

Memorandum and Articles of Association
of
Al Rajhi Bank

(Al Rajhi Banking & Investment Corporation)
Saudi Joint Stock Company

Royal Decree No. M/59 dated 03/11/1407 A.H

Approving the transformation of the Company to a joint stock company.

With the help of Almighty Allah, we Fahad bin Abdulaziz Al Saud, king of the Kingdom of Saudi Arabia, having perused Article (19) of the Council of Ministers Law duly promulgated by Royal Decree No. (38), dated 22/10/1377 A.H, Article (52) of the Companies Law duly promulgated by Royal Decree No. M/6 dated 22/03/1385 and subsequently amended by Royal Decree No. M/27 dated 28/06/1402 A.H, Banking Control Law duly promulgated by Royal Decree No. M/5 dated 22/06/1386 A.H and Council of Ministers resolution No. (230) dated 02/09/1403 A.H,

Enacted as follows:

- I. A license is hereby granted for the incorporation of Al-Rajhi Banking & Investment Corporation, Saudi Joint Stock Company in accordance with the applicable regulatory rules and the attached Memorandum and Articles of Association;
- II. It is incumbent upon the Deputy Premier and Minister of Finance and National Economy to enact this decree.

Fahad bin Abdulaziz Al Saud
King of Saudi Arabia

Chapter One Incorporation of the Company

Article (1): Incorporation

Pursuant to these Articles of Association, the founding shareholders have hereby incorporated a Saudi Joint Stock Company in accordance with the provisions of the Companies Law, Banking Control Law, Council of Ministers resolution No. 245 dated 26/10/1407 AH, other applicable laws and regulations and the provisions of this Memorandum and Articles of Association.

Article (2): Company Name

The Company name shall be "Al Rajhi Banking & Investment Corporation" a Saudi Joint Stock Company, hereinafter to be referred to as the "**Company**".

Article (3): Purposes of the Company

The purposes of the Company shall be to engage in banking and investment activities in accordance with the provisions of the Company's Memorandum of Association, the Banking Control Law and other applicable laws and regulations in the Kingdom of Saudi Arabia as well as by-laws, resolutions and rules issued by Saudi Central Bank, in compliance with the nature of Company activities and Saudi applicable by-laws. To achieve these objectives, the Company shall engage in banking and investment activities for its own account and for the account of third parties, within the Kingdom of Saudi Arabia and abroad, as well as the limits and conditions that are stipulated by Saudi Central Bank, including the following operations:

- A. Open current accounts and receive demand deposits in the Saudi currency or other currencies.
- B. Open investment accounts and the like in Saudi currency and other currencies, with the objective of receiving charges on their operation.
- C. Issue, accept and deal in negotiable instruments, such as promissory notes, bills of exchange and checks; accept and deal in bank notes, coins and currencies of all types.
- D. Provide financial and credit facilities in the Saudi Riyal and other currencies based on a profit and loss sharing or any other schemes.
- E. Deal in shares and bond trading in accordance with the applicable rules that regulate trading in shares through local banks.
- F. Open documentary letters of credit, issue letters of guarantee and provide banking facilities for import, export and domestic trade.
- G. Acquire, own, sell and deal in foreign currencies, bullions and precious metals.
- H. Receive funds, bonds and valuables as a deposit, loan, or safekeeping against receipts whereof.
- I. Open accounts in the name of the Company with local and foreign banks as well as other financial institutions.
- J. Set up, manage and lease safe deposit boxes.
- K. Act as an agent, correspondent or representative of local and foreign banks.
- L. Transfer funds within the Kingdom and abroad.
- M. Act as a collection agent for funds, bills of exchange, promissory notes and any other documents within the Kingdom and abroad.
- N. Conduct any other permissible banking operations pursuant to the provisions of banking and monetary regulations that are applicable in the Kingdom.
- O. Establish, operate and manage warehouses and other storage facilities for the storage of goods and commodities, in addition to providing finance through pledging such goods and commodities.
- P. Provide consultation and advisory services in the field of investment; assume the role of an investment manager of funds, agent or financial representative in addition to

- managing the financial affairs of any natural or judicial person or persons, estate administration and real estate (property) management.
- Q. Collect due money from third parties and give discharge by it, either in the Kingdom of Saudi Arabia or abroad, on behalf of any natural or legal person, or as trustee, executor of estates.
 - R. Manage, sell, utilize, acquire and deal in any funds, titles or interest in any transferable or fixed assets that may be accrued, owned or acquired by the Company in payment of all or part of its dues or as security for any granted loans or facilities that are related in any other manner to such dues or security pursuant to applicable laws and regulations.
 - S. Establish subsidiary companies, subscribe to or participate in any manner, merge or take over companies or corporations with activities that serve the objectives of the Company or that assist in their achievement, without prejudice to the applicable laws and regulations of the Kingdom of Saudi Arabia.
 - T. Borrow or obtain finance in any manner that is compatible with the established rules of Company operations, enter into contracts, provide relevant guarantees, warranties and pledges within the Kingdom and abroad.
 - U. Supervise the Management of investment units (portfolios) and investment funds and participate in capital markets with the objective of promoting Islamic investment and financing methods.
 - V. Carry out all other activities and acts that assist the Company in achieving its stated objectives or expanding its business activities.
 - W. Participate in various investment activities, including commercial, agricultural, industrial, real estate and other activities.
 - X. Enter into all obligations provided or accepted by the Company with various Government or Public Establishments, or with any other natural or legal person, within the Kingdom or abroad.
 - Y. Exercise retail and corporate finance activities and others in all finance types, such as installment sale, lease ending with ownership or any other finance type to all goods and commodities.
 - Z. Issue or deal in all types and categories of negotiable instruments transferable to shares or other, without prejudice to the provisions of Islamic Sharia, in its capacity as Issuer thereof or Investor therein or Purchaser thereof, to accomplish any of its objectives as well as fulfill any of its financing and investment needs.

Article (4) Term of the Company

The term of this Company shall be ninety-nine (99) Gregorian calendar years from the date of the Minister of Commerce resolution to announce its formation pursuant to the provisions of the Companies Law. This term may be extended by a resolution of the Extraordinary General Assembly prior to the completion of its initial term by a minimum of one year.

Article (5) Head Office of the Company

The head office of the Company shall be located in the city of Riyadh. Subject to a resolution by the Extraordinary General Assembly, the Company may transfer its head office to any other city inside the Kingdom of Saudi Arabia. The Board of Directors may also establish branches or offices and appoint correspondents within the Kingdom or abroad as may be required or beneficial to Company business without prejudice to applicable laws and regulations of the Kingdom of Saudi Arabia.

Chapter Two Capital and Shares

Article (6) Capital of the Company

Capital of the Company shall be (SAR 40,000,000,000) forty billion Saudi Riyal fully paid, divided into (SAR 4,000,000,000) four billion nominal shares of equal value of ten (10) Saudi Riyal each. All shares shall be ordinary shares of equal cash value in terms of rights and obligations of all aspects. The Company shall also have the right to increase or decrease its capital without prejudice to the provisions of this Memorandum of Association, Companies Law, Banking Control Law and all other applicable laws and regulations.

Article (7): Subscription Provisions in Incorporation Stage

The founders have subscribed to (SAR 4,275,000) four million two hundred and seventy-five thousand shares of the Company's capital shares, paid in full. The total subscription of four hundred twenty-seven million five hundred thousand (427,500,000) Saudi Riyals has been deposited in an account duly opened with Riyadh Bank in the name of "Al Rajhi Banking and Investment Corporation", Saudi Joint Stock Company under establishment, against a certificate of deposit duly issued by the said bank. The remaining Three-Million and Two-Hundred and Twenty-Five Thousand (3,225,000) shares shall be offered for public subscription by Saudi nationals within thirty (30) days from the date of publication of the Royal Decree promulgating the issue of license for the formation of the Company. The value of shares shall be paid in full upon subscription. The total amount of this subscription shall be deposited in the name the Company under establishment with the bank or banks specified for this particular purpose.

In the event the number of shares subscribed in exceeds the number of shares put for public subscription, shares assigned to subscribers shall be prorated accordingly. However, the Board of Directors of the Company may give priority to smaller subscribers.

In the event of non-subscription in any given number of shares that are put for public subscription by Saudi nationals within a deadline of thirty (30) days or any subsequent extension that may be decided by the Company subject to the approval of the Minister of Commerce pursuant to the provisions of the Companies Law, the Company shall assign the unsubscribed shares to the founders pro rate to their share subscriptions against full payment of their share value and associated expenses.

Article (8) Issuance of Shares

- A. Shares shall be of a nominal value of fifty (10) Saudi Riyals. In the event of increase of Company capital, new shares shall not be issued in less than the stated nominal share value but may be issued at a premium, and in the latter case the difference in value shall be included in a separate item under shareholders' equity, and shall not be distributed to shareholders as profits.
- B. Shares shall also be indivisible against the Company. However, in the event that more than one person owns a share, they have to select one of them as their representative in exercising the rights of disposition with such share. These persons shall, however, be jointly accountable with regard to the obligations associated with the ownership of the respective share.

Article (9) Trade of Shares

- A. Company shares shall be nominal. Subject to the other restrictions that are stipulated under these Articles of Association, the Company shares shall be negotiable.
- B. Notwithstanding the other restrictions under these Articles of Association, shares subscribed by the founders may not be negotiated before the publication of the balance sheet and profit and loss account for five full fiscal years, each of which shall not be less than twelve months from the date of Company incorporation. Shares subscribed by the public shall not be negotiated before the meeting of the first constituent assembly of the

Company. Share certificates shall be annotated to indicate their type, date of Company incorporation and the terms during which they shall not be negotiable.

However, following the publication of the balance sheet and profit and loss account for the first fiscal year of no less than twelve months, title of founder shares may be transferred from one founder to another in accordance with the applicable terms and conditions of sale of equities between founders, or may be transferred to members of the Board of Directors to be submitted as security for Board membership or from successors of a deceased founder to third parties. In such cases, the Board of Directors may approve or disapprove the transfer of title of shares pursuant to applicable laws and regulations of the Kingdom of Saudi Arabia.

Article (10) Register of Shareholders

Company shares shall be negotiated under the provisions of Capital Market Authority Law. Transfer of title in the share subject of negotiation against the Company or third parties shall be valid only from the date of its recording in the said register. Subscription or ownership of shares implies an acceptance on part of the shareholder of the Company's Articles of Association and the valid resolutions issued by the general assemblies of shareholders whether attended or not and whether he approved or disapproved such resolutions.

Notwithstanding the foregoing, the Board of Directors may refrain from registration or approval of any transfer of share ownership if such transfer results in violation of applicable Saudi laws and regulations. Transfer of share ownership against the Company or third parties shall not be valid unless recorded by the Company under the applicable laws and regulations. No obligations shall be incurred on part of the Company or the Board of Directors against any person who refrains from recording the proposed transfer of share ownership in accordance with the terms and conditions of this paragraph. Additionally, the Company may sell and buy its shares, including treasury shares in accordance with the statutory controls.

Article (11) Preferred Shares

The extraordinary General Assembly of the Company may, in accordance with the principles established by the competent authority and after obtaining the non-objection of Saudi Central Bank, issue preferred shares, buy the same, convert ordinary shares into preferred shares or convert preferred shares into ordinary shares. Preferred shares shall not empower their holder to vote in the General Assemblies of the shareholders. However, these shares entitle their holders to the right to obtain a percentage more than the ordinary shareholders of the net profits of the Company after setting the statutory reserve apart.

Article (12) Seizure of Shares

The Company may seize the shares owned by any subscriber who is in debt to the Company including any accrued but unpaid dividends as security for the payment of his debt or honoring his obligations to the Company, provided, however, that such shares shall not bear any encumbrances to third parties, fixed or restricted, which is recorded in the Company's register. After thirty (30) days of the Company's serving the defaulting subscriber a notice to this effect, the Board of Directors may sell the seized shares in a public auction and recover the amounts due to the Company from the proceeds of sale and the balance, if any, shall be returned to the respective subscriber. However, if the proceeds of sale were not sufficient to cover Company dues, the Company may recover the balance from all other funds of the subscriber in accordance with the applicable laws and regulations of the Kingdom of Saudi Arabia.

Article (13) Capital Increase

A. Without prejudice to the provisions of the Banking Control Law and other applicable regulations and by-laws and subject to a resolution of an Extraordinary General Assembly,

the Company's capital may be increased from time to time, provided however, that any prior capital increase, if any, has been fully paid. Such a resolution shall determine the method of capital increase. Shareholders shall also be notified of the resolution to increase Company capital and their priority in subscribing in the new issue and conditions related thereto. Such resolution shall be published in one of the local daily newspapers with circulation in the city where Company head office is located. A shareholder may express his interest in practicing his right in such priority to own the new issues of shares within fifteen days from the date of relevant advertisement publication. New issues of shares shall be distributed over the interested shareholders pro rate to the old shares owned by each one of them, provided however, that the number of shares they acquire of the new issue does not exceed the number in which they have subscribed. These new share issues shall be distributed to the founding shareholders who have requested more than their pro rate share of the old share that they own, provided, however, that the number new of shares they acquire does to exceed the number of shares to which they have subscribed. The remaining shares, if any, shall be put forward for public subscription for Saudi and non-Saudi nationals pursuant to the provisions of these Articles of Association and other applicable laws and regulations. However, the Extraordinary General Assembly may revoke priority right for shareholders' subscription in capital increase against cash shares or give priority to non-shareholders in the cases it deems appropriate for the Company's interest.

B. In case of capital increase through new cash shares issue, the value of such shares shall be fully paid. However, in the event of failure on part of a subscriber in the payment of the value of his shares in a timely manner, the Board of Directors may serve him a notice by registered mail advising him to pay such amount within a deadline of fifteen (15) days or, otherwise; such shares may be sold in a public auction. However, a defaulting subscriber may pay the due amount until the specified date of auction in addition to the expenses sustained by the Company in this regard. In this case, the Company shall recover the amounts due to it from the proceeds of sale and the balance shall be returned to the respective subscriber. However, if the proceeds of sale were not sufficient to cover Company dues, the Company may recover the balance from all other funds of the subscriber. Additionally, a sold share shall be cancelled and the buyer shall receive a new share that carries the same serial number of the cancelled share and the new share shall be endorsed and recorded in the register of shares.

C. Without prejudice to the provisions of the Banking Control Law and other applicable laws and regulations in the Kingdom of Saudi Arabia, an Extraordinary General Assembly may decide to decrease the Company's capital if found to be exceeding its need or if the Company has sustained losses, provided that Company capital shall not go below the minimum limit stipulated under the Banking Control Law. Such resolution shall not be issued until after the presentation of the auditor's report that delineates the reasons that call for such decrease and the obligations of the Company as well as the impact of such decrease on these obligations. The resolution shall also show the method by which such decrease would take place.

In the event that such decrease of Company capital is a result of having capital that is in excess of Company's needs, creditors shall be called to express their objection to such decrease within sixty days of the date of publication of the resolution of decrease in one or more domestic daily newspapers that are in circulation in the same city where the Company head office is located. In the event of objection by any creditor who files relevant documentation with the Company within the stated deadline, the Company shall

pay him his debt if it is found to be due for payment or furnish him with sufficient guarantee to pay such debt upon its date of maturity if it is not due for payment yet.

Chapter Three Management of the Company

Article (14) Management of the Company

The Company shall be managed by a Board of Directors composed of eleven members, with no more than two executive members while independent members may not be less than the minimum provided by applicable Laws and Regulations; members shall be appointed by the shareholders in the ordinary general meeting for three years after acquiring the Saudi Central Bank non-objection against their appointment, those members whose membership period is ended may always be reappointed, With exception to the foregoing the Founders have nominated the first Board of Directors for a term of five years composed of the following Directors:-

01. Sheikh Sulaiman bin Abdulaziz bin Saleh Al Rajhi (Chairman of the Board)
02. Sheikh Abdullah bin Sulaiman bin Abdulaziz Al Rajhi
03. Sheikh Abdullah bin Abdulaziz bin Saleh Al Rajhi
04. Sheikh Mohammed bin Abdulaziz bin Saleh Al Rajhi
05. Sheikh Sulaiman bin Saleh bin Abdulaziz Al Rajhi
06. Sheikh Mohammed bin Abdullah bin Abdulaziz Al Rajhi
07. Sheikh Ali bin Ahmed Al Shedi
08. Sheikh Saeed bin Omar bin Qasim Al Essaey
09. Sheikh Mohammed bin Othman bin Ahmed Al Bishr
10. Eng. Salah bin Ali bin Abdullah Aba Al Khail
11. Sheikh Mohammed bin Ibrahim Al Essa

Article (15) Termination of Board Membership

- A. Membership of the Board of Directors shall be terminated under the following conditions:
 1. Expiry of the Board term;
 2. Resignation or death of a Board member;
 3. If a member is rendered unfit for Board membership pursuant to the provisions of any valid regulations in the Kingdom of Saudi Arabia;
 4. If the member is terminated by a resolution of the General Assembly issued by a two-thirds majority vote and the discharge is not upon request of the Board of Directors and by absolute majority in the event that discharge is based on a request of the Board of Directors;
 5. If the member is rendered mentally unfit;
 6. If the member is convicted of fraud, mistrust or dishonor;
 7. If the member is declared bankrupt or arrived at an arrangement or composition with creditors.
 8. If the member doesn't attend three meetings a year without an acceptable excuse.
- B. Saudi Central Bank ("SAMA") shall be notified in the event that the position of a given member becomes vacant. The Board may nominate a member to the vacant position, who shall be competent and experienced and shall be appointed after obtaining the approval of Saudi Central Bank. The appointment shall be communicated to the Ministry of Commerce, Capital Market Authority and Saudi Central Bank within five working days from appointment date. Such appointment shall also be submitted to the first meeting of the Ordinary General Assembly, and the new member shall complete the term of his predecessor. If the vacancy develops in the First Board of Directors that has been appointed for a term of five years, the Board of Directors,

subject to the prior approval of Saudi Central Bank, shall fill out the vacant position for the remaining term. In this case, the appointment resolution shall be subject to the approval of the following General Assembly.

- C. If the necessary conditions are not met for convening the Board of Directors, because the number of attendants is less than the minimum number stipulated in the Company's Articles of Association, the rest of the General Assembly members shall call for a General Assembly meeting within sixty days in order to elect the necessary number of members.

Article (16): Powers of the Board

Without prejudice to the powers of the General Assembly, the Board of Directors shall enjoy the widest authorities with regard to managing the Company business and supervising its affairs in a manner that achieve its objectives. In this regard, the Board shall have all the powers and carry out all works and dispositions that the Company is entitled to take under these Articles of Association, Memorandum of Association or other than those expressly stated in these Articles of Association as expressly assigned the General Assembly. The Board of Directors shall also be authorized to enter into financial obligations for terms not exceeding three years, sell or pledge property, release Company debtors of their obligations, enter into reconciliation, accept arbitration and, more specifically, incorporate subsidiary companies and amending its Articles of Association, pursuant to Banking Control Law and Saudi Central Bank Regulations.

The Board of Directors may delegate any of its authorities to the managing director, any director of the Board, any committee consisting of board members or any officers or employees of the Company. The Board shall also have the right, from time to time, to delegate any person certain authority or authorities for a specified period of time as the Board may deem appropriate and entitle the representative to delegate third parties the powers vested in him by the Board of Directors, time after time. However, the Board of Directors shall not be entitled to donate any of the Company's property unless such donation is deemed to be within the stated limits stipulated by applicable laws and regulations of the Kingdom of Saudi Arabia.

Article (17) Executive Committee

The Board of Directors shall form an executive committee, after obtaining Non-Objection of Saudi Central Bank, consisting of Board members. Subject to the guidelines and restrictions stipulated by the Board of Directors from time to time, the Committee shall exercise all the powers entrusted to it by the Board of Directors. However, the executive committee shall not have the right to amend any resolutions, rules or regulations that have been issued by the Board.

The Executive Committee shall be consisted of five Board members including the chairman of the Board, then the board shall appoint a head for the committee among board members.

A meeting of the Executive Committee shall not be valid unless it is attended by all the five members personally or by proxy, provided, however, that the number of attending members should not be less than three. A member of the Executive Committee may appoint another member to represent him in attending and participating in voting at Executive Committee meetings. However, one member shall not represent more than one member in the meetings of the Executive Committee.

The majority of votes shall make resolutions of the Executive Committee. However, in case of equal votes, the side with the casting vote of the Committee head shall prevail.

The meetings of the Executive Committee per year shall not be less than the statutory minimum specified by the relevant applicable laws and regulations and the Company's internal policy or whenever the head of Committee calls for a meeting.

Deliberations and resolutions of the Executive Committee shall be recorded in the form of minutes reports to be signed by head and secretary of the Committee. The minutes report shall be distributed to all members of the Board of Directors during the next meeting of the Board.

These minutes shall be kept in a special register that shall be signed by the head and secretary of the Committee.

Article (18) Remunerations of Board Members

Remuneration of the Board members shall be a fixed amount in addition to attendance allowance to be paid annually. The standards for determination and payment of such remuneration shall be identified within an independent policy which shall be approved by the General Assembly in accordance with the official resolutions, instructions and regulations issued in this regard. Report of the Board of Directors to the Ordinary General Assembly shall contain a full account of the remuneration received by members of the Board of Directors during the subject fiscal year, including remunerations, attendance allowances, out-of-pocket expenses and other monetary or in-kind benefits. The said report shall also contain a statement of the sums of money received by members of the Board in their capacity as employees or managers or the sums of money received by them against rendering technical, managerial or advisory services. The said report shall also include a statement of the number of meetings of the Board of Directors and the number of meetings attended by each member from the date of the last meeting of the General Assembly.

Article (19) Powers of Chairman, Deputy Chairman and Secretary of the Board

- A. The Board of Directors shall appoint one of its non-executive members as a Chairman, in addition to a Deputy Chairman who shall take over the duties of the absent Chairman, subject to the approval of Saudi Central Bank in both cases. Chairman of the Board may call for Board meetings; chair Board and General Assembly meetings; represent the Company before competent authorities, judicial bodies and third parties. The Chairman shall also take all other functions assigned to him by the Board. The Board may appoint one of its members as a managing director.
- B. The Board of Directors shall appoint a secretary of the Board after obtaining Non-Objection of Saudi Central Bank. The Board shall determine the Secretary's working conditions, remuneration, and shall be entrusted with taking minutes of Board deliberations and resolutions and recording them in a special register and maintaining this register.
- C. The term in office of the Chairman of the Board, the Deputy Chairman, the managing director, members of the executive committee and Board secretary who is also a Board member, shall not exceed the term of his valid membership in the Board and he may be reappointed at all times.

Article (20) Board Meetings

- A. Subject to the applicable laws and regulations, The Board shall convene a minimum of four times annually upon call from its Chairman, and an agenda shall be attached to the call for meeting. The Chairman shall call for a Board meeting upon the request of two Board members. Calls for a meeting shall be forwarded to each Board member via fax or any other means before the stated date of meeting, and within a period to be specified under the applicable regulations and by-laws.
- B. A Board meeting shall be valid when attended by a minimum of seven (7) members personally or by proxy. The minimum of the independent members attending the meeting shall be according to the applicable regulations and by-laws, provided that the number of members attending personally shall be no less than five (5) members. A Board member may appoint another member to represent him in attending and voting in Board meetings. However, no Board member may represent more than one other member in the Board of Directors.
- C. Board resolutions shall be passed by the majority of (vote) of attending and represented members. However, in the event of equal votes, the party with the casting vote of the

Chairman shall prevail, except for the power of attorney, which shall be passed under minimum votes of seven members.

- D. Any member of the Board of Directors who has a direct or indirect personal interest in any matter or proposal that is put forward for deliberation by the Board of Directors or the executive committee, as may be deemed necessary, shall notify the Board or the committee of the nature of his interest in the matter that is put forward for discussion. Such member shall refrain from participation in deliberation and voting on the matter or proposal in which he has an interest by the Board or executive committee meetings without having to exclude this member from the quorum needed for a valid meeting.
- E. Deliberations and resolutions of the Board shall be recorded in minute reports to be signed by the Chairman and secretary of the Board, after being endorsed by the present Board members by signing a copy of such minute. These minutes shall be recorded in a special register to be signed by the Chairman and secretary of the Board.
- F. The Board may issue resolutions by requesting individual members to vote by circulation or by any other means of communication. In such case, these resolutions shall be presented to the Board at its first subsequent meeting, unless any Board member requests in writing that the Board shall meet for deliberation of those resolutions.

Article (21) Powers of the Managing Director

- A. The Board of Directors may appoint one of its members as a managing director of the Company for a specific period in accordance with terms and conditions to be determined by the Board. The Board shall also have the right to terminate such appointment. Additionally, an appointment of a managing director shall be terminated automatically if he fails to exercise his stated functions for any reason.
The managing director shall receive the numeration that is determined by the Board of Directors. Appointment of the managing director by the first Board of Directors shall be subject to the prior approval of Saudi Central Bank.
- B. The managing director shall have the authority and the responsibility of implementing Company policies as determined by the Board of Directors. He shall also exercise overall supervision over Company operations and shall act as the Company's chief executive officer. When appointed by the Board of Directors, the managing director shall be entrusted with the powers that are normally entrusted to a senior executive officer.
- C. In addition to the above, the Board of Directors may entrust the managing director with any of the powers of the Board subject to any terms and conditions or limitations that it may deem appropriate. The managing director may exercise such powers in addition to the Board or the Board may be excluded from exercising such powers. From time to time, the Board of Directors may cancel, withdraw, amend or change these powers totally or partially.
- D. The Board of Directors may appoint one or more managers of the Company and determine the powers of each of them as well as the terms and conditions of his appointment.

Chapter Four Audit and Compliance Committee

Article (22): Composition of the Committee

The Audit and Compliance Committee shall be composed under a resolution of the Ordinary General Assembly after obtaining non-objection of Saudi Central Bank, from members other than the executive Board members, whether shareholders or others, provided that the number of members shall not be less than three members and not more than five members. The resolution shall specify the duties of the Committee, the controls of its work, and the remuneration of its members.

Article (23): Quorum of Committee Meeting

A meeting of Audit and Compliance Committee shall not be valid unless attended by the majority of its members. The majority of votes shall make resolutions of Audit and Compliance Committee. In case of equal votes, the side with vote of the meeting president shall prevail.

Article (24) Committee Competencies

The Audit and Compliance Committee shall be responsible for monitoring the Company's operation. In doing so, it shall be entitled to peruse the Company's records and documents and request clarification or statement from the members of the Board of Directors or the Executive Management. It may request the Board of Directors to call for a meeting of the General Assembly, in case the Board hinders its work or the Company sustains gross loss or damage.

Article (25): Reports of the Committee

The Audit and Compliance Committee shall peruse the Company's financial statements, reports and notes submitted by the auditors and provide its views thereon, if any. In addition, Compliance Committee shall prepare a report on its opinion regarding the adequacy of the internal control system of the Company and other activities it takes over within the scope of its competence. The Board of Directors shall deposit adequate copies of this report at the Company's head office at least twenty one days prior to the meeting of the General Assembly, in order to provide shareholders with a copy thereof, if they wish. The said report shall be read out during the meeting of the General Assembly.

Chapter Five General Assemblies

Article (26) Meeting of General Assembly

A properly formed General Assembly shall represent all shareholders and may convene only in the city in which the Company head office is located.

Article (27) Attendance of Assemblies

Each subscriber, regardless of the number of shares that he holds, may attend the Constituent Assembly meetings personally or by proxy on behalf of other subscribers. Each shareholder, regardless of the number of shares that he holds, may attend ordinary or extraordinary General Assembly meetings. A shareholder shall also have the right to authorize another shareholder, other than a Board member, to attend General Assembly meetings on his behalf, provided that the shareholders represented by proxies are not more than the number permitted under the applicable regulations and by-laws. Each shareholder shall have one vote, in the meeting of the General assembly, for each share he holds

Article (28) Constituent Assembly

The Constituent Assembly shall be convened upon the request of the founders in accordance with the provisions of Companies Law and shall have the following powers:

1. Verify subscription and payment of the entire capital in accordance with the terms and conditions of these Articles of Association;
2. Approve the final draft of these Articles of Association. However, no substantial changes to these Articles of Association shall be passed without the approval of all attending subscribers;
3. Discuss, in Founders Report, all the activities and expenses related to the incorporation of the Company;
4. Appoint and determine the fees of the first auditors of Company accounts.

For the Constituent Assembly meeting to be valid, it shall be attended by a number of subscribers who represent a minimum of one-half of the Company's capital. Each subscriber attending a Constituent Assembly meeting shall have one vote for each share that he owns or represents. Resolutions of the Constituent Assembly shall be passed by the absolute majority of represented votes.

Article (29) Competencies of Ordinary General Assembly

Notwithstanding the issues that fall within the powers of an Extraordinary General Assembly, the Ordinary General Assembly shall be in charge of all matters related to the Company. The Ordinary General Assembly shall convene at least once a year within the following six months from the close of the fiscal year of the Company. Additional Ordinary General Assembly meetings may also be convened as necessary.

Article (30) Competencies of Extraordinary General Assembly

Without prejudice to the provisions of the Banking Control Law and other applicable regulations, Extraordinary General Assemblies shall be authorized to amend the Articles of Association of the Company, excluding those provisions that are not subject to amendment pursuant to the provisions of the Companies Law. The Extraordinary General Assembly shall also be in charge of deliberating matters related to extending or shortening the term of the Company, merging the Company in any other Company or corporate or its dissolution before the maturity of its stated term for any reason; resolve with regard to matters that fall within the jurisdiction of the Ordinary General Assembly under the same conditions and circumstances that are deemed appropriate for the latter assembly.

Article (31) Calling for Assemblies Meeting

An Ordinary General Assembly of shareholders shall convene upon call from the Board of Directors. The Board of Directors shall also call for an Ordinary General Assembly upon the

request of the auditor, Audit and Compliance Committee or a number of shareholders who represent a minimum 5% of the Company's capital. The Auditors may call for a meeting of the Assembly in case the Board does not call for such meeting within thirty days from the date on which the auditors call for that meeting. The competent authority shall call for an Ordinary General Assembly in the cases set out in Article (90) of Companies Law.

The call for General Assembly meeting and its agenda shall be published in a daily newspaper in circulation in the city of the head office of the Company, twenty one days, at least, prior to the stated deadline of the meeting. A call may also be forwarded to the shareholders by registered mail. Such call shall include the agenda of the meeting. A copy of this call and the agenda shall be forwarded to the Directorate General of Companies of the Ministry of Commerce, Capital Market Authority and Saudi Central Bank within the stated deadline for circulation.

Article (32) List of Assembly Attendees

Shareholders who wish to attend a meeting of the Ordinary General Assembly or Extraordinary General Assembly meeting shall list their names at the beginning of the meeting. Upon holding a General Assembly meeting, a list of names of attending shareholders or their proxies, their addresses and number of shares held by each of them personally or by proxy, and number of votes allocated for those shares shall be prepared. All parties concerned may be acquainted with this list.

Article (33) Quorum of Ordinary General Assembly Meeting

An Ordinary General Assembly meeting shall be valid if attended by shareholders who represent a minimum of twenty five percent (25%) of the Company's capital. However, if such a quorum is not met during the first meeting, a second meeting shall be held one hour after the expiry of the duration specified for the first meeting, on condition that the call for the first meeting indicates that such second meeting may be convened. The second meeting shall be deemed valid regardless the number of shares represented therein.

Article (34) Quorum of Extraordinary General Assembly Meeting

An Extraordinary General Assembly meeting shall valid if attended by shareholders who represent a minimum of fifty percent (50%) of the Company's capital. However, if such a quorum is not met during the first meeting, a second meeting shall be called for one hour after the expiry of the duration specified for the first meeting, on condition that the call for the first meeting indicates that such second meeting may be convened. The second meeting shall be deemed as valid when attended by shareholders who represent a minimum of one fourth of the Company capital. If such quorum is not also met during the second meeting, a call shall be served for a third meeting with the same conditions of convening the General Assembly stipulated under article (31) hereof. The third meeting shall be deemed as valid regardless of the number of shares represented thereafter obtaining approvals from competent authority.

Article (35): Voting in Assemblies

A. Each shareholder shall be entitled to one vote per each share he represents in General Assembly. Accumulative voting mechanism shall be applied to Board elections, so as not to allow a share to vote for more than once.

B. Members of the Board of Directors shall not be allowed to participate in voting on General Assembly resolutions pertaining to their discharge during their term in office as members of the Board or to any direct or indirect interest thereof.

Article (36): Resolutions of Assemblies

Resolutions of Ordinary General Assembly shall be passed by the absolute majority of the shares represented in the meeting, while the resolutions of the Extraordinary General Assembly shall be passed by a majority of two thirds of the shares that are represented in the meeting, except for the resolutions related to increasing or decreasing the capital of the Company, extending its term, its dissolution prior to the maturity of its term, or merging it in any other Company or corporate,

which shall be valid only if passed by a majority of three quarters of the shares that are represented in the meeting.

Article (37): Discussion in Assemblies

Each shareholder may participate in the discussions and deliberations of subjects on the agenda of the General Assembly and to address their questions with regard to such subjects to members of the Board of Directors or the auditors. Members of the Board or the auditors shall answer the questions of the shareholders to the extent that does not jeopardize the interests of the Company. In the event that a shareholder is of the opinion that any reply to any given question is not convincing, he shall refer the issue to arbitration by the General Assembly whose resolution in this regard shall be deemed as conclusive and final.

Article (38) Headship of Assemblies

A General Assembly meeting shall be chaired by the Chairman of the Board of Directors. The Deputy Chairman or a temporary Chairman to be selected from members of the Board shall deputize the Chairman of the Board in the event of his absence. Chairman of the General Assembly meeting shall appoint a secretary of the meeting from Board members or others and shall appoint vote collectors who shall be selected from the attending shareholders.

A minutes of meeting report of the General Assembly meeting shall be prepared. Such minutes shall contain a list of the names of attending shareholders, personally or by proxy, number of shares that they represent, resolutions passed, number of votes that approved or disapproved each such resolution and a comprehensive summary of discussions held during the meeting. Following each such meeting, these minutes shall be recorded in a special register to be signed by the Chairman of the respective General Assembly, secretary and votes counter.

Chapter Six The Two Auditors

Article (39): Appointment of Auditors

An Ordinary General Assembly shall annually appoint two auditors who are licensed to operate in the Kingdom of Saudi Arabia - after obtaining Non-Objection of Saudi Central Bank - and shall determine their fees, provided that their term of employment does not exceed the statutory period specified in the relevant regulations and bylaws. The Company may reappoint the two auditors two years after the expiry of such term or replace them.

Article (40) Powers of Auditor

Auditors of Company accounts may, at all times, peruse Company books of account and records and relevant documentation. They may also request information and clarifications that each of them deems necessary to obtain. They shall also have the right to verify the assets and liabilities of the Company.

Article (41) Auditor Reports

Auditors of Company accounts shall submit to the annual General Assembly a report incorporating their opinion with regard to the Company's position relating to enabling them have access to the requested information and receiving the requested clarification and highlighting any breach or violation to the provisions of Companies Law, Banking Control Law, or these Articles of Association as well as their opinion on the fair representation of Company accounts to its actual financial position.

Chapter Seven Company Accounts and Dividend Distribution

Article (42) Fiscal Year

The fiscal year of the Company shall commence on the first day of January and end on the last day of December of each calendar year. However, the first fiscal year of the Company shall cover the period from the date of its incorporation to the close of December of the same calendar year, unless such period is less than six months, then the fiscal year shall extend to the close of December of the following year.

Article (43) Financial Documents

At the end of each fiscal year, the Board of Directors shall prepare the financial statements of the Company, in addition to a report on the activities of the Company and its financial position for the closing fiscal year and the proposed method of dividend distribution of net profits. The Board shall put these documents at the disposal of auditor of Company accounts within a minimum of forty-five (45) days from the date of General Assembly meeting. These documents shall also be signed by the Chairman of the Board of Directors, CEO and CFO, and shall be deposited at the Company's head office at the disposal of shareholders who shall be allowed to access to these documents within a minimum of twenty-one (21) days of the date of General Assembly meeting. The Chairman of the Board of Directors shall provide the shareholders with the Company's financial statements and the management report, unless they are published in a daily newspaper that shall be in circulation in the town where the Company head office is located. Copies of these documents shall also be forwarded to the Directorate General of Companies, Capital Market Authority and Saudi Central Bank at least twenty-one (21) days prior to the date of General Assembly meeting.

Article (44) Dividend Distribution

A. The Company's annual net profits after deduction of all overhead and other expenses, allowance for doubtful debts, investment losses and contingent obligations as deemed appropriate by the Board of Directors in compliance with the provisions of the Banking Control Law and directives of Saudi Central Bank, shall be distributed as follows:

1. Zakat accruals on shareholders shall be calculated and paid to competent authorities;
2. Twenty-five percent (25%) of net profits after Zakat deductions shall be carried forward to the statutory reserve until the said reserve becomes equal to a minimum of the total sum of the Company's paid up capital;
3. From the remaining profits, net of legal reserves and Zakat, a dividend distribution of a minimum of 5% (five percent) of the Company's paid up capital shall be earmarked for dividend distribution to the shareholders as recommended by the Board of Directors and approved by the General Assembly. However, if the remaining sum of net profit is found to be insufficient to pay such dividend, shareholders shall not have the right to request such distribution in the following year or years. A General Assembly shall not decide any dividend distribution that exceeds the rate recommended by the Board of Directors.
4. The remaining balance, after earmarking the sums referred to in the aforementioned paragraphs (1), (2) and (3) shall be distributed as recommended by the Board of Directors and approved by the General Assembly.

B. Subject to Paragraph (A) of this Article, relevant regulatory rules, and the non-objection of Saudi Central Bank, interim dividends shall be distributed semi-annually or quarterly.

Article (45) Dividend Eligibility

The shareholder shall be eligible to its share of the dividends under a resolution of the General Assembly issued in this regard. Such resolution shall specify the date of maturity and date of distribution. Dividends shall be eligible for the shareholders registered in the shareholders

register at the end of the due date. The Company may hold the dividend due to any shareholder in order to pay the debts and obligations payable by him to the Company.

Article (46) Distribution of Dividends of Preferred Shares

1. If dividends are not distributed for any fiscal year, they shall not be distributed for the following years except after payment of the percentage prescribed under Article (114) of Companies Law for Preferred Shareholders for this year.

2. If the Company fails to pay the percentage determined under the provisions of Article (114) of Companies Law on dividends for three consecutive years, the Private Assembly of these shareholders held in accordance with the provisions of Article (89) of Companies Law may decide whether to order them to attend the Company's General Assembly Meetings and participate in voting or appoint representatives thereof in the Board of Directors in proportion to the value of their shares in the capital, until the Company can pay all the priority profits allocated to the owners of these shares for previous years.

Chapter Eight Disputes

Article (47) Liability Lawsuit

Each shareholder may institute liability lawsuit proceedings on behalf of the Company against members of its Board of Directors in the event that any fault on their part has inflicted a specific damage to him, provided, however, that the Company's right to institute such proceedings shall always be valid. Additionally, the shareholder concerned shall serve the Company a written notice of his intent to proceed with such lawsuit.

Chapter Nine

Dissolution and Liquidation of the Company

Article (48) Dissolution of Company

Subject to Banking Control Law, its rules of application and relevant instructions, If the accumulated losses sustained by the Company reach half of its capital, at any time during the fiscal year, any official or auditor of the Company, who comes to know about such loss shall immediately inform the chairman of the board, who shall immediately notify the Board members. Then the Board of directors shall, within fifteen days, call for an Extraordinary General Assembly meeting that to be held within forty five days from the date on which it knows about these losses, in order to consider whether to increase or decrease the capital of the Company in accordance with the Law, and to the extent that the losses fall below half of the paid capital, or to dissolve the Company prior to the completion of its stated term for that reason, any other reason or for the expiry of its term, an Extraordinary General Assembly, upon the recommendation of the Board of Directors, shall determine the method of Company liquidation and shall appoint one or more liquidators and determine their powers and fees. The Board of Directors shall be discharged of its powers and authorities upon the completion of term of the Company. However, the Board shall continue to manage the affairs of the Company until a liquidator is appointed. Powers of the management of the Company shall be maintained to the extent that they do not contradict with the powers and authorities of the liquidators.

Chapter Ten Final Provisions

Article (49) Company Seal

The Board of Directors shall prepare an official seal of the Company to be affixed on all documents that are deemed necessary to seal by the Board of Directors, the Executive Committee or the Managing Director.

Article (50) Provisions of Companies Law

The provisions of the Companies Law shall govern all other terms and conditions that are not stated under this Memorandum of Association.

Article (51) Submittal

These Articles of Association shall be submitted and published in accordance with the provisions of Companies Law, the Company shall abide by Banking Control Law and its rules of application, in addition to the regulations, directives and instructions that issued by a resolution of the regulatory and executive authorities, and that are in compliance with prudent banking practices and in conformity with Islamic Shari'a provisions.