

Approved by Resolution of the Bank of
Russia
(Sole Shareholder)
dated June 22, 2017 no.PH-28/22

ARTICLES OF ASSOCIATION
of Russian National Reinsurance Company
Joint-Stock Company
(Version no. 2)

Moscow
2017

1. GENERAL PROVISIONS

1.1. Reinsurance Company Russian National Reinsurance Company, hereinafter referred to as the Company, was set up by incorporation in compliance with the Civil Code of the Russian Federation, Federal Law "On Joint-Stock Companies", Law of the Russian Federation "On Insurance Business in the Russian Federation" and other applicable laws of the Russian Federation.

1.2. Trade name of the Company:

Full trade name of the Company in Russian: Акционерное общество «Российская Национальная Перестраховочная Компания»

Abbreviated trade name of the Company in Russian: АО РНПК;

Full trade name of the Company in English: Joint Stock Company Russian National Reinsurance Company;

Abbreviated trade name of the Company in English: RNRC JSC.

1.3. The location of the Company is Moscow, Russian Federation.

1.4. The Company is established for an indefinite period.

1.5. The Company is a non-public joint-stock company.

1.6. The sole incorporator (shareholder) of the Company is the Central Bank of the Russian Federation.

2. MAIN PROVISIONS ON THE COMPANY

2.1. The Company is a separate legal entity that owns separate property and is liable to the full extent of its assets and may, on its own behalf, acquire and exercise civil rights and assume civil obligations, act as a plaintiff and defendant in court.

2.2. Legal capacity of the Company shall arise from the moment of entering data on its incorporation into the Unified State Register of Legal Entities and shall terminate at the moment of entering of data on its termination into such register.

2.3. The Company shall acquire civil rights and assume civil obligations through its bodies acting in compliance with the legislation of the Russian Federation, other legal instruments (including the legal instruments of the Bank of Russia) and these Articles of Association.

2.4. The Company is entitled to open bank and/or other (including currency) accounts within the Russian Federation and outside its territory according to the set procedure.

2.5. The Company has a seal with its full trade name in Russian and indication of its location. The Company is entitled to have stamps and letterheads with its name, own label as well as a trademark registered according to the set procedure and other means of individualization.

2.6. The Company shall have an exclusive right to use its trade name, trademark, label (logo).

2.7. The Company shall be liable to the full extent of its assets. The Company shall not be liable for the obligations of its Sole Shareholder.

The Sole Shareholder shall not be liable for the obligations of the Company and bear the risk of loss connected with its activity up to the value of the shares owned by it.

2.8. The Company shall not be liable for the obligations of the state and its authorities and the state and its authorities shall not be liable for the obligations of the Company.

2.9. The Company may establish branches and open representative offices in the Russian Federation and abroad.

2.10. The Company may be the founder/participant of another legal entity established within the Russian Federation in compliance with the legislation of the Russian Federation and outside the Russian Federation in compliance with the legislation of the foreign state at the location of another legal entity, unless otherwise is provided by an international treaty of the Russian Federation.

3. BUSINESS AND OBJECTIVES OF THE COMPANY

3.1. The Company's business includes ongoing reinsurance both within and outside the Russian Federation.

The Company shall perform its reinsurance activities in compliance with the applicable legislation of the Russian Federation on the basis of a special reinsurance permit (license), including through participation in pools, associations of insurance organizations.

3.2. The Company's objectives are the derivation of profit through provision of insurance services.

The Company shall act in insurance business and as a reinsurer for the purposes of additional protection of property interests of the insured and assurance of financial stability of the insurers.

3.3. The Company's core businesses include:

- reinsurance, including retrocession, of risks both within and outside the Russian Federation;
- provision of intermediary services in insurance and reinsurance;
- assessment of insurance risks and determination of the size of loss and insurance payments;
- investment, within and outside the Russian Federation, of insurance reserves, own funds and other

temporary free resources according to the procedure and under the conditions stipulated by the legislation of the Russian Federation;

- marketing researches, consulting, researches and educational activities in insurance and reinsurance;
- The Company may perform other types of activities not prohibited by the legislation of the Russian Federation.

3.4. The Company shall protect the data classified as state secrets in accordance with the law of the Russian Federation.

4. AUTHORIZED CAPITAL OF THE COMPANY. COMPANY'S SHARES, BONDS AND OTHER SECURITIES

4.1. The authorized capital of the Company consists of the nominal value of the shares of the Company purchased by the Sole Shareholder. The authorized capital of the Company shall be RUB 21,300,000,000 (Twenty-one billion three hundred million) and shall be divided into 213,000,000 (Two hundred thirteen million) ordinary registered shares with the nominal value of RUB 100 (One hundred) each.

4.2. The Company may, in addition to the outstanding shares, issue 497,000,000 (Four hundred ninety-seven million) ordinary registered shares with the nominal value of RUB 100 (One hundred) each. The ordinary registered shares (additional authorized shares) additionally issued by the Company shall have the same rights as the issued ordinary registered shares stipulated by these Articles of Association.

4.3. When the Company is established, all shares shall be purchased by the Sole Shareholder.

4.4. Payment for the shares purchased by the Sole Shareholder at the date of Company's incorporation shall be made in cash at the nominal value of these shares.

4.5. The authorized capital of the Company may be increased through increase of the nominal value of shares or issue of additional shares as provided for by the Federal Law "On Joint-Stock Companies" and these Articles of Association.

4.6. The Company may and, in the cases provided by the Federal Law "On Joint-Stock Companies", shall be obliged to reduce its authorized capital.

4.7. The Company's authorized capital may be reduced by reducing the nominal value of shares or their total quantity, including by purchase and retirement of a part of shares in the cases provided for by the Federal Law "On Joint-Stock Companies".

4.8. The Company is not entitled to reduce its authorized capital if such reduction shall result in its size becoming less than the minimum size of the authorized capital determined by the legislation of the Russian Federation as of the date of submission of documents for state registration of respective amendments to the Articles of Association of the Company and in cases when in compliance with the Federal Law "On Joint-Stock Companies" the Company is obliged to reduce its authorized capital - as of the date of state registration of the Company.

4.9. Decision on reduction of the authorized capital of the Company by reducing the nominal value of shares of the Company shall be made by the Sole Shareholder of the Company only as proposed by the Supervisory Board of the Company.

4.10. Conversion of ordinary shares into preferred shares, bonds and other securities shall be prohibited.

4.11. The Company shall be entitled to place bonds and other issued securities provided for by the legal instruments of the Russian Federation on securities.

4.12. The Company shall not be entitled to place bonds and other issued securities convertible into the Company's shares, if the quantity of the Company's additional authorized shares of certain categories and types is less than the quantity of the shares of the same categories and types, the right to acquire which such securities grant.

4.13. The Company shall not be entitled to place shares and issued securities convertible into the Company's shares through public subscription or otherwise offer them for purchase to the public.

4.14. Placement of shares (issued securities convertible into the Company's shares) through private subscription shall be carried out under the resolution of the Sole Shareholder of the Company on increase of

the authorized capital of the Company by placement of additional shares (on placement of issued securities convertible into the Company's shares) under the condition of their full payment and only within the quantity of additional authorized shares stipulated by the Articles of Association of the Company.

5. BUYBACK OF OUTSTANDING SHARES

5.1. The Company shall be entitled to buy back its outstanding shares under the resolution of the Sole Shareholder of the Company on reduction of the authorized capital of the Company by purchase of a part of outstanding shares in order to reduce their total quantity.

5.2. The Company shall not be entitled to make decision on reduction of the authorized capital of the Company through purchase of a part of outstanding shares in order to reduce their total quantity if the nominal value of shares in circulation becomes less than the minimum size of the authorized capital stipulated by the legislation.

5.3. The shares purchased by the Company on the basis of a decision made by the Sole Shareholder on reduction of the authorized capital of the Company through buyback of shares in order to reduce their total quantity shall be retired at purchase.

5.4. The Company shall be entitled to buy back its outstanding shares under the resolution of the Sole Shareholder of the Company without the objective of reduction of the authorized capital.

5.5. The Company shall not be entitled to make decision on buying back of shares if the nominal value of shares of the Company in circulation is less than 90 percent of the authorized capital of the Company and in other cases stipulated by the legislation of the Russian Federation.

5.6. The shares purchased by the Company do not grant the voting rights, they are not taken into account while counting votes, dividends do not attribute to them. Such shares shall be sold at the price not below their market value within one year from the date of their purchase. Otherwise, the Sole Shareholder of the Company shall make decision on reduction of the authorized capital of the Company through retirement of such shares.

5.7. Decision to buy back shares shall determine the categories (types) of purchased shares, number of shares of each category (type) purchased by the Company, purchase price, form and term of payment, term within which the shares are purchased and other data stipulated by the Federal Law "On Joint-Stock Companies".

5.8. Payment for shares at purchase shall be made in cash only.

5.9. The purchase price of shares shall be determined in compliance with Article 77 of the Federal Law "On Joint-Stock Companies".

6. RESERVE FUND AND OTHER FUNDS OF THE COMPANY

6.1. The Company shall establish a reserve fund in the amount of 5% of the authorized capital of the Company.

6.2. The reserve fund of the Company shall be formed by mandatory annual deductions in the amount of 5% of the net profit until it reaches the size established by these Articles of Association.

6.3. The reserve fund of the Company is established to cover its losses and to redeem the bonds of the Company and buy back the shares of the Company in case of unavailability of other funds. The reserve fund may not be used for other purposes.

6.4. In addition to the reserve fund, the Company may create other funds. Their creation, purpose, size and other characteristics shall be determined by the Company as provided by the legislation of the Russian Federation.

6.5. Deductions to other funds shall be made in the amounts and according to the procedure determined by the Supervisory Board of the Company.

7. COMPANY DIVIDENDS

7.1. The Company is entitled, based on the results of the first quarter, half-year, nine months of the reporting year and/or based on the results of the reporting years, to make decisions (declare) on payment of dividends on the outstanding shares, unless otherwise is established by the Federal Law "On Joint-Stock Companies". Decision on payment (declaration) of dividends based on the results of the first quarter, half-

year and nine months of the reporting year may be made within three months after the end of the respective period.

7.2. The Company shall pay dividends declared on shares of each category (type) unless otherwise is established by the Federal Law "On Joint-Stock Companies". Dividends shall be paid in cash.

7.3. Sources of dividend payment shall be Company's profit after taxes (Company's net profit). Company's net profit shall be determined in accordance with the Company's financial statements.

7.4. Decision on payment (declaration) of dividends shall be made by the Sole Shareholder of the Company. Such decision shall determine the size of dividends on shares of each category (type), form of their payment, date on which the persons entitled to receive dividends are determined. At that, the decision in terms of determining the date on which the persons entitled to receive dividends shall be made only as proposed by the Supervisory Board of the Company.

7.5. The size of dividends may not exceed the size of dividends recommended by the Supervisory Board of the Company.

7.6. The date on which the persons entitled to receive dividends are determined in compliance with the decision on payment (declaration) of dividends may not be earlier than 10 days from the date of decision-making on payment (declaration) of dividends and later than 20 days from the date of such decision-making. Payment of dividends in cash shall be made in cashless form by the Company or by the registrar keeping the register of shareholders of the Company as instructed by it or by the credit organization.

7.7. The Company shall not be entitled to make decisions (declare) on payment of dividends on the shares and shall not be entitled to pay the dividends declared in the shares in the cases established by the Federal Law "On Joint-Stock Companies".

8. RIGHTS AND OBLIGATIONS OF THE SOLE SHAREHOLDER, SHAREHOLDER REGISTER

8.1. Each ordinary share shall confer equal scope of rights to its holder.

8.2. The Sole Shareholder of the Company shall have the following rights:

- participate in management of activities of the Company;
- make decisions referring to the reserved matters of the Sole Shareholder by these Articles of Association and decisions referring to the reserved matters of the general meeting of shareholders by the Federal Law "On Joint-Stock Companies";
- receive information on the activities of the Company, review accounting and other documents of the Company in compliance with the legislation of the Russian Federation and legal instruments;
- appeal against the decisions of the bodies of the Company leading to civil law implications, in the cases and as provided for by the legislation of the Russian Federation;
- demand compensation of losses incurred by the Company, acting on behalf of the Company;
- challenge, acting on behalf of the Company, the transactions made by it on the grounds stipulated by the legislation of the Russian Federation and demand enforcement of implications of their invalidity and implications of invalidity of void transactions of the Company;
- dispose of the shares owned by it in favor of third parties as provided by the applicable legislation of the Russian Federation provided that the provisions enabling participation in the Company of more than one shareholder and the data on the procedure for preparation, terms, convening and holding of the general meeting of shareholders are included in these Articles of Association.
- receive dividends;
- receive surplus assets in case of winding up;
- exercise other rights stipulated by the Civil Code of the Russian Federation, the Federal Law 'On Joint-Stock Companies' and these Articles of Association.

8.3. The Sole Shareholder shall:

- pay for the shares purchased by it according to the procedure and within the periods established by the applicable legislation of the Russian Federation;
- comply with the requirements of the Articles of Association and comply with the resolutions of the management bodies of the Company taken on respective reserved matters;
- not disclose confidential information on the Company's activity;
- timely inform the registrar of the Company on changes in its data.

The Sole Shareholder shall also bear other obligations stipulated by these Articles of Association and the applicable legislation of the Russian Federation.

8.4. The Company shall ensure keeping and storage of the shareholder register of the Company in compliance with the legal instruments of the Russian Federation from the moment of state registration of the Company.

8.5. A Company's registrar shall be professional securities market participant, which carries out activities on keeping shareholder registers as an exclusive activity, and which holds the standard license to perform such activities.

8.6. The Company shall not be liable for failure by the Sole Shareholder to timely inform the registrar of the Company on changes in its data.

8.7. The registrar of the Company shall, at the request of the shareholder, confirm its rights to the shares through issue of the extract from the shareholder register of the Company which is not a security.

9. STRUCTURE OF MANAGEMENT BODIES

9.1. The Company shall be managed as provided for by the legislation of the Russian Federation and these Articles of Association.

9.2. The management bodies of the Company are:

- Sole Shareholder;
- Supervisory Board (collective management body);
- Management Board (collective executive management body);
- President (sole executive management body).

10. SOLE SHAREHOLDER OF THE COMPANY

10.1. The supreme management body of the Company is the Sole Shareholder of the Company.

10.2. Decisions on the reserved matters of the Sole Shareholder shall be made by the Sole Shareholder solely and executed in writing in compliance with the requirements established by the Federal Law "On Joint-Stock Companies".

10.3. The reserved matters of the Sole Shareholder of the Company include:

10.3.1. Establishment of the sole executive body of the Company (appointment of the President), determining the term of office of the President, early termination of authorities of the President.

10.3.2. Introduction of amendments and supplements to the Articles of Association of the Company, approval of the new version of the Articles of Association of the Company.

10.3.3. Creation of the Reinsurance Board, determination of the number of its members, approval of the procedure of formation and performance of activity of the Reinsurance Board.

10.3.4. Reorganization of the Company.

10.3.5. Winding up of the Company, appointment of the winding-up commission (receiver) and approval of interim and final balance sheets at winding-up.

10.3.6. Determination of the number of members of the Supervisory Board of the Company, election of its members, early termination of their authorities, determination of the sizes of remunerations and compensations paid to the members of Supervisory Board of the Company.

10.3.7. Determination of the number, nominal value, category (type) of additional authorized shares and rights attached to such shares.

10.3.8. Increase of the authorized capital of the Company through increase of the nominal value of the shares or through issue of additional shares.

10.3.9. Reduction of the authorized capital of the Company through the reduction of the nominal value of the shares, through buying back of a part of shares by the Company in order to reduce their total number and through retirement of the shares purchased or bought back by the Company.

10.3.10. Approval of the Auditor of the Company.

10.3.11. Payment (declaration) of dividends based on the results of the first quarter, half-year, nine months of the reporting year.

10.3.12. Approval of the annual report, annual financial statements.

10.3.13. Distribution of profit (including payment (declaration) of dividends, except for payment (declaration) of dividends distributed based on the results of the first quarter, half-year, nine months of the reporting year) and losses of the Company based on the results of the reporting year.

10.3.14. Splitting and consolidation of shares of the Company.

10.3.15. Making decisions on authorization or further approval of transactions in the cases stipulated by Article 83 of the Federal Law "On Joint-Stock Companies".

10.3.16. Making decisions on authorization or further approval of major transactions in the cases stipulated by Article 79 of the Federal Law "On Joint-Stock Companies".

10.3.17. Buying back by the Company of outstanding shares in the cases stipulated by the Federal Law "On Joint-Stock Companies" and in case of buying back of outstanding shares without the objective of reduction of the authorized capital.

10.3.18. Approval of internal documents governing the activity of the management bodies of the Company.

10.3.19. Solving other reserved matters of the General Meeting of Shareholders in compliance with these Articles of Association, the Civil Code of the Russian Federation and the Federal Law "On Joint-Stock Companies".

10.4. The Sole Shareholder of the Company shall annually make decision on the following issues (annual decision):

- election of the Supervisory Board of the Company;
- election of the Audit Commission of the Company;
- approval of the Auditor of the Company;
- approval of the annual report, annual financial statements.

Other reserved matters of the Sole Shareholder may be also solved when making the annual decision.

Annual decision shall be made no earlier than two months prior to and not later than six months after the reporting year end.

10.5. Reserved matters of the Sole Shareholder of the Company may not be delegated to the Supervisory Board of the Company, except for the issues stipulated by the Federal Law "On Joint-Stock Companies", the Civil Code of the Russian Federation and directly stated in the Articles of Association of the Company. Reserved matters of the Sole Shareholder of the Company may not be delegated to the executive bodies of the Company.

10.6. Decisions on the issues set forth in Clauses 10.3.4, 10.3.8, 10.3.9, 10.3.14 - 10.3.18 hereof shall be made by the Sole Shareholder of the Company as proposed by the Supervisory Board of the Company.

10.7. The Company's Supervisory Board may put any issue for consideration of the Sole Shareholder of the Company referring to the competence of the Sole Shareholder.

11. SUPERVISORY BOARD OF THE COMPANY

11.1. The Supervisory Board of the Company shall be responsible for general management of activities of the Company, except for the reserved matters of the Sole Shareholder of the Company in compliance with these Articles of Association and within the reserved matters of the general meeting of shareholders in compliance with the Federal Law "On Joint-Stock Companies".

11.2. The reserved matters of the Supervisory Board of the Company include:

11.2.1. Determination of priority lines of activities of the Company;

11.2.2. Bringing for consideration of the Sole Shareholder of the Company of reserved matters of the Sole Shareholder of the Company in compliance with these Articles of Association.

11.2.3. Determination of price (monetary evaluation) of the property, price of placement, procedure of its determination and price of purchase of issued securities in the cases stipulated by the Federal Law "On Joint-Stock Companies".

11.2.4. Purchase of bonds and other securities placed by the Company (except for shares) in the cases stipulated by the Federal Law "On Joint-Stock Companies".

11.2.5. Sale of own shares, bonds and other securities purchased by the Company.

11.2.6. Proposal to the Sole Shareholder of the Company of candidates for the position of the President, determination of the sizes of remunerations and compensations paid to the President, approval of overlapping of position of the President with the positions in management bodies of other organizations. Proposal to the Sole Shareholder of the Company to make decision on early termination of authorities of the President.

11.2.7. Determination of the number of members of the Management Board of the Company, election of members of the Management Board of the Company and early termination of their authorities, determination of sizes, conditions and procedure of payment of remunerations and compensations, approval of overlapping of position of the members of the Management Board with the positions in management bodies of other organizations.

11.2.8. Determination of the fee of the Auditor of the Company.

11.2.9. Recommendations on the size of dividends on shares and procedure of their payment.

11.2.10. Approval of the budget of the Company, amendment of the budget of the Company;

11.2.11. Use of the reserve fund and other funds of the Company.

11.2.12. Election of the Chairman of the Supervisory Board of the Company and his deputies.

11.2.13. Making decision on compliance of candidates to the Supervisory Board of the Company and members of the Supervisory Board of the Company with the criteria of independence in compliance with the Corporate Governance Code.

11.2.14. Establishment (creation) of consultative and advisory bodies of the Supervisory Board of the Company, including the Audit Committee, the Risk Committee, Remuneration and Nomination Committee, determination of the number of members in them, appointment of their members, approval of regulations governing their activity.

11.2.15. Appointment of the internal auditor of the Company and determination of the size of his fee, creation of the Internal Audit Service. Approval of the work plan and budget of the Internal Audit Service of the Company, Internal Audit Service of the Company.

11.2.16. Election of members of the Reinsurance Board in compliance with these Articles of Association and the procedure of formation of the Reinsurance Board.

11.2.17. Determination of forms and types of reinsurance.

11.2.18. Making decision on participation in reinsurance pools.

11.2.19. Approval of the following internal documents of the Company:

- Regulations on insurance risk assessment and insurance risk management of the Company (after consideration by the Reinsurance Board);

- Accounting Policy of the Company;

- Regulations on organization and performance of internal audit (Regulations on Internal Audit);

- internal control rules and other internal documents of the Company determining the procedure of organization and performance of internal control in the Company, except for the internal documents which approval is within the reserved matters of the Sole Shareholder and other bodies of the Company;

- other internal documents, except for the internal documents which approval is within the reserved matters of other management bodies of the Company in compliance with the Federal Law "On Joint-Stock Companies" and these Articles of Association.

11.2.20. Setting up of branches, opening of representative offices of the Company and their winding up, approval of regulations on branches and representative offices.

11.2.21. Authorization or further approval of major transactions in the cases stipulated by Chapter X of the Federal Law "On Joint-Stock Companies".

11.2.22. Authorization or further approval of interested party transactions in the cases stipulated by Chapter XI of the Federal Law 'On Joint-Stock Companies'.

11.2.23. Approval of the registrar of the Company and the conditions of the contract with it, as well as termination of the contract with it.

11.2.24. Making decisions on participation and on termination of participation of the Company in associations and other unions of commercial organizations and in other legal entities.

11.2.25. Other issues stipulated by these Articles of Association, the Federal Law 'On Joint-Stock Companies' and the Law of the Russian Federation "On insurance business in the Russian Federation".

11.3. The Supervisory Board of the Company shall be entitled to propose to the Sole Shareholder of the Company the candidates for election as independent directors of the Company.

11.4. Reserved matters of the Supervisory Board of the Company may not be delegated to the Management Board of the Company and the President of the Company.

11.5. All members of the Supervisory Board of the Company shall be elected by the annual decision of the Sole Shareholder of the Company for a term till the next annual decision of the Sole Shareholder of the Company. If the annual decision of the Sole Shareholder of the Company was not made when due, the authorities of the Supervisory Board of the Company shall be terminated, except for the authorities to prepare the annual decision of the Sole Shareholder of the Company for adoption.

The Sole Shareholder of the Company shall be entitled, at any time, to make decision on early termination of authorities of one or several members of the Supervisory Board of the Company and election of new members of the Supervisory Board of the Company.

11.6. Members of the Supervisory Board of the Company shall meet the requirements established by the Law "On insurance business in the Russian Federation" for members of the board of directors (supervisory board) of insurance entities.

In case of any circumstances set forth in the Law "On insurance business in the Russian Federation", an existing member of the Supervisory Board of the Company shall be deemed retired from the effective date of the respective decision of the authorized body or court.

11.7. The President of the Company may not simultaneously be the Chairman of the Supervisory Board of the Company.

11.8. The number of members of the Supervisory Board of the Company shall be determined by decision of the Sole Shareholder but may not be less than 5 (Five) members.

Independent directors shall form at least 1/4 of the Supervisory Board.

11.9. The Sole Shareholder of the Company may appeal against the decision of the Supervisory Board of the Company made in violation of requirements of the Federal Law "On Joint-Stock Companies", other legal instruments of the Russian Federation, legal instruments of the Bank of Russia, these Articles of Association in court in case such decision infringes the rights and/or legal interests of the Company or the shareholder.

11.10. Based on the resolution of Sole Shareholder of the Company the members of the Supervisory Board of the Company while performing their obligations may receive remuneration and/or compensation of expenses incurred during performance of functions of the members of the Supervisory Board of the Company. The amounts of such remunerations and compensations shall be determined by the resolution of the Sole Shareholder.

12. EXECUTIVE BODIES OF THE COMPANY

12.1. The President, being the sole executive body of the Company, and the Management Board, being the collective executive body of the Company, shall manage the Company's day-to-day activities.

12.2. When the Company is established, the President of the Company shall be appointed by a resolution on establishment approved by the Sole Shareholder of the Company.

12.3. The President of the Company, being a member of the Management Board of the Company by virtue of his/her position, acts as the head of the Management Board of the Company and organizes its activities.

12.4. The number of members of the Management Board of the Company shall be determined by resolution of the Supervisory Board of the Company.

12.5. Members of the Management Board of the Company (except for the President of the Company) shall be elected for not more than 5 (Five) years by the Supervisory Board of the Company as proposed by the President of the Company.

12.6. Reserved matters of the Management Board include:

12.6.1. Making decisions on investment of funds of insurance reserves, own funds of the Company and other resources;

12.6.2. Approval of the following internal documents of the Company:

- governing the reinsurance activity (including standard forms of contracts, regulations on loss settlement, documents necessary for reinsurance);

- governing financial aspects of activities of the Company, accounting and reporting of the Company, except for the documents which approval is within the reserved matters of the Supervisory Board of the Company in compliance with the applicable legislation of the Russian Federation and these Articles of Association;

- fixing corporate values and defining the rules of conducting business from the employees of the Company

- defining the rules and requirements to information disclosure on the Company;

- approval of standard and tentative forms of contracts concluded by the Company with third parties and not connected with performance of reinsurance activity and the data sheets and other standard forms connected with implementation of provisions of the internal documents which approval is within the reserved matters of the Management Board of the Company in compliance with these Articles of Association;

12.6.3. Solving of other issues of the current activities of the Company brought for consideration of the Management Board of the Company as decided by the President of the Company.

12.7. Meetings of the Management Board of the Company shall be held as and when necessary, but at least once a month.

12.8. Decisions of the Management Board of the Company shall be made by the majority of votes of members of the Management Board participating in the meeting.

12.9. Quorum for meetings of the Management Board of the Company shall be at least half of elected members of the Management Board of the Company.

12.10. Rights and obligations of the President of the Company in terms of management of the current activities of the Company shall be determined by the legal instruments of the Russian Federation, these Articles of Association, Regulations on the President of the Company approved by the Sole Shareholder of the Company and the contract concluded by the President of the Company with the Company.

12.11. The President of the Company shall be personally responsible for protection of state secrets in the Company

12.12. Contract with the President of the Company on behalf of the Company shall be signed by the Chairman of the Supervisory Board of the Company or another person authorized by the Supervisory Board of the Company.

12.13. The reserved matters of the President of the Company shall include all issues of management of the current activities of the Company, except for the reserved matters of the Sole Shareholder, the Supervisory Board of the Company and the Management Board of the Company in compliance with these Articles of Association, the Federal Law 'On Joint-Stock Companies' and the Law "On insurance business in the Russian Federation".

12.14. The President of the Company shall have the following authorities:

12.14.1. Acts on behalf of the Company without the power of attorney, including representing its interests, opening settlement, currency and other accounts of the Company with the banks, closing transactions on behalf of the Company.

12.14.2. Approves the staff, determines the organizational structure, issues orders and decrees, gives instructions binding on all employees of the Company, and proposes initiatives related to the activities of the Company.

12.14.3. Determines the working hours, considers and makes decisions on social support of the employees, provision of bonuses and imposition of penalties.

12.14.4. Arranges for and ensures implementation of resolutions of the Sole Shareholder of the Company, the Supervisory Board of the Company and the Management Board of the Company.

12.14.5. Brings issues for consideration of the Supervisory Board of the Company, provides for preparation of the necessary materials, proposals and draft resolutions for the meeting of the Supervisory Board of the Company, the Management Board of the Company and resolutions of the Sole Shareholder of the Company.

12.14.6. Disposes of the property of the Company within the limits established by these Articles of Association and the applicable legislation of the Russian Federation.

12.14.7. Approves the report on the issue (additional issue) of securities of the Company.

12.14.8. Approves the following internal documents of the Company:

- job descriptions of employees, regulations on structural divisions of the Company, documents governing employment relations, compensations, health and safety and other documents governing employment and related relations;
- establishing the rules of access control and internal security control of the Company;
- document management of the Company;
- governing electronic document management of the Company;
- governing interaction of employees, divisions of the Company with each other, except for the documents which approval is within the reserved matters of the Supervisory Board of the Company, other management bodies of the Company in compliance with these Articles of Association;
- rules of internal control with a view of anti-money laundering and combatting the financing of terrorism;
- other documents governing the current economic activities of the Company, which approval is not within the reserved matters of other management bodies of the Company in compliance with these Articles of Association.

12.14.9. Solves other issues of the current activities of the Company and the issues not referring to the reserved matters of the Sole Shareholder of the Company, the Supervisory Board of the Company and the Management Board of the Company in compliance or under the legislation of the Russian Federation and these Articles of Association.

13. REINSURANCE BOARD OF THE COMPANY

13.1. The Reinsurance Board shall be established by resolution of the Sole Shareholder of the Company and shall be a collective advisory body of the Company.

13.2. Members of the Reinsurance Board shall be determined by the Supervisory Board of the Company.

13.3. Members of the Reinsurance Board shall be elected by a simple majority vote of members of the Supervisory Board participating in the meeting.

13.4. Members of the Reinsurance Board of the Company:

- representatives of insurance entities with experience in insurance (reinsurance) of at least ten years;
- representatives of unions of insurance entities, including professional associations;
- representatives of professional community engaged in education or scientific researches in insurance;
- chief actuaries.

13.5. Employees of the Sole Shareholder of the Company, its affiliates and employees of affiliates may not be the members of the Reinsurance Board.

13.6. Authorities of the members of the Reinsurance Board shall be valid for two years.

13.7. A member of the Reinsurance Board may withdraw from the Reinsurance Board ahead of schedule by notifying the Chairman of the Supervisory Board of the Company with a written application at least one month prior to the expected date of withdrawal from the Reinsurance Board.

13.8. The Supervisory Board of the Company may, at its own initiative, terminate membership of all or any member of the Reinsurance Board ahead of schedule. In this case, the Supervisory Board of the Company shall, at the same meeting where the decision on early termination is made, elect new members or member of the Reinsurance Board or make decision on reduction of the number of the members of the Reinsurance Board.

13.9. The Reinsurance Board shall be managed by the Chairman of the Reinsurance Board elected by the Supervisory Board of the Company.

13.10. If necessary, the members of the Reinsurance Board may, during its Chairman's absence, elect a deputy Chairman of the Reinsurance Board by a majority vote of the total number of members present at the meeting.

13.11. Other issues of formation of the Reinsurance Board shall be determined by the procedure of formation of the Reinsurance Board approved by the Sole Shareholder of the Company.

13.12. Meetings of the Reinsurance Board are usually held in the form of voting in person (physical meeting). Issues not included in the agenda of the meeting in advance may be considered at the meeting held in the form of voting in person with the consent of all members present at such meeting.

13.13. Meeting of the Reinsurance Board is duly constituted (quorate) if at least half of the total number of its members having the right to vote is present. Quorum shall be determined by the Chairman of the Reinsurance Board when opening the meeting. In case of absence of quorum for holding a meeting, the Chairman of the Reinsurance Board shall make decision to postpone the meeting with the same agenda or on inclusion of the issues to be considered at the failed meeting into the agenda of the following scheduled meeting.

13.14. Each member of the Reinsurance Board, including the Chairman, shall have one vote. Delegation of voting rights to other members of the Reinsurance Board shall be prohibited.

13.15. Decisions of the Reinsurance Board shall be made by a simple majority vote of members participating in the meeting. In case of equality of votes, the Chairman of the meeting shall have the casting vote.

13.16. The following issues shall be preliminary considered by the Reinsurance Board:

- issues of determination of priority lines of activities of the Company;
- regulations on insurance risks assessment and insurance risks management, and amendments thereto.

13.17. Other issues of activity of the Reinsurance Board shall be determined by the procedure of activity of the Reinsurance Board approved by the Sole Shareholder of the Company.

14. INTERNAL CONTROL

14.1. The Company shall provide for the internal control system ensuring for achievement of the following objectives:

- effectiveness and efficiency (including break-even operation) of financial and economic activities of the Company during insurance and other operations;

- effectiveness of asset management, including assurance of their integrity, management of equity (capital), insurance reserves and other liabilities of the Company;
- effectiveness of risk management of the Company (detection, assessment of risks, determination of acceptable level of risks assumed by the Company, taking measures on maintenance of the risk level not threatening the financial stability and creditworthiness of the Company);
- reliability, completeness, objectivity of financial statements, statistical reporting, supervisory reporting and timeliness of preparation and delivery of such reports;
- compliance by the employees of the Company with ethical norms, principles of professionalism and competence;
- counteracting money laundering and terrorism financing in compliance with the legislation of the Russian Federation.

14.2. For the purposes specified in Clause 14.1 hereof, and to exercise control over compliance with the requirements of the legislation of the Russian Federation and internal documents of the Company by the Company and its employees, the Company shall organize and provide for functioning of the internal control bodies in compliance with the authorities and according to the procedure determined by these Articles of Association, internal documents of the Company (including administrative documents of the Company) and in compliance with the requirements established by the Bank of Russia.

14.3. Internal control in the Company shall be exercised by:

- Management bodies of the Company;
- Audit Commission of the Company;
- Chief accountant of the Company and his/her deputies;
- Internal auditor (internal audit service) of the Company;
- Controller and/or a separate structural division (internal control service) responsible for compliance with the internal control rules and implementation of its programs developed in compliance with the legislation of the Russian Federation on counteracting money laundering and terrorism financing;

- Actuary;
- other employees and structural divisions of the Company in compliance with the authorities determined by internal administrative documents of the Company.

14.4. Internal auditor (internal audit service) shall be appointed to ensure proper level of reliability of internal control, evaluation of its effectiveness and verification of compliance of activities of the Company with the legislation of the Russian Federation (including insurance legislation), rules and standards of unions of insurers, provisions of its internal administrative documents.

14.4.1. The internal auditor (head of the internal audit service) shall report and be accountable to the Supervisory Board of the Company.

14.4.2. The internal auditor (internal audit service) may audit any activities of the Company, including the activities of branches, representative offices, other separate divisions and any structural division of the Company and/or employee of the Company.

14.4.3. In case audit reveals any decisions made by the management bodies of the Company in respect of the reserved matters of the Sole Shareholder of the Company that do not comply with the applicable regulations, the internal auditor (head of the internal audit service) shall notify the Sole Shareholder of the Company in writing within fifteen days from the moment of detection of such violations.

15. AUDIT COMMISSION OF THE COMPANY

15.1. Control over financial and economic activities of the Company shall be performed by the Audit Commission. Members of the Audit Commission shall be elected by the Sole Shareholder. Members of the Supervisory Board and Management Board of the Company may not be the members of the Audit Commission. Internal auditor, head of the internal audit service may be included in the Audit Commission.

15.2. The Audit Commission operating procedures including exercise of its authorities to control the financial and economic activities of the Company shall be determined by the Regulations on the Audit Commission approved by the Sole Shareholder of the Company.

15.3. The results of financial and economic activities of the Company shall be audited (revised) once a year and at any time at the initiative of the Audit Commission of the Company, based on the resolution of the Sole Shareholder or the Supervisory Board of the Company.

15.4. The reliability of data contained in the annual report of the Company, annual financial statements shall be verified by the Audit Commission.

15.5. The Audit Commission shall be entitled to demand all necessary materials, documents and personal explanations from the Company officers.

15.6. The Audit Commission shall make opinions on the results of annual report and annual financial statements audit. The annual financial statements of the Company may not be approved by the Sole Shareholder of the Company without the opinion of the Audit Commission.

16. ACCOUNTING AND REPORTING PROCEDURES

16.1. The Company shall keep accounting records and present financial statements as described by the Federal Law "On Joint-Stock Companies", Law of the Russian Federation "On insurance business in the Russian Federation" and other legal instruments of the Russian Federation.

16.2. Annual financial statements of the Company shall be subject to mandatory audit. The Company shall engage the Auditor of the Company for annual audit of the annual financial statements.

16.3. The President of the Company shall be responsible for organization, keeping and reliability of accounting in the Company, timely provision of financial statements to respective authorities as well as data on the activities of the Company submitted to the Sole Shareholder, creditors and mass media in compliance with these Articles of Association, the Federal Law "On Joint-Stock Companies" and other legal instruments of the Russian Federation.

16.4. The Company's annual report shall be subject to preliminary approval by the Supervisory Board of the Company not later than 30 days prior to the date of making the annual decision by the Sole Shareholder.

17. REORGANIZATION AND WINDING-UP

17.1. The Company may be voluntary reorganized or liquidated as provided by the Federal Law "On Joint-Stock Companies". Other grounds and procedure for reorganization of the Company are determined by the Civil Code of the Russian Federation and other federal laws.

17.2. Liquidation of the Company leads to its termination without transfer of rights and obligations to other persons in the course of succession.

17.3. Decisions on voluntary liquidation of the Company and appointment of the winding-up commission shall be taken by the Sole Shareholder of the Company. The Sole Shareholder which made decision on liquidation of the Company shall immediately notify the competent state authority in writing for registration of such winding up in the Unified State Register of Legal Entities.

17.4. The Sole Shareholder shall establish the procedure and terms of liquidation of the Company in compliance with the legislation of the Russian Federation.

17.5. From the moment of appointment of the winding-up commission, all authorities to manage Company's activities, including representation of the Company in court, shall be transferred to it.

17.6. In the event of liquidation or termination of any works involving the use of state secrets, the Company shall ensure protection of these data and the media where they are stored.