

ARMECONOMBANK OJSC

CORPORATE GOVERNANCE

ANNUAL DECLARATION

YEREVAN 2015

Corporate Governance Declaration - Descriptive part

Bank's name : ARMECONOMBANK OJSC
Address : 23/1 Amiryan Str, Yerevan 0002, RA
Website: www.aeb.am

1. THE MESSAGE OF THE CHAIRMAN OF THE BOARD

The message of the Chairman of the Board can be found in the Annual Report of the Bank.
http://www.aeb.am/index.php?option=com_k2&Itemid=675&id=1237_ddedc807d9015239a857a184ba1807c8&lang=am&task=download&view=item

The information stated in the Declaration was composed as at the end of 2017 (accounting year).

2. CORPORATE STRUCTURE

In accordance with the requirements of ARMECONOMBANK OJSC (hereinafter "Bank") Charter and Corporate Governance Code, the Bank defined the following corporate structure:

- a) General Meeting of Shareholders
- b) The Board
- c) Executive authority: Chief Executive Officer who is also the Chairman of the Executive Board , Executive Board

Key shareholders of the Bank are as follows:

1. European Bank of Reconstruction and Development possesses 233,335 shares, which makes 25.0% of the Bank's chartered capital.
2. Sukiasyan Saribek Albert owns 211,029 shares, which makes 22.6 % of the chartered capital of the Bank.
3. Sukiasyan Khachatur Albert is the owner of 182,165 shares, which makes 19.5% of Bank's chartered capital.
4. Sukiasyan Eduard Albert possesses 96,372 shares, which makes 10.3 % of the bank's chartered capital.

3. GENERAL MEETING OF THE SHAREHOLDERS

1. 1. Annual general meeting and 0 extraordinary meeting was called in the accounting year. All the general meetings were held on at the "Yerevan Alraghac" OJSC hall (2 Nar- Dos , Yerevan)

2. The annual general meeting was held on 27.06.2014 p., the extraordinary general meeting was held on -.

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3. The shareholders entitled to participate in the General Meeting of shareholders, in compliance with the Procedure of Preparation and Chairing of ARMECONOMBANK OJSC Annual Meeting, received

written notification by post, E-mail or by courier until 27.05.14, (were informed by the notification published in "The Republic of Armenia" daily newspaper as well) at least 30 days before the date of calling the general meeting.

The Agenda of the meeting and the appropriate documents were provided to the shareholders with the right to participate in the general meeting. The aforementioned information was also available on the Bank's website, Bank's Head office and branches.

The procedure of providing of Agenda, the information and documents related to the General Meeting to the shareholders entitled to participate in the Meeting, was defined by the Bank's Charter (paragraph 6.8) and is available on the Bank's website.

http://www.aeb.am/index.php?option=com_k2&Itemid=588&id=579_08616d26fe4242c3438721d4c6a7563a&lang=am&task=download&view=item :

4. The shareholders had an opportunity to participate through the authorised representative in compliance with the requirements of the existing Legislation.
5. The shareholders, pursuant to the procedure set by the paragraph 6.15 of the Bank's Charter, voted by cumulative voting.
6. The Agenda, the results of the voting and the minute of the Meeting are available on the Bank's website.

http://www.aeb.am/index.php?option=com_k2&Itemid=685&id=1243_579a451bbaa438d2af572feaff3d7cc&lang=am&task=download&view=item :

4. The Board Board functions

The exclusive competency of the Board is defined by the 8 paragraph of the Bank's Procedure and 6.14-6.28 paragraphs of the Bank's Charter, which is available on the Bank's website:

http://www.aeb.am/index.php?option=com_k2&Itemid=588&id=579_08616d26fe4242c3438721d4c6a7563a&lang=am&task=download&view=item :

The members of the Bank's Board

As of 27.06.2014 the Bank's Board consists of 5 non - executive members and there is no Independent member.

According to the paragraph 10 of the Procedure, "independent" means a directive who:

1. has not been a member of senior management of the Bank or any of its associates in the past 3 years.
2. has not received directly or indirectly any significant remuneration from the Bank or its associates in the past 3 years.
3. has no material business relationship with the Bank, including lending and borrowing relationships, nor with its associates either directly, or as a partner, key shareholder, chief executive or accountant, over the last 3 years.
4. has not been a partner or employee of the present or former external auditor of the Bank, or of any of the external auditor's related companies in the past 5 years.
5. has not served on the of the Bank for more than 6 years during last 10 years, and is not a close family member of any of the persons referred to in above.
6. is not a key shareholder or representative of key shareholder in case of listed banks. (the key shareholder is one owning more than 10% of the Bank's voting shares).

Board				
Position and the name	Executive ¹	non- executive ²	Independent	Member of the Board since
1.Saribek Sukiasyan Arbert Chairman of the Board	-	non- executive	-	1997
2. Aram Meliqyan Board Member	-	non- executive	-	2012
3. Irakli Managadze Board Member	-	non- executive	-	2013
4. Luiza Petrosyan	-	non- executive	-	2013
5. Ruben Hayrapetyan Board Member	-	non- executive	-	2014

The brief biography of the Board members , including details connected to the independent members of the Board, information on the dismissal and retirement of the Board members during the accounting year are represented in the charter below:

Sukiasyan Saribek Albert
Chairman of the Board

Date of birth	07.09.1965թ.
Nationality	Republic of Armenia

Education	<p>2000 Academic Degree of Candidate of Economics (granted by the resolution of Economic Survey Institute)</p> <p>1991 One year in-absentia attendance of 2000թ. Economics Department for training of Agriculture Managers and Experts, Qualification of Agricultural Venture Organizer-Economist</p> <p>from 1982 to 1990 Yerevan Cattle-breeding and Veterinary Institute, Breeder – engineer</p>
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¹ Executive member of the Board is a person involved in everyday management of the Company.

² According to the Code, non-executive member of the Board is "the person not involved in current management of the Company or any subsidiary thereof".

Profession / Major qualification	Engineer Economist, Candidate of Economics
Principal Position	The Chairman of the Board of
Circumstance of being an independent Board Member	-
Date of appointment	27.06.1998
Current term of office	1 year
Working experience	24 years
Years with the Bank	18 years
Information on dismissal and retirement during the year	-
Professional experience during the past 3	from 1998 to date: Chairman of
Direct or indirect shareholding owned in Bank or related companies	ARMECONOMBANK OJSC: AMD 527,573, 22.6 % "SIL GROUP" LLC 24.99 %, AMD 17,974,200 NAREK LLC: 25 %, AMD 53,387,550 SPORT TIME LLC: 50 %, AMD 17,510,000 SIL INSURANCE CJSC: 20.0%, AMD 299,000,000 NOY GROUP: 24,97 % , AMD 4,896,500 BJNI GROUP LLC: 20 %, AMD 10,000 TRANS SERVICE LLC: 25%, AMD 10,892,500 YEREVAN MILLS OJSC: 24.9811%, AMD 139,080,000 ZOVQ FACTORY OJSC JV: 15,9768%, AMD 5,983,000 SATURN SHINMONTAZH LLC: 50%, AMD 25,000 GRZO INTERNATIONAL: 25%, AMD 12,500 ARAJ LLC: 25%, AMD 12,500 SIBIR Angar LLC : 50%, AMD 25000
Memberships in Bank's and other related companies' Board Committee(s)	-
Duties and responsibilities	overall control/ supervision
Position in other companies (boards) as relevant to the performance of duties of the Board member	Vice-President of SIL GROUP' LLC, pro bono

Aram Melikyan, Board Member (Deputy Chairman of the Board)

Date of birth	27.04.1963
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Nationality	Republic of Armenia
Education	1980- 1984 Yerevan Institute of People's Economy Planning-Economics Faculty, Material-Technical Supply Division, Major: Economy
Profession / Major qualification	Economist
Principal Position	Deputy Chairman of the Board of ARMECONOMBANK OJSC
Circumstance of being an independent Board Member	-
Date of appointment	01.08.2012
Current term of office	1 year
Working experience	28 years
Years with the Bank	8 years
Information on dismissal and retirement during the year	-
Professional experience during the past 3 years	26 September 2007 –29 June 2012: Deputy Head of Internal Audit Department, ARMECONOMBANK OJSC 29 June 2012 to 01 August 2012: Advisor to the Chairman of the Board, ARMECONOMBANK OJSC, 01 August 2012 to date: Deputy Chairman of the Board, ARMECONOMBANK OJSC
Direct or indirect shareholding owned in Bank or related companies	-
Memberships in Bank's and other related companies' Board Committee(s)	-
Duties and responsibilities	<ol style="list-style-type: none"> 1. Overall supervision of Bank's Executive Board 2. Overall supervision of problems/risks revealed during the activity of the Bank's internal and external audit 3. Overall supervision of attraction and distribution of the bank's resources 4. Overall supervision of efficiency of Bank's personnel management 5. Overall supervision of AML/CFT processes 6. Overall supervision of accounting and accounting policy 7. Overall supervision of legal processes

Position in other companies (boards) as relevant to the performance of duties of the Board member	-
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Luiza Petrosyan, Board Member, Board Secretary

Date of birth	19.09.1982
Nationality	Republic of Armenia
Education	1999-2004 Yerevan State Institute of Economy in Mathematical methods and Transaction Analysis in Economy, economist
Profession / Major qualification	Economist-mathematician
Principal Position	ARMECONOMBANK OJSC Board Member, Board
Circumstance of being an independent Board Member	-
Date of appointment	23.07.2013
Current term of office	1 year
Working experience	10 years
Years with the Bank	10 years
Information on dismissal and retirement during the year	-
Professional experience during the past 3 years	01.02.2011-13.06.2013: ARMECONOMBANK OJSC, Deputy Head of International Operations Department 14.06.2013 to date: ARMECONOMBANK OJSC Board member, Board Secretary
Direct or indirect shareholding owned in Bank or related companies	-
Memberships in Bank's and other related companies' Board Committee(s)	-

Duties and responsibilities	<ol style="list-style-type: none">1. Overall supervision of Bank's Executive Board2. Overall supervision of problems/risks revealed during the activity of the Bank's internal and external audit3. Overall supervision of attraction and distribution of the bank's resources4. Coordination of development of corporate governance principles5. Overall supervision of international relations6. Overall supervision of AML/CFT processes7. Ensure overall performance of the Board activities
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Position in other companies (boards) as relevant to the performance of duties of the Board member	
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Board Member
Irakli Managadze

Date of birth	27.10.1967
Nationality	Great Britain
Education	Tbilisi State University in Georgia as a Specialist in "Economical and Social Geography", Candidate of economic science
Profession	Geographer, Candidate of economic science
Principal Position	Senior Policy Advisor of European Bank for Reconstruction and Development (EBRD)
Circumstance of being an independent Board Member	-
Date of appointment	05.09.2013
Current term of office	1 year
Working experience	24 years
Years with the Bank	2 years
Information on dismissal and retirement during the year	-
Professional experience during the last 3 years	Senior Policy Advisor of European Bank for Reconstruction and Development (EBRD)
Direct or indirect shareholding owned in Bank or related companies	-
Memberships to the Bank's and other companies' Board Committees	-

Duties and responsibilities	Implementation of international banking expertise
Position in other companies (boards), is so far as they relevant to the performance of duties of the board member	Senior Policy Advisor of European Bank for Reconstruction and Development (EBRD)

Board Member

Ruben Hayrapetyan

Date of birth	24.06.1980
Nationality	Republic of Armenia
Education	Armenian Agricultural Academy, Department of Economics, Economist
Profession	Economist
Principal Position	Board Member of ARMECONOMBANK OJSC
Circumstance of being an independent Board Member	-
Date of appointment	02.08.2014
Current term of office	1 year
Working experience	13 years
Years with the Bank	13 years
Information on dismissal and retirement during the year	-
Professional experience during the last 3 years	09.11.2010-24.05.2013 Head of Loans and Resource Attraction Department 07.06.2011-24.05.2013 Member of the Board of ARMECONOMBANK OJSC 24.05.2013-22.05.2014 Deputy CEO of ARMECONOMBANK OJSC 23.05.2014-29.06.2014 Advisor of the Chairman of Executive Board 30.06.2014 to date Member of the Board of ARMECONOMBANK OJSC
Direct or indirect shareholding owned in Bank or related companies	-
Memberships to the Bank's and other companies' Board Committees	-

Duties and responsibilities	<ol style="list-style-type: none"> 1 Activities related to the Bank's Executive Board 2. Problems/risks revealed during the activity of the Bank's internal and external audit 3. Attraction and distribution of the bank's resources 4. Process of AML/CFT 5. Bank's Strategy 6. Policy of plastic cards' issuance 7. Application-compliance of the customers /Ombudsman/
Position in other companies (boards), is so far as they relevant to the performance of duties of the board member	-

The function of the Board

During 2014 the Board of the Bank convened 47 meetings, 0 of which with absentia voting. The participation of the Board Members to the meetings has the following image:

Position and name	Participation in the meetings personally	Participation with absentia voting	Number of meetings that should be attended
1. Chairman of the Board Saribek Sukiasyan Albert	38	0	38
2. Board Member Aram Melikyan	43	0	43
3. Board Member Irakli Managadze	38	0	38
4. Board Member Luiza Petrosyan	47	0	47
5. Board Member Ruben Hayrapetyan	24	0	24

Board's Evaluation

The Board of the Bank elaborated assessment policy, that is " Procedures and regulations of ARMECONOMBANK OJSC's Board activities"

The Board of the Bank implemented self- assessment in compliance with the assessment standards, policy and orders defined in the aforementioned Procedure.

The main proposals made as a result of the assessment.

5. BOARD COMMISSIONS

The Board of the Bank finds inappropriate to develop commissions, taking into account the quantity of the members. Instead of that, the Board of the Bank ensures the functions within its authorization through weekly conferences. The appropriate specialists and officials are also included in the discussions.

Audit Committee

The Bank did not develop Audit Committee, considering it unnecessary unit, that can reduce the flexibility of management and supervision. The functions of the Audit Committee are more effectively implemented by The Internal Audit Department.

6. THE EXECUTIVE BOARD OF THE BANK

The Executive Board of the Bank consists of 7 members.

The Chairman of the Executive Board (CEO) Armen
Naljyan

Date of birth	21.06.1967
Education	1987-1993 Yerevan State Institute of People's Economy, Finance and Accounting Faculty
Working experience	30 years
Profession	Economist
Years with the Bank	18 years
Memberships to the Bank's and other companies' Board Committees	-

<p>Duties and responsibilities</p>	<ul style="list-style-type: none"> ☐ disposes property of the Bank, including financial assets, and concludes transactions on behalf of the Bank ☐ represents the Bank in RA and in foreign countries ☐ acts without letter of attorney ☐ gives letter of attorney ☐ signs agreements, including job agreements, in compliance with defined procedure ☐ submits the candidacy of his deputies to the approval of the Board ☐ submits the Executive Board's Regulation to the approval of the Board ☐ within the limits of his authorization gives instructions, compulsory orders and controls the execution of the latter ☐ distributes the responsibilities between his deputies and members of Bank's Executive Board ☐ hires and dismisses employees pursuant to the order defined by the Legislation ☐ gives incentives to the employees and use disciplinary punishment in compliance with the Board's Procedure ☐ perform other authorities in connection with current management of the Bank envisaged by the Charter
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Deputy Chairman of the Executive Board (Deputy CEO)

Date of birth	13.05.1979
Education	1995-2000 Yerevan People's Economy Institute, the faculty of Economics
Working experience	12 years
Profession	Economist
Years with the Bank	12 years
Memberships to the Bank's and other companies' Board Committees	-
Duties and responsibilities	Executes activities set by 6.32 Section of the Charter

Deputy Chairman of the Executive Board (Deputy CEO)

Onik Chichyan

Date of birth	19.03.1977
Education	1996-2000 Armenian Agricultural Academy, Economics Faculty, Accounting and Audit
Working experience	13 years
Profession	Economist
Years with the Bank	12 years
Memberships to the Bank's and other companies' Board Committees	-
Duties and responsibilities	Executes activities set by 6.32 Section of the Charter

Member of the Executive Board

Davit Azatyan

Date of birth	01.01.1981թ.
Education	1997-2001 State Engineering University of Armenia, Engineer

Working experience	13 years
Profession	Engineer
Years with the Bank	10 years
Memberships to the Bank's and other companies' Board Committees	-
Duties and responsibilities	Executes activities set by 6.32 Section of the Charter

Member of the Executive Board
Hayk Avetisyan

Date of birth	20.12.1979
Education	2004 Degree of Doctor of Economics 2001-2004 Yerevan State Institute of Economics, postgraduate course 1996-2001 Yerevan State Institute of Economics, Engineer-economical, faculty, Mathematical Methods and Transaction Analyses, department, Qualification of Economist-Mathematician, Diploma of Honor
Working experience	10 years
Profession	Economist-Mathematician
Years with the Bank	10 years
Memberships to the Bank's and other companies' Board Committees	-
Duties and responsibilities	Executes activities set by 6.32 Section of the Charter

Deputy Chairman of the Executive Board (Deputy CEO) Artak
Araqelyan

Date of birth	28.05.1981թ.
Education	2003-2004 Institute of Economic Research of The Ministry of Finance and Economy of Armenia, Candidate of Economic Sciences 1998-2003 Yerevan State Institute of Economics, Economist
Working experience	10 years

Major qualification	Economist-Mathematician
Years with the Bank	10 years
Memberships in Bank's and other companies' Board Committees	-
Duties and responsibilities	Executes activities set by 6.32 Section of the Charter

Taron Simonyan, Member of the Board

Date of birth	21.11.1974
Education	1991-1996 Gladzor Management University , Qualification of a lawyer granted by the resolution of State Examination Committee dated 20.06.2005
Working experience	21 years
Major qualification	Lawyer
Years with the Bank	11 years
Memberships in Bank's and other companies' Board Committees	-
Duties and responsibilities	Executes activities set by 6.32 Section of the Charter

7. THE INTERNAL AUDIT

The Internal Audit is carried out by the Internal Audit Department, which is accountable to the Board.

The Internal Audit Department acts in compliance with the paragraph 27 of the Bank's Charter.

8. CORPORATE SECRETARY

The Bank does not have a corporate secretary. The functions of the latter are reserved for the Luiza Petrosyan, the Secretary of the Board. The Secretary carries out her functions in compliance with 22 section of the Bank's Charter approved by the Board.

9. EXTERNAL AUDIT

The external auditor of the Bank is selected every year through contest in accordance with the existing Procedure. "Deloitte Armenia" CJSC won in the contest of the external Auditor for 2014 , and has been implementing the functions of external auditor since 2013.

The relationship between the Bank and the External Auditor is regulated according to the 28 clause of the Charter.

Pursuant to the 28 clause of the Charter, the Bank elaborated standards to determine the independence of external auditor from the Bank.

10. ANNUAL REPORT

The Annual Report of the Bank was submitted and approved in the General Meeting of Shareholders on 27.06.2014.

The information required by the 23 chapter of the Bank's Charter was included in the Annual Report. The Annual Report of the Bank can be viewed on the website of the Bank.

http://www.aeb.am/index.php?option=com_k2&Itemid=675&id=1237_ddedc807d9015239a857a184ba1807c8&lang=am&task=download&view=item :

Approval date

12.05.2015թ.

Chairman of the Board

Chairman of the Executive Board

Appendix 2 Corporate Governance Declaration: " Comply or explain"

	Corporate Governance Regulation Issues	Yes/No	Explanations/ commentary
The competency of the General Meeting of Shareholders and shareholders' rights			
1.	The Bank's Charter and the appropriate procedures envisage clear orders, which allow the shareholders to contact the Bank before the Meeting and discuss the issues submitted for the voting	Yes	clauses 6.2-6.20
2.	The shareholders were provided with all necessary documents at least 30 days before the date of calling the General Meeting	Yes	The Annual General Meeting was held on 27.06.2014. The shareholders entitled to participate in the Meeting, pursuant to the Procedure of Preparation and Chairing of ARMECONOMBANK OJSC Annual Meeting, received written notification until <u>27.05.14</u> (were informed by the notification published in " The Republic of Armenia" daily newspaper as well) at least 30 days before the date of calling the general meeting. The Agenda of the meeting and the appropriate documents were provided to the shareholders with the right to participate in the general meeting. The aforementioned information was also available on the Bank's website, Bank's Head office and branches.
3.	The Agenda of the Meeting shall include the issues submitted in the Meeting , as well as the name of the candidate of the auditor presented to the approval of the Board.	Yes	The Agenda of the meeting and the appropriate documents were provided to the shareholders with the right to participate in the general meeting. The aforementioned information is also available on the Bank's website, Bank's Head office and branches.

	Corporate Governance Regulation Issues	Yes/No	Explanations/ commentary
4.	The Bank's Regulations, mentioned in the Charter, define clear procedures, which enable the shareholders to vote in absentia through ballot-papers	Yes	
5.	The Bank's Charter determines clear procedures, which entitle the shareholders to appoint representative in accordance with the requirements of the Legislation.	Yes	
6.	Whether the shareholders vote by ballot papers at General shareholders meetings (This procedure can be violated only in cases of a sole shareholding)	Yes	
7.	Whether the shareholders have the right to submit questions up to 10 days in advance of GSM.	Yes	
8.	Whether the Board answered the Shareholder's questions during the Meeting.	Yes	

9.	Whether the shareholders are entitled to ask oral questions at GSM.	Yes	
10.	Whether the Board gave answers to all the submitted issues.	Yes	
Dividend Policy			

	Corporate Governance Regulation Issues	Yes/No	Explanations/ commentary
11.	The Bank has a Procedure on payment of dividends , which was established and approved by the Board. The Procedure is available on the Bank's website	Yes	http://www.aeb.am/index.php?option=com_k2&Itemid=735&id=1366_13bc427ca9a304c3e28375e1f08e1289&lang=am&task=download&view=item
12.	The Procedure on payment of dividends includes the dividends' minimum payout ratio.	No	
The Board			
13.	The Bank established a Board with clear duties and functions. The information on the Board can be viewed on the Bank's website.	Yes	
14.	Whether the Board composes a Report, which sates the compliance of the Bank with the Charter's provisions	Yes	
15.	Whether the Board appoints and dismisses a CEO, as well as develops a management board (if there is one), appoints and dismisses its members	Yes	

16.	Whether the majority of the Board members are non-executive directors, and at least two of them are independent.	Yes	All the members of the board are non- executive directors. The Board does not have an independent member.
17.	The Board Committees shall conduct an annual review of the Bank's Internal corporate documents(Charter, Procedures, ect.) in the area of their competence, and make recommendations to the Board on appropriate) changes	-	

	Corporate Governance Regulation Issues	Yes/No	Explanations/ commentary
18.	Board committees shall report to the Board on regular basis, but not later than once every three months. The Board committees	-	
19.	The Board committee members shall participate in the activities and work of the committee and attend all the meetings	-	
The appointment of Board Members			
20.	The representation of Board Member candidates to the Board shall include brief description of the submitted position, brief biography of the candidate, his/her duties, functions and biographical data,	Yes	
21.	The information on Board Members candidates was published on the Bank's website at least 30 days in advance of the GSM.	Yes	

	Corporate Governance Regulation Issues	Yes/No	Explanations/ commentary
The Board: monitoring of activities			
22.	The Board, in accordance with the evaluation policy, esteems the performance of the Executive Board	Yes	Responsible Body- the Board http://www.aeb.am/index.php?option=com_k2&Itemid=690&id=598_14febafb3d52e277a7ee77136f725df6&lang=am&task=download&view=item
23.	The Board implements annual evaluation in compliance with the established evaluation policy.	Yes	
Frequency of Board Meetings			
24.	The Information on Board Members attendance to the Meetings was included in the description part of the CG Declaration and/ or in the Bank's Annual Report	Yes	
Information on Board Members			
25.	According to the requirements of the Bank's Charter, the Information on Board Members was included in the descriptive part of CG Declaration and/ or in the Bank's Annual Report	Yes	
Annual plan of the Board Meetings			
26.	Board Meetings of SOEs and Listed companies shall be held at least quarterly	Yes	

	Corporate Governance Regulation Issues	Yes /No	Explanations/ commentary
27.	The Board meetings are called pursuant to the approved annual plan. The Agenda of the Meeting and relevant documents are sent to the Board Members at least 10 days prior to the Meeting	Yes	
Chairman of the Board			
28.	The Chairman of the Board is distinct from the CEO	Yes	
29.	The Bank's Charter clearly distinguishes the responsibilities between the Chairman of the Board and the CEO	Yes	clauses 6.28, 6.29-6.30
30.	The Chairman of the Board ensures that the new members of the Board receive a full and formal notification about the Bank and their duties. The Bank developed special training program for the Board Members.	Yes	
Insurance of Directors			

31.	the Bank's Charter includes provisions, which release the Board Members from compensation of losses arising from the implementation of their duties. The Bank insured against the risk of losses arising from the actions of Board Members.	No	Regulated by existing Procedures and Orders, in compliance with the requirements of the Legislation
Audit Committee			
32.	Companies shall establish an audit committee comprised of non- executive directors, where the chairman and a majority of the members are independent.	-	
33.	All the members of the Audit Committee have appropriate qualification in the issues related to finance, accounting, audit and internal control	-	
34.	Audit Committee monitors the integrity of the Bank's Financial Statements to monitor the integrity of the financial statements of the company and any announcements of the Bank's financial performance, reviewing significant financial reporting judgements contained in them, review and recommend for board and shareholders' approval quarterly and annual statements.	-	

35.	Audit Committee at least once a year meets with external auditor to discuss audit related issues	-	
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	Corporate Governance Regulation Issues	Yes/No	Explanations/ commentary
36.	Audit Committee shall review the Bank's internal control, internal audit, as well as risk management systems	-	
37.	Audit Committee shall make recommendations to the board, for it to put to the shareholders for their approval in the General Shareholders Meeting (GSM), on the election of the external auditor, their proposed remuneration and the terms of engagement, subject to final approval by the shareholders;	-	
38.	Audit Committee developed independence criteria for external auditor	-	
39.	Audit Committee considered the independence of the external auditor according to the established standards, and the results were included in the Annual Report	-	
40.	Audit Committee keeps the Agendas of its meeting	-	
Internal Audit			
41.	Internal auditor is appointed and dismissed by the approval of Audit Committee	No	Members of Internal Audit are appointed and dismissed by the Board
42.	Internal auditor is accountable directly to the Audit Committee	No	Internal auditor shall report substantively to the Board

	Corporate Governance Regulation Issues	Yes/No	Explanations/ commentary
43.	Internal auditor acts in compliance with the annual work plan established by Audit Committee, and periodically reports the Audit Committee about that	No	Internal Audit acts according to the Annual Plan approved by the Board , and report regularly to the Board
44.	Internal auditor reviews the adequacy of internal control and implementation of internal control	Yes	
External Audit			
45.	The Bank's external auditor shall not provide not - audit services listed in sub -paragraph 2, Paragraph 28 of the Charter	Yes	Board ,Executive Board
46.	The level of remuneration of external auditor was approved by the GSM	No	The level of remuneration paid to the external auditor was approved by the Board in compliance with the requirements of the Legislation.
47.	The Bank has a rotation policy for external auditor	Yes	The Bank developed a procedure for selection of independent auditor
Other Board Committees			
48.	The Board established other board committees	No	The Board does not consider advisable to establish other committees, taking into account that the same member of the Board will participate in committees. Instead of that the Board perform its functions through regular conferences. Relevant specialists and officials are included in the discussions.

	Corporate Governance Regulation Issues	Yes/no	Explanations/ commentary
49.	All the Board committees shall function according to their procedures, which should define their functions, role and responsibilities	-	
50.	The Board should establish risk-management, strategic planning and investment committee charged with specific responsibilities	-	The functions of risk- management, strategic planning committees are implemented by the Strategy and Risk Management Department of the Bank. The functions of investment committee are implemented by the relevant managerial bodies,
51.	The Board committees shall report to the Board on a regular basis, but not less than once every 3 months. Committees shall make such reports as soon as feasible after every meeting. The committee meetings shall precede the regular board meetings	-	
52.	Board committee members shall participate in activities and work of the committee, and attend all meetings	-	
Corporate Secretary			

	Corporate Governance Regulation Issues	Yes/No	Explanations/ commentary
53.	The Board appointed a corporate secretary, which is accountable to the Board. The corporate secretary helps to facilitate the efficient administration of Board meetings, including their planning, calling, conducting, record- keeping in compliance with the Bank's by-laws and Bank's procedures. The Board determines the description of position and the level of remuneration of the corporate secretary.	Yes	The Bank does not have corporate secretary. The functions of corporate secretary are entitled to the Board Member, Board Secretary Luiza Petrosyan.
54.	The corporate secretary assists the chairman of the Board on the company's compliance with corporate governance requirements of RA laws, this Code, the Bank's charter and other relevant laws or regulations	Yes	
Disclosure and Transparency			
Annual Statement			
55.	The Bank composed the Annual Statement of the accounting year and submitted it to the approval of the Board. The Annual statement was published on the Bank's website.	Yes	
56.	The Annual Report includes financial reports prepared in accordance with International Financial Reporting Standards.	Yes	

	Corporate Governance Regulation Issues	Yes/No	Explanations/ commentary
	The Annual Report includes financial reports prepared in accordance with International Financial Reporting Standards.		
57.	The Annual Report includes financial reports prepared in accordance with International Financial Reporting Standards. The Annual Report includes information addressed to the beneficiaries, which enables to assess the role of Bank in the fields of economic stability, social welfare and environmental security	Yes	
58.	The Annual Report includes information on Bank's code of ethics, and reference to the bank's web site where the code of ethics is posted.	Yes	http://www.aeb.am/index.php?option=com_k2&Itemid=675&id=1237_ddedc807d9015239a857a184ba1807c8&lang=am&task=download&view=item
59.	The Annual Report includes statements, which evidence the company's compliance with this Code of Corporate Governance and/or report with detailed explanation in case of any deviance from this Code of Corporate Governance	Yes	

60.	The Annual Report includes information on related party transactions where the value of the transaction exceeds 2% of the company's total asset, including detailed description of the Bank's procedures and policy for the approval or confirmation of such kind of transactions. The Annual Report shall describe what proportion of the Bank's transactions involve related parties, provide information regarding related party transactions separately for each category of related parties, state fairness of the terms and conditions of a related party transaction and specify the absence of related party	Ω	
61.	The Annual Report includes the external auditor decision	Yes	
62.	The Annual Report contains a list of the Bank's major (greater than 10%) beneficial shareholders.	No	the list of key shareholders(more than 10%) is posted on the Bank's website. http://www.aeb.am/am/%D5%A2%D5%A1%D5%B6%D5%AF%D5%AB-%D5%B4%D5%A1%D5%BD%D5%AB%D5%B6/%D5%B6%D5%B7%D5%A1%D5%B6%D5%A1%D5%AF%D5%A1%D5%AC%D5%AB%D6%81-%D5%B4%D5%A1%D5%BD%D5%B6%D5%A1%D5%AF%D5%AB%D6%81%D5%B6%D5%A5%D6%80
63.	The Annual Report of the Bank shall include a list of Bank's related parties and a list of transactions with related parties, where the value of the transaction exceeds 2% of the bank's total assets	No	

	Corporate Governance Regulation Issues	Yes/No	Explanations/ commentary
64.	The Annual Report includes names and brief biographies of directors, including names of directors considered independent, those resigning or removed during the year, together with the remuneration of all directors who served during the year and records of their attendance at board meetings	No	
65.	The annual report includes name and remuneration of external auditors and disclosure of the results of the test of the auditor's independence	No	The Annual Report includes the name of external auditor and the audit report
66.	The annual report includes description of the company's structure, including subsidiaries, branches and parent companies and cross-shareholdings with other group or affiliated companies	No	The Annual Report includes the list of Bank's branches. The Bank's Corporate Structure is posted on the Bank's website http://www.aeb.am/images/untitled%20folder%201/varchakazmakerpchakan_karucvacq.jpg
67.	The Annual report includes directors' Report summarising the performance for the past year, risk factors, prospects for the coming year, company strategy, major transactions during the year, any major changes in the business undertaken by the company, explanations of major changes in financial	Yes	

	Corporate Governance Regulation Issues	Yes/No	Explanations/ commentary
	explanations of major changes in financial performance in comparison with the preceding year, proposed allocation and distribution of profits, including proposed dividends		
68.	The Annual Report includes the remuneration of Board Members, CEO and chief accountant.	No	
69.	Bank's Annual Report includes List of number and class and classes of shares issued and summary of rights for each class of shareholders	Yes	The Bank issued only common shares. The rights for each class of shareholders are defined by the Charter. http://www.aeb.am/index.php?option=com_k2&Itemid=588&id=579_08616d26fe4242c3438721d4c6a7563a&lang=am&task=download&view=item
The Bank's Website			
70.	The Bank has a website, which includes a section dedicated to the corporate governance	Yes	
71.	The Bank's website should include Corporate Governance Statements for the last 3 years	Yes	

72.	The Bank's website, the section for corporate governance , and the information posted on the web site should be available in English as well	Yes	
73.	The Section of Corporate Governance shall include Act of Incorporation and charter of the Bank, inclusive of all amendments in force	Yes	
74.	The section of the Corporate Governance includes information about Board Members and the CEO of the Bank, inclusive brief biography and position description	Yes	The Bank's website includes information on Board Members and CEO of the Bank, including brief biography and position description. http://www.aeb.am/am/%D5%82%D5%A5%D5%AF%D5%A1%D5%BE%D5%A1%D6%80%D5%B8%D6%82%D5%A9%D5%B5%D5%B8%D6%82%D5%B6%D5%A8
75.	The Corporate Governance section of the Bank's website includes terms of reference for the board(s), board committees and corporate secretary;	No	
76.	The Corporate Governance section of the Bank's website includes the Bank's policy on the annual evaluation of the Board	No	
77.	The Corporate Governance section of the Bank's website includes the minutes of the GSM for the last 5 years	No	The minutes of the Accounting Committee of the SGM for the last 5 years are posted on the Bank's website

	Corporate Governance Regulation Issues	Yes/No	Explanations/ commentary
			http://www.aeb.am/am/%D5%B0%D5%A1%D5%B7%D5%BE%D5%A5%D5%BF%D5%BE%D5%B8%D6%82%D5%A9%D5%B5%D5%B8%D6%82%D5%B6%D5%B6%D5%A5%D6%80/%D5%A2%D5%A1%D5%AA%D5%B6%D5%A5%D5%BF%D5%A5%D6%80%D5%A5%D6%80%D5%AB-%D5%A8%D5%B6%D5%A4%D5%B0%D5%A1%D5%B6%D5%B8%D6%82%D6%80-%D5%AA%D5%B%D5%B2%D5%B8%D5%BE%D5%B6%D5%A5%D6%80
78.	The Corporate Governance section of the Bank's website includes the policy of approved dividends	Yes	The policy on approved dividends is posted on the Bank's website http://www.aeb.am/index.php?option=com_k2&Itemid=735&id=1366_13bc427ca9a304c3e28375e1f08e1289&lang=am&task=download&view=item
79.	The Corporate Governance section of the Bank's website includes Bank's structure and cross-shareholdings	Yes	The Bank's structure is posted on the Bank's website http://www.aeb.am/images/untitled%20folder%201/varchakazmakerpchakan_karucvacq.jpg
80.	Bank's Annual Reports for the past 3 years are posted on the Corporate Governance section of the website:	Yes	Bank's Annual Reports for the past 3 years are posted on the Bank's website http://www.aeb.am/am/%D5%B0%D5%A1%D5%B7%D5%BE%D5%A5%D5%BF%D5%BE%D5%B8%D6%82%D5%A9%D5%B5%D5%B8%D6%82%D5%B6%D5%B6%D5%A5%D6%80/%D5%BF%D5%A1%D6%80%D5%A5%D5%AF%D5%A1%D5%B6-%D5%B0%D5%A1%D5%B7%D5%BE%D5%A5%D5%BF%D5%BE%D5%B8%D6%82%D5%A9%D5%B5%D5%B8%D6%82%D5%B6
Code of Ethics			
81.	The Bank developed a code of ethics	Yes	http://www.aeb.am/index.php?option=com_k2&Itemid=591&id=583_62c6dff8150f4aa884796012e28ac35e&lang=am&task=download&view=item

	Corporate Governance Regulation Issues	Yes /No	Explanations/ commentary
82.	The Code of ethics includes policies and procedures on the corporate values, business behaviour, relationship with governments and officials, as well as relationship with competitors	Yes	http://www.aeb.am/index.php?option=com_k2&Itemid=591&id=583_62c6dff8150f4aa884796012e28ac35e&lang=am&task=download&view=item
83.	The Code of ethics includes provisions on reporting of breaches of the code of ethics and protecting the confidentiality of such reporting,	Yes	
84.	The Bank appointed an official responsible for developing, implementing and communicating programmes of compliance with ethical standard	No	
Increase of Chartered Capital			
85.	The Board informed the shareholders about the decision of increasing the capital	Yes	In compliance with the acting Legislation, the Bank's Charter defines the number of announced shares , based on which he Bank's Board may implement open distribution of shares in accordance with the requirements of acting procedures and legislation
Stakeholders			
86.	The Board defined the circle of the stakeholders that are relevant to its operations, legitimate interests and expectations of its stakeholders	No	

87.	The Bank adopted a policy, which defines the rights and expectations of stakeholders	Yes	The Procedure of ARMECONOMBANK OJSC on accepting application- complaints, discussing and making decision on them http://www.aeb.am/index.php?option=com_k2&Itemid=680&id=1290_0917e7e3beb6bb2d9d876419add80193&lang=am&task=download&view=item , Օմբուղսմեն՝ Ռուբեն Հայրապետյան
88.	The Board defined and disclosed relevant policies and procedures on the handling of the bank's relationships with its defined stakeholders	Yes	
89.	Stakeholders have access to the Bank's website, where annual reports and Corporate Governance Statements of the Bank are posted	Yes	

