

CERTIFIED BY

PROTOCOL NO 01 DATED 02.09.1991  
OF "HAYKAP" COMMERCIAL BANK  
PARTICIPANTS' MEETING

Amended by PROTOCOL NO 05 DATED  
19.02.1994 OF  
"HAYKAP" SHARE BANK  
SHAREHOLDERS' MEETING

Amended by PROTOCOL NO 05 DATED  
29.07.1995 OF  
"HAYKAP" SHARE BANK  
SHAREHOLDERS' MEETING

Amended by PROTOCOL NO 12 DATED  
30.03.1996 OF  
"HAYKAP" SHARE BANK  
SHAREHOLDERS' MEETING

Amended by RESOLUTION NO M-06  
DATED 27.12.2002 OF  
"HAYKAP" BANK CJSC TEMPORARILY  
ADMINISTRATION

Amended by RESOLUTION NO M-03  
DATED 23.10.2004 OF  
"HAYKAP" BANK CJSC TEMPORARILY  
ADMINISTRATION

Amended by RESOLUTION NO 03 DATED  
25.04.2005 OF "HAYKAP" BANK CJSC  
SHAREHOLDERS' GENERAL MEETING

Amended by RESOLUTION NO 05 DATED  
14.06.2005 OF "HAYKAP" BANK CJSC  
SHAREHOLDERS' GENERAL MEETING

Amended by RESOLUTION NO 07/2  
DATED 30.09.2005 OF "HAYKAP" BANK  
CJSC SHAREHOLDERS' GENERAL  
MEETING

Amended by RESOLUTION NO 02/1  
DATED 07.02.2006 OF "ARARAT" BANK  
CJSC SHAREHOLDERS' GENERAL

**REGISTERED AT**

CENTRAL BANK OF THE REPUBLIC OF ARMENIA

PRESIDENT OF RA CENTRAL BANK

DIGITALLY SIGNED BY ARTHUR JAVADYAN

Date: 2020.03.12 14:30:42 AMT

Reason: Registered on 11.03.2020

OFFICIAL SEAL



## MEETING

Amended by RESOLUTION NO 02 DATED  
30.05.2006 OF "ARARAT" BANK CJSC  
SHAREHOLDERS' GENERAL MEETING

Amended by RESOLUTION NO 04/1  
DATED 22.12.2006 OF "ARARAT" BANK  
CJSC SHAREHOLDERS' GENERAL  
MEETING

Amended by RESOLUTION NO 04/2  
DATED 22.12.2006 OF "ARARAT" BANK  
CJSC SHAREHOLDERS' GENERAL  
MEETING

Amended by RESOLUTION NO 01 DATED  
06.04.2007 OF ARARATBANK CJSC  
SHAREHOLDERS' GENERAL MEETING

Amended by RESOLUTION NO 05 DATED  
29.06.2007 OF ARARATBANK CJSC  
SHAREHOLDERS' GENERAL MEETING

Amended by RESOLUTION NO 03/1  
DATED 26.11.2007 OF ARARATBANK  
OJSC SHAREHOLDERS' GENERAL  
MEETING

Amended by RESOLUTION NO 01/1  
DATED 14.01.2008 OF ARARATBANK  
OJSC SHAREHOLDERS' GENERAL  
MEETING

Amended by RESOLUTION NO 04 DATED  
27.06.2008 OF ARARATBANK OJSC  
SHAREHOLDERS' GENERAL MEETING

Amended by RESOLUTION NO 04/01  
DATED 29.12.2008 OF ARARATBANK  
OJSC SHAREHOLDERS' GENERAL  
MEETING

Amended by RESOLUTION NO 05 DATED  
31.05.2010 OF ARARATBANK OJSC  
SHAREHOLDERS' GENERAL MEETING

Amended by RESOLUTION NO 02/1L  
DATED 27.11.2012 OF ARARATBANK  
OJSC SHAREHOLDERS' GENERAL  
MEETING



Amended by RESOLUTION NO 02/03L  
DATED 08.11.2016 OF ARARATBANK  
OJSC SHAREHOLDERS' GENERAL  
MEETING

Amended by RESOLUTION NO 04/01L  
DATED 27.12.2016 OF ARARATBANK  
OJSC AND "DEVELOPMENT BANK"  
OJSC SHAREHOLDERS  
JOINT GENERAL MEETING

Amended by RESOLUTION NO 02/02L  
DATED 27.09.2019 OF ARARATBANK  
OJSC SHAREHOLDERS' GENERAL  
MEETING

Amended by RESOLUTION NO 1/01L  
DATED 10.02.2020 OF ARARATBANK  
OJSC SHAREHOLDERS' GENERAL  
MEETING

ARARATBANK OJSC SHAREHOLDERS'  
GENERAL MEETING  
CHAIRMAN OF SHAREHOLDERS'  
GENERAL MEETING (SIGNED)  
ARZIK SUVARYAN  
SEAL

## **ARARATBANK OPEN JOINT - STOCK COMPANY CHARTER** (as amended)

## **1. GENERAL PROVISIONS**

1.1 ARARATBANK Open Joint- Stock Company (hereinafter Bank) is a commercial legal entity having a right to implement Banking activity based on the license issued according to the procedure prescribed by RA law “About Banks and Banking activity”.

1.2 The Bank was created from "HAYKAP" Bank CJSC, registered on 20.09.1991 through being renamed into ARARATBANK CJSC, thereafter it was reorganized into ARARATBANK OJSC; later as a result of reorganization through the merger with “ARMENIAN DEVELOPMENT BANK” OJSC the bank survived and now considered as the legal successor thereof.

1.3 The Bank’s founder document is this Charter the requirements of which are mandatory for the Bank’s shareholders and governing bodies.

1.4 The Bank was created and acquired the status of a legal entity at Central Bank of the Republic of Armenia (hereinafter Central Bank) since the day it was registered – registration certificate No 0153, registration No 4, registration date 20.09.1991.

1.5 The Bank has a right to implement Banking activity and financial operations specified by the legislation since the day of being issued a license by Central Bank for implementing Banking activity: No 4 license for Banking activity. The License was issued on 20.09.1991.

1.6 The Bank bears a responsibility for its obligations by the property (resources) belonging to itself by the right of ownership, unless otherwise specified by the legislation of the Republic of Armenia.

1.7 The Republic of Armenia, local municipalities, the Central Bank and the Bank are not responsible for each other’s obligations, if they have not assumed them.

1.8 The Bank has a property belonging to itself by the right of ownership, a firm name and a symbol registered according to the procedure established by law, a round seal with its name and symbol on, stamps, forms and seals, including numerical ones.

1.9 The Bank has a right to obtain and realize property and personal non-property rights, bear responsibilities, be a claimant or respondent in court.

1.10 The Bank’s legal address is as follows: No 85, building 87, Buzand street, Kentron, Yerevan city.

1.11 The Bank’s full firm name is:

In Armenian: ԱՐԱՐԱՏԲԱՆԿ բաց բաժնետիրական ընկերություն

In Russian: АРАРАТБАНК открытое акционерное общество

In English: ARARATBANK Open Joint -Stock Company

1.12 The Bank’s short firm name is:

In Armenian: ԱՐԱՐԱՏԲԱՆԿ ԲԲԸ

In Russian: ОАО АРАРАТБАНК

In English: ARARATBANK OJSC

1.13 The Bank guarantees keeping data of persons serviced by the Bank considered Bank secret according to the procedure established by law.

1.14 The Bank ensures carrying out the requirements of RA law “About warranting indemnity of natural persons’ Bank deposits”.



1.15 The Bank ensures carrying out the requirements of RA law “On Anti money laundering and terrorism financing” and carrying out requirements of legal acts adopted by Central Bank based on it.

1.16 The Bank doesn’t bear a responsibility for the damages suffered by persons serviced at the bank in consequence of a ban, confiscation, sequestration of accounts or property of these persons or penalty being imposed upon them according to cases and the procedure established by RA legislation.

## **2. THE BANK’S SEPARATED SUBDIVISIONS**

2.1 The Bank can establish branches without the status of a legal entity in the Republic of Armenia and outside its borders, representative offices (hereinafter separated subdivisions) which, in the event of being established within the territory of the Republic of Armenia, are registered according to the procedure established by the legislation of the Republic of Armenia, and abroad – by the procedure established by the legislation of the given country abiding by the requirements of the legislation of the Republic of Armenia.

2.2 A separated subdivision of the Bank operates based on the charter confirmed by the Bank and registered at Central Bank.

2.3 Creation, registration and liquidation of separated subdivisions of the Bank is implemented according to the procedure established by laws and other legal acts.

2.4 The branch implements a Banking activity and financial operations specified by the Charter of the Branch on behalf of the Bank.

2.5 The Representative Office represents the Bank, surveys the financial market, concludes contracts on behalf of the Bank, implements other similar functions. The Representative Office does not have a right to implement Banking activity or financial operations specified by RA law “About Banks and Banking Activity”.

2.6 The property of branches and representative offices is registered both in the Bank’s balance and in their separate balances.

## **3. THE BANK’S FINANCIAL OPERATIONS AND OTHER TRANSACTIONS**

3.1 According to the procedure established by laws and other legal acts the Bank can implement the following financial operations:

- 1) Accept deposits;
- 2) Extend loans,
- 3) Factoring
- 4) Provide Bank guarantees, open or perform settlements through letters of credit
- 5) Provide settlement services, including open and manage accounts, including correspondent accounts of other Banks
- 6) issue, service securities, execute transactions with securities, derivative financial instruments on its own behalf and account;
- 7) provide investment and non-core services in accordance with the Republic of Armenia Law on Securities Market;
- 8) carry out custodial activities of an investment fund (including a pension fund) if the requirements of the law are met;



- 9) manage the assets of other persons (trust management), with the exception of the securities package, the management of which is carried out in accordance with paragraph 7 hereof;
- 10) buy, sell, manage bank gold, standardized bullion and coin;
- 11) buy, sell, exchange foreign currency;
- 12) perform finance leasing;
- 13) to deposit precious metals, jewelry, documents and other valuables;
- 14) to provide financial advice, except investment advisory services, carried out in accordance with paragraph 7 hereof;
- 15) create and maintain a customer credibility information system;
- 16) carry out debt collection activities;
- 17) execute insurance policies and/or contracts, perform insurance agent operations as prescribed by law;
- 18) Perform the functions of the Account Operator provided by the Republic of Armenia Law “On Funded Pensions”.

3.2 The Bank can conduct any civil and legal transaction which is necessary or expedient for realizing Banking activity and conducting financial transactions specified by this Charter.

3.3 The Bank can't realize production, commercial and insurance activity, unless otherwise prescribed by the law.

#### **4. THE BANK'S CHARTERED CAPITAL; OTHER FUNDS**

4.1 The Bank's chartered capital makes 8,803,655,000 (eight billion eight hundred and three million six hundred and fifty-five thousand) AMD which consists of 1,760,731 (one million seven hundred and sixty thousand seven hundred and thirty-one) pieces of common (ordinary) nominal shares per share at a par value of 5000 (five thousand) AMD.

The biggest size of the volume of the Bank's declared common (ordinary) nominal shares is fixed – 3,000,000 (three million) pieces of shares.

4.2 The Bank can increase the size of its chartered capital through increasing the par value of the Bank's shares or allocating additional shares within the volume of declared shares if shares allocated in fact have been entirely paid.

4.3 Having summed up the financial results of its activity, the Bank can invest a portion of its profit in the chartered capital allocating new shares to the shareholders or increasing the par value of allocated shares.

4.4 The decision about increasing the Bank's chartered capital is made by the General Shareholders' Meeting (hereinafter referred to as the Meeting).

4.5 Decrease of the Bank's chartered capital that has been factually replenished during the activity by distributing profit shares at its expense or in any other way is prohibited except when owners of shares giving a right to the Bank's vote according to the RA Law “About Banks and Banking Activity” acquire a right to demand from the Bank a determination of a buy-back price of participation or buy-back of shares belonging to them or a portion of these with the consent of Central Bank.

4.6 In the event of its shares being bought back by the Bank, decision on decrease of the chartered capital or realization of the given shares shall be made by the Meeting by 3/4 of votes of voting share owners participating in it, but no less than 2/3 of votes of voting share owners.



4.7 Achievement of direct or indirect considerable participation in the Bank's chartered capital can be realized according to the procedure established by RA law "About Banks and Banking Activity" by the preliminary consent of Central Bank.

Restrictions provided by this clause don't extend over cases of obtaining participation from a considerable participant being an accountable issuer according to RA law "About Securities Market", if it has realized in the stock exchange and doesn't exceed 20% of the Bank's chartered capital.

4.8 Natural persons having a permanent residence or being engaged in activities in offshore territories, as well as legal entities, persons not having a status of a legal entity created or registered in these territories, or persons interconnect with them can acquire participation in the Bank's chartered capital (irrespective of the size of the participation) in consequence of one or several transactions exclusively with the preliminary consent of Central Bank.

4.9 A reserve fund is created in the Bank in the amount of 15% of factually replenished chartered capital which is used to cover the losses (damages) borne by the Bank, to redeem bonds issued by the Bank and buy back the shares, if the Bank's profit and other resources don't suffice for it.

The reserve fund can't be used for other purposes.

4.10 The reserve fund is formed from the Bank's profit until reaching the specified sizes. If the reserve fund makes a smaller magnitude than the size specified by clause 4.9 of this charter, deductions to that fund are done by at least 5% of the profit.

4.11 The Bank can create reserve and other funds for re-evaluation of capital resources, securities, precious metals and foreign currency, and reserves for writing out hopeless loans and debtor's debts and others, as well as funds, including a special fund for the employees' shareholding.

4.12 Forming and use of the Bank's funds, procedure and rates of their apportionment are determined by the Bank's board.

## **5. THE BANK'S SHARES**

5.1 The Bank's shares are allocated between shareholders by way of open or closed subscription. The allocation price of the issued shares is their par value or the market value determined by the Bank's board, which can't be less than the par value, except for the cases specified by clause 5.4 of this charter.

In the event of allocation of the Bank's shares by way of an open subscription, a share issuance notice shall be confirmed by the Bank's Board that is registered by the Central bank.

5.2 Only AMD can serve as a payment method for obtaining shares. The issued shares can also be obtained by converting them into bonds convertible into shares.

5.3 The Bank can't discount, buy its shares or otherwise obtain them by consideration, extend a loan by accepting them for mortgage, except for the cases specified by law and sub-clause Ja/ of clause 7.6 of this charter, as well as in the cases when accepting for mortgage or obtaining the Bank's shares is necessary to prevent possible losses in consequence of not performing or improperly performing liabilities originated previously in regard to the Bank; the Bank is, in particular, obliged to realize the given shares within the period specified by law from the moment of obtaining them by the right of ownership.

5.4 The Bank has a right to allocate additional shares lower than their market value, if:



a/ The allocation is realized with all shareholders having the Bank's common (ordinary) shares by way of exercising the priority right of obtaining such shares;

b/ For allocation of shares the Bank uses the allocator's (intermediary's) services. In this case the allocation price can be lower than the market value only in the amount of the remuneration paid to the allocator (intermediary) specified as an interest rate in regard to the price of the allocated share.

5.5 One common (ordinary) share of the Bank provides the shareholder with a right of one vote in the Meeting.

5.6 The Bank's shares are non-document type of shares. The register of the Bank's share owners containing data about each shareholder and having records of data specified by law and other legal acts as well is run by the Central Depository.

5.7 The Bank's shareholders are obliged to notify of any change of the data concerning themselves to the Bank and Central Depository according to the procedure established by legislation.

5.8 Upon request of a Bank's shareholder the Central Depository is obliged to confirm Bank's shareholder's right of ownership by providing the shareholder an appropriate excerpt from the register.

## **6. THE BANKS BONDS AND OTHER SECURITIES**

6.1 The Bank can issue nominal bonds or bonds as per representor and other securities specified by law.

6.2 Issuance of the Bank's bonds and other securities is performed by the decision of the Bank board specifying the type, par value, method of redemption, time-limits of a security and the other terms.

6.3 The sum of the par values of all secured bonds issued by the Bank can't exceed the Bank's chartered capital or the security sum the Bank has been provided with for issuing bonds.

6.4 Running the register of the Bank's nominal security owners is realized according to laws and the procedure specified by other legal acts.

## **7. THE BANK'S SHAREHOLDERS**

7.1 A Bank shareholder can be resident or non-resident natural person and legal entity of the Republic of Armenia taking into consideration the restrictions provided for shareholders by law and clauses 4.7 and 4.8 of this charter.

7.2 The Bank doesn't bear a responsibility for the liabilities of its shareholders, if it has not assumed such as a third person or guarantor.

7.3 The Bank shareholders don't bear a responsibility for the Bank's liabilities and bear the risk of damages connected with the Bank's activity within the value of shares belonging to themselves.

7.4 Should the Bank's insolvency (Bankruptcy) be caused by the actions (inaction) of shareholders or other persons having a right to give obligatory instructions for the Bank's performance, or possibilities to otherwise predetermine the Bank's activities, an additional (subsidiary) responsibility may be imposed upon these shareholders or other persons for the Bank's obligations in case the property belonging to the Bank is not sufficient.

The actions (inaction) of the above-mentioned shareholders or other persons shall be considered a cause of the Bank's insolvency solely in the event they have used their right and possibilities for the aim of obligating the Bank to perform or not perform certain actions knowing in advance that because of it the Bank shall find itself in a state of insolvency (Bankruptcy).

7.5 In the event of allocation of voting shares through open subscription and securities convertible into voting shares by the Bank, the Bank's shareholders don't have a priority right of obtaining voting shares or securities convertible into voting shares.

7.6 Each common (ordinary) share of the Bank provides the same rights to its share-owning shareholder, namely:

- a) Take part in the Meeting with a voting right in regard to all questions pertaining to the latter's competence;
- b) Take part in the Bank's management;
- c) Receive dividends from the profit produced from the Bank's activity;
- d) Receive any information regarding the Bank's activity except for secret documents, including to get familiar with the Bank's balance, financial and tax statements according to the procedure specified by this charter;
- e) Put forward proposals in the meetings and vote in the amount of the votes of shares belonging to him;
- f) Obtain in the order of priority shares issued and allocated by the Bank unless otherwise specified by RA law "About shareholding companies" and this Charter;
- g) In the event of the Bank's liquidation, to receive his due portion of the Bank's property (resources);
- h) Alienate or otherwise transfer to other persons shares that are his property according to the procedure specified by this charter or the law;
- i) To apply to the court for the purpose of appealing against decisions made by the Meeting and contradicting to the effective laws, this charter and other legal acts;
- j) Demand the Bank to determine the buy-back price of shares and buy-back of shares belonging to him or portion of these, if:
  - a decision has been made concerning the Bank's reorganization, stopping the priority right or conducting a big transaction, and he has voted against the Bank's reorganization, stopping the priority right or conducting a big transaction or has not participated in the voting of these matters;
  - additions and amendments have been made to this charter, or a newly-edited charter has been certified, in consequence of which his rights have been restricted, and he has voted against or has not participated in the voting;
- k) Authorize a third person to represent his rights in meetings;
- l) Enjoy other rights provided for by legislation or this charter.

7.7 The Bank's shareholder is obliged to:

- a/ Fully pay the value of his shares within the time-limits specified by the share issuance decision;
- b/ Not to publish information presenting a secret concerning the Bank's customers and the Bank's activities, including the Bank secret;
- c/ In the event of the Bank disposing of 10 and more percents of common (ordinary) shares by the voting right, to submit a declaration to the Bank about persons interconnected with him;



d/ Submit a declaration to the Bank about any other person acquiring an indirect considerable participation in the Bank through his participation or absence of such participation. In the event of any other person acquiring an indirect considerable participation in the Bank as a result of a shareholder's participation, to also submit documents determined by Central Bank about persons acquiring indirect considerable participation in order to get preliminary consent;

e/ Carry out demands of the law, other legal acts and this charter.

## **8. DISTRIBUTION OF THE BANK'S PROFIT; DIVIDENDS**

8.1 As a result of the annual activity the positive difference of the gross income gained by the Bank and reductions permitted by law, the taxable profit, is subject to taxation according to tax legislation of the Republic of Armenia.

8.2 The Bank's net profit is determined as a positive difference of the gross income gained by the Bank, all reductions made and the profit tax paid.

8.3 The Bank's reserve fund, other funds specified by this charter and the Meeting are formed and the dividends for allocated shares are paid from the net profit.

8.4 Dividends for allocated shares can be paid from the net profit in AMD, quarterly and terminal by the decision of the Bank board, as well as annual – by the decision of the Bank meeting.

8.5 Decision about the amount of the annual dividend and the payment method is made by the Meeting proposed by the Bank board, also specifying the period of payment.

8.6 The Bank doesn't have a right to make (declare) a decision concerning payment of dividends, if:

a/ The Bank hasn't bought back the shares in cases specified by sub-clause Ja/ of clause 7.6 of this charter;

b/ As of the moment of making decisions on paying dividends the state of the Bank corresponds with the indexes of insolvency (Bankruptcy) specified by law, or they will emerge in consequence of paying dividends;

c/ At that moment the losses (damages) borne by the Bank are equal to or exceed the amount of the profit that is not allocated available in the Bank.

## **9. THE BANK'S GOVERNING BODIES**

9.1 The Bank's governing bodies are:

- The general meeting (Meeting) of the Bank shareholders;
- The Bank board (hereinafter Board);
- The Bank's executive body: the Bank's executive director (chairman of executive board) (hereinafter chief executive officer) and the executive board (hereinafter executive board); (the executive director and the members of executive board combined, hereinafter members of executive body).

## **10. MEETING: POWERS; MAKING DECISIONS**

10.1 The Meeting is the supreme body of the Bank management. The Bank is obliged to call an annual shareholders' general meeting each year. An annual meeting is called after the end of the Bank's regular fiscal year in a period of six months.

It is the Bank's Board that determines the year, month, day and procedure of holding a meeting, as well as procedure of notifying shareholders about holding a meeting and the list of materials to be provided to shareholders in accordance with the requirements of RA legislation.

10.2 The powers of the meeting are:

a/ Certifying the Bank's charter, introducing amendments and annexes into it and certifying the Bank's newly edited charter;

b/ The Bank's re-organization;

c/ The Bank's liquidation;

d/ Certifying brief, interim and liquidation balances, appointing a liquidation commission;

e/ Certifying the quantitative staff of the Board, election of its members and pre-term termination of their powers. Issues concerning certification of the quantitative staff of the Board and election of its members are exclusively discussed in Annual Meeting. The issue of electing board members can be discussed in the Special meeting, if the latter has made a decision concerning pre-term termination of powers of the board or of its certain members;

f/ Specifying the maximum size of the volume of declared shares;

g/ Confirming the person realizing the Bank's independent audit presented by the board;

h/ Confirming distribution of the Bank's annual financial statements, profits and losses.

Making decision on paying annual dividends and confirming the size of annual dividends;

i/ Confirming the procedure of holding a Meeting and forming of an accounting commission;

j/ Increase of the size of chartered capital by the increase of the par value of shares or allocation of additional shares;

Ja/ Share consolidation and separation;

Jb/ Specifying the rate of remuneration for the Board Members;

Jc/ Making decision on not exercising the priority right of obtaining shares in cases provided by law;

Jd/ Shares being obtained and bought back by the Bank in cases provided by law and this charter;

Je/ Making a decision about conducting a big transaction, the object of which is the Bank's property and the price of which makes more than 50% of the balance value of the Bank's assets as of the moment of making a decision about conducting a transaction;

Jf/ Making a decision about conducting a transaction and/or interconnected transactions the purpose of which is allocation of the Bank's voting shares or other securities convertible into voting shares the quantity of which is more than 2% of the quantity of the Bank's voting shares already allocated, a transaction by which the amount subject to payment or the market value of the property exceed 2% of balance value of the Bank's assets and in which there is an interest, as well as a transaction, in which all members of the Board have been acknowledged interested;

Jg/ Determining the form of delivering information and materials to the shareholders by the Bank, including choice of the appropriate mass media, if the delivery should be realized also by way of making a public announcement;

Jh/ Other powers specified by law and this charter.

10.3 The powers specified in Clause 10.2 of this Charter, except for making decisions on formation of subsidiaries or dependent companies, participation in them, founding of trade unions,



participation in them, determination of remuneration of Council Members, increase in the nominal value of shares or increase of the charter capital by means of allocation of additional shares, purchase and buy back of shares by the bank in cases stipulated by the law, which are by virtue of this provision are transferred to the Meeting are under the exceptional authorities of the Meeting and may not be delegated to the Council, Executive body of the Bank or other authorities.

10.4 Issues not reserved for the competence of the Meeting by law and this charter can't be put forward to be discussed in the Meeting.

10.5 Called meetings other than the meeting are considered Extraordinary. Extraordinary meetings are called for the discussion of extraordinary issues.

A special meeting is called by the decision of the board on its own initiative, the executive body, subdivision of the Bank's internal audit, the person realizing the Bank's independent audit, upon request of the share-owning shareholder (shareholders) of at least 10 percent of the Bank's voting shares as of the moment of Central Bank or presenting a demand.

10.6 The Meeting is competent (has a quorum), if at the moment of ending registration of meeting participants the Bank's shareholders have been registered (their representatives), who jointly dispose of more than 50 percent of the Bank's allocated voting shares.

10.7 The meeting may be attended by:

a/ Owners of the Bank's common (ordinary) shares with the number of votes belonging to them, as well as nominee shareholders, if they present the names of the Bank's shareholders represented by them and documents supporting the number of shares presented by them;

b/ Board members, members of the executive body by the right of an advisory vote;

c/ Members of the subdivision of the Bank's internal audit as viewer;

d/ The person realizing the Bank's independent audit as a viewer (if his conclusion is present in the items of the meeting agenda );

e/ Representatives of Central Bank as viewers;

f/ The other managers and employees of the Bank by the decision of the board.

10.8 Persons having a right to participate in the meeting are notified on the calling of a meeting by being sent an appropriate written notification.

The list of Bank Participants entitled to participate in the Meeting shall be compiled as of the year, month, and date established by the Board on the basis of the Bank Participant Registry.

The year, month, and date of making the list of Bank Participants entitled to attend the meeting must meet the following two requirements simultaneously:

(a) it shall not precede the date on which the Meeting convenes;

(b) The period between the day of making the list and the date of the meeting shall not exceed 45 days.

If the Meeting is convened by remote voting, the year, month, and date of making the List of Bank Participants entitled to participate in it shall be at least 35 days before the date of convening the Meeting.

By the decision of the Board, notification of calling a meeting of the Bank's managers and employees can be delivered otherwise.

Announcement of calling an annual meeting is published in the press and the internet, in the Bank's home page.

10.9 Notification to the shareholders of calling a meeting is delivered at least 15 days before the day of calling a meeting.

10.10 A share-owning shareholder of at least 2 percent of the Bank's shares having a voting right within 60 days after the end of the Bank's fiscal year has a right to present no more than two proposals concerning the agenda of the annual meeting, as well as propose candidates for the board membership.

The board discusses the presented proposals and makes a decision on including them in the agenda of the annual meeting or rejecting them within 15 days after the expiration of the period specified in this clause.

10.11 The voting in the meeting is realized by the principle of "one voting share of the Bank, one vote".

10.12 The Meeting makes decisions on issues specified in sub-clauses b/, Ja/, Jc/, Je/, Jf/ and Jg/ of clause 10.2 of this charter only if presented by the board.

10.13 The Meeting makes decisions on issues specified in sub-clauses a/, b/, d/, f/ and Je/ of clause 10.2 of this charter by 3/4 of the votes of voting share owners participating in it.

10.14 The Meeting makes decisions on issues specified in sub-clauses c/ and Jd/ of clause 10.2 of this charter by 3/4 of the votes of voting share owners participating in it, but no less than 2/3 of the votes of all voting share owners.

10.15 The Meeting makes decisions on issues not specified in clauses 10.13 and 10.14 of this Charter by the simple majority of the votes of voting share owners participating in it.

10.16 Decisions on issues specified in sub-clauses b/, c/ and h/ of clause 10.2 of this charter can't be made by voting in absentia (by enquiry).

10.17 The Meeting's protocol is made within 5 days of the end of the meeting in two copies, which are signed by the chairman of the meeting and the secretary. The chairman of the meeting bears a responsibility for the trustworthiness of the information present in the meeting protocol.

A Meeting Protocol includes:

-a/Year, month, day and place of calling a meeting;

-b/Total number of the votes of the Bank's allocated voting shares;

c/ Total number of votes belonging to shareholders that have participated in the Meeting;

d/ Chairman of the Meeting and the secretary; agenda of the meeting.

A protocol should include the main provisions of speeches made in the Meeting, questions put forward for voting, voting results concerning these questions, decisions made by the Meeting.

10.18 Procedure of making decisions on the procedure of holding a meeting (including decisions made by voting in absentia (by enquiry)) is determined by internal documents confirmed by the meeting.

10.19 The Bank has a Supervising Commission the members of which are elected and the period of powers is determined by the decision of Meeting presented by the Board.

Supervising Commission consists of 3 members who can't be members of the Bank's Board, Chairman of the Bank executive board or members of the Bank executive board, as well as persons that are proposed as candidates for that positions.

Supervising Commission determines the quorum of the Meeting, gives an explanation to shareholders and their representatives on the voting procedure of questions on Meeting agenda, ensures the established procedure of voting and the shareholders' right to participate in voting, sums up voting results, makes a protocol in regard to them and transfers the voting papers to the bank archive.

10.20 If voting papers have been sent to bank shareholders by the procedure established by law, the votes provided by voting papers received at the moment of ending registration of Meeting



participants are also taken into account by the Bank for counting of the quorum and summing up the voting results.

10.21 In the event of an absence of a quorum the year, month, day of calling a new meeting. In the event of calling a new meeting a change of agenda is not permitted. The called new general meeting replacing the meeting that has not been held is competent if, at the moment of ending registration of participants, the Bank Shareholders have been registered (their representatives) who jointly own over 30 percents of the Bank's allocated voting shares.

10.22 Notifying the Bank shareholders about calling a new Meeting shall be carried out according to the procedure specified by this Charter, but at least 10 days before the day of calling a Meeting. If, due to absence of a quorum, the date of calling a general Meeting that was not held changes with a period of less than 20 days, a new list of shareholders having a right to participate shall not be made.

10.23 Voting is realized by way of voting papers. The form and content of a voting paper is confirmed by the decision of the Board. Voting papers are given to the shareholder registered to participate in the Meeting (his representative) in the presence of a quorum of a Meeting.

10.24 A voting paper should include the following information:

- a/ Name of the Bank;
- b/ Year, month, day hour and place of calling a meeting;
- c/ Forming each question that is to be proposed for voting and the sequence for discussing it;
- d/ Voting options concerning each question proposed for voting: "for", "against", "abstainer". In the event of holding a cumulative voting a voting paper should provide specifications of voting procedure.
- e/ Year, month, day, hour and place the completed voting papers have been accepted by the Bank, if the shareholder votes in absentia;
- f/ An instruction stating that the voting paper should be signed by the shareholder (representative);
- g/ Clarification of a voting paper completing procedure.

10.25 In the event of election of a Board, besides the name of candidates, a voting paper should also include other individualizing data about them.

10.26 In Meeting voting is realized based on the principle of "One voting share of the Bank, one vote", except for election of the Bank's Board members when the cumulative principle is applied.

10.27 Voting papers completed by mistakenly shall be deemed invalid and, when registering the votes, shall not be taken into account. If a voting paper contains several questions proposed for voting, infringing the mentioned requirement in regard to one or several questions shall not lead to recognizing invalid the entire voting paper.

10.28 A protocol shall be made based on the voting results concerning voting results by the Bank's Accounting Commission that is to be signed by Accounting Commission members.

10.29 Immediately after making a protocol and signing it, the voting papers shall be sealed up and deposited with the Bank archive by Accounting Commission.

10.30 Voting results shall be announced in the given Meeting, or, after the Meeting is over, shareholders are notified about voting results through a report by published it or sending it to shareholders.

## **11. THE BOARD**

11.1 The board realizes general management of the Bank's activity within the issues reserved to the board's competence by law and this charter.

11.2 The board is made of at least 5, at most 15 members.

11.3 The board members are elected in the annual meeting by the current shareholders of the Bank, and in the event of pre-term termination of the powers of a board member – in a special meeting by the current shareholders of the Bank according to the procedure specified by law and this charter.

At least one third of the board members must be independent. If one third is not a natural number, then the number of independent members of the Council shall be considered to be the nearest whole number to one third.

An independent member of the Board may be the person who:

a) Has not held an executive management position in the Bank for the last three years, has not worked with the Bank or any other affiliate with the Bank;

b) has not received any remuneration directly or indirectly from the Bank or any person (s) affiliated with the Bank during the last three years, except as remuneration received as a member of the Board;

c) during the last three years, either directly or indirectly as a partner, significant shareholder, Board member, executive member (representative), has not had any significant business relationship with the Bank and /or affiliated entity (s) with the Bank;

d) has not been a shareholder and /or employee of the Bank's external auditor and/or affiliated entity (s) for the past five years;

e) Has not been a member of the Board of the Bank for more than 6 years in the last 10 years;

f) is not a significant shareholder of the Bank;

g) has not exercised direct control over the Bank as a public servant during the last year;

h) is not a member of the family of any of the persons referred to in points (a) to (g) hereof.

For the purposes of point (c) of this section, a shareholder who owns more than 10% of the Bank's voting shares is considered significant.

Restrictions on an independent Board member also apply during the term of office of an independent Board member.

11.4 The meeting can be presented with proposals concerning board member candidates by the Bank shareholders, as well as by the board.

11.5 Bank shareholders disposing of 10 and more percents of the Bank's allocated voting shares as of the day of making a list of shareholders having a right to participate in the meeting have a right to be included in the board staff without election or appoint their representative in it.

11.6 Bank shareholders disposing of up to 10 percents of the Bank's allocated voting shares as of the day of making a list of shareholders having a right to participate in the meeting, can, by the procedure established by law, concluding a contract concerning creating a shareholders' group, combine and, in the event of replenishing 10 and more percents of the Bank's allocated voting shares, include their representative in the board staff without election on part of the meeting.

11.7 Participants having a small participation in the Bank's chartered capital have a right to include the representative presenting their interests in the Board staff.

In terms of applying this part, the participant owning less than 10 percents of the Bank's allocated voting shares (quotas, shares) who has not signed the contract mentioned in part three of



this clause, is considered a participant having a small participation in the Bank's chartered capital. The joint representative of participants having a small participation in the Bank's chartered capital should be proposed by them and be included in the Board staff without election on part of the Meeting.

It is only participants having a small participation present at the Meeting session or their representatives, even if they are one in number, who participate in the election of the representative of participants having a small participation in the in the Bank's chartered capital. Bank participants having signed the contract mentioned in part three of this clause don't participate in the election of the representative of participants having a small participation in the Bank's chartered capital.

11.8 A board member can be a person who is a citizen of the Republic of Armenia or a citizen of a foreign country having a profile that meets the requirements established by the laws of the Republic of Armenia and Central Bank.

11.9 Board members shouldn't be interconnected with each other. Board members and members of the executive body can't be persons interconnected with each other. The board members' tenure of appointment period is 1 year. In the event that the regular annual meeting following the election of the Board members takes place earlier than in one calendar year and a new Board is elected, the powers of the current Board members shall not be considered as premature terminated. In the event that the regular annual meeting of the Board members takes place later than one calendar year, the Board member shall hold office until that date, and in the event of early termination of Board membership, a Board member elected by the Extraordinary Board shall hold office until the next annual Board meeting and election of new Board members. Re-election in the position of a board member is not limited.

11.10 The decision of the meeting serves as a base for signing an employment contract with a board member.

11.11 The board can create commissions to efficiently organize its work. Board members and other Bank managers and employees can be included in commissions under the board. Decisions of commissions under the board are of an advisory character.

11.12 The chairman of the board is elected by the board – from the board staff.

The chairman of the board:

a/ Organizes the activities of the board;

b/ Calls and presides over the sessions of the board;

c/ Organizes the managing of protocols of sessions of the board;

d/ Presides over the meeting;

e/ Signs employment contracts with the Bank's executive director and head of the Bank's subdivision of internal audit on behalf of the Bank.

11.13 In case of absence of chairman of the board or impossibility of performing official duties, his duties shall be performed by one of the board members by the decision of the board. Board sessions are called at least every two months. The notice about a board session is sent to board members at least seven days prior to the session by electronic method, fax, post or by using another type of communication, including it is also possible usage of a telephone message. In case of a necessity to make urgent decisions the notice may be sent in a period shorter than the one mentioned in this clause.

11.14 Board sessions are called by the chairman of the board on his own initiative, as well as by the written request of a board member, executive director, administration, head of subdivision of the Bank's internal audit, the person realizing the Bank's independent audit, board of

Central Bank, as well as of the shareholder(s) owning 5 or more percents of the Bank's voting shares.

11.15 The procedure of calling and holding board sessions including the ones in absentia (by enquiry) is determined by the board regulations confirmed by the meeting. In the event of holding sessions in absentia board decisions are made through voting in absentia (enquiry); in particular, in the event of all board session participants communicating through telephone connection, television communication or other means of communication in the real time regime, the session shall not be deemed to have been held in absentia. Voting in absentia is conducted by using voting papers which are sent to Board members by the electronic method, fax, post or by using other means of communication together with the information required for making an appropriate decision about the matter being discussed. Sending of a voting paper is also considered to be a notice of a Board session. Board members send the completed voting papers to the Bank by the electronic method, fax, post or by using other means of communication. The results of the completed voting papers are to be summarized and presented to Chairman of the Board in the form of an appropriate protocol (the completed voting papers are necessarily to be attached to the Protocol ) by Secretary of the Board.

11.16 A board session is competent (has quorum), if half the board members participate in the board session. In the event of voting in absentia, if the majority of Board members have voted.

Board decisions are made by the majority of votes of board members present at the session, if a greater number of votes is not provided for by this charter. Assigning votes and voting right to another person (including another board member) is not permitted; in the event of equality of votes the vote of the chairman of the board is decisive, the chairman of the board, in particular, is obliged to be the last to state his opinion.

11.17 Discussion of all issues of a board session may only take place with the obligatory participation of the executive director, except for pre-term termination of powers of executive director, as well as issues on confirming terms of his remuneration. The executive director participates in board sessions with the right of an advisory vote.

11.18 Head of subdivision of the Bank's internal audit is invited to the board sessions. Head of subdivision of the Bank's internal audit participates in board sessions with the right of an advisory vote.

Head of subdivision of the Bank's internal audit may not be invited in the discussion of issues specified in sub-clause c/ of clause 12.1 of this charter.

11.19 Other persons' right of participating in board sessions is determined by the chairman of the board as necessary.

11.20 Board sessions are recorded. A protocol is made within a period of 10 days following a session.

A board protocol is made in due detail. A board protocol is signed by all members participating in the session who themselves bear a responsibility for the truth and trustworthiness of information present in the protocol.

11.21 Board sessions are held by the chairman of the board who signs board decisions. The chairman of the board bears a responsibility for trustworthiness of information present in the protocol.

## **12. POWERS OF THE BOARD**

12.1 The board's powers are:

a/ Determining main trends of the Bank's activity, including confirmation of the Bank's prospective plan of development;

b/ Calling sessions of annual and special meetings, confirming agenda, as well as ensuring implementation of preparation activities connected with calling and holding them;

c/ Appointing members of the Bank's executive body, pre-term termination of their powers and confirmation of terms of remuneration;

d/ Setting internal control standards in the Bank, forming a subdivision for the Bank's internal audit, confirmation of its annual plan of activities, pre-term termination of powers and confirmation of terms of remuneration for internal audit employees;

e/ Confirmation of preliminary estimate of the Bank's annual expenditures and executive act;

f/ Confirmation of the Bank's internal management and organization structure;

g/ Distribution of functional responsibilities among the Bank's structural subdivisions;

h/ Presenting proposals to meetings concerning payment of dividends, including making a list of the Bank shareholders having a right to get dividends for each payment of dividends which should include Bank shareholders who have been included in the register of the Bank shareholders as of the moment of making a list of shareholders having a right to participate in the annual meeting of the Bank;

i/ Preliminary confirmation of annual financial statements of the Bank and presenting them to the meeting;

j/ Presenting the person realizing the Bank's independent audit to be confirmed by the meeting;

Ja/ Specifying the rate of payment to the person realizing Bank's independent audit;

Jb/ As a result of auditing and other revisions implemented in the Bank, in case of necessity undertaking measures aimed at elimination of drawbacks revealed and supervising their implementation;

Jc/ Adopting internal legal acts specifying the procedure of implementing financial operations by the Bank provided by law and this charter;

Jd/ Confirming charters and regulations of the Bank's separated and independent structural subdivisions;

Je/ Creation of subsidiary or affiliated companies and (or) participation in them; establishing trade unions and participation in them.

Jf/ Founding associations of commercial organizations and (or) their participation;

Jg/ Presenting issues specified in sub-clauses b/, Ja/, Jc/, Je/, Jf/ and Jg/ of clause 10.2 of this charter to the meeting; increase of the share capital through increase of the nominal value of shares or allocation of additional shares, acquisition and repurchase of shares by the Bank in cases provided by law and/or this Charter

Jh/ Making a decision on allocation of the Bank's bonds and other securities;

Ji/ Using the Bank's reserve and other funds;

K/ Creation of the Bank's branches, representative offices and establishments;

Ka/ Determining principles, basics, modes, rules and procedures applied for the purpose of carrying out the Bank's accounting policy - conducting of accounting and making financial statements;



Kb/ Making a decision on conducting a big transaction the object of which is the Bank's property and the price of which makes from 25 to 50% of the balance value of the Bank's assets as of the moment of making a decision on conducting a transaction;

Kc/ In case there is an interest, making a decision on conducting transactions;

Kd/ Determining the market value of the Bank's property;

Ke/ Confirming the contents of information that are the Bank's commercial secret;

Kf/ Determination of the remuneration size of Board members

Kg/Making other decisions specified by law and this charter.

12.2 Making decisions set forth in clause 12.1 of this charter is reserved to the exclusive competence of the board and can't be assigned to the executive body or other persons.

12.3 The board should make the decision about issues set forth in sub-clause Kb/ of clause 12.1 unanimously of this charter and, in cases provided by law, present the discussion of the issue to the Meeting.

12.4 The board makes a decision about issues set forth in sub-clause Kc/ of clause 12.1 of this charter by the majority of board members not having an interest in conducting the transaction.

12.5 At least once a year the board discusses the report of the person implementing the Bank's independent audit (a letter to management) in its session, as well as discusses and, in case of necessity, reviews the main trends of the Bank's activity, strategy, procedures and other internal legal acts.

At least once a quarter the board discusses in its session the accounting of the Bank's subdivision of internal audit, the executive director and the Bank's chief accountant by the procedure and methods determined by itself.

12.6 The report of the Bank's executive director should at least include the mark of performance of Bank's, including separated subdivisions' programs of financial and economic activity, execution of commissions provided by the meeting and the board, observing the Bank's main economic norms, realization of the Bank's mission, as well as the mark of performance of other functions and indexes.

12.7 The report of the Bank's internal audit should at least include the reports set forth in clause 16.3 of this charter, as well as marks of current activity and managing of operational risks, laws, other legal acts, and the Bank's internal acts, commissions provided to the Bank's executive body by the board and the Bank's internal control system.

12.8 The report of the Bank's chief accountant should at least include the mark of running the Bank's accounting and trustworthiness, interim and annual financial statements and presentation of statistic reports, as well as the mark of trustworthiness of publishing information about the Bank.

### **13. TERMINATION BASES OF A BOARD MEMBER'S POWERS**

13.1 A board member's powers are prematurely terminated by the meeting according to his application, if:

a/ He has been recognized incapable or limitedly capable by a court decision that has entered into legal effect;

b/ During his tenure of appointment such circumstances emerged by the force of which he is prohibited to be a member of the Bank board (a Bank manager);

c/ He has been absent from at least 1/4 of the board's sessions by inadequate reasons or in general (including adequate and inadequate absences) from at least half the sessions. In the sense of

this sub-clause participation by real time mode and in absentia (by enquiry) is considered a complete participation;

d/ he has been disqualified by the procedure specified by law or has been deprived of the right of holding a certain post.

13.2 A board member's powers can be prematurely terminated also provided being compensated by the Bank for the salary for the powers for the rest of the time, and if that period is more than a year, being compensated for the salary fixed for one year.

The Bank has a right to demand back in legal form the salary the board member dismissed from the post has been compensated according to the first paragraph of this clause proving in the court the fact of the board member failing to perform official duties.

## **14. THE EXECUTIVE BODY**

14.1 The management of the Bank's current activity is realized the Bank's executive body, the Bank executive board and the executive director/ chief executive officer. The person who doesn't meet the qualification adequacy standards of Central Bank and (or) who is prohibited to be a Bank manager by law can't be an executive director, a deputy executive director, a member of the Management.

The management staff is formed by the decision of the board; in particular, the management staff necessarily includes the executive director, his deputies, the chief accountant.

14.2 The Bank executive board acts based on this charter, as well as the regulations of executive board confirmed by the board specifying procedure and time-limits for calling and holding Bank executive board sessions, as well as the procedure of making decisions by it.

14.3 The Bank executive board:

a/ Specifies the tariffs of services provided by the Bank, interest rates of loans, deposits, etc.;

b/ Confirms the Bank's vacancies, terms for stimulating and encouraging the work;

c/ discusses issues specified in sub-clauses a/, f/, i/, Jc/, Jd of clause 14.9 of this charter, makes decisions concerning them;

d/ discusses and makes decisions on revisions, check-up, reports of heads of structural and separated subdivisions;

e/ Discusses and makes decisions on transactions of alienating the Bank's property;

f/ Discusses and makes decisions on extending loans;

g/ Discusses and makes decisions on creating branches and representative offices, reasonability of terminating their activity;

h/ Discusses and makes decisions on monthly and (or) quarterly performances of the activity of the Bank's head part, branches and representative offices;

i/ Confirms annual plans and reports of working activity of structural subdivisions.

14.4 The session of the Bank executive board is competent (has quorum), if half the executive board members participate in the session by way of personal participation or voting in absentia (by enquiry). The decisions of the Bank executive board are made by the majority of votes of executive board members present at the session. Each executive board member has one vote. During voting each executive board member has a voting right. Assigning a vote or the voting right to another person (including another executive board member) is not permitted.

The executive director has a right to a decisive vote and is obliged to be the last to state his opinion about the presented issue.

14.5 Sessions of the Bank executive board are called by the executive director at least once a month, as well as of necessity.

Head of the Bank's internal audit is invited to the executive board session by the right of an advisory vote, other people can be invited as well, of necessity.

14.6 Executive board sessions are protocolled. Protocols of executive board sessions are presented to the Bank board, the Bank's internal audit, the person realizing the Bank's independent audit upon his request. The protocol of a session is made in a period of 10 days after the session is over. Protocols specify:

- a/ Year, month, day, hour and the place of calling a session;
- b/ Persons having participated in the session;
- c/ Session agenda;
- d/ Issues put forward for voting, as well as the results of voting as per executive board member having participated in the session;
- e/ Opinions of executive board members and other persons having participated in the executive board session concerning issues put forward for voting;
- f/ Decisions made in the session.

Protocol of an executive board session is signed by all members participating in the session who themselves bear a responsibility for the trustworthiness of information present in the protocol.

Executive board sessions are organized and held by the executive director who signs session decisions. The chairman of executive board bears a responsibility for the trustworthiness of information present in decisions.

14.7 The executive director can have substitutes. The executive director is appointed by the board, the executive director's substitutes – by the board being presented by the executive director.

14.8 The executive director as his exclusive competence, presents the Bank in the Republic of Armenia and foreign countries, conducts transactions in the name of the Bank, acts without a proxy, gives proxies.

14.9 The executive director:

- a/ Submits the Bank's internal legal acts, charters of separated subdivisions, the management and organization structure that are to be confirmed by the board to the board for confirmation;
- b/ Manages the Bank's property, including financial resources, releases orders, decrees within his capacity, gives instructions to be necessarily carried out, supervises their performance, concludes transactions on behalf of the Bank, represents the Bank in the Republic of Armenia and abroad, operates without a power of attorney, issues power of attorney;
- c/ Employs and dismisses Bank employees;
- d/ Applies encouraging and orderliness measures of responsibility in regard to Bank employees;
- e/ Ensures performance of decisions of the Meeting, Board and Executive board, including performance of prospective development plan and internal acts;
- f/ According to management and organization structure of the Bank, realizes distribution of powers and responsibilities, including those of the executive director, among employees, clearly specifying the accounting relations;
- g/ Supervises actions of heads of intermediate and lower links;
- h/ Requires heads of subdivisions to supervise efficiency of performance of their employees' official duties;

i/ Puts forward proposals, if necessary, concerning improvement of organization structure;  
j/ Signs and presents the Bank's financial, statistic, tax statements, writs and other necessary documents to competent bodies;

Ja/ Periodically realizes trainings for the Bank personnel;

Jb/ Performs functions of the chairman of the executive board:

- 1) Organizes activities of the executive board;
- 2) Calls and presides over sessions of executive board
- 3) Organizes handling of protocols of sessions of executive board;
- 4) Presents the executive board to board sessions;
- 5) Signs decisions of executive board.

Jc/ If necessary, puts forward proposals concerning equivalence of internal control system and efficiency of monitoring;

Jd/ Can discuss any issue pertaining to his powers at the session of executive board;

Je/ Realizes other powers concerning management of the Bank's current activities provided within the framework of legal acts specified by the board as well as by this charter.

14.10 Issues that haven't been specified by law or this charter as pertaining to the competence of the Meeting, Board or the Bank's subdivision of internal audit pertain to the competence of the executive director.

14.11 The executive director submits reports concerning his activities to the Board at least once per quarter by the procedure and methods specified by the board.

14.12 Making decisions on issues subject to the competence of the executive director can't be assigned to other governing bodies of the Bank, subdivision of the Bank's internal audit, the Bank's chief accountant or another person, except when realizing powers of the executive director has duly been temporarily assigned to the person he is replaced by. Powers of the executive director can duly be temporarily assigned to the person he is replaced by, if the latter meets qualification and professional adequacy standards determined by Central Bank.

14.13 Powers of the executive director are prematurely terminated by the board according to his application, or if:

a/ He has been recognized incapable or limitedly capable by the court decision legally enforced;

b/ During his appointment of tenure circumstances emerged by the force of which he is prohibited to be the Bank's executive director (Bank manager);

c/ He has been disqualified or deprived of holding a certain post by the procedure established by law.

14.14 Powers of the executive director can be prematurely terminated also for the powers for the rest of the time, and if that period is more than a year, being compensated the salary fixed for one year by the Bank.

The Bank has a right to demand back the salary the person dismissed from the post of the executive director has been compensated for according to this sub-clause proving in the court the fact of the executive director failing to perform official duties.

## **15. CHIEF ACCOUNTANT**

15.1 The Bank's chief accountant (hereinafter Chief Accountant) is appointed by the board presented by the executive director.



A person who doesn't meet qualification adequacy standards of Central Bank and (or) who is prohibited to be a head of the Bank by law can't be a chief accountant or his substitute.

15.2 Chief Accountant realizes general running of the Bank's accounting and making of financial statements in accordance with the Republic of Armenia law "About Accounting", accounting standards of the Republic of Armenia and normative legal acts of the Republic of Armenia.

15.3 Carrying out requirements of the chief accountant concerning submission of data and documents required for accounting is obligatory for all Bank employees.

15.4 In the event of disagreements between the executive director and chief accountant concerning implementation of certain economic operations the chief accountant accepts documents for execution by the written order (commission) of the executive director, and the responsibility of consequences of implementing such operations is borne by the executive director.

The executive director notifies the board about operations specified in this clause upon submission of quarterly reports.

15.5 Rights and responsibilities of the chief accountant can't be assigned to the meeting, board, members of executive body, subdivision of the Bank's internal audit and another person.

15.6 The chief accountant bears a responsibility for running of the Bank's accounting, its condition and trustworthiness, annual report, for timely submission of financial and statistic statements to state governing bodies specified by laws and other legal acts, as well as for the trustworthiness of financial information provided to Bank shareholders, creditors, the press and other mass media about the Bank in accordance with the law, other legal acts and this charter.

## **16. SUBDIVISION OF INTERNAL AUDIT**

16.1 Manager of subdivision of internal audit (hereinafter Internal Audit) and members are appointed by the board. Members of the Bank management body, other managers and employees, as well as persons interconnected with the executive body can't be an internal audit member.

16.2 According to the regulations and program confirmed by the board, the Internal Audit:

a/ provides independent assessment of the Bank's internal control, including the quality, adequacy and effectiveness of the Bank's risk management systems and processes;

b/ Gives conclusions and proposals concerning issues presented by the board, as well as the ones put forward on its own initiative.

Issues concerning powers of internal audit can't be assigned to the settlement of the Bank's governing bodies or other persons.

16.3 Manager of the internal audit submits to the board and management the following reports:

a/ Concerning results of revisions specified by regular annual program;

b/ Out of turn, if essential infringements of internal audit have emerged by a reasonable opinion, in particular, if the infringements are the consequence of actions or inaction of the Bank's executive body or the board, the report shall be submitted immediately to the chairman of the board.

For cases specified by this clause reports are submitted within two working days at the most after disclosing the infringements.

In the event of the internal audit revealing infringements of laws, other legal acts, it is obliged to present them to the board meanwhile proposing measures to be undertaken aimed at elimination of these infringements and their future recurrence.

## **17. MANAGERS OF THE BANK**

17.1 The chairman of the board, his substitute and board members, members of the executive body, deputy chief accountant, manager and members of internal audit, the person responsible for implementing the risk management function, the person responsible for carrying out the compliance function, as well as managers of the Bank's territorial subdivisions and managers of structural subdivisions, as well as employees somehow connected with the Bank's main activity according to the criteria set by the board of Central Bank, or employees working under the direct management of the executive director, or employees having any influence in the matter of decisions being made by the Bank's governing bodies, are considered to be the Bank's managers.

17.2 The following persons can't be managers of the Bank:

- a/ Persons having convictions for crimes committed deliberately;
- b/ Persons deprived by the court of the right to hold posts in financial, banking, tax, customs, commercial, economic, legal spheres;
- c/ Persons recognized broke and having unpaid (not forgiven) liabilities;
- d/ Persons whose qualification and professional knowledge don't meet the qualification and professional adequacy standards determined by Central Bank;
- e/ Persons who have committed an action in the past which reasoned by the guidelines constituted by Central Bank, in the opinion of Central Bank gives reason to suspect that the person in question as a manager of the Bank can't properly manage an appropriate sphere of the Bank's activity, or his actions may lead to the Bank's Bankruptcy, worsening of financial condition or undermining of authority or business reputation;
- f/ Persons who are involved as suspects, defendants or condemned by a criminal case.

17.3 The chairman of the board or a board member can't simultaneously be a member of the Bank's executive body or another employee of the Bank, nor a board member of another Bank or credit organization, a member of the executive body or another employee, except when the Bank or the other Bank or credit organization are persons interconnected with each other.

17.4 Members of the executive body of the Bank, head or members of the internal audit can't simultaneously be a member of another Bank's executive body, head or members of subdivision of internal audit.

17.5 It is prohibited to anyhow influence the Bank Managers during the performance of their official duties or interfering with the Bank's activity, except for the cases provided by RA legislation. In consequence of illicitly influencing the Bank Managers or illicitly interfering with the Bank's current activity the damaged caused to the Bank is subject to indemnity by the procedure set by RA legislation.

## **18. INFORMATION AND PUBLISHING IT**

18.1 The Bank publishes in the internet, the Bank's homepage:

- a/ The Bank's financial statements (at least the last annual and the last quarterly ) and the copy of the conclusion of independent audit concerning annual statements;
- b/ Announcement of calling an annual meeting within the time-limit specified by law and this charter;
- c/ Copies of decisions on paying dividends;
- d/ Information about participants having a considerable participation in the Bank – their designation (name), the size of participation they have in the Bank (except for the persons having

an indirect considerable participation who don't have a participation, share, in the Bank's chartered capital), information concerning credits and other loans (including the repaid ones) extended by the Bank to them and to persons interconnected with them during the previous year, including the amount, interest rate and the time-limit;

e/ List and personal details of Board, Executive Board members, their name, date of birth, biography, all remuneration received from the Bank by Board members, CEO and Chief Accountant during the previous year (including bonuses, pay for certain work for the Bank, salaries, etc. other income), data on loans and other (including repayable) borrowings received from the Bank by them and their affiliates, including the amount, interest rate and maturity.

f/ Other information specified by law and Central Bank.

18.2 The Bank publishes the information specified in sub-clauses "a" and "b" of clause 18.1 of this charter in the press and another way available for public according to the procedure established by law and Central Bank.

18.3 Bank each shareholder is provided with copies of the Bank's last annual report and conclusion of independent audit free of charge.

18.4 The Bank provide the following information to each shareholder(s) disposing of 2 percents and more of the Bank's allocated voting shares free of charge (even if they make a Banking, commercial or other secret):

a/ Information concerning the board, executive director and the chief accountant specified in clause 18.7 of this charter;

b/ The amount of the whole remuneration of board members, executive director and the chief accountant received from the Bank during the previous year, data concerning credits and other loans (including the repaid ones) extended by the Bank to them and persons interconnected with them, including the amount, interest rate and the time-limit, as well as information specified in sub-clause d) of clause 18.1 of this charter concerning participants having a considerable participation in the Bank;

c/ About big transactions conducted with persons connected with the Bank, as well as about transactions that have been conducted during the 2 years preceding presentation of the demand concerning receiving that information and are connected with the implementation of one of the operations specified in sub-clauses 10-12 of clause 3.1 of this charter;

d/ About liabilities assumed by the Bank in regard to the person connected with the Bank;

e/ About the availability of contracts aimed at creating shareholders' groups of the Bank carrying out a similar policy, as well as the names (designations) of the Bank's shareholders being party to these contracts;

f/Copies of documents certifying the Bank's property rights in regard to the property reflected in the Bank's balance, charters of the Bank's internal acts, separated subdivisions confirmed by the Bank's governing bodies and other documents determined by law, financial and other statements, as well as the resolutions of Central Bank concerning the Bank;

g/ The list of legal entities in the chartered capital of which the Bank managers and persons interconnected with them have a participation of 20% or more or a possibility to influence their decisions.

All shareholders of the Bank are provided with protocols of the accounting commission of the meeting.

18.5 Information provided to the Bank's shareholder can't be transmitted to other persons by him, nor it can be used to blemish the Bank's business reputation, for the purpose of infringing the rights and legal interests of the Bank's participants or customers or other similar purposes.

18.6 The Bank provides other information specified by law to any person.

18.7 The information disclosed to the Bank's shareholders concerning members of the Bank board, executive director, chief accountant, as well as concerning candidates of board members, includes:

- a/ their surname, name, year of birth, month and day;
- b/ profession and education;
- c/ posts held in the last 10 years;
- d/ year, month, day of being appointed in that post, and year, month, day of dismissal;
- e/ number of re-election in that post;
- f/ number of the Bank's voting shares belonging to a board member being a Bank participant, executive director, chief accountant or the candidate of a board member and persons interconnected with them;
- g/ data about legal entities in which the person in question holds managing posts;
- h/ character of relationships with the Bank and persons connected with the Bank;
- i/ other information provided by law and this charter.

## **19. REGISTRATION, ACCOUNTING AND SUPERVISION**

19.1 The Bank makes annual, as well as quarterly financial statements and other reports and together with the conclusion of independent audit, publishes and submits them to Central Bank according to the manner and procedure specified by central Bank taking into account international standards.

19.2 At least once a year the Bank submits to the Central Bank:

- a/ Financial statements of legal entities having a considerable participation in the Bank's chartered capital, information about chiefs of these legal entities and persons having a considerable participation;
- b/ Financial statements of legal entities interconnected with persons having a considerable participation in the Bank's chartered capital, information about chiefs of these interconnected legal entities and persons having a considerable participation;
- c/ Announcements of persons having a considerable participation in the Bank's chartered capital stating that through their participation no new person in the Bank has acquired status of a person having an indirect considerable participation.

If another person in the Bank has acquired an indirect considerable participation, the Bank submits to Central Bank documents specified by law concerning these persons to have the consent of Central Bank.

19.3 The Bank runs accounting according to the procedure coordinated with Central Bank and the authorized person of the government of the Republic of Armenia in accordance with RA law "About Accounting" and Republic of Armenia accounting standards.

19.4 The Bank's report year is the period from January 01 of the current year until including December 31.

19.5 Each year the Bank involves a person realizing an independent audit to check the Bank's financial and economic activity according to the procedure specified by Central Bank and this charter.

Checking of the Bank's financial and economic activity on part of independent audit can also be carried out upon demand of the Bank's shareholders being share-owners of at least 5 percent of the Bank's voting shares. In that case the person realizing an independent audit is



elected, contracted and paid for his services by shareholders demanding a revision; in particular, they can demand the Bank compensation for the expenses borne by themselves if that revision has been justified by the Bank by the decision of the meeting.

An independent audit of the Bank can be called any time by the board at the expense of the Bank's resources.

Central Bank can obligate the Bank to call an independent audit within 4 months and publish its conclusion.

Central Bank has a right to demand the Bank to replace the person realizing an independent audit and appoint another person realizing an independent audit.

19.6 As a result of supervision conducted by Central Bank in regard to the Bank's activity, for infringements disclosed concerning main economic norms regulating the banks' activities, accounting rules, requirements of laws regulating the activity of this charter and banking activity, Central Bank applies sanctions in regard to the Bank and (or) the bank's managers.

## **20. LIQUIDATION OF THE BANK**

20.1 The Bank is liquidated:

- a/ In the event of the license being recognized invalid;
- b/ In the event of the license being recognized null and void;
- c/ In cases determined by RA law "About Bankruptcy of Banks, Credit Organizations, investment companies, investment fund managers and insurance companies";
- d/ By the decision of the Meeting;
- e/ On other grounds specified by laws.

In cases determined by sub-clause c/ of this clause liquidation is realized according to the procedure determined by RA law "About Bankruptcy of Banks, Credit Organizations, investment companies, investment fund managers and insurance companies".

20.2 The Meeting has a right to make a decision on liquidation, if the Bank doesn't have any liabilities in regard to depositors, holders of bank accounts, as well as persons being creditors in transactions of money transfer, only in case of getting a preliminary permission from Central Bank.

20.3 Liquidation of the Bank is realized by the decision of the meeting according to the procedure specified by RA legislation. The Liquidation Commission is formed from at least 5 members.

20.4 In case of liquidation of the Bank, all its funds, including the proceeds gained from realization of the bank's property, shall be directed to satisfaction of demands of the bank's creditors, then to shareholders according to the procedure specified by RA legislation.

20.5 Supervision in regard to the bank's liquidation process is realized by Central Bank.

Central Bank has a right to demand any information from Liquidation Commission concerning its activity.

20.6 Liquidation Commission is obliged to periodically, but no less than once a month, publish information in the press concerning its activity according to the procedure, list and manner specified by Central Bank.

20.7 The Bank is considered liquidated and stops being a legal entity after a report concerning results of its activity submitted to Central Bank by Liquidation Commission has been confirmed by Central Bank and a record has been entered in Register for Banks concerning which Liquidation Commission shall publish a reference according to the manner specified by Central Bank.

Digitally signed by Karen Sargsyan  
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