



Translated from Armenian into English

APPROVED

by the General Meeting of Shareholders
27 October, 2004 Decision No. 01-2004

AMENDED

by the General Meeting of Shareholders
16 December, 2019 Decision No.04-2019

Chairman of the Board
Vartan Sirmakes
(signature)
Seal


REGISTERED

in the Central Bank of the
Republic of Armenia
25 December, 2019

Chairman of the Central Bank
of the Republic of Armenia

Arthur Javadyan
(signature)
Official seal


CHARTER
“ARMSWISSBANK”
CLOSED JOINT STOCK COMPANY
(new edition)

 <p>ARMSWISSBANK PRIVATE & INVESTMENT BANKING</p>	<p><i>The Charter</i> with changes</p>	<p>Date approved: 16.12.2019</p>
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1. GENERAL PROVISIONS

- 1.1 “ARMSWISSBANK” Closed Joint Stock Company (hereinafter referred to as the Bank) is a commercial organization, set up to gain profit.
- 1.2 The founding document of the Bank is the present Charter, provisions of which are binding for the Shareholders and all management bodies of the Bank.
- 1.3 The Bank will be deemed established and acquires the status of a legal entity since the date of its registration at the Central Bank of the Republic of Armenia (hereinafter referred to as the Central Bank).
- 1.4 The Bank may carry out banking activities and financial transactions, stipulated by the legislation since the date of receiving the License for Banking Activities issued by the Central Bank.
- 1.5 The Bank, in accordance with the procedure stipulated by the Law, guarantees the privacy of its customers’ information considered as banking secrecy.
- 1.6 The Bank is not liable for losses caused to its customers as a result of confiscation, sequestration, seizure or placing a lien on any of its customers’ accounts and property by competent state authorities according to the procedure stipulated by the legislation.
- 1.7 The Bank is liable for its obligations with all of the property (assets) belonging to it by the right of ownership, unless otherwise specified by the legislation of the Republic of Armenia.
- 1.8 The Bank owns property (assets) belonging to it by the right of ownership, a firm name and emblem, registered in accordance with the procedure stipulated by the Law, round seals, which Armenian text can be combined with English and/or Russian languages, stamps, letterheads, as well as numbered seals for territorial subdivisions of the Bank.
- 1.9 The Bank has the right to acquire on its behalf property and personal non-property rights, bear responsibilities, and act as a complainant or defendant at courts.
- 1.10 The legal address of the Bank is as follows: 10 Vazgen Sargsyan, Yerevan, Republic of Armenia. The correspondent address of the Bank is as follows: 10 Vazgen Sargsyan, Yerevan 0010, Republic of Armenia.
- 1.11 The full firm name of the Bank is:
 - in Armenian: «ԱՐՄՍՎԻՍԲԱՆԿ» ՓԱԿ ԲԱԺՆԵՏԻՐԱԿԱՆ ԸՆԿԵՐՈՒԹՅՈՒՆ
 - in Russian: ЗАКРЫТОЕ АКЦИОНЕРНОЕ ОБЩЕСТВО “АРМСВИСБАНК”
 - in English: “ARMSWISSBANK” CLOSED JOINT STOCK COMPANY.
- 1.12 The abbreviated firm name of the Bank is:
 - in Armenian: «ԱՐՄՍՎԻՍԲԱՆԿ» ՓԲԸ
 - in Russian: ЗАО “АРМСВИСБАНК”
 - in English: “ARMSWISSBANK” CJSC.


2. TERRITORIAL SUBDIVISIONS OF THE BANK

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- 2.1. The Bank may establish branches and representative offices without the status of legal entity both in the territory of the Republic of Armenia and abroad, which, if established in the Republic of Armenia, shall be registered pursuant to the procedure prescribed by legislation of the Republic of Armenia, and if abroad – according to the legislation of the given country, adhering to the requirements of the legislation of the Republic of Armenia.
- 2.2. Territorial subdivisions of the Bank act on the basis of charters, approved by the Bank.
- 2.3. The establishment, registration, and liquidation of the Bank’s territorial subdivisions are implemented according to the procedure stipulated by the laws and other legal acts.
- 2.4. The Bank branch conducts banking activity on behalf of the Bank and a financial operation envisaged by the branch charter, and performs representative function.
- 2.5. The representative office of the Bank represents and protects the Bank’s interests without conducting banking activity or executing the financial operations stipulated by the legislation.
- 2.6. The property (assets) of the Bank branches and representative offices are accounted for both in the Bank’s balance sheet, and in their separate balance sheets.
- 2.7. Managers of the Bank’s territorial subdivisions are appointed by the Bank and act on the basis of the power of attorney issued by the Bank for a period not exceeding three years.

3. FINANCIAL OPERATIONS AND OTHER TRANSACTIONS OF THE BANK


- 3.1. On the basis of the License for banking activity the Bank may execute all financial operations permitted to banks by the Law and other legal acts with residents and non-residents, in particular:
 - a) receive demand and term deposits;
 - b) provide commercial and consumer loans, including mortgage loans, financing of debts or commercial transactions, factoring;
 - c) extend bank guarantees and acridities (letters of credit),
 - d) open and keep accounts, including correspondent accounts of other banks,
 - e) render settlement services and (or) otherwise serve the Bank customers’ accounts;
 - f) issue, buy (discount), sell and serve securities, payment instruments, traveler’s cheques, cards and other instruments, carry out other similar transactions,
 - g) execute investment(deposition) and subscription activities,
 - h) provide services of a financial agent (representative), manage other persons’ securities and deposits (trust (fiduciary) management),
 - i) purchase, sell and manage bank (standardized) bullions of precious metals and souvenir coins,
 - j) purchase and sell (exchange) foreign currency, as well as sign futures, options and similar transactions in Armenian drams and foreign currency,

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- k) carry out financial leasing,
 - l) take into safe custody precious metals and stones, gold jewelry, securities, documents and other values,
 - m) render financial and investment consulting,
 - n) develop and maintain information system on customers' creditworthiness, perform debt collection operations.
- 3.2. The Bank may sign any civil legal transaction deemed necessary or appropriate for conducting banking activity.
- 3.3. The Bank may not perform manufacturing, trading and insurance activities, if not permitted to banks by the Law.
- 3.4. The Bank executes financial transactions in Armenian drams and foreign currency, either in cash or via wire transfer.
- 3.5. The Bank independently determines interest rates for attracted deposits, extended loans and its own securities, as well as the size of commissions charged for its services.
- 3.6. Relations between the Bank and its customers are regulated by the Law and contracts signed by the parties.

4. STATUTORY CAPITAL AND OTHER FUNDS OF THE BANK

- 4.1. The Bank's Statutory Capital amounts to 10,000,200,000 (ten billion two hundred thousand) Armenian Dram, which includes the 16,667 (sixteen thousand six hundred sixty-seven) placed common shares with par value of 600,000 (six hundred thousand) Armenian dram each.
- The owner of 14,588 (fourteen thousand five hundred eighty-eight) of the Bank's shares is "HVS Holding" S.a.r.l. and the owner of 2,079 (two thousand seventy-nine) of the Bank's shares is "FMTM Distribution" LTD.
- 4.2. The Bank may increase the size of its Statutory Capital by increasing the face value of its shares or by allocation of additional shares, if all allocated shares are paid up in full.
- 4.3. The Bank's Statutory Capital will be replenished in the currency of the Republic of Armenia.
- 4.4. The Bank may issue and allocate preferential shares, the density of which may not exceed 25% of its Statutory Capital.
- 4.5. After summarizing its financial results, the Bank may invest a part of its profit into the Statutory Capital by allocating new shares among Shareholders or increasing the nominal value of allocated shares.
- 4.6. Reduction of the Bank's actually paid up Statutory Capital is prohibited, regardless of the manner of reduction.
- 4.7. The Bank can form a reserve fund in the amount of not less than 15% of the Bank's actually paid up Statutory Capital, which may be used to cover losses (damages) faced by the Bank and redeem the bonds issued by the Bank, if the Bank's profit is insufficient for this purpose.

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- 4.8. The Reserve Fund is formed from the Bank profit, after approving the annual results by the General Meeting. The amount of deductions to the Reserve Fund is stated by the General Meeting in the amount not less than 5% of the annual net profit.
- 4.9. In accordance with the procedure stipulated by the laws and other legal acts the Bank may establish reserve funds for reevaluation of fixed assets, securities, precious metals and foreign currency as well as funds to cover the losses from bad loans and accounts receivable.

5. SHARES OF THE BANK


- 5.1. Shares of the Bank will be placed among Shareholders in the form of closed subscription.
- 5.2. One common share of the Bank entitles its holder to one vote at the General Meeting.
- 5.3. The registry of Shareholders of the Bank is carrying out by a person who has permission for performing such function.
- 5.4. The shares of the Bank will be in non-documentary form.

6. BONDS AND OTHER SECURITIES OF THE BANK

- 6.1. The Bank may issue bonds and other securities envisaged by the legislation of the Republic of Armenia.
- 6.2. The Bank's bonds and other securities are issued on the basis of the Board Meeting resolution, where are specified repayment form, terms and conditions.

7. SHAREHOLDERS OF THE BANK

- 7.1. Both resident and non-resident individuals and legal entities of the Republic of Armenia may be shareholders of the Bank, complying with the restrictions prescribed for the shareholders under the Law and the present Charter.
- 7.2. The Bank is not liable for the obligations of its Shareholders, if the Bank has not assumed such obligations as a third person or guarantor.
- 7.3. In the event of the insolvency of the Bank, the Shareholder (Shareholders) having the right to give instructions compulsory for the Bank or having an opportunity to predetermine the Bank's activity will bear additional (subsidiary) responsibility against the Bank's liabilities if the Shareholder (Shareholders) given has (have) been initially aware that as the result of such the Bank would appear in the state of insolvency determined by the Law, and would spend the major part of its Core Capital.
- 7.4. The Bank Shareholder is liable to:
 - a) pay up the full value of shares held by him (it) within the term specified in the resolution on shares issuance;
 - b) abstain from disclosing confidential information on the Bank customers and the Bank activities, or making it known to other persons in any other manner;

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- c) comply with the requirements of the Law, other legal acts and the present Charter.
- 7.5. Any holder owning the Bank's ordinary shares has a right to:
- a) participate in the General Meeting either in person or through his/its representative, with the right to vote on all matters falling within the competence of the Meeting, in proportion with the number of shares possessed by him/it;
 - b) participate in the management of the Bank either in person or through his/its representative, in accordance with the procedure stipulated by the Laws and other legal acts;
 - c) receive dividends out of profit generated from the Bank activities;
 - d) obtain information on the Bank activities, in accordance with the procedure stipulated by the legislation of the Republic of Armenia;
 - e) get acquainted with the balance sheet, financial and tax statements of the Bank;
 - f) acquire in a prerogative manner the shares and other securities issued and allocated by the Bank;
 - g) in case of the Bank's Statutory Capital increase on the account of the Bank's retained earnings, receive for free corresponding amount of common shares;
 - h) in the case of the Bank liquidation, receive a part of the Bank assets due to him/it;
 - i) alienate or otherwise transfer his/its shares to other persons , in accordance with the procedure stipulated by the present Charter and the Law;
 - j) perform other actions attributed by the legislation.

8. DISTRIBUTION OF THE BANK PROFIT

- 8.1. Taxable profit, i.e. positive difference between gross income received by the Bank as a result of its annual activity, and the deductions permitted by the Law, is subject to taxation in conformity with the tax legislation of the Republic of Armenia.
- 8.2. The net profit of the Bank is calculated as the positive difference between gross income, all made deductions and paid profit tax.
- 8.3. The Bank's net profit will be distributed with the purpose of replenishment of funds stipulated by the present Charter and the General Meeting, as well as for payment of dividends to the owners of the Bank ordinary shares.
- 8.4. Dividends are paid out of the net profit of financial (reporting) year in Armenian drams, in the form of annual dividends.
- 8.5. The decision on the payment of annual dividends, as well as on the size and form thereof will be adopted by the General Meeting., stipulating the date of payment.
Paying dividends to the Bank Shareholders is prohibited, if losses (damages) suffered by the Bank are equal to or exceed the amount of retained earnings existing in the Bank at the given moment.

9. MANAGING BODIES OF THE BANK.


- 9.1. Managing bodies of the Bank are:

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- the General Meeting of Shareholders of the Bank (hereinafter referred to as “the General Meeting”),
- the Board of the Bank (hereinafter referred to as “the Board”),
- The Executive body of the Bank - the Directorate of the Bank (hereinafter also Directorate) and the Chairman of the Directorate - the Executive Director of the Bank (hereinafter also Executive Director).

10. MANAGING BODIES. THE GENERAL MEETING. THE PROCEDURE OF CONVOCAATION. THE PROCEDURE OF DECISION-MAKING

- 10.1. The General Meeting is the supreme management body of the Bank.
- 10.2. The General Meetings may be ordinary (annual) or extraordinary.
- 10.3. The General Meeting is convened in the form of a joint session or by correspondence (by means of inquiry). The decisions on matters prescribed in the 10.19 “b”, “c” and “g” paragraph of the present Charter may not be adopted by correspondence. The General Meeting, during which the participants can communicate with each other through telephone, visual or other types of communications in real time, is not considered a session held by correspondence.
- 10.4. The Annual Meeting is convened within four months after the end of financial year.
- 10.5. Extraordinary Meetings are called by the decision of the Bank Board - on its own initiative. Extraordinary Meetings may also be called by the request of the Executive director, the person carrying out the Bank external audit, or the Shareholder (Shareholders) who, as of the date of submitting the request, owns (own) at least 10% of the Bank’s voting shares, if the request is made in a manner prescribed by the Law.
- 10.6. If the request to call an Extraordinary Meeting is submitted by the Executive director, the person carrying out the Bank external audit, or the Shareholder (Shareholders) who, as of the date of submitting the request, owns (own) at least 10% of the Bank’s voting shares stipulated by Law or the present Charter, the Board will pass a decision on convocation of the General Meeting within 10 days and convene it within 45 days since the moment when the request was submitted. If the Board does not convene the General Meeting, it may be convened by the persons submitting the request, in the manner stipulated by the present Charter for convocation of the General Meeting.
- 10.7. The list of shareholders, having the right to participate in the General Meeting, will be compiled based on the data in the Shareholders Register as of the date determined by the Board.
- 10.8. The Bank will be obliged upon the first demand of any of its Shareholders to provide a reference specifying the shareholder’s involvement or non-involvement in the list of the Shareholders.
- 10.9. The Board will notify the Shareholders having the right to participation at the General Meeting on the convocation of the General Meeting in the manner stipulated by the Law at least 15 days prior to the date of the convocation.


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- 10.10. In the event of convocation of the General Meeting by correspondence, in line with the information determined by the law the voting bills and other materials and data on the items in the agenda of the General Meeting will be delivered to the shareholders by registered mail.
- 10.11. The shareholder in possession of at least 10% of voting shares will be in addition provided with the list of Shareholders having right to participation at the General Meeting.
- 10.12. The Shareholder has a right to vote at the General Meeting held in remote manner, if completes and files the respective voting bills to the Bank and such bills have reached the Bank until the deadline of registration of the General Meeting participants. The voting bills delivered to the Bank in compliance with the specified term will be recorded in the General Meeting participants register and taken into account in the voting proceedings.
- 10.13. The number of the votes of the Shareholders, holding ordinary shares, in the General Meeting will be proportional to their completely paid ordinary shares in the Statutory Capital, if there are no other restrictions applicable under the present Charter respective to their right of substantial participation.
- 10.14. The General Meeting will be deemed to have quorum, if upon the completion of the General Meeting participants registration procedure the Bank's Shareholders (representatives) jointly holding over 50% of the Bank's allocated voting shares or the voting bills completed by them have been actually recorded for the General Meeting.
- 10.15. If the quorum of the General Meeting is not provided, the Board will announce the new date of the General Meeting and at least within 15 days prior to this date in accordance with the procedure prescribed by the Law notify the Shareholders having the right to participation at the General Meeting on the convocation of a new General Meeting by means of a registered mail, as well as attach the voting bills thereto.
- 10.16. If the Board determines to postpone the General Meeting for less than 20 days, the new lists of Shareholders with the right to participation at the General Meeting will not be compiled. Otherwise on the 20th day prior to the convocation of the new General Meeting the Board will determine the date for compiling the lists of Shareholders with the right to participation at the General Meeting.
- 10.17. The new General Meeting will be deemed to have quorum if upon the completion of the General Meeting participants registration procedure the Bank's Shareholders (representatives) jointly holding over 30% of the Bank's allocated voting shares or the voting bills completed by them have been actually recorded for the General Meeting.
- 10.18. Information on resolutions adopted at the General Meeting will be delivered to the Bank Shareholders by registered mail or by announcement published in the press with at least 1000 editions, within 45 days after adoption of resolutions
- 10.19. The General Meeting is obliged to the following competences:
- a) approval of the Bank's Charter, making additions and amendments thereto, approval of the Charter in new edition;


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- b) reorganization of the Bank;
 - c) liquidation of the Bank, appointment of the Liquidation Commission, approval of summary, interim and liquidation balance sheets;
 - d) approval of the numerical structure of the Board, election of Board members and pre-term termination of their authorities. The approval of the numerical structure and election of Board members will be submitted to the annual general meeting exclusively. The question of the election of Board members can be submitted to the special (extraordinary) general meeting, if the latter has adopted a decision of pre-term termination of the authorities of the Board or of separate members of the Board;
 - e) increase of the Bank's Statutory Capital by means of increasing nominal value of shares or allocating additional shares;
 - f) by the submission of the Board, approval of the external audit;
 - g) approval of the Bank's annual financial statements, profit and loss distribution, taking a decision on annual dividends payment and approval of the size of annual dividends,
 - h) adoption of decisions on transactions where interest is present in cases stipulated by the Law;
 - i) consolidation and splitting of shares;
 - j) in cases stipulated by the Law adoption of decisions on conclusion of large-scale transactions relating to alienation and acquisition of the Bank property (more than 50% of the Bank assets total balance value);
 - k) in the cases stipulated by the Law, acquisition and redemption of shares allocated by the Bank;
 - l) establishment of the size of remuneration of Board Chairman and Board members.
 - m) other powers stipulated by the Law and the present charter.
- 10.20. Resolutions are adopted by a simple majority of holders of voting shares participating in the General Meeting, except matters specified in subparagraphs "a", "b", "c", "h", "x" of clause 10.19., which matters are resolved by $\frac{3}{4}$ votes of holders of voting shares participating in the General Meeting.
- 10.21. The powers specified in Clause 10.19 of the present Charter are the exclusive competency of the General Meeting and cannot be deputed to the Board of the Bank neither to the Executive director, his (her) deputies, to the chief accountant or to another person.
- 10.22. Matters not attributed to the General Meeting in accordance with the Law or Clause 10.19. of the present Charter may not be considered at the General Meeting.
- 10.23. Meeting minutes shall be prepared within 5 days after the Meeting is over, with 2 copies, signed by the General Meeting chairman and Secretary.


11. MANAGING BODIES. THE BOARD

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- 11.1. The Board effects general management of the Bank activities, except for matters falling within the exclusive competence of the General Meeting.
- 11.2. Any capable resident or non-resident individual of the Republic of Armenia, who qualifies for the requirements, stipulated in the Laws of the Republic Armenia and the legal acts of the Central Bank may become a member of the Board
- 11.3. Each shareholder may occupy one place in the Board. Persons, who are not shareholders of the Bank, may also be elected in the Board.
- 11.4. Board members are elected at the annual General Meeting or in case of preterm termination of authorities of a Board member, in extraordinary General meetings, by $\frac{3}{4}$ votes of current shareholders. The general meeting will determine the period of the office of the Board members which will not be less than one year.
- 11.5. The Shareholder of the Bank who, at the time of compilation of the list of Shareholders entitled to participate in the General Meeting, own 10% of the Bank's voting shares, or nominal holders thereto, may be included in the Board without election or appoint their representative in the Board, in compliance with the process stipulated by the Law.
- 11.6. The Board will consist of 5 (five) persons.
- 11.7. A Board member will submit to the Board, Internal audit and the individual carrying out the Bank's external audit any information, stipulated by the Law, on his interest in the Bank's transactions, and his affiliation with persons executing transactions with the Bank.
- 11.8. The Chairman of the Board will convene the meetings of the Board of the Bank upon his written request, upon request of a member of the Board, Executive director of the Bank, head of the Internal audit subdivision, the individual carrying out external audit of the Bank, the Board of the Central Bank, as well as upon written request of Bank participant (participants) holding 5 and more percent of voting shares of the Bank.
- 11.9. The meetings of the Board of the Bank will be convened at least once in two months. The procedure of convening and holding of meetings will be determined by the Board Regulation approved by the General Meeting.
- 11.10. The meeting of the Board of the Bank can be convened by correspondence. The Board meetings during which the participants can communicate with each other through telephone, visual or other types of communications in real time is not considered a session held by correspondence.
- 11.11. The Board meeting will be competent, if at least 3 (three) members of the Board participate.
- 11.12. All the questions of the agenda of Board meeting can be discussed only with the compulsory participation of the Executive director of the Bank, except for matters of preterm termination of authorities of Executive director and terms and conditions of his (her) remuneration. The Executive director of the Bank shall participate in the meetings of the Board with deliberative vote.
- 11.13. Each member of the Board has one vote. The devolution of the vote or of the voting right to another party is prohibited.

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- 11.14. The Board decisions are adopted by a simple majority of votes. In case of equal votes, the casting vote belongs to the Board Chairman; however he should be the last to advance his opinion.
- 11.15. The meetings of the Board are recorded within 10 days after the session. The minute of the Board meeting is signed by all the participants who become responsible for accuracy and authenticity of data in the minute.
- 11.16. The competencies of the Board are as follows:
- a) determination of basic directions of the Bank activities, adoption of economic development (business) plans and the Bank's financial rehabilitation programs;
 - b) convocation of the Bank's annual and extraordinary General Meetings, approval of the General Meeting agenda;
 - c) determination of standards of internal control in the Bank, formation of the Internal audit of the Bank, approval of its annual performance plan, pre-term termination of the authorities of internal auditors and approval of terms and conditions of their remuneration;
 - d) resolution of matters related to preparation and convocation of the General Meeting, including determination of the date of compiling the list of Shareholders entitled to participate in the General Meeting;
 - e) appointment of the Executive director of the Bank, pre-term termination of his authorities, appointment of the Chief Accountant of the Bank and deputies of the Executive director submitted by the Executive director;
 - f) approval of the Bank's annual budget and its execution;
 - g) approval of administrative and organizational structure and the staff-list of employees of the Bank, approval of salary rates of the Bank Executive director, determination the minimal and maximal limits of remuneration of Bank employees;
 - h) determination of the market price of the Bank assets (including issued shares) according to the procedure stipulated by the Law;
 - i) determination of Bank's accounting policy, i.e. determination of the principles, grounds, means, rules, forms and procedures of bookkeeping and financial reporting;
 - j) determination of the remuneration size of the person carrying out the Bank's External audit;
 - k) making proposals to the General Meeting on the size and procedure of annual dividends payment;
 - l) use of the Bank's Reserve Fund, upon authorization by the General Meeting, approval of the procedure on use of other funds formed from the Bank profit;
 - m) determination of policies of credit, settlement services, economic activities, securities transactions and other investments operations;
 - n) making decisions on conclusion of large-scale transactions relating to alienation and acquisition of the Bank property (amounting to 25-50% of the Bank assets total book value) in compliance with procedure stipulated by the Law;

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- o) adoption of resolutions on establishment of the Bank daughter companies, their and other entities' size of participation in the Statutory Capital;
 - p) adoption of decisions on conclusion of transactions with present interest;
 - q) approval of the process of taking decisions on suspension of charging interests on the Bank debtors' liabilities, debt discounting or relief by the Executive director of the Bank;
 - r) preliminary approval of the Bank's annual financial report prior to the date of the General Meeting convocation;
 - s) adoption of decisions on establishment and liquidation of territorial subdivisions of the Bank;
 - t) approval of the charters of territorial subdivisions of the Bank;
 - u) approval of the procedure of adoption and authorization of the internal acts regulating the Bank activities, making amendments and additions therein, revocation thereof;
 - v) adoption of resolutions on issuance of the Bank bonds and other securities, establishment of the procedure and conditions of their allocation and repayment;
 - w) exercising other powers delegated to the Board by the present Charter and attributed by the law to the Board.
- 11.17. Matters specified in Clause 11.16 of the present Charter fall within the exclusive competence of the Bank Board and will not be deputed to other bodies of Bank management or other parties.
- 11.18. The Chairman of the Board is elected by and from the Board members by simple majority of votes.
- 11.19. The Chairman of the Board will:
- a) organize the Bank Board proceedings;
 - b) convene and preside at the Board meetings;
 - c) organize the keeping of minutes of the General Meeting and the Board meetings;
 - d) preside at the General Meeting;
 - e) sign the General Meeting and the Board decisions and documents approved by those decisions;
 - f) sign labor agreement with the Executive director;
 - g) organize the work of Commissions under the Board.
- 11.20. In case of the Board Chairman's absence or inability to perform his/her official duties, by the decision of the Board his/her duties will be delegated to one of the Board members.

12. MANAGING BODIES. EXECUTIVE BODY


- 12.1. Management of the Bank's current activities is carried out by the Bank's Directorate and the Executive Director. The Executive Director may have deputies. The Executive Director is appointed by the Board, the deputies of the Executive Director - by the Board, by submission of the Executive Director. A person whom the Law prohibits from being bank manager and who does not correspond to the requirements

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of the Central Bank may not act as an executive director, his deputy, Directorate member. The numerical strength of the Directorate is defined by the Board. The members of the Directorate are appointed by the Board, by submission of the Executive Director. The Executive Director, his deputy (deputies) and chief accountant are obligatory included in Directorate. Other employees of the Bank may also be included in Directorate by the decision of the Board.

- 12.2. The Directorate is authorized and entitled:
- a) to discuss and submit to the approval of the Board the strategic development program of the Bank;
 - b) to discuss and submit to the approval of the Board internal legal acts of the Bank, charters of the Bank branches, representative offices, establishments and independent structural subdivisions, administrative-organizational structure, the staff list and other internal acts of the Bank which are approved by the Board;
 - c) within the limits of his authority to approve regulations, instructions and other internal acts on Board activity;
 - d) to establish the tariffs for services rendered by the Bank, other than individual tariffs;
 - e) to take decisions on suspension of calculating penalties on the Bank debtors' liabilities, discounting or relief thereof within the limits and in the manner stipulated by the Board;
 - f) to ensure the performance of decisions of the General meeting and the Board;
 - g) to form permanent work groups, advisory and other bodies;
 - h) to approve the reports and work plans presented by the subdivisions, and their performance;
 - i) to provide loans by the order approved by the Board;
 - j) to consider matters relating to creation of branches and representative offices, and matters regarding the appropriateness of terminating their activities;
 - k) to discuss the results of the checking made by internal and external auditors as well as by other bodies, in case of necessity to take decisions on them;
 - l) to execute other powers on other matters envisaged by legislation, this Charter as well as by other internal legal acts approved by Board and Directorate.
- 12.3. Directorate acts according to the legislation, this Charter as well as other internal documents (orders, regulations and other documents) of the Bank approved by Board, which determine the order of convocation, holding and recording of Directorate meetings, as well as the order of making decisions by the Directorate.
- 12.4. The Executive Director is authorized and entitled:
- a) to represent the Bank in the Republic of Armenia and abroad, conclude transactions on behalf of the Bank, act without power of attorney, give power of attorney;
 - b) to manage the Bank assets, including financial resources, to conclude transactions necessary for conducting banking activity and executing financial operations or to authorize the conclusion of such transactions to another person (concluding transactions relating to alienation and acquisition of the Bank property exceeding

- 25% of the Bank assets total book value only in case of the preliminary approval by the Board (for transactions less than 50%) or the General Meeting (for transactions exceeding 50%));
- c) to sign and submit to competent authorities financial, statistic and tax reports of the Bank, claims and other necessary documents;
 - d) to ensure the performance of decisions, including the strategic development program and internal acts, of the General meeting, the Board and the Directorate;
 - e) to submit to the approval of the Board the candidacies of his deputies, Chief accountant and Directorate members;
 - f) to form work groups, advisory and other bodies;
 - g) to hire and dismiss the Bank employees; to approve their salary rates within the minimal and maximal limits of remuneration, within the limits of the remuneration fund of the Bank stipulated by the Board, to hire and dismiss the Bank's other employees not included in the Bank staff-list in the manner;
 - h) to determine the spheres of his deputies' activities;
 - i) within the limits of his authority to control activities of subdivisions' heads;
 - j) within the limits of his authority to issue orders, instructions, binding directions, and effect control over their fulfillment;
 - k) within the limits of his authority to submit to the approval of the Board the matters to be discussed by the Board;
 - l) to establish the individual tariffs for services rendered by the Bank;
 - m) to apply incentive measures and disciplinary sanctions with respect to the Bank employees;
 - n) to provide loans by the order approved by the Board,
 - o) to carry out the functions of the chairman of Directorate
 - to organize Directorate activities;
 - to preside the Directorate meetings;
 - to represent the Directorate at the Board meetings;
 - to sign the decisions of Directorate meetings;
 - to execute other functions determined by legal acts regulating the Directorate activities;
 - p) to execute other powers on Bank current management determined by the legislation, present Charter or other internal acts approved by the Board;
 - q) to execute other powers which are not within the competence of the General Meeting or the Board or the Directorate by the legislation, present Charter or other internal acts of the Bank.
- 12.5. Taking of decisions on issues under the jurisdiction of the Executive Director can not be transferred to other governing bodies of the Bank, to subdivision of the Internal Audit of the Bank, chief accountant of the Bank or other persons, except the cases when the powers of the Executive Director are properly transferred to the person temporary acting as an Executive Director. The power of the Executive Director is properly transferred to the person temporary acting as an Executive Director if the

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latest corresponds to the qualification and professional requirements established by Central Bank.

- 12.6. The powers of the Executive Director can be pre-term terminated by the Board according to his application and if:
- a) he is recognized incapable or restricted in actions according to the sentence of the court, having legal force;
 - b) during his work activity some circumstances arose forbidding him to be Bank's Executive Director (head of the Bank);
 - c) he was disqualified or deprived of the right to lead position according to the term stipulated by Law.

13. LIQUIDATION OF THE BANK

- 13.1. The Bank will be liquidated in case of invalidation of the license or in case of nullification of the license by the Central Bank, by the decision of General Meeting of the Bank and in other cases provided by Law.
- 13.2. The Bank may be liquidated by the decision of General Meeting only after the Central Bank's prior approval stipulated by Law.
- 13.3. After obtaining prior approval the General Meeting is entitled to adopt the decision about liquidation of the Bank if Bank does not have any liabilities to its depositors, holders of Bank accounts, as well as to the parties that are creditors in money transfer operation.
- 13.4. Liquidation of the Bank is executed pursuant to the liquidation project, adopted by the General Meeting, in compliance with the procedure stipulated by the legislation. The Liquidation Commission will consist of at least five members.
- 13.5. Only parties that possess relevant qualification of the Central Bank will hold the position of the chairman of the liquidation committee or its member.
- 13.6. The liquidation committee will assume the management authorities in the Bank under liquidation upon its establishment.
- 13.7. The liquidation committee will be bound to submit reports to the Central Bank according to the procedure, form, frequency and term determined by the Central Bank.
- 13.8. The liquidation funds of the Bank will be used for repaying the liabilities of the Bank in sequence stipulated by the Law.
- 13.9. After completing calculations with the creditors the liquidation committee will draw up the liquidation balance sheet and submit it to the Central Bank within three days after the General meeting of the Bank under liquidation approves it.
- 13.10. Within three days upon approval of the liquidation balance sheet by the Central Bank the liquidation committee will publish a notice about the liquidation of the Bank in the form determined by the Central Bank. After that the liquidation committee will be released from responsibilities concerning the liquidation of the Bank.

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13.11. The Bank is considered liquidated and its activities are considered terminated after recording by the Central Bank in the registry of banks about withdrawal of the Bank from registration.