



MELLAT
Insurance

Articles of Association of Mellat Insurance Company

(Public Joint-stock Company)

Part One

Establishment, Name, Purpose, Duration and Head Office of Company

Article 1. Establishment of Company

Holders of shares who shall be entitled thereto in accordance with the present Articles of Association do hereby create **Mellat Insurance Company**, hereinafter referred to as “the Company” in conformity with Private Insurance Regulations and other regulatory legislation and the relevant laws of the state, as well as dictates of the present Articles.

Article 2. Name and Nationality of Company

Mellat Insurance Company (Public Joint-stock Company), Iranian.

Article 3. Purpose of Company

The purpose of the Company is:

3-1- To perform direct insurance operations in all fields of life and not life insurance according to the licenses of activity issued by Iran Central Insurance Organization;

3-2- To acquire reinsurances in connection with the issued insurance policies

3-3- To accept dependency insurances from local, regional or international insurance funds mutually confirmed by Iran Central Insurance Organization;

3-4- To invest from the capital, technical and legal reserves and savings in the framework of the regulations passed by Insurance High Council;

Note: Reception and risk maintenance must be in the framework of Iran Central Insurance Organization

Article 4. Duration of Company

For an unlimited period.

Article 5. Head Office of Company and its Branches

The head office of the Company is situated at No. 4, Chehelsotoun St., Dr. Fatemi Sq., Tehran, Iran. Relocation of the head office to any point in Iran shall be subject to the confirmation of the Board of Directors and Iran Central Insurance Organization. The address of the head office shall be determined or changed at the confirmation of the Board and informing Iran Central Insurance Organization. The Board may from time to time establish branches or agencies within or without Iran or dissolve them. Domestic branches must be established by informing Iran Central Insurance Organization and foreign branches upon receiving written agreement of Iran Central Insurance Organization.

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Part Two ***Capital and Stock***

Article 6. Corporate Capital and Numbers of Shares

The amount of Company's capital is 200 billion rials, divided into 200 million registered shares Rls 1000 each, of which 50% of the nominal value of each of them has been paid up.

Article 7. Payment of the Remaining Nominal Value of Stock

The unpaid part of the nominal value of the stock stated in Article 6 shall be paid within five years from the date of incorporation of the Company on due dates determined at the decision of the Board. Payment of all or part of the unpaid portion of the shares shall be called by inserting notices in a mass-circulation newspaper in which the Company's notices are regularly inserted, and the time period from the date of such calling and the date of the first payment shall be no less than 2 (two) months. Should any subscriber of shares refrain to pay the subscribed amount on the due dates, his or her shares shall be liable to Articles 35, 36, 37 and 38 of the Amendment to Commercial Law.

Article 8. Stock Certificates

All the shares of the Company are registered ones. The stock certificates of the Company shall have the same printed form and all bear a serial number, and shall be signed by two Members of the Board, who are appointed by the Board, and stamped by the common seal of the Company. Following cases must be observed in Stock certificates:

- Name of company and its registration number
- Registered corporate capital and its paid amount
- Determining type of share
- Nominal amount of share and its paid amount in figure and rials
- Number of shares
- Name of shareholder

Article 9. Interim Stock Certificate

Before the stock certificates have been issued the Company shall give to the shareholders interim stock certificates stating the number and type of shares and its paid amount. Article 27 of the Commerce Code must be observed in this regard.

Article 10. Transfer of Nominal Shares

Transfers of shares shall be registered in the stock ledger of the Company. The transferor or their legal representative shall sign the transfer in the stock ledger. The personal particulars and address of the transferee must also be entered in the stock ledger and signed by the transferee or their attorney or legal representative. Ownership of each of the Company's shares shall naturally require acceptance of the provisions of these Articles of Association and resolutions passed by general meetings of shareholders. The Board is responsible to observe the regulations of Bylaw number 40 of Insurance High Council.

Note: Any transfer of shares must be performed by informing Iran Central Insurance Organization.



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Article 11. Indivisibility of Shares

The Company's shares may not be divided and joint owners shall be to appoint only one person representing them before the Company.

Article 12. Responsibilities of Shareholders

The responsibilities of shareholders shall be limited to shares held by them.

***Part Three
Changes in Capital of the Company***

Article 13. Increase of Corporate Capital

The Company's capital may be increased by issuing new shares or by raising the nominal value of the existing shares. Payment of the new value of shares may be made in one of the following ways:

1. Cash payment of nominal value of shares;
2. Conversion of amounts due by the Company to persons for the new shares;
3. Transfer of the unallocated dividends or proceeds from the added value of the new shares to the Company's capital;

Note. Transfer of the legal reserve to the capital is prohibited.

Article 14. Determination of Time Required for Corporate Capital Increase

The extraordinary general meeting may authorize the board of directors to increase the capital to a certain extent within a period of time that shall not exceed 5 years and in one of the ways provided under Article 13.

Article 15.

The extraordinary general meeting that approves increase in the capital by selling new shares may deprive the shareholders of the priority for partial or whole subscription of the new shares, with the proviso that such decision be taken after hearing the report of the board of directors and Auditor(s) of the Company, or else it shall be null and void.

Article 16. Decrease of Corporate Capital

In addition to the compulsory increase owing to destroying part of the corporate capital, extraordinary general meeting can determine about optional decrease of the corporate capital by recommendation of the Board, unless nothing happens to the shares of the shareholders owing to the decrease of the corporate capital, and minimum corporate capital must not be less than the amount determined by the Cabinet.

Note. Compulsory decrease of capital shall be done by decreasing the number and/or nominal value of the shares and optional decrease of capital by equal decreasing of the nominal value and rejecting the decreased amount of each share to the its holder.

Article 17. Priority to Purchase New Shares

In case of approval of increase in capital, the shareholders shall have priority, in proportion to the shares they own, to buy new shares, which right is transferable. The time limit within which the shareholders can use their right of priority shall be determined as suggested by the board of directors and approved by the extraordinary general meeting and shall in no case be less than 60 days. This limit shall begin on the day of subscription. To use the right of priority, upon approval by the general



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meeting of the capital increase, the matter shall be notified to the shareholders after publication of the notice in the widely circulated newspaper designated for publication of the notices of the company.

Note. In addition to the notice inserted in Article 169 of the Amendment to Commerce Code, permit of priority to purchase new shares is sent by express mail and by areal post for the shareholders reside abroad. Article 9 of the Articles of Association must be observed in this regard.

Article 18. Additional Share Value

The general meeting may, at the suggestion of the Board, lay down that new shares be offered in order to increase the capital at an additional value, which is more than their nominal values. The proceeds of such increases may be transferred to the reserves account of the Company according to a resolution passed by the extraordinary general meeting, or may be divided in cash among the current shareholders, or new shares are given to the current shareholders.

**Part Four
General Meetings**

Article 19. Holding General Meetings

General meetings of the Company shall be convened as follows:

1. The ordinary general meeting shall be held once a year at a place provided for in the articles of association for presentation of the report of the directors, the balance sheet and the profit and loss account of the previous year as well as the statement of assets, claims, liabilities and discussing the report of the Auditor(s).
2. The extraordinary general meeting shall be convened only for deciding on increase of capita, changing the articles of association, dissolving the Company in compliance with these regulations and the Commercial Law.

Annual ordinary and extraordinary general meetings shall be called by the board of directors. The board of directors as well as the Auditor of the Company may call, if necessary, the ordinary general meeting extraordinarily. In addition, holders of at least one-fifth of the Company's shares may request the board of directors to call a general meeting of the Company to discuss a specific matter, in which case the board of directors shall call the requested meeting in compliance with the appropriate formalities within twenty days after the date of this request. Otherwise, the shareholders may require the Auditor of the Company to call the meeting with the same agenda and the Auditor shall call the requested meeting in compliance with the appropriate formalities within ten days after the date of this request. If he refuses to do so, said shareholders may directly call the meeting in compliance with the formalities for calling a meeting and with the same agenda, while mentioning in their call notice that their requests were not granted by the board of directors and the Auditors.

Note 1. If the board of directors fails to call the annual ordinary general meeting at the agreed time, the Auditor(s) shall call the said meeting personally.



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Note 2. No general meeting may change the nationality of the Company and, with no majority, it may increase the obligations of the shareholders.

Article 20. Qualifications for Attending and Voting at General Meetings

The shareholders (or their duly authorized proxies), regardless of the number of shares they hold, can attend all the general meetings, while being entitled to one vote for each share they own, provided they have fully paid the claimed price of their shares.

Note. Should a shareholder transfer his shares, the next shareholder having the above qualifications shall have the right to attend and vote at ordinary and extraordinary general meetings provided that the shares have been entered in the Company's share register according to Articles 9 and 10 of these articles of association prior to convention of the meetings.

Article 21. Call Notice of General Meetings

The shareholders shall be called for holding a general meeting by a notice published in the widely circulated newspaper designated for publication of the Company's notices. The agenda, date, time and venue for convention of the meeting shall be specified in the notice.

Not 1. The invitation for holding general meetings must be performed at least 20 days before the meetings, invitation is sent by express mail for shareholders in Iran and by areal post, fax or telex to their addresses for the shareholders reside abroad , in addition to publishing the notice in the widely-circulated newspaper.

Note 2. Publication of notice and formalities shall not be necessary if all the shareholders are present at the general meeting.

Article 22. Venue for Convening of General Meetings

General meetings, whether ordinary or extraordinary, shall be held at the head office or a place specified in the call notice.

Article 23. Agenda

Should the general meeting be convened by the Board or by the Auditor the agenda shall be determined by the Board or by the Auditor, respectively. The note calling the meeting shall state the agenda in brief. Matters not predicted in the agenda may not be set forth at the general meeting.

Article 24. Interval between Invitation and Convention of General Meeting

The minimum and maximum interval between invitation and convention of each ordinary and extraordinary general meeting shall be 10 (ten) and 40 (forty) days, respectively.

Article 25. Proxy and Representation

At all general meetings, presence of the shareholder's proxy or duly authorized successor or the representatives of juristic persons shall be deemed as presence of the shareholder provided that the appropriate proxy or representative documents are presented.

Article 26. Presiding Board

Ordinary or extraordinary general meetings shall be presided over by the chairman or vice-chairman of the board of directors or, in their absence, by a director elected by the board of directors for the same purpose, unless when election or deposal of some or all directors is on the agenda, in which case the president of the meeting shall be elected from among the shareholders present at the meeting with a relative majority. The meeting shall also elect two persons from among the present shareholders as supervisors and one as secretary from among the shareholders or from outside.



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Article 27. Meeting Pass – Attendance Permit

Prior to convention of any general meeting, each shareholder (including holders of Stock Exchange transfer certificates) willing to attend at the general meeting shall refer to the Company by presenting the share certificate, the provisional share certificate or their Stock Exchange purchase or sales notice, in order to obtain a meeting pass. A list shall be produced to include the particulars, addresses and numbers of shares and votes of those present at the meeting to be signed by the aforesaid.

Article 28. Procedure of Vote Casting

Votes shall be cast orally or by raising hands or standing up as agreement unless the general meeting requires, with majority of votes, that the votes should be cast in writing.

Article 29. Extension of Meetings

When not all the subjects stated in the general meeting agenda are decided on, the presiding board of the meeting may announce a recess and adjourn the meeting to a date not be later than two weeks. Such extension of the meeting shall not require further calling or notice and the adjourned meeting shall have the same quorum as that of the first meeting.

Article 30. Minutes of Meetings

The Secretary shall prepare a minutes of the proceedings of ordinary and extraordinary general meetings, which shall be signed by the governing board and a counterpart of which shall be kept in the head office of the Company.

Should the resolutions of the general meetings covers one of the following cases, one copy of the minutes of meeting must be sent to the Companies Registration Department and one copy to Iran Central Insurance Organization.

1. Electing directors and auditors
2. Approval of balance sheet
3. Decrease or increase the corporate capital or any change in the provisions of the present Articles of Association
4. Dissolution of the company

Article 31.

Should the resolutions of the general meetings covers one of the following cases, the cases must be informed to Iran Central Insurance Organization.

- Decrease or increase the corporate capital or any change in the provisions of the present Articles of Association
- Dissolution of the company
- Electing members of the Board and auditor (principal and alternate)

Article 32. Effectiveness of Decisions

The general meetings held according to the present regulations and Articles of Association shall represent the shareholders in general and their decisions shall be binding upon shareholders, including those present, absent or opposing the decisions.



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Article 33. Ordinary General Meeting

The ordinary general meeting of the Company shall be held at least once a year within the 4 (four) months from termination of the fiscal year in order to decide on the approval or rejection of the financial statements.

Article 34. Quorum at Ordinary General Meeting

At the ordinary general meeting, the presence of holders of over half of the shares with the right to vote shall be necessary. If a quorum is not reached at the first meeting, the meeting shall be called for the second time and shall reach quorum and make decisions in the presence of holders of any number of shares with the proviso that the result of first invitation has been mentioned at the second call notice.

Article 35. Quorum at Ordinary General Meeting

Decisions at the ordinary general meetings shall be effective by a majority of half plus one of the votes of those present at the meeting unless when directors and Auditors are to be elected, in which case a relative majority shall be sufficient. Regarding election of directors, the number of votes of each voter shall be multiplied by the number of the directors who are to be elected and the voter's right shall be the product of such multiplication. The voter may their vote to one person or divide it among more than one person.

Article 36. Duties of Ordinary General Meeting

The duties of the ordinary general meeting are as follows:

- Hearing the report of the board of directors on Company's affairs, situation amendment or approval of balance sheet and the accounts presented by the board of directors;
- Attending to, approval, rejection or correction of accounts;
- Approval of the divisible dividends and allocation of reserves;
- Appointment, substitution, deposal or re-election of the directors, principal/alternate Auditor; determination of attendance right and remuneration of the board members and also remuneration of the principal/alternate Auditor;
- Designation of a widely circulated newspaper for publication of Company's notices.
- Making any decision on subjects included on the agenda and not within the competency of the extraordinary general meeting.

Note. Approval of the balance sheet and accounts shall be made after hearing the report of the principal Auditor or of the alternate Auditor as the case may be. Otherwise, they shall be null and void.

Article 37. Quorum at Extraordinary General Meeting

At the extraordinary general meeting, holders of over half of the shares with the right to vote shall be present. If the quorum is not reached at the first meeting, the meeting shall be called for the second time, which will reach the quorum in the presence of holders of more than 1/3 of the shares and make decisions with the proviso that the result of the first call is mentioned in the second call notice.

Article 38. Necessary Majority for Voting

Decisions of the extraordinary general meeting shall be effective by a majority of 2/3 of votes of those present at the meeting.



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Article 39. Powers

Any change of the Articles of Association or the amount of capital or dissolution of Company shall be solely within the authority of the extraordinary general meeting.

Note. Where decisions of the general meeting require one of the following, a copy of the meeting process-verbal shall be sent to the Companies Registry:

- Election of the Company's directors and Auditor(s);
- Approval of balance sheet;
- Decrease or increase of capital and any change of the Articles of Association;
- Dissolution of the Company and terms of its liquidation.

Election of directors and auditors (principal and alternate) and approval of balance sheet is in the scope of ordinary general meeting.

**Part Five
Board of Directors**

Article 40. Number of Members of Board of Directors

The Company shall be run by a Board of Directors comprising three to five principal members, who are elected by an ordinary general meeting from the shareholders. Members of the Board of Directors are elected from the qualified shareholders as inserted in Articles 11 and 14 of Bylaw Number 40 of Insurance High Council and confirmed by Iran Central Insurance Organization.

The directors may be deposed or reelected. Any of the directors may resign at any time by notifying the chairman of the board of directors in writing.

Note. Ordinary general meeting can elect two alternate members in addition to the main members.

Article 41. Death, Resignation or Disqualification of Members of the Board

If, as a result of death, resignation or disqualification of one or more directors, the number of members of the board of directors drops to less than the appropriate minimum, the alternate members shall replace them according to the Articles of Association and, if the alternate member has not been appointed or the number of alternate members is not sufficient for the vacant positions of the board of directors, the remaining directors shall immediately call an ordinary general meeting of the Company to complete the number of directors.

Note. When the board of directors, as the case may be, refuses to call the general meeting for electing a director for a vacant position, each beneficiary may request the Auditor(s) of Company to hold an ordinary general meeting for completing the number of director(s) according to the relevant formalities. The Auditor(s) shall in such a case fulfill such a request.

Article 42. Electing Juristic Persons to Membership of the Board of Directors

Juristic persons can be elected to membership of the Company's board of directors, in which case the juristic person shall introduce in writing to the Company one as its proxy for carrying out managerial duties. This proxy shall be liable to the conditions, undertakings, and civil and penal responsibilities of Members of the Board, and has partnership responsibility with legal persons who determined him/her in civil respect.



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The legal entity shall have the civil responsibilities of the legal entity who determined him/her. The legal entity member of the Board can disqualify his/her proxy, he/she must introduce the substitute in written to the company, unless he/she considers as absent.

Article 43. Tenancy of Board Members

The Board Members shall hold office for two years and they shall run the company's business before the new Board has been appointed.

Article 44. Qualification Share

During their tenancy any of the principal members of the Board must own at least 50 shares of the Company's shares. The share shall serve as a security for potential losses incurred by the Company due to the faults of the Directors jointly or severally. Such share may not be transferred and the share shall be kept with the Company's fund as the qualification share before the holder have received the settlement note of his or her tenancy from the Company. Using a share as the qualification share shall not divest it of the rights such as voting rights and the dividend to which it is entitled.

Article 45. Chairman, Vice Chairman and Secretary of Board

The board of directors shall be formed at its first meeting within a week, at the latest, from the ordinary general meeting that has elected the board of directors. From among the members of the board, a chairman and a vice-chairman shall be elected for the board of directors.

The tenure of the chairman and vice-chairman of the board of directors shall not exceed the period of their membership in the board of directors. The chairman and vice-chairman are liable to be deposed or re-elected. In the absence of the chairman and vice-chairman, the board of directors shall elect one from the members present at the meeting to substitute the chairman.

The board of directors shall elect a secretary from among themselves or from outside.

Article 46. Convention of Meetings of the Board of Directors

The board of directors shall hold weekly or monthly meetings at times they decided on by sending written or telegraphic call notices by the chairman or vice-chairman or members of the board of directors or as called by the managing director at any time necessary.

There shall be a reasonable time interval between sending the call notice and convening the meeting of the board of directors.

If at a meeting of the board of directors the date of the next meeting is determined and included in the procès-verbal, sending a notice of call to the directors present at the same meeting shall not be necessary.

Article 47. Place of Board Meetings

The meetings of the Board shall be held at the head office of the Company or at any other place stated by the notice calling the meeting.



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Article 48. Quorum of Meetings and Voting Rights of Proxies

The meetings of the Board shall be officially opened if more than half of the Board Members are present at the meeting. The resolutions shall be passed by majority of votes present. If any of the Board Members cannot attend the meeting for whatever reason he or she may at their own liability appoint any of the directors as their proxy in writing to attend and vote at the meeting.

The Managing Director shall attend the meetings of the Board and shall have voting rights if he or she is a Board Member too.

Article 49. Signed Resolutions

Resolutions which are signed by all the Board Members shall be of the same force and effect as those passed by Board meetings. Furthermore, the resolutions outside the meeting of the Board must be signed by all board members and are effective as resolutions of the Board.

Article 50. Minutes of Board of Directors

The Secretary of the meeting shall draw up a minutes of the Board meetings, which shall be signed at least by the majority of the directors present. The minutes shall state the names of the Members both present and absent, a summary of the discussions, and the resolutions passed by the meeting with their dates, and the viewpoints of all Directors who voted against all or part of the resolutions stated by the minutes. As to Article 49, the resolutions signed by the directors shall be kept instead of the minutes of the Board's meeting.

Article 51. Power of Board of Directors

The Board shall have the unfettered power to take any type of action in the name of the Company and to make any transactions which are related to the subject matter of the Company and general meetings have not been expressly given exclusive power to decide upon them. The Board shall especially have the following powers:

1. To represent the Company before third persons and all governmental departments and private institutions;
2. To approve internal statutes of the Company at the suggestion of the Managing Director;
3. To appoint and dismiss all assigns and employees of the Company and determine their offices and salaries and wages and bonuses, to promote and punish, and to determine other conditions of employment, exemption, resignation, leaves of absence, retirement, and benefits of their heirs;
4. To approve the budget for running the Company
5. To open bank accounts and use them in the name of the Company;
6. To collect the amount due to the Company and pay her debts including the principal amount, the interest and other charges.
7. To subscribe to, endorse, accept, pay and protest to business instruments;
8. To enter into any type of contracts, and make changes in or terminate them or terminate by mutual agreement, as to sale and purchase and exchange of movables and immovables and machinery, and bids, etc., which relate to the subject matter of the Company including all works and transactions indicated in Article 3 of these Articles of Association
9. To issue any insurance policy and its addenda for natural and juristic entities whether of Iranian or of foreign in accordance with Iran Central Insurance Organization Establishment Act, Insurance Act and other related rules and regulations



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10. To grant or obtain the right to practice any profession and do any business (key money);
11. To apply for and have any inventions registered, or purchase or obtain or sell or assign the
12. Inventions and patents and/or any rights and privileges relating to them;
13. To rent and hire and request for modification of rentals and to defend such requests in all stages and before all authorities, and to vacate the rented property and apply for rehearing of judgments or manner of their implementation;
14. To deposit any type of documents and sums with governmental and nongovernmental funds and to take them back;
15. To raise credit from banks, institutes and companies and any type of loaning for any amount and any term and at any rate of interest and fee, under any appropriate conditions;
16. To pledge the Company's assets, both movables and immovables, as mortgage and redeem such mortgages, even repeatedly;
17. To construct any building which is needed by the Company;
18. To bring actions and defend against any action, both criminal and civil, brought against it or submit to or give up such actions, with all powers with respect to the proceedings including the right to appeal, compromise, appoint an attorney, reconciliation, to lodge actions in respect of forgery and to determine the forger, to put cases to arbitration and to appoint arbitrator with or without the right of compromise, and in general to invoke all rights and to discharge all duties imposed by the Arbitration Act; to appoint attorneys-at-law for the proceedings, etc. with or without the right of substitution, even repeatedly, and dismiss or reinstate him or her; to appoint certifiers and experts; admission by defendant on the main issue of the case; to bring an action of impleader and to plead against such actions; to make counterclaims and plead it; to garnish a claim; to apply to the courts for attachment of persons and properties; to grant an extended time for payment of amount due to the Company; to apply for an executory writ and to follow up the proceedings; and to collect the judgment debt whether in the courts or in the deeds registration offices.
19. To give opportunity to pay the claims of the company, issuance of executive writ and following up executive operations
20. To draw up a list of the assets and debts of the Company once every six months and presenting them to the Auditor of the Company;
21. To draw up a list of assets and debts of the Company on the lapse of the fiscal year and the balance sheet and profit and loss account of the Company according to Article 62 of Iran Insurance Central Organization Establishment Act and Insurance Act
22. To convene ordinary and extraordinary general meetings and determine their agendas;
23. To propose any reserves in addition to the 5% reserve subject matter of Articles 140 and 238 of Amendment to Commercial Law;
24. To propose the distribution of the profits among the shareholders;
25. To propose amendments to the Articles of Association whenever it is deemed suitable with agreement of Iran Central Insurance Organization;

The powers of the Board shall not be limited to the above cases that are typical examples and do not at all affect the full power of the Board.



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Article 52. Gratuities of Board Members

Every year the ordinary general meeting shall approve a certain percentage of the net profit of the Company to be provided to the Board Members as gratuities, and they will divide it among themselves in any manner they deem appropriate. The percentage shall not exceed 5% of the dividend which is paid to the shareholders in the same year.

Article 53. Responsibilities of Board Members

The responsibilities of each of the Board Members, shareholders and third persons against **Mellat Insurance Co.** shall be according to the regulations and laws currently in force.

Article 54. Transactions of the Directors with the Company

Those Board Members and Managing Director of the Company and also those institutes and companies whose members of board of directors or managing directors of **Mellat Insurance Co.** many not directly or indirectly participate in transactions with the Company without approval of the board of directors. Even in the event of such approval, the board of directors shall immediately notify the Company of the approved transaction within one week and furnish the ordinary general meeting of the shareholders with the report of the same. The Auditor shall, in a special report containing the transaction details, present his opinion on such transaction to the same meeting. The member of the board of directors or managing director having interests in the transaction shall not have the right to vote in the meeting of the board of directors or the ordinary general meeting deciding on such a transaction.

Article 55. Restriction to Benefit from Loan and Credits of Mellat Insurance Co.

The managing director and members of the board of directors of Mellat Insurance Co. do not have the right to obtain any loan or credit from the Company and the Company cannot guarantee or subscribe their debts. Such operations are automatically null and void. As regards banks, financial and credit companies, the transactions mentioned in this article shall be valid if carried out under regular current conditions. The prohibition provided in this article affects those who attend the meetings as proxy of the legal entity being member of the board of directors and also affects the spouse, father, mother, ancestors, children, grandchildren and great grandchildren, brother and sister of the persons mentioned in this article.

Article 56.

The directors and the managing director of Mellat Insurance Co. are not allowed to carry out transactions such as the Company transactions requiring competition with Company's operations. Each director shall be liable for compensation of damages incurred as a result of their violation of the regulations of this article. The term *loss* means damage or encumbrance of profit.

Article 57. Managing Director

A. In accordance with Article 11 of Bylaw No. 40 passed by Insurance High Council, the board of directors shall elect from among its members or outsiders a natural person as a managing director and shall determine their powers, tenure, salary and other employment qualifications. The board of directors may delegate to the managing director all or part of its powers as provided under Article 51 above. If the managing director is a member of the board of directors, his tenure shall not exceed his membership term in the board of directors. The managing director may not be the



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chairman of the board of directors at the same time, unless thus approved by the votes of 3/4 of the votes of those present at the general meeting having elected the aforesaid as director.

B. The board of directors may depose the managing director at any time.

C. The name, particulars and powers of the managing director shall be notified to the Companies Registry and Iran Central Insurance Company by sending a letter to and published in the official gazette.

Article 58. Signatories

All instruments and obligatory papers and documents of Company as well as all the checks, drafts, promissory notes and other commercial notes shall be valid under the signatures of two persons determined by the Board.

Article 59.

The persons stated under Article 111 of the Commerce Code and Article 46 of Iran Central Insurance Organization Establishment Act shall not be elected as directors.

Part Six
Auditors

Article 60. Appointment and Duties of the Auditor

The annual ordinary general meeting shall elect a principal and an alternate Auditor for one year. The Auditor shall be a trusted professional auditor from the Stock Exchange. The Auditor shall comment on the correctness of assets, statements of the turnover period, profit/loss account and the balance sheet prepared by the directors for submission to the general meeting, as well as on the correctness of material and information put at the disposal of meetings by the directors and shall present a comprehensive report on the situation of the Company to the ordinary general meeting.

The Auditor's report shall be prepared at least 10 days in advance of convention of the ordinary general meetings so that the shareholders may refer to them at Company's head office.

The decisions adopted by the general meeting without the report of the Auditor on approval of assets, balance sheet and profit/loss account of the Company shall be null and void.

Note. The persons mentioned under Article 147 of the Commercial Law shall not be liable to be elected as Auditor.

Article 61. Powers of Auditor

The auditor may at any time perform any necessary inspection in any of the affairs of the Company and, whether by employing experts or information experts in accordance with Article 149 of Legal Bill of Amendment of Commerce Code, ask the directors or employees of the Mellat Insurance Company for information relating to the Company for inspection purposes.

Inspection shall not impede regular flow of the Company's affairs.

Article 55. Responsibility of Auditor

The Auditor shall be answerable to the Company and third persons according to the provisions of Article 154 of Amendment to Commerce Code.



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Article 63. Remuneration of Auditor

The ordinary general meeting shall determine the remuneration of Principal and Substitute Auditors, which shall remain unchanged until a new decision is made.

Article 64. Transactions Made by Auditor with the Company

The Principal or Substitute Auditor shall not be allowed to take part directly or indirectly in transactions made with or in the name of the Company.

Part Seven
Fiscal Year and Accounts of the Company

Article 65. Fiscal Year

Each fiscal year of the Company shall begin on Farvardin 1st of every Iranian year (March 21st of the Christian year) and end on the last day of Esfand of the same Iranian year (March 20th of the following Christian year). The first fiscal year of the Company shall begin on the date of registration and end on March 21st.

Article 66. Six-monthly Accounts

According to Article 37 of Amendment to Commerce Code and guidelines of Iran Central Insurance Company, the Board shall draw up and present to the Auditor a list of the assets and liabilities of the Company at least once every six months.

Article 67. Annual Accounts

On the lapse of the fiscal year, according to Article 232 of the Amendment to Commercial Law, the Board shall draw up a list of the assets and liabilities of the Company in the end of the year, in addition to the balance sheet and profit and loss account of the Company and a report on the activity and general status of the Company over the fiscal year. The documents mentioned in this Article shall be placed with the Auditor not less than twenty days before the annual ordinary general meeting. After the said documents are studied, they shall be presented to the general meeting of shareholders together with the Auditor's report. Balance sheet and profit and loss accounts must be drawn up according to the sample of Insurance High Council and one copy of which will be sent to Iran Central Insurance Organization after being approved by the Board and legal auditor.

Article 68. Consulting Rights of Shareholders

Each shareholder shall be allowed to consult the financial statements and the list of shareholders at the head office of the Company within fifteen days before the annual general meeting and take a copy of the balance sheet and the profit and loss account. Also each shareholder may take a copy of the Auditor's report within ten days before the annual general meeting.

Article 69. Items of Balance Sheet – Depreciations

The assets of the Company shall be evaluated according to reliable accounting principles. In the balance sheet must be included the depreciation of properties and necessary allowances must be made although no or insufficient unappropriated profit remains on deduction of such depreciation and allowances. The decline in the value of the fixed assets of the Company, whether due to use or



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technical changes or any other reasons, must be included in the depreciation. Sufficient reserve must be considered in order to offset any probable decline in the values of other items of asset and probable losses and costs.

Obligations secured by the Company together with their amounts must be indicated in the balance sheet.

Article 70. Presentation of Balance Sheet

The balance sheet and profit and loss account of every fiscal year shall be presented to the general meeting of shareholders for approval within 4 months from the end of the fiscal year, and within 6 months to Iran Central Insurance Organization.

Article 71. Settlement of Accounts

The approval of the balance sheet by the general meeting shall have the force of settlement of accounts.

Article 72. Net Profit

The net profit of the Company in every fiscal year is the income of the same fiscal year less all costs and expenses and depreciations and reserves.

Article 73. Legal Reserve and Powers

After the losses incurred during the previous years are deducted, one-twentieth of the net profit must be considered as the legal reserve according to Articles 140 and 218 of Amendment to Commercial Law. Part of the net profit may be considered for special reserves at the suggestion of the Board and on the approval of the ordinary general meeting.

Article 74. Appropriated Profit

The appropriated profit is the net profit of the fiscal year minus the losses of the previous fiscal year and the legal reserve and other optional reserves plus the unappropriated profit of the previous years which have not been appropriated. The distribution of the profit and the reserve among the shareholders shall only be allowed on the approval of the ordinary general meeting; and if there are profits, not less than 10% (ten percent) of the net profit must be distributed among the shareholders.

Article 75. Required Time for Profit Payment

Profit must be paid to the shareholders within eight months after the resolution of the general meeting about the profit.

Part Eight
Dissolution and Liquidation

Article 76. Dissolution

The Company shall be dissolved in the following cases:

1. In cases where at least half of the capital is destroyed due to the losses incurred, according to Article 199 of Amendment to Commercial Law, the Board shall convene an extraordinary general meeting of shareholders forthwith to discuss and decide on the dissolution of the Company. Should the meeting not vote to the dissolution of the Company the same meeting must decrease



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the capital amount to the existing capital amount in compliance with the regulations. Should the Board fail to convene the extraordinary general meeting, or should the meeting thus convened fail to be held according to the legal rules and regulations any interested person may apply to a court of law of competence for the dissolution of the Company.

2. In the following cases:

- A) In case the Board fails to convene an extraordinary general meeting or the meeting may not be held.
- B) In case the company was established for a definite time and its time has expired, unless it has been extended before expiry.
- C) In case of bankruptcy.
- D) In case the extraordinary of shareholders determine to dissolve the company.
- E) In case of definite ruling of the court.

Dissolution, bankruptcy and integration of Mellat Insurance Company will be subject to Articles 51 and 59 of Iran Central Insurance Organization Establishment Act and Insurance Act.

Article 77. Liquidation

Liquidation of Mellat Insurance Co. in case of bankruptcy will be performed in compliance with Commerce Code, Iran Central Insurance Organization Establishment Act and Insurance Act. In the regions without any Bankruptcy Affairs Liquidation Department, the court will appoint Iran Central Insurance Organization as representative of Liquidation Department and in the scope of township courts with Liquidation Department, it will perform the liquidation affairs represented by Iran Central Insurance Organization.

***Part Nine
Miscellaneous***

Article 78. Issues not Provided for in These Articles of Association

All issues which are not provided for in these Articles of Association shall be subject to Establishment Act of Private Insurance Institutes, Iran Central Insurance Organization and Insurance, Amendment to Commerce Code, and decisions of Insurance High Council and Guidelines of Iran Central Insurance Organization.

Signatures (appearing on all pages)

Seal of Companies and Non-commercial Registration Department General

Certified true translation. September 6, 2009

HR/H. Banazadeh – 6867