

APPROVED BY

Resolution N2 of
ARMECONOMBANK OJSC
Shareholders' General Meeting
Dated " 11 " " 12 " 2017

Chairman of the Board

S. Sukiasyan.....

Chairman of the Executive Board

A. Khachatryan

REGISTERED AT

RA Central Bank

Chairman of RA Central bank

Digitally signed by Arthur Javadyan

Date: 2017.12.22 14:21:15AMT

Reason: Registered on 20.12.2017

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Signature

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by Aram
Khachatryan
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CHARTER

OF THE ARMENIAN ECONOMY DEVELOPMENT BANK OPEN JOINT STOCK COMPANY

(New edition)

1. GENERAL PROVISIONS

1.1 The «Armenian State joint-stock Commercial Bank» (1991-1993

“Armstatecombank” CJSC established according to resolution of the Council of Ministers of the Republic of Armenia No. 115 dated 14.02.91 on the basis of the former USSR Armenian Republican Zhilsotsbank was reregistered as “Armenian Economy Development joint-stock Bank” Opened Joint Stock Company (hereinafter the Bank) on December 28, 1993. The Bank was reorganized into the “Armenian Economy Development Bank” Open Joint Stock Company by decision of the Bank Shareholders' General Meeting held on March 14, 1995.

“BTA BANK” CJSC was considered the legal successor of “BTA InvestBank” CJSC (full name of the Bank was amended pursuant to the Minutes N3 of “BTA InvestBank” CJSC General Meeting of Shareholders dated 13.08.2008), which in its turn was the legal successor of “International Investment Bank” CJSC (full name was amended by the Minutes N1 of “International Investment Bank” General Meeting of Shareholders held on 16.05.2005). “International Investment Bank” CJSC in its turn was the legal successor of reorganized “Sevan Bank” CJSC, which was established pursuant to the resolution of General Meeting of the Founders (shareholders) of “Sevan Bank” CJSC dated 01.06.1991 and under the Constitutive Agreement.

According to the resolutions of general meetings of Shareholders of the Bank and “BTA Bank” CJSC dated 18.03.2016, on 06.06.2016 a consolidation agreement was signed between the banks on the merger of BTA Bank to the Bank. On 14.06.2016 the Central Bank of Armenia approved the consolidation agreement. On 13.08.2016 the joint meeting of the Shareholders of 2 banks approved and on 24.08.2016 the Central Bank of Armenia registered the transfer act and as a result of the merger the Bank is considered the legal successor of BTA Bank CJSC.

1.2 The full name of the Bank:

in Armenian: «ՀԱՅԱՍՏԱՆԻ ԷԿՈՆՈՄԻԿԱՅԻ ԶԱՐԳԱՑՄԱՆ ԲԱՆԿ» ԲԱՑ ԲԱԺՆԵՏԻՐԱԿԱՆ ԸՆԿԵՐՈՒԹՅՈՒՆ

in English: «ARMENIAN ECONOMY DEVELOPMENT BANK» OPEN JOINT STOCK COMPANY

in Russian: «БАНК РАЗВИТИЯ ЭКОНОМИКИ АРМЕНИИ» ОТКРЫТОЕ АКЦИОНЕРНОЕ ОБЩЕСТВО

1.3 The abbreviated name of the Bank is:

in Armenian: «ՀԱՅԷԿՈՆՈՄԲԱՆԿ» ԲԲԸ

in English: «ARMECONOMBANK» OJSC

in Russian: «АРМЕКОНОМБАНК» ОАО

1.4 Legal address of the Bank: 23/1 Amiryan St., Yerevan, 0002, Armenia

1.5 The Bank shall be deemed established and acquires the status of a legal entity since its registration at the Central Bank of the Republic of Armenia. The Bank shall have the right to carry out banking activities and financial operations stipulated by the legislation since the moment of obtaining license for banking activities, granted by the Central Bank of the Republic of Armenia.

1.6 The founding document of the Bank is the Charter, requirements of which are mandatory for the Bank's Shareholders and management bodies.

1.7 In course of its activities the Bank will be governed by the Laws of the Republic of Armenia, decisions of the Central Bank and other normative and internal legal acts and this Charter.

1.8 The Bank has a property belonging to it by ownership right, a round seal with its name, angular stamp in Armenian, Russian and English) as well as corresponding stamps and seals for its branches and representations.

1.9 Establishment, registration and liquidation of the Bank branches and representations shall be carried out in the order envisaged by the RA legislation and the present Charter.

1.10 The Bank branches shall carry out banking activities or financial operations on behalf of the Bank within the authorities granted by the Bank and established by the present Charter. The mentioned authorities shall be shown in the Charters and Regulations of the Bank approved by the Board.

1.11 According to the RA legislation the Bank is entitled to establish subsidiary and dependent companies having the status of a legal entity and participate in them.

1.12 The Bank is liable on its obligations by all property (funds) belonging to it by the property right, if not otherwise prescribed by the legislation of the Republic of Armenia.

1.13 The state and local self-governing authorities and the Bank are not liable for the obligations of each other if they have not undertaken such obligations.

1.14 The Central Bank and the Bank are not liable for the obligations of each other if they have not undertaken such obligations.

1.15 The Bank is not liable for the obligations of its Shareholders. The Bank Shareholders are liable for the obligations of the Bank within the limits of their investments in the charter capital, but no less than par value of their shares.

1.16 The Bank is liable on obligations of its structural subdivisions and branches and representations not having the status of a legal entity.

1.17 The Bank shall independently possess, use and dispose its property.

2. FINANCIAL OPERATIONS AND OTHER TRANSACTIONS CARRIED OUT BY THE BANK

2.1. 2.1. In compliance with the Law and other legal acts the Bank has the right to carry out the following financial operations:

a/ receive on-demand and term deposits;

b/ extend commercial and consumer loans, including mortgage loans, carry out financing of debts or commercial transactions, factoring;

c/ issue banking guarantees and letters of credit;

d/ open and maintain accounts, including correspondent accounts of other banks;

e/ provide other settlement services and/or service the customers' accounts in other

way;

f/ issue, purchase (discount), sell and provide securities, carry out other such kind of transactions;

g/ carry out investment and subscription activities;

h/ render services of a financial agent (representative), manage other persons' investments and securities (trust management);

i/ purchase, sell and control precious metal banking (standardized) bullions and coins;

j/ purchase and sell (exchange) foreign currency, as well as effect futures, options and such other transactions in drams and foreign currency;

ja/ carry out financial leasing;

jb/ accept and keep for storage precious metals, stones, jewellery, securities, documents and other values;

jc/ provide financial and investment consulting services;

jd/ create and operate clients' creditworthiness information system, carry out debt repayment activity.

je/ realize insurance certifications and/or agreements, carry out operations of the insurance agency by the established order.

jf/ realize other operations stipulated by the RA Law on "Banks and Banking activity"

2.2. The Bank may execute the above-mentioned operations both in AMD and in foreign currency.

2.3. With permission of RA Central Bank, the Bank may carry out such kind of activities and operations that proceed from the banking activities or are tightly related to it.

2.4. The Bank carries out the mentioned operations on the basis of contracts in which the rights, obligations and responsibilities of the parties, interest rates, privileges, penalties, types of commitments' security not contradicting the RA legislation are determined.

2.5. The Bank has the right to conclude on its behalf contracts and agreements, to acquire property and personal non-property rights and bear responsibilities, be a plaintiff and defendant at the court and mediation court.

2.6. Without a preliminary consent of the RA Central Bank the Bank is prohibited to carry out such transactions or operations as a result of which the Bank's participation:

a) in the charter capital of another entity makes up 4.99% and more;

b) in the charter capital of another entity exceeds 15% of the Bank's total capital;

c) in the charter capital of all entities exceeds 35% of the Bank total capital.

The provisions stipulated under this paragraph shall be regulated by RA Law on "Banks and Banking activity".

- 2.7. The Bank has right to open correspondent accounts in other banks.
- 2.8. The Bank shall independently define interest rates and size of commissions for attracted assets and extended loans.
- 2.9. The Bank guarantees security and completeness of its customers' and bank-correspondents' operations, accounts and deposits being banking secrecy.
- 2.10. Sequestration or claim on the deposits, monetary means and other property of customers being in the Bank may be ordered or made only in the order and cases, established by the RA legislation.

3. THE CHARTER CAPITAL AND OTHER FUNDS OF THE BANK

- 3.1. The charter capital of the Bank is generated from the par value of shares purchased by Bank Shareholders' and defines the minimum size of bank property, as a guarantee to its borrowers' interests.
- 3.2. The Bank shall place its shares and securities convertible into shares by means of open and closed subscription.
- 3.3. Percentage of common shares in the Bank charter capital must be no less than 75%.
- 3.4. In the procedure established by legislation the Bank shares shall be issued with the right of free circulation and may be purchased, sold, put in pledge, transferred by right of succession to other persons both by residents and non-residents.
- 3.5. After full payment of the shares' value, the Shareholders' shares shall be registered at the Central Depository of Armenia, on which statements may be issued to Shareholders. Such statements shall not constitute securities. Shares issued by the Bank are dematerialized, as stipulated by the law.
- 3.6. The Bank's discounting, purchasing or otherwise obtaining by indemnity of its shares, as well as granting a loan on security of the Bank's shares are forbidden,
- except those cases, when receiving shares by the Bank per the 6th paragraph of the 36th Article of RA Law on "Banks and Banking activity" and when granting a

loan against pledge or acquisition of the Bank shares is necessary for prevention of possible losses arising in consequence of non-fulfilment or improper fulfilment of the obligation previously assumed towards the Bank. In these cases the Bank is liable to sale the mentioned shares within a period of 2 months since the day of their obtaining by the right of ownership. This period may be extended for 6 months with permission of the Central Bank.

3.7. The announced and actually replenished charter capital of the Bank amounts to AMD 13,708,744,200 (thirteen billion, seven hundred eight million, seven hundred forty-four thousand, two hundred) and includes 1,852,533 (one million, eight hundred fifty-two thousand, five hundred thirty-three) ordinary shares at par value of AMD 7,400 (seven thousand, four hundred) each.

3.7.1. The number of shares announced by the Bank is 2.000.000 (two million) ordinary shares at par value of AMD 7,400 (seven thousand, four hundred) each.

3.7.2 The number of announced and subject to distribution preferred shares of the Bank amounts to 228,479 preferred shares with fixed dividends (two hundred twenty-eight thousand, four hundred seventy-nine) at par value of AMD 15,000 (fifteen thousand,) each, liquidation value per share in the amount of the par value and for each share in the amount of annual 14% of paid dividends against its nominal value.

1) in case of liquidation of the Bank the claims of Holders of Preferred Shares (including dividends) shall be satisfied after meeting the demands of all claimants, with the exception of the holders of common shares.

2) preferred shares can't be secured by the guarantees or warranties of affiliated entities, or the owner of the preferred share shall not be granted with more favourable status from economic and/or legal point of view pursuant to the Charter or otherwise, and the claim of the latter shall not be met earlier than stipulated by the Law for the given claim in case of the liquidation of the bank. Moreover, the claim of the holder of preferred share shall not be offset along with other liabilities of the latter to the Bank.

3) preferred shares are issued for unlimited period of time.

4) the dividend on preferred share is not subject to payment, fully or partially, if it results in a violation of the Bank's prudential standards or deterioration of the bank's financial condition.

a. full or partial payment of dividend is not subject to accumulation or payment in future.

b. No restriction can be applied against the full or partial payment of dividend by any legal document between the Bank and the Holder of preferred share, as well as no legal document can envisage the provision of the right of such restrictions to the holder of preferred share, unless the restriction refers to the payment of dividends of common shares. Moreover, the restriction against the repayment of dividends on common shares stated in this paragraph shall apply only to the period during which the full or partial payment of dividend on preferred share has not been implemented.

5) Dividends on preferred share shall be paid out only from the net income of the Bank and (or) from the funds formed on the account of the net income, furthermore the dividends are paid only in Armenian dram.

6) the amount of dividends paid on preferred shares cannot be dependent on the bank's rating, any indicator that describes the financial condition or the actual amount of previously paid dividends.

7) the Bank cannot indirectly finance the acquisition of preferred shares.

8) the holder of preferred shares should not have the right, in any way, to limit or prevent the Bank to issue additional common or preferred shares or to attract subordinated borrowings.

3.8. The Bank may increase the size of its charter capital by means of increase of per value of shares or placing of additional shares, provided that actually placed shares have been sold and paid up in full.

3.9. Decrease of the Bank's actually replenished charter capital is forbidden except cases set by RA legislation.

3.10. A reserve fund is formed at the Bank in 15% of charter capital of the Bank. If the reserve fund makes up a size less than it is defined by the Bank Charter, provisions to this fund shall be made in the amount of 5% of generated profit and other sources formed from difference between amount of new issued shares and their par value. The reserve fund is used for recovery of losses incurred by the Bank, repayment of bonds and redemption of shares issued by the Bank, if the Bank's profit does not suffice for that purpose. The reserve fund cannot be used for other purposes.

3.11. By a decision of the Bank Shareholders' General Meeting at the expense of Bank profit a special fund for share allocation to employees may be established. This fund shall

be used in the order established by the RA Law on "Joint-Stock Companies".

3.12. By the decision of the Board other funds for the purpose of contributing to economic development of the bank and satisfaction of the Bank employees' social and economic needs may also be established. Procedure and amount of deductions to these funds shall be established by the Bank Management Board.

4. THE SHAREHOLDERS OF THE BANK

4.1. In formation of the charter capital of the Bank may participate individuals and legal entities both of the Republic of Armenia and foreign countries.

4.2. The Shareholders of the Bank are obliged:

a/ not to divulge confidential information related to activities of the Bank;

b/ the Shareholders may also bear other obligations envisaged by the Bank Charter and not contradicting the RA legislation;

c/ not to conduct activities which can cause damage to the Bank

4.3. Each common share of the Bank gives its Shareholder equal rights.

A Shareholder owning common shares is entitled to:

a/ participate in the Shareholders' General Meeting with right of voting on all the matters falling under the General Meeting competence;

b/ participate in management of the Bank;

c/ receive dividends out of profit gained in the result of the Bank activities;

d/ receive any information concerning the Bank activities as prescribed by Law. e/ authorize third person for representation of his/her/its rights at the Bank Shareholder's

General Meeting;

f/ submit proposals at the Bank Shareholders' General Meeting;

g/ vote at the Bank Shareholders' General Meeting to the extent of votes obtained according to the number of shares paid up in full and belonging to him/her; h/ bring a suit to the court for the purpose of appeal of decisions taken by the Bank Shareholders' General Meeting, which conflict with the law;

i/ receive the part of the Bank property due to him/her in case of the Bank liquidation;

j/ to receive right of repurchase of shares belonging to him/her if:

1. a resolution on the reorganization of the Bank, cancellation of the right of preference or making a major transaction has been made and the particular shareholder has voted against the reorganization of the Bank, cancellation of right of preference or on making a major transaction or has refused to participate in such voting.

2. Additions or amendments have been made in the Charter or a new edited Charter has been approved in the result of which the rights of mentioned shareholders have been limited and he/she voted against or didn't participate in the voting of the item.

ja/ use other rights stipulated by the Law.

4.4. Shareholder owning preference shares is entitled to:

a/ in the cases prescribed by the Law and the Bank's charter, participate in the General Meeting of shareholders with the right of votes corresponding to the number and nominal value of his /her shares

b/ receive dividends out of profit gained in the result of the Bank activities in the order and amount defined by the Shareholders' General Meeting;

c/ receive any information concerning the Bank activities as prescribed by Law,;

d/ receive his/her part of the Bank property in case of the Bank liquidation.

4.5. The holders of preferred shares are entitled to participate in the General Meeting of Shareholders, if during the meeting issues concerning the reorganization or liquidation of the Bank, or issues related to the amendments or additions of the Bank's Charter, which may restrict the rights of shareholders of preference shares, including dividends paid for preferred shares and/or determination or increase of liquidation value, shall be discussed. The participation in the meeting in the scope of matters mentioned in this paragraph gives the holder of preferred share the right of one vote for each distributed share.

4.6. In case of making a decision on close allocation of announced preferred shares, the shareholders of common shares shall be entitled with preferential right for acquisition of preferred shares proportionally distributed in accordance with their shares in the Chartered Capital.

The shareholders shall be notified about the availability of exercising their preferential right 15 days prior to the distribution date in the manner set for the notification of convening of general meeting.

The shareholders of common shares can exercise their preferential right by notifying the Bank in written form no later than 1 day prior to the date of distribution of shares, which shall include the following:

full name of the shareholder (for individual- the name), state registration data

(passport data), location (place of residence)

b) number of acquired preferred shares

c) document verifying the payment of preferential shares based on the number of acquired preferred shares

4.7. A person or related persons may have significant (direct and indirect) and other participation (non-significant) in the charter capital only upon receiving the prior consent of the Central Bank. Such Shareholder will meet the demands established by the legislation.

The availability of the following factors serve as a basis for the Central Bank's refusal:

a/ the person has criminal records for intentional crimes;

b/ by a court judgment the person has been forfeited the right of holding certain positions in financial, banking, tax, customs, commercial, economic

and legal sectors;

c/ the person has been adjudged bankrupt and has outstanding (unforgiven)

liabilities;

d/ the person's previous actions have resulted in the Bank's or a third person's bankruptcy;

e/ the person or related persons have previously committed such actions which, in the opinion of the Central Bank, grounded on the guidelines approved by the latter, provide good reasons to assume that the actions of the given person as a member entitled to vote at the time of making decisions by the supreme management body of the Bank may lead to bankruptcy of the Bank and worsening of its financial status, or will harm the reputation and business standing of the Bank;

f/ the given transaction is directed or leads, or may lead to restriction of free market competition;

g/ person or related persons, which as a result of the given transaction have acquired significant participation in the Bank's charter capital, in the consequence of the said transaction obtains predominant position in the banking market of the Republic of Armenia that enables him/it to influence on market rates or terms of transactions or at least any of them;

h/ the documents have not been submitted in due form and procedure established by the Central Bank, or submitted documents or data reflect false or inadequate information.

i/ in the Central Bank's reasonable opinion the person or his/its affiliates which as a result of the given transaction have acquired significant participation in charter capital are now in poor financial condition, or the worsening of the financial condition of such person or related persons may lead to the worsening of the Bank's financial condition, or the

nature of their relationship with the Bank may hinder the Central Bank to perform efficient audit or to reveal and efficiently manage the Bank risks.

j/ the person fails to submit sufficient and complete groundings

(documents, information and other) on the legality of funds invested.

Other grounds for refusal on participation:

a/ the Bank's main economic norms will be violated,

b/ based on the schedule approved by the Central Bank's Board, in Central Bank's opinion there are grounds to think that such transaction may result in the worsening of the Bank's financial condition, and discredit of its prestige and reputation of a good partner.

Restrictions imposed under this paragraph shall not apply to acquisition of participation in the charter capital of a bank which is qualified as a reporting issuer under the Law of the Republic of Armenia "On Securities Market Regulations", if such an acquisition has taken place in the stock exchange and does not exceed 20% of the Bank's charter capital. Should such participation exceed 20% of the Bank's charter capital, prior approval of the Central Bank will be required.

5. DISTRIBUTION OF THE BANK PROFIT

5.1. The Bank profit gained in the result of its activities is liable to taxation pursuant to the legislation. The bank can pay dividends only by annual results.

5.2. After making tax and other obligatory payments in the order established by the RA legislation, the remaining profit shall be at the disposal of the Bank and distributed by the Shareholders' General Meeting for the purpose of replenishment of funds envisaged by this Charter, dividends payment bank's development.

5.3. A decision on dividends payment shall be taken by the Shareholders' General Meeting, by which the extent and terms of the payments are set. Dividend payment shall be executed in the order approved by the Board.

5.4. Distribution of dividends among Bank Shareholders is forbidden if at the moment of their distribution the losses (damages) borne by the Bank are equal or exceed the amount of not distributed net profit being in the Bank at the given moment.

6. THE MANAGEMENT BODIES OF THE BANK

6.1. The managerial bodies of the Bank are:

6.1.1. the Shareholders' General Meeting which is the Bank supreme management body;

6.1.2. the Board elected at the Shareholders' General Meeting;

6.1.3. CEO who is also the Chairman of Executive Board;

6.1.4. Executive Board of the Bank.

6.2. The Shareholders' annual General Meeting is called within a period of 6 (six) months after completion of the Bank's fiscal year.

6.3. Except the annual Meeting of the Bank all other General Meetings of Shareholders shall be deemed as special Meetings. Special Meetings shall be convoked for consideration of urgent matters.

6.4. Special General Meetings of Shareholders are called by the decision of the Board, on its own initiative, by the order of Executive body, the person that will carry out the Bank external audit, or of a Shareholder(s) possessing at the moment of demand making at least 10% of the Bank's voting shares.

6.5 The Shareholders have a number of votes proportional to their voting shares in the charter capital of the Bank. A Shareholder may transfer his/her voting right to another Shareholder by a proxy.

6.6. The Shareholders' General Meeting shall be considered eligible if at the moment of ending the registration of meeting's participants the Shareholders possessing more than 50% of the Bank's placed voting shares have been registered.

6.7. Within the exclusive competence of the Shareholders' General Meeting fall:

- a/ approval of the Bank Charter and making alterations and additions to it, approval of the edited version of the Bank's Charter;
- b/ reorganization of the Bank;
- c/ liquidation of the Bank;
- d/ appointment of a Liquidation commission, approval of intermediate and final liquidation balances;
- e/ approval of the number of members of the Board, their election and advance termination of their powers. Matters of approval of the quantitative composition of the Board, election of members of the Board are considered exceptionally at the annual General Meetings. The matter of election of members the Board may be considered at the Bank special General Meetings provided that a special Meeting has taken a decision on advance termination of the Board or some of its members' powers;
- f/ determination of maximum size of declared shares' volume;
- g/ approval of the person who will carry out the Bank external audit submitted by the Board;
- h/ approval of annual financial reports, book-keeping balances, profit and loss distribution of the Bank, approval of the annual dividend payment and dividend amount;
- i/ taking a decision on not exercising the priority right on acquisition of shares in cases provided by law;
- j/ procedure of chairing the Shareholders' General Meeting;
- ja/ formation of the Calculation Commission;
- jb/ conclusion of large-scale transactions related to the Bank properly alienation and acquisition in the cases established by the Law (if the cost of property being the object of such a transaction exceeds 50% of the Bank assets' book cost at the moment of taking decision on concluding the transaction).

6.8. Decisions are taken at the Shareholders' General Meetings by an ordinary majority of votes of owners of voting shares. Decisions on matters specified in sub-article

6.7 (a), (b), (f) and (jb) are taken at the Shareholders' General Meeting by a majority of $\frac{3}{4}$ votes of participating holders of voting shares. Decisions on matters specified in sub-article (c) are taken at the Shareholders' General Meeting by a majority of $\frac{2}{3}$ votes of participating holders of voting shares. The Shareholders' General Meeting shall be prepared and held according to the Procedure of Chairing the Meeting approved by the Shareholders' General Meeting and using the ballots established by Law. The notification on the Shareholders' General Meeting convocation shall be published in "The Republic of Armenia" daily newspaper at least 15 days before the date of convocation. If the mentioned newspaper is not published during that period, the notification of the Shareholders' General Meeting convocation shall approved by the Board's resolution.

6.9. Approval, amendments and additions to the Board Rules are taken at the Shareholders' General Meeting by a majority of $\frac{3}{4}$ votes of participating holders of voting shares.

6.10. Decisions of the Shareholders' General Meeting may be taken without convocation of the General Meeting, i.e. by poll (by correspondence voting). Decisions on matters set forth in sub-articles 6.7 (b, c and h) of this Charter may not be taken by poll. The decisions of the General Meeting may be taken at a meeting, during which the participants shall be able to communicate by telephone, or other means of telecommunication in real time manner. Such sessions shall not be deemed as sessions held by poll.

6.11. A decision taken without convocation of the General Meeting i.e. by poll shall be competent, if the Bank Shareholders jointly possessing more than 50% of the Bank's placed voting shares have participated in voting.

6.12. Voting by poll shall be carried out by ballots corresponding to the requirements of Article 79 of the RA Law on "Joint-Stock Companies".

6.13. Minutes of the Shareholders' General Meeting shall be prepared in duplicate within 5 days after the Shareholders' General Meeting completion. These minutes shall contain principal provisions of speeches, matters submitted to voting, results of voting on these matters, as well as decision taken by the Shareholders' General Meeting. The matters, which according to the Law are falling under the exceptional competence of the Meeting, may not be transferred to the Bank executive body for taking decisions on them.

6.14. The Board carry out general management of the Bank's activity except those falling under the exclusive competence of the General Meeting by law and legislation.

6.15. Members of the Board shall be elected at the annual General Meeting of Shareholders for a period of one year. 6.15. Members of the Board shall be elected at the annual General Meeting of Shareholders by for a period no less than one year. Members of the Board are elected by the Bank's shareholders by the principle of cumulative voting pursuant to which the number of shareholder's votes is multiplied by the number of elected (reelected) numbers. Non-shareholders may also be elected as members of the Board. The Board also can make recommendations on the nominees for Board membership.

6.16. The Board shall consist of no less than 5 members and no more than 15 members.

6.17. Total term of authorities of members of the Board is not limited. In the event of preterm cessation of authorities of Board members their new election is made by convocation of a special meeting. The election is made by the same procedure as the election of Board members during the General Meeting, in accordance with the Bank's procedure on Chairing of The Meeting approved by the General Meeting of Shareholders.

6.18. The Bank Shareholders who possess 10% and more of the Bank's placed voting shares on the date of making the list of Shareholders are entitled to be included in the Board without election or are empowered to appoint their representative in the Board.

6.19. The Bank's shareholders managing under 10% of distributed voting shares at the moment of composing the list of the General Meeting's shareholders may unite and in case of completing 10% and more of the distributed voting shares include their representative in the Board without any election by the General Meeting. Such inclusion shall be possible should there be a corresponding agreement on the creation of the Bank's shareholders' group and the Meeting be advised of such agreement per the Bank's Procedure on the Chairing of the Meeting. The copies of the Agreement shall be provided to all the shareholders at least 30 days before the General Meeting and in case of voting by poll at least 30 days before the last day of receiving the completed bulletins by the Bank.

6.20. The Bank's shareholders managing small voting shares have right to include their representative in the Board without any election by the General Meeting. Only the minority shareholders or their authorized representatives present at the General Meeting are entitled to participate in the election of the representative, even if their number counts to one and they have not participated in the conclusion of the Agreement mentioned in article 6.19.

For nominating the representative of the minority shareholders in the Bank's Board, each minor shareholder may complete a written proposal of the established form mentioning his/her position on the item.

Names, surnames of nominated representatives as well as the total amount of proposers and the number of shareholders making no proposals shall be mentioned in the report.

During the submission of item, the Chairman of the Board shall read the above mentioned brief report and information required by the existing legislation on the representative having the majority of votes which shall be attached to the proposal and in case of voting by poll at least 30 days before the last day of receiving the completed bulletins by the Bank.

Candidate having the majority of votes shall be included in the Bank's Board as the representative of the minority shareholders without any elections by the General Meeting. In case of equivalent proposals received in favour of one or more persons. The person who meets the standards established by the Central Bank of the RA at maximum shall be involved in the Bank's Board.

If a representative of a minority shareholder is not proposed by the shareholders of the General Meeting, the Board shall be entitled to put the responsibility of protecting the interests of such shareholder with one of the members of the Board.

6.21. The members of the Board shall be remunerated.

6.22. Within the exceptional competence of the Board shall fall:

a/ determination of the main trends of the Bank activities, including the approval of the Bank's Prospective Development Program;

b/ convocation of annual and special General Meetings, approval of the agenda and performance of preparation works related with their convocation and holding.;

c/ appointment of the members of the Bank's executive body, premature termination of their authorities, and approval of the remuneration;

d/ establishment of the standards of internal control, creation of Internal

Audit Subdivision, approval of its annual working plan and terms of remuneration;

e/ approval of the pre-calculation of the Bank's annual expenses and the performance plan based on the pre-calculation;

f/ approval of the Bank's internal administrative structure and workplaces.

g/ submission of recommendations on dividends payment to the General Meeting, including the composing of the list of the Bank's participants entitled to receive dividends for each dividend payment. In such list the participants included in the Bank's

participants' register at the moment of composing the list of those entitled to participate in the General Meeting shall be entered;

h/ prior approval of the annual financial reports and their submission to the Board;

i/ the submission of the person exercising the Bank's external audit to the approval of the Board;

j/ establishment of the remuneration of the person carrying out the Bank's external audit;

ja/ measurements undertaken for elimination of defaults revealed in result of audit and other revisions and their proper performance;

jb/ acceptance of internal legal acts establishing the procedure of financial operations envisaged by law;

jc/ approval of charters of the Bank's territorial and self-structural subdivisions, and distribution of operational duties among the Bank's self-structural subdivisions; jd/ establishment of policies, basis, methods, rules, forms and procedures used for the maintenance of the accounting and drafting of financial reports;

je/ use of reserve and other funds of the Bank;

jf/ Augmentation of the Bank charter capital by means of increase of shares' per value or additional shares placing;

jg/ taking a decision on placing of bonds and other securities of the Bank;

jh/ establishment of subsidiary and dependent companies, taking decision on participation in charter capitals of subsidiary and dependent companies, provided that the mentioned participation is not a large-scale transaction;

ji/ approval of internal documents regulating activities of the Bank managerial bodies;

k/ determination of the property market price pursuant to the procedure established by the Law;

ka/ acquisition and repurchase of the Bank shares in cases provided by the law;

kb/ conclusion of large-scale transactions relating to the Bank property alienation and acquisition (if the cost of property being the object of such a transaction makes up 25-50% of the Bank assets' book value);

kc/ taking decisions on creation of the Bank branches, representations and establishments;

kd/ determination of the form of providing by the Bank information and

materials concerning the Bank Shareholders' General Meeting,

ke/ establishment of the remuneration of Board members;

kf/ establishment of Union of Commercial Organizations and participation in them.

kg/ exercising of other powers provided by the Law.

6.23. 6.23. The Board of the Bank may create commissions for efficient organization of its activities. At least once a year the Board discusses at one of its sessions and revises, if necessary, the main areas of Bank performance, its strategy, procedures and other internal legal acts. At least once in a quarter, in a prescribed manner, the Board discusses the reports of CEO (The Executive Board), internal audit subdivision and chief accountant.

6.24. Meetings of the Board shall be convened by the Chairman of the Board or his/her Deputy at least twice a month.

6.25. Meetings of the Board are called by the Chairman of the Board on his/her initiative, or by the order of member(s) of the Board of Directors or the Executive Directors, by the order of the Head of Internal Audit Subdivision, the person carrying out the Bank's external audit, the Board of the Central Bank, as well as by the written request of a bank shareholder managing 5% or more voting shares. Sittings of the Board shall be deemed eligible (quorum is provided) if more than 50% of its members participate in it. Decisions of the Board are taken by an ordinary majority of votes of its members participating in the sitting. In case of equal votes the casting vote belongs to the Chairman of the Board. The participation in the Board sessions of persons, not being members of the Board is regulated by procedure and decisions made by the Board and approved by the General Meeting.

6.26. The meetings of the Bank's Board may be held by voting in absentia (by polls).

The items on the election of the Chairman of the Bank's Board mentioned in sub- articles 6.22.c), d), i), jc), as well as the approval of the Bank's Strategic Development Program shall not be resolved during a Board Meeting by poll. The Board may make decisions at a meeting, during which the participants shall be able to communicate by telephone, or other means of telecommunication in real time manner, due to which the participants shall be able to hear each other, which shall be considered as direct, in person participation to the meeting, therefore such meeting shall not be deemed a meeting held by poll and its minutes shall be taken in accordance to article 6.27.

6.27. Minutes shall be taken for the sittings of the Board. The minutes shall be made within 10 days after the end of the Meeting. Such minutes shall be signed by all the participants of

the Board Meeting. The order of chairing of board sessions and taking of minutes thereof is reflected in the Board procedure approved by the General Meeting of the Bank.

The matters, which according to the Law are falling under the exceptional competence of the Meeting, may not be transferred to the Bank's executive body for decision-making on them.

6.28. The Chairman of the Board shall:

a/ to be elected by the members of the Board, from Board staff, by a majority of their votes;

b/ organize works of the Board (invites consultations, gives instructions within its jurisdiction);

c/ call and preside at sittings of the Board;

d/ organize recording of the meetings' minutes;

e/ preside at the Bank Shareholders' General Meetings;

f/ conclude contracts with the Bank's CEO (Chairman of Executive Board) and members of Executive Board of the Bank.

The deputy Chairman shall execute the duties of the Chairman, should the latter be absent.

The Board activities shall be performed in compliance with the Procedure of the Board approved by the General Meeting.

6.29. The CEO (Chairman of the Executive Board) as his exceptional competence shall represent the Bank within Armenia and abroad, shall conclude agreements on behalf of the Bank, act on behalf of the Bank without any Power of Attorney and shall issue Powers of Attorney.

6.30. The CEO (Chairman of the Executive Board)

a/ manages the property of the Bank, including the funds, gives orders and instructions within his competence, issues binding directives and sets proper control over their performance.

b/ employs and discharges Bank employees,

- c/ implements incentive and disciplinary measures for the employees,
- d/ performs the division of duties among the deputy CEOs and members of the Executive Board,
- e/ resolves other matters laying within his/her competence pursuant to this Charter, as well as perform other functions within the limits of his/her powers.

6.31. The Bank's Executive Board is composed of the CEO (Chairman of the Executive Board), deputy CEOs, Chief Accountant, and other management bodies appointed by the Bank's Board

6.32. The Bank's Executive Board shall:

- a/ submit the internal legal acts, procedures of separated subdivisions and the Bank's administrative-organizational structure to the approval of the Bank's Board.
- b/ensure the performance of the resolutions by the General Meeting and the Board.
- c/ carry out the overall management of Bank activities,
- d/ ensure the performance of resolutions taken by the General Meeting, the Board, and the Executive Board,
- e/ call Executive Board Meetings, if necessary at least once a month,
- f/ within its competence determine tariffs of rendered services, perform the maintenance, accounting and reporting of lending and financing, settlements, cash circulation, teller sector service, cash and the Bank's other values and set proper control over them.
- g/ establish interest rate policy on assets and liabilities operations,
- h/ control the compliance to the requirements of legislation in the Bank and its subdivisions,
- i/ discuss in advance the items to be submitted to the discussion of the Bank's Shareholders' General Meeting and the Board,
- j/ discuss the materials of audits and revisions and the reports of the heads of the Bank's subdivisions,
- ja/ approve the instructions on the rights and obligations of the Bank's

employees and heads of other subdivisions,

jb/ appoint the Bank's officials to positions within its competences,

jc/discuss miscellaneous items submitted by the CEO (Chairman of the Executive Board), members of the Executive Board and structural subdivisions.

The items not falling under the competence of the General Meeting, the Board, or Internal Audit Subdivision by law or the charter are within the authority of the CEO (the Executive Board).

6.33. Rights and liabilities of the Bank's CEO (Chairman of the Executive Board) and members of the Management Board shall be defined by this Charter, other legal acts and agreements signed by the Chairman of the Board with them. The powers of CEO temporary can be passed to Deputy CEOs (Deputy Chairman of Executive Board). The Bank Executive Director and the Executive Board members may occupy payable positions at other organizations only upon consent of the Board.

6.34. The Board shall be eligible to decide on submitted matters provided that at least

½ of the Board members participate in its sittings. Decisions shall be taken by an ordinary majority of votes. In case of equal votes the casting vote belongs to the Executive Director (Chairman of the Executive Board). The minutes of the Executive Board Meeting shall be signed by all the participants. Such meetings shall be organized and chaired by the CEO, who signs the resolutions of the Meeting. The convocation of the Bank's Executive Board Meetings, and minutes taking, is regulated by the Executive Board procedure approved by the regulation of the Bank's Executive Board.

6.35. The Bank's Chief Accountant executes all the rights and obligations allowed by the Armenian Law on Accounting.

6.36. The Chief Accountant is appointed by the Board submitted by the CEO.

6.37. The rights and obligations of the Chief Accountant shall not be transferred to the General Meeting, the Board, members of the executive body, the Internal Audit Subdivision or other person.

6.38. Chief Accountant bears responsibility for the maintenance of the accounting, its condition and trustworthiness, for submitting the annual report, financial and statistical statements set by law and other legal acts to state governing bodies in proper time and for the trustworthiness of the information on the Bank to be submitted to the Bank's

shareholders, borrowers, press and other means of media in compliance with the Law, other legal acts and the Bank's Charter.

6.39. The Chief Accountant submits financial statements to the Board and CEO (Chairman of the Executive Board) at least once in three months in the form and content approved by the Board.

6.40. Responsibility of the members of the Board, the Executive Director (Chairman of the Executive Board) and the Board members is established by the RA legislation.

6.41. The internal legal acts regulating the bank's activity are promulgated in the bank's website in the order established by law, sub-legislative acts and the bank's internal legal acts.

7. ACCOUNTING, REPORTING AND CONTROL IN THE BANK

7.1. Results of the Bank activities will be reflected in reports, which shall be submitted to the Central Bank of the RA in the order established by the latter.

7.2. The bank carries out accounting and drafts and submits published financial reports in compliance with RA laws on "Accounting" and "Banks and Banking activity".

7.3. The operation year of the Bank starts on January 1 and ends on December 31 of the same year.

7.4. The exceptional right of control towards the Bank's activities belongs to the Central Bank. The latter performs the audit per the procedure established by Armenian Law on the Central Bank of Armenia.

8. EXTERNAL AUDIT

8.1. The audit of the Bank's finance and economic activities is carried out every year by the external audit. External audit is elected through a competition and approved by the General Meeting per the existing procedure

8.2. The revision of the Bank's finance and economic activities by the external audit may also be executed by the request of a shareholder managing at least 5% of the Bank's voting shares. In this case, the person carrying out the Bank's external audit shall be chosen and paid by the shareholder requesting such audit, moreover, they may demand a recovery for their expenses from the Bank should such audit be justified for the Bank by the resolution of the General Meeting. An external audit may also be executed by the Board on

the account of the Bank's funds.

8.3 The resolution of the external audit to be submitted to the Central Bank till May 1 of the year following the given financial year.

9. INTERNAL AUDIT SUBDIVISION

9.1. The Head of Internal Audit Subdivision and its members are appointed by the Board. The members of the managerial bodies, other officials, employees as well as parties related to the members of the executive body can not become members of Internal Audit.

9.2. The Internal Audit shall:

a/ set control over the Bank's current activities and operational risks,

b/ set control over the execution of the laws, other legal acts and internal acts by the CEO (Executive Board), territorial and structural subdivisions and the instructions issued to the CEO (Executive Board),

c/ issue resolutions and recommendations on the items submitted by the Board and those on their own initiative,

9.3. The Head of Internal Audit submits reports to the Board (Executive Board) and the CEO:

- ordinary reports on the results of the revision set by the annual program,
- extraordinary reports if in the reasonable opinion of the internal auditor there have been essential violations, moreover, should such violations be caused by the activities or in activities of the CEO (Executive Board) or the Board, the report shall immediately be submitted to the Chairman of the Board.

9.4. Should the internal auditor reveal violations of law and other legal acts, he shall be required to submit the report to the Board and offer measurements for eliminating such violations in the future.

9.5. The activities of the Bank's Internal Audit Subdivision are regulated by the procedure on internal audit and other internal legal acts.

10. TERMINATION OF THE BANK ACTIVITIES

10.1. The Bank activities shall be terminated in the order and cases established by the legislation. Termination of the Bank activities shall be conducted through its reorganization (amalgamation, transformation) or liquidation.

10.2. Reorganization of the Bank shall be executed in the manner stipulated by the RA Civil Code and other laws.

10.3. Liquidation of the Bank shall take place in the following cases:

- a) revocation of the license;
- b) recognizing the license invalid;
- c) in cases established by Armenian Law on Bankruptcy of Banks and Credit Institutions;
- d) by the resolution of the Bank's General Meeting;
- e) by other grounds envisaged by the Law.

10.4. Based on the resolution by the Bank's General Meeting to receive a prior consent from the Central Bank on the liquidation of the Bank, the Bank shall present an application together with documents substantiating such liquidation. The list of these documents shall be established by the Board of the Central Bank. Once the prior consent on the liquidation is obtained, the Bank shall take measures for terminating Bank liabilities towards its borrowers, after which the General Meeting shall decide upon the liquidation and contact the Central Bank to obtain a permit for liquidation submitting documents substantiating the necessity of the liquidation. The list of these documents shall be established by the Board of the Central Bank. In the event of giving a permit for liquidation the Central Bank also takes a decision on revocation of bank license. According to decision of the General Meeting the procedure of maintenance and closure of correspondent accounts is established by the Board of Central Bank of Armenia.

10.5. Liquidation Commission shall be created according to the procedure established by the Bank Charter within 5 (five) days after taking relevant decision by the court or the Central Bank Board to liquidate the Bank, sell its property (assets) and meet the legitimate claims of the creditors. The Liquidation Commission shall consist of at least three members. The Chairman of Liquidation Commission and its members shall be persons having acquired relevant qualification in the Central Bank of RA.

10.6. Before the creation of the Liquidation Commission the powers of the latter shall be exercised by the Bank Executive Director or a person carrying out similar management authorities. Since the moment of the Liquidation Commission formation all authorities of the management of the Bank under liquidation shall be transferred to the Commission.

10.7. Within three days after Liquidation commission is appointed, the Bank shall post an announcement in newspapers and notify the Central Bank on the liquidation of the Bank and terms of accepting the claims of the creditors, with a period not less than 2 months.

In case the Bank Liquidation Commission is not created, the latter shall be formed by Central Bank Board resolution.

10.8. The Liquidation commission executes the liquidation process in the order prescribed by law. The Central Bank shall be entitled to carry out revisions in a liquidating Bank for executing audit over the liquidation process.

10.9. In the event of the Bank liquidation all money assets including proceeds of sale of the Bank property shall be directed to satisfaction of the Bank creditors' claims in the order established by the RA legislation, and the rest of assets shall be distributed among the Bank Shareholders proportionate to their shares in the charter capital of the Bank.

10.10 The Bank shall be deemed to be liquidated after approval by the Central Bank of the liquidation balance sheet on the results of the Liquidation Commission activities presented to the Central Bank by the latter. After liquidation

of the Bank a respective record shall be made in the Banks' Registration Book kept in the Central Bank. Central Bank of RA shall notify the liquidation fact to the State Register of Enterprises of the Republic of Armenia. The Liquidation commission shall publish a reference on bank liquidation in the manner prescribed by the Central Bank of Armenia.

11. FINAL PROVISIONS

11.1 the provisions of the Charter can not contravene the requirements of RA legislation and in case of a change in RA legislation, before making the relevant amendment in the Charter the Charter acts so far until does not contradict RA legislation.

11.2 Amendments and additions of the Charter shall enter into force upon registration of the Central Bank.