

Translated from Armenian

A P P R O V E D

By Decision No.2971 of 05 .09. 2016 of IRI
Mellat Bank OJSC Board's Meeting

Chairman of the Bank's Board
Hadi Akhlaghi

R E G I S T E R E D

With the RA Central Bank

17.10.2016
Chairman of the RA Central Bank
Arthur Javadyan

C H A R T E R

Mellat Bank closed joint-stock company

(MELLAT BANK CJSC)

New Edition
2015

CHARTER

Mellat Bank CJSC

Full name of the company (branch or representation)

APPROVED by:

IRI Mellat Bank Board's
(name of the company's competent body)

Decision No. 0053/105 of 02 May, 2015

Altered by:

IRI Mellat Bank OJSC Board's No. 2467 of 25 May, 2005
(name of the competent body)

IRI Mellat Bank OJSC Board's No. 2625 of 25 December, 2005
(name of the competent body)

IRI Mellat Bank OJSC Board's No. 2567 of 31 May, 2006
(name of the competent body)

IRI Mellat Bank OJSC Board's No. 2627 of 27 December, 2006
(name of the competent body)

IRI Mellat Bank OJSC Board's No. 2759 of 16 March, 2008
(name of the competent body)

IRI Mellat Bank OJSC Board's No. 2873/1 of 19 April, 2009
(name of the competent body)

IRI Mellat Bank OJSC Board's No. 88/4023 of 12 December, 2009
(name of the competent body)

IRI Mellat Bank OJSC Board's No. 1950 of 14 May, 2014
(name of the competent body)

IRI Mellat Bank OJSC Board's No. 0053/105 of 02 May, 2015
(name of the competent body)

IRI Mellat Bank OJSC Board's No. 1408 of 25 April, 2016
(name of the competent body)

Decisions

1. GENERAL PROVISIONS

- 1.1 Mellat Bank closed joint-stock company (hereinafter referred to as Bank) is registered with the RA Central Bank as a legal entity on 02 September 1997 (Banking Activity License No. 78).
- 1.2 The Bank was established on the basis of the Joint Declaration “On Friendship and Cooperation”, signed between L. Ter-Petrosyan, the President of the Republic of Armenia and Hashemi Rafsanjani, the President of the Islamic Republic of Iran in May 1992, and in accordance with the Agreement-Authorization, settled between the RA Central Bank and IRI Mellat Bank.
- 1.3 The constituent document of the Bank shall be this Charter, the terms and requirements of which shall be obligatory for the Participants (Shareholders) and Management Bodies of the Bank. In the course of its activities the Bank is governed by the requirements of the RA laws and other legal documents.
- 1.4 The Bank is considered to be constituted and attributed as a legal entity upon its registration with the RA Central Bank.
- 1.5 The Bank is entitled to carry out banking activities, as well as legally authorized financial activities from the date of obtaining the License-Authorization on banking activities issued by the RA Central Bank and during its effective period.
- 1.6 The Bank guarantees the privacy of the information on the banking activities of its clients in the order, established by the Law.
- 1.7 Bank deposits of the Bank’s clients and monetary resources and other property, kept in custody by the Bank can be seized, confined (vetoed), expropriated or confiscated only in the cases and terms, stipulated by the RA legislation and by competent state bodies.
- 1.8 The Bank shall not be responsible for its clients’ outlays, caused by seizure, confiscation, arrest or expropriation, performed by competent bodies in the order, established by the legislation.
- 1.9 The Bank shall be liable for its obligations by all estate (assets) perceived as the Bank’s property unless otherwise provided for by the RA legislation and this Charter.

- 1.10 The Republic of Armenia shall not be responsible for the obligations undertaken by the Bank, except when any state body in force on behalf of the Bank is in charge of this as a third party or ensured the fulfillment of the above mentioned responsibilities as a guarantee party.
- 1.11 The RA Central Bank shall not be responsible or liable for responsibilities and liabilities of the Bank if has not assumed them as a third party or not guaranteed their fulfillment as a guarantee party.
- 1.12 The Bank is attributed with any estate (resources and means) pertaining to the Bank by the property right, firm name and logo, round seal with its name and logo, stamps, letterheads and numbered seals.
- 1.13 The Bank is entitled for acquiring on its behalf property and personal non-property rights, undertaking responsibilities, being as a plaintiff or defendant at the Court.
- 1.14 The Head Office of the Bank is located at the address:
5a Tumanyan str.,(non residential property), Yerevan, Republic of Armenia.
- 1.15 The full firm name of the Bank is:
in Armenian: «Մելլատ բանկ» փակ բաժնետիրական ընկերություն
in Farsi: بانک ملت شرکت سهامی خاص
in Russian: “Меллат банк” закрытое акционерное общество
in English: *Mellat Bank closed joint-stock company*
- 1.16 The abbreviated name of the Bank is:
in Armenian: «Մելլատ բանկ» ՓԲԸ
in Farsi: بانک ملت شرکت سهامی خاص
in Russian: “Меллат банк” ЗАО
in English: Mellat Bank CJSC
- 1.17 The Bank is entitled with the rights and carries the responsibilities determined by legislation irrespective of their presence in this Charter, except all those cases as otherwise provided for by the law.
- 1.18 Management bodies of the Bank are the General Meeting of Shareholders (hereinafter General Meeting), Board of the Bank (hereinafter Board), Executive Director of the Bank (hereinafter Executive Director).
- 1.19 The Bank is in charge of the secure deposit of monetary resources, securities, precious metals, other material values and documents in the Bank. For that purpose the Bank is obliged to keep its own security staff or to assign the security functions to adequately licensed enterprises or legal entities on contractual basis.

2. LOCAL TERRITORIAL BRANCHES OF THE BANK

- 2.1 The Bank is entitled to establish branches and representations in the Republic of Armenia and out of it, which will not have the status of legal entities and which shall be registered according to the requirements, prescribed by the RA legislation if they are established in the territory of the Republic of Armenia, while if they are established in abroad, they must be registered in the terms of legislation of the concerned country with compliance of the requirements set by the RA legislation.
- 2.2 The territorial branches of the Bank act on the basis of the Charters, approved by the Board of the Bank.
- 2.3 Establishment, registration and liquidation of the territorial branches of the Bank is carried out in the order, specified by the RA legislation.
- 2.4 Branch of the Bank can perform activities and financial operations, as well as fulfill representation functions on behalf of the Bank.
- 2.5 The representation is in charge of the Bank's interests and protects those interests without developing banking activities or performing financial functions specified by the legislation.
- 2.6 The assets (resources) of the branches and representations shall be accounted for both within the balance of the Bank and within their particular balances.
- 2.7 Heads of territorial branches of the Bank are appointed by the Bank's Board and act in accordance with the Charter of particular territorial branch.
- 2.8 In the cases provided for in the banking legislation the head of the Bank's territorial branch shall be appointed after passing the exam on professional competence (compliance) at the RA Central Bank.
- 2.9 Heads of the Bank's territorial branches shall be held responsible for damages caused to the Bank due to their professional misconducts or inactivity in the order, established by the RA legislation.

3. FINANCIAL OPERATIONS AND OTHER ACTIVITIES CARRIED OUT BY THE BANK

- 3.1 Based on the banking activity license, the Bank can fulfill all types of banking operations, authorized by the Law and other legal acts, for the banks, with residents and non-residents, including:
 - accepting call (demand) and time (term) deposits in accordance with applicable legislation;

- lending commercial and consumer loans (credits), including mortgage loans, carrying out financing of debts and commercial transactions, factoring;
- extending bank guarantees and letters of credit;
- opening and operating (administering) accounts, including correspondent accounts of other banks;
- rendering other payment and settlement services and (or) otherwise serving the Bank clients' accounts;
- issuing, buying (discounting), selling and serving securities, payment documents, traveler's checks, cards and dealing with other instruments, and executing out other similar operations (transactions);
- carrying out investment and placement (subscription) activities;
- rendering services of financial agent (representative), managing other people's securities and investments (based on trust or authorized management);
- buying, selling and dealing of (standardized) bullions and coins of precious metals;
- buying and selling (exchanging) foreign currency, including signing of futures, options and other similar transactions in Armenian drams and foreign currency;
- accepting for keeping into secure custody precious metals, stones, jewelry, securities, documents and other values;
- rendering financial and investment consulting, setting up and servicing of clients creditworthiness information system, carrying out debt collection activities;
- carrying out financial leasing.

3.2 The Bank can conclude any civil contracts which is required or advisable for the sake of carrying out banking activities;

3.3 Decisions on concluding large transactions with a subject matter of assets (property), and value of which as of the instance of making the decision on concluding the transaction is 25-50% of the balance sheet value of the Bank's assets, must be adopted by the Board unanimously, and, in case of more than 50% it shall be adopted by General Meeting with $\frac{3}{4}$ of votes of participants.

3.4 The Bank is not entitled to carry out production, commercial and insurance, if these activities are not permitted for banks by applicable Law and other legal acts.

3.5 The bank carries out financial operations both in Armenian drams and foreign currency.

3.6 The Bank shall independently set the interest rates of attracted by the Bank deposits (funds), extended loans, issued securities and amounts of commissions of its services.

3.7 Relations between the Bank and its clients are settled by the Law and agreements (contracts), concluded between the parties, included public agreements.

4. LIMITATIONS ON INVESTMENT POLICY

4.1 Without prior consent of the RA Central Bank it is prohibited for the Bank to carry out such activities or operations, as a result of which the participation of the Bank:

- in the constituent capital of other persons (resident or non-resident) will be 4.99% and more participation (except all cases regarding participation of persons assumed in the second paragraph of the 4th clause of article 35 of the RA Law “On Banks and Banking”);
- the participation of another person in the authorized capital of the Bank (except all cases regarding participation of persons assumed in the second paragraph of the 4th clause of article 35 of the RA Law “On Banks and Banking”) exceeds 15% of the Bank’s total capital;
- if participation of all persons (resident or non-resident) in the authorized capital of the Bank exceeds 35% of the total capital of the Bank (except all cases assumed in the second paragraph of the 4th clause of article 35 of the RA Law “On Banks and Banking”).

Limitations provided for in this clause shall not apply to the cases of obtaining the right of participation in the authorized capital by persons who failed to fulfill the obligations undertaken. At that, the Bank shall undertake to alienate (carve-out) the right of the mentioned participation since the instance of its obtaining within the periods, specified by the Law.

5. AUTHORISED CAPITAL STOCK AND OTHER FUNDS OF THE BANK

5.1 The Bank has its authorized capital stock, which is equal to the total sum of the nominal values of all involved share stock.

5.2 The replenished actual authorized capital stock of the Bank is AMD 32.100.000.000 (thirty two billion and one hundred million), which consists of one ordinary share stock with the value of AMD 32.100.000.000 (thirty two billion and one hundred million). The Bank does not have any shares subject to distribution.

5.3 The Bank is entitled to increase the value of its authorized capital by means of increasing values of the stocks involved or with the help of involvement of additional stock of shares.

5.4 The authorized capital stock of the Bank is increased by means of increasing the nominal value of the involved stock, the decision on which is made by General Meeting. Decreasing of the authorized capital stock is not foreseen.

5.5 After having summarized the results of its financial activities, the Bank is entitled to invest some part of its profit by appropriating new stocks to shareholders or increasing the nominal value of the involved stocks.

- 5.6 It is prohibited to decrease the involved authorized capital in the course of the Bank's activities or to appropriate dividends at its cost, except in the cases specified by the Law.
- 5.7 A contingency (reserve) fund shall be created in the Bank with the amount not less than 15% of the involved authorized capital, which shall be utilized to cover the losses (outlays) of the Bank, to pay back bills of exchange or drafts, if the profit gained by the Bank is not sufficient for that purpose.
- 5.8 The contingency (reserve) fund is formed by annual allocations from the accrued revenue of the Bank until the required sum is reached. The amount of annual allocations to the contingency (reserve) fund is defined at the rate of 5% of the annual profit.
- 5.9 The Bank shall create a contingency (reserve) fund for revaluation of the fixed assets, securities, precious metals and currency, writing off of bad debts on loans and accounts receivables in the order specified by legal acts.
- 5.10 By the Decision of the Meeting other funds may also be established, aimed at economic development of the Bank and meeting of social and economic requirements of the Bank's employees.
- 5.11 Formation of other funds, order and amounts of their allocations shall be decided by the Meeting.

6. THE BANK SHARES

- 6.1 The Bank shares are involved by a private placement. Allocation price of the issued shares is the nominal value of those shares or the market value determined by the Meeting.
- 6.2 Only Armenian dram can be used as a payment facility for obtaining shares. The issued shares can also be obtained by means of exchanging them with convertible bonds of shares.
- 6.3 The payment for the issued shares has to be performed in the extent of 100% of the allocation price within the period defined by the shares issuance meeting.
- 6.4 One ordinary share grants its owner with one vote in the Meeting.
- 6.5 Bank shares are allocated as records in the Shares Allocation Log. After summarizing the results of allocations the data available in the Shares Allocation Log are recorded in the Shares Register of the Bank, under the shareholder's individual account. Share Register of the Bank is maintained by the RA Central Depository.

6.6 As a result of carving-out the Bank's shares the title of ownership of a new owner shall emerge, and title of the former owner shall cease (terminate) from the instance of making relevant change in the Shares Register.

7. BONDS and OTHER SECURITIES of THE BANK

7.1 The Bank can issue nominal, ordered or representative bonds by a private or open placement, including bonds convertible to ordinary shares.

7.2 Issuance of the Bank's shares is made upon the Decision of the Bank's Board. Methods, periods and terms of retirement of bonds shall be defined by the Board.

7.3 The total sum of nominal values of all bonds issued by the Bank cannot exceed the amount of the Bank's authorized fund.

7.4 Bank is entitled to issue in established order bills of exchange, drafts, checks, deposit certificates and other securities, as specified by the legislation.

7.5 As a result of retirement of the ordinary and ordered bonds and other nominal and ordered securities the title of a new owner shall emerge and the title of the former owner shall cease (terminate) from the instance of making relevant change in Nominal Securities Owners Register of the Bank.

7.6 Nominal Securities Owners Register of the Bank is maintained in the order established by the legislation.

8. SHAREHOLDERS OF THE BANK

8.1 The sole shareholder of the Bank is Mellat Bank open joint-stock company, registered in Islamic Republic of Iran (hereinafter referred to as IRI Mellat Bank OJSC).

8.2 The Bank shall not be responsible for liabilities of its shareholders if it did not undertake such liabilities as a third party or guarantee party.

8.3 Shareholders of the Bank shall undertake to:

- pay value of their shares within the periods, established by the shares issuance decision;
- abstain from making public the information, constituting secrecy regarding the clients and activity of the Bank or otherwise making them known to other persons;
- comply to the requirements of the Law, other legal acts and this Charter in their relationship with the Bank.

8.4 Holders of ordinary shares of the Bank are entitled to:

- participate in Meeting personally or through the representative with the latter's right of voting concerning all the issues he (she) is authorized for, as per the

- number of the holder's shares, and subject to limitations of clause 8.7 of this Charter;
- participate in the management of the Bank personally and through the representative, and in the cases stipulated by the Law and other legal acts, provided the availability of positive conclusion of the RA Central Bank, regarding professional qualification (compliance) of participating person;
 - receive dividends out of the profits, derived based on the activities of the Bank, subject to the limitation of clause 8.7 of this Charter;
 - receive information regarding activities of the Bank as specified by the Law, within three days period;
 - get access to the balance, as well as financial and tax statements of the Bank;
 - in case of the Bank's liquidation, receive the part of the Bank's property (resources) to which the given shareholder is entitled;
 - alienate or transfer the shares, constituting the holder's property to other persons by notifying other shareholders in prior as to provide an opportunity to the other shareholders for obtaining those shares;
 - carry out other activities, vested to the shareholder by the legislation.

8.5 In case of acquiring 10% and more of the Bank's ordinary shares by the shareholder alone or together with other person related to him (her), such shareholder shall undertake to obtain the consent of the RA Central Bank in prior.

8.6 A person or the related parties shall not be entitled to acquire more than 10% of the Bank's ordinary shares, if:

- person has a criminal record for a crime of forethought;
- person is deprived of the right to occupy certain duties (positions);
- person has been recognized as a bankrupt and has outstanding (unremitted) obligations;
- activities of person in the past caused bankruptcy of the Bank or other party;
- in other cases, as stipulated by the RA legislation.

8.7 Shareholder of the Bank shall not be entitled for receiving a vote and dividends, vested due to owning of 10% and more of the Bank's ordinary shares by the shareholder alone or together with other person related to him (her), if it has been acquired with violation of the legislative requirements of the RA.

9. APPROPRIATION OF THE BANK'S PROFIT

9.1 Taxable profit, as positive difference of the Bank's gross revenue as a result of the annual activity and deductions authorized by the Law, shall be subject to taxation in accordance with the RA tax legislation.

9.2 Net profit of the Bank is determined as a positive difference of the Bank's gross revenue and all deductions (including nondeductible by tax legislation) and profit tax paid.

- 9.3 Appropriation of net profit shall be fulfilled with the purpose of replenishment of the funds, defined by this Charter and the Meeting and payout of dividends to the holders of ordinary shares.
- 9.4 Dividends shall be paid out from the revenue of the fiscal (reporting) year as annual dividends.
- 9.5 Decision regarding payout of annual dividends, amount of a dividend and payout method shall be made by General Meeting by specifying also the payment dates.
- 9.6 Appropriation of dividends to the Bank's shareholders is prohibited, if at a particular moment the losses (damage) incurred by the Bank are equal to or exceed the amount of undistributed net profits, available in the Bank at that moment.

10. MANAGEMENT BODIES OF THE BANK, GENERAL MEETING OF SHAREHOLDERS OF THE BANK. ORDER OF CONVENING THE GENERAL MEETING

- 10.1 General Meeting of the Bank's shareholders is the supreme governing (management) body of the Bank. The powers of the General Meeting of the Bank are exercised by the IRI Mellat Bank OJSC.
- 10.2 Meetings can be regular (annual) or extraordinary by way of obligatory attendance.
- 10.3 Annual meeting is convened after the end of the fiscal year, within a period from two to six months. Fiscal year begins on the 1st of January and ends on 31st of December.
- 10.4 Extraordinary meetings are convened by the Board's decision, on the own initiative of the Board.
- 10.5 Extraordinary meetings can also be convened if required so by a shareholder (shareholders) owning at least 10% of voting shares as of the instance of placement of such demand, as well as if demanded by the Bank's executive body, the person who fulfils audit of the Bank, if the issues included in the agenda are vested with the Meeting as per this Charter.
- 10.6 In case of existence of a demand for convening an extraordinary meeting by a shareholder (shareholders) owning at least 10% of voting shares as of the instance of placement of the demand, the Board shall have to convene the extraordinary meeting within 45 days after the instance of submission of such demand.
- 10.7 In the shareholders list within the votes, managed by the given shareholder shall not be accounted for those shares of significant participation, the voting rights of

owners of which are restricted by limitations concerning their significant participation together with the parties related to them (clause 8.7 of this Charter).

10.8 Participation right to the General Meeting shall be entitled to:

- a) the holders of the Bank's common (ordinary) shares by the number of votes which belong to them, as well as nominal holders of shares if they have submitted supporting documents regarding names of shareholders represented by them and the number of votes held by such shareholders;
- b) holders of the Bank's privileged shares. The Bank does not have any privileged shares;
- c) the Bank's Board Director and Executive Director (or Deputy Executive Director), who are not shareholders of the Bank, by consultative vote;
- d) members of the Bank's internal audit subdivision, as observers;
- e) person carrying out external audit of the Bank, as an observer (if his (her) conclusion is included in the General Meeting agenda);
- f) representatives of the Central Bank, as observers.

10.9 The Bank shall notify the Central Bank about convening of the General Meeting at least 15 days prior to the date of its convening.

11. POWERS OF THE GENERAL MEETING

11.1 The following is within the exclusive competence of the Bank's General Meeting:

- a) approval of the Bank's Charter, making alterations and amendments to it;
- b) reorganization of the Bank;
- c) liquidation of the Bank;
- d) approval of summary, interim and liquidation balances, appointment of liquidation committee;
- e) approval of the number of the Board members, election of the members and premature termination of their powers. Issues regarding the approval of number of the Board members and their election shall be considered exclusively at annual General Meetings. The issue of the Board members' election may be considered at Extraordinary Meeting, if the latter has adopted a decision on premature termination of the Board's or its certain members' powers;
- f) defining of the maximum extent of the declared shares' volume, as well as increasing of the Bank's authorized fund;
- g) as per representation by the Board, approval of the person to carry out the Bank's external audit;
- h) approval of the Bank's annual financial statements, profit and loss distribution, making decision on annual dividends payout and approval of the annual dividends size;
- i) approval of the procedure for holding General Meetings;

- j) formation of the Counting Board;
- ja) consolidation and splitting of shares;
- jb) creation of subsidiaries and dependent companies;
- jc) participation in subsidiaries and dependent companies;
- jd) establishment of associations of commercial organizations;
- je) participation in associations of commercial organizations;
- jf) defining of the size of remuneration of the Board's members;
- kg) in the cases provided for by the Law, making decision on not exercising the preemptive right of shares acquisition;
- jh) other issues within the frames of agenda provided for by the Law.

11.2 Decisions of the Board are formulated as decisions of the administrative board of IRI Mellat Bank OJSC, exercising Shareholder powers. Issues to be considered by the Meeting are prepared and presented by the Bank's Board.

11.3 The powers mentioned in clause 11.1 of this Charter are within the exclusive competence of the Meeting and cannot be passed to other management bodies of the Bank.

11.4 No issues can be submitted for consideration at the Meeting, if these are not reserved by the Law or clause 11.1 of this Charter to the competence of the Meeting.

12. MANAGEMENT BODIES – THE BOARD OF THE BANK

12.1 The Board of the Bank exercises general administration of the Bank's activities within the scope of the matters, reserved to the Board's competence by the Law.

12.2 A member of the Board can be an able person, being a citizen of the Republic of Armenia or a foreign country, who meet the following requirements: has not been convicted or the criminal record has been cancelled in an order established by the Law, has not been deprived of the right of occupying certain duties (positions), has not been recognized bankrupt and does not have outstanding obligations, has not caused bankruptcy of any bank or other party due to his (her) activities, and in the cases specified by legal acts, having positive conclusion regarding compliance of his (her) professional qualifications.

12.3 The Board Members shall be elected by the annual General Meeting with a period of not less than one year run of office. The total period of the Board Member's powers shall not be restricted. In case of a premature termination of the Board Member's powers the election of the new Member of the Board shall be executed by the Administrative Board of the IRI Mellat Bank OJSC.

12.4 The composition of membership of the Board is defined to be consisted of 5 Members.

12.5 The Board Members shall not be related parties. The Board Members and Members of the Executive Board shall not be affiliated persons.

12.6 Members of the Board shall be remunerated by the Bank.

12.7 The Chairman of the Bank's Board shall be elected by the Board from among the Board's members and shall act in accordance with the Bank's Charter.

12.8 According to this Charter, the Chairman of the Board shall:

- a) organize the Board's proceedings (works);
- b) call and chair the Board's sittings;
- c) arrange taking of minutes at the Board's sittings;
- d) preside over the Bank's General Meeting.

12.9 Board of the Bank shall have the following powers:

- a) determination of the main trends of the Bank's activities, including approval of the Bank's prospective development plan at least once in a year;
- b) convening of annual and extraordinary sittings of the General Meeting, approval of their agendas, as well as ensuring fulfillment of preparatory works, related to their convening and holding;
- c) appointment of the members of the Bank's Executive Board, premature termination of their powers and approval of the terms of their remuneration;
- d) establishment of internal control standards in the Bank, formation of the Bank's internal audit subdivision, approval of its annual activity plan, premature termination of the powers of the Bank's internal audit subdivision employees and approval of the terms of their remuneration;
- e) approval of the Bank's annual budget estimate versus actual costs;
- f) approval of the Bank's internal administrative and organizational structure and workplaces;
- g) submission to the General Meeting proposals on dividends payout, at that, upon each appropriation of dividends, compilation of the list of Shareholders entitled to be paid out dividends as of the date of compiling the list of Shareholders, entitled to participate in the Bank's General Meeting;
- h) preliminary approval of the Bank's annual financial statements and their submission to the General Meeting;
- i) representation to the General Meeting for approval of the person to carry out the Bank's external audit;
- j) determination of the size of payment to the person carrying out the Bank's external audit;
- ja) taking measures, aimed at elimination of violations revealed as a result of audits or other inspections executed in the Bank, and control over their implementation;
- jb) adoption of the legal acts establishing the procedure for conducting the Bank's financial operations, defined by the Law;

- jc) approval of the charters of the Bank's territorial and independent structural subdivisions, distribution of functional duties among the Bank's independent structural subdivisions;
- jd) submission of the issues referred to in point b), subparagraphs jb), jc), jd), je), jf) of clause 11.1 of this Charter to the General Meeting for consideration;
- je) making decisions on allocation of the Bank's bonds and other securities;
- jf) utilization of the Bank's reserve and other funds;
- kg) creation of the Bank's branches, representative offices and establishments;
- kh) establishment of the Bank's accounting policy principles, methods, rules, forms and procedures to be applied for conducting accounting and preparation of financial statements;
- ki) adoption of other decisions, provided for by the Law and this Charter.

12.10 Adoption of decisions on the issues, listed in clause 12.9 of this Charter shall be reserved to the exclusive competence of the Board of the Bank and cannot be transferred for resolution to other management bodies of the Bank or other persons.

12.11 The Bank's Board shall at least once a year consider at its sitting the report of the person, carrying out the Bank's external audit, as well as review, where appropriate, basic directions of the Bank's activities, its strategies, procedures and other internal legal acts.

12.12 The Bank's Board shall at least once in a quarter, consider reports of the Bank's Executive Director, Chief Accountant and internal audit as per the order and method defined by the Board, and which are submitted in accordance with the provisions "On Accounting Department", "On Arrangement of Internal Control" approved by the Board of the Bank, as well as this Charter. The reports shall be submitted to the Board in accordance with the Bank's internal provisions, approved by the Board.

12.13 Sitzings of the Bank's Board are convened at least once in two months with the purpose of considering, summarizing and making relevant decisions regarding current activities of the Bank. As a rule, the sittings of the Board are held in Tehran. In the cases defined by the Law, if requested so by Executive Director, the Board's sittings can be held in Yerevan.

12.14 The Board's sittings are called by the Chairman of the Board, at his (her) own initiative, or at the written request of the Board's member, Executive Director, Head on Internal Audit Unit, the person carrying out the Bank's external audit, the RA Central Bank's Board, as well as a Participant, holding 5 per cent or more of the Bank's voting shares.

12.15 The sittings of the Board of the Bank shall be convened with a condition of obligatory attendance by the Board Members.

12.16 Consideration of all the issues in the scope of the Board's sittings can be held only upon mandatory participation of the Bank's Executive Director (by attendance or through phone communication), with exception of matters, concerning the premature termination of Executive Director's powers or approval of the terms of his (her) remuneration. Executive Director of the Bank shall participate in the Board's sitting with consultative vote. The Board's sittings can also be attended (by participating or through phone communication) by the Head of Internal Audit Unit of the Bank with an observer's vote.

12.17 Quorum of the Board's Sittings cannot be less than half of the number of the Board Members. Decisions of the Board's sittings are passed by a simple majority of the votes of the Board Members, participating at the sitting. During voting, each Member shall have only one vote. Transfer of vote or voting right to another person is prohibited. In case of equal votes, the Board Chairman shall express his (her) casting vote.

12.18 The Board's sittings are protocolled. Minutes of sitting shall be prepared within 10 days period after its closing. Minutes shall contain the following information:

- a) the year, month, day, time and place of convening;
- b) persons who have participated in the sitting;
- c) agenda of the sitting;
- d) issues placed for voting, as well as results of the voting, according to each Member of the Board, who have participated in the sitting;
- e) opinions of the Board Members and other attended persons on the issues, placed for voting;
- f) decisions adopted in the sitting.

12.19 Minutes of the Board's sitting shall be signed by all Members, participating in the sitting, who shall bear responsibility for accuracy and trustworthiness of data, contained in the Minutes.

12.20 Board's sittings shall be conducted by Chairman of the Board, who will sign the Decisions of the sitting. The Board Chairman shall bear responsibility for trustworthiness of data, contained in the Decision. There will be no committees under the Board.

12.21 In case of holding the Board's sittings in Yerevan the business travelling and living costs of the Board Members shall be covered by the Bank.

13. MANAGEMENT BODIES – EXECUTIVE DIRECTOR OF THE BANK

13.1 Management of the Bank's day-to-day activities is carried out by Executive Director of the Bank.

13.2 Executive Director of the Bank shall be appointed by the Board of the Bank, while deputies of the Executive Director are appointed by the Board upon representation by Executive Director.

13.3 Executive Director of the Bank shall have an exclusive power to:

- a) represent the Bank in the Republic of Armenia and foreign countries, conclude transactions on behalf of the Bank, act without a proxy on behalf of the Bank, issue powers of attorney;
- b) manage the Bank's property, including financial facilities, within the scope of his (her) competence issue orders, directions and mandatory instructions and exercise control over their fulfillment;
- c) hire and dismiss the Bank's employees, except the Heads of the Bank's territorial subdivisions;
- d) apply incentives and disciplinary sanctions with respect to the Bank's employees;
- e) ensure execution of the decisions, adopted by General Meeting and the Board of the Bank;
- f) exercise other powers, related to the management of the Bank's day-to-day activities, as specified by the Bank's Charter and the legal acts adopted by the Board;
- g) prepare and submit for the Board's approval the procedures and instructions for execution of the Bank's financial operations;
- h) prepare and submit for the Board's approval the Bank's internal legal acts, regulating the activities of the Bank's management bodies, Regulations of the Bank's separated subdivisions, the Bank's administrative and organizational structure and the payroll (staffing plan);
- i) settle issues, related to the education and training of the staff;
- j) settle other issues, reserved by the Law to his (her) competence.

13.4 Executive Director of the Bank shall submit to the Board a report on his (her) activities once in a quarter, in accordance with a procedure, defined by the Board.

13.5 Sitzings of the Executive Director (which may be attended by the Head of Internal Audit Unit, as well as relevant employees, as specified by Director) are held in case of considering and making decisions on the issues specified by internal provisions, as well as for making decisions on the issues, related to the Bank's day-to-day activities.

13.6 Making decisions with respect to the issues reserved to the competence of the Bank's Executive Director cannot be passed to other management bodies of the Bank, Internal Audit of the Bank, Chief Accountant of the Bank or another person, except the cases, when exercising of the Executive Director's powers has been duly transferred on temporary basis to the person replacing the latter. Powers of the Executive Director shall be terminated in the cases, established by the Law.

14. CHIEF ACCOUNTANT OF THE BANK

- 14.1 Chief Accountant of the Bank shall exercise the rights and perform the duties, defined for Chief Accountants by the Law of the Republic of Armenia “On Accounting”.
- 14.2 Chief Accountant is appointed by the Board of the Bank upon representation by Executive Director of the Bank.
- 14.3 The Chief Accountant’s rights and obligations cannot be passed to the General Meeting, the Board, and Management Body Members, Internal Audit Subdivision or another person.
- 14.4 The Chief Accountant shall once in a quarter submit to the Bank’s Board and Executive Director a financial statement, in accordance to the form and content, approved by the Board.
- 14.5 Chief Accountant of the Bank shall be responsible for conducting accounting, ensuring its state (condition) and trustworthiness, timely submission of annual, financial and statistical reports to state administration bodies defined by the laws and other legal acts, as well as for trustworthiness of the financial information, concerning the Bank, which is furnished to the Participants (Shareholders) of the Bank, creditors, the press and other mass media, in accordance with the RA Law “On Accounting”, the RA Labor Code and other legal acts.

15. INTERNAL AUDIT SUBDIVISION

- 15.1 Head and members (employees) of Internal Audit Subdivision (Unit) are appointed by the Board of the Bank.
- 15.2 Members of Management Bodies, other managers and employees, as well as persons, affiliated with the Management Body members cannot be members of the Internal Audit.
- 15.3 In accordance with the internal provision “On Activities of Internal Audit Unit” approved by the Bank’s Board, Internal Audit of the Bank shall:
- a) exercise control over the Bank’s day-to-day activities and operational risks;
 - b) exercise control over compliance by the Bank’s Executive Director, the Bank’s territorial and structural subdivisions to the requirements of the laws, other legal acts and the Bank’s internal acts, as well as over fulfillment of recommendations, issued to the Executive Director;
 - c) provide conclusions and proposals on the issues, submitted by the Bank’s Board and raised at its own initiative.
- 15.4 Issues reserved to the competence of Internal Audit Subdivision cannot be passed to the Bank’s management bodies or other persons for settlement.

15.5 In accordance with the internal provision “On Activities of Internal Audit Unit”, approved by the Bank’s Board, the Head of Internal Audit Subdivision shall submit to the Bank’s Board and Executive Director the following reports:

- a) regular, concerning the results of inspections, defined by the annual plan;
- b) extraordinary, if the Internal Audit has reasonable grounds to believe, that it has revealed material violations, upon that, if such violations have resulted from actions or inactivity of the Executive Director of the Board of the Bank, the report shall be submitted directly to the Chairman of the Board within two business days after fixing the fact of violation.

15.6 In accordance with the internal provision “On Activities of Internal Audit Unit” approved by the Bank’s Board, in case of revealing violations of the laws or other legal acts, the Internal Audit shall be liable to report the Bank’s Board about such violations, at the same time recommending implementation of measures, aimed at elimination of those violations and prevention of their further occurrence.

16. ACCOUNTING, REPORTING AND CONTROL AT THE BANK

16.1 The results of the Bank’s activities shall be reflected in the Bank’s financial, statistical, tax and other reports to be submitted to the RA Central Bank, in accordance with the procedure, established by the RA Central Bank.

16.2 Accounting at the Bank shall be conducted according to the procedure, agreed with the RA Central Bank and the authorized body of the RA Government, in compliance with Accounting Standards of the Republic of Armenia.

16.3 Bank shall prepare and publish the information, prescribed by the RA Law “On Banks and Banking”, in the press and the Bank’s internet home page, within the time limit set by the Law.

16.4 Bank shall submit information, prescribed by the Law, to the RA Central Bank, while to its sole Shareholder, IRI Mellat Bank OJSC, within three days period after receiving such request.

17. REORGANIZATION AND TERMINATION OF ACTIVITY OF THE BANK

17.1 Reorganization of the Bank shall be effected in accordance with the requirements of the RA Law “On Banks and Banking”.

17.2 Activity of the Bank shall terminate in the cases prescribed by the RA Laws “On Banks and Banking” and “On Bankruptcy of Banks and Credit Institutions”. Activity of the Bank shall be deemed terminated, when the liquidation committee sells off the Bank’s assets (property) and with resulting proceeds satisfies claims of the Bank’s creditors in a manner, respecting the relevant waiting list.

18. ALTERATIONS AND AMENDMENTS TO THE CHARTER

- 18.1 Alterations or amendments to this Charter can be made only by the Bank Shareholders' General Meeting.
- 18.2 Amendments and alterations to the Charter shall enter into force since the moment of their registration by the RA Central Bank.
- 18.3 In case of changes in the law, until the appropriate alterations are made, this Charter shall be effective to the extent it conforms the applicable law.