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**Legislative Decree No. (14) of 1991 amending Legislative Decree No. (30) of 1975 approving the Convention Establishing the Gulf International Bank (Bahraini Joint Stock Company)**

We, Isa bin Salman Al Khalifa, Emir of the State of Bahrain.

Having reviewed the Constitution;

Emiri Order No. (4) of 1975;

Legislative Decree No. (28) of 1975 promulgating the Commercial Companies Law, and the laws that amend it;

Legislative Decree No. (30) of 1975 approving the Convention Establishing the Gulf International Bank (Bahraini Joint Stock Company);

And the Decision of the Extraordinary General Assembly of Gulf International Bank (Bahraini joint stock Company) held at its meeting on 25 April 1991, to reconfigure the Bank's capital as of 31 December 1990, and to introduce amendments to the Bank's convention of establishment and its statute regarding the creation of two classes of shares and the potential consequences of share cancellations and other related matters;

And upon the submission of the Minister for Commerce and Agriculture,

And after the approval of the Council of Ministers,

**Hereby Decree the following Law:**

**Article One**

Articles (8.7.6.5.1) of the Gulf International Bank's convention of establishment and the Articles (53.29.27.26.18.17.16.8.7.5.4.2.1) of the Bank's statute shall be amended as attached to this Law.

**Article Two**

Article (15) of the Gulf International Bank's statute shall be repealed.

**Article Three**

The Minister of Commerce and Agriculture shall implement this Law, and it shall come into force on the first of January 1991 and it shall be published in the Official Gazette.

**Emir of the State of Bahrain**

**Isa bin Salman Al Khalifa**

Issued at Riffa Palace

On: 9 Muharram 1415 A.H.

Corresponding to: 20 July 1995

**Annex No. (1)**

**Amendments to the Articles of the Convention Establishing the Gulf International Bank (Bahraini Joint Stock Company)**

**Article (1):**

Under this Convention, a Bahraini Joint Stock Company named “Gulf International Bank” shall be established among the states listed below:

1- Kingdom of Saudi Arabia.

2- State of Kuwait.

3- State of United Arab Emirates.

4- State of Qatar.

5- Sultanate of Oman.

6- State of Bahrain.

7- Republic of Iraq.

**Article (5):**

**"The Company Objectives:**

The Company is authorized to engage in all banking and commercial activities on behalf of banks or on behalf of third parties or in partnership with them. It may also have an interest in or participate in any manner with authorities and institutions engaged in activities similar to those it undertakes or cooperate with them in achieving its objectives, or acquire them or merge with them. It is also permissible for it to own or establish banks or invest in existing banks, in addition to its right to make other investments in accordance with the applicable laws, regulations and banking procedures”.

**Article (6):**

“A) The Company's capital is set at five hundred and seventy million and forty-seven thousand (547,70,000) Bahraini dinars, divided into fifty-four thousand seven hundred and seven (54,707) shares with a nominal value of ten thousand (10,000) Bahraini dinars per share, taking into account Paragraph (B) of this Article.

B) The Company's capital is divided into two classes of shares as follows:

Class "A" shares: With a total amount of 169,650,000 Bahraini dinars distributed over 16,965 shares with a nominal value of 10,000 Bahraini dinars per share.

Class "B" shares: With a total amount of 377,420,000 Bahraini dinars distributed over 37,742 shares with a nominal value of 10,000 Bahraini dinars per share.

C) All shares rank equally regardless of their nominal value, except that Class "A" shares will not be subject to a reduction of the Company's capital until all Class "B" shares have expired.

**Article (7):**

**“A) The shareholders in the Company are as follows:**

Gulf Investment Corporation: 16,965 shares, Class 'A', with a nominal value of

10,000 Bahraini dinars per share. Kingdom of Bahrain: 5,716 shares, Class 'A', with a nominal value of

10,000 Bahraini dinars per share. Kingdom of Saudi Arabia: 5,714 shares, Class 'B', with a nominal value of

10,000 Bahraini dinars per share. State of Qatar: 5,714 shares, Class 'B', with a nominal value of

10,000 Bahraini dinars per share. Sultanate of Oman: 5,714 shares, Class 'B', with a nominal value of

10,000 Bahraini dinars per share. Republic of Iraq: 5,714 shares, Class 'B', with a nominal value of

10,000 Bahraini dinars per share. State of Kuwait: 5,714 shares, Class 'B', with a nominal value of

10,000 Bahraini dinars per share. Abu Dhabi Investment Authority: 3,456 shares, Class 'B', with a nominal value of

10,000 Bahraini dinars per share.

B) The shareholders have fully paid the nominal value of the mentioned shares. The nominal value of Class (A) shares was paid upon subscription, while the nominal value of Class (B) shares was paid in instalments following capital increases at various times since the Company's establishment”.

**Article (8):**

"Subscription to the Company's capital shall be limited to member states, but the Board of Directors may approve the issuance or transfer of any shares in the Company to any natural person who holds the nationality of one of the member states or any legal entity considered to be 100% owned by citizens of the member states".

**Annex No. (2)**

**Amendments to the Statute**

**of the Gulf International Bank (Bahraini Joint Stock Company)**

**Article (1):**

"Under this Convention of Establishment and the attached Statute, a Bahraini joint stock Company is established named (Gulf International Bank)”.

**Article (2):**

"The Company's main office and legal domicile are located in the city of Manama, Kingdom of Bahrain. The Board of Directors is authorized to establish representative offices for the Company in member states, and it is also allowed to establish branches, agencies, or offices outside the member states”.

**Article (4):**

**“Purposes for Which the Company Was Established:**

Carrying out all banking and commercial activities on behalf of the bank, other banks, or third parties, in accordance with the applicable laws and banking procedures. These purposes include:

1- Accepting deposits of all types and borrowing, managing, or receiving money and granting loans, with or without collateral.

2- Dealing in the purchase, sale, and discounting of securities of all types, including commercial papers and guarantees.

3- Acting as financial consultants for financial investments and engaging in all general business, brokerage, financial, and agency activities.

4- Lending money and providing credit and financial facilities.

5- Borrowing money and repaying debts.

6- Acting as a guarantor, issuer, or intermediary for the issuance of stocks and bonds, and overseeing and managing individual and investment trusts, as well as participating in any other form in capital and money markets.

7- The Company shall have the right to have an interest in or participate in any manner with authorities engaged in fields similar to its activities or cooperate with them in achieving its objectives, or acquire them or merge with them, as deemed in the best interest.

8- The Company may establish branches abroad or own or establish foreign banks or partially participate in existing banks.

9- Invest the Company's funds in any investments, own and sell these investments, and deal with them in any other manner, operating as a holding or investment Company.

10- The Company may engage in any other activities aimed at achieving its purposes as determined by the Board of Directors”.

**Article (5):**

“A) The Company's capital is set at five hundred and seventy million and forty-seven thousand (547,70,000) Bahraini dinars, divided into fifty-four thousand seven hundred and seven (54,707) shares with a nominal value of ten thousand (10,000) Bahraini dinars per share, taking into account Paragraph (B) of this Article.

B) The Company's capital is divided into two classes of shares as follows:

Class "A" shares: With a total amount of 169,650,000 Bahraini dinars distributed over 16,965 shares with a nominal value of 10,000 Bahraini dinars per share.

Class "B" shares: With a total amount of 377,420,000 Bahraini dinars distributed over 37,742 shares with a nominal value of 10,000 Bahraini dinars per share.

C) All shares rank equally regardless of their nominal value, except that Class "A" shares will not be subject to a reduction of the Company's capital until all Class "B" shares have expired.

**Article (7):**

"Subscription to the Company's capital shall be limited to member states, but the Board of Directors may approve the issuance or transfer of any shares in the Company to any natural person who holds the nationality of one of the member states or any legal entity considered to be 100% owned by citizens of the member states".

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10,000 Bahraini dinars per share.

B) The shareholders have fully paid the nominal value of the mentioned shares. The nominal value of Class (A) shares was paid upon subscription, while the nominal value of Class (B) shares was paid in instalments following capital increases at various times since the Company's establishment”.

**Article (15):**

Repealed.

**Article (16):**

"The Company's capital may be increased once or more by issuing new shares or by converting reserves into shares, as decided by the Extraordinary General Assembly, specifying the terms of the new shares, provided that the instalments of the original shares have been fully paid.

If new shares are issued at a premium over their nominal value, the difference shall be added to the general reserve after covering issuance expenses. Each shareholder shall have priority in subscribing to a proportionate share of the new shares according to their existing shares, with a period of fifteen days granted to exercise this right of priority.

In the event of an excess of shares, they shall be offered to shareholders in proportion to their holdings, and the original subscription terms shall apply to the new shares. If some excess shares remain available after 15 days from the date of the offer, those shares shall be cancelled, and the capital will be what has been fully subscribed and paid for”.

**Article (17):**

1- The Company may, by a decision of the Extraordinary General Assembly, reduce its capital if it exceeds its needs or in the event of a loss, and the Company may reduce the capital to the actual existing value.

2- No reduction in the value of Class (A) shares shall be executed until the value of Class (B) shares has been reduced to zero.

3- The Company may, by a decision of the Extraordinary General Assembly, cancel any shares whose nominal value equals zero, taking into account the provisions of Clause (2) above.

Reduction may be made by one of the following methods:

A) Reducing the nominal value of shares by cancelling commitments to pay unpaid instalments.

B) Reducing the nominal value of shares by cancelling a portion of the paid-up capital equivalent to the loss if the Company incurs a loss, or by returning a portion of its capital if it deems it to be in excess of its needs.

The reduction decision shall not be issued until the auditor's report is read, which states the reasons justifying it, the Company's obligations, and the impact of the reduction on these obligations".

**Article (18):**

1- The Company shall be managed by a Board of Directors consisting of no more than ten members, with each shareholder appointing their representative. However, Gulf Investment Corporation shall have the right to appoint three members to the Board of Directors.

2- Each shareholder shall be responsible to the Company for the actions of their representative".

**Article (26):**

"If any member of the Board fails to attend three consecutive meetings without a valid excuse, they may be considered resigned, and the Board of Directors shall notify the shareholder represented by the absent member to appoint another member in their place”.

**Article (27):**

"The Ordinary General Assembly shall determine the remuneration of the Board of Directors, taking into consideration the effort exerted by the Board and the profits achieved, provided that such remuneration does not exceed 10% of the net profit”.

**Article (29):**

"Neither the President of the Board of Directors, nor their deputy, nor the Director General of the Company shall violate any provisions of this Convention and its annexes. Each of them shall be responsible under the laws of the state of the registered office for the proper execution of their agency related to the Company, whether individually or jointly, as the case may be. The Company shall have the right to take legal action to file civil or criminal liability if any of them violates the provisions of this Convention or its annexes or commits any violation in the management of the Company”.

**Article (53):**

"The net profits shall be distributed as follows:

First: 10% shall be allocated to the statutory reserve.

Second:  10% shall be allocated to the optional reserve.

Third:  The amount necessary for the distribution of a first share of profits amounting to 5% of the paid-up value of shares shall be deducted.

Fourth:  The remainder shall be distributed to the shareholders, and the Board of Directors may propose to carry forward the unpaid profits to the following year or allocate them to create a reserve for extraordinary consumption”.