

The liability set out under the preceding Article shall be either personally assumed by a given member or a joint liability assumed by all Board members. In the latter case, all members shall be jointly liable to pay compensation, except for those members who voted against the resolution resulting in the said liability and provided that their objection is recorded in the minutes.

Article (30) Bis 1

The Company may file a legal case for compensation against Board members for damages that the Company would incur due to their fault. If the Company is in the process of liquidation, the receiver shall file the legal case.

Article (30) Bis 2

A shareholder shall individually claim compensation on behalf of the Company, if the latter did not claim the same. In this case, the claim must engage the Company so that the latter may be awarded compensation if there are grounds for the same. A shareholder may claim compensation in its personal capacity if such shareholder is such fault has inflicted damages thereto. All agreements contrary thereto shall be null and void.

Article (31)

The Ordinary General Assembly shall convene upon the Board invitation within three months from the end of the fiscal year, in the place and on the time set by the Board. The Board that may invite the General Assembly to convene when necessary. The Board shall call upon the General Assembly to convene upon a reasoned request from a number of shareholders holding ten percent (10%) of the share capital of the Company or upon a request by the Auditor, within fifteen days from the date of the said request. General Assembly meeting agenda shall be prepared by the party requesting its convention.

Invitation for meeting of the General Assembly of whatever nature including the agenda, time and place shall be sent to the shareholders by any of the following ways:

1. Advertising two times in at least two daily newspapers issued in Arabic. The second advertisement announcing the meeting should be at Least after one week of the date of first advertisement published in the newspapers and before at least one week of the meeting of the General Assembly in two official journals and two newspapers.
2. Email.
3. Fax.

The invitation for the second time shall be after at least seven days from the date of the first invitation and before seven days at least from the date set for the meeting.

Article (31) Bis

As a condition precedent for the validity of notification by the means set out in the preceding Article that the shareholder has provided the Company or the clearance agency with the details of his email or fax number and agreed to be notified using the said means.

No change in the shareholder's contact details may be valid unless the shareholders serve notice of the said changes to the Company or clearance agency at least five days before being notified.

In case any dispute regarding the receipt of notices may arise, a certificate from service operator of the means used to serve the notice shall be validly admitted as evidence.

Article (32)

Founders shall invite shareholders to convene during 30 days from closing the subscription to conduct the General Assembly, in which founders shall submit a report concerning the establishment operations and other related documents. On the other hand, the General Assembly shall examine the integrity of information and whether it congregates the memorandum of agreement and articles of association as well as to consider the reports presented by the Ministry of Commerce and Industry regarding this issue. Hence, the General Assembly is authorized to elect the Board of Directors, appoint auditors and announce the foundation of the Company.

Article (33)

Each shareholder shall be entitled to attend the General Assembly, irrespective of his shares, and shall have a number of votes equal to the number of votes set for his category of shares. A shareholder may not vote, in his own capacity or as a proxy, on issues related to an interest of his own or a dispute between him and the Company. Any condition or resolution to the contrary of this provision shall be null and void. A shareholder may authorize any third party, by virtue of a special power of attorney or authorization prepared by the Company for such purposes, to attend the General Assembly meeting.

A party claiming title to shares other than that recorded in the share register may submit an application to the Judge of provisional matters to issue an order to prevent the disputed shares from voting for period to be fixed by the Judge or pending the resolution on the dispute by the competent court, according to the provisions of the Civil and Commercial Procedural Code.

Article (34)

Shareholders shall register their names in a special record to be prepared for this purpose at the Head Office of the Company, at Least twenty-four hours prior to the date set for the meeting of the General Assembly. Each shareholder shall be provided with an admission card indicating the number of votes he is entitled to.

Article (35)

Ordinary General Assembly shall be valid only if attended by shareholders representing more than half of the issued share capital.

If such quorum is not present, a second General Assembly meeting shall convene with the same agenda of the original Ordinary General Assembly within seven days at least and not exceeding thirty days from the date of the first

General Assembly meeting. The second meeting of the General Assembly shall be valid irrespective of the number of present shareholders.

A new invitation to the second meeting of the General Assembly may not be served if the date is set out in the invitation to the first meeting of the General Assembly.

Resolutions shall be adopted by absolute majority of shares attending the meeting.

Article (36)

Voting at General Assembly meetings shall be carried out in such a manner as may be prescribed by the Chairman unless the General Assembly decides otherwise. The election and discharge of the members of the Board of Directors shall be conducted by a secret ballot.

Article (36) Bis

A General Assembly meeting shall be chaired over by the Chairman, the Vice Chairman, or a person appointed by the Board for this purpose or a person from the shareholders or otherwise to be elected by the General Assembly.

Article (37)

The Ordinary General Assembly shall convene upon invitation by the Board of Directors at Least once a year, but within three months from the end of the fiscal year of the Company. The Board of Directors may call this General Assembly whenever it deems necessary, and shall also convene it whenever is requested to do so by a number of shareholders owning not Less than one tenth of the capital. The General Assembly shall also convene if so requested by the Ministry of Commerce and Industry.

Article (38)

In consideration with the provisions of the Law and the Company Articles of Association, the Annual Meeting of the General Assembly shall decide on matters falling within its jurisdiction, specifically:

1. Board of Directors report on the Company activities and financial position for the ending fiscal year.
2. Auditor's report on the Company financial statements.
3. A report on any violations noted by control authorities and for which the Company is penalized.

4. The Company financial statements.
5. Board proposal for distribution of profits.
6. Discharge of Board members.
7. Election, removal and fixing the remuneration of Board members.
8. Appointment of the Auditor, fixing his fees or authorizing the Board with such issue.
9. The report of the Fatwa and Shari'a Supervisory Board on the compliance with Islamic Shari'a.
10. Appointment of the Fatwa and Shari'a Supervisory Board, fixing the compensation of its members or authorizing the Board with such issue.
11. Report on transactions with related parties. Related parties are defined according to International Accounting Principles.

Article (39)

The Board of Directors shall submit to the Ordinary General Assembly a full report on the operations of the Company and its financial and economic position, including the Balance Sheet, Profit and Loss Account, the Board of Directors' remunerations, the auditors' fees, and a proposal for the distribution of dividends.

Article (39) Bis

The Board shall observe the principle on disclosure and transparency towards stakeholders and related parties, including shareholders, depositors and market participants. Additionally, the annual report shall include a disclosure by the executive management on the Bank's performance and future plans as well as any statements stated by control and supervisory authorities.

Article (40)

The Ordinary General Assembly may not discuss any matters other than those set out on the agenda, unless the same are contingent and urgent matters occurring after the preparation of the agenda or in the meeting or requested by a control authority, the auditor or shareholders representing five percent of the share capital of the Company. If, during the course of the meeting, it is found that the information provided and related to certain items under consideration is inadequate, the meeting shall be postponed for ten working days at most if so required by shareholders representing one quarter of the issued share capital of the Company. The postponed meeting shall be convened without the need for new invitation procedures.

Article (40) Bis

The Board shall execute the resolutions of the General Assembly unless the same violate the Law or the Company Articles of Association. The Board shall represent the resolutions it considers in contradiction to the Law or the Company Articles of Association to the General Assembly to be considered in a meeting held to discuss such violations.

Article (41)

The Extraordinary General Assembly shall be subject to the same provisions applicable to the Ordinary General Assembly while observing the provisions of Articles 247 to 251 of the Companies Law.

Article (41) Bis

The Extraordinary General Assembly shall convene by the Board invitation or upon a request from shareholders representing fifteen percent of the issued share capital or from the Ministry of Commerce and Industry. The Board shall call upon the Extraordinary General Assembly to convene within thirty days from the submission date of the said request.

If the Board fails to invite the Extraordinary General Assembly to convene within the period set out in the above clause, the Ministry shall invite the meeting to convene within fifteen days from the end of the period set out in the above clause.

Article (41) Bis 1

The Extraordinary General Assembly shall be valid only if attended by shareholders representing three quarters of the issued share capital of the Company. If this quorum is not present, an invitation to a second meeting shall be sent and shall be valid if attended by shareholders representing more than half of the Company issued share capital.

Resolutions shall be adopted by a majority of votes representing more than half of the total share capital of the Company.

Article (42)

The following topics are considered only by the general assembly in an extraordinary session:

1. Modifying the foundation contract or the basis system of the Company.
2. Selling the entire project done by the Company, or disposing of it in any other way.

3. Dissolving, joining, or merging the Company with another Company or authority.
4. Decreasing or increasing the Company's capital.
5. In no way should modification, disposal, joining, merging, or any procedure aiming at increasing the Company's ability to finance, breach the rule of avoiding types of usurious activities.

Any modification concerning the basis system of the Company is not applicable unless prior approval of Ministry of Commerce and Industry and the Central Bank of Kuwait as well as abiding by the provisions concerning Monetary Policy, the Central Bank of Kuwait, the Organization of Banking Profession and the law of Commercial Companies.

Any modification concerning the Company's name, purposes or capital, except for increasing the capital by issuing shares in return for profits realized by the Company or as a result of adding its useable reserves to the capital are not valid unless the publication procedures are considered.

Article (43)

The Company shall receive two kinds of deposits:-

1. Deposits not committed for investment; which shall take the form of current accounts.
2. Deposits committed for conditional or unconditional investment.

Article (44)

Deposits not committed for investment may be withdrawn from the Company in whole or in part at any time.

Article (45)

Deposits committed for investment shall be included within funds assigned for investment in projects carried out by the Company itself, or for financing third-party projects. Commitment of deposits may either be limited to investment in any one particular project, e.g. real estate, industrial, financial or any other type of Company projects, or made open and unconditional.

The deposit agreement shall specify whether the deposit is for limited or unlimited term.

Where a deposit is intended for an unlimited term, the deposit agreement shall specify the period of notice to be served to the Company in advance of withdrawal and settlement of the deposit investment account.

Deposits made for limited periods shall, in essence, not be withdrawn able before the date specified in the deposit agreement. As an exception to this rule, they may be withdrawn before such date under special circumstances upon request of the depositor, and with the approval of the Board of Directors provided that the depositor shall relinquish his profits either for the whole fiscal year during which withdrawal took place or for part thereof as may be decided by the Board of Directors.

Article (46)

Profits on deposits committed for investment shall be calculated on the basis laid down by Board of Directors.

Article (47)

The Board of Directors shall lay down special by-laws for the Company's banking services specifying, in particular, the rates of fees and commissions which the Company shall charge for such services, provided that such rates shall not be usurious in any manner whatsoever.

Article (48)

The Board of Directors shall lay down a plan for investment of the Company's own funds as well as the funds of deposits in different economic sectors on short, medium and long terms and in such way as to achieve the Company's objectives within the framework of public interest.

Article (49)

The Board of Directors shall form a permanent ad-hoc committee to assist it in implementing the plan referred to in Article (48).

Article (50)

With regard to the provisions of the law No. 32 of 1968 concerning Monetary Policy, Kuwait Central Bank, the Organization of Banking Profession and its amendments, the Board of Directors shall specify the ceiling percentage of the capital to be used for financing any new or existing project, even for one project or for all medium and long term projects.

The Board of Directors decides the Company's percentage in founding a new project of financing an existing project within the limits of the financial conditions of the Company and the technical consideration necessary by the law or the customs.

Article (51)

Cancelled by virtue of resolution of the Extraordinary General Assembly dated 17/5/2004, approved by decree NO. 279 of 2004.

Article (52)

With regard to the provisions of Law no.7 of 2010 the Company shall have two or more certified auditors whom appointment and fees shall be decided by the General Assembly, and who shall be responsible for auditing the accounts for the fiscal year for which they are appointed.

Article (52) Bis

Subject to the provisions of Law no 32 for 1968 on Monetary Policy, Central Bank of Kuwait and the Organization of the Banking Profession, as amended, the Auditor may not hold the position of the Company's Board Chairman or member or entrusted to carry out any administrative work or supervise its accounts or is a second of kin relative to those who supervise its management or accounts. The Auditor may not buy or sell any of the Company shares or perform any consulting task during his auditing engagement.

Article (53)

The fiscal year of the Company shall commence on the 1st of January and end on the 31st of December each year, with the exception of the first fiscal year which shall commence from the date of final incorporation of the Company and end on the 31st of December the following year.

Article (54)

The auditor shall have such power and carry out such obligations as stated in law of Commercial Companies. In particular, he shall have access to all books, records and documents of the Company at all times, and may request any information he may deem necessary. If he is obstructed or unable to exercise such powers; he shall report the fact in writing to the Board of Directors and to the General Assembly. He may also invite the General Assembly to convene for this purpose.

Article (55)

The auditor shall submit to the General Assembly a report stating whether the Balance sheet and Profit and Loss Account reflect fairly the actual financial position of the Company; whether inventories were conducted in accordance with established practices; whether the information given in the report of the Board of Directors is in agreement with the books of the Company; whether any viola-

tions of the Law or the Company Articles of Association were committed during the fiscal year in such a way as to materially affect the Company's activities or financial position; and whether, to the best of his knowledge, such violations continue to exist.

The report shall include a statement of governance which indicates the Company adherence to the rules, regulations and Governance Guide established according to Kuwait Central Bank instructions. Moreover, it shall include a description of internal control systems.

In his capacity as agent for all shareholders, the auditor shall be responsible for the accuracy of the information contained in his report. He shall be held liable for all damages incurred by the Company or the shareholders or third parties due to any errors he commits or during or by reason of his work. The two auditors shall be jointly responsible, unless any of them proves non-involvement in causing damages leading to liability. The auditor shall be responsible for damages arising from inappropriate timed resignation.

Each shareholder may, during the General Assembly meeting, discuss and request clarification on the contents of the auditor's report.

Article (56)

A percentage of the gross profits shall be deducted and allocated by the Board of Directors for formation of special reserves such as debt reserves, currency fluctuation reserves, in addition to depreciations, reserves and allocations required by law or custom or under the provisions of these Articles.

Article (57)

A percentage of the gross profits shall be deducted by the Board of Directors for amortization or depreciation of the Company's assets. Such deduction shall be used for purchase of materials, machines and constructions necessary for their repair. Moreover, a portion of the gross profits shall also be recommended by the Board of Directors and approved by the Ordinary General Assembly, to be deducted to meet the Company's obligations under Labor Laws.

Article (58)

The net profits are distributed as follows:

1. 10% are deducted and allotted in the account of the compulsory reserve.
2. 10% are deducted and allotted in the account of the optional reserve.

On the suggestion of the Board of Directors, the general assembly may increase

the percentage included in the two previous paragraphs as fit. It may stop this deduction according to the suggestion of the Board of Directors and the approval of the Central Bank.

3. The sum is deducted to distribute a first share of the profits with the value of 5% to the share holders.
4. A sum approved by the ordinary general assembly is allotted as remuneration to the Board of Directors, not exceeding 10% of the net profits after the previous deductions.
5. The rest of profits is distributed on the share holders as an additional share of the profits or is deferred to the following year according to the suggestion of the Board of Directors or is allotted to create the profit-settling reserve to insure the convenient distribution in the years with low profits or the create extraordinary allotments.

Article (59)

Dividends shall be paid to shareholders at such place and time as may be specified by the Board of Directors.

Article (60)

The reserve funds shall be utilized upon decision by the Board of Directors to the best interest of the Company. The statutory reserve shall not be distributed among shareholders, but may be used to secure distribution of profits to shareholders, amounting to five percent in such years where the profits of the Company do not facilitate distribution of such percentage.

If the statutory reserve exceeds half the capital of the Company, the General Assembly may decide to discontinue deductions or to use the excess amount in such a manner as it deems appropriate and in the interest of the Company and its shareholders.

Article (61)

Cancelled by the resolutions of the Extraordinary General Assembly on 16/2/2004

Article (62)

Cancelled by the resolutions of the Extraordinary General Assembly on 16/2/2004

Article (63)

Cancelled by the resolutions of the Extraordinary General Assembly on 16/2/2004

Article (64)

Cancelled by the resolutions of the Extraordinary General Assembly on 16/2/2004

Article (64) Bis 1:

The Company shall include the Fatwa and Shari'a Supervisory Board with at least three members to be appointed by the General Assembly, whereas board members shall appoint their Chairman.

Article (64) Bis 2

The Fatwa and Shari'a Supervisory Board shall be responsible for monitoring the Company's transactions and operations, to make out whether were conducted in line with the Islamic Shari'a doctrine. Thus, the board has the authority to check all contracts, agreements, policies and transactions held between the Company and third party.

The Fatwa and Shari'a Supervisory Board shall have full access to all Company's transactions to make sure whether they were conducted in accordance with Islamic Shari'a. In this event, the Company's management shall provide the Board members with all requested information and documents they may deem necessary.

The Fatwa & Shari'a Supervisory Board shall also carry out the following obligations:

1. Submitting annual report to the General Assembly stating whether transactions were conducted in accordance with Islamic Shari'a.
2. Monitoring the activities of Shari'a certified supervisors who are advising the Company's various departments.
3. Organizing Shari'a courses for the Company's staff, so that they can abide by the Islamic principles while performing their duties. In addition, the Board shall have the right to suggest organizing seminars and conventions correlated to the Islamic economy.
4. Other duties assigned to the Fatwa and Shari'a Supervisory Board by the Board of Directors.

Article (64) Bis 3

In case of a dispute among the members of The Fatwa and Shari'a Supervisory Board concerning a Shari'a matter, the Company management can consult The Fatwa Board in The Awqaf and Islamic Affairs Ministry.