

Articles of association

“Bank of Palestine”

Chapter One

Address, Objectives, location and duration of the Company

The Article:-

1- The Company's name: Bank of Palestine plc

2- The Objectives of the Company are:

To sign loans contract, for its benefit or for others' benefit, in Palestine or out of Palestine, for specified period or current accounts for merchants, farmers, land owners and craftsmen and companies which has been established for promoting industry, trades, and agriculture and its divisions , buying, exploiting, trading or selling for farmers for cash or installments or mortgaging engines, tools and all agricultural goods and grains, carrying out all bank transactions such as discounting, crediting for goods, munitions, jewel, gold, silver and securities, commissions , accepting deposits, consignments, opening accounts and credits, storing , exporting and importing, selling and buying bills, shares and securities and in general performing all banking, financial, agricultural and industrial business in all its different kinds and aims.

3- Location of the Company: Gaza City and the Board of Directors has the right to change the location and establish branches and agencies in any location in Palestine or abroad

4- Duration of the Company: Unlimited

Chapter Two

5- The Company's Nominal Capital: Five Hundred Thousand Egyptian Pound divided into fifty thousand shares, each share values ten Egyptian Pounds and 25% of the share shall be paid upon purchasing while the rest of it shall be paid as three equal premiums as from the end of the underwriting. The Board of Directors has the right to float half of the shares, as a start, on the founders and the purchasers and then decide to float the other half when deems fit.

6- If any of the shareholders delayed paying any of the due premiums of his shares, the company's chairman shall notify him to pay the sum within fifteen days from the notification date. If the shareholder didn't pay the requested sum, he loses his right in the shares and the Board of Directors has the right to sell them. In this case, the shareholder shall bear the loss resulted from selling the shares, in addition to 10% of the value as bank commission.

7- The interests of the shares bought after the purchasing period shall be calculated, in regard to the due premiums, until the full payment date, and shall be considered part of the company's reserve.

8- The price of the shares can be in full or in installments more than the determined premiums.

9- The public offering period shall be published in one of the local newspapers.

10- The shares of the company are nominal, the shareholder shall have a certificate of shares with serial numbers and it will include the number of the shares. The deeds and the documents which refer to the ownership of the shares shall be taken from the register numbered on the bottom, and shall be signed by two of the Board of Directors members with the company's seal.

11- The company will be established once quarter of the capital, at least, is sold.

12- The nominal shares can be transferred once the transfer is registered in a special register of the company according to a deed signed by the transferor in the legal formula approved by the Board of Directors. This transfer can't be effective, whether for the parties or for the company, unless it is registered in the mentioned register, marked on the certificate of share and both signed by two of the Board of Directors' members. The company can oblige both of them to legally prove the legitimacy of their signature and their capacity to sign and can reject any transfer of shares without mentioning the reasons and can prefer any shareholder to any other applicant, who is not a shareholder, for any share subject to transfer, when both conditions are equal.

13- The shareholders responsibility is limited to the value of their shares only accordingly they can not be requested for more than that value.

14- The share is indivisible. The company does not acknowledge more than one owner for the share. Every shareholder is considered governed by the rules of the company's articles of association and the decisions of the General Assembly.

15- The inheritors or the creditors of the shareholder, may not, for any reason,

request to seal the company, the securities or properties or to request that the company or its properties be divided or dissolved or to interfere in any way in the articles of association of administration thereof, they have to revise the stocktaking statement of the company and the decisions of the General Assembly.

16- The capital of the company can be increased by issuing new shares and the number of shares can also be reduced. In case of issuing new shares, their value should not be less than the nominal value. If the value of the new shares is more, the difference between both shall be part of the company's reserve. The increment or the decrement of the company's capital shall be decided according to a suggestion by the Board of Directors presented to the General Assembly, the issuance of the new shares will be subject to the same rules of the old shares.

17- The company shall consider the legacy executor of the deceased, shareholder, the custodian, or the inheritor if there was no legacy executor or custodian is the only person who the company shall admit his right in the shares.

18- Whoever becomes an owner of a share, due to the death or the bankruptcy of the previous owner may be entitled, after he has shown the evidence requested by the Board of Directors, to register his name as a shareholder in the company. Without this registration, he has no right to attend the General Assembly.

Chapter Three

19- The extraordinary General Assembly may decide, according to a suggestion by the Board of Directors, to issue any kind of bond, taking into consideration that these bonds' values should not exceed the value of the paid and existing capital according to the last balance sheet of the company where the Board of Directors determines the ways of issuing.

Chapter Four

20- The company is managed by a Board of Directors consisting of, at least, seven members and maximum of fifteen members, elected by the General Assembly. As an exception, the founders have elected the first Board of Directors of the following:

- | | |
|--|--------------------------------|
| 1. Mr. Abdel Razzaq Ali Qlibo | chairman of Board of Directors |
| 2. Hashim Ata Al Shawa | deputy of chairman |
| 3. Ahmad Husain Khayal | member |
| 4. Shafiq Abdallah Al Qishawi | member |
| 5. Mr. Haj Fayeq Hassan Al Ashi | member |
| 6. Eid Mahmoud Al Aklouk | member |
| 7. Haj Ragheb Ibrahim Al Alami | member |
| 8. Tawfiq Ibrahim Al Qrim | member |
| 9. Tawfiq Husni Al Yazji | member |
| 10. Mustafa Mohamad Abu Al Kheir | member |
| 11. Dr. Mustafa Muhye Addein Abdel Shafi | member |
| 12. Khader Antoni Al Tarazi | member |

Mr. Hamdi Khalil Al Saba'awi was elected as the General Secretary of the Board of Directors.

21- The member of the board of directors should maintain one hundred shares to guarantee his management, these shares will remain nontransferable and will be kept in the company's treasury till the end of the term of the member and releasing his liability by certifying the balance sheet for each year of the term of the board.

22- The Board of Directors has the right to call for extraordinary General Assembly meeting to cancel the election of the member and to appoint another member to continue the term. The resolution of the General Assembly should be approved by shareholders owning at least two third of the company's capital.

23- In the first statutory meeting, all the members of the initial Board of Directors should resign. The following Board of Directors shall be elected for a term of four years, and the General Assembly should renew the election of the Board of Directors every four years. It is always possible to reelect the members who previously serve in the board .

24- The Board of Directors has the right to appoint new members, if it deems useful, till the number reaches the maximum number which is fifteen members. New members should be appointed instead of the vacancy in the Board of Directors during the term. The new appointments should be approved in the first following meeting for the General Assembly . The Board of Directors should complete the number of members if it become less than seven. The new elected members shall serve till the end of the Board of Directors' term.

25- The members of the board shall bear no personal liabilities during performing their duties within their authorities in regard to the company's liabilities , their responsibility is limited to their duties. The same applies to the company's

Managers.

26- The board of director elects chairman and a deputy from amongst its members for four years period, in case of the absence of both them , the members should choose one of them to act as a chairman. The member of the Board of Directors may authorize, in writing, one of the other members to act on his behalf when necessary. In this case the member shall have two votes. The member of the Board of Directors can't accept more than one power of attorney.

27- The board of director's meeting shall be held in the company's headquarter whenever necessary, according to a written invitation by the chairman or his deputy. The meeting can be held outside the company's headquarter or out of Palestine.

28- The quorum of the Board of Directors meeting is the ordinary majority personally or by a proxy. At least four of the members should attend personally

29- Decisions are taken in accordance to the majority of the attending members personally or by proxies. In case of the votes equality, the chairman or the residing chairman will have a casting vote.

30- The discussions of the Board of Directors, should be registered in the company's special register. It should include names of the attendants of members and should be signed by the chairman, his deputy or the residing chairman in addition to at least one of the attending members. The chairman should also sign copies of the board of directors' resolution or its quotations, which are to be presented before courts , and certify that they are true copies.

31- The chairman or his deputy or the authorized member represent the company before court whether as a plaintiff or as a defendant and may authorize others on his behalf.

32- The Board of Directors may appoint the chairman or one of the members as a General Manager of the Bank, give him all or some of the authorities given to the board of directors and may appoint a member or more of the Board of Directors as manager and authorize him to do administrative internal work in the authority of the Board of Directors determining the salary for each job.

33- The chairman, or his deputy, along with one of the members or the attorney, are authorized to sign on behalf of the company

34- The Company's business are managed by the Board of Directors, who has wide authority to manage the company's business without limitations except for the which clearly stated that it is within the authority of the General Assembly. The Board of Directors is allowed to:

First :- to pay all the initial expenses needed for establishing the company, such as registration and other expenses, to implement the conditions stated in the Articles of Association and to make all the required legal procedures. The Board of Directors has also the same authority in appointing employees and personnel,

firing them and determining their duties and the guarantees which are to be taken from them.

Second: prepare the balance sheet for the bank containing the expected income, the employee's salaries, and all the expenses.

Third: renting and hiring and buying

Fourth: borrowing money by mortgage of properties or by other securities, in one condition, that its value does not exceed the capital.

Fifth: allowing overdraft, collecting and selling money and Securities owned by the company.

Sixth: filing cases and defending the company in before court whether as plaintiff or defendant.

Seventh: signing contracts on behalf of the company, conciliations and accepting arbitration.

Eighth: assigning any expected seize in the possession of others.

Ninth: canceling the mortgages, invalidating objections and assigning the priorities and rights whether the assignment was with or without pay.

Tenth: deciding how the company's resources shall be used including the reserved capital.

Eleventh: determining the amounts of loans, the deposits interest, commission, and the fees in all its different kinds

Twelve: deciding the type of securities which should be taken for loans and its values.

Thirteenth: ratify the balance sheet

Fourteenth: setting the bank rules.

Fifteenth: performing all actions which are within the objectives of the company, managing its business, and caring for its benefit.

Sixteenth: the Board of Directors should take into consideration the wisdom and banking rules especially, in regard of the following:

- A) The bank investment for long term finance should be limited on its consonant resources which are represented by its capital and which it may be able later to form of reserves and what maybe gained from long term loans.
- B) To keep the short term bank resources which maybe gained as deposits from clients as cash

35- The members of the Board of Directors will be paid for each meeting they attend, a sum of money determined by the General Assembly . A book shall be prepared to sign in by the attendants of the meeting

36-the post of the member of the Board of Directors shall be considered vacant in the following cases:

- A) If his number of shares which he owns became less than (100 shares)
- B) If he is sequestrated, declared bankrupt, became witless or deficient.
- C) If he privately accrues benefits by having provided directly or indirectly any part of any contract that has formerly been done for or by the company. In this case, he is obliged not to leave his position for being a member in another company which made contracts with or made any work for the company in which he is a member. But he is not allowed to vote in regard of such contracts or works. If he did, his vote is not countable.

37- The General Assembly shall appoint one or several auditors every year according to the condition of Article (105) of the company's act of the year 1929 and shall fix their fees. Those auditors have the right to monitor the accounts and ask for all the books and the documents to be audited. The General Assembly has the right to renew the auditors' election which their term has come to an end.

38- Every auditor has the right, at any time, to look into the books, the accounts and the receipts of the company and to ask the Board of Directors of the company and the employees for the information and the necessary clarifications to do the auditing. Also he has the right to revise, at any time, the cash and the securities and to call the General Assembly for a meeting when he deems necessary.

39- The auditor should take into consideration the company's articles of association while auditing the accounts and present his report to the General Assembly in this regard.

Chapter five

The General Assembly

40- The General Assembly shall hold its Statutory meeting in a period not less than one month and not more than three months from the date of issuing the certificate, by the company's registry, which enables the company starting its business.

41- Only shareholder who owns at least five shares is accepted in the General Assembly. Each shareholder, who has all the conditions needed to attend the meeting of the General Assembly, has the right to appoint another shareholder who is a member in the General Assembly, to represent him.

42- Every member of the General Assembly whether attending personally or by proxy has one vote for every five shares.

43- At least seven days notice of a general meeting should be given, by advertising, either, in a newspaper that is circulating in the area of the registered location of the company or by registered mail sent to the shareholder's address as registered in the register of the company. The mailed notice is considered notified if it was sent to the address mentioned in the company's register, stamped by the necessary stamps and delivered to the post office. It is considered notified in time according to the period of delivering the ordinary mail, unless the contrary was proved.

44- The General Assembly shall discuss the matters mentioned in the agenda attached to the notice of the invitation. It is allowed to discuss a new matter, of the General Assembly's concerns, after finishing the agenda of the meeting if half of the attendants agreed, by themselves or by a proxy.

45- The General Assembly shall be headed by the chairman of the Board of Directors or by his deputy or by any other person appointed as a proxy, in case of the absence of the chairman. The chairman of the meeting shall appoint the secretary

46- The General Assembly's meeting is considered valid if it consists of:

A) Four members of the Board of Directors attending personally.

B) A number of members, representing quarter of the number of shareholders who has the right to attend the General Assembly, whether they attended personally or by proxy. If the first invitation could not achieve this quorum, the General Assembly's meeting is to be held by sending another invitation in the same time or day of the next week. The meeting is considered valid, whatever was the number of shares represented in it, and the decisions are taken according to the majority of the votes. In case of the vote's equality, the chairman will have a casting vote.

47- The discussions of the meetings of the General Assembly shall be written in a particular book signed by the chairman and the secretary. A list of the attendants including the names of the attending shareholders' names and the number of

shares which they represent and their signatures shall be added to the minutes of the meeting. Also, copies of the newspapers in which the invitation was published and the receipts of the registered mail shall be included. The minutes of meetings of the General Assembly can be proved before court or any other entity by presenting copies of the minutes of meetings or drafts of it where the chairman or the authorized member of the Board of Directors certifies that they are identical copies of the original ones.

48- The decisions of the General Assembly issued in accordance with the articles of association commit all the shareholders including the absents, opponents, and the legally incapable.

49- the General Assembly's meeting is held in the following three months after the fiscal year in the location, the day and the hour determined in the invitation to discuss the board of director's report about the company's status and the auditors report, the ratification of the balance sheet, and the profits and the loses statement, determining the profits' percentage which should be distributed to the shareholders, choosing the auditor, determining his fees and electing members of the Board of Directors if it deems necessary.

50- The general Assembly holds extraordinary meeting to discuss a special matter whenever the Board of Directors finds it necessary or whenever the auditor or some of the shareholders, representing at least quarter of the number of shareholders who has the right to participate in the General Assembly, ask for it. If the Board of Directors did not start inviting for the meeting within twenty one days of the date of the application for the meeting, the persons who presented an application for the meeting, or the majority of them who has the right to vote, has the right to hold the meeting taking into consideration that this meeting can not be held after more than three months from the date of the application, and in case, at any time, there was not enough members of the Board of Directors in Palestine to fit the quorum, any member of the Board of Directors can invite the shareholders for an extraordinary meeting, following, as possible as he can, the way which is used by the Board of Directors to invite the General Assembly

51- the General Assembly has the right to make any amendments to the articles of association, to decrease or increase the capital of the company, to decide merging the company with another company, buying similar companies or institutions working in the same field, whether in Palestine or out of Palestine and doing any other business within its objectives.

52- The decision of amending the articles of association should be issued by the representatives of three fourth of the number of shareholders who has the right to attend the general assemble personally or by a proxy. Every decision of amendment of the articles of association should be approved by half of the shareholders who has the right to attend the General Assembly. Every amendment should be published in, at least, one of the local newspapers or to be notified in written to the shareholders.

Chapter Six

The fiscal year – stock taking – the reserved balance sheet – distributing the profits.

53- The fiscal year begins on 1st of January of each year and end by the end of December of the same year. As an exception, the first fiscal year begins in the date of completely establishing the company and end on 31st of December 1961.

54- At the end of each fiscal year, the Board of Directors starts and approve the stock- taking proceedings which includes the company's possessions and commitments and calculates the balance sheet, the gains and the loses which should be presented to the General Assembly to be discussed and ratified by the shareholders, who have the right to attend the General Assembly, by sending a copy of the budget and its attachments to the shareholders, at least, seven days before the determined meeting .

55- The reserved is used in the most appropriate manner to serve the company's interests according to a decision by the Board of Directors

56- The net dividends are distributed after deduction of the expenses and the consumptions as follows:

- A) At least ten percent is taken to form the reserved capital till it becomes half of the company's capital. In this case it is possible to sustain the reserved capital or continue forming it for this purpose till the reserved capital becomes equal to the paid capital, as the board of directors deems suitable.
- B) A sum that equals two percent of the gains shall be distributed equally to the members of the board of directors. The rest of the gains shall be distributed to the shareholders according to their shares, unless the General Assembly decides, per a request by the Board of Directors, to add all or some of it to develop or establish the projects approved by the Board of Directors or to transfer all or some of it to the next year budget.

57- The gains are paid to the shareholders in the location and time determined by the Board of Directors. All the gains which were not requested in the fifteen years which follow the determined date of payment, shall be prescribed and be registered as income to the company.

Chapter seven

Liquidation and dissolution

58- In case of losing half of the capital, the company is dissolved.

59- In case of voluntary liquidation, the company stops functioning, from the beginning of the liquidation, except for activities necessary for liquidation process. The company shall continue to exist as a legal personality and continues its authorities till the end of the liquidation of the company.

60- In case of the company dissolution, the General Assembly decides, upon a suggestion by the Board of Directors, the way of the company's dissolution, appoints one dissolver or many dissolvers and determines their authorities and their fees. Once dissolvers are appointed, the Board of Directors shall enjoy no more powers excepting that may be agreed upon by the dissolvers.

61- In the voluntary liquidation, the dissolver should notify the companies registrar within twenty one days of his date of appointment as a dissolver of the company.

Chapter eight

Conflicts

62- Conflicts which disserve the general or the common interest of the company can not be directed against the Board of Directors or against one or more of its members, but in the name of the whole shareholders and according to a decision issued by the General Assembly. The shareholder, who wants any dispute of this kind, shall notify the Board of Directors of his intended suggestion a month before the next meeting. This is different from the shareholder's right which comes from implementing article No. (50). the Board of Directors should prove the shareholder's suggestion in the minutes of the meeting of the General Assembly. It is not allowed for any shareholder to present this suggestion again before courts by his name in case if the General Assembly refuses it. If the General Assembly decides to accept the suggestion, it will appoint a proxy or proxies who undertake the dispute and the notifications shall be directed to them