

## Articles of Association

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These Articles of Association are composed of the ten following chapters:

**Chapter One** : Constitution of the Company  
Object

**Chapter Two** : Name of the Company  
Head Office  
Nationality  
Duration

**Chapter Three**: The Capital  
Its Amendments

**Chapter Four** : Shares  
Bonds

**Chapter Five** : Company's management

**Chapter Six** : Auditors

**Chapter Seven**: General Assemblies

**Chapter Eight** : Fiscal years  
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**Chapter Ten** : Transitory regulations

## Chapter One

### Constitution of the Company - Its Object

#### Article one: Constitution of the Company

Is constituted among the owners of the shares issued, or to be issued, according to these Articles of Association, a Lebanese joint-stock company, of moral personality, governed by the Lebanese Laws and particularly the Code of Money and Credit and the present Articles of Association.

#### Article two: Object of the Company

The Company undertakes all banking business activities for its account or the account of third parties, directly or indirectly, in Lebanon or abroad, according to the prevailing Laws, customs and regulations in force.

The Company shall, in whatsoever form, participate in or benefit from similar institutions, merge with, buy or incorporate the same within the limits stipulated in the laws in force; it shall participate and benefit from all industrial or commercial activities or enterprises, more particularly by founding companies or participating in any company whether existing or under constitution within the limits stipulated in the laws in force, especially the Code of Money and Credit, and all the regulations in force.

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## Chapter Two

### Name of Company - Head Office - Nationality - Duration

#### Article three: Name of the Company

The Company bears the following name: in Arabic: **الاعتماد المصرفي ش.م.ل.** and in English: **Creditbank S.A.L.**

#### Article four: Head Office of the Company

The Company's Head Office and legal location is established in Mount Lebanon. The Company shall have the right to open branches and agencies in all the other cities in Lebanon and abroad by virtue of Board of Directors' resolutions; on condition that, before establishing a new branch, the relative authorizations provided for by Laws and regulations are duly obtained, more particularly the prior approval of the Central Bank of Lebanon.

#### **Article five: Nationality of the Company**

The Company is considered to be of Lebanese nationality.

#### **Article six: Duration of the Company**

The Company duration is 99 years, unless its dissolution is decided before its ending period or unless its duration period is extended on or before expiration in accordance with the provisions of Commercial Law and Article /78/ of the present Articles of Association.

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### **Chapter Three**

#### **The Capital - Its Amendments**

#### **Article seven: The Capital**

The Bank's capital is set at LBP /214.800.000.000/ (Two hundred and fourteen billion, eight hundred million Lebanese pounds) divided into /4.296.000/ (four million, two hundred ninety-six thousand) nominal shares with a par value of /50.000/ LBP (fifty thousand Lebanese pounds) each, such shares are divided into two categories:

- (1) Ordinary Shares amounting to /3.046.000/ (three million, forty-six thousand)
- (2) Preferred Shares amounting to /1.250.000/ (one million, two hundred and fifty thousand) divided to:
  - a. Preferred Shares amounting to /300.000/ (three hundred thousand) Series 3 Preferred Shares.
  - b. Preferred Shares amounting to /200.000/ (two hundred thousand) Series 4 Preferred Shares.
  - c. Preferred Shares amounting to /250.000/ (two hundred and fifty thousand) Series 5 Preferred Shares.
  - d. Preferred Shares amounting to /300.000/ (three hundred thousand) Series 6 Preferred Shares.
  - e. Preferred Shares amounting to /200.000/ (two hundred thousand) Series 7 Preferred Shares.

#### **Article eight: Increase of Capital**

After the initial capital of the Company has been fully paid up, the Extraordinary General Assembly of shareholders is entitled to decide a raise of the capital in one bulk or several stages, by issuing new shares subscribed for in cash or in kind, or by incorporating reserve funds with the capital, or by any other means authorized by Law.

#### **Article nine: The reduction of capital**

The Company is not authorized to reduce its capital or recuperate any part thereof.

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### **Chapter Four Shares and Bonds**

#### **Article ten: Type of shares and ownership**

All the Bank's shares are nominal shares subject to one legal regulation as to the ownership and circulation thereof.

The shares shall be deposited at the central depository Midclear SAL and their ownership shall be confirmed and the operations of their circulations shall be carried out and all pledges and other rights shall be created thereof by virtue of the book-entry of the abovementioned company.

#### **Article eleven: Assignment of shares and subscription thereto**

1. The subscription to the Bank's shares and circulation thereof are subject to a prior authorization from the Central Council of Banque du Liban in the following cases:
  - a- If through this the subscriber or the transferee, directly or through a fiduciary contract pursuant to the provisions of Law No 520 dated 6/6/1996, acquires more than 5% from the totality of the Bank's shares or from the voting rights related to such shares, whichever is bigger.
  - b- If, during the transfer process, the transferee holds more than 5% from the totality of the Bank's shares or from the voting rights related to such shares, whichever is bigger. The participation of the spouse and minor children and any economic group is computed according to the definition mentioned in the regulations issued by the Banque du Liban within the 5% mentioned above in clauses (a) and (b).
  - c- If the transferor or the transferee is one of the Board Members, current or elected, and whatever the number of the transferred shares.

2. Any transfer of shares made through inheritance or testament is not deemed a transfer as per the perspective of the present Article.
3. The provisions of clause (1) of the present Article do not apply on the shares to which the shareholders subscribe in any increase of the Bank's capital and this in a non-reducible way and when necessary in a reducible way.
4. The assignment of Preferred Shares mentioned in Article 2 of Law No 308 dated 3/4/2001 are not subject to the provisions of the present Article (i.e. the assignment of the Preferred Shares is not subject to the approval of the Banque du Liban) even if it was effected through a fiduciary contract as per the provisions of Law NO 520 dated 6/6/1996. Moreover, such shares are not taken into account in the calculation of the percentage set in clause (1) above.

#### **Article twelve: Transfer procedure**

When one of the shareholder wants to sell his ordinary shares to a third party, he should notify the Board of Directors in virtue of a written letter containing the number of shares he's willing to sell, the name of the third party and the offering price per share. Other Shareholders are entitled to a pre-emptive right to buy the shares for the same price agreed upon with the third party and this within a 30-day period from the notification date subject, under penalty of loosing said priority right. The transfer of Preferred Shares is not subject to any pre-emptive right.

#### **Article thirteen: Exercise of the preferential right**

If a number of shareholders exercise their preferential right, the shares are distributed among themselves pro rata to the number of shares they own, in accordance with the provisions of Article ten of the Articles of Association.

#### **Article fourteen: Non-exercise of the preferential right**

If the grace period granted to exercise the preferential right has elapsed without being used by any shareholder in this respect, the assignment will operate in favor of the beneficiary designated in the statement established by the owner of the released shares for this purpose, unless there is a legal objection thereto, such as, for example, the non-approval of Bank of Lebanon to this assignment.

#### **Article fifteen: Capital subscription**

The entirety of the capital shares should be subscribed to.

#### **Article sixteen: Payment of capital**

Upon subscription, the total value of subscribed shares should be paid up in cash, at Bank of Lebanon. Before starting its business activities, the Company should pay out of its capital the sum of seven million, five hundred thousand Lebanese Pounds as a blocked guarantee for its account with the Lebanese Treasury and reimbursed interest-free to the Company upon liquidation of its business activities.

### **Article seventeen: Transfer of shares' property**

In compliance with the restrictions imposed by the Law and the provisions of Articles 10-11-12-13-14 of the present Articles of Association, the transfer of shares' property becomes effective only after the registration of this transfer in the registrations of the central depository, Midclear sal.

### **Article eighteen: The shareholders rights**

In compliance with the rights and restrictions related to the Preferred Share, the share confers the following rights to its holder:

1. The right to receive dividends
2. The pre-emptive right in the subscription upon capital increase in compliance with the restrictions imposed in the law and in the present by-laws.
3. The right to split the Company's assets upon liquidation
4. The right of discussion and vote in the Company's General Meetings.
5. The right to transfer his/her shares in compliance with the restrictions imposed by the present by-laws.

### **Article nineteen: The obligations of share owners**

- A- Share owners or their heirs, personal and legal representatives or Creditors are not entitled, for whatever reason, to claim for distraint or a sequestration over the Company funds, sequester its documents or request the partaking in its properties / assets or selling them forcibly. In order to exercise their rights, share owners shall refer to the Company's inventories and to General Assemblies' resolutions and abide by them.
- B- The ownership of share from the Company's Capital implies the complete, total, definitive and unconditional acceptance of the Company's Articles of Association as well as the resolutions duly taken by both Ordinary and Extraordinary General Assembly meetings.

### **Article twenty: The transfer of share owners' rights and obligations**

The rights and obligations of each shareholder start from the date wherein the ownership of the share is duly transferred to him/her.

### **Article twenty-one: The indivisibility of shares**

- A- Each share is deemed indivisible towards the Company, and may only be held by one shareholder.
- B- If there are several co-owners for one share, one of them should represent the others, before the Company, as the sole owner of that share. The rights pertaining to this share shall cease to be in force until the foregoing rule is respected.

### **Article Twenty-two: The payment of dividends**

Share dividends are paid on the place and date determined by the Board of Directors.

Dividends which are not claimed within five years following the date wherein they were made available to their owners are no longer considered valid due to their expiry, by lapse of time, in favor of the Company and in compliance with the prevailing laws in this respect.

### **Article twenty-three: Debts and liabilities of the Company**

The Shareholders are liable only to the limit of the value of their Shares.

### **Article twenty-four: Shareholders' preference**

(a) When the capital is increased through the creation of new ordinary shares, the subscription thereto is made in cash and the holders of ordinary shares are normally entitled to a pre-emptive right in the subscription to the totality of the new shares at the same proportion of the ordinary shares they already hold and in a non reducible way. Should any of the shareholders not wish to exercise such right, his part will be allocated to all other shareholders.

(b) The Extraordinary General Meeting can decide otherwise, it will then comply with the provisions of Article 113 of the Lebanese Code of Commerce and Article 4 of Law no 308 dated 03/04/2001.

(c) Holders of Preferred Shares have no pre-emptive right in the subscription to any increase of the Bank's capital through the issuance of new ordinary shares. However, the Extraordinary General Meeting decides, upon the issuance of the Preferred Shares, whether the holders of the existing Preferred Shares are entitled or not, to subscribe to any new Preferred Shares.

### **Article twenty-five: The issuance of bonds**

- 1- By resolution of its General Assembly meeting, the Company is entitled to issue bonds which are negotiable instruments delivered to their subscribers in counterpart of amounts they advanced to the Company. The Subscribers shall have to supply, as collateral for such bonds, all pledges they deem proper, according to Law and the provisions of the present Articles of Association.
- 2- It is not allowed to issue bonds except after the Company's subscribed capital has been fully paid up.
- 3- Before publishing any advice preceding the issuance of bonds, the Board members are bound to publish in the Official Gazette as well as in an economic paper and in a local daily newspaper, a statement containing their signatures and the address of each of them. It should mention, particularly, the date of the General Assembly resolution authorizing the issuance of the bonds; their number, their value, interest rate, date of settlement, with the conditions and guarantees thereof; and the number of bonds issued previously, with their guarantees; and also the amount of the capital, the value of the contributions in kind, and the results of the latest approved balance sheet figures.
- 4- The subscription and bond certificates as well as the circulars, publications and advices should bear all explanations mentioned in that statement and enumerate the papers in which they were published.
- 5- The members of the Board of Directors should not fail to have each issuance of bonds duly registered in the Register of Commerce.

### **Article twenty-six: The nominal value of bonds**

On each issuance, bonds will have the same nominal value.

### **Article twenty-seven: The type of bonds**

The General Assembly which decides the issuance of bonds should also determine their type: whether "nominal", "to order", or "to bearer", according to what it deems proper.

### **Article twenty-eight: The indivisibility of each bond**

The bond is deemed indivisible towards the Company and may only be held by one owner; in this respect, the same rules of shares' indivisibility provided in Article 21 of the present Articles of Association are applicable.

### **Article twenty-nine: Transfer of bonds' ownership**

Bonds are generally negotiable, the transfer of "nominal bonds" is carried out by registration thereof in the Company's records, while bonds "to order" are transferred by endorsement and bonds "to bearer" by delivery in person.

### **Article thirty: Pledge Bonds**

The Company is authorized to issue pledge bonds, in compliance with the provisions of decree N° /77/ LR issued on 26 May 1933.

### **Article Thirty-one: Bonds with settlement compensations**

The Company is authorized to issue bonds with settlement compensations payable upon amortization of the bond.

### **Article thirty-two: Issuance and settlement conditions**

The General Assembly which decides about the issuance of bonds has total authority to determine the conditions and procedure regarding bond's issuance, nominal value, subscription, settlement, interest rate, date of payment and the estimation of the settlement compensation if any. The General Assembly may also allocate a compensation for the totality or part of the bonds or various prizes in cash or in kind and determine their way of distribution.

And, in general, it is the responsibility of the General Assembly to decide, directly or indirectly, and without limitation, on all conditions related to bonds.

### **Article thirty-three: The bond owner's rights and obligations**

The bond owner has the following rights:

- 1- The right to settle the interest determined upon issuance of the bond, on due dates fixed for this purpose.



- 2- The right to receive either compensation attributed to bond owners if any.
- 3- The right to recollect the nominal value of a bond, upon maturity, from Company's funds, before each distribution, according to the laws in force.

The bond's owners are liable only to the limit of the value of their bonds.

#### **Article thirty-four: Bond owners' assemblies**

Upon each bond issuance, an assembly is formed representing all bond owners, which are all bound by the resolutions taken at the majority of the votes taken therein, within the legal quorum fixed to General Assemblies of Shareholders in Articles /193/ and /195/ of the Code of Commerce.

After the end of the subscription procedure, the Company will have to request the bond owners to form, among them, their own assembly to approve its internal regulations and elect their representatives.

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## **Chapter Five**

### **The Management of the Company**

#### **Article thirty-five: The Board of Directors**

The management of the Company shall be entrusted to a Board of Directors, consisting of no less than three members, and not more than twelve members, elected by the Ordinary General Assembly among shareholders that own the minimum number of one hundred shares.

The majority of Board members should be of Lebanese nationality.

The Board should designate a Chairman among its members.

#### **Article thirty-six: Duration of the Board membership**

The General Assembly of Shareholders elects the members of the Board of Directors, for a maximum period of three years and can be reelected. By year we mean the period extending between two consecutive Ordinary General Assembly annual meetings.

As an exception to the provisions of the present Article, and in compliance with Article /149/ of the Code of Commerce, are elected members of the first Board of Directors, for a three-year period, the shareholders Messrs.:

- Joseph Khalife
- Fouad Zoghbi
- Ghassan Saade

The constituent Assembly designates the remaining members of the first Board of Directors and the tenure of office of these members will also be of three years.

### **Article thirty-seven: Shares guaranteeing membership in the Board of Directors**

Each member of the Board Members is bound to own at least one hundred Ordinary shares from the fully paid Company's shares during the whole period of his/her tenure. Such shares are allocated to guarantee the Board Members' personal or joint liability resulting from their mismanagement. These shares are only transferable after General Meeting of Shareholders discharges all Members of the Board.

### **Article thirty-eight: Vacancy positions of Board Members**

The position of Board member shall be deemed vacant in the following cases:

- 1- If the number of shares held by the member drops below one hundred shares fully paid up.
- 2- In case he is declared bankrupt.
- 3- If he is declared incapable.
- 4- If he resigns and his resignation is accepted.
- 5- If he holds the position or becomes a board member of any company carrying out the same or some of the Company's business activities, without abiding by the provisions of Article /159/ of the Code of Commerce.
- 6- If he finds himself in one of the situations specified in Article /148/ of the Code of Commercial or Article /127/ of the Code of Money and Credit.
- 7- In case of death of the member.

When a position of Board member is vacated within the period falling between two consecutive annual Ordinary General Assembly meetings, a new member is elected for the remaining period and the debates of the Board remain valid, provided the number of its attending members does not fall below three, in which case it becomes imperative to call for a General Assembly Ordinary meeting to convene immediately in order to fill in the vacant place.

### **Article thirty-nine: Board of Directors' meetings**

The Board of Directors meets according to Chairman's convocation and every time it is needed. Should the Chairman be unable to address the convocation, any Board member can do it in his place.

Board meetings take place at the Company's head office.

The quorum for a valid meeting is at least 50% of the Board members attending in person or represented.

It is possible for an absent member to delegate any other Board Member to represent him and vote on his behalf.

It is impossible for a Board member to represent more than one other member.

Board resolutions are taken by an absolute majority of votes. In case of tie, the Chairman will have a casting vote.

#### **Article forty: Board of Directors' debates**

The Board of Directors has to debate the matters noted on the agenda of the meeting, enclosed in the convocation, and also such urgent matters as raised for discussion.

#### **Article forty-one: The prerogatives of the Board of Directors**

The Board of Directors has the broadest authorities to implement the resolutions of the General Assembly and properly conduct the business of the Company that is not considered as to be Daily Business, and meet its objectives without restrictions except for those provided for in the prevailing laws or in the Company's Articles of Association. In particular, the Board has the following prerogatives listed here below for enumeration but not limitation:

- 1- To set the Company's administrative framework and the general rules necessary to conduct its business.
- 2- To constitute temporary or permanent committees, determine their powers, roles and working regulations.
- 3- To create new branches of the Company in Lebanon or abroad and decide, eventually, to close them whenever deemed necessary.
- 4- Determine the grounds and limits regarding credit, placements, investments, contributions, participations and expenditure, follow up and oversee the application of such grounds and limits and determine the prerogatives to be granted to the necessary parties to that effect; provided all decisions relating to credit facilities, cash investments, real estate investments, participations, contributions and operations performed in its own account on complex or derivative financial instruments, be subject to the prior approval of (a) Committee(s) specialized in setting the Bank's management strategies and following them up and upgrading them.

The Bank's Board of Directors constitutes such Committees and the Chairman or the Vice Chairman or a member delegated by the Chairman shall preside over said Committees which shall also be composed of members of the Upper Management depending on their scope of specialization. The Board of Directors determines the powers, roles and working regulations of said Committees, which shall include the principles and fundamentals set in the regulations of the Central Bank of Lebanon.

The Bank's Board of Directors shall make sure that the tasks distributed among the aforementioned Committees constitute a suitable and complementary framework that comprises the risk management policies for all the Bank's activities.

The Board of Directors shall grant the aforementioned Committees the necessary prerogatives to carry out their missions, including suggesting the necessary plans and oversee the application of said missions within the working regulations, provided such Committees furnish the Board of Directors, periodically and whenever necessary, with the reports, studies, decisions and

recommendations required by the Board or stipulated by the banking regulations in force and the regulatory texts issued or to be issued by the Central Bank of Lebanon and the Banking Control Commission.

- 5- To vest one of its members with a specific mission or function, or mandate a third party to represent the Company and determine the representatives' powers.
- 6- To appoint employees who are vested with Category "A" and above authorized signatures and determine their prerogatives, posts, functions, salaries and revoke their signatures and remove them from office.
- 7- To determine the conditions of signature on behalf of the Company, as well as the limits of the prerogatives granted to each signature category.
- 8- To set the Bank's general policy and strategies, as well as the course and grounds of action in all fields of banking activities and conduct the follow-up and control over the implementation of such policies, strategies and courses of action.
- 9- To sell, purchase and barter all rights and movable and immovable properties, subject to the provisions of paragraph 4 above, regarding the prior approval of all the aforementioned operations by the concerned Committees.
- 10- To lend and borrow funds and grant guarantees, mortgages and pledges.
- 11- To create or participate in the creation of Lebanese or foreign corporations, or participate in companies already established or to be established, upon approval of the concerned Committee referred to in paragraph 4 above. The Company can in no way hold shares or any equity ownership resulting in unlimited liabilities. Plus, all restrictions provided for by law and all the regulatory texts issued or may be issued by the Central Bank of Lebanon and the Banking Control Commission shall be applied.
- 12- To prepare the budgets, inventories and accounts to be submitted to the Shareholders' General Assemblies, take decisions regarding all proposals to be submitted to the Assemblies and determine the agenda of its Meetings.

The Board of Directors may delegate some of its powers to the Chairman or the General Manager or the delegated member for a limited period of time, as per Article /157/ of the Lebanese Code of Commerce, provided such delegation is published in the Commercial Register

#### **Article forty-two: The Duties of the Board of Directors**

- 1- To ensure that the Company has been legally constituted (such duty is the responsibility of the first Board of Directors only).
- 2- To carry out all formalities pertaining to the publication, official registration and deposit of the Company's Articles of Association.
- 3- To implement the resolutions of the General Assembly.
- 4- To Deposit a statement showing all assets and liabilities of the Company at the end of the first semester of each fiscal year.

- 5- To call for Shareholders' General Assembly meetings whenever necessary.
- 6- To prepare, at the end of the fiscal year, an inventory, consolidated balance sheet, profit and loss account and an annual report on the Company's works and activities throughout the year; issue, in case of need, the special reports as required by Law and present all proposals deemed proper, especially concerning the distribution of profits.
- 7- To carry out the necessary publication formalities in the Official Gazette, the Commercial Register and the local daily newspapers and economic press according to the legal provisions in force.
- 8- To Institute the reserve funds.
- 9- To submit its propositions to the General Assembly regarding any amendments or additions it deems necessary to introduce in the Company's Articles of Association.
- 10- To call for Ordinary and Extraordinary General Assembly meetings and determine their agendas in due course.
- 11- To enforce the resolutions taken by the General Assembly.

#### **Article forty-three: The responsibility of Board members**

As long as Board members perform their duties without exceeding their prerogatives and without committing any fraud or violation of current Laws and regulations, they do not incur any personal responsibility with regard to Company commitments.

#### **Article forty-four: Board members' remunerations**

Board members receive their remunerations either in the form of an annual fee or by a flat fixed amount for each meeting they attend, or by allocation of a proportional percentage based on net profits, or by another formula grouping these various benefits, and whose type and amount are determined by the General Assembly in accordance with the provisions of the Code of Commerce in this regard.

Board members may occupy administrative positions in the Company against a salary determined by the Board of Directors, however they will not benefit from the provisions of Labour Code unless they have been part of the Company's employees for at least two years before their designation as Board members.

#### **Article forty-five: Minutes of the meetings**

Board meetings' debates are kept in the form of minutes recorded in a register filed at Company's Head Office and signed by the Board members who took part in these debates.

The Chairman, the General Manager or the Managing Director will certify the extracts of these minutes which are to be submitted to Court or to any other authorized concerned person.

## **Article forty-six: The Chairman of the Board - The Vice-Chairman - The General Manager - The Delegated Board Member**

The Board of Directors elects its Chairman among its members, for a maximum period of three years, and it also elects a Vice-Chairman in charge during the tenure of the Chairman.

The Board appoints, for its tenure, one or more permanent secretaries chosen within its members or from outside the Board.

The Chairman of the Board also presides over Board meetings and, during his absence, the Vice-Chairman will replace him for this purpose; in case the Vice-Chairman is also absent, the meeting will be headed by the eldest member of the Board.

The Chairman exercises the function of General Manager. The Chairman is entitled to propose to the Board of Directors the designation of one or more General Manager(s), other than the Chairman. The designated General Manager(s) exercises his functions for the account of the Chairman and under his personal responsibility.

The Chairman is entitled to designate an Advisory Committee composed either of Board members, or of managers who are not Board members, or from both. The Chairman of the Board will request this Committee to study the matters he refers to it, being understood that the opinion of the Committee in this regard does not bind the Chairman or the other Board members, in compliance with the provisions of Article /153/ of the Code of Commerce.

In the event the Chairman is temporarily unable to perform his duties, he may delegate all or part of his authorities to a member of the Board, provided said delegation is always granted for a limited period of time.

The Chairman or the General Manager or the Managing Director undertake, according to the provisions of Article /153/ of the Code of Commerce, to represent the Company towards third parties, they also implement the resolutions of the Board of Directors and manage the Company's daily business. Each of the Chairman, the General Manager and the Managing Director exercise the following powers quoted hereafter for enumeration but not limitation purposes:

- 1- Perform all necessary formalities required by the Laws of the countries wherein the Company operates.
- 2- Accept payments due to the Company and settle its debts.
- 3- Appoint, promote, revoke Company's employees and determine their salaries, positions, prerogatives and missions, and grant them the right of signature on behalf of the Company, for the categories below A category, revoke their signatures and remove them from office.
- 4- Set and amend the administrative regulations according to the decisions taken by the specialized Committee and the Executive Committee.
- 5- Grant loans of whatever nature and determine the guarantees taken as collateral for this purpose, determine their maturities and interest rates; transfer the funds to be placed as deposits in Lebanon or abroad, and this further to the approval of the specialized Committees set forth in paragraph 4 of Article 41 of the present Articles of Association,
- 6- Draw, endorse, accept and settle promissory notes.

- 7- Draw, endorse and settle checks, travelers' checks and letters of credit.
- 8- Accept cash deposits, at sight or at maturity, or on prior notice, in current account, checking account, savings account or other.
- 9- Lease or rent real estate, waive their contracts and terminate their effect.
- 10- Accept real and personal guarantees; relinquish them or release them after payment is made.
- 11- Initiate legal claims before the court on behalf of the Company, as Plaintiff or Defendant, and appoint, to that effect, the representatives and lawyers and revoke them and determine their honorarium.
- 12- Enter into arbitration, conciliation and settlement arrangements; withdraw legal actions and waive rights; approve conciliation agreements; lift mortgages, seizures and pledges after payment.
- 13- Acquire real estate properties and rights, in the name of the Company, in settlement of bad or doubtful debts and sell such real estate properties, provided the price of sale does not exceed 5% of the Tier 1 equity capital, all subject to the prior approval of the specialized Committees and according to the conditions they set.
- 14- And, in general, exercise all activities relating to the object of the Company, which do not expressly constitute an integral part of the competence of the General Assembly or the Board of Directors in accordance with the provisions of the laws in force and the present Articles of Association.
- 15- Vest the employees with all or part of the prerogatives provided for in sub-clauses 2, 5, 6, 7, 8, 10, 12 and 13 above according to the best practices.

#### **Article forty-seven: The Company's signing powers**

The signatures of the Chairman, or the General Manager, or the Managing Director bind the Company as well as those of the Signatories duly authorized to sign on its behalf, within the limit of the powers granted to each of them, as specified in the Articles of Association and the resolutions of the Board of Directors.

At any rate, to be valid, the financial engagements taken in the name of the Company should bear the signatures of two of the Company's signatories, according to the "circular of authorized Signatures" issued, periodically, by the Board of Directors and duly published in the Commercial Register.



## Chapter Six

### The Company's Auditors

#### **Their: Appointment and fees - Duties and responsibilities**

#### **Article forty-eight: Auditors' appointment and fees**

The Constituent Assembly and subsequently, the Ordinary General Assembly of the Company shall appoint auditors when necessary for a three- year period ending upon convention of the General Assembly looking into the accounts of the third year.

As for the alternate auditor appointed before the end of this three- year period, he shall occupy his position during the remaining period of the previous auditor's mandate.

The aforementioned Assemblies determine the Auditors' fees which are entered in the account of general expenses.

If the General Assembly fails to appoint the Company auditors, every shareholder is entitled to request from the competent court to designate a temporary auditor whose mandate expires upon the appointment of a regular auditor by the General Assembly.

Auditors should fulfill the required conditions and be at the level of competence qualifying them to be accepted as experts before the court and are bound to be sworn experts.

Auditors are subject to the provisions of Article /174/ and following of the Code of Commerce and to Article /185/ and following of the Code of Money and Credit and to the provisions of Decree 1983 dated 25-9-1971.

#### **Article forty-nine: Auditors' duties and responsibilities**

- Auditors conduct a permanent control over the operations of the Company as they are entitled to request the perusal of all accounting papers and documents and the Board members shall provide them with all relevant information thereon.
- They should also be supplied with copies of the inventory, balance sheet and profit and loss account, at least fifty days before the General Assembly meeting is convened.
- The Auditors are compelled to submit to the General Assembly a report on the situation of the Company, its balance sheet and the various accounts submitted by the Board members as well as on the proposed scheme concerning the distribution of dividends. Failure to produce this report would nullify the resolution of the General Assembly approving such accounts.
- The Auditors also have the obligation to prepare and submit the reports referred to in Articles /152/ and /187/ of the Code of Money and Credit as well as Article 158 of the Code of Commerce.
- Auditors shall convene the General Assembly every time Board members fail to do so in the instances provided for by Law and in the present Articles of Association. They shall also convene it whenever they deem it necessary.



- The convening of the General Assembly shall also be mandatory whenever so requested by a group of shareholders representing at least one-fifth of Company's capital.
  - The Auditors are responsible, jointly or severally, towards third parties every time they have committed an audit mistake.
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## **Chapter Seven**

### **General Assemblies**

#### **Article fifty: Type of General Assemblies**

Shareholders' General Assemblies are of three kinds:

- The Constituent Assembly is the first shareholders' Assembly meeting after the subscription of the totality of the capital's shares fully paid up.
- The Ordinary General Assembly approves the Company's accounts set under supervision of the Board of Directors and the distribution of profits as well as the election of the members of the Board of Directors and the appointment of the Auditors, and it deals with all matters except the amendment of the Company's Articles of Association.
- The Extraordinary General Assembly meets to discuss the amendment of the Company's Articles of Association and the increase of capital.

#### **Article fifty-one: Creation of the General Meeting**

The General Meeting is composed of all the Company's shareholder holders of Ordinary shares. As to holders of Preferred Shares, they only have the right of discussion and vote in the cases specified in Law No 308/2001. Therefore, the Preferred Shares are not taken into account for the calculation of the quorum and majority in the General Meeting according to the aforementioned Law.

#### **Article fifty-two: General Assemblies' Convocation**

The Constituent Assembly shall be held upon a call from the founders and Ordinary and Extraordinary General Assemblies shall be held upon a call from the members of the Board of Directors or, if necessary, by the Company's auditors, who may replace the members of the Board in the exercise of said right according to the provisions of the Law and the present Articles of Association.

The convocation to Ordinary or Extraordinary Assembly meetings is sent to shareholders by virtue of a letter forwarded to their address as registered with the Company or by publication in two local daily

newspapers, at least sixteen days before the scheduled date of the meeting. The Agenda of the meeting should be attached to the convocation.

As for Constituent Assembly, and Extraordinary General Assemblies called for the second or third time, they are advised for meeting in accordance with the conditions set forth in Article /193/ of the Code of Commerce.

### **Article fifty-three: General Assemblies' Resolutions**

When duly constituted, the General Assembly represents all shareholders and its resolutions taken, with a legal quorum and the relevant majority expected for each Assembly, without any fraud or abuse of power, are binding upon all shareholders, even those absent or in irregular situation.

### **Article fifty-four: Absents' representation**

The shareholder unable to attend the meeting personally may designate another shareholder to represent him/her; with the exception of legal trustees and curators of incapacitated persons or representatives of legal entities.

### **Article fifty-five: Attendance Sheet**

An attendance sheet is prepared showing the names of shareholders, attending the meeting in person or by proxy, their address (place of residence) and the number of shares owned by each of them, and the number of votes attached to these shares. The sheet is signed by attending shareholders and certified by the member of the bureau; each shareholder has the right to attend and vote whatever the number of shares he owns may be.

### **Article fifty-six: General Assembly bureau - Preparation of the Minutes of Meetings**

The General Assembly is held at the Company Head-Office and presided by the Chairman of the Board and, in his absence, by the Vice-Chairman and in the absence of this latter by the Board member appointed by the Board of Directors for this purpose.

The General Assembly bureau is composed of the Chairman, two scrutinizers and the Secretary. The scrutinizers are two attending shareholders representing, in person or by proxy, the largest number of shareholders; and if they are unable to do so, the next two eligible shareholders will replace them. The secretary shall set the Minutes of the meeting reporting therein the debates of the General Assembly and these minutes shall be signed by the panel of the bureau and recorded in a special register filed in the Company's Head-Office to serve as a document in proof towards third parties. The copies of these Minutes shall be certified by the Chairman of the Board or the General Manager or the Managing Director.

### **Article fifty-seven: The Number of Votes**

Each shareholder is entitled to a number of votes equal to the number of shares he owns or represents, subject to the provisions of Article /117/ of the Code of Commerce.

### **Article fifty-eight: Vote abstention**

No shareholder is authorized to vote for himself or his principal when the matter relates to a personal interest or a conflict between him and the Company.

### **Article fifty- nine: Voting**

- Decisions are taken by vote by show of hands.
- If a shareholder requests that a secret vote takes place, this becomes compulsory in all matters of personal nature such as the revocation of Board members, for example, or the attempt to put the blame on them.

## **The Constituent General Assembly**

### **Article sixty: Holding of the Meeting**

The founders shall convene the Constituent Assembly after issuance of the approval of the Central Bank of Lebanon and upon completion of the subscription of the Company's capital and its payment in full by the shareholders.

### **Article sixty-one: Duties of the Constituent Assembly**

The Constituent General Assembly shall verify that the Company has been duly incorporated, that the prior Bank of Lebanon's approval is obtained, that the subscription to shares is valid and that the capital has been fully paid up. It shall also conduct all other enquiries according to the provisions of both the Lebanese Code of Commerce and the present Articles of Association. It also appoints the remaining members of the First Board of Directors as well as the First Auditors and makes sure that all Board members and Auditors have accepted the missions imparted on all of them. Then, it declares that the Constitution of the Company has been in fact duly completed.

### **Article sixty-two: The Legal Quorum**

The deliberations of the Constituent General Assembly shall not be valid unless the shareholders present or represented represent at least two-thirds of the Company's capital; if this quorum is not attained, a second notice will be made by publication twice in the Official Journal, in an economic newspaper and a local daily newspaper with an interval on one week between one publication and the other. There shall be stated in such notice the Agenda of the previous Assembly meeting and the results of its proceedings. The proceedings of this second General Assembly shall be valid if the shareholders present thereat represent at least half of the Company's capital. If such quorum cannot be attained, a notice will be repeated for the convening of a third meeting at which at least the third of the Company capital should be satisfied.

### **Article sixty-three: The Majority**

Decisions are taken at the majority vote of two-thirds of the shareholders present or represented.

## **The Ordinary General Assembly**

### **Article sixty-four: Holding of the meeting**

The Ordinary General Assembly meeting is held, in principle, once a year, within the period of six months following the end of the fiscal year, in order to approve the accounts presented by Board members, allocate profits and appoint new auditors, for any required controls, and designate Board members to replace those whose mandate has expired or in case of whenever needed.

The Ordinary General Assembly can also be held exceptionally during the fiscal year in the occurrence of unexpected or urgent events.

The meeting can also be held at the request of a group of shareholders representing one-fifth of the Company's capital, or at the request of the Auditors, in accordance with the Code of Commerce or the present Articles of Association.

### **Article sixty-five: Quorum and Majority**

The debates of the Ordinary General Assembly are not considered valid unless the shareholders present or represented represent at least one-third of the Company's capital. If this quorum is not attained, the call shall be repeated, and the Meeting shall legal, whatever the proportion representing the capital. Resolutions are taken at the absolute majority of the votes of shareholders present or represented.

### **Article sixty-six: Prerogatives of the General Assembly**

The Ordinary General Assembly has the broadest prerogatives; it hears the Board of Director's and auditor's reports regarding the Company's situation, funds and accounts. It shall also discuss the accounts, approve or refuse to approve them. It has, in principle, the right to take all resolutions it deems convenient or necessary for the good interest of the company's affairs and its prosperity and development; and its resolutions taken within the rules are binding for the Board of Directors and its Chairman.

The General Assembly shall appoint the members of the Board of Directors and give them discharge; it shall also appoint the Company's Auditors and determine their remunerations; it shall fix the dividends to be distributed, the reserve funds and the way to use it; and, in general, it shall discuss and evaluate the Company's general interests, approve the Board of Directors' activities and grant all powers it deems necessary, and in general, look for the general interests of the Company, with the exception of the amendments of the Articles of Association.

## **Extraordinary General Assembly**

### **Article sixty- seven: Its prerogatives**

The Extraordinary General Assembly shall look into the amendments to the Company's Articles of Association, provided it does not change the nationality of the Company, or increase the liabilities of shareholders or prejudice the rights of any third party. It has the right to decide on capital increases in accordance with the Laws in force and the Company's Articles of Association, as it may extend or reduce the duration of the Company and decide its merger with another company; such amendments, however, are not enforceable without the approval of the Bank of Lebanon.

### **Article sixty-eight: The Legal Quorum**

Concerning resolutions regarding the amendment of the Company's object or legal form, the legal quorum must always represent at least three-fourths of the Company's capital, regardless of the number of Assembly meetings required to meet this quorum.

However concerning all other amendments, the legal Quorum required is determined in accordance with Articles /203/ and /193/ of the Code of Commerce and Article /62/ of the present Articles of Association.

### **Article sixty-nine: The Majority**

The resolutions are taken at a majority of the two-thirds of the votes of all shareholders present or represented.

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## **Chapter Eight**

### **Fiscal years - Reports - Reserve - Dividends distribution**

#### **Article seventy: The Fiscal year**

The Fiscal year starts on January 1<sup>st</sup> and ends on December 31<sup>st</sup> of each year. However, on exceptional basis, the first fiscal year starts as of the date of the final incorporation of the Company and ends on the 31<sup>st</sup> December of the same year.

### **Article seventy-one: Board of Directors' reports**

At the end of the first semester of each fiscal year, the Board of Directors shall set a brief interim report showing the Company's assets and liabilities and, at the end of the year, the Board shall set the inventory, the consolidated balance sheet and profit and loss Account which are put at the disposal of the Company's external auditors at least fifty days before the scheduled date of the Ordinary General Assembly annual meeting which is convened within the six months following the fiscal year.

In its Annual report, the Board of Directors shall present to the General Assembly all suggestions it deems proper, especially those having to do with the dividends' distribution. The Board shall also prepare all special reports required by laws, particularly those referred to in Articles /158/ and /159/ of the Code of Commerce and Article /152/ of the Code of Money and Credit.

### **Article seventy-two: Auditors' reports**

After their perusal of all papers and accounts regarding the Company, the Auditors should submit their report, according to Article /49/ of the present Articles of Association, and present it at least twenty days before the General Assembly meeting is held.

### **Article seventy-three: The right to discovery**

All shareholders and owners of shares have the right to consult, in the Company's Head Office, such documents as the inventory schedule, the balance sheet, the profit and loss account, the list of shareholders, the Board of Directors' report, the Auditors' report; the Consolidated Balance Sheet and Consolidated profit and loss account, if any and the Auditors' report on these documents, fifteen days before the scheduled date of the Annual General Assembly meeting; and if this right is refused to them, the deliberations of the Assembly meeting will be considered null and void.

The interested parties are entitled to request, on their expense, copies of all documentation mentioned above, except for the inventory schedule, in accordance with the provisions of Article /197/ of the Code of Commerce.

### **Article seventy-four: Net Profits**

The net profits shall be calculated after deduction of all general expenses, financial charges, depreciation and other provisions and after deduction of the amounts attributed for depreciations as well as the constitution of legal reserves.

### **Article seventy-five: Legal Reserve**

Ten percent (10%) shall be deducted from the net profits, each year, in order to constitute the legal reserve of the Company.

### **Article seventy-six: distribution of dividends**

After all the above deductions are made and the amounts related to the Preferred Share are paid, the net dividends will be distributed among Ordinary shares equally. The General Meeting is entitled, upon

suggestion from the Board of Directors, to decide not to distribute the dividends or to reduce the distribution percentage or to transfer the totality of the balance or part thereof to the following financial year or allocate it for additional expenditures or allocate a percentage of such balance for the constitution of a legal reserve fund.

The dividends shall be paid at the dates and places determined by the Board of Directors.

Dividends become prescribed five years from the date on which they are due.

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## **Chapter Nine**

### **Dissolution and liquidation of the Company - Litigations**

#### **Article seventy-seven: Dissolution of the Company and extension of its duration**

The Company is dissolved either at the expiry date of its duration as fixed in the present Articles of Association, or if it incurs, in its capital funds, an irrecoverable loss, according to the provisions of Article /134/ of the Code of Money and Credit.

The Extraordinary General Assembly may, at any time and upon proposition from the Board of Directors, decide the liquidation of the Company before the date set forth in Article six of the present Articles of Association; as it may also decide to extend the Company's duration beyond such date.

#### **Article seventy-eight: Appointment of Liquidators**

Upon expiry of the Company's duration, the Ordinary General Assembly shall appoint the liquidators, determine their fees and, in case of anticipated liquidation, the Extraordinary General Assembly shall perform such duties. If the Assembly is unable to issue a decision thereon, the appointment of liquidators shall lie upon the competent Court. All prerogatives of the Board of Directors shall be suspended after the appointment of the concerned liquidators. As for the General Assembly, it shall keep its prerogatives throughout the liquidation process, as it is entitled to revoke the liquidators at any time and broaden or reduce their prerogatives.

#### **Article seventy-nine: The Liquidators' prerogatives**

When they take over their functions, the liquidators should take delivery of the administrative activities' accounts established by the Board of Directors as of the approval of the General Assembly on the latest Balance Sheet; then, they approve it, and submit to the Court any problems likely to arise therefrom.

The liquidators establish, with the Company managers, the inventory lists and they collect the Company funds, pay its debts, realize its assets and, in general, perform all operations required by the

liquidation process, within the limits of their prerogatives and the conditions set forth in the resolution appointing them.

If the liquidation process lasts more than one year, the liquidators have to set up the Annual balance sheet and have it published according to legal requirements.

The liquidators have the right to resort to conciliation settlement and arbitration, consent mortgages on real estate and pledges, lift same and give discharges, unless all or part of such prerogatives have been removed from liquidators by resolution of the General Assembly.

### **Article eighty: The Duties of the Auditors during Liquidation**

The Auditors exercise their functions throughout the liquidation process and they control its operations and set up a report concerning the accounts presented by the liquidators. The Ordinary General Assembly either approves these accounts and waives the liquidators' responsibility, or does not approve them and refers the matter to the competent Court.

### **Article eighty-one: Distribution of Assets**

The net income resulting from the liquidation after payment of all obligations shall be distributed among shareholders each pro rata to the number of shares they hold. However, holders of Preferred Shares have the right, before such distribution takes place, to receive an amount in Lebanese pounds, equal to the issue price of the preferred share (subject to adjustment to reflect any split up that might occur to the Bank's shares) in addition to all the declared but unpaid distribution related to the Preferred Shares.

### **Article eighty-two: Litigations**

- 1- Any dispute arising, throughout the Company's duration or during the liquidation period, whether between the Company and its shareholders or among the shareholders themselves and regarding the activities and business of the Company, shall fall within the jurisdiction of the Court located in the area of the Company's Head Office.
- 2- The law-suits pertaining to the General interests of the Company cannot be lodged against the Board of Directors or some members thereof, except in the name and for account of all shareholders and according to a resolution taken by the General Assembly; and the shareholder who intends to lodge such a case should notify the object of his suit to the Chairman of the Board, at least thirty days before the scheduled date of the next General Assembly meeting. And if the General Assembly decides not to lodge this case, none of the Company shareholders can do this in his personal name; but if the General Assembly accepts to raise this case, it will then appoint one or two delegates in charge of following up thereon, and then all the related notifications will be issued in the delegates' names.
- 3- In case the Board of Directors has not put this potential shareholder law-suit on the Agenda of the meeting, the interested shareholder will have to institute it personally six weeks after the date of mailing his registered letter; but if the General Assembly is called without being legally able to convene its meeting, and the Board of Directors proceeded within the period of 5 days to call for a second Assembly meeting, the shareholder should then wait for this second Assembly meeting to be held.



- 4- These rules do not apply to court cases involving the Company annulment or the General Assembly resolutions' annulment for reasons of violation of current laws or the present Articles of Association.

### **Article eighty-three: Law-suits against Board members**

It is the right of the Company to lodge law-suits against the members of the Board of Directors who are considered liable towards the shareholders for their mismanagement. Should the Company fail to take the necessary measures in this regard; each shareholder will be entitled to do it on his behalf in proportion of his interest in the Company, according to Articles /167/ and /168/ of the Code of Commerce.

Board members are deemed liable even towards third parties for all fraudulent acts or infringements of the Law or Company's Articles of Association.

As for the lawsuit likely to be lodged by a prejudiced party, it is deemed an individual case and the shareholders are not even entitled to look into stopping it by a vote of the General Assembly waiving the responsibility of Board members.

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## **Chapter Ten**

### **Transitory Regulations**

### **Article eighty-four: Final Constitution of the Company**

The Company is considered as finally constituted after completion of the following formalities:

- 1- Issuance by the Central Council of the Bank of Lebanon of a decision approving the Constitution of the Company.
- 2- Registration of the Company's Articles of Association at the Notary Public office.
- 3- Effective subscription of all shares forming the Company's capital and full payment of these shares.
- 4- Meeting of the Constituent Assembly approving the Articles of Association, attesting the validity of all shares' subscription and ascertaining that their value was in fact fully paid up in cash. Its appointment of Company auditors, ascertaining that they accepted their mission; the election of the remaining members of the First Board of Directors and confirming that all Board members have accepted their mission.

- 5- Undertaking all formalities of deposit, registration and publication at the Commercial Register.

#### **Article eighty-five: Expenses**

All expenses required for Company's constitution, such as : administrative and judicial taxes, printing expenses, cost or subscription of economic and legal publications and studies, lawyers' honorarium, etc... will be borne by the Company and entered in the general expenses of constitution and amortized according to the Law.