

APPROVED

On the Stakeholders Meeting of the Bank

On July 09, 1990

Decision N 2, minutes N 01

AMENDED

By the Shareholders Meeting of the Bank

On 22.02.2023, Minutes N 01/05

Chairman of the Meeting

Mher Abrahamyan

/signature/

Digitally signed by

Mher Abrahamyan,

date: 2023.06.13,

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REGISTERED

By the Central Bank of RA

On August 01, 1990

Registration N 335

Re-registered by the Central Bank of RA

On December 28, 1993

Registration N 9

Chairman of the Central Bank of RA

/signature/

Digitally signed by

Martin Galstyan,

date: 2023.06.19,

14:21:01 AMT,

Reason: Registered on

14.06.2023

CHARTER

(new edition)

“ID BANK” CJSC

Yerevan, 2023

Amended by	Amendment registered on
<u>Stakeholders Meeting of the Bank 15/10/1993 Minutes N 02</u>	10/02/1994
<u>Stakeholders Meeting of the Bank 31/03/1994 Minutes N 02</u>	11/05/1994
<u>Stakeholders Meeting of the Bank 17/04/1996 Minutes N 12</u>	23/05/1996
<u>Stakeholders Meeting of the Bank 17/12/1996 Minutes N 15</u>	24/02/1997
<u>Stakeholders Meeting of the Bank 07/05/1997 Minutes N 18</u>	30/05/1997
<u>Stakeholders Meeting of the Bank 20/06/1997 Minutes N 21</u>	14/07/1997
<u>Stakeholders Meeting of the Bank 12/06/1998 Minutes N 27</u>	17/07/1998
<u>Stakeholders Meeting of the Bank 14/09/1998 Minutes N 29</u>	09/10/1998
<u>Stakeholders Meeting of the Bank 25/09/1998 Minutes N 30</u>	16/10/1998
<u>Participants Meeting of the Bank 14/12/1999 Minutes N 38</u>	04/01/2000
<u>Participants Meeting of the Bank 20/01/2000 Minutes N 01</u>	17/02/2000
<u>Participants Meeting of the Bank 22/04/2000 Minutes N 03</u>	12/05/2000
<u>Participants Meeting of the Bank 10/05/2000 Minutes N 04</u>	22/06/2000
<u>Participants Meeting of the Bank 10/12/2003 Minutes N 07</u>	15/01/2004
<u>Participants Meeting of the Bank 31/05/2004 Minutes N 01</u>	02/07/2004
<u>Participants Meeting of the Bank 04/11/2004 Minutes N 02</u>	09/12/2004
<u>Participants Meeting of the Bank 23/01/2006 Minutes N 01</u>	21/03/2006
<u>Participants Meeting of the Bank 15/04/2006 Minutes N 02</u>	30/06/2006
<u>Participants Meeting of the Bank 15/10/2006 Minutes N 03</u>	28/11/2006
<u>Participants Meeting of the Bank 13/12/2006 Minutes N 04</u>	30/12/2006
<u>Participants Meeting of the Bank 07/04/2007 Minutes N 01</u>	Resolution N 1/871 A, 09/07/2007
<u>Participants Meeting of the Bank 19/04/2008 Minutes N 01</u>	08/05/2008
<u>Participants Meeting of the Bank 21/02/2009 Minutes N 01</u>	Resolution N 1/820 A, 24/06/2009
<u>Participants Meeting of the Bank 11/03/2009 Minutes N 02</u>	Resolution N 1/435 A, 10/04/2009
<u>Participants Meeting of the Bank 04/07/2009 Minutes N 04</u>	Resolution N 1/945 A, 24/07/2009
<u>Participants Meeting of the Bank 12/11/2009 Minutes N 05</u>	Resolution N 1/1587 A, 26/12/2009
<u>Participants Meeting of the Bank 14/04/2011 Minutes N 01</u>	Resolution N 1/522 A, 24/05/2011
<u>Participants Meeting of the Bank 24/11/2011 Minutes N 02</u>	Resolution N 1/1413 A, 15/12/2011
<u>Participants Meeting of the Bank 20/09/2012 Minutes N 03</u>	Resolution N 1/1110 A, 31/10/2012
<u>Participants Meeting of the Bank 30/04/2013 Minutes N 02</u>	Resolution N 1/499 A, 17/06/2013
<u>Participants Meeting of the Bank 18/12/2013 Minutes N 05</u>	Resolution N 1/58 A, 29/01/2014
<u>Participants Meeting of the Bank 29/04/2014 Minutes N 01</u>	
<u>Participants Meeting of the Bank 28/03/2015 Minutes N 01</u>	
<u>Shareholders Meeting of the Bank 28/07/2016 Minutes N 2</u>	
<u>Shareholders Meeting of the Bank 22/12/2017 Minutes N 3</u>	
<u>Bank's shareholder Resolution N 01/05 of 22/05/2023</u>	



1. General provisions

1.1 “ID Bank” Closed Joint Stock Company (the “Bank”) is the legal successor of “Anelik Bank” CJSC (by the resolution of the Shareholders Meeting of the Bank as of December 22, 2017, (Minutes N 3) “Anelik Bank” CJSC was renamed into “ID Bank” CJSC). “Anelik Bank” CJSC was established as a result of reorganisation of Anelik Bank LLC pursuant to the resolution of the participants of the Bank dated 7 April, 2007 (minutes N 1) and is the legal successor of “Anelik Bank” LLC which was established pursuant to the resolution of the general meeting of founders of the Bank, dated 9 July, 1990 (minutes N 1) in accordance with founding agreement signed on 1 August 1990.

1.2. The founding document of the Bank is this charter, provisions of which are binding for the shareholders and management bodies of the Bank.

1.3. During its activities the Bank is guided by Civil Code of the Republic of Armenia (the RA), the Law of the RA On Banks and Banking, other laws of the RA, legal acts of the Central Bank of the RA and other legal acts, this charter and the bylaws of the Bank.

1.4. The full name of the Bank is:

in Armenian: «ԱյԴԻ Բանկ» Փակ Բաժնետիրական Ընկերություն

in English: “ID Bank” Closed Joint Stock Company

in Russian: Закрытое Акционерное Общество «АйДи Банк»

1.5. The short name of the Bank is:

in Armenian: «ԱյԴԻ Բանկ» ՓԲԸ

in English: “ID Bank” CJSC

in Russian: ЗАО «АйДи Банк»

1.6. Legal, actual and postal address of the Bank is:

13, Vardanants str, 0010, Կ. Yerevan, Republic of Armenia.

2. Legal Status of the Bank

2.1. The Bank is a commercial organization aimed at receiving profit.

2.2. The Bank is considered established and acquires a status of legal entity upon its registration with the Central Bank of the Republic of Armenia, and has the right to carry out banking activities and financial transactions provided by law since the moment of acquisition of license for carrying out banking activities from the Central Bank of the Republic of Armenia.

2.3. The Bank has property, which is separate from the property of its shareholders, independent balance, round seal bearing its name and emblem, stamp, blanks and numeric seals for the territorial subdivisions and the head office of the Bank.

2.4. The Bank may sign agreements on its behalf, acquire proprietary and personal non-proprietary rights, bear obligations, act in courts as applicant and respondent.

2.5. The Bank is liable for its obligations with all of its property, except for cases provided by the law.

2.6. The Bank is not liable for obligations of its shareholders.



Shareholders of the Bank are not liable for the obligations of the Bank and bear the risk of losses in connection with the operation of the Bank to the extent of the value of their shares in the Bank.

The shareholders, managers of the Bank and other persons may be held liable vis-à-vis the Bank for their actions or omission in cases stipulated by law.

2.7. The Bank has rights and bears obligations provided by RA laws, regardless of provision of such rights and obligations under this Charter.

2.8. The Bank independently possesses, uses, and disposes, as well as reevaluates its assets.

2.9. The Bank guarantees the confidentiality of information of its clients, classified as banking secret, in the manner prescribed under the law of the RA On Banking Secrecy.

3. Financial and other operations of the Bank

3.1. In the manner provided by the RA legislation the Bank may carry out the following financial operations:

- a) receive demand and term deposits;
- b) provide commercial and consumer loans, including mortgage loans, perform debt and trade financing, factoring;
- c) issue bank guarantees and letters of credit;
- d) open and operate accounts, including correspondent accounts of other banks;
- e) perform other payment-settlement services and/or otherwise service accounts of the clients;
- f) issue, purchase (discount), sell, and serve securities, perform similar operations;
- g) perform investment and subscriber operations;
- h) perform investment fund (including pension fund) custodian operations,
- i) perform financial agent (representative) services, manage (trust, authorized management) securities and investments of customers,
- j) purchase, sell and manage coins and banking (standard) bars of precious metals;
- k) purchase and sell (exchange) foreign currency, execute futures, options and other operations in AMD and foreign currency;
- l) perform financial leasing;
- m) accept for storage precious stones, metals, jewellery, securities, documents and other values;
- n) perform financial and investment advising;
- o) establish and operate clients' creditworthiness information system, carry out debt collection activity;
- p) realize insurance certificates and (or) agreements, perform insurance agent operations in the manner prescribed by the law,
- q) Perform functions of account operator prescribed by the RA Law "On Accumulated pension fund".

3.2. The Central Bank may allow the Bank to perform activity or operations which are not directly provided under the Law of the RA On Banks and Banking and this charter,



if they arise from or are related to banking activity or operations provided under clause 3.1 of this Charter.

3.3. The Bank has the right to perform, in cases and in the manner prescribed under the Law of the RA On Banks and Banking, other laws and legal normative acts of the Central Bank professional activity in securities market (brokering, dealership services, trust management, custody services and other). The Bank performs professional activity in state securities market by participating in allocation of state bonds (dealership, agency, custody activities).

3.4. The Bank shall sign any civil law transaction which is necessary or expedient to perform any legal activity authorized by law.

3.5. The Bank may perform financial transactions provided under this charter both in AMD and foreign currency, safe for cases provided under law.

3.6. The Bank shall independently determine interest rates for attracted deposits, disbursed loans and issued securities, as well as amount of commissions against rendered services.

3.7. The relations between the Bank and its clients shall be deemed as contractual. The Bank establishes rules of its activity aimed at avoiding conflict of interests, particularly:

a) obligations undertaken by the Bank vis-à-vis one of its clients shall not contradict obligations undertaken by the Bank vis-à-vis another client;

b) interests of the managers and employees of the Bank shall not contradict the obligations of the Bank vis-à-vis its clients.

3.8. The Bank may acquire participation in the charter capital of other entities by following the requirements of RA legislation, and by receiving appropriate permit upon the necessity.

3.9. The Bank has the right to open correspondent accounts in other banks, including foreign banks.

3.10. The Bank may perform state budget cash servicing operations in cases provided by legislation

4. Branches, representative offices and institutions of the Bank

4.1. The Bank may establish branches and representative offices without the status of legal entity within the territory of the Republic of Armenia and abroad in the manner prescribed under the Law of the RA On Banks and Banking.

4.2. The council of the Bank establishes territorial subdivisions and approves their charters vesting them with the powers provided under this charter.

4.3. A branch of the Bank is its separate subdivision located out of the territory of the Bank and not having status of a legal entity, which operates within powers it is vested with by the Bank and performs on behalf of the latter banking activity or other financial operations provided under the law of the RA On Banks and Banking both in Armenian Drams and foreign currency.

4.4. A representative office of the Bank is its separate subdivision located out of the territory of the Bank and not having status of a legal entity, which represents interests



of the Bank, carries out market research, signs contracts on behalf of the Bank and performs other similar operations.

A representative office shall not have the right to carry out banking activities and perform financial operations in accordance with the Law of the RA On Banks and Banking.

4.5. The Bank may, in the manner prescribed by the Central Bank of the RA, temporarily terminate operations of its subdivisions.

4.6. Property of branches and representative offices shall be accounted in the balance sheet of the Bank.

4.7. The Bank may establish institutions, which are organizations not having a status of legal entity, engaged in governmental, social-cultural, educational and other non-commercial activities. Decision on establishment of an institution of the Bank shall be adopted by the council of the Bank.

4.8. Establishment, registration and liquidation of the branches and representative offices of the Bank shall be effected in the manner prescribed by RA laws.

5. Shares of the Bank

5.1. The shares of the Bank are privately allocated among its shareholders.

5.2. The shares of the Bank are allocated at their nominal value or market value determined by the council of the Bank. The market value is determined in the manner provided by law. The shares of the Bank are non-documentary.

5.3. Shares shall be paid solely with Armenian Drams.

5.4. Each ordinary share of the Bank entitles its holder with one vote in the general meeting of shareholders.

5.5. The number of ordinary shares owned by one shareholder in the charter capital of the Bank shall not be limited.

5.6. The Bank may, in the manner prescribed by law, issue and allocate ordinary shares, as well as one and more types of preferred shares.

5.7. Registry of owners of the shares of the Bank shall be maintained by a specialized organization in the manner prescribed under the laws of the RA.

6. Bonds and other securities of the Bank

6.1. The Bank may issue bonds and other securities in the manner prescribed by laws and other legal acts.

6.2. Bonds and other securities of the Bank are issued upon resolution of the council of the Bank. The resolution on issuance of bonds shall include the terms, conditions and methods of their repayment.

Bonds shall have nominal value. The total nominal value of all issued and secured bonds shall not exceed the charter capital or the security amount, provided for issuance of the bonds of the Bank.

6.3. Bonds may be issued solely upon full payment of the charter capital of the Bank. The Bank may issue convertible bonds and other securities, which give right to their holders to convert such bonds and other securities to shares of the Bank or acquire on a



privileged basis shares of the Bank. At that, the Bank shall not allocate convertible shares or other securities, in the event the number of the authorized shares per each class and type is less than the number of shares per each such class or type, which is necessary to ensure the conversion of convertible bonds and other securities to shares of the Bank.

Bonds and other securities of the Bank are converted in compliance with limitations in connection with acquisition of participation in the charter capital, provided under the Law of the RA On Banks and Banking and this charter.

6.4. The Bank may issue term, as well as serial bonds (in time sequence stipulated by the Bank). The resolution on issuance of bonds and other securities shall determine types and classes of such bonds, as well as rights and obligations of their owners and other information required by Law.

6.5. The registry of the owners of nominal bonds and other securities of the Bank is maintained by the Central Depository in accordance with laws and other legal acts

7. Shareholders of the Bank

7.1. Shareholders of the Bank may be individuals and legal entities, both resident and non-resident of the Republic of Armenia, in the manner prescribed by laws and other legal acts.

7.2. State and local self-governmental bodies of the RA may be shareholders of the Bank in cases and in the manner prescribed under laws. Parties and trade unions may not be shareholders of the Bank.

7.3. Each ordinary share of the Bank gives equal rights to its owners.

7.4. The shareholder vested with the right or power to give mandatory instructions to the Bank or otherwise legitimately foresee the activities of the Bank bears subsidiary liability in connection with obligations of the Bank in the event of its insolvency, if prior to exercising such right or power such shareholder knew that as a result of such activity the Bank will be in the state, defined by the law as insolvency, including will consume significant part of its fixed assets.

7.5. Only shareholders, which have fully paid ordinary shares, shall have a voting right in the general meeting of shareholders.

7.6. Shareholders, holding ordinary shares of the Bank have the right to:

7.6.1. participate in person or through representative in the general meeting of shareholders with voting rights in connection with all matters related to powers conferred to the general meeting, such voting right being determined in accordance with the number of the shares owned by each shareholder;

7.6.2. receive dividends from the profit, gained as a result of the activity of the Bank;

7.6.3. receive information on the activity of the Bank in cases and in the manner prescribed under laws and this charter;

7.6.4. get acquainted with the financial and other reports of the Bank and information provided by law upon their written request;

7.6.5. make suggestions in the general meeting, including those in connection with agenda of general meeting in the manner prescribed by law and this charter;



7.6.6 vote in the general meeting in the number of votes of the shares held by them;

7.6.7 challenge in judicial order the resolutions of the general meeting, contradicting to laws and other legal acts in force;

7.6.8. receive relevant part in the property of the Bank upon liquidation of the latter;

7.6.9. unless otherwise provided by law, acquire in priority right shares and other securities issued and allocated by the Bank;

7.6.10. receive, without any charge, copies of the most recent annual report of the Bank and conclusion of its external auditor;

7.6.11 Upon written request of any of the shareholders of the holding equal or more than 2% of voting shares the Bank must provide to the latter information prescribed by paragraphs “a” to “g” of part 4 of article 43 of the RA Law “On banks and banking” free of charge. Moreover, the mentioned information is provided within two business days after submitting the request.

7.6.12. have other rights provided by law and this charter.

7.7. The shareholders of the Bank shall:

7.7.1. comply with the requirements of this charter and the resolutions of the general meeting of the shareholders of the Bank;

7.7.2. pay in full the value of their shares within the terms determined by the resolution on issuance of shares;

7.7.3. abstain from publishing confidential information on the activities of the Bank;

7.7.4. abstain from transferring to third parties information acquired pursuant to paragraph 7.7.4 of clause 7.7. of this charter, using such information for damaging the business reputation of the Bank, violating rights and legitimate interests of the clients and shareholders of the Bank.

In the event of failure by shareholders of the Bank to comply with clause 7.7.4 of this charter, they shall be held liable in the manner prescribed by laws and other normative legal acts of the RA.

7.7.5. To disclose to the Council of the Bank information on related parties and the interested deals.

7.7.6 The shareholders of the Bank shall bear other obligations provided under this charter and the legislation of the RA legislation.

8. Charter capital of the Bank

8.1. The paid-up charter capital of the Bank constitutes of the nominal value of shares obtained by the shareholders of the Bank. The charter capital of the Bank is the minimum amount of property, guaranteeing the interests of the creditors of the Bank and shall be paid in Armenian Drams.

8.2. The charter capital of the Bank amounts to AMD 33,971,850,000 (thirty-three billion nine hundred seventy-one million eight hundred fifty thousand Armenian Drams), which includes 679, 437 (six hundred seventy nine thousand four hundred thirty-seven) ordinary shares, with a nominal value of AMD 50,000 (fifty thousand) each.



8.3. The Bank may increase its charter capital by issuing additional ordinary shares in the amount determined by general meeting and with a nominal value of AMD 50,000 (fifty thousand Armenian Drams) each.

8.4. The Bank can use its emission income to reduce its charter capital as a result of buy back its shares by the Bank or to cover losses in case of insolvency of the Bank only or if it is directed to the increase of nominal value of the Bank's shares.

Point 8.4 is added by resolution N 01/05 of the shareholder of the Bank as of 22.05.2023

9. Reduction of the charter capital

9.1. Reduction of the paid-up charter capital of the Bank during its activity by distribution of dividends or otherwise is prohibited, safe for cases provided under the law of the RA On Banks and Banking and clause 9.2 of this charter.

9.2. The shareholders, holding voting shares of the Bank, have the right to require from the Bank determination of buy-back price and buy-back of their shares or part of them if:

a) a decision was made on reorganization, disapplication of pre-emption rights or execution of major transaction (in cases where the decision on execution of the transaction is made by the general meeting) and such shareholders voted against such reorganization, disapplication of pre-emption rights or execution of major transaction, or did not participate in the voting;

b) the charter has been amended or supplemented, or new edition of the charter has been approved resulting in limitation of rights of such shareholders, which voted against the decision on such amendment, supplement or approval of new edition of the charter or did not participate in the voting.

9.3. The list of shareholders of the Bank entitled to require buy-back of their shares in the Bank, shall be made on the basis of the data included in the registry of the shareholders of the Bank, as of the date of compilation of the list of shareholders entitled to participate in such general meeting, the agenda of which includes issues in connection with decisions, adoption of which has resulted in limitation of shareholders' rights provided under paragraph a) of clause 9.2.

9.4. Buy-back of shares by the Bank shall be executed at its market price. The market price shall be determined without taking into account the changes arisen due to operations of the Bank entitling the shareholder to demand evaluation and buy-back of her shares.

9.5. Reduction of the charter capital of the Bank is also allowed in cases provided under the Law of the RA On Bankruptcy of Banks and Financial Organizations.

9.6. Consent of the Board of the Central Bank of the RA is required for buy-back of shares.

9.7. The Bank shall inform its shareholders on their right of buy-back and the procedure of exercising such right.

Notification on general meeting, agenda of which includes issues in connection with decisions, adoption of which may result in the manner prescribed by law and this charter in



arising of the right of buy-back (9.2 clause) shall include information provided under this clause. The notification shall also include information on the buy-back price.

The Bank shall notify shareholders, entitled to demand buy-back on arising of their right of buy-back and the buy-back procedure within 7 days following such date at which such decisions of general meeting have been made.

The written request of the shareholder of the Bank on buy-back of her share, which includes information on the amount of shares, subject to buy-back and residence address of the shareholder, shall be submitted to the Bank not later than within 45 days following the date of adoption by the general meeting of shareholders of the relevant decision.

The Bank shall buy back the relevant shares from the shareholders, having submitted written request on buy back, within 30 days upon expiration of the term provided under this clause.

Buy back shall be executed at the price determined in the notification provided under this clause.

The amount of proceeds (property) directed at buy-back of shares of the Bank shall not exceed 10% of the value of its net assets. The value of net assets shall be determined as of the date of making decisions provided under sub-clauses “a” and “b” of clause 9.2.

If the total value of the shares submitted by the shareholder for buy-back exceeds the amount, which the Bank may allocate for buy-back of shares, then the shares are bought back pro rata to the requests of the shareholders.

In the event the shareholder disagrees with the buy-back price, she has the right to apply to court for revaluation of her shares within 3 months following such date at which payment to the shareholders by the bank shall be made.

Shares bought back in accordance with clause 9.2 of this charter are transferred to the possession of the Bank.

Such shares do not entitle voting rights, are not accounted during calculation of votes or distribution of dividends. They are subject to allocation within one year. Otherwise, the general meeting shall make a decision on reduction of the charter capital through redemption of such shares.

9.8. In the event of buy-back by the Bank of its shares, decision on reduction of charter capital or sale of such shares shall be made by general meeting by 3/4 of votes of shareholders, participating in the meeting, but not less than 2/3 of votes of all shareholders, holding voting shares.

10. Increase of charter capital of the Bank

10.1. The Bank may increase its charter capital through increase of nominal value of its shares or allocation of additional shares.

10.2. The bank shall not organize open subscription of or otherwise offer its issued shares to unlimited number of persons.

10.3. If previously distributed shares are not fully paid, the charter capital of the Bank shall not be increased through attraction of financing.

10.4. The resolution on distribution of additional shares shall establish:

- a) the number of additional ordinary shares available for allocation;



- b) terms and conditions, including allocation price of additionally issued shares;
- c) other data provided under laws and this charter.

10.5. After summarizing its financial results the Bank may increase its charter capital through increase of nominal value of its allocated shares:

- a) by transferring a part of its profit to the charter capital;
- b) by fully or partly transferring from the net asset value (equity) of the Bank the amount, exceeding the difference of liquidation and nominal values of the charter capital, general reserve and preferred shares (if any) to the charter capital of the Bank.

10.6. The Bank shall not increase its charter capital through increase of nominal value of its shares, as a result of which it shall exceed the value of its net assets established by the most recent audit results or the most recent balance sheet approved by general meeting of shareholders.

10.7. Share certificates shall be deemed invalid in case when no application for their exchange or making of relevant entry has been submitted within a term of one year minimum.

11. The reserve fund (general reserve) and other funds of the Bank

11.1. The Bank shall establish a reserve fund, which shall be not less than 15% of its charter capital.

If the reserve fund is less than the amount provided under this charter, then allocations to reserve fund shall be made in an amount of not less than 5% of the profit of the Bank.

11.2. Reserve fund shall be used for covering losses of the Bank, as well as repayment of bonds issued by the Bank and buy-back of shares of the Bank in case when profit and other proceeds of the Bank are insufficient for such purposes. The reserve fund shall be used upon decision of the council of the Bank.

11.3. The reserve fund of the Bank constitutes, in the manner prescribed by law, of annual allocations made from the profit of the Bank until replenishment of the necessary amount.

11.4. The Bank may establish other funds in the manner prescribed by law and other legal acts.

11.5. Establishment of funds, the procedure and amount of allocations to such funds are determined by the general meeting of shareholders. Such funds are used upon decision of the council of the Bank.

12. Participation and restrictions of participation in the charter capital of the Bank

12.1. The shareholders of the Bank may at any time alienate their shares in the manner prescribed by laws and this clause

Restrictions on acquisition of other participation in the charter capital of the Bank provided under the Law of the RA On Banks and Banking shall be taken into account when alienating shares by the shareholder of the Bank.

A shareholder of the Bank has a pre-emption right to acquire, pro rata to her shares in the Bank, shares sold by other shareholders.



A shareholder shall inform the Chairman of the Management Board of the Bank on her intention to alienate her shares. The Chairman of the Management Board shall inform on such intention other shareholders of the Bank within 5 days upon receipt of such notification in the manner prescribed under this charter for notification on convocation of general meeting. The term for application of pre-emption rights for purchase of shares offered by other shareholders is 30 days.

In the event none of the shareholders uses her pre-emption right within the term provided under this clause, the shares may be alienated to third parties.

Shares may be alienated to third parties solely in the manner prescribed by laws.

Shares allocated by the Bank through private subscription may be acquired by non-shareholders.

Shareholders of the Bank (owners of ordinary shares) have pre-emption right to acquire shares and securities convertible to shares, allocated by the Bank, except for cases provided by law.

Such pre-emption right shall be exercised by shareholder of the Bank within 10 days following receipt of notification on relevant allocation.

The shareholders, holding voting shares of the Bank, shall be notified on the possibility of exercising their pre-emption rights in the manner prescribed for convocation of a general meeting and at least 30 days prior to such date at which allocation of voting shares, subject to payment in cash and securities convertible to voting shares of the Bank shall start.

The notification shall include information on:

- a) the number of voting shares and securities convertible to voting shares subject to allocation;
- b) allocation price of voting shares and securities convertible to voting shares (including allocation price of voting shares and securities convertible to voting shares for the shareholders of the Bank, having a pre-emption right of their acquisition);
- c) procedure of determining the amount of shares and securities convertible to voting shares to be acquired by the shareholders of the Bank with pre-emption right, as well as on terms and information for exercising such rights;
- d) types and classes of the shares to be acquired.

A shareholder has the right to fully or partially exercise her pre-emption right by sending a written notice to the Bank on acquisition of voting shares or securities convertible to voting shares. Such notice shall include:

- a) full firm name of the shareholder (name in case of individual), state registration data (passport data), registered (residence) address;
- b) the number of shares and/or securities to be acquired;
- c) document on payment of shares and/or securities

Notification shall be submitted not later than one day prior to the beginning of allocation of the voting shares and securities convertible to voting shares of the Bank.

12.2. The shares in the charter capital of the Bank shall be transferred to the heirs of individual and legal successors of legal entity shareholders of the Bank.



12.3 A person or its affiliate may acquire, through one or more transactions, a significant participation in the charter capital of the Bank provided under the Law of the RA On Banks and Banking solely upon prior consent of the Central Bank of the RA.

12.4 Any agreement on acquisition of other participation without prior consent of the Central Bank of the RA is null.

13. Distribution of profits of the Bank

13.1. Profits gained as a result of activities of the Bank is subject to taxation pursuant to the laws of the Republic of Armenia.

13.2. After paying taxes and making other mandatory payments provided under the laws of the Republic of Armenia, the net profit of the Bank is formed, which shall remain at the disposal of the Bank and be distributed by the general meeting of shareholders of the Bank for the purposes of replenishment of reserve fund and other funds, provided under this charter and distribution of dividends.

13.3. The Bank may decide (declare) on payment of quarterly, semi-annual or annual dividends to its shareholders, unless otherwise provided under the laws of the RA and this charter.

13.4. The council shall decide on payment of interim (quarterly or semi-annual) dividends, as well as the amount and method of payment of such dividends.

The amount of the interim dividends shall not exceed 50% of dividends disbursed during the previous financial year.

13.5. The general meeting of shareholders shall decide, upon recommendation of the council, on payment of annual dividends, as well as on the amount and method of payment of such dividends.

The amount of the annual dividends shall not be less than the amount of already paid interim dividends.

13.6. In the event when the amount of annual dividends, determined pursuant to decision of the general meeting is equal to the amount of already paid interim dividends, no annual dividends shall be paid. In the event when the amount of annual dividends, determined pursuant to decision of the general meeting, is more than the amount of already paid interim dividends, the annual dividends shall be distributed in the amount equal to the difference of the determined amount of annual dividends and the amount of interim dividends already paid.

13.7. The general meeting may decide on non-payment of dividends.

13.8. The term of payment of annual dividends is determined by the decision of the general meeting on payment of dividends. The term of payment of interim dividends is determined by the decision of the council on payment of interim dividends and shall not be earlier than 30 days following the date at which such decision has been made. Unless otherwise provided by the resolution of the General Meeting of Shareholders, any declared annual dividends shall be paid by the Bank to the shareholders within 15 business days after the relevant decision of the shareholders for distribution of the profit has been taken.

13.9. For each payment of dividends the council makes a list participants entitled to dividends, which shall include:



a) in case of payment of interim dividends, the names of the shareholders of the Bank, included in the registry of shareholders of the Bank, as of at least 10 days prior to the date at which decision of the council on payment of dividends has been made;

b) in case of payment of annual dividends, the names of shareholders of the Bank included in the registry of shareholders of the Bank as of the date at which the list of shareholders, entitled to participate in the annual general meeting of shareholders of the Bank has been made.

13.10. Payment of dividends to shareholders of the Bank is prohibited, if as of the date of payment the losses of the Bank are equal to or more than the amount of the retained profits of the Bank.

13.11. Dividends are distributed in the manner prescribed by the laws of the RA and this charter.

14. Management Bodies of the Bank

14.1. Management bodies of the Bank are:

- a) general meeting of shareholders of the Bank (the “General Meeting”),
 - b) council of the Bank (the “Council”),
 - c) management board of the Bank (the “Board”),
 - d) Chairman of the Management Board (the “Chairman of the Management Board”),
- Management of day-to-day activities of the Bank is carried out by the Chairman of the Management Board together with the Management Board of the Bank.

Besides the abovementioned management bodies, the Bank has a chief accountant and internal audit subdivision.

15. General Meeting of Shareholders

15.1. The General Meeting is the superior management body of the Bank.

15.2. The Bank shall convene the annual General Meeting each year. The annual General Meeting shall be convened within the period of four months upon the end of the financial year.

15.3. The General Meeting may be held via joint meeting of shareholders, remote voting (through inquiry) or communication by telephone. Annual General Meeting shall not be held by remote (through inquiry) voting.

The Shareholders may give their approval to any of the matters stated in sub-point “b)” and “c)” of clause 15.26 of the present charter (or to any variation of them) either in writing or through their authorised representatives for this purpose at a General Meeting.

15.4. The General Meetings may be ordinary or extraordinary.

15.5. During preparation of the General Meeting, the Council shall determine the date, place and time of the General Meeting, agenda of the General Meeting, the date of the list of shareholders having right to participate at the General Meeting, list of information and documents to be provided to the shareholders during preparation of the General Meeting, form of the notice, form and content of the voting ballots in case if voting shall be carried out by voting ballots.

15.6. The following individuals are entitled to participate at the General Meeting:



a) shareholders holding ordinary (common) shares of the Bank pro rata to the number of their voting rights, as well as nominees, if they present names of the shareholders represented by them and the documents certifying the number of the shares held by them;

b) in case if preferred shares have been allocated as prescribed by this charter, shareholders holding preferred shares of the Bank by the voting rights pro rata to the number and nominal value of the preferred shares held by them, as well as nominees, if they present the names of the shareholders represented by them and the documents certifying the number of the shares held by them,

c) non-shareholder members of the Council and the Management Board with a right of advisory vote,

d) members of internal audit subdivision as an observer,

e) individuals carrying out external audit of the Bank (in case when their report is included in the agenda of the General Meeting) as observers,

f) representatives of the Central Bank as observers,

g) other employees of the Bank in case of reporting matters included in the agenda of the General Meeting,

h) heads of territorial and structural subdivisions as observers,

i) individuals having professional knowledge on certain matters included in the agenda of the General meeting.

15.7. The list of shareholders entitled to participate at the General Meeting is compiled as of the date determined by the Council on the basis of the data of shareholders' register of the Bank.

Compilation date of the list of shareholders entitled to participate at the General Meeting must meet the following requirements:

a) It shall not be earlier than the date of the Council resolution on convocation of the General Meeting

b) It can't be more than 45 days prior to convocation of the General Meeting.

In case if the General Meeting is convened by remote voting, compilation date of the list of shareholders entitled to participate at the meeting participants shall be at least 35 days prior to the date of the General Meeting convocation.

15.8. The Central Bank of the Republic of Armenia shall be notified by the Bank on convocation of the General Meeting not later than 15 days prior to convocation.

15.9. For the purpose of compilation of the list of shareholders entitled to participate at the General Meeting, the nominees shall provide information on shareholders, for representation of whose interests the nominee disposes of the shares.

15.10. The list of shareholders entitled to participate at the General Meeting shall include information on the name (firm name), legal (residence) address of each of the shareholders of the Bank and his/her shareholding in the charter capital of the Bank.

15.11. The list of shareholders entitled to participate at the General Meeting shall be provided for acquaintance purposes to those shareholders of the Bank, who are included in the shareholders' register of the Bank.



The above mentioned list shall be provided to the shareholder entitled to participate at the General Meeting together with the notice mentioned in section 15.14. of this charter.

Upon request of the shareholder, the Bank shall provide a certificate on his/her inclusion in the list of shareholders entitled to participate at the General Meeting.

The foregoing certificate shall be provided to the shareholder entitled to participate at the General Meeting within 2 days upon his/her written request.

15.12. The list of shareholders entitled to participate at the General Meeting may be amended solely for the purposes of correcting the mistakes made during compilation of the list or restoring the rights and legal interests of the shareholders of the Bank not included in the list.

15.13. The Bank notifies its shareholders on holding the annual General Meeting at least 15 days prior to its convocation.

The Bank notifies its shareholders on holding the extraordinary General Meeting at least 10 days prior to its convocation.

15.14. Notification of the shareholder entitled to participate at the General Meeting shall be made by registered mail or by hand delivery or via electronic mail.

15.15. The announcement of convocation of the annual General Meeting shall be published on the website of the Bank and in press within the terms prescribed by the law.

15.16. The notice on the General Meeting shall contain:

- a) firm name and legal address of the Bank;
- b) date and location of General Meeting convocation;
- c) list of the shareholders entitled to participate at the General Meeting;
- d) issues included in the agenda of the General Meeting;
- e) order of acquaintance with the information and documents related to issues to be discussed during the General Meeting, which shall be provided to the shareholders during preparation of the General Meeting.

15.17. In case if the person registered in the shareholders' register is a nominee, the notice on the General Meeting convocation is dispatched to her. Such person shall dispatch the notice to the persons, whose interests she represents within the terms prescribed by the legal acts or the agreement entered into between him/her and those persons.

15.18. Shareholder of the Bank, who becomes the owner of at least 2 percent of the shares providing voting rights, is entitled to submit no more than 2 suggestions with respect to the agenda of the annual General Meeting within 30-60 days upon the end of the financial year.

Suggestions on the agenda of the annual General Meeting are submitted in writing and include:

- a) grounds for suggestion,
- b) name (firm name) of suggesting shareholder,
- c) number of shares held by her,
- d) signature of the author of suggestion and its facsimile reproduction.



15.19. The Council shall discuss the presented suggestions and resolve to include the suggested issues in the agenda of the annual General Meeting within 15 days upon expiry of the term mentioned in section 15.18 of this charter.

The Council may resolve to refuse including the suggested issues in the agenda of the annual General Meeting in case if:

- a) the shareholder making the suggestion has not complied with the term set forth in section 15.18. of this charter;
- b) the shareholder making the suggestion does not hold the number of shares set forth in section 15.18. of this charter;
- c) the information prescribed under section 15.18. is incomplete or has not been provided;
- d) the suggestion contradicts to the requirements of the law and other legal acts.

15.20. A well-grounded resolution of the Council concerning rejection to include the presented suggestion in the agenda of the annual General Meeting shall be dispatched to the shareholder(s) within 3 days upon adoption of the resolution. Such resolution may be challenged in judicial order.

15.21. During preparation for General meeting the Council shall determine:

- a) the date and location of the General Meeting;
- b) agenda of the General Meeting;
- c) compilation date of the list of shareholders entitled to participate at the General Meeting;
- d) order of notifying the shareholders on the General Meeting convocation;
- e) the list of information and materials provided during the preparation period for the General Meeting.
- f) form and content of the ballots, in case if the voting shall be made via ballots.

15.22. Any General Meeting other than the annual General Meeting shall be considered extraordinary.

15.23. Extraordinary General Meetings shall be convened by the decision of the Council upon its initiative, upon request of the Board, person carrying out the audit of the Bank or the shareholder(s) holding 10 percent of the voting shares of the Bank as of the date of submission of such request.

In the event if the Council has resolved to refuse the suggestion on convocation of extraordinary General Meeting, the resolution on refusal shall be adopted within 5 days upon submission of the request.

In case of adopting a resolution on convocation of extraordinary General Meeting, the Council shall convene the General Meeting in the manner prescribed under this charter and the legislation of RA.

The resolution on convocation of extraordinary General Meeting shall determine the agenda, procedure of convocation of the General Meeting, i.e. by joint meeting or by remote voting.

15.24. The shareholders have voting rights proportional to the number of shares held by them in the charter capital of the Bank.



15.25. The General Meeting has quorum if at the end of registration of the shareholders participating at the General Meeting, shareholders (their nominees) jointly holding more than 50 percent of the allocated voting shares of the Bank are registered.

In case of absence of a quorum, the date of the new General Meeting is announced. In case if the date of the General Meeting, failed as a result of absence of quorum, is postponed for less than 20 days, no new list of shareholders shall be compiled. In case of convocation of a new General Meeting, no changes may be made in the agenda. The General Meeting convened in place of the failed General Meeting is valid in case if as of the end of the registration of the shareholders participating at the General Meeting, shareholder (their nominees) jointly holding more than 30 percent of the allocated voting shares of the Bank are registered.

15.26. The exclusive powers of the General Meeting are:

- a) approval of the charter of the Bank, its amendments and supplements;
- b) reorganization of the Bank, including a merger with/into other legal entities;
- c) liquidation of the Bank;
- d) approval of the summary, interim and liquidation balance sheets, appointment of liquidation commission;
- e) approval of the quantitative composition of the Council, election of its members, early termination of their powers. The issues of approval of the quantitative composition of the Council and election of its members are addressed exclusively during annual General Meetings. The issue of election of the Council members may be addressed during the extraordinary General Meeting in case if the latter has adopted a resolution on early termination of the powers of the Council or its separate members;
- f) determination of the maximum number of authorized shares, as well as increase of charter capital;
- g) approval of the external auditor of the Bank upon submission by the Council,
- h) approval of annual financial statements, distribution of profits and losses, decision-making on the annual dividend payment and approval of amount of annual dividends,
- i) approval of the procedure of holding the General Meeting,
- j) formation of the counting commission,
- k) consolidation and splitting of the shares,
- l) establishment of unions of commercial organizations,
- m) participation in unions of commercial organizations,
- n) determination of remuneration of Council members,
- o) conclusion of transactions with conflict of interests in cases prescribed by the legislation,
- p) conclusion of major transactions related to alienation and acquisition of property in cases prescribed by the legislation (in case if the value of the transaction exceeds 50% of the book value of the Bank's assets), as well as in case if the value of the transactions is equal to 25-50% of the book value of the Bank assets, provided that the Council has failed



to unanimously resolve the issue and it has been submitted to the consideration of the General Meeting,

q) disapplication of pre-emption right to acquire the shares in cases prescribed by the legislation.

15.27. The General Meeting shall be held as follows:

a) secretary of the General Meeting reports to the chairman of the General meeting on presence of the shareholders prior to opening the session,

b) chairman of the General Meeting welcomes the shareholders present at the session and declares the session open,

c) chairman of the General Meeting presents the agenda, following which the issues included in the agenda are provided for discussion by sequence,

d) chairman of the General Meeting suggests the ones wishing to present their opinions on the suggested issue,

e) upon completion of the opinion expression phase, the issue discussed is put for voting,

Voting at the General Meeting is carried out upon the principle of “one share of a Bank, one vote”.

15.28. Resolutions of the General Meeting are adopted by simple majority of the votes of the voting shareholders participating at the General meeting, except for following cases:

a) Decisions concerning matters on reduction of the charter capital or sale of the shares as a result of buy-back of the shares of the Bank, shall be taken by the General Meeting by 3/4 of the votes of voting shareholders participating in it, however not less than 2/3 of the votes of voting shareholders;

b) decisions concerning matters stated in sub-points “a)”, “d)”, “f)” and “p)” of clause 15.26, shall be taken by the General Meeting by 3/4 of the votes of voting shareholders participating in it;

c) decisions concerning matters stated in sub-points “b)” and “c)” of clause 15.26 of the present charter shall be taken by the General Meeting by unanimous vote of all voting shares;

d) any decision on the capital increase involving the subscription by a third party for newly issued additional shares representing 10% or more of the Bank’s voting shares shall be taken by the General Meeting by a unanimous vote of all voting shares.

Decision-making on the matters prescribed under clause 15.26. (except for subsection “p)”) is exclusive competence of the General Meeting and may not be transferred to the Council, members of the executive body of the Bank or another person, except for the matters listed in subsections “l)–“n)” of clause 15.26 and the issue of charter capital increase, decision-making on which may be transferred to the Council upon resolution of the General Meeting.

15.29. While making decisions on other matters prescribed by the Law of the Republic of Armenia On Closed Joint-Stock companies, the General Meeting is guided by the procedure prescribed by the foregoing law for decision-making on those matters taking



into consideration the provisions defined by the Law of Republic of Armenia On Banks and Banking.

The General Meeting is not entitled to amend the agenda, as well as adopt decisions on the issues not included therein.

15.30. The voting results are announced during the General Meeting, or the shareholders are informed about the voting results after it.

15.31. Resolutions of the General Meeting may be adopted via remote voting (inquiry), except for the matters set forth by points “b)”, “c)” and “h)” of clause 15.26 of this charter.

Notification on a General Meetings to be held in absentia is filed in the manner prescribed under this charter for notification on General Meetings, by indicating that the General Meeting shall be held in absentia.

While convening the General Meeting in absentia, all the shareholders entitled to participate at the General Meeting shall be provided with the information and documents set forth by the law together with the ballots and the agenda of the General Meeting.

Resolutions of the General Meeting adopted by remote voting shall be valid in case if more than half of the shareholders holding voting shares of the Bank have participated in the voting.

Remote voting is carried out via ballots complying with the requirements of the Law of the Republic of Armenia On Closed Joint-Stock Companies.

In case of remote voting, the ballots shall be provided to shareholders at least 30 days prior to the deadline of accepting the completed ballots.

15.32. The resolutions of the General Meeting may be adopted at a meeting during which the participants of the General Meeting may communicate with each other via telephone, telecommunication or other means of communication in real time operation mode.

Such a meeting shall not be deemed to be held in absentia (via inquiry).

The notification on a General Meeting to be held via telephone, telecommunication or other means of communication shall be filed in the manner prescribed under this charter for notification on General Meetings.

All the shareholders entitled to participate at the General Meeting shall be provided with the information and documents with respect to the issues included in the agenda together with the notice on the General Meeting.

On the date of convocation of the General Meeting, shareholders of the Bank, by communicating via foregoing means, discuss the matters included in the agenda and adopt respective resolutions. Based on the foregoing, minutes are drafted on the matters discussed during the General Meeting and the resolutions adopted with respect to them, and are provided to the shareholders of the Bank for their signing and return to the Bank.

The established communication means shall be registered as the place of the convocation of General Meeting.



15.33. Minutes of the General Meeting shall be drafted within 5 days following the General Meeting in 2 copies, which are signed by the chairman and secretary of the General Meeting.

Chairman of the Meeting is liable for accuracy of the information included in the minutes. The minutes include the following information:

- a) date and place of convocation General Meeting,
- b) total number of allocated voting shares of the Bank,
- c) total number of votes held by shareholders participating at the General Meeting,
- d) chairman (presidency) and secretary (secretariat) of the General meeting,
- e) agenda of General Meeting.

The minutes shall include the key points made during the General Meeting, matters to be voted on, voting results with respect to the foregoing matters, resolutions made by the General Meeting.

Shareholders of the Bank have right to be acquainted with the minutes of the General Meeting.

16. Council of the Bank

16.1. The Council of the Bank shall implement the general management of the activity of the Bank within the scope of issues reserved to the competence of the Council pursuant to the law and this Charter.

16.2. Members of the Council shall be elected at the annual General Meeting by shareholders present at it, and in case of early termination of the powers of Council members, at the extraordinary General Meeting by the participants present at it pursuant to the law and this charter.

Proposals with respect to candidates of Council members may be provided to the General Meeting by the shareholders of the Bank, as well as the Council (except for the formation of the Council for the first time).

16.3. In case of early termination of the powers of a Council member at the extraordinary General Meeting, election of the new Council is implemented as follows:

The group (shareholder) representing the Council member, whose powers have been terminated, provides the shareholders of the Bank and the General Meeting with information required with respect to the Council member candidate representing their group (shareholder) within 5 days upon being notified on convocation of the extraordinary General Meeting and election of the new Council member at the extraordinary general meeting is made pursuant to the order defined by the law and this charter.

16.4. Members of the Bank Council shall be elected for a minimum term of one year with a right of re-election.

16.5. All the shareholders of the Bank having 10 percent or more of allocated voting shares of the Bank as of the compilation date of the list of shareholders entitled to participate at the General Meeting, may be included in the Council without any kind of election, as well as appoint their representatives.

16.6. Shareholders of the Bank, who hold allocated voting shares of the Bank not exceeding 10 percent of the allocated ordinary shares of the Bank as of the date of



compilation of the list of shareholders entitled to participate at the General Meeting may unite and in case of reaching 10 % or more of the allocated voting shares, include their representative in the Council without election in the Council.

Engagement of the representative in the Council pursuant to the order defined in the first paragraph is possible in case if an agreement is entered on establishment of the group of participants, as well as notifying the General Meeting on it.

The agreement set forth in second paragraph of this clause shall include the following terms and information:

- a) data on uniting shareholders of the Bank including number of allocated voting shares of the Bank held by them,
- b) information set forth under part 5 of article 43 of Law of the Republic of Armenia On banks and banking with respect to the candidate of the Council member proposed by the uniting shareholders,
- c) provision according to which the agreement shall be concluded for at least one year and it shall not be subject to amendment or termination until expiry of the foregoing time period,
- d) other terms at the discretion of uniting shareholders.

Copies of the agreements shall be provided to all participants of the General Meeting at least 30 days prior to the date of convocation of General Meeting or in case of remote voting, at least 30 days prior to the deadline of accepting the completed ballots.

16.7. Shareholders having minor shareholding in the charter capital of the Bank are entitled to include their representative in the Council of the Bank.

The shareholder is considered as having minor shareholding in the charter capital of the Bank if she holds less than 10 percent of allocated voting shares of the Bank and she did not conclude the agreement mentioned under clause 16.6 of this charter.

The common representative of shareholders having minor shareholding in the charter capital shall be nominated from among them and shall be included in the Council without election by the General Meeting. Solely the shareholders having minor shareholding in the charter capital of the Bank or their representatives present at the General meeting shall participate at the election of the representative of shareholders having minor shareholding in the charter capital of the Bank, even if there is only one such shareholder. The information required with respect to the representative nominated by the shareholders having minor shareholding in the charter capital of the Bank pursuant to the law, is provided to all the participants of the General Meeting by the Council at least 30 days prior to the convocation of the General Meeting and in case of the General Meeting in absentia, at least 30 days prior to the deadline of accepting the completed ballots.

16.8. Representatives of the group of shareholders by minority shareholders, as well as shareholders holding less than 10% of the allocated voting shares of the Bank are included in the Council as follows:

Within 5 days upon receipt of the notice on General Meeting convocation, shareholders holding less than 10% of the allocated voting shares of the Bank, who wish to unite and establish a group of shareholders and whose collective shareholding will



constitute 10 or more percent of voting shares of the Bank, shall conclude an agreement on establishing a shareholders' union, by mentioning their representative, information with respect to the representative as prescribed by the law, while their copies are submitted to the Council of the Bank for provision to the General Meeting and all the participants of the General Meeting.

Within 5 days upon receipt of the notification on convocation of General Meeting, minority shareholders present their representative to the Council and provide information with respect to the representative as required under the law, and the Council presents them to all the participants of the General Meeting.

Election of the joint representative nominated by the minority shareholder during the General Meeting is implemented exclusively by minority shareholders, even if there is only one of them.

Representative of the union of shareholders established during the General Meeting shall become a member of the Council without election.

16.9. The Council of the Bank shall consist of at least 5 and no more than 7 members.

16.10. Members of the Council shall not be affiliated to each other. Members of the Council and members of executive body of the Bank shall not be affiliated to each other.

16.11. Members of Council shall be remunerated. The term of office of Council members shall be defined by the General Meeting and may not be less than one year.

16.12. Chairman of the Council

The Chairman of the Council shall be elected from among the Council members by simple majority of their votes.

Chairman of the Council shall:

- a) organize the works of the Council,
- b) convene and preside at the Council meetings,
- c) organize maintenance of Council meetings' minutes,
- d) preside at the General Meetings;
- e) organize the works of committees of the Council.

In case of absence of the chairman, her powers shall be undertaken by the eldest member of the Council.

16.13. Powers of the Council are as follows:

- a) determination of the main directions of the Bank activities, including approval of the strategic development plan,
- b) convocation of the annual and extraordinary General Meetings, approval of their agenda, as well as arrangement of preparatory works with respect to their convocation and conduct,
- c) decisions on establishing of or participating in other legal entities (including subsidiaries and dependant companies),
- d) appointment of the members of executive body of the Bank, early termination of their powers and approval of their remuneration terms,



e) approval of internal control standards in the Bank, formation of internal audit subdivision, approval of its annual working plan, early termination of the powers of internal audit members and approval of their remuneration terms,

f) submission of recommendations to the General Meeting with respect to the payment of dividends, including compilation of the list of shareholders having right to receive dividends for each case of dividend payment, which shall include the shareholders, who have been included in the shareholders' register as of the date of compilation of the list of shareholders entitled to participate at the annual General Meeting,

g) preliminary approval of annual financial statements of the Bank and their submission to the General Meeting,

h) submission to the General Meeting's approval of the external auditor of the Bank,

i) approval of remuneration of the external auditor of the Bank,

j) initiation of measures to remedy the deficiencies identified as a result of audit or other inspections carried out in the Bank, as might be necessary, and supervision of their implementation,

k) adoption of bylaws defining the order of conducting financial operations by the Bank as prescribed by section 3.1. of this charter,

approval of the Bank's organizational chart,

l) approval of charters of territorial and independent structural subdivisions of the Bank, distribution of functional obligations among the independent structural subdivisions,

m) submission of the matters prescribed under points "b)", "l)"-"p)" of clause 15.26 for the review of the General Meeting,

n) decision-making on allocation of bonds and other securities of the Bank,

o) use of the reserve fund and other funds of the Bank,

p) establishment of branches, representative offices and offices of the Bank,

q) determination of accounting policy, i.e. the principles, basics, methods, rules, means and procedures applied for the purpose of bookkeeping and financial reporting of the Bank,

r) in cases prescribed by the legislation, conclusion of major transactions related to alienation and acquisition of property, the resolution on which shall be adopted unanimously and in case of failing to be adopted unanimously, decision-making on submitting the issue to the review of the General Meeting,

s) conclusion of transactions with conflict of interests in cases prescribed by the legislation,

t) approval of procedures for execution of transactions on behalf of the Bank, including determination of limits for transactions executed by the management bodies of the Bank,

u) determination of the market price of the property as prescribed by the legislation,

v) decision-making on other issues set forth by the law.

16.14. Decision-making on the issues set forth under clause 16.13. is reserved to the exclusive competence of the Council and may not be transferred to other management bodies or persons.



16.15. At least once a year, the Council discusses the report of the external auditor (management letter).

Prior to being discussed at the meeting of the Council, the report of the external auditor (management letter) shall be discussed at the meeting of the management board, respective resolutions shall be adopted with respect to the recorded facts, following which the external audit report (management letter) is discussed at the first meeting of the Council held after the annual General Meeting.

Following the end of each financial year and prior to February 10 of the current year, the Council of the Bank based on the planned and actual indicators discusses during its meeting the perspective development plan of the Bank, and depending on the results of such discussion decides on revising the main directions and the strategy of the activity of the Bank or leaving them unchanged.

At least once a year the Council of the Bank prior to May of the reporting year shall revise the regulations and bylaws regulating the activity of the Bank. Amendments in the existing regulations and bylaws of the Bank, as well as new regulations and bylaws are submitted to the consideration and approval of the Council of the Bank by the Board.

The relevant subdivisions of the Bank, taking into consideration amendments in the laws, normative legal acts regulating banking activity and changes in the organizational structure of the Bank, as well as in the procedure of implementation of executed transactions, revise existing regulations and bylaws, draft, if necessary, new regulations and bylaws and submit them to the approval of the Board of the Bank, after which they shall be submitted to consideration and approval by the Council of the Bank.

At least once every quarter, during the first meeting convened after the 15th day of the month following such quarter the Council of the Bank shall discuss in the manner and according to the procedure set forth by itself the reports on the activity of the Bank during the preceding quarter submitted by internal audit subdivision, Board and chief accountant of the Bank.

In the event of revealing, in the reasonable opinion of the internal audit of the Bank, material violations, as well as breaches of laws and other legal acts, the Council of the Bank discusses the report submitted to it or, if necessary to its Chairman by the head of the internal audit in an extraordinary meeting not later than within one week upon receipt of the report.

According to the result of the discussion, the Council of the Bank adopts relevant resolutions giving, if necessary relevant instructions.

16.16. Council meetings

16.16.1. The Council meetings shall be convened at least once in a two-month period.

The Council meetings may be convened by the chairman of the Council upon his/her initiative, upon written request of the Council member, Chairman of the Management Board (the Management Board), head of the internal audit subdivision, external auditor of the Bank, Board of the Central Bank of RA, as well as the shareholder(s) of the Bank holding 5 % or more voting shares of the Bank.



Upon written request of the shareholder(s), the chairman of the Council of the Bank notifies all the Council members, the Board chairman in cases prescribed by the law, as well as the person who submitted a written request for convening the Council meeting, on convocation of the Council meeting in writing within a 3-days' period (including, in case of convocation of the Council meeting in absentia or by other means of telephone communication).

Notice on convocation of the Council meeting of the Bank shall include the location, term, time, agenda of the meeting, order of getting acquainted with the information and documents related to the matters to be discussed during the meeting, and in case of convocation in absentia or by telephone, telecommunication or other means of communication, the notice shall contain indication about it, as well as the specific means of communication.

The Council may determine other order of taking decisions on certain issues, by internal legal acts of the Bank.

Notification of the Council member on convocation of the Council meeting shall be made by registered mail or by hand delivery or via electronic mail.

The Council members are notified on convocation of the Council meeting at least 3 days prior to its convocation.

16.16.2. The Council meeting may be convened in absentia.

In case of convocation of the Council meeting in absentia, the Council members are provided with the ballots along with the notice, which contains indication on the date of return of the completed ballots.

The decisions during the Council meetings convened in absentia are adopted based on the ballots completed by the Council members.

Resolutions with respect to matters specified under points “c)”, “d)”, “i)” and “m)” of clause 16.13. of this charter, as well as approval of the strategic development plan of the Bank, election of the Council chairman may not be adopted during the Council meetings in absentia.

The Council may adopt decisions at a meeting, during which all the Council members may communicate with each other by telephone, telecommunication or other means of communication in real-time operation mode. The foregoing meeting is not considered a meeting in absentia.

The convocation of the Council meeting by telephone, telecommunication or other means and summarizing of its results is carried out as follows:

The notification on the convocation of the Council meeting includes information that the Council meeting of the Bank is to be held (all participants of the Bank Council meeting will communicate with each other) by phone or other means of communication.

Along with the notice on convocation of the Council meeting, documents and information related to the issues included in the agenda are delivered to the participants of the Council meeting.

On the day of convocation of the Council meeting, the meeting participants, by communicating with each other by the defined communication means, discuss the matters



included in the agenda and adopt respective resolutions. Based on the foregoing, minutes are drafted with respect to the matters discussed during the Council meeting and the resolutions are adopted, which are later delivered to the chairman and members of the Council for signing and returning.

The established communication means shall be registered as location of Council meeting convocation.

16.16.3 Unless otherwise provided in the Charter, the quorum for transacting business at any Council meeting shall be three (3) members of the Council. Decisions of the Council shall be taken by majority of votes of the Council members present at the relevant meeting; except for resolutions of Council on matters stated in sub-points c) and p) of clause 16.13, the quorum for transacting business shall be all members of the Council and decisions shall be adopted by unanimous vote of all members of the Council. In cases when the matters under sub-point d) of clause 16.13 require the approval of a remuneration of the Chairman of Management Board of the Bank and such remuneration exceeds market standards, the quorum for transacting on such business shall be five (5) members of the Council and decisions shall be adopted by unanimous vote of all members of the Council. In the cases when the matters under sub-point k) of clause 16.13 require approval (including the amendments) to internal regulations in connection with financial transactions involving certain portfolio of loans and selected assets, the quorum for transacting on such business shall be five (5) members of the Council and decisions shall be adopted by unanimous vote of all members of the Council.

Each member of the Council has one vote during the voting. Transfer of the vote and voting right to another person (including, another Council member) is prohibited.

In case of equality of votes, the vote of the Chairman of the Council is decisive.

16.16.4 Presence of the Management Board chairman is mandatory for discussion of all the matters during the Council meeting, except for the issue on early termination of the powers of the Board chairman and approval of his/her remuneration terms.

The chairman of the Management Board participates at the Council meeting with an advisory vote.

16.16.5 The Council meetings are recorded. The minutes of the meeting are drafted within a 10-days' period upon the end of the meeting.

The minutes contain the following information:

- 1) date and location of the meeting convocation,
- 2) persons having participated at the meeting,
- 3) agenda of the meeting,
- 4) issues submitted to voting, as well as the voting results for each of the Council member having participated at the meeting,
- 5) opinions of Council members and other persons participating at the meeting regarding the matters put to vote,
- 6) decisions adopted during the meeting.



The minutes of the Council meeting are signed by all the members participating at the meeting, who are liable for the accuracy and credibility of the information provided in the minutes.

Chairman of the meeting presides the meeting, signs the resolutions of the meeting and is liable for the credibility of information included in the resolution.

16.17. Commissions under the council of the Bank

Commissions may be established under the Council of the Bank.

16.18. Grounds for early termination of the powers of member of the Council

16.18.1 The powers of the member of the Council may be early terminated by the General Meeting upon the application of the member, or if:

1. upon a legitimate decision of the court, entered into force she has been recognized incapable or having limited capacity;
2. circumstances have arisen during the office of the member, by virtue of which the member is forbidden to be a member of the Council (manager) of the Bank;
3. the member has been absent without a justified reason from at least 1/4 or totally (including both justified and unjustified absences) from at least 1/2 of the meetings of the Council. For the purposes of this clause remote participation or participation via communication means of real time operation mode shall be deemed as full participation;
4. the member has been disqualified or deprived from the right of holding certain positions in the manner prescribed under law.

16.18.2 The powers of the member of the Council may also be early terminated for the remaining term of the member's office. In the event the remaining term is more than one year, the powers of the member of the Council may be early terminated upon the condition of reimbursement by the Bank of the annual salary of the member.

The Bank is entitled to claim from the person dismissed from the position of the member of the Council the amount transferred to the latter in accordance with paragraph 1 of this clause, upon condition of proving in the court misconduct of the member of the court.

16.19. The Chairman or the member of the Council of the Bank shall not be a member or other employee of the executive body of the Bank, as well as member of council, executive body or other employee of other bank or credit organization, safe for cases when the Bank is affiliated with the other bank or credit organization.

17. Management Board of the Bank

17.1. The Management Board of the Bank shall:

- a) ensure execution of resolutions of the General Meeting and the Council, organise and perform other powers related to the management of the day-to-day activity of the Bank within the framework of the Law, charter of the Bank and legal acts adopted by the Council,
- b) present the bylaws to be approved by the Council, regulations of separate subdivisions, administrative organizational structure of the Bank for the Council's approval,
- c) establish the amounts of commissions for services provided by the Bank, interest rates of deposits and loans,



d) discuss materials of audit and monitoring, reports of heads of territorial and structural subdivisions.

17.2. The Management Board consists of at least 5 and maximum 9 members: Chairman of the Management Board, chief accountant of the Bank and members of the Board.

17.3. The members of the Management Board shall be elected for a term of at least one year.

17.4. Chairman of the Management Board shall be appointed by the Council.

17.5. Members of the Management Board shall be appointed by the Council upon recommendation of the Chairman of the Management Board.

17.6. The Management Board shall act on the basis of this charter, regulations of the Management Board approved by the Council, and other acts, which establish terms and procedure for convening and holding meetings of the Management Board, as well as the procedure of making decisions by the Management Board.

17.7. Chairman of the Management Board, chief accountant shall be included in the structure of the Management Board.

17.8. Meetings of the Management Board shall be held when necessary, but not less than once a month.

Meetings of the Management Board shall be convened upon the initiative of the Chairman of the Management Board.

Meetings for discussion of issues to be resolved by the Management Board may also be convened upon suggestion of members of the Management Board, heads of structural subdivisions of the Bank, subdivision of internal audit.

17.9. Members of the Management Board participate at meetings. Other persons invited by the Chairman of the Board may participate at meetings of the Management Board.

Meetings of the Management Board shall be presided by the Chairman of the Management Board or any member of the Board upon his/ her assignment.

17.10. Preparatory works for organization of discussions of projects and other documents that are to be discussed by the Management Board are coordinated by the appropriate unit of the Bank.

17.11. The Management Board is authorized to discuss and make decisions if at least 2/3 of the Management Board members participate at the Management Board meeting.

17.12. Decisions of the Management Board shall be made by majority of votes of members participating at the meeting.

Each member is entitled to only one vote.

Transfer of vote or voting right to another person (including to another member of the Management Board) is prohibited.

In the event of tie vote, the vote of the Chairman of the Management Board shall be decisive.

17.13. Meetings of the Management Board shall be recorded.

Minutes of the Management Board meetings shall be submitted to the Council, internal audit, person implementing the external audit of the Bank upon their request.



Minutes shall be drafted within 5 days following the end of the meeting.

Minutes shall include:

- a) date, time and location of the meeting;
- b) names of persons participating at the meeting;
- c) agenda of the meeting;
- d) issued to be voted upon, as well as the voting results for each member participating at the meeting;
- e) the Management Board members' and other participating persons' opinion on the issues on vote;
- f) decisions made during the meeting.

All the members participating at the meeting shall sign the minutes of the Management Board meetings and are liable for accuracy of information included in it.

The meetings of the Management Board are organized and presided by the Chairman of the Management Board who signs the resolutions of the meeting and is responsible for the accuracy the information included in the resolution.

17.14. The issues which have not been reserved by Law or charter to the competence of the General Meeting, Council, Chairman of the Management Board or subdivisions of internal audit, fall under the competence of the Management Board.

18. Chairman of the Management Board

18.1. It is the exclusive competence of the Chairman of the Management Board to represent the Bank in the Republic of Armenia and abroad, execute transactions and act on behalf of the Bank without a power of attorney, grant powers of attorney.

18.2. The Chairman of the Management Board shall:

- a) manage the property, including financial means of the Bank, issue orders, instructions within her powers, give mandatory instructions and control their performance;
- b) hire and dismiss employees of the head office, managers of the branches of the Bank, other employees, except for the employees the power to hire and dismiss of which belongs to the Meeting or the Council;
- c) approve the staff list of the Bank and job descriptions in the scope of the estimate annual expenses of the Bank approved by the Council;
- d) enforce incentive measures and disciplinary sanctions over the Bank employees;
- e) from time to time but not less than once a quarter file reports with the Council on her activity in the manner prescribed by the Council.

18.3. Making of decisions on issues which are reserved to the competence of the Chairman of the Management Board may not be transferred to other management bodies of the Bank, internal audit of the Bank, chief accountant or any other person except when the fulfilment of powers of the Chairman of the Management Board has been duly and temporally transferred to the person substituting him/her.

Powers of the Chairman of the Management Board may be duly and temporally transferred to the person substituting her, if such person satisfies the qualification and professional requirements set forth by the Central Bank of the Republic of Armenia.



18.4. Powers of the Chairman of the Management Board shall be early terminated upon the latter's application by the Council, or if:

a) he/she has been recognized upon judgment of the court entered into legal force incapable or having limited capacity,

b) such circumstances have been disclosed while serving as a Chairman of the Management Board which prohibit him from holding the position of the Chairman of the Management Board (Bank Manager),

c) he/she has been disqualified or deprived from holding certain position in accordance with the law.

18.5. Powers of the Chairman of the Management Board may be early terminated upon compensation for the remaining period of her powers, and if this period exceeds one year, on compensation of the remuneration for one year.

The Bank may present a claim on return of the compensation by the person dismissed from the position of the Chairman of the Management Board upon condition of proving in the court misconduct of such person.

19. Chief Accountant of the Bank

19.1. The chief accountant of the Bank or the person performing such obligations (the "Chief Accountant") performs the rights and obligations provided for chief accountant under the Law of the RA On Accounting.

19.2 The Chief Accountant of the Bank is appointed by the Council of the Bank upon recommendation of the Chairman of the Management Board.

The Chief Accountant of the Bank is appointed for a minimum term of one year.

19.3 Rights and obligations of the Chief Accountant may not be transferred to the General Meeting, Council, members of management bodies, subdivision of internal audit or other person.

19.4 The Chief Accountant of the Bank shall at least once a quarter file financial reports with the Council and Chairman of the Management Board, substantially in the form approved by the Council.

19.5 The Chief Accountant of the Bank is liable for the accounting of the Bank, its state and accuracy, for timely filing of the annual, financial and statistics reports to state executive bodies provided by law and other legal acts, as well as for the accuracy of the information included therein. In accordance with legal acts and the charter of the Bank, the Chief Accountant is also liable for the accuracy of financial information of the Bank submitted to the members, creditors of the Bank, press and other means of mass media pursuant to the law, other legal acts and charter of the Bank.

19.6 In the event of disclosure of incorrect data in the reports and in the information, the Chief Accountant shall present causes of their origination, refer the employees of the Bank who directly participated in the process of making reports and suggest measures to avoid repeating such mistakes in future or to eliminate the existing shortages. If such cases bear repeating nature, the Council shall raise a question on discussion of professional compliance of the Chief Accountant.



19.7. The Chief Accountant is liable for damages caused to the Bank as a result of her intentional actions (omission) in accordance with the Law of the RA On Banks and Banking, other laws and the agreement on Full material liability executed by her.

20. Subdivision of Internal Audit

20.1. The head and members of internal audit subdivision (the “Internal Audit”) are appointed by the Council of the Bank.

20.2. Officers of the subdivision of internal audit of the Bank are appointed for a minimum term of one year.

20.3. Other managers and officers of the Bank, as well as persons affiliated with the members of the management bodies of the Bank shall not be members of the internal audit the members of management bodies of the Bank.

20.4. The head and members of internal audit shall follow disciplinary rules provided for the employees of the Bank.

20.5. In accordance with the charter approved by the Council of the Bank, the internal audit of the Bank:

- a) exercises control over the day to day activity and operational risks of the Bank,
- b) exercises control over the fulfilment of the requirements of laws, other legal acts and bylaws of the Bank, instructions given to the Chairman of the Management Board (the Board), territorial and structural subdivisions of the Bank;
- c) makes conclusions and suggestions with regards to the issues submitted by the Council of the Bank as well as on its own initiative.

20.6. Matters reserved to the competence of the internal audit may not be transferred to the management bodies of the Bank or other parties.

Officers of the subdivision of internal audit may participate as observers in the meetings of the Council and the Board.

Minutes of the Board meetings are submitted to internal audit upon its request.

20.7. The Head of internal audit files with the Council and the Chairman of the Management Board (the Board) the following reports on:

- a) ordinary reports on the results determined by annual program;
- b) extraordinary reports, in the event material violations have been disclosed in the reasonable opinion of the internal audit. Moreover, if the violations are the results of the actions or inaction of the Chairman of the Management Board (the Board) and the Council, the reports are directly filed with the chairman of the Council.

20.8. When disclosing material violations in the reasonable opinion of the internal audit, respective minutes are drafted which includes the detailed description of the violation, the person committing it, and after being recorded by the head of the internal audit in the respective record book is submitted in a closed envelope to the Council of the Bank and the Chairman of the Management Board, and if the violation is a result of the actions or inaction of the Chairman of the Management Board (the Board) or the Council, then submitted directly to the chairman of the Council.

In such cases the reports are filed within maximum two business days following the disclosure of the violation.



20.9. In the event of disclosure of violations of laws, other legal acts, the internal audit shall present them to the Council of the Bank, meanwhile proposing measures aimed at elimination of the violations and their avoiding in the future.

20.10. In the event of disclosure of violations of laws, other legal acts, relevant minutes are drafted by the internal audit which includes the detailed description of the violation, the person committing it, suggestions of the internal audit on the measures aimed at elimination of the violations and their avoiding in the future, and after being recorded by the internal audit in a record book, is submitted in a closed envelope to the Council of the Bank, within 10 business days following the disclosure of the violation.

21. External Audit of the Bank

21.1. The Bank shall, for the purposes of audit of its financial-economic activity, each year engage an independent auditor (hereinafter “external auditor”) having the right to perform audit services in accordance with the laws and other legal acts, by concluding a respective agreement.

21.2. The external auditor of the Bank is selected by the General Meeting in the manner prescribed by the Central Bank of the RA. The amount of payment for the external audit services is determined by the Council of the Bank.

21.3. The audit of the financial-economic activity of the Bank may be performed by the external auditor also upon request of the shareholders of the Bank, holding at least 5% of voting shares.

In such case, the external auditor is selected, an agreement is concluded with her, and the payment for its services is made by the shareholders demanding audit. The shareholders may demand a compensation for their expenses if the audit has been justified for the Bank by the decision of the General Meeting.

An external audit of the Bank may be initiated any time by the Council at the expenses of the Bank.

21.4. Besides submission of an audit conclusion the Bank shall provide in the agreement concluded with the auditor, submission of audit report (Management letter).

The Bank shall also provide in the agreement to be concluded with the external auditor verifying of accuracy of the reports to be filed with the Central Bank of the RA.

21.5. The external audit shall immediately inform the Central Bank of RA about the facts that in its opinion significantly aggravates the financial status of the Bank, as well as of defects of the internal systems (including internal control system) disclosed when performing audit in the Bank.

21.6. The Central Bank of the RA may demand from the Bank to initiate an external audit within four months and publish its conclusion, as well as to dismiss the auditor and appoint a new auditor.

22. Accounting, Reporting and Control of the Bank

22.1. The Bank prepares, publishes and submits to the Central Bank of the RA annual and quarterly financial and other statements the form, filing procedure and terms of which are set forth by the Central Bank of RA, taking into account the international standards.



The statements submitted by the Bank to the Central Bank of the RA shall be complete and accurate.

22.2. Accounting is effected by the Bank in compliance with the accounting standards of the Republic of Armenia, according to the procedure coordinated with the Central Bank of the RA and authorized state body of the Republic of Armenia.

22.3. The operational year of the Bank commences on January 1 and ends on December 31 of the same year.

23. Liability of Managers of the Bank

23.1. Managers of the Bank act in the interests of the Bank, fulfil their rights and perform their obligations with regard to the Bank in good faith and reasonable manner (fiduciary obligation).

Managers of the Bank are liable for the actual damage caused to the Bank as a result of their intentional actions (omission) in accordance with the laws of RA.

In the event the action causing damage to the Bank has been committed by more than one Manager of the Bank they shall be jointly liable.

Shall be relieved of liability those managers of the Bank who voted against the decision causing damage to the Bank or were not been present at the meeting.

23.2. In the event the reports filed with the Council of the Bank disclose violations of laws, other normative legal acts and bylaws of the Bank, the Council shall take measures to eliminate such violations and to not to repeat them in future.

23.3. The liability of the Managers of the Bank includes without limitation the following possible situations:

a) The Chairman of the Management Board of the Bank is liable for the actual damages caused to the Bank as a result of disbursement of loans with violations of normatives established for one borrower, major borrowers, Bank affiliates or other executed transactions, and where the resolution of the Council is required by law for conclusion of such transactions, then the members of the Council and the Chairman of the Management Board are liable.

b) Members of the Management body shall compensate the actual damages caused to the Bank as a result of transactions made with violations of bylaws adopted by the Council of the Bank.

c) In the event the reports filed with the Council of the Bank have disclosed violations of laws, normative legal acts and bylaws of the Bank and that damages have been subsequently caused to the Bank in connection with the same violations, then the members of the Council are jointly liable for the compensation of such actual damages, except where the member of the Council has taken reasonable actions within his/her powers to prevent such violations.

d) In the event the information on the violations of laws, other legal acts discovered during by the internal audit has not been presented to the Council of the Bank and that damages have been subsequently caused to the Bank in connection with those violations, the Head of internal audit shall compensate those damages.

e) In the event the transaction with the Bank has been made upon the affirmative conclusion presented to the Council in violation of internal procedures of the Bank, the



Chairman of the Management Board shall be liable for the compensation of actual damages caused to the Bank as a result of such transaction.

23.4. Shall be relieved of liability for the damages caused to the Bank the person who acted in good faith, with the conviction that his/her actions are in the interests of the Bank. In particular:

a) if decisions were taken as per reasonable business logic even if they subsequently caused such damages to the Bank, the origination of which was considered as a business risk when making them,

b) if the taking of wrong or incomplete decisions by a manager was in good faith, without the intention to cause damages and if the requirements of laws and other legal acts have not been violated as a result of such decisions. The dismissal of the managers of the Bank from their position does not relieve them of liability for the damages caused to the Bank by their fault.

23.5. The Bank or the shareholder of the Bank who jointly possesses (possess) 1% and more of the charter capital of the Bank consisting of allocated ordinary shares, may initiate a court action against the managers of the Bank, claiming compensation of the damages caused to the Bank.

24. Major Transactions Related to the Acquisition and Alienation of the Property of the Bank. Transactions with conflict of interest

24.1. Are deemed major transactions:

a) one and more related transactions that, except for the transactions made within the framework of the regular activity of the Bank, are directly or indirectly related to the acquisition, alienation of the property of the Bank or the possibility of its acquisition or alienation, and the amount of which at the moment of conclusion of the transaction makes 25% or more of balance sheet value of the assets of the Bank.

b) one and more related transactions which have as subject the allocation of preferred shares of the Bank convertible to ordinary shares, which makes 25% and more of the ordinary shares already allocated.

The price of the property subject to major transaction is determined in the manner prescribed by this charter.

24.2. The decision on conclusion of a major transaction having as subject a property the price of which at the moment of taking the decision on conclusion of a major transaction makes 25% to 50% of the book value, shall be adopted unanimously. If the decision on conclusion of a major transaction has not been adopted by the Council, then the Council may decide to discuss the question at the General Meeting.

In such a case as provided by this clause, as well as when the price of the property subject of transaction at the moment of taking the decision makes more than 50% of the book value of the assets of the Bank, then the decision on conclusion of the transaction is adopted at the general meeting, by $\frac{3}{4}$ of the votes of owners of voting shares participating in the meeting.

Failure to meet the requirements under this clause leads to invalidity of the transaction.



Failure to meet the requirements under this clause while concluding a major transaction does not lead to invalidity of the transaction if the person concluding the transaction with the Bank acted in good faith, did not know or could not know that the Bank failed to meet the mentioned requirements.

24.3. The member of the Council, the person holding another position in the management bodies of the Bank or the shareholder, who along with his/her affiliate, possesses 10% and more of voting shares if those persons or their affiliated persons are deemed interested parties in the transactions of the Bank, where:

- a) are considered as a party to the transaction or participate in the transaction as an agent or representative,
- b) possess 20% or more of voting shares of the legal entity acting as a party to the transaction, agent or representative,
- c) hold positions in management bodies of the legal entity acting as a party to the transaction, agent or representative.

24.4. Persons mentioned in Section 24.3 of this charter shall give information to the Council, internal auditor and external auditor about:

- a) the legal entities where they alone or along with their affiliated person (persons) possess 20% and more of voting shares,
- b) the legal entities in the management bodies of which they hold positions,
- c) the transactions already made or to be made and known to them in which they may be considered as interested parties.

24.5. The decision of the Bank on conclusion of a major transaction is adopted by the Council, by majority of votes of its members not interested in the transaction.

24.6. In order to adopt a decision on conclusion of the transaction with interested persons, the Council shall come to the conclusion that:

- a) the payment received by the Bank as a result of conclusion of the transaction is not less than the market value of the property transferred by the Bank to the other party, of the services and works performed, calculated in accordance with Section 24.12 hereof.
- b) the payment for the property acquired, services received by the Bank or for the work performed for the Bank as a result of conclusion of the transaction does not exceed the market value of this property, service or work calculated in accordance with Section 24.12 hereof.

24.7. The decision on conclusion of the transaction in which there is a conflict of interest is adopted by the General Meeting by majority of votes of shareholders owners of voting shares if the transaction and (or) related transactions are concluded for the purposes of allocation of voting shares or other securities of the Bank convertible to voting shares the amount of which is more than 2% of the allocated voting shares of the Bank.

24.8. The transaction in which there is a conflict of interest and which satisfies the requirements of Section 24.7 hereof, may be concluded without the decision of the General Meeting if:

- a) the transaction is a loan provided to the Bank by the interested person,



b) the transaction is the result of the regular economic activity between the Bank and the other person, which has been concluded before the recognition of the conflict of interest in accordance with Section 24.3 hereof (no decision is required until the date of holding the next General Meeting).

In the event it is impossible to foresee the possibility of the conflict of interest in the regular economic activity of the Bank and the other party to the transaction, the requirements under Section 24.7 hereof are deemed to be respected if the General Meeting takes a decision on approval of contractual relations between the Bank and the other party, which shall stipulate the nature of transactions concluded and the maximum amount of the transactions.

24.9. In the event all members of the Council are recognized interested persons, then the decision on conclusion of the transaction is taken by the General Meeting, by majority of votes of shareholders not interested in the transaction.

24.10. In the event the transaction in which there is a conflict of interest is at the same time considered as a major transaction on alienation or acquisition of the property of the Bank, it is concluded in consideration also of the provisions of Sections 24.1 and 24.2 hereof.

24.11. The transaction in which there is a conflict of interest and which has been concluded in violation of requirements provided herein, does not lead to invalidity of the transaction if the party concluding the transaction with the Bank acted in good faith, did not know and could not know about the failure of the Bank to keep the mentioned requirements.

The person recognized interested party is liable in the amount of damages caused to the Bank. If more than one person are to be liable, they will be jointly liable.

A person is relieved of liability under this part if acted in good faith, did not know and could not know about the failure of the Bank to meet the mentioned requirements.

When there is a conflict of interest, the requirements of this charter and the law do not apply to the conclusion of transactions of the Bank if:

- a) all shareholders exercise their pre-emption right of acquisition of shares;
- b) other securities are converted into shares;
- c) in case of acquisition by the Bank of participation in the charter capital if all owners of such kind (class) of shares have equal right to sell their shares of the given class proportionally.

Failure to meet the requirements of the present clause leads to invalidity of the transaction.

24.12. Is deemed market value of the transaction (including the value of shares and other securities of the Bank) the price for which the person having necessary information on the value of the property and not having the obligation to sell it would agree to sell it, and the person having all the necessary information on the value of the property and not having the obligation to acquire it would agree to acquire that property.

The market value of property is determined by the decision of the Council except for the cases provided by law when the market value is determined by the court, other body or person.



If in one or more transactions for which the determination of the market value of property is required, the member of the Council is considered as interested party, then the market value of the property is determined upon decision of those members of the Council who do not have any conflict of interest in the transaction concerned.

For the determination of market value of the property the Bank may upon decision of the Council use the services of independent auditor.

The determination by independent appraisal of the market value of property is mandatory in cases of buyback of shares of the shareholders of the Bank in the charter capital of the Bank.

When it is necessary to determine the market value of shares or other securities of the Bank are taken into consideration the information on the prices of acquisition of those shares, as well as the information on the prices related to offers and demands and regularly published in the respective mass media.

It is indispensable to take into consideration the net asset value (fixed capital) of the Bank, as well as the price which the buyer having complete information on the property of the Bank agrees to pay for all allocated ordinary shares of the Bank, as well as other factors which the body (person) determining the market value of property of the Bank will consider important.

The market value of ordinary shares determined in accordance with this Section may not be less than the price which have been calculated based on the net asset value (fixed capital) of the Bank.

25. Information and its publication

25.1. The Bank is obliged to publish on the website of the Bank:

a) Financial reports of the Bank (at least the last annual and quarterly reports) and the copy of external audit report regarding the financial reports,

The Bank is also obliged to publish them in a form of a separate brochure or in any other form accessible for the public (at the head office, branches and representative offices of the Bank).

b) Announcement on the annual General Meeting convocation within the terms defined by the law. The Bank is obliged to publish the announcement on General Meeting convocation in press as well.

c) copies of resolutions on payment of dividends, as well as the copies of acts approving the dividend policy of the Bank, if available.

d) information on significant shareholders of the Bank, i.e. their name (denomination), the size of participation in the Bank (except for indirect significant shareholders who have no participation in the charter capital of the Bank, i.e. shares, stock and stake), information related to the loans and other borrowings (including repaid loans and borrowings) received by them and their affiliates from the Bank during previous year, including their amount, interest rate and the term,

e) list of members of the Council and executive body of the Bank and their personal data, i.e. their name, date of birth, biographies, data on remuneration (including bonuses, payments for execution of certain works for the Bank, other income equivalent to



salary), received by the members of the Council, Chairman of the Management Board and chief accountant during the preceding year, information on loans and other borrowings received (including repaid loans and borrowings) by them and their affiliates from the Bank, indicating the amount, interest rate and the term.

25.2. In addition to the information prescribed by subsections “a)-e)” of section 25.1. of this charter, the Central Bank of RA may require publishing of other information on the website of the Bank, in press or other means of mass media in frequency and manner provided by the Board of the Central Bank of RA, except for commercial secret, banking secret and other confidential information.

25.3. The Bank shall publish the changes in any of the data prescribed by subsections “a)-e)” of section 25.1. of this charter within 10 business days upon their occurrence.

25.4. The Bank shall publish daily updated information on acceptance of deposits, provision of loans, as well as all the services provided by it and financial operations carried out for the clients on its website and in a form of a brochure or in any other form accessible for the public (at the head office, branches and representative offices), including the interest rates, service commissions, the terms and other essential terms.

25.5. The Bank is obliged to provide following information upon request of any person:

- a) copies of the state registration certificate and charter of the Bank,
- b) in case of public allocation of bonds and other securities issued by the Bank, information in amount and order prescribed by the law of the Republic of Armenia “On securities market”, as well as normative legal acts adopted based on the law,
- c) information and copies of documents prescribed by section 25.1. of this charter.

The fee charged for provision of the foregoing information may not be more than the factual expenses made for their preparation and (or) postal delivery.

The Bank shall post announcement on a visible place in headquarter, branches and representative offices of the Bank on the opportunity to acquire the foregoing information and the order, location and terms for acquiring it.

25.6. The Bank is prohibited from using such misleading information or announcements made by other parties with respect to the Bank in its advertisements, public offers and in any announcements made by the Bank, which might serve as a ground for false assumptions with respect to the financial condition of the Bank, its position in the financial market, prestige, business reputation or legal status of the Bank.

25.7. Information published or provided by the Bank pursuant to this charter and the law shall be complete and credible.

26. Reorganization and liquidation of the Bank

26.1. Reorganization and liquidation of the Bank is implemented pursuant to the order defined by the civil code of the Republic of Armenia, RA Law On banks and banking, and other laws.

