



**Commercial Bank of Kuwait  
A Kuwaiti Share Company**

**Established by  
Virtue of Amiri Decree No. 5  
Dated June 19, 1960**

**Memorandum  
and  
Articles of Association  
  
Kuwait March 2019**

**AMIRI DECREE NO. 5 OF 1960 FOR THE  
INCORPORATION OF A SHAREHOLDING COMPANY IN THE NAME OF  
COMMERCIAL BANK OF KUWAIT**

We, Abdulla Al-Salem Al-Sabah the Amir of Kuwait, having duly noted the Memorandum of Association of Commercial Bank of Kuwait signed by Messrs. Hamad Al-Saleh Al-Humaidi and Khalid Saleh Al-Ghunaim and Fahad & Khalid Al-Subaih & Company (represented by Mr. Khalid Al-Subaih) and Khalifa Al-Ghanim & Sayed Hameed & Company (represented by Mr. Sayed Hameed) and Abdul Aziz Al-Bahar & Brothers & Company (represented by Mr. Abdul Aziz Al-Bahar) and Marzouk Al-Jassim Al-Marzouk and Yousef Al-Ahmad Al-Ghanim in their capacity as Founders, and having duly noted the Articles of Association of the aforesaid Bank and after perusal of Articles 72 and 74 of Law No. 15 for 1960 concerning Commercial Companies, and in accordance with the recommendation of the President of the Department of Finance & Economy and the approval of the Supreme Council, decree the following :

**(Article 1)**

Messrs. Hamad Al-Saleh Al-Humaidi and Khalid Saleh Al-Ghunaim and Fahad & Khalid Al-Sabaih & Company (represented by Mr. Khalid Al-Sabaih) and Khalifa Al-Ghanim & Sayed Hameed & Co. (represented by Mr. Sayed Hameed) and Abdul Aziz Al-Bahar & Brothers & Company (represented by Mr. Abdul Aziz Al-Bahar) and Marzouk Al-Jassim Al-Marzouk and Yousef Al-Ahmad Al-Ghanim, are hereby licensed to establish in Kuwait under their responsibility a Kuwaiti Shareholding Company under the name of “Commercial Bank of Kuwait”.

**(Article 2)**

The afore-mentioned Founders shall observe the Memorandum of Association and the Articles of Association of the Bank of which legalized copies shall be attached to this Decree duly signed by all the afore-mentioned Founders who shall also observe the provisions of the Commercial Companies Law and all other Laws in force in the country.

**(Article 3)**

This license does not confer upon the aforesaid Bank any monopoly or concession and shall not result in any responsibility on the Government whatsoever.

**(Article 4)**

The President of the Department of Finance & Economy shall implement this Decree which shall be published in the Official Gazette.

**Abdulla Al-Salem Al-Sabah**  
**AMIR OF KUWAIT**

Issued on 25 Thil-Hijja 1379 AH corresponding to 19 June 1960 AD.

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(\*) Amended pursuant to the decision of the Extra-Ordinary General Assembly held on 23/3/2019

(\*\*) Added pursuant to the decision of the Extra-Ordinary General Assembly held on 23/3/2019

**Commercial Bank of Kuwait**  
**Kuwaiti Shareholding Company**  
**Memorandum of Association**

- 1 - Name of the Company:** Commercial Bank of Kuwait, Kuwaiti Public Shareholding Company (hereinafter referred to in this Memorandum of Association and the Articles of Association attached thereto as the “Company”). (\*)
- 2 - The Head Office of the Company:** The Head Office of the Company and its legal domicile is in Kuwait City and its branches are in the State of Kuwait. The Board of Directors may establish branches and representative offices outside Kuwait. (\*)
- 3 - The Duration of the Company:** The duration of the Company is unlimited, commencing on the date of the promulgation of the Amiri Decree on 25 Thil-Hijja1379 AH corresponding to 19 June 1960 AD. (\*\*)

**4 - Objects of the Company: (\*)**

The objects for which the Company was established are, mainly, to carry out all business and services of the banking profession as well as those considered to be banking business as stipulated by the law or customs. To this end, the Company may, in particular, carry out the following activities and services and conclude all contracts & transactions within and outside Kuwait for its own account or for the account of third parties:

- 1) Accept deposits of all kinds and use them in banking operations;
- 2) Lend, borrow, grant credits, issue letters of guarantee and guarantees, provide all other banking facilities and other credit operations, whether with or without collateral;
- 3) Issue bonds of all kinds in local currency or in foreign currencies and offer the same;
- 4) Trade in foreign currencies and precious metals, lend against them, and sell, buy and conduct transfers thereof;
- 5) Deal in all securities by all manners of legal dealing and collect, discount, buy and sell cheques, all commercial papers, drafts, bills of lading and other instruments;
- 6) Carry out the business of electronic payment and settlement systems that the Company is permitted to carry on;
- 7) Keep custody of cash, precious metals and other monies, lease safe deposit boxes, carry out the business of custodian and agent, accept agencies and appoint agents whether with or without commission;
- 8) Invest in capital and receive and offer subscriptions to the capital of shareholding companies;
- 9) Carry on the activities of “investment adviser”, “custodian”, “subscription agent” and other activities in securities as licensed to the Company by the Capital Markets Authority;
- 10) Own all types of patents for inventions and trademarks and certificates and concessions and rights whether literary or technical, which the Company deems necessary for its business, and the use and disposal in any manner permissible under the Law;
- 11) Incorporate companies of all kinds & contribute therein and support such companies in any manner

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(\*) Amended pursuant to the decision of the Extra-Ordinary General Assembly held on 23/3/2019

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whatsoever within the limits of the provisions provided for in the Law & regulations and related instructions and participate or acquire or merge with another company with similar business or buy all or some of its assets;

- 12) Buy and import the required devices, supplies and equipment for implementing the Company's objects;
- 13) Exploit the Company's financial surpluses by investing them in portfolios managed by companies and specialized entities; and
- 14) Carry out and provide all other banking & commercial works and services permitted by applicable laws, regulations, bylaws, current customs of banks and financial institutions for the attainment of its objects or that are incidental or conducive to or related thereto, whether directly or indirectly.

The Company may establish or participate in any manner in or have an interest with entities that carry on businesses similar, complementary, essential or related to its own or that may be conducive in the attainment of its objects, and it may buy, participate in, associate with or merge with such entities in the State of Kuwait or abroad.

5. The authorized capital of the Company is fixed at KD 250,000,000/000 (Two Hundred Fifty Million Kuwaiti dinar) distributed over 2,500,000,000 (Two Billion and Five Hundred Million) shares of 100 fils each.

Further, the issued and fully paid-up capital of the Company is fixed at KD 199,205,644.500 (One Hundred Ninety-Nine Million Two Hundred Five Thousand Six Hundred Forty-Four Kuwaiti dinar and Five Hundred fils) distributed over 1,992,056,445 (One Billion Nine Hundred Ninety-Two Million Fifty-Six Thousand Four Hundred Forty-Five) shares of 100 fils each, and all such shares are cash shares. (\*)

6. This Company is a Shareholding Company and the liability of its members is limited in accordance with the Law.
7. The estimated Incorporation and Registration expenses are as follows:

**Rupees**

2,000	Fees
250	Registration fees
50,000	Printing the Company's Memorandum and Articles of Association
1,750	Charges of issuing prospectus
20,000	Commission for a local Bank for undertaking subscription at the rate of 1% of the value of subscribed shares.
<b>74,000</b>	<b>Total</b>

We, the undersigned, have agreed to form a shareholding company with a capital of Rs. 20,000,000 (Twenty Million Kuwaiti Rupees), following the competent Departments' approval on the establishment thereof in accordance with the provisions of the Commercial Companies Law No. 15 of the year 1960 and the Articles of Association attached to this Memorandum.

As such, each and every one of us has subscribed to the Shares shown against his name, and we have authorized and empowered Mr. Sayed Hameed Behbehani to finalize the founding of the Company and to follow up all necessary formalities.

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(\*) Amended pursuant to the decision of the Extra-Ordinary General Assembly held on 23/3/2019

(\*\*) Added pursuant to the decision of the Extra-Ordinary General Assembly held on 23/3/2019

Name	No. of Shares
1 - Hamad Al-Saleh Al-Humaidi	3,000
2 - Khalid Saleh Al-Ghunaim	3,000
3 - Fahad & Khalid Al-Subaih & Co. (Represented by Mr. Khalid Al-Subaih)	3,000
4 - Khalifa Al-Ghanim & Sayed Hameed & Co. (Represented by Mr. Sayed Hameed)	3,000
5 - Abdul Aziz Al-Bahar & Bros. & Co. (Represented by Mr. Abdul Aziz Al-Bahar)	3,000
6 - Marzouk Al-Jassim Al-Marzouk	3,000
7 - Yousef Al-Ahmad Al-Ghanim	3,000

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**Articles Of Association**  
**Commercial Bank of Kuwait (K.P.S.C.)**

**Article (1)**

**Elements of Incorporation of the Company**

Company name: Commercial Bank of Kuwait – Kuwaiti Public Shareholding Company (K.P.S.C.) and its Head Office is in Kuwait City. (\*)

**Article (2)**

**Objects Of the Company: (\*\*)**

The objects for which the Company was established are, mainly, to carry out all business and services of the banking profession as well as those considered to be banking business as stipulated by the law or customs. To this end, the Company may, in particular, carry out the following activities and services and conclude all contracts & transactions within and outside Kuwait for its own account or for the account of third parties.

- 1) Accept deposits of all kinds and use them in banking operations.
- 2) Lend, borrow, grant credits, issue letters of guarantee and guarantees, provide all other banking facilities and other credit operations, whether with or without collateral.
- 3) Issue bonds of all kinds in local currency or in foreign currencies and offer the same.
- 4) Trade in foreign currencies and precious metals, lend against them and sell and buy transfers thereof.
- 5) Deal in all securities by all manners of legal dealing and collect, discount, buy and sell cheques, all commercial papers, drafts, bills of lading and other instruments.
- 6) Carry out the business of electronic payment and settlement systems that the Company is permitted to carry on.
- 7) Keep custody of cash, precious metals and other monies, lease safe deposit boxes, carry out the business of custodian and agent, accept agencies and appoint agents whether with or without commission;
- 8) Invest in capital and receive and offer subscriptions to the capital of shareholding companies.
- 9) Carry on the activities of “investment adviser”, “custodian”, “subscription agent” and other activities in securities as licensed to the Company by the Capital Markets Authority.
- 10) Own all types of patents for inventions and trademarks and certificates and concessions and rights whether literary or technical, which the Company deems necessary for its business, and the use and disposal in any manner permissible under the Law.
- 11) Incorporate companies of all kinds & contribute therein and support such companies in any manner whatsoever within the limits of the provisions provided for in the Law & regulations and related instructions and participate or acquire or merge with another company with similar business or buy all or some of its assets.
- 12) Buy and import the required devices, supplies and equipment for implementing the Company’s objects.
- 13) Exploit the Company’s financial surpluses by investing them in portfolios managed by companies and specialized entities.
- 14) Carry out and provide all other banking & commercial works and services permitted by applicable laws, regulations, bylaws, current customs of banks and financial institutions for the

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attainment of its objects or that are incidental or conducive to or related thereto, whether directly or indirectly.

The Company may establish or participate in any manner in or have an interest with entities that carry on businesses similar, complementary, essential or related to its own or that may be conducive in the attainment of its objects, and it may buy, participate in, associate with or merge with such entities in the State of Kuwait or abroad.

**Article (3) (\*)**

**Capital of the Company**

The authorized capital of the Company is fixed at KD 250,000,000/000 (Two Hundred Fifty Million Kuwaiti dinar) distributed over 2,500,000,000 (Two Billion and Five Hundred Million) shares of 100 fils each. Further, the issued and fully paid-up capital of the Company is fixed at KD 199,205,644.500 (One Hundred Ninety-Nine Million Two Hundred Five Thousand Six Hundred Forty-Four Kuwaiti dinar and Five Hundred fils) distributed over 1,992,056,445 (One Billion Nine Hundred Ninety-Two million Fifty-Six Thousand Four Hundred Forty-Five ) shares of 100 fils each, and all such shares are cash shares.

**Article (4) (\*\*)**

The shares of the Company shall be nominal shares. Non-Kuwaitis may own shares as per the provisions of the Law and Ministerial Resolutions and regulatory instructions governing ownership of shares.

**Article (5) (\*)**

The value of a share and the installments payable thereon shall be deemed a debt duly payable to the Company and if an installment is not settled when due, the Company may offer the shares for sale in accordance with the Law and collect from the proceeds of such sale, with priority over all creditors, the outstanding installments, interest and expenses incurred by the Company and the remnant shall be refunded to the shareholder. If the proceeds generated by the sale of shares are insufficient, the Company shall have the right of recourse against the shareholder's personal funds.

**Article (6) (\*)**

The shares of the Company shall be traded according to the provisions of the Law No. 7 of 2010 concerning the Establishment of the Capital Markets Authority and Regulating Securities Activity and its Executive By-laws, and related amendments. The Extraordinary General Assembly may issue, based on the Board of Directors' recommendation, preferred shares which entitle their holders to the following:

1. Priority in obtaining the profits.
2. Priority in redeeming the value of their shares upon liquidation.
3. Other concessions.

**Article (7) (\*)**

Securities issued by the Company shall be subject to the system of central deposit of securities at the clearing agency. Receipts issued against the deposit of such securities at the clearing agency shall be deemed as title deed of the securities, and a receipt shall be given to each owner enumerating the securities he owns.

**Article (8)**

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(\*) Amended pursuant to the decision of the Extra-Ordinary General Assembly held on 23/3/2019

(\*\*) Added pursuant to the decision of the Extra-Ordinary General Assembly held on 23/3/2019

Ownership of shares shall inevitably entail the subscriber's acceptance of the contents of the Memorandum of Association and the provisions of Articles of Association of the Company and the resolutions issued by its General Assembly.

**Article (9) (\*)**

Each share entitles its holder to a holding equal to that of another holder without preference in ownership of the Company's assets and the dividends given as stated thereafter with due observation of the provisions related to the preferred shares as per the Law.

**Article (10)**

The Company shall have a special register to be held with a clearing agency in which the names of shareholders, their nationalities, their domicile and the number and type of shares owned by each one of them as well as the value paid for each share shall be recorded.

The shareholders register shall be marked with any changes made to the statements recorded therein according to the statements received by the Company or the clearing agency. Each party with an interest may request the Company or clearing agency to provide him with details from the register.

**Article (11) (\*)**

**Adjustment of the Capital**

The Company's Board of Directors may issue a decision to increase the issued capital to the limit of the authorized capital provided that the issued capital would be paid in full.

The Company's authorized capital may be increased by virtue of a decision of the Extraordinary General Assembly based on a justified proposal of the Board of Directors and a report of the auditor in this regard. Such decision shall set out the amount and method of increase.

The authorized capital may not be increased unless the value of the original shares has been paid in full. The Extraordinary General Assembly may authorize the Board of Directors to determine the date of implementing such capital increase.

**Article (12) (\*)**

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

1. Offer the shares of the capital increase for public subscription.
2. Conversion of funds from voluntary reserve, retained profits or amounts above the minimum statutory reserve into shares.
3. Conversion of the Company's debt, bonds, or Sukuk into shares.
4. Offering non-cash contribution.
5. Issuing new shares allocated for a new partner(s) to be presented by the Board of Directors and approved by the Extraordinary General Assembly.
6. Any other methods provided for in the Executive Regulations of the Law.

In all cases, the nominal value of the shares of the capital increase shall be equal to the nominal value of the original shares.

**Article (13) (\*)**

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(\*) Amended pursuant to the decision of the Extra-Ordinary General Assembly held on 23/3/2019

(\*\*) Added pursuant to the decision of the Extra-Ordinary General Assembly held on 23/3/2019

If it has been decided to increase the capital by offering shares for public subscription, the shareholders shall have a priority right to subscribe for the new shares pro rata to the number of shares owned by each of them within fifteen days from the date they are notified of the same.

The shareholder may assign his priority right to another shareholder or a third party with or without consideration as agreed upon between the shareholder and the assignee. The Executive Regulations of the Companies Law shall set out the details and procedures for notification and assignment.

#### **Article (14) (\*)**

In the event of offering capital increase shares for public subscription, the public shall be invited to subscribe for the Company's shares based on a prospectus that contains the details and satisfies the procedures stipulated in Law no. 7/2010 concerning the establishment of Capital Markets Authority and regulating securities' activity and its Executive Regulations and related amendments.

#### **Article (15)**

If the capital increase shares have not been fully subscribed, the body which resolved on the increase may decide to either retract the capital increase or limit the capital increase to the amount subscribed for. The Executive Regulations of the Law shall provide for the procedures to be taken in this regard.

#### **Article (16) (\*)**

The Extraordinary General Assembly may decide to add share premium to the nominal value of the new shares. The amount of share premium shall be used to cover the expenses of the new share issuance, then any remaining amounts shall be added to the reserve as per the terms & criteria which determine the amount of the share premium as set out in Companies Law and its Executive Regulations. The Extraordinary General Assembly may authorize the Board of Directors in this regard.

#### **Article (17) (\*)**

If the capital increase shares are issued against non-cash contribution, such shares shall be assessed in accordance with the provisions of the Companies Law & its Executive Regulations and related amendments and the Ordinary General Assembly shall act in the place of the Constituent Assembly in this regard.

#### **Article (18)**

In the event of covering the capital increase by transfer from the voluntary reserve, retained profits/earnings or the amounts above the minimum statutory reserve, the Company shall issue bonus shares in nominal value without share premium and shall distribute such shares to shareholders in proportion to the shares held by each of them in the capital of the Company.

#### **Article (19) (\*)**

If the capital increase is covered through conversion of the Company's debt or bonds into shares, the provisions stipulated in the Companies Law & its Executive Regulations and related amendments shall be applied.

#### **Article (20) (\*)**

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(\*) Amended pursuant to the decision of the Extra-Ordinary General Assembly held on 23/3/2019

(\*\*) Added pursuant to the decision of the Extra-Ordinary General Assembly held on 23/3/2019

The Extraordinary General Assembly may decide, based on a justified proposal of the Board of Directors and following approval of regulatory authorities, to decrease the Company's capital in any of the following cases:

1. If the Company's capital exceeds the Company's requirements.
2. If the Company incurred losses that cannot be covered by the Company's profits.
3. Any other cases specified by the Companies Law & its Executive Regulations and related amendments.

#### **Article (21)**

If the decision to decrease the Company's capital is due to the capital exceeding the Company's needs, the Company shall pay all due debts and provide sufficient guarantees for future debts prior to the execution of the decision on capital decrease. In the event the due debts are not paid or the guarantees are insufficient to secure the future debts, the creditors of the Company may object to the decision on the capital decrease before the competent court as determined by the Executive Regulations of the Companies Law.

#### **Article (22) (\*)**

The capital shall be decreased by one of the following methods:

1. Decreasing the nominal value of shares, but not less than the established minimum limit.
2. Cancelling a number of shares equal to the amount of capital to be decreased.
3. The Company purchasing a number of its shares equal to the amount of capital to be decreased.

Adjustment of the Company's capital whether by increase including subscription and share premium or by decrease shall be subject to the provisions and procedures stipulated in the Law, regulations and regulatory instructions and resolutions.

#### **Article (23) (\*)**

The Company may buy, sell or dispose of its shares within the limits and according to the terms and conditions set out under the Law, regulations and the instructions of the regulatory authorities:

The purchased shares shall not be calculated as a part of the total shares of the Company in cases where the shareholders are required to hold a certain percentage of the capital and in all matters concerning the calculation of the necessary quorum for the validity of the General Assembly and the voting on the decisions of the General Assembly.

#### **Article (24) (\*)**

The Company's funds may not be placed under attachment to settle debts owed by one of the shareholders. However, the shares of such debtor and any dividends related to such debtor's shares may be seized and such seizure shall be recorded with respect to such shares in the shareholders' register. Such shares may be sold even if the creditor who seized such shares does not submit the original of the relevant depository receipt. The required amendments shall be introduced in the shareholders' register held with the clearing agency based on the outcome of the sale procedures.

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Shares may be pledged even if their value has not been paid in full. The pledge shall be registered in the shareholders' register in the presence of the pledger and the pledgee or their representatives.

The debtor may assign his right to attend and vote in the General Assembly of the Company to the pledgee creditor.

All decisions issued by the General Assembly shall apply to any creditor who has seized shares or pledgee in the same manner as these would apply to the shareholders whose shares have been seized or pledged.

#### **Article (25) (\*)**

The Company may, with the approval of the Ordinary General Assembly upon the proposal of the Board of Directors and in accordance with the provisions of the Law and instructions of regulatory authorities, issue negotiable bonds. The Ordinary General Assembly may authorize the Board of Directors to determine the amount of issuance, the nominal value of the issued bonds and their number, type, conditions, tenor and interest rate and the redemption date of such bonds and other terms & conditions governing the same.

#### **Article (26) (\*)**

##### **Shareholders' Rights and Obligations**

The shareholder in the Company shall particularly enjoy the following rights:

1. Receiving profits and obtaining bonus shares that are decided to be distributed.
2. Participating in the management of the Company through membership in the Board of Directors and attending General Assembly Meetings and taking part in its discussions in accordance with the provisions of the Law and these Articles of Association.
3. Obtaining, at least seven days prior to the General Assembly Meeting, the Company's financial statements of the last accounting period as well as the Board of Directors report and the auditors' report.
4. Disposing of the shares owned by him and the priority right to subscribe for new shares and bonds in accordance with the provisions of the Law and the Company's Memorandum of Association and these Articles of Association.
5. Obtaining a share in the Company's assets upon liquidation following repayment of its debts.

#### **Article (27)**

The shareholder in the Company shall be subject to the following obligations:

1. Payment of installments due for the shares he holds on the due date and paying compensation for delaying in repayment.
2. Payment of the expenses incurred by the Company in order to collect the unpaid installments of the value related to his shares. The Company may satisfy its claims out of the shares.
3. Enforcing the decisions issued by the General Assembly of the Company.
4. Refrain from committing any acts that are detrimental to the Company's financial or moral interests and comply to compensate for the damages that arise from breaching the same.
5. Following the rules and procedures established in respect of trading in shares.

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(\*) Amended pursuant to the decision of the Extra-Ordinary General Assembly held on 23/3/2019

(\*\*) Added pursuant to the decision of the Extra-Ordinary General Assembly held on 23/3/2019

### **Article (28) (\*)**

The Ordinary General Assembly of the shareholders may not:

1. Increase the financial burdens of shareholders or increase the nominal value of the shares.
2. Decrease the percentage which should be distributed from the net profits to the shareholders, as determined in these Articles of Association.
3. Impose new conditions other than those stated in these Articles of Association relating to shareholder's entitlement to attend and vote in the General Assembly Meetings.

However, such provisions may be deviated from by acceptance of all shareholders in writing or a collective voting in which all shareholders participate, following approval of the Capital Markets Authority and satisfying the required procedures to amend the Memorandum of Association and these Articles of Association.

### **Article (29) (\*)**

#### **The Board of Directors**

The Company shall be managed by a Board of Directors comprising at least nine members elected by the shareholders, by secret ballot, for a term of three renewable years.

In the event where it is not possible to elect a new Board of Directors at the time prescribed therefor, the existing Board of Directors shall continue to manage the business of the Company until the circumstances preventing an election are eliminated and a new Board of Directors is elected.

The regulatory authorities may require that the Company's Board of Directors include one or more independent members who possess the experience and know-how to be selected and remunerated by the Ordinary General Assembly as per the Corporate Governance rules and the number of independent members should not exceed half of the Board Members. The independent Board members are not required to be among the shareholders of the Company.

### **Article (30) (\*)**

The Board of Directors shall elect by secret ballot a Chairman of the Board of Directors and a Vice Chairman. The Chairman shall represent the Company in its relations with any third party and before the courts in addition to assuming other functions as stipulated & set out in the Law and these Articles of Association. The Chairman's signature shall be deemed as the signature of the Board of Directors with regard to the dealings of the Company towards any third party. The Chairman shall execute the decisions of the Board of Directors and shall be bound by its recommendations.

The Vice Chairman shall act in the place of the Chairman in the absence of the latter or where he is unable to perform his responsibilities.

### **Article (31) (\*)**

The Board of Directors may distribute tasks among its Members in accordance with the nature of the Company's business and the nature of the Board Committees. The Board of Directors may also authorize one of its Members or a committee formed from its Members or a third party to undertake one or more specific functions or oversee certain aspects of the Company's activities or exercise some of the powers or functions delegated and vested to the Board of Directors with due observation of the regulatory

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authorities' instructions in this regard. The Board of Directors shall determine the remunerations for the said functions.

#### **Article (32) (\*)**

Each shareholder, whether a natural or legal person, may appoint his representative in the Board of Directors of the Company in proportion to the shares held by him therein. The number of the Board Members selected by this method shall be deducted from the aggregate numbers of the Board Members who are elected. Shareholders having representatives in the Board of Directors may not take part with other shareholders in electing the remaining Board Members, unless within the limits exceeding the percentage used for appointing his representative in the Board of Directors. A group of shareholders may form an alliance to jointly appoint one or more of their representatives in the Board of Directors in proportion to their joint shareholding.

Such representatives shall have the same rights and duties as the elected Board Members.

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

#### **Article (33) (\*)**

The Board of Directors shall have the widest powers to manage the Company and to carry out all the acts required for the Company's management in accordance with the Company's objects. These powers shall only be limited by the provision of the Law or by these Articles of Association or the resolutions of the General Assembly. The Board of Directors may sell or mortgage the Company's real estate, conclude guarantees and loans, make declarations, arbitration, conciliation and donations and perform other works and activities required for managing the Company according to its objects.

#### **Article (34) (\*)**

The meeting of the Board of Directors shall only be valid if attended by at least half of the Members. Board meetings may be held via modern means of communication. Resolutions may be made by circulation subject to the approval of all Members of the Board of Directors.

The Board of Directors' resolutions shall be issued by majority of attending Members and in case of a tie, the side including the Chairman's vote will pass.

The Board of Directors shall meet at least six times a year with due observation of Corporate Governance rules issued in this regard.

#### **Article (35) (\*)**

The Board of Directors shall have a Secretary to the Board who shall take the minutes of the meetings, which are to be signed by the Secretary to the Board and all attending Members of the Board of Directors. The Secretary to the Board may also sign the certificates issued by the Company regarding the decisions issued at Board of Directors meetings. A Member who does not agree to a decision issued by the Board of Directors can record his objection in the minutes of the meeting.

The Company shall have a special register in which the Board of Directors' meetings are documented / recorded in consecutive numbers for the year in which the meeting was held and this register shall outline the place of meeting, its date and the time it started and adjourned.

#### **Article (36) (\*)**

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(\*) Amended pursuant to the decision of the Extra-Ordinary General Assembly held on 23/3/2019

(\*\*) Added pursuant to the decision of the Extra-Ordinary General Assembly held on 23/3/2019

Any person nominated for membership on the Board of Directors and any person who will become a Board Member must meet the following conditions:

1. He shall have the legal capacity to act.
2. He shall not be sentenced in a felony with freedom restricting punishment, bankruptcy crime by negligence or fraud, crime against honor or honesty or by freedom restricting punishment as a result of his violation of the provisions of the Law unless he has been rehabilitated.
3. With exception of the independent Members, he shall personally hold or be the representative of the person who holds a number of shares in the Company.
4. He shall have satisfied the conditions contained in Law 32/1968 concerning currency, the Central Bank of Kuwait and organization of banking business and other related laws and their amendments.

If a Board Member fails to satisfy any of the above conditions, he shall lose the capacity as a Board Member as of the date he fails to satisfy such condition, and this shall have no effect on validity of acts and decisions made by such Board Member or those for which he participated in voting until such date he lost his capacity as a Board Member.

If a Board Member fails to attend three consecutive meetings without valid justification, he may be deemed, upon a decision by the Board of Directors, as having resigned.

#### **Article (37)**

If the position of a Board Member becomes vacant it shall be filled by the unsuccessful candidate who obtained the most votes and in the event of any impediment, the runner-up to such candidate will succeed. The newly elected Member will complete the term of his predecessor only. If, however, the vacant positions amount to one-quarter of the original positions, the Board shall convene a General Assembly Meeting within two months from the date on which the last position became vacant for an election to fill the vacant positions.

#### **Article (38) (\*\*)**

The Board Member, even if he is representing a natural or legal person, may not be a member of a board of directors of more than five public shareholding companies headquartered in Kuwait and he may not be a Chairman of more than one public shareholding company headquartered in Kuwait.

#### **Article (39)**

The Chairman or a Board Member, even if he is representing a natural or legal person, may not exploit any information received by him by virtue of his position to obtain any benefit for himself or for any third party. Furthermore, he may not transact, in any way whatsoever, in shares of the Company during the term of his membership unless he has obtained the prior approval of Capital Markets Authority.

#### **Article (40)**

The Board Members may not disclose to shareholders, in meetings other than General Assembly Meetings or to any third party any secrets of the Company that may come to their knowledge, particularly the banking secrets they may know due to their management of the Company, otherwise they will be

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(\*) Amended pursuant to the decision of the Extra-Ordinary General Assembly held on 23/3/2019

(\*\*) Added pursuant to the decision of the Extra-Ordinary General Assembly held on 23/3/2019

removed from their positions, be held accountable, and shall indemnify the Company for any damages that may arise from violating the above.

#### **Article (41)**

The Chairman or the Board Members may not simultaneously maintain membership on the board of directors of two competing companies or participate in any activity that would compete with the Company or trade for their own account or the account of a third party in a field that is engaged in by the Company, otherwise the Company shall be entitled to claim compensation from him or to consider the activities exercised by the Member for his own account to have been exercised for the account of the Company.

#### **Article (42)**

Determination of the aggregate remunerations of the Chairman and the Board Members may not exceed ten per cent of the net profits after deducting any depreciation and reserves and distributing dividends of at least five per cent of the Company's capital to shareholders.

Subject to a decision of the Company's Ordinary General Assembly, an independent Board Member may be exempted from the maximum limit set for the above remunerations.

Remunerations may be distributed to any Board Member in respect of specific duties delegated to him by the Board of Directors.

The Board of Directors shall prepare an annual report to be submitted to the Company's Ordinary General Assembly for approval setting out in detail the amounts, benefits and advantages received by the Members of the Board of Directors whatever their nature or designation.

#### **Article (43) (\*\*)**

For the purpose of maintaining the competent employees to work at the Company and enhancing their dedication, the Board of Directors may introduce the "Employees Stock Option Plan" as per the conditions and requirements issued by regulatory authorities in this regard. However, the "Employees Stock Option Plan" shall be presented to the General Assembly for approval.

#### **Article (44)**

Those having a representative in the Board of Directors, the Chairman or any Member of the Board of Directors, any member of the Executive Management, or the spouses or relatives of the second degree of any of the foregoing persons, may not have a direct or indirect interest in the contracts and transactions concluded with the Company or for its account unless the same is according to an approval issued by the Ordinary General Assembly.

#### **Article (45) (\*)**

The Chairman and the Members of the Board of Directors are responsible towards the Company, its shareholders and any third party for any acts of frauds or misuse of power, for any violations of the Law or these Articles of Association and any management errors.

A lawsuit for liability may not be precluded by the General Assembly's voting to discharge the Board of Directors from any responsibility. The Members of the Board of Directors may not participate in any vote of the General Assembly regarding the discharge of their responsibility for their management or the

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decisions that pertain to a special benefit for them or their spouses or relatives of the first degree or relating to any dispute between them and the Company.

The liability stipulated in the preceding paragraph shall either be personal pertaining to an individual Member or joint among all Members of the Board of Directors. In the latter case, the Members shall be jointly liable for providing compensation, unless certain of them has raised an objection against the decision that led to such liability and such objection was recorded in the minutes of the relevant meeting.

The Company shall be entitled to file a liability lawsuit against Members of the Board of Directors on the basis of any errors by the Members of the Board of Directors which result in any damages to the Company. If the Company is in the process of liquidation, the liquidator shall be responsible for filing any such lawsuit.

Any shareholder shall be entitled to individually file the liability lawsuit on behalf of the Company if the Company fails to file the same. In this case, the Company shall be a litigating party in order to obtain a judgment of compensation in its favor. Furthermore, a shareholder may file his personal claim of compensation if the error caused damage to him.

#### **Article (46)**

##### **Executive Management**

The Company shall have one or more Chief Executive Officer(s) to be appointed by the Board of Directors. The Chief Executive Officer may be from among the Members of the Board or a person who is not a Member. The Chief Executive Officer shall be assigned the task of managing the Company. The Board of Directors shall determine his remunerations and his powers to severally sign on behalf of the Company.

The positions of Chairman of the Board of Directors and Chief Executive Officer shall not be combined.

#### **Article (47)**

The Chief Executive Officer shall assume his responsibilities and functions as per the powers determined and vested to him by the Board of Directors and he shall undertake his daily duties as per the law and the rules and regulations of the banking business and he shall be held accountable before the Board of Directors for his duties and functions.

#### **Article (48) (\*)**

##### **Ordinary General Assembly**

The annual Ordinary General Assembly shall be held at the invitation of the Board of Directors within three months following the end of the financial year, at the place and time specified by the Board of Directors. The Board of Directors can also invite the General Assembly for a meeting whenever necessary. The Board of Directors shall invite the General Assembly for a meeting upon a justified request of a number of shareholders holding ten percent of the capital in the Company or upon a request of the auditor within twenty-one days as of the date of such request. The entity requesting the meeting shall prepare the agenda of the meeting.

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(\*) Amended pursuant to the decision of the Extra-Ordinary General Assembly held on 23/3/2019

(\*\*) Added pursuant to the decision of the Extra-Ordinary General Assembly held on 23/3/2019

The invitation procedures of the General Assembly, quorum and voting shall be subject to the provisions of the Constituent Assembly as stipulated in the Law and its amendments.

The invitation shall include the agenda, time and venue of convention of the meeting in one of the following ways:

1. Registered letters to be sent to all shareholders at least 14 days before the specified date for convening the meeting.
2. Two public announcements of the convention of the General Assembly provided that the meeting will be deemed properly announced upon the second announcement occurring after a lapse of at least 7 days as of the date of publishing the first announcement and 7 days at least before the convention of the Meeting.
3. Delivering the invitation by hand to the shareholders or their legal representatives at least one day before the date of the meeting with a copy of the invitation being initialed evidencing receipt of the same.

The invitation can be made also by any of the modern means of communication as set out in the Executive Regulations of the Companies Law and any future amendments that may arise to the Executive Regulations and Companies Law in this regard.

#### **Article (49)**

Each shareholder, regardless of the number of shares he owns, shall have the right to attend the General Assembly and shall have a number of votes equal to the number of the votes established for the same class of shares held in the Company. A shareholder may not vote for himself or for whomever he represents in matters in which he has personal interest or on a dispute between him and the Company. Any provision or decision to the contrary shall be null and void. Any shareholder may appoint another person to attend the General Assembly on his behalf under a special power of attorney or an authorization to be prepared by the Company for this purpose.

Any person who claims a right to shares that is in conflict with what is set out in the Company's shareholders register may submit this issue to the Judge of Summary Matters to issue an order in a petition for denying the disputed shares from voting for a period to be specified by the judge or until the competent court decides on the subject of dispute in accordance with the procedures prescribed in the Civil and Commercial Procedure Law.

#### **Article (50) (\*)**

The General Assembly shall be chaired either by the Chairman of the Board of Directors, or the Vice Chairman or a person delegated by the Board of Directors for this purpose or a person elected by the General Assembly from among the shareholders or third parties.

#### **Article (51) (\*)**

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(\*) Amended pursuant to the decision of the Extra-Ordinary General Assembly held on 23/3/2019

(\*\*) Added pursuant to the decision of the Extra-Ordinary General Assembly held on 23/3/2019

Subject to the provisions of the Law and instructions of regulatory authorities, the Ordinary General Assembly shall be concerned during its annual meeting with deciding on the matters falling under its competencies, particularly the following:

1. The Board of Directors' report on the Company's activity and its financial position for the financial year that has ended.
2. The auditor's report regarding the financial statements of the Company.
3. Report on any violations noted by regulatory authorities and in respect of which the Company has been penalized.
4. The financial statements of the Company.
5. Proposals of the Board of Directors on dividend distribution.
6. Discharging the Members of the Board of Directors from any responsibility.
7. Election and removal of Members of the Board of Directors and determination of their remunerations.
8. Appointing the Company's auditors and designating their fees or authorizing the Board of Directors in this regard.
9. Report on the transactions that have been or will be carried out with related parties and identification of related parties in accordance with International Accounting Principles.
10. Discussion and deciding on any other proposal listed by the Board of Directors on the agenda.
11. Any other issues falling under the authority of the Ordinary General Assembly as stipulated by the Law or these Articles of Association.

#### **Article (52) (\*)**

In accordance with a decision issued by the Ordinary General Assembly, the Company shall remove the Chairman or one or more Members of the Board of Directors or dissolve the Board of Directors and elect a new Board of Directors on the basis of a proposal made by shareholders owning at least 25% of the Company's issued share capital.

Upon issuing a decision dissolving the Board of Directors and it is not possible to elect a new Board of Directors at the same meeting, the General Assembly may either decide that the existing Board of Directors will continue to manage the Company's affairs temporarily until the election of a new Board or to appoint a temporary administrative committee whose basic assignment is to invite the General Assembly to elect a new Board of Directors within one month of such committee's appointment.

#### **Article (53)**

The General Assembly may not discuss matters not listed on the agenda, unless they are urgent matters that have been raised after setting the agenda or arose during the meeting or if so requested by a regulatory authority, the auditor, or a number of shareholders holding five per cent of the Company's capital. If, during the discussions, it is revealed that the information related to certain matters presented is insufficient, the meeting shall be postponed for a period not exceeding ten working days if so is requested by a number of shareholders representing a quarter of the issued capital. The postponed meeting shall be held without the need for new notice procedures covering the invitation.

#### **Article (54)**

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(\*) Amended pursuant to the decision of the Extra-Ordinary General Assembly held on 23/3/2019

(\*\*) Added pursuant to the decision of the Extra-Ordinary General Assembly held on 23/3/2019

The Board of Directors shall implement the decisions of the General Assembly unless such decisions are in violation of the Law or the Company's Memorandum or Articles of Association.

The Board of Directors shall present the decisions it considers in violation of the Law or the Company's Memorandum or Articles of Association again to the General Assembly in a meeting called for to discuss the aspects of any such violation.

**Article (55) (\*)**

**Extraordinary General Assembly**

The provisions applicable to the Ordinary General Assembly shall apply to the Extraordinary General Assembly with due observation of the provisions stipulated in these Articles of Association.

**Article (56) (\*)**

The Extraordinary General Assembly shall be held at the invitation of the Board of Directors or upon a justified request of shareholders representing 15% of the Company's issued capital or a request of the Ministry of Commerce and Industry. The Board of Directors must invite the Extraordinary General Assembly to convene within thirty days from the date of submission of any such request.

If the Board of Directors does not invite the General Assembly to convene during the period specified in the preceding paragraph, the Ministry of Commerce and Industry shall call for the meeting within a period of fifteen days from the date of lapse of the period referred to in the preceding paragraph.

**Article (57) (\*)**

The Extraordinary General Assembly shall not be quorate unless attended by shareholders representing at least three-quarters of the Company's issued capital. If this quorum is not present, an invitation to a second meeting shall be extended and the second meeting shall be valid if attended by shareholders representing more than half of the issued capital.

Shareholder decisions shall be issued by a simple majority of more than half of the total shares of the Company's issued capital.

**Article (58) (\*)**

Subject to the other competencies prescribed by the Law and the instructions of regulatory authorities, the Extraordinary General Assembly shall be competent to discuss the following matters:

1. Amendment of the Company's Memorandum of Association.
2. Sale of the whole enterprise for which the Company has been established or the disposal thereof in any other way.
3. Dissolution, merger, transformation or division of the Company.
4. Increase or decrease of the Company's capital.

**Article (59)**

Any decision issued by the Extraordinary General Assembly shall not be effective unless after taking proclamation procedures. The approval of the Ministry of Commerce and Industry must be obtained if the decision is related to the Company's name, objectives or capital, except for a capital increase through the

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issuance of shares against profits generated by the Company or as a result of an addition of its reserves to capital and which are permitted to be used for such purpose.

#### **Article (60)**

Each shareholder may file a claim to invalidate any decision of the Board of Directors or the Ordinary or Extraordinary General Assembly that is in violation of the Law or the Company's Memorandum of Association or these Articles of Association or if the purpose of such decision was to harm the interests of the Company. In addition, compensation can be requested when filing such claim.

Decisions of the Ordinary and Extraordinary General Assembly that prejudice the rights of minority shareholders may be challenged. The challenge can be made by a number of shareholders holding at least fifteen per cent of the issued capital of the Company and who have not agreed to such decisions.

#### **Article (61) (\*\*)**

##### **The Accounts of the Company**

The fiscal year of the Company shall start on the first day of January and end on the thirty first day of December of each Gregorian calendar year.

#### **Article (62)**

A percentage of not less than ten per cent of the net profits of the Company shall be deducted annually in accordance with a decision issued by the Ordinary General Assembly, pursuant to a proposal of the Board of Directors, to form the statutory reserve of the Company.

The Ordinary General Assembly may cease such deduction if the statutory reserves are higher than half of the Company's issued capital.

Statutory reserve may be used only to cover the Company's losses or to ensure the distribution of dividends to shareholders of not more than five per cent of the paid-up capital in the years in which the Company's profits do not allow the distribution of such a percentage due to non-availability of a voluntary reserve that allows the distribution of such percentage of the profits.

Any amounts deducted from the statutory reserve must be returned to this reserve if the profits of the following years so permit, unless such reserve exceeds half of the issued capital.

#### **Article (63)**

A percentage of not more than ten per cent of the net profits of the Company may be deducted annually by a decision of the Ordinary General Assembly, upon the proposal of the Board of Directors, to form the voluntary reserve of the Company for the purposes identified by the General Assembly.

#### **Article (64)**

The Ordinary General Assembly shall decide to deduct a percentage of the profits to meet the Company's obligations under labor and social security laws. The Company may establish a special fund to assist its employees and personnel.

#### **Article (65)**

The Ordinary General Assembly, upon the proposal of the Board of Directors, may distribute profits to shareholders at the end of the financial year. Such distribution shall be valid only if it is made from real

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profits and in accordance with the generally accepted accounting principles and if such distribution does not affect the paid-up capital of the Company.

#### **Article (66) (\*)**

##### **The Auditor**

The Company shall have two auditors who are legal accountants appointed by the Ordinary General Assembly after the approval of the Central Bank of Kuwait. The General Assembly shall determine their fees or delegate the Board of Directors to determine such fees. The auditors shall audit the accounts of the fiscal year for which they have been appointed. The auditors shall be subject to the provisions stipulated in the Companies Law & its Executive Regulation and the instructions of the regulatory authorities.

Each auditor shall have the powers and obligations stipulated in the Companies Law, the Accountant's Law, and Capital Markets Authority Law & its Executive Bylaws and related amendments. He shall have the right at any time to review the Company's books, records, and documents and to request such information as he deems necessary. An auditor shall also be entitled to verify the assets and liabilities of the Company. Where an auditor is unable to exercise these rights, he shall indicate the same in a written report to be submitted to the Board of Directors which shall in turn be presented to the General Assembly. The auditor may also request a meeting of the General Assembly for this purpose.

The auditor or the accountants representing him who participated with him in the audit shall attend the General Assembly Meeting and shall submit to the General Assembly a report on the Company's financial statements outlining whether or not the balance sheet and profit and loss accounts reflect reality; whether or not the Company keeps proper accounts; whether or not the inventory was duly conducted, whether or not information contained in the Board of Directors' report conforms to the statements contained in the Company's books and whether or not any violations to the provisions of the Articles of Association of the Company or the provisions of the Law affecting the activity or financial position of the Company occurred during the fiscal year and if such violations are still outstanding and if the audit process was conducted as per the generally accepted accounting principles, professional standards, the provisions stipulated by the Law and the regulatory authorities' instructions issued in this regard. The auditor shall be responsible for the correctness of the statements contained in his report. During the General Assembly Meeting, each shareholder shall have the right to discuss and ask the auditor for any explanation of statements contained in his report.

#### **Article (67) (\*)**

##### **Termination & Liquidation of the Company**

The Company shall terminate for any of the reasons provided for by the Law.

#### **Article (68) (\*)**

Upon termination of the Company, its assets shall be liquidated as per the provisions of the Law.

#### **Article (69) (\*)**

##### **Conclusive Provisions**

All correspondences, receipts/quittances and other papers issued by the Company shall bear its name, a description of its form and its registration number in the commercial register.

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**Article (70) (\*)**

The provisions of the Law and regulatory authorities' instructions shall apply to all issues that have not been specifically provided for in the Memorandum of Association or these Articles of Association.

**Article (71) (\*)**

An original copy of the Company's Memorandum of Association and these Articles of Association and related amendments shall be maintained at the head office of the Company and another copy of the same shall be available on its website and also an original copy of this Memorandum of Association shall be maintained in the Company's file held with the concerned department at both the Ministry of Commerce and Industry and the Central Bank of Kuwait.

Any person wishing to obtain a duplicate can request it from the Company in consideration for certain fees specified by the Company.

**Article (72) (\*\*)**

**Transitional Provisions**

When such amendments become effective, the Board of Directors in charge of the management of the company shall continue to undertake its duties with all its powers until a new Board of Directors is elected or its term expires, whichever is earlier.

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