OFFICIAL TRANSLATION

HO-68/30.06.1996/EN/I-18.05.2026/30.09.2026

"TRANSLATION CENTRE OF THE MINISTRY OF JUSTICE
OF THE REPUBLIC OF ARMENIA"
STATE NON-COMMERCIAL ORGANISATION

HAYK MELKUMYAN

ACTING DIRECTOR

30 SEPTEMBER 2026

LAW

OF THE REPUBLIC OF ARMENIA

Adopted by the National Assembly
on 30 June 1996

ON BANKS AND BANKING

CHAPTER 1

GENERAL PROVISIONS

Article 1. Subject matter of the law

This Law prescribes the procedure and conditions for registration, licensing, regulation and termination of activities of banks being established and operating in the territory of the Republic of Armenia, branches and representative offices thereof and

those of foreign banks, as well as the procedure and conditions for control over banking activity.

(Article 1 amended by HO-253 of 23 October 2001)

Article 2. Banking system of the Republic of Armenia and legal regulation of activities of banks

1. The banking system of the Republic of Armenia shall include the Central Bank of the Republic of Armenia (hereinafter referred to as "the Central Bank"), the banks operating in the territory of the Republic of Armenia (including subsidiary banks), branches, representative offices, operational offices (units) thereof, as well as the branches and representative offices of foreign banks operating in the territory of the Republic of Armenia.

2. Activities of banks in the territory of the Republic of Armenia are regulated by this Law, the laws of the Republic of Armenia "On Central Bank of the Republic of Armenia", "On bankruptcy of banks, investment companies, crypto-asset service providers, investment fund managers, credit organisations and insurance companies", "On bank secrecy", other laws, and — in cases and within the scope provided for thereby — by regulatory acts of the Central Bank. The additional requirements to activities of a bank as a member of a financial group are prescribed by the Law of the Republic of Armenia "On Central Bank of the Republic of Armenia".

3. Peculiarities of the All-Armenian Bank shall be prescribed by the Law of the Republic of Armenia "On the All-Armenian Bank".

(Point 2 amended by HO-254 of 6 November 2001, HO-227-N of 15 November 2005, HO-184-N of 9 April 2007, HO-199-N of 11 October 2007, supplemented by HO-34-N of 26 December 2008, HO-255-N of 22 December 2010, HO-134-N of 12 November 2015, HO-166-N of 29 May 2025)

(Article as amended by HO-366-N of 3 July 2026 shall enter into force on 1 July 2027)

Article 3. Main objective of the Law

The main objective of this Law is to ensure the development, reliability and regular functioning of the banking system and to establish equal conditions for free economic competition for the activities of banks.

Article 4. Banks and banking

1. A bank is a legal person entitled to carry out banking activity on the basis of license issued as prescribed by this Law.
2. Banking shall mean the acceptance of deposits or making of an offer of accepting deposits and placement thereof on behalf of and at the risk of the entity accepting deposits through provision of loans, deposits and/or investments.

Carrying out banking activity in the territory of the Republic of Armenia without a banking licence issued by the Central Bank (hereinafter — licence) shall be prohibited.

Article 5. Bank deposit

A bank deposit shall mean the amount of money provided to a person, the conditions for the provision of which comply with the requirements prescribed for the bank deposit agreement provided for by the Civil Code of the Republic of Armenia, and which has not been provided upon the consent of the depositor to assume the risk of the use thereof, or as a reimbursement for the lease or acquisition of property, property rights, for carrying out work or providing services, or as an asset securing liabilities.

(Article 5 edited by HO-253 of 23 October 2001)

Article 6. Use of the word "bank"

1. Only persons holding a licence, branches, representative offices thereof may use the word "bank" or its derivatives in their names, except for cases where the right to use the aforementioned word has been granted by law or an international agreement, or it is obvious from the use of the word "bank" that it does not refer to banking.

2. Banks do not have the right to use such misleading words in their names which may lead to false assumptions with regard to the financial position or legal status of the respective bank.

3. It shall also be prohibited for persons not holding a banking licence to use the word "bank" or its derivatives in advertisements, public offers or to promote advertising in any way if it is implied from the use of the word "bank" or its derivatives that it refers to banking.

(Article 6 amended, supplemented by HO-253 of 23 October 2001)

Article 7. Bank unions and associations

Banks, for the purpose of coordinating their activities, representing and protecting their interests, exchanging information and jointly solving other issues related to banks, may establish and join non-profit bank unions and associations. Bank unions and associations may not carry out banking activity. Bank unions and associations, within ten days upon their registration by the competent state body, shall notify the Central Bank thereof.

Article 8. Affiliated persons

1. Within the meaning of this Law and other laws regulating the activities of banks, as well as the legislation regulating the activities of financial groups, legal persons shall be deemed affiliated if:

   (a) the respective legal person possesses, with the right to vote, 20 per cent and more of voting stocks (shares, units, hereinafter referred to as "stocks") of the other person, or by virtue of its shareholding or in accordance with an agreement concluded between the respective persons, is capable of predetermining the decisions of the other person;

   (b) the participator (shareholder) and/or participators (shareholders) possessing more than 20 per cent of voting stocks of one of them or capable of predetermining its decisions in another way not prohibited by law, or their family members are entitled to directly or indirectly possess (including on the basis of sales and purchase, trust management, joint venture agreements, assignment or other transactions) more than twenty per cent of voting stocks of the other person or are capable of predetermining the decisions of the latter in another way not prohibited by law;

   (c) one third of a management body of one of them or of other persons exercising such duties, as well as one third of their family members are, at the same time, members of a management body of the other person or other persons exercising such duties;

   (d) they have been acting in agreement based on common economic interests, or they have been recognised as such by a reasoned opinion of the Central Bank.

2. Within the meaning of this Law and other laws regulating the activities of banks, as well as the legislation regulating the activities of financial groups, natural persons shall be deemed affiliated if they have been recognised as such by a reasoned opinion of the Central Bank or they are members of the same family,

or run a common household or carry out joint business activity, or if they have been acting in agreement based on common economic interests.

3. Within the meaning of this Law and other laws regulating the activities of banks, as well as the legislation regulating the activities of financial groups, natural and legal persons shall be deemed affiliated if they have been acting in agreement based on common economic interests, or they have been recognised as such by a reasoned opinion of the Central Bank, or if the respective natural person or a member of his or her family is:

   (a) a participator that disposes of more than 20 per cent of stocks of the respective legal person;

   (b) a person capable of predetermining the decisions of the legal person in another way not prohibited by law;

   (c) the chairperson of the board, the deputy chairperson of the board, a member of the board, the chief executive officer, the deputy thereof, the chairperson of the management board, a member of the management board, the chief accountant, the deputy thereof, the head, a member of the internal audit unit or the chairperson of the audit committee, a member of the audit committee or a member of such other bodies of the respective legal person;

   (d) an employee of the legal person or its territorial subdivision or an employee of a structural subdivision (including directorate, department, division) that is, in accordance with the charter or other internal legal acts of the legal person or in an opinion of the Board of the Central Bank justified by the criteria defined by the Board of the Central Bank, in any way involved in the main activities of the legal person, or works under the direct supervision of the chief executive officer, or has a significant influence on the decision-making process of management bodies of the legal person.

4. Within the meaning of this Law and other laws regulating banking activity, as well as the legislation regulating the activities of financial groups, members of the same family are the spouse, as well as the following persons cohabitating or running a common household such as: parents, grandmother, grandfather, grandchild having attained the age of 18, child having attained the age of 18 and the spouse thereof, sister, brother having attained the age of 18 and the spouses thereof, and children thereof having attained the age of 18, spouse's parents, spouse's child having attained the age of 18.

Persons shall be deemed running a common household where worsening of financial situation for one of them results in or may result in worsening of financial situation for the other, or where the income or other financial means of one of them are used or may be used for financing common expenditures or expenditures of the other.

The Central Bank may define standards of running a common household.

(Article 8 edited by HO-253 of 23 October 2001, supplemented, edited by HO-227-N of 15 November 2005, supplemented by HO-134-N of 12 November 2015, edited by HO-188-N of 25 October 2017)

Article 9. Qualifying holding and real beneficiaries

(title supplemented by HO-254-N of 3 June 2021)

1. Within the meaning of this Law and other laws regulating the activities of banks, as well as the legislation regulating the activities of financial groups, the qualifying holding in the authorised capital stock of a legal person may be direct or indirect.

2. Within the meaning of this Law and other laws regulating the activities of banks, as well as the legislation regulating the activities of financial groups, the direct qualifying holding is the shareholding in the authorised capital stock of a legal

person in case of which the participator holds 10 per cent and more of voting stocks of the respective legal person.

3. Within the meaning of this Law and other laws regulating the activities of banks, as well as the legislation regulating the activities of financial groups, the indirect qualifying holding is the shareholding in the authorised capital stock of a legal person in case of which:

   (a) the participator does not have a shareholding (stock, share or unit) in the authorised capital stock of the legal person, or holds up to 10 per cent of voting stocks of the respective legal person or has a shareholding without voting rights, but justified by the criteria defined by the Board of the Central Bank, by virtue of this shareholding, in view of its business image or reputation, directly or indirectly is capable of predetermining the decisions of management bodies of the respective legal person, significantly influencing their decision-making process (implementation), or predetermining the directions, spheres of activity of the respective legal person;

   (b) the participator does not have a shareholding (stock, share or unit) in the authorised capital stock of the legal person, or the participator holds up to 10 per cent of voting stocks of the respective legal person or has a shareholding without voting rights, but is capable of predetermining the decisions of management bodies of the respective legal person, significantly influencing their decision-making process (implementation) or predetermining the directions, spheres of activity of the respective legal person by virtue of its right to claim against the respective legal person;

   (c) the participator holds 50 per cent and more of voting stocks in the authorised capital of the legal person with a qualifying holding in the authorised capital stock of the legal person;

(d) the participator has or does not have a shareholding in the authorised capital stock of the legal person with a qualifying holding in the authorised capital stock of the legal person and, in view of its business image or reputation, in accordance with the criteria defined by the Board of the Central Bank, is capable of predetermining the decisions of management bodies of the respective legal person, significantly influencing their decision-making process (implementation) or predetermining the directions, spheres of activity of the respective legal person.

4. A bank or the branch of a foreign bank shall submit to the Central Bank — compliant to the standards defined in the Law of the Republic of Armenia "On combating money laundering and financing of terrorism" — information on the persons that are real beneficiaries of the bank or the branch of the foreign bank, in accordance with the requirements of this Law and regulatory legal acts defined by the Board of the Central Bank.

(Article 9 edited by HO-253 of 23 October 2001, HO-227-N of 15 November 2005, supplemented by HO-134-N of 12 November 2015, by HO-254-N of 3 June 2021)

Article 10. Subsidiary bank

(Article repealed by HO-253 of 23 October 2001)

Article 11. Independence of banks

1. Any influence on executive officers of a bank during the execution of their official duties or interference with the activities of a bank shall be prohibited except for cases provided for by law.

   Executive officers of a bank may be granted the right to bear arms as prescribed by law.

2. Damage caused to the bank as a result of illegal influence on the executive officer of a bank or illegal interference with the current activities of a bank shall be compensated as prescribed by laws and other legal acts.

3. The Government and banks shall not be responsible for each other's obligations unless a bank or the Government has undertaken such obligations. The Central Bank and banks shall not be responsible for each other's obligations.

4. Banks shall be independent in possessing, using and disposing of their fixed assets.

(Article 11 supplemented by HO-253 of 23 October 2001, amended by HO-227-N of 15 November 2005, HO-304-N of 29 November 2011)

CHAPTER 2

ORGANISATIONAL AND LEGAL FORMS, STRUCTURE AND MANAGEMENT OF BANKS

Article 12. Organisational and legal forms of banks

1. Banks shall be established as joint-stock companies, limited liability companies or cooperative banks as prescribed by this Law.

2. Banks shall be regulated by laws and other legal acts on joint-stock companies and limited liability companies unless other rules are prescribed by this Law.

3. Cooperative banks are the banks the participators of which, regardless of the amount of their shareholding in the authorised capital stock of the bank, have a right to one vote.

A cooperative bank shall have at least three participators.

If the number of participators in a cooperative bank decreases to less than three, this bank shall be liquidated or shall supplement the number of its participators within six months.

(Article 12 amended by HO-227-N of 15 November 2005)

Article 13. Participators of a bank

1. The participators of a bank are the founders of a bank, shareholders of a bank which is a joint-stock company, and participators (unit holders, members) of a bank which is a limited liability company and a cooperative bank.
2. State and local self-government bodies of the Republic of Armenia may be participators of a bank in cases and in the manner prescribed by laws.
3. Political parties and trade unions may not be participators of a bank.
4. Banks operating in the territory of the Republic of Armenia shall be prohibited from maintaining the register of their participators themselves. Banks which are joint-stock companies operating in the territory of the Republic of Armenia shall be obliged to delegate the maintenance of the register of their participators to respective persons provided for by the Law of the Republic of Armenia "On joint-stock companies". Banks which are cooperatives or limited liability companies operating in the territory of the Republic of Armenia shall be obliged to delegate the maintenance of the register of their participators to the Central Bank.

(Article 13 supplemented by HO-227-N of 15 November 2005, edited by HO-106-N of 24 June 2010)

Article 14. Branches of banks

1. Banks operating in the territory of the Republic of Armenia may establish branches in and outside the territory of the Republic of Armenia as prescribed by this Law.

2. The branch of a bank is a separated subdivision of the bank without the status of a legal person and located outside the registered office of the bank, which operates within the scope of powers granted by the bank, and carries out banking activity and/or financial operations provided for by this Law on behalf of the bank.

3. Foreign banks may establish branches and representative offices in the territory of the Republic of Armenia as prescribed by this Law. The branch of a foreign bank shall carry out banking activity and financial operations on the basis of a licence. The Board of the Central Bank may define additional conditions for the acceptance of deposits by a branch of a foreign bank in the territory of the Republic of Armenia. These conditions must be the same for all branches of all foreign banks operating in the territory of the Republic of Armenia.

Article 15. Representative offices of banks

1. Banks operating in the territory of the Republic of Armenia may establish representative offices in and outside the territory of the Republic of Armenia as prescribed by this Law.

2. The representative office of a bank is a separated subdivision of the bank without the status of a legal person and located outside the registered office of the bank, which represents the bank, analyses the financial market, concludes agreements on behalf of the bank, performs other similar functions. A representative office shall not be entitled to carry out banking activity and financial operations prescribed by this Law.

Article 16. Operational offices (units) of banks

(Article repealed by HO-253 of 23 October 2001)

Article 17. Authorised capital stock of banks

1. The size of the authorised capital stock (authorised capital) of a bank shall be stipulated by its charter. The paid-in authorised capital stock shall be composed of investments of participators of a bank. The paid-in authorised capital stock shall be equal to:

   (a) the amount invested in the shares of participators of a bank which is a limited liability company or a cooperative bank;

   (b) the amount received from the realisation of all types of stocks placed by a bank which is a joint-stock company.

2. Authorised capital stock of banks shall be replenished in the currency of the Republic of Armenia.

(Article 17 edited by HO-253 of 23 October 2001, edited, amended by HO-227-N of 15 November 2005)

Article 18. Limitations on acquisition of a qualifying holding in the authorised capital stock of a bank

1. A person or affiliated persons may acquire a qualifying holding in the authorised capital stock of a bank as a result of one or several transactions only upon the prior consent of the Central Bank.

   In order to obtain prior consent for the acquisition of a qualifying holding in the authorised capital stock of a bank, the person shall submit to the Central Bank, through the bank, a statement that no other person acquires the status of a

person with an indirect qualifying holding in the bank to be established by virtue of shareholding thereof; otherwise this person shall also be obliged to submit documents related to persons acquiring an indirect qualifying holding defined by the Central Bank. Prior consent of the Central Bank shall, as prescribed by this Article, be required for acquiring the status of an indirect qualifying participator.

In order to obtain prior consent for the acquisition of a qualifying holding in the authorised capital stock of a bank, the person must also submit to the Central Bank, through the bank, sufficient and complete justification (documents, information, etc.) of the legality of the origin of funds to be invested, as well as data, in the form defined by the Central Bank, on legal persons (including names, registered offices, financial statements, information on executive officers, information on persons with a qualifying holding), for which the person acquiring a qualifying holding in the authorised capital stock of the bank is a person with a qualifying holding.

The list and the form of documents prescribed by the second and third paragraphs of this part, other documents and information to be submitted to the Central Bank through the bank by the person or affiliated persons for obtaining prior consent for the acquisition of a qualifying holding in the authorised capital stock of the bank, as well as the procedure and conditions for the submission thereof shall be defined by the Central Bank.

The Central Bank shall, within one month upon the receipt of all the required documents as prescribed by this part, examine them. For the clarification of certain facts required by the Central Bank the one-month period may be suspended by a decision of the Board of the Central Bank. The consent shall be deemed given, if the Central Bank does not reject the application within one month or does not inform the person of the suspension of the one-month period.

2. The Central Bank shall reject the application by notifying the applicant within ten days if:

(a) the person has a record of conviction for an intentional crime which has not been expunged or cancelled;

(a. 1) the person is included in the lists of persons associated with terrorism published by or in accordance with the United Nations Security Council resolutions or in the lists of persons related to the proliferation of weapons of mass destruction published by the United Nations Security Council resolutions;

(b) the person has been deprived of the right to hold positions in financial, banking, tax, customs, commercial, economic, legal spheres by a civil or criminal judgment that has entered into legal force;

(c) the person has been declared bankrupt and has outstanding (unreleased) liabilities;

(d) the person's actions have resulted in the past in bankruptcy of a bank or another person;

(e) the respective person or affiliated persons have previously committed an act which in the opinion of the Board of the Central Bank substantiated as approved by the legal acts of the Board of the Central Bank, provides ground for suspecting that the actions of the respective person as a member having the right to vote in the decision-making process of the highest management body of the bank, may result in the bankruptcy or worsening of the financial position of the bank, or harm the reputation and business image of the bank;

(f) the respective transaction is aimed at, or results or may result in the restriction of free economic competition;

(g) the person acquiring a qualifying holding in the authorised capital stock of the bank as a result of the respective transaction and affiliated persons thereof obtain a dominant position in the banking market of the Republic of Armenia through the respective transaction, which enables them to predetermine the market tariffs or conditions of operations prescribed by Article 34 of this Law or, at least, one of them;

(h) the documents have been submitted in violation of the form and procedure determined by the Central Bank, or the documents or information submitted contain false or unreliable information;

(i) the participator acquiring a qualifying holding in the authorised capital stock of the bank as a result of the respective transaction or an affiliated person thereof is, in the reasoned opinion of the Central Bank, in a poor financial position or the worsening of the financial position of the qualifying participator or affiliated persons thereof may cause the worsening of the financial position of the bank, or the activities of persons acquiring a qualifying holding in the authorised capital stock of the bank and/or affiliated persons thereof, or the nature of their relations with the bank may, in the reasoned opinion of the Central Bank, impede the exercise of effective control by the Central Bank, or prevent identifying or effectively managing the risks of the bank;

(j) the person fails to submit sufficient and complete justification (documents, information, etc.) of the legality of the origin of funds to be invested thereby.

The agreement on acquisition of a qualifying holding in the authorised capital stock of the bank shall be null and void without the prior consent of the Central Bank.

4. ***(part repealed by HO-267-N of 3 July 2025)***

5. Natural persons having permanent residence or carrying out activities in offshore zones, as well as legal persons, persons without the status of a legal person established or registered in those zones or affiliated persons of persons prescribed by this point may acquire a shareholding in the authorised capital stock of a bank (irrespective of the amount of the shareholding) as a result of one or several transactions exclusively as prescribed by this Article upon the prior consent of the Central Bank. The list of offshore zones shall be defined by the Board of the Central Bank.

   Legal persons established with the participation of persons prescribed by this point or affiliated persons thereof may acquire a shareholding in the authorised capital stock of a bank (regardless of the amount of the shareholding) exclusively as prescribed by this Article upon the prior consent of the Central Bank.

6. The prior consent of the Central Bank as prescribed by this Article shall be required for each new transaction or transactions, as a result of which the shareholding of a person and/or affiliated persons in the authorised capital of a bank will exceed 10 per cent, 20 per cent, 50 per cent and 75 per cent, respectively.

7. In case any one of the grounds provided for by part 2 of this Article arises after the day of granting prior consent by the Board of the Central Bank until the actual acquisition of the qualifying holding, the Board of the Central Bank shall have the right to terminate the prior consent to acquisition of the qualifying holding.

(Article 18 edited by HO-253 of 23 October 2001, edited, supplemented, amended by HO-46-N of 3 March 2004, HO-227-N of 15 November 2005, supplemented, amended by HO-267-N of 3 July 2025)

(Law HO-267-N of 3 July 2025 contains a final part and transitional provisions)

Article 18[1]. Acquisition of other shareholding in the authorised capital stock of a bank

1. A person or affiliated persons may acquire other shareholding (not qualifying holding) in the authorised capital stock of a bank as a result of one or several transactions only upon the prior consent of the Central Bank. For the purposes of this Article, other shareholding (not qualifying holding) in the authorised capital stock of a bank is the shareholding which the person or affiliated persons acquire from a qualifying participator of a bank resulting in the reduction of the shareholding in the bank of the qualifying participator of the bank. The prior consent of the Central Bank shall be required for each transaction or transactions, as a result of which the amount of the shareholding in the authorised capital stock of the bank of the person with a qualifying holding in the bank will become less than 75 per cent, 50 per cent, 25 per cent or 10 per cent, respectively. The agreement on acquisition of other shareholding shall be null and void without the prior consent of the Central Bank.

   The list, form of documents, information to be submitted to the Central Bank through the bank by the person or affiliated persons for obtaining the prior consent prescribed by this part, the procedure and conditions for the submission thereof shall be defined by the Central Bank.

   The Central Bank shall examine all the documents required as prescribed by this part in the manner and within the time limits prescribed by Article 18 of this Law.

2. The Central Bank shall reject the application by notifying the applicant within ten days if one of the grounds provided for by part 2 of Article 18 of this Law or one of the following grounds exists:

   (a) main prudential standards of the bank would be violated;

   (b) in the opinion of the Board of the Central Bank substantiated under the guidelines confirmed by the Board of the Central Bank, there are grounds

to suspect that the transaction may cause worsening of the financial position of the bank, has the tendency to harm its reputation or business image.

3. ***(part repealed by HO-267-N of 3 July 2025)***

(Law HO-267-N of 3 July 2025 contains a final part and transitional provisions)

(Article 18[1] supplemented by HO-227-N of 15 November 2005,)

Article 19. Limitations on acquisition of more than fifty per cent shareholding in the authorised capital stock of a bank

(Article repealed by HO-253 of 23 October 2001)

Article 20. Charter of a bank

1. The constituent document of a bank is the charter of the bank requirements of which shall be binding for the founders, participators and management bodies of the bank.

2. The charter shall define:

   (a) full and short trade name of the bank;

   (b) registered office of the bank;

   (c) organisational and legal form of the bank;

   (d) in case of a bank which is a joint-stock company — the types (ordinary and preferred), amount, nominal value of stocks subject to placement, as well as forms of preferred stocks, the rights of holders of each type and form of stock;

   (e) the size of the authorised capital stock of a bank;

(f) the structure, competences and decision-making procedure of management bodies of a bank;

(g) the procedure for arranging and holding a general meeting of founders and participators of a bank, including the list of questions, decisions on which must be adopted by management bodies of the company by a simple majority or unanimously;

(h) at the discretion of the bank, information on branches, representative offices of the bank, as well as the procedure for establishing and terminating the activities of branches and representative offices by the bank;

(i) the powers granted to the bank by the founding bank (in case of a branch of a foreign bank);

(j) the procedure for supervision of the bank by the founding bank (in case of a branch of a foreign bank);

(k) the procedure for liquidation of a bank;

(l) other provisions provided for by law and other legal acts.

The charter of the bank may also define the maximum amount of shareholding of one founder or participator in the authorised capital stock of the bank (in case of a bank which is a joint-stock company — of voting stocks of the bank).

3. At the request of any person, the bank shall be obliged to provide him or her, within five days, with the opportunity to review the charter, amendments and supplements thereto. The bank shall be obliged to provide that person, upon his or her request, with the carbon copy of the effective charter of the bank. The payment charged by the bank for the provision of the carbon copy of the charter may not exceed the costs related to making that carbon copy.

4. The charter of a bank shall be supplemented and amended, as well as the new edition of the charter of the bank shall be confirmed in the general meeting of participators of the bank by a decision adopted by ¾ of the votes.

(Article 20 amended, edited, supplemented by HO-253 of 23 October 2001, amended, supplemented by HO-227-N of 15 November 2005)

Article 21. Management bodies of a bank

1. The management bodies of a bank are:

   (a) the general meeting of participators of the bank (hereinafter also referred to as "general meeting");

   (b) the board of the bank (hereinafter also referred to as "board");

   (c) the chief executive officer or the chairperson of the management board of the bank (hereinafter referred to as "the chief executive officer"), in cases provided for by the charter of the bank — the executive board or the management board of the bank (hereinafter referred to as "the executive board").

2. The procedure for formation and activities of management bodies of a bank and the scope of competencies thereof shall be prescribed by the Law of the Republic of Armenia "On joint-stock companies" and the charter of the bank, unless otherwise provided for by this Law.

3. Irrespective of the organisational and legal form banks shall have the management bodies provided for by part 1 of this Article, a chief accountant, an internal audit unit, a person responsible for risk management activity and a person responsible for compliance.

(Article 21 supplemented by HO-253 of 23 October 2001, edited by HO-227-N of 15 November 2005, by HO-188-N of 25 October 2017)

Article 21[1]. General meeting of participators of a bank. Competencies of the general meeting

1. The general meeting of participators of a bank is the highest management body of the bank.

2. The following shall fall within the exclusive competence of the general meeting of a bank:

   (a) confirming of the charter of the bank, making of amendments and supplements thereto;

   (b) reorganisation of the bank;

   (c) liquidation of the bank;

   (d) confirming of consolidated, interim and liquidation balance sheets, appointment of a liquidation committee;

   (e) confirming of the quantitative composition of the board, as well as election of the members thereof and early termination of their powers, except for the cases prescribed by parts 2-4 of Article 21.3 of this Law, when the general meeting does not have the authority to elect the members of the board and to terminate the powers thereof. The issues of confirming the quantitative composition of the board and electing the members thereof shall be discussed exclusively at annual general meetings, except for the cases prescribed by parts 2-4 of Article 21.3 of this Law, when the quantitative composition of the board may be approved at an extraordinary general meeting. The issue of electing the members of the board may be discussed at an extraordinary general meeting if the meeting has adopted a decision on the early termination of the powers of the board or separate members thereof;

(f) determination of the maximum amount of authorised stocks (shares, units), as well as the increase of the authorised capital stock of the bank;

(g) confirming of the person performing the external audit of the bank upon the recommendation of the board;

(h) confirming of annual financial statements, distribution of profits and losses of the bank. Adoption of a decision on payment of annual dividends and confirming of the size of annual dividends;

(i) confirming of the procedure for conducting a general meeting;

(j) formation of the counting committee;

(k) consolidation and splitting of stocks;

(l) establishment of subsidiary or dependant companies;

(m) shareholding in subsidiary and dependant companies;

(n) establishment of unions of commercial organisations;

(o) participation in the unions of commercial organisations;

(p) determination of the amount of remuneration of members of the board;

(q) adoption of a decision on not exercising the preferential right for the acquisition of stocks in cases provided for by law;

(r) other issues provided for by the law within the scope of the confirmed agenda.

3. The adoption of decisions on issues specified in part 2 of this Article shall be reserved to the exclusive competence of the general meeting and may not be delegated to the board of the bank, as well as to the chief executive officer of the bank, deputies thereof, members of the executive board of the bank, the chief accountant of the bank (hereinafter also referred to as "members of the executive body") or other person, except for issues specified in points (l)-(p) of

part 2 of this Article and the issue related to the increase of the authorised capital stock of the bank where the adoption of decisions thereon may be delegated to the board under the charter of the bank or a decision of the general meeting.

(Article 21[1] supplemented by HO-227-N of 15 November 2005, edited by HO-437-N of 16 September 2020)

Article 21[2]. Organisation of activities of the general meeting

1. Decisions of the general meeting may also be adopted through remote voting (inquiry), except for issues referred to in points (b), (c) and (h) of part 2 of Article 21[1] of this Law. The annual general meeting may not be held through remote voting (inquiry). Remote meetings of the general meeting of a bank shall be convened in accordance with the procedure for convening and holding remote meetings as prescribed by the charter of the bank. Moreover, the general meeting may adopt its decisions in such a meeting where the participants of the general meeting may communicate with each other via telephone, video communication or other means of communication, including via electronic mail, software and application platforms (including mobile applications) in real-time regime. Such a meeting shall not be considered a remote meeting (through inquiry) and the decisions adopted at such a meeting shall not be considered decisions adopted through remote voting (inquiry).

2. The following persons shall have the right to participate in a general meeting:

   (a) participators holding common (ordinary) stocks (shares, units) of the bank, as per the number of their votes, as well as nominees, if they present documents confirming the names of participators of the bank represented by them and the amount of stocks (shares, units) belonging to them;

   (b) shareholders holding preferred stocks of the bank, as per the number of votes corresponding to the amount and nominal value of preferred stocks

belonging to them, in cases prescribed by law and the charter of the bank, as well as nominal holders of those stocks, if they present documents confirming the names of shareholders represented by them and the amount of stocks belonging to them;

(c) members of the board and executive body that are not participators of the bank, with the right of an advisory vote;

(d) members of the internal audit unit of the bank, as observers;

(e) person performing the external audit of the bank, as an observer (if his or her opinion is included in the agenda of the general meeting to be convened);

(f) representatives of the Central Bank, as observers;

(g) other persons provided for by the charter.

3. The list of participators of the bank with the right to participate in the general meeting shall be drawn up as of the year, month and day set by the board, based on the data of the register of participators of the bank.

The year, month and day of drawing up the list of participators of the bank with the right to participate in the general meeting must at the same time meet the following two requirements:

(a) it must not proceed the date of adopting a decision on convening a general meeting;

(b) time period between the date of drawing up the list and the date of holding the general meeting may not exceed 45 days.

If the general meeting is convened by remote voting, the year, month and day of drawing up the list of participators of the bank with the right to participate therein shall be at least 35 days earlier than the date of convening the general meeting.

Banks shall notify the Central Bank about holding a general meeting of their participators not later than 15 days prior to the date of holding it.

4. For the purpose of drawing up the list of participators of the bank with the right to participate in the general meeting, nominal holders of stocks shall be obliged to provide data on persons in the interests thereof they dispose of the stocks, as of the year, month and day of drawing up the list.

5. The list of participators of the bank with the right to participate in the general meeting shall include data on the name, registered office (place of residence) and the shareholding of each participator of the bank in the authorised capital stock of the bank. Data on the shareholding of a shareholder in the authorised capital stock included in the list of participators of a joint-stock bank with the right to participate in the general meeting must be presented as per the types and classes of stocks.

6. The list of participators of the bank with the right to participate in the general meeting must be provided to the participators of the bank which are registered in the register of participators of the bank for informative purposes.

   Upon requests of participators of the bank, the bank shall be obliged to provide them a letter of verification on their inclusion in the list of participators with the right to participate in the general meeting.

7. Changes in the list of participators of the bank with the right to participate in the general meeting may be made only for correcting the mistakes made while drawing up the list or for restoring the infringed rights and lawful interests of participators of the bank not included in the list.

(Article 21[2] supplemented by HO-227-N of 15 November 2005, edited by HO-188-N of 25 October 2017, supplemented, edited by HO-164-N of 31 March 2020)

Article 21[3]. Board of the bank. Formation of the board of the bank

1. The board of the bank shall perform general management of activities of the bank within the scope of issues reserved to the board by law. The board of the bank must be composed of at least 5 and maximum 15 members.

   The members of the board shall be elected by the participators of the bank present at the annual general meeting of the bank and, in case of early termination of powers of a member of the board of the bank, by the participators of the bank present at the extraordinary general meeting as prescribed by law and the charter.

   At the general meeting recommendations regarding candidates for members of the board of the bank may be presented by the participators of the bank, as well as the board (except when forming the Board for the first time).

   The second and third paragraphs of this part shall not extend to the cases provided for by parts 2-4 of this Article.

2. The participators of the bank possessing 10 per cent and more of placed voting stocks (shares, units) of the bank as of the day of drawing up the list of participators with the right to participate in the general meeting shall have the right to be included in the board without election or to appoint their representatives to the board.

3. The participators of the bank possessing up to 10 per cent of placed voting stocks (shares, units) of the bank as of the day of drawing up the list of participators with the right to participate in the general meeting may join together and, in case they obtain 10 per cent and more of placed voting stocks (shares, units) of the bank, they may include their representative in the board without election by the general meeting.

   The appointment of a representative to the board as prescribed by the first paragraph of this part shall be possible only upon a respective agreement on

forming a group of participators of the bank and upon informing the general meeting about that agreement.

The agreement referred to in the second paragraph of this part must contain the following conditions and information:

(a) data on participators of the bank joining together, including the amount of placed voting stocks (shares, units) of the bank belonging to them;

(b) information on the candidate for a member of the board recommended by participators joining together, prescribed by part 5 of Article 43 of this Law;

(c) a condition that the agreement is concluded for a period of at least one year, and it shall not be amended or terminated before the end of that period;

(d) other conditions at the discretion of participators joining together.

Carbon copies of the agreement shall be provided to all participants of the general meeting at least 30 days before the day of holding the general meeting, and — in case of a remote voting — at least 30 days before the last day of the period set by the bank for accepting the completed ballot papers.

4. Participators with a small shareholding in the authorised capital stock of the bank shall have the right to appoint the representative representing their interests to the board of the bank.

With regard to the implementation of this part, a participator with a small shareholding in the authorised capital stock of the bank shall be considered the participator possessing less than 10 per cent of placed voting stocks (shares, units) of the respective bank, that has not concluded the agreement referred to in part 3 of this Article. The joint representative of participators with a small shareholding in the authorised capital stock of the bank must be nominated by them and included in the board without election by the general meeting.

Participators with a small shareholding or their representatives shall take part in the election of the representative of participators with a small shareholding in the authorised capital stock of the bank, even if there is only one of them. Participators of the bank having concluded an agreement referred to in part 3 of this Article shall not take part in the election of the representative of participators with a small shareholding in the authorised capital stock of the bank.

The procedure for electing, nominating and including a representative of participators with a small shareholding in the authorised capital stock of the bank in the board of the bank shall be prescribed by the charter. Moreover, the information on the nominated representative of participators with a small shareholding in the authorised capital stock of the bank, required by law, shall be provided by the board to all participants of the general meeting at least 30 days before the day of holding the general meeting, and — in case of a remote voting — at least 30 days before the last day of the period set by the bank for accepting the completed ballot papers.

5. In the cases provided for by parts 2-4 of this Article, the procedure and conditions of early termination (cessation) of powers of the members of the board shall be prescribed by the charter.

6. A board member of a bank may concurrently be a board member at another bank, if he or she has a professional record of at least six years in banking or insurance or securities market, out of which three years as a chief executive officer, deputy chief executive officer of a company, member of the board or member of the collegial executive body, or if he or she is a representative of an international financial organisation, or has a professional record of at least four years in academic or research work in the field of economy, and if being a board member at another bank does not impact adversely the organisations and the regular functioning of financial system of the Republic of Armenia, and to whom the restrictions prescribed by law are applicable that exclude him or her to be an executive officer of a bank.

The person provided for by this part may be a board member at not more than half of the banks operating in the Republic of Armenia.

(Article 21[3] supplemented by HO-227-N of 15 November 2005, edited, amended by HO-437-N of 16 September 2020)

Article 21[4]. Members of the board

1. Members of the board must not be affiliated with each other. Members of the board and members of the executive body of the respective bank may not be affiliated persons.

2. Members of the board shall be remunerated.

   The term of office of members of the board shall be defined by the general meeting and may not be less than one year.

(Article 21[4] supplemented by HO-227-N of 15 November 2005)

Article 21[5]. Chairperson of the board of the bank

The chairperson of the board of the bank shall be elected by the board from among the members of the board.

The chairperson of the board of the bank shall:

(a) organise the activities of the board;

(b) convene and preside over board meetings;

(c) organise the taking of minutes of board meetings;

(d) preside at the general meeting of the bank;

(e) organise the activities of adjunct committees of the board.

(Article 21[5] supplemented by HO-227-N of 15 November 2005)

Article 21[6]. Competencies of the board of the bank

1. Competences of the board of the bank shall be the following:

   (a) determining the main directions of activity of the bank, including confirming the prospective development plan of the bank;

   (b) convening annual and extraordinary meetings of the general meeting, confirming the agenda, as well as ensuring the performance of preparatory activities with regard to convening and holding thereof;

   (c) appointing the members of the executive body of the bank, terminating their powers early and confirming the conditions of remuneration;

   (d) establishing standards for internal supervision in the bank, forming the internal audit unit of the bank, confirming its annual work plan, terminating the powers of employees of the internal audit early and confirming the conditions of remuneration;

   (e) confirming the estimate and performance of annual costs of the bank;

   (f) confirming the internal administrative and organisational structure and the list of staff positions of the bank;

   (g) increasing the authorised capital stock of the bank, if it has the respective power under the charter or a decision of the general meeting;

   (h) submitting recommendations to the general meeting related to the payment of dividends, including drawing up of a list of participators of the bank with the right to receive dividends for each dividend payment, which must include those participators of the bank that have been included in the register of participators of the bank as of the day of drawing up the list of participators with the right to participate in the annual general meeting of the bank;

(i) granting prior confirmation to annual financial statements of the bank and submitting them to the general meeting;

(j) introducing the person performing the external audit of the bank for the confirmation of the general meeting;

(k) determining the amount of payment to the person performing the external audit of the bank;

(l) initiating and overseeing the implementation of measures to remedy the shortcomings identified, as necessary, during audit or other inspections in the bank;

(m) adopting internal legal acts establishing the procedure for the implementation by the bank of financial operations prescribed by this Law;

(n) confirming the charters of territorial and independent structural subdivisions of the bank, dividing functional responsibilities between independent structural subdivisions of the bank;

(o) introducing the issues provided for in points (b), (l)-(p) of part 2 of Article 21^1 of this Law for the consideration of the general meeting;

(p) adopting a decision on the placement of bonds and other securities of the bank, as well as electronic money tokens;

(q) using the reserve and other funds of the bank;

(r) establishing branches, representative offices and agencies of the bank;

(s) defining the accounting policy of the bank, including the principles, basics, modes, rules, forms and procedures for keeping accounting records and drawing up financial statements;

(t) adopting other decisions provided for by law.

2. The adoption of decisions on issues specified in part 1 of this Article shall be reserved to the exclusive competence of the board of the bank and may not be delegated to other management bodies of the bank or other persons, except for the case prescribed by the second paragraph of this part.

   The competence of confirming, within the framework of the annual cost estimate of the bank confirmed by the board, the list of staff positions of the bank prescribed by point (f) of part 1 of this Article may be delegated to the chief executive officer (the executive board) of the bank by the charter of the bank or a decision of the general meeting.

3. At least once a year the board of the bank must discuss at its meeting the report of the person performing external audit (letter to the management), as well as discuss and where appropriate review the main directions of activity, strategy, procedures and other internal legal acts of the bank.

At least once a quarter the board of the bank must discuss the statements and reports of the internal audit unit, chief executive officer (executive board) and chief accountant of the bank in the manner and form prescribed thereby.

(Article 21[6] supplemented by HO-227-N of 15 November 2005, HO-166-N of 29 May 2025)

Article 21[7]. Board meetings

1. Board meetings of the bank shall be convened at least once in two months. The procedure for convening and holding board meetings of a bank shall be established by the charter of the bank.

   Board meetings of the bank shall be convened by the chairperson of the board of the bank upon his or her written request, the written request of a member of the board, the chief executive officer (executive board) of the bank, the head of the

internal audit unit, the person performing the external audit of the bank, the Board of the Central Bank, as well as a participator (participators) holding 5 per cent or more of voting stocks (shares, units) of the bank.

2. Board meetings of the bank may be convened remotely pursuant to the procedure for convening and holding remote meetings prescribed by the charter of the bank. The board may adopt decisions in a meeting where all participants of the board meeting may communicate with each other via telephone, video communication or other means of communication, including via electronic mail, software and application platforms (including mobile applications) in real-time regime. Such a meeting shall not be considered a remote meeting (through inquiry). Issues referred to in points (c), (d), (j) and (n) of part 1 of Article 21[6] of this Law, as well as the confirmation of the prospective development plan of the bank, the issue of the election of the chairperson of the board of the bank may not be decided upon during remote meetings of the board of the bank.

3. The quorum for board meetings shall be determined by the charter of the bank, but may not be less than half of members of the board. Decisions of the board shall be adopted by the majority of votes of members of the board present at the meeting, unless otherwise provided for by this Law, or a greater number of votes is envisaged by the charter or the rules of procedure of the board confirmed by the general meeting. During voting, each member of the board shall have only one vote. Transfer of the vote and the right to vote to another person (including to another member of the board) shall be prohibited. In case of a tie, the vote of the chairperson of the board shall be decisive, unless otherwise provided for by the charter.

4. The discussion of all issues of board meetings may take place only with the mandatory participation of the chief executive officer of the bank, except for issues related to the early termination of powers of the chief executive officer of the bank, as well as to the confirmation of conditions of remuneration thereof.

The chief executive officer of the bank shall participate in board meetings with the right of an advisory vote.

5. Minutes of board meetings shall be recorded. Minutes of a meeting shall be drawn up within 10 days after the meeting. The following shall be specified in the minutes:

   (a) year, month, day, time and place of convening the meeting;

   (b) persons that have participated in the meeting;

   (c) agenda of the meeting;

   (d) issues to be voted upon, as well as the results of voting for each member of the board that has participated in the meeting;

   (e) opinions of members of the board and other persons participating in the board meeting on issues to be voted upon;

   (f) decisions adopted at the meeting.

Minutes of board meetings shall be signed by all members participating in the meeting who shall be responsible for the accuracy and authenticity of information contained in the minutes.

Board meetings shall be conducted by the chairperson of the board who shall sign the decisions of the meeting. The chairperson of the board shall be responsible for the authenticity of information contained in a decision.

(Article 21[7] supplemented by HO-227-N of 15 November 2005, by HO-164-N of 31 March 2020)

Article 21[8]. Adjunct committees of the board of the bank

The board of the bank may establish committees with a view to effectively organising its activities. Members of the board of the bank and other executive officers or

employees of the bank may be involved in adjunct committees of the board of the bank. Decisions of adjunct committees of the board of the bank shall have an advisory nature.

(Article 21[8] supplemented by HO-227-N of 15 November 2005)

Article 21[9]. Grounds for early termination of powers of members of the board

1. Powers of a member of the board shall be terminated early by the general meeting if:

   (a) he or she has been declared as having no or limited active legal capacity by a civil judgment of a court that has entered into legal force;

   (b) circumstances have occurred during his or her term of office, by virtue of which he or she is prohibited from being a member of the board of the bank (executive officer of the bank);

   (c) he or she was absent from at least 1/4 of board meetings during one year without a valid reason, or overall (including absences for valid and invalid reasons) was absent from at least half of the meetings. Within the meaning of this point, remote participation in real-time regime and as prescribed by the charter of the bank shall be considered full-fledged participation;

   (d) he or she has been disqualified or deprived of the right to hold certain positions, as prescribed by law.

1.1. Powers of a member of the board shall be terminated early:

   (a) on the basis of his or her application;

   (b) in case of decease;

   (c) in the cases provided for by the charter of the bank.

2. Powers of a member of the board may also be terminated early provided that the remuneration determined for the remaining period of his or her term and, in case this period exceeds one year, the remuneration determined for one year is reimbursed to him or her by the bank.

The bank shall be entitled to claim back from the person removed from the position of a member of the board the remuneration reimbursed to him or her under the first paragraph of this part through a judicial procedure by proving in court that the member of the board has failed to fulfil his or her official duties.

(Article 21[9] supplemented by HO-227-N of 15 November 2005, amended, supplemented by HO-437-N of 16 September 2020)

Article 21[10]. Chief executive officer, executive board of the bank

1. The management of current activities of the bank shall be carried out by the chief executive officer of the bank and, where provided for by the charter of the bank, by the executive board of the bank. The chief executive officer may have deputies. The chief executive officer (members of the executive board) of the bank shall be appointed by the board and the deputy chief executive officers shall be appointed by the board upon the recommendation of the chief executive officer. The structure of the executive board of the bank shall be defined by the charter of the bank.

   Where the charter provides for the establishment of an executive board, the competencies of the chief executive officer and the executive board shall be clearly distinguished in the charter.

2. The executive board shall act on the basis of the charter, as well as internal documents of the bank approved by the board (regulations, work procedures and other documents), which define time limits and the procedure for convening and holding meetings of the executive board, as well as the procedure for

adopting decisions thereby.

The chief executive officer of the bank, the deputy (deputies) thereof, the chief accountant shall be mandatorily included in the executive board.

Minutes of meetings of the executive board shall be recorded. Minutes of meetings of the executive board shall be presented to the board, the internal audit and the person performing the external audit of the bank upon their request. Minutes of a meeting shall be drawn up within 10 days after the meeting. The following shall be specified in the minutes:

(a) year, month, day, time and place of convening the meeting;

(b) persons that have participated in the meeting;

(c) agenda of the meeting;

(d) issues to be voted upon, as well as the results of voting for each member of the executive board that has participated in the meeting;

(e) opinions of members of the executive board and other persons participating in the meeting of the executive board on issues to be voted upon;

(f) decisions adopted at the meeting.

Minutes of a meeting of the executive board shall be signed by all members participating in the meeting who shall be responsible for the authenticity of information contained in the minutes.

Meetings of the executive board shall be organised and conducted by the chief executive officer who signs the decisions of the meeting. The chief executive officer shall be responsible for the authenticity of information contained in the decision.

3. The chief executive officer of the bank shall, as an exclusive competence thereof, represent the bank in the Republic of Armenia and in foreign states, conclude

transactions on behalf of the bank, act on behalf of the bank without a power of attorney and issue powers of attorney.

The chief executive officer or the executive board of the bank shall:

(a) submit for the confirmation of the board the internal legal acts to be confirmed by the board of the bank, regulations of separated subdivisions, the administrative and organisational structure of the bank;

(b) dispose of the property of the bank, including financial means, issue orders, directives, binding instructions within the scope of his or her competences and supervise their implementation;

(c) hire and dismiss the employees of the bank;

(d) provide incentives to and impose disciplinary sanctions on the employees of the bank;

(e) ensure the enforcement of decisions of the general meeting and the board of the bank;

(f) perform other competencies related to the management of current activities of the bank provided for by the charter of the bank, as well as within the framework of legal acts prescribed by the board.

Issues which have not been defined as falling within the competence of the general meeting, the board or the internal audit unit under the law or the charter shall fall within the competence of the chief executive officer (executive board).

The chief executive officer (executive board) of the bank shall regularly, but not less than once a quarter, submit follow-up reports to the board as prescribed by the board.

The adoption of decisions on issues falling within the competence of the chief executive officer (executive board) of the bank may not be delegated to other management bodies of the bank, the internal audit of the bank, the chief accountant of

the bank or another person, except where the exercise of powers of the chief executive officer of the bank has been temporarily delegated to his or her substitute in due manner. Powers of the chief executive officer may be temporarily delegated to his or her substitute in due manner, if the latter meets the standards of qualification and professional competence established by the Central Bank.

4. Powers of the chief executive officer shall be terminated early by the board on the basis of his or her application or if:

   (a) he or she has been declared as having no or limited active legal capacity by a civil judgment of a court that has entered into legal force;

   (b) circumstances have occurred during his or her term of office, by virtue of which he or she is prohibited from being the chief executive officer of the bank (executive officer of the bank);

   (c) he or she has been disqualified or deprived of the right to hold certain positions, as prescribed by law.

5. Powers of the chief executive officer may also be terminated early provided that the remuneration determined for the remaining period of his or her term and, in case this period exceeds one year, the remuneration determined for one year is reimbursed to him or her by the bank.

The bank shall be entitled to claim back from the person removed from the position of the chief executive officer the remuneration reimbursed to him or her under the first paragraph of this part by proving in court that the chief executive officer has failed to fulfil his or her official duties.

(Article 21[10] supplemented by HO-227-N of 15 November 2005)

Article 21[11]. Chief accountant of the bank

The chief accountant of the bank or the person exercising such responsibilities (referred to in the text as "chief accountant") shall exercise the rights and responsibilities prescribed for the chief accountant by the Law of the Republic of Armenia "On Accounting".

The chief accountant of the bank shall be appointed by the board of the bank upon the recommendation of the chief executive officer (executive board) of the bank.

The rights and responsibilities of the chief accountant of the bank may not be delegated to the general meeting, the board, members of the executive body, the internal audit unit or to another person.

The chief accountant of the bank shall, at least once a quarter, submit a financial statement to the board and the chief executive officer (executive board) of the bank in the form and content confirmed by the board.

The chief accountant of the bank shall be responsible for keeping accounting records of the bank, the state and authenticity thereof, the annual report, the timely submission of financial statements and statistical reports to state administration bodies prescribed by laws and other legal acts, as well as for the authenticity of financial information related to the bank provided to participators of the bank, creditors, and mass media in accordance with the law, other legal acts and the charter of the bank.

(Article 21[11] supplemented by HO-227-N of 15 November 2005, amended by HO-150-N of 16 April 2026)

Article 21[12]. Internal audit unit

1. The head and members of the internal audit unit (hereinafter referred to as "internal audit") shall be appointed by the board of the bank. The members of management bodies of the bank, other executive officers and employees, as well

as persons affiliated with the members of the executive body may not be members of the internal audit.

The head and members of the internal audit shall be obliged to observe the workplace discipline defined for the employees of the bank.

2. In accordance with the rules of procedure confirmed by the board of the bank, the internal audit of the bank shall:

   (a) provide an impartial assessment of the quality, adequateness and effectiveness of the internal supervision of the bank, including the risk management systems, bank management systems and processes;

   (b) ***(point repealed by HO-188-N of 25 October 2017)***

   (c) give opinions and recommendations on issues raised by the board of the bank, as well as issues put forward on its own initiative.

The regulation of issues related to competencies of the internal audit may not be delegated to management bodies of the bank or other persons.

3. The head of the internal audit shall submit to the board and the chief executive officer (executive board) the following reports:

   (a) regular report on the results of inspections prescribed by the annual plan;

   (b) extraordinary report, if in the reasoned opinion of the internal audit, material violations have been identified; moreover, if the violations are caused by the actions or omissions of the chief executive officer (executive board) or the board, the report shall be directly submitted to the chairperson of the board.

In cases provided for by this part, reports shall be submitted within maximum two working days after detecting the violation.

In case of identifying violations of laws, other legal acts, the internal audit shall be obliged to report them to the board of the bank, at the same time suggesting measures aimed at eliminating those violations and preventing their recurrence in the future.

4. Audit committees shall not be established in banks.

(Article 21[12] supplemented by HO-227-N of 15 November 2005, edited, amended by HO-188-N of 25 October 2017)

Article 21[13]. Person responsible for the bank risks management

1. The person responsible for the bank risks management shall:

   (a) identify, evaluate the risks inherent in the activity of the bank, give a general description of the bank risk;

   (b) exercise supervision and monitoring over the identified risks, ensure the effective management thereof;

   (c) submit to the board for approval the strategy for the bank risks management, the acceptable risk threshold, as well as separate risk management policies, submit a report to the board and the executive body on the description of the bank risks and the processes of risks management at intervals defined by the board;

   (d) perform other risk management activities provided for by the regulatory legal acts of the Central Bank;

2. Minimum requirements for the effective bank risk management activities may be prescribed by the regulatory legal acts of the Central Bank.

(Article 21.13 supplemented by HO-188-N of 25 October 2017)

Article 21.[14] Person responsible for ensuring compliance in the bank

1. The person responsible for compliance in the bank shall:

   (a) ensure compliance of activities of the bank and the employees of the bank with the requirements of laws, other legal acts, including the internal legal acts of the bank;

   (b) have in place and maintaining accountability in the bank;

   (c) assess the impact of possible amendments to laws and other legal acts on the activity of the bank, and the associated risks;

(d) perform other compliance related activities provided for by regulatory legal acts of the Central Bank;

2. Minimum requirements for ensuring effective compliance activities in the bank may be prescribed by the regulatory legal acts of the Central Bank.

(Article 21.[14] supplemented by HO-188-N of 25 October 2017)

Article 22. Executive officers of the bank, qualification procedure thereof

1. The chairperson of the board of the bank, the deputy thereof and members of the board, the chief executive officer, deputies thereof, the chief accountant, the deputy thereof, the head of the internal audit, members thereof, members of the executive board of the bank, the person responsible for the risks management and the person responsible for compliance, as well as heads of territorial subdivisions and structural subdivisions of the bank, such as a directorate, department, division, as well as the employees, who in the opinion of the Board of the Central Bank substantiated by the criteria defined by the Board of the Central Bank are somehow involved in the main activities of the bank or work under the direct supervision of the chief executive officer or have certain influence in the decision-making process of management bodies of the bank are considered executive officers of the bank.

2. The following persons may not be executive officers of a bank:

(a) persons who have a record of conviction for intentional crimes which has not been expunged or cancelled;

(a.1) persons included in the lists of persons associated with terrorism published by or in accordance with the United Nations Security Council resolutions or in the lists of persons related to the proliferation of weapons of mass destruction published by the United Nations Security Council resolutions;

(b) persons deprived by the court of the right to hold positions in financial, banking, tax, customs, commercial, economic, legal spheres;

(c) persons declared bankrupt and having outstanding (unreleased) liabilities;

(d) persons whose qualification or professional knowledge does not correspond to professional or qualification standards established by the Central Bank;

(e) persons or persons affiliated thereto, who have previously committed acts which in the opinion of the Central Bank substantiated as approved by the legal acts of the Board of the Central Bank provide grounds for suspecting that the respective person as an executive officer of the bank cannot properly manage the respective field of activity of the bank or his or her actions may result in the bankruptcy or worsening of the financial position of the bank, or harm the reputation and business image of the bank;

(f) persons having the status of an accused in a criminal proceedings.

3. The Central Bank shall be entitled to define the qualification procedure of and the standards of professional competence for executive officers of the bank.

4. ***(point repealed by HO-46-N of 3 March 2004)***

4. The chairperson or a member of the board of the bank may not at the same time be a member of the executive body or another employee of the respective bank, as well as a member of the board, a member of the executive body or another

employee of another bank or credit organisation, unless the respective bank and the other bank or credit organisation are affiliated persons. In the case prescribed by part 6 of Article 21.3 of this Law, a board member of a bank may at the same time be a board member at another bank.

The chief executive officer, the deputy chief executive officer, the chief accountant, members of the executive board, the head or members of the internal audit unit of the bank may not at the same time be the chief executive officer, the deputy chief executive officer, the chief accountant, a member of the executive board, the head or a member of the internal audit unit of another bank.

The members of the executive body of the bank may perform other paid work apart from scientific, pedagogical and creative activities only by the consent of the board of the bank.

(Article 22 edited, amended by HO-253 of 23 October 2001, amended by HO-46-N of 3 March 2004, edited, supplemented by HO-227-N of 15 November 2005, supplemented by HO-188-N of 25 October 2017, HO-437-N of 16 September 2020, edited by HO-160-N of 9 June 2022, supplemented, amended by HO-267-N of 3 July 2025)

(Law HO-267-N of 3 July 2025 contains a final part and transitional provisions)

CHAPTER 3

PROCEDURE FOR LICENCING OF BANKING ACTIVITY

Article 23. Banking licence

1. Banking licence is a document issued by the Central Bank confirming the permission to carry out banking activity.

2. The exclusive right to issue a banking licence shall be vested in the Central Bank.

3. Banking licences shall be issued for an unlimited period of time, and the rights provided for therein may not be delegated or otherwise alienated.

4. The licence number, date of issue, the full trade name and registration number of the licensed bank, the branch of a foreign bank shall be specified in the banking licence. The single form of the banking licence shall be defined by the Central Bank.

5. A banking licence may be declared invalid or revoked by a decision of the Central Bank in cases provided for by this Law.

6. In case of liquidation of a bank or a branch of a foreign bank, the banking licence ceases to be effective and must be returned to the Central Bank in the manner and within time limits prescribed thereby.

7. In case of loss of the banking licence, the bank or the branch of the foreign bank shall immediately inform the Central Bank thereof. The Central Bank shall renew the banking licence within a period of one month upon the application of the bank or the branch of the foreign bank.

8. The procedure for licensing banking activity shall be defined by this Law and legal acts of the Central Bank. Where other provisions related to licensing of banking activity are prescribed by other laws, the provisions of this Law shall apply.

(Article 23 supplemented by HO-253 of 23 October 2001)

Article 24. Stages of licensing

1. The licensing procedure starts upon submitting a letter of request for obtaining prior approval for the licence and ends when the licence is issued or the application for obtaining a licence is rejected.

2. The stages of the licensing procedure are as follows:

   (a) prior approval for obtaining a licence;

   (b) registration of a bank or a branch of a foreign bank;

   (c) issuance of a licence.

Article 25. Documents required for prior approval for obtaining a licence

The following documents shall be submitted to the Central Bank for prior approval for obtaining a licence:

(a) letter of request from initiators or the foreign bank;

(b) draft charter of the bank being established, and in case of a branch of a foreign bank, constituent documents of the foreign bank and draft charter of the branch;

(c) economic activity plan of the bank or the branch of the foreign bank being established in the form defined by the Central Bank that must be drawn up for the forthcoming three years of activity of the bank and include the internal organisational structure of the bank or the branch of the foreign bank, the calculation of income and expenses, trends for long-term financial development, the description of envisaged markets for investments, the main instruments for attracting funds, methods of withstanding the competition, management principles of the bank and the assessment of possible risks;

(c1) data defined by the Central Bank on persons acquiring a qualifying holding in the authorised capital stock of the bank being established in the form, with the list, in the manner and under the conditions defined by the Central Bank, including statements of respective persons with a qualifying holding that no other person acquires the status of an indirect qualifying participator in the bank being established by virtue of shareholding thereof; otherwise those persons with a qualifying holding shall also be obliged to submit documents related to persons with an indirect qualifying holding defined by the Central Bank;

(c2) data on legal persons (including names, registered offices, financial statements, information on executive officers, information on persons with a qualifying holding) for which the person acquiring a qualifying holding in the authorised capital stock of the bank is a person with a qualifying holding, in the form, with the list, in the manner and under the conditions defined by the Central Bank;

(d) other documents defined by the Central Bank.

(Article 25 amended, edited, supplemented by HO-253 of 23 October 2001, supplemented by HO-227-N of 15 November 2005)

Article 26. Prior approval for obtaining a licence

1. The Central Bank shall consider the letter of request within a period of one month from the date of the submission of documents provided for by Article 25 of this Law in the form and manner defined by the Central Bank. The Central Bank may reject the letter of request, if:

(a) the activities of the bank or the branch of the foreign bank being established would be inconsistent with laws and other legal acts;

(b) the economic activity plan of the bank or the branch of the foreign bank does not comply with the form defined by the Central Bank and/or, in the opinion of the Central Bank substantiated by the criteria confirmed by the Central Bank, when acting in accordance with the plan the bank would not be able to carry out regular banking activity, or the economic plan is unrealistic;

(c) in case of the branch of the foreign bank, the foreign bank is not authorised to carry out banking activity in the country of its registration and main activities, or the Central Bank considers that the state bodies for banking control of the country of registration or main activities of the foreign bank do not exercise proper control over the activities of the respective bank and its branches as a single system;

(d) the person acquiring a qualifying holding in the authorised capital stock of the bank or the legal person affiliated thereto is, in the reasoned opinion of the Central Bank, in a poor financial position, or the worsening of the financial position of the person acquiring a qualifying holding or affiliated persons thereof may result in the worsening of the financial position of the bank, or the activities of persons acquiring a qualifying holding in the authorised capital stock of the bank and/or affiliated persons thereof or the nature of their relations with the bank may, in the reasoned opinion of the Central Bank, impede the exercise of effective control by the Central Bank or prevent identifying or effectively managing the risks of the bank.

2. For the purpose of obtaining specific information required by the Central Bank the one-month period for the examination of the letter of request may be suspended upon a decision of the Board of the Central Bank. Where the Central Bank does not reject the application within a period of one month or fails to inform the person about suspending the one-month period, the prior approval shall be deemed granted. Upon the first request of the person submitting a letter

of request, the Central Bank shall be obliged to deliver its decision on prior approval within one day.

3. The decision of the Board of the Central Bank on granting prior approval or rejecting the prior approval may not be appealed through judicial procedure.

(Article 26 amended, edited, supplemented by HO-253 of 23 October 2001, amended, supplemented by HO-227-N of 15 November 2005)

Article 27. Registration of banks and branches of foreign banks

1. The bank or the branch of the foreign bank shall submit the following documents for the registration by the Central Bank:

   (a) application for registration, the decision or an excerpt from the minutes of the general meeting of participators of the bank or the foreign bank or of other competent management body on confirming the charter of the bank or the branch of the foreign bank and electing (appointing) executive officers of the bank;

   (b) statement of information relating to activities of executive officers of the bank or the branch of the foreign bank being established in the form defined by the Central Bank;

   (c) charter of the bank or the charter of the branch of the foreign bank confirmed by the foreign bank;

   (c1) application for the registration of the trade name of the bank (except for branches of foreign banks), the requirements to which, the list of documents submitted with which, as well as the relations pertaining to the consideration of the application and the registration of the trade name and its changes are regulated as prescribed jointly by the Central Bank and the authorised body of the Government of the Republic of Armenia;

(d) list of executive officers of the bank or the branch of the foreign bank, samples of their verified signatures;

(e) for persons with a qualifying holding in the authorised capital stock of the bank, statement on the absence of grounds provided for by Article 18 of this Law, in the form defined by the Central Bank;

(e1) data defined by the Central Bank on persons acquiring a qualifying holding in the authorised capital stock of the bank being established in the form defined by the Central Bank, including statements of respective persons with a qualifying holding that no other person acquires the status of an indirect qualifying participator in the bank being established by virtue of shareholding thereof; otherwise those persons with a qualifying holding shall also be obliged to submit documents related to persons with an indirect qualifying holding defined by the Central Bank;

(e2) data on legal persons (including names, registered offices, financial statements, information on executive officers, information on persons with a qualifying holding), for which the person acquiring a qualifying holding in the authorised capital stock of the bank is a person with a qualifying holding, in the form defined by the Central Bank;

(f) other documents defined by the Central Bank.

2. The Central Bank shall register the bank or the branch of the foreign bank or reject the registration thereof within one month upon receiving all the documents prescribed by part 1 of this Article. For the purpose of obtaining specific information required by the Central Bank the one-month period for the examination of the application for registration may be suspended for an indefinite period. Where the Central Bank does not reject the application within a period of one month or fails to inform the person about suspending the one-month period, the bank is deemed registered.

3. The Central Bank shall reject the letter of request for the registration of the bank or the branch of the foreign bank if the submitted documents contain unreliable or false data, or incomplete or insufficient documents have been submitted, or the person acquiring a qualifying holding in the authorised capital stock of the bank or the legal person affiliated thereto is, in the reasoned opinion of the Central Bank, in a poor financial position, or the worsening of the financial position of the person acquiring a qualifying holding in the authorised capital stock of the bank or affiliated persons thereof may result in the worsening of the financial position of the bank, or the activities of persons with a qualifying holding in the bank and/or affiliated persons thereof or the nature of their relations with the bank may, in the reasoned opinion of the Central Bank, impede the exercise of effective control by the Central Bank or prevent identifying or effectively managing the risks of the bank.

4. The bank or the branch of the foreign bank shall be registered only when funds equal to the minimum amount of the authorised capital stock of banks defined by the Central Bank are available on the respective account in the Central Bank.

5. Upon the registration at the Central Bank the bank acquires the status of a legal person.

6. The Central Bank shall issue a registration certificate to the founders within three days after adopting a decision on the registration of the bank or the branch of the foreign bank.

7. The Central Bank shall, within five days after adopting a decision on the registration of the bank or the branch of the foreign bank, notify the state authorised body carrying out the registration of enterprises thereof for that body to make a relevant record related to the registration of the bank or the branch of the foreign bank.

(Article 27 amended, edited, supplemented by HO-253 of 23 October 2001, supplemented by HO-227-N of 15 November 2005, HO-141-N of 8 June 2009, amended by HO-156-N of 19 March 2012)

Article 28. Registration of branches and representative offices

1. Branches of banks operating in the territory of the Republic of Armenia being established in the territory of the Republic of Armenia shall be registered by the Central Bank upon the submission of the following documents:

   (a) decision of the board of the bank or an excerpt from the minutes on establishing a branch;

   (b) letter of request of the bank;

   (c) charter of the branch;

   (d) statement of information on working activities of executive officers of the branch of the bank or the foreign bank being established in the form defined by the Central Bank. The Central Bank may test the executive officers of the branch to assess their professional competence;

   (e) economic activity plan of the branch being established in the form defined by the Central Bank that includes the internal organisational structure of the branch, envisaged financial operations and the main directions of activity, the approximate structure, composition of assets and liabilities, the planned calculation of profits and losses for the forthcoming two years;

   (f) document on providing premises for the branch, as well as the compliance of technical equipment of the branch with the standards defined by the Central Bank;

   (g) other documents defined by the Central Bank.

2. The following documents shall be submitted to the Central Bank for the registration of a representative office of a bank or a foreign bank in the territory of the Republic of Armenia:

   (a) letter of request of the founding bank;

(b) justification for the establishment of the representative office;

(c) carbon copy of the charter of the founding bank;

(d) charter of the representative office;

(e) other documents defined by the Central Bank.

3. When establishing branches and representative offices outside the territory of the Republic of Armenia banks operating in the territory of the Republic of Armenia shall obtain the consent of the Central Bank by submitting the letter of request of the founding bank, the economic plan for the establishment of the branch and other documents defined by the Central Bank, and shall be listed with the Central Bank after the registration (licensing, accreditation) in another country as prescribed by the legislation of the respective country, by submitting a document confirming the fact of registration (licensing, accreditation).

4. The Central Bank shall, within one month after the submission of the letter of request and the required documents provided for by this Article, register the branch, the representative office and issue a registration certificate, and in case of rejecting the registration, it shall inform the bank of the grounds for the rejection within a period of ten days. For the purpose of obtaining specific information required by the Central Bank the one-month period for the examination of the application for registration or giving consent may be suspended. Where the Central Bank does not reject the application within a period of one month or fails to inform the person about suspending the one-month period, the registration or consent shall be deemed granted. Grounds for rejecting the registration of a branch, representative office by the Central Bank shall be defined by the Central Bank.

5. The Central Bank shall, within five days after adopting a decision on the registration of the branch or the representative office, notify the state authorised body carrying out the registration of enterprises thereof for that body to make a relevant record related to the registration of the branch or the representative office.

6. The Central Bank may reject the letter of request for the registration of the branch of the bank being established in the territory of Republic of Armenia or outside the territory the Republic of Armenia if:

(a) the submitted documents contain unreliable or false data;

(b) incomplete documents have been submitted;

(c) premises and technical equipment of the branch of the bank do not comply with the requirements defined by the Central Bank;

(d) professional knowledge or qualification of executive officers of the branch of the bank does not comply with the standards defined by the Central Bank;

(e) during the one year preceding the moment of submitting to the Central Bank the documents for the registration of the branch the bank has violated the main prudential standards, or the composite score of performance of the bank is lower than the number defined by the Board of the Central Bank, or the establishment of the branch will result in the worsening of the financial position of the bank as per the criteria defined by the Central Bank;

(f) in case of establishing a branch outside the territory of the Republic of Armenia, the bank fails to prove the necessity of establishing a branch in the respective country, and in the opinion of the Board of the Central Bank, the bank is planning to circulate the proceeds of crime;

(g) on other grounds defined by the Central Bank;

(h) in case of establishing a branch outside the territory of the Republic of Armenia, the body responsible for banking control in the respective state does not, in the reasoned opinion of the Central Bank, exercise control over the activities of banks registered in the respective state in due manner and in compliance with international standards, or the respective state does not enable the Central Bank to carry out inspection in or exercise proper control over the branch to be established.

7. The Central Bank may reject the letter of request for the registration of a representative office of the bank or the foreign bank being established in the territory of the Republic of Armenia, or refuse to give consent to the establishment of a representative office of the bank operating in the territory of the Republic of Armenia being established outside the territory the Republic of Armenia if:

   (a) the submitted documents contain unreliable or false data;

   (b) incomplete documents have been submitted;

   (c) in the opinion of the Central Bank, the establishment of the representative office will result in the worsening of the financial position of the bank;

   (d) on other grounds defined by the Board of the Central Bank.

8. The procedure for and conditions of termination, including temporary termination of activities of branches and representative offices shall be defined by the Board of the Central Bank. The Central Bank may refuse to allow the termination or temporary termination of activities of branches and representative offices in cases, in the manner and under the conditions defined thereby.

(Article 28 amended, edited, supplemented by HO-253 of 23 October 2001, supplemented by HO-46-N of 3 March 2004, amended, supplemented by HO-227-N of 15 November 2005)

Article 29. Conditions necessary for obtaining a licence

1. Within one year from the day of obtaining the prior approval of the Central Bank the bank shall be obliged to apply to the Central Bank to obtain a licence. Within one month after receiving the application the Central Bank shall issue a licence to the registered bank or the branch of the foreign bank if the following conditions have been fulfilled:

(a) minimum amount of the total capital of banks defined by the Central Bank is fully replenished;

(b) premises acquired or leased for banking activity and the technical equipment thereof comply with the requirements defined by the Central Bank and the economic activity plan of the bank or the branch of the foreign bank;

(c) internal organisational structure and operational system of the bank or the branch of the foreign bank have been established;

(d) qualification, professional competence of executive officers of the bank or the branch of the foreign bank, except for the heads of structural subdivisions, comply with the requirements defined by the Central Bank. The Central Bank may test the executive officers of the bank or the branch of the foreign bank to assess their professional competence;

(e) for branches of foreign banks — consent of the state body for banking control in the country of registration or main activities of the foreign bank for carrying out banking activity in the Republic of Armenia;

(f) other conditions defined by the Central Bank.

2. To obtain a banking licence required by the Central Bank the one-month period for the examination of the application for a licence may be suspended for the purpose of meeting other specific conditions.

3. The Central Bank may refuse to issue a licence to the bank if, according to conditions defined thereby, the conditions under which the prior approval was given to the bank have essentially changed after giving prior approval for the licence and registration of the bank, and/or the executive officers of the bank have taken unlawful, defamatory actions, the financial position of persons with a qualifying holding in the authorised capital stock of the bank has changed after the registration of the bank.

4. In case of failure to apply to the Central Bank within the time limit provided for by part 1 of this Article, the prior approval and registration of the Central Bank shall cease to be effective.

(Article 29 supplemented by HO-253 of 23 October 2001, amended by HO-46-N of 3 March 2004)

Article 30. Registration and licence fees

State duty shall be charged for the registration and licensing of banks, branches of foreign banks and other persons, registration of branches and representative offices of banks, issuance of qualification certificates to executive officers of banks, as well as renewal of lost licences or registration certificates, in the amount and manner prescribed by the Law of the Republic of Armenia "On state duty". The Central Bank may charge a service fee from persons taking a professional competence and qualification exam at the Central Bank.

(Article 30 edited by HO-253 of 23 October 2001, supplemented by HO-46-N of 3 March 2004)

Article 31. Bank register

The Central Bank shall maintain a centralized register of banks, branches thereof and branches of foreign banks, as well as representative offices of banks and foreign banks in which the following information is recorded:

(a) registration certificate number;

(b) date of registration;

(c) organisational and legal form of the bank, trade name of the bank;

(d) registered office of the bank;

(e) composition of founders (shareholders, participators) of the bank;

(f) amount of the authorised capital stock of the bank;

(g) in case of establishing a branch or a representative office by the bank, registered office and trade name thereof;

(h) on termination of activities of the bank.

(Article 31 amended by HO-253 of 23 October 2001)

Article 32. Invalidation of a licence and legal consequences thereof

1. The Board of the Central Bank may declare the banking licence invalid if the bank or the branch of the foreign bank has obtained the licence based on false documents or information submitted during the licensing procedure.

   Within the meaning of this Law, false information or documents shall be considered the information or documents on the basis of which the Central Bank has taken a decision, which would not have been taken if the information or documents have been accurate and/or reliable.

2. The decision of the Board of the Central Bank on declaring the licence invalid shall be immediately published on the home page of the bank on the Internet, as well as on the official website for public notifications of the Republic of Armenia at http://www.azdarar.am. 3. From the day of the entry into force of the decision on declaring the licence invalid the bank shall be deprived of the right to carry out banking activity, except for the transactions aimed at the fulfilment of obligations assumed thereby, realisation of assets and their final distribution. Upon the entry into force of the decision of the Central Bank on declaring the licence invalid the bank shall be liquidated as prescribed by law.

4. The bank or the branch of the foreign bank must be immediately informed in writing of the decision of the Board of the Central Bank on declaring the licence

invalid along with grounds for such a decision. The court appeal against the decision of the Board of the Central Bank on declaring the banking licence of the bank invalid shall not suspend the effect of the decision during the entire period of court examination of the case.

5. The banking licence of the bank shall be declared invalid exclusively as prescribed by this Law. In case other provisions on declaring licences invalid are prescribed by other laws, the provisions of this Law shall apply.

(Article 32 edited by HO-253 of 23 October 2001, amended by HO-150-N of 16 April 2026)

Article 33. Registration of changes

1. The banks and branches of a foreign bank operating in the territory of the Republic of Armenia shall be obliged to present the following changes for registration by the Central Bank:

   (a) amendments to the charter of the bank and the branch of the foreign bank;

   (b) changes in the composition of executive officers (except for the heads of structural subdivisions);

   (c) other changes prescribed by law or by legal acts of the Central Bank.

2. The Central Bank shall be obliged to register or reject the registration of the changes provided for by point 1 of this Article within one month upon receiving the documents defined thereby for the registration of the above-mentioned changes. For the purpose of clarifying certain facts required by the Central Bank the one-month period may be suspended. Where the Central Bank does not reject the registration within a period of one month or fails to inform the bank about suspending the one-month period, the change shall be deemed registered.

The Central Bank shall register the changes if they are not inconsistent with laws and other legal acts and have been submitted in the manner and form prescribed. The procedure and form for presenting the changes for registration shall be defined by the Central Bank.

3. The changes provided for by this Article shall enter into force upon their registration by the Central Bank.

3.1. The Central Bank shall, within five working days upon the registration of the change of the trade name of the bank, inform the state authorised body carrying out the registration of legal persons thereof for making a relevant record related to the change of the trade name of the bank.

4. In case of a change in the amount of the authorised capital stock, banks operating in the territory of the Republic of Armenia shall open a cumulative account in the Central Bank. Funds in the cumulative account shall be frozen by the Central Bank, and the bank may not possess, dispose of and use those funds before the registration of changes by the Central Bank as prescribed by this Article.

Banks operating in the territory of the Republic of Armenia may not open cumulative accounts in other banks in case of a change in the amount of the authorised capital stock.

(Article 33 edited by HO-253 of 23 October 2001, supplemented by HO-141-N of 8 June 2009)

(Article as amended by HO-366-N of 3 July 2026 shall enter into force on 1 January 2027)

Article 33[1]. Declaring the registration invalid

The decision (order) of the Board or the Chairperson of the Central Bank confirming the facts being registered at the Central Bank shall be declared invalid by a decision

(order) of the Board or the Chairperson of the Central Bank as prescribed by this Law if the bank has submitted to the Central Bank false documents or information for the purpose of registering a branch, representative office or the changes prescribed by this Law or for obtaining a certificate of qualification, professional competence of executive officers of the bank, or in other cases prescribed by this Law.

(Article 33[1] supplemented by HO-253 of 23 October 2001)

CHAPTER 4

REGULATION OF BANKING

Article 34. Financial operations

1. Banks, branches of foreign banks operating in the territory of the Republic of Armenia, as prescribed by laws and other legal acts, may:

   (1) accept deposits;

   (2) provide loans;

   (3) provide financing against surrender of pecuniary claims (factoring);

   (4) issue bank guarantees, open accounts or conduct calculations by letters of credit;

   (5) render other payment and settlement services, including opening, maintaining, servicing bank accounts, including correspondent accounts of banks;

   (6) issue, service securities, perform transactions in securities and in derivative financial instruments on its behalf and at own expense;

(7) carry out investment and non-essential services according to the Law of the Republic of Armenia "On securities market";

(8) in case of meeting the requirements prescribed by law, carry out custody activity of an investment fund (including a pension fund);

(9) manage funds of other persons (trust (fiduciary) management), except for the securities package, the management whereof shall be carried out according to point 7 of this part;

(10) purchase, sell, manage bank gold, standardised bullions and commemorative coins;

(11) purchase, sell, exchange foreign currency;

(12) provide leasing services;

(13) accept for custody precious metals, jewellery, documents and other valuables;

(14) provide financial consulting, except for consulting related to investments in securities, which shall be carried out according to point 7 of this part;

(15) establish and maintain an information system for creditworthiness of customers;

(16) carry out activities related to debt collection;

(17) realise insurance certificates and/or agreements, carry out functions of an insurance agent as prescribed by law;

(18) carry out functions of an account operator provided for by the Law of the Republic of Armenia "On funded pension".

(19) provide crypto-asset services provided for by the Law of the Republic of Armenia "On crypto-assets".

2. The Central Bank may allow the banks to carry out activities or operations not directly provided for by this Law, if they stem from or are closely related to banking activity or operations provided for by this Chapter, and if their permission is not inconsistent with the goals of this Law, and does not jeopardise the interests of depositors and lenders of banks. The procedure, conditions, terms of and the grounds for rejecting the permission provided for by this part shall be defined by a regulatory legal act of the Central Bank.

3. Banks may conclude any civil-law transaction which they find necessary or appropriate for performing the activities permitted by this Law and which does not jeopardise other requirements provided for by this Article.

4. Banks may not carry out manufacturing, trading and insurance activities unless otherwise provided for by law.

5. The bank may fully or partially delegate the performance of the operations specified in part 1 of this Article, as well as other (auxiliary) operations ensuring the normal course of banking activities, for a certain period or indefinitely, to other legal entities (counter-agent).

   The operations specified in part 1 of this Article, which may be carried out exclusively upon a specific license or other special permission, shall not be delegated, except for the cases when, as a result of the delegation, the efficiency of the use of resources of the bank significantly increases, the cost-effectiveness of the bank with regard to the relevant operation improves, as well as when the quality of the provided service enhances. The operations mentioned in this paragraph can be delegated only to a person having the appropriate license (permission).

6. For delegation of the operations provided for by part 5 of this Article, a bank must obtain the prior consent of the Central Bank. The procedure, conditions and terms of granting a preliminary consent by the Central Bank, as well as the grounds for rejecting to grant a consent shall be prescribed by a regulatory legal act of the Central Bank.

Without acquiring the prior consent of the Central Bank, the transaction of delegation of operations shall be null and void.

7. A simplified procedure for obtaining the preliminary consent provided for by part 6 of this Article may be prescribed by a regulatory legal act of the Central Bank.

8. The Central Bank may limit the delegation of operations provided for by part 5 of this Article for a certain period of time or indefinitely, where the delegation jeopardises or may jeopardise the interests of the bank, the customers of the bank, other creditors, or the stability of the financial system, or may impede the exercise of effective control by the Central Bank.

9. Provisions regarding the exercise of control over the bank, inspection, re-inspection and checks provided for by this Law and other laws shall also extend to the counter-agents in terms of the implementation of operations specified in part 5 of this Article. Moreover, the obstruction of the exercise of control over the Central Bank by the counter-agent can also be considered as an obstruction of the inspection by the bank, thus entailing liability for the bank provided for by the legislation.

10. In the case of delegation of operations specified in part 5 of this Article, the bank shall be liable before its customers and third parties (including the Central Bank) for failure to perform or for improper performance of the operations delegated to the counter-agent.

11. In case of the written request of the Central Bank, the bank shall be obliged to amend or rescind the delegation contract concluded with the counter-agent within the terms specified in the letter, where the delegation jeopardises or may jeopardise the interests of the bank, the customers of the bank, other creditors or the stability of the financial system or may impede the exercise of effective control by the Central Bank.

(Article 34 edited, amended by HO-253 of 23 October 2001, supplemented, amended by HO-155-N of 24 November 2004, HO-46-N of 25 December 2006,

supplemented by HO-184-N of 9 April 2007, HO-255-N of 22 December 2010, HO-212-N of 12 November 2012, edited by HO-194-N of 27 October 2016, HO-188-N of 25 October 2017, amended by HO-317-N of 18 June 2020, supplemented by HO-166-N of 29 May 2025)

(Law HO-188-N of 25 October 2017 has a transitional provision)

Article 35. Investment and subscription activities

1. Banks shall be prohibited from placing the securities of a person and/or derivative financial instruments that are reliant on investment security by extending at the same time loans to that person for fulfilling the liabilities arising from the respective securities and/or relevant derivative financial instruments.

2. Without the prior consent of the Central Bank, banks shall be prohibited from executing transactions or operations, as a result of which the shareholding of the bank:

   (a) in the authorised capital stock of another person comprises 4,99 per cent and more;

   (b) in the authorised capital stock of one person exceeds 15% of the total capital of the respective bank;

   (c) in the authorised capital stock of all persons exceeds 35% of the total capital of the respective bank.

The bank, when acquiring a shareholding in the authorised capital stock of other persons as prescribed by this point, shall consolidate the balance sheets of those persons into its balance sheet as prescribed by the Central Bank. The Central Bank shall, in the manner and under the conditions prescribed thereby, exercise control over those persons, the balance sheets of which are being consolidated by the bank into its balance sheet (consolidated balance sheet) as prescribed by this Article. The

Central Bank shall carry out inspections of persons, that are not banks, credit organisations or other persons licensed by the Central Bank and balance sheets of which, as prescribed by this Article, are consolidated by the bank into its balance sheet, as prescribed by Chapter 51 of the Law of the Republic of Armenia "On Central Bank of the Republic of Armenia".

The prior consent of the Central Bank as prescribed by this point shall be required for executing each new transaction or transactions, as a result of which the shareholding of the bank in the authorised capital stock of another person or the same person exceeds 9 per cent, 15 per cent, 25 per cent, 35 per cent, 50 per cent, 70 per cent or comprises 100 per cent.

In case of acquiring a shareholding prescribed by this Article in the bank operating in a foreign state or establishing a bank with a shareholding prescribed by this Article, the Central Bank may reject the application for giving prior consent, if the acquisition of such a shareholding in the bank operating in the foreign state or the establishment of a bank with such a shareholding is inconsistent with the requirements and conditions of this point, or the body responsible for banking control in the respective state does not, in the reasoned opinion of the Central Bank, exercise control over the activities of banks registered in the respective state in due manner and in compliance with international standards, or the respective state does not enable the Central Bank to carry out inspection in or exercise proper control over the activities of the bank with such a shareholding.

3. The Central Bank shall, in cases prescribed by point two of this Article, consider the application for giving prior consent with regard to the envisaged transaction within a period of one month and shall give its consent, if the envisaged transaction is compatible with the financial position of the bank and, in accordance with the conditions and procedure confirmed by the Central Bank, will promote the development of the activities of the respective bank in the financial market and is not inconsistent with the requirements defined by the Central Bank.

3.1. The Central Bank may demand that the bank, not later than within six months, alienates its shares in the authorised capital of another person, acquired as prescribed by part 2 of this Article, where according to the reasoned opinion of the Central Bank such shareholding may cause unjustified risks for the bank and/or jeopardise the interests of the bank customers and/or consumers and/or hinder the exercise of effective control over the bank. The Central Bank may — for the purpose of alienating the shares acquired through the procedure prescribed by part 2 of this Article under more favourable conditions — extend the time limit prescribed by this part for another six months, taking into consideration the current situation in the securities market, as well as financial position of the given bank.

4. The prior consent provided for by part 2 of this Article shall not be required if:

(a) the shareholding in the authorised capital stock of another person was transferred to the bank against outstanding obligations assumed in relation to the bank. The shareholding acquired in such a manner shall be alienated by the bank within the shortest possible period, but not later than within six months. The Central Bank may, taking into account the situation in the securities market, as well as the financial position of the respective bank, extend the time limit prescribed by part 1 of this Article for another six months for alienating the above-mentioned stocks under more favourable conditions;

(b) the bank has acquired the shareholding in the authorised capital stock of another person on behalf of and at the expense of its customer, or while carrying out subscription activity on a commission basis, if under the agreement the bank is obliged to reimburse to the issuer only the value of realised (placed) securities.

5. In case of failure by the bank to alienate the above-mentioned shareholding within the time limit prescribed by Part 3.1, as well as within the time limit prescribed by sub-point (a) of point 4 of this Article, the Central Bank may oblige the respective bank to consider the cost of acquisition of that shareholding loss and to immediately realise it, as well as impose a fine on the bank through the judicial procedure for each day of violation in the amount of one per cent of the nominal value of that shareholding.

(Article 35 amended, edited, supplemented by HO-253 of 23 October 2001, amended, supplemented by HO-46-N of 3 March 2004, edited by HO-194-N of 27 October 2016, amended, supplemented by HO-188-N of 25 October 2017)

Article 35[1]. Activity related to voluntary funded pension

1. Banks may carry out activity related to voluntary funded pension in accordance with the Law of the Republic of Armenia "On funded pension".

2. Banks may only offer voluntary pension schemes of "funded pension deposits".

(Article 35[1] supplemented by HO-255-N of 22 December 2010)

Article 36. Distribution of dividends, reduction of the authorised capital stock of the bank

1. Banks shall be entitled to take a decision on (declare about) paying to its participators quarterly, semi-annual or annual dividends, unless otherwise provided for by this Law and the charter.

2. The decision on the payment of interim (quarterly and semi-annual) dividends, the amount and mode of payment of dividends shall be taken by the board. The decision on the payment of annual dividends, the amount and mode of payment of dividends shall be taken by the general meeting of participators of the bank

upon the recommendation of the board. The amount of interim dividends may not exceed 50 per cent of dividends distributed on the basis of the results of the previous fiscal year. The amount of annual dividends may not be less than the amount of interim dividends already paid.

If the amount of annual dividends, upon a decision of the general meeting, is determined as equal to the amount of interim dividends already paid, annual dividends shall not be paid.

If the amount of annual dividends, upon a decision of the general meeting, is determined as more than the amount of interim dividends already paid, annual dividends shall be paid in the amount equal to the difference between the defined annual dividends and interim dividends already paid during the respective year.

The general meeting shall be entitled to take a decision not to pay dividends and, in case of preferred stocks of a bank which is as a joint-stock company, the amount of dividends being paid for which is defined by the charter, also a decision not to pay the full amount of dividends.

3. The time limit for the payment of annual dividends shall be defined by the charter or the decision of the general meeting on the payment of dividends. The time limit for the payment of interim dividends shall be defined by the decision of the board on the payment of interim dividends, but not earlier than 30 days after taking the respective decision.

   For each payment of dividends, the board shall draw up a list of participators entitled to receive dividends, which must include:

   (a) in case of paying interim dividends, the participators of the bank that have been included in the register of participators of the bank at least 10 days before the day of taking the decision of the board on the payment of interim dividends;

(b) in case of paying annual dividends, the participators of the bank that have been included in the register of participators of the bank as of the day of drawing up the list of participators with the right to participate in the annual general meeting of participators of the bank.

4. The distribution of dividends to participators of the bank shall be prohibited if at the moment the losses (damages) incurred by the bank are equal to or exceed the amount of net retained earnings available in the bank.

4.1. The Central Bank may restrict the distribution of dividends by the bank, including the payment of any income (compensation) to preferred shareholders or other participators of the bank in any other form, where:

(a) distribution of dividends will result or may result in worsening of financial position of the bank, and/or

(b) as a result of distribution of dividends the bank violates or may violate at least one prudential standard, and/or

(c) as a result of distribution of dividends the bank has violated or will violate the threshold (thresholds) set higher (lower) than those set forth in key prudential standards.

4.2. The procedure for putting restriction on distribution of dividends shall be established by the Central Bank.

4.3. Banks shall notify the Central Bank on distribution of dividends in advance. The Central Bank shall establish the procedure and conditions of notification.

5. The reduction of the paid-in authorised capital stock of the bank during its activities through distribution of dividends at the expense thereof or otherwise shall be prohibited, except for cases defined by part 6 of this Article.

6. Holders of voting stock of the bank (participators) shall be entitled to request the bank to determine the repurchase price of the shareholding and to repurchase the stocks (shares, units) belonging to them or a part thereof, if:

(a) a decision has been taken on the reorganisation of the bank, suspension of the preferential right or conclusion of a major transaction, and the respective participators have voted against the reorganisation of the bank, suspension of the preferential right or conclusion of a major transaction or have not participated in the voting on those issues;

(b) the charter has been supplemented or amended or a new edition of the charter has been confirmed resulting in the limitation of rights of the mentioned participators, and they have cast a negative vote or have not participated in the voting.

The list of participators with the right to request the repurchase of their shareholding from the bank shall be drawn up on the basis of the data of the register of participators of the bank as of the day of drawing up the list of participators with the right to participate in the general meeting, the agenda of which includes issues, the settlement of which has resulted in the limitation of rights of participators referred to in the first paragraph of this part.

The repurchase of a shareholding by the bank shall be carried out at its market value which is determined without valuation of the shareholding and regardless of changes resulting from actions of the bank giving rise to the right to request the repurchase.

The reduction of the authorised capital stock of the bank shall also be allowed in cases prescribed by the Law of the Republic of Armenia "On bankruptcy of banks, investment companies, crypto-asset service providers, investment fund managers, credit organisations and insurance companies".

7. The consent of the Board of the Central Bank shall be necessary for the repurchase of the shareholding. The Central Bank may refuse to give such consent, if:

(a) in case of repurchase of the shareholding the bank would not be able to meet the claims of its creditors in full;

(b) main prudential standards would be violated;

(c) the repurchase of the shareholding would result in the destabilisation of the banking system of the Republic of Armenia.

8. In case of repurchase of its stocks (shares, units) by the bank, the decision on reducing the authorised capital stock or realising the respective stocks (shares, units) shall be taken by the general meeting by 3/4 of votes of holders of voting stocks (shares, units) participating therein, but not less than by 2/3 of votes of holders of voting stocks (shares, units).

(Article 36 edited by HO-253 of 23 October 2001, supplemented by HO-65-N of 27 April 2004, edited by HO-227-N of 15 November 2005, amended by HO-184-N of 9 April 2007, HO-199-N of 11 October 2007, supplemented by HO-255-N of 22 December 2010, HO-188-N of 25 October 2017, HO-166-N of 29 May 2025)

(Article as amended by HO-366-N of 3 July 2026 shall enter into force on 1 January 2027)

Article 37. Purchase or acquisition of its stocks by the bank, and limitation on provision of loans to persons for the purpose of acquisition of stocks

(title edited by HO-253 of 23 October 2001)

1. The discounting, purchase or other acquisition of its stocks as reimbursement, the provision of a loan by accepting them as collateral by the bank shall be prohibited, except for cases of acquisition by the bank of its stocks (shares, units) in accordance with part 6 of Article 36 of this Law, as well as cases when the acceptance of stocks of the bank as collateral or their acquisition is necessary to prevent the possible losses resulting from the failure to perform or improper performance of an obligation previously assumed in relation to the respective

bank; moreover, the bank shall be obliged to realise those stocks within two months upon their acquisition with the right of ownership.

2. The Central Bank, taking into account the situation in the securities market, as well as the financial position of the respective bank, may extend the time limit prescribed by part 1 of this Article for another six months for alienating the above-mentioned stocks under more favourable conditions.

3. The bank shall be prohibited from providing loans or other borrowings to borrowers or their affiliated persons for the purpose of acquiring a shareholding in the authorised capital stock of the bank, as well as to guarantee or give a guarantee for receiving a loan or borrowing from a third person. Transactions concluded in violation of this Article shall be null and void.

(Article 37 supplemented by HO-253 of 23 October 2001, supplemented by HO-227-N of 15 November 2005)

Article 37[1] Restriction on payment of bonuses and other incentive payments

1. The Central Bank may restrict the payment of bonuses and other incentive payments (allowances, increments, premiums, etc.) by the bank, where:

   (a) the payment of bonuses and other incentive payments (allowances, increments, premiums, etc.) will lead or may lead to worsening of the financial position of the bank, and/or

   (b) as a result of payment of bonuses and other incentive payments (allowances, increments, premiums, etc.), the bank violates or may violate at least one prudential standard, and/or

   (c) as a result of payment of bonuses and other incentive payments (allowances, increments, premiums, etc.) the bank has violated or will

violate the threshold (thresholds) set higher (lower) than those defined in key prudential standards.

2. The Central Bank shall establish the procedure for restricting the payment of bonuses and other incentive payments (allowances, increments, premiums, etc.).

3. Banks shall notify the Central Bank of the payments of bonuses and other incentive payments (allowances, increments, premiums, etc.) in advance. The procedure and conditions of notification shall be established by the Central Bank.

(Article 37.1 supplemented by HO-188-N of 25 October 2017)

(Article as amended by HO-366-N of 3 July 2026 shall enter into force on 1 January 2027)

Article 38. Relations between banks and customers

1. Relations between banks and customers shall be of contractual nature.

2. Banks shall be obliged to establish such rules of activity to exclude the conflict of interests, in particular:

   (a) obligations assumed by the bank in relation to one customer shall not contradict the obligations assumed thereby in relation to another customer;

   (b) interests of executive officers and employees of the bank shall not contradict the obligations assumed by the bank in relation to its customers.

3. When concluding a loan or any other transaction with customers, banks shall be prohibited from compelling the respective customer to conclude a transaction related to other bank services with the respective bank.

4. The bank shall be obliged to present, at the request of a customer, information subject to disclosure, except for cases prescribed by law.

5. In case of violation of the requirements prescribed by parts 2, 3 and 4 of this Article, as well as provision of apparently false or misleading information, the bank shall be held liable as prescribed by law.

Article 39. Transactions with persons related to the bank

1. Transactions concluded with persons related to banks may not provide for more favourable conditions for those persons (including the opportunity to conclude a transaction, price, interest, time limits, etc.) than similar transactions concluded with natural persons that are not bank employees, as well as with legal persons. Transactions with persons related to the bank shall be concluded by observing the internal procedures provided for the conclusion of relevant transactions by the bank. Moreover, the conclusion of transactions prescribed by part 1 of Article 34 of this Law (except for points 5, 11 and 13 of that part) between the bank and a person related thereto shall be confirmed by the board of the bank upon the recommendation of the chief executive officer of the bank.

   Transactions concluded with persons related to the bank in violation of this part shall be null and void.

2. Within the meaning of this Law and other laws regulating the activities of banks, as well as the legislation regulating the activities of financial groups, persons related to the bank shall be:

   (a) executive officers of the bank;

   (b) persons with a qualifying holding in the authorised capital stock of the bank;

   (c) persons affiliated and/or cooperating with persons specified in points (a) and/or (b) of this part;

(d) persons affiliated with the bank.

(Article 39 amended, supplemented by HO-253 of 23 October 2001, edited, amended by HO-227-N of 15 November 2005, supplemented by HO-134-N of 12 November 2015, amended by HO-437-N of 16 September 2020)

Article 39[1]. Major transactions related to acquisition and alienation of property of the bank

1. Major transactions shall be:

   (a) one or more affiliated transactions that, except for transactions carried out within the framework of regular economic activity of the bank, are directly or indirectly related to the acquisition, alienation of property by the bank, or the possibility of acquisition of property or the possibility of alienation of property, and the value of which comprises 25 per cent and more of balance sheet value of bank assets as of the moment of taking a decision on concluding the transaction;

   (b) one or more affiliated transactions, the subject matter of which is the placement of common (ordinary) stocks or preferred stocks of the bank convertible to common (ordinary) stocks, comprising 25 per cent and more of common (ordinary) stocks already placed by the bank.

2. The value of the property that is the subject matter of a major transaction shall be determined as prescribed by Article 39[7] of this Law.

(Article 39[1] supplemented by HO-227-N of 15 November 2005)

Article 39[2]. Concluding major transactions related to acquisition and alienation of property of the bank

1. The decision on concluding a major transaction, the subject matter of which is property, and the value of which comprises 25 to 50 per cent of balance sheet value of bank assets as of the moment of taking the decision on concluding the transaction, must be taken by the board unanimously.

   If the decision on concluding a transaction has not been taken by the board, the board shall be entitled to take a decision on discussing the matter during the general meeting.

2. In the case prescribed by the second paragraph of part 1 of this Article, as well as if the value of the property that is the subject matter of the transaction exceeds 50 per cent of the balance sheet value of bank assets as of the moment of taking the decision on concluding the transaction, the decision on concluding the transaction shall be taken by the general meeting by 3/4 of votes of holders of voting stocks (participators) participating therein.

3. Failure to fulfil the requirements of this Article shall result in the invalidity of the transaction.

   Failure to observe the requirements prescribed by this Article when concluding a major transaction shall not result in the invalidity of the transaction if the person that has concluded the transaction with the bank has acted in good faith, that is, that person did not know or could not have known about the failure of the bank to observe the specified requirements.

(Article 39[2] supplemented by HO-227-N of 15 November 2005)

Article 39[3]. Persons interested in bank transactions

Persons interested in bank transactions are the members of the board, persons holding other positions in the management bodies of the bank or participators of the bank that together with affiliated persons thereof possesses 10 per cent and more of voting stocks (shares, units) of the bank, if these persons or affiliated persons thereof:

(a) are parties to the transaction or participate in the transaction as intermediaries or representatives;

(b) possess 20 per cent and more of voting stocks (shares, units) of the legal person that is a party to the transaction, an intermediary or representative;

(c) hold positions in the management bodies of the legal person that is a party to the transaction, an intermediary or representative.

(Article 39[3] supplemented by HO-227-N of 15 November 2005)

Article 39[4]. Information on the interest in bank transactions

The persons specified in Article 39[3] of this Law shall be obliged to provide the board, the internal audit and the person performing external audit with information on:

(a) legal persons where they independently or together with an affiliated person (persons) thereof possess 20 per cent and more of voting stocks (shares, units);

(b) legal persons in the management bodies of which they hold positions;

(c) concluded or envisaged transactions known to them in which they may be considered interested persons.

(Article 39[4] supplemented by HO-227-N of 15 November 2005)

Article 39[5]. Procedure for concluding interested party transactions of the bank

1. The decision of the bank on concluding an interested party transaction shall be taken by the board by the majority of votes of members of the board not interested in concluding the transaction.

2. For the purpose of taking a decision on concluding an interested party transaction, the board shall come to the following conclusion:

   - the payment received by the bank as a result of concluding the transaction is not less than the market value of the property transferred, services rendered or activities carried out by the bank for the other party to the transaction as a result of the transaction, calculated as prescribed by Article 39[7] of this Law; or

   - the payment for the property acquired by the bank, services rendered or activities carried out for the bank as a result of concluding the transaction does not exceed the market value of the specified property, services or activities, calculated as prescribed by Article 39[7] of this Law.

3. The decision on concluding an interested party transaction shall be taken by the general meeting by the majority of votes of participators holding voting stocks (shares, units) and having no interest in carrying out the transaction, if the transaction and/or affiliated transactions are concluded for the purpose of placement of voting stocks of the bank or other securities of the bank convertible to voting stocks, the amount of which is more than 2 per cent of voting stocks of the bank already placed.

4. An interested party transaction which is consistent with the requirements prescribed by part 3 of this Article may be concluded without the decision of the general meeting, if:

(a) the transaction is a borrowing extended to the bank by the interested person;

(b) the transaction between the bank and the other party is a result of regular economic activity that has been concluded before recognising the interest in accordance with the provisions of Article 39^3 of this Law (decision is not required until the day of convening the next general meeting).

If it is impossible to foresee the possibility of an interest during the regular economic activity of the bank and the other party to the transaction as of the day of holding the general meeting, the requirements of part 3 of this Article shall be considered fulfilled if the general meeting takes a decision on establishing contractual relations between the bank and the other party, which will determine the nature of transactions being concluded and the maximum value of transactions.

5. If all members of the board have been recognised as interested persons, the decision on concluding the transaction shall be taken by the general meeting by the majority of votes of participators having no interest in the transaction.

6. If the interested party transaction is also a major transaction for alienation or acquisition of property of the bank, it shall be concluded taking into consideration also the provisions of Articles 39^1 and 39^2 of this Law.

(Article 39^5 supplemented by HO-227-N of 15 November 2005)

Article 39^6. Consequences of failure to fulfil the requirements for concluding interested party transactions of the bank

1. An interested party transaction that has been concluded in violation of the requirements prescribed by Article 39^5 of this Law shall not result in the invalidity of the transaction if the person that has concluded a transaction with the bank has acted in good faith, that is, that person did not know and could not have known about the failure of the bank to observe the specified requirements.

2. The person recognised as an interested person shall be liable to the bank in the amount of losses inflicted on the bank. Where several persons are liable they shall be jointly and severally liable to the bank.

   Persons shall be exempt from the liability prescribed by this part if they have acted in good faith, that is, they did not know or could not have known that the bank would incur losses as a result of concluding the transaction.

3. The requirements of Articles 39^3-39^6 of this Law for concluding interested party transactions of the bank shall not apply if:

   (a) all shareholders exercise a preferential right to acquire stocks;

   (b) conversion of other securities convertible to stocks is being carried out;

   (c) the bank acquires a shareholding in the authorised capital stock, where all holders of stocks (shares, units) of the respective type (class) have equal rights to proportionately sell the stocks (shares, units) of the respective type (class) belonging to them.

4. Failure to observe the requirements of this Article shall result in the invalidity of the transaction.

(Article 39^6 supplemented by HO-227-N of 15 November 2005)

Article 39^7. Procedure for determining the market value of property of the bank

1. The market value of property (including the value of stocks, other securities and derivative financial instruments of the bank) is the price at which the seller having the necessary information on the value of the property and having no obligation to sell it would agree to sell that property and the buyer having all the necessary information on the value of the property and having no obligation to acquire it would agree to acquire that property.

2. The market value of property shall be determined by a decision of the board, except for cases prescribed by law where the market value is determined by court, other body or person.

   If a member of the board is an interested person in one or several transactions, for which a determination of market value of property is required, the market value of property shall be determined by a decision of the members of the board having no interest in the specified transaction.

3. For the purpose of determining the market value of property the bank may make use of services rendered by an independent evaluator by a decision of the Board.

4. The determination of market value of property by the independent evaluator shall be obligatory in cases of repurchasing the shareholding of participators of the bank in the authorised capital stock of the bank prescribed by part 6 of Article 36 of this Law.

5. In case of necessity to determine the market value of stocks, other securities and derivative financial instruments of the bank, the information on prices for acquisition of those stocks, other securities and derivative financial instruments, as well as prices of demand and supply regularly announced by the respective mass media shall be taken into consideration.

In case of determining the market value of common (ordinary) stocks of the bank, it is necessary to take into consideration the value of the net assets (core capital) of the bank, as well as the price which the buyer having all information on the property of the bank agrees to pay for all placed common (ordinary) stocks of the bank, as well as other factors that the body (person) determining the market value of the property of the bank would consider important.

The market value of common (ordinary) stocks determined under this part may not be less than the price calculated on the basis of the value of the net assets (core capital) of the bank.

(Article 39[7] supplemented by HO-227-N of 15 November 2005, edited by HO-194-N of 27 October 2016)

Article 40. Prevention of circulation of proceeds of crime

(Article repealed by HO-23-N of 14 December 2004)

Article 41. Restrictions on banking activity

For the purpose of moderating the risk related to activities of banks, the Central Bank may provide for restrictions for lending, deposit, financial operations of banks, certain types of investments or determine a special procedure for them. ***(Article 41 amended by HO-253 of 23 October 2001)***

Article 42. Prohibition of restriction of free competition of banks

Banks shall be prohibited from concluding transactions that are aimed at or result in the restriction of free economic competition of banks, or as a result of which the bank, persons affiliated or cooperating with it achieve a dominant position in the banking market of the Republic of Armenia that enables them to predetermine the market tariffs and conditions for the activity and operations prescribed by Article 34 of this Law or even one of them. This restriction shall not apply to the bank if the respective bank has the opportunity to predetermine the market tariffs for the above-mentioned activity or certain types of operations by virtue of the fact that the respective activity or operation is carried out only by that bank.

Article 42[1]. Prospective development plans of banks

Banks shall be obliged to submit to the Central Bank their prospective development plans in the form, with the frequency and in the manner defined by the Central Bank.

(Article 42[1] supplemented by HO-253 of 23 October 2001)

Article 43. Information and publication thereof

1. Banks shall be obliged to constantly publish on their home pages on the Internet the following information:

   (a) financial statements of the bank (at least the last annual and the last quarterly statements) and the carbon copy of external audit opinion on the statements. Moreover, banks shall be obliged to publish the financial statements also as separate booklets or in other form accessible for the public (in the head office, branches and representative offices of the bank);

   (b) announcement of convening an annual general meeting within the time limit prescribed by law;

   (c) carbon copies of decisions on the payment of dividends, as well as carbon copies of acts establishing the dividend policy of the bank, if available;

   (d) information on participators with a qualifying holding in the bank — their names, the amount of their shareholding in the bank (except for persons with an indirect qualifying holding that do not have a shareholding, that is, stocks, shares or units, in the authorised capital stock of the bank), data on loans and other borrowings (including repaid) obtained from the bank by them and affiliated persons thereof during the previous year, including the amount, interest rate and time limits;

   (e) list and personal data of members of the board, executive body of the bank — their names, dates of birth, biography, the amount of the total

remuneration paid by the bank to members of the board of the bank, the chief executive officer and the chief accountant during the previous year (including bonuses, payments for certain activities carried out for the bank, other income equivalent to salary), data on loans and other borrowings (including repaid) obtained from the bank by them and affiliated persons thereof, including the amount, interest rate and time limits.

Apart from the information specified in points (a)-(e) of this part, the Central Bank may request the bank to publish on the home page of the bank on the Internet also other information with the frequency and in the manner defined by the Board of the Central Bank, except for the information that is trade, banking or other secret. This exception does not apply to information provided for by part 4 of Article 6 of the Law of the Republic of Armenia "On bank secrecy".

Banks shall be obliged to publish changes in the information specified in points (a)-(e) of this part within 10 working days following the day of the change.

Banks shall be obliged to publish on their home pages on the Internet, and in separate booklets or in other form accessible for the public (in the head office of the bank, branches and representative offices of the bank) information on the acceptance of deposits, provision of loans thereby, as well as all other services rendered and financial operations carried out for customers, including interest rates, service charges, maturity and other essential conditions, updated daily.

1.1 Banks shall have rules of business ethics, which shall prescribe the following:

(a) the form and procedure for the presentation of information to customers,

(b) the content of the information provided to customers prior to concluding a contract, at the time of concluding a contract and during the period of effectiveness of a contract, and the form of and procedure for providing that information, as well as the procedure and conditions of communication with customers and submission and consideration of complaints of customers.

Moreover, the procedure for and conditions of submission and consideration of complaints shall in no way restrict the right of a consumer to apply to a court or Financial System Mediator or commercial arbitration,

(c) the advertisement on the bank and services offered thereby and marketing activities (policy).

The Central Bank may prescribe requirements with regard to methods and procedures of applying the rules of business ethics referred to in this part.

The banks shall observe the rules of business ethics provided for by this part.

In case the fact of violation by the bank of the requirements of the rules of business ethics provided for by this part is established by the court, arbitration or Financial System Mediator, the bank shall be obliged to pay AMD 300,000 (three hundred thousand) to the customer, who is a natural person, except for the cases when as of the day of applying to the court, the commercial arbitration or the Financial System Mediator:

(1) the bank has undertaken actions necessary to restore the violated rights of the customer, and

(2) the violation of the rights of the customer that could be eliminated has actually been eliminated; and

(3) the customer, as a result of violation of his or her rights, has not incurred actual damage prescribed by the Civil Code of the Republic of Armenia, and if such damage has been incurred, it has been compensated by the bank.

In case it is impossible to eliminate the violations of the rights defined in this part, the existence of conditions prescribed by points 1 and 3 of this part shall be sufficient to apply the exemption provided for by this part. Moreover, the mentioned provisions may not be interpreted as restricting or excluding the right of the natural person customer to claim compensation of damages. This part shall not extend to the relations

regulated by the Law of the Republic of Armenia "On attracting bank deposits," and this part shall be applicable to other relations regulating the bank activity to the extent other laws regulating those relations do not provide otherwise.

2. Upon the request of any person the bank shall also be obliged to provide them with:

   (a) carbon copies of the state registration certificate of the bank and the charter of the bank;

   (b) in case of public subscription of stocks, carbon copy of the prospectus on the issuance of stocks of the bank;

   (c) in case of placement of bonds and other securities issued by the bank, as well as derivative financial instruments defined by the Central Bank, information to the extent and in the manner prescribed by the Law of the Republic of Armenia "On securities market", as well as other regulatory legal acts adopted on the basis thereof;

   (d) information or carbon copies of documents specified in part 1 of this Article.

   (e) in case of placement of electronic money tokens issued by the bank, information in the volume and in the manner prescribed by the Law of the Republic of Armenia "On crypto-assets" and the regulatory legal acts adopted on the basis thereof.

The fee for providing the information specified in this part may not exceed the actual costs for its preparation and/or postal delivery.

The bank shall be obliged to post an announcement about the possibility of obtaining the information specified in this part and about the procedure, place and time of obtaining that information in the head office, branches and representative offices of the bank in a visible place.

3. The Board of the Central Bank may establish a procedure for the publication (provision) of the information specified in parts 1 and 2 of this Article.

4. Each participator of the bank shall be entitled to receive the carbon copies of the latest annual report of the bank and the external audit opinion free of charge.

   Upon the request of each participator (participators) possessing 2 per cent and more of the placed voting stocks (shares, units) of the bank, the bank must provide the following information free of charge (even if it is a banking, trade or other secret):

   (a) information about the board, the chief executive officer and the chief accountant of the bank specified in part 5 of this Article;

   (b) amount of the total remuneration paid by the bank to members of the board of the bank, the chief executive officer and the chief accountant during the previous year (including bonuses, payments for certain activities carried out for the bank, other income equivalent to salary), data on loans and other borrowings (including repaid) obtained from the bank by them and affiliated persons thereof, including the amount, interest rate and time limits, information on participators with a qualifying holding in the bank — their names, the amount of their shareholding in the bank (except for persons with an indirect qualifying holding that do not have a shareholding, that is, stocks, shares or units, in the authorised capital stock of the bank), data on loans and other borrowings (including repaid) obtained from the bank by them and affiliated persons thereof during the previous year, including the amount, interest rate and time limits;

   (c) on major transactions concluded between the bank and persons related to the bank, as well as transactions that have been concluded during the two years preceding the submission of the request for obtaining that information and that are related to the performance by the bank of any of

the operations prescribed by points (a)-(c), (i), (j) and (k) of part 1 of Article 34 of this Law;

(d) on obligations assumed by the bank in relation to the person related to the bank;

(e) on the existence of agreements aimed at the formation of groups of participators of the bank implementing similar policy, as well as names of the participators of the bank acting as a party to those agreements;

(f) carbon copies of documents confirming the property rights of the bank to the property shown on the balance sheet of the bank, internal acts of the bank confirmed by the general meeting and other management bodies, charters of separated subdivisions and institutions of the bank, financial statements and statistical reports submitted by the bank to state administration bodies, minutes of meetings of the general meeting, board, executive board, opinions drafted as a result of revisions carried out by the Central Bank, carbon copies of decisions of the Central Bank on sanctions imposed on the bank and/or an executive officer of the bank by the Central Bank, carbon copies of statements and reports submitted by the head of the internal audit to the board and the chief executive officer (executive board);

(g) list of legal persons in the authorised capital stock of which the executive officers of the bank or affiliated persons thereof have a shareholding of 20 per cent and more or are able to influence their decisions.

The minutes of the counting commission must be provided to all participators of the bank.

Information obtained by a participator of a bank according to this Article may not be communicated by the latter to other persons, as well as it may not be used for the purpose of damaging the business image of the bank, violating the rights and lawful interests of participators or customers of the bank, or for other similar purposes. Otherwise, they shall be held liable as prescribed by laws and other regulatory legal acts of the Republic of Armenia.

5. Information disclosed to participators of the bank about members of the board of the bank, the chief executive officer, the chief accountant, as well as about candidates for members of the board must also include:

   (a) their surnames, names, day, month, year of birth;

   (b) profession and education;

   (c) positions held during the previous 10 years;

   (d) day, month, year of appointment (election) to the respective position and day, month, year of dismissal from the position;

   (e) number of times of being re-elected in the respective position;

   (f) amount of voting stocks (shares, units) of the bank belonging to a member of the board that is a participator of the bank, the chief executive officer, the chief accountant or a candidate for the member of the board and affiliated persons thereof;

   (g) information on legal persons where the respective person holds a managerial position;

   (h) nature of relations between the respective bank and persons related to the bank;

   (i) other data provided for by the charter of the bank.

6. Banks shall not be entitled to use such misleading information or statements of other persons about that bank in their advertisements, public offers, or in any announcement made on their behalf, which may lead to false assumptions with regard to the financial position of the respective bank, its financial market position, reputation, business image or legal status.

7. Information published or provided by the bank in accordance with this Article must be complete and reliable.

8. The Central Bank shall be obliged to collect each quarter the information published by banks on the acceptance of deposits, provision of loans, as well as other services rendered and to publish, on quarterly basis, the collected information without changes per every bank as prescribed by its regulatory legal acts.

(Article 43 edited by HO-253 of 23 October 2001, HO-227-N of 15 November 2005, supplemented, amended by HO-113-N of 27 February 2007, supplemented by HO-16 of 21 December 2015, edited by HO-194-N of 27 October 2016, HO-473-N of 27 October 2020, supplemented by HO-166-N of 29 May 2025, amended by HO-150-N of 16 April 2026)

(Law HO-473-N of 27 October 2020 has a transitional provision)

CHAPTER 5

MAIN AND OTHER PRUDENTIAL STANDARDS FOR BANKING

Article 44. Main prudential standards to be established for banks

1. For the purpose of regulating the activity of banks, ensuring the financial stability of the banking system, the Central Bank may establish the following main prudential standards for banking:

   (a) the minimum amounts of the authorised capital stock and the total capital of the bank;

   (b) the capital adequacy standard(s) of the bank;

   (c) the liquidity standard(s) of the bank;

   (d) the maximum amount(s) of the risk for one borrower, major borrowers;

(e) the maximum amount(s) of the risk for a person, persons related to the bank;

(f) the maximum amount(s) of the risk for creditors of the bank;

(g) the minimum amount(s) of mandatory reserves to be placed in the Central Bank;

(h) the foreign currency position(s);

(i) the amount(s) of marginal ratio between authorised capital and assets (including post balance sheet events) (leverage position);

(j) the amount(s) of marginal ratio between the demand and value of collateral;

(k) the amount(s) of marginal ratio between the customer's obligation and income.

(l)

2. The main prudential standards shall be binding and must be the same for all banks operating in the territory of the Republic of Armenia holding the same type of licence, except for the main prudential standard for the total capital provided for by sub-point (a) of point 1 of this Article to be set for newly established banks and other cases provided for by law.

3. Thresholds for main prudential standards, the calculation procedure, the components included in the calculation and deducted therefrom shall be defined by the Central Bank.

4. The Central Bank may set more rigorous main prudential standards for a separate bank than for other banks if the composite score of performance of the bank is lower than the summery assessment of indicators defined by the Central Bank, or the financial indicators of the respective bank have deteriorated, or the bank carries out activities in high risk fields or the bank is considered by the Central Bank as one having systemic significance.

5. The bank shall be considered by the Central Bank as one having systemic significance, where the worsening of the financial position of that bank or insolvency or bankruptcy or liquidation may have significant adverse impact on the financial system and/or other sectors of economy of the Republic of Armenia.

   The significant adverse impact on the financial system and/or other sectors of economy of the Republic of Armenia shall be assessed taking as a basis the size of the given bank, interconnection with other participators of the financial system of the Republic of Armenia, substitutability of services rendered by the bank, the nature, complexity and/or the riskiness of the operations performed by the bank.

6 Based on the criteria provided for by part 5 of this Article, the Central Bank shall establish the procedure for considering a bank as one having systemic significance.

(Article 44 edited, supplemented by HO-253 of 23 October 2001, supplemented by HO-46-N of 03 March 2004, edited, supplemented by HO-188-N of 25 October 2017)

(Article as amended by HO-366-N of 3 July 2026 shall enter into force on 1 January 2027)

Article 45. Total capital of the bank

(Article repealed by HO-188-N of 25 October 2017)

Article 46. Minimum amount of the authorised capital stock and the total capital of banks

1. The Central Bank may define the minimum amounts of the authorised capital stock and the total capital of banks in term of certain sums. The Central Bank may review the minimum amounts of the authorised capital stock or the total capital of banks, but not more often than once a year.

2. When reviewing the minimum amounts of the authorised capital stock or the total capital of banks, the Central Bank shall also set the time limit, during which the banks shall be obliged to replenish the minimum amounts of the authorised capital stock or the total capital reviewed; moreover, the respective time limit may not be less than two years.

3. The Central Bank may define a different minimum amount of the total capital of newly established banks in term of a certain sum. The Central Bank may review the minimum amount of the total capital of newly established banks, but not more often than once a year. The standard for the minimum amount of the total capital for newly established banks to be defined by the Central Bank shall enter into force from the moment of adoption.

(Article 46 supplemented by HO-253 of 23 October 2001)

Article 47. Capital adequacy standards

(Article repealed by HO-188-N of 25 October 2017)

Article 48. Liquidity standards

(Article repealed by HO-188-N of 25 October 2017)

Article 49. Maximum amount(s) of the risk for one borrower, major borrowers

(Article repealed by HO-188-N of 25 October 2017)

Article 50. Maximum amount(s) of the risk for persons, person related to the bank

(Article repealed by HO-188-N of 25 October 2017)

Article 51. Minimum amount of mandatory reserves

The minimum amount of mandatory reserves to be placed in the Central Bank shall be defined pursuant to the Law of the Republic of Armenia "On Central Bank of the Republic of Armenia". The decision of the Board of the Central Bank on tightening the minimum amount of mandatory reserves shall enter into force from the moment of adoption, unless a later date is prescribed by that decision.

(Article 51 supplemented by HO-253 of 23 October 2001)

Article 52. Foreign currency position

(Article repealed by HO-188-N of 25 October 2017)

Article 53. Legal entry into force of main prudential standards

1. Where the Central Bank tightens the main prudential standards, the main prudential standards shall enter into force after six months upon their adoption, unless otherwise prescribed by law.
2. Where the Central Bank reduces the main prudential standards, those standards shall enter into force from the moment specified by the Central Bank.

(Article 53 amended by HO-188-N of 25 October 2017)

Article 54. Special prudential standards

1. For the purpose of ensuring the stability of the banking system, the Central Bank may, in emergency cases, establish special prudential standards for a duration of up to six months.

2. The Central Bank shall put the special prudential standards into effect in such time limits that would allow the banks to bring their activities in line with the requirements of the established standards.

Article 54.1. Threshold(s) higher (lower) than those defined in key prudential standards

1. For the purpose of regulating the activity of banks, ensuring the financial stability of the banking system, the Central Bank may set — for banks or a specific bank — threshold(s) higher (lower) than those defined in key prudential standards.

2. The procedure for calculating the threshold(s) higher (lower) than those defined in key prudential standards prescribed by part 1 of this Article shall be defined by the Central Bank.

(Article 54.1 supplemented by HO-188-N of 25 October 2017)

CHAPTER 6

REGISTRATION, REPORTING AND CONTROL

(title amended by HO-253 of 23 October 2001)

Article 55. Financial statements and other statements and reports

(title amended by HO-253 of 23 October 2001, supplemented by HO-231-N of 26 December 2008)

1. Banks and branches of foreign banks shall draw up, publish and submit to the Central Bank annual, quarterly financial statements and other statements and reports. The Central Bank may also establish other reporting frequency.

2. The forms of statements and reports to be submitted to the Central Bank, the procedure and time limits for their submission shall be defined by the Central Bank, taking into consideration the international standards.

3. Each bank, in the form, cases, manner and within time limits defined by the Central bank, but not less than once a year, shall be obliged to submit to the Central Bank the following:

   (a) financial statements of legal persons with a qualifying holding in the authorised capital stock of the bank, information on executive officers and persons with a qualifying holding of those legal persons;

   (b) financial statements of legal persons affiliated with persons with a qualifying holding in the authorised capital stock of the bank, information on executive officers and persons with a qualifying holding of those affiliated legal persons;

   (c) statements of persons with a qualifying holding in the authorised capital stock of the bank that no other person has acquired the status of a person

with an indirect qualifying holding in the bank through the shareholding thereof. Where another person has acquired an indirect qualifying holding in the bank, the bank shall be obliged to submit to the Central Bank, within 10 days following the day of acquisition of an indirect qualifying holding in the bank by that person, in order to obtain the consent of the Central Bank, the documents defined by the Central Bank concerning persons with an indirect qualifying holding in the bank, as well as documents concerning those legal persons (including their names, registered offices, financial statements, information on executive officers, information on persons with a qualifying holding), where the person with an indirect qualified holding in the bank is deemed a person with a qualified holding.

Persons with a qualifying holding in the authorised capital stock of the bank shall be responsible for submitting to the Bank the statements and reports and information prescribed by this part.

4. The statements and reports and other information to be submitted to the Central Bank by the bank must be complete and reliable.

5. Banks shall draw up and submit the financial statements to be published pursuant to the Law of the Republic of Armenia "On accounting".

(Article 55 amended, supplemented by HO-227-N of 15 November 2005, supplemented by HO-231-N of 26 December 2008)

Article 56. Accounting in banks

(Article repealed by HO-231-N of 26 December 2008)

Article 57. Control over activities of banks

1. The exclusive right to control over the activities of banks shall belong to the Central Bank. The Central Bank shall exercise the control as prescribed by Chapter 51 of the Law of the Republic of Armenia "On Central Bank of the Republic of Armenia".

2. ***(Point repealed by HO-46-N of 3 March 2004)***

3. All banks and branches shall be obliged to receive and assist the officers of the Central Bank. Hindering or interfering with the lawful activities of the officers while carrying out control and inspections shall be prohibited.

4. ***(part repealed by HO-188-N of 25 October 2017)***

5. The procedures for the formation and utilization of a possible loss reserve for investments in investment securities and derivative financial instruments of banks, for the classification of loans and accounts receivable and formation of possible loss reserves shall be prescribed by the authorized body of the Government of the Republic of Armenia jointly with the Central Bank.

6. Where during the licensing process or acquisition of a qualifying holding, unreliable, false or incomplete information has been submitted to the Central Bank, as well as the bank or the person with a qualifying holding in the authorised capital stock of the bank does not carry out the requirements of part 3 of Article 55 of this Law, as well as where the grounds provided for by points "a", "b", "c" or "e" of part 2 of Article 18 or by part 2 of Article 18.1 of this Law arise following the acquisition of the qualifying holding in the bank or in the authorised capital stock of the bank, and where such reasoned information has been obtained while exercising control over the bank according to which facts attesting to the worsening of the financial position of a person related to the bank, and in case of a legal person related to the bank — also of its participators have come to light, which may affect the financial position of the bank or

otherwise threaten the interests of depositors or other creditors of the bank, the Board of the Central Bank shall be entitled to:

(1) propose to a person with a qualifying holding in the authorised capital stock of the bank to alienate, within time limits prescribed by the Board of the Central Bank, the investments thereof in the bank or the right thereof to a claim in relation to the bank by virtue whereof the person may influence the activities of the bank as it threatens the financial position of the bank, and in case of failure to alienate, within the time limits prescribed by the Board of the Central Bank, the relevant investments or the right to claim, the investments or the right to the relevant claim of that participator in relation to the bank may be alienated through judicial procedure;

(2) impose on the bank a sanction prescribed by Article 61 of this Law.

6.1. In case of failing to perform the proposal of the Central Bank provided for by point 1 of part 6 of this Article, the person with a qualifying holding in the authorised capital stock of the bank shall not, from the day following the time limit prescribed by the Board of the Central Bank, enjoy the right to vote, to receive dividends and to be included in the composition of the board without an election, or to appoint a representative to the board, vested therein by virtue of shareholding thereof, until the facts which served as a basis for the proposal of the Central Bank provided for by point 1 of part 6 of this Article cease to exist. With a view to not disrupting the decision-making process of the Bank, the Board of the Central Bank shall have the competence to vest the right to vote during decision-making to the ad hoc management body appointed by the Board of the Central Bank. The Board of the Central Bank may define criteria for appointment, and a procedure for appointment and activities of the ad hoc management body.

If, in accordance with point "c" of part 3 of Article 55 of this Law, the person with an indirect qualifying holding has failed to obtain the consent of the Central Bank, the person with a qualifying holding in the bank through which the respective person has acquired an indirect qualifying holding shall be obliged to alienate its shareholding in the bank within time limit prescribed by the Board of the Central Bank, and in case of failure to alienate within that time limit, the indirect qualifying holding may be alienated through judicial procedure.

6.2. Where the ground provided for by point "a.1" of part 2 of Article 18 arises after the acquisition of a qualifying holding, the requirement prescribed by Article 28 of the Law "On combating money laundering and financing of terrorism" shall apply to the person having a qualifying holding in the authorised capital stock of the bank, as well as the person shall be deprived of the rights to vote, to be included in the composition of the board without an election, or to appoint a representative thereof to that Board, vested therein by virtue of holding, as well as the acquired stocks shall not be considered during vote count. With a view to not disrupting the decision-making process of the bank, the Board of the Central Bank shall have the competence to vest the right to vote during decision-making to the ad hoc management body appointed by the Board of the Central Bank. The Board of the Central Bank may define criteria for appointment, and a procedure for appointment and activities of the ad hoc management body.

(Article 57 supplemented by HO-253 of 23 October 2001, edited, amended by HO-46-N of 3 March 2004, supplemented by HO-227-N of 15 November 2005, supplemented by HO-194-N of 27 October 2016, amended by HO-188-N of 25 October 2017, edited, supplemented by HO-267-N of 3 July 2025)

(Law HO-267-N of 3 July 2025 contains a final part and transitional provisions)

Article 58. External audit of the bank

1. For the purpose of auditing the financial and economic performance of the bank, each year the bank must engage a person performing an independent audit entitled to render audit services as prescribed by laws and other legal acts (hereinafter also referred to as "an external audit") by concluding a relevant agreement with him or her. The external audit of the bank shall be chosen by the general meeting as prescribed by the Central Bank. The amount to be paid for external audit services shall be defined by the board of the bank.

   The inspection of the financial and economic performance of the bank by the external audit may also be carried out at the request of participators of the bank holding at least 5 per cent of voting stocks (shares, units). In this case, the participators requesting the inspection shall choose the person performing the external audit of the bank, conclude an agreement with him or her, and pay for services thereof; moreover, they may claim reimbursement from the bank for their costs, if that inspection has been justified for the bank by a decision of the general meeting.

   An external audit of the bank may, at any time, be also requested by the board of the bank at the expense of the funds of the bank.

2. In addition to drafting an audit opinion, the bank must also envisage in the agreement to be concluded with the person performing the external audit of the bank the drafting of an audit report (letter to the management of the bank). The bank must also envisage in the agreement to be concluded with the person performing the external audit of the bank the verification of the reliability of reports to be submitted to the Central Bank thereby.

   In case the external audit, while performing audit of the bank, reveals facts attesting to significant worsening of the financial position of the bank in the opinion thereof, as well as deficiencies of internal systems (including internal

supervision system), the external audit shall be obliged to immediately inform the Central Bank thereof.

3. The Central Bank may oblige the bank to request an external audit within a period of four months, and to publish the opinion thereof.

   The Central Bank shall be entitled to demand from the bank to replace the person performing external audit and appoint another person performing external audit.

4. The external audit opinion shall be submitted to the Central Bank before 1 May of the year following the respective fiscal year.

5. At the request of the Central Bank, the external audit shall be obliged to submit to the Central Bank the necessary documents related to the audit inspection of the bank, even if they constitute trade, banking or other secret. For failing to fulfil the obligations prescribed by this part the audit organisation shall bear responsibility prescribed by the legislation of the Republic of Armenia.

(Article 58 amended, supplemented by HO-253 of 23 October 2001, amended by HO-46-N of 3 March 2004, edited by HO-227-N of 15 November 2005)

Article 59. Publication of audit opinion and financial statements

1. Banks shall be obliged to publish the audit opinion, the annual financial statement on the home page of the bank on the Internet within four months after the end of the fiscal year.

2. Banks shall be obliged to publish their quarterly financial statements by the 15th of the month following each quarter.

(Article 59 amended by HO-46-N of 3 March 2004, Ho-227-N of 15 November 2005, HO-150-N of 16 April 2026)

CHAPTER 7

VIOLATIONS OF LEGISLATION AND SANCTIONS IMPOSED THEREFOR

Article 60. Violations of legislation

The Central Bank may impose sanctions on banks where:

(a) the authorised capital stock of the bank or other components of the total capital have been replenished in violation of laws and other legal acts;

(b) the requirements of this Law, other laws regulating banking activity, other regulatory legal acts adopted based thereon, as well as of internal legal acts of the bank have been violated;

(c) the charter of the bank, a branch has been amended and supplemented in violation of laws and other legal acts;

(d) the main prudential standards of activity of banks have been violated or, in the opinion of the Central Bank, the bank has carried out such actions (activity) which may threaten the interests of depositors or other creditors of the bank;

(e) rules for keeping accounting records, as well as the procedure and conditions for submitting and publishing financial statements or other statements and reports have been violated and/or false or unreliable data have been presented in those documents;

(f) the bank has not fulfilled the assignment given by the Central Bank as prescribed by this Law;

(g) the composite score of performance of the bank is lower than the composite score of performance of banks defined by the Central Bank;

(h) the bank has failed to pay insurance payments to the Deposit Guarantee Fund as prescribed by the Law of the Republic of Armenia "On guaranteeing compensation for bank deposits of natural persons";

(i) grounds prescribed by part 6 of Article 57 of this Law exist;

(j) the requirements of laws regulating the activities of financial groups with the participation of the bank and/or of legal acts adopted based thereon have been violated.

(Article 60 edited by HO-253 of 23 October 2001, HO-148-N of 24 November 2004, supplemented, amended by HO-227-N of 15 November 2005, supplemented By HO 134-N of 12 November 2015)

Article 60[1]. Liability of executive officers of the bank

1. While performing their duties, executive officers of banks must act in the interests of the bank, exercise their rights and perform their duties in relation to the bank in good faith and in a reasonable manner.

   If statements and reports submitted to the board of the bank reveal violations of laws, other regulatory legal acts and internal legal acts of the bank, the board shall be obliged to take measures to eliminate those violations and to prevent their recurrence in the future.

2. The executive officers of the bank shall be liable to the bank for the real damage caused to the bank due to their intentional actions (omissions), in accordance with the legislation of the Republic of Armenia. Where more than one executive officer of the bank has performed the act which has caused damage to the bank, they shall be jointly and severally liable to the bank. The executive officers of the bank that have voted against the decision which has caused damage to the bank, or have not been present in the meeting, shall be exempt from liability for the

damage caused to the bank. The liability of executive officers of the bank shall include, but shall not be limited to the following possible cases:

(a) the chief executive officer of the bank shall be liable for compensation of real damages caused to the bank as a result of loans, borrowings provided or other transactions concluded in violation of standards set for one borrower, major borrowers, or persons related to the bank, and where a decision of the board is required by law for concluding the respective transaction, the members of the board and the chief executive officer shall be liable;

(b) the members of the executive body shall be obliged to also compensate the real damages caused to the bank as a result of transactions concluded in violation of internal legal acts adopted by the board of the bank;

(c) if statements and reports submitted to the board of the bank have revealed violations of laws, other regulatory legal acts and internal legal acts of the bank, and the bank has incurred damages due to those violations thereafter, the members of the board shall be jointly and severally liable for compensation of those real damages, except for cases where a member of the board has taken sufficient and reasonable actions within his or her competences to prevent those violations;

(d) if information on violations of laws, other legal acts revealed as a result of inspections of the internal audit has not been submitted to the board of the bank and the bank has incurred damages due to those violations thereafter, the head of the internal audit shall be obliged to compensate those real damages;

(e) if the transaction with the person related to the bank, based on the positive opinion submitted to the board, has been concluded in violation of internal procedures of the bank, the chief executive officer of the bank shall be

liable for compensation of real damages caused to the bank as a result of that transaction.

3. The person shall be exempt from liability for the damage caused to the bank if he or she has acted in good faith with a conviction that his or her actions stem from the interests of the bank. In particular:

   (a) if decisions have been taken based on reasonable business logic, even if thereafter those decisions cause such damages to the bank that have been clearly considered as business risks when taking those decisions;

   (b) if the executive officer has taken wrong or imperfect decisions in good faith without specific intention to cause damage, and if the adoption of such decisions was not in violation of the requirements of laws or other legal acts.

The removal of executive officers of the bank from their positions shall not release them from liability for the damages caused to the bank by their fault.

4. The bank or the participator (participators) of the bank (jointly) disposing of 1 per cent and more of placed common (ordinary) stocks of the bank (shareholding in the authorised capital stock) shall have the right to bring an action against executive officers of the bank to court with a claim for compensation of damages caused to the bank

(Article 60[1] supplemented by HO-227-N of 15 November 2005)

Article 61. Sanctions imposed for violations of legislation

1. In cases provided for by Article 60 of this Law, the Central Bank may impose the following sanctions on banks:

   (a) warning and assignment to eliminate the violations;

   (b) fine;

(c) revocation of qualification certificates of executive officers of the bank;

(d) revocation of the licence.

2. Imposition of sanctions provided for by this Article shall not release the banks and executive officers of a bank form liability provided for by laws, other legal acts and agreements.

3. For each violation of laws or other legal acts, the Central Bank may simultaneously issue a warning to the bank and/or the executive officer of the bank with an assignment to eliminate the violations, and/or impose a fine on the bank or the executive officer, and/or revoke qualification certificates of executive officers of the bank.

4. The Central Bank shall apply measures of liability as prescribed by the Law of the Republic of Armenia "On crypto-assets" for violations of the requirements of legal acts regulating the market in crypto-assets provided for by Article 2 of the Law of the Republic of Armenia "On crypto-assets", other regulatory legal acts adopted on the basis thereof, including the internal legal acts on providing crypto-asset services.

(Article 61 edited by HO-253 of 23 October 2001, amended by HO-227-N of 15 November 2005, supplemented by HO-166-N of 29 May 2025)

Article 62. Warning and assignment to eliminate violations

1. Warning shall contain a record of the violation committed and shall serve to inform the bank that has committed the violation of the impermissibility of the violation.

2. Warning shall also contain an assignment to eliminate the violation committed within the time limit prescribed by the Central Bank and/or to take measures for preventing such a violation in the future, and/or provide for the termination of

certain transactions concluded by the bank and operations, modification of conditions thereof. Fulfilment of the assignment shall be mandatory for the bank having received the warning.

3. The warning as a sanction may be imposed where any of the grounds provided for by Article 60 of this Law exist.

(Article 62 amended, supplemented by HO-253 of 23 October 2001)

Article 63. Fine

1. Fine shall be levied upon a court decision in relation to an action brought by the Central Bank where the bank does not agree with the imposition of the fine or the amount of the fine. The amount shall be withdrawn from the correspondent account of the bank in favour of the state budget.

2. Fine as a sanction may be imposed where any of the grounds provided for by Article 60 of this Law exist, as well as in the case prescribed by part 6 of Article 57 of this Law.

3. The amount of the fine levied on the bank for each violation shall be determined by the Central Bank; moreover:

   (a) the amount of the fine imposed on the bank for each violation of a prudential standard, for the delay in submission of statements and reports to the Central Bank may not exceed 5 per cent of the minimum authorised capital stock defined by the Central Bank. This provision shall not apply to the violation of the mandatory reserve requirement;

   (b) the amount of the fine imposed on the bank for any other violation of banking legislation may not exceed 1 per cent of the minimum authorised capital stock defined by the Central Bank.

4. The amount of the fine must not result in a difficult financial situation for the bank being fined.

5. Where the bank has carried out unjustified risky activities, has violated the main prudential standard related to the maximum amount of the risk for one borrower or the maximum amount of the risk for persons related to the bank at the moment of provision, has violated other main prudential standards, has submitted the statements and reports with delay or reflected unreliable information therein, has prevented revisions of the Central Bank or has failed to fulfil the assignments given by the Central Bank as prescribed by this Law, where the executive officer of the bank has violated the laws or other legal acts, the Central Bank may impose a fine on the executive officers of the bank in the amount not exceeding 1000-fold of the prescribed minimum salary. Fine shall be levied upon a court decision in relation to an action brought by the Central Bank where the executive officer of the bank does not agree with the imposition of the fine or the amount of the fine. Fines imposed on persons referred to shall be levied from their personal resources in favour of the state budget.

6. Fine against a bank which has violated the requirements of the Law of the Republic of Armenia "On consumer credit" shall be imposed as prescribed by the Law of the Republic of Armenia "On consumer credit".

(Article 63 edited by HO-253 of 23 October 2001, supplemented, amended by HO-227-N of 15 November 2005, supplemented by HO-127-N of 17 June 2008)

Article 64. Revocation of qualification certificates of executive officers of the bank

1. Qualification certificates of executive officers of the bank shall be revoked upon a decision of the Central Bank if the executive officers:

   (a) have deliberately violated the laws and other legal acts;

(b) during their term of office, have carried out unjustified and dangerous activity, have hindered the actions of the Central Bank and its officers in relation to exercising control;

(c) have carried out such actions, as a result of which the bank has incurred or might have incurred significant financial or other damages;

(d) during their activities, have carried out such actions based on their personal interests which are inconsistent with the interests of the bank or the customers of the bank;

(e) have treated their official duties, including fiduciary duties assumed in relation to the bank and the customers of the bank, dishonestly and in bad faith;

(f) do not meet the qualification standards established by the Central Bank;

(g) have failed to fulfil the assignment of the Central Bank or ignored the warning of the Central Bank.

2. Upon the entry into force of the decision of the Central Bank on revocation of the qualification certificate of the executive officer of the bank, the powers conferred upon that person pursuant to the legislation of the Republic of Armenia, the charter of the bank and other internal documents shall terminate.

(Article 64 edited by HO-253 of 23 October 2001)

Article 65. Revocation of licence

1. The licence may be revoked if:

(a) the requirements of this Law, other laws regulating banking activity, other legal acts have been violated;

(b) the bank was not engaged in banking activity for a period of one year after obtaining the licence;

(c) the bank has failed to fulfil the assignment of the Central Bank to eliminate the violations within time limits defined by the Central Bank;

(d) the bank ceased to operate.

2. A banking licence shall be revoked by a decision of the Board of the Central Bank. The banking licence of a bank shall be revoked only as prescribed by this Law. Where other provisions on revoking a licence are prescribed by other laws, the provisions of this Law shall apply.

3. Banking licences of branches of foreign banks shall also be revoked where the foreign bank has been deprived of the right to carry out banking activity in the country of its registration or main activity.

(Article 65 amended, supplemented by HO-253 of 23 October 2001)

Article 66. Announcement of the decision on revoking banking licence and legal consequences thereof

1. The decision of the Central Bank on revoking a banking licence on the grounds provided for by Article 65 of this Law shall be announced immediately. The mentioned decision shall enter into force from the moment of announcement, unless another time limit is prescribed by the decision.

2. Upon the entry into force of the decision on revoking the banking licence, the bank shall be deprived of the right to carry out banking activity, except for the transactions provided for by this Law, which are aimed at the fulfilment of obligations assumed thereby, realisation of assets and their final distribution, and shall be liquidated as prescribed by law.

3. The carbon copy of the decision of the Central Bank on revoking the banking licence, together with grounds for the adoption thereof, shall be provided to the bank or the branch of the foreign bank within three days. The court appeal against the decision of the Board of the Central Bank on revoking the banking licence shall not suspend the effect of that decision during the entire period of court examination of the case.

(Article 66 supplemented by HO-253 of 23 October 2001)

CHAPTER 8

REORGANISATION OF A BANK

Article 67. Reorganisation of banks

1. A bank may be reorganised through a merger with another bank and conversion of the bank.

2. Conversion of a bank (change of its organisational and legal form) shall be carried out as prescribed by the Civil Code of the Republic of Armenia and other laws.

3. Merger of a bank shall be carried out as prescribed by this Chapter.

(Article 67 edited by HO-253 of 23 October 2001)

Article 68. Procedure for merger of banks

1. In case of a merger of a bank or several banks with another bank, the merging banks shall conclude a merger agreement, upon obtaining the prior approval of the Central Bank.

2. In order to obtain prior consent for concluding a merger agreement, the bank shall present to the Central Bank the essential conditions of the transaction, the

necessary documents and information, in the form, manner and within time limits defined by the Central Bank.

3. Within a month upon the receipt of the essential conditions of the respective transaction, the necessary documents and information referred to in point 2 of this Article, the Board of the Central Bank shall take a decision on giving or refusing to give the prior approval provided for by point 1 of this Article. In case of failure to take any decision within the time limit prescribed by this point, the decision of the Board of the Central Bank on giving approval shall be deemed taken.

4. The Board of the Central Bank may refuse to give approval to the conclusion of the merger agreement where:

   (a) the reorganisation of the bank (banks) or the submitted documents are inconsistent with the legislation of the Republic of Armenia, the required documents have not been submitted in due manner and form or have been submitted incompletely;

   (b) the financial position of the post-merger bank will be significantly threatened as a result of the merger;

   (c) the bank will obtain a dominant or monopoly position in the banking market as a result of the merger;

   (d) the transaction will threaten the interests of depositors, other creditors of any of the parties.

5. Within one month upon obtaining the prior approval of the Central Bank, the merging banks along with the letter of request shall submit for the confirmation of the Board of the Central Bank the merger agreement and other documents defined by the Central Bank. The Board of the Central Bank shall confirm and register the merger agreement within two weeks upon receiving it, if the agreement is in compliance with the conditions of the prior approval obtained.

(Article 68 edited by HO-253 of 23 October 2001)

Article 69. Legal consequences of merger of banks

1. Within time limits prescribed in the merger agreement the banks that have taken a decision on merger shall implement the measures provided for by the merger agreement, confirm the certificate of ownership and merger and submit it to the Central Bank for registration together with the charter of the post-merger bank or supplements and amendments to the charter as prescribed by this Law and legal acts of the Central Bank.

2. Upon the registration by the Central Bank of the charter of the post-merger bank or amendments and supplements thereto, a record shall be made in the bank register on the termination of activities of the merged bank. Upon the record specified in this part the post-merger bank shall be considered reorganised.

(Article 69 edited by HO-253 of 23 October 2001)

Article 70. Consolidation of subsidiary bank with parent bank

(Article repealed by HO-253 of 23 October 2001)

Article 71. Legal consequences of consolidation

(Article repealed by HO-253 of 23 October 2001)

(Chapter edited by HO-253 of 23 October 2001)

CHAPTER 9

LIQUIDATION OF BANKS

Article 72. Grounds for liquidation of banks

1. The bank shall be liquidated:

   (a) in case of invalidation of the licence;

   (b) in case of revocation of the licence;

   (c) in cases prescribed by the Law of the Republic of Armenia "On bankruptcy of banks, investment companies, crypto-asset service providers, investment fund managers, credit organisations and insurance companies";

   (d) by a decision of the general meeting;

   (e) ***(point repealed by HO-188-N of 25 October 2017)***

2. In cases prescribed by sub-point (c) of point 1 of this Article, a bank shall be liquidated as prescribed by the Law of the Republic of Armenia "On bankruptcy of banks, investment companies, crypto-asset service providers, investment fund managers, credit organisations and insurance companies".

(Article 72 edited by HO-253 of 23 October 2001, supplemented, amended by HO-277-N of 15 November 2005, amended by HO-184-N of 9 April 2007, HO-199-N of 11 October 2007, supplemented by HO-255-N of 22 December 2010, amended by HO-188-N of 25 October 2017, supplemented by HO-166-N of 29 May 2025)

(Article as amended by HO-366-N of 3 July 2026 shall enter into force on 1 January 2027)

Article 73. Liquidation of a bank by a decision of the general meeting

1. The general meeting shall be entitled to take a decision on liquidation of the bank if the bank does not have any obligations to its depositors, holders of bank accounts, as well as persons that are creditors in money transfer transactions.

2. On the basis of the decision on applying to the Central Bank in order to obtain prior consent for liquidation by the general meeting for the liquidation of the bank by a decision of the general meeting, the bank shall submit to the Central Bank an application for obtaining prior consent for the liquidation of the bank by attaching thereto documents justifying the liquidation, the list of which shall be defined by the Board of the Central Bank.

   The Board of the Central Bank shall consider the application within a period of three months and shall be entitled to reject it, if in the reasoned opinion of the Board of the Central Bank the liquidation may lead to the destabilization of the banking system of the Republic of Armenia. In this case the Board of the Central Bank may prolong the activity of the bank for a period of up to two years.

3. If the bank obtains the prior consent of the Central Bank to the liquidation, the bank may take measures for the termination, including transfer to other persons, of obligations of the bank to its depositors, holders of bank accounts, as well as persons that are creditors in money transfer transactions.

4. Only after the termination of obligations specified in part 3 of this Article the general meeting may take a decision on liquidation. Upon the adoption of that decision, the bank shall immediately submit to the Central Bank an application for obtaining permission for liquidation by attaching thereto documents justifying the liquidation, the list of which shall be defined by the Board of the Central Bank.

   The Board of the Central Bank shall be entitled to reject the application for obtaining permission for liquidation if the bank has obligations to its depositors,

holders of bank accounts, as well as persons that are creditors in money transfer transactions, or if the bank is unable to satisfy the claims of its creditors.

5. In accordance with parts 2 or 4 of this Article, for the purpose of checking the absence of grounds for rejecting applications submitted by the bank, the Central Bank may perform inspections in the bank that has taken a decision on liquidation as prescribed by the Law of the Republic of Armenia "On Central Bank of the Republic of Armenia".

6. Where the Central Bank permits the liquidation, it shall also take a decision on revoking the licence of the bank.

7. The procedure for maintaining and closing correspondent accounts of the bank being liquidated by a decision of the general meeting shall be defined by the Board of the Central Bank.

(Article 73 edited by HO-227-N of 15 November 2005, supplemented by HO-212-N of 12 November 2012)

Article 74. Liquidation committee

1. The liquidation committee of a bank shall be established within at least 5 days upon taking the relevant decision by the court or the Board of the Central Bank defined by Article 72 of this Law for the purpose of liquidating the bank, selling its property (assets) and satisfying the legitimate claims of creditors, as prescribed by the charter of the bank. It shall consist of at least three members. Only persons who have received a relevant qualification from the Central Bank may serve as a chairperson and member of the liquidation committee. The chief executive officer of the bank or the person exercising similar managerial powers shall implement the powers of the liquidation committee before the establishment of the liquidation committee, unless otherwise provided for by the charter of the bank.

2. Upon the establishment of the liquidation committee, it shall assume the powers of management of the bank being liquidated, except for cases where the bank is an issuer of a mortgage bond defined by the Law of the Republic of Armenia "On secured mortgage bonds" and a mortgage manager has been appointed with regard thereto.

   The liabilities arising from secured mortgage bonds and assets securing them shall not be included in the liquidation balance sheet drawn up and confirmed by the liquidator.

   The mortgage manager shall draw up, confirm and publish a separate balance sheet for the liabilities arising from mortgage bonds and assets securing them.

3. Within three days after establishing a liquidation committee, the liquidation committee shall place an announcement on the home page of the bank on the Internet, as well as on the official website for public notifications of the Republic of Armenia at http://www.azdarar.am, and notify the Central Bank about the liquidation of the bank and the procedure and time limits, which may not be less than two months, for making claims by creditors.

4. Where a liquidation committee is not established, the liquidation committee of the bank shall be established by a decision of the Board of the Central Bank.

(Article 74 edited by HO-253 of 23 October 2001, supplemented by HO-227-N of 15 November 2005, HO-105-N of 26 May 2008, amended by HO-150-N of 16 April 2026)

Article 75. Procedure for liquidation of banks. measures implemented by the liquidation committee

1. Management bodies of the bank shall be obliged to hand over to the liquidation committee the documents, material and other valuables of the bank within 3 days after the adoption of a decision on establishing a liquidation committee.

Within three days after appointing a liquidation committee, the chairperson of the liquidation committee shall apply to the Central Bank to add the words "bank under liquidation" in the trade name of the bank being liquidated. Within three days after receiving the application, the Central Bank shall make a change in the trade name of the bank being liquidated by adding the words "bank under liquidation".

The liquidation committee, within a reasonable time limit after making a change in the trade name of the bank being liquidated as prescribed by the second paragraph of this part, shall be obliged to change the seal, forms of the bank being liquidated by adding the words "bank under liquidation".

2. During the time limit for making claims by creditors prescribed by part 3 of Article 74 of this Law, the liquidation committee shall:

   (a) take necessary measures for returning the property in custody of the bank to the owners thereof and making final calculations in that regard. The liquidation committee shall send notifications to the owners of the property. The owners of the property shall be obliged to take the property in custody of the bank within one month after receiving the notification of the liquidation committee. If the owners of the property do not apply to the bank within the time limit of one month prescribed by this part, the liquidation committee shall deposit the property by concluding an agreement as prescribed by law;

   (b) accrue and assess the assets and liabilities of the bank being liquidated;

   (c) take necessary measures for identifying the creditors of the bank and collecting the accounts receivable of the bank, for premature repayment of loans provided by the bank being liquidated;

   (d) take measures for realising the assets of the bank being liquidated in the most profitable way;

(e) take measures to ensure the performance of obligations in relation to the bank being liquidated;

(f) determine the procedure for the distribution of assets remaining after the performance of obligations of the bank among the participators.

3. The liquidation committee, within one week after the end of the time limit for submission of claims of creditors, shall draw up, confirm and publish on the home page of the bank on the Internet, as well as on the official website for public notifications of the Republic of Armenia at http://www.azdarar.am an interim liquidation balance sheet, which shall contain information on:

(a) the composition of the property of the bank being liquidated;

(b) the list of claims of creditors, including the total amount of claims reflected in the balance sheet of the bank or made against the bank, the amount due to each depositor, lender or other creditor and the order of satisfaction of claims prescribed by Article 751 of this Law, as well as the separate list of claims rejected thereby;

(c) the results of consideration of those claims;

(d) other information prescribed by the Central Bank.

Upon the appointment of a mortgage manager for the bank by the Central Bank as prescribed by the Law of the Republic of Armenia "On secured mortgage bonds", the mortgage manager shall assume the management of liabilities with respect to secured mortgage bonds of the bank or credit organisation and assets securing them.

Where the liabilities with respect to mortgage bonds secured as prescribed by the Law of the Republic of Armenia "On secured mortgage bonds" and assets securing them are not transferred to another issuer, the mortgage manager shall exercise all powers reserved to the liquidator under this Law with respect to liabilities of the bank with respect to secured mortgage bonds and assets securing them.

4. The liquidation committee shall be obliged to submit to the Central Bank an identification number of a public notice on the interim liquidation balance sheet or an electronic document confirming the fact that the announcement has been published, as well as the link to the public notice as prescribed by part 3 of this Article on the day of publication. The Board of the Central Bank shall be entitled to oblige the liquidation committee to publish the interim liquidation balance sheet on the home page of the bank on the Internet, as well as on the official website for public notifications of the Republic of Armenia at http://www.azdarar.am.

5. The liquidation committee shall satisfy the claims of creditors in the order prescribed by Article 75[1] of this Law, in accordance with the interim liquidation balance sheet, starting from the day of its publication.

(Article 75 edited by HO-227-N of 15 November 2005, supplemented by HO-105-N of 26 May 2008, amended by HO-141-N of 8 June 2009, HO-66-N of 19 March 2012, HO-150-N of 16 April 2026)

Article 75[1]. Order of satisfaction of claims

1. Liabilities backed by collateral shall be satisfied from the amount received from realising the collateral that is an asset securing the respective liability, in accordance with the requirements of Chapter 14.1 of the Civil Code of the Republic of Armenia. If the value of the liability is greater than the value of realising the collateral that is an asset securing the respective liability, the remainder of the liability not backed by collateral shall be satisfied along with liabilities to other creditors.

2. The liabilities of the bank shall be paid from liquidation assets in the following order:

first — necessary and substantiated expenses, including the salary, for exercising the powers prescribed by this Law by members of the liquidation committee;

second — bank deposits and bank account balances of citizens of the Republic of Armenia and foreign citizens, as well as stateless persons. Where one person holds more than one deposit (account) in the bank, all deposits thereof shall be consolidated and their aggregate amount shall be considered one deposit;

third — other liabilities of the bank, not included in the fourth, fifth and sixth priority orders;

fourth — liabilities of the bank to state and community budgets, other mandatory payments prescribed by the legislation of the Republic of Armenia;

fifth — claims arising from subordinated borrowings;

sixth — claims of participators of the bank.

Participators of the bank and persons related to the bank, in relation thereto the liabilities of the bank shall be satisfied in the sixth priority order, shall be excluded from the list of creditors in the second, third and fifth priority orders for satisfying the claims of creditors of the bank prescribed by this part.

The creditors in the same priority order shall have equal rights to the satisfaction of their claims.

The claims of creditors of the same priority order shall be satisfied after fully satisfying all the claims of the preceding priority order.

2.1. The claims of holders of secured mortgage bonds shall be fully satisfied from the assets registered in the cover asset register. The collateral of assets registered in the cover asset register shall be realised exclusively for the purpose of satisfying the claims of creditors with respect to secured mortgage bonds and derivative financial instruments registered in the register.

Where the claims of holders of secured mortgage bonds have not been fully satisfied, they preserve the right to receive payment from cover assets in order of priority. During the liquidation process with regard to residual assets of the bank, the holders of secured mortgage bonds may make their claims with regard thereto only in the amount of outstanding liabilities as a liability backed by collateral in accordance with the requirements of Chapter 14.1 of the Civil Code of the Republic of Armenia.

The liquidation committee of the bank may at any time request from the mortgage manager to return the assets that have remained after satisfying the claims with regard to secured mortgage bonds. The assets that remain after the repayment of secured mortgage bonds and reimbursement of management costs shall be returned to the issuer and included in the balance sheet of liquidation assets.

3. Where the liquidation committee rejects the claims of a creditor or avoids considering them, the creditor, prior to the confirmation of the liquidation balance sheet of the bank, shall be entitled to appeal the actions of the liquidation committee. Moreover, if the claim of the creditor is subject to satisfaction in the priority order in relation to which the liquidation committee carries out satisfaction of claims at that moment, the court may suspend the satisfaction of claims of the respective priority order by the liquidation committee until the adoption of a decision.

Where creditors have made a claim after the expiry of the time limit for making claims by creditors prescribed by this Law, their claims shall be satisfied from those liquidation assets which will remain after the satisfaction of claims of creditors made on time.

Where the creditors that have made a claim and have been registered by the liquidation committee fail to appear by the last day of the time limit for satisfaction of claims of the respective priority order announced by the

liquidation committee by a publication on the home page of the bank on the Internet, as well as on the official website for public notifications of the Republic of Armenia at http://www.azdarar.am in order to receive what they have claimed, the funds or property to be allocated to those creditors shall be transferred to notary deposit or deposited with another bank, as prescribed by law.

Before starting the process of satisfaction of claims of each priority order, the liquidation committee shall announce the place, procedure and time limits for satisfaction of the claims of the respective priority order by a publication on the home page of the bank on the Internet, as well as on the official website for public notifications of the Republic of Armenia at http://www.azdarar.am. The main information relating to the place, procedure and time limits for satisfaction of claims, as well as changes thereof shall have legal force from the day following their publication on the home page of the bank on the Internet, as well as on the official website for public notifications of the Republic of Armenia at http://www.azdarar.am.

The time limit for satisfaction of claims included in the second priority order of part 2 of this Article may not be less than 21 days. Moreover, the time limit prescribed for satisfaction of claims shall not be subject to renewal for the reason of missing it on any ground.

4. The claims rejected by the liquidation committee, where the creditor has not brought an action in court, as well as the claims rejected by a civil judgment of the court shall be considered remitted.

(Article 75[1] supplemented by HO-227-N of 15 November 2005, HO-105-N of 26 May 2008, amended, edited, supplemented by HO-57-N of 28 February 2011, amended by HO-268-N of 17 December 2014, HO-194-N of 27 October 2016, HO-150-N of 16 April 2026)

(Article as amended by HO-366-N of 3 July 2026 shall enter into force on 1 January 2027)

Article 76. Control over the bank being liquidated. report of the liquidation committee

1. The Central Bank may carry out an inspection in the bank undergoing liquidation for the purpose of carrying out control over the liquidation process of the bank.

2. The liquidation committee shall be obliged to submit reports to the Central Bank in the manner, form, with the frequency and within time limits defined by the Central Bank.

3. The liquidation committee shall be obliged to periodically, but not less than once a month, publish information on the home page of the bank on the Internet, as well as on the official website for public notifications of the Republic of Armenia at http://www.azdarar.am about its activities in the manner, with the list and in the form defined by the Central Bank.

4. The Central Bank shall be entitled to request any information from the liquidation committee about its activities.

(Article 76 edited by HO-227-N of 15 November 2005, amended by HO-150-N of 16 April 2026)

Article 77. Confirmation of liquidation balance sheet. Termination of activities of the liquidation committee

1. After completing settlements with the creditors, the liquidation committee shall draw up a liquidation balance sheet, which shall be submitted to the Central Bank by the liquidation committee within three days after being confirmed by the general meeting of the bank being liquidated.

2. The Central Bank shall take a decision on confirming or refusing to confirm the liquidation balance sheet within a period of ten days by indicating the grounds for the refusal. The Central Bank shall refuse to confirm the liquidation balance sheet if the liquidation committee has violated the requirements of this Law.

3. Where the Central Bank refuses to confirm the liquidation balance sheet, the liquidation committee shall eliminate the grounds for the refusal of the Central Bank to confirm the liquidation balance sheet within a period of ten days and after the confirmation of the liquidation balance sheet by the general meeting of the bank being liquidated, shall submit a new application for the confirmation thereof to the Central Bank. The Central Bank shall consider that application as prescribed by part 2 of this Article.

4. Within three days after the Central Bank has taken a decision on confirming the liquidation balance sheet, the Central Bank shall make a record in the bank register on revoking the registration of the bank being liquidated, after which the bank shall be deemed liquidated and the activities thereof shall be deemed terminated. The Central Bank shall notify the body carrying out state registration of legal persons thereof.

5. Within three days after the Central Bank has taken a decision on confirming the liquidation balance sheet, the liquidation committee shall publish a statement of information on the liquidation of the bank in the form prescribed by the Central Bank, after which the liquidation committee shall be released from obligations with respect to the liquidation of the bank.

(Article 77 amended by HO-253 of 23 October 2001, edited by HO-227-N of 15 November 2005)

Article 78. Remuneration of members of liquidation committee

The members of the liquidation committee shall receive reimbursement from the assets of the bank being liquidated.

Article 79. Liability of members of liquidation committee

Members of the liquidation committee shall be liable for violations committed during their activities and damages caused as a result of their actions in accordance with laws and other legal acts.

Where the chairperson and/or members of the liquidation committee fail to perform or improperly perform their duties prescribed by this Law, other laws and legal acts, the Board of the Central Bank may revoke their certificates of qualification. In that case, the general meeting of the bank shall appoint a new chairperson or member(s) of the liquidation committee within a period of one week; otherwise the new chairperson or member(s) of the liquidation committee shall be appointed by the Board of the Central Bank.

The actions of the liquidation committee may be appealed against in court by the creditors, debtors of the bank and the Central Bank.

(Article 79 supplemented by HO-227-N of 15 November 2005)

Article 80. Liquidation assets of the bank

The claims of creditors shall be satisfied at the expense of property (assets) belonging to the bank by the right of ownership which constitutes liquidation assets.

CHAPTER 10

TRANSITIONAL PROVISIONS

Article 81. Entry into force of the law. Transitional provisions

1. This Law shall enter into force after 60 days following its promulgation.

2. Upon the entry into force of this Law, the Law of the Republic of Armenia "On Banks and Banking" of 1993 and the Decision of the Supreme Council of the Republic of Armenia "On procedure for implementation of the Laws of the Republic of Armenia 'On Central Bank of the Republic of Armenia' and 'On banks and banking'" shall be repealed, except for point (d) of part 7 of the respective Decision. The latter shall be repealed after making the relevant supplement to the Law of the Republic of Armenia "On state duties".

3. Operating banks licensed before 1 July 1996 (and their branches and representative offices) shall be considered licensed, and the branches shall be considered registered in accordance with the provisions of this Law.

4. Within one month upon the entry into force of this Law, the Central Bank shall:

   (a) review the decisions of the Central Bank and bring them into compliance with the requirements of this Law;

   (b) adopt the regulatory acts prescribed by this Law that are necessary for unimpeded operation of this Law;

   (c) define the procedure for imposing sanctions against banks provided for by this law bringing it into compliance with the requirements of this Law.

5. Upon the entry into force of this Law, the Government of the Republic of Armenia together with the Central Bank shall:

- submit to the National Assembly suggestions on the types and sizes of licensing duties within a period of one month;

- for the purpose of ensuring the application of this Law, submit to the National Assembly draft Laws of the Republic of Armenia "On making amendments and supplements to the Criminal Code of the Republic of Armenia" and "On making amendments and supplements to the Code of Administrative Offences of the Republic of Armenia" within a period of two months.

6. The existing norms and procedures shall be in effect until making the relevant amendments and supplements to laws and other legal acts in the manner and within time limits prescribed by this Law.

7. Banks operating in the territory of the Republic of Armenia, irrespective of the organisational and legal form, shall be obliged to revaluate the fixed assets belonging to them by the right of ownership before 1 January 1997 in accordance with the Law of the Republic of Armenia "On joint-stock companies".

PRESIDENT

OF THE REPUBLIC OF ARMENIA **L. TER-PETROSYAN**

Yerevan

30 June 1996

HO-68

Comprises sixsty-six sheets.