

CHARTER
OF
THE ALBANIAN ASSOCIATION OF BANKS
(AAB)

I. OBJECTIVES

Article 1

- 1.1 The AAB is a not-for-profit association, which seeks to promote the most up-to-date banking standards of its member banks, the development, stability and efficiency of Albanian banking system in general, thereby contributing to the advancement of the Albanian economy. The AAB is a representative body which in partnership with public and private sector stakeholders contribute to improve the business environment and to discuss key industry issues defining common strategies for the Albanian financial sector.
- 1.2 AAB intends to achieve its objectives through:
- a) Studying and analyzing problems and difficulties related to banking operation, and trying to find the proper solutions;
 - b) Cooperating with appropriate authorities of improving the framework which shall delineate the development of banking activities as well as its harmonization with European Union Legislation;
 - c) Cooperating with Albanian competent public authorities proposing projects for improvement of Albanian banking legislation and any other law, directly or indirectly, affecting the banking activity;
 - d) Observing national and international developments in banking environment and providing systematically the respective information to its members on such developments;
 - e) Mediating to resolve, in a friendly way, any disagreement that might arise between the AAB members;
 - f) Organizing professional gatherings, forums, conferences, seminars, workshops and other forms of education in the field of banking and financial education.
 - g) In general, undertaking any other initiative that AAB shall deem necessary from time to time.

- 1.3 No commercial banking activity can be performed by any member on behalf of the Association.

II. REGISTERED OFFICE AND LOGO

Article 2

- 2.1 The Registered Office of the AAB is located at Str. Ibrahim Rugova, Sky Tower, Floor 9/3, Tranë.
- 2.2 The AAB official Logo is as below:



III. DURATION

Article 3

- 3.1 AAB is established for an indefinite period of time and can be dissolved at any time, in conformity with Article 15 of the present Charter.

IV. MEMBERSHIP

Article 4

- 4.1 Each bank duly authorized to operate in Albania may notify the Secretariat about its intention to become a member of AAB, followed by the names of its designated representative(s) at AAB. The representatives of member banks may be only the CEO's/General Manager's/President's or any other equal position in member banks.
- 4.2 Membership of the AAB is voluntary. Representative(s) of new members are required to submit an accreditation document, completed by the bank's CEO/General Manager/President.
- 4.3 The decisions, acts and agreements that have been approved previously by AAB, shall be binding for the new members.

V. TERMINATION OF MEMBERSHIP

Article 5

- 5.1 Any member may terminate immediately its membership in the following cases:
- (a) Resignation, by giving a written notice to the Executive Committee,
 - (b) Revocation of license from Bank of Albania;
 - (c) Liquidation,
 - (d) Expulsion, in cases of:
 - Member's misconduct, which is detrimental to the AAB activity or to its scope;
 - Non-payment of membership fees for two consecutive quarters;
 - Violation of the Charter of AAB.
- 5.2 The resigning or expelled member remains bound by all financial obligations, for which it is committed at the date of its resignation or expulsion.
- 5.3 A member who has resigned, been expelled, or ceased being a member of AAB for any other reason, has no claims upon the AAB and its assets.
- 5.4 The existence and continuity of the AAB shall not be affected by any changes in the membership.

VI. FUNDING & FINANCE

Article 6

- 6.1 The activities of the AAB shall be funded by ordinary and extraordinary membership fees and by interests paid on funds held in the account of the AAB.

AAB may provide funds, also, through donations from local and foreign donors, through financing and operating any lawful activity without intending generation of profit.

- 6.2 The AAB shall not aim to collect any reserves more than the necessary to carry out its activities.

The membership fee for the banks in the moment they join the Association, is LEK 120,000.

Regular membership fees are paid by all the members quarterly on the basis of a calculation made according to an approved budget framework for the current year and are payable after its approval.

Regular membership fee is calculated as follows:

The budget expenditure is covered by the members of the Association in proportion to the percentage of their assets on the total assets of the banking

system (proportionate fee), with a minimum value for the fees set to ALL 1,000,000.

- 6.3 The cost of special activities undertaken by the AAB shall normally be allocated to the participants of such special activities, unless otherwise agreed by the Assembly of Members.
- 6.4 The financial year shall begin on 1st January and shall end on 31st December of each year.
- 6.5 The Assembly shall receive every year the audited financial statements of the AAB for the previous year, by the auditor.

VII. ORGANIZATION OF AAB

Article 7

The Association has the following managing bodies, whose powers are specified in the articles below:

1. Assembly of Members;
2. Executive Committee;
3. Secretariat.

VIII. ASSEMBLY OF MEMBERS

Article 8

- 8.1 The Assembly is the highest decision-making body of AAB. Only the duly designated representative(s) of the members may attend the Assembly of Members meetings. Occasionally, duly authorized representatives, under a written proxy, may substitute the designated representatives of member banks. The decisions of Assembly are binding for all the members of AAB, independently from their vote or their presence in the meetings. Nevertheless, in no case the AAB shall engage any single bank if the decision is contrary to the policy of the Bank.

The Assembly shall be presided by the Chairman of AAB, or by the Vice-Chairman in absence of the first, assisted by the Secretary General of AAB.

- 8.2 The Assembly is the only competent body to pass the following ordinary and extraordinary resolutions:

Ordinary resolutions:

- (i) Approval of AAB Annual Report for previous year;
- (ii) Approval of next year's budget and business plan;
- (iii) Approval of audit of financial statements of AAB;
- (iv) Admission of new members;
- (v) Approval of termination of membership.

Extraordinary resolutions:

- (i) Election of the Chairman, the Vice-Chairman, and three members of the Executive Committee from the designated representatives of members;
- (ii) Expulsion of members, in accordance with Article 5 of the present Charter;

Special resolutions:

- (i) Amending and supplementing the Charter of the AAB;
- (ii) Terms of payments and amounts of membership fees, in accordance with Article 6 of the present Charter;
- (iii) Dissolving of the AAB.

8.3 Generally, the Assembly of Members of AAB shall be convened on an ordinary basis, twice in each calendar year. The Assembly of Members is convened by the Chairman or Executive Committee, through the Secretariat.

8.4 The Assembly may be also convened at any time on an extraordinary basis, by the Chairman, Executive Committee, or upon request of at least 1/5 of AAB members, when it is deemed necessary.

8.5 Normally, the agenda for the Assembly should be sent to the members five business days prior to the date of the meeting. However, for urgent matters, the agenda may be sent anytime before the meeting, but in such case, the resolution taken with respect to such agenda shall be considered as extraordinary one.

8.9 Any member of AAB is entitled to propose any items to be included in the agenda. The proposals should be submitted to the Secretariat of AAB at least three business days prior the date of the meeting.

Items proposed during the meetings of the Assembly shall be included automatically in the agenda of the next meeting, unless the Assembly decides the contrary in the way ordinary resolutions are passed.

IX. RESOLUTIONS OF ASSEMBLY OF MEMBERS

Article 9

- 9.1 Each member of AAB has the right to one vote in the Assembly of Members.
- 9.2 The Assembly of Members passes ordinary, extraordinary or special resolutions, with a simple majority of votes of members attending the meeting.
- 9.3 Assembly of Members is empowered to pass ordinary resolutions provided that at least 1/2 of AAB members are attending the meeting.

If such a quorum has not been reached, a second meeting shall be convened, at least one week after the meeting.

The second convened meeting shall be empowered to pass all ordinary resolution with a simple majority of the votes of the members attending the meeting.

- 9.4 Assembly of Members is empowered to pass extraordinary resolutions provided that at least 2/3 of AAB members are attending the meeting.

If such quorum has not been reached, a second meeting shall be held at least one week after the meeting.

The second convened meeting shall be empowered to pass extraordinary resolutions with a simple majority of the votes of the members attending the meeting.

- 9.5 Assembly of Members is empowered to pass special resolutions with a simple majority of votes of all members of the association.

If such Quorum has not been reached, a second meeting shall be held at least one week after the meeting.

The second convened meeting shall be empowered to pass Special Resolutions according the point 9.4 of this article.”

- 9.6 Voting by proxy is strongly discouraged and will only be allowed in the rare event of all of the designated representatives of a member bank being unable to attend and the proxy is duly authorized by a designated representative.

X. EXECUTIVE COMMITTEE

Article 10

- 10.1 The Executive Committee of AAB is elected by the Assembly of Members. All Executive Committee members shall be General Managers /CEOs of their own bank or in the equal managing position of their own bank.

The Executive Committee is composed by five members, three of which shall be elected from the first six banks with the highest share on the total assets of the banking sector, and the other two members will be elected among the remaining member banks.

The Chairman and the vice-Chairman of AAB will be elected by the Assembly among the members of the Executive Committee.

- 10.2 The candidacy for the Executive Committee and/or resignation from it shall be submitted to the Secretariat not later than three working days before the date of Assembly Meeting. If the number of candidacies submitted by the deadline is less or equal to the number of free seats in Executive Committee, the submission of the candidacies passed the deadline shall be accepted.

In case of lack of candidates from any of the group of member banks as specified above, candidates from the other group shall be eligible for filling the vacant places in the Executive Committee.

- 10.3 Any member of the Executive Committee shall hold office for two years period and can be reelected for consecutive terms. The Executive Committee, as the case may be, has the authority to co-opt new member(s), who shall serve till the closest meeting of the Assembly. In that meeting, the Assembly shall elect the new member(s) of the Executive Committee.

- 10.4 The Executive Committee has the following powers and duties:

- a) Completes specific functions and tasks as instructed by the Assembly;
- b) Convenes the Assembly of Members for ordinary and extraordinary meetings, determines the agenda, place, date and time of the ordinary and extraordinary Assembly of Members meetings;
- c) Appoints the Secretary General and Secretariat staff and determines their respective remunerations, and forward a copy of their CVs to all members;
- d) Recommends to the Assembly initiatives and measures, that may benefit to the members;
- e) Informing promptly the members through the Secretariat, of any change and development of local significance in the banking activity;
- f) Examines the documents required for the admission of new members, pursuant to the Article 4 of the present Charter;
- g) Implements the budget and business plan for the current year, through the Secretariat.

- 10.5 The decisions of the Executive Committee are taken by simple majority votes. The quorum is four members. In the case of tie vote, the vote of the Chairman shall count for two.

The decisions of the Executive Committee may be validly taken by means of phone, fax, e-mail, etc. The Secretariat of the Association should be informed

about all decision taken by the Executive Committee, in the scope of notifying immediately such decision to all members of the AAB.

- 10.6 The Executive Committee may constitute special committees and may invite specialist advisors to the Meetings of the Assembly and those of the Executive Committee.
- 10.7 The Executive Committee shall ensure the proper implementation of budget and business plan by the Secretariat. Any bank transaction on behalf of AAB shall be performed upon joint signatures of Secretary General and Legal Adviser. In case of absence on any of the preceding persons, the Chairman or Vice Chairman can delegate the signatory power to any of full-time staff members of ABB.
- 10.8 The Chairman or in his absence, the Vice-Chairman, shall represent alone the AAB towards third parties. He might delegate in writing partially or totally his powers to Secretary General, or other individuals of his own choice among the members of the Executive Committee, as the case may be.

XI. THE SECRETARIAT

Article 11

- 11.1 The Secretariat is entrusted with the daily management of the Association and reports to the Executive Committee.

The duties and powers of the Secretariat, which will be directed by the Secretary General, consist on:

- a) Implementation of the decisions of the Assembly,
 - b) To ensure that the members are notified about the resolutions of the Assembly of Members and the Executive Committee and to execute these resolutions;
 - c) To fulfill the duties charged by the Executive Committee;
 - d) Representing the Association to the governmental bodies, court and third parties (according to authorizations), in national and international level;
 - e) Implementation of Annual budget and business plan;
 - f) Preparing information to be released by the Association and to submit these to the Executive Committee;
 - g) Collect membership fees;
 - h) Supervise the AAB accounts and co-operate with the Auditor;
 - i) Prepare and sign AAB financial statements.
- 11.2 The Secretary General and other Secretariat staff are appointed by the Executive Committee.
- 11.3 The Secretariat shall keep minutes of Assembly meetings and shall prepare the draft minutes, in consultation with the Chairman, for prompt distribution and

approval to the members. Members can object or propose amendments to the draft minutes within 5 business days, following which the minutes will become final. The approved minutes will then be signed by the Chairman and the Secretary General. The Secretariat shall also distribute the agenda of Assembly meetings.

XII. AUDITOR

Article 12

- 12.1 The Secretary General shall appoint and contract one licensed Auditor.
- 12.2 Auditor shall audit financial statements produced by AAB Secretariat. The audited financial statements will be presented to the Executive Committee and Assembly of Members.

XIII. INTERNAL RULES

Article 13

- 13.1 The Assembly of Members, upon proposal of the Executive Committee, may adopt and approve regulations and by-laws, compatible with the present Charter, so as to ensure the proper working of the Association.

XIV. DISSOLUTION AND LIQUIDATION

Article 14

- 14.1 The dissolution of the AAB may be decided at any time by the Assembly.
- 14.2 In case of a voluntary dissolution, the Assembly will designate the liquidator or liquidators and will determine his/their powers.
- 14.3 In case of dissolution, whether voluntary or judicial, at whatever time and for whatever reason, the assets of the AAB will be disposed of by the Assembly for any purpose which it shall determine, taking into consideration that the assets must be disposed of to the benefit of an association pursuing a non-profit objective.

XV. LAST PROVISION

The present Charter has been duly signed by the representatives of each member bank to AAB in presence of the notary public.

Updated version according to changes made in June 2018