


Approved
by Decision No. 6, Minutes No. 9
of the "ID Bank" CJSC Council Meeting
of December 21, 2024

RULES FOR CONCLUDING TRANSACTIONS BY "ID BANK" CJSC

Division in charge	Legal Division
Effective date	09.01.2025
Distribution	All subdivisions of "ID Bank" CJSC
Other provisions	Repeal Rules for conducting transactions by "ID Bank" CJSC approved by Decision No.11 of Minutes No. 5 of the Bank Council meeting dated June 16, 2023 upon entry into force of these Rules.
Related documents	"ID Bank" CJSC Charter


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1. The following rules are established in accordance with subclause u) of clause 16.16 of "ID Bank" CJSC Charter, and regulate the process of concluding transactions on behalf of "ID Bank" CJSC (hereinafter referred to as "the Bank"), as well as define the decision-making process and limits of transactions including the sale/alienation and acquisition of assets, the acquisition of works and/or services, and the conclusion of transactions that result in expenses/costs (liabilities) to be concluded by the competent authorities of the Bank's governing bodies.
2. Alienation of immovable property owned by the Bank or transactions leading to its alienation (pledging, lease with the condition of acquisition, alienation with installment payment agreement, conclusion of a preliminary contract of sale, etc.), except for the transactions of selling the object of the pledge through direct sale or auction as a pledgee in case of confiscation of the object of the pledge, are conducted in accordance with the following rules:
 - 1) Alienation of immovable property with a market value not exceeding AMD 100,000,000 (one hundred million) or equivalent foreign currency is conducted by the Chairman of the Bank's Management Board under the conditions determined by him,
 - 2) In the case of alienation of immovable property with a market value exceeding AMD 100,000,000 (one hundred million) or the equivalent foreign currency, but not exceeding AMD 250,000,000 (two hundred and fifty million) or the equivalent foreign currency, the decision on alienation (which includes the essential terms of the transaction) is made by the Management Board of the Bank,
 - 3) In the case of alienation of immovable property with a market value exceeding AMD 250,000,000 (two hundred and fifty million) or equivalent foreign currency, the decision on alienation (which includes the essential terms of the transaction) is made by the Bank's Council,
 - 4) Regardless of the limits provided by subclauses 1, 2 and 3 of clause 2 of these Rules, in every case, when as a result of property alienation the Bank may suffer a loss in the amount of 25 percent or more of the book value of the given property, the decision to alienate the property (which includes the essential terms of the transaction) is made by the Bank's Council, except for properties with a book value of up to AMD 100,000,000, the decision to alienate is made by the Bank's Management Board.

In the sense of this clause, the negative difference between the book value of the property and the transaction price is considered a loss. At the request of the party to the transaction, the Bank is obliged to provide a reference on the book value of the property.


3. Transactions of acquisition of immovable property or leading to the acquisition by the Bank (lease with the condition of acquisition, acquisition on the condition of installment payment, conclusion of a preliminary contract of sale, etc.), except for the transactions of accepting the property as pledge, are conducted in accordance with the following rules:



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- 1) Real estate acquisition transactions with a market value not exceeding AMD 250,000,000 (two hundred and fifty million) or equivalent foreign currency are concluded by the Chairman of the Bank's Management Board under the conditions determined by him,
- 2) The decision to acquire real estate with a market value exceeding AMD 250,000,000 (two hundred and fifty million) or equivalent foreign currency, but not exceeding AMD 500,000,000 (five hundred million) or equivalent foreign currency (which includes the essential terms of the transaction) is made by the Bank's Management Board,
- 3) The decision to acquire real estate with a market value exceeding AMD 500,000,000 (five hundred million) or equivalent foreign currency (which includes the essential terms of the transaction) is made by the Bank's Council.
4. Transactions for alienation of loans provided by the Bank (assignment of the right of claim) are conducted in accordance with the following rules:
 - 1) Transactions with a value not exceeding AMD 250,000,000 (two hundred and fifty million) or equivalent foreign currency are conducted based on the decision of the Bank's Management Board, which also defines the essential terms of the transaction,
 - 2) Transactions with a value exceeding AMD 250,000,000 (two hundred and fifty million) or equivalent foreign currency are conducted by the decision of the Bank's Council, which also defines the essential terms of the transaction.
5. All transactions involving derivative financial instruments, with the exception of foreign currency or interest rate swaps and forwards for a term less than three months, shall be executed upon a decision of the Management Board of the Bank, which shall include the significant terms of those transactions.
6. All transactions in securities or involving securities (with the exception of repo transactions which are not restricted), with the exception of transactions with securities issued by the Central Bank of the Republic of Armenia and the Ministry of Finance of the Republic of Armenia, with securities issued by the Armenian and foreign banks, as well as with securities issued by countries with a rating higher than /A-/ shall be executed in line with the following thresholds:
 - 1) Transactions for less than 250,000,000 (two hundred and fifty million) Armenian drams or its equivalent in foreign currency shall be entered into by the Chairman of the Management Board of the Bank or another person determined by the order of the latter, without obtaining additional consents.
 - 2) Transactions for greater than 250,000,000 (two hundred and fifty million) Armenian drams or its equivalent in foreign currency shall be executed upon a decision of the Council of the Bank, which shall include the significant terms of those transactions.



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7. All transactions with securities issued by the Central Bank of the Republic of Armenia and the Ministry of Finance of the Republic of Armenia, with securities issued by the Armenian and foreign banks, as well as with securities issued by countries with a rating higher than /A-, or with the use of these securities, are conducted in compliance with the following limits:

- 1) Transactions with securities of up to AMD 4 billion or equivalent foreign currency with a maturity of up to 1 year are conducted by the Chairman of the Bank's Management Board or another person determined by the order of the latter, without obtaining additional consents,
- 2) Transactions with securities that exceed the limit set by subclause 1 of this clause, but not exceeding 6 billion AMD or equivalent foreign currency, or have a longer maturity are conducted by the decision of the Investment (assets and liabilities) Committee.

Transactions with securities exceeding the established limits are carried out by decision of the Council of the Bank.


8. All transactions involving attraction of financing by the Bank (loan, deposit and other liability transaction, including a positive balance on the account) are concluded, and their terms are subsequently revised (restructuring) in compliance with the following limits:

- 1) Transactions with a value not exceeding AMD 2,500,000,000 (two billion five hundred million) or equivalent foreign currency and transactions with a term of up to three years are conducted by the Chairman of the Bank's Management Board or another person determined by the order of the latter, without obtaining additional consents,
- 2) Transactions with a value exceeding AMD 2,500,000,000 (two billion five hundred million) or the equivalent foreign currency or transactions with a term exceeding three years are conducted based on the decision of the Investment (assets and liabilities) Committee, which also approves the essential terms of the transaction.

Exceptions to this clause are:

- 1) Transactions described in clause 5 of these Rules,
 - 2) Transactions made within the limits set for individual counterparties or clients by the decision of the Bank's Management Board,
 - 3) the balances of other persons' accounts in the Bank, for which the Bank has no obligation to pay interest.
9. Any transaction of alienation or leading to the alienation of the Bank's intellectual property objects or the Bank's means of identification, their use by a third party or any transaction



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that grants rights over them to a third party is subject to conclusion based on the decision of the Bank's Council.

10. Transactions not related to the acquisition of assets by the Bank, that is, transactions for the acquisition of works and/or services (including consulting services), are conducted in the following order:

- 1) Transactions not exceeding AMD 150,000,000 (one hundred and fifty million) or equivalent foreign currency are conducted by the Chairman of the Bank's Management Board,
- 2) Transactions exceeding AMD 150,000,000 (one hundred and fifty million) or equivalent foreign currency, but not exceeding AMD 250,000,000 (two hundred and fifty million) or equivalent foreign currency, are conducted by the decision of the Bank's Management Board, which also approves the essential terms of the transaction,
- 3) Transactions exceeding AMD 250,000,000 (two hundred and fifty million) or equivalent foreign currency are conducted by the decision of the Bank's Council, which also approves the essential terms of the transaction.


11. All transactions concluded by the Bank, by which it is intended or which we may cause for the Bank:

- 1) Damages/penalties in the amount not exceeding AMD 250,000,000 (two hundred and fifty million) or equivalent foreign currency or any other liability to that extent are signed by the Chairman of the Bank's Management Board,
- 2) Damages/penalties in the amount exceeding AMD 250,000,000 (two hundred and fifty million) or equivalent foreign currency or any other liability to that extent, are concluded on the basis of the decision of the Bank's Council, which also defines the essential conditions of that transaction.

12. Transactions related to acquisition of pledged property as a result of confiscation by the Bank, by the approval of the Bank's Non-Performing Assets Committee, are conducted as follows:

- 1) Real estate acquisition transactions with a market value not exceeding AMD 250,000,000 (two hundred and fifty million) or equivalent foreign currency are concluded by the Chairman of the Bank's Management Board under the conditions determined by him,
- 2) The decision on real estate acquisition transactions with a market value exceeding AMD 250,000,000 (two hundred and fifty million) or equivalent foreign currency, but not exceeding AMD 500,000,000 (five hundred million) or equivalent foreign currency (which includes the essential terms of the transaction) is made by the Bank's Management Board,
- 3) The decision on real estate acquisition transactions with a market value exceeding AMD 500,000,000 (five hundred million) or equivalent foreign



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currency (which includes the essential terms of the transaction) is made by the Bank's Council.

13. Transactions of alienation or leading to alienation of movable property owned by the Bank and not specified in other clauses of these Rules (pledge, lease with the condition of acquisition, alienation with the condition of installment payment, conclusion of preliminary sales contract, etc.), as well as two or more interrelated transactions are concluded:

- 1) in case of alienation of assets with a book value not exceeding AMD 5,000,000 (five million) or equivalent foreign currency, by the Chairman of the Bank's Management Board,
- 2) in case of alienation of assets with a book value greater than 5,000,000 (five million) Armenian drams or its equivalent in foreign currency, but less than 50,000,000 (fifty million) Armenian drams or its equivalent in foreign currency, by a decision of the Management Board of the Bank, which shall include the significant terms of the transaction,
- 3) in case of alienation of fixed assets with a book value exceeding AMD 50,000,000 (fifty million) or equivalent foreign currency, by decision of the Council of the Bank, which shall include the essential terms of the transaction.

14. Lending transactions by the Bank (loans, credit lines and overdrafts provided by the Bank, credit cards, bank guarantees, factoring, financial leasing, letters of credit, forfeiting, project loans and other instruments containing credit risk) are carried out in compliance with the limits set by the Bank's Credit Risk Policy.


15. The restrictions provided by these Rules also apply to uniform and/or interrelated transactions, which are considered as one transaction within the meaning of these Rules. In the sense of these Rules, two or more transactions with the same subject matter, which are concluded with the same counterparty or a person affiliated with the given counterparty within a three-month period, are considered to be uniform and/or interrelated transactions ("Part 1 of Article 8 of the RA Law on Banks and Banking").

16. These Rules do not apply to the provision of loans by the Bank under the conditions usually applied during its normal activities (with the conditions published on the Bank's website), except for cases of providing loans, attraction of deposits, placement of securities provided for by these Rules, which are regulated by other relevant internal legal acts of the Bank.

17. Transactions complying with the conditions stipulated by these Rules, which were concluded in violation of these Rules, may be declared invalid by court order based on Article 315 of the Civil Code of the Republic of Armenia, at the request of the Bank.

18. The decision-making assigned to the Bank's Council provided for by these Rules is performed within a maximum of five working days, in the following order:



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- 1) The Secretary of the Council, having received the information about the proposed transaction from the relevant stakeholder subdivision, sends it to the members of the Council in order to obtain their consent, specifying the deadlines for their submission,
- 2) Based on the summary of the opinions of the Council members, the Council makes one of the following decisions on:
 - a) conclusion of the transaction, including the approval of its essential terms (if there is a positive opinion of at least three of the five Council members),
 - b) not approving the conclusion of the transaction (if there is a negative opinion of at least three of the five Council members).

Moreover, in the cases provided for by these Rules, the Council's decisions are made electronically by the members of the Council through e-mail communication, and the Secretary of the Council ensures the preservation of the e-mails (voting results) of the members of the Council.

19. The head of the relevant stakeholder subdivision is responsible for the completeness of the information and the integrity of the essential conditions provided to the relevant competent authorities about the transactions provided for in these Rules.

