



Approved by
ARMECONOMBANK OJSC Board Resolution #24/02-08.08.23

Effective from 01.10.2023

Chairman of the Board

----- S. Sukiasyan

**REGULATION
OF ARMECONOMBANK OJSC AUDIT COMMITTEE**

YEREVAN 2023

HISTORY OF AMENDMENTS			
#	Date of resolution/order	Number of resolution/order	Document ID
1	26.09.2019	36/17-26.09.2019	ISO/KG/A.7/041/26.09.2019/1
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
5	08.08.2023	24/02-08.08.2023	ISO/KG/A.7/041/08.08.2023/5

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 affiliated with 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. Providing of recommendations to the Board regarding the improvement of the implementation of the Bank's internal control functions.
 - 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. Submittal of recommendations to the Board regarding the approval of the Bank's quarterly and annual reports (including such approved by audit).
 - 2.3.2. Providing of recommendations to the Board on the improvement of the operation of the Bank's systems of internal control and assurance of compliance with laws, legal provisions, and other requirements.
 - 2.3.3. Submittal of recommendations to the Board with regard to the selection criteria, remuneration and other essential conditions related to the external auditor.
 - 2.3.4. Meeting with the external auditor at least once a year.
 - 2.3.5. Discussion of external auditor's reports and submittal of relevant information to the Board.
 - 2.3.6. Submittal of recommendations to the Board regarding the policies for the Bank's internal control system (other than risk management policy, human resources policy, and policies for the bonus-based remuneration of the personnel, and incentives and penalties).
 - 2.3.7. Detailed review, discussion, and submittal of recommendations to the Board regarding the internal regulatory documents (other than the internal regulatory documents covering the human resources policy, risk management, bonus-based remuneration of the personnel, and incentives and penalties), the Bank's Budget, and Prospective Development Plan.
 - 2.3.8. Preliminary review of internal audit findings and post-audit reports, and submittal of recommendations to the Board.
 - 2.3.9. Preliminary review of the internal audit subdivision's performance against the annual audit plan and submittal of recommendations to the Board.

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, Board member, or the head of the internal audit unit.
- 4.2. The Committee meetings are held as necessary, but no less often than once a month.
- 4.3. 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.
- 4.4. The Committee sessions shall be valid provided that at least the half of the members are present.
- 4.5. The minutes of sessions are composed by the Secretary or a person assigned by him/her.
- 4.6. The minutes shall be signed by all of the Committee members attending the particular session.
- 4.7. The minutes of the Committee sessions shall be kept with the Board in individual folders.
- 4.8. 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.
- 4.9. Employees of the Bank or other persons may be invited to attend the Committee sessions.