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National Bank of Umm Al Qaiwain
Public Joint-Stock Company
Umm Al Qaiwain, United Arab Emirates
Articles of Association

Introduction

The National Bank of Umm Al Qaiwain (Public Joint Stock Company) was established in accordance with a decree No (1) dated 05/01/1982, issued by H.H. Ruler of the Emirate of Umm Al Qaiwain, United Arab Emirates, and in accordance with commercial license issued from the Department of Economic Development in the Emirate of Umm Al Qaiwain and approval of the Central Bank, in accordance with the Memorandum of Association and Articles of Association of the bank, in accordance with the provision of federal law (8) of 1984 on companies, and the amending laws.

Whereas Federal Law (2) of 2015 on companies enacted on 25/03/2015 stipulated that the federal law (8) of 1984 on commercial companies and the amending laws shall be cancelled, and required the existing public joint-stock companies to amend their Articles of Association to be in accordance with the provisions thereof.

On 30/05/2016 the General Assembly of the bank convened, and decided in accordance with special resolution to approve the amendment of the provisions of the Articles of Association of the bank to be in accordance with the provisions of federal law (2) of 2015 of companies as follows:

Chapter one

Article (1)



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Definitions

In these Articles of Association, the following expressions shall have the meanings assigned to each of them unless the context admits otherwise:

State:	United Arab Emirates
companies	Federal law (2) of 2015 on companies and any amendments thereof.
law:	
Central	Central Bank of the United Arab Emirates.
Bank:	
SCA:	Security and Commodities Authority of the United Arab Emirates.
Competent Authority	The Department of Economic Development in the Emirate of Umm Al Qaiwain.
Market:	Abu Dhabi Securities Exchange Market.
Founder:	Every person who signs the Memorandum of Association of the bank and owns cash capital at the time the incorporation of the bank.
Bank:	National Bank of Umm Al Qaiwain (Public Joint Stock Company).
Board:	Board of the Bank
Governance Controls:	Set of controls and rules that achieve institutional control in relations and management of bank in accordance with the international standards and approaches, including through the definition of the responsibilities and duties of the board members, top executive management of the bank and takes into account the protection of rights of shareholders and stakeholders.
Special Resolution:	The decision made by majority of votes of shareholders who have no less than three quarters the shares represented in the bank's General Assembly meeting.
Cumulative vote:	Every shareholder shall have number of votes equal to the number of votes owned by this shareholder so that vote be given to one candidate to the board membership or votes be distributed between



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those to be selected by candidates provided the number of votes granted to the candidates chosen doesn't exceed the number of votes that the shareholder holds.

Conflict of interests: The case where the neutrality of decision-making is compromised because of material or moral personal interest that interferes, or appears to interfere with the interests of the bank as a whole or when the professional or official capacity is used in a certain way to make personal interest.

Control: Ability to affect or control- directly or indirectly- the appointment of the majority of board members of the Bank or the decisions made by the bank or by the General Assembly of the bank through the possession of percentage of shares or stocks or by another arrangement or agreement that leads to the same effect.

Related parties:

- Chairman, board members, top executive management members in the bank and companies where any of those have controlling shares, parent, affiliate, associate and allied companies of the Bank.
- Relatives of chairman, board chairman or top executive management to the first degree.
- Natural or corporate person who was during the year before trading shareholder with 10% or more in the bank, or member of its board or board of its parent company or affiliate companies.
- The person who has control on the bank.

Article (2)

Bank's name

The Bank name is **National Bank of Umm Al Qaiwain**, Public Joint Stock Company, hereinafter referred to as "**Bank**".



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Article (3)

Head Office

The Head Office and legal address of the Bank in the Emirate of Umm Al Qaiwain. The board may establish branches and offices outside and inside the State.

Article (4)

Bank Term

The term of this company is 100 years (one hundred years), commenced from the date it was registered in Commercial Registration with the competent authority and Central Bank, the term shall be auto renewed for similar and consequent terms unless a special resolution of the General Assembly to changes the term of the bank or to terminate it is issued.

Article (5)

Purposes of the Bank

The purposes for which the Bank was established shall be in line with the provisions of the applicable laws and decisions in the State.

Purposes for which the Bank was established:

- 1- To undertake all banking works of commercial banks for its account or that of third parties.
- 2- To open current accounts and accept term deposits for issuance of the certificates of deposit.
- 3- To accept cash deposits with interest or without interest whether conditional or unconditional, including the performance of saving bank works.
- 4- To deposit amounts with other banks and grant the general banks in the United Arab Emirates or abroad loans guaranteed with or without securities.
- 5- To obtain loans or term deposits from the banks or financial corporations whether in the United Arab Emirates or Abroad.
- 6- To borrow, lend, open and grant all bank facilities with mortgage or without mortgage of movable and immovable properties and dealing in governmental



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bonds and transfers of public treasury as well as bonds of public corporations, companies and other financial bonds.

- 7- Sale and purchase of foreign currencies transfer, borrowing and accepting loans locally.
- 8- Grant all bank facilities of import and export of goods with or without in tangible securities or personal guarantee.
- 9- Issue guarantees for the benefit of a third party with or without guarantees.
- 10- Keep all types of coins, precious minerals, bonds, packages and parcels, rent steel safes, buy and sell alloys of gold and other precious minerals.
- 11- Lending on the bills of exchange, transport deeds and money orders in the country and overseas.
- 12- To discount drafts, bills, debentures and coupons and all commercial bills and to purchase and rediscount the same.
- 13- Undertake to issue shares and bonds locally and internationally, singly or with third parties.
- 14- To collect the value of drafts, bills, cheques, bills of lading and other documents for commission for the account of customers or third parties.
- 15- To receive IPO's to establish PJSC companies and to purchase and sale of shares to either the bank or to third parties.
- 16- Admit the works of secretary, agent and admit the agencies and appoint agents with our without commission.
- 17- To enter into agreements with insurance companies to facilitate the release of borrowers.
- 18- In general, the Bank may carry out all banking services or business that may be allowed by the applicable laws and regulations of banks. The bank may have interest, own or otherwise participate with the other authorities that practice similar business or that may help the bank fulfill its purposes in the United Arab Emirates or abroad, and may buy or be merged with these authorities.



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To achieve the purposes of the bank, the bank shall have the right to:

- (A) Own and possess the movable and immovable properties and shares and bonds and other investments in bank's own name, and their appurtenances and the rights and privileges that may arise out of them to manage the works of the bank and perform the services related to those works or that may arise out of them, and to dispose them by all means of disposal authorized by law.
- (B) Carry out all transactions and conclude the contracts it deems necessary or suitable to meet its purposes.
- (C) Own and possess all types of patents, trademarks, certificates, privileges, literary and art intellectual property that the bank may find necessary for its works or use them, and trade in all types of legal disposals.
- (D) Carry out the banking works owned by persons or companies that exercise works similar to the bank works.
- (E) Establish companies and contribute to the production projects by subscription in its names or supporting them by any means.

The bank may have interest or otherwise contribute with other companies, corporations or authorities in the State or overseas so long as they exercise works similar to its works.

The bank may not undertake any business the exercise of which requires issuance of license from the control authorities that supervise the activity in the state or overseas without license from this authority and submission of copy of this license to SCA and the Competent Authority.

Chapter Two

Bank Capital

Article (6)

Issued Capital

The issued capital of the bank is 1,848,000,017 (one billion eight hundred forty eight million seventeen dirhams) divided into 1,848,000,017 (one billion eight hundred



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forty eight million seventeen shares) of AED 1 (one dirham) per each. All shares of the bank are of the same category and equal with each other in rights and obligations.

Article (7)

Percentage of ownership

All shares of the bank are nominal, and shareholding of the citizens of the United Arab Emirates shall at any time throughout the term of the bank shall be no less than (70%) of its capital, and the share of GCC citizens at any time throughout the term of the bank shall not exceed (20%) of capital, and the shares of non-citizens of the state or GCC countries at any time during the existence of the bank shall not exceed (10%) of the bank capital.

Article (8)

Shareholder's obligation to the bank

Shareholders shall not incur any obligations or losses on behalf of the bank except within their shareholding in the bank.

Article (9)

Compliance with the Articles of Association and decisions of the General Meeting

Ownership of shares shall result in the shareholder's acceptance of the Articles of Association of the bank and decisions of their general assemblies. The shareholder may not request refund of its shareholding in capital.

Article (10)

Indivisibility of Share

The share is indivisible. However, if shareholding is transferred to several heirs or was held by several persons, they shall choose out of their number a representative to



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the bank. Those persons shall be jointly liable for the obligations that may arise out of shareholding. In case they don't agree on choice of their representative, any of them may recourse to the court of jurisdiction for appointment of him, and the bank and stock exchange shall be notified with the decision of the court in this respect.

Article (11)

Shareholding

Every share shall entitle its holder to share equal to the share of others without discrimination in shareholding of the bank assets on liquidation and in the profits indicated later and shall attend the sessions of general assemblies and vote on their decisions.

Article (12)

Disposal of Shares

The bank shall follow the applicable laws, regulations and decisions in the Financial Market in which the bank is listed on the issuance and registration of the bank shares and trading, transfer of ownership and mortgage thereof and creation of any rights thereon. No assignment of the bank shares or disposal or pledge thereof may be registered by any means, if the assignment, disposal or pledge arises out of violation of the provisions of these Articles of Association and article seven thereof or the rules to be issued by the board in this respect.

Article (13)

Shareholder's heirs or creditors

Under no reason, neither the shareholder's heirs nor his creditors may request to seize or attaché the bank's books or properties or divide or sale them in whole because indivisibility, and they may not intervene by whatever means in management of the bank. They shall rely on the inventory lists and balance sheets of the bank and the General Assembly decisions upon using their rights.



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Article (14)

Increase or decrease of capital

- A- After procuring the approval of SCA or the Competent Authority, the bank capital may be increased by issuance of new shares of the same nominal value of the original shares or addition of share premium to the nominal value. In addition, the bank capital may be decreased.
- B- No new shares may be issued for lower than their nominal value. If new shares are issued for more than this value, the difference shall be added to the legal reserve, even if it exceeded this reserve with half the capital of the bank.
- C- Increase or decrease of the bank's capital shall be in accordance with special resolution to be issued by the General Assembly upon proposal of the board in the two cases, and after hearing the auditor's report in case of any decrease, provided in case of increase the amount of increase and price of issuance of new shares be indicated. In case of decrease, the amount of this decrease and how it will be implemented shall be indicated.
- D- Shareholders shall have the priority right to subscription in the new shares. Offering of these shares shall be governed by the special rules of offering of original shares including the right to priority in the new shares as follows:
- 1- **Entry of strategic partner** that leads to achievement of benefits to the bank and increase of its profit.
 - 2- **Conversion of cash debts** due for the federal government, local government or public authorities and corporations in the state, banks and capital companies to shares in the bank's capital.
 - 3- **Bank employees' motivation program** by preparation of a program that aims at motivating distinguished performance and increasing the bank profit by issuing shares in the bank to the employees.
 - 4- **Conversion of bonds** issued by the bank to shares therein.



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In all the aforementioned cases, SCA's and Central Bank's approval shall be obtained and the conditions and controls issued by the Authority in this respect shall be obtained.

Article (15)

Shareholder's right to review the books and documents of the bank

The shareholder shall have the right to review the books and documents of the bank and any documents related a transaction concluded by the bank with one of the related parties by permission of the board or in accordance with decision of the General Assembly and with compliance with related rules and regulations of Central Bank.

Chapter Three

Bonds of Loans

Article (16)

Issuance of loan bonds

The bank may, in accordance with special resolution issued by the General Assembly, after approval of SCA, decide to issue loan bonds of any type, and indicate the value of bonds and the conditions of issuance of them as well as their transferability into shares. The bank may issue decision to authorize the board to schedule appointment for issuance of bonds provided the appointment doesn't exceed one year from the date of approval of authorization.

Article (17)

Trading of bonds and sukuk

- A- The bank may issue negotiable bonds whether transferrable or nontransferable into shares in the bank at equal values per issuance.
- B- The bond may be nominal, and no bearer bonds may be issued.



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C- Bonds to be issued in the occasion of one loan shall give their holders equal rights and every condition to contravention of this shall be void.

Article (18)

Bonds transferrable to shares

Bonds may be transferred to shares only if stipulated in the issuance bulletins, documents or agreements. If transfer is decided, the bond owner shall have the sole right to accept transfer or receive the nominal value of bond unless the agreements, documents or issuance bulletin implies mandatory transfer of shares in which case the bonds shall be transferred to shares based on the prior consent of the parties on issuance.

chapter Four

Board

Article (19)

Bank Management

- A- The bank shall be managed by board of (7) seven members to be elected by the General Assembly of shareholders by accumulated secret vote.
- B- In all cases, the majority of board members, including the chairman, shall be citizens of the state.

Article (20)

Board Membership Term

- A- Each board member shall assume his position for three Gregorian years. By the end of this term, the board shall be re-formed. The members whose membership term expired may be re-elected.
- B- The board may appoint members in the positions that vacate during the year provided this appointment is referred to the General Assembly in its first meeting to approve their appointment or to appoint others.
- C- Apart from the members appointed by the federal or local government in the bank board in accordance with the government shareholding in the Bank capital in



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accordance with article (148) of the companies law, if the vacant positions are one quarter or more of the board members within the board term, the board shall invite the General Assembly to meeting within thirty days from the date of vacancy of the last position to elect whoever fills the vacant positions. In general, the new member shall complete the term of his predecessor.

D- The bank shall have board rapporteur, and the board rapporteur may not be board member.

Article (21)

Cases wherein the General Assembly may appoint board members

Apart from the necessity to follow mechanism for appointment of the board member that shall precede the meeting of the General Assembly to be held for election of the board members in accordance with the provisions of article (144/2) of the companies law, the General Assembly may appoint number of experienced members in the board of non-shareholders provided they don't exceed one third the number of members defined in the Articles of Association in any of the following cases:

- A- The required number of candidates is not satisfied within the period of opening nomination for the board membership in the way that leads to decrease of the number of board members beyond the minimum for valid meeting.
- B- Approval of appointment of board members who were appointed in the vacant positions by the board.
- C- Resignation of board members during the General Assembly and appointment of temporary board to manage the bank works till nomination for board membership starts.

Article (22)

Requirements for nomination to board membership

Candidates for board membership shall submit the following to the bank:



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1. Résumé to indicate the practical experiences, education and status of the member who is nominated to membership (executive/ nonexecutive/ independent).
2. Declaration to comply with the provisions of companies' law and the implementing decisions and the Articles of Association of the bank, and that it will use the prudent person's diligence in performance of his work.
3. Statement of the names of companies in which he practices work or works as board member thereof, and any work it directly or indirectly performs in competition with the bank.
4. Declaration that the candidate will not violate article (149) of the companies' law.
5. In case of representatives of corporate person, an official letter shall be sent to the corporate person to define the names of its representatives who are nominated to the board membership.
6. Statement of the commercial companies in the property of which the candidate contributes or participates and the number of shares or stocks.

Article (23)

Election of Chairman and Deputy Chairman

- A- The board shall elect of its members a chairman and deputy chairman. The deputy chairman shall replace the chairman in case of absence of the chairman.
- B- The board may elect of its members managing director, and the board shall define his powers and remunerations, and may form of its members one or more committees and to grant it some of its powers or assign them to control the progress of work in the bank and enforcement of the board decisions.

Article (24)

Board Powers



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A- The board shall have all authorities to manage the bank and to undertake all works and disposals on behalf of the bank as authorized by the bank, and shall exercise all powers required for fulfillment of its purposes. These authorities and powers shall be limited only by what is reserved by the companies' law or the Articles of Association of the General Assembly.

B- The board shall draft the regulations related to the financial and administrative affairs, personnel affairs and accruals. The board shall draft a special regulation to regulate the board works and meetings and distribution of competences and responsibilities.

C- The board is authorized to pledge and sell the bank's movable and immovable assets and agree settlements with debtors for full or partial discharge from their obligations and conduct reconciliation and agree on arbitration.

Article (25)

Representation of the Bank

- A- The right to signature on behalf of the bank shall be solely given to the chairman or any other member to be authorized by the board within the board decisions.
- B- The chairman shall be the legal representative of the bank before judiciary and in its relation with third parties.
- C- The chairman may authorize board members in some of its powers.
- D- The board may not authorize the chairman of all it's the board powers in absolute manner.

Article (26)

Venue of board meetings

The board shall hold its meetings in the head office of the bank or any other place to be approved by the board members

Article (27)

Quorum of the board meetings and voting on its decision



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- A- The board meeting shall be valid only in presence of the majority of its members. The board member may delegate a board member in voting. In this case, the board member may not represent more than one member, and the number of board members attending in person shall be no less than half the number of board members, and this member shall have two votes.
- B- Voting by mail may not be allowed, and the representative member shall vote on behalf of the absent member in accordance with the conditions of delegation deed.
- C- Decisions of the board shall be made by majority of votes of members. If votes are equal, the side of the chairman or his deputy shall prevail.
- D- The meeting minutes of the board or its committees shall record the details of the questions considered in the meetings and the decisions taken by the committees, including any reservations of contrary opinions of members that they may express. All attending members shall sign draft board meeting minutes before approval. This may be done by modern technology means subject to the necessary authentication of this and signature of these minutes by all members afterwards. The procedures and controls issued by SCA in this respect shall be taken into account, provided copies of these minutes be sent to the members after approval to retain them. The meeting minutes of the board and its committees shall be kept by the board rapporteur. In case a member objects to signature, the member shall record his objection upon raising it. Signers of these minutes shall be responsible for the validity of data contained therein. The bank shall comply with the controls issued by the authority in this respect.
- E- Participation in the Bank board meetings may be through means of modern technology subject to the controls and procedures issued by the SCA in this respect.

Article (28)

Board meetings and invitation to meetings



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- 1- The board shall hold at least (4) meetings during the fiscal year.
- 2- The meeting shall be convened on written invitation by the board or by written request to be submitted by at least two members. The invitation shall be forwarded at least one week from the appointment to be supported with the agenda.
- 3- If the board member is absent from the board meeting for three consecutive sessions or five intermittent sessions during the term without excuse acceptable to the board, it shall be deemed resigned.

Article (29)

Decisions of passing

In addition to the board's obligation with the minimum of the number of its meetings contained in article (28) hereof, the board may issue some decisions by passing/circulation in the emergency cases. These decisions shall be valid and effective as if they are taken in meetings duly convened and held subject to the following:

- A- The board members shall agree by majority that the case that requires issuance of decision of passing is emergency condition.
- B- All board members shall be given written decision for approval to be accompanied with all necessary documents for review.
- C- Credit matters requiring board approval will be approved by circulation with the signature of the majority of board members.
- D -The board decisions issued by passing/ last circulation shall be approved by majority, and shall be referred in the next board meeting to be included in the board meeting minutes.

Article (30)



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Board member's participation in competing work

The board member may not, without approval of the General Meeting of the bank to be renewed on annual basis, participate in any work that may be in competition with the bank or trade for its account and that of others in a branch of the activity practiced by the bank, and may not disclose any information or data of the bank. No information or data of the bank may be disclosed. Otherwise, the board member may claim indemnity for consider the profitable transactions practiced by the bank for its account to have been concluded for the bank's account.

Article (31)

Conflict of Interests

A- Each board member of the bank who has joint interest or conflicting interest in a transaction or dealing shall refer it to the board to take a decision in its respect, and shall inform the board with this and enter his declaration in the minutes of the session. The board member may not participate in voting on the decision relating to this process.

B- If the board member delayed the information of the board in accordance with section (A) of this article, the bank or any of its shareholders may recourse to the court of jurisdiction to nullify the contract and order the violating member to pay any profit or utility that may be accrued from the contract, and shall refund it to the bank.

Article (32)

Granting loans to the board members

Subject to the provisions of federal law (10) of 1980 on the Central Bank Law and cash system and regulation of banking and its amending laws as well as the laws, regulations, decisions and circulars issued by the Emirates Central Bank, the bank may not provide loans, advances or grant credit facilities to its board members and to its directors or the like or provide any guarantees related to loans granted to them without prior authorization of the board. This authorization shall be renewed every year. This prohibition shall not include discounting of commercial bonds or issuing of guarantees or opening documentary credits.

Article (33)



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The related parties' dealing in the bank securities

The related parties may not exploit any of them who accesses information as board member or his job in the bank to achieve interest for him or for others, regardless of this interest, as a result of dealing in the bank securities and other transactions. In addition, any of them may not have direct or indirect interest with any authority that pursues operations to affect the rates of securities issued by the bank.

Article (34)

Transactions with related parties

- A. The bank may hold transactions with related parties in accordance with the laws and decisions issued by the Central Bank of the United Arab Emirates.
- B. Excluding the normal banking transactions and based on Paragraph A above, the Bank may not hold any deal with any related parties exceeding 5 % of the Bank's capital without board permission, and with the approval of AGM for the amount exceeds that. Deals shall be evaluated by a valuator acknowledged by the authority, the external auditor of the Bank should include that in his report on the deals of interest conflicts and deals between the Bank and related parties and action taken regarding it.

Article (35)

Appointment of Chief Executive Officer or/ and General Manager

The board shall have the right to appoint chief executive officer or/ and general manager of the bank or several managers or authorized agents and define their powers, service conditions, salaries and remunerations. The chief executive officer or general manager of the bank may not be chief executive officer or general manager of another joint stock company.

Article (36)

Board members responsibility for the obligations of the bank



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- A- The board members shall not be personally responsible in relation to the bank's obligations that arise out of their undertaking of their duties as board members to the extent that doesn't exceed the limits of their authority.
- B- The Bank shall comply with the works run by the board within its competences, and shall be accountable for indemnification of the damage that may arise out of illegal acts that may be committed by the board chairman and members of the bank.

Article (37)

Board members' responsibility to the bank, shareholders and others

- A- The board members shall be responsible towards the bank, shareholders and others for all acts of fraud and abuse of authority, and for every violation of the companies' law and law 10 of 1980 on the Central Bank and its amendments, and these Articles of Association and for mistake of management. Any condition to the contrary shall be void.
- B- The responsibility stipulated in section (A) of this article shall be assumed by all board members if the mistake arose out of a decision that was made by consensus. If the decision the subject of accountability is made by majority, the opponents shall not be accountable for it whenever they prove their objection in the minutes of session. If a member is absent from the session in which the decision was made, his responsibility or knowledge shall not be denied, and he can't object thereto.

Article (38)

Bounce of Chairman and Board Members

Chairman and board members' bounce shall be a percentage of the net profit subject to not exceed 10 % of that profit for the financial year. The Bank may pay expenses or charges or extra bounce or monthly salary as per the decision of board of directors to any member if that member is working in any committee or providing the bank with special efforts or doing extra works more than the normal work to serve the



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Bank as a board member. No attendance expenses may be paid to any member for attending the board meetings.

Article (39)

Dismissal of Chairman and Board Members

The general Assembly has the right to dismiss all or some of elected board members and open the door for nomination as per the standard of the authority in that regard, and to elect new members instead of them. The dismissed member has not right to be nominated for the board of directors unless three years (3 years) have passed.

Chapter Five

General Assembly

Article (40)

General Assembly Meeting

The General Assembly of the Bank shall be held in the Emirate of Umm Al Qaiwain, and every shareholder shall have the right to attend the General Meeting and to have votes equal to the number of his shares. Whoever has the right to attend the General Meeting may delegate a non-member to attend in accordance with special power of attorney in writing. The proxy shall not represent number of shareholders who hold in this capacity more than (5%) of the Bank's capital. Members who lack capacity or lose it shall be represented by their legal representatives.

The corporate person may authorize one of its representatives or those in charge of management in accordance with a decision to be made by the board or its representative to represent the board in the Bank's General Assembly meeting. The authorized person shall have the powers prescribed in accordance with the decision of authorization.

Article (41)

Announcement of invitation to the General Meeting



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Shareholders shall be invited to attend the General Assembly meeting by announcement in two local daily newspapers in Arabic and by registered letters at least fifteen days before the time scheduled for the meeting after SCA's approval is obtained. The invitation shall include the agenda of that meeting, and copy of the papers of invitation shall be sent to SCA and to the Emirates Central Bank and the Competent Authority.

Article (42)

Invitation to the General Assembly meeting

- A- The board shall invite the General Meeting within the next four months to the expiry of the fiscal year and whenever required.
- B- The auditor, shareholder or more who hold at least (20%) of the bank's capital may, as minimum and for serious reasons, provide request to the bank's management to hold the General Meeting. The board shall in this case invite the General Meeting to be convened within five days from the date of submission of request.

Article (43)

Competences of the annual General Meeting

The annual General Meeting of the Bank shall in particular consider and decide the following:

- A- The board report on the bank's activity and financial position during the year and the auditors' report.
- B- The bank's balance sheet and profit and loss account.
- C- Election of the board members when necessary.
- D- Appointment of auditors and definition of their fees.
- E- Proposals of the board on the distribution of profits whether cash profits or grant shares.
- F- Proposal of the board on the board members remuneration and definition thereof.



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- G- Discharge of board members or dismissal of them and institution of lawsuit of liability against them, as the case may be.
- H- Discharge or dismissal of auditors and initiation of the lawsuit of liability against them as per law.

Article (44)

Registration of shareholders' attendance of the General Assembly meeting

- A- Shareholders who desire to attend the General Meeting shall register their names in the electronic register to be prepared by the Bank management for this purpose in the place of the meeting sufficient time before holding this meeting.
- B- The shareholders register shall include the name of the shareholder or its representative and the number of shares it owns and shares it represents and the names of their holders, and shall submit the power of attorney deed. The shareholder or deputy shall be given card to attend the meeting. The card shall mention the number of votes it represents in person or by proxy.
- C- A print synopsis of the number of shares represented in the meeting and the percentage of attendance shall be issued from the shareholders' record and signed by each rapporteur of the session and the meeting chairman as well as the bank auditor, and shall give copy thereof to the auditor who represents SCA and attach copy thereof to the General Assembly meeting minutes.
- D- Registration for attendance of the General Assembly meetings shall be closed when the chairman of the meeting announces satisfaction or of the quorum specified for such meeting or not. No registration of shareholder or his representative may be accepted to attend this meeting. In addition, his opinion or vote may not be considered in the matters to be transacted in that meeting.

Article (45)

Shareholders' register



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Register of the Bank shareholders who have the right to attend the General Meeting of the bank or vote on its decisions shall be in accordance with the system of trading, clearance, settlements and transfer of ownership and deposit of securities as well as the appropriate common rules in the stock exchange in which the bank shares are listed.

Article (46)

Quorum of the General Assembly meeting and voting on its decisions

The General Assembly shall consider all matters relating to the bank. The quorum in the General Meeting shall be satisfied with presence of shareholders who hold or represent by proxy no less than (50%) of the bank's capital. If the quorum is not satisfied in the first meeting, the General Assembly may be invited to a second meeting to be held no less than (5) five days and no more than (15) fifteen days from the date of first meeting. The adjourned meeting shall be valid regardless of the number of attendees.

Except for the decisions that shall be issued by special resolution in accordance with article (48) of these articles, the Bank's General Meeting decisions shall be made by majority of the shares represented in the meeting. The General Meeting decisions shall be binding upon all shareholders whether they attended the meeting in which these decisions were issued or were absent, and whether they agreed on, or objected to, them. Copy of the decisions shall be informed to SCA and the stock exchange in which the bank's shares are listed and the Competent Authority in accordance with the controls issued by SCA in this respect.

Article (47)

General Meeting chairman and recording of the proceedings of the meeting

A- The General Meeting shall be chaired by the bank chairman, and in case of his absence, it shall be chaired by his deputy. In case of absence of both of them, the General Meeting shall be chaired by any shareholder to be elected by shareholders through voting by any means to be defined by the General Meeting. In addition, the General Assembly shall appoint rapporteur of the meeting. If the meeting discusses a matter related to the chairman of the



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meeting, regardless of that matter, the assembly shall choose out of shareholders one to chair the meeting during the discussion of this matter. The chairman shall appoint vote counter provided the General Meeting approves his appointment.

- B- The General Meeting report shall be recorded to include the names of attending or represented shareholders, number of shares they possess in person or by proxy and number of votes allocated for them as well as the decisions made and number of votes that approved them and votes that object to them as well as detailed conclusion of the discussions made in the meeting
- C- The General Assembly meeting minutes shall be regularly recorded after each session in a special register to follow the controls by which decision shall be made by SCA. The minutes shall be signed by the chairman and rapporteur of the assembly, vote counter and auditor. Signers of the meeting minutes shall be responsible for the validity of data contained therein.

Article (48)

Method of voting in the General Assembly meetings

Voting in the General Meeting shall be in the method determined by the chairman of the meeting unless the General Assembly decides a certain method for voting. If the matter is related to election, dismissal, appointment or accountability of board members in the cases when same is allowed, in accordance with the provision of article (21) of this law, the method of accumulated secret voting shall be applied.

Article (49)

Board members' voting on the General Meeting decisions

- A- The board members may not participate in voting on the special General Meeting decisions on their release of liability for their management or the decisions related to their own interest, conflict or interests or difference between the board members and the bank.
- B- In case the board member represents a corporate person, the shares of this corporate person shall be excluded. In addition, whoever has the right to attend the



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General Assembly meetings may not participate in voting on his behalf or on behalf of his representative in the matters related to personal interest or difference between that person and the Bank.

Article (50)

Issuance of special resolution

The General Meeting shall issue special decision with majority of votes of shareholders who have no less than three quarters the shares represented in the Bank's General Assembly meeting in the following cases:

- A- Increase or decrease of capital
- B- Issuance of loan bonds or sukuk
- C- Provision of voluntary contributions for the purpose of service of society
- D- Dissolution or merger of the bank in another company
- E- Sale of the project completed by the bank or otherwise disposing it
- F- Extension of the bank term
- G- Amendment of the Memorandum of Association or Articles of Association
- H- In the cases where law requires commercial companies to issue special decision.

In general, in accordance with the provisions of article (139) of the companies' law, the bank board shall obtain the prior consents of SCA and the Competent Authority on the issuance of the decision those results in amendment of its Memorandum of Association and Articles of Association before referral to the General Assembly.

Article (51)

Inclusion of item in the General Assembly meeting agenda

- A- The General Assembly may not deliberate matters other than those included in the agenda.
- B- Apart from paragraph (A) of this article, and in consideration of the controls issued by SCA in this respect, the general assembly shall be entitled to:
 - 1- Right to deliberation of the serious facts that may appear during the meeting.



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- 2- Listing an additional item on the General Meeting agenda in accordance with the controls issued by SCA in this respect upon a request to be submitted by SCA or number of shareholders representing at least (10%) of the bank's capital. The chairman of the meeting shall include additional item before starting the discussion of the agenda or refer the matter to the General Assembly to decide whether or not to add the item to the agenda.

Chapter six

Auditors

Article (52)

Appointment of Auditors

- A- The bank shall have one or more auditors to be appointed and their remunerations defined by the General Assembly upon nomination of the board. The auditor shall be registered in SCA and licensed to practice the profession.
- B- The auditor shall be appointed for one renewable year and shall audit the accounts of the fiscal year for which the auditor is appointed provided the term of renewal of his appointment doesn't exceed three consecutive years.
- C- The auditor shall assume his duties from the end of that meeting to the end of the next annual General Assembly meeting.

Article (53)

Obligations of Auditors

The auditor shall:

- A- Comply with the provisions set forth in the companies' law and the implementing laws, regulations and circulars.
- B- Be independent from the Bank and its Board.
- C- Not combine the profession of auditing and status of partner in the Bank.
- D- Not fill the position of board member or any technical, administrative or executive position in it.



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E- Not be partner or agent of any of the bank founders or any of its board members or relative of any of them to the second degree.

Article (54)

Auditor's Powers

A- The auditor shall have the right to review at all time all books, records and documents of the bank and other documents, and may request clarifications that the auditor may find necessary for performance of his duty and to verify the bank's assets and obligations. If the auditor is not able to apply these powers, the auditor shall record this in writing in a report to be submitted to the board. If the board didn't enable the auditor to perform its duty, the auditor shall send a copy of the report to SCA and the Competent Authority and to refer the report to the General Meeting.

B- The auditor shall assume audit the bank's accounts, examines the balance sheet and profit and loss account, audit the bank's transactions with the related parties, observe the application of the provisions of companies' law and federal law 10 of 1980 on the Central bank and its regulations and aments and these basic laws, and shall submit a report with the result of this inspection to the General Meeting and send a copy thereof to the Competent Authority. The Auditor shall, when preparing his report, assure the following:

- Validity of the accounting records kept by the bank.
- Bank accounts compliance with the accounting records.

C- If facilities are not provided to the auditor for the purpose of the auditor's duties, the auditor shall record this in the auditor's report to be submitted to the board. If the board is in default in facilitating the auditor's duties, the auditor shall send a copy of the report to SCA.

D- The affiliate company and its auditors shall submit the information and clarifications to be requested by the bank auditors for the purpose of auditing.

Article (55)

Auditor's annual report



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- A- The auditor shall submit to the General Assembly a report to contain the data and information stipulated in the companies' law, and shall mention in his report and the balance sheet of the bank the voluntary contributions made by the bank during the fiscal year for the purpose of community services, if any, and to determine the beneficiary of these voluntary contributions.
- B- The auditor shall attend the General Assembly meeting and read his report in the General Assembly to indicate any board interventions or obstacles encountered by the auditor during the performance of the auditor's works. The auditor's report shall be independent and neutral. In the meeting, the auditor shall express his opinion on everything related to the auditor's work, particularly in the bank's budget and the auditor's notes on the bank's account and financial position and any violations therein. The auditor shall be responsible for the validity of data contained in the auditor's report. Every shareholder may during the General Assembly discuss the auditor's report and inquire about the contents thereof.

Chapter Seven

Finances

Article (56)

Bank Accounts

- A- The bank shall prepare regular accounts in accordance with the international accounting standards and bases to properly and fairly reflect the profits or losses of the bank for the fiscal year on the bank's status by the end of the fiscal year, and the bank shall comply with any requirements stipulated by the companies' law and federal law 10 of 1980 on the Central Bank, or any implementing decisions.
- B- The bank shall apply the international accounting standards and rules when it prepares its progressive and annual accounts and define the distributable profits.



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Article (57)

Fiscal year

The fiscal year of the bank shall start on January first and end on December 31 every year.

Article (58)

Balance sheet of the fiscal year

The balance sheet shall be for the fiscal year audited at least one month before the annual meeting of the General Assembly. The board shall prepare a report on the bank's activity and financial position at the end of the fiscal year and shall indicate the method proposed by the bank for distribution of net profits. Copy of the balance sheet and profit and loss account shall be sent with copy of the auditor's report, board report and governance report to SCA and the Central Bank of the United Arab Emirates. Draft invitation to the annual General Assembly shall be attached to the bank shareholders to approve the publication of invitation in daily newspapers fifteen days before the time of the General Assembly.

Article (59)

Optional Reserve for Depreciation and Impairment of Assets

A percentage of the gross annual profits shall be deducted for the depreciation of the Company's assets or impairment. These amounts shall be disposed of in accordance with a resolution by the Board of Directors, and may not be distributed to the shareholders.

Article (60)

Distribution of annual profits

The annual net profits of the Bank shall be distributed after deduction of all general expenses and other costs as follows:



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- A- (10%) ten percent of the net profit shall be deducted to be allotted to the legal reserve account. This deduction shall be suspended whenever the total reserve reaches at least (50%) fifty percent of the bank's paid up capital. If the reserve is less, deduction shall be re-applied.
- B- The remaining net profit shall be distributed afterwards to the shareholders or be posted upon proposal of the board to the next year.
- C- No more than (10%) of net profit of the last fiscal year shall be allocated, after deduction of depreciations and reserves, as remuneration for board members. Of this remuneration, the penalties that may be imposed on the bank by SCA or the Competent Authority because of the board violations of the companies' law or law 10 of 1980 on the Central Bank or the Articles of Association of the bank during the last year shall be deducted. The General Meeting may not deduct all or some of those penalties if the General Assembly found that such penalties don't result from mistake or default on the part of the board.
- D- The reminder of net profit shall be distributed on the shareholders or moved to next year based on the suggestion of the Board, or allocated to create a voluntary reserve allocated for special objects, it is not allowed to use such reserve for any other reason without a resolution from AGM.

Article (61)

Disposal of optional or statutory reserve

The statutory reserve may not be distributed to shareholders, but whatever exceeds half the issued capital may be used for distribution as profits to shareholders in the years when the bank doesn't make net profits sufficient for distribution.

Article (62)

Shareholders' Profits

Profits shall be paid to shareholders in accordance with the laws, regulations and circulars issued by SCA in this respect.

Chapter Eight



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Disputes

Article (63)

Limitation of liability case

Decisions made by the General Assembly to discharge the board may not result in limitation of the case of civil liability against the board members because of the mistakes committed thereby in performance of their duties. If the act that gives rise to liability is referred to the General Assembly and ratified thereby, the case of liability shall be abated by elapse of one year from the date of this meeting. However, if the act attributed to the board members is a crime, the case of liability may be limited only by limitation of the general case.

Chapter Nine

Dissolution or Liquidation of the Bank

Article (64)

Dissolution of the Bank

The bank shall be dissolved for any of the following reasons:

- A- Expiry of the term fixed in these Articles of Association unless the term is renewed in accordance with the rules contained in this law.
- B- End of the purpose for which the bank was established.
- C- Depreciation of all or most money of the bank so that feasible investment of the remaining money becomes infeasible.
- D- Merger in accordance with the companies' law.
- E- Issuance of special decision by the General Assembly to dissolve the Bank.
- F- Issuance of judgment to dissolve the bank.
- G-

Article (65)

The Bank suffering of losses of half its capital

If the bank's losses are half its issued capital, the board shall, within (30) thirty days from the date of disclosure to SCA of the regular or annual financial statements,



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invite the General Meeting to be held to take decision on the dissolution of the bank before term or to continue in practice of its activity.

Article (66)

Liquidation of the Bank

At the expiry of the bank's term or premature dissolution of the bank, the General Assembly shall, upon the board request, define the method of liquidation and shall appoint one or more liquidators and define their authority. The board's authority shall expire by dissolution of the bank. However, the board shall assume management of the bank and shall be considered for third parties as liquidators till liquidator is appointed. The General Assembly authority shall survive throughout the period of liquidation till all liquidation works are complete.

Chapter Ten

Final Provisions

Article (67)

Voluntary contributions

The bank may, in accordance with special decision, provide voluntary contributions for the purpose of community service, provided these contributions don't exceed (2%) of the average net profits of the bank during the last two years before the year in which this voluntary contribution is provided.

Article (68)

Governance Controls

The bank shall be governed with the governance controls and institutional compliance standards and implementing decisions of the provisions of companies' law and federal law 10 of 1980 on the Central Bank, which shall be an integral and supplementary part of the bank's Articles of Association.

Article (69)



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Facilitation of Periodic Inspection for SCA's inspections and the Central Bank

The Bank's board and chief executive officer, directors and auditors shall facilitate the works of periodic inspection to be done by SCA and the Central Bank through the inspectors assigned thereby, and shall provide the data or information to be requested by the inspectors and review the bank works, books and any papers or records with the bank branches and affiliate companies in the state and overseas or with the auditor.

Article (70)

In case of conflict

In case of conflict between the provisions of these articles and any provisions contained in the companies' law or implementing laws, circulars and decisions, those latter provisions shall apply.

Article (71)

Publication of the Articles of Association

These articles shall be deposited and published in accordance with law.