



## MEMORANDUM AND ARTICLES OF ASSOCIATIONS

# **NATIONAL BANK OF KUWAIT**

## **(KUWAITI PUBLIC SHAREHOLDING COMPANY)**

### **Introduction<sup>(1)</sup>**

There was established among the persons whose names follow and who have signed as founders on the application for the issue of the Amiri Decree for the incorporation of National Bank of Kuwait, namely: (1)Khaled Al-Zaid Al-Khaled (2)Ahmed Al-Saud Al-Khaled (3)Khalifah Khaled Alghunaim (4)Khaled Abdullatif Alhamad (5)Sayyed Ali Sayyed Sulaiman (6)Yousef Alfulaj (7) Yusuf Alghanim (8)Mohammed Abdulmohsin Alkharafi (9)Abdulaziz Alhamad Alsager, a Kuwaiti shareholding company to carry out general banking business, and an Amiri Decree to this effect was issued on 24 Shaaban 1371 AH corresponding to 19 May 1952 AD.

The company is subject to the provisions of the Companies Law and the Executive By-law thereof and to the provisions of laws that regulate the banking profession and other related laws, instructions of supervisory authorities and the Articles of Association attached to this Memorandum of Association.

### **Article 1<sup>(2)</sup>**

Company name: National Bank of Kuwait – Kuwaiti Public Shareholding Company (hereinafter referred to in this Memorandum of Association and the Articles of Association as the “Company”).

### **Article 2**

The Head Office of the Company and its legal domicile is in Kuwait City. The Board of Directors may establish branches, agencies and representative offices in the State of Kuwait and abroad.

### **Article 3**

The duration of the Company is unlimited, commencing on the date of the promulgation of the Amiri Decree on 24 Shaaban1371 AH corresponding to 19 May 1952 AD.

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(1) Amended by the resolution of the Extra-Ordinary General Assembly held on 9.3.2014

(2) Amended by the resolution of the Extra-Ordinary General Assembly held on 9.3.2014

## **Article 4<sup>(1)</sup>**

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 provided for by the law or customs. To this end, the Company may, in particular, carry out the following activities and services 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 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 in the State of Kuwait or abroad;
4. Trade in foreign currencies and precious metals, lend against them and sell and buy receivables;
5. Deal in shares and other securities by all manners of legal dealing;
6. Collect, discount, buy and sell cheques and commercial papers;
7. Carry out the business of electronic payment and settlement systems that the Company is permitted to carry on;
8. 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;
9. Invest in capital and receive and offer subscriptions to the capital of shareholding companies;
10. 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; and
11. In general to carry out all banking and other commercial works and services permitted by applicable laws, regulations, bylaws, current customs of banks and financial institutions and this Memorandum of Association; as well as all works and services necessary 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 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.

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(1) Amended by the resolution of the Extra-Ordinary General Assembly held on 11.3.2017.

## Article 5<sup>(1)</sup>

The authorized capital of the Company is fixed at KD 600,000,000 (Kuwaiti Dinars six hundred million) distributed over 6,000,000,000 (six billion) shares having a nominal value of KD 0.100 (one hundred fils) each.

The issued and fully paid-up capital of the Company is KD 591,744,751.800 (Kuwaiti Dinars five hundred ninety one million seven hundred forty four thousand seven hundred fifty one and fils eight hundred) distributed over 5,917,447,518 (five billion nine hundred seventeen million four hundred forty seven thousand five hundred eighteen) shares, having a nominal value of KD 0.100 (one hundred fils) each<sup>(2)</sup>.

All such shares are cash shares.

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(1) The capital was subjected to subsequent amendments, the latest of which being the resolution adopted by the Ordinary and Extra-Ordinary General Assembly meetings held on 11.03.2017 which included the approval of increasing the issued and paid-up capital of the Bank from KD 563,566,430.300 to KD 591,744,751.800, this increase which amounted to KD 28,178,321.500 representing 5% (five percent) of the issued and paid-up capital, by the issue of 281,783,215 new shares to be distributed as bonus shares amongst the shareholders who are registered in the books of the Bank on the business day preceding the day of amending the share price, pro rata to the shares held by each (on the basis of five shares for every one hundred shares), the value of this increase to be covered by the profit and loss account.

(2) The value of the nominal share has been amended from KD 7.500 to KD 1.000 as per the license of the Council of Ministers given at its session No.15/78 on 5.4.1978 issued on the basis of the letter of the Ministry of Commerce and Industry No. T-SH 1-4343 dated 6.4.1978 and the approval of the Central Bank of Kuwait in its letter No. 2-1/223-1 dated 7.1.1978, following which, the value of the nominal share was amended from KD 1 to 100 fils, implementing the decision of the Extra-Ordinary General Assembly meeting held on 21.2.1987 pursuant to Article 99 of the then applicable Commercial Companies Law No. 15 of 1960 as amended by Decree Law No. 132 of 1986, whereas Article 150 of the current Companies Law issued by Law Decree No. 1 of 2016 provides that "the nominal value of the share shall not be less than one hundred fils".

# ARTICLES OF ASSOCIATION

## CHAPTER ONE (INCORPORATION OF THE COMPANY)

### (A) ELEMENTS OF INCORPORATION OF THE COMPANY

#### **Article 1<sup>(1)</sup>**

Company name: National Bank of Kuwait – Kuwaiti Public Shareholding Company (hereinafter referred to in this Memorandum of Association and the Articles of Association as the “Company”).

#### **Article 2**

The Head Office of the Company and its legal domicile is in Kuwait City. The Board of Directors may establish branches, agencies and representative offices in the State of Kuwait and abroad.

#### **Article 3**

The duration of the Company is unlimited, commencing on the date of the promulgation of the Amiri Decree on 24 Shaaban1371 AH corresponding to 19 May 1952 AD.

#### **Article 4<sup>(2)</sup>**

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 provided for by the law or customs. To this end, the Company may, in particular, carry out the following activities and services 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 other banking facilities and other credit operations, whether with or without collateral;

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(1) Amended by the resolution of the Extra-Ordinary General Assembly held on 9.3.2014.

(2) Amended by the resolution of the Extra-Ordinary General Assembly held on 11.3.2017.

3. Issue bonds of all kinds in local currency or in foreign currencies and offer the same in the State of Kuwait or abroad;
4. Trade in foreign currencies and precious metals, lend against them and sell and buy receivables;
5. Deal in shares and other securities by all manners of legal dealing;
6. Collect, discount, buy and sell cheques and commercial papers;
7. Carry out the business of electronic payment and settlement systems that the Company is permitted to carry on;
8. 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;
9. Invest in capital and receive and offer subscriptions to the capital of shareholding companies;
10. 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; and
11. In general to carry out all banking and other commercial works and services permitted by applicable laws, regulations, bylaws, current customs of banks and financial institutions and this Memorandum of Association; as well as all works and services necessary 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 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.

## **(B) Capital of the Company**

### **Article 5<sup>(1)</sup>**

The authorized capital of the Company is fixed at KD 600,000,000 (Kuwaiti Dinars six hundred million) distributed over 6,000,000,000 (six billion) shares having a nominal value of KD 0.100 (one hundred fils) each.

The issued and fully paid-up capital of the Company is KD 591,744,751.800 (Kuwaiti Dinars five hundred ninety one million seven hundred forty four thousand seven hundred fifty one and fils eight hundred) distributed over 5,917,447,518 (five billion nine hundred seventeen million four hundred forty seven thousand five hundred eighteen) shares, having a nominal value of KD 0.100 (one hundred fils) each.

All such shares are cash shares.

### **Article 6<sup>(2)</sup>**

- a. The shares of the Company shall be nominal shares. Non-Kuwaitis may not own shares, except in accordance with the provisions of the law and Ministerial Decrees regulating ownership of shares.
- b. The direct or indirect ownership of a single person, whether a natural or a juridical person, may not exceed 5% (five percent) of the Company's capital without obtaining the prior approval of the Central Bank. Government bodies and entities with attached or independent budgets are exempt from this provision. Where the ownership of a single person exceeds such percentage for any reason whatsoever, such person shall dispose of the excess ownership within the time specified by the Central Bank.

Shareholders who fail to comply with the aforementioned limit shall not benefit from any voting rights during a meeting of the General Assembly or any rights in management of the Company in respect of the excess shares.

Indirect ownership shall be defined in accordance with bases and rules set out by the Board of Directors of the Central Bank.

Cases existing prior to the effective date of Law No. 28 for the year 2004 amending certain provisions of Law No. 32 for the year 1968 Concerning Currency, the Central Bank of Kuwait and the Organization of the Banking Business shall not be subject to the aforementioned provision.

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(1) Amended by the resolution of the Extra-Ordinary General Assembly held on 11.3.2017 - See footnote No. 1 and 2 on page 3

(2) Amended pursuant to the resolutions of the Extra-Ordinary General Assembly of 22.2.1995 and 29.2.2005

## **Article 7<sup>(1)</sup>**

- a. The authorized capital of the Company may be increased by virtue of a resolution of the Extra-Ordinary General Assembly based on a justified recommendation of the Board of Directors and audit report in relation to that matter, provided that such resolution sets out the amount and method of increase.
- b. The authorized capital of the Company shall not be increased unless the value of the original shares is fully paid. The Extra-Ordinary General Assembly may delegate the Board of Directors to determine a date for implementation.
- c. The nominal value of the increased shares shall be equal to the nominal value of the original shares.
- d. The Extra-Ordinary General Assembly may add an issuance premium to the nominal value of the increased shares upon subscription thereto, and it may in that regard, delegate the Board of Directors.
- e. The shareholders shall have a priority right to subscribe to the new shares pro-rata to the number of shares owned by each of them, within fifteen days from the date of their notification.
- f. As an exception to the aforementioned provisions, increase of the capital of the Company for the purpose of implementing the Employee Stock Option Plan as per Article 40 of the Articles of Association, priority for such subscription in the capital increase shall be given to the employees.
- g. Capital increase subscriptions and premium issuance shall be subject to the provisions of the law, executive by-laws and instructions of supervisory authorities.

## **Article 8**

The Extra-Ordinary General Assembly shall have the right to decrease the capital if it exceeds the requirements of the Company or the Company incurs a loss and it is deemed necessary to reduce the capital to the actual amount available.

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(1) Amended pursuant to the resolution of the Extra-Ordinary General Assembly held on 9.3.2014



### **Article 9<sup>(1)</sup>**

The Company shall have a register which shall be kept with the Clearing Company to record the names of the shareholders, the number of shares owned by each of them, the type of shares and the amount paid in respect of each share. The register shall be annotated with any changes recorded therein according to such data as received by the Company or the Clearing Company.

### **Article 10<sup>(2)</sup>**

The Company's shareholders register referred to in the preceding Article, its data, extracts, keeping and all other rules relevant thereto, shall be subject to the regulations and provisions prescribed according to the law and instructions of supervisory authorities. Any interested party may request data recorded in this register from the Company or the Clearing Company.

### **Article 11<sup>(3)</sup>**

A share may be jointly owned by two or more persons, provided that they shall be represented vis-à-vis the Company by one person, without prejudice to the provisions of Article 22 of these Articles of Association.

### **Article 12**

Share owners shall be bound by the provisions of the Articles of Association of the Company and the resolutions of its General Assembly.

### **Article 13**

Joint share owners shall be held jointly and severally liable for the payment of all installments due on such share. After settlement of all installments and amounts due, the share shall be deemed to be equally owned by them.

### **Article 14**

In case of failure to pay installments by the end of the due date, the owner of the share shall pay interest thereon at the legal rate as of the due date until actual payment thereof and the share owner shall not be entitled to receive any dividends for the period during which the value of the share remains unpaid. Owners of shares which do not bear an annotation confirming due payment of installment shall not be entitled to participate in General Assembly meetings.

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(1) Amended pursuant to the resolution of the Extra-Ordinary General Assembly held on 9.3.2014

(2) Amended pursuant to the resolution of the Extra-Ordinary General Assembly held on 9.3.2014

(3) Amended pursuant to the resolution of the Extra-Ordinary General Assembly held on 9.3.2014

### **Article 15<sup>(1)</sup>**

If a shareholder, or a shareholder heirs, fail to pay due installments on shares on time, the Company shall, after the expiry of a period of fifteen days from notifying the shareholder, or shareholder heirs, offer the shares for sale on the Stock Exchange.

### **Article 16<sup>(2)</sup>**

The Company shall have priority over all creditors of the shareholder in relation to the proceeds of the sale mentioned in the preceding Article, and shall be entitled to recover all unpaid installments and interest thereon as well as any expenses incurred by the Company, the balance of which 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 to recover any remaining balance.

### **Article 17<sup>(3)</sup>**

Securities issued by the Company shall be subject to the system of central deposit of securities at the Clearing Company.

Receipts issued against the deposit of such securities at the Clearing Company shall be deemed as deed of ownership thereof.

### **Article 18<sup>(4)</sup>**

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, as may be amended, and such rules as may be issued by the Authority in this regard.

### **Article 19<sup>(5)</sup>**

Subject to the rules of law and requirements of supervisory authorities, each share entitles its holder to a portion equal to that of any other share, without discrimination, in the ownership of the Company's assets and dividends.

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(1) Amended pursuant to the resolution of the Extra-Ordinary General Assembly held on 9.3.2014

(2) Amended pursuant to the resolution of the Extra-Ordinary General Assembly held on 9.3.2014

(3) Amended pursuant to the resolution of the Extra-Ordinary General Assembly held on 9.3.2014

(4) Amended pursuant to the resolution of the Extra-Ordinary General Assembly held on 9.3.2014

(5) Amended pursuant to the resolution of the Extra-Ordinary General Assembly held on 9.3.2014

## **Article 20**

Owner(s) of one or more shares by succession to a deceased shareholder, shall be entitled to the same dividends and other interests as from the date of the shareholder's death. He/they shall not, however, be entitled to exercise the right devolved on him/them as shareholder(s) in the Company and attend its meetings until his/their name(s) has/have been officially entered as a shareholder in the Company's books.

## **Article 21**

Where a shareholder is a minor, his guardian or trustee shall represent him in relation to his rights with respect to the shares he owns.

## **Article 22**

Shares of the Company are not divisible. The Board of Directors shall set the rules relating to share fractions in case of death or bankruptcy of any shareholder.

## **Article 22bis<sup>(1)</sup>**

The Company may buy its own shares for its own account, sell or dispose of the same within the limits and according to the terms and conditions set out under the law, by-laws and instructions of supervisory authorities.

Such treasury shares shall not be calculated as part of the total shares of the Company when considering certain percentages to be owned by shareholders or when calculating the required quorum for the validity General Assembly meetings or for voting on resolutions of the General Assembly.

## **(C) BONDS**

### **Article 23<sup>(2)</sup>**

The Company may, with the approval of the Ordinary General Assembly upon the recommendation of the Board of Directors and in accordance with the provisions of the law, issue negotiable bonds. The Ordinary General Assembly may authorize the Board of Directors to determine the amount of the loan and its conditions, tenor, interest rate and the number of bonds to be issued against it and their nominal value and redemption date.

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(1) Amended pursuant to the resolution of the Extra-Ordinary General Assembly held on 9.3.2014

(2) Amended pursuant to the resolution of the Extra-Ordinary General Assembly held on 17.2.2001

# **CHAPTER TWO**

## **(MANAGEMENT OF THE COMPANY)**

### **(A) THE BOARD OF DIRECTORS**

#### **Article 24**

The Board of Directors shall manage the affairs of the Company, and shall appoint the necessary body to manage it. The Board of Directors shall be vested with all authorities of the Company in accordance with these Articles of Association and the resolutions of the General Assembly. Notwithstanding the foregoing, any General Assembly resolutions shall not invalidate any action taken or approved by the Board of Directors prior to adopting such resolutions.

#### **Article 25<sup>(1)</sup>**

- a. The Board of Directors shall consist of nine members to be elected by the General Assembly, by secret ballot, for a term of three renewable years.
- b. The Board of Directors shall, by secret ballot, elect a Chairman and a Deputy Chairman from among its members.
- c. In the event where it is not possible to elect a new Board of Directors within the time prescribed therefor, the existing Board of Directors shall continue to administer the business of the Company until a new Board of Directors is elected.
- d. The Company shall have one or more Chief Executive Officer appointed by the Board of Directors to manage the Company. The Board of Directors shall determine the remuneration and responsibilities of the Chief Executive Officer as well as the signatory powers on behalf of the Company. No person may hold the position of Chairman of the Board of Directors and the position of Chief Executive Officer at the same time.

#### **Article 26<sup>(2)</sup>**

Board of Directors candidates or members shall, in his personal capacity or the person whom he represents, own a number of shares in the Company

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(1) Amended pursuant to the resolution of the Extra-Ordinary General Assembly held on 9.3.2014

(2) Amended pursuant to the resolution of the Extra-Ordinary General Assembly held on 9.3.2014

having a nominal value of at least KD 7,500 (Kuwaiti Dinars seven thousand five hundred) and shall meet all the conditions required by the law and instructions of supervisory authorities.

If a member of the Board of Directors fails to meet any of these conditions, his capacity as member shall cease from the date of non-fulfillment of such condition. This shall not affect the validity of acts and decisions adopted by such member or voted on.

#### **Article 27<sup>(1)</sup>**

- a. The Board of Directors shall meet whenever the interests of the Company so require upon an invitation from the Chairman or deputy.
- b. The Chairman or any two members of the Board of Directors may convene a meeting of the Board of Directors at any time, provided that, the number of meetings of the Board of Directors shall not be less than six meetings in each financial year, unless the law, executive by-laws or instructions of supervisory authorities require a higher number of meetings, in which event, such higher number shall be observed.
- c. The Board of Directors shall have a Secretary who shall take the minutes of the meetings, which are to be signed by the Secretary and all attending members of the Board of Directors. The Secretary of the Board of Directors may also sign certificates issued by the Company regarding resolutions adopted at Board of Directors meetings.

#### **Article 28<sup>(2)</sup>**

The meeting of the Board of Directors shall be valid if attended by at least one half of the number of its members. Meetings may be held by using modern means of communication.

Resolutions of the Board of Directors are adopted by a majority of the votes of the members present. In the event of tie votes, the side to which the Chairman, or deputy, has casted a vote shall prevail.

Members of the Board of Directors who do not agree to a resolution adopted by the Board of Directors may have their objection recorded in the minutes of the meeting.

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(1) Amended pursuant to the resolution of the Extra-Ordinary General Assembly held on 9.3.2014

(2) Amended pursuant to the resolution of the Extra-Ordinary General Assembly held on 9.3.2014

The Board of Directors may adopt resolutions by circulation provided that the approval is unanimous. Where necessary, such approval may be obtained by fax, electronic mail or any other modern means of communication.

The minutes of the Board of Directors meetings and its resolutions shall constitute part of the records of the Company.

#### **Article 29<sup>(1)</sup>**

- a. The Chairman of the Board of Directors is the president of the Company and, in addition to the Chairman's responsibilities determined by the law and these Articles of Association, represents the Company vis-à-vis third parties and before the courts. The signature of the Chairman shall be deemed to be the signature of the Board of Directors in the Company's relations with third parties. He shall execute the resolutions of the Board of Directors and observe 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. The Board of Directors may distribute work among its members according to the nature of the Company's business and may form board sub-committees to perform specific assignments. It may also authorize one or more of its members, one of its committees or any third party to perform part of the powers and responsibilities vested in it or to carry out one or more specific works or to supervise an aspect of the Company's activities.

- b. The Board of Directors shall have the widest powers to lend and borrow, to conclude guarantees and in all credit operations and such other actions which are deemed to be banking activities by virtue of the law or customs, as well as to sell and mortgage real estate assets of the Company, to donate, to make declarations, conciliations or arbitrations and to perform other works and activities required for managing the Company according to its objects. These powers are limited only by the provisions of the law, the Company's Articles of Association, instructions of supervisory authorities or General Assembly resolutions.

#### **Article 30<sup>(2)</sup>**

Subject to the provisions of Article 26 of these Articles of Association, a member shall lose his position on the Board of Directors and therefore his directorship, in any of the following events:

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(1) Amended pursuant to the resolution of the Extra-Ordinary General Assembly held on 9.3.2014

(2) Amended pursuant to the resolution of the Extra-Ordinary General Assembly held on 9.3.2014

1. If he fails to attend six successive meetings of the Board of Directors, without a satisfactory excuse;
2. If he no longer owns a number of Company shares as set out in Article 26 of these Articles of Association;
3. If he is convicted in a felony with a penalty consisting of deprivation of liberty or in a crime against honor or trust;
4. If he is declared bankrupt;
5. If he loses legal capacity to act;
6. If he resigns, by written notice, from his membership in the Board of Directors;
7. If he accepts membership in the Board of Directors of a competitor company, participates in any work that may compete with that of the Company or carries on business for his own account or for the account of others in a field of activity in which the Company operates, unless with the consent of the Ordinary General Assembly; or
8. If, individually or in association with others, he engages in any activity involving competition with the Company, obstructing the Company's business or harming its reputation.

## **(B) THE GENERAL ASSEMBLY**

### **Article 31<sup>(1)</sup>**

Invitations to attend General Assembly meetings, irrespective of the type of meetings, shall be sent according to the provisions and procedures provided for in the Companies Law and its Executive By-law.

The invitation shall include a statement of the agenda of the meeting and the time and place thereof.

### **Article 32<sup>(2)</sup>**

Where the General Assembly may convene at the request of the shareholders, the auditors or the Ministry of Commerce and Industry, the agenda shall be drawn by the party which convoked the meeting.

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(1) Amended pursuant to the resolution of the Extra-Ordinary General Assembly held on 9.3.2014

(2) Amended pursuant to the resolution of the Extra-Ordinary General Assembly held on 9.3.2014

Neither the Ordinary General Assembly nor the Extra-Ordinary General Assembly may discuss matters that are not listed on the agenda, unless such matters are urgent and arose after the drawing of the agenda, came to light during the meeting, or if requested by a supervisory authority, the auditors or a number of shareholders who own 5% (five percent) of the Company's issued capital. If, during the discussion, it is found that information related to matters being discussed are not sufficient, the meeting may be postponed for up to ten days, if so requested by a number of shareholders who represent one fourth of the issued capital. The second meeting shall be held without the need to follow new invitation procedures.

### **Article 33<sup>(1)</sup>**

Every shareholder shall have a number of votes equal to the number of votes prescribed for the same class of the shares he owns.

Minors and interdicted persons shall be represented by their legal representatives.

Shareholders may not vote for themselves or for the person they represent on matters where they have an interest or on matters related to an existing dispute between them and the Company. Any condition or resolution to the contrary, shall be invalid.

### **Article 34<sup>(2)</sup>**

The Ordinary General Assembly meeting is convened at the invitation of the Board of Directors at least once during the three months following the end of the financial year at such place and time as are determined by the Board of Directors.

The Board of Directors may convene the Ordinary General Assembly whenever it is necessary to do so or upon a reasoned request from a number of shareholders who hold 10% (ten percent) of the Company's issued capital, or if requested by the auditors, within fifteen days from the date of such request.

The Board of Directors may convene a meeting of an Extra-Ordinary General Assembly whenever it deems it appropriate to do so or upon receipt of a reasoned request from shareholders who own 15% (fifteen percent) of the Company's issued capital or from the Ministry of Commerce and Industry. In the latter two cases, the Board of Directors shall convene the meeting of the Extra-Ordinary General Assembly within thirty days from the date of the request submittal.

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(1) Amended pursuant to the resolution of the Extra-Ordinary General Assembly held on 9.3.2014

(2) Amended pursuant to the resolution of the Extra-Ordinary General Assembly held on 9.3.2014



### **Article 35<sup>(1)</sup>**

Every shareholder registered in the Company's shareholders register at the Clearing Company has the right to attend meetings of the General Assembly.

A shareholder may delegate another person to attend on his behalf by means of a special power of attorney or a delegation prepared by the Company for this purpose.

The power of attorney or delegation shall be subject to the provisions of the Companies Law and its Executive By-law.

### **Article 36<sup>(2)</sup>**

The General Assembly shall be presided over by the Chairman of the Board of Directors, or his deputy, or whoever the Board of Directors delegates for such purpose or as may be elected by the General Assembly from among the shareholders or third parties.

### **Article 37<sup>(3)</sup>**

The legal quorum of an Ordinary General Assembly meeting shall be attained if the meeting is attended by shareholders having the right to vote and who represent more than one half of the total issued capital of the Company. If the quorum is not attained, an invitation shall be sent for a second meeting with the same agenda to be held within a period not less than seven days and not more than thirty days from the date of the first meeting. The second meeting shall be valid regardless of the number of shares present thereat.

Invitations for the first meeting shall suffice if the date of the second meeting is specified in such invitations.

Resolutions shall be adopted by a simple majority of the shares present at the meeting.

### **Article 38**

Unless the General Assembly decides on a specific manner of voting, voting shall take place in the manner prescribed by the chairman of the meeting. Voting with respect to the election and dismissal of members of the Board of Directors shall be casted by a secret ballot.

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(1) Amended pursuant to the resolution of the Extra-Ordinary General Assembly held on 9.3.2014

(2) Amended pursuant to the resolution of the Extra-Ordinary General Assembly held on 9.3.2014

(3) Amended pursuant to the resolution of the Extra-Ordinary General Assembly held on 9.3.2014

### **Article 39**

The Ordinary General Assembly shall deal with all matters connected with the Company's affairs, save such matters that are reserved by law or these Articles of Association to the Extra-Ordinary General Assembly.

### **Article 40<sup>(1)</sup>**

The Board of Directors shall submit to the Ordinary General Assembly a report comprising a detailed account on the progress of the Company's business, its financial position and balance sheet, profit and loss account, a statement of the remuneration of members of the Board of Directors (if any), auditors remuneration, proposals for the distribution of profits and any other matter the Board of Directors may deem appropriate to be contained therein. The General Assembly shall take such decisions as it may deem appropriate with regard to the foregoing.

In order to retain competent employees of the Company and to enhance their loyalty, the Board of Directors shall have the right to establish a new "Employees Stock Option Plan" in accordance with the conditions provided for by the Ministerial Resolution No. 337 for the year 2004:

- 1- To meet the obligations of the Company pursuant to the "Employees Stock Option Plan", the share capital of the Company may be increased, provided that the aggregate increases of the paid-up share capital shall not exceed 10% (ten percent) during the period not exceeding ten years from the date of the implementation of the plan;
- 2- The Annual Report of the Board of Directors to the shareholders shall state the employment levels which benefited from the plan and the number of shares allocated to each level of employment; and
- 3- The "Employees Stock Option Plan" shall be submitted to the General Assembly for approval.

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(1) Amended pursuant to the resolution of the Extra-Ordinary General Assembly held on 9.3.2014

## **Article 41<sup>(1)</sup>**

Subject to the provisions of the law and the Articles of Association of the Company, the Ordinary General Assembly, at its annual meeting, is competent to resolve on matters within its scope, particularly the following:

1. The Board of Directors report on the Company's activities and financial position for the financial year that has ended;
2. The auditors' report on the Company's financial statements;
3. Report on any violations discovered and penalized by supervisory authorities;
4. Financial statements of the Company;
5. Board of Directors proposals on dividend distribution;
6. Release of members of the Board of Directors from liability;
7. The election or dismissal of members of the Board of Directors and determining their remuneration;
8. Appointment of auditors of the Company, determining their fees or delegating the Board of Directors to do so; and
9. Report on related party transactions that were concluded or will be concluded. Related parties are defined as per the International Accounting Principles.

## **Article 42<sup>(2)</sup>**

The quorum of an Extra-Ordinary General Assembly meeting shall not be validly constituted unless attended by shareholders representing three fourths of the total issued share capital of the Company. If the quorum is not attained, an invitation shall be sent for a second meeting which shall be valid if attended by shares representing more than one half of the issued capital.

Resolutions shall be adopted by the majority of more than one half of the total number of shares in the Company's issued capital.

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(1) Amended pursuant to the resolution of the Extra-Ordinary General Assembly held on 9.3.2014

(2) Amended pursuant to the resolution of the Extra-Ordinary General Assembly held on 9.3.2014

### **Article 43<sup>(1)</sup>**

Subject to other competencies provided for by the law, the Extra-Ordinary General Assembly shall resolve on the following matters:

1. Amendment of the Memorandum of Association and Articles of Association of the Company;
2. Sale of the entire enterprise for which the Company has been established or the disposal thereof in any other way;
3. Dissolution of the Company, merging, transforming or de-merging the Company; and
4. Increasing or reducing the capital of the Company.

## **(C) THE ACCOUNTS OF THE COMPANY**

### **Article 44**

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

### **Article 45<sup>(2)</sup>**

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 of the Companies Law and its Executive By-law.

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(1) Amended pursuant to the resolution of the Extra-Ordinary General Assembly held on 9.3.2014

(2) Amended pursuant to the resolution of the Extra-Ordinary General Assembly held on 9.3.2014

## **Article 46**

The auditor shall have the powers and obligations stipulated in the Commercial Companies Law and the Accountant's Law. He shall have the right at any time to inspect the Company's books, records and documents and to request such information as he deems necessary. He shall also be entitled to verify the assets and liabilities of the Company. Where he 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.

## **Article 47**

The auditor shall submit to the General Assembly a report stipulating 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 conducted in accordance with recognized practice, whether or not information contained in the Board of Directors' report conforms to the data 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 continuing. In his capacity as agent of the shareholders, the auditor shall be responsible for the correctness of

the data 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 48<sup>(1)</sup>**

A percentage determined by the Board of Directors - after having sought the opinion of the auditors - shall be deducted from the gross profits for the depreciation of Company assets or compensation for the decline of their value. These funds shall be used to buy or repair required materials, equipment and facilities, and may not be distributed to the shareholders.

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(1) Amended pursuant to the resolution of the Extra-Ordinary General Assembly held on 9.3.2014

## **Article 49<sup>(1)</sup>**

- a. A percentage of not less than 10% (ten percent) shall be deducted on an annual basis from the net profits, by virtue of a resolution of the Ordinary General Assembly upon the recommendation of the Board of Directors, to form the statutory reserve of the Company.

The Assembly may discontinue this deduction if the statutory reserve exceeds one half of the Company's issued capital.

The statutory reserve may only be used to cover the losses of the Company or to ensure dividend distribution to shareholders of not more than 5% (five percent) of the paid-up capital during the years where profits of the Company do not allow the distribution of such percentage due to lack of voluntary reserve that allows the distribution of such percentage.

Any amounts deducted from the statutory reserve shall be refunded where profits generated during the following years allow such refund, except where the reserve is more than one half of the Company's issued capital.

- b. The Ordinary General Assembly shall resolve the deduction of percentage from the profits to meet the Company's obligations under the Labor and Social Security Laws.
- c. A percentage of not less than 10% (ten percent) may be deducted on an annual basis from the net profits, by virtue of a resolution of the Ordinary General Assembly upon the recommendation of the Board of Directors, to form a voluntary reserve that shall be used for the purposes determined by the General Assembly.
- d. The Ordinary General Assembly may, upon the recommendation of the Board of Directors, distribute at the end of the financial year, dividends to the shareholders, provided that distribution is made from real profits and in accordance with General Recognized Accounting Principles, and that it does not affect the Company's paid-up capital.

## **Article 50<sup>(2)</sup>**

Dividends shall be paid to the shareholders at the place and times as may be determined by the Board of Directors.

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(1) Amended pursuant to the resolution of the Extra-Ordinary General Assembly held on 9.3.2014

(2) Amended pursuant to the resolution of the Extra-Ordinary General Assembly held on 9.3.2014

## **CHAPTER THREE**

### **TERMINATION AND LIQUIDATION OF THE COMPANY**

#### **Article 51<sup>(1)</sup>**

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

#### **Article 52<sup>(2)</sup>**

Upon termination of the Company, its assets shall be liquidated according to the provisions of the law.

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(1) Amended pursuant to the resolution of the Extra-Ordinary General Assembly held on 9.3.2014

(2) Amended pursuant to the resolution of the Extra-Ordinary General Assembly held on 9.3.2014

## **CHAPTER FOUR**

### **CONCLUSIVE PROVISIONS**

#### **Article 53<sup>(1)</sup>**

- a. Access to the Company's Memorandum of Association and Articles of Association and amendments thereto shall be enabled on its web site.
- b. The provisions of the law shall apply in respect of anything that has not been specifically provided for in the Company's Memorandum of Association or these Articles of Association.

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(1) Amended pursuant to the resolution of the Extra-Ordinary General Assembly held on 9.3.2014



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10/04/2017