



Approved by
ARMECONOMBANK OJSC Board Resolution #29/10-27.09.2022

Effective from 03.10.2022

Chairman of the Board

----- S. Sukiasyan

**REGULATION
OF ARMECONOMBANK OJSC AUDIT COMMITTEE**

YEREVAN 2022

HISTORY OF AMENDMENTS			
#	Date of resolution/order	Number of resolution/order	Document ID
1	26.09.2019	36/17-26.09.19	ISO/KG/0/041/ 36/17-26.09.19
2	29.09.2020	39/10-29.09.2020	ISO/KG/A.7/041/29.09.2020/2
3	28.09.2021	33/06-28.09.2021	ISO/KG/A.7/041/28.09.2021/3
4	27.09.2022	29/10-27.09.2022	ISO/KG/A.7/041/27.09.2022/4

1. GENERAL PROVISIONS

- 1.1. This Regulation defines the membership, structure, objectives, functions, the operating arrangements and procedure of ARMECONOMBANK OJSC (hereinafter referred to as “Bank”) Audit Committee (hereinafter referred to as "Committee").
- 1.2. The Committee is an advisory body to the Board of the Bank, which is created by a Board resolution.
- 1.3. The activities of the Committee are governed by Armenian laws and by-laws, resolutions adopted by the Central Bank of Armenia, internal regulatory documents of the Bank and this Regulation, and decisions adopted by the managerial bodies of the Bank.

2. PURPOSE AND FUNCTIONS OF COMMITTEE

- 2.1. The main purpose of the Committee is to increase the efficiency of the Board and resolutions adopted by it, strengthen the internal control system as well as improve the interaction between the Board members, the Bank’s managers, internal audit subdivision, independent auditor, and the Central Bank of Armenia.
- 2.2. The main objectives of the Department include:
 - 2.2.1. Review and supervision of proper execution of the risk management and internal control processes in the Bank.
 - 2.2.2. Review of audit and post-audit reports submitted to the Board by internal auditors.
 - 2.2.3. Preliminary review of external auditor’s opinion (report and management letter).
- 2.3. In line with its objectives, the Committee performs the following functions:
 - 2.3.1. Supervision (revision) of the process to ensure the accuracy of the financial statements and official statements on financial results of the Bank’s operations.
 - 2.3.2. Analysis of the Bank’s quarterly and annual reports and submittal of recommendations to the Board with regard to approval of such reports.
 - 2.3.3. Review of internal control systems in the Bank including any risk management mechanisms and systems used to ensure compliance with any existing laws, legal provisions and other requirements.
 - 2.3.4. Submittal of recommendations to the Board with regard to the selection criteria, remuneration and other essential conditions related to the external auditor.
 - 2.3.5. Supervision and analysis of external auditor’s independence, objectivity, and efficiency.
 - 2.3.6. Meeting with the external auditor at least once a year.
 - 2.3.7. Analysis of external auditor’s reports and submittal of relevant information to the Board.
 - 2.3.8. Monitoring of the implementation of external auditor's recommendations.
 - 2.3.9. Development of policies for the Bank's internal control system and monitoring of their implementation.
 - 2.3.10. Preparation, detailed review, and discussion of matters to be discussed at Board meetings.
 - 2.3.11. Preliminary review of internal audit findings and post-audit reports, and submittal of recommendations to the Board.
 - 2.3.12. Preliminary review of the internal audit subdivision’s performance against the annual audit plan and submittal of recommendations to the Board.
 - 2.3.13. Assessment of the fulfillment of the instructions issued by the Board with respect to the internal audit reports.

3. COMPOSITION AND FORMATION OF COMMITTEE

- 3.1. The Committee shall include Board members only. At least one of the Committee members shall be an independent member of the Board.
- 3.2. No person involved in the management of the current operations of the Bank and any party (parties) related thereto may be a committee member.

- 3.3. The composition of the Committee is approved by the Board and the number of its members may not be less than 4. The Committee structure includes the Chairman, the Secretary who is the Secretary of the Board by position, and the members.
- 3.4. The Chairman of the Committee is elected by the Board and must be an independent member of the Board. The positions of the Chairman of the Board and the Chairman of the Committee may not be held by the same person.

4. COMMITTEE MEETINGS

- 4.1. The Chairman of the Committee calls Committee sessions upon his/her initiative or as requested in writing by a Committee member, a Board member, or the head of the internal audit subdivision.
- 4.2. Committee members may attend the sessions remotely by voice call, video call or through other means of telecommunication that enable all of the session participants hear each other. The attendance in such manner shall be deemed attendance in person.
- 4.3. The Committee sessions shall be valid provided that at least the half of the members are present.
- 4.4. The minutes of sessions are composed by the Secretary or a person assigned by him/her.
- 4.5. The minutes shall be signed by all of the Committee members attending the particular session.
- 4.6. The minutes of the Committee sessions shall be kept with the Board in individual folders.
- 4.7. The Board members not included in the Committee may attend the Committee sessions upon their own initiative or be invited by the Committee to attend.
- 4.8. Employees of the Bank or other persons may be invited to attend the Committee sessions.