

Translated from Armenian

**APPROVED**

**In Annual General Meeting  
of the Shareholders  
of "ACBA-CREDIT AGRICOLE  
BANK" CJSC**

**Chairman of the Board  
/signature/  
Marat Harutyunyan**

**REGISTERED**

**in the Central Bank of the Republic  
of Armenia**

**Chairman of the Central Bank of the  
Republic of Armenia  
/signature/ Artur Javadyan  
Official Seal of the Central Bank of  
the Republic of Armenia**

**CHARTER  
OF "ACBA-CREDIT AGRICOLE BANK"  
CLOSED JOINT STOCK COMPANY**

**APPROVED**

**By decision of Annual General Meeting  
of the Shareholders  
of "ACBA-CREDIT AGRICOLE BANK"  
CJSC of April 23, 2006  
Minutes No.2**

True with the original  
/signature/  
Seal of "ACBA-CREDIT AGRICOLE BANK" CJSC



**AMENDED**

**By decision No. 8 of the Annual General Meeting of the Shareholders of April 14, 2011**  
(name of the competent body)

**By decision No. 11 of the Annual General Meeting of the Shareholders of April 23, 2014**  
(name of the competent body)

## 1. GENERAL PROVISIONS

- 1.1. The Cooperative Bank “Agricultural Cooperative Bank of Armenia” was founded on the basis of a resolution of the General meeting of August 28, 1995 and a Memorandum of December 01, 1995. The Cooperative Bank “Armenian Bank of Agricultural Assistance” was reorganized and renamed “ACBA-Credit Agricole Bank” CJSC, pursuant to the resolution of the General meeting of September 09, 2006 (hereinafter referred to as the Bank).  
“ACBA-CREDIT AGRICOLE BANK” CJSC is considered a full-service bank.
- 1.2. “ACBA-CREDIT AGRICOLE BANK” CJSC is a commercial organization and pursues an aim to gain profit by its activity.
- 1.3. The main goal of the Bank’s activity is to promote the development and strengthening of the economy, small and middle-scale business, and agriculture.
- 1.4. The Constituent document of the Bank is this Charter that is binding for Bank shareholders and managerial authorities. The Bank is guided by the legislation of the Republic of Armenia, this Charter, and internal legal acts.
- 1.5. The Bank in its activity is independent from the state. The authorized capital of the Bank is divided among the shareholders into definite numbers of shares, approving their obligation right.  
The Bank acquires the status of legal person at the moment of registration in the Central Bank of the Republic of Armenia (hereinafter referred to as the Central Bank).
- 1.6. The Bank may join unions, founded for coordination of the Bank’s activity, defense of interests, exchange of information, personnel trainings and bank policy development.
- 1.7. The Bank has a separate estate as a property and bears responsibility for its obligations by that estate, may acquire on its behalf and carry out property and personal non-property rights and bear obligations, to appear in the court as a plaintiff or respondent. The Bank has its own accounting, independent balance and statistical reports regarding the results of its activity, acts on the principles of economic accounting, and self-financing.
- 1.8. The Bank performs all banking operations on its behalf, according to procedures, stipulated by the legislation of the Republic of Armenia.
- 1.9. The legal address of the Bank: **1, Byron St., Yerevan, Republic of Armenia.**
- 1.10. The Bank has a round seal with an image of its symbol, brief name in Armenian and English languages, symbol, stamps and blanks.
- 1.11. The full name of the Bank is  
In Armenian: «ԱԿԲԱ-ԿՐԵԴԻՏ ԱԳՐԻԿՈՒԼ ԲԱՆԿ»  
ՓԱԿ ԲԱԺՆԵՏԻՐԱԿԱՆ ԸՆԿԵՐՈՒԹՅՈՒՆ  
In English: “ACBA-CREDIT AGRICOLE BANK”  
CLOSED JOINT STOCK COMPANY  
Brief name of the Bank is  
In Armenian: «ԱԿԲԱ-ԿՐԵԴԻՏ ԱԳՐԻԿՈՒԼ»  
In English: “ACBA-CREDIT AGRICOLE”

- 1.12. The Bank may have branches and representative offices registered in the Central Bank in the territory of the Republic of Armenia. The branches and representative offices of the Bank operate pursuant to the Charter of the Bank, internal legal acts and charter of branches. The branches of the Bank aren't considered legal persons.
- 1.13. The Foundation of branches and representative offices is made by procedure stipulated by law. Termination of activity of branches and representative offices is made by procedure, stipulated by law.
- 1.14. The Bank bears responsibility for its obligations and the obligations of its branches. The Bank doesn't bear responsibility for the obligations of the State, and the State doesn't bear responsibility for the obligations of the Bank, except for the cases when the Bank or the State reserved such. The Bank doesn't bear responsibility for the obligations of its shareholders. The shareholders don't bear responsibility for the obligations of the Bank and bear the risk connected with Bank activity within the frames of share value belonging to them.

## **2. AUTHORIZED CAPITAL STOCK AND RESERVE FUND OF THE BANK**

- 2.1. The Bank has an authorized capital stock that is equal to the amount of nominal values of all distributed shares.
- 2.2. The authorized capital stock of the Bank amounts to **30,000,000,000 (thirty billion) AMD**. The authorized capital stock of the Bank is divided into 2,500 common ordinary shares, the nominal value of each share is 12,000,000 (twelve million) AMD.
- 2.3. No maximum amount of voting shares of the Bank belonging to a shareholder is determined in authorized capital stock of the Bank.
- 2.4. After full payment of the shares' value the Bank provides the Bank shareholders with printed certificates of shares of the appropriate amount. The Central Depository keeps the bank shareholders register.
- 2.5. The Bank is entitled to increase its authorized capital stock through an increase in the nominal value of shares or issuance of additional shares, if previously issued shares were fully paid. The Bank isn't entitled to increase nominal value of the shares more that the value of net assets, fixed by the results of the last balance sheet and last audit, approved by the General meeting of shareholders.
- 2.6. The Bank is entitled to increase its authorized capital stock through increase of nominal value of shares or distribution of additional shares in procedure, stipulated by the law.
- 2.7. Impairment of factually replenished authorized capital stock of the Bank as well as distribution of dividends from the paid authorized capital stock is restricted during its activity, except for the cases stipulated by "Banks and Banking Activity Law" of the Republic of Armenia.
- 2.8. In cases stipulated by "Banks and Banking Activity Law" of the Republic of Armenia the Bank may perform redemption of shares. A General meeting of the Bank's shareholders makes a resolution regarding the redemption of shares by the Bank and their future sales at  $\frac{3}{4}$  of votes of the owners of voting shares but not less than  $\frac{2}{3}$  of votes of the owners of voting shares. Moreover, prior consent of

the Board of the Central Bank is necessary for redemption of shares. The Bank undertakes realizing the shares during a 2-month period from the moment of acquiring the shares.

- 2.9. The General fund of the Bank is formed from the amount of main and additional funds that include the authorized capital stock, general reserve, undistributed profit, and other reserves and sources, not restricted by law.
- 2.10. A reserve fund, at the amount of 15% of the authorized capital stock is formed in the Company. If the reserve fund forms a less size than is stipulated herewith, the deductions to the fund shall be made at the amount of 5% from the profit, as well as from the means, got from the difference of the issue value of the new securities of the Bank and their nominal value. The Reserve fund shall be used for the purposes, stipulated by the Law.

### **3. BANK SHARES**

- 3.1. The Bank may issue common (ordinary) as well as privileged shares of one or several kinds.  
The Bank shares are distributed among the shareholders through closed subscription.  
The total nominal value of privileged shares issued by the Bank shall not exceed 25 percent of its authorized capital stock.
- 3.2. The Bank share is indivisible.
- 3.3. The discount and purchase of shares or acquisition by reimbursement, giving credit, or having taken the shares as a pawn is restricted, except for cases stipulated by “Banks and Banking Activity Law” of the Republic of Armenia.
- 3.4. The priority right of acquiring the sold shares by the Bank shareholder belongs to the other shareholders of the Bank.

### **4. THE RIGHTS AND OBLIGATIONS OF THE BANK SHAREHOLDERS**

- 4.1. Each share of the Bank provides the shareholder consideration as an owner with the same rights. Each shareholder is entitled to:
  - take part in General meeting of the Bank shareholders with voting rights at the rate of shares belonging to him regarding all the issues belonging to the competence of the latter;
  - take part in Bank management;
  - receive dividends from the profit realized from the Bank’s activity;
  - enjoy the priority right of acquiring the shares distributed by the Bank;
  - receive information stipulated by “Banking Activity Law” including to be furnished with accounting balance sheets, reports (the information is provided to Bank shareholders free of charge on the basis of their written application within a three- day period);
  - the Bank shareholders possessing not less than 5% of voting shares in the authorized capital stock of the Bank are entitled any time to demand an expert or experts’ group for checking Bank reports, including confidential

documents. The expenses connected with checking are paid by the party demanding the inspection;

- authorize the third parties for submitting the rights to general meeting of the shareholders;
- appear with proposals in a General meeting of the shareholders;
- vote at the rate of fully-paid voting shares belonging to him;
- address to the court by a claim with a purpose of appealing the decisions, made by the General meeting of the shareholders that contradict current laws and other legal acts;
- receive the due part of the property in case of Bank liquidation and to enjoy other rights stipulated by law and this Charter.

4.2. The Bank shareholders undertake to:

- provide investment of the amounts at the rate of declared participation of shares in the authorized capital stock of the Bank;
- not to publish information considered secret, regarding the banking activity;
- carry out other obligations, reserved by the law.

## **5. OPERATIONS OF THE BANK**

5.1. The Bank may perform the following operations in procedure stipulated by the laws and other legal acts of the Republic of Armenia:

- accept call deposits within a fixed period of time;
- provide commercial and consumer credits, including to grant hypothecation credits, to perform financing and factoring of debts or commercial transactions;
- provide bank guarantees and letters of credit;
- open and hold accounts, including correspondent accounts of other banks;
- render payment and accounting services and/or serve the clients' accounts in other way;
- issue, purchase (discount), sell and serve securities, payment documents, travel checks, cards and other instruments, and perform other similar operations;
- perform investment and subscriber's activity;
- render services of a financial agent (representative), manage securities and investments of the other persons (accreditation (trusting) management);
- purchase, sell and manage bank (standardized) ingots of valuable metals and medals;
- buy and sell (exchange) currency, including conclude futures, options and other transactions of drams and currency;
- perform financial leasing;
- accept for keeping valuable metals, stones, jewelry, securities, documents and other valuables;
- render financial and investment consultation;
- create and serve as an information system of credit worthiness of the clients and perform activity of returning the debts;
- perform other operations not restricted by law.

- 5.2. The Bank may also perform activity or operations stipulated by law as well as those permitted by the Central Bank but not determined directly by Law.
- 5.3. The Bank may conclude any civil and legal transactions are necessary and expedient for performance of activity permitted by the Legislation of RA and the Charter.
- 5.4. The Bank performs its financial operations in AMD and currency, except for cases, stipulated by law.
- 5.5. The Bank can't perform productive, commercial and insurance activity unless otherwise specified by law.

## **6. BANK MANAGEMENT**

- 6.1. The Managerial bodies of the Bank are as follows:
  - General meeting of Bank shareholders (hereinafter referred to as the General Meeting);
  - Board of the Bank (hereinafter referred to as the Board);
  - General Executive Director of the Bank (hereinafter referred to as the General Executive Director).

The Board and General Executive Director manage the Bank's activity within the powers stipulated by this Charter.

The Bank has a chief accountant and subdivision of internal audit.

## **7. GENERAL MEETING OF BANK SHAREHOLDERS**

- 7.1. A General meeting is considered higher managerial body of the Bank.
- 7.2. The following is within the exclusive competence of the General meeting:
  - a) approval of Bank Charter, making changes and additions in it;
  - b) reorganization of the Bank;
  - c) liquidation of the Bank;
  - d) approval of summary, intermediate and liquidation balance sheets, and appointment of liquidation committee;
  - e) approval of quantitative staff of the Board, election of members of the Board and premature termination of their powers. The issues of approval of quantitative staff of the Board and election of members of the Board are exclusively discussed in annual General meetings. The issue of the election of Board members may be discussed in an extraordinary general meeting if a decision was made about premature termination of powers of the Board and its separate members;
  - f) determination of maximum amount of declared shares volume;
  - g) approval of external auditor of the Bank by presentation of the Board;
  - h) impairment of authorized capital stock of the Bank through redemption of shares;
  - i) making a decision about transactions considered major as stipulated by law, the value of property, being a subject of transaction amounts to 25-50% of balance value of Bank assets at the moment of making a decision about conclusion of transaction, however the decision about the conclusion of the

transaction wasn't made by the Board and the Board made a decision about discussion of the issue by General meeting;

- j) making a decision about transactions considered major as stipulated by law, the value of property, being a subject of transaction amounts to more than 50% of balance value of Bank assets at the moment of making a decision about the conclusion of a transaction;
- k) approval of annual financial reports, profits and losses distribution;
- l) approval of procedure of holding the General meeting;
- m) consolidation and separation of shares;
- n) making a decision about the non-application of priority right of the shares acquired in cases stipulated by law;
- o) other issues considered as exclusive competence of General meeting within the frames of approved agenda and the law.

7.3. Making a decision by issues indicated in clause 7.2 of the Charter is reserved to exclusive competence of General meeting and can't be transferred to other managerial bodies of the Bank. A General meeting can't discuss and make a decision regarding the issues about its competence.

7.4. The following officials are entitled to take part in General meeting:

- a) shareholders of the Bank;
- b) members of the Board and Executive body not considered Bank shareholders (General Executive director, his deputies, chief accountant of the Bank) with a right of consultative voting;
- c) members of subdivision of internal audit of the Bank as observers;
- d) if necessary, the invited persons.

7.5. The list of Bank shareholders entitled to take part in General meeting is drawn up on the base of data in the Bank's shareholder register on the date stipulated by the Board.

The date of drawing up the list of Bank members entitled to take part in a General meeting can't be fixed later than 45 days before making a decision about convening the General meeting.

If the General meeting is convened by absentee ballot, the date of drawing up the list of Bank members entitled to take part in General meeting is stipulated at least 35 days earlier than the date of convening the General meeting.

The Bank informs the Central Bank about holding a General meeting of the members not later than 15 days before holding.

The nominee of shares undertakes to provide data about the persons on the date of drawing up the list who possesses the shares with a purpose of presenting the interests for drawing up the list of Bank members entitled to take part in General meeting.

The list of Bank members entitled to take part in General meeting must contain data about the name, location of each member of the Bank, and participation in authorized capital stock of the Bank.

The list of Bank members entitled to take part in a General meeting must be provided to the Bank members registered in Bank members' register with a purpose of familiarization.



The Bank undertakes to provide a certificate with a demand of a Bank member about the involvement in the list of members entitled to take part in General meeting.

The changes in the list of Bank members entitled to take part in General meeting may be made only for correction of mistakes and restoration of violated rights and legal interests of the Bank members not included in it.

- 7.6. A General meeting is convened at least once a year. The General meeting is considered competent if at the moment of finishing the registration of members of General meeting the Bank shareholders who jointly possess more than 50% of distributed voting shares of the Bank were registered.
- 7.7. The shareholders are personally invited to General meeting. The agenda of a General meeting is approved by the Board.
- 7.8. The shareholders should be informed about convening the General meeting at least 15 days before the day of the General meeting is convened. The notice must at least contain information stipulated by law, including the place, date, issues of agenda of the General meeting. The notice is sent by fax, e-mail, ordered mail, or personal handing.
- 7.9. During the period of preparation of a General meeting the Board determines the:
  - time and place of convening the General meeting;
  - agenda of the General meeting;
  - date of drawing up the list of shareholders attending the General meeting;
  - procedure of notifying the shareholders;
  - list of information provided to shareholders;
  - forms and contents of ballots, if the voting is made by them.
- 7.10. The General meeting may be convened by absentee ballot. At the holding of a General meeting by absentee ballot, the agenda of the General meeting is sent to the shareholders having the right to take part in the General meeting at least thirty days before, and their opinions are received regarding each point of agenda.
- 7.11. The General meeting may make decisions that all the members of General meeting can communicate with each other via telephone connection, TV connection, or other means of connection in real-time mode. This General meeting isn't considered held by absentee ballot. In such General meetings the decisions can be made only regarding the issues not prohibited by law.
- 7.12. The minutes of a General meeting are recorded. The minutes are drawn up after the end of General meeting within a 5-day period in at least two copies. The minutes are signed by the chairman and secretary of the General meeting. The chairman bears responsibility for the accuracy of information available in the minutes of the General meeting.

The following information is mentioned in the Minutes:

- a) date, time and place of convening the General meeting;
- b) a summary of the tally of votes of Bank's distribution of voting shares;
- c) summary tally of votes belonging to the shareholders attending the General meeting;
- d) chairman, secretary and agenda of General meeting.

The minutes should contain the main provisions of speeches made in the General meeting, the issues put to the vote, voting results regarding the issues, and the decisions made. The Bank shareholders are entitled to access to the minutes of General meeting.

- 7.13. The minutes of a General meeting held in procedure mentioned in clause 7.14 of the Charter is drawn up on the basis of summarizing the opinions received regarding the issues of the agenda.
- 7.14. The decisions by the issues, pointed in clauses “a”, “b”, “d”, “f”, “i”, “j” of this Charter are made by  $\frac{3}{4}$  of votes of the owners of the voting shares attending the General meeting and by the issues indicated in clauses “c” and “h”. The decisions are made by  $\frac{3}{4}$  of votes of owners of voting shares, attending the General meeting but not less than  $\frac{2}{3}$  of votes of owners of voting shares. The decisions of a General meeting regarding the remaining issues are made by a simple majority of votes of the members unless a great number of votes is determined by law.
- 7.15. The General meetings are presided by the chairman of the Board. If the chairman of the Board is absent, a chairman of the General meeting should be elected by the Board.
- 7.16. During the voting each shareholder has a voting right, depending on the number of shares in the authorized capital stock.
- 7.17. Other issues connected with General meeting of the Bank, including the procedure of preparation and holding the General meeting that weren't determined by this Charter, are regulated by the provisions of “Banks and Banking Activity Law” and “Joint-Stock Companies Law” of the Republic of Armenia.

## **8. BOARD OF THE BANK**

- 8.1. The Board of the Bank performs general management of Bank activity within the limits of issues reserved to the competence of the Board by law.
- 8.2. The Board of the Bank consists of 8 members that are elected by the General meeting for a fixed period of time.
- 8.3. The Board of the Bank consists of the representatives of shareholders. The shareholders of the Bank who possess 10 percent and more of the distributed voting shares of the Bank on the day of drawing up the list of members entitled to take part in a General meeting, may involve their representatives in the staff of the Board of the Bank without the right of election by General meeting.  
The shareholders of the Bank who possess less than 10 % of distributed voting shares of the Bank on the day of drawing up the list of members entitled to take part in General meeting may join and in case of replenishing 10 percent and more of the distributed voting shares of the Bank can have their representative in the staff of the Board of the Bank without the right of election by General meeting. Involvement of the representative of joint shareholders is made in the case of availability of appropriate agreement about the creation of a Bank shareholders group and information about a General meeting regarding the agreement. The requirements to the agreement are stipulated by law.

All the shareholders of the Bank who possess less than 10 % of distributed voting shares of the Bank on the day of drawing up the list of members entitled to take part in General meeting and didn't join in procedure, stipulated in the second paragraph of this clause, in order to involve their representative in the staff of Board, may elect their united representative and involve him in the Board without the right of election by General meeting. Only the members determined by this paragraph take part in election of the representative, even though their number is one and the united representative is elected by simple majority of the votes of electors. In case the members determined by this paragraph elect their united representative in the mentioned procedure, should inform in writing all the members of General meeting at least 30 days before the day the General meeting is held.

- 8.4. The members of the Board who aren't elected, pursuant to the clause 8.3 of this Charter, are elected by the present members of the Bank in the annual General meeting of the Bank, and in case of premature termination of the powers of Board member by the present members of the Bank in an extraordinary General meeting by simple majority of the votes of voters.
- 8.5. The Bank members and the Board (except for the first formation of the Board) may present proposals regarding the candidates of members of the Board of the Bank in a General meeting.
- 8.6. The members of the Board shouldn't be correlated with each other. The members of the Board and members of executive body of the Bank shouldn't be the persons correlated with each other.
- 8.7. In case of premature termination of the powers of the Board member of the Bank, a new member is appointed, pursuant to procedure stipulated in clause 8.3 of this Charter.
- 8.8. The Board members of the Bank are remunerated for attending the sitting of the Board. The procedure of remuneration is stipulated by the Board.
- 8.9. The chairman of Board of the Bank is elected by the Board from the staff of Board members.  
The chairman of the Board of the Bank:
  - a) organizes the work of the Board;
  - b) convenes and presides at the sittings of the Board;
  - c) organizes record-keeping of the sittings of the Board;
  - d) presides at General meetings;
  - e) organizes the work of committees at the Board, if such are available.
- 8.10. The following is within the competence of the Board:
  - 1) determination of main directions of the Bank's activity, including approval of perspective development program of the Bank;
  - 2) convening the annual and extraordinary sittings of the General meeting, approval of the agenda as well as provision of preparation works connected with organization of convening and holding the meetings;
  - 3) appointing of General Executive Director and members of executive body of the Bank, premature termination of their powers, and approval of remuneration terms;

- 4) determination of internal control standards of the Bank, formation of internal audit subdivision of the Bank, approval of annual working program, premature termination of powers of the employees of internal audit subdivision and approval of remuneration terms;
- 5) approval of estimate and execution list of annual expenses of the Bank;
- 6) approval of administrative-organizational structure of the Bank;
- 7) submitting the proposals to General meeting regarding the payment of dividends, including drawing up the Bank shareholders list of those entitled to receive dividends for payment of dividends, in which the members of the Bank should be involved that were included in Bank shareholders register on the date of drawing up the shareholders list of those entitled to take part in annual general meeting of the Bank;
- 8) premature approval of annual financial reports of the Bank and submitting to General meeting;
- 9) presentation of a person performing internal audit of the Bank to approval of General meeting;
- 10) determination of the size of remuneration of a person performing external audit of the Bank;
- 11) undertaking the arrangements, directed to elimination of defects, revealed as a result of audit and other checkups, performed in the Bank and control over their execution;
- 12) passing the legal acts, stating the procedure of financial operations performance by the Bank;
- 13) approval of Charters of territorial and independent structural subdivisions of the Bank, distribution of operational obligations between the independent structural subdivisions of the Bank;
- 14) making a decision about distribution of bonds and other securities of the Bank;
- 15) usage of the reserve and other funds of the Bank;
- 16) formation of branches, representative offices, and establishments of the Bank;
- 17) determination of principles, bases, methods, rules, forms and procedures with a purpose of keeping the accounting and drawing up financial reports, pursuant to accounting policy of the Bank;
- 18) foundation of affiliate and associated companies;
- 19) taking part in affiliate and associated companies;
- 20) foundation of unions of trade organizations;
- 21) taking part in unions of trade organizations;
- 22) increase of authorized capital stock through increase of nominal value of the shares and distribution of additional shares;
- 23) giving consent for conclusion of transactions of the Bank considered major, stipulated by law, the value of which at the moment of making a decision about conclusion of a deal amounts to 25-50% of balance value of the Bank's assets;

- 24)giving consent for any other investment of the Bank that isn't determined by clauses 18, 19, 20, 21 and the amount is up to at least 25% and more of Bank's own capital;
- 25)making other decisions, determined by the law.
- 8.11. For efficient organization of works, the Board of the Bank may found committees, and the members of the Board, heads and employees of the Bank may be involved in the mentioned committees. The decisions of committees have a consultative character.
- 8.12. At least once a year the Board discusses the report of external auditor in its sitting (letter to administration) and also discusses, and, if necessary, revises the directions, strategy, procedures and other internal legal acts of Bank activity.
- 8.13. At least quarterly the Board must discuss the reports of internal audit subdivision of the Bank, General Executive Director and Chief accountant in fixed procedure and forms.
- 8.14. The sittings of the Board are held at least once in two months.
- 8.15. The members must be informed about convening the Board sittings at least three days before the day of convening. The notice should at least contain information stipulated by the law. The notice is sent by fax, e-mail, ordered mail or personal handing.
- 8.16. The Board sittings are called by the Chairman of the Board with a written demand of chairman, Board member, General Executive Director, head of Internal Audit Subdivision, external auditor of the Bank, Board of the Central Bank, as well as the members possessing 5 % or more of the voting shares of the Bank.
- 8.17. A Quorum of Board sittings can't be less than a half of Board members. The decisions of the Board are made by a majority of the votes of Board members present at the sitting, except for the cases stipulated by clause 8.18 of the Charter.
- 8.18. The decisions mentioned in subclauses 3, 18, 19, 20, 21, 22, 23 and 24 of clause 8.10 of this Charter should be made unanimously by the Board.
- 8.19. At voting each member of the Board has only one vote. Transfer of vote and voting right to another person (including another Board member) isn't permitted. In case of tied, the vote of Board chairman is decisive.
- 8.20. The Board sittings can be called in absentia. In case of holding the Board sitting in absentia, the agenda of the sitting is sent to each member of the Board at least a day, before and their opinions are received regarding each point of agenda.
- 8.21. The Board may make decisions in sittings that all the members of Board sittings can communicate with each other via telephone connection, TV connection, or other means of connection in real-time. Such a sitting isn't considered held in absentia. In such sittings the decisions can be made only regarding the issues not prohibited by law.
- 8.22. Discussion of all issues of the Board sittings may be made only by obligatory attendance of General Executive Director, except for the issues of premature termination of powers of General Executive Director and approval of remuneration conditions. The General Executive Director takes part in Board sittings by the right of consultative vote.

- 8.23. The sittings of a General meeting are recorded. The minutes are drawn up after the end of sitting within a 10-day period.  
The following information is mentioned in the Minutes:
- a) date, time and place of calling the sitting;
  - b) persons who attended the sitting;
  - c) agenda of sitting;
  - d) the issues put to a vote as well as the voting results for each member of the Board, attended the sitting;
  - e) opinions of Board members and the persons attending the Board sitting regarding the issues put to vote;
  - f) decisions made at the sitting.
- 8.24. The minutes of Board sitting are signed by all the members attending the sitting who bear responsibility for trustworthiness and correction of information available in the minutes.
- 8.25. The minutes of Board sitting, held in mentioned procedure and pointed in clause 8.20 of this Charter, are drawn up on the summarizing the received opinions regarding the points of agenda.
- 8.26. The Board sittings are held by the chairman of the Board, who signs the decisions of the sitting. The chairman of the Board bears responsibility for trustworthiness of information available in the decision.
- 8.27. All the issues connected with the Board, including the issues of election of Board members, calling and holding the Board sittings that weren't determined by the Charter, are regulated by the "Banks and Banking Activity Law" and "Joint-Stock Companies Law" of the Republic of Armenia.

## **9. GENERAL EXECUTIVE DIRECTOR OF THE BANK**

- 9.1. The General Executive Director performs management of current activity of the Bank. The General Executive Director may have deputies. The General Executive Director is appointed by the Board and the deputies of General Executive Director are appointed by the Board by presentation of General Executive Director.
- 9.2. The General Executive Director, as his exclusive competence presents the Bank in the Republic of Armenia and foreign states, concludes transactions on behalf of the Bank, and acts on behalf of the Bank without Power of Attorney, grants Power of Attorney.
- 9.3. The General Executive Director:
- a) presents to the Board's approval internal legal acts to be approved by the Board, regulations of separated subdivisions, bank's administrative-organizational structure;
  - b) preliminarily discusses all the issues to be discussed by General meeting and the Board for that necessary documents are prepared, and organizes execution of decisions by the General meeting of the shareholders and the Board;
  - c) concludes transactions on behalf of the Bank that aren't reserved to exclusive competence of the Board and General meeting, pursuant to the law and the present Charter;

- d) manages the Bank property, including the funds, gives orders, and instructions within his competence, gives binding directions for execution, and oversees their execution;
- e) approves the workplaces, admits and dismisses the Bank employees, and solves the issues regarding the choice, distribution, training and retraining of staff;
- f) applies the means of encouragement and disciplinary responsibility to Bank employees;
- g) performs distribution of obligations between the deputies of General Executive Director;
- h) performs other actions, determined within the frames of legal acts stipulated by the Bank Charter and the Board and connected with management of current activity of the bank.

9.4. Decisions of the General Executive Director, as a rule, are realized on the basis of his orders and instructions.

9.5. The General Executive Director periodically but not less than quarterly presents reports regarding his activity in procedure, stipulated by the Board.

9.6. Making decisions by the issues within the competence of General Executive Director can't be transferred to other authorities of Bank management, internal auditor of the Bank, chief accountant of the Bank, or other person, except for the case when the powers of General Executive Director were duly temporarily transferred to a person acting for him.

The powers of General Executive Director can be duly temporarily transferred to a person acting for him, if the latter one corresponds to the qualification and specialization standards, stipulated by the Central Bank.

9.7. The powers of General Executive Director are prematurely terminated by the Board, according to personal applications, or if

- a) he was acknowledged incapable or limited capable by the court decision entered into legal force;
- b) some circumstances were revealed during the period of holding his office by virtue of those he is restricted to hold the position of General Executive Director (head of the Bank);
- c) in procedure, stipulated by law, he was discredited or deprived of the right to hold a position.

9.8. The powers of General Executive Director can be prematurely terminated for the rest period, and if the period is more than a year, it's performed on condition of reimbursement of salary, stipulated for a year.

The Bank is entitled to demand reimbursed salary, pursuant to the first paragraph of this section, from a person dismissed from the position of General Executive Director, having approved the fact of official duties performance failure in the court by General Executive Director.

## **10. CHIEF ACCOUNTANT OF THE BANK**

- 10.1. The Chief accountant of the Bank performs the rights and obligations, stipulated for the chief accountant, pursuant to the Accounting Law of the Republic of Armenia.
- 10.2. The Chief accountant of the Bank is appointed by the Board by presentation of the General Executive Director.
- 10.3. The rights and obligations of Chief accountant of the Bank can't be transferred to General meeting, Board, members of executive authority, subdivision of internal audit or another person.
- 10.4. The Chief accountant of the Bank presents a financial report to the Board and General Executive Director at least quarterly in form and contents approved by the Board.
- 10.5. The Chief accountant of the Bank bears responsibility for keeping the accounting of the Bank, its contents and trustworthiness, submission of annual reports, financial and statistical reports to state managerial authorities in time as well as for trustworthiness of financial information provided by the Bank to members of the Bank, creditors, press and other mass media, pursuant to the law, other legal acts, and the present Charter.

## **11. SUBDIVISION OF INTERNAL AUDIT**

- 11.1. The Head and members of subdivision of internal audit are appointed by the Board. The members of managing authorities of the Bank, other chiefs and employees as well as the persons correlated with the executive body can't become members of internal audit.  
The head and members of internal audit undertake to keep working discipline, stipulated for Bank employees.
- 11.2. The Internal auditor of the Bank, pursuant to the regulations, approved by the Board of the Bank:
  - a) performs control over current activity of the Bank and operational risks;
  - b) performs control over the execution of laws, other legal acts, internal legal acts of the Bank by General executive director, territorial and structural subdivisions as well as execution of instructions made to General executive director;
  - c) gives conclusions and proposals regarding the issues presented by the Board as well as the issues proposed by personal initiative.The issues regarding the competence of internal auditor can't be handed over for solution by managerial authorities of the Bank and other persons.
- 11.3. The Head of internal auditing presents the following reports to the Board and General Executive Director:
  - a) ordinary reports about the results of checkups stipulated by the annual program;
  - b) extraordinary reports, if considerable violations grounded by an opinion of internal audit were revealed. Moreover, if the actions or inactivity of General



Executive Director or the Board caused violations, the report is presented immediately to the Chairman of the Board.

In cases stipulated by this paragraph the reports are presented within a maximum of two working days after being revealed.

- 11.4. In case of revealing violations of laws and other legal acts, the internal auditor undertakes to present them to the Board in writing, at the same time proposing the arrangements for elimination of the violations and not repeating in future.

## **12. REGISTRATION AND REPORTS**

- 12.1. Organization of accounting in the Bank and presenting financial reports, assets, liabilities, own fund, income and expenses acknowledgement and measuring standards are made, pursuant to the requirements of Accounting Law of the Republic of Armenia, Accounting Standards of the Republic of Armenia, Tax Legislation, Regulations developed by the Central Bank and other normative acts regulating the accounting.
- 12.2. The results of bank activity are expressed in the reports, submitted by the latter one in procedure, stipulated by the Central Bank.
- 12.3. The Bank draws up and publishes in press within the terms, stipulated by the Legislation of the Republic of Armenia, then presents annual and quarterly financial reports to the Central Bank in procedure, approved by the Central Bank.

## **13. DISTRIBUTION OF BANK PROFIT**

- 13.1 The Bank profit is formed from the income received during its activity after subtracting operational, labor remuneration, and other expenses.
- 13.2 Pursuant to the Legislation of the Republic of Armenia, after execution of the obligations to budget and making deductions from the reserves, undistributed profit with a purpose bank development or directed to realization of constituent purposes of the Bank. The Bank may pay dividends exclusively by annual results.
- 13.3 Resolution regarding payment of annual dividends of the Bank is made by a general meeting of the shareholders with proposal of the Board that stipulates the procedure and terms of payment.  
The Bank doesn't pay dividends to its shareholders from the seven years following the moment of reorganization of CJSC.
- 13.4 Payment of dividends to Bank shareholders is restricted if the loss (damage) suffered by the Bank is equal to the amount of undistributed net profit of the Bank available at that moment or exceeds that.

## **14. BANK SECRECY**

- 14.1. The Bank guarantees its clients and correspondent banks that it will keep confidentiality of transactions, state of their accounts, investments, as well as technical and other information provided to the Bank.
- 14.2. All the employees, shareholders of the Bank, and their representatives undertake to keep bank secrecy.

## **15. MAKING CHANGES AND ADDITIONS IN THE CHARTER OF BANK**

- 15.1. Making changes and additions in the Charter of Bank, as well as approval of Charter under new edition, is made by the resolution of general meeting that is made by  $\frac{3}{4}$  of total votes taken part in it.

## **16. REORGANIZATION OF THE BANK**

- 16.1 The Bank may be reorganized through amalgamation with another bank and bank reformation.
- 16.2. The Bank reformation (change of organizational-legal form) is made according to procedure, stipulated by the Civil Code and other laws of the Republic of Armenia.
- 16.3. The Bank amalgamation is made in accordance with procedure, stipulated by law.

## **17. TERMINATION OF BANK ACTIVITY**

- 17.1. The Bank activity is terminated, pursuant to the Legislation of the Republic of Armenia, in accordance with procedure, stipulated by the Central Bank and this Charter.
- 17.2. In case of liquidation of the Bank all the funds, including the income from the sales of its property, calculation regarding the budget and Bank employees for labor remuneration, depositor citizens, banks and other creditors, are distributed among the shareholders, according to their shares.
- 17.3. Declaration about termination of bank activity is published in press.

Hakob Andriasyan  
Digitally signed by Hakob Andriasyan  
Location: Yerevan  
Date: May 15, 2014 17:52:21

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