

**National Bank of Kuwait (Lebanon) SAL**  
**Articles of Association**

**Chapter One**  
**CONSTITUTION AND OBJECTS OF THE COMPANY**

**Art. 1: Constitution of the company:**

A Lebanese joint stock company (Société Anonyme Libanaise) of moral entity is hereby formed by and among the holders of the shares hereby issued or which may thereafter be issued. The said Company shall be governed by the provisions of the General Law, the Code of Commerce, The Code of Money and Credit, all Banking laws and the present Articles of Association.

**Art. 2: Objects of the Company:**

The Company shall carry out in and outside Lebanon, all kinds of banking business and all transactions pertaining thereto, according to laws and practice in force, especially the Code of Money and Credit.

The company may carry out such transactions under its own name or through participation with other Lebanese or foreign establishments. The Company may also participate in commercial, industrial, agricultural or other corporations within the limits specified in Article 153 of the Code of Money and Credit.

**Chapter Two**  
**NAME, HEAD OFFICE, NATIONALITY AND**  
**DURATION OF THE COMPANY**

**Art. 3: Name of the Company:**

The name of the Company is

**National Bank of Kuwait (Lebanon) SAL**

**Art. 4: Head Office of the Company:**

The Company's Head Office and its official registered office are in Beirut, Lebanon. The Company may establish branches and agencies in other cities in Lebanon or abroad by virtue of resolutions taken by the Board of Directors and after prior approval of the Central Bank.

**Art. 5: Nationality of the Company:**

The Company is of Lebanese Nationality.

**Art. 6: Duration of the Company:**

(As amended by the extraordinary  
shareholders meeting held on June 13, 2014 )

The duration of the Company is Ninety nine years unless dissolved earlier or unless this period is extended in accordance with the provisions of the Lebanese Code of Commerce and Article 76 hereto.

**Chapter Three**  
**CAPITAL OF THE COMPANY, MODIFICATIONS**  
**TO CAPITAL, SHARES**

**Art. 7: Amount of Capital:**

The capital of the Bank is fixed at Lebanese Pounds Forty billion Twenty million (L.L. 40,020,000,000) divided into five million eight hundred thousand (5,800,000) shares of Lebanese Pounds six thousand nine hundred (L.L. 6,900) each.

**Art. 8: Kind of Shares:**

- 8/1:** All the Company's shares, totaling five million eight hundred thousand, are in registered (Nominative) form, constitute a single category under a single legislation governing their acquisition and trade.
- 8/2:** All these shares shall be registered. They shall be deposited with the central depository company Midclear SAL. Their ownership shall be certified, the trading operations pertaining to these shares shall be effected, and the share pledging and other rights over these shares shall be instituted, in conformity with the records of the above-mentioned company.
- 8/3:** The trade of Lebanese banks' shares shall be effected without legal restrictions, except those mentioned in articles 89 and 147 of the Code of Commerce and law 308/2001 relating to the issue and trade of bank shares except for what is noted hereafter in the articles of association.
- 8/4:** The transfer of registered shares for whatsoever reason (apart from inheritance) in favour of a person who is not an owner of such shares, is subject to the right of priority in favour of the owners of registered shares. In case this right is not exercised, such transfer is subject to the approval of the Board of Directors in the following manner:

When registered shares are to be transferred, the owner thereof has to notify the Company of his intention mentioning the name to whom such shares are intended to be transferred. The Company brings this fact immediately to the notice of the owners of registered shares, in writing by registered letters, inviting them to exercise their right of priority within fifteen days, otherwise their right of priority will be forfeited. In case many shareholders exercise their right of priority, the subject shares will be distributed amongst them in the proportion of the number of registered shares held by them. However, in case the right of priority is not exercised within the period of priority by any shareholder, the Board of Directors has to decide, within two weeks whether they approve the transfer of shares to the person mentioned in the transfer deed. In the affirmative, the transferor and the transferee are invited in writing by the Board of Directors to register the transfer in the sales and shareholders register with Midclear SAL.

In case the Board of Directors refuses to approve the transfer, it shall notify its decision to the transferor who may then request the Company to find a buyer for his shares within a month from the date of his request. If the Company fails to find a buyer for the subject shares after the lapse of this period, it shall be under the obligation to register the transfer in the name of the person indicated in the transfer deed with Midclear SAL.

The price which the holders of registered shares shall pay for the subject shares, if the right of priority is exercised by them, shall be determined as follows:

- The nominal value of the share will be taken as a basis; to which is added:

- The proportionate amount of the legal and special reserves and the accrued profits as shown in the last approved balance sheet,
  - Plus an amount fixed at (5%) five percent.

As per this article the right of priority will be dropped in the following two cases:

- where the number of transferred shares is equal to the number of shares allocated as membership in the Board of Directors as required by article 35 of the present article of association.
- In case the assignment is made by shareholders to a company, one third of its shares at least, is owned by the said shareholders, then this assignment should be authorized by the Board of Directors.

**8/5:** The subscription and trade related to Lebanese bank's shares shall be subject to prior approval of the Central Council of the Bank of Lebanon, in the following cases.

A- If this operation leads to the acquisition of more than five per cent (5%) of all the bank's shares or the voting rights granted to these shares, whichever is higher, by the subscriber or the assignee, directly or through a fiduciary contract according to the provisions of Law No 520 of 6/6/1996.

B- If the assignee holds, at the time of assignment, five per cent (5%) or more of all the bank's shares or the voting rights granted to these shares, whichever is higher. The participation of spouse, the children under age and any economic group (as defined in the regulations issued by the Central Bank of Lebanon) shall be computed as included in the 5% (five per cent) mentioned above in paragraphs A and B.

C- If the assignor or the assignee is presently a member or a member-elect of the Board of Directors, whatever is the number of assigned shares.

**8/6:** The transfer of shares by inheritance or will, shall not be considered as assignment in the acceptance of the present as per section 8-5.

**8/7:** The provisions of section 8-5 of the present article of association are not applicable to shares subscribed by shareholders in order to increase the bank's capital, when this increase is irreducible, and even if necessary, when it is reducible.

**8/8:** The assignment of preferential shares mentioned in article 2 of the present law shall be exempted from the provisions of the present article, even if the assignment is effected through a fiduciary contract according to the provisions of Law No. 520 of 6/6/1996. Also, these shares shall not be taken into account in the computation of the proportion defined in section 8-5 of the present article.

**Art. 9: Share Title Deeds:**

*(Deleted by extraordinary general assembly decision dated April 5, 2002)*

**Art.10: Subscription:**

The Company's capital stock should be subscribed to in full.

**Art.11: Subscription in Cash:**

Upon subscription, one fourth of the value subscribed to should be paid in cash.

The Board of Directors shall determine the means, methods and time-limits relative to the payment of remaining balance. Payment shall be effected at the Central Bank.

**Art.12: Subscription in kind:**

Subscription in kind may be made in respect of part of the Capital Stock.

The Subscription shall be effected by virtue of an agreement executed between the subscriber and the founders or the person representing the Company in accordance with the provisions of the present Articles of Association. The said agreement must set out the conditions of the subscription, the value of the contributions in kind and the corresponding number of shares. The provisions of the Lebanese Code of Commerce and the Code of Money and Credit in this respect shall be complied with.

**Art.13: Payment of the shares in kind:**

Shares subscribed to against contribution in kind must be fully paid up; upon subscription, they should remain nominative and described as such in the records of Midclear SAL; they could not become transferable except after approval of the Company's accounts for the second year by the Shareholders general assembly.

**Art.14: Transfer of shares:**

Apart from the exceptions provided for by law and subject to the stipulations of Article 8 hereof, every shareholder has the right to transfer his shares to any other person replacing him in his rights and obligations.

No transfer of ownership of such Registered Shares is effective between the concerned parties or towards the Company unless registered in the Register held by Midclear SAL Company and after completion of formalities, execution of conditions and elapse of the period mentioned in Article 8 hereof.

**Art.15: Rights of Shares:**

A shareholder enjoys the following rights:

1. The right to receive a fixed interest amounting to 4% of the nominal paid up value of the share in accordance with the provisions of the Lebanese Code of Commerce and Article 73 hereof for a period of five years from the date of the constitution of the Company.
2. The right to receive dividends and interest in accordance with the resolution adopted by the Shareholders' general meeting.
3. The right to transfer the shares subject to the special provisions relating to the right of priority in accordance with Art. 8 hereof.
4. The priority to subscribe when the capital of the Company is increased in accordance with the conditions provided for in Article 21 hereof.
5. Deleted.
6. The right to share the Company's assets upon liquidation in accordance with Article 80 hereof.
7. The right to deliberate and vote at the Shareholders' general meetings.
8. Deleted.

Neither the Shareholders nor their heirs, representatives or creditors shall have the right, for any reason whatsoever, to seize and seal the Company's property and documents, or request the partition of its assets or seek the sale of these assets in a compulsory manner.

In order to exercise the rights pertaining to them, they have to rely on the Company's inventories and on the resolutions adopted by the Shareholders' general meetings.

**Art.16: Transfer of the rights pertaining to shares:**

The possession of a share of the Company's shares necessarily implies full, final, unconditional and irrevocable acceptance by the holder of the Company's Articles of Association and of the resolutions adopted by Shareholders at their ordinary and extraordinary general meetings without any condition or reservation.

The rights and obligations attached to a share devolve upon the last holder. He alone has the right to receive the amounts due under the share, whether in the form of interest, dividends or proceeds of the Company's assets. The ownership of the shares is proved by the register of Midclear SAL Co.

**Art.17: Indivisibility of the share:**

The share is indivisible vis-a-vis the Company who recognizes only one sole holder for each share.

In the event of death of a shareholder, his heirs or successors shall appoint the person to act on their behalf. Alternatively they may proceed to divide the shares among themselves, provided that no share shall become the property of more than one person. The exercise of any rights connected with the shares of the deceased person shall be suspended until his heirs or successors have complied with one of the two alternatives.

**Art.18: Payment of interest and dividends:**

Interest and dividends shall be paid, against a receipt signed by the shareholder, at the time and place fixed to this effect by the Board of Directors.

Interest and dividends not claimed within five years from the date they are put at the disposal of beneficiaries shall be time barred and forfeited in favor of the Company, with compliance to the laws in force in this respect.

**Art.19: Obligations of the Shareholders:**

A shareholder's liability in respect of the Company's obligations is limited to the value of the shares held by him. The said obligations may not be increased by any general shareholder's meeting.

**Art.20: Increase of Capital:**

When the previous capital is paid up in full, the extraordinary shareholders general meeting may take a resolution to increase the capital, in one or several sequences, by issuing new shares to be subscribed in cash or in kind, or by increasing the nominal value of the previous shares, and subscribed by the shareholders or by others, or by the use of the Reserve Fund or through any other legal manner.

The new shares shall have the same nominal value of the old shares; the shareholders may however decide at an extraordinary general meeting whether or not the said shares will yield bonus, determine the manner and dates of subscription and payment for the shares. They may delegate the necessary powers to the Board of Directors for dealing with all or some of these matters. They may also decide that the payment of the said shares shall be made by installments, setting forth the procedure for such payment. In case of subscription in kind, the relevant provisions of the Code of Commerce and the present Articles of Association must be duly observed.

The subscription in the company's shares is subject to a prior approval of the Central Council of the Bank of Lebanon, if this leads to the acquisition of more than five percent (5%) of all the bank's shares or the voting rights granted to these shares, whichever is higher, by the subscriber, directly or through a fiduciary contract

according to the provisions of law No 520 of 6/6/1996. But this provision is not applicable to shareholders shares subscribed during any of the company's capital increases, and this increase is irreducible and even if necessary when it is reducible.

**Art.21: Shareholders' right of priority:**

When the capital is increased by the issue of new shares subscribed in cash, the old shareholders shall have the right of priority to subscribe to the new shares in proportion to the existing shares held by them. The shareholders who do not avail themselves of this right shall forfeit it in favor of all the other shareholders.

However, the Extraordinary shareholders general meeting may provide that no priority right shall be reserved to old shareholders, or that said right shall not be proportionate to the number of shares previously held in accordance with the provisions of Articles 112 and 113 of the Lebanese Code of Commerce, taking into account the provisions of legislative regulatory texts relating to the trade in shares of Lebanese Banks.

**Art.22: Listing on the recognized financial markets:**

The listing of the company's shares on the organized financial markets of shares is forbidden, and the purchase by the company of any portion of its above mentioned registered shares is also forbidden, unless an authorization from the Central Council of the Bank of Lebanon is obtained, taking into account the conditions specified in article 5 of law # 308 dated April 3, 2001 and the regulatory texts issued by the Bank of Lebanon for implementation.

**Chapter Four**  
**BONDS**

**Art.23: Issue of Bonds:**

The Company may, be virtue of a resolution taken at a shareholders general meeting, issue bonds which are negotiable titles delivered to subscribers against amounts advanced by them to the Company.

The Company may provide as security for these bonds all the guarantees deemed necessary in accordance with the provisions of the law and the present Articles of Association.

No bonds may be issued unless the subscribed capital is paid in full.

**Art.24: Nominal value of the Bonds:**

The bonds of each issue shall have the same nominal value.

**Art.25: Form of Bonds:**

The shareholders general meeting deciding the issue of bonds shall determine whether same are to be in registered form, to bearer or to order as it deems suitable.

**Art.26: Indivisibility of the Bond:**

All bonds are indivisible and the Company recognizes one sole owner for each bond. In this respect, the rules governing the indivisibility of shares, as per Article 17 hereof, shall be complied with.

**Art.27: Transferability of Bonds:**

All bonds are transferable. The transfer of registered bonds shall be effected by recording them in the Company's registers, the bonds to "order" by endorsement and the bearer bonds shall be transferred by simple delivery and receipt.

**Art.28: Security Bonds:**

The Company may issue security bonds subject to the provisions of Decree No. 77/L.R. dated May 26th, 1933.

**Art.29: Bonds with Bonus:**

The Company may issue bonds with bonus to be paid upon redemption of the bond.

**Art.30: Conditions of Issue and Payment:**

The shareholders general meeting deciding the issue shall have full power to determine the conditions and manner of issue: value of the bond, modality and conditions of subscription and payment, rate of interest and dates of its payment and the amount of bonus, if any.

The shareholders general meeting may allocate to all bonds or part of them a bonus or several bonuses in cash or in kind. The said meeting shall determine the manner of distribution.

In general, the shareholders general meeting shall determine all conditions and procedures directly or indirectly related to bonds.

**Art.31: Rights and obligations of Bonds:**

The bond gives its owner the following rights:

1. The right to receive the interest on the dates determined at the time of issue.
  2. The right to obtain one of the bonuses allocated to bonds, if any.
  3. The right to premium, if any.
  4. The right to recover the nominal value of the bond upon maturity from the Company's assets before any distribution is made, according to laws in force.
- The bondholder shall not be liable beyond the value of his bonds.

**Art.32: Bondholders meetings:**

A meeting representing all bondholders shall be held following each issue. The resolutions taken by the majority vote in the presence of a due quorum shall be binding upon all bondholders.

The Company shall after the completion of the subscription convene all bondholders to create their own entity, to approve its by-laws and to elect their representatives.

This empty shall meet and deliberate according to the provisions of the Code of Commerce and the present by-laws.

**Chapter Five**  
**MANAGEMENT OF THE COMPANY**

**Art.33: Board of Directors:**

The Bank shall be managed by a Board of Directors composed of not less than three and not more than twelve Directors elected at the Shareholders' general meeting from among shareholders, provided that the majority shall be of Lebanese nationality, complying all the time with the provisions of the Lebanese Code of Commerce and the special laws relating to the proportion of the Lebanese Directors on the Board.

All forms of companies may be represented on the Board of Directors. General partnerships shall be represented by a partner, limited partnerships by a manager or a delegate, Companies with limited liability by a responsible manager, joint-stock companies by a member of the Board of Directors or a delegate, even though such representatives may not be shareholders in the Bank.

**Art.34: Period of Office of the Directors:**

The elected Directors shall hold office for a period of three years at the most in the sense that “the office could be for one, two or three years”. A year means the period falling between the dates of two consecutive ordinary annual shareholders meetings.

Directors may be re-elected without limitation.

Notwithstanding the provisions of the present Article and in accordance with Article 149 of the Code of Commerce, the following founders are hereby appointed as members of the first Board of Directors and for a period of five years:

- Dr. Manuel Younes.
- Mr. Abdulla Abdul Aziz Bassam.
- Mrs. Leila Youssef Khazen.
- Mrs. Nourah Hamad Al-Kazi.

**Art.35: Shares of Guarantees:**

Every Director shall provide eight hundred shares of the Bank’s shares, as bond for proper administration. The nature of said shares is marked in the records of Midclear SAL as nominal shares, unassignable throughout the period of his membership in the Board of Directors, and until all Directors are granted discharge concerning their duties by virtue of the resolution of the Shareholders’ general meeting approving the accounts of the last financial year in which they held office.

**Art.36: Vacancies in the Board of Directors:**

A Director’s office shall be deemed vacant in the following instances:

- a) If the number of shares held by him falls below eight hundred shares.
- b) If he is declared bankrupt.
- c) If he becomes legally incapable.
- d) If he resigns his office, and his resignation accepted.
- e) If he holds office or becomes a Director of a corporation carrying out the same or part of the same business of the company without complying with the provisions of Article 159 of the Lebanese Code of Commerce.
- f) In any of the cases specified in Article 148 of the Code of Commerce or in Article 127 of the Code of Money and Credit
- g) In case of death.

Where a director’s office becomes vacant, the shareholders general meeting shall elect a director to fill the vacancy for the remaining period. However, the deliberations of the Board will be valid except if the number of Directors becomes less than three; in such a case, the Board of Directors shall have to call immediately for a Shareholders general meeting.



**Art.37: Meetings of the Board:**

(As amended by the extraordinary shareholders meeting held on June 13, 2014 which became effective with the approval of Banque du Liban dated July 11, 2014).

The Board of Directors shall meet at least six times per year and whenever necessary upon notice sent by the Chairman. If the Chairman is unable to convene the Board any two Directors may act in this respect.

The Board shall meet at the Head Office of the Company or at the office of any branch or at any other place in Lebanon or abroad to be determined by the Chairman. The place of meeting shall be indicated in the notice.

The deliberations of the Board shall be valid only if at least half of the Directors are present or represented. A Director may authorize another Director to attend on his behalf.

No Director may represent more than one other Director.

Resolutions shall be taken by a majority vote. In case of a tie, the Chairman shall have a casting vote.

**Art.38: Deliberations of the Board of Directors:**

The Board of Directors may transact the business mentioned on the agenda annexed to the call notice. The Board may also deal with such other matters that are submitted for discussion.

**Art.39: Powers of the Board of Directors:**

The Board of Directors shall have the widest powers for the execution of the Shareholders general meetings resolutions and the administration of the Bank's business, as required for conducting the project in a normal way and in compliance with Article 157 of the Lebanese Code of Commerce. In particular, the Board of Directors shall have the following powers, mentioned by way of example, not for limitation:

- \* To establish the bases of conducting the company's business.
- \* To establish the rules to be applied to staff and management.
- \* To establish branches for the Bank wherever it is deemed suitable, either in Lebanon or abroad.
- \* To determine the Bank's policy in all fields of investments, and to follow and to control the execution of such policy according to established rules.
- \* To authorize all appropriation or barter of all movable and immovable rights and to sell whatever is deemed suitable for sale.
- \* To establish corporations of all forms, Lebanese or Foreign, to participate in such corporations by all means of participation according to the conditions deemed suitable and to determine the participation of the company in all forms of partnerships.
- \* To establish Balance sheets, Inventories and accounts to be submitted to the shareholders general meetings; to determine all proposals to be submitted to it and to prepare its agenda.

The Board of Directors may delegate part of its powers to the Chairman or to the General Manager, in accordance with Article 157 of the Lebanese Code of Commerce.

**Art.40: Duties of the Board of Directors:**

The Board of Directors shall have:

1. To ascertain the establishment of the Company in accordance with the requirements of the law.
2. To effect all formalities relating to the publication, filing and registration of the company's Articles of Association.
3. To execute the resolutions adopted by the Shareholder's general meetings.
4. To prepare a statement of the assets and liabilities of the Company at the end of every six months.
5. To call the shareholders for meetings to be held as and when necessary.
6. To prepare at the end of the financial year the Inventory, Balance Sheet, Profit and Loss account, the annual report on the Company's business and projects, and submit all suggestions deemed proper, especially those relating to the distribution of dividends and interest.
7. To effect publications in accordance with the provisions of the law.

**Art.41: Liability of the Directors:**

In the exercise of their duties within the limits of their authority in an honest and lawful manner, the Directors shall not incur any personal liability in connection with the commitments of the Company. They shall not be responsible towards the shareholders except for the good and proper conduct of the business entrusted to them.

**Art.42: Remuneration of the Directors:**

The Directors shall receive their remuneration either in the form of annual retribution or attendance fees or a percentage of the Company's profits or by a combination of such ways to be determined by the shareholders' general meeting in accordance with the provisions of the Lebanese Code of Commerce in this respect.

**Art.43: Minutes of Meeting - Shareholders and Sales Registers:**

The minutes of the deliberations of the Board shall be recorded in a special register, and shall be signed by all the Directors present and the Secretary. The said minutes shall constitute evidence towards all concerned. Extracts of such minutes intended to be produced in Courts or submitted to Public Administration, Banks or any other person shall be certified by the Chairman of the Board, or in his absence by the General Manager or the Secretary.

The Shareholders and Sales Registers shall be organized and kept under the supervision of the Board of Directors. The Secretary shall be in charge of said Registers, shall effect the respective entries under his signature and give the information in respect thereof upon request.

**Art.44: The Chairman, The Delegated Member, The General Manager:**

The Chairman shall preside the meetings of the Board of Directors. In his absence, the meetings shall be presided by the Vice-Chairman. In the absence of the Vice-Chairman, the meetings shall be presided by the eldest director.

The Chairman shall act as General Manager of the Company. He may suggest to the Board of Directors to appoint a General Manager to act in his place under his personal responsibility.

If the Chairman is temporarily unable to assume his duties, he may delegate for all or part of them, a Member of the Board of Directors, provided that such delegation is temporary and for a specified period, but renewable.

The Chairman or the General Manager or the Delegated Member shall represent the Company towards third parties, implement the resolutions of the Board of Directors and conduct Company's day-to-day business in accordance with Article 157 of the Lebanese Code of Commerce.

Any of them shall have the following powers that are mentioned by way of example, not for limitation:

- To carry out all the necessary proceedings regarding the compliance of the Company with the laws of the country in which it operates;
- To receive payment of all amounts due to the Company and to pay any amount due by it;
- To grant loans with or without guarantees, either personal or in kind, in the form of current accounts, bills discounted or Bills accepted as collateral and/or in guarantee, etc., according to the policy of investments established by the Board of Directors, with limitation of maturity, rates of interests and all charges;
- To receive loans by way of credits opened or any other way except issuing bonds;
- To draw, endorse, accept, guarantee and settle commercial bills;
- To issue letters of guarantee, collective guarantees or other guarantees;
- To draw, endorse and pay cheques, travelers cheques and letters of credit;
- To accept deposits at sight, on term or on notice, in current accounts, checking accounts, saving accounts, etc..;
- To accept deposit of financial bonds, securities or precious metals;
- To rent safes.
- To open documentary credits with or without confirmation.
- To transfer moneys in Lebanon or abroad;
- To accept checks for collection or to buy them;
- To let and rent properties, to cede rent contracts and to put an end to their effect;
- To accept guarantees, personal or real, to cede or release same before or after payment;
- To undertake all legal proceedings, as plaintiff or defendant; as far as such proceedings emanate from the Bank's day-to-day business and for such purpose, to appoint mandatory and lawyers;
- To conclude all arrangements and settlements, to cede cases and rights, to approve arrangement contracts, to lift encumbrances, seizures or mortgages before or after payment;
- To assign the limit of commercial paper and drafts drawn on Banque Du Liban by a decision taken by the Chairman General Manager; this decision becomes effective from the date it was taken and is to be presented before the first board of directors meeting that will convene after the date of the decision, just to take note of the decision.
- To purchase properties and rights in settlement of debts, due or doubtful, and to cede such properties and rights under conditions deemed suitable.
- To appoint and promote employees and workers, to determine their duties, salaries and prerogatives, to transfer them to other positions, and to

dismiss them. If, however, senior employees are involved from among those granted “A” signing authority and above, with the exception of the General Manager, the matter is to be decided upon by the Board of Directors solely. It is possible, however, under pressing circumstances and in a period between two Board meetings, for the Chairman of the Board (his deputy in his absence) to obtain the approval of Board.

- Members, either verbally or by telex, on condition that his decision to appoint be justified and to take effect towards third parties upon registration in the commercial registry, and that it be presented before the first Board of Directors meeting after the date of the decision.
- To delegate to employees all or part of the present powers, in accordance with legal regulations in force and those specified in the previous paragraph relating to the appointment and promotion of employees.
- And, in general, to carry out all acts and operations relating to the company’s objects except those which should be dealt with by the Shareholders’ General Meetings or the Board of Directors in accordance with the law or the present Articles of Association.

**Art.45: Powers to sign on behalf of the Company:**

The Company shall be bound:

- a) Either by the signature of the Chairman of the Board of Directors, or the General Manager or the Delegated Member within the limits of the authority granted to them.
- b) Or by the joint signature of two persons duly authorized as per above article 44.

**Chapter Six**  
**AUDITORS**

**Appointment, Remuneration,**  
**Duties and Responsibilities**

**Art.46: Appointment of Auditors:**

The Founders’ Meeting and thereafter the Ordinary General Meetings of Shareholders shall appoint one or more auditors for a period of three years and shall fix their remuneration. They shall carry office until the date of the Shareholders General Meeting which will re-appoint them or appoint others. The Auditors are governed by Article 172 and subsequent Articles of the Lebanese Code of Commerce, by Articles 185 and subsequent Articles of the Code of Money and Credit Act and by the provisions of Decree No. 1983 dated 25th September 1971.

**Art.47: Duties of the Auditors:**

The auditors shall maintain a constant control over the conduct of the Bank’s business and shall have the right to examine all documents, instruments and accounts vouchers. The members of the Board shall supply them with all information required. The auditors shall submit at the annual shareholders general meeting a report on the situation of the Bank, its balance sheet, the accounts presented by the members of the Board of Directors and the recommendations for the distribution of dividends.

The auditors must call the shareholders meetings in case the Board of Directors fails to comply with this obligation as provided for by law or by the present Articles of Association. They may also call it whenever they deem it appropriate. They shall be under the obligation to call such meeting whenever requested to do so by a group of shareholders representing on fifth of the capital stock.

The auditors shall be liable for any negligence or default in their audit.

## **Chapter Seven** **MEETINGS OF THE SHAREHOLDERS**

### **Art.48: Types of Shareholders' Meetings:**

Shareholders meetings are of three types:

- The Founders' Meeting, the first meeting held by shareholders after their subscription in the capital shares.
- The ordinary Shareholders General Meetings which are held to pronounce on the accounts submitted by the Board of Directors, to decide upon the distribution of dividends, to elect the members of the Board of Directors and to appoint the auditors. It will deliberate on all matters except those involving the amendment of the present Articles of Association.
- The Extraordinary shareholders general meetings which are held to consider amendments to the Company's Articles of Association and to decide on the increase of capital.

### **Art.49: Constitution of the Meeting:**

The shareholders general meeting shall comprise all shareholders even those holding one share.

### **Art.50: Calling of Shareholders General Meeting:**

The right to call the Founders' Meeting is vested in the Founders. The right to call the other shareholders' general meetings is vested in the Board of Directors. The auditors may, however, call a meeting in cases provided for in the Lebanese Code of Commerce and the present Articles of Association.

Notice of shareholders general meetings shall be sent at least sixteen days before the date of such meetings, accompanied by the agenda of the meeting. It shall be in the form of an announcement published in the Official Gazette, an Economical Publication and a daily local newspaper or by letters sent to the holders of registered shares at their addresses recorded in the Company's Registers.

However, the non-compliance with the procedure of the notice does not affect the validity of the meeting and the resolutions taken when all the Shareholders are present or represented. Yet, such exception is not applicable to the Ordinary Annual Shareholders General Meeting.

### **Art.51: Representation of the Shareholders General Meeting:**

A shareholders general meeting duly constituted shall represent all shareholders. Resolutions taken, where the respective requirements of quorum and majority of votes are fulfilled, shall be binding on all shareholders including absentees or dissidents.

**Art.52: Representation of Absent Shareholders:**

A shareholder who is unable to attend the shareholders general meeting may be represented by a proxy. The proxy should himself be a shareholder, except in case of legal representatives of incapable shareholders.

**Art.53: Attendance List:**

An attendance list shall be prepared wherein shall be recorded the names of shareholders present and represented and the number of shares and votes held by each one of them. It shall be signed by all present shareholders and countersigned by the Officers of the Meeting.

Every Shareholder shall have the right to attend and vote irrespective of the number and kind of shares he holds.

**Art.54: Officers of the Meeting - The minutes:**

The Officers of the meeting shall consist of the Chairman, two scrutineers and a secretary. The duties of the two scrutineers shall be assumed by two shareholders who are present and who represent personally or by proxy the largest number of shares. In case of their refusal, this duty shall be assumed by the next two shareholders in the number of shares.

The Secretary shall draw up in a special register, the minutes of the deliberations of the meeting. The minutes shall be signed by the officers of the meeting and thereafter be kept at the Company's Head Office. They shall constitute conclusive evidence towards all concerned. Extracts shall be signed in accordance with Article 43 hereof.

**Art.55: Number of Votes:**

Every shareholder shall have a number of votes equal to the number of shares he holds or represents. The provisions of Article 117 of the Lebanese Code of Commerce are to be complied with.

**Art.56: Exclusion from voting:**

No shareholder may vote for himself or on behalf of another shareholder represented by him when the proposed resolution concerns an interest to be granted to him or a dispute between him and the Company.

**Art.57: Voting by Secret Ballot:**

If one shareholder requests voting by secret ballot, such voting shall be compulsory in all matters having a personal character such as the dismissal of members of the Board of Directors and the questioning of their liability. Secret ballot shall not be compulsory in other matters unless requested by one fourth of the shareholders present and represented.

**FOUNDERS' MEETING**

**Art.58: The Call and The Meeting:**

The Founders shall call a Founders' meeting after the issuance of the governmental Decree.

**Art.59: Functions of the Founders' Meeting:**

The founders' meeting shall ascertain the compliance with the conditions of establishment, that the decree authorizing the establishment of the Company has been obtained and that the capital has been fully subscribed to. It shall carry out all other investigations in accordance with the provisions of the Lebanese Code of Commerce and of the present Articles of Association. It will elect the first Board of Directors and appoint the first Auditors.

**Art.60: Quorum:**

The deliberations of the Founders' meeting shall not be valid unless the number of attending shareholders represents at least two thirds of the capital stock. If this quorum is not attained, another notice shall be published in the Official Gazette, in an Economical Publication and in a daily newspaper with an interval of one week between each publication. The notice shall mention the agenda of the unconvened meeting and the results thereof. This second meeting shall be valid if the attending shareholders represent at least half of the capital stock. If again, this quorum is not attained, a third call shall be published and the meeting shall be considered as valid when the attending Shareholders represent one third of the Capital Stock.

**Art.61: Majority:**

Resolution shall be adopted by a majority vote of two thirds of the votes pertaining to shareholders present and or represented.

**ORDINARY SHAREHOLDERS GENERAL  
MEETING**

**Art.62: The Call and the Meetings:**

The ordinary shareholders general meeting shall be held once a year within six months following the end of the financial year upon a call from the Board of Directors.

It may also be held:

- a) When so requested by one fifth of the shareholders.
- b) When so requested by the Auditors in the cases provided for by the Lebanese Code of Commerce and the present Articles of Association.
- c) Upon occurrence of urgent or unforeseen matters.

**Art.63: Quorum and Majority:**

The resolutions of the ordinary shareholders general meeting shall not be valid unless the number of the participating shareholders represents at least one third of the capital stock. If the quorum is not attained, another meeting shall be considered valid irrespective of the proportion of the capital stock represented thereat. Resolutions shall be adopted by an absolute majority of the votes pertaining to shareholders present and or represented.

**Art.64: Powers of the Ordinary Shareholders' General Meeting:**

The Ordinary shareholders general meeting shall have the widest powers.

It shall examine the reports of the Board of Directors and Auditors on the Company's business, its assets and accounts and shall discuss, approve or refuse to ratify the said accounts. It shall have the right to take all resolutions which it deems necessary or proper for the good conduct and promotion of the Company's interests. Its resolutions shall be binding on the Board of Directors and the Chairman of the Board.

It shall have the right to take resolutions concerning the means and methods of carrying out certain operations which it deems to be of special importance whether with regard to their nature or to the amounts involved therein. These operations shall be specified at the beginning of each session, and the methods of their carrying out shall be determined. The resolutions taken in this respect will be binding on the Board of Directors and the Chairman of the Board.

It shall elect the members of the Board of Directors and appoint the Auditors and grant them the discharge concerning their duties.

It shall determine dividends to be distributed; allocation of funds to Reserves and their use. In general, it shall examine and discuss the Company's interests and business and take the necessary action thereof; it shall approve the acts of the Board of Directors and grant all the powers it deems proper.

**EXTRAORDINARY SHAREHOLDERS GENERAL MEETINGS**

**Art.65: Powers of the Extraordinary Shareholders' General Meeting:**

The extraordinary shareholders general meeting shall deal with all amendments to the present Articles of Association which do not involve any change in the nationality of the Company and do not increase the obligations of the shareholders or affect the rights of third parties. It may determine the increase of the Company's capital, extend or reduce its duration or merge it with another corporation.

It is not allowed, however to modify articles 8 and 20 of the Articles of Association in a manner that could conflict with the laws governing the purchase by foreigners of rights in Lebanon.

**Art.66: Quorum:**

Resolutions pertaining to a change in the objects or the form of the Company invariably require the presence of a quorum representing at least three quarters of the capital stock, irrespective of the number of meetings required.

With regard to resolutions concerning all other matters, the quorum shall be in accordance with the provisions of Article 193 of the Lebanese Code of Commerce and Article 60 hereof.

**Art.67: Majority:**

Resolutions shall be taken by the majority of two thirds of the votes pertaining to shareholders present and or represented.



**Chapter Eight**  
**FINANCIAL YEAR, INVENTORY, RESERVE FUNDS and**  
**DISTRIBUTION OF PROFITS**

**Art.68: The Financial Year:**

The Financial Year of the Company shall begin on the first January of each year and terminate on the thirty first of December except for the first financial year which begins from the date the Company is established and ends on the thirty first of December 1964.

**Art.69: Report of the Board of Directors:**

The Board of Directors shall prepare at the end of the first six months of the financial year a concise statement showing the assets and liabilities of the Company. The Board shall also prepare at the end of the year the Inventory, Balance Sheet and Profit and Loss Account, and place these at the disposal of the auditors at least fifty days before the shareholders' general meeting. The shareholders' general meeting shall be called to convene within six months following the end of the financial year.

The Board shall submit in its annual report to the shareholders general meeting all recommendations its deems appropriate and particularly those pertaining to distribution of dividends and interest.

**Art.70: Report of the Auditors:**

After verifying all documents and accounts of the Company, the auditors shall prepare their report in accordance with Article 47 of the present Articles of Association and submit it to the Company, at least sixteen days before the shareholders general meeting.

**Art.71: Right of Perusal:**

All shareholders and bondholders have the right to peruse, at the Company's Head Office, Inventory Schedules, Balance Sheet, Profit and Loss Accounts, list of shareholders as per Midclear Co. SAL records, Report of the Board of Directors, Auditors' Report, Consolidated Profit and Loss Account and Consolidated Balance sheet if any, during the fifteen days preceding the date of meeting. If they are prevented from using such right, the deliberations of the meeting shall be void.

The parties concerned may obtain, at their own expenses, a copy of these documents, except the inventory schedules. The Company cannot claim as cost for such documents more than the tariff set by the Ministry of National Economy.

**Art.72: Net Profits:**

Net profits consist of the Company's revenues after deduction of general expenses, taxes, fees and other costs and expenses, and after deduction of amounts allocated for depreciation, emergencies and risks.

**Art.73: Specified Interests:**

In accordance with the provisions of Article 109 of the Lebanese Code of Commerce and Article 15 hereof, an specified interest of 4% of the nominal value of the share shall be paid during the first five years even if there is not sufficient profit to cover it. This interest shall be debited to the General Expenses account and amortized as establishment expenses.

**Art.74: Legal Reserve:**

Ten per cent (10%) of the net profits shall be set aside each year for the constitution of the legal reserve fund.

**Art.75: Distribution of the profits:**

(As amended by the extraordinary shareholders meeting held on June 13, 2014 which became effective with the approval of Banque du Liban dated July 11, 2014).

After deduction of the foregoing, the balance of the net profits shall be allocated to the shares in equal proportions. However, the shareholders' general meeting may, at the recommendation of the Board of Directors, decide not to distribute dividends or to reduce their amount, report all or part of the profits to the following financial year, allocate them for additional amortization or depreciation or to allocate a certain percentage of the profits for the constitution of a special reserve or any other reserve. Interest shall be paid every year in accordance with Article 15 hereof. Dividends shall be paid within the year during which the profits were realized at such dates and places designated by the Board of Directors.

Such interests and dividends shall be subject to the five years forfeit clause as from the date they become due.

**Chapter Nine**  
**DISSOLUTION AND LIQUIDATION OF THE**  
**COMPANY/DISPUTES**

**Art.76: Dissolution of Extension of Term of the Company:**

The Company shall be dissolved on expiration of its term specified in the present Articles of Association.

If the Company incurs losses absorbing part of its capital, it shall reconstitute it in accordance with Article 134 of the Code of Money and Credit in order to carry on business. If from the Balance Sheet, it appears that the Company has lost the reserve fund and three quarters of its capital, the Board of Directors must immediately call an extraordinary general meeting of the shareholders to determine the dissolution of the Company or to take the measures deemed appropriate in accordance with the Lebanese Code of Commerce and the Code of Money and Credit.

If the Board of Directors does not call the Shareholders general meeting, or if the meeting could not be held due to lack of quorum or if the shareholders refuse to determine the dissolution of the Company, then any shareholder has the right to bring the matter before the Court.

In all cases, the resolution of the shareholders general meeting shall be published irrespective of its subject.

The extraordinary shareholders general meeting may determine at any time, upon recommendation of the Board of Directors, the dissolution of the Company before its term specified in Article 6 hereof. It may also decide the extension of its term beyond that term.

**Art.77: Appointment of Liquidators:**

Upon expiration of term of the Company, the ordinary shareholders general meeting shall appoint the liquidators and fix their remuneration. In case of dissolution before term, the extraordinary shareholder's general meeting shall assume such obligation.

Where it has not been possible to obtain a resolution from the shareholders general meeting, the liquidators shall be appointed by the court.

Upon appointment of the liquidators; the powers of the Board of Directors shall come to an end. The shareholders general meeting, however, shall retain its powers during the liquidation, and may at any time dismiss the liquidators, increase or restrict their powers.

**Art.78: Powers and Obligations of Liquidators:**

Upon assuming their duties, the liquidators shall receive the accounts pertaining to the administrative activities carried out by the Board of Directors since the last Balance Sheet approved by the shareholders' general meeting. they shall either approve the accounts or submit to the court the problems which may arise.

The liquidators together with the managers of the Company shall prepare the inventory schedule, collect amounts due to the company, pay its debts, sell its assets and, in general, carry out all work required for liquidation within the limits of their powers and in accordance with the conditions set out in the resolution whereby they were appointed.

If the period of liquidation should exceed one year, the liquidators shall prepare and publish the annual Balance Sheet according to rules.

The liquidators shall have the right to effect compromise settlements, arbitration, to deliver all securities including real estate, to give release and waivers and replevins, provided that none of these powers have been withdrawn from them by resolution adopted by the shareholders general meeting.

In addition to the foregoing, the liquidators may, in virtue of powers granted to them by the extraordinary shareholders general meeting, use the Company's funds, its rights and obligations or in a part thereof for participating in another corporation. They may also assign to any corporation or person all property, rights and obligations.

**Art.79: Duties of Auditors during the period of liquidation:**

The auditors shall remain in office during the liquidation and shall supervise its activities. They shall prepare a report on the accounts submitted by the liquidators. The ordinary shareholders general meeting shall approve such accounts and discharge the liquidators of their responsibility. Should the shareholders reject the accounts, the matter shall be brought before the court.

**Art.80: Distribution of the Assets:**

Upon completion of liquidation, after payment of all the debts of the Company and the payment of the nominal value of all outstanding bonds, the value of the unredeemed shares shall be refunded to their owners. If there should remain any balance, it shall be distributed without discrimination and in equal proportions to the shares of the capital and the bonus shares, if any.

**Art.81: Disputes:**

The Court in whose jurisdiction the company's Head Office is situated has the authority to settle any dispute arising between the Company and the shareholders or among the shareholders themselves with regard to matters concerning the company.

In case of litigation, the litigant parties should elect domicile within the jurisdiction of the Court of the Company's Head Office, otherwise the notification of action, petition, final judgment and any other notice shall be valid if served at the Registry of the said Court.

The right to sue the Board of Directors or one of its members pertains in the first place to the Company represented by the shareholders' general meeting. If this latter decides to institute such action, it should appoint an attorney-at-law who will conduct the litigation in the name of all shareholders.

A shareholder desiring to institute such action, should inform the Chairman of the Board of Directors of the subject matter of this action by registered letter to be sent at least forty days before the date of shareholders' general meeting. In case the Board of Directors abstains from including the subject in the agenda, or if the shareholders general meeting cannot look into it for lack of quorum, the shareholder may file his action after the lapse of six weeks from the date of dispatch of his registered letter, unless, the Board of Directors shall have, in the meantime, proceeded to call another shareholders general meeting in which case the shareholder shall wait until a decision is taken by the shareholders general meeting.

No claim may exceed the limits of the interest of the claiming shareholder in the Company.

The above rules and provisions shall not apply to action in avoidance filed against the company or the shareholders general meeting on account of contravention of the law or the present Articles of Association.

## **Chapter Ten** **TRANSITORY PROVISIONS**

### **Art.82: Rights and Obligations of Founders:**

#### A) Final establishment of the Company:

The Company shall not be deemed finally established except after:

- The issue of the decree authorizing its establishment, and the registration of the present Articles of Association with Notary Public.
- The resolution taken by the shareholders at the founders' meeting called by the Founders, whereby they ascertain the due foundation of the Company and the subscription to the entire capital stock and the payment of one fourth of its value.
- The election of the first Board of Directors.
- The appointment of the Auditors and their acceptance of such appointment.
- The registration and filing of the present Articles of Association and the minutes of the founders meetings at the Commercial Register.

#### B) Establishment expenses:

All expenses and costs required by the final establishment of the Company shall be entered as establishment expenses and shall be amortized as such in accordance with the accounting procedures in use.

#### C) Founders Board

Before the final establishment of the Company and in order to carry out all work pertaining to such establishment a Board shall be constituted for this purpose by the Founders.

The Founders Board shall have the right to carry out all proceedings relating to the final establishment of the company, to call for subscription to the Capital, to accept subscribers, to receive moneys and deposit them in banks, to sign agreements relating to subscriptions in kind. In general, the said Board shall have all the necessary powers to carry out all proceedings without limitation, provided that all these acts shall be submitted to the approval of the Founders Meeting with compliance to the provisions of the Lebanese Code of Commerce and all laws in force in this respect.

The resolutions of the Founders Board shall be taken by an absolute majority of the votes.

For the purpose of carrying out its duties, the Founders Board may delegate any of the said powers to one of its members or to a delegate.