

APPROVED

By the decision of the General  
Meeting of the Founders  
of “Ameriabank” CJSC  
dated on 24/07/1992  
(Minutes N 1)

Amended by the decision  
N 01/22/03, dated on 01.034.2022  
of the Extraordinary General  
Meeting of the Shareholders  
of “Ameriabank” CJSC  
(Minutes N 01/22)

Chairman of the Board of  
Directors  
Andrey Mkrtchyan /Signature/  
Official Seal

REGISTERED

At the Central Bank of RA

President of the Central Bank  
Martin Galstyan /Signature/  
Official Seal

**CHARTER**

**of**

**"AMERIABANK"**

**CLOSED JOINT- STOCK COMPANY**

Amended by the

1. Decision dated on 02/02/1994 (minutes N 11) by the General Meeting of Shareholders
2. Decision dated on 12/07/1994 by the General Meeting of Shareholders
3. Decision dated on 22/02/1995 (minutes N 1) by the General Meeting of Shareholders, decision dated on 14/04/1995
4. Decision dated on 21/07/1995 (minutes N 3) by the General Meeting of Shareholders
5. Decision dated on 27/11/1995 (minutes N 4) by the General Meeting of Shareholders, decision dated on 30/01/1996 (minutes N 2)
6. Decision dated on 03/04/1996 (minutes N 4) by the General Meeting of Shareholders, decision dated on 01/05/1996 (minutes N 8)
7. Decision dated on 27/12/1996 (minutes N 15) by the General Meeting of Shareholders
8. Decision dated on 20/03/1997 (minutes N 1) by the General Meeting of Shareholders
9. Decision dated on 26/08/1997 (minutes N 3) by the General Meeting of Shareholders
10. Decision dated on 30/05/1998 (minutes N 3) by the General Meeting of Shareholders
11. Decision dated on 21/06/1999 (minutes N 6) by the General Meeting of Shareholders
12. Decision dated on 25/10/1999 (minutes N 9) by the General Meeting of Shareholders
13. Decision dated on 11/02/2000 by the General Meeting of Shareholders
14. Decision N 3 dated on 21/12/2000 (minutes N 4) by the Extraordinary General Meeting of Shareholders
15. Decision dated on 02/02/2001 by the General Meeting of Shareholders
16. Decision dated on 20/06/2001 (minutes N 4) by the Annual General Meeting of Shareholders
17. Decision dated on 21/06/2002 (minutes N 1) by the Annual General Meeting of Shareholders
18. Decision dated on 09/12/2002 (minutes N 1) by the Extraordinary General Meeting of Shareholders
19. Decision dated on 29/05/2003 (minutes N 1) by the Annual General Meeting of Shareholders
20. Decision dated on 16/05/2004 (minutes N 1) by the Annual General Meeting of Shareholders
21. Decision N 04 dated on 06/05/2006 (minutes N 1) by the Annual General Meeting of Shareholders
22. Decision N 05 dated on 20/10/2007 (minutes N 3) by the Annual General Meeting of Shareholders
23. Decision N 04 dated on 21/01/2008 (minutes N 01/08) by the Extraordinary General Meeting of Shareholders
24. Decision N 05 dated on 12/03/2008 (minutes N 02/08) by the Extraordinary General Meeting of Shareholders
25. Decision N 03 dated on 19/05/2008 (minutes N 04/08) by the Extraordinary General Meeting of Shareholders
26. Decision N 06 dated on 16/08/2008 (minutes N 05/08) by the Extraordinary General Meeting of Shareholders
27. Decision N 07/08/06 dated on 29/10/2008 (minutes N 07/08) by the Extraordinary General Meeting of Shareholders
28. Decision N 03/09/03 dated on 15/06/2009 (minutes N 03/09) by the Extraordinary General Meeting of Shareholders
29. Decision N 04/10/04 dated on 17/06/2010 (minutes N 04/10) by the Extraordinary General (Joint) Meeting of Shareholders
30. Decision N 01/11/05 dated on 22/05/2011 (minutes N 01/11) by the Annual General Meeting of Shareholders
31. Decision N 01/12/04 dated on 25/05/2012 (minutes N 01/12) by the Annual General Meeting of Shareholders
32. Decision N 02/12/03 dated on 15/10/2012 (minutes N 02/12) by the Extraordinary General Meeting of Shareholders
33. Decision N 02/13/04 dated on 21/03/2013 (minutes N 02/13) by the Extraordinary General Meeting of Shareholders
34. Decision N 04/13/03 dated on 30/05/2013 (minutes N 04/13) by the Extraordinary General Meeting of Shareholders
35. Decision N 02/15/03 dated on 20/07/2015 (minutes N 02/15) by the Extraordinary General Meeting of Shareholders
36. Decision N 04/15/03 dated on 23/12/2015 (minutes N04/15) by the Extraordinary General Meeting of Shareholders
37. Decision N 01/18/03 dated on 08/02/2018 (minutes N01/18) by the Extraordinary General Meeting of Shareholders
38. Decision N 01/18/03 dated on 08/02/2018 (minutes N01/18) by the Extraordinary General Meeting of Shareholders

39. Decision N 01/19/03 dated on 04/03/2019 (minutes N01/19) by the Extraordinary General Meeting of Shareholders
40. Decision N 06/19/03 dated on 30/12/2019 (minutes N06/19) by the Extraordinary General Meeting of Shareholders
41. Decision N 01/21/01 dated on 15/01/2021 (minutes N01/21) by the Extraordinary General Meeting of Shareholders
42. Decision N 02/21/05 dated on 29/04/2021 (minutes N02/21) by the Annual General Meeting of Shareholders
43. Decision N 01/22/03 dated on 01/03/2022 (minutes N01/22) by the Extraordinary General Meeting of Shareholders

## ARTICLE 1. GENERAL PROVISIONS

- 1.1. "ARMIMPEXBANK" CJSC was established by the resolution of the General Meeting of Founders (Shareholders) of the Bank dated 24<sup>th</sup> of July, 1992 (minutes #1), and on the 14<sup>th</sup> of April, 1995 by the resolution of the General Meeting of Founders (Shareholders) was re-formed into a joint stock bank with foreign equity participation.  
On 19<sup>th</sup> of May, 2008, by the resolution of the Extraordinary General Meeting of Shareholders (Minutes 04/08), the CJSC "Armimpexbank" was renamed "Ameriabank" CJSC (hereinafter referred to as "Bank").  
According to the decision No 02/10/01 of 14.05.2010 of "Ameriabank" CJSC and decision No 44/1 (minutes # 44) of 14.05.2010 of "Cascade Bank" CJSC, the mentioned banks were reorganized in the form of merger in compliance with the legislation of the RA, as a result of which "Ameriabank" CJSC was decided to continue its corporate existence as the legal successor of "Cascade Bank" CJSC while separate corporate existence of "Cascade Bank" CJSC ceased.
- 1.2. Bank is a profit-driven commercial organization.
- 1.3. The founding document of the Bank is the present Charter (hereinafter – "Charter"), which requirements are obligatory for the Shareholders and governing bodies of the Bank. During its establishment and activities the Bank is subjected to the requirements of the Charter, the laws/statutes, other legal acts of the Republic of Armenia (hereinafter – "RA"),.
- 1.4. Bank is considered as established and acquires the status of a legal entity upon its registration in the Central Bank of RA and has a right to exercise banking activity and other financial transactions provided for by the legislation, upon getting the license by the Central Bank of RA permitting to exercise corresponding banking activities.
- 1.5. The relations between the Shareholders of the Bank and the Bank shall be regulated by the Charter.
- 1.6. Bank shall have independent balance, a property (assets) belonging to him by the right of ownership, a round seal of its firm name /engraved in Armenian, Russian and English languages, separate seal/s/ for certifying contracts/documents, stamps, blanks, emblem, and numbered, as well as seals with engraved name of branches and representations of the Bank and agreed on necessity – other types of seals.
- 1.7. Full official name of the Bank is:  
in Armenian: "ԱՄԵՐԻԱԲԱՆԿ" փակ բաժնետիրական ընկերություն  
Brief: "ԱՄԵՐԻԱԲԱՆԿ" ՓԲԸ  
in Russian: Закрытое Акционерное общество "АМЕРИАБАНК".  
Brief: ЗАО "АМЕРИАБАНК".  
in English: "AMERIABANK" Closed Joint-Stock Company  
Brief: "AMERIABANK" CJSC
- 1.8. In accordance with the procedures provided for by the RA legislation, the Bank guarantees the maintenance of any bank or commercial secret information of its customers.
- 1.9. The bank deposits of the Bank's clients, as well as their moneys and other property given into custody of the Bank can be confiscated, arrested (put under lien), requisited or levied only in cases and in accordance with the procedure, defined by RA legislation, by the competent state bodies.
- 1.10. The Bank has rights and liabilities provided for by the legislation of RA for banks, may provide investment services without license according to the procedure defined by the legislation and other legal acts of RA.
- 1.11. Bank does not bear responsibility for the results of any ban, confiscation, requisition, or levies issued by competent state bodies on the accounts or property of the customer, as well as for the loses of the customers connected with it.
- 1.12. The Bank is responsible for its obligations by its property (assets) belonging to him by the right of ownership, in case if there is no other provisions provided for by the legislation of RA.
- 1.13. Legal address of the Bank is: 2 Vazgen Sargsyan str., Yerevan city, Republic of Armenia.

## **ARTICLE 2. FINANCIAL TRANSACTIONS AND OTHER OPERATIONS REALIZED BY THE BANK**

- 2.1. According to the procedure defined by the legislation of RA the Bank can exercise the following transactions:
- a) accept demand and time deposits;
  - b) provide commercial and consumer loans, including mortgage credits, realize financing of debts or commercial transactions, and factoring and other services;
  - c) endorse bank guarantees and Letters of Credit;
  - d) open and run accounts, including the correspondent accounts of other banks;
  - e) provide other services connected with payments and settlements, and (or) other serving of the customers' accounts;
  - f) emit, purchase (discount), sell or manage any securities, payment documents, traveler's cheques, cards and other instruments, to conduct similar other transactions;
  - g) make investment or subscribed activity, particularly, without limiting shares by the name of the Bank or its customer, bonds and buying or acquiring other investment securities, alienation, as well as to purchase shares, bonds and other securities of other persons (emitters) with an aim of distribution.
  - g)l in case of satisfying the requirements established by law to realize custody activity of investment fund (including pension fund),
  - h) act as a financial agent (representative), to manage securities and investments of other persons (trust /mandated/ management);
  - i) purchase, sell or manage bank gold and standard bullions and memorial coin;
  - j) purchase and sell (exchange) currency, including to sign futures of dram and currency, options or other transactions;
  - ja) conduct financial leasing transactions;
  - jb) ensure the custody of precious metals, stones, jewelry, securities, documents or other values;
  - jc) provide financial capital markets, corporative finances and investment consulting;
  - jd) establish and operate a database of the customers' creditworthiness, make activity for recovering the debts;
  - je) realize insurance certificates and (or) contracts, conduct transactions of insurance agent in accordance with the procedure defined by the Law.
  - jf) realize account operator functions foreseen by RA law "On cumulative pensions".
- 2.2. The Bank carries financial transactions provided under the clause 2.1 of the Charter both in drams being in official circulation in RA and foreign currencies, except for cases of consumer credits which shall be given in drams of RA.
- 2.3. All the transactions of the Bank which are subjected to be licensed may be conducted only after the license is granted to the Bank in conformity with the procedure defined by the legislation of RA.
- 2.4. Bank has a right to execute a contract, to acquire and exercise property and personal non-property rights, bear liabilities, appear in the Court as a plaintiff or defendant.
- 2.5. Bank may establish branches and representations with no legal entity status both in the territory of Armenia and out of the territory of Armenia which in RA shall be registered by the Central Bank of RA, and in other countries shall be registered in conformity with the procedure provided by the law of that country, on preliminary consent by the Central Bank of RA and after registration in the Central Bank of RA in compliance with the corresponding procedure and submission of the document in evidence of that registration.

- 2.6. The representations and branches of the Bank are founded and terminate their activity by the decision of the Board of Director of the Bank according to the procedure established by RA legislation.  
The representations and branches of the Bank shall act on the base of the charters approved by the Board of Director of the Bank, within the framework of the authorities provided by them. The chiefs of the representative offices and branches shall act on the base of corresponding charters and powers of attorney issued by the Chairman of the Management Board of the Bank–General Director.
- 2.7. The Bank has a right to open correspondent accounts in the banks acting both in the Republic of Armenia and abroad, informing about it to the Central Bank of RA within a time-limit of 5 days.
- 2.8. The Bank shall independently possess its fixed and borrowed assets, revalue its property, fix the rates of interest on the furnishing loans, securities issuing by it as well as its commission fees for provided services.
- 2.9. In cases defined by law, the Bank may carry out transactions on cash payments for the state budget.
- 2.10. Bank shall bear no responsibility for the obligations of its shareholders. Shareholders of the Bank shall bear no responsibility for the obligations of the Bank and are subject to risk in relation with the Bank's activities in the limits of the value of shares in their possession.
- 2.11. The Bank has a right to exercise any activity or transaction which is not directly provided by the clause 2.1 of the Charter if they follow from or are closely connected with the banking activities or financial transactions, if such activities or transactions are defined for banks or they have been allowed by the Central Bank of RA. If such activities or transaction are licensed by a competent body then the Bank may carry out those activities or transactions only in presence of such a license.

### **ARTICLE 3 PARTICIPATION IN THE BANK, RIGHTS AND OBLIGATIONS OF THE SHAREHOLDERS OF THE BANK**

- 3.1 Shareholder of the Bank can be legal and physical (natural) person of the Republic of Armenia or foreign country (including international organizations), and in the cases defined by law – state and local self-government bodies of the Republic of Armenia. Political parties and labor unions cannot be shareholders of the Bank. Number of the shares entitling to voting right at the General Meeting of the Bank under the ownership of one shareholder shall not be limited.
- 3.2 Owner of shares of the Bank has a right to:
- a) participate in the General Meeting of the Bank with voting right with regard to all issues under the jurisdiction of the latest,
  - b) participate in administration of the Bank;
  - c) receive dividends from the profit resulting from the Bank's activities;
  - d) by priority to obtain the shares placed by the bank, if anything else is not foreseen by RA legislation and/or the Charter and/or the Resolution of the General Meeting;
  - e) receive any information about the Bank's activities, except for secret documents, as well as to get copies of the last annual report and copies of conclusion of the invited (external) auditor;
  - f) in case of holding 2 and more percents of the placed voting shares, to receive free of charge information defined under the Part 2 of the Clause 4 of the Article 43 of the “Banks and Banking” law of RA (even if they include banking, commercial or other secret);  
The information defined under this sub-clause shall be furnished by the Bank within 3 (three) banking days upon receiving the written request of a shareholder, by mail or handing it over to the shareholder personally;
  - g) apply to court for protestation of resolutions adopted by General Meeting of which do not conform to the Law or other legal instruments;

- h) in case of the Bank's liquidation to get the part of the Bank's property due to him;
- i) make proposals in General Meetings;
- j) vote with number of votes they hold;
- k) get acquainted with minutes and decisions of General Meeting;
- l) have other rights provided by legislation of RA and the Charter;
- m) In cases and in accordance with the rules provided for by RA legislation, internal acts of the Bank, particularly by the Charter of the Bank, to include or to have representative/representatives in the Board of Directors, elected by the General Meeting of the Shareholders or without any election procedure;
- n) exercise other rights provided for by the legislation of RA, the Agreement signed between Shareholders (hereinafter "Shareholders Agreement"), the internal acts, including but not limited to the Charter of the Bank.

3.3 Shareholder of the Bank is obliged to:

- a) pay the cost of his shares in the charter capital in time;
- b) refrain from publication of secret information concerning Bank's activities;
- c) comply with requirements of Charter and inner (internal) legal acts of the Bank;
- d) inform the Board of Directors about interrelated (affiliated) persons and their interest in the Bank's transactions in compliance with the procedure and in cases defined by the legislation of RA.

3.4 The shareholders shall not be entitled to require returning to them the amounts invested by them in the charter capital of the Bank.

3.5 The withdrawal of a shareholder from the Bank shall be carried out in accordance with the requirements established by of the Clause 3.7 of the Charter and legislation of RA.

3.6 Any shareholder who regularly does not fulfill the obligations defined by the present Charter and internal (inner) legal acts of the Bank and thereof hinders the business of the Bank, on the resolution of the General Meeting of shareholders may be deprived of the right of purchase of new shares or not-purchased shares. Monetary penalties for non-payment against shares may be defined by a resolution of the General Meeting. The indicated resolutions shall be passed by  $\frac{3}{4}$  of the general votes of the shareholders.

3.7 Shareholder of the Bank may alienate his shares at any time, and in such case other Shareholders of the Bank have priority rights for acquisition of shares. Priority right is valid within 30 days upon the proposal on sale. Unless otherwise provided for in the Shareholders Agreement, after the completion of the time-limit, by the consent of the General Meeting, the shareholder may alienate the shares to third parties who are not shareholders at the same price and under other equal conditions which have been proposed to the Shareholders. The Extraordinary General Meeting shall pass the resolution on approval or rejection of the application of third persons on purchase of the shares within 30 days upon the submission of that application, if that person corresponds to the criteria defined by the Central Bank of RA and/or the legislation of the RA for the persons having principal and/or other shareholding.

Unless otherwise provided for in the Shareholders Agreement, any transaction on purchase-sale of the shares concluded between a shareholder of the Bank and any third person is invalid, if the General Meeting has not taken the relevant decision concerning that transaction. The Bank and the shareholders shall not be responsible for any damage caused as a result of such transaction, except for the shareholder who is the party of it.

Any third person who has purchased shares on the base of such invalid transactions shall not be entitled to receive dividends against those shares and shall not enjoy voting right.

3.8 Shares of the Bank may not be mortgaged without the consent of the General Meeting expressed in its decision. In case of absence of such a decision the transaction shall be deemed invalid. By the decision of the General Meeting, monetary penalties may be imposed on any shareholder who breaches this clause.

3.9 The discounting, buying or other purchase of its own shares by the Bank shall be prohibited with exception of the cases defined by law. In cases established by RA legislation, the redemption of the shares shall be carried out as soon as possible upon the presentation of the corresponding demand but no more than within 30 (thirty) days. The redemption of the shares shall be

implemented by the Chairman of the Management Board of the Bank – General Director, with exception of the case when that transaction is a major (large-scale) transaction.

- 3.10 In case of the death of an individual shareholder or assignment by a legal-entity-shareholder, the shares of the Bank shall be transferred to the heirs of individual shareholder or the successors of the shareholder – legal entity, or to the community (if there is no heir), on consent of the General Meeting of Shareholders.

In case when the decision of the General Meeting of the shareholders concerning the permission of the transfer is not taken, the shares shall be alienated according to the procedure defined under the clause 3.7 of the Charter, and the cost of the shares shall be determined by the Board of Directors in compliance with the order, defined by the legislation of RA.

- 3.11 A penalty may be imposed on the shares of any shareholder on any base only meeting the requirements defined under the Part 1 of the Article 109 of the Civil Code of RA.

#### **ARTICLE 4. CHARTER FUND OF THE BANK. CHANGE OF THE CHARTER FUND.**

- 4.1 The charter fund (charter capital) of the Bank shall constitute AMD 54.414.765.000 (fifty-four billion four hundred fourteen million seven hundred sixty-five thousand), divided in 117.021 (one hundred seventeen thousand twenty-one) ordinary nominal shares, each with nominal value of 465,000 (four hundred sixty-five thousand) drams of the RA.

The charter capital of the Bank is completely paid-in in Armenian drams.

- 4.2 One ordinary nominal share shall entitle its holder to one vote. The form of the ordinary nominal share is defined non-documentary.
- 4.3 The investments to charter capital of the Bank shall be made in drams officially circulating in the RA.
- 4.4 Any shareholder or interrelated (affiliated) person who want to purchase significant or other shareholding as a result of one or several deals, before such a shareholding shall apply to the Central Bank of the RA in order to obtain its preliminary consent.
- 4.5 The Bank may increase the size of its charter capital when all the issued shares are paid in full at their par value. The charter capital may be increased through increasing the par value of shares of the Bank or through placing additional shares.  
By the decision of the General Meeting the Bank may consolidate the placed shares increasing their par value or splitting them into shares with less par value.
- 4.6 The resolution on increasing of the charter fund may be adopted by the decision of General Meeting.
- 4.7 The resolution about increasing the charter capital shall become effective after the amendments of the present Charter and its registration in the Central Bank of RA.
- 4.8 The register of the shareholders of the Bank shall be kept by the Central Depository of RA.
- 4.9 The share is indivisible. If the same share belongs to several persons they all together are considered as one shareholder and may exercise their rights through anybody from them or through a common representative.
- 4.10 The release of any shareholder from his obligation to pay against his shares, including by means of offset of the claims to the Bank, shall not be allowed.

#### **ARTICLE 5 FUNDS, PROFIT OF THE BANK AND ITS DISTRIBUTION**

- 5.1 A reserve fund shall be created in the Bank at the rate of 15% from the actually completed charter capital.
- 5.2 The reserve fund shall be formed from the profit of the Bank until it reaches the defined amount. The deductions to the reserve fund shall be done from the annual net profit, at the minimal rate of 5%.
- 5.3 The reserve fund shall be used only by the decision of the Board of Directors of the Bank with purpose of covering the losses of the Bank, as well as for redemption of shares issued by the Bank if the profit and other assets of the Bank are insufficient.

- 5.4 In compliance with the procedure defined by the legal acts, the Bank shall create a reserve on possible losses in connection with investments to the investment securities, reserve on possible losses in connection with credits and debts, and other binding reserves provided by the RA laws and legal acts.
- 5.5 Other reserves (funds) may be created by the resolution of the General Meeting with purpose of contributing in the economic development of the Bank and satisfaction of the social-economic demands of its employees.
- 5.6 Formation and use of other reserves (funds), the procedure and amounts of deductions directed to them shall be defined by the General Meeting of the Bank.
- 5.7 In case of the change of the charter capital, the Bank shall open an accumulation account in the Central Bank of RA. The sums on those accounts may not be possessed, disposed and used by the Bank until registration of those changes in the Central Bank of RA in compliance with the procedure defined by law. Bank may not open accumulation account in connection with the change of its charter capital in any other bank.
- 5.8 The profit of the Bank earned as a result of its business is subjected to be taxed in accordance with the legislation of RA.
- 5.9 The profit remained after the deductions directed to the reserve fund and other funds, and the budgetary allocations (net profit) shall remain under disposal of the Bank.
- 5.10 The dividends shall be paid at the expense of the net profit of the Bank. The Bank shall be entitled to take (announce) decisions on quarter, semi-annual or annual dividends payment of its shareholders, as well as the dividend may be paid according to the decision of the General Meeting, only by the annual result. The dividend shall be paid in drams. The Bank shall not guarantee the payment of the dividends to the shareholders against their shares.
- 5.11 The General Meeting of the Bank shall be entitled to take decision on non-payment of dividends against shares.
- 5.12 The Bank shall not be entitled to take decision on payment of dividends against the placed shares if the charter capital of the Bank is not paid in full.
- 5.13 It is prohibited to distribute dividends among the shareholders of the Bank if at their distribution the losses (damages) are equal or exceed the amount of the net undistributed profit available. The Bank has no right to announce and pay dividends if the value of the net assets of the Bank is less than its charter capital or decrease as a result of such a distribution.

## **ARTICLE 6 PROPERTY OF THE BANK**

- 6.1 The Bank is the owner of:
  - 6.1.1 the property, including monetary assets which the founders, shareholders have transferred to the Bank as payments against the shares or on the base of any other agreement;
  - 6.1.2 Incomes earned from the business carried out by the Bank, including but not limited, from the deals with investment securities;
  - 6.1.3 undistributed profit;
  - 6.1.4 property and assets purchased in compliance with procedure established by legislation of RA;
- 6.2 Any property may be under the ownership of the Bank, except for certain types of property which according to legislation of RA may not belong to a bank.
- 6.3 The peculiarities concerning the acquirement of ownership to any property, loss of such a right, its possession, use and disposal shall be defined by the legislation of RA.

## **ARTICLE 7 GOVERNING BODIES OF THE BANK**

Governing bodies of the Bank are:

- General Meeting of the Shareholders of the Bank – the supreme governing body of the Bank;
- Board of Directors;
- Management Board and the General Director – Chairman of the Management Board.

## **ARTICLE 7.1. GENERAL MEETING OF THE SHAREHOLDERS OF THE BANK**

- 7.1.1. General Meeting of the Shareholders (hereinafter – General Meeting) is the supreme governing body of the Bank.
- 7.1.2. The General Meeting consists of all shareholders of the Bank or the persons assigned by them – with their authorities. The persons entitled to participate in the General Meetings of the Shareholders are:
- a) holders of the common (ordinary) shares with number of votes they hold, as well as their nominated proxies if they present the documents confirming the name of the shareholder and the number of his shares vesting voting rights;
  - b) members of the Board of Directors who are not shareholders, General director–Chairman of the Management Board, and the members of the Management Board of the Bank – with a right of advisory vote;
  - c) head of the Internal Audit Department of the Bank – as an observer;
  - d) a person who realizes the External Audit of the Bank – as an observer (if his Conclusion is on the agenda of the General Meeting);
  - e) representatives of the Central Bank of RA – as observers;
  - f) persons invited by shareholders as specialists, consultants and experts – with a right of advisory vote and only at the discussion of issues requiring their professional knowledge.
- 7.1.3. The following issues refer to the Competence of the General Meeting:
- a) adoption of Charter, approval of regulations of the General Meeting and Board of Directors, making changes and amendments in it, and/or their approval in new edition;
  - b) reorganization of the Bank;
  - c) dissolution of the Bank;
  - d) appointment of the Commission of Dissolution, approval of the consolidated, interim and liquidation balance-sheets;
  - e) approval of the number of the Board of Directors of the Bank, election of its members and the dismissal of their authorization ahead of time. The issues of approval of the number of the Board of Directors of the Bank and election of its members shall be transacted exclusively at the annual General Meeting. The issue of election of members of the Board of Directors may be deliberated at an Extraordinary General Meeting if only the latter has made an action on terminating the powers of the Board of Directors or its separate members ahead of the term;
  - f) definition of the maximum amount of announced shares, as well as increasing of the charter capital of the Bank, including in cases when such increasing is stemming from the Employees' Equity Stock Option Plans (ESOP-s), any change in the rights attached to the Shares or the introduction of any restriction on the transferability of Shares;
  - g) approval of the person exercising the External Audit of the Bank upon the representation of the Board of Directors.
  - h) approval of annual financial statements of the Bank, profit and loss statement; actions concerning the payment of annual dividends and the approval of their size;
  - i) approval of the procedure of the operation General Meeting and election of the Counter (Enumeration) commission; or appointment of a person exercising the functions of a Counter (Enumeration) commission in cases provided for by the internal acts of the Bank;
  - j) Stock split and consolidation;
  - k) establishment of subsidiary and dependent companies, participation in these companies;
  - l) establishment of commercial organizations, unions, shareholding in these organizations and unions;
  - m) determination of the maximum amount of the basic/additional remuneration of the Chairman and members of the Board of Directors;
  - n) taking decision on nonuse of the priority right of shares' purchase;

- o) taking decision on conclusion of major transactions connected with alienation and purchase of the Bank's property in compliance with the procedure and cases defined by legislation of RA;
- p) conclusion of deals in case of interest property in compliance with the procedure and cases defined by legislation of RA;
- q) other issues provided by law within the framework of the approved agenda.

The powers listed herein shall be the sole prerogative of the General Meeting and cannot be conferred upon the Board of Directors, Management Board or Chairman of the Management Board – General Director, or to any other person, with exception of the issues listed under the sub-clauses “k-m” of the part 1 of this clause the decision-making on which by a resolution of the General Meeting may be transferred to the Directors' Board.

7.1.4. General Meeting is effective, if the quorum consisting of the Shareholders (or their authorized representatives) representing over 50% of the total voting power is available by the end of the registration.

If there is no quorum, the date of convening a new General Meeting is announced. In this case no changes of the agenda are allowed.

A new General Meeting, convened instead of the abortive one is effective, by the end of the registration Shareholders (or their authorized representatives) representing over 30% of the total voting power which they possess.

The shareholders of the Bank shall be given at least 10 days prior notice about the convocation of the new General Meeting.

7.1.5. The decisions on the issues listed under the part 1 of the 7.1.3 of the Charter shall be taken by the General Meeting by  $\frac{3}{4}$  of the general votes of voting shareholders.

7.1.6. The General Meeting shall not be entitled to change the agenda of the Meeting, as well as to take decisions on the issues which are not included into the agenda.

7.1.7. The decisions taken by the General Meeting, as well as the results of voting shall be furnished to shareholders of the Bank within 45 days upon their taking.

7.1.8. General Meeting may be convened in through voting *in absentia* (questioning), except for the issues indicated under the sub-clauses “b”, “c” and “f” of the part 1 of the Clause 7.1.3. The annual General Meeting may not be convened through voting *in absentia* (questioning). At that, resolutions of the General Meeting may be adopted at such sessions, during which the participants of General Meeting may communicate through the telephony, television, electronic or other means/system of communication in real time, or *in absentia* (questioning) using voting ballots through postal or electronic or facsimile means or through automated electronic system. Sessions *in absentia* (questioning) held in real time are not considered voting by questioning.

7.1.9. The resolution of the General Meeting passed *in absentia* is valid if more than half of the holders of the placed voting shares of the Bank have taken part in voting, exception of the cases defined by legislation of RA.

7.1.10. The voting *in absentia* shall be carried out with the use of ballots conformed by the Board of Directors. For voting by *in absentia* the ballots should be sent to the Shareholders at least 35 days prior the deadline for submitting the filled in ballots.

At the convocation of the General Meeting *in absentia* the materials and information provided by law shall be sent to the shareholders along with the ballots and the agenda of the General Meeting.

Ballots are issued to shareholders personally or through registered letter or sending them by the means elected by the Board.

Calling General Meeting *in absentia* shareholders together with ballots and meeting agenda are given other materials and information foreseen by legislation of RA.

7.1.11. List of the Shareholders entitled to take part in the General Meeting shall be compiled by the Board of Directors as at the fixed date of the year, month and day – based on the data of the Registry of Shareholders of the Bank. The list shall contain the information required by legislation of RA.

The list of the shareholders entitled to take part in the General Meeting shall be submitted to the Chairman of the Management Board – General Director on the day of compiling who shall

submit it to all the Shareholders of the Bank registered at the register of shareholders of the Bank at their request, in order to be familiarized with it. At the General Meeting to be passed with participation of all shareholders the list of the shareholders entitled to take part in the meeting shall be at place of the session.

At the Shareholder's request the Chairman of the Management Board – General Director of the Bank who has received the list must draw up and issue a reference about the inclusion of such Shareholder into the list of the Shareholders registered in the register of the Bank's shareholders within at most 2 (two) working days.

The date of compiling the list of the Shareholders entitled to take part in the Meeting shall not be earlier than the decision of the Board of Directors on convening the General Meeting or later than 45 days prior the date of the Meeting.

If the General Meeting is held through questioning the list of the Shareholders entitled to take part in it shall be compiled at least 35 days prior the date of such Meeting (deadline of receiving the filled ballots by the Bank).

Changes in the list of the Shareholders entitled to take part in the General Meeting may be done only for correcting the mistakes or omissions, thus recovering the violated rights and legal interests of the Shareholders.

7.1.12. The Bank shall notify the shareholders about the convention of the General Meeting in writing form within 15 days in advance of the Meeting. Notices of the General Meeting shall be sent to the entitled Shareholders through registered mail, or submitted directly from hand to hand or sending them by the communication channel elected by the Board. The notice concerning the annual General Meeting shall be also published in press and Internet, in the web-page of the Bank. The Bank shall notify the Central Bank of RA about its General Meeting at least 15 days prior the date of its convocation.

7.1.13. Shareholder (shareholders) of the Bank, who own shares the number of which exceeds 2% of the Bank's shares entitled to vote, within 30 days after the end of fiscal year of the Bank, are entitled to make at most two proposals on the agenda of Annual General Meeting, as well as to nominate persons to be included into the Board of Directors.

Proposals on the agenda of Annual General Meeting are presented in writing, mentioning the grounds for raising the issue, name (firm name) of the shareholder raising the issue, the number of owned shares, and the signature or its facsimile of the author of the proposal.

The Board of Directors is obliged to discuss the proposals and adopt a resolution about their inclusion in the agenda of Annual General Meeting or the inclusion of the persons into the list of nominees within 15 days after the end of the term specified under this clause.

7.1.14. The General Meeting shall be convened within four months after the end of the fiscal year of the Bank. Any other General Meetings except the Annual one are considered Extraordinary meetings.

Extraordinary General Meetings can be called any time by the decision of the Board of Directors on its own initiative, as well as at the request of the Management Board, Chairman of the Management Board – General director, invited (external) auditor of the Bank or the holder (holders) of at least 10% of the shares of the Bank as of the date of submission of such a request.

7.1.15. In case of any request on convocation of an Extraordinary General Meeting the Board of Directors shall convene an Extraordinary General Meeting within 45 days upon submission of such a request.

7.1.16. Decision of the Board of Directors on convocation of an extraordinary General Meeting or rejection of such a request shall be taken within 10 days upon submission of that request.

7.1.17. The shareholders of the Bank may exercise their participation right in the General Meeting personally or through an authorized representative. The representative may take part in the General Meeting only in compliance with the statutory procedure, in presence of power of attorney.

7.1.18. The voting is exercised in the General Meeting according to the clause 4.2. of the Charter.

7.1.19. Minutes of the General Meeting shall be made through documentary and/or electronic way in at least two copies within 5 days after the Meeting, signed/approved by the Chairman and the

Secretary of the General Meeting. At that, the signatures of the Chairman of the General Meeting, Secretary as well as the signatures of the Shareholders can be put on the Minutes /if necessary/, voting papers and other materials by electronic (digital) means.

7.1.20. The Decisions of the General Meeting shall be valid if the requirements of the RA Legislation, Charter, internal acts of the bank and Shareholder Agreement are met.

## **7.2. BOARD OF DIRECTORS OF THE BANK**

7.2.1. The Board of Directors carries out the general management of the Bank within the framework of any issues anticipated by the law to be the competence of the Board, as well as provides for the maximum increase of the shareholders' investments (the increase in the market price of the shares) and the protection of rights and legitimate interests of other stakeholders of the Bank. Besides the Board of Directors shall in the course of its activity represent, protect and be directed by the interests of the shareholders and stakeholders (all persons that with their human, professional, monetary and other investments supporting the long term growth and competitiveness of the bank including the investors, depositors, creditors, employees etc. of the bank), as well as it needs to take steps to ensure the efficient and effective system of internal control, risk management, and risk appetite related basic initial provisions.

7.2.2. The following issues are under the competence of the Board:

- a. definition of the principal directions of the Bank's activities, including approval of the long-term program on Bank's development;
- b. calling of the annual and Extraordinary General Meetings, confirmation of the agenda, as well as providing of preparatory works with respect to their conveyance and holding;
- c. appointment of the members of the Management Board and the Chairman of the Management Board – General Director and Chief accountant of the Bank, premature cancellation of their authorities and approval of the conditions of their basic/additional remuneration;
- d. definition of the Bank's internal control standards, formation of the internal auditing department, approval of its internal regulatory documents and annual working plan, pre-scheduled cancellation of the competence of the employees of the internal audit, application of internal disciplinary penalties and approval of the conditions of their remuneration;
- e. approval of the annual budget of the Bank's (including annual costs and writ of execution);
- f. approval of the inner administrative-organizational structure of the Bank;
- g. determination of the fair market price of the shares;
- h. adoption of decision on payment of interim (quarter and semi-annual) dividends, on dividend amount and type of its payment, as well as submission of the proposals concerning the payment of dividends to the General Meeting, including filing the list of the shareholders entitled to receiving the dividends, which shall include the shareholders registered in the shareholders Register of the Bank as at the date of filing the list of the shareholders entitled to participate at the Annual General Meeting;
- i. preliminary approval of the financial statements of the Bank and their submission to the General Meeting;
- j. presentation of the invited (external) auditor of the Bank to the General Meeting for approval;
- ja. fixing the amount of remuneration to the invited (external) auditor of the Bank;
- jb. taking measures to remove the drawbacks revealed in the course of the audit or other inspections and control over their implementation;
- jc. adoption of the internal legal acts defining the procedure of performing the financial transactions by the Bank according to legislation RA;
- jd. approval of charters of the regional and independent structural subdivisions of the Bank and assignment of their functional responsibilities and duties;
- je. introduction of the issues provided by sub-clauses (b), (ja-jc) of the clause 7.1.3 of the Charter to the General meeting's consideration;

- jf. resolutions concerning the placement of the bonds or other securities of the Bank;
- yg. use of the Reserve or other funds of the Bank;
- yh. establishment and dissolution of the branches, representative offices or other institutions of the Bank;
- yi. establishment of the accounting and book-keeping policy of the Bank – of the principles, basic norms, methods, rules, forms and procedures applied for book-keeping and compilation of the financial statements;
- k. taking decisions concerning the conclusion of major transactions on alienation and purchase of the Bank’s property in compliance with the procedure and in cases defined by legislation of RA;
  - ka. adoption of decisions concerning the conclusion of the transactions with participation of affiliated (interralated) parties in compliance with the procedure and in cases defined by the legislation of RA;
- kb. approval of the credits whose amount exceeds the sums defined by the inner (internal) legal acts of the Bank;
- kc. approval of the purchase and sale transactions concluding by the Bank with respect to any property and others assets whose amount exceeds the sums defined by the inner legal acts of the Bank, including interrelated deals;
- kd. approval of the investments whose amount exceed the sums defined by the inner legal acts of the Bank, including interrelated investments;
- ke. approval of the investments carried out by the bank, including interrelated investments exceeding the sum provided for by the Bank's internal regulations,
- kf. defining the volume of the main and/or additional remuneration of the chairman and the members the Board of Directors within the limits fixed by the General Meeting, where in case for such volume not having been defined the Board of Directors shall independently make decisions about the conditions and the size of the remuneration of the chairman and the members of the Board of Directors;
- kg. to set up commissions and committees under the Board of Directors from the members of the Board of Directors, to approve the acts regulating their activities, to appoint the secretary of the Board of Directors;
- kh. By its prior consent, submission of the Charter, General Meeting and Board of Directors regulations, their amendments and supplements to the approval of General Meeting;
- ki. Approval of internal acts establishing/changing or regulating the Equity Stock Option Plans (ESOP)-related issues;
- kj. Taking decisions on other issues provided by the inner legal acts of the Bank provided for by the legislation of RA, Charter, and approved by General Meeting and/or Board of Directors.

Taking decisions on each of the issues provided by the part 1 of this clause shall be under the exclusive competence of the Board of Directors and may not be transferred to the other governing bodies of the Bank or other persons. Any delegation of authorities to the committees or commissions under the Board of Directors shall not affect or reduce the authority or responsibility of the Board of Directors.

- 7.2.3. The duration of the office of the members of the Board of Directors shall be defined by the General Meeting and may not be less than five years and more than ten years, at the same time Chairman and members of the Board of Directors have a right to be reelected.
- 7.2.4. Shareholders of the Bank,, who hold 10% or a larger share in the placed capital of the Bank, shall have a right to be included into the Board of Directors or to appoint their representatives in the Board of Directors in accordance with the procedures and rules provided for by the Regulations of the Board of Directors and/or of the Shareholders’ General Meeting.  
Bank's Shareholders of less than 10% of placed voting shares, as at the date of compiling the list of the Shareholders entitled take part in the General Meeting, may unite and appoint their representative into the Board without election by the General Meeting if their total shares amount to at least 10%. Membership of such a representative in the Board of Directors may be

possible only upon signing an according agreement and duly notifying the General Meeting about such an agreement.

Shareholders with minor participation in the charter capital shall be also entitled to appoint a representative into the Directors' Board of the Bank to represent their interests. Shareholder with minor share in the charter capital of the Bank is deemed to be a holder of less than 10% of shares who has not concluded the agreement mentioned part 2 of this clause.

Any minor shareholder of the Bank within 30 days after the end of the fiscal year of the Bank shall be entitled to nominate one person to the Board of Directors of the Bank to represent the interests of the minor shareholders of the Bank, at that attaching the candidate's personal data required by the law. The indicated information shall be submitted to all the participants of the General Meeting at least 35 days prior to the Meeting, or at least 35 days prior the deadline for sending the filled in ballots if the Meeting is held through questioning.

The nominees shall be voted at the annual General Meeting (or at the Extraordinary General Meeting if the latter has passed a resolution on pre-schedule termination of the authorities of the member of the Board of Directors representing the interests of the Shareholder with minor share in the charter capital of the Bank), at that only Shareholders with minor share in the charter capital of the Bank (or their proxies) participating in the General Meeting shall take part in voting, even though their number may be one. The nominee shall be deemed elected if more than 50% of the holders of the placed voting shares with minor share in the charter capital of the Bank participating in the meeting vote for him. If no one of the nominees collects the number of votes required under this part, then two nominees with maximum votes shall be voted again until one of them collects the required number of votes. The elected nominee after the end of the meeting shall be immediately included into the Board.

In case of taking decision on pre-schedule termination of the authorities of the member of the Board of Directors, the new members of the Directors' Board shall be elected in accordance with the general procedure defined herein. At that, if the member whose authorities have been terminated is one, who had been elected on proposal of the shareholders with minor share in the charter capital of the Bank, then the new member shall be elected from the persons proposed by the shareholders with minor share in the placed capital of the Bank, according to the procedure defined herein.

- 7.2.5. The number of the members of the Board of Directors shall be defined by the decision of General Meeting but may not be less than 7 /seven/ and more than 9 /nine/. The members of the Board of Directors (except for the members included into the Board of Directors in compliance with the procedure defined under the clause 7.2.4 herein) shall be elected by the decision of the General Meeting, in accordance with the sub-clause "e" of the 7.1.3 herein.

The members of the Board of Directors shall meet the requirements defined by the banking legislation and the Regulation of the Board of Directors.

Members of the Board of Directors are to be rewarded.

- 7.2.6. Chairman of the Board shall be elected among the members of the Board by the majority vote of the Board's members.

- 7.2.7. Chairman of the Board of Directors shall:

- a) organize the work of the Board of Directors;
- b) call the meetings of the Board of Directors and preside there;
- c) organize the leading of minutes of sessions of the Board of Directors;
- d) preside at the General Meeting;
- e) organize the work of the Committees acting attached to the Board of Directors;
- f) exercise other authorities provided for by RA legislation, inner legal acts of the Bank approved by General Meeting and/or Board of Directors.

In the case of the Board of Directors Chairman's absence his duties shall be performed by one of the members of the Board of Directors – on the base of the corresponding decision of the Board.

Functions of realization, organization and carrying out the sessions under the competence of the Chairman of the Board of Directors can be realized by the Secretary of the Board of Directors – on instructions of the Chairman of the Board of Directors.

- 7.2.8. With the view to realize her competence more properly and effectively the Board of Directors may:
- admit independent members of the Board of Directors,
  - separate certain member(s) among the members of the Board of Directors for realizing permanent supervision during the management of the bank /authorized member of the Board of Directors/ whose status and activity conditions shall be determined by the Board of Directors and the contract concluded with them, where the advantages and guarantees fixed for the managers / employees of the bank shall be applied for the said members.
- Realization of permanent supervision by the authorized member of the Board of Directors and the management of the current activity of the bank does not restrict the scope of powers of the competent authorities of the bank (including the members of the Board of Directors), the possibility for their decision-making, but only provides a direct link between them and the Board of Directors, and the possibility for the Board of Directors to have accurate and immediate access to information related with the daily activity of the Bank.
- 7.2.9. The meetings of the Board shall be convened by the Chairman of the Bank's Board on his written request, on written request of the Board's member, Chairman of the Management Board – General Director, Head of the Internal Auditing Department, invited (external) auditor of the Bank, Board of Directors of the Central Bank, as well as on the request of the shareholder (s) who holds (hold) at least 5% of the voting shares of the Bank.
- The decisions of the Board of Directors shall be taken in accordance with the procedure defined by these Articles and inner legal acts of the Bank, through discussing issues and casting votes on them at the sessions of the Board. At the first session convened after the end of the fiscal year, as well as at other sessions (if necessary) the principal directions of the Bank's business, its strategy, as well as the Regulations of the Bank and, if necessary, its inner legal acts shall be discussed. The session of the Board of Directors of the Bank shall be convened in order to discuss the report of the invited (external) auditor (letter to the administration), as well as to discuss the extra report of the Internal Auditing Department of the Bank, within 10 days upon their submission. The regular reports of the Internal Auditing Department of the Bank, the reports of the Chairman of the Management Board – General Director and Chief Accountant shall be discussed at the sessions following their submission. Session of the Board of Directors may be convened in and decisions may be taken by present or *in absentia* procedure, through communication channels acceptable by the Bank.
- 7.2.10. Session of the Board of Directors is effective if quorum consisting of majority of the members of the Board is available.
- If the number of the members of the Board becomes less than the half of the quantity defined by the decision of the General Meeting and/or less than the minimum defined by law, an Extraordinary General Meeting shall be convened to fill the vacancies in the Board of Directors or to reject the number of members of the Board. The decision on convocation of such a meeting shall be taken by the Board of Directors by simple majority of votes of its remaining members.
- 7.2.11. Decisions of the Board of Directors are passed by majority vote of the members present at the session unless otherwise required by legislation of RA or by the Charter. The member of the Board of Directors of the bank has only the right of one vote.
- 7.2.12. Transmission of right for vote or voting from one member of the Board to another is prohibited.
- 7.2.13. Discussion of all the issues at the session of the Board shall be held in the mandatory presence of the Chairman of the Management Board – General Director of the Bank unless the issues of the earlier termination of his responsibilities or approval of the terms of his compensation are being discussed. Chairman of the Management Board – General Director of the Bank shall participate in the Meetings of the Board with an advisory vote.
- 7.2.14. The time and the place of the session of the Board of Directors of the Bank shall be determined by the Chairman of the Board.
- 7.2.15. The Chairman of the Directors' Board shall inform the members of the Board about the place and date of the session through the available communication channels.

- 7.2.16. If the Chairman of the Board of Directors believes that there is no need to convene a session with joint participation of the Board's members in order to discuss an issue which is under the exclusive competence of the Board of Directors, then the latter may be discussed *in absentia*.
- 7.2.17. Minutes for any Session of the Board shall be drawn up either in documentary and/or electronic form. The minutes of the sessions shall be drawn up within ten days upon the closing of the Session. The Minutes shall contain all information required by law.  
Minutes of the session shall be signed by all the members participating at such session who bear responsibility for the verity and authenticity of information there contained. The signatures of the Chairman, members and Secretary of the Board can be put on minutes, voting papers and other materials by electronic (digital) means.  
Meetings of the Board shall be presided by the Chairman of the Board who shall also sign the decisions of the session. The Chairman shall be responsible for the verity and authenticity of information contained in the decisions.
- 7.2.18. The Decisions of the Board of Directors shall be valid if the requirements of the RA Legislation, Charter, internal acts of the bank and Shareholder Agreement are met.

### **7.3. MANAGEMENT BOARD OF THE BANK, CHAIRMAN OF THE MANAGEMENT BOARD-GENERAL DIRECTOR**

- 7.3.1. The management of the current activities of the Bank shall be implemented by the Executive body of the Bank – Management Board and Chairman of the Management Board – General Director (hereinafter – General Director).
- 7.3.2. All the issues concerning the management of the current activities of the Bank shall be under the competence of the Management Board and General Director, except for the issues which by legislation of RA, Charter and/or the resolution of the General Meeting are declared exclusive authorities of the General Meeting and the Board of Directors.
- 7.3.3. The number of members of the Management Board shall be defined by the Board of Directors.
- 7.3.4. The General Director shall be appointed by the Board of Directors. The members of the Management Board shall be appointed by the Board of Directors on introduction of the General Director.
- 7.3.5. The General Director, members of the Management Board /including the deputy of General Director and the Chief accountant/ shall be members of the Management Board. These persons are the top managers of the Bank and may perform their authorities only in presence of the vocational qualification certificate. The terms and conditions of working as an official of the Bank without the vocational qualification certificate shall be defined by the acts of the Central Bank of RA.
- 7.3.6. The Management Board shall carry out its activities through sessions which shall be convened at least once per month.
- 7.3.7. The Management Board shall act in compliance with legislation of RA, Charter, inner legal acts of the Bank approved by the Board of Directors which define the order of convocation and holding of the sessions of the Management Board, decision-taking procedure in details.
- 7.3.8. The session of the Management Board shall be effective if the General Director and the majority of the Management Board take part in it. The decisions at the sessions of the Management Board shall be taken by the simple majority of votes of the participating members, with exception of the cases defined by the inner legal acts regulating the activities of the Management Board. In case of equality of votes the vote of the General Director is casting.
- 7.3.9. The rights and duties of the General Director, members of the Management Board shall be defined by law, other legal acts and the contract signed between the Bank and each of them. The Chairman of the Board of Directors or other person authorized by the Board of Directors shall sign that contract on behalf of the Bank with the General Director, and the General director shall sign the contract with the members of Management Board. The General Director, members of the Management Board may hold posts of any nature in other organization only by approbation of the Board of Directors regardless of the fact of their remuneration for those activities or absence of such a remuneration.
- 7.3.10. The following clauses are under the competence of the Management Board of the Bank:

- a. preliminary discussion and preliminary/conditional approval of the prospective development program of the Bank to be submitted to Board of Directors for approval;
- b. preliminary approval of the inner legal acts of the Bank to be approved by the Board of Directors, except the Charter of the Bank, the documents regulating the activity of, the General Meeting of Shareholders, the Board of Directors, the Committees and Commissions attached to the Board of Directors and the Internal Audit;
- c. determination of the commissions and tariffs to be levied for the Bank's services;
- d. ensuring of correct and timely implementation of the decisions taken by the General Meeting and Board of Directors;
- e. realization of Bank's assets and liabilities management;
- f. approval of the descriptive acts regulating the current, daily activities of the Bank which require day-to-day management;
- g. approval of the Template Agreements of the Bank;
- h. approval of the credits whose amount exceeds the sums defined by the inner legal acts of the Bank or bank instruments with declination of crediting terms under competence of the Management Board;
- i. approval of the purchase and sale transactions concluding by the Bank with respect to any property and others assets whose amount exceeds the sums defined by the inner legal acts of the Bank, including interrelated deals;
- j. approval of the investments whose amount exceeds the sums defined by the inner legal acts of the Bank, including interrelated investments;
- k. discussion of the issue on the establishment of the branches, representative offices and institutions of the Bank and its preliminary approval;
- l. discussion of the results of the audits carried out by the internal and invited (external) auditors or other bodies and implementation of activities determined by the Board of Directors concerning the detected shortcomings;
- m. approval of the manning table of the Bank within the scope of the annual expenditure estimate approbated by the Board of Directors;
- n. other issues connected with current activities of the Bank which are not under the competence of the General Director of the Bank;
- o. appointment of heads of branches and representative offices of the Bank;
- p. exercise other activity established by RA legislation and inner legal acts of the Bank.

7.3.11. The General Director of the Bank shall:

- a. manage the Bank's property, financial means included, conclude deals on behalf of the Bank, render bank guarantees;
- b. represent the Bank to other persons in the territory of the Republic of Armenia and abroad;
- c. act without letter of attorney and issue letters of attorney;
- d. conclude labor and other contracts in accordance with the defined procedure;
- e. submit to the approval of the Board of Directors the internal legal acts preliminary approved by the Management Board;
- f. within his competence issue orders and instructions mandatory for performance, and control their implementation;
- g. admit and dismiss the employees by defined procedure, with exception for the persons to be appointed by the General Meeting and Board of Directors;
- h. apply methods of encouragement and disciplinary responsibility towards the employees;
- i. draw up, sign and submit to the state authorized bodies the reports defined by the laws and normative legal acts of RA, including financial statements;
- j. sign the minutes and decisions of the sessions of the Management Board of the Bank;
- k. open bank accounts;
- l. organize the implementation of the decisions taken by the General Meeting, Board of Directors and Management Board of the Bank, shall be accountable to the General Meeting, Board of Directors and Management Board of the Bank, and shall not be entitled

to take decisions binding for General Meeting, Board of Directors and Management Board of the Bank.

- m. execute other authorities which by law or by this Charter are not under the competence of the General Meeting, Board of Directors and Internal Auditing service of the Bank;
- n. , appoint one of the members of Management Board as an Acting General Director-Chairman of the Management Board in case of his absence or impossibility to fulfill his office duties;
- o. execute the authorities of the liquidation commission until the liquidation commission is set up;
- p. execute other authorities defined by inner legal acts of the Bank and the legislation of RA.

7.3.12. The General Director shall on regular bases but not less than once per quarter submit to the Board of Directors reports on the activity of the Management Board and his activities according to the procedure defined by the Board of Directors.

At least the frequency, order of submission of the reports and the list of data to be included in them shall be defined under the description of the indicated procedure.

### **ARTICLE 8 INTERNAL AUDITING DEPARTMENT OF THE BANK**

8.1. The internal audit of the Bank shall be carried out by the head and the members of the Internal auditing Department of the Bank (hereinafter – Internal audit) who shall be appointed by the Board of Directors of the Bank. Members of the management bodies, other officials and employees of the Bank, as well as the persons affiliated with the members of the executive body may not be members of the Internal audit. The head and the members of the internal audit are obliged to comply with the rules of labor discipline defined for the Bank’s employees.

8.2. In conformity with the Regulations approved by the Board of Directors the Internal Audit shall:

- a) control the current activity and operational risks of the Bank;
- b) control the compliance of activity of the General Director of the Bank and structural subdivisions with the laws, legal acts and inner rules of the Bank, and the fulfillment of instructions given to the General Director;
- c) express opinions and make proposals in respect to the issues suggested by the Board of Directors of the Bank or by its own initiative.

Issues relating to the competence of the Internal Audit cannot be transferred to the management bodies of the Bank or to any other persons.

The regular reports shall be submitted in conformity with procedure established by the Board of Directors whose description shall define at least the frequency of the submission of the reports, the order of their submission and the list of data to be included in them.

8.3. The following reports shall be submitted by the head of the Internal audit to the Board of Directors and General Director:

- a) regular - on the results of regular examinations made in conformity with the annual plan;
- b) extra reports if, in the reasonable opinion of the Internal Audit, any important breaches are revealed, and if such breaches are the consequence of the actions or inactivity of the General Director or the Board, such a report should be submitted directly to the Chairman of the Board. In the cases provided under this clause the reports shall be submitted within two days of revealing the breach.

8.4. Internal Audit shall report to the Board of Directors about any breaches of the laws or other legal acts revealed in the course of examination suggesting at the same time the ways and measures for removing the drawbacks and excluding them in the future.

### **ARTICLE 9 ACCOUNTING AND REPORTING IN THE BANK**

9.1. Chief Accountant of the Bank (hereinafter- Chief Accountant) shall exercise the rights and bear the responsibilities reserved to this office under “Accounting and Book-keeping” Law of RA who shall be appointed by the Board of Director based on the proposal of the General Director. Rights and responsibilities of the Chief Accountant cannot be conferred on the

General Meeting, Board, members of the executive body, to the Internal Auditing department or any third party.

Chief Accountant shall quarterly submit financial statements to the Board of Directors and to the General Director in the form and contents approved by the Board of Directors.

Chief Accountant shall bear full material responsibility for the book-keeping in the Bank, state and adequacy of the books at the Bank, for timely submission of financial and statistical returns (reports) to the government agencies envisaged by the laws and other legal acts, as well as for the accuracy of the financial data presented to the Bank's Shareholders, creditors and mass media in compliance with legislation of RA, other legal acts and Charter.

- 9.2. For the purpose of examining the financial-economic activity of the Bank the Bank shall annually, on contractual basis involve an independent auditor licensed for audit in conformity with the procedure provided by the laws and legal acts (hereinafter - external auditor) concluding a relevant contract with him external auditor of the Bank shall be selected by the General Meeting in the manner provided by the Central Bank of RA. The fee payable for his services shall be determined by the Board of Directors.

Examination of the financial-economic activity of the Bank by an external auditor may be also carried out by the demand of the Shareholders of at least 5% of the shares of the Bank entitled to vote. In this case such shareholders shall select, conclude a contract and pay the fee for the rendered services of the external audit themselves, moreover they may have their expenses reimbursed by the Bank if General Meeting decides that such an audit has been justified for the Bank.

Besides the auditor's conclusion the contract to be effected by the Bank with an external auditor shall also provide for the auditor's report (a letter to the administration of the Bank), as well as for examination of the adequacy or creditworthiness of the returns (reports) to be submitted to the Central Bank of RA.

If during the audit of the Bank the external auditor discloses any facts which in its judgment significantly aggravate the financial situation of the Bank, as well as failures of the inner systems of the Bank (including the system of the internal control) the external auditor shall immediately inform about them the Central Bank of RA.

The conclusion of the external auditor shall be presented to the Central Bank of RA until 1<sup>st</sup> of May of the year following the fiscal year.

On demand of the Central Bank of RA the external auditor is obliged to present to the Central Bank of RA the necessary documents concerning the auditing of the Bank even if they contain commercial, bank or other secret. The auditing organization shall be bear responsibility stipulated by the legislation of RA for non-fulfillment of the obligations defined herein.

- 9.3. The fiscal year of the Bank lasts from 1st of January to 31st of December of the same year. The accounting and reporting in the Bank shall be carried on in compliance with the procedure and terms defined by the Central Bank of RA. The results of the Bank's activities shall be reflected in the monthly, quarterly, and annual reports, reports on profit and losses, as well as in the annual report.

- 9.4. The Bank is obliged to publish the auditor's conclusion, annual report within 4 months after the completion of the fiscal year.

The Bank shall publish its quarterly financial statement before 15<sup>th</sup> day of the month following each quarter.

## **ARTICLE 10. REORGANIZATION AND LIQUIDATION OF THE BANK**

The reorganization and liquidation of the Bank shall be carried out in accordance with the legislation of RA and the Charter of the Bank.

## **ARTICLE 11. EFFECTIVENESS OF THE CHARTER**

The Charter has been drawn up in the form of an electronic document and approved (including amendments and supplements thereto) with electronic-digital signature of the Central Bank.

The electronic version of the Charter (including amendments and supplements thereto) shall enter into force upon its registration with the Central Bank.

The Charter registered by RA central bank (the amendments and supplements thereto) are provided to the Bank electronically and are simultaneously being posted by the Central Bank in the website [www.cba.am](http://www.cba.am).