DECREE OF THE PRESIDENT OF THE REPUBLIC OF AZERBAIJAN

on state participation in the management of banks and non-bank credit institutions with state-owned shares in authorized capital

In order to improve the management of banks and non-bank credit institutions with state-owned shares in the authorized capital **I decide:**

1. to assign the right to participate on behalf of the state in banks and non-bank credit institutions (hereinafter – credit institutions) with state-owned shares in the authorized capital on resolving the issues attributed to authorities of the general meeting to the extend allowed by those shares to the following public authorities:

1.1. The Ministry of Finance:

1.1.1. selection and premature termination of authorities of members of credit institutions' Supervisory Boards ~~and Audit (Revision) Committees~~;

1.1.2. establishment and premature termination of authorities of executive bodies of credit institutions;

1.1.3. approval of credit institutions' annual reports, *financial statements,* allocation of their profit and loss;

1.1.4. *making a decision on concluding* a transaction in the amount of more than twenty-five percent of the value of credit institution's net assets (deal of special significance), *as well as a transaction with the related party in the amount of five percent or more of credit institution's assets with the opinion of an independent auditor*;

1.1.5. adopting credit institution's reglament and making additions and changes therein;

1.1.6. determining the credit institution's policy on interest rates, allocation and categories of assets, as well as the bank's overall financial, accounting, administrative and staff policies;

1.1.7. making a decision on the next and, if necessary, extraordinary audit and appointing an external auditor for this purpose;

1.1.8. adopting and approving credit institution's budget;

1.1.9. determining terms and conditions of employment of credit institution officers;

1.1.10. determining limits of powers of credit institution's officers to accept obligations on behalf of and at the expense of the credit institution, except for powers of Supervisory Board members, and the right to delegate these powers to other employees of the credit institution;

1.1.11. adoption of rules on disclosure of commercial interests of credit institution officers and changes and additions therein;

1.1.12. determining terms and conditions of issue of shares of a credit institution, as well as consent to acquire a qualifying holding;

1.1.13. approval of annual financial statements of the credit institution approved by an external auditor and recommended by the Audit Committee, as well as decision-making on creation of reserves against net profit and payment of dividends.

1.2. The State Committee on Property Issues of the Republic of Azerbaijan:

1.2.1. approval of the credit institution's Charter on the basis of a proposal of the Ministry of Finance of the Republic of Azerbaijan, determination of the amount of the authorized capital;

1.2.2. establishment or liquidation of representative offices and branches of a credit institution on the basis of a proposal of the Ministry of Finance of the Republic of Azerbaijan, establishment, reorganization or liquidation of subordinate legal entities;

1.2.3. settlement of other issues referred to the powers of the general meeting by the Civil Code of the Azerbaijan Republic, except for the powers defined by this Decree, in coordination with the Ministry of Finance of the Azerbaijan Republic.

2. To assign the Ministry of Finance of the Republic of Azerbaijan to take appropriate measures for effective management of credit institutions with state-owned shares in the authorized capital, participating in the solution of the issues specified in Item 1.1 of this Decree and inform the President of the Republic of Azerbaijan once a year to that end.

Ilham ALIYEV
President of the Republic of Azerbaijan

Baku city, 7 August 2009
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