

ARMECONOMBANK OJCS

CORPORATE GOVERNANCE

ANNUAL DECLARATION

YEREVAN 2023

Corporate Governance Declaration: Descriptive part

Bank's name : ARMECONOMBANK OJSC

Address : 23/1 Amiryan str, Yerevan 0002, RA

Website: www.aeb.am

1. Introductory speech of the Chairman of the Board

The message of the Chairman of the Board can be found in the Annual Report.

http://www.aeb.am/uploads/Annual_report_2021.pdf

The information stated in the Declaration is composed as of the end of 2022 (reporting year).

2. Corporate Structure

According to the requirements of ARMECONOMBANK OJSC's (hereinafter Bank) Charter and Corporate Governance Regulation, the Bank defined the following corporate structure:

- a) General meeting of shareholders
- b) The Board
- c) The executive director of the Bank(CEO) who is also the Chairman of the Executive Board by position , Executive Board of the Bank.

Key shareholders of the Bank are as follows:

1. Sukiasyan Saribek Albert holds 621,955 shares, which makes 31.89 % of the chartered capital of the Bank.
2. Sukiasyan Khachatur Albert holds 301,782 shares, which makes 15.47% of Bank's chartered capital.
3. Sukiasyan Eduard Albert holds 201,841 shares , which makes 10.35 % of the bank's chartered capital.

3. General Meeting of the Shareholders(GM)

1. Annual general meeting and 1 extraordinary meeting was called in the accounting year. The annual meeting was convened in person, and the extraordinary general meeting was convened by means of remote voting.
2. The annual general meeting was held on 17.06.2022, the extraordinary general meeting was held on 22.02.2022.
3. The shareholders entitled to participate in the General Meeting of shareholders, in compliance

with the “Procedure of Preparation and Chairing of ARMECONOMBANK” OJSC General Meeting, received written notification *by mail/ E-mail/ in person/national newspaper until 27.05.22, (were informed by the notification published in " The Republic of Armenia" daily)* at least 21 days prior to GM (at least 30 days prior in case of remote meetings). The Agenda of the meeting and the appropriate documents were sent. The aforementioned became available to people having a right to participate in the General Meeting of shareholders on the Bank's website, Bank's Head office and branches.

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

<https://aeb.am/media/2022/03/7098.pdf>

4. The shareholders had an opportunity to participate through the authorized 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 Annual Meeting of shareholders are available on the Bank's website.

<http://www.aeb.am/hy/owners/>.

4. The Board

Board functions

The exclusive competency of the Board is defined by the Article 8 and 6.14-6.28 paragraphs of the Bank's Charter, which are accessible at the Bank's website:

<https://aeb.am/media/2022/03/7098.pdf>

Composition of the Board

As of 30.06.2022 the Bank's Board consists of 6 members including 6 non- executive members and 2 independent members.

According to the paragraph 10 of the Procedure, "independent" is deemed a member of the Board who:

1. has not been a member of senior management of the Bank or any company related thereto in the past 3 years except as a Board member.
2. has not received directly or indirectly any significant remuneration from the Bank or its associates in the past 3 years, except for the remuneration received as a Board member.
3. has no material business relationship with the Bank, including lending and borrowing relationships, or with its associates either directly, or as a partner, key shareholder, chief executive

or accountant, did not have any business relationship of material nature, including related to receiving or providing a loan, with the Bank or with people interconnected with the Bank over the last 3 years.

4. has not been a partner or employee of the current or former external auditor of the Bank, or a shareholder or employee of any of the affiliated Banks 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 family member of any of the persons referred to above.

6. is not a key shareholder or representative of key shareholder in case of listed banks. (the key shareholder is one holding 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. Ruben Hayrapetyan Board Member	-	non- executive	-	2014
3. Luiza Petrosyan Board Member	-	non- executive	-	2013
4. Aram Melikyan Board Member	-	non- executive	-	2012
5. Per Fischer Board Member	-	non- executive	independent	2018
6. Hrant Suvaryan Board Member	-	non-executive	independent	2020

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, their functions, as well as the information regarding memberships to Board communities are represented in the chart below:

Sukiasyan Saribek Albert

Chairman of the Board

Date of birth	07.09.1965
Citizenship	Republic of Armenia
Education	2000 Academic Degree of Candidate

	<p>of Economics (granted by the resolution of Economic Survey Institute)</p> <p>1991 One year in-absentia attendance of 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>
Profession	Engineer-economist, candidate of economics
Principal Position	The Chairman of the Board of ARMECONOMBANK OJSC
Circumstance of being an independent Board Member	-
Date of appointment	27.06.1998
Current term of office	1 year
Working experience	25 years
Years with the Bank	19 years
Information on dismissal and retirement during the year	-
Professional experience during the last 3 years	from 1998 to date Chairman of ARMECONOMBANK OJSC 's Board
Direct or indirect shareholding owned in Bank or related companies	<p>AMD 527,573 , 22.6 % ARMECONOMBANK OJSC</p> <p>24.99 % , AMD 17,974,200 "SIL Concern" LLC"</p> <p>50 % , AMD 17,510,000 "Sport Time" LLC</p> <p>25 % , AMD 53,387,550 "NAREK" LLC</p> <p>21 % , AMD 418,000,000 "SIL INSURANCE" CJSC</p> <p>24,97 % , AMD 4,896,500 "NOY GROUP"</p> <p>20 % AMD 10000 "BJNI GROUP" LLC</p> <p>25% , AMD 10,892,500 "TRANS SERVICE" LLC</p> <p>24,98 % , AMD 139,080,000 "Yerevan Alraghac" CJSC</p> <p>15,9768 % ,5,983,000 "Yerevan Zovq factory" OJSC</p> <p>"Saturn Shinmontazh" LLC 50%, AMD 25,000</p> <p>25%, AMD 12,500 " GRZO INTERNATIONAL"</p> <p>25%, AMD 12,500 "ARAJ" LLC</p> <p>50%, AMD 25,000 "SIBIR ANGAR" LLC</p>

Memberships to the Bank's and other companies' Board Committee(s)	-
Duties and responsibilities	overall control/ supervision
Position in other companies (boards), is so far as they relevant to the performance of duties of the board member	Deputy chairman of "SIL CONCERN" LLC

Board Member (Deputy Chairman of the Board)
Ruben Hayrapetyan

Date of birth	24.06.1980
Citizenship	Republic of Armenia
Education	1996-2000 Armenian Agricultural Academy, Faculty of Economics , economist
Profession	Economist
Principal Position	Deputy Chairman of the Board of ARMECONOMBANK OJSC
Circumstance of being an independent Board Member	-
Date of appointment	02.08.2014
Current term of office	1 year
Working experience	21 years
Years spent at the Bank	21 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 to CEO 30.06.2014 to date: Member of the Board of ARMECONOMBANK OJSC

Direct or indirect shareholding owned in Bank or related companies	“ARMECONOMBANK” OJSC AMD 1,435, 0.01%
Memberships to the Bank's and other companies' Board Committees	Audit Committee
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 the efficiency of the personnel management of the Bank 5. Overall supervision of AML/CFT processes
Position in other companies (boards), is so far as they relevant to the performance of duties of the board member	-

Board Member, Secretary of the Board

Luiza Petrosyan

Date of birth	19.09.1982
Citizenship	Republic of Armenia
Education	1999-2004 Yerevan State Institute of Economy in Mathematical methods and Transaction Analysis in Economy
Profession	Economist-mathematician
Principal Position	Board Member, Secretary of the Board of ARMECONOMBANK OJSC
Circumstance of being an independent Board Member	-
Date of appointment	23.07.2013
Current term of office	1 year
Working experience	18 years

Years spent at the Bank	18 years
Information on dismissal and retirement during the year	-
Professional experience during the last 3 years	01.02.2011 - 13.06.2013 Deputy Head of the International Operations Department ARMECONOMBANK OJSC 14.06.2013 to date: Board member, Secretary of the Board of ARMECONOMBANK OJSC,
Direct or indirect shareholding owned in Bank or related companies	“ARMECONOMBANK” OJSC, AMD 2,860, 0.01%
Memberships to the Bank's and other companies' Board Committee(s)	Audit Committee
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. Coordination of development of corporate governance principles 5. Overall supervision of AML/CFT processes
Position in other companies (boards), is so far as they relevant to the performance of duties of the board member	-

Board Member
Aram Melikyan
Board Member

Date of birth	27.04.1963
Citizenship	Republic of Armenia
Education	1980-1984 Yerevan State Institute of National Economy,

	Faculty of Planning and Economics, specialization-Economist
Profession	Economist
Principal Position	Board member of “ARMECONOMBANK” OJSC
Circumstance of being an independent Board Member	-
Date of appointment	01.08.2022
Current term of office	1 year
Working experience	36 years
Years spent at the Bank	36 years
Information on dismissal and retirement during the year	-
Professional experience during the last 3 years	26 September 2007-29 June 2012- Deputy Head of Internal Audit Department of “ARMECONOMBANK” OJSC 29 June 2012- 01 August 2012- Advisor to the Chairman of Board, ARMECONOMBANK OJSC 01 August 2012-11.08.2016- Deputy Chairman of Board, “ARMECONOMBANK” OJSC 11.08.2026- till now Board member of “ARMECONOMBANK” OJSC
Direct or indirect shareholding owned in Bank or related companies	“ARMECONOMBANK” OJSC AMD 5,012, 0.12%
Memberships to the Bank's and other companies' Board Committees	-
Duties and responsibilities	<ol style="list-style-type: none"> 1. Overall supervision of the activity of the Executive Board of the Bank 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 towards the accounting and accounting policy of the Bank 5. Overall supervision of the Bank’s strategy

Position in other companies (boards), is so far as they relevant to the performance of duties of the board member	-
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Board Member
Ruben Hayrapetyan

Date of birth	24.06.1980
Citizenship	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	14 years
Years spent at the Bank	14 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	-

Board Member

Per Fischer

Date of birth	19.09.1949
Citizenship	Germany
Education	1978: Graduated from the University of Göttingen, Slavic Department 1985: graduated from the University of Hamburg, Department of Economics; Major: Economics.
Profession	Economist
Principal Position	Board Member of ARMECONOMBANK OJSC
Circumstance of being an independent Board Member	Independent
Date of appointment	29.06.2018
Current term of office	1 year
Working experience	32 years
Years spent at the Bank	6 years
Information on dismissal and retirement during the year	-
Professional experience during the last 3 years	2003 – 2016: German-Ukrainian Forum, Board Member, Treasurer. 2003 – 2019: Commerzbank Eurasia, Supervisory Board Member. 2007 to

	<p>present: German-Russian Forum, Board Member, Treasurer.</p> <p>2010 – 2014: German-Turkmen Forum, Board Member.</p> <p>2014 to present: Bank Center Invest (Rostov on Don, RF) Supervisory Board Member and Independent Director in charge of Strategic Development.</p> <p>2015 – 2019: OSCE Trilateral Contact Group, Coordinator of the Working Group on Economic Issues and Rehabilitation.</p> <p>2016 – 2019: Belarusbank (Minsk, Belarus), Supervisory Board Member and Independent Director.</p>
Direct or indirect shareholding owned in Bank or related companies	
Memberships to the Bank's and other companies' Board Committees	Audit Committee
Duties and responsibilities	Coordination of work on implementation of international expertise in the banking operations
Position in other companies (boards), is so far as they relevant to the performance of duties of the board member	Is a Board Member of Center Invest bank (Rostov-on-Don, RF), independent auditor

Board Member
Hrant Suvaryan

Date of birth	07.07.1958
Citizenship	Republic of Armenia
Education	1974 - 1979: Yerevan Institute of People's Economy 1985: Completed Post-Graduate Study at Normatives and Planning Research Institute affiliated with USSR State Planning Authority.
Profession	Economist
Principal Position	Board Member of ARMECONOMBANK OJSC
Circumstance of being an independent Board Member	-

Date of appointment	30.06.2020
Current term of office	1 year
Working experience	42 years
Years spent at the Bank	3 years
Information on dismissal and retirement during the year	-
Professional experience during the last 3 years	2002 - 2020: Central Bank of Armenia, Head of Financial Control Department 2020 to present: ARMECONOMBANK OJSC, Member of the Board
Direct or indirect shareholding owned in Bank or related companies	-
Memberships to the Bank's and other companies' Board Committees	Audit Committee
Duties and responsibilities	<ol style="list-style-type: none"> 1. General supervision of Executive Board activities 2. General supervision of issues/risks identified by internal and external auditors. 3. General supervision of resource attraction and placement. 4. General supervision of accounting operations and policies. 5. General supervision of the Bank's strategy.
Position in other companies (boards), is so far as they relevant to the performance of duties of the board member	-

During 2022 the Board of the Bank convened 40 meetings, 0 of which with remote voting. The participation of the Board Members to the meetings has the following image:

Position and name	Participation in the meetings personally	Participation with remote voting	Number of meetings that should be attended
1. Chairman of the Board Saribek Sukiasyan Albert	38	0	40
2. Board Member Ruben Hayrapetyan	37	0	40
3. Board Member Luiza Petrosyan	38	0	40
4. Board Member Aram Melikyan	39	0	40
5. Board Member Per Fischer	40	0	40
6. Board Member Hrant Suvaryan	36	0	40

Board Performance 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 procedure defined in the aforementioned Order.

The main proposals made as a result of the assessment are.

The activity of the Board of 2022 has been assessed as good.

5. Board Commissions

The Board of the Bank finds inappropriate to develop commissions, taking into account the quantity of the members, for the same members cannot be repeated in the commissions.

Audit Committee

The Bank has an Audit Committee.

6. Executive Body

The Executive Board of the Bank consists of 9 members.

The Chairman of the Executive Board (CEO)

Aram Khachatryan

Date of birth	29.08.1983
Education	2006 –2008 graduated from Armenian State Engineering University, Master’s degree in Engineering 2008, Faculty of Enterprise Economics and Management (in the field of communications) Bachelor of Engineering, Diploma with Honor
Work experience	17 years
Main qualification	Engineer
Years spent at the Bank	17 years
Memberships to the Bank's and other companies' Board Committees	-
Duties and responsibilities	<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 uses disciplinary punishment in compliance with the approved Procedure✓ perform other authorities in connection with current management of the Bank envisaged by the Charter

Deputy Chairman of the Executive Board (Deputy CEO)

Artak Araqelyan

Date of birth	28.05.1981
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
Working experience	18 years
Major qualification	Economist, Candidate of Economic Sciences
Years spent at the Bank	18 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)

Ruben Badalyan

Date of birth	13.05.1979
Education	1995-2000 Yerevan Institute of People's Economy, the faculty of Economics
Work experience	20 years
Major qualification	Economist
Years spent at the Bank	20 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, Economist
Profession	Economist
Working experience	21 years

Major qualification	Economist
Years spent at the Bank	20 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)

Astghik Manrikyan

Date of birth	30.09.1982
Education	2007-2009 ECMU, Business Administration, General Provisions, Masters 2003-2005 Yerevan State University, the Faculty of Oriental Studies, Masters, Diploma with Honor 1999-2003 Yerevan State University, the Faculty of Oriental Studies, Bachelor, Diploma with Honor
Working experience	17 years
Major qualification	Economist, Orientalist
Years spent at the Bank	17 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

Arpine Pilosyan

Date of birth	11.02.1983
Education	2000-2004 Yerevan State University of Economics, Faculty of Economics, Bachelor's degree 2004-2006 Public Administration Academy of the

	Republic of Armenia, Economics, Management, Masters, Diploma with honor
Working experience	17 years
Major qualification	Economist
Years spent at the Bank	17 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

Mikayel Poghosyan

Date of birth	13.04.1971
Education	2000-2004 Yerevan State University of Economics, Faculty of Economics, Bachelor's degree 2004-2006 Public Administration Academy of the Republic of Armenia, Economics, Management, Masters, Diploma with honor
Working experience	35 years
Major qualification	Economist
Years spent at the Bank	24 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 with Honors
Working experience	18 years
Major qualification	Economist-mathematician
Years spent at the Bank	18 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

Vrej Jhangiryan

Date of birth	29.03.1980
Education	2000-2002 Yerevan State University, Department of Law, Master's Degree 1996-2000 Yerevan State University, Department of Law, Lawyer, Bachelor's Degree, Diploma of Excellence
Working experience	22 years
Major qualification	Lawyer
Years spent at 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

7. The Internal Audit

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

The Internal Audit Department acts in compliance with the Article 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 Luiza Petrosyan, the Secretary of the Board. The Secretary carries out her functions in compliance with Article 22 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. "Grant Thornton" CJSC won in the contest of the external Auditor for 2022, and has been implementing the functions of external auditor since 2019.

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

Pursuant to the Article 28 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 17.06.2021.

The Annual Report includes all the information required by Article 23 of the Code and is published on the website of the Bank.

http://www.aeb.am/uploads/Annual_report_2021.pdf

Signed on 11.05.2022

Chairman of the Board

Chairman of the Executive Board

Appendix 2 Corporate Governance Declaration: " Comply or explain"

	Corporate Governance Regulation Issues	Yes/No	Comments / Explanation
The competency of the General Meeting of Shareholders(GM) and the rights of shareholders			
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 the agenda of the General Meeting of shareholders and with other relevant documents at least 15 days before the date of calling the General Meeting.	Yes	The Annual General Meeting was held on 17.06.2022. The shareholders entitled to participate in the Meeting, pursuant to the Procedure of Preparation and Chairing of ARMECONOMBANK OJSC Annual Meeting of shareholders, received written <i>notification by post, E-mail or delivery in person until 27.05.22</i> , (were informed by the notification published in " <i>The Republic of Armenia</i> " daily newspaper) at least 21 days before the date of calling the general meeting. The Agenda of the meeting and the appropriate documents were made available to eligible shareholders at the Bank's website, Bank's Head Office and branches.
3.	The Agenda of the Meeting shall include the drafts of resolutions for issues to be voted, as well as the name of the candidate of the auditor presented to the approval of the GM by Board/	Yes	The Agenda and appropriate documents were sent to the persons entitled to attend GM and made available at the Bank's website, Head Office and branches
4.	The policies existing in the Bank and referred to in the Charter provide explicit procedures that allow the shareholders to vote in-absentia through voting ballots.	Yes	
5.	The Bank's Charter determines clear procedures, which allow the shareholders to assign a representative in accordance with the requirements of the current Legislation.	Yes	

Corporate Governance Regulation Issues		Yes/No	Explanations / commentary
6.	Whether the shareholders vote by ballot papers at GM (This procedure may not apply to companies with a single shareholder).	Yes	
7.	Whether the shareholders have the right to raise questions up to 10 days in advance of summoning GM.	Yes	
8.	Whether the Board answered the Shareholder's questions during the Meeting.	Yes	
9.	Whether the shareholders are entitled to ask questions at GM.	Yes	
10.	Whether the Board gave answers to all the questions raised.	Yes	
Policy of payment of dividends			

	Corporate Governance Regulation Issues	Yes/No	Comments / Explanation
11.	The Bank has a Procedure on payment of dividends, which has been drafted and approved by the Board and published at the Bank's website.	Yes	https://aeb.am/media/2022/08/8070.pdf
12.	The Procedure on payment of dividends includes the dividends' minimum payout ratio.	No	
The Board			
13.	The Bank has established a Board with clearly defined duties and functions which are published at the bank's website.	Yes	
14.	Whether the Board composes a report on the Bank's compliance with the provisions of the Code.	Yes	
15.	Whether the Board appoints and dismisses the CEO, as well as develops a collective executive authority (if prescribed), appoints and dismisses its members.	Yes	
16.	Whether non-executive members form majority in the Board and at least two of them are independent	Yes	All the members of the board are non- executive directors. The Board has two independent members.
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 once a year.	Yes	Audit Committee
18.	Board committees shall report to the Board on regular basis, but not later than once every three months. The Board committees submit such a report after each session within the appropriate time. Committee meetings shall precede the regular Board meetings.	Yes	
19	The Board committee members shall participate in the activities and work of the committee and attend all sessions.	Yes	
The appointment of Board Members			
20.	The presentation of the candidates for Board membership includes a brief description of the particular candidate's position and biography, which sets forth the potential duties, functions, and personal details.	Yes	
21.	The description of the positions and brief biography of the proposed candidates Board membership have been	Yes	

	30 days prior to GM.	Yes	Comments / Explanation
The Board: Performance monitoring			
22.	Pursuant to the evaluation policy, the Board monitors the performance of the executive authority.	Yes	Responsible Body- The Board https://aeb.am/media/2017/12/260.pdf
23	The Board implements annual evaluation of its performance in compliance with the established evaluation policy.	Yes	
Attendance of Board Meetings			
24.	The Information on Board Members attendance to the Meetings is included in the descriptive part of the CG Declaration and/ or in the Bank's Annual Report.	Yes	
Information on Board Members			
25.	As required by 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 once a quarter.	Yes	
27.	The Board meetings are called pursuant to the approved annual plan. The Agenda of the Meeting and accompanying documents are sent to the Board Members at least 10 days in advance of 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	6.28, 6.29-6.30 paragraphs of the Charter
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 against damages caused by the actions of Board members and their release from liabilities

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 has been insured against the risk of losses arising from the activity of Board Members.	No	<i>Regulated by existing Procedures and Orders, in compliance with the requirements of the Legislation</i>
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Audit Committee

32.	Companies shall establish an audit committee comprised of non- executive directors, where the chairman and a majority of the members shall be independent.	Yes	Audit Committee
33.	All the members of the Audit Committee have appropriate qualification in the issues related to finance, accounting, audit and internal control	Yes	
34	Audit Committee monitors the integrity of the Bank's Financial Statements and any announcements of the Bank's financial performance, reviewing significant financial reporting judgments contained in them and submits proposals to the Board and GM regarding their approval thereof.	-	
35	Audit Committee meets with the external auditor at least once a year to discuss matters related to audit.		
36	Audit Committee is responsible for reviewing the Bank's internal control, internal audit, as well as risk management systems.	-	

	Corporate Governance Regulation Issues	Yes/No	Comments/ Explanation
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37.	Audit Committee shall submit recommendations to the Board with regard to the selection of the external auditor and work conditions thereof, which shall be referred to GM to be considered for submitting to the final approval.	-	
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.	Yes	
Internal Audit			
41.	Internal auditor is appointed and dismissed upon the consent 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	The Internal Audit is accountable directly to the Board
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 periodically reports thereof to the Board
44.	Internal auditor is entitled to review the adequacy of internal control and implementation of internal control procedures.	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 amount of remuneration of external auditor was approved by the GM.	No	The amount of remuneration paid to the external auditor was approved by the Board in compliance with the requirements of the current Legislation.

	Corporate Governance Regulation Issues	Yes/ No	Explanations/ commentary
47.	The Bank has a rotation policy for external auditor.	Yes	<i>The Bank developed a procedure for selection of independent auditor</i>
Other Board Committees			
48.	The Board established other board committees	Yes	The Bank has Audit Committee. The Board of the Bank finds it inexpedient to form other committees taking into account the number of the members of the Board in order to avoid having the same persons in different committees.
49.	All the Board committees shall function according to their procedures, which should define their functions, role and responsibilities.	Yes	
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, Asset and Liability Committee, and Dealing Center Department.
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.	Yes	Audit Committee
52.	Board committee members shall participate in activities and work of the committee, and attend all meetings.	Yes	
Corporate Secretary			

	Corporate Governance Regulation Issues	Yes/No	Comments / Explanation
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 <u>Board Member, Board Secretary Luiza Petrosyan</u>
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 of information			
Annual report			
55.	The Bank compiled the Annual Statement of the accounting year have been submitted it to the approval of the Board. The Annual statement was published on the Bank's website.	Yes	
56.	The Annual Report contains financial statements composed in accordance with the international financial reporting standards.	Yes	
57.	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 safety.	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	https://www.aeb.am/uploads/Annual_report_2021.pdf
59.	The Annual report contains CG Statement on compliance with the Code and/or detailed explanations of non-compliance and the reasons thereof.	Yes	
60.	The Annual Report includes information on single or several interconnected transactions signed with related parties, which exceed 2% of the Bank's assets, and detailed description of the Bank's policy and procedures for approval or verification of such transactions. Should such transactions between the bank and related parties exist, the ratio of related party transactions, the number of transactions executed by each group of related parties, and the evaluation of the fairness of related party transaction conditions shall be disclosed. The absence of such transactions shall be explicitly stated.	No	
61.	The Annual Report includes the external auditor's opinion	Yes	
62.	The Annual Report includes the list of the Bank's shareholders owning significant (greater than 10%) stock directly or indirectly.	No	the list of key shareholders(more than 10%) is posted on the Bank's website: https://www.aeb.am/hy/significant participants/

	Corporate Governance Regulation Issues	Yes/No	Explanations/ commentary
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63.	The Annual Report includes the list of the parties related to the bank and the list of related party transactions which exceed 2 percent of the Bank's assets.	No	
64.	The Annual Report includes names and brief biographies of directors, including names of members considered independent, as well as the names of the Board members who have resigned or discharged during the year, data on remuneration of all persons who have held a Board member's position during the year and the attendance of the Board sessions by them.	No	The annual report includes the names of Board members.
65.	The Annual Report includes the names and remuneration of external auditors as well as the result of the verification of their 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 https://www.aeb.am/media/2019/11/3126.pdf
67	The Annual Report includes the CEO's summary report for the operations of the previous year, the risk factors, the prospects for the coming year, the Bank's strategy, the major transactions made during the year, the major changes related to the entrepreneurial activity, explanations of any significant changes in financial results as compared with the indicators of the previous year, proposals for profit allocation and distribution	Yes	

	including the payment of dividends.		
68.	The Annual Report includes the remuneration of Board Members, CEO and chief accountant.	No	
69.	The Annual Report includes the number, category or categories of the issued shares and a summary of shareholder rights by category.	Yes	The Bank has issued only common shares. The rights for each class of shareholders are defined by the Charter. https://aeb.am/media/2022/03/7098.pdf
The Bank's Website			
70.	The Bank has a website, which includes a section dedicated to the corporate governance.	Yes	https://www.aeb.am/hy/corporate_governance/
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 documents placed there are available in a foreign language as well.	Yes	
73	The corporate governance section of the website contains the state registration certificate and the Charter of the company with all effective amendments.	Yes	
74.	The section of the Corporate Governance includes information about Board Members and executive authority, including brief biography and descriptions of positions.	Yes	The Bank's website includes information on Board Members and executive authority of the Bank, including their brief biography and descriptions of positions. https://www.aeb.am/hy/bank_management/
75.	The corporate governance section of the website contains the regulations of the Board, committees at the Board, and a description of Corporate Secretary's office duties.	No	

	Corporate Governance Regulation Issues	Yes/No	Comments / Explanation
76.	The Corporate Governance section of the Bank's website includes the Bank's policy for the annual evaluation of the Board.	No	
77.	The Corporate Governance section of the Bank's website includes the minutes of the GM for the last 5 years.	Yes	The minutes of the Counting Committee of the GM for the last 5 years are posted on the Bank's website: https://www.aeb.am/hy/owners/
78.	The Corporate Governance section of the Bank's website includes the policy of payment of approved dividends.	Yes	The policy on payment of approved dividends is posted on the Bank's website: https://aeb.am/media/2022/08/8070.pdf
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: https://aeb.am/media/2019/11/3126.pdf
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: https://www.aeb.am/hy/hashvetvutyunner/
Code of Ethics			
81.	The Bank has adopted a Code of Ethics.	Yes	https://aeb.am/media/2022/09/8125.pdf
82.	The Code of ethics includes provisions on the corporate values, business conduct, relationship with the state and officials, as well as relationships with competitors.	Yes	https://aeb.am/media/2022/09/8125.pdf https://aeb.am/media/2022/06/7968.pdf

	Corporate Governance Regulation Issues	Yes/No	Comments / Explanation
83.	The Code of Ethics includes provisions on reporting of breaches of the code of ethics and protecting the confidentiality of reporting such breaches,	Yes	
84.	The Bank has appointed an officer in charge of monitoring the compliance with the Code of Ethics.	No	
Supplementation of Chartered Capital			
85.	The Board has immediately informed all shareholders on decisions to supplement the charter capital.	Yes	As required by the existing legislation, the Bank's Charter specifies the number of the declared shares, within which the Board may execute open placement of shares in accordance with the existing procedures and law.
Beneficiaries			
86.	The Board defined the scope of beneficiaries that are relevant to its operations, have legitimate interests and expectations from the Company.	No	
87.	The Bank has adopted a policy aimed at taking into account the interests and expectations of beneficiaries.	Yes	The Procedure of ARMECONOMBANK OJSC on accepting application-complaints, discussing and making decision on them https://aeb.am/media/2023/04/8877.pdf Ombudsman Vrej Jhangiryan
88.	The Board defined and disclosed relevant policies and procedures on establishing relationships with its beneficiaries and discloses their implementation thereof on annual basis.	Yes	
89.	The sections related to the annual reports and corporate governance of the Bank's website are accessible to the beneficiaries.	Yes	

