

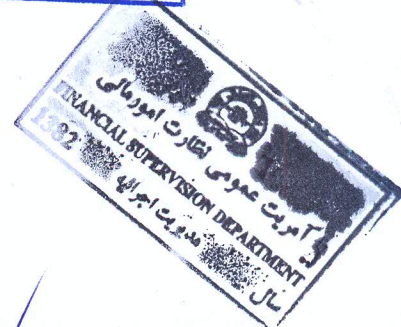
بانك بين المللي افغانستان
Afghanistan International Bank



AIB

ARTICLES OF ASSOCIATION
OF
AFGHANISTAN INTERNATIONAL BANK CORPORATION

I. R. OF AFGHANISTAN Ministry of Foreign Affairs		
د افغانستان اسلامي جمهوریت وزارت امور خارجه		
تاریخ شمسی	تاریخ شمسی	شماره شناسایی سند
03 APR 2018	۱۳۹۷ / ۱ / ۱۴	7026
ریاست امور قونسل وزارت امور خارجه مسخی مهر افغ نعتن بابل را تصدیق میدارد.		



کتابی مطابق اصل بانک

Mahesh

Mazda

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**ARTICLES OF ASSOCIATION
OF
AFGHANISTAN INTERNATIONAL BANK CORPORATION**

**DULY INCORPORATED UNDER THE LAWS OF THE ISLAMIC REPUBLIC OF
AFGHANISTAN**

**(Adopted by resolution of a general meeting of the Shareholders passed on August 01, 2017
in accordance with the existing articles of association of the Bank)**

PART 1

DEFINITIONS AND INTERPRETATION

1. INTERPRETATION

1.1 In these Articles, the following words have the following meanings:

Advancing Shareholders: is as defined in Article 4.6;

Afghanistan: means the Islamic Republic of Afghanistan;

Afghan Law: means the laws of Afghanistan, including but not limited to the Corporations and Limited Liability Companies Law of Afghanistan 2007, the Banking Law of Afghanistan 2015, the Negotiable Instrument Law 2009, the rules and regulations of Da Afghanistan Bank, or any other applicable authority, and any international treaties entered into between Afghanistan and other nations (as applicable to the activities of the Bank);

AFN: means the lawful currency of Afghanistan;

Allocable Share: is as defined in Article 4.5;

Annual General Meeting: is as defined in Article 11.1;

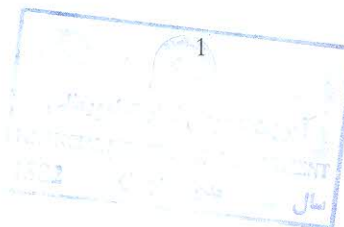
Appointment Notice: is as defined in Article 11.11;

Applicable Law: means Afghan Law and all applicable statutes, laws, ordinances, rules and regulations of any country in which the Bank transacts, or operates in, in each case, as in effect from time to time;

Articles: means these Articles of Association which amends and restates the existing articles of association adopted in September 2015;

Authorised Share Capital: is as defined in Article 5.1;

Bank: means Afghanistan International Bank Corporation;



Banking Law: means the Banking Law of Afghanistan published in the Official Gazette # 1197 dated 11th November, 2015, in force prior to adoption of these Articles and as amended from time to time following the adoption of these Articles;

Banking License: means the banking license issued by Da Afghanistan Bank to the Bank on March 22, 2004 – Docket No. 11202;

Board of Supervisors or Board: means the board of supervisors of the Bank constituted in accordance with Part 7 of these Articles, and Afghan Law;

Business: means those banking activities set forth in Chapter VI, Articles 66 and 67 of the Banking Law and any and all activities ancillary thereto. Subject to these Articles, the Bank may engage in such other activities as are permitted under the Banking Law and in accordance with the authorisation provided by the Banking License.

Business Day: means a day when banks are open for business in New York, United States of America and Kabul, Afghanistan;

Business Plan: is as defined in Article 15.1.21;

Capital Request: is as defined in Article 4.3;

CEO: means the Chief Executive Officer of the Bank;

Chairman: is as defined in Article 13.2;

Committees: means the Committees (if any) appointed by the Shareholders and/or Board from time to time in accordance with these Articles, the Companies Law, the Banking Law and the Shareholder Agreement;

Companies Law: means the Corporations and Limited Liability Companies Law of Afghanistan published in the Official Gazette # 913 dated 30th January 2007 in force prior to adoption of these Articles and as amended from time to time following the adoption of these Articles;

DAB: means the Da Afghanistan Bank, being the central bank of Afghanistan;

Default Notice: is as defined in Article 4.7;

Defaulting Shareholder: is as defined in Article 4.7;

Due Date: is as defined in Article 4.5;

Election Notice: is as defined in Article 4.6;

Excess Shares: is as defined in Article 6.3.2;

Extraordinary General Meeting: is as defined in Article 10.2;



Financial Year: means the accounting year of the Bank commencing each year on 1 January and ending on the following 31 December, or such other period as the Bank, upon thirty (30) days' prior written notice to the Shareholders, from time to time, designates as its accounting year;

General Meeting: to include either an Annual General Meeting or an Extraordinary General Meeting;

IFC: means the International Finance Corporation;

IFRS: means the International Financial Reporting Standards, as adopted by the Bank;

Independent Auditor: means the independent auditor of the Bank appointed in accordance with Article 21 of these Articles, the Companies Law and the Banking Law;

Independent Supervisor: is as defined in Article 14.1;

Kabul: means Kabul, the capital city of Afghanistan;

Management Board: means the management board of the Bank constituted in accordance with Article 20.1 of these Articles and the Banking Law;

Offer: is as defined in Article 6.2;

Offering: means any primary or secondary public offering of Shares or Other Equity Securities of the Bank;

Proxy: is as defined in Article 11.11;

Qualifying Holding: as defined in the Banking Law, means, having, alone or acting in concert with one or more other persons, the beneficial ownership of at least five per cent (5%) of any category of voting shares or capital of an enterprise; or the ability to exert a significant influence over the management or policies of an enterprise;

Requested Capital: is as defined in Article 4.3;

Shareholder: means the legal owner of Shares;

Shareholder Appointed Supervisor: is as defined in Article 13.1;

Shares: means the ordinary shares in the capital of the Bank as defined under these Articles;

Shareholders Agreement: means the shareholders agreement entered into between the Shareholders *inter se* and the Bank, dated May 09, 2017, as amended from time to time;

Shareholders Register: is as defined in Article 6.7.2;

Shareholder Representative: is as defined in Article 11.11;



Shariah Board: means the Shariah board of the Islamic banking window constituted in accordance with Article 24 of these Articles and the Banking Law;

Simple Majority: means those Shareholders holding individually or together fifty-one per cent (51%) or more of the total issued share capital of the Bank;

Subsidiary: means **subsidiary** as defined in Article 2 (22) of the Banking Law. Unless the context requires otherwise, the application of the definition of Subsidiary to any company at any time shall apply to the company as it is at that time and not as it purports, intends or plans to be;

Supervisor: means a member of the Board for the purposes of these Articles, the Companies Law and the Banking Law;

Transfer: means to transfer, sell, convey, assign, pledge, hypothecate, create a security interest in or Lien on, place in trust (voting or otherwise), transfer by operation of law or in any other way subject to any encumbrance or dispose of, whether or not voluntarily, and **Transferring** and **Transferred** have corresponding meanings;

Window: means the Islamic banking window established in accordance with Article 22 of these Articles and the Banking Law;

- 1.2 References in these Articles to writing shall be construed as including references to any method of representing or reproducing words in a legible and non-transitory form.
- 1.3 References in these Articles to paragraphs and sub-paragraphs are to the paragraphs and sub-paragraphs of the Article and paragraph in which they appear.
- 1.4 Headings in these Articles are for convenience only and shall not affect the interpretation hereof.

PART 2

RECITALS

2. BACKGROUND

- 2.1 **WHEREAS**, the Bank was incorporated and registered in Afghanistan with the Afghan Investment Support Agency on 27 December 2003 under license number I-10003;
- 2.2 **WHEREAS**, the Bank received its Banking License from DAB in accordance with the Banking Law on 22 March 2004;
- 2.3 **WHEREAS**, these Articles are drafted in accordance with the requirements of Article 10 of the Banking Law; and
- 2.4 **WHEREAS**, the Shareholders desire to adopt these Articles as the new Articles of the Bank in substitution and replacement of the existing articles of association of the Bank adopted in



September 2015 and any other such document previously adopted by the Bank and to have this document registered with the appropriate regulatory authorities in Afghanistan.

PART 3

THE BANK

3. LEGAL STATUS OF THE BANK

- 3.1 The Bank was initially established as a Limited Liability Company. Following DAB approval, dated May 17th, 2016, the legal status of the Bank was amended from Limited Liability Company to Corporation.
- 3.2 The Bank shall conduct its activities in accordance with Afghan Law, IFRS, these Articles, the Shareholder Agreement and any other internal procedures and regulations approved by the Bank in effect from time to time. The provisions of the Shareholders Agreement are deemed to be incorporated in these Articles *in toto* and to the extent that anything stated herein conflicts with the provisions of the Shareholders Agreement, the provisions of the Shareholders Agreement shall prevail.
- 3.3 The Bank shall have its own circular seal bearing its full name and indicating its legal status. The Bank shall have stamps and letterhead bearing its name, as well as its own logo.
- 3.4 The Bank shall continue in existence in perpetuity and the Bank shall at all times conduct its activities in accordance with its Banking License.
- 3.5 The Bank shall have the right to establish subsidiaries, branches and representative offices, both within Afghanistan and outside its borders, subject to applicable Afghan Law and the laws of the jurisdiction in which it seeks to establish any subsidiary, branch or representative office, together with any other required consents, permits and licenses.
- 3.6 The Bank shall conduct its operations in a responsible and professional commercial manner in accordance with Afghan Law.
- 3.7 The Bank shall (i) maintain adequate capital and liquid funds in order to satisfy its banking obligations, (ii) make adequate accounting provision for depreciation of assets, discharge of liabilities, bad debts and losses, (iii) maintain and report full accounts and business records in accordance with IFRS, and (iv) develop, maintain and observe appropriate risk management policies.
- 3.8 The Bank may, subject to any applicable terms in its Banking License, engage in all banking activities sanctioned under the Banking Law and all activities ancillary thereto. The Bank is not permitted to engage or participate as an agent, partner, or co-owner in wholesale or retail trade, manufacturing, transportation, agriculture or fisheries, mining, building, insurance or other business activities unless specifically authorised to do so under the Banking Law or by DAB.



PART 4

FINANCE FOR THE BANK

4. FINANCE FOR THE BANK

- 4.1 The Shareholders envisage that the Bank shall be self-financed from the cash flow of the Business.
- 4.2 Under no circumstances is there is any obligation on any Shareholder to make any additional capital contributions to the Bank. However, any Shareholder who decides not to participate in any duly approved Capital Request shall have its shareholding diluted relative to the amount of the capital contributed by the Advancing Shareholders.
- 4.3 In the event the Board shall, at any time, determine that the projected capital requirements of the Bank for any financial year (or part thereof) exceed the Bank's projected available cash during such financial year (or part thereof), then the Board may request additional capital (the **Requested Capital**) from the Shareholders to make good this deficit. The Board shall give notice in writing to the Shareholders (a **Capital Request**) specifying (i) the amount of the Requested Capital, (ii) the rationale for the required funding, (iii) the manner in which the Requested Capital has been calculated and (iv) the date by which the Shareholders individual Capital Request must be paid.
- 4.4 If the Capital Request is not approved by unanimous consent at a General Meeting or by written resolution within fifteen (15) days after the date of delivery of such Capital Request, the Capital Request shall be deemed to have been rejected and the provision of Article 4.10 shall apply.
- 4.5 If any Capital Request is approved by unanimous consent at a General Meeting or by written resolution, then each Shareholder shall contribute to the Bank, on or before the date (the **Due Date**) that is thirty (30) days after the date on which the relevant Capital Request was delivered, cash equal to its allocable share of the Requested Capital described in such Capital Request which allocable share shall be based on such Shareholder's pro rata shareholding in the Bank or as otherwise agreed in writing between the Shareholders (the **Allocable Share**).
- 4.6 The tender by a Shareholder of its Allocable Share in accordance with this Article 4 shall be conditional upon the remainder of such Requested Capital being contributed to the Bank by the other Shareholders (in accordance with their Allocable Share proportions) on or before the relevant Due Date. The Bank shall not expend any capital contributed by the Shareholders in the form of an Allocable Share (the **Advancing Shareholders**) unless and until either (i) the remainder of all Requested Capital is contributed by all Advancing Shareholders, or (ii) each Advancing Shareholder, at its sole discretion, delivers written notice (an **Election Notice**) to the Board electing to treat its Allocable Share as (a) an equity contribution to the Bank; or (b) immediately refundable on notice to such Advancing Shareholder. If any Advancing Shareholder fails to give an Election Notice, such Advancing Shareholder shall be deemed to have made an election for the return of its contribution.



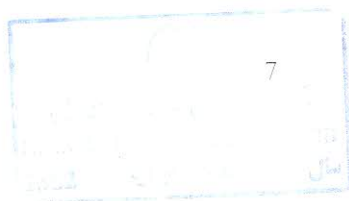
- 4.7 If any Shareholder (a **Defaulting Shareholder**) fails to deliver to the Bank, in cleared funds, the entire amount of its Allocable Share in accordance with the provisions of this Article 4, the Board shall promptly deliver notice (in the form of a **Default Notice**) thereof to all Advancing Shareholders specifying the name of the Defaulting Shareholder(s) and the unpaid portion of such Defaulting Shareholders' Allocable Share. Within five (5) days of receipt of such Default Notice and if each Defaulting Shareholder has not remedied non-payment of its Allocable Share, each Advancing Shareholder shall deliver an Election Notice stating:
- 4.7.1 that the Advancing Shareholder elects to treat its Requested Capital as an equity contribution to the Bank; or
- 4.7.2 that the Advancing Shareholder elects to treat such Requested Capital as returnable, the Bank shall immediately return that Advancing Shareholder's proportion of the contributed Requested Capital in cash.
- 4.8 In circumstances under which the provisions of Article 4.7.1 are exercised by an Advancing Shareholder, the Shareholders hereby undertake to do all things necessary to permit the Bank to issue Shares to the requisite Advancing Shareholders.
- 4.9 The Bank will issue new Shares to the Advancing Shareholders based on their Allocable Share. The number of new Shares and the valuation mechanism of the same shall be agreed by a resolution of unanimous consent at a General Meeting or by written resolution. Where there is a Defaulting Shareholder, their shareholding shall be diluted to take into account the non-payment of their Allocable Share. In such circumstances, the Defaulting Shareholder's shareholding in the Bank will be diluted to take into account the issuance of new Shares to the Advancing Shareholders in accordance with the provisions of this Article 4.
- 4.10 In circumstances where either a Capital Request is rejected by the Shareholders or (for whatever reason) an approved Capital Request fails to raise the required amount of capital, but a cash deficit for the relevant financial year (or part thereof) remains, then the Board are hereby authorised to identify, research and present to the Shareholders for approval alternative financing options to satisfy the cash deficit. This shall include, but is not limited to, both debt and equity financing options. As a last resort, the Board shall be required to present to the Shareholders their proposal for the sale of the entire issued share capital of the Bank as a going-concern or its administration or liquidation in accordance with the provisions of these Articles and Afghan Law.

PART 5

SHARES AND SHARE CAPITAL

5. SHARE CAPITAL

- 5.1 The authorised share capital of the Bank at the date of adoption of these Articles is three billion four hundred and twenty-six million and four hundred and ninety-two thousand and eight hundred and twenty Afghani (AFN 3,426,492,820) (**Authorised Share Capital**) divided into fifty million (50,000,000) ordinary shares of AFN 68.53 each (**Ordinary Shares**). The



Ordinary Shares are the only class of Shares authorised and issued by the Bank. As at the date of adoption of these Articles, the Shareholders of the Bank are as follows:

Shareholder	Number of Shares
International Finance Corporation	2,250,000
Horizon Associates LLC	13,875,000
Wilton Holdings Ltd	13,875,000
Total	30,000,000

- 5.2 The Bank shall at all times observe the rules, regulations and guidelines in force from time to time of DAB in respect of the requirement for the maintenance of a minimum fully paid up share capital in relation to the total value of the assets of the Bank calculated on a risk adjusted basis.
- 5.3 No variation of the rights attaching to Shares shall be effective except with the unanimous vote at a General Meeting or written resolution of the Shareholders.
- 5.4 Each of the following shall be deemed to constitute a variation of the rights attached to the Shares:
- 5.4.1 any alteration in the charter or Articles of the Bank;
- 5.4.2 any increase or reduction or subdivision or consolidation or other alteration in the authorised or issued share capital of the Bank or any of the rights attaching thereto; and
- 5.4.3 any resolution to put the Bank into liquidation or other administrative process.

6. UNISSUED SHARES

- 6.1 With the exception of new Shares issued in accordance with the provisions of Articles 4 and 6.6, no Shares, nor any right to subscribe for Shares, shall at any time be allotted unless at least one (1) month prior to any such allotment the Shareholders, for the time being, have approved in General Meeting or by written resolution such allotment, its terms and the identity of the proposed allottee(s).
- 6.2 Notwithstanding Article 6.1, if at any time the Bank proposes to allot new Shares, or agrees or offers to agree any right to subscribe for new Shares, those new Shares shall not be allotted, nor shall any agreement or right to subscribe for new Shares be valid, unless and until the Bank has in the first instance offered them to all Shareholders on the same terms and at the same price as those new Shares are being offered to any third party on a pari passu and pro rata basis to the number of Shares held by those existing Shareholders (or as nearly as may be without involving fractions) (the **Offer**).



6.3 Specifically, the Offer:

6.3.1 shall be in writing, give details of the number and subscription price of the new Shares; and

6.3.2 may stipulate that any Shareholder who wishes to subscribe for a number of new Shares in excess of the proportion to which each is entitled (on a pro rata basis) shall in their acceptance state the number of excess new Shares (**Excess Shares**) for which they wish to subscribe.

6.4 Any new Shares not accepted by Shareholders pursuant to the Offer shall be used to satisfy any Shareholder requests for Excess Shares and in the event there are insufficient Excess Shares to satisfy such requests, the Excess Shares shall be allotted to the Shareholders requesting such Excess Shares on a pro rata basis to the number of Shares held by such Shareholders immediately prior to the Offer.

6.5 In circumstances in which any Excess Shares remain following the exercise of an Offer, such Excess Shares shall (subject to the provisions of these Articles) be offered to any third party as the Board may determine at the same price and on the same terms as the Offer made to the Shareholders.

6.6 The pre-emption rights contained in this Article 6 shall not apply to any allotment which has received the prior unanimous approval of all Shareholders of the Bank in a General Meeting or by written resolution, in which such Shareholders waive their pre-emption rights hereunder, and that allotment is otherwise in compliance with the requirements of these Articles.

6.7 The issue of new Shares in accordance with these Articles shall be subject to:

6.7.1 DAB approval;

6.7.2 the obligatory entry in the Bank's Shareholders Register (**Shareholders Register**) within one (1) month of such issue; and

6.7.3 as applicable, the obligatory entry by any new Shareholder into the Shareholders Agreement where new Shares are issued to any person or entity that is not a Shareholder who is a party to the Shareholders Agreement.

6.8 The formation, recording and maintenance of the Shareholders Register shall be the responsibility of the Supervisors, unless otherwise delegated by resolution of the Supervisors to another competent person. The Shareholders Register shall be held at the registered office of the Bank and contain information concerning each Shareholder and the Shares issued to them as required under Afghan Law. The Shareholders Register shall be open to inspection by each Shareholder in accordance with Afghan Law. Upon request and on reasonable notice, each Shareholder shall be entitled to receive an extract from the Shareholders Register in accordance with Afghan Law.

6.9 The number of Shareholders of the Bank shall not exceed fifty (50) persons.



7. INITIAL AUTHORITY TO ISSUE SHARES

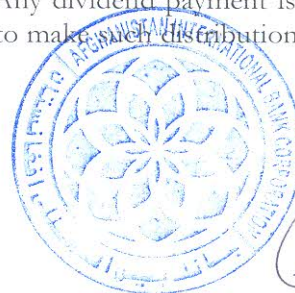
- 7.1 The Supervisors are authorised to exercise all powers of the Bank to allot Shares, but only if the allotment otherwise conforms to the requirements of these Articles. The maximum nominal amount of Shares which may be allotted under this authority shall be the nominal amount of the unissued share capital at the date of adoption of these Articles or such other amount as may from time to time be authorised by the Shareholders in General Meeting or by written resolution.
- 7.2 The authority conferred on the Supervisors by this Article shall remain in force for a period of five (5) years from the date of adoption of these Articles but may be revoked, varied or renewed from time to time by the Shareholders in accordance with the provisions of these Articles and the Companies Law.

8. RESERVE FUND AND CAPITAL REQUIREMENTS

- 8.1 For the purposes of covering any actual or anticipated losses or provisioning against any such potential losses incurred by the Bank in the conduct of its business, the Bank is required to create a Reserve Fund (**Reserve Fund**) in an amount not less than the amount required by Afghan Law or such greater amount as shall be determined by resolution of the Board of Supervisors or by DAB as prescribed under Article 71 of the Banking Law.
- 8.2 Any net profit retained by the Bank after the payment of applicable taxes and other compulsory payments under the relevant Afghan Law shall be at the disposal of the Bank and may be used by the Bank in accordance with any resolution of the General Meeting of Shareholders, subject to the Bank making relevant provision for "Reserve Capital" in accordance with the provisions of Article 93 of the Companies Law in the event of any dividend payment.
- 8.3 The Bank may, by resolution of the Board of Supervisors, establish other funds for particular purposes.
- 8.4 Unless required otherwise by DAB, the Bank will, at all times, maintain those capital requirements set out under Article 68 of the Banking Law

9. DIVIDENDS

- 9.1 In accordance with the provisions of Article 94 of the Companies Law and the dividend policy approved by the Board and the Shareholders, dividends (if any) may be paid in cash, in property, or in Shares.
- 9.2 Dividends (if any) are payable by the Bank to its Shareholders pro rata in respect of their shareholding, when duly approved by resolution of the General Meeting of Shareholders, upon the recommendation of the Board.
- 9.3 The amount of dividend per one (1) Share shall be determined by resolution of the Board of Supervisors, upon recommendation of the Board having taken appropriate advice from the Bank's audit Committee and Independent Auditor. Any dividend payment is predicated on there being sufficient distributable reserves available to make such distribution in accordance



with applicable Afghan law. Any dividend payment is contingent upon the Bank making relevant provision for "Reserve Capital" in accordance with the provisions of Article 93 of the Companies Law and Article 71 of the Banking Law.

- 9.4 All other provisions relating to dividends and to the payment of dividends shall be determined in accordance with the Companies Law and applicable Afghan Law. For the avoidance of doubt, no distributions shall be made by the Bank to the Shareholders where such distribution shall be unlawful under Afghan Law, including but not limited to the Companies Law.

10. RIGHTS AND OBLIGATIONS OF THE SHAREHOLDERS

- 10.1 The following rights and obligations are reserved solely to the Shareholders:

- 10.1.1 to adopt the procedures of the Bank and amendments thereto;
- 10.1.2 to adopt the by-laws of the Bank and the amendments thereto, provided that the General Meeting may authorized the Board to authorize these functions;
- 10.1.3 to appoint and dismiss the members of the Board and determine their remuneration;
- 10.1.4 to adopt any increases in the authorized capital of the Bank and to determine the terms and conditions on which Shares of the Bank may be issued;
- 10.1.5 to approve the annual reports and financial statements of the Bank, upon the recommendation of the Board;
- 10.1.6 to decide on the sale, merger, amalgamation, dissolution and closure of the Bank;
- 10.1.7 to appoint the Bank's external audit firm, taking into account any recommendations by the Board; and
- 10.1.8 to establish and close subsidiaries, branches or representative offices of the Bank.

- 10.2 Any Shareholder of the Bank shall have the right to call an Extraordinary General Meeting (Extraordinary General Meeting) of Shareholders in order to address matters of an urgent and important nature and propose relevant business for any such meeting.

- 10.3 The Shareholders shall have the following obligations:

- 10.3.1 to pay for their Shares in a manner determined by Afghan Law and these Articles;
- 10.3.2 in addition to the obligations of the Shareholders under Article 10.1, to give written notice to the Bank of any intention to enter into a transaction whereby a third party would acquire a **Qualifying Holding** in the Bank as detailed in Article 21 of the Banking Law;



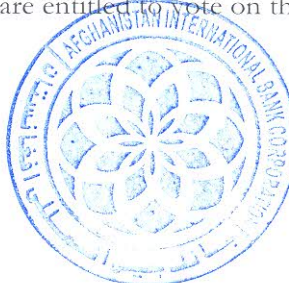
- 10.3.3 to give written notice to the Registrar of any change in any information relating to such Shareholder that is included in the Shareholders Register, within ten (10) days of such change; and
- 10.3.4 not to disclose any information that constitutes sensitive confidential proprietary information about the commercial activities or finances of the Bank to any third party.

PART 6

GENERAL MEETINGS OF SHAREHOLDERS

11. GENERAL MEETINGS

- 11.1 The annual general meeting of Shareholders shall be convened in accordance with the Banking Law (**Annual General Meeting**).
- 11.2 Not less than thirty (30) days' prior written notice of all General Meetings shall be given to the Shareholders at their respective addresses notified by them to the Bank in writing.
- 11.3 An agenda and accompanying materials setting out the business proposed to be transacted at a General Meeting shall be circulated by the Bank to the Shareholders at the same time as the notice referred to in Article 11.2 above. No business shall be transacted at any General Meeting duly convened and held other than that specified in the notice without the prior consent of all Shareholders.
- 11.4 The Board shall provide the Bank's previous Financial Year's audited financial statements to all Shareholder Parties at least fifteen (15) days before the Annual General Meeting which is held to approve and adopt such audited financial statements.
- 11.5 The quorum for a General Meeting shall be Shareholders, present in person or by Proxy, or by corporate representative, holding Shares representing more than fifty per cent (50%) of the voting Shares of the Bank then outstanding. Subject to the provisions of these Articles and the Shareholder Agreement, resolutions may be passed at a General Meeting by a vote of a Simple Majority of the Shares present at the meeting.
- 11.6 In the absence of a valid quorum at a General Meeting, duly convened and held, the meeting shall be adjourned to the same time and place not earlier than one (1) day but no later than twenty-one (21) days thereafter as the Chairman may determine. The quorum requirements at such adjourned meeting shall be reduced to Shareholders holding at least thirty per cent (30%) of the voting Shares of the Bank then outstanding.
- 11.7 No resolution shall be deemed to have been duly passed by the Bank's Shareholders by circulation or written consent unless the resolution has been circulated in draft form, together with the information required to make a fully-informed, good faith decision with respect to such resolution and appropriate documents required to evidence passage of such resolution, if any, to all Shareholders of the Bank at their usual address, and has been unanimously approved in writing by those Shareholders which are entitled to vote on the resolution.



- 11.8 The provisions of Article 11 shall apply, equally, to meetings of any class of Shareholders of the Bank.
- 11.9 General meetings of Shareholders may be held in Kabul, Afghanistan or such other place as the Board may decide at its absolute discretion.
- 11.10 All or any of the Shareholders may participate in a meeting of the Shareholders by means of a conference telephone or any communication equipment which allows all persons participating in the meeting to hear each other. A person so participating shall be deemed to be present in person at the meeting and shall be entitled to vote or be counted in a quorum; and accordingly, a meeting of the Shareholders may be held where each of those present or deemed to be present is in communication with the others only by telephone or other communication equipment as aforesaid. A meeting where those present or deemed to be present are in different locations shall be deemed to take place where the largest group of those participating is assembled, or, if there is no such group, where the Chairman of the meeting then is.
- 11.11 Shareholders who are corporate entities are required to nominate (as more specifically detailed below) an individual to act as the relevant Shareholder's nominated representative for the purposes of attendance and voting at any general or Extraordinary General Meeting. Notice of such appointment shall be provided in writing to the Bank's secretary at or before the Annual General Meeting of Shareholders together with copies of the relevant supporting corporate resolutions evidencing the appointment of such representative (**Appointment Notice**) and their authority so to act (**Shareholder Representative**). The Bank, other Shareholders, Board and Management Board of the Bank shall recognise the authority of the Shareholder Representative to attend, speak and vote on behalf of the relevant Shareholder for the calendar year following receipt of the Appointment Notice and such appointment shall terminate either (i) on the day which is one (1) calendar year from date of the requisite Appointment Notice, unless otherwise stated in the Appointment Notice, or (ii) upon receipt of a further notice from the relevant Shareholder detailing the termination of the appointment of the existing Shareholder Representative and the appointment of a new Shareholder Representative for the remainder of the year. For the avoidance of doubt, in circumstances where the Shareholder Representative is temporarily unable to perform their duties, a Shareholder may, by notice in writing to the Bank's secretary, appoint a proxy for a defined and limited period of time only (not to exceed thirty (30) days) (**Proxy**). Where a Shareholder Representative or Proxy has been duly appointed, the term Shareholder shall be construed to mean the Shareholder as represented by such nominee.

PART 7

BOARD OF SUPERVISORS

12. NUMBER OF SUPERVISORS, AND COMPOSITION OF THE BOARD

- 12.1 Supervisors shall be appointed in accordance with Articles 47 and 49 of the Banking Law. The number of Supervisors shall not be less than three (3) and no more than nine (9) and at all times, uneven in number. No Supervisor shall be required to vacate his office, and no person shall be ineligible for appointment as a Supervisor by reason of his having attained any particular age. No shareholding qualification for Supervisors shall be required.



13. APPOINTMENT AND REMOVAL OF SUPERVISORS

- 13.1 The three (3) Shareholders of the Bank shall each be entitled to appoint one (1) person to be a Supervisor of the Bank (each a **Shareholder Appointed Supervisor**). Such appointment shall be in writing and signed by, or on behalf of the relevant Shareholder and served on the other Shareholders and the Bank at its registered office. Subject to such Shareholder Appointed Supervisor being eligible so to act and meeting the relevant criteria for appointment as a Supervisor under the Companies Law, Banking Law and rules and regulations of DAB, the other Shareholders shall be reasonably required to approve the appointment of such Shareholder Appointed Supervisor in accordance with the provisions of these Articles. Such Shareholder Appointed Supervisor shall be entitled to maintain the position of Supervisor subject to being either terminated or replaced by the relevant Shareholder or otherwise ceasing to act as a Supervisor in accordance with the provisions of these Articles or Afghan Law. Notwithstanding the provisions of this Article 13.1, the provisions of Article 13.5 shall apply in respect of a person (including a Shareholder Appointed Supervisor) ceasing to act as a Supervisor.
- 13.2 Each year the members of the Board shall elect from among the Independent Supervisors, a chairman of the Board to preside over and officiate the activities of the Board as well as preside over general meetings, Annual General Meetings and Extraordinary General Meetings of Shareholders (**Chairman**).
- 13.3 Supervisors shall be appointed for a period of four (4) years and may be reappointed for subsequent periods of equal length, however each Independent Supervisor must submit for annual re-election at the Annual General Meeting in accordance with Afghan Law.
- 13.4 A person shall cease to be a Supervisor as soon as:
- 13.4.1 any relevant Shareholder decides to remove or replace their Shareholder Appointed Supervisor; or
 - 13.4.2 an Independent Supervisor ceases to meet the criteria for their appointment as detailed in Article 14; or
 - 13.4.3 the Shareholders, by Simple Majority consent, resolve at a General Meeting or by written resolution to remove or replace any Supervisor that is not a Shareholder Appointed Supervisor; or
 - 13.4.4 a Shareholder Appointed Supervisor may be removed by a decision of the Shareholders, excluding the Shareholder whose Shareholder Appointed Supervisor is the subject of such removal; or
 - 13.4.5 he/she resigns by notice in writing to their fellow Supervisor; or
 - 13.4.6 any bankruptcy order or equivalent such order is made against them; or
 - 13.4.7 he/she is otherwise prevented from so acting under any applicable Afghan Law and specifically, if he/she is ineligible under Article 58 of the Banking Law.



- 13.5 No Supervisor shall be appointed or removed otherwise than pursuant to this Article 13, save as otherwise provided by Afghan Law.

14. INDEPENDENT SUPERVISORS

- 14.1 Notwithstanding the provisions of Articles 12 and 13 above, two-thirds of the majority of those persons appointed as Supervisors of the Bank shall be independent supervisors who shall be required, at all times, to meet the criteria listed in this Article 14 in order to be appointed and remain in office as a Supervisor of the Bank (**Independent Supervisor**).
- 14.2 Independent Supervisors shall be appointed by a Simple Majority resolution of the Shareholders, subject always to the approval of DAB.
- 14.3 On a temporary basis, and until the following General Meeting, the Board of Supervisors may temporarily replace an Independent Supervisor with a new Independent Supervisor of their choosing in order to remain compliant with Afghan Law.
- 14.4 For the avoidance of doubt, an Independent Supervisor shall be defined as a natural person who:
- 14.4.1 is not a Shareholder of the Bank or of any enterprise in the same group as the Bank, in accordance with Article 2(35) of the Banking Law and does not hold any material interest in the Bank in any way or form;
 - 14.4.2 is identified in the annual report of the Bank;
 - 14.4.3 is not a director or officer of any entity that is a Shareholder of the Bank;
 - 14.4.4 is not a relative of any Shareholder of the Bank or a relative of any director or officer of any Shareholder (relative shall include a spouse, parent, child, brother, sister and the spouse of any such parent, child, brother or sister);
 - 14.4.5 is not acting as a Shareholder Appointed Supervisor;
 - 14.4.6 is not currently retained (either personally or through any service company) in any senior executive, consultancy or professional advisory capacity by the Bank, any Shareholder of the Bank or any entity related to any Shareholder of the Bank;
 - 14.4.7 is not, and has not been in the past five (5) years, employed by the Bank or its affiliates;
 - 14.4.8 does not have, and has not had in the past five (5) years, a business relationship with the Bank or its affiliates (either directly or as a partner, shareholder (other than to the extent to which shares are held by such Independent Supervisor pursuant to a requirement of Applicable Law, and is not a director, officer or senior employee of a person that has or had such a relationship);
 - 14.4.9 is not affiliated with any non-profit organization that receives significant funding from the Bank or its affiliates;



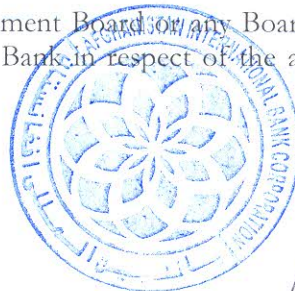
- 14.4.10 does not receive and has not received in the past five (5) years, any additional remuneration from the Bank other than his or her fee and such fee does not constitute a significant portion of his or her annual income;
 - 14.4.11 does not participate in any share option plan or pension plan of the Bank;
 - 14.4.12 is not employed as an executive officer of another company where any of the Bank's Supervisors serve on that company's board of directors;
 - 14.4.13 is not, nor has been at any time during the past five (5) years, affiliated with or employed by a present or former auditor of the Bank; and
 - 14.4.14 has not served on the Board of Supervisors for more than ten (10) years.
- 14.5 A person who has served as a Shareholder Appointed Supervisor shall be eligible for election as an Independent Supervisor in circumstances where:
- 14.5.1 the Shareholder who appointed such individual is no longer entitled to appoint a Shareholder Appointed Supervisor;
 - 14.5.2 the individual is no longer employed by or affiliated with the Shareholder who previously appointed him or her as a Shareholder Appointed Supervisor; and
 - 14.5.3 the individual otherwise meets the criteria detailed in Articles 14.4.1 to 14.4.6 above.

15. SUPERVISOR AUTHORITY

- 15.1 Subject to the relevant recommendation and approval processes detailed in these Articles and the Shareholder Agreement, which acknowledge the review, recommendation and decision making authority of the Shareholders, Board, Committees and Management Board, and in accordance with Article 50 of the Banking Law, the following matters are reserved to the Supervisors for change by affirmative vote in board meeting or by way of written resolution.
- 15.1.1 convene each session of the General Meeting of shareholders and adopt the agenda for each such session;
 - 15.1.2 approve the Bank's organizational structure;
 - 15.1.3 make decisions regarding branch offices and representative offices of the Bank and decisions regarding approving any recommendation to Shareholders for the amount of remuneration paid to Board (including Independent Supervisors), members of the Management Board, the Committees of the Bank and approving any fees paid to the Independent Auditor;
 - 15.1.4 appoint, dismiss and determine the remuneration of the Bank's Management Board;
 - 15.1.5 oversee the work of the Bank's Management Board;



- 15.1.6 approve the Bank's Business Plan, annual operating budget and amount of remuneration paid to members of the Management Board, the Committees of the Bank and approving any fees paid to the Independent Auditor;
- 15.1.7 approve all policies pursuant to which the Bank will conduct its business, including the Bank's risk management policy, and policies for dealing with conflicts of interest, and ensure that they are adhered to and require the Management Board to implement those policies;
- 15.1.8 determine the conditions under which credits may be granted by Bank employees, and which credits require approval of the Board of Supervisors;
- 15.1.9 ensure the establishment, functionality, appropriateness and adequacy of internal controls and risk management for the Bank;
- 15.1.10 ensure the integrity of the bank's financial reporting, including financial reporting to DAB;
- 15.1.11 ensure the appropriate functionality of internal audit function;
- 15.1.12 make recommendations to the General Meeting of Shareholders on matters requiring shareholder approval;
- 15.1.13 make recommendations to the General Meeting of Shareholders concerning appointment of the external audit firm for the Bank;
- 15.1.14 ensure that the Bank has an annual external audit, which includes the auditor's opinion of the truth and accuracy of the bank's financial statements;
- 15.1.15 make decisions concerning distributions, subject to requirements of Afghan Law and regulations of DAB, and what amount of the net profit of the bank shall be transferred to any reserve of the Bank;
- 15.1.16 make decisions concerning procedures, and distributions, subject to requirements of Afghan Law;
- 15.1.17 decide on other matters placed in the competence of the Board of Supervisors by the Bank's Articles of Association;
- 15.1.18 ensure the implementation of instructions and orders of DAB;
- 15.1.19 approving the nature of Shareholder written resolutions for recommendation to the Shareholders for approval;
- 15.1.20 approving the adoption of resolutions duly passed by meetings of Shareholders and/or written resolutions and implementing such resolutions;
- 15.1.21 to the extent not delegated to the Management Board or any Board Committee, approving the specific expenditure of the Bank in respect of the annual budget,



Business Plan (the **Business Plan**) or any other relevant plan or policy of the Bank approved by the Shareholders;

- 15.1.22 approving any differential in expenditure within the scope of approved budgets within a twenty per cent (20%) margin;
- 15.1.23 subject to Shareholder approval, authorize or undertake any arrangement for the disposal (including but not limited to any sale, exchange or lease) of: (i) more than twenty-five per cent (25%) of the fair market value of the assets of the Bank, whether in one or a series of transactions; or (ii) assets that contribute to the generation of more than twenty-five per cent (25%) of the net income of the Bank;
- 15.1.24 recommending to the Shareholders, approving and adopting resolutions to have the Bank's Banking License revoked;
- 15.1.25 approving authority to enter into transactions of the Bank requiring a decision of the Shareholders if such authority is urgently required, a quorum of Shareholders is not available on short notice to provide a requisite approval and, in the reasonable opinion of the Supervisors, the transaction is in the best interests of the Bank; and
- 15.1.26 approving all other matters contemplated by the Companies Law, the Banking Law, these Articles, the rules and regulations of DAB and other relevant Afghan Law which are not reserved to the Shareholders for resolution.

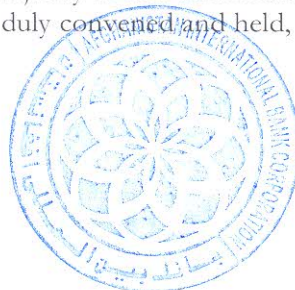
16. SUPERVISORS MAY DELEGATE

- 16.1 Subject to these Articles, the Shareholder Agreement, the Companies Law, the Banking Law, the rules and regulations of DAB and other relevant Afghan Law, the Supervisors may delegate any of the powers which are conferred on them under these Articles:
 - 16.1.1 to such person or Committee;
 - 16.1.2 by such means (including by power of attorney);
 - 16.1.3 to such an extent;
 - 16.1.4 in relation to such matters or territories; and
 - 16.1.5 on such terms and conditions;as they think fit.
- 16.2 If the Supervisors so specify, any such delegation may authorise further delegation of the Supervisor's powers by any person to whom they are delegated.
- 16.3 The Supervisors may revoke any delegation in whole or part, or alter its terms and conditions.



17. **BOARD MEETINGS**

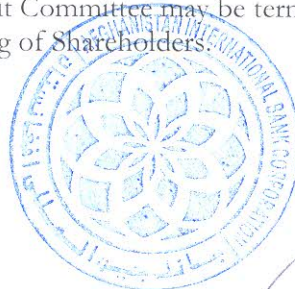
- 17.1 Board meetings shall be called and carried out in accordance with the procedures prescribed under Afghan Law and the Shareholder Agreement.
- 17.2 The Board shall meet at least one (1) time during each month subject to an annual schedule and confirmation of the date of the next board meeting at the previous board meeting.
- 17.3 Written notice of each meeting of the Board shall be given to all the Supervisors. Written notice of each meeting of a Committee of the Board shall be given to all Supervisors on that Committee and their alternates, if any. Written notice of a meeting under this Article 17.3 shall be sent to the address notified from time to time by the Supervisors at least fifteen (15) days in advance of such meeting; provided that where, exceptionally, the Board or a Committee of the Board is required to make a decision in circumstances in which the foregoing notice requirements cannot be observed, such notice requirements may be waived with the unanimous approval of all Supervisors present or, in the case of a meeting of a Committee of the Board, all Supervisors on that Committee.
- 17.4 An agenda setting out in detail the items of business proposed to be transacted at a meeting of the Board together with necessary information and supporting documents shall be circulated to each of the Supervisors. An agenda setting out in detail the items of business proposed to be transacted at a meeting of a Committee of the Board together with necessary information and supporting documents shall be circulated to each of the Supervisors on that Committee. The agenda, information and documents shall be circulated at least seven (7) days prior to the date of the relevant meeting; provided that where, the Board or a Committee of the Board is required to make a decision in circumstances in which the foregoing notice requirements cannot be observed, such requirement to circulate agenda information and documents may be waived with the unanimous approval of all Supervisors present or, in the case of a meeting of a Committee of the Board, all Supervisors on that Committee.
- 17.5 The Bank shall indemnify each of the Supervisors to the maximum extent permitted under Applicable Law for any costs, expenses or liabilities incurred by each such Supervisor in the course of, or in any way related to, his or her activities or his or her position as a Supervisor.
- 17.6 The Board shall, after approval of the General Assembly, adopt and maintain a Supervisor remuneration and expense reimbursement policy providing for the payment of Supervisors' fees and reimbursement of expenses. Such policy shall include reimbursement of the reasonable expenses incurred by such Supervisors: (i) in attending a board or Committee meeting or a General Meeting or any other meeting which the Supervisor is requested to attend in his capacity as a Supervisor of the Bank; and (ii) in obtaining independent legal or professional advice in furtherance of his or her duties as a Supervisor.
- 17.7 The quorum for a meeting of the Board, duly convened and held, shall be a two-third's majority of the Supervisors then in office. The quorum for a meeting of the Audit Committee, duly convened and held, shall be a two-third's majority of that committee. The quorum for a meeting of any other Committee of the Board, duly convened and held, shall be the majority of that Committee.



- 17.8 In the absence of a valid quorum at a meeting of the Board or a Committee of the Board, duly convened, the meeting shall be adjourned to a time and place not earlier than one (1) day but no later than twenty-one (21) days thereafter as determined by the Chairman. The quorum requirements as set out in Article 17.7 shall also be applicable at such adjourned meeting.
- 17.9 Any Supervisor shall be entitled to participate in a meeting of the Board or a Committee of the Board of which he or she is a member, at which he or she is not physically present, by telephone or video conference or similar electronic means and the Chairman of such meeting shall ensure that such Supervisor's observations are duly recorded in the minutes of such meeting.
- 17.10 No resolution shall be deemed to have been duly passed by the Board or a Committee of the Board by circulation or written consent, unless the resolution has been circulated in draft form, together with the information required to make a fully-informed, good faith decision with respect to such resolution and appropriate documents required to evidence passage of such resolution, if any, to all Supervisors or to all Supervisors on the relevant Committee at their usual address, and has been approved by Simple Majority and in writing by such of them as are entitled to vote on the resolution.

18. COMMITTEES

- 18.1 Committees established by the Supervisors and to which the Supervisors delegate any of their powers must follow procedures which are based as far as they are applicable on those provisions of the Articles which govern the taking of decisions by Supervisors.
- 18.2 The Supervisors may make rules of procedure and mandates for all or any Committees, as long as such procedures and mandates do not conflict with these Articles, the Companies Law, the Banking Law, the rules and regulations of DAB or other relevant Afghan Law.
- 18.3 For the avoidance of any doubt, the Supervisors shall establish any Committees required under the Banking Law or as required by DAB from time to time, unless exempted by the Banking Law or by DAB's written consent.
- 18.4 The Board shall maintain the following Committees: the audit Committee and the risk management Committee.
- 18.5 The Board of Supervisors shall establish an Audit Committee (Audit Committee) which will review and evaluate the financial and economic activities of the Bank, consistent with and in compliance with the Banking Law (including but not limited to Article 52 thereof). The Audit Committee shall consist of at least three (3) and no more than nine (9) persons elected in accordance with these Articles. The majority of the Audit Committee must consist of Independent Supervisors or qualified persons. The Audit Committee shall perform such duties and report to the General Meeting of Shareholders and/or the Board in accordance with the provisions of the Companies Law, the Banking Law and the rules and regulations of DAB.
- 18.6 The period of appointment of a member of the Audit Committee may be terminated prior to its expiration upon resolution of the General Meeting of Shareholders.



18.7 The Audit Committee shall have the right at any time at its own initiative, at the direction of the General Meeting of Shareholders, the Board or at the request of a Substantial Shareholder, to conduct a review of any and all of the activities of the Bank. For this purpose the Audit Committee shall have unconditional access to all documents of the Bank.

18.8 At the demand of the Audit Committee, members of the Board, Management Board and Bank staff shall be obligated to render necessary assistance in oral and written form.

18.9 The Audit Committee shall conduct a review of the annual accounts and financial statements of the Bank prior to the approval by the Board, the recommendation of the Board for Shareholder approval and subsequent approval of the General Meeting of Shareholders. The General Meeting of Shareholders shall not approve the annual accounts and financial statements of the Bank without the requisite report and approval of the Audit Committee.

19. **CORPORATE GOVERNANCE AND CONFLICTS OF INTEREST**

19.1 In the execution of their duties the Board shall be mindful at all times of the provisions of Articles 47, 48, 49, 50, 51, 52, 53 and 56 of the Banking Law (as amended from time to time) together with the rules and regulations of DAB governing matters of corporate governance best practice.

19.2 Adherence by the Bank to the standards set by corporate governance regulations issued from time to time by DAB under the relevant provisions of the Banking Law will be monitored by DAB by on-site examinations.

19.3 Members of the Board and Management Board should take appropriate measures at all times in structuring their business and personal ties to the Bank to avoid even the appearance of a conflict of interest.

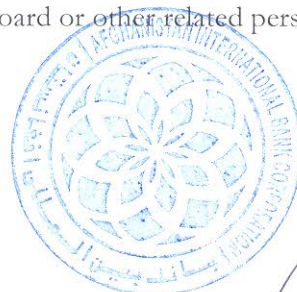
19.4 To achieve the goal of ensuring that the personal interests of members of the Board and Management Board do not conflict with the best interests of the Bank, the Board should:

19.4.1 establish and adhere to a written policy(ies) on salaries, fees, loans and expenses granted to insiders of the Bank, specifically members of the Board and Management Board;

19.4.2 consult with the Bank's legal counsel before entering into or approving transactions involving the Bank and Shareholders, members of the Board or Management Board or other connected persons;

19.4.3 disclose all real and potential conflicts of interest to the entire Board, and as applicable (and on the advice of the Bank's legal counsel) the Shareholders, prior to the Board resolving to take any action on any relevant matter;

19.4.4 ensure that the Board fully documents any discussions, investigation, reporting and approvals process regarding all transactions between the Bank and Shareholders, members of the Board or Management Board or other related persons;



- 19.4.5 ensure that the member of the Board or Management Board with a potential conflict of interest adheres to the provisions of Article 19.5; and
- 19.4.6 ensure that the Bank's interests are paramount in any transaction involving an insider or a related person of the Bank.
- 19.5 A Supervisor who to his knowledge is in any way, whether directly or indirectly, interested in a contract or proposed contract with the Bank shall declare the nature of his interest at a meeting of the Board in accordance with the provisions of Article 50 of the Companies Law and otherwise in accordance with these Articles, any other agreement entered into between the Shareholders from time to time (including but not limited to the Related Party Transactions Agreement dated 29 June 2004) and applicable Afghan Law. Following such disclosure, a Supervisor shall not be entitled to participate or vote in respect of any contract or proposed contract in which they are interested and if they shall do so their vote shall not be counted and they shall not be taken into account in ascertaining whether a quorum is present.

20. **MANAGEMENT BOARD**

- 20.1 The Management Board of the Bank (the **Management Board**) shall be appointed by the Board of Supervisors following the recommendation of any such individuals for appointment by the Board. The Management Board shall comprise no less than five (5) members, including at the CEO, Deputy CEO, Chief of Operations, Chief Credit Officer and Chief Finance Officer. In accordance with Article 56(4) of the Banking Law, the Board of Supervisors may appoint such other officials as may be specified in the Banks' Articles of Association or as decided by the Board of Supervisors. For the avoidance of doubt and subject to these Articles and Afghan Law, the Management Board shall have no power to overrule any decision of the CEO where the CEO is properly exercising those powers delegated to him by these Articles or otherwise by the Shareholders, the Board or under Afghan Law and subject to DAB approval.
- 20.2 The Management Board shall be responsible for the management and execution of the Bank's day-to-day business activities. The CEO shall have the authority to act on behalf of the Bank in relation to third parties without a power of attorney.
- 20.3 The Management Board shall act in accordance with Afghan Law, these Articles, lawful resolutions of the Shareholders and of the Board of Supervisors and his or her contract of employment. The competence of the Management Board shall include all matters relating to the Bank's day-to-day business activities, except those that are reserved to the Shareholders and/or the Board, unless otherwise delegated to it.
- 20.4 The Management Board shall be responsible for the implementation of resolutions of the Shareholders and the Board and must carry out those duties prescribed under Article 56(6) of the Banking Law and Article of 2.10 of Corporate Governance Regulation.
- 20.5 The rights, obligations, form and amounts of remuneration of each of the Management Board shall be determined by the Board and by the employment contract concluded by each of the Management Board with the Bank (with the approval of the Board). Each such contract shall



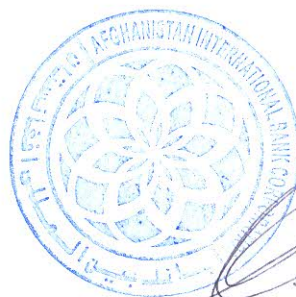
be signed on behalf of the Bank by the Chairman, CEO or by another person expressly authorised by the Board, subject to any other requisite approvals under these Articles.

20.6 The CEO shall be authorised to:

- 20.6.1 act on behalf of the Bank in relation to third parties without a power of attorney;
- 20.6.2 represent the Bank before all organisations and State agencies in accordance with Afghan Law and these Articles;
- 20.6.3 issue powers of attorney authorising persons to act on behalf of the Bank;
- 20.6.4 issue orders for hiring, transfer and dismissal of the Bank's employees; and
- 20.6.5 perform other functions assigned to him by the General Meeting of Shareholders or the Board other than with respect to matters reserved by Afghan Law or these Articles to the exclusive remit of such bodies.

20.7 Subject to the Banking Law, the Bank will provide the following information to the Shareholders:

- 20.7.1 a bi-annual progress report, within sixty (60) days following the end of each fiscal half year, including:
 - (a) un-audited financial statements prepared in accordance with IFRS;
 - (b) details on the quality of the loan portfolio, including amounts of loans classed according to DAB requirements and required loan loss reserve;
 - (c) financial ratios compliance statement with calculations for the required financial ratios, and a statement on compliance with the Banking Law and rules and regulations of the DAB;
- 20.7.2 annual audited financial statements prepared by an internationally recognised auditing firm, within ninety (90) days after the end of each fiscal year, including a regular annual management letter from the external auditors subject to Afghan Law;
- 20.7.3 annual environmental performance report, within one hundred and twenty (120) days of the end of each fiscal year, which will provide a brief summary of the performance of the Bank's environmental management system; and
- 20.7.4 subject to Afghan Law, copies of all minutes of Shareholder meetings and written resolutions within sixty (60) days of such meetings or the passing of such written resolutions.



PART 8

INDEPENDENT AUDITOR

21. INDEPENDENT AUDITOR

- 21.1 The financial and business activities of the Bank shall be inspected by the Independent Auditor of the Bank (Independent Auditor). The Independent Auditor shall be appointed at a General Meeting in accordance with Article 48(1)(7) of the Banking Law and according to any other DAB approval and requirements and shall perform the duties detailed therein.
- 21.2 The Independent Auditor shall be appointed from among the major independent international audit firms having offices in close proximity to Kabul and shall perform its duties as set out under Article 94(2) of the Banking Law.
- 21.3 The Independent Auditor shall carry out audits in connection with the annual accounts and financial statements and tax returns of the Bank. In addition, the Independent Auditor shall carry out audits and other investigations at the request of the General Meeting of Shareholders and/or Board.
- 21.4 The Independent Auditor shall prepare audit and investigation reports, together with financial statements for consideration at the Annual General Meeting.
- 21.5 The cost of all audits shall be paid by the Bank.
- 21.6 The CEO, his or her deputies and all employees of the Bank shall fully cooperate with the Independent Auditor, including but not limited to providing all information, materials and documents necessary to implement audits.

PART 9

ISLAMIC BANKING

22. ISLAMIC BANKING WINDOW

- 22.1 The Bank shall, pursuant to Article 88 of Banking Law, establish Islamic banking window (the **Window**).
- 22.2 The Islamic banking window, shall conduct its operations in a sound and prudent manner and in accordance with the requirements of Banking Law, Sharia principles, related regulations issued by DAB, and any conditions and restrictions specified in its license.

23. GOVERNANCE STRUCTURE AND APPOINTMENT OF KEY POSITIONS

- 23.1 Islamic banking window shall be comprised of Shariah Board, Head and Deputy Head of Islamic banking window, a Shariah Advisor, and other employees stipulated in National Shariah Governance Framework.



23.2 Subject to Article 90 of Banking Law and the provisions of National Shariah Governance Framework, appointment of key positions in Islamic banking window shall be made after approval of DAB.

24. **SHARIAH BOARD, COMPOSITION, MEETING AND RESPONSIBILITY**

24.1 Pursuant to provisions of Banking Law and related regulation, the Islamic banking window shall establish a Shariah Board (the **Shariah Board**) who shall be responsible for overall compliance of the Islamic banking window's activities, operations and products with the Shariah principles.

24.2 The Sharia Board shall be comprised of at least three (3) Islamic scholars, who shall in accordance with Article 90 of Banking Law be appointed for a period of 3 years. The Shariah Board shall designate one of its members as chairman. The members may be reappointed for a subsequent terms of equal length.

24.3 The Shariah Board members shall have the necessary qualifications stipulated in the related regulation, and as a minimum, shall have experience in Islamic banking operations.

24.4 The Shariah Board meeting shall be held on need basis.

24.5 The Shariah Board shall take valid decisions by a simple majority of the votes of its members. In case of a tie vote, the chairman of the Shariah Board shall cast the deciding vote.

24.6 Subject to provisions of Banking Law and Article 6.3.3 of National Shariah Governance Framework, Shariah Board shall report to Board of Supervisors and regularly inform the Board on relevant Shariah matters.

24.7 The Islamic banking window shall appoint an experienced Shariah scholar with necessary qualification as stipulated in Clause 24.3 of these Articles.

25. **ISLAMIC BANKING WINDOW ACTIVITIES**

25.1 The Islamic banking window shall, pursuant to the provisions of its license, the Sharia principles, and related regulations, engage in the activities prescribed under Article 91 of Banking Law.

26. **ROLE AND RESPONSIBILITY OF BOARD OF SUPERVISORS AND BOARD OF MANAGEMENT**

26.1 The Board of Supervisors shall be responsible for adaptation and implementation of applicable law and regulation within the Islamic banking window's governance structure by obtaining appropriate mechanisms in discharge of responsibilities of the window.

26.2 The Management Board shall oversee that the implementation of the resolutions, issued by Shariah Board, is in conformity with the related regulation and it is further expected to understand Shariah non-compliance risks for Islamic business activities of the window accordingly. In the event Shariah non-compliant activities are identified, the Management



Board shall take necessary corrective measures to overcome the situation.

PART 10

REORGANISATION AND LIQUIDATION

27. REORGANISATION AND LIQUIDATION

- 27.1 The duration of the existence of the Bank shall be unlimited, unless reorganised or liquidated in accordance with Afghan Law and these Articles.
- 27.2 The reorganisation, amalgamation, merger or division of the Bank shall be permitted only with the prior written authorisation of DAB and in accordance with the provisions set out under the Banking Law.
- 27.3 The Bank may be liquidated by resolution of DAB, after the Banking License has voluntarily surrendered, at the request of the Bank, pursuant to Article 19 of the Banking Law and in accordance with Afghan Law. The decision to voluntarily liquidate and to request the revocation of its Banking License will require the affirmative resolution of the Qualified Majority in the General Meeting or by written resolution.

PART 11

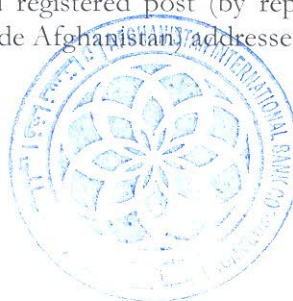
GENERAL

28. INDEMNITY

- 28.1 Subject to the Companies Law, but without prejudice to any indemnity to which a Supervisor or any other person may otherwise be entitled, each Supervisor, Management Board or Audit Committee member (whether a Supervisor, Management Board or otherwise) of the Bank shall be indemnified out of the Bank's assets against all costs, charges, losses, expenses and liabilities incurred by him/her in the execution of his/her duties, or in relation thereto including any liability incurred by him/her in defending any civil or criminal proceedings, in which judgment is given in his/her favour or in which he/she is acquitted or the proceedings are otherwise disposed of without any finding or admission of any material breach of duty on his/her part or in connection with any application in which the court grants him/her relief from liability for negligence, default, breach of duty or breach of trust in relation to the Bank's affairs.
- 28.2 The Bank will buy and maintain insurance against any liability falling upon its Supervisors or other Management Board members which arises out of their respective duties to the Bank, or in relation to its affairs.

29. NOTICES: TIME OF SERVICE

- 29.1 Any notice or other document may be served on or delivered to any member by the Bank either personally, or by sending it by pre-paid registered post (by reputable international courier in the case of an address for service outside Afghanistan) addressed to the Shareholder



at their last known or notified address provided by the Shareholder for this purpose, or by leaving it at their last known or notified address addressed to the Shareholder, or by any other means authorised by the Shareholder concerned (including by email).

- 29.2 Any notice or other document shall be deemed served:
- 29.2.1 if given personally, when delivered; or
 - 29.2.2 if sent by registered post or courier, five (5) Business Days after posting; or
 - 29.2.3 if by email, upon sending (subject to the email address being valid, email service being permitted under these Articles or applicable Afghan Law and the sender not receiving a notice of non-delivery).
- 29.3 In proving such service or delivery, it shall be sufficient to prove that the notice or document was delivered to the address given for notice, or properly addressed, stamped and put in the post or sent by email to the authorised and valid email address of the recipient without notice of non-delivery being received.
- 29.4 Any requirement in these Articles or in the Companies Law for any notice, resolution or other document to be signed by or on behalf of any person shall be deemed satisfied where a notice, resolution or other document is received with the signature of the relevant person reproduced thereon by means of email if such signature is confirmed by receipt of the notice, resolution or document bearing the original signature in manuscript within fourteen (14) days of receipt of the reproduction.
- 29.5 These Articles have been confirmed and approved at a General Meeting in the English language.
- 29.6 These Articles have been approved and adopted by the Bank by its Board (who were duly authorised to do so by the General Meeting of Shareholders) and supersede all previous Articles or By-Laws (or the like) of the Bank.

Signed

Duly authorised signatory of Afghanistan International Bank Corporation

Date:

AUGUST 08 2014

