	“ACBA BANK” OJSC BOARD REGULATION	ACBA 55 REG 02#4		
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THE PURPOSE

The purpose of “ACBA BANK” OJSC Board Regulation (hereinafter Regulation) is, within the context of ACBA BANK's corporate governance code, to define the procedure of formation and the quantity of the board (hereinafter Board) of “ACBA BANK” OJSC (hereinafter Bank), which is considered to be the Bank's governance body, the election conditions of the Board members, as well as the authorities, functions and the responsibility of the Board for implementation of internal control system and ensuring its effectiveness. The regulation also defines the relationship of the Board with the Bank's Chief executive officer and the Internal audit division, the processes of convening, holding and taking minutes of the Board meetings as well as the rights, responsibilities and liabilities of the Board members.

APPLICATION SPHERE

This regulation is applied by the Board members, Chief Executive Officer, Deputies Chief Executive Officer, Legal Department and all other interested units.

RELATING DOCUMENTS

The RA Law on Banks and Banking	
The RA Law on Joint-Stock Companies	
The Charter of “ACBA BANK” OJSC	
Corporate Governance Code of “ACBA BANK” OJSC	
“ACBA BANK” OJSC General Meeting Preparation and Realization Order	ACBA 55 ORD 01

AMENDMENTS AND SUPPLEMENTS

The amendments and additions made to the Regulation are underlined.

CHAPTER 1. GENERAL PROVISIONS

1.1. The Board is the Bank's collective governance body which ensures the general governance of the Bank's activity during the period of time which is between the Bank's general assemblies in the limits of the authorities reserved to the Board law and by the Bank's charter.

1.2. During its activity the Board is guided by the “Law on Banks and banking”, the “Law on joint-stock companies”, other laws and legislative acts of the RA, by the Bank's charter, Corporate Governance Code of “ACBA BANK” OJSC (hereinafter Code), other internal acts and by this regulation.

1.3. The authorities of the Board are terminated, including temporarily, exclusively in accordance with the procedure established by the current legislation of the Republic of Armenia.

CHAPTER 2. THE BOARD FORMATION. THE PROCEDURE OF APPOINTMENT AND TERMINATION OF POWERS OF THE BOARD MEMBERS. THE REQUIREMENTS PRESENTED TO THE BOARD MEMBERS. THE BOARD CHAIRMAN. THE CORPORATE SECRETARY


2.1. The Board is composed of shareholders' representatives and may also have independent members.

2.2. The Board is composed of the Board chairman and Board members.

2.3. The Board should consists of at least 5 members and a maximum of 15 11 members. The quantitative composition of the Board shall be is determined by the decision of the Shareholders' General Meeting (hereinafter General Meeting).

2.4. The Board shall have at least 4 independent members.

2.5. The independent Board member does not represent the interests of any shareholder or stakeholder; shall act impartiality and unbiased, shall provide professional services to the Bank. An

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independent Board member shall be elected by the Shareholders' General Meeting by a majority vote. "Société de Promotion et de Participation pour la Coopération Economique" (hereinafter: Proparco) shall have the right to co-nominate any Independent Board member in the manner and within the limits specified herein:

- 1) Prior to the appointment of the Independent Board member candidates by the General Meeting, Proparco shall be entitled to interview the Independent Board member candidates in person or via a telephone connection, video connection, or other means of electronic communications, including e-mail, software and application platforms (including mobile applications) in real-time.
- 2) Unless Proparco has waived its right to interview the Independent Board member candidates, the Bank shall send a written notice to Proparco containing information on the Independent Board member candidates and their curriculum vitae twenty (20) business days prior the interview of the Independent Board member candidates considered.
- 3) Within twenty (20) business days following the day of the interview, Proparco shall approve or reject the presented candidates, failure by Proparco to give an answer within the timeframe specified herein, Proparco shall be deemed to have approved the candidates.
- 4) If Proparco approves the candidates or rejects the candidates without specifying the grounds for such rejection, "Acba Federation" CJSC or the Board may proceed with proposing the appointment of the Independent Board member candidates to the General Meeting.
- 5) Proparco may withhold its prior consent to the candidates only if, according to Proparco's:
 - a. The candidate does not meet any of the criteria for an Independent Board member as agreed between Proparco, "Acba Federation" CJSC, Sacam International and the Bank; or
 - b. The appointment of the candidate is in breach of local legislation and/or of the Bank's internal legal acts; or
 - c. The candidate does not possess the necessary qualifications, as agreed between Proparco and "Acba Federation" CJSC, Sacam International and the Bank, to serve as a Board member.

2.6. The procedure of the formation and operation of the Board is defined by the "Law on the joint-stock companies", the Bank's charter and the Code, if there is no other stipulation in the "Law on Banks and banking".

2.7. The Board members cannot be affiliated as natural persons. The Board members and the Bank's Chief Executive Officer, his deputies and the chief accountant cannot be affiliated as natural persons. As a Board member can serve any person having a legal capacity who is considered to be the citizen of the RA or the citizen of the foreign country who meets all the requirements stipulated by law and defined by the Central Bank of Armenia for the Bank managers.

2.8. The Board chairman is elected from the Board members. The Board chairman is elected, reelected and is dismissed by the simple majority of votes of the Board members.

2.9. All members of the Board shall be re-elected annually by the General Meeting.


2.10. The Board members are elected or appointed for 3 (three) years tenure. There can be restrictions on the re-election or reappointment of a Board Member by the decision of the General Meeting or by the Code.

2.11. According to the the laws and other legislative acts regulating the banking activity, the Board chairman and the Board members are considered to be Bank managers. They, as well as the others persons affiliated to and/or cooperating with them are considered to be Bank related persons.

2.12. The contracts that the Bank signs with the Board chairman and the Board members cannot provide more favorable conditions than those signed with other legal entities or natural persons who are not considered to be the Bank's employees. The contracts with those affiliated with the Board chairman and Board members shall be signed according to the conditions stipulated by the Bank's internal regulations.

2.13. The Bank's General Meeting can terminate the Board members' terms of office in accordance with the procedure and in the cases defined by the RA legislation.

2.14. The Board members shall be remunerated.

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2.15. The Board chairman:

- a) organizes the Board activities;
- b) convenes and chairs in the Board meetings;
- c) organizes the minutes-taking of the General Meetings and the Board meetings.
- d) chairs in the Bank's General Meetings.

2.16. In case of absence of the Board chairman or the impossibility of performing its duties, such ~~jurisdiction is accomplished (fulfilled) by Board members according to the Board decision~~ duties shall be performed by the Senior Independent Board member.

2.17. The Bank has a Corporate Secretary, who supports the works of the Board. The appointment, definition of the scope of the latter's powers and dismissal are carried out by the Board.

2.18. The Board may create committees attached to the Board in order to effectively organize its work. Issues related to the activities of the Board committees are regulated by the Code and the charters of the committees.

CHAPTER 3. THE BOARD AUTHORITIES, FUNCTIONS AND THE RESPONSIBILITY OF THE BOARD FOR IMPLEMENTATION OF INTERNAL CONTROL SYSTEMS AND ENSURING ITS EFFECTIVENESS.

3.1. The authorities of the Board of the Bank are defined by law, by other legislative acts, Bank's charter, Code and by this regulation.

3.2. The Board determines the date of the Bank's Shareholders' General Meeting, as well as the procedure for notifying the shareholders, the list of the materials to be provided to the shareholders in accordance with the requirements of the law.


3.3. Together with the Bank's Chief executive officer, his deputies and the chief accountant, the Bank's Board is responsible for the formation, implementation and continuous monitoring of the effectiveness of the internal control system in the Bank.

3.4. The Board is responsible for the Bank's normal and efficient operation, for the protection of the Bank's assets, as well as for the presentation of the accurate and reliable information to the bank's shareholders, to the Central bank of the RA and to the public.

3.5. The Board is responsible for the implementation of the internal control system in the Bank and is supposed to assure the mentioned system's productivity.

3.6. ~~Concerning the realization in terms of implementation~~ of Internal control and in addition to the functions provided by the Code, the Board:

- a) approves the internal legal acts subject to the approval of the Bank's Board under the current legislation;
- b) at least once a year reviews the bank's strategy, the internal acts regulating the Bank's activities, and, if necessary, revises them;
- c) defines the acceptable limits of the main risks related to the Bank's activities;
- d) revises the accepted risk limits, if necessary;
- e) oversees that the Chief executive officer, his deputies and the chief accountant carry out proper risk identification and management;
- f) oversees the performance monitoring of the internal control system in the Bank ;
- g) receives information about the implementation of the annual work program of the Internal audit division;
- h) gets acquainted with the assessments given to the Bank's internal control by the Bank's chief executive director, his deputies, the chief accountant, as well as internal and external audits, if there are any;
- i) supervises the extent to which the Bank's Chief executive officer, his deputies and the chief accountant follow the recommendations and remarks made by the internal and external audit, as well as the Central Bank of RA regarding the improvement of the internal control system, how they implement the measures aimed at correcting the deficiencies of the internal control system;

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j) monitors that the Bank's internal control system meets the minimum internal control requirements defined by the legal acts of the RA Central Bank;

k) controls the costs of implementation of the internal control processes as well as the effectiveness of the implemented measures (in terms of ensuring internal control);

l) at least once a quarter discusses the reports of the Bank's internal audit division, the Chief executive officer and the chief accountant in the manner and form the Board has determined.;

m) at least once a year discusses the reports of the external auditor (the management letter report) at its meeting, as well as discusses and, if necessary, revises the main directions of the Bank's activity, strategy, procedures and other internal legal acts.

CHAPTER 4. CONVOCAATION AND THE CONDUCT OF THE BOARD MEETINGS

4.1. Board meetings shall be convened at least once every two months.

4.2. The procedure of the Board meetings convocation and conduct are stipulated by the Bank's charter and this regulation.

4.3. The Board meetings are convened by the Board chairman, the Board member, the Chief executive officer, his deputies, the chief accountant, the head of Internal audit division, the external auditor, the board of the Central Bank of RA, as well as by those shareholders who own 5 (five) or more percent of the voting shares, at their written request.

4.4. The Board meeting is valid if more than the half of the Board members participates in the meeting.

4.5. The discussion of all issues at the Board meeting can take place with the obligatory participation of the Chief Executive Officer, except for the issues of early dismissal of the Chief executive officer's powers, as well as the approval of its remuneration conditions. The Chief executive officer or the person performing its duties participates in the Board meetings with the right of consultative vote.

If necessary, the Bank's other managers, employees and other persons may also be invited to participate in the Board sessions in order to express a professional or other opinion.

4.6. The Board members shall be notified about the convening of a Board meeting at least three days before the date of convening the meeting.

4.7. The notification must be sent fax, registered letter or hand delivered, or via other means, such as email, software and application platforms (including mobile applications).

4.8. The Board meetings are chaired by the Board chairman who signs the decisions of the meeting.

4.9. At the beginning of the meeting The Board chairman (or the person chairing at the meeting) presents all the topics included in the agenda after which the Board members present at the meeting vote on approving the agenda and starting the meeting.

4.10. A relevant report is submitted on each topic included in the agenda of the Board meeting. After hearing the report, the rapporteur, if necessary, clarifies the questions raised by the Board members.

4.11. The Board chairman puts the matter to a vote in order to make a decision on the matter under discussion.


4.12. Based on the voting results of each issue discussed at the Board meeting, the Board makes a correspondent decision.

4.13. The remote Board meetings are called and held in accordance with the procedure for convening and conducting meetings remotely as defined by the legislation and the Bank's Charter. The Board may make decisions at a meeting in which all participants in the Board meeting can communicate with each other by telephone, teleconference or other means of communication, including e-mail, software and application platforms (including mobile applications) in real time. Such a meeting is not considered a session held by remote (poll) procedure, and the decisions made in such a meeting are not considered to be made by remote voting (poll).

4.14. The Board can make decisions during remote voting (by means of a poll), if the adoption of such decisions is not prohibited by law and the Bank's charter.

4.15. In case of voting in absentia the Bank Board's decisions are made with the help of the voting papers. The voting papers are presented to the Board members typed, in electronic form or by fax.

4.16. After summarizing the voting results, the decision is signed by the Board chairman. The decision of the Board shall be numbered with a unique number, which consists of the consecutive number of the

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minutes of the Board meeting, consecutive number of the agenda item regarding the decision, and consecutive number of the decisions made on the given item on the agenda. If the Board makes a decision out of the scope of the agenda questions, in the second part of the consecutive number of the decision the number “0” shall be indicated, and, in the third part, the consecutive number of the decisions, made out of the scope of the agenda items.

4.17. The copies of the Board decisions (as well as the abstracts from the decisions) are presented to the stakeholders within ten days from the moment of signing the Minutes.

4.18. In order to perform (implement) the decisions and instructions (if any given) of the Board, within ten days upon receipt of the minutes of the Board the Chief Executive Officer of the Bank convenes a meeting of the Executive Committee, if necessary, where assignments are given to the relevant subdivisions/persons and their implementation dates are set.

CHAPTER 5. THE PROCEDURE OF DECISION MAKING DURING THE BOARD MEETING

5.1. The decisions on the topics discussed during the Board meeting are adopted by the majority of the votes of the Board members present at the meeting, unless otherwise provided by the law or the Bank’s charter.

5.2. In case of equality of votes, the vote of the Board chairman is decisive.

5.3. During the Board meeting each Board member has only one vote. The transfer of the voice or the voting right to another person (including the Board members) is not allowed.

CHAPTER 6. THE MINUTES-TAKING OF THE BOARD MEETINGS

6.1. All the Board meetings shall have minutes. The Minutes of the Board meeting are drawn up in Armenian and English languages, in a paper form, by preparing one document in two original copies, within ten days after the end of the Board meeting.

6.2. The Minutes shall include:

- a) consecutive number of the minutes,
- b) the date, the time and the venue of convening the Board meeting;
- b) participants of the Board meeting;
- c) the Agenda of the Board meeting;
- d) the questions put to the vote on and the results of voting according to each Board member who has participated in the Board meeting;
- f) the opinions and discussions of the Board members and of other participants of the Board meeting on the questions that are put to the vote;
- g) the decisions made during the Board meeting.

6.3. The Minutes are numbered with unique numbers.

6.4. The Minutes of the Board meeting are signed by all the Board members who have participated in the Board meeting and consequently, they are responsible for the accuracy and the reliability of the information reflected in the Minutes.


6.5. The Minutes of a Board meeting held remotely are drawn up based on the votes on agenda issues.

6.6. The materials (presentations, reports, etc.) on meeting agenda questions, are prepared in the Armenian and English languages, and are the annexes of the Meeting minutes that are an integral part of it. The minutes and annexes of the meeting are confidential and are information with limited access.

6.7. The meeting minutes are kept in paper form, and the annexes – in electronic form, in a special folder with limited access, envisaged for it, on the file server of the Bank. The files of the annexes are kept in encrypted form.

6.8. The Corporate Secretary is responsible for keeping the minutes and annexes. To ensure the accuracy and reliability of the annexes, they are signed by the Corporate Secretary with the electronic signature, provided to the latter by the Bank, by encrypting documents.

6.9. The Corporate Secretary is responsible for presenting the recommendations and decisions of the Board to the Bank’s executive body or other responsible persons, as well as to monitoring their implementation. The Corporate Secretary is responsible for overseeing the reporting process to the Board.

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CHAPTER 7. THE BOARD MEMBERS’ RIGHTS, DUTIES AND RESPONSIBILITIES

7.1. The Board members have the right in accordance with the law, the Bank’s charter, the Code, the internal legal acts and this regulation:

- a) to submit drafts of the Board decisions to the Board’s discussion;
- b) to make speeches, to present recommendations and ask questions during the Board meetings;
- c) to be nominated and elected to the positions of the Board chairman or his deputy (if such a position exists in the Bank);
- d) to participate in the General Meeting by a right of consultative vote.

7.2. The Board member can have other rights stipulated by law, by the Bank’s charter and by the internal legal acts.

7.3. According to law, to the Bank’s charter, to this regulation and the Bank’s other internal legal acts, the Board members are obliged to:

- a) participate in the Board meetings;
- b) comply with the requirements stipulated by the legislation of the RA and by the Bank’s internal legal acts;
- c) study the suggestions received from the Board chairman, Chief executive officer, his deputies, chief accountant, Head of internal audit division and other persons and subsequently express their opinion.

7.4. The Board member can have other duties stipulated by the legislation of the RA, the Bank’s charter and internal legal acts.

7.5. During the performance of their duties the Board members must act based on the Bank’s interests, exercise their rights and perform their duties towards the Bank in a conscientious and reasonable manner.

7.6. The Board members are liable for the actual damage/loss caused to the Bank as a result of their deliberate actions (inactions) in accordance with the legislation of the RA.

CHAPTER 8. TRANSITIONAL PROVISIONS

8.1. In case of changes in the current legislation, the Bank’s charter and the Code, the Board shall be guided according to the amended provisions of the legislation, by the Bank’s charter and Code, until the corresponding changes are made in this regulation.

8.2. The Regulation shall enter into force from the moment of its approval by the General Meeting

8.3. From the date of entry into force of this regulation, the “ACBA BANK” OJSC Board Regulation approved by Shareholders’ General Meeting on 25 May 2023, is declared invalid.