

Approved by:
“Farm Credit Armenia” Universal Credit
Organization Commercial Cooperative
General Shareholders’ Meeting
Minutes N01
28, August, 2025
Yerevan, RA

Board Chairman

S. Hayrapetyan



Registered in the RA Central Bank
02, September, 2025

Chairman of the Central Bank of RA

M. Galstyan

CHARTER

“Farm Credit Armenia”

UNIVERSAL CREDIT ORGANIZATION COMMERCIAL COOPERATIVE

Yerevan, 2025

Verified by
The decision of the Founding Meeting of
“Farm Credit Armenia” Universal Credit Organization Commercial Cooperative
21st February 2007
Minutes Number 1

Is changed:

By the decision of the General Shareholders' Meeting
30 June 2025. Minutes N01

By the decision of the General Shareholders' Meeting
28 June 2024. Minutes N01

By the decision of the General Shareholders' Meeting
27 June 2023. Minutes N01

By the decision of the General Shareholders' Meeting
30 June 2022. Minutes N01

By the decision of the General Shareholders' Meeting
09 December 2021. Minutes N02

By the decision of the General Shareholders' Meeting
01 July 2021. Minutes N01

By the decision of the General Shareholders' Meeting
03 July 2020. Minutes N01

By the decision of the General Shareholders' Meeting
24 June 2019. Minutes N10

By the decision of the General Shareholders' Meeting
19 June 2018. Minutes N10

By the decision of the General Shareholders' Meeting
22 June 2017. Minutes N10

By the decision of the General Shareholders' Meeting
30 June 2016. Minutes N10

By the decision of the General Shareholders' Meeting
19 June 2015. Minutes N10

By the decision of the General Shareholders' Meeting
16 June 2014. Minutes N01

By the decision of the General Shareholders' Meeting
16 May 2013. Minutes N01

By the decision of the General Shareholders' Meeting
10 April 2012. Minutes N01

By the decision of the General Shareholders' Meeting
16 March 2011. Minutes N01

By the decision of the General Shareholders' Meeting
07 December 2009. Minutes N04

By the decision of the General Shareholders' Meeting
23 January 2009. Minutes N03

By the decision of the General Shareholders' Meeting
24 January 2008. Minutes N02

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1. GENERAL PROVISIONS

1.1. "Farm Credit Armenia" Universal Credit Organization Commercial Cooperative was founded by the resolution of the Founding members' general meeting on February 21, 2007.

1.2. "Farm Credit Armenia" Universal Credit Organization Commercial Cooperative, (hereinafter referred to as the "Credit Organization") is a corporate credit institution which is governed by the RA Constitution, RA Civil Code, RA Law on Credit Organizations, normative legal and regulatory acts of the Central Bank of the Republic of Armenia (hereinafter referred to as the "Central Bank"), other legal acts, RA international agreements, other legal acts and by this charter.

1.3. This charter sets forth the name, location of the Credit Organization, its members (hereinafter referred to as "shareholders" as well) status, their rights and responsibilities, the procedure of patronage payment and becoming a shareholder of the Credit Organization, the structure of executive body, its authorities, decisions-making procedure and other lawful provisions.

This charter sets forth the function of the Board, Management, Chief Accountant, Chief Financial Specialist of the Credit Organization, the provision mechanisms of the Board, Nominating committee, Internal audit, as well as mechanism of accounting, reports submission principles and external audit implementation.

1.4. The Credit Organization exercises civil rights and performs civil obligations and legal duties through its bodies, which operate in accordance with laws, other legal acts and this charter.

1.5. The citizens and legal entities are the shareholders of the Credit Organization. The Credit Organization is a legal entity licensed as set forth by the RA Law on Credit Organizations (hereinafter referred to as "Law") which is entitled to implement activity types set forth by Law and normative legal acts of the Central Bank.

The main activities of the Credit Organization include attraction of credits as a business activity and/or concluding similar transactions and/or provision of loans or making other investments as set by Law. The Law prescribes the concept of similar transactions.

The Credit Organization is a profit-seeking legal entity in the form of a commercial cooperative, the property thereof is divided into its members' shares the proportion of which

(the ratio of each shareholder's share) is expressed in the chartered capital as set forth in this charter. The chartered capital of the Credit Organization is the indivisible fund of the cooperative, which is replenished with participation fees, direct investments and other sources as set forth by this charter.

The Credit Organization has other indivisible funds as set forth by this Charter which are used as prescribed in this Charter.

1.6. The Credit Organization acquires status of legal entity from the moment of being registered and licensed at the Central Bank of the Republic of Armenia.

1.7. The Credit Organization may, in its name, sign agreements, which are required for implementation of its activities, to acquire and implement proprietary and non- proprietary rights, be a plaintiff and respondent in the court. The Credit Organization maintains the accounting in accordance with RA legislation.

1.8. The Credit Organization is not responsible for the state obligations; the state is not responsible for the obligations of the Credit Organization with the exception of cases where the Credit Organization or the state assumed such obligation. The Credit Organization is not responsible for the obligations of its shareholders. The shareholders of the Credit organization are not responsible for the obligations of the Credit Organization, with the exception of cases set forth by law.

1.9. The address of the Credit Organization is 9/16 Tbilisyan Highway, Yerevan.

1.10. The Credit Organization has its round seal, other seals, its business name and trademarks protected by the RA Legislation.

1.11. The Credit Organization has its full and abbreviated names in Armenian, Russian and English languages.

1.12. The full name of the Credit Organization is:

- in Armenian: « Ֆարմ Կրեդիտ Արմենիա» ունիվերսալ վարկային կազմակերպություն առևտրային կոոպերատիվ
- in English: "Farm Credit Armenia" Universal Credit Organization Commercial Cooperative
- in Russian: "Фарм Кредит Армения" универсальная кредитная организация коммерческий кооператив

The abbreviated name of the Credit Organization is:

- in Armenian: « Ֆարմ Կրեդիտ » ՈԻՎԿ ԱԿ
- in English: "Farm Credit" UCO CC
- in Russian: "Фарм Кредит" УКО КК

1.13. The Credit Organization may open its branches and representative offices within and outside the territory of the Republic of Armenia as provided by law and legal acts of the Central Bank. Branches and representative offices outside the territory of the Republic of Armenia are established in accordance with the legislation of the given country and/or the RA international agreements.

Branches and representative offices of the Credit Organization operate in accordance with the RA legislation and other legal acts, Credit Organization Charter and other internal legal acts, its corresponding bodies and/or orders and resolutions of officials, as well as corresponding

branch or representative office charters. Branches and representative offices are not legal persons.

2. THE CHARTERED CAPITAL OF THE CREDIT ORGANIZATION, REPLENISHMENT OF THE CHARTERED CAPITAL, PARTICIPATION RESTRICTIONS IN THE CHARTERED CAPITAL

2.1. The chartered capital of the Credit Organization amounts to 1,525,623,332.5 (One Billion Five Hundred Twenty-Five Million Six Hundred Twenty-Three Thousand Three Hundred Thirty-Two AMD, fifty mite).

2.2. The chartered capital of the Credit Organization is accumulated from the following sources:

- a) direct investments of the shareholders in the chartered capital made in accordance with procedures set forth in this charter;
- b) shareholders' payments made for the loans extended by the Credit Organization as prescribed in this charter;
- c) monetary funds extended to the Credit Organization for the purpose of replenishment of chartered capital;
- d) shareholders' payments for the borrowings obtained from the Credit Organization as prescribed in this charter
- e) other sources not prohibited by law.

2.3. The Credit Organization issues participation certificates to its shareholders representing themselves share securities with a face value determined by the decision of the General Shareholders' Meeting. The Credit Organization has a registration book of its shareholders.

2.4. The Credit Organization replenishes its chartered capital by the resolution of the General Shareholders' Meeting and the Board. The General Shareholders' Meeting of the Credit Organization makes a decision on the volume of the replenishment of the chartered capital of the Credit Organization for the coming fiscal year within the frameworks of which the Board of the Credit Organization replenishes the chartered capital as set forth by this clause. As provided by sub clause (b) of this clause in case of replenishment of the chartered capital the accumulated funds are capitalized according to the annual meeting resolution and are directed to the chartered capital, accordingly adding the share of each person made the payment into the capital accumulation account.

The chartered capital is replenished in the following manner:

- a) In case of chartered capital replenishment based on sub clause (a) of clause 2.2 of this charter, the stakeholder presents an application to the Chief Executive Officer stating his intention to make investment in the chartered capital of the Credit Organization and become a shareholder of the cooperative, at the same time provides information on the source of funds extended for the mentioned purpose, as well as other documents prescribed by law and other legal acts. The Chief Executive Officer presents the application at the upcoming Board meeting. Board makes a decision to approve or reject the application.

- b) In case of chartered capital replenishment based on sub clause (b) of clause 2.2, the member-borrowers of the credit organization add shares with the amount determined by the Board to the special account opened for the purpose of Organization's chartered capital replenishment.

The Board determines criteria for agricultural loans described in this sub clause.

- c) In case of chartered capital replenishment based on sub clause (c) of clause 2.2, the interested organization gives the Credit Organization a grant for the purpose of replenishment of its chartered capital, which does not result in participation in the organization's chartered capital. In case of replenishment of chartered capital based on this sub clause, the donor organization does not become a shareholder of the Credit Organization and cannot influence on decisions made by the governing bodies of the Credit Organization, in consideration of the fact that the Credit Organization is a financial credit institution chartered to use its equity and debt capital strictly in accordance with RA Law on Credit Organizations and this charter.

In case of replenishment of chartered capital based on this sub clause, the donor organization makes a written notice of its intentions to the Chief Executive Officer of the Credit Organization. The notice is being discussed at the upcoming Board meeting of the Credit Organization where a decision is made to approve or reject it. The approval is granted if the suggestion of capital replenishment meets the requirements of this sub clause.

- d) In case of chartered capital replenishment based on sub clause (d) of clause 2.2, of this charter, the shareholders receiving credits from the Credit Organization make payments in the amount determined by the Board to the special reserve fund created for the replenishment of the chartered capital.

The Board determines criteria for the credits described in this sub clause.

2.5. The replenishment procedures of the chartered capital of the Credit Organization stated in clause 2.4 are performed in accordance with RA legislation and normative legal acts of the Central Bank.

2.6. Significant participation in the chartered capital of the Credit Organization is gained as set forth by law and normative legal acts of the Central Bank.

3. FINANCIAL TRANSACTIONS OF THE CREDIT ORGANIZATION

3.1. In accordance with the license issued under the law, the Credit Organization may engage in the following financial transactions:

- (a) attract debt funds and/or carry out similar transactions;
- (b) issue loans, extend credit, perform debt or trade financing and factoring transactions;
- (c) provide guarantees;
- (d) provide payment and settlement services related to the operations of the Credit Organization;

- (e) to purchase and sell foreign currency cash or/and noncash (including AMD and foreign currency futures, options and similar transactions), as for servicing our loans as well as for other purposes;
- (f) to perform financial leasing;
- (g) to provide financial consultancy services;
- (h) to create and maintain customers' creditworthiness information system, implement debt collection measures;
- (i) to carry out transactions peculiar to credit organizations and adopted in international financial practice, with the approval of the Central Bank.

3.2. The Credit Organization may extend exclusively business loans and credits; consumer loans or credits may be extended as determined by Central Bank regulations. The Credit organization provides services mainly to individuals and legal entities engaged in agricultural activity, the standards of which are determined by the Board resolution of the Credit Organization.

3.3. The Credit Organization attracts credits and/or carries out similar transactions as determined by law and the legal acts of the Central Bank. The Credit Organization attracts credits by means of public offerings according to its strategy.

3.4. It is prohibited for the Credit Organization to be engaged in production, trade or any other type of licensed activity, which is not determined, by Law and normative legal acts of the Central Bank.

4. SPECIFICATIONS OF THE FINANCIAL TRANSACTIONS IMPLEMENTED BY THE CREDIT ORGANIZATION

4.1. The Credit Organization provides loans and other financial services mainly in the marzes (regions) of the Republic of Armenia:

- a) to the persons engaged in agricultural production and processing;
- b) to the persons rendering services satisfying the business needs of the households and related services (cooperatives, companies, private entrepreneurs);
- c) to the persons having permanent residence in the regions of the Republic of Armenia and engaged in agricultural activity;
- d) to any other individual and legal entity engaged in agricultural and food-production activity

4.2. The Board of the Credit Organization sets procedures for the implementation of the financial transactions set forth by the 3 Chapter of this charter. The mentioned procedures are the internal legal acts of the Credit Organization.

5. RIGHTS AND OBLIGATIONS OF SHAREHOLDERS OF THE CREDIT ORGANIZATION

- 5.1. Individuals and legal persons may become the shareholder of the Credit Organization in case they satisfy the criteria of correspondence. The Board determines the criteria of correspondence.
- 5.2. Each shareholder of the Credit Organization has only one vote regardless of his or her participation (quantity of share) volume.
- 5.3. The shareholders of the Credit Organization have the right to perform the following:
- a) participate in the General Shareholders' Meeting with a voting right regarding all matters within the authorities of the General Meeting;
 - b) participate in the governance of the Credit Organization;
 - c) be a Board member or to make recommendations regarding the Board member as provided in this charter, except the case of the article 9.2 of this charter;
 - d) receive patronage from profits retained from the Credit Organization as provided in this charter;
 - e) obtain information related to the activity of the Credit Organization as provided by law, including balance sheets and reports, long-term developments plans and other information stipulated by law and other legal acts;
 - f) authorize a third person to represent their rights at the General Shareholders' Meeting;
 - g) make motions at the General Shareholders' Meeting to be involved in the agenda thereof;
 - h) receive his/her part of the property in case of the liquidation of the Credit Organization;
 - i) alienate his/her shares set forth by law.
- 5.4. The shareholder of the Credit Organization is obliged:
- a) not to divulge confidential information related to the activities of the Credit Organization the list of which is determined by the Board;
 - b) perform other duties assigned to them as prescribed by law, other legal acts and internal legal acts of the Credit Organization.
 - c) not to perform an action or make a deal that will result the loss of assets and reputation of the cooperative.
- 5.5. The shareholders of the Credit Organization have other rights and duties set forth by law, the legal acts and internal legal acts of the Credit Organization.
- 5.6. The shareholders may be alienated from the cooperative by the General meeting for not executing the responsibilities set by the organization's charter and other internal acts.
- 5.7. In case of death of the shareholder, the inheritor may inherit the share and become a shareholder in case of corresponding the criteria set for the shareholders.

6. GOVERNANCE OF THE CREDIT ORGANIZATION

- 6.1. The governing bodies of the Credit Organization are:
- a) The General Shareholders' Meeting (hereinafter referred to as the "General Meeting") of the Credit Organization, which is the highest governing body of the Credit Organization;
 - b) The Board of Directors (hereinafter referred to as the "Board") of the Credit Organization, is elected at the General Meeting of the Credit Organization;

c) The Chief Executive Officer of the Credit Organization.

6.2. The highest governing body of the Credit Organization is the General Meeting.

6.3. The Board is created in the Credit Organization and exercises authorities assumed to it by law and this charter. Board members shall not act on behalf of the cooperative.

6.4. The executive body of the Credit Organization is the Chief Executive Officer who is the ex officio President of the Cooperative. The Chief Executive Officer governs the current activity of the Credit Organization and reports to the Board and the General Meeting of the cooperative.

6.5. The Law and this charter establish the authorities of the governing bodies of the Credit Organization and the decision-making procedure.

6.6. Each member of the cooperative has the right of one vote on making resolutions during the General Meeting.

6.7. The Credit Organization has a chief accountant, internal audit department.

The Credit Organization also elects a nominating committee authorities thereof are determined by this charter.

7. MEETINGS OF SHAREHOLDERS OF THE CREDIT ORGANIZATION AND ITS HOLDING PROCEDURE

7.1. The General Meeting of the Credit Organization is the highest governing body of the Credit Organization the shareholders or their authorized representatives thereof are entitled to attend the meeting and make resolutions.

7.2. The exclusive rights of the Credit Organization General Meeting are:

a) approval, amendment and additions of the charter of the Credit Organization;

b) reorganization of the Credit Organization;

c) liquidation of the Credit Organization;

d) approval of brief, interim and liquidation balance sheets, appointment of liquidation committee;

e) as provided by the nominating committee, approval of the quantity structure of the Board, selection of board members and early termination of their authorities;

f) approval of annual financial statements, distribution of profit and loss of the Credit Organization;

g) approval of Holding procedures for the General Meeting;

h) appointment of tellers committee, as the case may be;

i) decision on the replenishment volume of the chartered capital of the Credit Organization envisaged during the fiscal year and, consequently and the decision on attracting new shareholders (cooperative members) of the Credit Organization. As provided by this sub clause, the current procedure of replenishment of the chartered capital and, consequently, attraction of new shareholders is performed by the Board determined by this charter and by order and terms determined by the General Meeting.

j) the approval of the Board decision on the prematurely termination of the Chief Executive Officer's authorities.

7.3. Issues determined to be exclusive powers of the Meeting of Shareholders may not be delegated to the Chief Executive Officer of the Credit Organization. The General Meeting of the Credit Organization cannot discuss or make resolutions on issues not under its power.

7.4. The following persons are eligible to attend the General Meeting:

- a) Shareholders of the Credit Organization, in person or through their authorized representatives;
- b) The Board members of the Credit Organization, Chief executive officer, chief accountant and other persons invited beforehand to attend the meeting having an advisory vote;
- c) The external auditor of the Credit Organization as an oversight body (if his/her report is included in the meeting agenda);
- d) Other persons as may be required.

7.5. The list of shareholders of the Credit Organization having the right to participate at the General Meeting is compiled based on the registry book data of the Shareholders of the Credit Organization as of year, month, and date, determined by the Board.

7.6. The list of Shareholders of the Credit Organization entitled to attend the General Meeting shall contain information on the name and domicile of each shareholder of the Credit Organization.

7.7. The list of Shareholders entitled to attend the General Meeting must be provided to shareholders of the Credit Organization registered in the Credit Organization's shareholders' registration book. The list may be provided to the shareholder of the Credit Organization upon his/her written request within three days. The Credit Organization within one day period should provide the Shareholder with a reference certifying such Shareholder's eligibility to attend the General Meeting upon his/her written request.

7.8. The General Meeting shall be held at least once a year. The meeting is deemed to have secured a quorum if at least three percent the Credit Organization's members have attended the meeting. The general meeting may be convened in the form of a joint session with the joint presence of shareholders or online participation, or in the form of regional convocation sessions, without the joint presence of shareholders, remotely.

7.9. The General Meeting is held in accordance with the "Procedure of General Meeting" approved by the General Meeting.

7.10. The General Meeting minutes are recorded. The minutes of such meetings are prepared in two copies within 5 days after the meeting, signed by the Chairman of the Board and the secretary who are responsible for the accuracy and integrity of information recorded in the minutes.

The following is indicated in the Minutes:

- (a) The date, time, place and form of the meeting and the agenda;
- (b) The number of Shareholders attended the meeting;
- (c) Key provisions of speeches, items required to be voted on, outcomes of such voting, passed resolutions.

Shareholders of the Credit Organization have right to get acquainted with Minutes of the General Meeting.

7.11. Resolutions related to items described in sub clauses (a), (b), (d) of clause 7.2 of this charter are adopted with the $\frac{3}{4}$ of votes of Shareholders attending the meeting. Resolutions related to items described in sub clauses (c) and (j) of this charter are adopted with the $\frac{3}{4}$ of votes of Shareholders attending the meeting, but no less than $\frac{2}{3}$ of votes of all voting Shareholders.

Resolutions on other issues are adopted with a simple majority of votes of Shareholders attending the meeting, unless law requires larger number of votes.

7.12. The General Meetings are presided by the Chairman of the Board of the Credit Organization. In case of the Chairman's absence, any board member appointed by the Board may preside the meeting.

7.13. During the voting, each shareholder has only one vote regardless of his participation size in the chartered capital.

7.14. The RA Law on "Credit Organizations" and the "Procedure of General Meeting" approved by the General Meeting regulates all other issues on the General Meeting of the Credit Organization, including preparation and holding procedure not stipulated by this Charter.

8. BOARD OF THE CREDIT ORGANIZATION

8.1. The Board of the Credit Organization exercises the general governance of the Credit Organization, in accordance with this charter and within the limits of the authority granted to the Board by law.

8.2. The Board of the Credit Organization is composed of up to ten (12) members with minimum one and maximum two external member. The Board members serve for four-year term and the outside board members for two-year term.

8.3. The Board of the Credit Organization shall be composed of directors elected by voting Shareholders, except for the outside board member, who is appointed by the Board.

8.4. The nominating committee makes recommendations regarding the board members candidatures at the General Meeting as provided by this charter and the internal legal acts of the Credit Organization.

8.5. The territory of operations of the Credit Organization is divided into geographic regions to ensure the proportional representation on the Board.

8.6. In case of **resignation or inability of a board member to perform his/her duties (absence of a board member, health deterioration, death), the latter's duties are considered terminated by the decision of the board. A new member of the board is elected** at an extraordinary General Meeting with a simple majority of votes of the shareholders attending the meeting.

8.7. Members of the Board of the Credit Organization are compensated for their participation at the Board meetings. The Board determines compensation procedure. The Credit Organization provides the board members with reasonable compensations for attending the meetings or for special assignments.

8.8. The board among board members of the Credit Organization elects Board Chairman for two-year term.

The Board Chairman of the Credit Organization:

- (a) coordinates the Board activities;
- (b) summons and chairs Board meetings;
- (c) coordinates the minute-keeping of Board meetings;
- (d) chairs the General Meeting of the Credit Organization;
- (e) organizes the work of the committees attached to the Board, as the case may be;
- (f) performs other powers as set forth by law, this charter and internal legal acts of the Credit Organization.

8.9. The authorities of the Credit Organization Board include:

- a) Determining the main trends of the Credit Organization's operation, including the approval of the Credit Organization's prospective development plan;
- b) Summoning of the annual general and extraordinary meetings, as well as the implementation of the preparatory work related to organizing and holding these meetings;
- c) The election of the Chief Executive Officer's office and early termination of his/her duties;
- d) Setting internal control standards of the Credit Organization;
- e) Approval of the Credit Organizations annual cost budget and performance;
- f) Submission of recommendations to the General Meeting regarding the payment of patronage;
- g) Preliminary approval of annual financial statements of the Credit Organization and their submission to the General Meeting;
- h) Presenting the external auditor candidature for approval to the General Meeting;
- i) Determining the amount to be paid to the external auditor of the Credit Organization;
- ia) Initiation and control over the implementation of measures, upon necessity, directed towards elimination of flaws identified in the course of audit or other inspections carried out in the Credit Organization.
- ib) Adoption of internal legal acts establishing the procedure of carrying out financial operations by the Credit Organization specified by law;
- ic) Approval of the charters of the territorial and independent structural subdivisions of the Credit Organization, segregation of functional duties between the independent structural subdivisions of the Credit Organization;
- id) Adopting resolutions regarding the issue of bonds and other securities of the Credit Organization;
- ie) Usage of the Credit Organization's reserve and other funds;
- if) Establishment of branches, representative offices and institutions of the Credit Organization;
- ig) Determining the accounting policies (principals, standards, methods and forms used in accounting and financial reporting) of the Credit Organization;
- ih) Establishment of daughter or dependent entities;
- ig) Participation in daughter or dependent entities.
- j) Establishment of associations of commercial entities;
- ja) Participation in associations of commercial entities;

jb) Entering into large transactions of alienation or acquisition of the Credit Organization's property, if, at the time of making a decision to enter into such transaction, the value of such transaction is 50 per cent of the book value of the Credit Organization's total assets. (One or more interconnected transactions are considered to be large, excluding those implemented within the scope of ordinary economic activity of the company. They are directly or indirectly linked to the acquisition, alienation or the opportunity to property alienation, the value of which comprises 50 or more percent of the book value of Company's assets at the moment of making a decision on concluding a bargain.)

jc) The approval of the Chief Executive Officer's remuneration terms;

jd) The approval of the regulation activities of the Credit Organization .

8.10. In order to efficiently organize its operations the Board of the Credit Organization may set up adjacent committees comprising of Board members, as well as other managers and staff members of the Credit Organization. Resolutions made by such committees have advisory function.

8.11. The members of the Board shall be notified of the convening of a meeting at least three days prior to the date of the meeting, however, in case of urgent matters, the three-day notice period may not be observed when convening an extraordinary meeting of the Board. The notification may be made by e-mail, fax, registered mail or by hand delivery.

8.12. The Board meetings are summoned by the Board Chairman upon the written request of him, a Board member, Chief Executive Officer, person performing the external audit of the Credit Organization, as well as five or more percent of shareholders.

8.13. The quorum for the Board meetings cannot be less than half of the total number of Board members. Board resolutions are adopted by a majority of votes of Board members present at the meeting. Resolutions pertaining to sub clause (c) of 8.9 clause are adopted by the unanimous vote of all Board members.

8.14. Each member of the Board has the right for only one vote during the voting. Voting rights and votes may not be delegated to other persons (including other Board member). The vote of the Board Chairman shall be decisive in case of a tie vote.

8.15. Meetings of the Board of the Credit Organization may be held via distant voting. The agenda of such meeting should be sent to Board members at least one day prior to the meeting and their opinions on each item of the agenda are received.

8.16. The Board sessions can be conducted in the real time, via various means of telecommunication (conference calls, video conference, etc.). Board meetings conducted via telecommunication means are not considered to be via distant voting meeting.

8.17. All issues discussed at Board meetings require the presence of the Chief Executive Officer of the Credit Organization, with the exception of those issues relating to the early termination of Chief Executive Officer's office as well as the approval of his/her remuneration terms. The Chief Executive Officer of the Credit Organization attends Board meetings with a right to advisory vote.

8.18. Board meetings are recorded. The minutes shall be prepared within five days after the end of the meeting and shall contain the following information:

- a) Date, time and venue of the meeting;
- b) Persons attended the meeting;

- c) The agenda of the meeting;
- d) Items to be voted on at the meeting, as well as the results of voting according to each member attended the meeting;
- e) The opinions of Board members on voting issues and other persons attended the meeting;
- f) Resolutions adopted at the meeting.

8.19. The minutes of the Board shall be signed by all members attended the meeting who are liable for accuracy and integrity of the information recorded in such minutes.

8.20. The minutes of Board meetings conducted via distant voting are prepared based on summarization of the opinions received from Board members on issues included in the agenda.

8.21. The Board chairman chairs the Board meetings and signs resolutions adopted by the Board. Board chairman is liable for the integrity of information contained in the Board resolution.

9. BOARD MEMBERS

9.1. The General Meeting as stated in this charter elects Board members (with the exception of the outside board member) to fill the vacant position of Board member upon the termination of his/her service or for other reason.

Each Board member represents a certain region according to the shareholder's place of residence or activity. The Board determines the region areas.

9.2 The Nominating Committee members and the staff of the Credit Organization cannot be elected as Board members.

9.3. The Board elects an outside board member to fill the vacant position upon termination of outside board member's service as prescribed by this Charter.

9.4. A person may not serve as an outside board member if he/she is a Chairman of the Board, member or management official of the Banking System of the RA. The Board member granted such status or position is discharged from serving on the Board of the Credit Organization. The powers of an invited board member are terminated based on the decisions of the Board.

10. NOMINATING COMMITTEE

10.1. The main function of the nominating committee is to make recommendations regarding Board members of the Credit Organization.

10.2. In compiling a list of candidates eligible for election, the nominating committee shall assure equitable representation of all areas of the Credit Organization's operation's territory (the areas (regions) determined by Boards' resolution).

10.3. The nominating committee shall review lists of candidates who meet the membership requirements, assures their willingness to serve on the Board and prepares board

members' election ballots. The number of candidates in the ballots shall exceed the required number of Board members two times.

10.4. The nominating committee has a quorum for the discussion of business issues if two thirds of members participate in it. The Committee shall prepare minutes of its deliberations, which are submitted to the Board Chairman, and are maintained in accordance with the Credit Organization documentation procedures.

10.5. The authorities and procedure of the Nominating Committee not stipulated by this charter are determined by the regulation of the Nominating committee approved by the General Meeting.

10.6. A new Nominating Committee is elected at each Annual General Meeting to represent in the best manner the geographical, customer and industry diversity of the Credit Organization's operation areas. Adhering to that principle one member with one-year term is appointed from each operation area of the Credit Organization.

10.7. In case no new members of the Nominating Committee are elected, the former members of the Nominating Committee are considered reelected. The Nominating Committee serves until the election of the new Nominating Committee and the assumption of its authorities.

10.8. The newly elected Nominating Committee serves until the election of the new Nominating Committee and the assumption of its authorities. The present Nominating committee submits the list of candidates for the Nominating Committee election to the discussion of each Annual General Meeting.

10.9. Members of the Nominating Committee may not nominate their own candidacies for the position of a Board member.

11. CHIEF EXECUTIVE OFFICER OF THE CREDIT ORGANIZATION

11.1. The Chief Executive Officer of the Credit Organization who is the ex officio President of the Cooperative carries out governance of current operations of the Credit Organization. The simple majority of the Board members votes elects the Chief Executive Officer of the Credit Organization.

11.2. The Chief Executive Officer of the Credit Organization, as an exclusive authority, represents the Credit Organization in the Republic of Armenia and foreign countries, executes transactions on behalf of the Credit Organization, acts in the name of the Credit Organization without a power of attorney, issues powers of attorney.

11.3. The Chief Executive Officer of the Credit Organization:

- (a) Submits to the Board's approval the internal legal acts and regulations of the Credit Organization, separate subdivisions;
- (b) Before the General Meeting or the Board meetings arranges discussions on issues to be discussed by them, prepares all required documentation, coordinates the implementation of decisions made by the General Meeting and the Board;

- (c) Disposes the Credit Organization's property, including financial assets, issue orders, instructions within the limits of his/her powers and supervises their implementation;
- (d) Approves staff list of the Credit Organization, hires and fires the employees, makes resolutions on issues regarding the selection, allocation, training and re-training of the employees;
- (e) Applies promotional and disciplinary measures towards the employees of the Credit Organization;
- (f) Assigns obligation distribution among Deputy Chief Executive Officers of the Credit Organization;
- (g) Exercises other authorities in connection with the management of current operations of the Credit Organization within the frameworks of the legal acts established by the Board.

11.4. The resolutions made by the Chief Executive Officer are implemented based on his/her decrees and orders.

11.5. The Chief Executive Officer of the Credit Organization is responsible for maintaining the accuracy and trustworthiness of accounting of the Credit Organization, the timely submission of the annual reports, financial and statistical reports mandated by the law and other legal acts to the Central Bank and relevant state agencies, as well as for the accuracy of the financial information submitted to the shareholders of the Credit Organization, creditors, mass media as required by law.

11.6. The Chief Executive Officer, regularly, at least quarterly, submits reports to the Board on the work implemented by him/her.

11.7. The issues that are within the competence of the Chief Executive Officer shall not be delegated to the other bodies of the Credit Organization's management, chief accountant or other officer, except for the case when the authorities of the Chief Executive Officer are duly delegated to a substituting person. The authorities of the Chief Executive Officer may be temporarily delegated to his substitute in case the latter corresponds to the qualification and professional correspondence standards established by the Central Bank.

11.8. No term limits are applicable for Chief Executive Officer service. The Board carries out the assessments of the Chief Executive Officer's performance annually. The authorities of the Chief Executive Officer are prematurely terminated by the Board upon his/her application or:

- (a) If he is adjudged as fully or partially incapable;
- (b) If circumstances revealed during his/her service prohibit him/her to be the Chief Executive Officer (or any other management position) of the Credit Organization;
- (c) If he/she has been deprived of qualification or serving on certain position as set forth by law.

The General Meeting shall approve the resolution made by the Board on the termination of the authorities of the Chief Executive Officer.

12. CHIEF ACCOUNTANT AND CHIEF FINANCIAL SPECIALIST

12.1. The Chief Accountant of the Credit Organization carries out his/her rights and obligations specified by the Legislation of the Republic of Armenia, other legal acts, this charter and internal legal acts of the Credit Organization.

12.2. The Chief Accountant of the Credit Organization is appointed by the Chief Executive Officer.

12.3. The rights and obligations of the Chief Accountant of the Credit Organization may not be delegated to the General Meeting, the Board, and management staff.

12.4. The Chief Accountant of the Credit Organization shall submit financial reports to the Board at least quarterly.

12.5. The Chief Accountant of the Credit Organization is responsible for maintaining the accuracy and trustworthiness of the accounting, for the timely submission of the annual reports, financial and statistical reports mandated by the law and other legal acts to the relevant state agencies, as well as for the accuracy of the financial information submitted to the shareholders of the Credit Organization, creditors, mass media as required by law.

12.6. The Chief Financial Specialist of the Credit Organization implements the general governance of the assets. The Chief Financial Specialist is responsible for the main economic standards established by the Central Bank.

12.7. The Chief Financial Specialist of the Credit Organization is appointed and dismissed by the Chief Executive Officer.

13. DEPARTMENT OF INTERNAL AUDIT

13.1. The head of the department of internal audit and its members are appointed by the Board of the Credit Organization upon the Chief Executive Officer's recommendation. The governing body members of the Credit Organization, other management and staff members, as well as persons affiliated with the directorate of the Credit Organization cannot be the members of internal audit department.

The head and the members of the internal audit department are obliged to adhere to the work discipline established for the Credit Organization employees.

13.2. The internal audit of the Credit Organization according to the internal policy approved by the Board, shall:

(a) Exercise control over the day-to-day activities and operational risks of the Credit Organization;

(b) Control the implementation of the assignment given to the Credit Organization Chief Executive Officer, the territorial and structural subdivisions and its correspondence with the laws or other legal acts.

(c) Make recommendations and provide suggestions regarding the issues presented by the Board, as well as matters raised on own initiative. The issues related to the authorities of the internal audit may not be delegated to the management members of the Credit Organization or any other persons.

13.3. The head of the internal audit department reports to the Board and the Chief Executive Officer in the manner determined by the Board.

13.4. When identifying violations of laws or other legal acts, the internal audit is obliged to present them to the Board and the CEO within three days, at the same time recommending actions to be taken in order to eliminate these violations and avoid their occurrence in the future.

14. ACCOUNTING AND FINANCIAL REPORTING

14.1. The accounting of the Credit Organization is carried out in accordance with the RA law on Accounting, the International accounting standards (IFRS), and other legal acts regulating accounting procedures.

The financial statements of the Credit Organization must be prepared, published and presented to the Central Bank of the Republic of Armenia in form and content determined thereby and in accordance with the RA laws and other legal acts, as well as other reports required by the Central Bank.

14.2. The results of operations of the Credit Organization are reflected in financial and other reports presented to the Central Bank of the Republic of Armenia.

14.3. The authenticity of the annual financial and other statements, Balance sheet, Income statement submitted to the approval of the General Meeting, must be audited by an independent auditing company, which has not joint property interest with Credit Organization's management, before being published in accordance with applicable law determined by the legal acts of the RA Central Bank.

15. DISTRIBUTION OF PROFITS OF THE CREDIT ORGANIZATION

15.1. The profit of the Credit Organization is the positive difference of all the incomes (gross income) gained in the result of its economic activity and the deductions set forth by the Tax Legislation, as well as after carrying out its obligations to the state and community budgets prescribed by RA legislation.

15.2. The profit of the Credit Organization may be directed to the chartered capital for development purposes or be distributed in accordance with this charter and as set forth by law. The Credit Organization may pay patronage only based on the annual results.

15.3. The decision regarding the payment of annual patronage is adopted by the General Meeting as recommended by the Board that determines the payment terms and conditions.

15.4. It is prohibited to allocate patronages to the Credit Organization shareholders, if at the time of patronage allocation the losses incurred by the Credit Organization are equal or higher than the retained net earnings available in the Credit Organization.

15.5. Credit Organization creates a general reserve fund and other special reserves in accordance with the Capitalization Plan approved by the Board. The general reserve fund is used to cover losses if the profits and other resources of the Credit Organization are insufficient for that purpose.

16. THE CREDIT ORGANIZATION'S REORGANIZATION AND LIQUIDATION

- 16.1. The Credit Organization may be re-organized into a bank in accordance with law.
- 16.2. The Credit Organization is reorganized in accordance with the Civil Code and other applicable laws of the Republic of Armenia.
- 16.3. Merging of the Credit Organization may be performed exclusively in cases and manners set forth by law.
- 16.4. The Credit Organizations liquidity is exercised in accordance with RA legislation, procedures adopted by the Central Bank of Armenia and this charter.

17. TRANSITIONAL PROVISIONS

- 17.1. The initial Board of the Credit Organization shall be composed of one member from each area of Credit Organization's operations with a three-year term service.
- 17.2. At the moment of establishment Board of the Credit Organization shall be consisted of six (6) members including one outside board member. With the expansion of operations of the Credit Organization to new regions, the number of Board members shall be accordingly increased up to twelve (12), including no less than one (1) and no more than three (3) outside board members.
- 17.3. In case of resignation, death, incompetence or dismissal from service of any member of the initial Board (including outside board member) the vacant position shall be filled by general order in accordance with this charter.
- 17.4. Upon completion of the first term service of any of the initial Board member, the newly elected Board members shall serve for four-year term, except the invited members who shall serve for two-year term.
- 17.5. Shareholders entitled to vote at the Founding Meeting elect a Nominating Committee for the following three years. Starting its activity on the date of the first Annual General Meeting, the Nominating Committee must be consisted of three members and two substitutes. (Repealed)
- 17.6. The profit of the Credit Organization will be directed to the replenishment of chartered capital or to special reserve funds for development purposes until January 1, 2035.