APPROVED

By the resolution N9 of the Board of Directors on 26/09/1994,

MODIFIED

By the resolution N9 of the Board of Directors on 17/03/1997,

By the resolution N1 of the General Meeting of Shareholders on 15/04/1998,

By the resolution N1 of the General Meeting of Shareholders on 03/12/1999,

By the resolutions of the General Meeting of Shareholders N 1 on 05/05/2000 and N2 on 17/07/2000,

By the resolution N7 of the General Meeting of Shareholders on 13/12/2001,

By the resolution N2 of the General Meeting of Shareholders on 05/06/2003,

By the resolution N2 of the General Meeting of Shareholders on 29/07/2004,

By the resolution N2 of the General Meeting of Shareholders on 20/04/2005,

By the resolution N1 of the General Meeting of Shareholders on 27/04/2006,

By the resolution N1 of the General Meeting of Shareholders on 15/11/2006.

CHARTER

"Byblos Bank Armenia" closed joint stock company
(New Edition)
By the resolution N1 of the General Meeting of Shareholders on 15/11/2006,

By the resolution N2 of the Extraordinary General Meeting of Shareholders on 13/10/2007,

By the resolution N2 of the Annual General Meeting of Shareholders on 21/04/2008,

By the resolution N2 of the Extraordinary General Meeting of Shareholders on 29/09/2008,

By the resolution N1 of the Ordinary General Meeting of Shareholders on 07/12/2010,

By the resolution of the Extraordinary General Meeting of Shareholders on 07/12/2010,

By the resolution of the Extraordinary General Meeting of Shareholders on 30/01/2013,

By the resolution of the Extraordinary General Meeting of Shareholders on 08/04/2016,

By the resolution of the Extraordinary General Meeting of Shareholders on 23/11/2018,

Chairman of the Meeting

Hayk Stepanyan

Digitally signed by Hayk Stepanyan
DN: c=AM, st=Yerevan, l=Yerevan, o=BYBLOS BANK ARMENIA CJSC, e=hsstepanyan@byblosbank.com, cn=Hayk Stepanyan
Date: 2018.11.27 12:36:38 +04'00'
1. GENERAL PROVISIONS

1.1. “Byblos Bank Armenia” closed joint stock company, hereinafter referred to as “the Bank”, is created in accordance with the legislation of the Republic of Armenia.

1.2. New shareholders may be engaged in the Bank via full or partial sale of the shares of the shareholder, as well as via placement and alienation of additional shares as set forth by law.

1.3. The founding document of the Bank is the present Charter, provisions of which are binding on the Shareholders and management bodies of the Bank. In case of any discrepancies between the Armenian and English texts of the Charter, the Armenian text shall prevail.

1.4. The Bank is a commercial organisation with the status of legal entity, the charter capital of which is divided into certain number of shares certifying the Shareholders’ obligations with respect to the Bank.

1.5. The Bank owns separated property and is liable for its obligations with all the property belonging to it.

1.6. The Bank has an independent balance-sheet, can acquire and exercise on its behalf property and personal non-property rights, bear liabilities, be plaintiff and respondent in the court.

1.7. The Bank acquires civil rights and assumes civil obligations through its governing bodies that act in compliance with the RA legislation, normative-legal acts of the RA Central Bank and the present Charter.

1.8. The Bank has a round seal with its firm name in Armenian and English, stamps and letterheads, as well as emblem (trademark) registered in accordance with the procedure established by the law.

1.9. Legal address (location) of the Bank is: 18/3 Amiryan St., №22 area, second floor Yerevan, 0002, Republic of Armenia.

1.10. The full firm name of the Bank is: in Armenian: Բյբլոս Բանկ Արմենիա, in English: “Byblos Bank Armenia” closed joint stock company

The abbreviated firm name of the Bank is: in Armenian: Բյբլոս Բանկ Արմենիա, in English: “Byblos Bank Armenia” cjsc

1.11. The Bank is not liable for its Shareholders’ obligations.

1.12. The Bank Shareholders are not liable for the obligations of the Bank and bear the risk of losses related to the Bank activity within the value of shares belonging to them.

1.13. The Bank is not liable for its customers’ obligations.

1.14. The Bank independently selects its partners, determines interest rates for asset and liability transactions and conditions of other transactions according to the RA applicable legislation.
2. THE BANK OPERATIONS

2.1. In the manner stipulated by the RA legislation the Bank has the right to:
   a) accept call and time deposits;
   b) extend commercial and consumer loans, including mortgage loans, effect financing of debt or commercial transactions, factoring;
   c) issue bank guarantees and letters of credit;
   d) open and operate accounts, including correspondent accounts of other banks;
   e) provide payment and clearing services and/or otherwise service customers’ accounts;
   f) issue, purchase, sell and service securities, effect other similar transactions;
   g) carry out investment and subscription activities;
   h) render financial agent’s (representative’s) services, manage other persons’ securities and investments (trust management);
   i) purchase, sell and manage bank’s gold, standardized bullions and commemorative coins;
   j) purchase and sell (exchange) foreign currency, as well as effect future, option and other transactions in drams and foreign currency;
   k) provide payment and clearing services and/or otherwise service customers’ accounts;
   l) open and operate accounts, including correspondent accounts of other banks;
   m) provide financial and investment consulting services;
   n) create and maintain customers’ credit standing information system, conduct debt repayment activity;
   o) carry out activities of insurance agent.

2.2. The Bank may carry on any civil and legal transactions necessary or desirable for carrying out activities allowed by the legislation. The Bank may not carry out industrial, commercial and insurance activities, unless otherwise provided by the RA legislation.

2.3. The Bank may conduct investment activities, on its own or its customers’ behalf and account buy or otherwise acquire and alienate shares, bonds or other investment securities, or acquire other persons’ (issuers’) shares, bonds and other investment securities for allocation (subscription activities).

The Bank may not allocate securities of a person and at the same time provide loans to the latter for payment of liabilities deriving from those securities.
2.4. Without prior approval of the RA Central Bank, the Bank is prohibited to conduct such operations or transactions, as a result of which the Bank’s share:

a) in another person’s charter capital reaches or exceeds 4.99%;
b) in a single person’s charter capital exceeds 15% of the Bank’s total capital;
c) in all persons’ charter capitals exceeds 35% of the Bank’s total capital.

Prior approval of the RA Central Bank shall be required for conducting such operations or transaction, as a result of which the Bank’s share in another or the same person’s charter capital will exceed 9%, 15%, 25%, 35%, 50%, 70% or amount to 100%.

3. BRANCHES AND REPRESENTATIVE OFFICES

3.1. The Bank may set up branches and representative offices both in the territory of the Republic of Armenia and abroad, data about which are not included in this Charter.

3.2. The Bank branch is a separated subdivision without the status of legal entity and situated outside of the Bank’s location. It operates within the scope of authorities provided by the Bank and conducts on behalf of the latter banking transactions or effects financial operations defined by this Charter.

3.3. The Bank’s representative office is a separated subdivision without the status of legal entity and situated outside of the Bank’s location. It represents the Bank, conducts financial market research, signs contracts on behalf of the Bank and performs other similar functions. A representative office may not execute banking transactions and financial operations defined in this Charter.

3.4. Branches and representative offices are not legal entities and act on the grounds of charters approved by the Bank.

3.5. Branches’ and representative offices’ property is provided by the Bank. The Bank conducts in its general balance sheet separate accounting of its branches’ and representative offices’ assets and liabilities, income and expenses.

3.6. Managers of branches and representative offices are appointed by the Bank and act on the basis of powers of attorney granted by the latter.

3.7. Branches and representative offices carry out their activities on behalf of the Bank, which is liable for their activities.

3.8. Decisions on creation and liquidation of branches and representative offices are taken by the Bank Board and their charters shall be approved by the Bank Board.

4. CHARTER CAPITAL AND RESERVES OF THE BANK

4.1. Charter capital of the Bank makes up 26,249,100,000 (twenty six billion two hundred forty-
nine million one hundred thousand) RA drams.

4.2. On the basis of the Shareholders’ General Meeting decision the Bank may increase the size of its charter capital through increase of the shares’ par value or issuance of additional shares.

4.3. The Bank may issue and place preferred shares according to the procedure established by the RA applicable legislation. The Bank may issue the following types of preferred shares:

a) with fixed dividend;
b) with variable dividend;
c) cumulative;
d) convertible.

4.4. The Bank shall form General reserve for covering unforeseen losses.

4.5. The General reserve shall be formed out of the Bank’s retained earnings. Size of allocations to the General reserve shall be fixed by the Shareholders’ General Meeting on the basis of the Bank’s fiscal year results, which, however, may not be less than the minimum size stipulated by the legislation.

4.6. Based on the decision adopted by the Bank supreme management body, the Bank may create other reserves facilitating the Bank’s development and satisfaction of the Bank employees’ social needs.

4.7. The formation, use and size of other reserves shall be determined by the Bank supreme management body, based on the Bank’s fiscal year results.

5. SHAREHOLDERS OF THE BANK

5.1. In formation of the Bank’s charter capital may participate Armenian and foreign physical and legal persons, as well as enterprises without the status of legal entity, exclusively pursuant to the procedure established by the RA legislation.

5.2. Holders of the Bank’s ordinary shares enjoy equal rights, with the exception of cases envisaged by the law.

5.3. A holder of ordinary share of the Bank is entitled to:

a) participate in the Bank’s General Meeting with right to vote in respect of all issues falling within its competence;
b) participate in the management of the Bank;
c) receive dividends out of profit generated from the Bank activities;
d) within 60 days of notification by the Bank of any additional share issuance, obtain in priority order such shares;
e) receive any information on the Bank activity, other than confidential, as well as get familiarized with balance sheets and statements on the basis of written application filed by him/her;
f) authorize a third person to represent his/its rights at the Bank Shareholders’ Meetings;
g) within 60 (sixty) days after the end of the Bank’s fiscal year submit no more than two proposals on the annual meeting agenda, if he/it is a holder of at least 2% of voting shares;

h) vote at the Meetings in proportion to the voting shares possessed by him/it;

i) file an appeal with the court against the Meeting decisions that conflict with applicable laws and other legislative acts;

j) in case of the Bank liquidation receive a part of the Bank property proportional to his/its share;

k) appeal share alienation transactions conducted by other Shareholders, if such transaction contradicts the RA legislation and this Charter;

l) enjoy other rights envisaged by the Bank Charter and the RA legislation.

5.4. At the request of each Shareholder possessing 2% or more of the Bank’s outstanding voting shares the Bank shall provide him/it the following information (even if such information constitutes banking, commercial or other secret):

a) information concerning the Bank Board, the Management Committee, the Executive Director (hereinafter referred to as the “Chief Executive Officer” or the “CEO”) and the Head of Finance and Administration (hereinafter referred to as the “Chief Financial Officer” or the “CFO”), as stipulated by the law;

b) amount of the total remuneration (including bonuses, payments for certain works performed for the Bank, other income equalized to salary) received by the Bank Board members, Chief Executive Officer and Chief Financial Officer during the past year, information on loans and other borrowings (including the repaid ones) received from the Bank by their affiliates, including size, interest rates and maturity, data concerning persons having significant interest in the Bank, i.e. their names (legal names), size of interest in the Bank (with the exception of persons with indirect significant interest, who do not have any equity interest (stocks or shares) in the Bank’s charter capital), information on loans and other borrowings (including the repaid ones) received from the Bank by them and their affiliates during the past year, including size, interest rates and maturity;

c) information regarding large-scale transactions concluded between the Bank and its related persons, as well as transactions that have been concluded during two years preceding the date of request for receiving such information and relate to acceptance of call and time deposits by the Bank or extension of commercial and consumer loans, including mortgage loans, carrying out financing of debt or commercial transactions and factoring, issuance of bank guarantees and letters of credit, purchase, sale and management of bank (standardized) bullions of precious metals and coins, purchase and sale (exchange) of foreign currency, including conclusion of future, option and other transactions in drams and foreign currency and effecting financial leasing;
8) information on liabilities assumed by the Bank with respect to the Bank related person;
9) information about existence of contracts concluded by the Bank aimed at creation of groups of participants carrying out similar policy, as well as names (legal names) of the Bank participants who are parties to such contracts;
10) copies of the following: documents evidencing the Bank’s title to property reflected in its balance sheet; the Bank’s internal acts approved by the General Meeting and other management bodies; financial statements and statistical reports submitted by the Bank to government authorities; minutes of the General Meetings and meetings of the Bank Board and the Management Committee; conclusions on examinations conducted by the RA Central Bank; RA Central Bank decisions on punitive measures applied to the Bank and/or its managers; reports submitted by the Head of internal audit department to the Board, the Management Committee and the Chief Executive Officer;
11) list of legal entities in whose charter capital the Bank managers or their affiliates hold 20% or more participation or have an ability to influence their decisions.

At the request of each participant (participants) possessing 2% and more of the Bank’s outstanding voting shares the Bank shall provide free of charge the information stipulated by the RA legislation within 7 (seven) days’ period since the date of receiving the request at the address specified therein, in a closed envelope sealed by the Chief Executive Officer.

5.5. The Shareholders, who as of the date of compiling the list of Shareholders entitled to participate in the General Meeting possess 10 percent and more of the Bank’s outstanding voting shares, may be included in the Bank Board without election by the General Meeting, or appoint their representatives therein.
5.6. The Shareholders, who as of the date of compiling the list of Shareholders entitled to participate in the General Meeting possess up to 10 percent of the Bank’s outstanding voting shares, may join in a group to achieve 10 percent and more ownership of the Bank’s outstanding voting shares, in which case they may appoint their representative in the Bank Board without election by the General Meeting, provided that such Shareholders have concluded a contract on creation of a Shareholders’ group and have notified the General Meeting about it. Copies of the contract shall be delivered to all participants of the Meeting at least 30 days prior to the date of the General Meeting or, in case of voting in absentia, prior to the last date fixed for acceptance of completed ballots by the Bank. The contract specified in this paragraph shall contain the following conditions and information:

a) data concerning the Bank’s Shareholders who join to form a group, including the number of the Bank’s outstanding voting shares possessed by them;
b) information stipulated by the RA legislation concerning the person nominated by the joining Shareholders to be included in the Board;

c) a condition specifying that the contract is being concluded for a term of at least one year and may not be altered or terminated prior to its expiry;

d) other conditions at the discretion of the joining Shareholders.

5.7. Shareholders with minor participation (within the meaning of this Paragraph - the Shareholders possessing less than 10 percent of the Bank’s outstanding voting shares) may, without election by the General Meeting, include in the Bank Board the common representative of their interests, if such Shareholders have not concluded the contract of joining specified in paragraph 5.6. of this Charter. Only the Shareholders with minor interest who attend the General Meeting may participate in the election of the common representative referred to in this paragraph, even if their number is one.

5.8. The Bank Shareholders may have other obligations envisaged by the RA legislation and this Charter.

6. SHARES AND OTHER SECURITIES

6.1. The Bank does not have declared ordinary or preferred shares.

6.2. The Bank may issue ordinary (common) shares, as well as one or more types of preferred shares. The total par value of preferred shares issued by the Bank shall not exceed 25% (twenty-five percent) of the Bank charter capital.

6.3. The Bank Shareholders’ Register shall be maintained by the RA Central Depository.

6.4. The Bank guarantees that owners of preferred shares shall receive fixed dividends at interest based on par value of their shares, irrespective of the Bank’s activity results, and in case of the Bank liquidation they shall also receive by priority right a part of the Bank’s property remaining after its liquidation. The holders of preferred shares shall enjoy other rights envisaged by the RA legislation concerning the person nominated by the joining Shareholders to be included in the Board;
6.12. The owners of preferred shares are not entitled to vote at the Bank Shareholders’ General Meeting, other than cases provided for by the legislation.

7. RESTRICTIONS ON ACQUISITION OF SHARES

7.1. There shall be no limitation for the maximum amount of voting shares which can be owned by the Bank’s shareholders. A person or affiliated persons may, according to the procedure established by the RA legislation and upon prior consent of the RA Central Bank, acquire significant participation in the Bank’s charter capital as a result of one or several transactions.

7.2. Natural persons having permanent residence or conducting business in offshore zones, as well as legal entities established and registered in such areas, persons without the status of legal entity and their affiliates may as a result of one or several transactions acquire participation in the Bank’s charter capital (regardless of the interest size) exclusively according to the procedure established by the RA legislation and upon prior consent of the RA Central Bank.

7.3. RA Central Bank’s consent, in accordance with the procedure defined by the RA legislation, is required for execution of each new transaction or transactions, as a result of which a person’s or his/its affiliated persons’ interest in the Bank’s charter capital will exceed 10, 20, 50 and 75 percent, respectively.

7.4. A person or affiliated persons may acquire other (non-significant) interest in the Bank’s charter capital as a result of one or several transactions only upon the prior consent of the RA Central Bank. Within the meaning of this paragraph, other (non-significant) interest in the Bank’s charter capital shall mean such interest that is acquired by a person or affiliated persons from a significant participant of the Bank, as a result of which the size of the significant participant’s interest in the Bank’s charter capital will be reduced below 75, 50, 20 and 10 percent, respectively.

8. PROCEDURES ON ALIENATION OF SHARES

8.1. If one of the shareholders ("offeree") intends to transfer its shares it must solicit and receive a bona fide written offer from a third party to buy all or a portion of the offeree's shares. The offeror shall then first offer such shares to the other shareholders on the same terms and conditions as the offer of the proposed transferee. The offeror shall give notice to the other
8.2. Shareholders shall be entitled within 30 days of the offer to purchase the offered shares pro rata to their shareholdings at the offer.

8.3. If the offeror does not receive an acceptance or receives acceptance for the purchase of some but not all of the offered shares within 30 days of the initial offer it shall offer the remaining offered shares to the shareholders that accepted the initial offer. The offeror shall give a second notice to the accepting offerees (with a copy to the Bank) setting forth the number of remaining offered shares.

8.4. Shareholders shall be entitled within 20 days to purchase remaining offered shares pro rata to their shareholdings as at the date of the second offer notice.

8.5. If the offeror does not receive an acceptance or receives acceptance for the purchase of some but not all of the remaining offered shares within 20 days of the second offer it shall offer the remaining offered shares to the Bank. The offeror shall give the third offer notice to the Bank, setting forth the number of remaining offered shares. The Bank will be entitled within 20 days of the third offer to purchase the remaining offered shares only in cases envisaged by the law.

8.6. If the offeror does not receive any acceptance or receives acceptance for purchase of some but not all of the remaining offered shares the offeror may sell the initially offered shares to the proposed transferee on the terms and conditions of the original offer of the proposed transferee for a period of 90 days from the due date of acceptance by the Bank.

8.7. Alienation of the Bank shares shall be exercised exclusively according to the procedure established by the RA legislation.

9. PROCEDURE FOR THE BANK DIVIDENDS PAYMENT

9.1. The Bank is entitled to take a decision (declare) on payment of quarterly, semi-annual or annual dividends to its Shareholders.

9.2. The decision on payment of interim (quarterly and semi-annual) dividends, their size and form of payment shall be taken by the Bank Board. The decision on payment of annual dividends, their size and form of payment shall be taken by Bank Shareholders’ General Meeting, upon representation by the Bank Board. The size of interim dividends may not exceed 50% of dividends distributed on the basis of the previous financial year results. The size of annual dividends may not be less than that of already paid interim dividends. If by the General Meeting decision the size of annual dividends is fixed in an amount equal to already paid interim dividends, then no annual dividends shall be paid to the Bank Shareholders.
If by the General Meeting decision the size of annual dividends is fixed in an amount exceeding already paid interim dividends, then annual dividends shall be paid in an amount equal to the difference between fixed annual dividends and interim dividends already paid during the given year.

The General Meeting may take a decision on non-payment of dividends.

9.3. Annual dividends payment term is fixed by the General Meeting decision on payment of dividends. Interim dividends payment term is fixed by the Bank Board decision on payment of interim dividends, which, however, may not be earlier than 30 days after adoption of such a decision. For each payment of dividends the Board shall compile the list of Shareholders entitled to such dividends, which shall include the following information:

a) in case of interim dividends payment – names of Shareholders included in the Bank Shareholders’ Register at least 10 days prior to the date when the decision on interim dividends payment was taken by the Board;

b) in case of annual dividends payment – names of Shareholders included in the Bank Shareholders’ Register as of the date of compiling the list of Shareholders entitled to participate in the General Meeting.

9.4. Declaration or payment of dividends to the Bank Shareholders is forbidden, if at the time of distribution the losses (damages) sustained by the Bank are equal or exceed the amount of the Bank’s non-distributed net profit, and in no event the Bank may declare or pay dividends exceeding its net profit after tax.

9.5. Reduction in the course of the Bank activities of its actually paid up charter capital for the purpose of dividends payment or for other purposes is prohibited, with the exception of cases envisaged by paragraph 9.6. of this Charter.

9.6. Owners of the Bank’s voting shares are entitled to demand from the Bank taking a decision on repurchase price of their share and repurchasing all or a part of shares belonging to them, if:

a) a decision on the Bank reorganization, suspension of pre-emptive right or conclusion of a large-scale transaction has been adopted, and such Shareholders have voted against the Bank reorganization, suspension of pre-emptive right or conclusion of a large-scale transaction, or have not participated in voting with respect to those matters;

b) amendments or alterations have been introduced to the Bank Charter, or the Charter has been approved in new wording, as a result of which such Shareholders’ rights have been restricted, provided that they have voted against those decisions or have not participated in the voting.

The list of Shareholders entitled to demand from the Bank the repurchase of their share shall be prepared on the basis of data contained in the Bank Shareholders’ Register as of the date of compiling the list of Shareholders who were entitled to participate in such General Meeting that included in its agenda issues, the approval of which resulted in the restriction of the Shareholders’ rights referred to in the first part of this paragraph.

The repurchase of share by the Bank shall be effected...
at its market value, which will be determined without consideration of changes arising in the consequence of the share assessment and the Bank’s actions having caused the exercise of the right to demand repurchase of share.

The Bank’s charter capital may also be reduced in cases envisaged by the RA Law “On Bankruptcy of Banks, Credit Organizations, Investment Companies and Insurance Companies”.

9.6.1. The Bank is obliged to inform the Shareholders about the right to demand repurchase of shares belonging to them and the procedure of its exercising.

The notice of the Meeting, the agenda of which includes such matters which, when voted upon, may in the manner prescribed by the RA legislation give rise to origination of the right to demand repurchase of shares, shall contain the information stipulated by the RA legislation and the first paragraph hereof. The notice shall also contain information on the shares repurchase price, if the latter has been determined in due manner by that time.

Within 7 days’ period after adoption of the stated decisions the Bank shall inform the Shareholders having the right of repurchase about origination of their right of demanding from the Bank to repurchase their shares, and the procedure of repurchase.

The written request of a Shareholder on repurchase of shares belonging to him, which contains information on the number of shares offered for repurchase and the Shareholder’s place of residence (location), shall be submitted to the Bank not later than within 45 days after adoption of relevant decisions by the General Meeting.

Upon expiry of the term specified in the fourth part of this paragraph the Bank shall within 30 days repurchase the shares from Shareholders having submitted the written request on repurchase.

9.7. For share repurchase the approval of the RA Central Bank Board shall be required. The Central Bank may refuse to give such an approval, if:

a) as a result of the share repurchase the Bank will be unable to satisfy its creditors’ claims;

b) the Bank will violate prudential economic standards;

c) repurchase of shares will lead to destabilization of the banking system of the Republic of Armenia.

9.8. In case of shares repurchase by the Bank, the decision on the charter capital reduction or realization of given shares shall be taken at the General Meeting by 3/4 votes of holders of voting shares attending the Meeting, but not less than by 2/3 votes of holders of voting shares.

10. THE MANAGEMENT BODIES OF THE BANK

10.1. The management bodies of the Bank are:

- the Shareholders’ General Meeting;
- the Bank Board;
- the Management Committee of the Bank;
- the Chief Executive Officer of the Bank.
11. THE GENERAL MEETING OF SHAREHOLDERS, POWERS OF THE GENERAL MEETING

11.1. The supreme management body of the Bank is the Bank Shareholders’ General Meeting.

11.2. Within the competence of the Bank Shareholders’ General Meeting fall the following issues:

a) approval of the Bank Charter, making alterations and amendments to it, approval of the Charter in new edition;

b) reorganization of the Bank;

c) liquidation of the Bank;

d) approval of summary, interim and liquidation balance sheets of the Bank, appointment of liquidation commission;

e) approval of the Board members’ number, their election and premature termination of their powers. Matters relating to approval of the Board members’ number and their election shall be considered exclusively at annual General Meetings. The matter of the Board members’ election may be considered at extraordinary General Meeting, if the latter has passed a decision on premature termination of the Board’s or its certain members’ powers;

f) determination of maximum size of declared shares’ volume, as well as increase of the Bank’s charter capital;

g) upon representation by the Board, approval of the person who will carry out the Bank’s external audit;

h) approval of the Bank’s annual financial statements, profit and loss distribution; taking decision on annual dividends payment and approval of annual dividends size;

i) approval of the procedure for holding the Shareholders’ General Meetings;

j) formation of the counting board;

k) consolidation and splitting of shares;

l) creation of subsidiaries and dependent companies;

m) participation in subsidiaries and dependent companies;

n) establishment of associations of commercial organizations;

o) participation in associations of commercial organizations;

p) determination of the size of remuneration for the Board members;

q) in cases envisaged by the law, taking decision on not exercising the preemptive right of shares acquisition;

r) within the limits of approved agenda other issues envisaged by the law;

s) taking decisions on issues envisaged by the RA legislation which are not delegated to other governing bodies.

11.3. Matters referred to in paragraph 11.2. of this Charter fall within the exclusive competence of the General Meeting and may not be transferred for resolution to the Bank Board, the Management Committee, the Chief Executive Officer, his deputies, the Chief Financial Officer or another person, except for those specified in subparagraphs from l) through p) and the matter regarding the Bank’s charter capital increase, which may be transferred for resolution to the
Bank Board based on the General Meeting decision.

11.4. The following persons have the right to participate in the Bank’s General Meeting:

a) the Bank Shareholders possessing common (ordinary) shares of the Bank – with the number of votes belonging to them, as well as nominal holders of shares, if they submit documents confirming names (legal names) of Shareholders represented by them and the number of votes held by such Shareholders;

b) members of the Bank Board and Executive body who are not Shareholders of the Bank – by consultative vote;

c) the Bank’s internal audit department members - as observers;

d) the person carrying out the Bank’s external audit - as observer (if his conclusion is included in the issues of the General Meeting agenda);

e) the Central Bank representatives - as observers;

f) other persons envisaged by the Bank Board decision.

Decisions of the Bank’s General Meeting may be passed at a sitting held through the shareholders’ joint participation, as well as through voting in absentia (by inquiry). Extraordinary General Meeting held by voting in absentia may not pass decisions on matters specified in subparagraphs b), c) and h) of paragraph 11.2.

Decisions on matters listed in subparagraphs “a”, “b”, “d”, “f”, as well as directly stipulated by the RA legislation shall be taken at the Meeting by 3/4 votes of holders of voting shares attending the Meeting.

Decisions on other matters shall be taken by a simple majority of votes of holders of voting shares attending the Meeting, unless otherwise stipulated by the RA legislation and this Charter.

11.5. Proposals concerning the agenda of annual General Meeting shall be submitted in writing, specifying the grounds for proposed matter, name (legal name) of the Shareholder (Shareholders) proposing the matter for inclusion in the agenda, the number of votes belonging to him (them) according to their types and classes, as well as the signature of the author (authors) of the proposal or their facsimile reproduction.

11.5.1. Within 15 days after expiry of the term indicated in subparagraph (g) of paragraph 5.3. hereof the Board shall consider submitted proposals and take a decision on their inclusion in the annual General Meeting agenda or reject their inclusion. The Board may take a decision of rejecting the inclusion of submitted proposals in the General Meeting agenda only in case when:

a) the Bank participant having submitted the proposal has violated the term specified in subparagraph 5.3. hereof or has failed to submit an adequately substantiated proposal within 15 days after the filing deadline; however, the Board may accept a proposal when:

b) the proposal is substantiated by a Bank participant or by a Shareholder submitting the proposal with the Board, or by a member of the Board, or by a member of the Shareholders’ Council;

c) the Bank participant has the right to participate in the General Meeting as an ordinary Shareholder (ordinary shareholder);

d) the proposal is substantiated by a Bank participant or a Shareholder submitting the proposal with the Board, or by a member of the Board, or by a member of the Shareholders’ Council;

e) the proposal is substantiated by a Bank participant or a Shareholder submitting the proposal with the Board, or by a member of the Board, or by a member of the Board.

11.5.1. Within 15 days after expiry of the term indicated in subparagraph (g) of paragraph 5.3. hereof the Board shall consider submitted proposals and take a decision on their inclusion in the annual General Meeting agenda or reject their inclusion. The Board may take a decision of rejecting the inclusion of submitted proposals in the General Meeting agenda only in case when:

a) the Bank participant having submitted the proposal has violated the term specified in subparagraph (g) of paragraph 5.3. hereof;

b) the Bank participant(s) having submitted the proposal does not possess the number of votes specified in subparagraph (g) of paragraph 5.3. hereof;

c) data stipulated by the RA legislation or paragraph 11.5. of this Charter are not complete or are missing;
d) the proposal is incompliant with the requirements defined by the RA legislation and other legal acts.

11.5.2. The Board’s substantiated decision on rejecting the inclusion of submitted proposal in the annual Meeting agenda shall be delivered to the Bank participant having submitted the proposal during 3 days since the moment of adopting the decision.

11.6. During preparation of the Meeting the Board, and in cases stipulated by the RA legislation – also the persons entitled to convene an extraordinary Meeting, shall determine:

a) year, month, date and time of convocation;

b) the Meeting agenda;

c) year, month and date of compiling the list of Bank participants entitled to participate in the Meeting;

d) procedure for notifying the Bank participants about the Meeting convocation;

e) list of information and materials to be delivered to the Bank participants during the Meeting preparation;

f) form and content of ballots, if voting is carried out by ballots.

11.6.1. The list of shareholders entitled to participate in the General Meeting is compiled on the basis of data contained in the Shareholders Register as of the date, month and year specified by the Board.

11.6.2. The date of compiling the list of shareholders entitled to participate in the General Meeting may not be earlier than the date when the decision on the General Meeting convocation is taken, and later than 45 days prior to the date of convening the General Meeting.

11.6.3. The Bank shall notify the Central Bank about convocation of its participants’ General Meeting at least 15 days prior to the date of the Meeting.

11.6.4. For compiling the list of shareholders entitled to participate in the General Meeting the nominal holder of shares shall as of the date, month and year of compiling the list submit data concerning such shareholders whose shares are disposed by him with the purpose of representing their interests.

11.6.5. The list of the Bank participants entitled to participate in the General Meeting shall contain data on the name (legal name), location (place of residence) of each participant and interest held by him in the Bank’s Statutory Fund according to types and classes of shares.

11.6.6. The list of shareholders entitled to participate in the General Meeting may be amended only for correction of errors made in the course of compiling the list or restoration of violated rights and legitimate interests of the Bank shareholders not included in the list.

11.6.7. The list of shareholders entitled to participate in the General Meeting may be amended only for correction of errors made in the course of compiling the list or restoration of violated rights and legitimate interests of the Bank shareholders not included in the list.
11.7. The Bank Shareholders’ General Meeting shall be eligible (quorum present), if upon completion of the Meeting participants’ registration the Shareholders (or their representatives) possessing more than 50% of the Bank’s voting shares have been registered.

11.8. In case of absence of quorum, the year, month and date of calling a new Meeting shall be announced. In the event of convocation of a new meeting the agenda of the General Meeting may not be changed. The new meeting called instead of the adjourned meeting shall be eligible, if upon completion of the Meeting participants’ registration the Shareholders (or their representatives) possessing more than 30% of the Bank’s voting shares have been registered. Notice to the Bank Shareholders on calling a new meeting shall be given at least 10 days prior to the date of its convocation.

11.9. The Bank Shareholders’ General Meetings may be ordinary and extraordinary. The annual General Meeting may not be held by voting in absentia (by inquiry). The Bank Shareholders’ General Meeting is convened no later than within 6 months after completion of the Bank’s fiscal year. All meetings called in addition to the annual General Meetings shall be extraordinary.

11.10. The Bank Shareholders’ extraordinary General Meetings are called by the decision of the Bank Board – at its own initiative, or at the request of the Bank’s executive body, Head of internal audit department, the person carrying out external audit or a Shareholder(s) possessing at least 10% of the Bank’s voting shares at the time of making such a request. The Board may not take a decision on changing the form of holding the meeting, if the request on calling an extraordinary meeting, as specified herein, contains an instruction about the form of holding the meeting.

11.11. If the extraordinary General Meeting is called at the Board’s initiative, or the request referred to in paragraph 11.10. on calling an extraordinary meeting does not contain any instruction on the form of holding the meeting, then the form of holding the extraordinary General Meeting shall be determined by the Bank Board.

11.12. The General Meeting decisions may be adopted at such a sitting, during which the General Meeting participants may communicate with each other in real time mode by telephone, television communication or other means of communication. Such sitting shall not be considered as being held by voting in absentia (by inquiry). The General Meeting held in real time mode shall be conducted in such a manner as to enable all participants of the Meeting to communicate with each other simultaneously, perceive the opinions expressed by the Meeting participants, issues raised at the Meeting, express their opinions and vote on such issues. Voting at a sitting held in real time mode via telephone, television communication or other means of communication is carried out by nominal voting through inquiries addressed by the Meeting Chairman to the attending Shareholders.
11.13. If the General Meeting is held by way of voting in absentia, the year, month and date of compiling the list of Bank participants entitled to participate therein shall be determined at least 35 days prior to the date of the meeting.

11.14. The Meeting decision adopted by voting in absentia shall be valid, if more than a half of owners of the Bank's voting shares have participated in voting. Voting by inquiry, as well as registration of ballots shall be carried out in accordance with the procedure established by the RA legislation.

11.15. Upon taking decision on holding the extraordinary Meeting by way of voting in absentia, simultaneously are defined:
   a) the form and content of ballots;
   b) the year, month and date of providing to the Bank Shareholders the ballots, as well as information and materials to be delivered to the Shareholders;
   c) the year, month and date of acceptance by the Bank of the completed ballots.

11.16. Ballots shall contain the following information:
   a) legal name of the Bank;
   b) year, month, date, time and place of calling the extraordinary General Meeting;
   c) formulation of each issue put to vote and order of its consideration;
   d) options of voting with respect to each matter put to vote: “for”, “against”, “abstained”. Upon conducting cumulative voting, peculiarities of the voting procedure shall be taken into consideration in the ballots;
   e) year, month, date, hour and the place of acceptance of completed ballots by the Bank;
   f) an instruction indicating that the ballot must be signed by the Shareholder or his/its representative. If the ballot is signed by the Shareholder’s representative, then a relevant power of attorney shall be produced together with the ballot.
   g) explanation of the procedure for completing the ballot.

11.17. In case of voting by ballots, only those ballots shall be counted, where the voter has left only one voting option. The ballots completed with violation of the mentioned requirement shall be invalid and shall not be taken into consideration upon counting of votes. If the ballot contains more than one matter put to vote, the violation of the above-mentioned requirement with regard to one or several matters shall not invalidate the whole ballot.

11.18. The counting board shall draw up a protocol of voting results to be signed by all members of the counting board formed by the General Meeting.

11.19. The counting board, immediately after drawing up and signing the protocol, shall seal the ballots and
hand them over to the Bank archive for safe custody.

11.20. Voting results shall be announced at the given meeting, if it has been held in the Shareholders’ presence and the voting has been conducted by ballots, and if the meeting has been held by voting in absentia, voting results shall be disclosed by means of publishing the report of voting or delivering it to the Shareholders in the manner and terms defined by the RA legislation, within 45 days since the moment of passing those decisions. The Shareholders are entitled to get familiarized with the Bank’s minutes on results of the voting upon their first request.

11.21. Minutes of the General Meeting shall be drawn up within 5 days after the end of the Shareholders’ General Meeting, in two copies, which shall be signed by the Chairman and Secretary of the meeting.

11.22. Minutes of the General Meeting shall contain the following information:

a) year, month, date and the place of calling the meeting;

b) aggregate number of votes given by the Bank’s outstanding voting shares;

c) aggregate number of votes belonging to the Shareholders having participated in the meeting;

d) the Chairman (presidium) and the Secretary (secretariat) of the meeting.

11.23. Minutes shall contain the basic provision of speeches made at the meeting, issues put to vote, results of voting with regard to those matters and decisions passed at the meeting. The Bank Shareholders are entitled to get familiarized with minutes of the meeting.

11.24. In case of voting in absentia, together with ballots and the Meeting agenda, the information and materials stipulated by the RA legislation shall also be sent to all Shareholders entitled to participate in the Meeting. Such information and materials shall be sent through registered mail with notice of delivery or delivered in person at least 30 days prior to the date of the Meeting. The General Meeting may resolve on establishing another procedure for notification.

11.25. Voting in absentia is carried out by using of ballots that meet the requirements defined by the RA legislation, the form and content of which are approved by the Board decision.

11.26. The ballots shall be provided to Shareholders no later than 30 days prior to the date of the Meeting to be held by voting in absentia, and the votes completed by Shareholders shall be accepted not later than 60 days after the date of holding the Meeting.

11.27. Shareholders having participated in the Meeting held by voting in absentia shall deliver their completed ballots to the Bank, either by registered mail (with notice of delivery) or in person, before the deadline fixed for acceptance of ballots.
12. THE BANK BOARD, FORMATION OF THE BOARD

12.1. The Bank Board is the management body carrying out general administration of the Bank activities, which acts within the limits of competence attributed to the Board by the Law “On Banks and Banking” and this Charter. The quantitative composition of the Board shall be fixed at the General Meeting during which the Board is elected. The Board shall consist of minimum 5 and maximum 7 members.

12.2. The Bank Board members are elected at the Shareholders’ annual General Meeting by attending participants, with the exception of cases envisaged by paragraphs 5.5., 5.6. and 5.7. of this Charter, when the Board members may without election be appointed in the Board by respective Shareholder or Shareholders.

12.3. If the Shareholders do not exercise their right in accordance with the procedure described in paragraphs 5.5., 5.6. and 5.7. of this Charter and do not include or appoint their representative in the Board, then the Board members are elected at respective annual General Meeting, if their number is less than the minimum number defined by the Law.

12.4. The Bank Shareholders, who according to paragraphs 5.5., 5.6. and 5.7. of this Charter are entitled to include or appoint their representative in the Board, may on the grounds established by the RA legislation prematurely terminate the powers of the Board member appointed by them, and upon notifying the Bank in writing, appoint a new member in the Board.

12.5 Proposals on nominees for the Board members may be submitted at the General Meeting by the Bank Shareholders, as well as by the Board (other than in case of formation of the initial Board). Proposals on candidates for the Board members, including those on self-nomination, shall specify the nominee’s name, the fact whether or not he is a Bank Shareholder, number of shares held by him according to types and classes, names (legal names) of Shareholders who have nominated him as a candidate, and number of shares held by the latter according to their types and classes, and other information.
the Board proposes on their nominees, specifying the information required by the RA legislation and paragraph 12.5. of this Charter. The Bank Chairman shall send to the Bank participants by registered mail (with a notice of delivery) the proposals on candidates for a new Board member made by the Bank participants, as well as by the Board, within 7 days since the moment of their receipt, and in case of submission by the Board, within 7 days since the moment of taking the relevant decision.

12.6. The Board shall within 15 days after expiry of the term referred to in subparagraph (g) of paragraph 5.3. hereof consider submitted proposals and take a decision on including the Board member candidates in the list of candidates, or rejecting the inclusion thereof. The Board may take a decision of rejecting the inclusion of Board member candidates in the list of candidates only in case when:

a) the proposal on a Board member candidate has been made with violation of the term referred to in subparagraph (g) of paragraph 5.3. hereof;

b) the Bank participant(s) having submitted the proposal on a Board member candidate does not (do not) possess the number of votes specified in subparagraph (g) of paragraph 5.3. hereof;

c) data stipulated by the RA legislation or paragraph 12.5. of this Charter are not complete or are missing.

12.6.1. The Board’s substantiated decision on rejecting the inclusion of a Board member candidate in the list of candidates shall be sent to the nominating Shareholder within 3 days since the moment of adopting such a decision.

12.7. Shareholders possessing 10 percent or more of the Bank’s voting shares shall notify the Bank Shareholders and the Board about their decision on being included or appointing their representative in the Board at least 30 days prior to the date of the meeting called for election of the Board, and in case of premature termination of powers of the Board member appointed by them, they may appoint a new Board member within 30 days’ period after termination of the former member’s powers.

12.8. Shareholders possessing up to 10 percent of the Bank’s voting shares, in case of joining and achieving 10 percent of ownership of the Bank’s voting shares, and provided that they have concluded the contract referred to in paragraph 5.6. of this Charter and notified the Bank Shareholders about it, shall propose their representative in the Board at least 30 days prior to the date of the meeting, which shall deliver to all participants of the General Meeting the information concerning proposed representatives at least 30 days prior to the date of the meeting, and in case of voting in absentia - prior to the last date fixed for acceptance of completed ballots by the Bank.

12.9. Shareholders with minor interest, who have not concluded the contract specified in paragraph 5.6. of this Charter, shall nominate their candidate or candidates in the Bank Board at least 45 days prior to the date of the meeting, which shall deliver to all participants of the General Meeting the information concerning proposed representatives at least 30 days prior to the date of the meeting, and in case of voting in absentia - prior to the last date fixed for acceptance of completed ballots by the Bank.

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12.10. Shareholders with minor interest, who have not concluded the contract specified in paragraph 5.6. of this Charter, shall elect from among the candidates nominated by them a representative at the General Meeting. Only the Shareholders with minor interest, who have not concluded the contract specified in paragraph 5.6. of this Charter, may participate in the election of the representative of Shareholders having minor interest.

12.11. The representative of Shareholders with minor interest shall be deemed to be elected, if more than a half of Shareholders with minor interest have voted in his/her favor, and if the number of nominated candidates is more than one, the candidate having received most of the votes of Shareholders with minor interest shall be elected.

12.12. The Board members’ term of office shall be fixed by the General Meeting and may not be less than a year.

13. THE BANK BOARD MEMBERS, THE BOARD CHAIRMAN

13.1. Members of the Bank Board shall be the persons elected or appointed in the Bank Board in accordance with the RA legislation and this Charter, who exercise their powers within the limits of competence, attributed to them by the RA legislation and this Charter and bear the liability defined by the RA legislation.

13.2. The Bank Board members are remunerated according to the procedure determined by the Shareholders’ General Meeting.

13.3. The Bank Board members may not be affiliated with each other. Members of the Board and the Bank’s executive body may not be affiliated persons.

13.4. The Bank Board members shall meet the criteria set by the RA legislation.

13.5. The Bank Board activities are managed by the Board Chairman.

13.6. The Board Chairman is elected by the Board from among its members. The Board Chairman shall:
   a) organize proceedings of the Bank Board;
   b) call and presides at the Bank Board meetings;
   c) organize the keeping of minutes of the Bank Board meetings;
   d) preside at the Bank Shareholders’ General Meetings;
   e) organize works of the Board commissions;
   f) invite other persons to attend Bank Board meetings (including for participation in the discussion of separate issues on the agenda) subject to no objection of the Board;
   g) exercise other powers provided for by the RA legislation and this Charter.

13.7. In case of calling a Board meeting, the Board
Chairman shall at least 30 days prior to the meeting notify the Board members, the Chief Executive Officer and in case of inviting other persons to attend the meeting – also to such persons, on the date of convocation of the Board meeting and at least 15 days prior to the meeting deliver in writing to the Board members and other persons the issues included in the agenda, together with information and materials necessary for familiarization with their contents and decision making.

In case of holding the meetings in absentia or in a real time mode by telephone, television communication or other means of communication, the Board members and other persons mentioned hereunder shall be notified on the meeting date at least 15 days prior to the meeting, and the issues included in the agenda together with necessary information and material shall be delivered at least 7 days prior to the meeting.

In case of calling an urgent Board meeting, the notification on the meeting date together with issues included in the agenda and materials shall be delivered to the Board members and other persons mentioned hereunder 1 day prior to the meeting.

Reports and conclusions drawn up and submitted by commissions functioning under the Board, as well as other materials prepared by them shall be submitted by the Board Chairman to the Board for consideration at the first meeting called after their receipt.

13.8. Powers of a Bank Board member shall be terminated by the General Meeting, based on the member’s application, or in the following cases:

a) he has been recognized incompetent or partially competent by a court decision having taken legal effect;

b) during his tenure such circumstances have arisen, by virtue of which he is forbidden to hold the office of the Bank Board member (Bank Manager);

c) during one year he has been absent without good cause from at least 1/4 of the Board meetings or, in general, from at least a half of the Board meetings (including for good or unreasonable cause). Within the meaning of this paragraph, participation in real time mode or in absentia, as specified by this Charter, shall be deemed full participation;

d) according to the procedure established by the law, he has been disqualified or deprived of the right to hold certain offices.

13.9. Powers of a Bank Board member may also be prematurely terminated for the remaining term of his office, and if such term is over one year - on condition that the Bank shall compensate him the salary for one year.

In case of premature termination of a Board member’s powers, a new Board member shall be elected at the Bank’s extraordinary General Meeting by a simple majority of attending participants, in accordance with the procedure established by the law and this Charter.

The Bank has the right to demand from removed Board member to return the salary compensated by the Bank pursuant to paragraph 13.9 of this Charter, if the latter proves to the court the fact of inadequate performance by the Board member of his official duties.
14. POWERS OF THE BANK BOARD

14.1. The Bank Board shall have the following powers:

a) determination of the main trends of the Bank activities, including approval of the Bank’s prospective development plan;

b) convocation of annual and extraordinary General Meetings, approval of their agendas, as well as ensuring the performance of preparatory works connected with their conviction and holding. The list of Bank participants entitled to participate in the General Meeting shall be delivered for familiarization to those participants, who are registered in the Bank Participants’ register, before holding the General Meeting and not later than within 30 days after compilation of the list of Bank participants entitled to participate in the General Meeting. The list shall be delivered by registered mail (with the notice of delivery), fax, e-mail or in person, and in case of a request to deliver it earlier for familiarization purposes – within 5 days since the moment of receiving the request and in the same way, as the request was received.

c) appointment of, premature termination of the powers of and approval of remuneration conditions of:
   - the Bank’s Chief Executive Officer
   - members of the Management Committee,
   - deputy Chief Executive Officer(s), as recommended by the Chief Executive Officer
   - Chief Financial Officer, as recommended by the Chief Executive Officer

d) establishment of internal control standards in the Bank, formation of the Bank’s internal audit department, approval of its annual work plan, premature termination of internal audit department employees’ powers and approval of their remuneration conditions;

e) approval of the Bank’s annual budget versus actual;

f) approval of the Bank’s administrative-organizational structure and personnel chart;

gh) submission to the General Meeting proposals on dividends payment for each distribution of dividends, including compilation of the list of Shareholders entitled to receive dividends for each event of dividend payment, which shall include those Shareholders whose names appear in the Bank Shareholders’ Register as of the date of compiling the list of participants entitled to attend the Bank Shareholders’ annual General Meeting;

i) preliminary approval of the Bank’s annual financial statements and submission to the General Meeting for approval;

j) determination of the size of remuneration for the person carrying out the Bank’s external audit;

k) taking measures, when appropriate, directed at correction of violations revealed as a result of audits or other inspections conducted at the Bank, and control...
over their implementation;

i) adoption of internal legal acts that establish the procedure for execution by the Bank of the financial operations defined by the RA legislation;

m) approval of internal regulations of the Bank, including the regulations of the Bank’s divisions and departments, approval of the charters of the Bank’s territorial subdivisions, distribution of functional duties among the Bank’s divisions and departments;

n) submission of issues referred to subparagraphs b), i) and p) of paragraph 11.2. to the Shareholders’ General Meeting for consideration;

o) taking decisions on placing the Bank’s bonds and other securities;

p) use of the Bank’s reserve and other funds;

q) creation of the Bank branches, representative offices and establishments;

r) defining the Bank’s accounting policy principles, methods, rules, forms and procedures applied for conducting accounting and preparation of financial statements;

s) approval of the date, month and year of compiling the list of the Bank Shareholders entitled to participate in the General Meeting, based on the data contained in the Bank Shareholders’ Register;

t) adoption of other decision transferred by the General Meeting to the Board for resolution according to the procedure stipulated by the Law and this Charter;

u) at a Bank participant’s request, issuing him a reference within 5 days since the moment of receiving his request on inclusion in the list of participants entitled to participate in the General Meeting and in the same way as the request was received;

v) establish the procedure for document circulation in the Bank and formulation of bank documents;

w) approve policies and procedures related to the operation of the Bank.

14.2. Resolution of matters listed in paragraph 14.1. of this Charter is reserved to the exclusive competence of the Bank Board and may not be transferred to the Bank’s other management bodies or other persons, with the exception of cases provided for in second sentence of subparagraph 14.1. (b) and subparagraph (v), when those powers can also be exercised by other persons empowered by the RA legislation for their exercising.

14.3. The Bank Board shall at least once a year consider at its meeting the report (Management Letter) of the person carrying out the Bank’s external audit, as well as review and revise, where appropriate, basic directions of the Bank activities, its strategies, procedures and other internal legal acts. The Board shall consider the draft procedures and other internal legal acts submitted by the Management Committee.

Prior to consideration of matters related to the report of
the person carrying out the external audit (Management Letter), basic directions of the Bank activities and its strategies, the Board Chairman shall appoint a reporter from among the Board members, and where appropriate, the Chief Executive Officer may be appointed as a reporter. The reporter shall be informed about his appointment as such by the Board Chairman within 7 days’ period since the date of adoption of such a decision, either by registered mail or otherwise.

After completion of the report the Board members and other persons invited to attend the Board meeting may, when necessary, address their question to the reporter, after which the issue shall be put to vote. The Board shall adopt a decision on the issue put to vote.

Decisions on issues put to vote as a result of consideration of matters related to the report of the person carrying out the external audit (Management Letter), basic directions of the Bank activities and its strategies, shall be adopted unanimously by the Board members present at the Board meeting. Decisions on issues put to vote as a result of consideration of procedures and other internal legal acts shall be adopted by a simple majority of the Board members’ votes.

14.4. The Bank Board shall at least once in a quarter consider reports of the Bank’s internal audit department, the Management Committee, the Chief Executive Officer and Chief Financial Officer. The reports shall be submitted in writing by the Head of Internal Audit department, the Chief Financial Officer and the Chief Executive Officer at least 3 days before convocation of the Board meeting, which will further be included in the Board meeting agenda. Submitted reports are approved by a simple majority of the Board members’ votes.

The reports from the Chief Financial Officer or other departments to the Board or to the Management Committee shall contain the description of the report, name of the person responsible for the report, as well as the frequency of the report.

14.5. With the purpose of effective organization of its activities the Bank Board may create commissions. In the Bank Board commissions may be included members of the Board and other managers or employees of the Bank. Decisions of the Bank Board commissions are of consultative nature.

The Board may create a commission both for solution of a specific issue, after resolution of which the commission may be dismissed, as well as for efficient organization of the Board’s daily activities, in which case the term of the commission activities shall be defined by the Board decision. Activities of the Board commission are targeted at ensuring additional guarantees for protection of the Bank interests in the market, supporting and improving the Board activities with materials prepared as a result of thorough professional studies and observations, based on which commissions may be established, as appropriate, for resolution of financial and credit, risk management issues, as well as other issues relating to conducting of activities in compliance with corporate management.
15. THE BANK BOARD MEETINGS

15.1. The Bank Board is a collegial body and adopts decisions by means of convocation of meetings. The Bank Board meetings shall be called at least once in two months.

15.2. The Bank Board meetings are called by the Board Chairman at his own initiative or upon written request of a Board member, the Bank’s Chief Executive Officer or the Management Committee, Head of internal audit department, the person conducting external audit, the Board of the Central Bank as well as a Bank Shareholder possessing 5 percent or more of the Bank’s voting shares.

15.3. The Board meeting may be held in absentia, in accordance with the procedure established by the Bank Charter for calling and holding meetings in absentia. The Bank Board may take decisions at such a sitting, during which all participants of the Board meeting can communicate with each other in real time mode by telephone, television communication or other means of communication. Such sitting shall not be considered as being held in absentia (by inquiry). Matters referred to in subparagraphs c), d), j) and n) of paragraph 14.1 hereof, as well as matters concerning approval of the Bank’s perspective development plan and election of the Board Chairman may not be resolved at a Board meeting conducted in absentia. The Board meeting held in real time mode shall be conducted in such a manner as to enable all participants of the meeting to communicate with each other simultaneously, perceive the opinions expressed at the meeting, express their opinions and vote on such issues. Voting at a meeting held in real time mode via telephone, television communication or other means of communication is carried out by nominal voting through inquiries addressed by the Chair to the persons entitled to vote at the meeting.

15.4. The Bank Board meetings shall be eligible (quorum present), if at least half of the Board members participate in it. Decisions of the Board meetings shall be passed by a majority of votes of the meeting participants, unless otherwise is provided by the law or unless a larger number is required by the Bank Charter or Regulations on the Bank Board approved by the Shareholders’ General Meeting.

15.5. During voting each Board member shall have one vote. The transfer of vote or voting right to another person (including another member of the Board) is prohibited. In case of equal votes the Board Chairman shall have the casting vote.

15.6. The Bank Chief Executive Officer’s participation in consideration of all matters of the Board meetings is mandatory, other than matters concerning premature termination of the Chief Executive Officer’s powers or approval of his remuneration conditions.
15.7. The Board meetings are minuted. Minutes of the Board meeting shall be prepared within 10 days' period after its closing. Minutes shall contain the following information:

a) year, month, date, time and place of convocation;
b) participating persons;
c) meeting agenda;
d) matters put to vote, as well as voting results according to each Board member having participated in the meeting;
e) opinions of the Board members and other attending persons on matters put to vote;
f) decisions passed at the meeting.

15.8. Minutes of the Board meeting shall be signed by all participating members, who shall bear responsibility for accuracy and reliability of data contained in the minutes. The Board decisions shall be signed by the Board Chairman, who shall bear responsibility for reliability of data contained in the decisions.

15.9. In the case of holding a meeting by voting in absentia, the Board Chairman shall, within the period set in paragraph 13.7 hereof, deliver in writing to the Board members and the Chief Executive Officer, the issues included in the agenda, together with information and materials necessary for familiarization with their contents and decision making. The delivery by registered mail of the notice on convocation of the Board meeting in absentia by the person responsible for its organization shall be deemed to be performed since the moment of handing over the envelope containing the notice to the postal service. The Board meeting may resolve on establishing another procedure for notification.

15.10. In case of holding meetings by voting in absentia, the Board members shall vote on matters included in the agenda through ballots, the form and contents of which shall be approved by the Board.

15.11. Board members having participated in the Board meeting held by voting in absentia shall deliver their completed ballots to the Board Chairman, either by registered mail (with notice of delivery) or in person, before the deadline fixed by this Charter for summarization of voting results.

15.12. The deadline for summarizing the results of voting in absentia is established the 10th calendar day from the date of holding the Board meeting. If the deadline coincides with a holiday, memorial day or a non-business day, it shall be extended till the first business day following the date of the deadline.

15.13. Summarization of the results of the Board meeting held in absentia shall be performed by the Board Chairman, who shall also ensure that the remaining Board members are notified of the fact that the meeting minutes are ready and of their obligation to sign the minutes during 10 days at the place specified in the notice. Resolutions of the Board meetings held in absentia shall be made by unanimous consent of all the members of the Board.

15.14. In the event when any of the Board members refuses to sign the minutes, he shall be obliged to make
16. THE EXECUTIVE BODIES

16.1. The Bank’s day-to-day activities shall be managed by the Chief Executive Officer and the Management Committee of the Bank. The Chief Executive Officer of the Bank also acts in the capacity of the President of the Management Committee.

16.2. The Chief Executive Officer shall:

a) represent the Bank both in the Republic of Armenia and foreign states;

b) act without a proxy on behalf of the Bank;

c) grant powers of attorney, with a prior recommendation from the Management Committee;

d) execute transactions on behalf of the Bank with a prior recommendation from the Management Committee;

e) issue orders, instructions, other binding directives with prior recommendation from the Management Committee;

f) manage day-to-day activity of the Bank.

16.3. In case of the Chief Executive Officer's absence, his powers and duties, as authorized by his order, shall be delegated to another person, whose qualifications and professional integrity are in compliance with the requirements determined by the Central Bank and who is registered with the Central Bank.

16.4 The Chief Executive Officer shall take decisions in the form of written documents.

16.5 The Management Committee shall:

a) manage the Bank property, including financial means; issue orders, instructions and other binding directives, and exercise control over their execution;

b) hire and dismiss staff, apply incentives and disciplinary actions thereto with the exception of Management Committee members;

c) create temporary commissions, laying definite duties on them;

d) create standing consultative bodies in the form of commissions;

e) submit for the Board’s approval the charters of the Bank’s territorial subdivisions, the Bank’s internal regulations, including the regulations of divisions and departments, the administrative-organizational structure of the Bank;

f) take decisions with regard to the establishment of correspondent relations and other issues related to correspondent banks;

g) ensure implementation and execution of the Bank’s policies and procedures;

h) take decisions on all credit proposals (of whatever nature) emanating from banks, clients and institutions and not exceeding the amount established by the Board;

i) examine classified facilities and determine a written statement on reasons for refusal to sign the minutes.
the appropriate financial provisions in liaison with the relevant department and taking all legally required steps;

j) discuss and submit suggestions to the Board of the Bank regarding the Bank’s objectives, annual operating plan and annual budget execution;

k) periodically examine the budgetary control reports, the profit and loss accounts, and the list of outstanding obligations of clients, banks and other institutions;

l) review and assess the purchasing of the Bank, which exceed AMD 5 million and are not envisaged by the Bank’s budget and provide further recommendations thereon;

m) take decisions on investments in securities (except for Armenian state bonds) within the scope of the investment policy approved by the Board of the Bank;

n) monitor and manage the overall liquidity and residual foreign exchange positions of the Bank on a weekly basis taking into consideration the regulatory requirements;

o) explore funding opportunities from international institutions and funds and make propositions to the Board of the Bank;

p) ensure the application and implementation of all laws and regulations relating to the banking industry and all decisions or regulations issued by the Central Bank of Armenia;

q) approve tariffs of services rendered by the Bank;

r) submit suggestions to the Board of the Bank with regard to new services to be rendered by the Bank;

s) define interest rates for the Bank’s asset and liability transactions in accordance with the RA legislation;

t) ensure that the necessary measures are taken to prevent any opportunities for money laundering or other illegal operations;

u) ensure that the operational procedures, the “Manual of Daily Internal Control” and other procedures are effectively applied across the Bank;

v) review audit reports and be responsible for following these reports and taking all the necessary measures.

16.6 The Management Committee shall be comprised of five members appointed by the Board, whereas the Chief Executive Officer, Deputy Chief Executive Officer (if appointed), and Chief Financial Officer must be included in the Management Committee. The Management Committee shall act on the basis of the Bank Charter and an internal regulation approved by the Board of the Bank.

16.7 The decisions of the Management Committee shall be made by a majority vote. In case of equal distribution of votes, the casting vote will be that of the President of the Management Committee.

16.8 The Bank’s Chief Executive Officer shall periodically, but not less than once in a quarter submit to the Board a report on its activities and the activities of...
the Management Committee, in accordance with the procedure specified in paragraph 14.4. of this Charter.

17. ACCOUNTING AND REPORTING AT THE BANK

17.1. The Bank shall carry out accounting and submit financial statements according to the procedures established by the RA legislation. In accordance with the law, other legal acts and the Bank Charter, the Bank’s Chief Financial Officer, performing the duties of the chief accountant, shall be responsible for conducting accounting, its state and reliability, timely submission of annual reports, financial and statistic reports to government authorities defined by the laws and other legal acts, as well as for reliability of the Bank’s financial information furnished to the Bank Shareholders, creditors, the press and other mass media. The Chief Financial Officer shall pursuant to the RA legislation bear responsibility before the Bank for real damages caused to the Bank due to his intentional actions (inactivity). Besides material, administrative and other forms of responsibility stipulated by the RA legislation, disciplinary sanction may also be imposed on the Chief Financial Officer for non-performance or improper performance of duties assigned to him.

17.2. The Bank’s Chief Financial Officer shall at least once in a quarter submit to the Bank Board and the Management Committee a financial statement in accordance with the procedure defined by paragraph 14.4. of this Charter.

18. INTERNAL AUDIT OF THE BANK

18.1. The Bank shall have in its structure an internal audit department, which will perform its functions in accordance with the RA legislation, this Charter, Regulations approved by the Board and annual work plan of the internal audit department. Number of the internal audit department members and term of their authorities shall be defined by the Bank Board.

18.2. The Bank’s internal audit department shall:

a) effect control over the Bank’s current activities and operational risks;

b) exercise control over compliance by the Bank Management Committee and the Chief Executive Officer, divisions, departments and territorial subdivisions, with requirements of the laws, other legal acts and the Bank’s internal acts, as well as over fulfillment of recommendations issued to the Chief Executive Officer and/or the Management Committee;

c) prepare conclusions and proposals on issues submitted by the Bank Board and raised at its own initiative.

18.3. The Head of internal audit department shall:

a) ordinary, i.e. concerning results of inspections envisaged by the annual program;
b) extraordinary, if the internal audit department has reasonable grounds to believe that it has revealed material violations, and where such violations have resulted from actions or inactivity of the Management Committee, the Chief Executive Officer or the Board, the report shall be submitted directly to the Board Chairman.

In cases envisaged by this paragraph, reports shall be submitted no later than within two business days after detection of the violation. Reports of the Internal Audit department may be submitted to the Board Chairman and the Management Committee by hand, through mail or other means of communication.

18.4. In case of revealing violations of the laws or other legal acts, the internal audit department shall be liable to inform the Bank Board about such violations, at the same time recommending measures targeted at their correction and prevention of their further occurrence.

18.5. The Head and members of internal audit department are appointed by the Bank Board, which takes a decision on the remuneration terms of the Head and members of the internal audit department, as well as on the premature termination of their powers. Members of the Bank management bodies, other managers and employees, as well as persons affiliated with the executive body members, may not be members of internal audit department.

18.6. Matters falling within the competence of internal audit department may not be transferred to the Bank management bodies or other persons for resolution.

18.7. The Head and members of internal audit department shall act in compliance with disciplinary rules established for the Bank employees.

18.8. In the event of revealing violations of disciplinary rules by the internal audit department, or receiving relevant notices by the Bank Chief Executive Officer or the members of the Management Committee, the Bank Board shall undertake the responsibility measures established by the RA legislation. Powers of the Head and members of the Internal Audit department may be prematurely terminated only in cases and according to the procedure defined by the RA legislation.

18.9. Inspections shall be carried out by the internal audit department in a frequency and order established by the Board of the Bank.

19. LIQUIDATION OF THE BANK.

19.1. In the event of the Bank liquidation, its activities shall be terminated without transfer of the Bank’s rights and liabilities to other persons in the order of succession.

19.2. The Bank shall be liquidated:

a) in case of invalidation of license;

b) in case of revocation of license;

c) in cases envisaged by the RA Law “On Bankruptcy of Banks and Credit Institutions, Investment Companies and Insurance Companies”;

d) by the decision of the General Meeting;
e) on other grounds stipulated by the law.

19.3. In the event of the Bank liquidation all assets (including proceeds from the Bank property sale) shall be directed to the satisfaction of the Bank creditors’ claims, and the remaining assets shall be distributed
among the Bank Shareholders in proportion to their shares.

19.4. The Bank’s liquidation shall be carried out in compliance with the procedure established by the RA legislation.

19.5. The General Meeting will be entitled to take a decision on the Bank liquidation, if the Bank has no liabilities with respect to the Bank depositors, holders of bank accounts and creditors in money transfer transactions.