

Amended Articles of Association of Aman Bank for Trade & Investment, Libya Joint Stock Company of the year 2018

Chapter (1)

Establishment of the bank

Article (1)

Aman Bank for Trade & Investment, (referred to as "the Bank") in a form of Libya Joint Stock Company, subject to banks law No. (1) of the year 2005 as amended by law No.46 of the year 2013 regarding banks and law No. 23 of the year 2010 regarding commercial activity, and regulations and amends issued pursuant thereto.

Article (2)

In these articles of association, the following terms refer to the meanings allocated to each of the:
The "General Assembly" is the general assembly for the shareholders of Aman Bank, which convenes as a regular assembly for the shareholders of the Bank when matters referred to in article 29, in all other cases for the meeting of the general assembly of the shareholders of Aman Bank it will be convened as "irregular general assembly" for the shareholders of the Bank.

"The described majority decision" is a decision taken in the irregular general assembly of shareholders of the bank correctly convened, in which voting is for shareholders present in person, by a proxy, or by a duly mandated representative, and represents 66% of normal shares, or if the concerned decision can be proposed in the regular general assembly without the quorum being available, then such decision shall be voted upon by the deferred irregular general assembly by a majority exceeding one third of bank's capital represented by the shareholders present in such meeting.

Article (3)

Purposes of the bank to carry out banking businesses and activities, particularly the following:

1. Accepts funds of the clients in current accounts.
2. Provision of services of paying checks and other cash orders and vouchers, calculated for or against clients and collect thereof.
3. Issue and management of payment instruments, including cash withdrawals, financial drafts, payment & credit cards, tourist checks and others.
4. Accept investors' monies and employ them in investment accounts common with bank's resources, according to the system of absolute or allocated As per the agreement with the client.
5. Deal with foreign currencies, gold and silver by vending and purchasing on condition of actual receiving or by the rules .
6. Carrying out funding & investment processes to economic activities in line with provisions of Islamic Sharia, using legitimate contracts such as bucketing ,sharing, profiting sale, Sale, industrial and operational leasing, leasing ending with ownership, Islamic checks and similar drafts proposed by legitimate control body in the bank.
7. Issuance of documentary credits, guarantee letters and related services.
8. Carrying out businesses of direct or financial investment for the bank, for others or participation with the bank, including ownership of movable values, establishment of companies that practice different economic activity or participation therein.
9. Practicing banking businesses and activities stipulate in article (65/ second) of banks' law in line with provisions of Islamic Sharia for the bank, for others or participation with the bank.
10. Provision of consultancy services or other services to investment portfolios and carry out the services of investment secretary, this includes management and management of monies for third parties.

11. Management and secure safekeeping of securities and precious things.
12. Carrying out any other Islamic banking businesses allowed by the board of directors of Central Bank of Libya, according to proposal of the central legitimate control body.

The bank is banned from practicing banking businesses and activities that contradict with Islamic legitimate provisions; among which:

- 1- Debit interest, that are received or paid in all lending, borrowing and depositing cases, including any wage paid by the borrower, without any service involving effort with approved value, according to the view of legitimate control body.
- 2- Sales' interest of bank's operations the execution of which is tied with a term, as well as interest involving similar operations.
- 3- Any operations or businesses legitimately prohibited.

Article (4)

Centre of the bank shall be in the city of Tripoli; board of directors of the bank may establish branches or agencies for the bank inside Libya, or representation office for the bank abroad.

Article (5)

Period of the banks is ninety-nine years commencing from date of granting permission to practice its activity, automatically renewed for other similar period (s); approval of such renewal shall be by a decision of the majority described in the irregular general assembly, unless dissolution or merging thereof was decided.

Chapter (2)

Capital of the bank

Article (6)

According to the first decision of the irregular general assembly of the 2018 date 11/08/2018, the targeted capital of the bank was determined at a sum of LYD 200,000,000 (two hundred million Libyan dinars), divided into 20,000,000 twenty million normal shares, the value of each share LYD 10 (ten Libyan dinars) after its capital was increased from a sum of LYD 100,002,000; increase was by adding profits attained from previous years amounting to LYD 5,980,000 (five million, nine hundred and eighty thousand Dinars) was distributed in the form of shares paid from profits attained during previous years, at the same meeting, the assembly has decided subscription in the rest of the shares at an amount of LYD 94,000,000, ninety four million as detailed in assemblies minutes and amending contract of the establishment contract.

Article (7)

Public or private normal and legal persons may contribute in bank's capital in compliance with limits and rules decided by Central Bank of Libya for shareholders.

Article (8)

The bank shall maintain a register in which names and addresses of shareholders of the bank and numbers of shares held by each of them, non-shareholder who is registered in this register may not practice any ownership rights relating to such shares.

Article (9)

Shares' certificates are extracted from a register with vouchers and given serial numbers in line with details of ownership stated in bank's shares register; such certificates shall be signed by the chairman of board of directors and the general manager, sealed with bank's seal, they shall contain the value of each share, the capital, the total number of the concerned shares, address and administration of the bank and name of the shareholder; the share shall have a coupons with serial numbers containing the number of the share, it shall also contain the data shown in the following article of these articles, one certificate may be issued for the total shares held by the shareholder.

Article (10)



First: ownership of shares may be assigned, provided that the assignee's ownership shall not lead to ownership of shares exceeding the maximum limit decided in the applicable legislations; who assigns unpaid shares in full to others shall remain responsible in collaboration for payment of unpaid installments for a period of three years as of date of transfer of shares.

Second: ownership of shares shall be transferred by evidencing the transfer in writing in shareholders' register, after submission of an acknowledgment signed by both the assignor and the assignee, the bank may request ratification of both parties signature and prove their illegibility by legal means.

Third: ownership shall be final transferred by ratification of the board of directors, and prove this behind the share by signature of both chairman of board of directors and the general manager.

Article (11)

The shareholder shall only be obliged with the valued of shares he holds, he shall not be claimed for more than that.

Article (12)

Ownership of the share shall necessarily result in acceptance of the provisions of these articles and compliance with the resolutions of the General Assembly.

Article (13)

Every share is indivisible, should more than one person share the ownership of one share, they must appoint a representative to practice their rights, otherwise, the actions taken by the bank against any of them shall be binding to all of them.

Article (14)

Each share qualifies equal rights to other shares without distinction ownership of bank's assets and division of profits according to what is explained in chapter seven of these articles.

Article (15)

Sums due on the share, whether they were dividend in the profits or share in bank's assets shall be paid to last holder whose name is registered in shareholders register.

Article (16)

Heirs or creditors of the shareholder- for whatever argument- shall not have the right to request putting seals on bank's registers, papers or properties, nor they shall they request division or sale thereof or interfere in any manner whatsoever in management of the bank, they shall use their rights based on inventory lists of bank's assets, its closing accounts and decisions of the general assembly.

Article (17)

First: the bank shall comply to keep capital reserves for any future increase in capital shares in line with article 62, paragraphs 1 and 2, such reserves shall not be used except by a decision of the described majority according to a proposal of board of directors, always provided that equal treatment of all shareholders with respect to use of capital reserve for future increase in the capital.

Second: Aman bank shall not issue, allocate -or grant right of issue or allocation- any new shares or other securities of any type – including shares- (“ referred to as new shares”) for any person except after the bank first offer such new shares in accordance with and in consideration of the provisions of paragraphs 3 and 5 of this article 17 to all current shareholders and at the same price each according to his participation in the total number of normal shares preceding the new issue (“referred to as his right in the new issue).

Third: offer of new shares (“the offer”)

- a) The offer shall be issued by a written notification in which shall be stated the number or sums of the new shares that will be offered to the shareholders and the price that will be quoted for the new shares as well as any other provisions for the offer.
- b) To be specified in the offer a period of 90 days during which it must be accepted or elapse such period without acceptance (offer period of the new issue).
- c) It is possible to state in the offer that any of the shareholders desires to subscribe in the new shares exceeding his right in his new shares entitled to him, on his acceptance, he shall specify the number of extra shares new shares in which desires to subscribe therein (referred to as the new shares) and any shares not accepted by other shareholders may be used to complete the extra new shares required by shareholders each according to his ratio in his new shares.



Fourth: Aman bank shall issue -or grant right in- new shares for shareholders who have agreed to the offer at the ratio of shares they hold and with due consideration to paragraphs 5 and 6 of article 17 and any extra shares.

Fifth: extra shares must be allocated to every shareholder expressed his acceptance of extra shares in proportion to the number of shares he owns as compared with the total shares for all shareholders who also expressed their acceptance of extra shares, on condition not to allocate to the shareholder extra shares in excess of the maximum limit of extra shares that the shareholder expressed acceptance thereof.

Sixth: should extra shares remain – after the first allocation of extra shares- not allocated and one or more shareholder expressed during their response to the offer that they will accept shares in excess of the extra shares allocate to them, then the remaining extra shares shall be allocated to the remaining shareholders each according his contribution and end of working day of the date preceding the offer, provided that, these shareholders shall not be allocated shares exceeding the maximum limit of the number of shares which the shareholder has expressed his desire to accept, allocation of extra shares shall continue in the same manner until completion of allocation of all extra shares and completion of subscription requests in extra shares.

Seventh: the irregular general assembly determines the new subscription allowance and method of paying thereof, the subscriber shareholders shall not be obliged with increase in any allowance if they did not exceed the percentage of their contribution before the increase.

Eighth: should any shares remain unsubscribed these shall be put to general subscription via security market according to law of security market.

Article (18)

First: no increase in the capital shall be decided unless the value of outstanding shares is fully paid; the capital shall also be decreased provided that it shall not be less the legally stated minimum limit.

Second: increase or decrease of bank's capital shall be by decision of the described majority according to a proposal of board of directors of such increase or decrease – in case of increase-, it will state its value, price of shares issue and objective of the increase and – in case of decrease-, it will state its value and method.

Third: capital may be increased by issuance of new shares at the same nominal value of original shares, all such shares shall have the same degree of the capital, never shall be allowed to issue new shares at less than its nominal valued, should this occurs, the additional sums that might be requested to guarantee issue of shares at their nominal values, board of directors must determine the method and time frame to pay the price allocated to the new shares.

Fourth: increase may be by capitalization reserve balances coming in the budget against either by increasing the nominal value of the issued shares or distribution of new shares of the same nominal valued as the issued shares between the current shareholders.

Article (19)

First: board of directors shall determine method and dates of fulfillment of the valued of the shares or the first subscribed installment, provided that it shall not exceed five years as a maximum from date of subscription, dates of fulfillment shall announced in one of daily journals, at least one month prior to their due date, paid sums shall be registered on shares' certificates, trading of every share not marked with what evidences payment of payable sums shall be stopped.

Second: bank's board of directors shall have the right to vend the shares with delayed payment and pay its value to its holder at his account and under his responsibility, after thirty days from informing him by a registered letter, provisions of commercial law shall apply in case sale is possible.

Third: what might be due to spend from its original value, and consequent expenses shall be deducted from return of shares' sale, any surplus shall be paid to the shareholder whose shares were sold; or requested for difference in case of deficit, all without prejudice of the right of the bank to take other legal actions against the shareholder.



Fourth: certificates of shares sold according to provisions of (second) paragraph of this article shall be cancelled, provided that new certificates shall be delivered to the purchaser in lieu of cancelled certificates, shall bear the same numbers of such certificates.

Article (20)

The bank shall maintain a reserve for the capital, to be formed in accordance with the provisions stipulated in article (60/1, 2) of these articles, such reserve shall not be used except by a decision from the board of directors, and in what attains the interest of the bank and in the limits of purposes for which it is allocated.

Chapter (3)

Regular & irregular general assemblies

Article (21)

The general assembly of the bank consists of shareholders, each according to his contribution in the capital, it shall hold its meetings in main place of the bank, provided that it shall be attended by a mandate from Central Bank of Libya as a controller, the meeting may be held in another place after consent of the Central Bank of Libya.

Article (22)

Shareholder whose names are registered in registers of the bank – on date of publication of call for holding the meeting- shall have the right to attend the general assembly which was called in such publication.

Article (23)

Holders of investment accounts, who maintain stable accounts with the bank for a period not less than three years and the value of which of them not less than 1% one percent of bank's capital, shall have the right to attend the meeting of regular & irregular general assemblies as controllers and shall not have the right to interfere except in the form of proposals presented to board of directors before or after the assembly.

Article (24)

Applying the two previous articles, every shareholder or holder of stable investment account shall have the right to attend the general assembly in person or on behalf of other shareholders or holder of stable investment accounts, in this latter case deputation shall be evidenced in writing and kept in the administration of the bank, members of board of directors or members of control bodies or the employees of the bank shall not deputize the shareholder or holders of stable investment account in attending the assembly except their relative up grade fourth.

Article (25)

First: whenever the board of directors considers fit; it shall call the general assembly, the board of directors must call meeting of the general assembly immediately in case such meeting was requested by number of shareholders holding at least 25% of bank's issued capital shares, who must attach to their request the agenda of the matters that will be discussed in the meeting, no irregular general assembly shall not held except in compliance with this article.

Second: the legitimate control body shall call the general assembly to convene in any of these two cases:-

1. If the board of directors defaulted in calling the regular general assembly after end of specified dates.
2. If it considered that is necessary to convening the general assembly, and the board of directors did respond to call during thirty days from date of the request.

Article (26)

In all cases, any call for meeting of the general assembly must be published in two daily journals in which is to be stated place and time of meeting and the agenda, the call must be published at least 10 days prior to date of the meeting and must be repeated twice leaving one day between the 1st & 2nd publishing dates. When utmost necessary, control committee may call the general assembly to convene, if the board of directors refuses to do so.

Article (27)

Annual meeting of the general assembly shall be of complete quorum if the present shareholders- in any method allowed in these articles of association- hold at least 51% of bank's capital, should this quorum not available in the 1st meeting, the general assembly may have a 2nd annual meeting by issuing a 2nd call during the following thirty days, date of the 2nd meeting may be specified in the call of the 1st meeting, provided that there shall be at least one



day between the 1st and 2nd meeting, second meeting shall be correct regardless of the number of shares represented therein.

Decisions of the annual regular general assembly shall be taken in such matters stated in the call by voting the simple majority of the attendees in proportion with their shares, in case of tie the side of the chairman shall outweigh.

The annual regular general assembly shall not discuss any businesses other than those stated in these articles and applicable laws.

All matters which are deemed a competence of the irregular general assembly shall be addressed in the meeting after the board of directors decides properly presentation of such matters to the irregular general assembly, they shall not be binding to the bank unless approved by decision of the described majority.

Article (28)

At the beginning of any general assembly meeting – by any method allowed in these articles of association-, the attendant shareholders shall comply with electing one of them to the chairman of the meeting- except who will be a director or member of board of directors of the bank, the chairman of the meeting appoints a secretary two auditors to count votes provided that the attendant shareholders endorse their appointment, chairman of the meeting shall have right to vote and count the quorum to achieve the objective of this meeting.

Article (29)

Directly or indirectly, the shareholder shall not allowed to vote in matters in which he has a personal interest contradicts with the interest of the bank, otherwise he shall be responsible pursuant to provisions of article 159 of commercial activity law.

Article (30)

Members of board of directors, legitimate control body and control committee shall attend sessions of the general assembly, the auditor must be called to attend whenever the matter concerns financial issues.

Article (31)

First: annual regular general assembly shall convene every year during the four months following the end of the fiscal year of the bank, should special circumstances admitted by the governor of the Central Bank of Libya necessitates so, the said period may be extended for no more than six months from date of end of fiscal year and approval of control entities, such annual regular general assembly shall convene in the place and time stated in the call letter.

Second: annual regular general assembly shall take over considering the reports of board of directors about the activity of the bank, its financial position, reports of the auditors and legitimate control body to approve and endorse the budget, profit & loss account and to announce any distribution of profits or shares' returns or to appoint the board of directors and determine their remuneration or to discharge responsibility of board of directors with respect of the previous fiscal year under the meeting and to appoint chairman and members of the legitimate control body and to appoint chairman and members of the control committee when necessary and determine their remuneration.

Article (32)

Considering article 25, only the irregular general assembly – which is always requires a decision of a described majority – shall have the capacity of approving the amendment of the article of association of the bank including increase or decrease of the capital and matters relating to liquidation of the bank or merge it with another bank and appoint liquidators and determine their capacities pursuant to provisions of the law.

Article (33)

First: meeting of the irregular general assembly shall be correct and of complete quorum if attended by number of shareholders holding 67% of the capital; should the quorum not available in the 1st meeting, a 2nd meeting may be held by a call in the following thirty days, date of the 2nd meeting may be specified in the call of the 1st meeting, provided that there shall be at least one day between the 1st and 2nd meeting, second meeting shall be correct if attended by number of shareholders representing at least 53% of the capital of the bank.

Second: the irregular general assembly shall take its decisions by a majority representing more than half of the capital of the bank.



Third: but in the 2nd meeting of the irregular general assembly, for the integrity of decisions they should be taken at a majority exceeds third of bank's capital, if the agenda of the irregular general assembly contains amendment of the purposes of the bank, dissolution prior its decided term or issuance of premium shares, the legal quorum for the integrity of the decisions taken in the 2nd meeting is only by approval of more than half of bank's capital.

Fourth: decisions of the irregular general assembly shall not be deemed enforceable unless endorsed by Central Bank of Libya.

Article (34)

The general assembly shall may not deal in matters other than those contained in the agenda set out in the call letter, yet, it may deal in dangerous matters discovered during the meeting, and its discussion as an independent item is requested by at least fifty percent of the general capital of the bank.

Article (35)

Decisions and deliberations of the general assembly shall be recorded in minutes, signed by the chairman of the meeting and the secretary, a copy of such minutes shall be referred to the Central Bank of Libya.

Article (36)

Decisions issued from the general assembly is binding to all shareholders as long as they are consistent with these articles of association, including the absentees, the contenders and those with reduced or lacking illegibility.

Chapter (4)

Management of the bank

Article (37)

First: the bank shall be managed by board of directors consist of at least nine directors, their appointment and determination of their remunerations shall be by a decision from the general assembly.

Second: noting that third of the members shall be of independents and non-shareholders and that some of them is specialized in the field of Islamic banking and in later period, one of the members of board of directors shall be from representatives of stable investment accounts for a period of three years and above.

Third: board of directors shall elect its chairman and deputy chairman amongst its members for the period stated in article (39) of these articles, on part time basis, the chairman practices the competencies stated in article (43) of these articles.

Fourth: it is conditional that chairman and members of the board of directors enjoying their civil and political rights, holders of a university qualification and a sufficient experience not less than five years in the field, and any of them shall not be a member in other local bank, and not suspended from won in the past, qualification provision may be exempted for whom experience as a bank manager exceeds ten years.

Fifth: the following state persons are banned from being members of the board of directors of any local bank, or have any direct relation with its management:-

1. Who was convicted in a crime violating honor of trust, or has been dismissed or removed by a disciplinary of judicial decision.
2. Who declared his bankruptcy or ceases payment or entered into conciliation with his creditors.
3. Who was a member of management of any bank, or had any direct relation with its management and was liquidated by judicial action, or the permission granted to it was cancelled due to its violation of law.

Article (38)

Decision of the general assembly to appoint board of directors shall not be valid except after being approved by the governor of Central Bank of Libya; such decision shall be deemed valid if two weeks have elapsed from date of informing the governor without being objected.

Article (39)

Period of the board is three years commencing as of date of appointing thereof, should such period elapses prior to endorsement of the budget of last fiscal year, then the board of directors shall remain until approval of such budget, chairman and members of board of directors may be reappointed.

Article (40)



Every person appointed as a member of board of directors, and within one month from his appointment shall undertake to inform governor of Central Bank of Libya in writing of any shares he holds and any capital or bonds in commercial companies and shall inform the governor once again with any change affects such statement with one month from date of occurring thereof.

Article (41)

First: membership of board of directors drops in one of the following cases:

- 1- If appointed a general manager of the bank.
- 2- If lost one of the membership provisions stipulated in article (35) of these articles of association.
- 3- In case of death or disability to carry on performing the requirements of his tasks for more than four consecutive years.
- 4- Unjustified absence, or submit a notification to this effect to the board for four consecutive meetings appropriately held by the board.
- 5- Resignation.

Second: should a position of one of the members become vacant, for any of the reasons provided for in the previous paragraph, the elect next to the least members of the board in votes, should this be impossible, board of directors mandates his replacement till holding of the first meeting of the general assembly and taking a decision regarding adoption of appointing his alternative, in all cases, appointment shall be to complete the remaining period of the board, and importance to inform the governor.

Article (42)

First: the board of directors shall be responsible for management of the board in accordance with rules stipulated in governance manual issued by Central Bank of Libya, to this effect, it has the right to practices all works and acts, and draw policies it deemed fit to achieve purposes of the bank, with exception of what is a competence of the general assembly, particularly, the board shall carry out the following:

- 1- Drawing investment and credit policies of the bank.
- 2- Setting out the rules regulating the supervision and control of the administration and branches of the bank in line with the rules provided for in banks' law and regulations, bulletins and instructions issued pursuant to it.
- 3- Adopt the estimated budget, financial statement and reports prepared by the bank on its financial position and outcomes of its businesses.
- 4- Adopt the organizational chart of the bank.
- 5- Appointing the general manager's deputy and assistant, and directors of administration of the bank and its branches according to proposal of the general manager.
- 6- Adoption of the internal regulations relating to the transactions of the bank and its financial, administrative and technical affairs and regulations of bids & overbids, and regulations of employees affairs in the bank including tables of their salaries and premiums and financial benefits and so forth of regulations and systems that ensure the achievement of the purposes of the bank.
- 7- Establishment of agencies and branches for the bank inside Libya and representation office abroad.
- 8- Approval of rules of accounts keeping and accounting policies in the bank.
- 9- Setting out the standards and controls that regulate appointing of agents, representatives and correspondences of the bank and bank's policies on accepting agency of other banks.
- 10- Approval of purchasing dividends in companies and dispose of them.
- 11- Purchase and sale of real estate by and legal manner.
- 12- Other competencies authorized to the board pursuant to banks law.

Second: without prejudice to the provisions provided for in governance manual, the board of directors of the bank may assign a technical committee amongst its members or from others to study the subjects presented to it.

Third: without prejudice to article 47, any member of the board of directors shall not be personally committed with respect of the undertakings of the bank due to carrying out their tasks of their jobs in the limits of their competences.

Fourth: according to instructions of the board of directors, any director may carry out the following:



- 1- Call the board of directors to convene- if the chairman refuses this without justified reasons- according to the provisions of the articles of association and determine the agenda of these meetings in coordination with the general director and to preside the meetings and to sign minutes & decisions of the meeting.
- 2- Present the annual reports of the board of directors to the general assembly.
- 3- Sign with the general manager on the budget, closing account and accounts' statements of the bank.

Fifth: deputy chairman of board of directors shall perform all capacities and obligations of the chairman of board of directors or against him during his absence from meeting of board of directors, in any case, during absence of the chairman of board of directors or his deputy, their competencies shall be carried out by the most senior member of the board of directors or oldest member, chairman of board of directors or his deputy or their replacement - in case of their absence - shall have no outweighing voting in the meetings of board of directors.

Article (43)

In consideration of the provision provided for in article (37/third) of these articles, the chairman of board of directors of the bank shall have the following competencies:

- 1- Call board of directors to convene, in accordance with the provisions stipulated in these articles, and determine its agenda in cooperation with the general director, preside its meetings and sign its decisions.
- 2- Present the annual report of the board to the general assembly.
Sign with the general director on the budget and closing accounts.

Article (44)

First: board of directors shall meet at least once every two months, or whenever this is required, the meeting shall be held according to a call from chairman of board of directors, his deputy or his replacement in case of his absence and otherwise whenever necessary according to request of three members of board of directors or the general manager.

Second: meeting of board of directors takes place in headquarters of the bank, and an alternative place shall be agreed of after consent of central bank of Libya, provided that this shall always in Libya.

Third: in all cases, with the call to meeting of board of directors shall attach the agenda at least 5 days prior to holding such meeting by fax, registered letter of delivered by hand to the member who in turn confirms receipt thereof if delivered by registered letter or delivered by signing at the time of receipt, confirmation report received by the sender shall be sufficient in case delivered by fax to confirm receipt.

Article (45)

Meeting of board of directors shall only be correct if attended by the majority of members, one of the members shall not deputize others in voting.

Article (46)

Decisions of board of directors shall be taken by simple majority of present directors, in case of tie of votes, the side of the chairman or his replacement shall outweigh.

Article (47)

First: chairman and members of board of directors are accountable before the bank, the general assembly and third parties with respect of any damages arising from any fraud or misuse of authority or breach of laws or rules stipulate in these articles of association with respect of performing their duties, such responsibility shall not be assigned or clear it except by a decision from the general assembly.

Second: if any member of board of directors or others have an interest in any subject or transaction for businesses of the bank, and such interest of transaction contradicts with the interest of the bank, then such member must divulge in detail the nature of his interest to the board of directors and he shall refrain from discussions in the meeting of board of directors to discuss such businesses; non-compliance with provision makes the concerned director responsible for any losses incurred by the bank as a result of entering such transaction.

Article (48)

First: decisions of board of directors shall be listed in writing in the minutes of its meetings and shall be signed by the chairman of board of directors or his deputy and all others directors, a copy of which shall be referred to control committee and legitimate control body and inform central bank of Libya during 10 days of the taken decisions.



Second: to implement decisions relating to long term investments, opening of and cancellation of branches, they must be endorsed by the central bank of Libya.

Article (49)

First: The bank shall have a general director to be appointed and determine his financial treatment by a decision from board of directors; he shall remain in his position for 3 years unless period of his appointment is renewed for similar period(s).

Second: without prejudice to the provision stipulate in paragraph 3 of this article, it is a condition for the general manager of the bank not to be a member in board of directors of a local of foreign bank unless the foreign bank is completely or partially owned by the bank of which he is managing.

Third: with respect of appointing the general manager of the bank, the provisions stipulated in article 37, paragraphs 4 and 5 and article 38 and 40 of these articles.

Article (50)

The general manager is the executive chairman of the bank, by this title he shall manage the bank and dispose of its affairs and shall have the right to individually sign on behalf of the bank and be responsible for its businesses before the board of directors and represent the bank before judiciary, whether the bank is plaintiff or defendant.

Article (51)

The general manager may authorize certain employees in the bank to sign in the name and on behalf of the bank according to terms and situations to be determined by a decision from board of directors, bearing in mind double signature by the authorized employees of the bank for matters that establish any financial obligation on the bank.

Chapter (5)

Control and audit of the accounts

Article (52)

First: the bank shall have a legitimate control body, consist of at least three members to be appointed and determine their remuneration by the general assembly.

Second: in appointing the legitimate control body the following shall be considered:

- 1- To appoint its members from amongst those registered in the register and controllers in central bank of Libya.
- 2- At least three of them shall be competent in Sharia sciences in addition to a member competent in law and another competent in banking field.
- 3- Neither of them is an employee in another local bank or member of its board of directors or in its legitimate control body; central bank of Libya, in the cases it deems fit, to combine between membership of more than body for legitimate control.
- 4- Member of the body shall be appointed as per the provision stipulated in article (36) of these articles.

Article (53)

First: in coordination with control committee, the legitimate control body shall competent of the following:

1. Control businesses and activities of the bank, particularly the branches, to make sure of non-violation to the provisions of Islamic Sharia and organizing rules.
2. Review budget, closing accounts of the bank and ratios of profits distribution and make sure of the integrity of its tools according to the standards adopted by the central body for legitimate control.
3. Endorse all contracts and controls necessary for activities and businesses of the Islamic bank even partially and on stages.
4. Any other tasks assigned to it by the central bank of Libya according to proposal of central body for legitimate control.

Second: legitimate control body shall provide the regular general assembly an annual report in which it states the extent of compliance of the bank, branches and windows with the provisions of Islamic Sharia during the reporting year ant its notices and recommendations.

Third: according to the authorization of the law and these articles; what is issued by the legitimate control body shall be binding to the bank and its administrations.

Article (54)



Within the administrative structure and organization of the bank, an administration for legitimate audit and scrutiny shall be established, belongs to ted by the board of directors, its director shall be appointed by the board of directors according to a proposal from its chairman or two of its members, the board determines the terms of reference of such administration, provided that the following shall be part thereof:

- 1- Legitimate audit and scrutiny of the daily businesses of the bank according to international standards decided for audit of Islamic banking operations.
- 2- Prepare a periodic report, quarterly, of its businesses and present it to the board of directors of the bank, and referring a copy of the report to the legitimate control body.
- 3- Coordinate between the administration of the bank and legitimate control body and external auditors.

Article (55)

An administrative structure shall be established for the bank shall include a compliance unit undertakes to submit reports to the board of directors, head of compliance unit shall be appointed by a decision from the board, obligations of this unit shall be determined by the board which shall include the following:

- 1- Implement control instructions issued by the central bank of Libya and make sure of implementation thereof in the bank and its branches.
- 2- Follow-up the extent of compliance and obligation of the bank with the standards that governs the daily banking business, the most important of which are:
 - a) Appropriateness of the capital.
 - b) Maintaining the legally decided liquidity.
 - c) Maintaining the necessary reserves.
 - d) International banking standards.
 - e) Decisions of legitimate control body.
 - f) Preparation of periodic reports of its businesses and present them to board of directors, control committee and legitimate control body.
 - g) Any other businesses assigned to it by board of directors.

Article (56)

First: the annual accounts of the bank shall audited by legal auditors appointed by the general assembly amongst those registered in the register prepared by the central bank of Libya in line with article (83) of bank's law it is a condition to each of them:

- 1- Not to be amongst the shareholders of the bank, members of its board of directors, its employees nor from clients of the bank and has obtained any loan or credit facilitations from the bank with or without guaranty.
- 2- Not have relationship with any member of bank's board of directors or with the other legal auditor up to fourth grade.

Second: management of the bank shall enable the legal auditors in all time to brief all ledger and documents of the bank and provide them with data in order to verify the assets & liabilities of the bank, in case any of the was not so enabled, board of the directors and the general assembly shall be informed, any of the legal auditors may call the general assembly for this purpose.

Third: either of the legal auditors must check the accuracy and conformance of accounting data of the bank as is listed in the financial statements of the bank and closing account to what is evidenced in bank's financial records and ledgers, each of the auditors shall carry out the following:

- 1- Prepare a report on the annual financial statements of the bank; in the report shall explain the methods and policies adopted to verify presence of assets, method of evaluation thereof and methods estimating responsibilities and liabilities of the bank and verify that the used standards and policies conform with banks regulations and laws and to banks' local and international standards.
- 2- Prepare a semiannual of follow-up of financial & administrative performance of the bank as stated in the previous paragraph.
- 3- Send a copy of both reports referred to in paragraph 1&2 above to control committee and another copy to central bank of Libya during the term determined by the governor.



Fourth: without breaching the provisions of paragraph 1 of this article, the general assembly may appoint a third auditor to audit the financial statements of the bank in case of significant non-conformity/inconsistency between the reports of the two first appointed auditors; in this case a third auditor shall submit his report in writing to the bank within three months from date of assigning thereof.

Fifth: every legal auditor shall be responsible for the accuracy of data contained in his report or any default therein and every member of the general assembly may question or clarify the contents of his report.

Article (57)

First: the banks shall have a control committee made of three working members and two reserve to appointed by the general assembly according to recommendation of board of directors, the appointed members of control committee shall have full legal capacity to carry out their role as members of the control committee, at least one of the members shall have the suitable financial or legal experience in addition to university qualification, any member of control committee shall not be an employee in any other commercial bank, the annual regular general assembly shall be responsible for determining the annual remuneration for the members of control committee.

Second: without breach of terms of reference granted – pursuant to banks' law – compliance unit, internal audit administration, legitimate control body and legal auditors of the bank, the committee stipulated in the previous paragraph may take over control of management of the bank and its branches and check good progress of its business and integrity and legitimacy of establishment contract to this effect it shall carry out the following tasks in particular:

- 1- Coordinate between audit administration of the bank, the legal auditors and legitimate control body to ensure enhancing the level of performance and follow-up notes of their reports and check the extent of considering them by the bank.
- 2- Follow-up internal inspection reports and evaluate them in light of external inspection reports.
- 3- Attend the meeting of the general assembly and meetings of the board of directors, prepare quarterly reports, and comment on any meetings held during the reporting period.
- 4- Follow-up credit policy of the bank in light of rules and policies set out by the central bank of Libya.
- 5- Receive grievances of the shareholders and take the necessary actions related thereto according to the legally decided rules.
- 6- Give comments with respect of the procedures of internal control and provide proposals to effect such comments.
- 7- Prepare an annual report on the administrative and financial performance of the bank to submit it to the general assembly.
- 8- Any other tasks mandated by the general assembly or central bank of Libya to the control committee or in line with law.

Third: The general assembly shall allocate an annual sum in the budget for expenses of the control committee and legitimate control body.

Fourth: the control committee shall meet at least once every three months in case of absence of any member of control committee for two meeting in any fiscal year without acceptable excuse, this member shall be deemed resigned from his post, and be replaced by the reserve member, the control committee shall prepare minutes of its meetings, such minutes must be signed by all present members.

Fifth: management of the bank shall provide the control committee with the required information relating to businesses of the bank or any other information it may request regarding certain operations of the bank in order to carry out its obligation.

Sixth: at the end of complete conversion of the bank into Islamic bank, all provisions of control committee shall be cancelled.

Chapter (6)

Rules organizing grant of credit

Article (58)

In line with credit policy determined by the central bank of Libya, the board of directors shall set out the rules organizing grant of credit and capacities of whom shall have the right to grant credit and procedures to be adopted



to verify the credit entitlement and integrity of the information presented and data relating to this respect and control system of the purposes according to which the credit was provided and internal consent of the bank. The bank may not accept its shares as a warranty to the credit facilitations it grants or deal with its shares or own them unless they its ownership was devolved to the bank as fulfilment of its debit with third party, provided that it sells them with one year from date of devolving to it.

A system shall be established in the bank for immediate and continuous registration for centers of clients who obtain loans and credit facilitations or contracts and legitimate transactions inside from the bank, and this system shall be connected to combined information base in the central bank of Libya and inform it during 10 days from end of every month with a statement of centre every client obtains loans or credit facilitations inside and the changes emerge on them.

Chapter (7) **Budget and distribution of profits**

Article (59)

The fiscal year of the bank starts on first of January of each year and ends at the end of December of each year, provided that the first fiscal year of the bank starts on the which the bank commences its activity and ends on thirty first of December of the same year.

Article (60)

First: board of directors shall prepare a report about is activity and financial position, including the financial statements and closing accounts of the bank.

Second: board of directors shall submit the report mentioned in paragraph 1 above to the general assembly attached with financial statements and closing accounts of the bank, the regular annual general assembly meets during the required period in paragraph 1 of article 31 of these articles to achieve those purposes.

Third: legitimate control body and auditors shall submit to the regular general assembly an annual report explaining the financial statements and closing accounts of the bank compatible with rules and principles of accounting applied to the bank, the report must provide real and correct image about the financial position of the bank and confirm whether or not the bank keeps regular ledgers and registers and whether or not report of board of directors is compatible with ledgers and registers of the bank and whether or not the inventory has been carried out properly and whether or not there were violations during the previous financial period that might affect the activity of the bank or its financial position and confirms whether or not such violation is continuous and the report shall be in limits of information available to them.

Fourth: documents stated in the previous paragraphs shall be deposited in the main place of the bank along the 15 days preceding the meeting of the regular annual general assembly to enable shareholders of the bank to examine the documents, also, a copy of them shall be delivered to the central bank of Libya on the day of depositing thereof.

Article (61)

Considering that the bank complies with Libya law, and with regulation of central bank of Libya and deduct all expenses and of legitimate investment and contribution of the bank in social security for its employees, and allocate the appropriate sums to face obsolete and doubtful debts, and depreciations of assets and sums allocated to reserves or apposite any shortage in assets of the bank, and any other reserves required by approved accounting standards in banking field, and the like of normal and emergent expenses, including expenses of establishment, management, covering the losses and any other expenses having no real assets, net profits of the bank shall be distributed at the end of fiscal year as follows:

- 1- 25% twenty five percent of net profits shall be added to capital reserve until such reserve reaches 50%, half of the paid capital.
- 2- 10% of net profits shall be allocated to reserve balance of bank's capital until such account reaches a sum equals total subscribed capital of the bank.



- 3- 10% of net profits shall be distributed between the shareholders as a first dividend, should profits of one of the years do not allow distribution of such dividend, then, and for avoidance of doubt shall not be claimed from profits of the following years.
- 4- At least 50% of net profits shall be distributed between all shareholders at the end of every year.
- 5- According to recommendation of board of directors (in this case only) the general assembly may allocate a percentage of the profits to be used to grant premiums to members of board of directors and to employees of the bank, provided that such percentage shall not exceed the limit stated in the applicable law.
- 6- Considering the aforesaid and what is stipulated in Libya law, the rest of net profits or part thereof shall be distributed between shareholder as an additional dividend of profits or transfer it according to proposal from board of directors to the coming fiscal year or may be allocated to form the general reserve of the bank in line with decisions of the regular annual general assembly.

Article (62)

First: the distributable profits are net profits less the losses that might have occurred to the capital of the bank during the previous period.

Second: surplus of profits allocated to form capital reserve shall not be distributed nor do the profits arising from selling some of assets unless the subscribed capital is fully paid and the bank have other assets enough to fulfill the full value of its liabilities.

Chapter (8)

Dissolution and liquidation of the bank

Article (63)

The bank shall be dissolved prior to end of its agreed term as stated in article 5 of these articles of association if it lost at least half of its capital assets unless a decision was taken by the described majority in the irregular general assembly to increase the capital to cover such losses.

Article (64)

First: Upon end of the bank or dissolution thereof prior its specified term, according to the provision stipulated in article 65 of these articles the general assembly shall determine liquidation method and appoint a one or more liquidators and determine their authority.

Second: The authority of the board of directors ends with the appointment of the liquidators; the general assembly keeps its authorities during liquidation period until disclaimer of the liquidators.

Chapter (9)

Final provisions

Article (65)

In respect of which no provision has been made in texted in these articles, the provisions law No. (1) of 2005 regarding banks as amended by law No. 46 of 2012 and law No. 23 of 2010 regarding commercial activity and supplemented laws and without contradiction to the provisions of Islamic Sharia shall apply, all amendment to emerge to the referred to laws shall be deemed complementary and amending items to these articles as the case may be without need to take any action except marking according to law, and without breaching the principle of partial and gradual conversion to Islamic banking.

Article (66)

These articles of association shall be deposited according to the law or , expenses , costs , expenditures and wages paid for establishment of bank shall be deducted from the overhead account . There is nothing in these articles of To be deemed overpassing the Libyan law and there is no article meant violate or contradicts with regulation of central bank of Libya .

End

I Soliman Mohammed Samakhi , lawyer , certify that these articles are identical to copy presented to board of directors who endorsed it provided that it shall be presented in the next meeting of general assembly for final adoption
Lawyer \ Soliman Mohammed Samakhi

