

## **Company Bylaws – Alinma Bank**

### **Saudi Joint Stock Company**

#### **CHAPTER I - COMPANY INCORPORATION**

##### **ARTICLE (1): INCORPORATION**

A Saudi joint stock company has been incorporated by relevant shareholders under these Bylaws, the provisions of the Companies Law issued under the Royal Decree No. (M/6), dated 22/3/1385, the Banking Control Law issued pursuant to the Royal Decree No. (M/5), dated 22/02/1386, the resolution of the Council of Ministers No. (245), dated 26/10/1407 and other laws in force in the Kingdom of Saudi Arabia, as follows:

##### **ARTICLE (2): NAME OF THE COMPANY**

Alinma Bank- a Saudi joint stock company, hereinafter referred to as the “Company”.

##### **ARTICLE (3): OBJECTIVE OF THE COMPANY**

The objectives of the Company are to exercise banking and investment activities in accordance with the provisions of these Bylaws, Banking Control Law and all other laws applicable in Saudi Arabia as well as rules, regulations, resolutions and instructions issued by the Saudi Central Bank (SAMA). To achieve such objectives, the Company executes banking and investment operations for its own account and for the account of other internal and external parties within the limits and terms set by SAMA, namely:

1. Opening current accounts and accepting demand deposits in Saudi Riyal or other currencies.
2. Opening investment and similar accounts in Saudi Riyal and other currencies to generate profits from such accounts.
3. Issuing, accepting and dealing in commercial papers, such as promissory notes, bills of exchange and checks as well as accepting dealing in banknotes, coins and all types of currencies.
4. Offering finance and facilities in Saudi Riyal or other currencies on profit/loss share basis or any other bases as well as obtaining collaterals, such as real estate and commercial mortgages.
5. Dealing in securities and Mudaraba notes as per the rules governing corporate share trading.
6. Opening documentary credits, issuing bank guarantees and granting banking facilities for imports, exports and local commerce.
7. Acquiring, selling, owning and dealing in foreign currencies, coins, and precious metals.

8. Receiving cash, documents and valuable items as deposit, loan or for saving purposes after issuing evidential receipts.
9. Opening accounts in the name of the Company with local and foreign banks and other financial institutions.
10. Creating, managing and leasing safe deposit boxes (Vaults).
11. Acting as an agent, correspondent or representative of local and foreign banks.
12. Executing fund transfer to/from Saudi Arabia.
13. Acting as an Agent to collect money, bills of exchange, promissory notes and any other document inside and outside Saudi Arabia.
14. Executing any other banking operation permitted by banking and monetary laws applicable in Saudi Arabia.
15. Establishing, operating and managing depositories and warehouses to store goods and commodities and provide finance, taking such goods and commodities as collaterals.
16. Providing investment advisory services, acting as an investment manager, agent or financial representative, participating in the management of the affairs of any natural or legal person/persons, executing wills and managing properties.
17. Collecting amounts payable by third parties inside or outside Saudi Arabia on behalf of any natural or legal person in the capacity of a Trustee or Will Executor and issuing clearance certificates in respect thereof.
18. Managing, purchasing, selling (on spot, deferred or instalment basis), utilizing, acquiring, transferring/accepting title, mortgaging and accepting the same, redeeming and dealing in any real estate, residential units, money, right or interest in any movable or immovable money that may revert back to the Company or be held or acquired by it for financing purposes or for collecting all or part of its liabilities or be presented as a collateral for any finance or facilities provided by it or may otherwise relate to such claim or collateral. All the foregoing should be executed within the limits set by applicable laws.
19. Establishing affiliates or contributing to or participating, in any way, in companies or institutions exercising an activity falling within the objectives of the Company or compliment them or help in achieving them, or merging with or acquiring such companies or institutions in accordance with the rules and regulations in force in Saudi Arabia.
20. Issuing Sharia'h-compliant bonds inside or outside Saudi Arabia in Saudi or any other currency after obtaining a written and prior non-objection from SAMA.

21. Borrowing or receiving finance in line with rules governing the Company's business, signing contracts, providing relevant guarantees, sponsorships and mortgages inside or outside Saudi Arabia.

22. Supervising the management of investment units and funds and participating in capital markets to promote Islamic methods in the field of investment and finance.

23. Performing all other acts and activities that contribute to the introduction and achievement of the Company's objectives or the expansion of its business.

24. Participating in all investment activities (commercial, agricultural, industrial, real estate, etc.).

25. Concluding all commitments presented or accepted by the Company with different governmental and public institutions or any other natural or legal person inside or outside Saudi Arabia.

#### **ARTICLE (4): ESTABLISHMENT OF COMPANIES**

After obtaining a prior and written non-objection from SAMA, the Company may hold shares in companies, institutions or agencies that exercise similar business or may assist the Company in achieving its objective by way of merger, acquisition or alliance.

The Company may establish entities or any other type of companies stipulated in the Saudi Companies Law, either individually or jointly. It may also own the shares or stocks of such companies, hold shares in other existing companies or merge with such companies and may work with third parties on establishing any type of companies stipulated in the Companies Law, having obtained SAMA's written non-objection and complied with the requirements of applicable laws and directives in this regard. Moreover, the Company may dispose of these shares or stocks, provided that it shall not serve as a broker for trading such shares.

#### **ARTICLE (5): DURATION OF THE COMPANY**

The duration of the Company shall be ninety-nine (99) Gregorian years commencing as of the date of announcing its incorporation by the resolution of the Minister of Commerce. This term may be extended pursuant to a resolution of the Extraordinary General Assembly at least one (1) year before the expiry of the said term.

#### **ARTICLE (6): HEAD OFFICE OF THE COMPANY**

The Head Office of the Company shall be in the city of Riyadh and may be moved to any other city in Saudi Arabia, as decided by the Extraordinary General Assembly. The Board of Directors of the Company may open branches or offices and appoint correspondents inside or outside Saudi Arabia as required by the Company's activities or interests with due regard

to relevant laws and regulations in force in Saudi Arabia and after obtaining a written non-objection from SAMA.

## **CHAPTER II - CAPITAL AND SHARES**

### **ARTICLE (7): CAPITAL**

The Company's capital shall be twenty-five billion Saudi Riyals (SAR 25,000,000,000) divided into two billion and five hundred million (2,500,000,000) nominal shares of equal value (SAR 10 per share). All shares are ordinary and cash shares and equal in terms of rights and obligations arising therefrom in all respects.

### **ARTICLE (8): SHARES**

1. The Shares shall be nominal with a nominal value of SAR 10 and they may not be issued at a value lesser than their nominal value. However, shares may be issued at values higher than their nominal values, provided that the difference in value shall be added to a separate item within the shareholders' equity and may not be distributed to shareholders as dividends.

2. A share is indivisible against the Company. If a share is owned by several persons, they should select one of them to exercise the rights related thereto and they shall jointly be liable for the obligations arising therefrom.

### **ARTICLE (9): SHARE TRADING**

Shares are tradeable after being listed in the Saudi Stock Exchange (Tadawul), and taking into account the instructions issued by SAMA.

### **ARTICLE (10): TRADING METHOD**

The Shares shall be traded in the Capital Market in accordance with the provisions of the Capital Market Law. Shareholders register with the Securities Depository Center Co. (Edaa Center) shall be reliable. Transfer of title of any Share shall not be effective, as far as the Company or third parties are concerned, unless after entry in the said register. Subscription to; and ownership of, shares by a shareholder implies his acceptance of the Company's law as well as compliance with resolutions duly issued by the shareholders' assemblies in accordance with the provisions of these Bylaws, irrespective of whether he has attended such meetings or not, or has agreed to or rejected such resolutions.

### **ARTICLE (11): SHARE LIEN**

The Company may seize the shares owned by any shareholder indebted to the Company along with unpaid dividends in order to ensure settlement by the shareholder of any outstanding amounts payable to the Company or the fulfillment of his obligations towards the Company. Seized shares shall be free of any rights (fixed or restricted) to third parties

as shown in the records of the Company. After thirty (30) days of notifying the shareholder, the Company may sell such seized shares in a public auction or through TADAWUL, as the case may be, in accordance with the controls set by the competent authority. The Company shall thereafter collect amounts payable to it from the sale proceeds and return the remaining balance (if any) to the shareholder. If the amount of the sale proceeds is insufficient to cover the shareholder's debts and obligations, the Company shall have the right to collect the remaining dues from any funds of the shareholder in accordance with regulations in force in Saudi Arabia.

**ARTICLE (12): CAPITAL INCREASE**

1. After obtaining the approval of SAMA and other relevant authorities, the Extraordinary General Assembly may decide capital increase one or several times by issuing new shares in the same nominal value of the original shares, provided that the original capital has already been paid up in full and the provisions of the Companies Law are taken into account.
2. The Extraordinary General Assembly may at all times allocate no more than 2% (two percent) of shares issued upon capital increase to the employees of the Company and any of its affiliates. Shareholders may not exercise priority right upon issuance by the Company of staff allocated shares. Shareholders owning shares at the time of approving the capital increase resolution by the Extraordinary General Assembly shall have priority of subscription to the new shares. They will be notified through a registered mail directed to their addresses stated in the shareholders' register or through modern technological means of their priority rights (if any), capital increase resolution and subscription conditions, method, and start/end date, putting into consideration the share type and class.
3. The Extraordinary General Assembly may suspend the priority right for shareholders subscribing to capital increase against cash shares or grant such right to non-shareholders in cases it deems will achieve the interest of the Company.
4. The shareholder shall have the right to sell or waive the priority right with or without compensation in accordance with the controls set by the competent authority.
5. The new shares shall be distributed to priority right holders who have applied for subscription to priority rights and in proportion to their priority rights out of the priority rights resulting from the capital increase, provided that the number of shares to be allocated to them shall not exceed the number of new shares they have applied for and subject to the type and class of shares they own. The remaining new shares shall be distributed to priority right holders who have applied for more than their share, in

proportion to the priority rights they hold out of priority rights resulting from the capital increase, provided that the number of shares to be allocated to them shall not exceed the number of new shares they have applied for. The rest of the shares shall be offered to third parties, unless otherwise is decided by the Extraordinary General Assembly or stipulated by the Capital Market Law.

#### **ARTICLE (13): CAPITAL REDUCTION**

1. In situations where the Company's capital surpasses its needs, or if the Company endures losses, the Company may reduce its capital pursuant to a resolution adopted by the Extraordinary General Assembly based on acceptable reasons and after obtaining the approval of SAMA and other relevant authorities. Such resolution shall not be issued unless after presenting a statement prepared by the Board of Directors to the General Assembly about the reasons behind such decrease, the obligations of the Company, the impact of decrease on meeting such obligations. The Board of Directors statement shall include as an attachment the Auditor's report. In cases where the resolution of the General Assembly is issued by circulation, it may be sufficient to present the aforementioned statement to shareholders.

2. If the decrease is caused by capital excess, the Company should invite creditors to express their objections thereto (if any) at least forty-five (45) days prior to the date scheduled to hold the Extraordinary General Assembly meeting to issue the decrease resolution. The meeting invitation shall include a statement showing the size of capital before and after decrease, the meeting date, and the decrease effective date. If any creditor raises an objection to the capital decrease and presents his documents to the Company within the time limit set above, the Company shall pay any outstanding debt, or, if the debt is due on a later date, provide an adequate payment guarantee. Any creditor who informed the Company of his objection to the capital increase and the Company neither settled his debt nor provided an adequate payment guarantee shall have the right to refer the issue to the competent judicial authority before the date of the Extraordinary General Assembly meeting. In such case, the competent judicial authority shall instruct the Company to settle the outstanding debt, provide an adequate guarantee, or postpone the meeting, as the case may be.

3. Capital decrease shall not be invoked against a creditor who has submitted his application on the date stipulated in paragraph (2) hereof, unless his due debt is paid or he is provided with a sufficient guarantee for undue amounts.

#### **ARTICLE (14): SHARE PURCHASE AND SALE**

After obtaining SAMA's written non-objection, the Company may purchase or sale its shares in accordance with the controls set by the regulators. The Company may also purchase its shares, after obtaining SAMA's written non-objection, for the purpose of allocation to its employees within the Employee Share Program in accordance with the controls and requirements set by the regulators and such shares shall not have voting right in the shareholder assemblies.

### **CHAPTER III - BONDS**

#### **ARTICLE (15): BOND ISSUANCE**

Under a resolution of the Board of Directors and after obtaining SAMA's prior and written non-objection, the Company may issue Sharia'h-compliant bonds in one or more parts or through one or more series of issues from time to time on the dates, amounts and conditions adopted by the Board, provided that such bonds are not convertible to shares and that their value shall not exceed the Company's capital.

#### **ARTICLE (16): BOND ISSUANCE AUTHORIZATION**

The Board of Directors shall have the right to take all necessary actions to issue bonds, obtain necessary approvals from competent authorities and delegate any authorities related thereto to another person or persons who, in turn, may delegate the same to other parties.

### **CHAPTER IV - THE BOARD OF DIRECTORS**

#### **ARTICLE (17): MANAGEMENT**

The Company shall be managed by a Board of Directors consisting of nine (9) members elected by an Ordinary General Assembly for a three-year term, provided that SAMA's written approval for the Board's candidates is obtained. It is always allowed to re-appoint the member whose membership term has expired.

#### **ARTICLE (18): MEMBERSHIP EXPIRY**

- a. Membership of the member of the Board of Directors expires in the following cases:
1. Expiry of the Board's term.
  2. Resignation or death of the member.
  3. If a member becomes ineligible for membership according to the provisions of any law or instructions in force in Saudi Arabia.
  4. If a member is dismissed by a resolution issued by an Ordinary General Assembly with a majority of shareholders owning at least two-thirds (2/3) of shares represented in person or by proxy, if such resolution has not been requested by the Board of Directors.

5. If a member is dismissed by a resolution issued by an Ordinary General Assembly with a majority of shares represented in person or by proxy, if the Board of Directors has requested such resolution.

6. If a member undergoes mental illness.

7. Initiation of any insolvency procedures against a member or if convicted of crimes involving fraud or dishonor.

b. If the total number of members drops below seven (7), the Ordinary General Assembly should be called for a meeting within sixty (60) days to elect the required number of members after obtaining a written non-objection from SAMA. The new members shall complete the remaining term of their predecessors. In cases other than the foregoing, the Board of Directors shall fill the vacant seat and present this appointment to the next General Assembly and the new member shall complete the remaining term of his predecessor.

#### **ARTICLE (19): AUTHORITIES**

Taking into account the provisions of the Banking Control Law and without prejudice to the authorities conferred to the General Assembly, the Board shall have the widest authority to Manage the business of the Company and supervise its affairs, exercise all powers and carrying out all acts that the Company is entitled to perform under the Company's Bylaws or Articles of Incorporation, excluding what are stated explicitly in these Bylaws to be the sole prerogative of the General Assembly, conclude financial obligations for a fixed-term regardless of duration, Sell or mortgage the Company's assets, provided that such action should not exceed 50% of the value of such assets as of the date of the first transaction concluded during the past (12) months, discharge the Company's debtors from their liabilities, conclude settlement, establish companies or agencies, manage, supervise, hold and participate in shares or stocks of other companies and institutions. The Board of Directors shall have the right to delegate or authorize any of its authorities to its Chairman, other member of the Board or its committees or any other employee or other persons and grant them the right to delegate the same to other parties, delegate, from time to time, certain power/powers to any person for a period the Board deems appropriate. However, the Board of Directors shall not have the right to donate from the Company funds, save within the limits set by rules and regulations in force in Saudi Arabia.

#### **ARTICLE (20): THE BOARD'S COMMITTEES**

Subject to obtaining SAMA's written non-objection, the Board of Directors shall have the right to form specialized committees originating from the Board based on the Company's



need, conditions and circumstances in order to assist it in the effective performance of its duties. The Board of Directors shall approve the work rules and scope of these committees, the powers granted to them and the Board control mechanism. The Board may appoint members from outside the Board in any of these committees.

**ARTICLE (21): THE EXECUTIVE COMMITTEE**

Subject to obtaining SAMA's written non-objection, the Board of Directors shall form an Executive

Committee from among its members. The Executive Committee shall have the right to exercise all powers delegated to it, taking into account the instructions issued from time to time by SAMA and the Board of Directors. However, the Executive Committee shall not have the right to amend any resolution or instruction issued by the Board. The Executive Committee shall consist of five (5) members headed by the Chairman of the Board of Directors or his delegate and it should not be headed by the CEO. The Committee's meeting shall only be valid if attended by at least three (3) members in person or by means of modern technology. A Committee member may authorize another member to attend and vote on behalf of him in the Committee's meetings. However, a member may not represent more than one (1) member of the Committee. The Committee shall hold at least six (6) annual meetings or as requested by its Chairman. Deliberations and resolutions of the Committee shall be recorded in minutes to be signed by the Chairman and members of the Committee. A summary of the minutes shall be presented before the Board of Directors.

**ARTICLE (22): THE AUDIT COMMITTEE**

The Audit Committee shall be formed in accordance with the rules, regulations, and instructions, and after obtaining a written non-objection from SAMA. The Committee shall compose of three (3) to five (5) independent members. Members from outside the Board should be more than Board members. The Committee shall appoint its Chairman who should not be the Chairman of the Board of Directors of the Company. The Committee shall hold no less than four (4) meetings per year, in addition to any other meetings held as needed. The Committee's Charter includes work controls and procedures, rules governing the selection of members, and membership term. The Committee's jurisdictions include, in addition to the jurisdictions provided for in relevant rules and instructions, monitoring the Company's activities, verifying the integrity of its reports, financial statements, and internal controls systems. Following the expiry of its term, the Committee will continue to carry out its duties and responsibilities up to and until the beginning of the new committee's term

and obtaining necessary approvals related to the member appointment from the relevant regulatory and supervisory authority.

**ARTICLE (23): REMUNERATIONS**

1. Remuneration of the Chairman and members of the Board of Directors and its committees shall be governed by the provisions of the Companies Law and provisions issued by SAMA with respect to remunerations of Boards' members in Saudi banks. Financial and in-kind remunerations, allowances and benefits shall be as approved by the General Assembly of the Bank.

2. The annual Directors' Report addressed to the General Assembly shall include a comprehensive statement of all funds paid to the Board members during the fiscal year of the Company, including remunerations, attendance allowances, expenses and other cash and in-kind benefits. The report shall also include a statement of cash received by the Board members in their capacities as authorized employees or executives in the Company, funds received in return for technical, administrative or consulting services and a statement of the Board meetings attended by each member during the fiscal year.

**ARTICLE (24): CHAIRMANSHIP OF THE BOARD AND REPRESENTATION BEFORE OTHERS**

The Board of Directors shall appoint a Chairman and Vice-Chairman from among its members, and may appoint a Managing Director after obtaining SAMA's written non-objection. The Chairman shall not be allowed to hold any executive position in the Company. The Chairman jurisdictions include presiding over the meetings of the Board and the General Assembly, carrying all other tasks as delegated by the Board, representing (along with the CEO/Managing Director, individually or collectively) the Company before all competent authorities, judicial bodies and third parties, they have the right to purchase, sell, and convey properties, real estate and residential units, as well as their mortgage, release of mortgage ,grants, and acceptance of grants and to sell it on a spot, deferred, or installments basis. The acceptance of conveyance and transfer of ownership to purchaser or tenant after debt payment and to waive it with or without compensation, as well as, addition to a deed, issue a deed replacement, deed use amendments, take probate action, split, subdivide, merge, modify and update deeds electronically either to increase or decrease or any other amendments. Split, subdivide and merge real estates and residential and commercial units under and in favor of the Company for financing purposes and in accordance with Sharia'h principles. Also, the right to open all types of accounts with banks and investment companies, the right to signing the Articles of Incorporation for the

companies in which the Company holds shares along with other contracts, deeds and title transfer before the Notary Public and other official authorities, instituting claims, lawsuits, pleading, defending, hearing and responding to lawsuits; acknowledgement, denial, reconciliation, waiver, release, requesting/lifting travel ban, requesting confinement, checking Seizure and Execution Departments and requesting the same, requesting arbitration and appointment of experts and arbitrators, requesting judgment execution, requesting appeal and reconsideration, receiving sums and checks in all cases with all courts, judicial/quasi-judicial committees, authorities and security/executive bodies inside and outside Saudi Arabia, delegating or authorizing other parties and granting them the same right in all or part of such authorities. The Vice-Chairman shall replace the Chairman of the Board of Directors during his absence. The Board of Directors shall appoint one of its members or any other person to act as the Board's Secretary.

The Secretary shall be responsible for the entry and keeping of the Board's deliberations and resolutions in minutes to be signed by the Chairman and members of the Board of Directors. The Secretary's remuneration shall be determined pursuant to a resolution by the Board. The term of the Chairman, Vice- Chairman and Secretary (if he is a Board member) shall not exceed the term of their respective membership term in the Board and they may always be reappointed.

**ARTICLE (25): MEETINGS**

The Board of Directors shall hold at least four (4) meetings per year (at least one meeting every quarter) upon an invitation made by the Chairman. The Chairman should call for a meeting if requested in writing by any Board member to discuss one or more issues. The invitation, together with the agenda, shall be sent to each member by e-mail or by means of modern technology at least five (5) business days before the scheduled date of the meeting.

**ARTICLE (26): QUORUM**

A Board meeting shall be valid only if attended by at least half of the members. In the event that a Board member delegates another member to attend the Board meetings on behalf of him, the delegation should be governed by the following controls:

1. No member may be allowed to act on behalf of more than one member in the same meeting.
2. The proxy should be in writing and sent by e-mail or any of the modern technological means.
3. An acting member may not vote on certain resolutions as provided for by applicable law.

#### **ARTICLE (27): RESOLUTIONS**

Deliberations and resolutions of the Board of Directors shall be entered into minutes to be prepared by the Board's Secretary and signed by the Chairman, members and the Secretary. The Board's resolutions shall be adopted by the approval of at least the majority votes of the members attending in person or represented by proxy. If the votes are equal, the Chairman shall have a casting vote. The Board may issue circular resolutions in urgent issues, unless a member request in writing to hold a meeting to discuss such issues. Such resolutions shall be issued by the approval of the majority votes of the members and shall be presented to the next meeting for documentation in the minutes of such meeting.

#### **CHAPTER V - SHAREHOLDER ASSEMBLIES**

#### **ARTICLE (28): SHAREHOLDER ASSEMBLIES**

A duly formed General Assembly represents all shareholders and shall be held in the city where the Head Office of the Company is located. Each shareholder may attend the General Assembly and authorize another shareholder, other than the Board members, to attend the General Assembly on behalf of him. Meetings of General Assemblies, participation of shareholders in deliberations and voting on resolutions may be held by means of modern technology.

#### **ARTICLE (29): ORDINARY GENERAL ASSEMBLY**

Subject to the requirements of the Banking Control Law and other relevant laws, except for issues falling within the jurisdictions of the Extraordinary General Assembly, the Ordinary General Assembly shall have authority over all issues related to the Company and shall be convened at least once a year, within six (6) months following the end of the fiscal year of the Company. Other Ordinary General Assemblies may be held whenever needed.

#### **ARTICLE (30): EXTRAORDINARY GENERAL ASSEMBLY**

Subject to the requirements of the Banking Control Law and other relevant laws, the Extraordinary General Assembly shall be responsible for amending the Bylaws of the Company, save for provisions the amendment of which by an Extraordinary General Assembly is prohibited by law. Furthermore, the Extraordinary General Assembly may issue resolutions on matters falling within the jurisdictions of the Ordinary General Assembly.

#### **ARTICLE (31): CONVENING OF SHAREHOLDERS' GENERAL ASSEMBLIES**

Shareholders' General Assemblies shall be convened pursuant to an invitation made by the Board of Directors. The Board of Director shall call for an Ordinary General Assembly meeting within thirty (30) days of the date on which the Auditor or a shareholder/shareholders representing at least (10%) of the Company's voting shares. The

invitation shall be posted in accordance with the relevant rules and regulations at least twenty-one (21) days prior to the meeting date. The invitation shall include the meeting agenda and a copy thereof shall be sent to SAMA, CMA and the Ministry of Commerce.

**ARTICLE (32): MANNER OF ATTENDANCE**

Upon the convening of the General Assembly, a list of shareholders attending in person or by proxy, the number of shares they own in person or by proxy and the number of allocated votes shall be prepared. Any stakeholder representing a supervisory/control authority may have access to such list.

**ARTICLE (33): QUORUM OF ORDINARY GENERAL ASSEMBLIES**

The meeting of the Ordinary General Assembly shall be deemed valid only if shareholders representing at least 25% of the Company's capital shares with voting rights attend and/or participate by means of modern technology. If such quorum is not reached at the first meeting, a second meeting shall be held within one (1) hour following the end of the first meeting, provided that an indication has been made in the invitation for the first meeting as to the possibility of holding a second meeting. The second meeting shall be deemed valid irrespective of the number of shares represented therein.

**ARTICLE (34): QUORUM OF THE EXTRAORDINARY GENERAL ASSEMBLIES**

The meeting of the Extraordinary General Assembly shall be valid if at least 50% of shareholders with voting rights attend and/or participate by means of modern technology. If such quorum is not reached at the first meeting, a second meeting shall be held within one (1) hour following the end of the first meeting, provided that an indication has been made in the invitation for the first meeting as to the possibility of holding a second meeting. The second meeting shall be deemed valid if at least 25% of shareholders with voting rights attend and/or participate by means of modern technology. If the required quorum is not attained in the second meeting, an invitation shall be made for a third meeting in accordance with the provisions of relevant rules and regulations. The invitation shall be made at least twenty-one (21) days prior to the meeting date.

The third meeting shall be valid irrespective of the number of shares represented therein.

**ARTICLE (35): VOTING**

Each shareholder shall have one vote per share at General Assemblies. However, members of the Board of Directors shall have no voting rights on resolutions related to discharging them, giving them the required licenses to carry out certain tasks that include personal interest or renewing such licenses. The provisions of the Companies Law shall apply to all

issues that the Board's members are not allowed to vote on. Cumulative voting shall be used for electing the members of the Board of Directors.

**ARTICLE (36): RESOLUTIONS**

Resolutions of the General Assembly shall be issued by the absolute majority of voting shares represented therein. Resolutions of the Ordinary General Assembly shall be issued by the approval of the absolute majority of shares represented in the meeting. Resolutions of the Extraordinary General Assembly shall be issued by the approval of two thirds (2/3) of the voting shares represented therein, unless it relates to capital increase/decrease, extending the Company's term, dissolving the Company before the expiry of its term as stipulated in its Bylaws, or its merger with another entity or institution or its split into two or more entities. In such cases, the resolution cannot be issued unless voted on by three quarters (3/4) of the voting shares represented in the meeting.

**ARTICLE (37): MEETING AGENDA**

The Board of Directors shall put into consideration the issues that shareholders wish to include in the agenda of the General Assembly. Any shareholder/shareholders representing at least (10%) of the Company's voting shares shall have the right to add one or issues to the meeting agenda upon its preparation. Each shareholder shall have the right to discuss and raise questions with respect to issues included in the agenda of the General Assemblies to members of the Board of Directors and the Auditor, who should provide responses to such questions in a way that shall not imply any damage to the Company's interest. If any shareholder feels that he has received an unsatisfactory response, he may raise the issue to the General Assembly and its resolution shall be effective.

**ARTICLE (38): GENERAL ASSEMBLIES CHAIRMANSHIP**

The Chairman of the Board of Directors (or the Vice-Chairman in the absence of the Chairman, or the person delegated by the Board of Directors from its members) shall preside over the meetings of shareholders General Assemblies. The General Assembly shall appoint a Secretary and vote counters. The minutes of meeting shall include the percentage of shareholders (attending in person or by proxy), the number of their shares (personally or by proxy), the number of votes assigned to them, resolutions adopted, number of affirmative/negative votes and a brief summary of the meeting discussions. At the end each meeting, the minutes shall be entered into a special register to be signed by the Chairman, Secretary and the vote counters.

**CHAPTER VI - THE AUDITORS**

**ARTICLE (39): APPOINTMENT**

The Company shall have two (2) Auditors from among those licensed to work in Saudi Arabia and shall be appointed annually by the General Assembly, which shall decide their charges and reappointment.

**ARTICLE (40): ADITORS AUTHORITIES AND RESPONSIBILITIES**

1. The Auditors may at any time access the Company's accounting books and records and their supporting documents. They may request any information and clarifications they deem necessary to check the Company's assets and liabilities, its compliance with the provisions of the Banking Control Law and any other matter falling within the scope of their work. The Board of Directors shall enable the Auditors to perform their duties and if they encounter a difficulty in this respect, they should document the same in a report to be submitted to the Board of Directors. If the Board fails to facilitate the work of the Auditors, the Auditors should request the Board of Directors to call for a General Assembly meeting to discuss this issue. The Auditors may call for such meeting if the Board fails to do so within thirty (30) days from the date of the Auditors request for such meeting.

2. The Auditors should submit a report to the annual General Assembly about the financial statements of the Company. The report should be prepared in accordance with the audit standards approved in the Kingdom. The report should also include the extent to which the Company cooperated in providing them with information and clarifications, the violations they have come across (especially to the provisions of the Companies Law, the Banking Control Law, or the Bylaws) and their opinion as to the fairness of the financial statements. The Auditors should read their report or a summary thereof or circulate it in the annual meeting of the General Assembly (as the case may be and in accordance with the provisions of the Companies Law).

**CHAPTER VII - ACCOUNTS AND PROFIT DISTRIBUTION**

**ARTICLE (41): FISCAL YEAR**

The fiscal year of the Company commences on the first day of January up to the last day of December of each Gregorian year.

**ARTICLE (42): FINANCIAL STATEMENTS AND THE DIRECTORS' REPORT**

At the end of each fiscal year, the Board of Directors shall prepare the financial statements of the Company and a report on the activities of the Company and its financial position for the preceding financial year in accordance with the accounting standards approved by the Saudi Organization of Chartered and Professional Accountants (SOCPA). The report shall include the method proposed for distributing profits. The Board of Directors shall place such documents at the disposition of the Auditor at least forty-five (45) days prior to the date

set for convening the annual General Assembly meeting. The Chairman of the Board of Directors, CEO and CFO shall sign such documents and a copy thereof shall be made available to shareholders at the Company's Head Office. The Chairman of the Board of Directors shall provide shareholders with signed copies of the financial statements of the Company along with the Directors' Report and the Auditor's Report (if any) unless these reports have already been published in any of the modern media at least twenty-one (21) days prior to the date set for holding the annual meeting of the General Assembly. A copy of the aforementioned documents shall be sent to SAMA at least fifteen (15) days before the meeting of the General Assembly.

**ARTICLE (43): PROFIT DISTRIBUTION**

Annual or interim (semi-annual, quarterly) net profits of the Company shall be distributed after deducting general expenses and other costs and forming necessary reserves against bad debts, investment losses and contingent liabilities in line with the Banking Control Law and SAMA's instructions, as follows:

1. Calculation and payment of the Zakat amounts to the concerned authorities.
2. Transferring no less than 25% of the remaining net profits after the Zakat deduction to the statutory reserve account until it becomes at least equal to the paid up capital.
3. Allocating (from the remaining profits after deducting the Zakat and reserve amounts) at least 5% of the paid-up capital to be distributed to shareholders as proposed by the Board of Directors and decided by the General Assembly. If the remaining profit is insufficient to cover this amount (5%), shareholders shall have no right to claim the payment of the same in the next year/years. The General Assembly shall have no right to distribute profits in excess of the amounts decided by the Board of Directors.
4. The remaining balance (after allocating the amounts referred to in paragraphs 1, 2, 3) shall be used as proposed by the Board of Directors and decided by the General Assembly.
5. Based on a proposal made by the Board of Directors, the General Assembly may allocate part of the net profits to establish social institutions for the Company's staff or to assist existing ones. The Board of Directors may distribute interim profits (semi-annual or quarterly) as per the rules and regulations governing the same.

**ARTICLE (44): DIVIDEND PAYMENT**

Dividends shall be paid to shareholders in accordance with the General Assembly resolution issued in this respect, which shall specify maturity and distribution dates. Shareholders registered in the shareholder's register shall be entitled to receive dividends at the end of the maturity day.



## **CHAPTER VIII - DISPUTES**

### **ARTICLE (45): LIABILITY ACTION**

Each shareholder/shareholders representing (5%) or more of the share capital shall have the right to file a liability claim against the members of the Board of Directors if the Company fails to do so, provided that the main goal of such action shall be to achieve the interest of the Company and that it is validly exist and has been filed with good faith. The members of the Board of Directors shall be informed of the intention to file a liability claim at least fourteen (14) days before the date of filing.

## **CHAPTER IX - LIQUIDATION AND DISSOLUTION**

### **ARTICLE (46): LOSSES OF THE COMPANY**

If the Company's losses reach 50% of its issued capital, SAMA should be informed immediately. The Board of Directors should disclose the same as well as its recommendations related to such losses within sixty (60) days of becoming aware of them. The Board of Directors shall, within (180) days following its becoming aware of the losses and obtaining SAMA's approval, invite for an Extraordinary General Assembly meeting to consider either the continuity of the Company and taking any required action to remedy such losses or dissolve it.

### **ARTICLE (47): LIQUIDATION AND DISSOLUTION OF THE COMPANY**

If the incorporation period of the Company expires, or if the Company is dissolved prior to its expiry date, the Extraordinary General Assembly shall decide, based on a proposal made by the Board of Directors, the method of liquidation and appoint one or more liquidators and define their jurisdictions and charges. The jurisdictions of the Board of Directors shall cease upon the expiry of the Company, provided, however, that the Board of Directors shall remain liable for the management of the Company until the appointment of the liquidator. Other departments shall exercise their powers to the extent that they shall not be in conflict with those of the liquidator.

## **CHAPTER X - FINAL TERMS**

### **ARTICLE (48): COMPANIES LAW**

The provision of the Companies Law, Banking Control Law and SAMA's instructions shall apply to all matters not specifically provided for herein.

### **ARTICLE (49): SHARIA'H GOVERNANCE**

The business of the Company shall be governed by Sharia'h provisions and controls as decided by the Sharia'h Committee formed by the Board of Directors after obtaining SAMA's written non-objection.

**ARTICLE (50): FILING OF THE Bylaws**

The Bylaws shall be filed and published in accordance with the provisions of the Companies Law. The provisions of the Banking Control Law and other regulatory rules and resolutions issued by SAMA, which are in line with banking business and Sharia'h provisions, should also be taken into account.