

Appendix

APPROVED BY

Decision No. 01-L of the General Meeting of Shareholders (Sole Shareholder) of the "National Mortgage Company" RCO CJSC, dated February 15, 2012 (including amendments and additions made by the decisions of the General Meeting of Shareholders (Sole Shareholder) dated July 24, 2018, No. 002-L, and April 29, 2024, No. 004-L).

"National Mortgage Company" RCO CJSC

Procedure for Selecting an Independent Auditing Organization

Yerevan 2024

Chapter 1. General Provisions

1.1 This procedure establishes the criteria for individuals conducting audits of the financial and economic activities of "National Mortgage Company" RCO CJSC (hereinafter referred to as the Company).

1.2 This procedure has been developed in accordance with the provisions of Regulation 22, titled "Criteria for Individuals Conducting Audits of Financial Organizations' Financial and Economic Activities," approved by Decision No. 174-N of the Board of the Central Bank of the Republic of Armenia dated October 4, 2022.

1.3 The main concepts of this procedure are:

- **Financial Organization:** A bank, credit organization, insurance company, investment company, or investment fund.
- **Specialized Body:** A specialized body defined by the Law of the Republic of Armenia "On Accounting and Auditing Activities Regulation and Public Oversight."
- **Responsible Auditor of the Auditing Organization:** The individual signing the audit opinion of the auditing organization.
- **Audit Team:** A group of employees of the auditing organization directly involved in the audit of the Company's financial and economic activities.
- **Tender:** A closed auction related to the organization of closed bidding procedures.

Chapter 1 is newly revised per Decision No. 004-L dated April 29, 2024.

Chapter 2. Criteria for Selecting Independent Auditing Organizations

2.1 The auditing organization conducting the audit of the Company's financial and economic activities must be a member of a Specialized Body.

2.2 The Company selects an auditing organization that meets the following minimum criteria:

2.2.1 The auditing organization must have at least 3 years of auditing experience in financial organizations. This criterion does not apply to auditing organizations that are related to one of the top 10 auditing organizations by annual consolidated revenue at the group level, and

2.2.2 The responsible auditor of the auditing organization must:

2.2.2.1 Be a member of a Specialized Body;

2.2.2.2 Have at least 3 years of work experience as an auditor; and

2.2.2.3 Possess an auditor qualification issued by a Specialized Body and an international accounting or auditing qualification (e.g., ACCA, CISA).

2.2.3 At least half of the employees involved in the audit team must be members of a Specialized Body, have at least 3 years of work experience in an auditing organization, and possess an auditor qualification issued by a Specialized Body or an international accounting or auditing qualification (e.g., ACCA, CISA).

2.3 The contract between the Company and the auditing organization may be concluded for a period of up to 3 years.

2.4 By the contract concluded with the Company, the auditing organization agrees to participate, upon the invitation of the Central Bank, in a triparty meeting organized among the Company, the auditing organization, and the Central Bank to discuss the results of the external audit.

2.5 The same auditing organization may conduct the audit of the Company's financial and economic activities for a maximum of 6 consecutive years. However, the responsible auditor of the auditing organization may conduct the audit of the Company for a maximum of 3 years. If an auditing organization has conducted the Company's audit for 6 consecutive years as specified in this clause, it cannot conduct the Company's audit for at least 3 years thereafter.

2.6 The auditing organization conducting the Company's audit is selected by the Company's Board of Directors and is submitted for approval to the General Meeting of Shareholders (Sole Shareholder) of the Company. The Board of Directors of the Company approves the remuneration of the auditing organization.

Chapter 2 is newly revised per Decision No. 004-L dated April 29, 2024.

Chapter 3. Conditions for Selecting an Independent Auditing Organization

3.1 For the purpose of selecting an auditing organization, the Company, if necessary, conducts a closed tender by August 15.

Clause 3.1 is amended by Decision No. 004-L dated April 29, 2024.

3.2 The Company addresses the notice about the closed tender to pre-selected auditing firms that, in the Company's opinion, best meet the relevant criteria established in Chapter 2 of this procedure.

3.3 Auditing organizations that receive the notice mentioned in the previous clause and wish to participate in the tender must submit an application to participate in accordance with the procedure established in Chapter 4 of this procedure.

3.4 When selecting an independent auditing organization, the Company sets the following conditions:

3.4.1 The timeframe for conducting the audit, including the submission of the audit opinion and/or report,

3.4.2 The cost of conducting the audit,

3.4.3 Any other conditions at the discretion of the Company.

3.5 The contract between the Company and the independent auditing organization shall specify the level of risk associated with the auditing organization's non-fulfillment of its obligations under the contract.

Chapter 4. Requirements for Applications Submitted by Auditing Organizations and the Procedure for Their Submission

4.1 Auditing organizations wishing to participate in the closed tender must submit two packages of proposals in a single envelope to the Company, either in person or via postal service, in accordance with the conditions stated in the notice and within the specified time frame.

4.1.1 The first package should contain proposals related to the general terms of the auditing service.

4.1.2 The second package should contain proposals related to the financial aspects of the auditing service.

4.2 Applications must be submitted in a sealed, stamped, and/or signed envelope that contains both packages.

4.3 Applications are accepted until the submission deadline specified in the notice.

4.4 If the auditing organization requests, the Company confirms receipt of the application by making a corresponding note on the copy of the letter attached to the package. Specifically, the name of the participant, the year, month, date, and time of receipt of the application, as well as the name, surname, and position of the receiving employee, are indicated.

4.5 Applications are registered by the Company in a registration log in the order of receipt, indicating the registration number, year, month, date, time, and name of the participant.

Chapter 5. General Application

5.1 The general application must include the following information and documents:

5.1.1 Information about the auditing organization, specifically: full name, location, and phone number.

5.1.2 Copies of the state registration certificate, charter, and license to conduct auditing activities.

- 5.1.3 Description of the services to be provided.
- 5.1.4 Timeframes for providing the services.
- 5.1.5 The list of financial organizations to which the auditing organization has provided auditing services in the past three years.
- 5.1.6 Names, surnames, work experience, and copies of the qualification and professional training certificates of the employees involved in the audit team.
- 5.1.7 Any other necessary information and documents at the discretion of the auditing organization and/or the Company.

Chapter 6. Financial Application

6.1 The financial application must include the following information:

- 6.1.1 The total price of the services to be provided, which must include all types of expenses, including taxes, duties, etc.
- 6.1.2 The method, terms, and timing of payment of the total price for the services to be provided.
- 6.1.3 The level of risk of non-fulfillment of obligations by the auditing organization under the contract concluded between the auditing organization and the Company.
- 6.1.4 Any other necessary information and supporting documents related to the financial aspect of the services to be provided, at the discretion of the auditing organization.

Chapter 7. Summarizing Results

- 7.1 The submitted applications are opened within five days by the Company's Chief Executive Officer or a committee established by the order of the Chief Executive Officer.
- 7.2 After opening the applications, a relevant report (Appendix 1) is prepared based on the information specified in the applications, under the order of the Company's Chief Executive

Officer. This report includes the conditions submitted by each participant in the tender and other necessary information.

7.3 The report summarizing the results, along with the applications received from the auditing organizations, is submitted to the Company's Board of Directors for the selection of the auditing organization and for submission to the General Meeting of Shareholders (Sole Shareholder) for approval.

Chapter 8. Cancellation of the Closed Tender

8.1 The closed tender is considered canceled if:

- 8.1.1 No applications have been submitted by auditing organizations.
- 8.1.2 The submitted applications do not meet the conditions specified in the Company's notice or the requirements of this procedure.
- 8.1.3 Due to extraordinary circumstances, it has become impossible to perform the tasks or provide the services planned for the tender.
- 8.1.4 In the justified opinion of the Board, the auditing organizations participating in the tender and/or their work experience do not meet the criteria established by the Company.

8.2 In the event of the cancellation of the closed tender, the Company organizes a new closed tender within 10 days in accordance with this procedure or selects an auditing organization through direct negotiations.

Chapter 9. Final Provisions

9.1 The Company retains the documents related to the closed tender (contracts, records, etc.) for at least three years following the completion of the tender.

REPORT

Summary of Results

N N	Organization Name	Year of Establishment	Professional Experience in Financial Organizations	Audit Implementation Timeframes	Cost of Audit Implementation	Number of Qualified Specialists in the Audit Team	Other

"National Mortgage Company" RCO CJSC

Chief Executive Officer
