

Confirmed by the Decision of Founding Meeting of the Union of Banks of Armenia NGO 20 June, 2018
Executive Director: Seyran Sargsyan

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CHARTER

of the

“Union of Banks of Armenia” Non-Governmental Organization

Yerevan 2018

General Provisions

- 1.1.1 “Union of Banks of Armenia” non-governmental organization (hereinafter Organization) is a public union of banks operating in the territory of the Republic of Armenia, which is a non-commercial and not for profit organization.
- 1.1.2 The Organization is legal entity and the successor of the Union of Banks of Armenia.
- 1.1.3 The Organization has its own balance sheet, accounts at banks both in local AMD and foreign currency. It has a round seal in three languages/Armenian, Russian and English/ with its name, symbol, as well as a stamp and a blank with its symbol.
- 1.1.4 The Organization is not responsible for the obligations of its members, as well as the members are not responsible for the obligations of the Organization.
- 1.1.5 Organization address: 19a Koryun str., Yerevan, 0009
- 1.1.6 Full name of the Organization:
- 1.1.7 In Armenian: «Հայ առանի բանկերի միութիւն» հասարակական կազմակերպութիւն
- 1.1.8 In Russian: «Союз банков Армении» общественная организация.
- 1.1.9 In English: “Union of Banks of Armenia” non-governmental organization.
- 1.1.10 Acronyms:
- 1.1.11 In Armenian: «ՀԲԱ» ՀԿ
- 1.1.12 In Russian: «СБА» ОО.
- 1.1.13 In English: «UBA» NGO.

2. Subject and Goals of Activity

2.1 Goals of the Organization-as stipulated by the law:

- 2.1.1 Protection of interests and rights of member banks in state and local self-government bodies of the Republic of Armenia, in state and private organizations, as well as in international and foreign organizations.
- 2.1.2 Identification of legislative problematic issues at banks for providing corresponding solutions for them.
- 2.1.3 Provision of regular operation and development for member banks.

2.2 Subject of the Organization’s Activity

- 2.2.1 Formation and sum up of member banks’ views (suggestions, comments, arguments and notifications) on amendments and additions made by relevant competent authorities to RA banking legislation and laws and other legal act, as well as to concept papers of newly implemented laws and normative acts, introduction and protection of their interests in the Central Bank, Government, General Assembly and other state authorities.

- 2.2.2 Study and preparation of relevant materials on RA banking legislation, formation, introduction and protection of member banks' views on the problematic issues raised by banks available on legislative field.
- 2.2.3 Study and preparation of relevant materials on the banking regulation in foreign countries, new methods and technologies available, management systems, package of services offered and protection of interests.
- 2.2.4 Preparation of materials and development of suggestions on the advanced technologies and methods used at the banking sector of foreign countries, as well as on the possible integration of new services to member banks.
- 2.2.5 Organization of seminars on the integration of advanced technologies and methods in member banks.
- 2.2.6 Organization of conferences, seminars, symposiums, discussions and task forces aimed at finding efficient solutions to the problems available at the banking sector.
- 2.2.7 Preparation of analytical and statistical materials on the outcomes of RA banking sector.
- 2.2.8 Development and implementation of projects aimed at corresponding local services to international criteria, establishing and strengthening of foreign interbank relations, as well as the integration with other banking systems.
- 2.2.9 Development and implementation of projects aimed at training bank employees and contributing to their professional development.
- 2.2.10 Development and implementation of projects targeted at raising awareness of financial literacy of RA population, strengthening and raising the confidence towards RA banking sector.
- 2.2.11 Development and implementation of projects aimed at the elucidation of events related to the financial banking sector.
- 2.2.12 Development and implementation of other projects in accordance with the objectives set forth in this Charter.

3. Rights and Responsibilities of the Organization

- 3.1 The Organization has the right to
 - 3.1.1 Acquire property and realize property and non-property rights, wear responsibilities, to appear as a plaintiff or respondent at court.
 - 3.1.2 Open accounts at both local and foreign banks in AMD and/or in foreign currency.
 - 3.1.3 Create other organization or become a participant of it.

- 3.1.4 Create separate subdivisions or offices.
- 3.1.5 Protect and introduce the rights and interests of its members, and its own rights/interests in other organizations, state government and local self-government bodies in the manner prescribed by the law.
- 3.1.6 Cooperate with other organizations, including international or foreign ones, as well as establish jointly with them or join a non-governmental organization created by them.
- 3.1.7 Realize other rights not prohibited by law.
- 3.2 The organization is obliged to
 - 3.2.1 Keep a register of its members
 - 3.2.2 Become a subject to mandatory audit as required by law.
 - 3.2.3 Provide the authorized body with copies of governing bodies' decisions or other documents on Organization's activities as prescribed by law.
 - 3.2.4 Ensure the provision of a member's request on studying the materials and/or their copies on the decisions of the Board, General Meeting or this Charter within 5 days of receipt. Moreover, the copies of the mentioned documents are provided free of charge in paper or electronic form.
 - 3.2.5 Ensure the publicity of annual report on Organization's activities and report on the use of the Organization's property.
 - 3.2.6 Perform other duties prescribed by law.
- 4. Members of the organization, membership and termination of membership
 - 4.1 Members of the Organization could be the banks (hereinafter-Bank) operating in the territory of the Republic of Armenia, which become members of the organization in accordance with the procedure and conditions defined by this charter.
 - 4.2 The member pays membership and monthly fees in the amount specified by the Meeting.
 - 4.3. The membership fee is paid by the Bank during the month following the day of becoming a member, and the monthly membership fees/including the month of becoming a member/ are paid till the 5th working day of each subsequent month.
 - 4.4 No monthly membership fees are paid upon termination of membership
 - 4.5 In case of non-payment of membership fees or monthly membership fees in the prescribed amount and time, the surcharge is calculated in the amount defined by the Board.
 - 4.6 The surcharge specified in point 4.5 of this Charter may not be calculated if the member applies to the Board in writing before the payment deadline with the request to postpone the

payment for a specific time period mentioned in the application clearly mentioning the details of the circumstances which make the monthly membership payment impossible in time.

4.7 Within 5 days from the date of receipt of the application referred to in paragraph 4.6 of this Charter, the Board makes a decision on approval or rejection of it. If the application is satisfied, the Board has right to defer payment for a period not exceeding three months, meanwhile taking into consideration the circumstances specified in the application. The applicant is notified of the decision of the Board in writing within three days from the moment of making it.

4.8 The chairmen of the member Banks (CEOs), as authorized representatives of the banks, participate in Board meetings as well as in the formation of the governing and supervisory bodies of the organization without any authorization, and other representatives of the banks -with corresponding authorization.

4.9 Membership

4.9.1 Whereas a Bank wishes to become a member of the Organization, the Bank submits an application to the Board, on the request of the latter the Bank should submit other documents and justifications either.

4.9.2 The General Meeting makes a corresponding decision on the approval or rejection of the application within one month from the date of receipt of the application for membership. The applicant is notified about the decision in writing within three days of the date the decision is made. The chairman of the Board or the CEO of the applicant Bank may also take part in the discussion of the application at the Meeting.

4.10 Termination of the membership

4.10.1 Membership ceases

- According to the application on termination, within one month from the moment the application is submitted.
- In case of merging a member Bank with other existing Bank, according to the very moment of Central Bank's notification in the registry of banks on the termination of the activity of a Member bank.
- In case of self-dissolution of a member Bank, from the very moment the decision on dissolution enters into force,
- In case the license of the member Bank is revoked or invalidated, from the very moment the decision enters into force,
- In case of bankruptcy of a member Bank, from the very moment the court decision on bankruptcy enters into force.

4.10.2 The membership of the bank might be terminated and by the decision of the Meeting, if the member:

- often violated the provisions of this Charter or
- did not fulfill responsibilities assigned to him by the decisions of the General Meeting and/or the Board.

5. The rights and responsibilities of the members of the organization

5.1 The member (authorized representative) of the Organization has right to

5.1.1 Participate in meetings and Board meetings,

5.1.2 Be elected and included in Organization's governing and supervisory bodies as defined by this Charter or by law

5.1.3 Use the Organization's services as defined by the Board on chargeable basis,

5.1.4 Get acquainted with the decisions and minutes of Board meetings,

5.1.5 Appeal against the decisions of governing bodies

5.1.6 Request information from the Organization, obtain copies of documents on amendments to this Charter, minutes of meetings and Board meetings, decisions, information on funds received from property management, as well as receive copy of independent auditor's report on its financial statements referring to recent years.

5.1.7 Set forth proposals and inquiries to the General Meeting and/or the Board on the activities of the Organization,

5.1.8 Use Organization's support with the objective to protect their rights and interests in respect to the problems occurring with the Central Bank of the Republic of Armenia, the State Revenue Committee and other state bodies within the boundaries of Bank's activity,

5.1.9 Use the Organization's informative and analytical materials, get consultation on banking issues.

5.1.10 Realize other rights defined by this Charter or by Law.

5.2 The member of the Organization is obliged to

5.2.1 To comply with the requirements of this Charter, other normative legal acts of the Organization, and the decisions of the governing bodies.

5.2.2 Perform duties assigned by the decisions of the governing bodies in good faith.

5.2.3 Make monthly membership payments in accordance with the defined amount and time-frames.

5.2.4 Provide active participation in the implementation of statutory tasks and goals of the organization, promote the increase of reputation

5.2.5 Provide relevant information to the organization to meet its statutory tasks and objectives correspondingly.

5.2.6 Follow the rules of banking ethics, contribute to the development of the banking system of RA, strengthen the cooperation among the members of the Organization, as well as support the fully implementation of their obligations.

5.2.7 Carry out other duties not prohibited by law.

6. The property of the Organization including its financial means

6.1 The organization has a separate property and is responsible for its obligations with that property.

6.2 The property of the Organization, included the profit obtained from enterprising/business activity, is not distributed among its members.

6.3 The property of the Organization is composed of

6.3.1 Membership and monthly fees of its members,

6.3.2 The means obtained from enterprising/business activity,

6.3.3 The means created by the Organization or obtained from another organization with its participation,

6.3.4 Gifts including grants

6.3.5 Donations

6.3.6 Means from the leased property

6.3.7 Means not prohibited by law.

7. Governing bodies of the Organization

7.1 Governing bodies of the Organization are as follows: The General Meeting of Organization members, the Board, Chairman of the Board (Chairman of the Organization) and the Executive Director.

8. The Meeting of the Organization Members

8.1 The ordinary meetings of the Organization members are convened in every year no later than six months upon the end of the financial year.

8.2 The meetings are presided over the Chairman of the Board, in case of his absence-by the older member from the Board members.

8.3 The meeting is valid if it is convened in accordance with the law and this Charter and more than half of the total number of all members of the Organization participate in it.

8.4 At the meeting, each member of the Organization has the right to one vote

8.5 The agenda of the Meeting, as well as the information on its date and place is delivered to participants via ordered letter or e-mail (including interbank net called CBANet) no later than 5 days prior to the date of the Meeting ensuring the confirmation on the receipt by the addressee.

8.6 Extraordinary Meeting is convened by the chairman of the Organization, executive director, audit committee or upon the initiative of at least 40 per cent of the members of the Organization.

8.7 The extraordinary meeting is convened no later than five days after the initiative mentioned in clause 4.6 of this Charter.

8.8 Participants are notified about the time and place of the extraordinary Meeting no later than five days prior to the Meeting.

8.9 Ordinary or extraordinary Meeting is convened via joint meeting of participants or remotely by using distant communication methods.

8.10 Upon the end of the Meeting, during five working days, minute for the Meeting is formed and signed by the chairman of the Meeting and the secretary.

8.11 Minutes of the Meetings are maintained for the period of 5 years.

9. The competency of the Meeting

9.1 The Meeting has right to make decision on the final resolution of any issue referring to the activity of the Organization.

9.2 The Meeting is competent to

9.2.1 Confirm the Charter of the Organization, the amendments and additions to it, the confirmation of the Charter with new edition.

9.2.2 Make decisions on reorganization and dissolution of the Organization except for the cases defined by the Court.

9.2.3 Confirm summed up, interim and dissolution balances, appoint a dissolution committee

9.2.4 Confirm the administrative -organizational structure of the Organization.

9.2.5 Make decisions on the appointment of the Executive Director, early termination of his duties.

9.2.6 Define the numerical staff of the Board, the election of its members, and early termination of their duties.

- 9.2.7 Elect a members of audit committee and early termination of their duties.
- 9.2.8 Elect a person realizing audit of the Organization, if the Organization is a subject of mandatory audit as defined by Law.
- 9.2.9 Create another legal entity, make decision on the Organization's participation in other organizations.
- 9.2.10 Confirm annual reports on Organization's activity and property usage. Moreover, the latter is confirmed only in case the conclusion of audit committee is available.
- 9.2.11 Make decisions on declaring governing bodies' decisions invalid in case they contradict legal acts and this Charter.
- 9.2.12 Confirm the working regulation of the Board.
- 9.2.13 Make decisions on the membership and termination of the membership of the Organization.
- 9.2.14 Define membership and monthly fee amounts.
- 9.2.15 Realize other competencies stipulated by law or this Charter.

Decisions on the issues listed in sub-clauses 9.2.1, 9.2.2, 9.2.3 and 9.2.5 are adopted by the 3/4 of votes of the Organization members participating in the meeting, as for other sub-clauses-the decisions are adopted by a majority of votes.

10. The Board of the Organization

- 10.1 The Board is elected by the General Meeting for the period of 5 years. The Chairman of the banks (Banks CEOs) are elected as the members of the Board. By the decision of the Meeting if the number of Board members is defined to be equal to the number of the banks, the chairman (CEOs) of all banks are included in the Board without election.
- 10.2 The Board is valid in case it is convened in accordance with this Charter and more than half of its total members participate in it.
- 10.3 Each member of the Board has a single vote.
- 10.4 The agenda of the Board Meeting, as well as the information on its date and place is delivered to participants via ordered letter or e-mail (including interbank net called CBANet) no later than 5 days prior to the date of the Board Meeting ensuring the confirmation on the receipt by the addressee.
- 10.5 Board Meeting is convened via joint meeting of participants or remotely by using distant communication methods.

10.6 Board meeting is presided over the Chairman of the Board, in case of his absence-by the older member from the Board members.

10.7 Board meetings are convened at least once in every two months, if necessary the meeting could be convened by the initiative of the chairman of the Organization (chairman of the Board), at least three members of the Board, executive director or audit committee corresponding to time frames and procedure stated in this Charter.

10.8 Upon the end of the Board Meeting, during three working days, minute for the Board Meeting is formed and signed by the chairman of the Board Meeting and the secretary.

10.9 Minutes of Board Meetings are maintained for the period of 5 years.

11. Competency of the Board

11.1 The Board performs the function of general management of Organization's activities except for the issues that are reserved for the competencies of the General Meeting as defined by this Charter.

11.2 The Board is competent to

11.2.1 Define key directions for the Organization's activity

11.2.2 Convene ordinary and extraordinary Meetings, confirm the agenda for ordinary Meeting.

11.2.3 Confirm the strategy for the Organization.

11.2.4 Confirm terms and conditions of the remuneration of the executive director.

11.2.5 Make decisions on the establishment of separate subdivisions or offices of the organization and the approval of their charters.

11.2.6 Elect the Board Chairman and make decision early termination of his duties.

11.2.7 Confirm the annual plan of the Organization, estimates of incomes and expenditures of the Organization's separate subdivisions and offices as well as their performance.

11.2.8 Confirm the structure/staff and salaries of the Organization and its separate subdivisions/offices.

11.2.9 Approve large transactions (the transaction amount exceeds 25% of Organization's assets) related to the alienation and acquisition of the property.

11.2.10 Define the amount paid to the auditor.

11.2.11 Confirm the regulations for staff management of the Organization and its separate subdivisions and offices.

11.2.12 Provide corresponding conclusions on applications and proposals of the members on the inclusion or termination of a membership in the Organization.

11.2.13 Other competencies assigned by the Meeting.

Decisions on the issues listed in sub-clauses 11.2.5 and 11.2.9 are adopted by the 3/4 of votes of the Organization members participating in the meeting, as for other sub-clauses-the decisions are adopted by a majority of votes.

12. Chairman of the Board and his competencies

12.1 The chairman of the Board is elected by the Board from its members for the period of 1 year, moreover, Board chairman, at the same time, is the chairman of the Organization. The term of office of Board chairman is one year, and he could not be elected for the second time in a row.

12.2 The chairman of the Board

12.2.1 Convenes Board meetings and presides over the, presides over the meetings of the Organization and preparation of minutes for them; he is responsible for the accuracy of the information available in the minutes.

12.2.2 Organizes the work of the Board.

12.2.3 Performs distribution of responsibilities among Board members.

12.2.4 Signs an employment contract with the CEO on behalf of the Organization.

12.2.5 Organizes the implementation of main directions of the Organization.

12.2.6 Represents the Organization in the Republic of Armenia, international organizations and foreign countries.

12.2.7 Represents the interests of Organization members in the legislative and executive bodies of RA, including the Central bank of Armenia, local and international structures, comes up with proposals and announcements on the regulation and development of the banking activity.

12.2.8 Appears on behalf of the Organization without authorization.

12.2.9 Realizes other competencies as defined by the General Meeting and the Board.

12.2.10 The Board chairman is not paid by the Organization.

13. The CEO and his competences

13.1 The CEO is elected by the General Meeting. The candidate for the CEO should have at least 10 years of work experience at the financial-banking sector, and 5 years of experience in management.

13.2 The CEO manages current activities of the Organization except for the issues that are reserved for the competences of the General Meeting and the Board as defined by this Charter.

13.3 The CEO

13.3.1 Provides the implementation of General Meeting and Board meeting decisions.

13.3.2 Presides over and manages any kinds of property belonging to the Organization, including financial means, concludes transactions on behalf of the Organization in a manner prescribed by this Charter.

13.3.3 Represents the Organization in the Republic of Armenia and foreign countries.

13.3.4 Gives authorizations.

13.3.5 Appears on behalf of the Organization without authorization while performing his duties.

13.3.6 Within the boundaries of his competencies issues orders, instructions, gives mandatory instructions for execution, and supervises their performance.

13.3.7 Opens accounts (foreign currency as well) at banks on behalf of the Organization.

13.3.8 Concludes contracts including employment ones in a manner defined.

13.3.9 Hires and fires employees and managers of the Organization and its separate subdivisions or offices in a manner defined.

13.3.10 Applies incentives and disciplinary measures towards the employees of the Organization and its separate subdivisions or offices.

13.3.11 Ensures compliance with Labor regulations.

13.3.12 Defines terms and conditions for the salaries of employees.

13.3.13 Creates work groups out of relevant banks employees for the participation in the implementation of programs and concept papers.

13.3.14 Sets forth the work regulations and Charters of the Organization and its separate subdivisions and/or offices, organization structure, positions with their corresponding salaries, for the approval of the Board.

13.3.15 Sets forth the annual plan of the Organization, estimates of incomes and expenditures of the Organization's separate subdivisions and offices as well as their performance for the approval of the Board.

13.3.16 Confirms functional duties of employees.

13.3.17 Confirms internal legal acts that regulate the activities of the Organization and its separate subdivisions and/or offices.

13.3.18 Confirms the reports of the Organization and its separate subdivisions and/or offices.

13.3.19 Realizes other competencies prescribed by the General Meeting and the Board.

13.3.20 Is accountable to the General Meeting and Board chairman.

13.3.21 Whereas performing his duties he is governed by RA laws and other legal acts, this Charter, General Meeting and Board decisions, Labor regulations as defined by the Board for the Organization and its separate subdivisions and/or offices.

Managers of internal structural divisions and separate subdivisions and/or offices lead major directions of corresponding work and perform their activities relevant to their functional duties.

14. Audit committee of the Organization

14.1 The audit committee consists of 3 members; the latter are elected at the General Meeting from the Organization members' employees except for the individuals that are included in governing bodies for the period of three years.

14.2 The chairman of the committee is elected among committee's members by the majority of votes of committee members.

14.3 The committee meetings are convened as needed by the initiative of committee chairman. The committee is competent to make decisions, whereas all the members of the committee take part in it.

14.4 The committee decisions are made by the majority of votes.

14.5 While realizing its inspections the committee is led by RA laws and other legal acts, by this Charter as well as by the General Meeting and Board decisions.

14.6 The Committee members are not paid.

15. Rights and duties of audit committee

15.1 The committee has right to

15.1.1 Check the Organization's financial-economic operations.

15.1.2 Get acquainted with all the documents concerning the operations, as well as demand corresponding explanations for them.

15.1.3 After the examination of the Organization's financial-economic activities within the period of 5 years set forth the suggestions to obligatory discussion to the bodies.

15.1.4 Demand and acquire information concerning the operations.

15.1.5 Set forth demand to convene extraordinary meeting.

15.1.6 Realize other rights prescribed by the Meeting.

15.2 The Committee is responsible for

15.2.1 Check the annual financial and economic activity during the four months of the year following the reporting year.

15.2.2 Check the financial and economic activity of the Organization upon the request of the General Meeting or the Board, as well as of at least 10% of Organization members. The inspection should be done no later than the 15th of the month following the day of submitting the request.

15.2.3 Check the correspondence of the activity relevant to RA laws, other legal acts, this Charter, decisions of General Meeting and the Board, as well as internal legal acts.

15.2.4 Prepare report on the results, including the conclusion on the annual report of the Organization activity and property used.

The report on the inspection results is presented to the CEO and the Board, and the conclusion on the annual report of the Organization activity and property used is presented to the General Meeting.

16. Dissolution of the Organization

16.1 The dissolution of the Organization is realized in a manner prescribed by RA law.

16.2 In case Organization is dissolved, after satisfying all the demands of creditors, the rest of the property is directed to the goals defined by this Charter, and if it is impossible it is directed to state budget.

16.3 The Organization could be dissolved

16.3.1 By the decision of the Meeting

16.3.2 On the basis of bankruptcy

16.3.3 In the case and manner defined by the law on Non-Governmental Organizations.