

**ARMECONOMBANK OJSC**

**ANNUAL CORPORATE GOVERNANCE  
STATEMENT**

YEREVAN 2024

## Corporate Governance Statement - Descriptive part

**BANK NAME: ARMECONOMBANK OJSC**

**ADDRESS: 23/1 AMIRYAN ST., YEREVAN 0002, REPUBLIC OF ARMENIA**

**WEBSITE: [www.aeb.am](http://www.aeb.am)**

### 1. INTRODUCTORY MESSAGE FROM THE CHAIRMAN OF THE BOARD

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

[https://www.aeb.am/uploads/hashvetvutyun\\_tarekan\\_2022.pdf](https://www.aeb.am/uploads/hashvetvutyun_tarekan_2022.pdf)

The information provided in this Statement is composed as at the end of 2023 (reporting year).

### 2. CORPORATE STRUCTURE

Pursuant to the provisions of ARMECONOMBANK OJSC (hereinafter referred to as "Bank") Charter and Corporate Governance Code, the Bank has established the following corporate structure:

a) General Meeting of Shareholders;

b) Board,

g) executive authority: Chief Executive Officer who also acts as the Chairman of the Executive Board, and Executive Board.

The key shareholders of the Bank:

1. Sukiasyan, Saribek Albert, holds 3,201,110 shares which represent 30.59% of the Bank's charter capital.

2. Sukiasyan, Khachatur Albert, holds 1,508,910 shares which represent 14.42% of the Bank's charter capital.

3. Sukiasyan, Edward Albert, holds 1,073,475 shares which represent 10.26% of the Bank's charter capital.

### 3. THE GENERAL MEETING OF SHAREHOLDERS (GM)

1. In the accounting year, the Annual General Meeting and 3 extraordinary meetings were held. The Annual General Meeting was held in-person, and the extraordinary meetings were conducted poll by poll.

2. The Annual General Meeting was held on 09.06.2023 and the extraordinary general meetings were held on 25.01.2023, 21.04.2023, and 30.11.2023.

3. Pursuant to the Procedure for Preparation and Holding of ARMECONOMBANK OJSC General Meeting, the shareholders entitled to attend GM were notified by mail / email / delivery in person / announcement published in national newspaper (The Republic of Armenia daily) by 19.05.23, 26.12.22, 22.03.23, 31.10.23, that is no later than 21 days prior to the general meeting (no later than 30 days prior to general meetings conducted by poll). 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.

The manner of providing the Agenda and the information and documents pertaining to GM to the persons entitled to attend GM is established by the Bank's Charter (Paragraph 6.8) as available at the Bank's website:

<https://aeb.am/media/2023/12/10832.pdf>

4. The shareholders had the opportunity to attend through authorized representatives in accordance with the applicable law.

5. Pursuant to the procedure set by Paragraph 6.15 of the Bank's Charter, cumulative voting was carried out.

6. The Agenda, voting results, and minutes of GM are available at the Bank's website:

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

#### 4. BOARD

##### ***Functions of the Board***

The exclusive and delegated authorities of the Board as established by Article 8 of the Code and paragraphs 6.14-6.28 of the Bank's Charter are available at Bank's website: <https://aeb.am/media/2023/12/10832.pdf>

##### ***Composition of the Board***

As at 30.06.2023, the Board consisted of 6 members including 6 non-executive and two independent members.

According to Article 10 of the Code, a member is deemed "independent" if such member:

1. has not held any managerial position in the Bank or any company related thereto in the past 3 years other than his/her position of a Board member;
2. has not received, directly or indirectly, any remuneration from the Bank or any parties related thereto in the past 3 years;
3. has had no financial business relationship including any borrowing or lending transactions with the Bank or any parties related thereto either directly or as a partner, key shareholder, chief executive, or accountant in the past 3 years;
4. has not been a partner or employee of the present or former external auditor of the Bank or any of the banks related to such auditor in the past 5 years;
5. has not been a Board member in the Bank for longer than 6 years in the past 10 years, and is not a family member to any of the persons referred to above;
6. is not a key shareholder of the Bank or a representative of such shareholder in case of listed banks (key shareholder is the one holding more than 10% of Bank's voting shares jointly with the parties related to such shareholder).

<b>BOARD</b>				
<b>Position and name</b>	<b>Executive</b>	<b>Non-executive</b>	<b>Independent</b>	<b>Member of the Board since</b>
1. Chairman, <u><i>Saribek Sukiasyan</i></u>	-	<i>Non-executive</i>	-	1997
2. Member, <u><i>Aram Khachatryan</i></u>	-	<i>Non-executive</i>	-	2023
3. Member, <u><i>Ruben Hayrapetyan</i></u>	-	<i>Non-executive</i>	-	2014
4. Member, <u><i>Luiza Petrosyan</i></u>	-	<i>Non-executive</i>	-	2013
5. Member, <u><i>Per Fischer</i></u>	-	<i>Non-executive</i>	<i>Independent</i>	2018
6. Member, <u><i>Hrant Suvaryan</i></u>	-	<i>Non-executive</i>	<i>Independent</i>	2020

Brief biographies of the Board members including the particulars thereof, and information on resignation and discharge of the Board members during the year, their functions, and membership in Board committees is presented below:

##### **Chairman of the Board, *Saribek Sukiasyan***

<b>Date of birth</b>	07.09.1965
<b>Citizenship</b>	Republic of Armenia
<b>Education</b>	<b>2000:</b> Academic Degree of Candidate of Economics (granted by the resolution of the Expert Council at Economic Survey Institute). <b>1991:</b> One-year in-absentia attendance at Economics Faculty for training of Agriculture Managers and Experts, Qualification of Agricultural Venture Organizer-Economist. <b>1982-1990:</b> Yerevan Animal Husbandry and Veterinary Institute, Breeding Engineer.
<b>Profession / Major qualification</b>	Economist, Candidate of Economics
<b>Principal position</b>	Chairman of ARMECONOMBANK OJSC Board
<b>Status of independence as a member of the</b>	-

<b>Board</b>	
<b>Date of appointment</b>	27.06.1998
<b>Time in office by date</b>	1 years
<b>Career length</b>	33 years
<b>Years with the Bank</b>	27 years
<b>Resignation or discharge during the year</b>	-
<b>Career record for the past 3 years</b>	<b>1998 to present:</b> ARMECONOMBANK OJSC, Chairman of the Board
<b>Direct or indirect shareholding in the Bank and related companies</b>	ARMECONOMBANK OJSC: 30.59% - AMD 6,658,308,800 common shares, 49.91% - AMD 3,178,575,000 preference shares. SIL Group LLC: 37.4 %- AMD 26,889,403 NAREK LLC: 38% - AMD 81,149,076 Sport Time LLC: 50% - AMD 17,510,000 SIL Insurance CJSC: 26.01% - AMD 729,410,000 Bjni Group: 20% - AMD - 10,000 Yerevan Flour Mills OJSC: 24.98% - AMD 139,080,000 ZOVQ Factory OJSC JV: 25% - AMD 9,362,000 SATURN SHINMONTAZH LLC: 50% - AMD 25,000 Davos International LLC: 40% - AMD 4,000 Davos International LLC: 100% - AMD 50,000
<b>Memberships in Board committee(s) of the Bank or other companies</b>	-
<b>Personal duties, functions, and objectives</b>	General supervision / management
<b>Employment with other companies / boards, offices held in other companies, which are related to the duties of a board member</b>	Vice-President of SIL Group LLC, pro bono

**Member of the Board (Deputy Chairman of the Board), *Aram Khachatryan***

<b>Date of birth</b>	29.08.1983
<b>Citizenship</b>	Republic of Armenia
<b>Education</b>	<b>2006 - 2008:</b> Yerevan State Engineering University, Engineering Management, M.A. in Engineering. <b>2000 - 2004:</b> Yerevan State Engineering University, Economics and Management of Ventures (in Telecom Industry), B.S. in Engineering, Diploma of Excellence.
<b>Profession / Major qualification</b>	Engineer Economist
<b>Principal position</b>	ARMECONOMBANK OJSC, Deputy Chairman of the Board
<b>Status of independence as a member of the Board</b>	-
<b>Date of appointment</b>	09.06.2023
<b>Time in office by date</b>	1 years
<b>Career length</b>	18 years
<b>Years with the Bank</b>	18 years
<b>Resignation or discharge during the year</b>	-
<b>Career record for the past 3 years</b>	2017- 2023: ARMECONOMBANK OJSC, Chief Executive Officer 09.06.2023 to present: ARMECONOMBANK OJSC, Member of the Board, Deputy Chairman of the Board
<b>Direct or indirect shareholding in the Bank and related companies</b>	ARMECONOMBANK OJSC: AMD 4,409,600, 0.02%
<b>Memberships in Board committee(s) of the Bank or other companies</b>	Risk Committee Human Resources Policy Committee
<b>Personal duties, functions, and objectives</b>	Executes the functions prescribed by Paragraph 6.22 of the Charter.
<b>Employment with other companies / boards, offices held in other companies,</b>	-

<b>which are related to the duties of a board member</b>	
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**Member of the Board, *Ruben Hayrapetyan***

<b>Date of birth</b>	24.06.1980
<b>Citizenship</b>	Republic of Armenia
<b>Education</b>	1996 - 2000: Armenian Agricultural Academy, Economics Faculty, Economist
<b>Profession / Major qualification</b>	Economist
<b>Principal position</b>	ARMECONOMBANK OJSC, Member of the Board
<b>Status of independence as a member of the Board</b>	-
<b>Date of appointment</b>	02.08.2014
<b>Time in office by date</b>	1 years
<b>Career length</b>	22 years
<b>Years with the Bank</b>	22 years
<b>Resignation or discharge during the year</b>	-
<b>Career record for the past 3 years</b>	09.11.2010-24.05.2013: ARMECONOMBANK OJSC, Head of Lending and Resource Attraction Department 07.06.2011-24.05.2013: ARMECONOMBANK OJSC, Member of the Executive Board 24.05.2013-22.05.2014: ARMECONOMBANK OJSC, Deputy Chief Executive Officer 23.05.2014-29.06.2014: ARMECONOMBANK OJSC, Advisor to Chief Executive Officer 30.06.2014 to present: ARMECONOMBANK OJSC, Member of the Board
<b>Direct or indirect shareholding in the Bank and related companies</b>	ARMECONOMBANK OJSC: AMD 1,435,200, 0.01%
<b>Memberships in Board committee(s) of the Bank or other companies</b>	Audit Committee Risk Committee Human Resources Policy Committee
<b>Personal duties, functions, and objectives</b>	Executes the functions prescribed by Paragraph 6.22 of the Charter.
<b>Employment with other companies / boards, offices held in other companies, which are related to the duties of a board member</b>	-

**Member of the Board, Secretary of the Board, *Luiza Petrosyan***

<b>Date of birth</b>	19.09.1982
<b>Citizenship</b>	Republic of Armenia
<b>Education</b>	1999 - 2004: Yerevan State Institute of Economy, Department for Mathematical Methods and Transaction Survey in Economics.
<b>Profession / Major qualification</b>	Economist Mathematician
<b>Principal position</b>	ARMECONOMBANK OJSC, Member of the Board, Secretary of the Board
<b>Status of independence as a member of the Board</b>	-
<b>Date of appointment</b>	23.07.2013
<b>Time in office by date</b>	1 years
<b>Career length</b>	19 years
<b>Years with the Bank</b>	19 years
<b>Resignation or discharge during the year</b>	-
<b>Career record for the past 3 years</b>	01.02.2011-13.06.2013: ARMECONOMBANK OJSC, Deputy Head of International Operations Department

	14.06.2013 to present: ARMECONOMBANK OJSC, Member of the Board, Secretary of the Board
<b>Direct or indirect shareholding in the Bank and related companies</b>	ARMECONOMBANK OJSC: AMD 2,860,000, 0.01%
<b>Memberships in Board committee(s) of the Bank or other companies</b>	Audit Committee Risk Committee Human Resources Policy Committee
<b>Personal duties, functions, and objectives</b>	Executes the functions prescribed by Paragraph 6.22 of the Charter.
<b>Employment with other companies / boards, offices held in other companies, which are related to the duties of a board member</b>	-

**Member of the Board, *Per Fischer***

<b>Date of birth</b>	19.09.1949
<b>Citizenship</b>	Germany
<b>Education</b>	1978: Graduated from the University of Göttingen, Slavic Department 1985: graduated from the University of Hamburg, Department of Economics; Major: Economics.
<b>Profession / Major qualification</b>	Economist
<b>Principal position</b>	ARMECONOMBANK OJSC, Member of the Board
<b>Status of independence as a member of the Board</b>	Independent
<b>Date of appointment</b>	29.06.2018
<b>Time in office by date</b>	1 years
<b>Career length</b>	34 years
<b>Years with the Bank</b>	8 years
<b>Resignation or discharge during the year</b>	-
<b>Career record for the past 3 years</b>	<b>2003 – 2017:</b> German-Ukrainian Forum, Board Member, Treasurer. <b>2003 – 2019:</b> Commerzbank Eurasia, Board Member. <b>2007 to present:</b> German-Russian Forum, Board Member, Treasurer. <b>2010 – 2017:</b> German-Turkmen Forum Member. <b>2014 to present</b> - Centerinvestbank (Rostov-on-Don, RF), Board Member, Independent Director <b>2015 – 2019:</b> OSCE Trilateral Contact Group, Coordinator of the Working Group on Economic Issues and Rehabilitation. <b>2016 – 2019:</b> Belarusbank (Minsk, Belarus), Supervisory Board Member, Independent Director. <b>2018 to present:</b> ARMECONOMBANK OJSC, Member of the Board
<b>Direct or indirect shareholding in the Bank and related companies</b>	
<b>Memberships in Board committee(s) of the Bank or other companies</b>	Audit Committee Risk Committee
<b>Personal duties, functions, and objectives</b>	Executes the functions prescribed by Paragraph 6.22 of the Charter, coordinates the implementation of international expertise in the banking operations.
<b>Employment with other companies / boards, offices held in other companies, which are related to the duties of a board member</b>	Board Member, Independent Director at Centerinvestbank (Rostov-on-Don, RF)

**Member of the Board, *Hrant Suvaryan***

<b>Date of birth</b>	07.07.1958
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<b>Citizenship</b>	Republic of Armenia
<b>Education</b>	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.
<b>Profession / Major qualification</b>	Economist
<b>Principal position</b>	ARMECONOMBANK OJSC, Member of the Board
<b>Status of independence as a member of the Board</b>	-
<b>Date of appointment</b>	30.06.2020
<b>Time in office by date</b>	1 year
<b>Career length</b>	43 years
<b>Years with the Bank</b>	4 years
<b>Resignation or discharge during the year</b>	-
<b>Career record for the past 3 years</b>	2002 - 2020: Central Bank of Armenia, Head of Financial Control Department 2020 to present: ARMECONOMBANK OJSC, Member of the Board
<b>Direct or indirect shareholding in the Bank and related companies</b>	-
<b>Memberships in Board committee(s) of the Bank or other companies</b>	Audit Committee Risk Committee Human Resources Policy Committee
<b>Personal duties, functions, and objectives</b>	Executes the functions prescribed by Paragraph 6.22 of the Charter.
<b>Employment with other companies / boards, offices held in other companies, which are related to the duties of a board member</b>	-

#### ***Activities of the Board***

During 2020, the Board has held 37 meetings including 0 by poll.

The Board members have attended the meetings as below:

<b>Position and name</b>	<b>Attendance in person</b>	<b>Attendance by poll</b>	<b>Number of meetings qualified to attend</b>
1. Chairman, <u><i>Saribek Albert Sukiasyan</i></u>	34	0	37
2. Member, <u><i>Aram Khachatryan</i></u>	20	0	20
3. Member, <u><i>Ruben Hayrapetyan</i></u>	35	0	37
4. Member, <u><i>Luiza Petrosyan</i></u>	35	0	37
5. Member, <u><i>Per Fischer</i></u>	37	0	37
6. Member, <u><i>Hrant Suvaryan</i></u>	33	0	37

#### ***Board Performance Evaluation***

The Board has adopted an evaluation policy set forth in Rules of Arrangement of Board Activities.

The Board has performed self-evaluation in accordance with the evaluation standards, policy, and procedures provided in the aforementioned Rules.

Principal result of the evaluation:

The performance of the Board in 2023 was considered satisfactory.

## 5. COMMITTEES AT THE BOARD

Audit Committee, Risk Committee, and Human Resources Policy Committee function at the Bank.

### **Audit Committee**

The Bank has Audit Committee.

## 6. EXECUTIVE AUTHORITY

The executive authority of the Bank consists of 10 members of the Executive Board:

### **Chairman of the Executive Board / CEO, Artak Arakelyan**

<b>Date of birth</b>	28.05.1981
<b>Education</b>	<b>2003 - 2004:</b> Institute of Economic Research at the Ministry of Finance and Economy of Armenia, Candidate of Economic Sciences. <b>1998-2003:</b> Yerevan State Institute of Economy
<b>Career length</b>	19 years
<b>Major qualification</b>	Economist, Economic Sciences
<b>Years with the Bank</b>	19 years
<b>Memberships in Board committee(s) of the Bank or other companies</b>	-
<b>Personal duties and objectives</b>	<ul style="list-style-type: none"> <li>✓ manages the Bank's property including financial assets, and concludes transactions on behalf of the Bank;</li> <li>✓ represents the Bank in Armenia and abroad;</li> <li>✓ acts without a power of attorney;</li> <li>✓ issues power of attorney;</li> <li>✓ duly signs agreements and labor contracts;</li> <li>✓ submits the candidacy of his deputies to the approval of the Board;</li> <li>✓ submits the Regulation of the Executive Board to the approval of the Board;</li> <li>✓ within the limits of his authorities issues orders, instructions, mandatory directions, and monitors the execution thereof;</li> <li>✓ distributes the responsibilities between the deputy chairmen and members of the Executive Board;</li> <li>✓ hires and dismisses employees in the manner prescribed by applicable law;</li> <li>✓ applies incentives and disciplinary action to the employees in accordance with the procedure approved by the Board;</li> <li>✓ deals with other matters referred to his authority by the Charter of the Bank.</li> </ul>

### **Deputy Chairman of the Executive Board / Deputy CEO, Artashes Haroutyunyan**

<b>Date of birth</b>	16.02.1983
<b>Education</b>	<b>2004:</b> Yerevan State Institute of Economy, Faculty for Mathematical Methods and Transaction Survey in Economics, qualification of Economist-Mathematician.



	<b>2013:</b> Global Association of Risk Professionals, FRM qualification <b>2016:</b> Chartered Financial Analyst (CFA) qualification
<b>Career length</b>	17 years
<b>Major qualification</b>	Economist Mathematician, FRM, CFA
<b>Years with the Bank</b>	16 years
<b>Memberships in Board committee(s) of the Bank or other companies</b>	-
<b>Personal duties and objectives</b>	Executes the functions prescribed by Paragraph 6.32 of the Charter.

***Deputy Chairman of the Executive Board / Deputy CEO, Ruben Badalyan***

<b>Date of birth</b>	13.05.1979
<b>Education</b>	<b>1995 - 2000:</b> Yerevan Institute of People's Economy, Financial Accounting Faculty.
<b>Career length</b>	21 years
<b>Major qualification</b>	Economist
<b>Years with the Bank</b>	21 years
<b>Memberships in Board committee(s) of the Bank or other companies</b>	-
<b>Personal duties and objectives</b>	Executes the functions prescribed by Paragraph 6.32 of the Charter.

***Deputy Chairman of the Executive Board / Deputy CEO, Onik Chichyan***

<b>Date of birth</b>	19.03.1977
<b>Education</b>	1996 - 2000: Armenian Agricultural Academy, Economics Faculty, Accounting and Audit, Economist.
<b>Career length</b>	22 years
<b>Major qualification</b>	Economist
<b>Years with the Bank</b>	21 years
<b>Memberships in Board committee(s) of the Bank or other companies</b>	-
<b>Personal duties and objectives</b>	Executes the functions prescribed by Paragraph 6.32 of the Charter.

***Deputy Chairman of the Executive Board / Deputy CEO, Astghik Manrikyan***

<b>Date of birth</b>	30.09.1982
<b>Education</b>	<b>2007 - 2009</b> The European Carolus Magnus University, Business Administration, Master's Degree. <b>2003-2005:</b> Yerevan State University, Oriental Studies Faculty, Master's Degree, Excellency Diploma <b>1999-2005:</b> Yerevan State University, Oriental Studies Faculty, Bachelor's Degree, Excellency Diploma
<b>Career length</b>	18 years
<b>Major qualification</b>	Economist, Orientalist
<b>Years with the Bank</b>	18 years
<b>Memberships in Board committee(s) of the Bank or other companies</b>	-
<b>Personal duties and objectives</b>	Executes the functions prescribed by Paragraph 6.32 of the Charter.

***Deputy Chairman of the Executive Board / Deputy CEO, Arpine Pilosyan***

<b>Date of birth</b>	11.02.1983
<b>Education</b>	2000-2004: Yerevan State University, Yerevan State University,

	Economics Faculty, Bachelor's Degree. 2004 - 2006: Armenian State Academy of Management, Economics and Management, Master's Degree, Diploma of Excellence.
<b>Career length</b>	18 years
<b>Major qualification</b>	Economist
<b>Years with the Bank</b>	18 years
<b>Memberships in Board committee(s) of the Bank or other companies</b>	-
<b>Personal duties and objectives</b>	Executes the functions prescribed by Paragraph 6.32 of the Charter.

***Member of the Executive Board, Nona Galstyan***

<b>Date of birth</b>	13.01.1977
<b>Education</b>	<b>1998:</b> . Yerevan State University, General Economics Faculty, Economist
<b>Career length</b>	25 years
<b>Major qualification</b>	Economist
<b>Years with the Bank</b>	22 years
<b>Memberships in Board committee(s) of the Bank or other companies</b>	-
<b>Personal duties and objectives</b>	Executes the functions prescribed by Paragraph 6.32 of the Charter.

***Member of the Executive Board, Hayk Avetisyan***

<b>Date of birth</b>	20.12.1979
<b>Education</b>	<b>2004:</b> Academic Degree of Candidate of Economics <b>2001-2004:</b> Yerevan State Institute of Economy, Post-graduate <b>1996 - 2001:</b> Yerevan State Institute of Economy, Engineering and Economics Faculty, Division for Mathematical Methods and Transaction Survey in Economics, qualification of Economist-Mathematician, Diploma of Excellence.
<b>Career length</b>	19 years
<b>Major qualification</b>	Economist Mathematician
<b>Years with the Bank</b>	19 years
<b>Memberships in Board committee(s) of the Bank or other companies</b>	-
<b>Personal duties and objectives</b>	Executes the functions prescribed by Paragraph 6.32 of the Charter.

***Member of the Executive Board, Vrezh Jhangiryan***

<b>Date of birth</b>	29.03.1980
<b>Education</b>	<b>2000 - 2002:</b> Yerevan State University, Law Faculty, Master's Degree. <b>1996 - 2000:</b> Yerevan State University, Law Faculty, Lawyer, Bachelor's Degree, Diploma of Excellence.
<b>Career length</b>	23 years
<b>Major qualification</b>	Lawyer
<b>Years with the Bank</b>	11 years
<b>Memberships in Board committee(s) of the Bank or other companies</b>	-
<b>Personal duties and objectives</b>	Executes the functions prescribed by Paragraph 6.32 of the

	Charter.
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**Member of the Board, Karen Babayan**

<b>Date of birth</b>	05.08.1984
<b>Education</b>	<b>2006:</b> Yerevan State Institute of Economy, Management Faculty, Manager Finance and banking training courses in Armenia and Abroad.
<b>Career length</b>	17 years
<b>Major qualification</b>	Manager
<b>Years with the Bank</b>	1 years
<b>Memberships in Board committee(s) of the Bank or other companies</b>	-
<b>Personal duties and objectives</b>	Executes the functions prescribed by Paragraph 6.32 of the Charter.

**7. INTERNAL AUDIT**

The internal audit in the Bank is carried out by Internal Audit Department which is accountable to the Board.

Internal Audit Department functions in compliance with Article 27 of the Code.

**8. CORPORATE SECRETARY**

The Bank has no Corporate Secretary. The respective functions are assigned to Luiza Petrosyan, Member of the Board, Secretary of the Board. The Secretary of the Board carries out her functions in compliance with Article 22 of the Regulation of the Board as approved by the General Meeting.

**9. EXTERNAL AUDIT**

The external auditor of the Bank is selected every year through a tender in accordance with the existing procedure. Grant Thornton CJSC has won in the tender for the Auditor for 2023, and has been carrying out external auditor's functions since 2019.

The relationship between the Bank and the External Auditor is regulated by Article 28 of the Code.

Pursuant to Article 28 of the Code, the Bank has introduced standards to determine the independence of the external auditor from the Bank.

**10. ANNUAL REPORT**

The Annual Report of the Bank was submitted to and approved by the General Meeting of Shareholders on 17.06.2022.

The Annual Report includes all of the information required by Article 23 of the Code and is available at the Bank's website:

[https://www.aeb.am/uploads/hashvetvutyun\\_tarekan\\_2022.pdf](https://www.aeb.am/uploads/hashvetvutyun_tarekan_2022.pdf)

Executed on 07.05.2024.

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Chairman of the Board

\_\_\_\_\_  
Chief Executive Officer

**Appendix 2: CORPORATE GOVERNANCE STATEMENT - Comply or explain**

	Corporate Governance Code Item	Yes/No	Comments/Explanation
<b>The authorities of the General Meeting of Shareholders (GM) and rights of shareholders</b>			
1.	The Bank's Charter and applicable procedures provide clear procedures which allow the shareholders to communicate prior to GM and discuss the items put to vote.	Yes	<i>Paragraphs 6.2 - 6.20</i>
2.	The shareholders received GM Agenda and other appropriate documents at least 15 days prior to GM.	Yes	The Annual General Meeting was held on <b>09.06.2022</b> . Pursuant to the Procedure for Preparation and Holding of ARMECONOMBANK OJSC General Meeting, the shareholders entitled to attend GM were notified by mail / email / delivery in person / announcement published in national newspaper ( <u>The Republic of Armenia daily</u> ) by <u>19.05.2023</u> , that is no later than <u>21</u> days prior to GM. 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.
3.	The Agenda of GM includes the drafts of resolutions for voted items and the name of the auditor submitted by the Board for approval by GM.	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 provides explicit procedures that allow the shareholders to assign a representative in accordance with the existing law.	Yes	
6.	The shareholders vote through voting ballots at GM. (This procedure may not apply to companies with a single shareholder).	Yes	
7.	The shareholders have the right to raise questions until 10 days prior to GM.	Yes	

	<b>Corporate Governance Code Item</b>	<b>Yes/No</b>	<b>Comments/Explanation</b>
8.	The Board has answered to the shareholders' questions during GM.	Yes	
9.	The shareholders have the right to raise questions during GM.	Yes	
10.	The Board has answered to the questions raised.	Yes	
<b>Policy of payment of dividends</b>			
11.	The Bank has a procedure for payment of dividends, which has been drafted and approved by the Board and published at the Bank's website.	Yes	<a href="https://aeb.am/media/2023/07/9840.pdf">https://aeb.am/media/2023/07/9840.pdf</a>
12.	The procedure for payment of dividends includes the minimum payout ratio.	No	
<b>The Board</b>			
13.	The Bank has formed a Board with clearly defined duties and functions which are published at the bank's website.	Yes	
14.	The Board composes a report on the Bank's compliance with the provisions of the Code.	Yes	
15.	The Board appoints and dismisses the head of the executive authority as well as forms a collective executive authority (if prescribed) and appoints and dismisses its members.	Yes	
16.	Non-executive members form majority in the Board and at least two of them are independent.	Yes	All of the members of the Board are non-executive; the Board has 2 independent members.
17.	The Board Committees conduct annual review of the provisions of Bank's internal corporate documents (Charter, procedures, etc.) related to the areas of their competence and present recommendations on appropriate changes to the Board.	Yes	Audit Committee

	<b>Corporate Governance Code Item</b>	<b>Yes/No</b>	<b>Comments/Explanation</b>
18.	Board Committees report to the Board regularly, at least once a quarter. The committees present such report after each meeting within the appropriate time. Committee meetings shall precede the regular Board meetings.	Yes	Audit Committee, Risk Committee, Human Resources Policy Committee
19.	The members of Board committees shall participate in committee activities and attend all sessions.	Yes	
<b>Appointment of Board members</b>			
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 published at the Bank's website at least 30 days prior to GM.	Yes	
<b>Board: Performance monitoring</b>			
22.	Pursuant to the evaluation policy, the Board monitors the performance of the executive authority.	Yes	Authority in charge: the Board <a href="https://aeb.am/media/2017/12/260.pdf">https://aeb.am/media/2017/12/260.pdf</a>
23.	The Board executes annual evaluation of its performance in accordance with the adopted evaluation policy.	Yes	
<b>Attendance of Board meetings</b>			
24.	The data on attendance of the Board meetings for the Board Members are included in the descriptive part of the CG Statement and/or Annual Report of the Bank.	Yes	
<b>Information on Board members</b>			
25.	As required by the Code, the Annual Report and/or the descriptive part of CG Statement contain detailed	Yes	

	<b>Corporate Governance Code Item</b>	<b>Yes/No</b>	<b>Comments/Explanation</b>
	information on Board members.		
<b>Annual Plan of Board meetings</b>			
26.	The board meetings of the listed companies shall be summoned at least once a quarter.	Yes	
27.	The Board meetings are held in accordance with the approved annual plan. The Board meeting agenda and other appropriate documents are sent to the Board members at least 10 days prior to the meeting.	Yes	
<b>The Chairman of the Board</b>			
28.	The positions of the Chairman of the Board and CEO are not held by the same person.	Yes	
29.	The authorities of the Chairman of the Board and CEO are explicitly separated in the Bank's Charter.	Yes	<i>Paragraphs 6.28, 6.29 - 6.30</i>
30.	The Chairman of the Board shall ensure that the newly elected Board members are duly notified of the Bank and their duties at the beginning of their career. The Bank has training programs for Board members.	Yes	
<b>Insurance against damages caused by the actions of Board members and indemnity of Board members</b>			
31.	The Bank's Charter contains indemnification provisions for Board members against any damages caused by performance of their office duties. The Bank is insured against the risk of damages caused by activities of Board members.	No	<i>Regulated by existing procedures and regulations as required by law.</i>
<b>Audit Committee</b>			
32.	Companies are obligated to form Audit Committee composed of non-executive members, where both the majority and the chairman shall be independent.	Yes	Audit Committee
33.	All of the Audit Committee members have appropriate qualification in finance, accounting, audit, and internal control.	Yes	

	<b>Corporate Governance Code Item</b>	<b>Yes/No</b>	<b>Comments/Explanation</b>
34.	Audit Committee monitors the integrity of the Bank's financial reports and the statements pertaining to financial operations of the Bank, reviews any significant assertions contained therein on financial reporting, reviews the quarterly and annual reports and provides proposals to the Board and GM regarding approval thereof.	Yes	
35.	Audit Committee meets with the external auditor at least once a year to discuss matters related to audit.	Yes	
36.	Audit Committee shall review the internal control, internal audit, and risk management systems of the Bank	-	
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 prior to the final approval.	Yes	
38.	Audit Committee has developed independence criteria for the external auditor.	-	
39.	Audit Committee has reviewed the independence of the external auditor relative to the established criteria, and the outcome has been included in the Annual Report.	-	
40.	Audit Committee keeps minutes of its meetings.	Yes	
<b>Internal audit</b>			
41.	Internal audit is appointed and dismissed upon the consent of Audit Committee.	No	The members of the internal audit are appointed and dismissed by the Board.
42.	Internal audit reports directly to Audit Committee.	No	Internal audit reports directly to the Board.
43.	Internal audit conducts its operations in accordance with the annual plan approved by Audit Committee and periodically reports to Audit Committee.	No	Internal audit conducts its operations in accordance with the annual plan approved by the Board and periodically reports to Audit Committee.



	<b>Corporate Governance Code Item</b>	<b>Yes/No</b>	<b>Comments/Explanation</b>
44.	Internal audit shall review the integrity of internal control and the performance of internal control procedures.	Yes	
<b>External audit</b>			
45.	The external auditor of the Bank may not provide the non-audit services referred to in the Code, Paragraph 28, Subparagraph 2).	Yes	<i>Board, Executive Board</i>
46.	The remuneration of the external auditor has been approved by GM.	No	The remuneration of the external auditor has been approved by the Board pursuant to the existing law.
47.	The bank has a policy for rotation of external auditors.	Yes	<i>The Bank has a procedure for selection of independent auditor organization.</i>
<b>Other committees at the Board</b>			
48.	The Bank has created other committees composed of Board members.	Yes	Audit Committee, Risk Committee,, Human Resources Policy Committee function at the Bank.
49.	All of the Board committees operate in accordance with their regulations which establish their functions, role, and duties.	Yes	
50.	The Board shall establish risk-management, strategic planning, and investment committees provided with appropriate authorities.	-	The Board has created Risk Committee, and strategic planning functions are performed by Strategy and Methodology Department of the Bank, the investment functions are performed by the appropriate managerial bodies, Asset and Liability Committee, and Dealing Center Department.
51.	Board Committees report to the Board regularly, at least once a quarter. The committees present such report after each meeting within the appropriate time. Committee meetings shall precede the regular Board meetings.	Yes	Audit Committee, Risk Committee, Human Resources Policy Committee
52.	The members of Board committees shall participate in committee activities and attend all sessions.	Yes	
<b>Corporate Secretary</b>			

	<b>Corporate Governance Code Item</b>	<b>Yes/No</b>	<b>Comments/Explanation</b>
53.	The Board has appointed a Corporate Secretary who reports to the Board. Corporate Secretary assists with organization of Board meetings including planning, summoning, conducting, and keeping the minutes of meeting in accordance with applicable laws and the Bank's procedures. The Board establishes the job description and remuneration of Corporate Secretary.	Yes	The Bank has no Corporate Secretary. The functions of Corporate Secretary are assigned to <u>Luiza Petrosyan, Member of the Board, Secretary of the Board.</u>
54.	Corporate Secretary assists the Chairman of the Board with the review of compliance with the Armenian corporate governance laws, the Code, the Bank's Charter, and applicable regulations.	Yes	
<b>Information disclosure and transparency</b>			
<b>Annual Report</b>			
55.	The Bank has composed a report for the accounting year, which has been submitted to the shareholders for approval and published at 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 contains information addressed to the Bank's beneficiaries, which enables to evaluate the contribution of Bank in terms of economic stability, social welfare, and environmental safety.	Yes	
58.	The Annual Report contains information on the Bank's code of ethics and reference to the Bank's web site where the code of ethics is placed.	Yes	<a href="https://www.aeb.am/uploads/hashvetvutyun_tarekan_2022.pdf">https://www.aeb.am/uploads/hashvetvutyun_tarekan_2022.pdf</a>
59.	The Annual report contains CG Statement on compliance with the Code and/or detailed	Yes	

	<b>Corporate Governance Code Item</b>	<b>Yes/No</b>	<b>Comments/Explanation</b>
	explanations of non-compliance and the reasons thereof.		
60.	The Annual Report includes information on single or several interconnected transactions of 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 as well.	No	
61.	The Annual Report includes 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 shareholders owning significant (greater than 10%) stock directly or indirectly is available in the website: <a href="https://www.aeb.am/hy/significant_participants/">https://www.aeb.am/hy/significant_participants/</a>
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 the names and brief biographies of the Board members including the independent members 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 meetings by them.	No	The Annual Report includes the names of the members of the Board.
65.	The Annual Report includes the external auditor's	No	The Annual Report includes the external auditor's name and the Auditor's report.

	<b>Corporate Governance Code Item</b>	<b>Yes/No</b>	<b>Comments/Explanation</b>
	name and remuneration as well as the result of the verification of its independence.		
66.	The annual report includes the description of the Bank's administrative structure including any subsidiaries, branches, the parent Bank, and any cross-holding of voting shares with other related companies.	No	The Annual Report includes the list of the Bank's branches. The administrative structure of the Bank is available in the website. <a href="https://www.aeb.am/hy/organizational_chart/">https://www.aeb.am/hy/organizational_chart/</a>
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 closed during the year, the major changes related to the business, explanations of any significant changes in financial results against the indicators for the previous year, proposals for profit allocation and distribution including the payment of dividends.	Yes	
68.	The Annual Report includes the remuneration of the Board members, head of the executive authority, 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 both common and preference shares. The rights of shareholders by category are set forth in the Charter. <a href="https://aeb.am/media/2023/12/10832.pdf">https://aeb.am/media/2023/12/10832.pdf</a>
<b>The website of the Bank</b>			
70.	The Bank has a website with a separate section dedicated to corporate governance.	Yes	<a href="https://www.aeb.am/hy/corporate_governance/">https://www.aeb.am/hy/corporate_governance/</a>
71.	The website shall contain the CG statements for the past 3 years.	Yes	
72.	The website, the corporate governance section thereof, and the documents placed therein are available also in a foreign language.	Yes	
73.	The corporate governance section of the website	Yes	

	<b>Corporate Governance Code Item</b>	<b>Yes/No</b>	<b>Comments/Explanation</b>
	contains the state registry certificate and the Charter of the company with all effective amendments.		
74.	The corporate governance section of the website contains information on the members of the Board and executive authority, including their brief biographies and descriptions of office duties.	Yes	The website contains information on the members of the Board and executive authority, including their brief biographies and descriptions of office duties. <a href="https://www.aeb.am/hy/bank_management/">https://www.aeb.am/hy/bank_management/</a>
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.	Yes	
76.	The corporate governance section of the website contains the policy for the annual evaluation of the Board.	No	
77.	The corporate governance section of the website contains the minutes of GM meetings for the past 5 years.	Yes	The website contains the minutes of GM and Counting Committee sessions for the past 5 years. <a href="https://www.aeb.am/hy/owners/">https://www.aeb.am/hy/owners/</a>
78.	The corporate governance section of the website contains the policy for the payment of dividends as approved.	Yes	The corporate of the website contains the policy for the payment of dividends as approved: <a href="https://aeb.am/media/2023/07/9840.pdf">https://aeb.am/media/2023/07/9840.pdf</a>
79.	The corporate governance section of the website contains the Bank's administrative structure and the cross-holding chart.	Yes	The administrative structure of the Bank is available in the website. <a href="https://www.aeb.am/hy/organizational_chart/">https://www.aeb.am/hy/organizational_chart/</a>
80.	The corporate governance section of the website contains the Bank's Annual Reports for the past 3 years.	Yes	The website contains the Bank's Annual Reports for the past 3 years: <a href="https://www.aeb.am/hy/hashvetvutyunner/">https://www.aeb.am/hy/hashvetvutyunner/</a>
<b>Code of Conduct</b>			
81.	The Bank has adopted a Code of Conduct.	Yes	<a href="https://aeb.am/media/2023/09/10140.pdf">https://aeb.am/media/2023/09/10140.pdf</a> <a href="https://aeb.am/media/2024/04/11287.pdf">https://aeb.am/media/2024/04/11287.pdf</a>
82.	The Code of Conduct contains provisions regarding corporate values, business conduct, relationships with	Yes	<a href="https://aeb.am/media/2023/09/10140.pdf">https://aeb.am/media/2023/09/10140.pdf</a> <a href="https://aeb.am/media/2024/04/11287.pdf">https://aeb.am/media/2024/04/11287.pdf</a>

	<b>Corporate Governance Code Item</b>	<b>Yes/No</b>	<b>Comments/Explanation</b>
	the State, officers, and competitors.		
83.	The Code of Conduct contains provisions regarding whistleblowing, breaches of conduct, and confidentiality of reporting such breaches.	Yes	
84.	The Bank has appointed an officer in charge of monitoring the compliance with the Code of Conduct.	No	
<b>Supplementation of the charter capital</b>			
85.	The Board has immediately informed all shareholders on decisions to supplement the charter capital.	Yes	As required by the existing law, 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.
<b>Beneficiaries</b>			
86.	The Board has established the scope of the beneficiaries that correspond to the bank's operations and have legitimate interests in and expectations from the Bank.	No	
87.	The Bank has adopted a policy for consideration of the interests and expectations of the beneficiaries.	Yes	Procedure for Admittance, Consideration, and Settlement of ARMECONOMBANK OJSC Customers' Applications and Complaints: <a href="https://www.aeb.am/uploads/boxoq_karg.pdf">https://www.aeb.am/uploads/boxoq_karg.pdf</a> , Ombudsman, Vrezh Jhangiryan
88.	The Board has worked out and disclosed a policy and procedures for establishing relations with the beneficiaries and discloses the implementation thereof annually.	Yes	
89.	The sections related to the annual reports and corporate governance are accessible to the beneficiaries.	Yes	