

# NOTICE OF MEETING



Thursday, 29th of May 2025 at 15:00 p.m.  
With and without the physical presence of the  
shareholders

**SHAREHOLDERS'  
ANNUAL GENERAL  
MEETING**

**2025**





# CONTENTS

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	<b>MESSAGE FROM THE CHAIRMAN</b>	<b>4</b>
	<b>MESSAGE FROM THE CHIEF EXECUTIVE OFFICER</b>	<b>6</b>
<b>01.</b>	<b>NOTICE ON THE ANNUAL GENERAL MEETING OF SHAREHOLDERS</b>	<b>8</b>
<b>02.</b>	<b>ACBA BANK</b>	<b>16</b>
<b>03.</b>	<b>CORPORATE GOVERNANCE REPORT 2024</b>	<b>34</b>
<b>04.</b>	<b>AGENDA OF THE GENERAL MEETING</b>	<b>108</b>
<b>05.</b>	<b>PRESENTATION OF DRAFT RESOLUTIONS</b>	<b>112</b>
<b>06.</b>	<b>CALENDAR 2025</b>	<b>124</b>

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# CHAIRMAN'S MESSAGE TO THE 2025 ANNUAL GENERAL MEETING OF SHAREHOLDERS



**RAFAYEL**

**SARGSYAN**

**CHAIRMAN OF  
THE BOARD**

**“ADVANCING GOVERNANCE.  
ANCHORING STRATEGY.”**

## **Dear Shareholders,**

As we convene for the 2025 Annual General Meeting, I am pleased to present this year's Board Report, a reflection not only of regulatory compliance, but of our determined journey to strengthen governance, align with best practices, and position ACBA for long-term resilience and value creation.

2024 was a strong year for Acba bank—both in governance and financial performance. The Bank delivered excellent results across key metrics, confirming the strength of our business model, customer relationships, and prudent risk management. These results provide a solid foundation for reinvestment, sustainable growth, and capital distribution aligned with our dividend policy.

At the same time, we made important strides in governance. The creation of the Strategy Committee marked a turning point in the Board's strategic involvement, sharpening our oversight of capital structure, ESG, digital transformation, and key business priorities. We also finalized the Board Self-Assessment Policy, a comprehensive framework that will institutionalize performance evaluations starting this year – promoting accountability, transparency, and continuous improvement at the Board level.

Our committees remained highly active throughout the year, refining policies and enhancing controls across audit, risk, compliance, nominations, and remuneration. A new Board Remuneration Scheme, grounded in fairness and European benchmarking, is set to take effect in 2025. We have also initiated steps to restore shareholder authority over Board compensation decisions, affirming our commitment

## CHAIRMAN'S MESSAGE TO THE

2025 ANNUAL GENERAL MEETING OF SHAREHOLDERS

to shareholder rights and alignment with the Corporate Governance Code adopted in August 2024.

These developments and other important initiatives are presented in detail in the renewed and comprehensive Board Report enclosed with this Notice. I encourage all shareholders to review the Report carefully to gain full insight into the work of the Board and its Committees throughout 2024.

Looking ahead, our focus in 2025 will be on implementing the full Board evaluation process, continuing governance alignment with the Corporate Governance Code, and enhancing the strategic engagement of the Board. Particular emphasis will be placed on strengthening group-wide governance and refining our long-term oversight of sustainability and risk.

The Annual General Meeting will be held on 29 May 2025, and I warmly invite all shareholders to participate – whether in person or through the available voting mechanisms. The AGM is more than a formal event; it is a meaningful opportunity to engage in dialogue, express views, and contribute directly to the governance of our Bank. Your voice matters, and your active involvement strengthens the accountability and direction of our institution.

I would like to extend my heartfelt gratitude to the clients of Acba bank for their continued trust, to our employees and executive management for their dedication and professionalism, and to my fellow Board members for their active engagement and commitment to our shared mission.

In particular, I would like to acknowledge and express sincere appreciation to Mr. Henrik Kochinyan, who has served on the Board since 2010 with great integrity and responsibility, and Mr. Klaus Gressenbauer, whose leadership in establishing the Audit Committee, strengthening internal audit, and enhancing oversight of financial reporting has been instrumental. As they prepare to step down at this AGM, we thank them deeply for their exceptional service and lasting contributions to the governance of our Bank.

On behalf of the entire Board, I thank you for your continued confidence and support. It is your trust that empowers us to lead with integrity, foresight, and purpose—and to build a governance model worthy of ACBA's mission and values.

**Warm regards,**  
**RAFAYEL SARGSYAN**  
**Chairman of the Board**  
**ACBA BANK OJSC**



# MESSAGE FROM THE CHIEF EXECUTIVE OFFICER



**HAKOB**

**ANDREASYAN**

**CHIEF EXECUTIVE OFFICER**

## Dear Shareholders,

Hard times bring not only challenges but also new opportunities. At Acba bank, we believe that by combining sustainable values, innovation, and a responsible approach, we can turn challenges and difficulties into opportunities.

This 2024 report is presented with a deep understanding of the complexities and opportunities that have shaped the economic and socio-political environment of the reporting year. Armenia has continued to develop despite unstable regional and global challenges, demonstrating resilience and potential.

From an economic perspective, 2024 was a year of steady growth and financial prudence. Economic activity reached 8.0%, while inflation was at 1%. Despite the complex geopolitical situation involving international sanctions, and border tensions, our country managed to sustain continuous growth. Against this backdrop, Acba bank not only contributed to the stability of Armenia's economy but also continued to serve as one of the driving forces behind its development.

## OVERVIEW OF OUR FINANCIAL RESULTS

Despite external uncertainties, Acba bank maintained a strong financial position in 2024. Here are the main highlights:

- Net profit amounted to **28.8 bln AMD**,
- Assets grew to **931.7 bln AMD**, reflecting an **18.9%** increase,
- Capital increased by **22.8%**, reaching **163.4 bln AMD**,

- Loan portfolio expanded by **16.8%**, reaching **629.3 bln AMD**, while the portfolio of deposits and issued bonds grew by **18.9%**, reaching **623.5 bln AMD**.
- Acba leads the market in the number of POS terminals (holding **44.2%** of the market), ATMs (**17.2%** market share), and issued bank cards (19.7% market share). The bank also holds a **30.1%** share in financing the country's agricultural sector.

These results reflect the trust of our customers and partners, the effectiveness of our business model, and the high level of teamwork within our organization.

## TURNING CHALLENGES INTO NEW OPPORTUNITIES

In anticipation of the challenges of 2024 and beyond, Acba bank significantly strengthened its ties with internationally renowned organizations by signing record-breaking loan agreements and risk-sharing deals:

- **Proparco** became Acba's shareholder, acquiring **10%** of the bank's shares.
- Acba signed a **€55 million** loan agreement with the **European Investment Bank (EIB)**, marking the EIB's first direct and significant loan to a commercial bank in Armenia.
- The bank signed a **\$50 million** agreement with the U.S. International **Development Finance Corporation (DFC)**, the first of its kind for Armenian commercial banks.
- Acba secured a **\$50 million** loan agreement with **Japan International Cooperation Agency (JICA)**, marking JICA's first partnership in Armenia.
- The bank signed Armenia's largest risk-sharing agreement with the **International Finance Corporation (IFC)** for **\$50 million**.
- The **European Bank for Reconstruction and Development (EBRD)** signed its first-ever **€50 million** risk-sharing agreement in Armenia with Acba.

These milestones demonstrate not only trust towards Acba Bank but pave the way for new opportunities, facilitating further investments in Armenia's economy and the introduction of innovative products.

## VISION FOR THE FUTURE

The future holds both opportunities and challenges for us. Digital transformation and the world's daily developments will reshape our customers' expectations, financial management methods, and the very essence of banking.

In the near future, we will continue the consistent implementation of our digital transformation strategy, introducing new tools and initiating a number of innovative projects aimed at enhancing customer experience and improving operational efficiency.

In particular, we will continue to focus on the digital transformation of the bank and the development of digital platforms, improving the quality of customer service, enhancing the efficiency of internal processes, reducing costs, improving credit processes, automation, increasing profitability, as well as investing in Sustainable Development and ESG (Environmental, Social, and Governance) standards.

All of this will allow us to be more competitive and an even greater driver of Armenia's economic development.

With this strategy, we look to the future with a clear goal of becoming the bank of choice, driven by the needs of our customers and working together to create a financially stable, efficient, and secure environment.

New structural changes, the role of our employees, and continuous improvement will ensure our competitiveness and progressive development. Acba bank moves confidently toward the future, ready to contribute to the development of Armenia's financial and banking sector.

Together, we have the power to be the locomotive and the driving force of progress.

Sincerely,  
**HAKOB ANDREASYAN**  
CEO,  
ACBA BANK OJSC



# NOTICE ON THE ANNUAL GENERAL MEETING OF SHAREHOLDERS

**“ACBA BANK” OJSC**  
Annual General Meeting  
of Shareholders

Thursday, 29th of May 2025,  
15:00 p.m.

With and without the physical  
presence of the shareholders



**“ACBA BANK” OJSC**  
Annual General Meeting  
of Shareholders

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## WARNING

At its meeting of 20th of February 2025, the Board of Acba bank, called the shareholders to hold an Annual General Meeting on Thursday, May 29, 2025 at “FOODPARK BY DOWNTOWN” center (located at 11, Isakov avenue 0002 Yerevan, RA) with the physical presence of a limited number of its shareholders. Shareholders that will not attend the Annual General Meeting physically will have the opportunity to attend the meeting and to vote by special means of communication in real time.

**Acba bank is making every effort to ensure that the shareholders fully enjoy their rights in the current situation, under the easiest and safest possible conditions. There is an opportunity to communicate and vote in real time.**

Acba bank invites its shareholders to regularly consult the page dedicated to the Corporate Governance on its website, where you will find all the materials of the Annual General Meeting. You can go to the mentioned page by the following [link](#). The Bank will also send the meeting materials to your e-mail addresses.

## THE PROCEDURE FOR PHYSICAL PARTICIPATION IN THE MEETING

The shareholders who wish to attend the meeting physically must send an admission application on-line via [www.invest.acba.am](http://www.invest.acba.am) webpage no later than by May 27, 2025. A maximum of 100 shareholders may be physically present at the meeting due to the capabilities of the meeting hall. Therefore, the shareholders who submitted the first 100 applications will have the opportunity to participate in the meeting (ID is required).

If you have not submitted an application for physical participation in the meeting or your application has not been accepted, you can attend the meeting in real time mode via “**Microsoft teams**”, the link of which will be additionally sent to your e-mail address.

You will be notified if your request to attend the meeting in person is accepted or denied.

If your authorized representative will attend the meeting in person and/or vote on your behalf, a power of attorney or other document establishing their authority must be submitted in accordance with the law.

## THE PROCEDURE FOR WRITTEN QUESTIONS

Each shareholder has the right to submit one or more written questions, the answers to which will be published on the website of Acba bank at the following link, and will also be presented during the General Meeting under the conditions described below:

### SUBMISSION OF QUESTIONS

Shareholders wishing to submit questions in writing may, from the date of the Notice of Meeting until May 27, 2025, send them either by registered letter with return receipt requested to the Chairman of the Board of the Bank at the the Bank’s registered office address, or by email to: [ir@acba.am](mailto:ir@acba.am).

## 01. NOTICE ON THE ANNUAL

### GENERAL MEETING OF SHAREHOLDERS

#### Important to know

The registration of meeting participants will take place on May 29, 2025, at 15:00. The following rules apply to the calculation of the quorum and the summary of voting results:

- › registered shareholders who wish to attend the General Meeting must show up at the reception desk at 14:30 on the day of the meeting with proof of identity (as well as the document justifying the representation, in case of being a representative);
- › shareholders joining the meeting via **"Microsoft Teams"** must enter their name, surname and identity document information in a personal chat section;
- › the votes of shareholders who voted before the end of the specified period (May 29, 2025, 24:00) will be taken into account for calculating the quorum and summarizing the voting results.

You can also submit written questions during the General Meeting via Microsoft Teams, in case of remote attendance, or in person, in case of physical participation.

#### IMPORTANT TO KNOW

Only questions submitted through this procedure within the allotted time will be addressed.

#### MODERATION AND ANSWERING OF QUESTIONS

Acba bank will make every effort to answer all questions that are received in this context. However, if necessary written questions may be moderated to avoid any incidents during the meeting. Shareholders are asked to observe the following rules:

- › Only questions related to the agenda of the General Meeting will be addressed.

- › No questions relating to personal matters, customer focus or commercial issues will be addressed. Please address such questions to the Bank's official e-mail address: **acba@acba.am**.
- › Any comments or questions containing abusive or defamatory language will not be addressed.
- › Any questions that are not sufficiently understandable or intelligible will not be addressed. It is the shareholder's responsibility to ensure that the question is properly framed and clear.
- › As many questions as possible will be addressed at the meeting after being grouped by topic. The responses provided at the meeting will be published on the Acba bank's website. Questions that could not be answered during the meeting will also be posted on the Bank's website.

#### THE START OF THE MEETING.

We remind you that the meeting will start on May 29, 2025 at 15:00. A link to join the meeting remotely will also be sent to your email address.



## CONDITIONS FOR EXERCISING YOUR VOTING RIGHT

In accordance with Decision of the Board of Acba bank, all shareholders, regardless of the number of shares held, who will be listed in the Bank's Register of shareholders as of **18:00 of 02 nd of May 2025** and who hold personal securities accounts shall have the right to participate in the General Meeting.

### HOW DO I EXERCISE MY VOTING RIGHTS?

Shareholders may exercise their voting rights through the following options:

- **By voting ballot:** by sending the voting ballot to the bank by post or email. Shareholders attending the General Meeting in person may vote by handing over the ballot to the secretary of the meeting during the Meeting, or
- **Electronically:** via the CDAonline mobile application or the website (<https://online.cda.am>) of the Central Depository of Armenia, :

If the same shareholder votes with a ballot more than once, the position expressed on the ballot submitted at the latest will be considered final, and the previous one(s) will be considered invalid and will not be taken into account during the counting of votes.

If the same shareholder votes both by ballot and electronically, the vote submitted at the latest will

be considered final, and the previous votes will be considered invalid and will not be taken into account during the counting of votes.

The voting results will be summarized by the counting committee of Acba bank within a period of 5 business days after the end of the meeting. The counting committee has the following composition.

**Chairman of the committee:**

**NAREK ANTONYAN**

(Head of Investor Relations Division, Acba bank)

**Committee members:**

**TATEVIK IGITYAN**

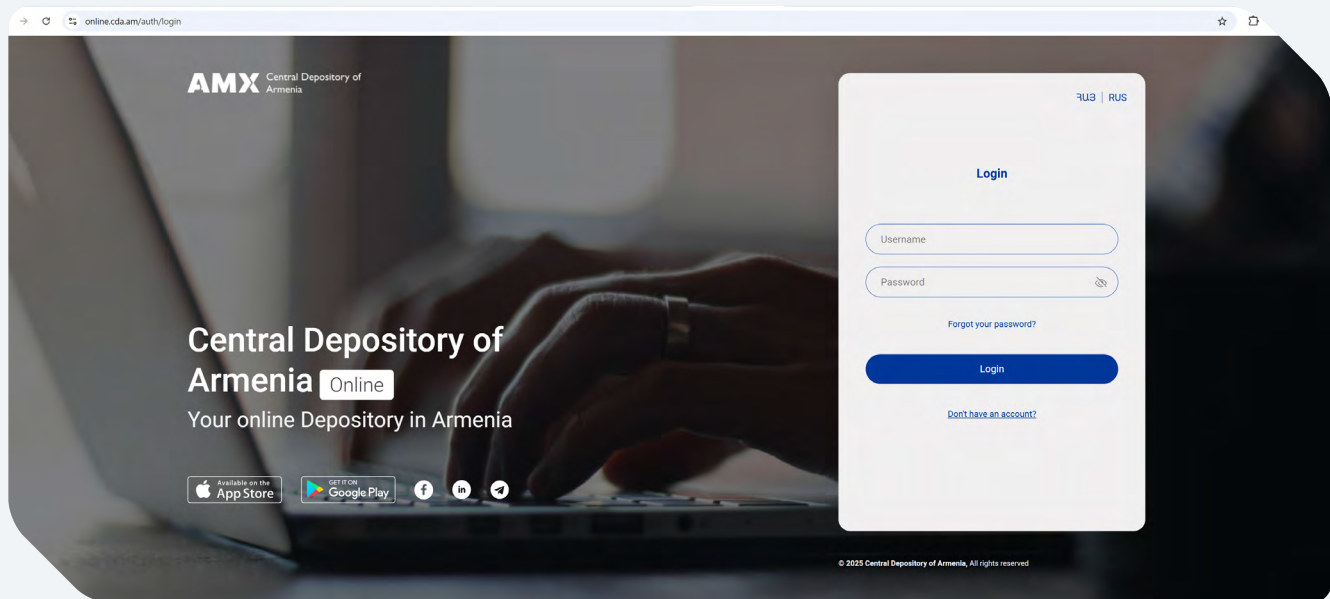
(Corporate Secretary, Acba bank)

**SIRANUSH HARUTYUNYAN**

(Head of Dealing Back Office Division, Acba bank)

## VOTING BY ELECTRONIC MEANS

You have the opportunity to vote at the Annual General Meeting electronically through the CDAonline mobile or web applications (<https://online.cda.am> website) of the Central Depository of Armenia.



### IMPORTANT TO KNOW

Electronic voting through the CDAonline mobile application or the website <https://online.cda.am> will be available from 09:00 of 08th of May 2025 until 24:00 of 29th of May 2025. Before the end of the specified period, you have the right to change your vote, which will be counted as the final one.

Electronic voting offers the same options as the paper form.

In order to vote you need to log in to the web application with the following link <https://online.cda.am/auth/login> or in your mobile application and enter your "Username" and "Password" (if you are not a registered user yet, you must register at first guided by the following user manual (<https://cda.am/am/document?id=1487>)).



After going to the **“Active”** subsection, it is necessary to vote separately for each of submitted resolutions voting by clicking the vote button.

Գլխավոր էջ / Էլեկտրոնային քվեարկություն / Ակտիվ

Ֆիլտր

Ակտիվ Արխիվ

Հանդիպման ID	Բողարկողի անունը	Հանդիպման տեսակը	Հարցերի քանակ	Հանդիպման ամսաթիվը - Վերջին փոփոխության ամսաթիվ	Հաշվի տեղեկանք	Կարգավիճակ
20	[Redacted]	Հակաբանեցողական ընկերություն	1	2020-12-25 2020-12-24	[Redacted] թԹ	Ակտիվ
21	[Redacted]	Հակաբանեցողական ընկերություն	1	2020-12-28 2020-12-25	[Redacted] թԹ	Անտեսակցված
18	[Redacted]	Հակաբանեցողական ընկերություն	2	2020-12-30 2020-12-28	[Redacted] թԹ	Ակտիվ

After voting on all the resolutions submitted for discussion, it is necessary to click the **“Vote”** button, after which only your vote will be considered valid.

Հանդիպման ID	Բողարկողի անունը	Հանդիպման տեսակը	Հարցերի քանակ	Հանդիպման ամսաթիվը - Վերջին փոփոխության ամսաթիվ	Հաշվի տեղեկանք	Կարգավիճակ
18	[Redacted]	Հակաբանեցողական ընկերություն	2	2020-12-30 2020-12-28	[Redacted] թԹ	Ակտիվ

**Question 1 am**  
Description am

Հարցի ID	6
ԽՈՏ-ի ցուցակ	[Redacted] ՑԱՅ
Բվեարկության մնացորդ	4.00
Որոշման տեսակը	Արտառոց
Բացել / փակել	Փակ
Վերաբերյալ	Ուժեղացում
Ներկայացվել է *	Կառավարում
Բվեարկության տեսակ	<b>ԳՎԱ</b>

Բվեարկել

**Question 2 am**  
Description am

Հարցի ID	7
ԽՈՏ-ի ցուցակ	[Redacted] ՑԱՅ
Բվեարկության մնացորդ	4.00
Որոշման տեսակը	Հարուկ
Բացել / փակել	Փակ
Վերաբերյալ	Լուծարում
Ներկայացվել է *	Բանձնատեր
Բվեարկության տեսակ	<b>ԳՎԱ</b>

Բվեարկել

Կատարել քվեարկություն

### If you have any questions or problems logging on

You should contact ACBA Bank every business day (Mondays to Fridays) between 9:00 a.m. and 5:30 p.m.: +374 10 31 88 88 (internal number 8125 or 8369) or at **dealing.backoffice@acba.am**.

# VOTING USING THE PAPER FORM

You have the opportunity to vote at the Annual General Meeting by ballot. For this purpose, the ballot paper you filled out should be sent to Acba bank [ir@acba.am](mailto:ir@acba.am) or submitted in paper form to 82-84 Aram, RA, Yerevan.

You can find the example of the voting ballot on page **15** of this notice, and it will also be sent to your email address.

The agenda question and proposed draft resolutions are presented on pages **112 to 123** of this notice.

## ORDER OF FILLING AND PRESENTING THE VOTING BALLOT.

- STEP 1:** Download the ballot and fill it in.
- STEP 2:** Fill in your details.
- STEP 3:** Enter the date and sign.
- STEP 4:** Send the completed ballot.  
(signature is not required when sending the ballot from your email address registered in ACBA Bank)

**ATTENTION:**

The voting ballot shall be filled by using 1 of proposed signs "X" or "V".

Only one box shall be filled in for each resolution.

The voting ballot shall not be filled in with deletions.

The voting ballot will be considered as invalid if it is not filled in or not signed or signed by a non-authorized person.

If the ballot paper is not filled in or filled in incompletely in relation to any of the draft resolutions, or if it is filled in against the requirements of this instruction, the vote on the given resolution will not be taken into account during the counting of votes.

Please submit your completed ballot to Acba bank or mail no later than **by 24:00 of 29th of May 2025.**

All ballots received after this date will not be counted.

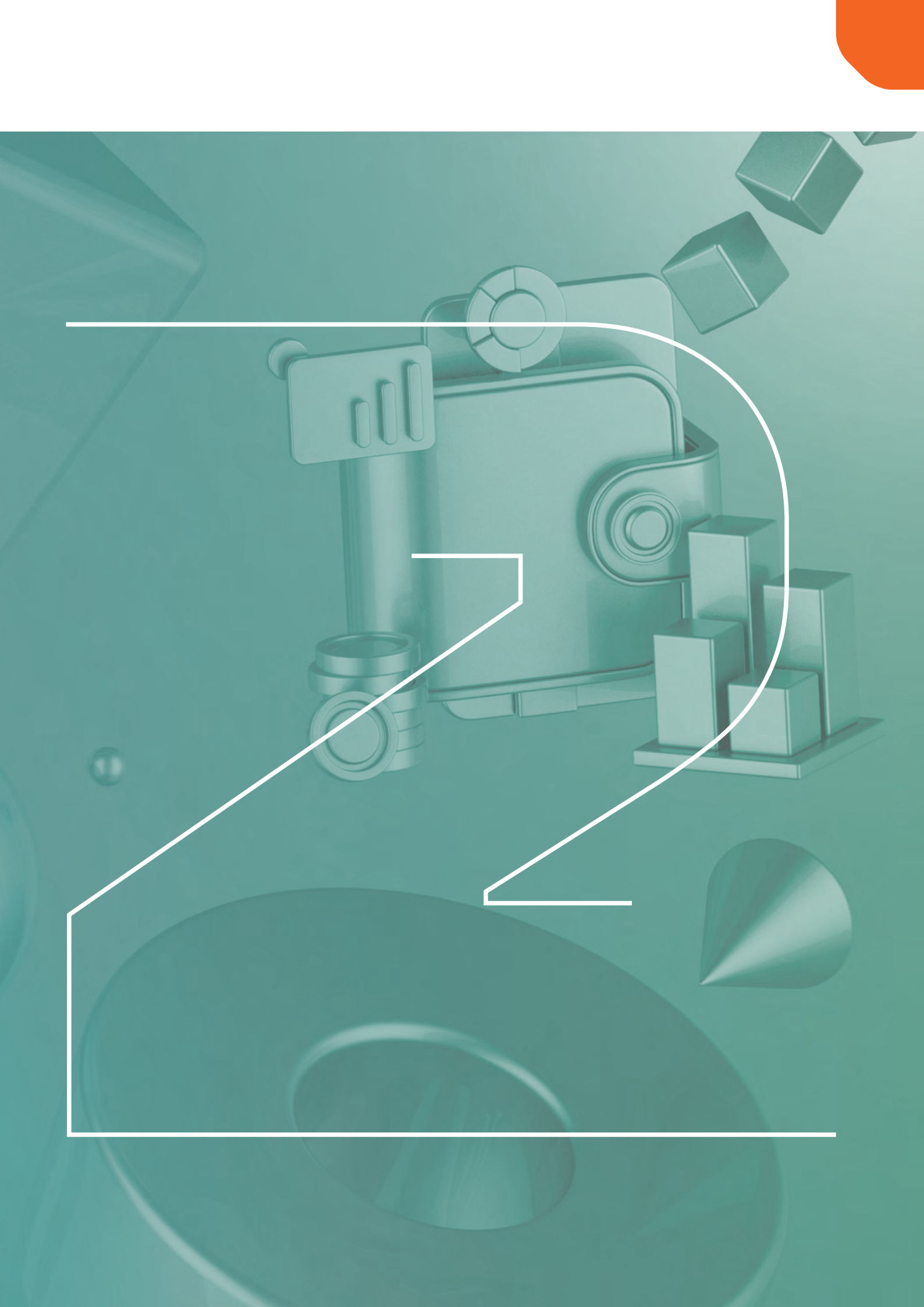
If you have any questions or problems, you should contact Acba bank every business day (**Mondays to Fridays**) between 9:00 a.m. and 5:30 p.m.:

**+374 (10) 31 88 88** (internal number **8329**) or at [lawyer@acba.am](mailto:lawyer@acba.am).



# ACBA BANK

NOTICE OF THE 2025 ANNUAL GENERAL MEETING OF SHAREHOLDERS





# 2024 OUR MISSION IN ACTION

Throughout 2024, we remained committed to driving economic progress, supporting our clients, and contributing to the prosperity of society. By delivering innovative financial solutions and maintaining a high standard of service, we reinforced our role as a trusted partner, dedicated to empowering both businesses and individuals. Our focus on expanding digital services, improving customer experience, and fostering sustainable development reflects our continuous commitment to excellence in all our endeavors.

## CONTRIBUTE TO THE SUSTAINABLE DEVELOPMENT OF SOCIETY WITH UNIQUE AND INNOVATIVE SOLUTIONS

Acba bank's end purpose **is to be a trusted partner to all its customers.**

Its solid position and diverse expertise enable Acba bank to provide all its customers with ongoing daily support and assistance for their life projects, by helping them to guard against uncertainties and plan for the long term.

Acba bank is committed to identifying and protecting the interests of its customers in all areas. We advise them with transparency, loyalty and pedagogy.

**We place human responsibility at the core of our model:** we are committed to helping all our customers benefit from the best technology while ensuring they have access to a competent and dedicated team capable of supporting every aspects of the customer relationship.

**Proud of our cooperative roots, which trace back to the French Crédit Agricole bank in the 1990s,**

we are guided by a governance structure that represents our customers' interests. This foundation drives our efforts to support Armenia's economy, foster entrepreneurship, and encourage innovation across all regions. Rooted in cooperation and mutual aid, we remain dedicated to advancing both the social and environmental progress of our communities. Through intentional actions, we actively contribute to societal transformations.

We serve everyone: from the most modest to the wealthiest households, from local professionals to largest companies.

This is how Acba bank demonstrates its usefulness and availability to its customers, and the commitment of its more than 1,700 employees to excellence in customer relations and operations.



## ACBA BANK

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Acba bank is one of the largest banks in Armenia, which provides universal banking services. The Bank is represented in all regions of Armenia, in all major cities and towns. It covers all markets - individual customers, SMEs and small businesses, as well as corporate banking. The Bank is the leading company providing banking services in the field of agriculture in Armenia. Acba bank is recognized for its stability, high quality of services, as well as its commitment to sustainable development and social responsibility.

**OUR OFFERING.** Acba bank offers a complete range of banking products and services to its customers, covering finance, savings, payments and money transfers. With branches nationwide (65 branches) and an online banking service, the Bank aims to develop a close customers relationships.

## SIGNIFICANT PARTICIPANTS AND BENEFICIAL OWNERS



### “ACBA FEDERATION” Closed Joint-Stock Company

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- ▶ Acba Federation has been a qualifying shareholder (significant participant) in Acba bank since 2017, currently holding 4,488,993 shares (75% of the Bank's equity).
- ▶ Acba Federation was established in 2017 by ten Agricultural Cooperative Regional Unions (ACRUs) NGOs, each of which is based in one of the regions of Armenia. The ACRUs were former direct shareholders (and founders) of the Bank, before founding ACBA Federation in 2017. The 10 ACRUs are backed by more than 75,000 members, individual farmers from all regions of Armenia.
- ▶ Acba Federation, through its participation in Acba bank's equity, is highly active in agriculture sector across Armenia, aiming to foster agricultural development nationwide. In this role, it contributes to rural prosperity and community growth, supports agricultural startups and community development efforts, and helps establish pilot farms that introduce advanced agricultural business management practices.



## «SOCIÉTÉ DE PROMOTION ET DE PARTICIPATION POUR L'ACOOPERATION ÉCONOMIQUE» (Proparco)

- Proparco joined Acba bank as a qualifying shareholder (significant participant) at the end of 2024, holding 598,500 shares (10% of the Bank's equity).
- Proparco is a subsidiary and the private-sector financing arm of the Agence Française de Développement Group (AFD Group).
- It has been promoting sustainable economic, social and environmental development for over 45 years. Proparco provides funding and support to both businesses and financial institutions mainly in Africa, Asia, Latin America and the Middle-East. Its action focuses on the key development sectors: infrastructure, mainly for renewable energies, agribusiness, financial institutions, health and education.
- Its operations aim to strengthen the contribution of private players to the achievement of the Sustainable Development Goals (SDGs) adopted by the international community in 2015. To this end, Proparco finances companies whose activity contributes to creating jobs and decent incomes, providing essential goods and services and combating climate change. They contribute to building sustainable economic growth and reducing poverty.
- Agence Française de Développement (AFD) is an indirect significant shareholder in the Bank via Proparco. AFD is an industrial and commercial state-owned entity (EPIC) under the French Government, operating as a financially independent legal entity. As a financing institution serving the public interest, AFD holds approximately 84% of Proparco's shares.

## OTHER SHAREHOLDERS

- A combined total of 897,507 shares (15% of the Bank's equity) is owned by other individuals and legal entities, including employees.
- Most employees became shareholders through the Employee Stock Ownership Program (ESOP) conducted in April 2021 in collaboration with ACBA FEDERATION CJSC, ACBA LEASING CO CJSC, and the Bank. Under this ESOP, 147,530 shares were allocated to more than 1,100 employees of these organizations.
- Additional employees, as well as various individuals and legal entities, acquired shares during the Bank's first IPO in September-November 2021.
- From February 1, 2022, Acba Bank's shares have been listed on the Main "A" list of the Armenia Stock Exchange, allowing market participants to buy or sell the free float portion of shares in a flexible and transparent manner.

## BENEFICIAL OWNERS

According to the RA Law On Combating Money Laundering And Terrorism Financing Acba bank's CEO, Hakob Andreasyan, is considered to be the beneficial owner of the Bank.

According to Article 3, Clause 14 of the mentioned law -The beneficial owner is a natural person on behalf or for the benefit of whom the customer actually acts, and (or) who actually (de facto) controls the customer or the person on behalf or for the benefit of whom the transaction is made or the business relationship is established. The beneficial owner of a legal entity (except for a trust or other legal arrangement that does not have the status of a legal entity under foreign law) is considered to be a natural person who:

- ▶ a) directly or indirectly owns 20 percent or more of the voting shares (stocks, units) of a given legal entity or directly or indirectly has a 20 percent or more participation in the authorized capital of a legal entity,
- ▶ b) exercises real (actual) control over a given legal entity by other means,
- ▶ c) is an official exercising general or current management of the activities of the legal entity in the event that there is no natural person meeting the requirements of subparagraphs "a" and "b" of this clause. Considering the fact that there is no natural person according to the subparagraphs a and b in the Bank, in our case the Chief Executive Officer (CEO) is considered as beneficial owner, in accordance with subparagraph c.



## COMPANIES WITH SUBSTANTIAL PARTICIPATION OF ACBA BANK



By the Decision of the Central Bank of Armenia, dated 28.04.2017 "ACBA-CREDIT AGRICOLE BANK" CJSC, "ACBA LEASING" CO CJSC " and "AMUNDI-ACBA ASSET MANAGEMENT" CJSC" have been qualified (recognized) as a financial group - "ACBA-CREDIT AGRICOLE GROUP".

By the "ACBA BANK" OJSC's Board decision of 14/08/2020 the financial group has been renamed to "ACBA GROUP". "ACBA BANK" OJSC has been appointed as a responsible person of the "ACBA GROUP" financial group.



# “ACBA LEASING” CO CJSC

ACBA Leasing is the first leasing company in Armenia and is the absolute leader of the Armenian leasing market. The company’s stable leading position is conditioned by the high quality of the offered services, stable and mutually beneficial relations with the customers and suppliers, as well as by the efficiency of its activities.

### OUR OPERATIONS.

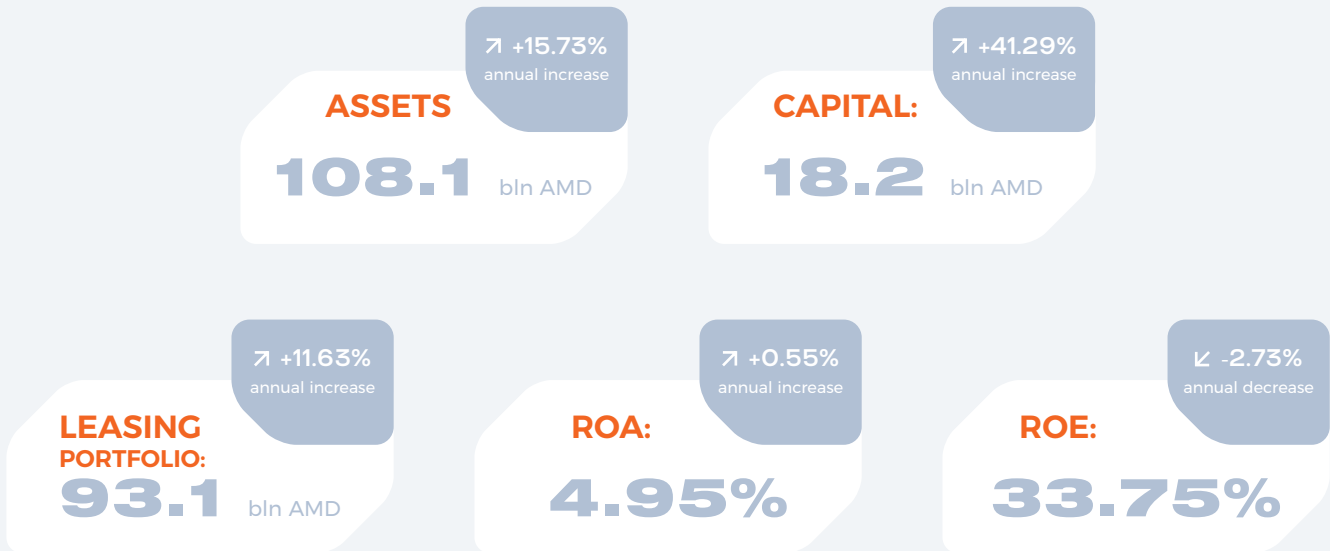
ACBA Leasing finances all sectors of the economy, is physically present in all regions of the Republic of Armenia, thanks to a network of branches of ACBA Bank. The company closely cooperates with a wide range of suppliers, as a result of which it has a fairly diversified

leasing portfolio both by suppliers and by property types.

The company productively cooperates with various funds promoting green financing. Majority of Leasing’s portfolio comprises of resource saving and energy efficient equipment, green leasing provided within the “Green Leasing” sub-brand accounts for 21.5% of the portfolio.

“ACBA LEASING” as a leading financial partner continues its active cooperation with the Government of the Republic of Armenia in implementing state subsidy programs.

### KEY FIGURES\*



### SHAREHOLDERS

The 100% shareholder of ACBA Leasing is “ACBA BANK” OJSC.

ACBA Leasing has been founded in 2003 by French Crédit-Agricole banking group and “ACBA-CREDIT AGRICOLE BANK” CJSC. It has been licensed by the Central Bank of Armenia in the same year as a credit organization.

\* as of 31.12.2024



# Amundi acba

ASSET MANAGEMENT

## “AMUNDI-ACBA ASSET MANAGEMENT” CJSC

AMUNDI-ACBA is a long-term leading institutional investor in Armenia, recognized for high quality and transparency of its services and stakeholder relations, its organizational efficiency and commitments to sustainable development and social responsibility.

**OUR OFFERING.** Amundi-Acba manages 3 funds within the mandatory pension funds system: Balanced (AMBAL), Conservative (AMCON) and Fixed income (AMFIX) funds, the main purpose of which is to ensure the maximum return on assets at an acceptable level of risk by making investments in accordance with the RA legislation.

### KEY FIGURES\*

#### ASSETS UNDER MANAGEMENT

↑ +36%  
annual increase

**565** bln AMD

The mentioned amount has been generated from net pension contributions (79%) and income earned from the management of assets (21%)

#### NUMBER OF PARTICIPANTS:

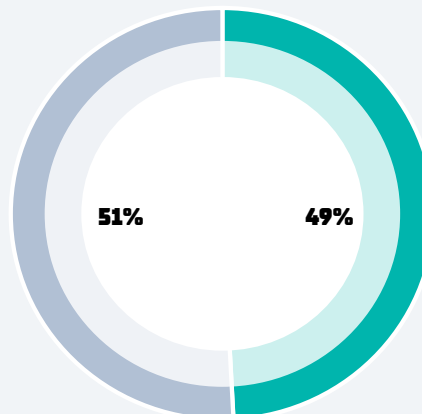
↑ +13%  
annual increase

**510 146**

annual increase of 57 833 participants or around 13%

### SHAREHOLDERS

AMUNDI ASSET  
MANAGEMENT



ACBA BANK OJSC

Amundi-Acba has been founded and licensed by the Central Bank of Armenia in November 2013 as a mandatory pension funds manager.

\* as of 31.12.2024

## “ACBA TECHNOLAB” LLC

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“ACBA TECHNOLAB” LLC was established by the Bank in 2021 to provide educational services. In 2025 the organisation went through liquidation procedure.



## OUR EXTERNAL AUDITOR

The Bank's external auditor for the financial year ended 31 December 2024 was Pricewaterhouse Coopers Armenia LLC(PwC).

In accordance with the terms of engagement, the contractual fee for the provision of external audit services amounted to AMD 57 240 000 (fifty-seven million two hundred forty thousand). This information is disclosed in the Acba bank OJSC IFRS Consolidated Financial Statements and Independent Auditor's Report as of 31 December 2024.

### ASSESSMENT OF AUDITOR INDEPENDENCE

PwC is independent of the Bank in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code).

In alignment with the Bank's approach to maintaining auditor independence, the Audit Committee is entrusted with the following responsibilities:

- ▶ Overseeing the implementation of the policy by management regarding the engagement of the external auditor for non-audit services, ensuring compliance with applicable regulatory requirements;
- ▶ Pre-approving any non-audit services proposed to be provided by the external auditor.

As a result of implementing such a supervisory function, no instances of independence violations have been recorded.

Furthermore, PwC declares its independence during the Bank's Audit Committee meetings, which further reinforces its commitment to the relevant ethical standards and ensures the auditor's independence is maintained throughout the engagement.

## SHARES OF THE BANK

The Bank has a share equity that is equal to the amount of nominal value of all outstanding shares. The total share equity currently amounts to AMD 89,775,000,000, (eighty-nine billion seven hundred seventy-five million) divided into 5,985,000 (five million nine hundred eight-five thousand) common shares with a nominal value of AMD 15,000 (fifteen thousand) each. The Bank is authorised to issue an additional 2,500,000 (two million five hundred thousand) common shares. The Bank's shares are non-documentary and indivisible. The Bank have not issued preferred shares, if issued, the total nominal value of such shares must not exceed 25% of the Bank's total share equity.

Each ordinary share provides its holder with equal rights, including the right to:

- ▶ participate in and vote at the General Meeting on all matters within the mandate of the General Meeting, proportionate to the number of voting shares owned;
- ▶ engage in the governance of the Bank;
- ▶ receive dividends from the profit generated by the Bank's activity;
- ▶ exercise a pre-emptive right to acquire shares issued by the Bank;
- ▶ access information regarding the Bank's activities envisaged by law, including financial statements and reports, upon written request, free of charge, within three business days;
- ▶ initiate external audit (if holding at least 5% of voting shares), select the auditor, and seek reimbursement of audit expenses if the audit is deemed justified by the General Meeting;
- ▶ be represented at the General meeting by authorised third party;
- ▶ submit proposals and recommendations to the General Meeting;
- ▶ vote in proportion to fully paid voting shares
- ▶ receive a due part of the property in case of Bank's liquidation;
- ▶ file a claim in court to challenge decisions of the General Meeting that contradict the applicable laws, other legal acts or the Bank's Charter;
- ▶ freely alienate or transfer their shares without the consent of other shareholders;
- ▶ unite with other shareholders to appoint a representative to the Board\*;
- ▶ demand that the Board convene a meeting, of holding at least 5% of voting shares;
- ▶ review the minutes of General Meetings.

Shareholders bear the risk of losses related to the Bank's activity within the limits of the value of the shares they own and are not liable for the obligations of the Bank.

\* Shareholders holding 10% or more of the voting shares as of the date of compiling the list of shareholders entitled to participate in the General Meeting may appoint a representative to the Board without election by the General Meeting. Those holding less than 10% individually may unite, and if their total exceeds 10% of voting shares, they may also appoint a joint representative to the Board without an election, provided there is a formal shareholder agreement, and the General Meeting is informed of its existence in accordance with the law. Shareholders holding less than 10% and not united may still jointly elect a common representative to the Board without General Meeting election. Only minority shareholders, even if only one, participate in this vote. The representative is elected by a simple majority.



## DIVIDEND POLICY

The dividend policy is defined by the Board of Acba bank. The amount of dividend to be allocated cannot be less than 20 percent of the Bank's net profit based on the results of the previous financial period, with the exception of the cases defined in Clause 4.2 of the Policy.

Based on the Bank's results of the previous year, each year the Board submits a proposal to the General Meeting of Shareholders about the payment of

dividends, which makes the final decision on the payment of dividends during the given year.

You can access the Bank's dividend policy by the following [link](#).

For the last five financial years, Acba bank distributed the following dividends, as indicated in the table below (presented according to the financial results of the mentioned year):

	2019	2020	2021	2022	2023
<b>Total distributed dividends (AMD)</b>	<b>1.7 bln</b>	<b>2.5 bln</b>	<b>3.3 bln</b>	<b>4.4 bln</b>	<b>5.5 bln</b>
<b>Net dividend per 1 share (AMD)*</b>	<b>680,000</b>	<b>500</b>	<b>600</b>	<b>800</b>	<b>1000</b>
<b>Payout ratio (paid dividends/profit)</b>	<b>24%</b>	<b>92%</b>	<b>34%</b>	<b>19,5%</b>	<b>19,4%</b>
<b>Number of shares</b>	<b>2,500</b>	<b>5,000,000</b>	<b>5,500,000</b>	<b>5,500,000</b>	<b>5,500,000</b>
<b>Profit per 1 share (AMD)*</b>	<b>2,782,091</b>	<b>545</b>	<b>1,801.56</b>	<b>4,104</b>	<b>5,162</b>

The bank's shares are listed on the Armenia Security exchange. For more information, please visit the following link: [https://amx.am/en/market\\_data/equity](https://amx.am/en/market_data/equity).

\* As a result of the placement of additional shares in 2021, the number of the Bank's shares amounted to 5,500,000 (five million five hundred thousand) shares. The Extraordinary General Meeting of Shareholders of 21/11/2024 approved a new edition of the Bank's Charter. In scope of this, the Bank's charter capital increased by 4,850,000,000 AMD due to the issuance of additional shares, and by 29,925,000,000 AMD due to the increase in the nominal value of the shares. Consequently, the total increase in the Bank's charter capital was 34,775,000,000 AMD, bringing the total to 89,775,000,000 AMD, while the nominal value of one share increased from 10,000 AMD to 15,000 AMD. This amendment to the Charter was officially registered with the Central Bank of the Republic of Armenia on 11/12/2024.

# ACBA BANK'S OPERATIONS AND CONSOLIDATED RESULTS

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2024\*

(IN THOUSANDS OF ARMENIAN DRAMS)

	Note	31.12.2024.	31.12.2023.
<b>ASSETS</b>			
Cash and cash equivalents	8	106,030,069	78,159,849
Derivative financial assets	9	158,180	199,957
Loans and advances to banks	10	81,482,428	99,410,514
Investment securities	11		
> Held by the Bank		62,108,609	21,422,936
Loans to customers	12	536,210,032	455,199,337
Receivables from finance leases	13	93,105,821	83,406,426
Investments in associates	37	2,044,092	1,775,530
Property, equipment and intangible assets	14	29,114,084	27,110,978
Other assets	17	21,443,834	17,108,253
<b>TOTAL ASSETS</b>		<b>931,697,149</b>	<b>783,793,780</b>
<b>LIABILITIES</b>			
Deposits and balances from banks	18	462,797	1,152,894
Current accounts and deposits from customers	19	584,122,036	503,231,650
Debt securities issued	20	39,408,576	21,087,118
Other borrowed funds	21	110,883,860	95,125,094
Current income tax liabilities		3,313,374	3,812,792
Deferred tax liabilities	15	505,767	732,149
Other liabilities	23	16,927,858	12,880,467
Subordinated loans	22	12,632,502	12,661,577
<b>TOTAL LIABILITIES</b>		<b>768,256,770</b>	<b>650,683,741</b>
<b>EQUITY</b>			
Share capital	24	89,775,000	55,000,000
Share premium	24	3,811,978	1,750,000
Share-based payment reserve	25	3,517,422	3,517,422
Revaluation reserve for property and equipment		3,757,943	3,909,911
Revaluation reserve for investment securities		304,799	151,526
General reserve		13,466,250	8,250,000
Retained earnings		48,806,987	60,531,180
<b>Total equity</b>		<b>163,440,379</b>	<b>133,110,039</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>931,697,149</b>	<b>783,793,780</b>

\* Signed and authorized for release on behalf of the Management of the Bank on 16<sup>th</sup> of April 2025. The 2024 consolidated annual financial statements are published on the Bank's webpage at the following [address](#).



# ACBA BANK'S OPERATIONS AND CONSOLIDATED RESULTS

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE YEAR ENDED 31 DECEMBER 2024\*

(IN THOUSANDS OF ARMENIAN DRAMS)

	Note	2024	2023
Interest revenue calculated using effective interest rate	27	79,644,047	68,851,092
Other interest revenue	27	12,524,767	10,445,440
Interest expense	27	(37,604,761)	(32,040,310)
<b>Net interest income</b>		<b>54,564,053</b>	<b>47,256,222</b>
Credit loss (expense)/reversal		(2,350,038)	565,530
<b>NET INTEREST INCOME AFTER CREDIT LOSS EXPENSE</b>		<b>52,214,015</b>	<b>47,821,752</b>
Fee and commission income	28	14,706,808	13,097,686
Fee and commission expense	28	(6,599,484)	(5,014,623)
Net gain on financial instruments at fair value through profit and loss		581,991	400,019
Net gain from foreign exchange trading activities		4,995,441	5,333,764
Net gain/(loss) from foreign exchange translation		58,725	(27,845)
Share of profit of associates	37	1,211,887	1,019,338
(Charge for)/reversal of other impairment and provisions	32	(88,096)	2,783,748
Other income	29	837,153	853,917
<b>Non-interest income</b>		<b>15,704,425</b>	<b>18,446,004</b>
Personnel expenses		(21,022,475)	(20,325,827)
Depreciation and amortization	14	(3,828,836)	(3,312,788)
Other operating expenses	30	(2,562,445)	(3,032,516)
Other general administrative expenses	31	(5,360,949)	(4,831,447)
<b>Non-interest expense</b>		<b>(32,774,705)</b>	<b>(31,502,578)</b>
<b>PROFIT BEFORE INCOME TAX EXPENSE</b>		<b>35,143,735</b>	<b>34,765,178</b>
Income tax expense	15	(6,378,646)	(6,372,416)
<b>Profit for the year</b>		<b>28,765,089</b>	<b>28,392,762</b>
Earnings per share Basic and diluted, attributable to equity holders of the parent, AMD	24	5,182.44	5,162.32

\* Signed and authorized for release on behalf of the Management of the Bank on 16<sup>th</sup> of April 2025. The 2024 consolidated annual financial statements are published on the Bank's webpage at the following [address](#).

# ACBA BANK'S OPERATIONS AND CONSOLIDATED RESULTS

## CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2024

(IN THOUSANDS OF ARMENIAN DRAMS)

	Note	2024	2023
<b>PROFIT FOR THE YEAR</b>		<b>28,765,089</b>	<b>28,392,762</b>
<b>OTHER COMPREHENSIVE INCOME</b>			
<i>To be reclassified to profit or loss in subsequent periods</i>			
Change in fair value of investment securities at fair value through other comprehensive income		95,083	(981,961)
Included changes in allowance for expected credit losses		(25,386)	(735,920)
Income tax relating to components of other comprehensive income	15	(17,115)	176,753
<b>NET OTHER COMPREHENSIVE INCOME/(LOSS) TO BE RECLASSIFIED TO PROFIT OR LOSS IN SUBSEQUENT PERIODS</b>		<b>77,968</b>	<b>(805,208)</b>
<i>Not to be reclassified to profit or loss in subsequent periods</i>			
(Loss)/gain on equity instruments at fair value through other comprehensive income		(861)	705
Income tax relating to components of other comprehensive income	15	155	(127)
<b>TOTAL OTHER COMPREHENSIVE (LOSS)/INCOME NOT TO BE RECLASSIFIED TO PROFIT OR LOSS IN SUBSEQUENT PERIODS</b>		<b>(706)</b>	<b>578</b>
<i>Not to be reclassified to profit or loss in subsequent periods-associates</i>			
Share of the other comprehensive income of associates	37	76,011	96,166
Income tax relating to components of other comprehensive income	15	-	(17,310)
<b>TOTAL SHARE OF THE OTHER COMPREHENSIVE INCOME OF ASSOCIATES</b>		<b>76,011</b>	<b>78,856</b>
<b>Other comprehensive income/(loss) for the year, net of tax</b>		<b>153,273</b>	<b>(725,774)</b>
<b>Total comprehensive income for the year</b>		<b>28,918,362</b>	<b>27,666,988</b>

\* Signed and authorized for release on behalf of the Management of the Bank on 16<sup>th</sup> of April 2025. The 2024 consolidated annual financial statements are published on the Bank's webpage at the following [address](#).



# ANALYSIS OF ACBA BANK'S RESULTS

## ACBA BANK'S FINANCIAL POSITION INDICATORS:

In 2024, the Bank's assets increased by **18.9%**, reaching **AMD 932 bln** by the end of the year, solidifying its position among the top three in the market. A significant portion of the Bank's assets, around **68%**, consisted of loans to customers.

The Bank's loan portfolio expanded by around **AMD 91 bln**, or **17%**, totaling **AMD 629 bln** by the end of 2024. This growth allowed the Bank to maintain its top-three market position. Throughout the year, the Bank preserved a strong focus on AMD-denominated lending. By year-end, loans issued in AMD accounted for **71%** of the total loan portfolio.

The Bank's high liquid assets made up **25.4%** of total assets as of yearend 2024, exceeding the Central Bank's required level by **10.4pp**. This consistent liquidity surplus underscores the Bank's strong reliability and financial stability.

In line with asset growth, the Bank's liabilities increased by **18%** in 2024, reaching **AMD 768 bln** as of December 31, 2024. Customer current accounts and deposits increased by **AMD 81 bln**, totaling **AMD 584 bln** by the end of 2024, maintaining a market share of around **9%**. During the year, the Bank issued bonds worth **AMD 18 bln**, resulting in a bond portfolio of **AMD 39 bln** as of December 31, 2024. The Bank continued to improve the share of AMD-denominated deposit portfolio and issued bonds throughout the year, bringing this figure to **67%** by the end of the year.

During the year, the Loan portfolio from Banks and IFIs grew by **AMD 16 bln**, reaching **AMD 111 bln**. In 2024, Acba bank signed a **EUR 55 mln** loan agreement with the European Investment Bank, which is the first direct and largest EIB loan to a commercial bank in Armenia. In the same year, the Bank also signed a **USD 50 mln** loan agreement with the Japan International Cooperation Agency (JICA), which was the first cooperation experience for the latter in Armenia.

As of December 31, 2024, the Bank's share capital stood at **AMD 89.8 bln**. In 2024, the Bank replenished its share capital by **AMD 29.9 bln** from retained earnings and raised an additional **AMD 4.9 bln** by issuing **485,000** common shares with a nominal value of **AMD 10,000** each. As a result, the reputable company Proparco – a subsidiary of the Agence Française de Développement (AFD) group and its arm for private sector financing – became a **10%** shareholder of the Acba bank.

During the Y2024, the total capital increased by **AMD 30 bln** or **23%** reaching **AMD 163.4 bln**. In 2024, the Bank distributed **AMD 5.5 bln** in dividends, representing approximately **19.4%** of its 2023 net income.

## ACBA BANK'S FINANCIAL PERFORMANCE INDICATORS:

- The Bank reported a net profit of **AMD 28.8 bln** in 2024, resulting in a Return on Assets (ROA) of **3.4%** and a Return on Equity (ROE) of **19.4%**. Diluted Earnings per Share (EPS) amounted to **AMD 5,182**.
- Net banking income reached **AMD 70 bln**, marking a **6.9%** increase compared to the previous year. The net interest margin stood at 7.6%.
- Net fee income exceeded **AMD 8 bln**, remaining roughly the same as in 2023.
- Non-interest expenses were **AMD 1.3 bln** higher than in 2023. However, the Bank's cost-to-income ratio improved by **1.3** percentage points, reaching **46.6%** compared to **47.9%** the previous year.
- Credit losses amounted to **AMD 2.4 bln** in 2024, representing **0.4%** of the loan portfolio, which is about **0.2 pp**. lower than the same indicator for the banking system.





# CORPORATE GOVERNANCE REPORT 2024

## **1. Introduction and Governance Philosophy**

## **2. Governance Evolution Timeline (2021-2024)**

## **3. Governance Framework and Board Responsibilities**

- 3.1. Governance Structure
- 3.2. Role of the Board
- 3.3. Board Composition
- 3.4. Assessment of Compliance with Independence Criteria
- 3.5. Board Development and Capability Building
- 3.6. Setting the Bank's Purpose and Strategy
- 3.7. Alignment with Stakeholder Expectations and Long-Term Value
- 3.8. Conflict of Interest Declarations and Related Party Disclosures
- 3.9. Share Ownership of Board Members

## **4. Application of the Code's Principles**

## **5. Board and Committee Activities**

- 5.1. Overview of Board and Committee Meetings in 2024
- 5.2. Focus Areas of the Board
- 5.3. Attendance at Board and Committee Meetings

## **6. Board and Management Performance**

- 6.1. Board Evaluation
- 6.2. Management Oversight and Evaluation

## **7. Board Remuneration**

## **8. Future Governance Priorities**



**Annex 1 – Organizational Structure Chart**

**Annex 2 – Our Board Members**

**Annex 3 – Top Management and Key Managerial Personnel**

**Annex 4 – Annual Reports of the Board Committees**

**Annex 5 – Annual Corporate Governance Statement**



# CORPORATE GOVERNANCE REPORT

## 1. INTRODUCTION AND GOVERNANCE PHILOSOPHY

Acba bank's approach to corporate governance is grounded in the best traditions of European banking. Since its founding in 1996 with the support of Crédit Agricole and Rabobank, the Bank has consistently worked to import European values and business standards into the Armenian financial sector. This commitment remains central to how Acba bank governs today—through transparency, accountability, long-term thinking, and stakeholder trust.

We recognize that effective corporate governance is not simply a regulatory requirement, but a strategic asset. It enables responsible leadership, protects stakeholder interests—especially those of depositors in a retail banking context—and ensures the sustainable growth and resilience of the Bank. As a financial institution with systemic importance, we are fully aware that governance weaknesses can propagate beyond institutional boundaries and into the broader economy. That is why we continuously invest in strengthening our governance framework.

The Bank's governance philosophy is built on the understanding that in any organization, the interests of shareholders (the principals) and management (the agents) may diverge. Left unchecked, this misalignment can lead to short-termism, excessive risk-tak-

ing, or avoidance of needed reforms. Good governance exists to address these challenges. It aligns incentives, ensures independent oversight, promotes ethical behavior, and supports sustainable value creation.

We also believe that good governance delivers measurable benefits: better access to capital, lower risk, higher investor confidence, and stronger operational performance. In today's interconnected world, investors increasingly avoid companies that do not uphold governance standards or provide reliable, transparent information.

At Acba bank, the Board plays a central role in bridging ownership and management. It acts on behalf of shareholders to appoint and oversee the CEO, monitor risk and ethics, set long-term strategy, and ensure leadership accountability. The Board is not merely a formal requirement—it is the cornerstone of the Bank's integrity, stability, and mission-driven performance.

In the sections that follow, this report provides a detailed account of how the Bank applies the principles of sound corporate governance, in alignment with the Armenian Corporate Governance Code and international best practices. It also outlines the Board's responsibilities, activities, and priorities, and includes an assessment of compliance with the Code's provisions.

## 2. GOVERNANCE ENHANCEMENT JOURNEY: 2021–2024

Since 2021, Acba bank has undertaken a structured and multi-phase reform program to modernize its corporate governance framework. Driven by a commitment to align with international best practices and build institutional resilience, the Bank's governance evolution reflects consistent progress in Board structure, risk oversight, control systems, and stakeholder engagement.

### 2021 - COMMITMENT TO GOVERNANCE REFORM

- Launched Armenia's largest IPO, attracting over 5,200 investors and raising AMD 7.5 billion
- Listed on AMX
- Board committed to a multi-year governance enhancement program

### 2022 - FOUNDATION SETTING AND STRUCTURAL REFORM

- Elected a new Chairperson to lead governance reforms
- Adopted a Corporate Governance Code aligned with OECD, Basel, and UK standards
- Published the Bank's first AGM brochure to enhance shareholder communication
- Revised Board composition using a Skill Matrix, expanding independent directors from 1 to 3
- Established Audit, Risk Management, and GNR Committees, each chaired by an independent member
- Approved Board member nomination, onboarding, and evaluation procedures
- Launched a structured orientation program for Board members
- Audit Committee began overseeing external audit engagement and initiated review of the Bank's Three Lines Model

### 2023 - DEEPENING PROCESSES AND ENHANCING CONTROL

- Adopted the Internal Legal Acts Management Policy
- Adopted training principles for Board members
- Reformed the Remuneration Policy and developed a KPI-based Top Management Remuneration Scheme
- Advanced modernization of Internal Audit and ICFR processes
- Enhanced cooperation with external auditors and implemented improvements recommended in prior audits.
- Approved methodologies for ICAAP and Financial Risk Appetite
- GNR Committee structured a new Succession Policy

### 2024 - MATURITY AND EXPANSION

- Finalized and launched Group Governance Policy across the Bank and subsidiaries
- Enhanced Board and executive remuneration frameworks
- Strengthened Top Management performance evaluation system
- Further developed the Succession Planning framework
- In 2024, the Board welcomed two newly elected members – one a female non-independent director, contributing to improved gender balance, and the other an independent director, increasing the number of independent members from three to four
- Finalized the Board Self-Assessment Policy for 2025 implementation
- Strengthened oversight of ICFR, internal audit, and internal control modernization
- Formed the Strategy Committee to guide long-term planning, ESG, capital structure, technology investment, and strategic positioning across key client segments, including Retail, SME, Corporate, and Agri.



### 3. GOVERNANCE FRAMEWORK AND BOARD RESPONSIBILITIES

Effective governance requires more than structure – it depends on clarity of roles, delegation, accountability, and continuous development. This section outlines the composition, structure, and responsibilities of the Board, and explains how the Bank's governance framework supports strategic oversight, ethical conduct, and long-term value creation.

#### 3.1. GOVERNANCE STRUCTURE

Acba bank operates under a two-tier governance system consistent with Armenian and international corporate governance standards. This structure ensures a clear separation of ownership, oversight, and executive functions, reinforcing transparency, accountability, and the effective management of the Bank's operations. The reporting lines among governance bodies, key control functions, and business units are illustrated in the Organizational Structure Chart provided in Annex 1.

#### GOVERNING BODIES OF THE BANK

In accordance with the Republic of Armenia's Law on Banks and Banking, Law on Joint Stock Companies, and the Bank's Charter, the governance bodies of the Bank are as follows:

**1. The General Meeting of Shareholders** – the supreme governing body, responsible for key strategic and structural decisions, including approval of the annual financial statements, dividend policy, appointment of Board members, and amendments to the Charter.

**2. The Board of the Bank** – responsible for the strategic oversight and general governance of the Bank's activities, within the powers defined

by law and the Charter. In certain cases, the General Meeting may delegate decision-making authority to the Board, as permitted by legislation.

**3. The Chief Executive Officer (CEO)** – the sole executive body of the Bank, responsible for day-to-day operations and implementation of the strategy approved by the Board. Matters not expressly assigned to the General Meeting, the Board, or Internal Audit fall under the CEO's authority. The CEO's decision-making powers may not be delegated unless temporarily replaced under proper procedures.

#### BOARD INDEPENDENCE AND OVERSIGHT

Acba bank maintains a strict separation between the executive and oversight functions. All members of the Board are non-executive and operate independently of the executive body. This structure ensures that the Board can provide objective oversight and strategic guidance without conflict of interest.

The Board assumes full responsibility for:

- Setting the Bank's strategic direction
- Supervising the CEO and executive management
- Overseeing financial and non-financial reporting
- Strengthening the internal control and risk management systems
- Leading governance improvements, including succession planning

#### GOVERNANCE STRUCTURE SUMMARY

This clear allocation of authority among shareholders, the Board, and executive management allows Acba bank to operate with transparency, efficiency, and accountability. The governance structure provides a foundation for sustainable value creation and robust risk oversight.

### 3.2. ROLE OF THE BOARD

The Board of Acba bank is the central governing body responsible for the overall direction, control, and oversight of the Bank's activities. Operating in accordance with Armenian law, the Bank's Charter, and recognized international and national corporate governance standards, the Board ensures that the Bank is managed in a sound, transparent, and accountable manner.

The Board is composed of 10 non-executive members, including independent directors, and is chaired by a Chairperson elected by a majority of the Board members. Board members are appointed through a combination of shareholder representation and election processes, with specific mechanisms for major and minority shareholders to nominate or elect candidates in accordance with Armenian law.

The Board is responsible for the strategic leadership of the Bank and the supervision of its executive management. Its core responsibilities include:

- ▶ Approving the Bank's strategy, annual business plans, and budgets, and overseeing their execution to ensure long-term sustainability and performance.
- ▶ Appointing and dismissing the Chief Executive Officer and other key executives, overseeing succession planning, and monitoring executive performance and compensation.
- ▶ Reviewing and preliminarily approving financial statements, overseeing external audit arrangements, and recommending dividend distributions to the General Meeting.
- ▶ Defining the governance framework for the Bank and its subsidiaries, approving group-level policies, and ensuring appropriate oversight mechanisms are in place across the group.
- ▶ Approving the Bank's risk strategy, risk appetite framework, and major risk limits; overseeing the internal control system and control functions (including risk management, compliance, and internal audit); and evaluating the effectiveness of these systems.
- ▶ Ensuring compliance with applicable laws, regulations, and the Armenian Corporate Governance Code; promoting ethical standards and corporate values across the Bank.
- ▶ Approving major financial transactions, capital increases, issuance of securities, investments, and significant contractual engagements, particularly those involving related parties or potential conflicts of interest.
- ▶ Establishing internal audit regulations, approving annual audit plans, and appointing or terminating heads of internal audit, risk, and compliance functions.
- ▶ Defining confidential information policies, ensuring proper disclosures, and safeguarding the interests of depositors, shareholders, and other stakeholders.

In performing its duties, the Board operates independently of the executive body, exercising objective judgment and oversight. It acts collectively in the best interest of the Bank and its stakeholders, while individual members carry fiduciary responsibilities to maintain integrity, confidentiality, and professionalism.



### 3.3. BOARD COMPOSITION

As of the end of 2024, the Board of Acba bank is composed of ten non-executive members, in full alignment with the Bank's two-tier governance structure, which ensures a clear separation between management and oversight. All Board members act independently of the Bank's executive body, and four members are classified as independent in accordance with applicable criteria.

#### APPOINTMENT AND NOMINATION

The composition of the Board reflects both shareholder representation and independence:

- The current Chairperson was elected by the Board from among its members, in accordance with the Bank's Charter. Prior to this, he had been appointed to the Board by the Bank's major shareholder, ACBA Federation. ACBA Federation also nominated five additional members, all of whom were elected by the General Meeting.
- Four Board members serve as independent directors, nominated by the Board and elected by shareholders.

- The second-largest shareholder, Proparco, which holds 10% of the Bank's voting shares, has the legal right to appoint a Board member without election by the General Meeting.

All Board members were appointed or elected for fixed terms, as set out in the Bank's Charter. The tenure of the members varies, with most currently serving terms ending in 2025 or 2027. Two members completed their terms in 2024, and during the same year, the Bank welcomed its first female Board member, marking an important step toward improving gender diversity at the Board level.

The Bank applies a formal internal policy titled the "Order for Selection and Nomination of a Board Member Candidate", which guides the recruitment, evaluation, nomination, and orientation of Board candidates. This Order is coordinated by the Governance, Nomination and Remuneration Committee and ensures that all Board member candidates meet predefined criteria in terms of experience, integrity, independence, and alignment with the Bank's strategic needs. The policy includes detailed procedures for defining position profiles, sourcing candidates, assessing professional behavior and competence, and organizing structured onboarding for newly elected members.

As of 31 December 2024, the Board was composed

Overview of Board Composition as of December 31, 2024

Board member	Independence	Nominated by	Appointed/Elected	Term Start	Term End	Gender
<b>RAFAYEL SARGSYAN</b>	no	Acba Federation	Appointed	2022	2025	Male
<b>KLAUS GRESSENBAUER</b>	yes	Board	Elected	2022	2025	Male
<b>BRUNO CHARRIER</b>	yes	Board	Elected	2019	2025	Male
<b>ASHOT KARAPETYAN</b>	yes	Board	Elected	2022	2025	Male
<b>HARUTYUN PAKHCHANYAN</b>	no	Acba Federation	Elected	2022	2025	Male
<b>ARAM BABAYAN</b>	no	Acba Federation	Elected	2022	2025	Male
<b>HENRIK KOCHINYAN</b>	no	Acba Federation	Elected	2010	2025	Male
<b>VARDAN URUTYAN</b>	no	Acba Federation	Elected	2022	2025	Male
<b>ARMEN MKRTCHYAN</b>	no	Acba Federation	Elected	2020	2024	Male
<b>HRACH SARGSYAN</b>	no	Acba Federation	Elected	2020	2024	Male
<b>BERNARD DE WIT</b>	yes	Board	Elected	2024	2027	Male
<b>GAYANE HAYRAPETYAN</b>	no	Acba Federation	Elected	2024	2027	Female

of 10 non-executive members, reflecting the Bank's two-tier governance structure. During the year, two transitions occurred following the Annual General Meeting in May 2024: Mr. Armen Mkrtchyan and Mr. Hrach Sargsyan concluded their terms and were succeeded by Mr. Bernard De Wit and Ms. Gayane Hayrapetyan.

### COLLECTIVE PROFILE AND DIVERSITY

The Board of Acba bank brings together a balanced mix of expertise in banking, risk management, agriculture, law, audit, and compliance—reflecting the Bank's sectoral focus and strategic ambitions. The composition includes both shareholder-nominated and independent members, ensuring a diversity of viewpoints and robust, objective decision-making.

In 2024, the Board's collective skill set was further strengthened with the election of Mr. Bernard De Wit as an independent Board member and Chairman of the newly established Strategy Committee. Mr. De Wit brings decades of senior leadership experience in international banking, risk management, and asset management, having held top positions at BNPP, Crédit Agricole, KPMG, and most recently Amundi, where he served as Deputy CEO. His appointment significantly enhanced the Board's capabilities in strategic planning, international finance, risk oversight, and corporate development.

The Board also took an important step toward improving gender diversity with the election of Ms. Gayane Hayrapetyan, marking a renewed commitment to balanced representation at the Board level.

Board composition is reviewed regularly against a formal skills matrix, which helps ensure the Board maintains the expertise required for sound governance and adapts to emerging strategic and regulatory priorities.

### 3.4. ASSESSMENT OF COMPLIANCE WITH INDEPENDENCE CRITERIA

The independence of Board members is a cornerstone of Acba bank's governance framework. In accordance with the Law and the Bank's Charter, a Board member may be deemed independent only if they meet a defined set of objective legal criteria.

#### LEGAL CRITERIA FOR INDEPENDENCE

A Board member qualifies as independent if they meet all of the following conditions:

- (a) has not held a position with an executive body in the Bank, been employed by the Bank, or by any affiliated person of the Bank within the past three years;
- (b) has not received any direct or indirect compensation from the Bank or its affiliated persons in the past three years, other than compensation received as a Board member;
- (c) has not had, directly or indirectly, as a partner, significant shareholder, Board member, or executive body representative, any material business relationship with the Bank or its affiliated persons during the past three years;
- (d) has not been a shareholder or employee of the Bank's external auditor or any affiliated person of the external auditor within the past five years;
- (e) has not served as a Board member of the Bank for more than six years within the past ten years;
- (f) is not a significant shareholder of the Bank;
- (g) has not exercised direct control over the Bank as a public official during the past year;
- (h) is not an immediate family member of any person falling under the conditions listed in sub-points (a) through (g) of this Article.

These criteria are assessed during the nomination process and re-evaluated annually by the Governance, Nomination and Remuneration (GNR) Committee.



### CO-NOMINATION MECHANISM FOR INDEPENDENT MEMBERS

In 2024, a Shareholders' Agreement was concluded between the Bank's two major shareholders – ACBA Federation and Proparco. Under this agreement, independent Board members must be co-nominated and agreed upon by both shareholders, regardless of voting power. This provision ensures that no independent director can be elected without mutual consent, thereby strengthening the balance and independence of the Board, and promoting trust-based oversight across shareholder lines.

As of the end of 2024, the Bank had four independent directors, all of whom were formally assessed as compliant with the legal independence criteria.

### 3.5. BOARD DEVELOPMENT AND CAPABILITY BUILDING

Acba bank is committed to ensuring that its Board members are well-equipped to fulfill their responsibilities in a rapidly evolving environment. The Bank maintains a structured approach to Board development that addresses both individual learning needs and the collective capability of the Board.

In 2024, newly appointed Board members received a tailored onboarding and orientation program, coordinated by the Corporate Secretary and HR Division. This program introduced directors to the Bank's governance structure, internal policies, strategic priorities, and regulatory context, supporting a smooth and effective integration into Board activities.

Beyond onboarding, the Bank continued to implement a multi-layered Board development strategy. This includes regular updates on industry trends, regulatory developments, and emerging risks, as well as targeted learning for directors in areas where broader or deeper expertise is needed, in alignment with the Board Skill Matrix.

Notably, in 2024, Board members participated in dedicated sessions on digital transformation in finan-

cial services and cybersecurity oversight. Additionally, the Chairman of the Board, Mr. Rafayel Sargsyan, successfully completed the European Board Diploma awarded by ecoDa, strengthening the Board's leadership capacity and aligning with European best governance practices.

The Governance, Nomination and Remuneration Committee oversees the implementation and evolution of the Board's development framework, ensuring it remains responsive to the Bank's strategic, operational, and governance needs.

### 3.6. SETTING THE BANK'S PURPOSE AND STRATEGY

The Board of Acba bank is responsible for defining the Bank's mission, setting strategic priorities, and ensuring alignment between long-term objectives, stakeholder expectations, and the evolving external environment. Through regular review and oversight, the Board ensures that the Bank's purpose translates into actionable plans that drive sustainable performance and innovation.

#### PURPOSE AND VALUES

The Bank's mission is to contribute to the sustainable development of society through unique and innovative solutions. This mission is embedded in the Bank's strategy and is underpinned by core corporate values: Customer Care, Social Responsibility, Loyalty, Transparency, and Innovation. These values guide the Board's oversight and are reflected across the Bank's business operations and strategic planning.

#### STRATEGIC OVERSIGHT AND PLANNING

In 2024, the Board approved the Bank's 2025–2027 Strategic Development Plan, reinforcing its commitment to sustainable and stakeholder-oriented growth. The strategy reflects a balance between long-term financial resilience, responsible innovation, customer-centric development, and prudent risk management.

The Board retains full oversight of the Bank's strategic planning cycle, including the approval of annual budgets, business plans, capital investments, and major projects. Oversight is exercised both directly and through its committees, particularly in areas such as financial planning, risk, and digital transformation.

### ESTABLISHMENT OF THE STRATEGY COMMITTEE

To enhance its strategic engagement, the Board established the Strategy Committee in October 2024. The Committee held its first meeting in February 2025 and plays a key role in guiding long-term planning in areas such as equity structure, business priorities by client segment, ESG development, and digital innovation. Its work supports the Board's aim to ensure focus, coordination, and measurable results across a small number of priority topics.

A full overview of the Strategy Committee's work and priorities is provided in Annex 4 – Annual Reports of the Board Committees.

### 3.7. ALIGNMENT WITH STAKEHOLDER EXPECTATIONS AND LONG-TERM VALUE

The Board of Acba bank is committed to creating sustainable, long-term value by aligning its decisions with the interests of key stakeholders, including depositors, shareholders, employees, regulators, clients, and society. The Bank's governance model ensures that its strategy is forward-looking, risk-conscious, and grounded in stakeholder trust.

#### STAKEHOLDER-ORIENTED GOVERNANCE

The Board maintains active and structured engagement with each key stakeholder group:

- ▶ **Shareholders:** The Board ensures transparent and regular engagement with shareholders of all types. Board members representing ACBA Federation regularly participate in the meetings of the Federation's Board. The Board also engages minority shareholders through:

- o Direct interaction with Board members during the Annual General Meeting;
- o Pre-AGM Q&A, with formal responses published on the Bank's website;
- o The Chairman's availability for one-on-one meetings with interested shareholders;
- o A non-formal breakfast meeting in April 2025 with shareholders, which included open discussions on performance, future outlook, and governance.

To strengthen this dialogue, the Board is working with management to finalize a **Shareholder Communication Strategy**.

- ▶ **EMPLOYEES:** The Board has institutionalized direct interaction with staff— independent of executive management—through site visits, online meetings, and special forums. A landmark initiative in October 2024 involved each Board member holding rotating discussions with different groups of employees. The Board plans to appoint a designated director for employee relations.
- ▶ **REGULATOR:** Following the review of Board composition in 2022, the full Board met with CBA representatives in a session hosted by the Deputy Governor. Since 2024, the Audit Committee has regularly reviewed CBA comment letters, reinforcing the Board's commitment to regulatory alignment and transparency.
- ▶ **CLIENTS:** The Board maintains oversight over customer satisfaction and risk through structured reporting. The Bank's complaints management framework is reviewed by the relevant committees to ensure service quality and client protection. Furthermore, to safeguard depositors' interests, the Board and its Risk Management Committee place strategic emphasis on monitoring the Bank's capital adequacy ratio (CAR) and ensuring the presence of prudential capital buffers that exceed regulatory minimums. These buffers are reviewed in light of the Bank's evolving risk profile and business strategy.
- ▶ **SOCIETY:** ACBA's purpose—to support sustainable



development through innovation—manifests in its strategic focus on agricultural finance, rural development, ESG integration, and financial inclusion. These themes are consistently addressed in Board-level discussions and the agenda of the newly formed Strategy Committee.

### LONG-TERM VALUE CREATION

In 2024, the Board approved the **2025–2027 Strategic Development Plan**, which integrates long-term resilience, stakeholder engagement, ESG, and digital transformation. The Strategy Committee has started to lead structured oversight of ESG, capital structure, cybersecurity, sustainability, and growth across client segments.

Through active, differentiated engagement and disciplined governance, the Board ensures that the Bank's actions generate long-term, stakeholder-aligned value and reinforce public trust.

### 3.8. CONFLICT OF INTERESTS AND RELATED PARTY DISCLOSURES

Acba bank upholds a strict and transparent approach to identifying, declaring, and managing conflicts of interest at the Board level. This is fundamental to maintaining the integrity, objectivity, and independence of governance decisions.

In line with Armenian legislation, the Bank's Charter, and internal policies, all members of the Board are required to formally declare any actual or potential conflicts of interest related to transactions or matters under Board consideration. These declarations are:

- Submitted in writing to the Corporate Secretary;
- Reviewed by the Governance, Nomination and Remuneration Committee when relevant;
- Discussed and disclosed in Board minutes.

In 2024, 5 cases involving potential conflicts of interest among Board members were identified. In each instance, the affected members appropriately abstained from voting and decision-making. These cases underscore the Bank's commitment to ethical conduct, procedural rigor, and transparency in managing related party risks.

### 3.9. SHARE OWNERSHIP OF BOARD MEMBERS

In line with good governance and disclosure practices, Acba bank publishes the shareholding positions of its Board members as of 31 December 2024. The following members of the Board held shares in the Bank:

**2500**  
shares

**RAFAYEL  
SARGSYAN**

**220**  
shares

**HENRIK  
KOCHINYAN**

**39**  
shares

**HARUTYUN  
PAKHCHANYAN**

All Board members are required to disclose any changes in their shareholding promptly. The Bank monitors these holdings to ensure compliance with legal requirements and to identify any potential conflicts of interest.

Shareholding status does not in itself compromise the objectivity of Board members. For independent members, additional checks are conducted to verify that shareholding thresholds and other independence criteria remain satisfied.

## 4. APPLICATION OF THE CODE'S PRINCIPLES

Acba bank is committed to high standards of corporate governance and applies a principle-based approach to ensure accountability, transparency, and responsible decision-making. The Bank's governance practices are aligned with national legal requirements and international best practices.

### TRANSITION TO THE ARMENIAN CORPORATE GOVERNANCE CODE

Until August 2024, the Bank applied its internally developed Corporate Governance Code, which had been based on the principles of the OECD, Basel Committee on Banking Supervision, and the UK Corporate Governance Code. Following the entry into force of the Corporate Governance Code of the Republic of Armenia in late August 2024, the Bank transitioned to applying the Armenian Code and discontinued use of its internal framework.

The Bank now adheres to the "comply or explain" principle in implementing the Armenian Code, reflecting its commitment to both regulatory alignment and meaningful disclosure.

### ASSESSMENT OF COMPLIANCE

In accordance with the Armenian Code, the Bank conducted a detailed self-assessment of its compliance status across all applicable principles. The results of this assessment are summarized below:

- **Compliant:** 13 principles
- **Substantially compliant:** 5 principles
- **Partially compliant:** 7 principles
- **Non-compliant:** 0 principles

This assessment, together with the explanatory narratives, is presented in the Bank's Annual Corporate Governance Statement, which is included as Annex 5 to this Report.

### ONGOING COMMITMENT TO IMPROVEMENT

The Board recognizes the importance of continuous improvement in governance maturity. As part of its transition to the Armenian Code, several reforms and alignment initiatives were launched during 2024. These improvements are further detailed in the following section.

### KEY GOVERNANCE ENHANCEMENTS IN 2024

In support of its transition to the Armenian Corporate Governance Code, the Bank undertook a number of practical enhancements during the reporting period to better align with the principles of Chapter I of the Code — focusing on shareholder rights, equitable treatment, and responsible governance by significant participants:

- **TRANSPARENT AND INCLUSIVE SHAREHOLDER MEETING PRACTICES:** In 2024, the Bank held an extraordinary general meeting using remote voting procedures fully aligned with the Code. Shareholders received timely and comprehensive disclosures through the Bank's website and official notifications, enabling informed participation. Quorum outcomes and decisions were published for transparency.
- **STRENGTHENING PARTICIPATION RIGHTS:** The Bank continued to apply clear rules under its Charter for shareholder representation and Board nomination, ensuring that minority shareholders retain the ability to participate meaningfully in governance, either individually or through collective nomination rights. No Board elections took place in 2024 in the period when the Code came into force, but nomination rights remained fully preserved.
- **REMUNERATION POLICY REFORM:** A significant governance development in 2024 was the Board's approval of a new Remuneration Policy, part of a broader reform that began in 2023. This policy applies to Board members, executives, and key staff, introducing principles such as performance-linked pay, deferred variable components, and clawback provisions. While full implementa-



tion is phased, the policy lays the foundation for risk-aligned and equitable remuneration. The Board also plans to propose an amendment to the Charter that would assign the authority to determine Board remuneration to the General Meeting of Shareholders.

- **DIVIDEND TRANSPARENCY:** The Bank maintained equitable treatment of all shareholders in the application of its Dividend Policy, which guarantees no preferential rights. The policy sets a minimum payout ratio and is published on the Bank's website.
- **ETHICAL STANDARDS FOR SIGNIFICANT PARTICIPANTS:** Transactions with significant shareholders are subject to the same terms as those for non-affiliated clients, ensuring fair treatment. In 2024, the Bank advanced its plans to adopt a Code of Ethics and a Conflicts of Interest Policy to reinforce internal safeguards. Implementation is planned for 2025 as part of the Compliance Program. These efforts support the objective of minimizing undue influence by significant participants.
- **STRATEGIC DIRECTION AND OVERSIGHT:** The Board approved the 2025-2027 Strategic Development Plan, embedding the Bank's corporate values and focusing on sustainability, digital transformation, and stakeholder engagement. To strengthen strategic oversight, the Board established a dedicated Strategy Committee in 2024.
- **GOVERNANCE AND REMUNERATION REFORM:** A transition framework for executive remuneration reform was initiated, covering deferred variable pay, clawback provisions, and sustainability-linked incentives. The Board also began the process of restoring shareholder authority over Board remuneration, in line with the new Armenian Corporate Governance Code.
- **SUCCESSION AND CAPACITY BUILDING:** In 2024, the Board approved and began implementing a new Succession Planning Policy. The Governance, Nominations and Remunerations (GNR) Committee also finalized a Board Self-Assessment Policy, with the first full evaluation

planned for 2025. To support Board capacity, a structured professional development framework was introduced, including five tailored development pillars.

- **INDEPENDENCE AND DIVERSITY:** The appointment of a new female Board member in 2024 marked progress on diversity, although the 30% gender threshold is not yet met. The Board remains committed to further strengthening diversity and adopting a formal diversity policy. Four Board members met all independence criteria under Armenian and international standards. A Shareholders' Agreement signed in 2024 requires co-nomination of independent members by the two largest shareholders, reinforcing balanced Board composition.
  - **COMMITTEE PERFORMANCE AND CHALLENGES:** All four Board Committees were active in 2024. While each is chaired by an independent director, the Audit Committee does not yet have a majority of independent members due to distribution constraints. The Board will explore options to strengthen independence across committees as Board capacity evolves.
  - **INTERNAL CONTROL FRAMEWORK:** The Board oversaw the enhancement of the Bank's internal control system, structured around clear responsibilities, independent oversight, and continuous improvement. A key milestone in 2024 was the completion of an external gap analysis of Internal Control over Financial Reporting (ICFR), which assessed the system's design and operational effectiveness. In response, management developed a remediation plan to address gaps, which the Audit Committee monitors regularly. While not all concerns raised in prior years were fully resolved, the review provided an overall improved outlook and a path toward further strengthening the ICFR environment.
- Looking ahead, the Audit Committee plans to extend its ICFR oversight to the Bank's consolidated subsidiaries in 2025.
- **RISK MANAGEMENT ENHANCEMENTS:** The Bank's risk management function continued to play a vital role in identifying, monitoring, and

reporting on material financial and non-financial risks. During the year, emphasis was placed on strengthening digital monitoring capabilities and promoting a proactive risk culture. The responsible for the Risk Function, jointly accountable to the Board and Executive Management, maintained effective communication on key risk issues and proposed updates to the Bank's risk strategy and appetite.

To advance toward full compliance with the Armenian Corporate Governance Code, the Bank initiated the development of a new framework for non-financial risks. This work will continue into 2025 to align with evolving international standards in areas such as ESG risks, conduct risk, and operational resilience.

- **COMPLIANCE FUNCTION TRANSITION:** At the beginning of 2025, the Compliance function was integrated into the Legal and Compliance Directorate as part of a structural reform aimed at supporting compliance improvements.

Although the Bank has implemented its Anti-Corruption Policy and maintains whistleblowing channels, system still has potential for further enhancement. A Compliance Program for 2025 aims to expand compliance monitoring and implement the new Code of Ethics and Conflict of Interest Policy.

- **INTERNAL AUDIT PERFORMANCE:** The Internal Audit function continued to operate independently and effectively as the Bank's third line of defense. It conducted its work based on an annually approved audit plan, which was updated as

needed to reflect changing risk priorities. Reporting to both the Audit Committee and management, the Internal Audit team provided assurance on the effectiveness of risk management, internal controls, and governance processes.

- **ANNUAL REPORTING COMMITMENTS:** The Bank's 2024 Annual Report will be published by the statutory deadline of June 30, 2025. Corporate Governance Report and Statement of Compliance with the Corporate Governance Code are published in this notice, according to the clause 88 of Rules on Securities Listing and Admission to Trading of «Armenia Stock Exchange» OJSC.

While the Bank has disclosed substantial governance information, certain areas—such as detailed remuneration disclosures and the Board's full self-assessment – will be expanded in the 2025 reporting cycle, with publication expected in 2026.

- **EXTERNAL AUDIT OVERSIGHT:** The Bank appointed PwC as its external auditor for a three-year term covering financial years 2022–2024, following a competitive selection process conducted in accordance with the Bank's internal procedures and the Central Bank of Armenia's regulatory requirements, including principles on audit firm rotation. PwC, as a globally recognized and independent audit firm, ensures compliance with internationally accepted auditing, ethical, and independence standards.

Throughout the audit process, PwC held regular consultations with the Audit Committee to ensure robust planning, fieldwork, and reporting. A representative of PwC will attend the 2025 Annual General Meeting to engage with shareholders and respond to queries.



## 5. BOARD AND COMMITTEE ACTIVITIES

### 5.1. OVERVIEW OF BOARD AND COMMITTEE MEETINGS IN 2024

In 2024, the Board and its Committees convened a total of 39 meetings, including 9 plenary Board meetings and 3 special sessions, alongside 27 Com-

mittee meetings. Meetings were held through a mix of offline, online, hybrid, and written procedures to ensure flexibility and effective decision-making.

BODY	NUMBER OF MEETINGS	METHODS OF CONVENING
<b>BOARD</b>	9 + 3 special sessions	2 offline, 3 online, 3 mixed, 1 by written procedure
<b>AUDIT COMMITTEE</b>	9	7 offline, 2 online
<b>GOVERNANCE, NOMINATIONS AND REMUNERATIONS COMMITTEE</b>	7	1 offline, 6 online
<b>RISK MANAGEMENT COMMITTEE</b>	11	2 offline, 9 online
<b>STRATEGY COMMITTEE</b>	0	Not yet convened following its establishment in 2024

### 5.2. FOCUS AREAS OF THE BOARD

In 2024, the Board's activities were broadly distributed across key governance and oversight areas. The primary focus was on financial oversight, including budget approval, financial reporting, and ALM monitoring. Strategic matters also featured prominently, with the adoption of the 2024-2026 strategy and oversight of its implementation. The Board dedicated significant attention to risk management, compliance, and internal control issues, including enhancements to the risk appetite framework and responses to external audit findings.

Remuneration and HR topics were actively addressed, covering performance indicators, compensation schemes, and related governance. The Board also dealt with matters of governance structure, internal audit oversight, legal and regulatory compliance, and group governance. Engagement with shareholders and preparations for General Meetings were part of the Board's agenda, alongside decisions on related-party transactions, product development, and infrastructure projects.

The chart below illustrates the distribution of Board agenda items in 2024 across the main areas of focus:

FOCUS AREA	NUMBER OF MEETINGS
STRATEGIC PLANNING AND OVERSIGHT	14
FINANCIAL OVERSIGHT (INCL. BUDGET, AUDIT, ALM)	21
RISK MANAGEMENT AND COMPLIANCE	14
GOVERNANCE AND BOARD FUNCTIONING	16
REMUNERATION AND HR-RELATED MATTERS	18
INTERNAL AUDIT OVERSIGHT	9
GROUP STRUCTURE / SUBSIDIARIES / RELATED PARTIES	8
LEGAL AND REGULATORY APPROVALS	12
SHAREHOLDER AND AGM MATTERS	10
PRODUCT AND SERVICE DEVELOPMENT	1
INFRASTRUCTURE AND OPERATIONS	3

### 5.3. ATTENDANCE AT BOARD AND COMMITTEE MEETINGS

The attendance of Board members at Board and committee meetings in 2024 is presented in the chart below. The data reflects a high level of engagement across the Board and its committees. Two members, Armen Mkrtchyan and Hrach Sargsyan, served until

the 2024 Annual General Meeting and were replaced by Bernard De Wit and Gayane Hayrapetyan. Their attendance is shown proportionally based on their period of service.

BOARD MEMBER	BOARD	AUDIT COMMIT-TEE	RISK MANAGE-MENT COMMIT-TEE	GOVERNANCE, NOMINATION AND REMUNERATION COMMITTEE
RAFAYEL SARGSYAN	9/9	9/9	11/11	7/7
KLAUS GRESSENBAUER	7/9	8/9		
BRUNO CHARRIER	9/9		11/11	7/7
ASHOT KARAPETYAN	9/9		11/11	
HARUTYUN PAKHCHANYAN	9/9		11/11	
ARAM BABAYAN	9/9			7/7
HENRIK KOCHINYAN	9/9			7/7
VARDAN URUTYAN	9/9	9/9		
ARMEN MKRTCHYAN	4/4			
HRACH SARGSYAN	4/4			
BERNARD DE WIT	5/5			
GAYANE HAYRAPETYAN	4/4			



## 6. BOARD AND MANAGEMENT PERFORMANCE

### 6.1. BOARD EVALUATION

In 2024, the Board continued to prioritize the development of a robust evaluation culture, aligning with its broader governance reform agenda. While a full Board evaluation was not conducted during the reporting year due to the transitional phase of governance enhancements, the Board actively monitored the performance of its Committees and progressed toward establishing a formal evaluation process.

Notably, the Governance, Nominations and Remunerations Committee finalized a comprehensive Board Self-Assessment Policy, which introduces regular internal and periodic external evaluations, supported by structured methodologies. The policy is expected to be adopted in 2025, enabling the Bank to initiate its first full Board assessment by year-end.

### 6.2. MANAGEMENT OVERSIGHT AND EVALUATION

In 2024, the Board continued its structured oversight of senior management performance through a KPI-based evaluation framework. Key Performance Indicators (KPIs) for the CEO and Deputy CEOs were reviewed and approved by the Board upon the recommendation of the Governance, Nominations and Remunerations (GNR) Committee, ensuring alignment with the Bank's strategic objectives.

At the end of the financial year, the GNR Committee assessed individual performance against the approved KPIs, and submitted performance evaluations to the full Board for review. The outcomes of this evaluation process directly informed adjustments to the variable component of senior management remuneration, reinforcing the link between performance and reward. KPIs are subject to annual review to reflect evolving strategic priorities.

This structured approach has enabled the Board to maintain clear expectations, monitor execution against strategic goals, and ensure accountability within the top management team.

## 7. BOARD REMUNERATION

In 2024, Acba bank maintained a structured approach to Board remuneration. Compensation was based on attendance at Board and Committee meetings, as well as on the assumption of additional responsibilities, such as chairing committees. Committee Chairs received a fixed annual retainer to reflect their workload and leadership duties. The Chairman of the Board received a flat-rate compensation and a limited performance-based component, proportionate to the responsibilities of the role. Other preparatory or informal engagements were not separately compensated.

This remuneration structure supported fairness, accountability, and governance integrity, encouraging active engagement and responsible oversight from all Board members.

Under Article 21<sup>1</sup> of the Law on Banks and Banking of the Republic of Armenia, the authority to determine Board member remuneration is vested in the General Meeting of Shareholders, unless this authority is delegated to the Board through the Bank's Charter. At Acba bank, this delegation has been formalized in the Charter, and the Board currently exercises this authority. However, with the adoption of the Armenian Corporate Governance Code in 2024—which recommends that such decisions be made by the General Meeting of Shareholders—the Bank is reviewing amendments to its Charter. This would allow for direct shareholder approval of Board remuneration in the future, strengthening governance transparency and shareholder involvement.

The Bank also initiated the development of a revised Board compensation scheme, planned to take effect in 2025. This new scheme will be informed by European benchmarks, given the lack of robust local comparators, and aims to align with international standards, ESG principles, and the evolving strategic needs of the Bank.

## 8. FUTURE GOVERNANCE PRIORITIES

In 2025, the Bank will pursue two interconnected governance priorities: deepening compliance with the Armenian Corporate Governance Code and strengthening the Board's strategic oversight.

### ADVANCING GOVERNANCE REFORM AND CODE COMPLIANCE

Following the formal adoption of the Armenian Corporate Governance Code in August 2024, the Bank has identified a number of areas where further alignment is required. In 2025, the Board will focus on closing these gaps as part of its broader governance enhancement program. Priority actions include:

- ▶ Launching the first full Board evaluation under the new assessment framework;
- ▶ Adopting a formal Code of Ethics and a comprehensive Conflict of Interest Policy;
- ▶ Implementing the planned transition to advanced remuneration mechanisms (including deferral of variable pay, clawbacks, and equity-linked instruments);
- ▶ Aligning executive compensation with defined sustainability objectives;
- ▶ Publishing the Board-approved Remuneration Policy on the Bank's website;
- ▶ Reassessing the delegation of authority over Board member remuneration, with the intention of returning this right to the General Meeting;
- ▶ Formalizing a Board-level stakeholder engagement framework;

- ▶ Adopting an Information Policy to reinforce structured and transparent disclosures;
- ▶ Extending internal control over financial reporting (ICFR) to consolidated subsidiaries;
- ▶ Strengthening the Compliance function's preventive and corrective role across the organization;
- ▶ Improving gender diversity on the Board and formalizing a diversity policy.

### ENHANCING STRATEGIC OVERSIGHT THROUGH THE STRATEGY COMMITTEE

In parallel with structural reforms, the Board is also enhancing its strategic focus. In late 2024, the Strategy Committee was established to deepen Board engagement on long-term priorities. Its work formally commenced in 2025.

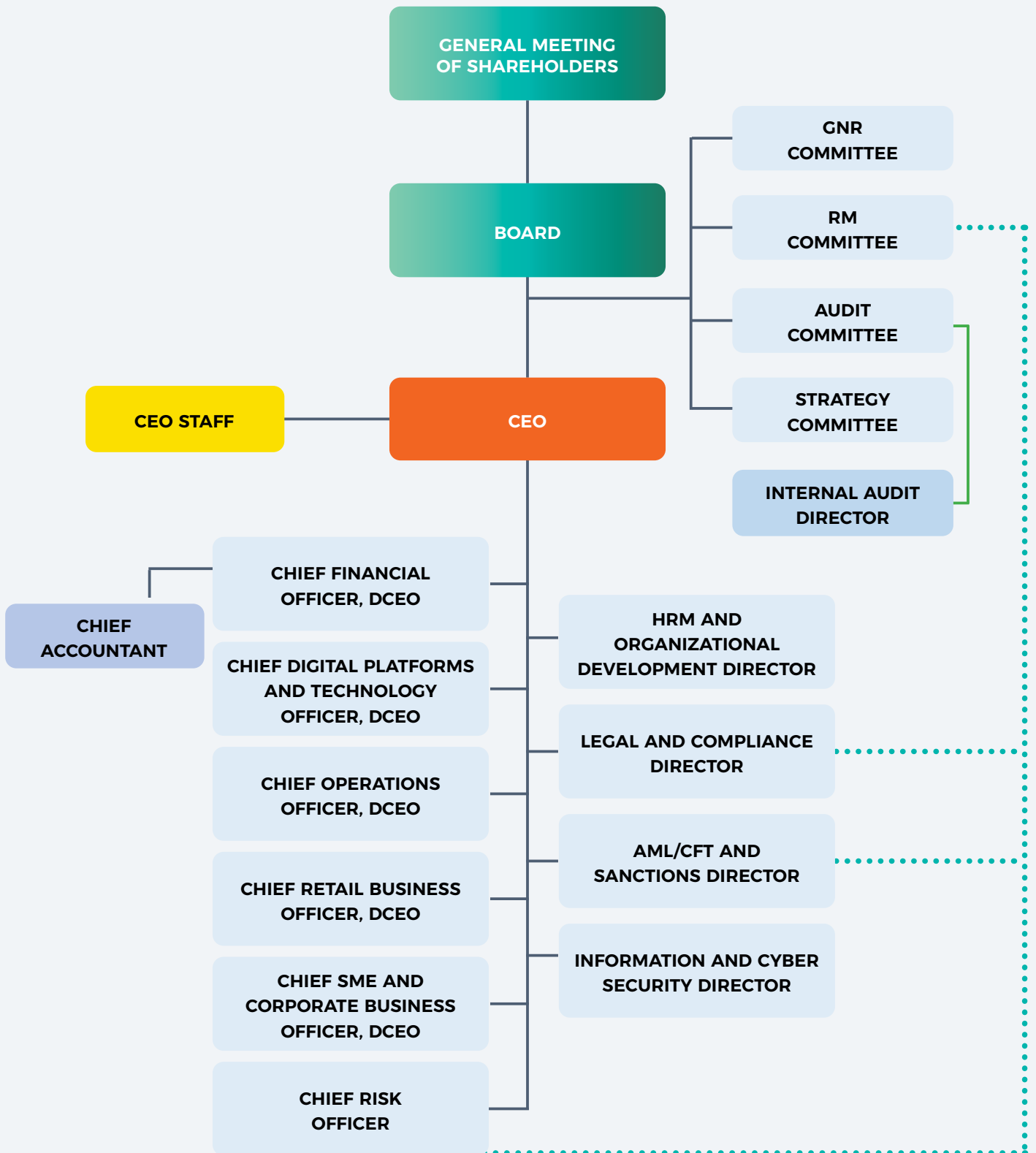
The Strategy Committee provides structured support to the Board on key forward-looking matters, including:

- ▶ Capital strategy and shareholder relations;
- ▶ Balance sheet management and financial planning;
- ▶ Strategic positioning of client segments (Retail, SME, Corporate, Agri);
- ▶ ESG goal-setting and implementation;
- ▶ Oversight of key technology and cybersecurity investments.

This initiative is expected to further strengthen the Board's strategic steering capacity, ensuring that governance plays an active and value-driven role in shaping the Bank's future trajectory.



# ANNEX 1 – ORGANIZATIONAL STRUCTURE CHART



## ANNEX 2 – OUR BOARD MEMBERS

**RAFAYEL SARGSYAN**



**Board Chairman**

Appointed to the Board as of January 2022

**Skills and experience:**

Rafayel Sargsyan is an experienced lawyer within the banking industry with significant leadership experience at Acba bank. Rafayel is the former Head of Acba bank's Legal Department where he was responsible for the Group legal and governance, as well as for NPL collection process. Rafayel was appointed as Chairman since January 2022.

**Education:**

- Faculty of Law of Yerevan State University, bachelor's and master's degrees in law
- Armenian-Russian Slavonic University / Lomonosov Moscow State University, PhD in law
- In 2024, completed European Board Diploma Program on European Corporate Governance, European best practices, board dynamics and soft skills topics

**BRUNO CHARRIER**



**Senior Independent Board Member**

Appointed to the Board as of June 2019.

**Skills and experience:**

Bruno Charrier has extensive knowledge in financial services, technology and corporate strategy from a career spanning more than 40 years within Credit-Agricole Group. During this period Bruno held different positions of executive or Chairman in the various French and international subsidiaries of Credit Agricole Group.

Bruno earlier served as Deputy CEO of Emporiki Bank in Greece and later as the Chairman of the Executive Board of Credit Agricole Serbia and the Chairman of the Executive Board of Credit Agricole Leasing Serbia.

**Education:**

- National Institute of Applied Sciences in Lyon, degree in IT Engineering
- French Institute of Management (Lyon, France), Master of Business Administration (MBA) degree
- Graduated two times within internal executives training and selection paths of Credit Agricole Group


**KLAUS GRESSENBAUER**

**Independent Board Member**

Appointed to the Board as of June 2022.

**Skills and experience:**

Klaus Gressenbauer is an experienced auditor with exceptional international experience in the Europe and US. Klaus spent 20 years at European Central Bank, where he held positions, including Director of the Planning and Supervision Directorate and Head of Internal Audit and Chairman of the Eurosystem, ESCB and SSM Audit Committee.

**Other positions:**

- Member of the Editorial Board of "GRC aktuell"
- Member of the OECD Forums for internal Audit and for Compliance
- Contributor to the IMD World Competitiveness Report
- Lecturer at the International Anti-Corruption Academy (IACA) and Member of the ECGI

**Education:**

- University of Vienna (Austria) PhD in Political Science
- International Management Institute (Geneva Switzerland), Master of Business Administration (MBA)

**ASHOT KARAPETYAN**

**Independent Board Member**

Appointed to the Board as of June 2022.

**Skills and experience:**

Ashot Karapetyan has significant experience across the regulatory and finance sectors, and a deep understanding of the risk management, macroeconomic and regulatory environment. Ashot Karapetyan has resided in Canada since 2008 and has worked for the Canadian Mortgage & Housing Corporation first as a market analyst/economist, later as Senior Analyst, Securitization Policy, Capital Markets, then Senior Specialist, Risk Management, Strategy and Products.

**Other positions:**

- Senior Specialist, Risk Management, Strategy and Products, Canada Mortgage and Housing Corporation

**Education:**

- Yerevan State University, degree in Economics
- Graduated from the University of Illinois at Urbana-Champaign, Master of Science (MSc) in Economics
- Chartered Financial Analyst (CFA) Charterholder CFA Institute
- Financial Risk Manager (FRM) Certification Global Association of Risk Professionals (GARP)

**BERNARD DE WIT**



**Independent Board Member**

Appointed to the Board as of July 2024.

**Skills and experience:**

Bernard De Wit spent his entire career at major financial institutions, focusing initially on Retail and commercial banking. He then occupied several senior positions in the area of Finance and Risk Management, before becoming one of the founders of Amundi, the leading European Asset Management company. He was Deputy CEO of Amundi until 2023.

**Other positions:**

- ▶ Advisor to the CEO of Amundi

**Education:**

- ▶ Master of Economic Management
- ▶ Master of Business Administration (Partnership University of Louvain and University of Chicago)

**HENRIK KOCHINYAN**



**Board Member**

Appointed to the Board as of May 2010.

**Skills and experience:**

Henrik Kochinyan has extensive experience in public administration from a career spanning more than 40 years, holding many key positions in the public administration system of the Republic of Armenia, including Minister of Transport and Communication of Armenia, Governor of Lori region, Head of the Department of the Tax Inspection of the State Revenue Committee.

**Other positions:**

- ▶ Professor, National Polytechnic University of Armenia (NPUA), Board Member of Institute of MMT and D, NPUA, Board Member of ACBA Federation CJSC

**Education:**

- ▶ Yerevan Polytechnic Institute, Faculty of Mechanical Engineering
- ▶ Postgraduate Student, Armenian Agricultural Institute
- ▶ Candidate of Technical Sciences, Professor
- ▶ Corresponding Member of the International Academy of Biological Safety and Ecological Sciences
- ▶ Corresponding Member of the Engineering Academy of the Republic of Armenia

**Public awards**

- ▶ 13 medals, Honored CIS Road Builder, Honored Railway Worker


**ARAM BABAYAN**

**Board Member**

Appointed to the Board as of June 2022

**Skills and experience:**

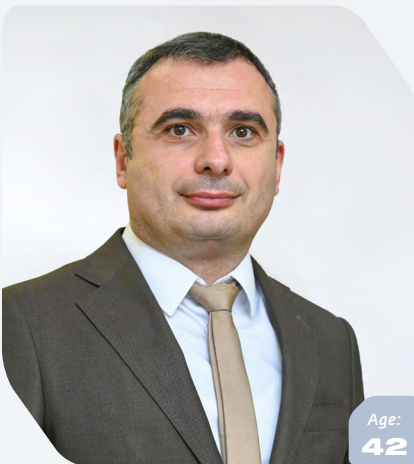
Aram Babayan has over 15 years of experience working for the Deutsche Gesellschaft für Internationale Agency (GIZ), holding the positions of expert, program coordinator, deputy manager and team leader in various programs.

**Other positions:**

- Project team leader at Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ)
- Board member of the Wines of Armenia Association and Advisory Board Member of German Business Association in Armenia

**Education:**

- Agricultural Academy of Armenia, bachelor's and master's degrees
- University of Triesdorf in Germany, a Master of Business Administration (MBA) in Agriculture

**HARUTYUN PAKHCHANYAN**

**Board Member**

Appointed to the Board as of June 2022.

**Skills and experience:**

Harutyun Pakhchanyan is an accomplished business leader with extensive international experience in finance and strategic development. With over 15 years of cross-sector expertise gained through roles in finance, corporate governance, and agricultural entrepreneurship. Since 2015 Mr. Pakhchanyan is the Executive Director of "ARBERRY" company.

**Other positions:**

- Executive Director at "ARBERRY"

**Education:**

- Yerevan State Institute of Economics
- Cardiff University in Wales (UWIC, UK), Master of Business Administration (MBA) degree

**VARDAN URUTYAN**



**Board Member**

Appointed to the Board as of June 2022.

**Skills and experience:**

Vardan Urutyan brings extensive insight into financial services, technologies and corporate strategy, through his leadership experience in various educational and research organizations. He previously served as the Director of the International Center for Agribusiness Research and Education (ICARE). Since December 2018 until December 2023 Vardan Urutyan served as the Rector of the Armenian National Agrarian University (ANAU). During 2010-2024 Vardan Urutyan served as an Adjunct Professor in the Department of Agricultural Economics of Texas A&M University, USA. He has been an expert/chief researcher/team leader in the USAID, EU, ADA, World Bank, Asian Development Bank, AUA, UN FAO, UNDP and other local and international organizations.

**Other positions:**

- ▶ Founder & CEO, Armenian Institute for Digital Agriculture
- ▶ Agribusiness and Digital Agriculture International Expert
- ▶ Member of the Board of Trustees: ReArmenia Foundation
- ▶ Professor and Member of the Board of Trustees: Armenian National Agrarian University
- ▶ Member of the Board of Trustees: Georgian Center for Agribusiness Development
- ▶ Member of the Board: Armenian Economic Association

**Education:**

- ▶ PhD in Economics, Yerevan State Institute of Economics., Armenian State University of Economics
- ▶ Post Doctoral Certificate Program in Agribusiness Finance, Risk Management and Research Methods at the Department of Agricultural Economics and Business, University of Guelph, Canada
- ▶ Completed a Professional Course in Leadership and Education Management at Texas A&M University, USA. Completed an Executive Management Program in Maastricht School of Management, The Netherlands
- ▶ Professional distance learning programs: Trade, Growth and Poverty; Trade and Gender; Standards and Agricultural Trade; Economics of Education for Policymakers. The World Bank Institute. The World Bank Group, E-Institute for Development. Certificates obtained
- ▶ Academic Training in Education Administration, The University of Hohenheim, Stuttgart, Germany and The University of Wageningen, Wageningen, The Netherlands. Certificate obtained
- ▶ Professional Training in Precision Agriculture and Digital Farming Technologies at the Weihenstephan-Triesdorf University of Applied Sciences, Germany. Certificate obtained


**GAYANE HAYRAPETYAN**

 Age:  
**51**
**Board Member**

Appointed to the Board as of August 2024.

**Skills and experience:**

Gayane Hayrapetyan is a respected scientist and entrepreneur with a strong background in biomedical research and regional development. She has led the International Biomedical Center for many years and is widely published in her field. Gayane is also the co-founder of ActiTour and founder of the "7 Qar" complex in Garni, showcasing her passion for tourism and culture.

**Other positions:**

- Director of the International Medical Biomedical Center
- Co-founder of ActiTour company
- Founder of "7 Kar" complex
- Board member at the "Kotayk ACRU" NGO

**Education:**

- Yerevan State University, Faculty of Radio-physics, bachelor's and master's degrees
- Post-graduate program at the UNESCO Biomedical Center

**Board committee membership key**

- ⊖ Chairman of the Board
- Audit Committee
- Risk Committee
- Governance, Nomination and Remuneration Committee
- Strategy committee

Learn more about our board members at the following link ("Bank managers" section):

<https://www.acba.am/hy/about-bank/about/Bank-today>

### HRACH SARGSYAN



#### **Board Member**

Appointed to the Board as of May 2020.

Termination of Powers as of May 2024

#### **Skills and experience:**

Hrach Sargsyan is an experienced farmer and has extensive experience agriculture. Since 2020 Hrach Sargsyan is the Board Chairman of "GEGHARKUNIK AGRICULTURAL COOPERATIVE REGIONAL UNION" NGO.

#### **Other positions:**

- Chairman of "GEGHARKUNIK AGRICULTURAL COOPERATIVE REGIONAL UNION" NGO
- Lecturer at Chkalovka secondary school, Gegharkunik region, RA

#### **Education:**

- National University of Architecture and Construction of Armenia as a civil engineer

### ARMEN MKRTCHYAN



#### **Board Member**

Appointed to the Board as of May 2020.

Termination of Powers as of May 2024

#### **Skills and experience:**

Armen Mkrtchyan has significant experience in public administration. Since 2002 he is the principal of Karahunj secondary school. In 2016 he has been appointed as a member of the Goris municipality of Syunik region, RA. Since 2020 Armen Mkrtchyan is the Board Chairman of "SYUNIK AGRICULTURAL COOPERATIVE REGIONAL UNION" NGO.

#### **Other positions:**

- Chairman of "SYUNIK AGRICULTURAL COOPERATIVE REGIONAL UNION" NGO
- Principal at Karahunj secondary school, Syunik region, RA
- Municipality member of Goris municipality of Syunik region, RA

#### **Education:**

- Goris State University as an Electronics engineer



## INTERNAL AUDIT



### **NARINE MALAKYAN**

#### *Internal Audit Director*

*Narine Malakyan joined Acba bank as Head of Internal Audit in January 2024 and replaced Armen Varzhapetyan in this position.*

*Prior to that Narine served 12 years at the Central Bank of Armenia where she held positions of the head of Financial Audit and the head of People and Culture since 2020.*

*Narine have started her professional career in 2005 at Ernst & Young audit firm, where she initially held the position of an audit specialist and advanced to the role of a senior auditor.*

*Since 2016, Narine is a member of the Institute of Internal Auditors (IIA).*

*Narine has held the Association of Chartered Certified Accountants (ACCA) qualification since 2017 and obtained the Certified Internal Auditor (CIA) qualification in 2024.*

## CORPORATE SECRETARIAT

### NAREK ANTONYAN



#### Corporate Secretary

Terms of Office: 2019–Feb 2025

#### Skills and experience:

Narek Antonyan is a qualified lawyer with significant governance and regulatory experience in the financial industry. He is a member of the Armenian chamber of advocates, a lecturer at the French University in Armenia and simultaneously is studying at the Chartered Governance Institute of UK and Ireland (CGIUK&I).

Narek Antonyan joined Acba bank in 2014 and is currently the Head of Investor Relations Division.

### TATEVIK IGITYAN



#### Corporate Secretary

Appointment: Feb 2025

#### Skills and experience:

Tatevik Igityan has been with Acba bank since 2017, contributing her legal expertise within the Corporate Law Division of the Legal Department. She was promoted to Chief Specialist and Secretary of the Audit Committee in 2022 and was appointed as Head of Corporate Secretariat and Governance assistance division in March 2025. Prior to ACBA, she spent five years at Ardshinbank CJSC, where she provided legal support in both banking and corporate transactions.

Tatevik is a member of the Armenian chamber of advocates. She is a member of the Armenian Women on Boards Network of the Corporate Governance Center of Armenia.



## ANNEX 3 – TOP MANAGEMENT AND KEY MANAGERIAL PERSONNEL

Top management, includes the Chief Executive Officer of the Bank, the deputies and CRO, and is responsible for the day-to-day management of the business, the implementation of strategy and Risk Management.



### **HAKOB ANDREASYAN**

#### *Chief Executive Officer*

*Hakob Andreasyan has an extensive background in banking, finance, and public administration. He joined Acba bank in 1996 and became part of the team responsible for the creation and development of Acba bank. For 18 years, he served as deputy CEO - Credit Director of ACBA. Hakob was appointed Chief Executive Officer in April 2014. Since September 2015, he is a member of the Executive Committee of the Confédération internationale du crédit agricole (CICA).*

*Hakob is also Chairman of Acba Leasing, Amundi-Acba Asset Management, the Alliance Française d'Arménie, as well as he is a board member of a number of Armenian-French organizations. In 2025 Mr. Andreasyan was appointed as a member of the Armenian Public Council.*



### **NIKOLAY HOVHANNISYAN**

#### *Deputy CEO- Chief Operations Officer*

*Nikolay Hovhannisyan has extensive experience in the banking industry and was part of ACBA's management team during its creation and formation. Nikolay joined the ACBA team in 1996 and was the manager of the "Armavir" branch. In 2022 he was appointed as Deputy CEO.*

*Nikolay became Chief Operating Officer in July 2015, and previously served as Deputy CEO. He is also a board member of Acba Leasing since its establishment. From Nikolay is appointed as Chief Operations Officer, DCEO starting from March 2025.*



## **STYOPA ZAKINYAN**

### **Deputy CEO - CFO**

Styopa Zakinyan became Chief Financial Officer in 2015. Since joining Acba bank in July 2000, his roles included branch credit officer, Head of Strategic Planning and Assets and Liabilities Management Department, Head of Assets and Liabilities Management and Dealing Office, Head of Department of International Relations and Asset and Liability Management.

Styopa is also board member at Acba Leasing. In 2023 he received an Executive Master of Business Administration (EMBA) degree from the London Business School (LBS).



## **NORIK NAZARYAN**

### **Deputy CEO- Chief SME and Corporate Business Officer**

Norik Nazaryan joined Acba bank in 1998 and was appointed deputy of CEO in 2014, in charge of various areas of the Bank's activities. Prior to that, he had significant experience in sales and branch network management. In 2018 he was appointed as the deputy CEO in charge of sales promotion and regional management.

Starting from March 2025, Norik has taken on the role of Chief SME and Corporate Business Officer.



## **ARSEN MELKONYAN**

### **Deputy CEO- Chief Retail Business Officer**

Arsen Melkonyan joined Acba bank in 2000 and was appointed Deputy CEO for Business Operations Coordination in 2018. Prior to that, he served as Head of the Commercial Lending Department, manager of various branches, Deputy Credit Director, and Head of the Marketing and Development Department.

Now he is getting an Executive Master of Business Administration (EMBA) degree at Oxford University.

Arsen is appointed as Chief Retail Business Officer, DCEO starting from March 2025.



### **TIGRAN SIMONYAN**

*Deputy CEO- Chief Digital Platforms and Technology Officer*

*Tigran Simonyan joined Acba bank in 2009 and has held a series of senior leadership roles, including Head of the IT Development Department, Head of the Risk Management Department, and Head of the Technical Assignments Development Division. In 2020, he was appointed Deputy CEO on Platforms and Technologies Development. In addition to his role at Acba bank, Tigran serves as Chairman of the Board at imID CJSC.*

*Effective March 2025, Tigran Simonyan has been appointed as Deputy CEO – Chief Digital Platforms and Technology Officer.*

*Tigran is currently pursuing a Global Executive MBA at INSEAD, further strengthening his international leadership perspective and strategic capabilities.*



### **ZORAYR SARGSYAN**

*Chief Risk Officer*

*Zorayr Sargsyan began his professional journey at Acba bank in 2005 as a Credit Officer. In 2014, he was appointed Head of the Credit Analysis and Committee Approval Division, and from 2018 to 2025, he served as the Head of the Credit Analysis Department.*

*He holds a Master's degree in Finance and Credit from the Armenian State University of Economics and has further strengthened his leadership credentials with a Level 5 Management and Leadership certificate from the Chartered Management Institute (UK), completed in 2020.*

*Starting from March 2025, Zorayr has taken on the role of Chief Risk Officer.*



## **ZARINE AZIZYAN**

### **Legal and Compliance Director**

Zarine Azizyan joined Acba bank in 2012 as a Legal Counsel. From 2016 to 2022, she served as Head of the Business Processes Legal Service Division, and since 2022, she has been the Head of the Legal Department, overseeing all legal matters of the Bank. In parallel, she also lectures at the RA Academy of Justice.

She holds a Master's degree in International Business Law from Jean Moulin Lyon 3 University and the French University in Armenia, along with a Bachelor's degree in Law.

In 2024, she earned a Level 7 Diploma in Strategic Management and Leadership Practice from the Chartered Management Institute, UK.

In 2025, she earned an ICA certificate in Compliance from International Compliance Association, UK.

Since March 2025, Zarine Azizyan has assumed the position of Legal and Compliance Director at Acba bank.

CMI and ICA member



## **ARMEN MELKUMYAN**

### **AML/CFT and Sanctions Director**

Armen Melkumyan joined Acba bank in 1997. Since 2002 he was heading the IT development department of the Bank. Armen was appointed as Head of Risk Management and Compliance in April 2020.

In March 2025 Armen was appointed as AML/CFT and Sanctions Director.

Armen has MBA degree from American University of Armenia.

In 2022, he earned an ICA certificate in Trade Based Money Laundering from International Compliance Association, UK.



### **ARSEN ABRAHAMYAN**

#### *HRM and Organizational Development Director*

*Arsen Abrahamyan began his career at Acba bank in 1999 as an Accountant. In 2010, he was appointed Head of the HRM Division, and since 2015, he has been leading the Bank's HR function as the Head of the Human Resource Management Department.*

*He holds a Bachelor's degree in Economics from the Cooperative-Economics Institute and earned a Level 7 Diploma in Strategic Management and Leadership from the Chartered Management Institute in 2020.*

*Since March 2025, Arsen Abrahamyan has assumed the position of Human Resources and Organizational Development Director.*



### **VAGHARSHAK ISKANDARYAN**

#### *Information and Cyber Security Director*

*Vagharshak Iskandaryan joined Acba bank in 2011 as an Information Security Specialist.*

*He holds a Master's degree in Information Security from the State Engineering University of Armenia.*

*In 2020, he was promoted to Head of the Information Security Division, leading efforts to strengthen security protocols and information and cyber security risk management.*

*In 2025, Vagharshak was appointed Information and Cyber Security Director, overseeing cybersecurity strategy and protecting the organization's assets.*

*Throughout his career, he has remained dedicated to advancing information security and enhancing organizational resilience.*



## **ARMEN HAKOBYAN**

### **Chief Accountant**

*Armen Hakobyan joined Acba bank in 1998 and was appointed Chief Accountant in 2015. Previously, he was Deputy Chief Accountant of the Bank, as well as Chief Accountant of ACBA Leasing and Amundi-Acba Asset Management. He is also a professor at the Armenian State University of Economics and has a Doctor of Science degree.*

*Armen Hakobyan is a member of the Chamber of Auditors and Expert Accountants of Armenia and holds the qualification of an expert accountant. He is also a member of the Qualification Committee of the same Chamber.*

*He has participated in several professional development courses in Armenia, Lebanon, the Czech Republic, Austria, France, and the United Kingdom.*

### **SHARE OWNERSHIP OF EXECUTIVE BODY AS OF THE END OF 2024:**

**79150**  
shares

**HAKOB  
ANDREASYAN  
CEO**



## ANNEX 4 – ANNUAL REPORTS OF THE BOARD COMMITTEES

### 1. GOVERNANCE, NOMINATION, AND REMUNERATION COMMITTEE ANNUAL REPORT FOR 2024

#### SUMMARY

**Dear Shareholders,**

In 2024, the Governance, Nominations, and Remunerations (GNR) Committee played a pivotal role in strengthening corporate governance, leadership development, and remuneration policies to support the Bank's long-term objectives. A key achievement was the finalization and implementation of the Group Governance Policy, ensuring a unified governance framework across the Bank and its subsidiaries. The Committee also took significant steps in succession planning, laying the groundwork for leadership continuity at both top management and mid-level roles. A major focus of the year was the refinement of key performance indicators for senior management and the enhancement of remuneration frameworks. These efforts were aimed at ensuring competitiveness, fairness, and alignment with the Bank's strategic priorities. The establishment of the Strategic Committee was another milestone, reinforcing long-term planning, financial oversight, and ethical governance, with a strong emphasis on ESG principles and risk management.

While notable progress has been achieved in several critical areas, the Committee acknowledges that Acba bank's governance framework is still evolving. Certain elements, such as policy development, performance monitoring, and comprehensive governance oversight, require ongoing focus and refinement. The Committee remains committed to identifying and addressing these gaps through practical and sustainable improvements.

Looking ahead to 2025, the Committee remains committed to advancing governance initiatives, optimizing Board composition and training programs, and further refining remuneration and performance management systems. With a focus on ethical leadership, transparency, and accountability, the GNR Committee will continue to ensure that the Bank operates with the highest standards of corporate governance and strategic foresight.

#### FOCUS AREAS FOR 2024

In 2024, the GNR Committee concentrated on the following key areas:

- 1. GROUP GOVERNANCE:** Finalization and implementation of the Group Governance Policy to align the Bank and its subsidiaries with a unified governance framework.
- 2. SUCCESSION PLANNING:** Initial steps to develop a robust succession planning framework for top management roles and extend planning to mid-level roles.
- 3. KPIS AND REMUNERATION FRAMEWORKS:** Approval of KPIs for top management and refinement of remuneration frameworks, ensuring competitiveness and alignment with strategic goals.
- 4. ESTABLISHMENT OF THE STRATEGIC COMMITTEE:** Dedicated to fostering long-term strategic planning and ensuring alignment with the Bank's overarching goals.

## PRIORITIES FOR 2025

- 1. COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE:** Oversight of necessary actions to support the continuous enhancement of the Bank's Corporate Governance system, based by the RA Code compliance assessment results.
- 2. FULL-SCALE IMPLEMENTATION OF GROUP GOVERNANCE:** Execute the group governance action plan to ensure consistent governance practices across all entities.
- 3. BOARD DEVELOPMENT PROGRAM:** Recommend updates to the Board's 2025 training agenda and oversee its execution to enhance governance effectiveness.
- 4. STRENGTHENING ETHICAL STANDARDS:** Formulate a comprehensive Code of Ethics and Code of Conduct, followed by the establishment of an Ethics and Compliance Program to integrate ethical principles into the Bank's culture.
- 5. CONFLICT OF INTEREST MANAGEMENT:** Develop a Conflict-of-Interest Policy and implement a structured Conflict of Interest Management Program to ensure proper enforcement and alignment with the Bank's governance framework.
- 6. ADVANCING SUCCESSION PLANNING:** Enhance and implement structured succession plans for critical leadership roles to ensure continuity and long-term stability.
- 7. ENHANCING REMUNERATION POLICIES:** Develop and execute a structured plan to ensure full compliance with the Bank's Remuneration Policy.
- 8. STRENGTHENING PERFORMANCE MANAGEMENT:** Design and implement a strategic initiative to optimize the Bank's performance management systems, fostering accountability and operational efficiency.

## MEETINGS, MEMBERSHIP, AND ATTENDANCE

**NUMBER OF MEETINGS in 2024:** 7 meetings  
 Membership & Attendance In 2024:

Name and position	Attendance
<b>Bruno Charrier</b> (Chair)	7/7
<b>Rafayel Sargsyan</b> (Member)	7/7
<b>Aram Babayan</b> (Member)	7/7
<b>Henrik Kochinyan</b> (Member)	7/7

## GNR COMMITTEE REMIT

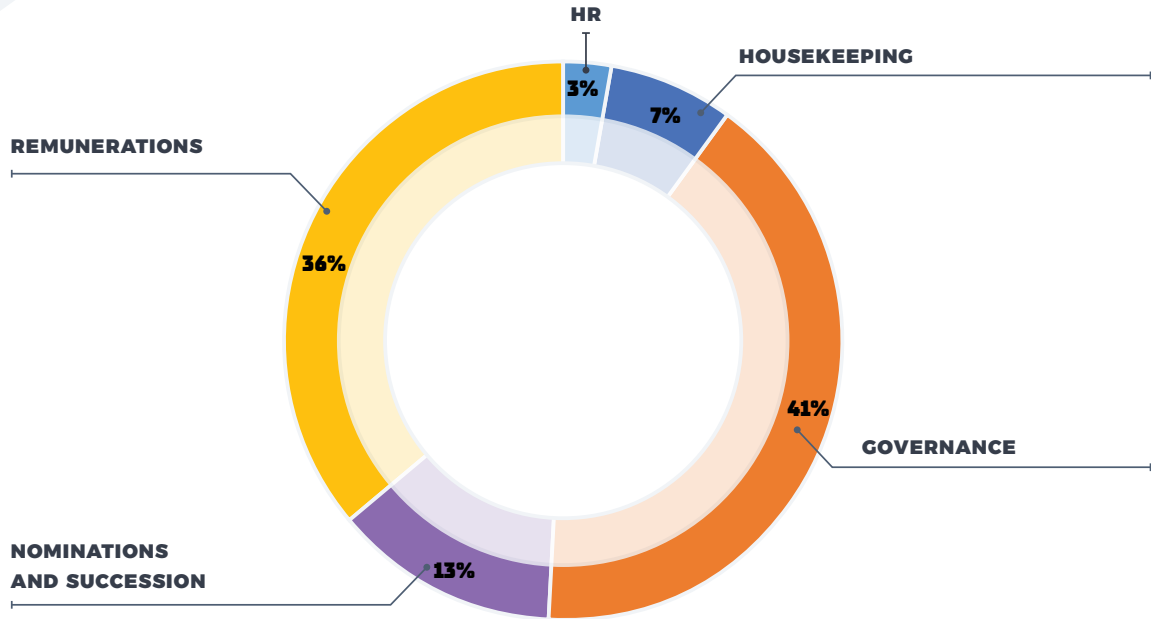
**The Governance, Nominations and Remunerations Committee has been delegated by the Board of the Bank its functions for matters related to governance, nomination and remuneration to Committee, in particular, for:**

- I.** Overseeing and monitoring the corporate governance framework of the Bank and making recommendations to the Board to ensure that the framework is consistent with corporate governance standards and best practice.
- II.** Assisting the Board in keeping the composition of the Board and its committees under review and to lead the process for nominations to the Board and its committees.
- III.** Overseeing a continuous and proactive process for planning and assessment of candidates to ensure plans are in place for the orderly succession for members of the Board, Group Executive and other senior appointments within the Bank.
- IV.** Being satisfied that good remuneration frameworks and practices are in place for the Bank's workforce.



## THE GNR COMMITTEE TOPIC AREA COVERAGE IN 2024

(in terms of time proportions spent on related issues):



## THE FOCUS AREAS OF 2024 IN MORE DETAIL

### 1. GROUP GOVERNANCE

One of the primary objectives of the GNR Committee in 2024 was the **finalization and implementation of the Group Governance Policy**. The policy aimed to:

- Establish a unified governance structure across the Bank and its subsidiaries.
- Define clear roles and responsibilities for the Board, executive management, and subsidiary entities.
- Enhance transparency and accountability in decision-making processes.
- Strengthen risk management and regulatory compliance within the group structure.
- Throughout the year, the Committee actively monitored the implementation progress, ensuring that governance enhancements were embedded within the Bank's operational and strategic framework.

## 2. SUCCESSION PLANNING

Recognizing the importance of leadership continuity, the Committee took significant steps toward developing a structured **Succession Planning Framework**. Key initiatives included:

- Identifying critical top management positions requiring succession planning.
- Establishing a leadership pipeline through internal talent development programs.
- Implementing performance assessment mechanisms to evaluate potential successors.
- Expanding the framework to cover mid-level management roles to strengthen future leadership capabilities.

The Committee ensured that the succession planning framework aligns with long-term strategic goals, promoting leadership stability and operational resilience.

## 3. KPIS AND REMUNERATION FRAMEWORKS

A critical component of the Committee's work in 2024 was the refinement of KPIs and remuneration frameworks. Key actions included:

- Approval of key performance indicators (KPIs) for top management, ensuring that executive performance aligns with the Bank's long-term strategic objectives.
- Revision of remuneration policies to maintain competitiveness and fairness in compensation structures.
- Enhancement of performance-linked remuneration by integrating measurable targets and incentive mechanisms.
- Evaluation of Board remuneration frameworks, ensuring alignment with governance best practices and shareholder expectations.
- Monitoring KPIs performance, to ensure the progress is well transparently managed

These refinements were undertaken with a focus on motivating leadership effectiveness, promoting performance-driven cultures, and ensuring compliance with industry remuneration standards.

## 4. ESTABLISHMENT OF THE STRATEGIC COMMITTEE

A significant milestone in 2024 was the creation of the Strategic Committee and appointment of its members, designed to reinforce long-term planning and strategic oversight. The Committee's objectives included:

- **Defining the Bank's Corporate Purpose** to ensure alignment with its mission and values.
- **Setting Key Business Priorities and Goals** to drive sustainable growth and competitiveness
- **Financial Strategy and Performance Monitoring** to enhance fiscal discipline and operational efficiency.
- **Equity Management, Strategic Partnerships, and Mergers & Acquisitions** to expand the Bank's market position.
- **Technology and Cybersecurity Initiatives** to safeguard digital infrastructure and promote innovation.
- **Integration of ESG Principles** to reinforce environmental, social, and governance commitments.

The Strategic Committee was established as a key advisory body, supporting the Board in strategic decision-making and long-term business planning.



## OTHER MATTERS AS REFERRED BY THE BOARD OF THE BANK

Throughout 2024, the GNR Committee monitored Proparco's equity participation project, receiving regular updates on its progress and key developments.

## ANNUAL REVIEW OF THE GNR COMMITTEE'S MANDATE AND ITS OWN EFFECTIVENESS

In 2024, the GNR Committee conducted its first annual self-assessment, evaluating its effectiveness and identifying key areas for improvement.

### AREAS OF CONSENSUS INCLUDED:

- Clear responsibility for recommending Board composition and committee structures.
- Oversight of the Remuneration Policy.
- Advisory role on strategic alignment, though some divergence in opinions remained.

### KEY AREAS OF DIFFERING VIEWS INCLUDED:

- Monitoring Responsibilities: Assessment of the Board's performance, governance framework, and policy oversight varied among members, with some considering these areas fully covered while others identified gaps.
- Policy Development: Responsibilities related to governance policy review and development were seen as inconsistently addressed, with differing levels of engagement reported.
- Corporate Governance Reporting: Members had varied perspectives on the extent of involvement in preparing governance reports and recommending improvements.

- Governance Oversight: While some members considered governance advisory responsibilities well covered, others noted inconsistencies in execution and understanding.

The Committee acknowledged these differences and recognized the need for a more structured methodology to assess governance effectiveness. The Committee agreed on having a systematic approach to evaluating governance structures, though concerns were raised regarding potential complexity and administrative burden. Committee members emphasized the importance of maintaining a practical approach, ensuring clarity and effectiveness without unnecessary complexity.


**BRUNO**
**CHARRIER**
**CHAIRMAN OF  
GNR COMMITTEE**

## 2. AUDIT COMMITTEE ANNUAL REPORT FOR 2024

### SUMMARY

#### Dear Shareholders,

The Audit Committee's 2024 annual report presents a comprehensive overview of its activities and key focus areas in accordance with its delegated responsibilities.

In 2024, the Audit Committee concentrated its efforts on several key areas within its oversight responsibilities.

These included monitoring financial reporting processes and providing recommendations to enhance governance in this area; maintaining regular engagement with the external auditor to ensure a high-quality and independent audit; supporting the implementation of the Internal Audit Enhancement Project; and closely reviewing and tracking the progress of the Internal Control over Financial Reporting (ICFR) gap analysis and related management action plan.

Through these focus areas, the Committee aimed to strengthen the Bank's internal control environment and overall governance framework.

### FOCUS AREAS FOR 2024

- **FINANCIAL REPORTING:** Executing the necessary work to fulfill the committee's mandate on financial reporting, while also offering recommendations to management for improving the governance of financial reporting and overseeing the implementation of those recommendations.
- **EXTERNAL AUDIT:** Holding regular meetings with the external auditor to plan and execute the annual audit, as well as to assess the auditor's independence, objectivity, and the overall quality and

effectiveness of the audit.

- **INTERNAL AUDIT:** Ongoing support for the Internal audit enhancement project and supervision of internal audit activities as required.
- **INTERNAL CONTROLS OVER FINANCIAL REPORTING:** Reviewing the gap analysis performed by an external consultant on ICFR, initiated in 2023, and continuously tracking the management action plan implementation proposed in this regard.

### PRIORITIES FOR 2025

- Clarify the Audit Committee's mandate and responsibilities following the implementation of the Group Governance structure.
- Oversee the execution of the Internal audit Enhancement Program, including the Quality Assurance and Improvement Program and periodic self-assessments to ensure alignment with applicable Standards and the Internal Audit Manual.
- Maintain close oversight over the Financial Reporting Governance Enhancement framework to support the integrity and transparency of financial reporting processes.

### MEETINGS, MEMBERSHIP, AND ATTENDANCE

**NUMBER OF MEETINGS in 2024:** 9 meetings  
Membership & Attendance In 2024:

Name and position	Attendance
<b>KLAUS GRESSENBAUER</b> (Chair)	8/9
<b>RAFAYEL SARGSYAN</b> (Member)	9/9
<b>VARDAN URUTYAN</b> (Member)	9/9



**AUDIT COMMITTEE REMIT:**

The Audit Committee has been delegated by the Board of the Bank its functions for the oversight of matters relating to financial reporting and internal financial controls, in particular reviewing:

I. The integrity of the financial statements, formal an-

nouncements, and disclosures relating to the financial performance;

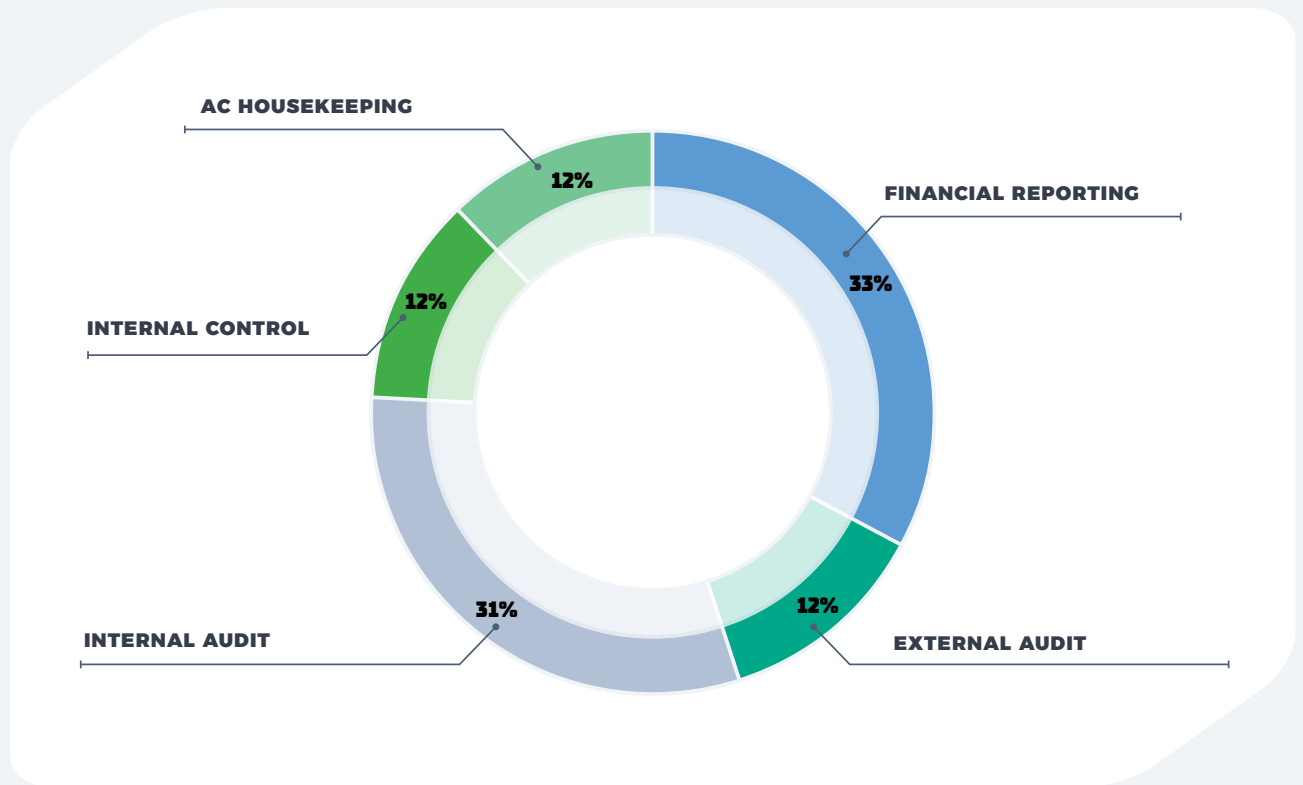
II. The effectiveness of Internal Audit function and the External Auditor;

III. The effectiveness of internal control systems over financial reporting;

IV. Such other matters as may be referred to it by the Board of the Bank.

**THE AC COMMITTEE TOPIC AREA COVERAGE IN 2024**

(in terms of time proportions spent on related issues):



## THE FOCUS AREAS OF 2024 IN MORE DETAIL

### 1. FINANCIAL REPORTING

To fulfill its mandate regarding the 2023 financial statements, particularly ensuring their integrity, the Committee requested and received the following information from management:

- ▶ Changes in the regulatory environment and their impact on the ACBA Group, as well as complaints and conduct violations for 2023 for both ACBA and ACBA Leasing.
- ▶ Details of complaints and conduct violations in 2023 for both ACBA and ACBA Leasing, including any changes to the respective processes implemented.
- ▶ Information on suspected, alleged, or actual fraud occurrences in 2023, along with any pending court cases for both ACBA Bank and ACBA Leasing.
- ▶ Any changes to the application of the three lines model in 2023, along with the current status or plans for further modifications.
- ▶ Internal audit observations related to the implementation of action plans from last year's EA management letter.
- ▶ Any internal audit observations from 2023 that are relevant to the integrity of the 2023 financial statements and their production process.
- ▶ Information on the current bonus and incentive pay system applied at the bank.

During the reporting period, the Audit Committee undertook a diligent review of matters within its scope and made every effort to provide the Board with well-founded and timely assessments. These evaluations were based on the information available at the time and aimed at supporting informed decision-making and strengthening the Bank's governance framework.

At the same time, the Audit Committee emphasized the need to improve the quality of the financial statements and their production governance processes. Following the Committee's recommendation, a working group of editors was formed at the Bank, led by CFO, with task to ensure the improvement of the financial statement texts and their alignment with other published documents containing financial data. The Audit Committee acknowledges that there is potential for further improvement in this process and continues to maintain oversight to ensure its effective implementation.

**In 2024, the Audit Committee held two meetings with the external auditors, focusing on preparatory work for the beginning of 2025. These discussions were aimed at laying the groundwork for improved financial reporting and aligning efforts with the upcoming goals for the new year.**

### 2. EXTERNAL AUDIT

In 2024, the Audit Committee focused on aligning the external auditor's financial statement-related work with the bank's timetable to ensure an effective financial reporting process.

The Committee held four sessions with representatives from the external auditor throughout the year. The initial meeting was dedicated to reviewing the external audit report for the 2023 financial year. While there were some procedural challenges during the audit, it was noted that the process for 2023 was smoother than in the previous year.

The second meeting with the external auditor was focused on the action plan presented by management in response to the ICR report. During these discussions, the Audit Committee closely monitored the progress of management's actions on recommendations made in previous years.



Given the slower-than-anticipated progress, the Committee organized additional meetings with management representatives and encouraged to prioritize the implementation of medium and medium-high risk recommendations. The Committee also stressed the need for clear deadlines for the implementation of each recommendation.

The final two meetings with the external auditor were centered on planning and reviewing the interim results of the financial audit for the year ending 2024.

As part of its external audit mandate, the Audit Committee also reviewed the external auditor's commitments to provide non-audit and additional audit services to the Bank and its subsidiaries. No issues were identified that would affect the auditor's independence.

### 3. INTERNAL AUDIT

In 2024, the Audit Committee welcomed the new Head of Internal Audit who joined the ACBA team and actively engaged in the work of the Internal Audit under the enhanced Internal audit model. Throughout the year, the Committee focused on the ongoing implementation of the internal audit enhancement project.

The Audit Committee encouraged the Internal Audit in recruiting new staff, including the hiring of an IT auditor, and supported the continuous professional development of both existing and new team members.

By the end of the year, the Audit Committee approved the internal audit manual, which outlines the entire internal audit process and serves as a sig-

nificant step towards improving quality and aligning with international internal audit standards. The Committee stressed the importance of ensuring that the manual remains a living document and is adhered to by both auditors and auditees.

Similar to its approach with external audits, the Audit Committee emphasized the importance of following up on previous recommendations for internal audits. It was highly recommended to prioritize IT improvement initiatives for recommendations with high and medium-high risks, in the same level as regulatory changes.

In 2025, the Audit Committee plans to address the internal and external quality assessments of the internal audit function.

### 4. INTERNAL CONTROLS OVER FR

In 2024, the results of the gap analysis on ICFR, conducted by an external consultant initiated in 2023, were summarized, and a management action plan was presented. The Audit Committee regularly reviews the progress of the action plan to closely monitor its implementation and ensure its implementation.

Although the gap analysis did not address all the concerns raised by the Audit Committee regarding ICFR, it highlighted a more positive outlook for internal control over financial reporting at the Bank.

In 2025, the Committee plans to extend its focus to include monitoring the ICFR system within consolidated companies.

## OTHER MATTERS AS REFERRED BY THE BOARD OF THE BANK

There were no matters referred to the AC in 2024 by the Board of the Bank.

## ANNUAL REVIEW OF THE AC COMMITTEE'S MANDATE AND ITS OWN EFFECTIVENESS

As in the previous year, the Audit Committee conducted annual assessment of its mandate and effectiveness at the end of the year. The assessment yielded the following mandate coverage results:

- **FULLY COVERED:** 84.9%
- **PARTIALLY COVERED:** 9.1%
- **NOT COVERED:** 6%

Based on this evaluation, relevant recommendations have been formulated for management to address the outstanding issues in the following year.

The annual review of the Charter is planned to be carried out alongside the implementation of the new Group governance system at the Bank.

At the year-end meeting, the Audit Committee members also summarized the Bank's overall activity in 2024. The following was highlighted as key positive developments:

- Enhancement of the IA, including enhanced human capital, development of IA manual etc.
- ongoing improvements in the financial reporting production process,
- improvements in internal control system based on external audit recommendations and ICFR gap analysis,
- Discussions on group governance and its commenced implementation.

The following areas were identified as requiring further enhancements.

- Internal control in 1st and 2nd lines,
- Project management,
- Budgeting and budget control,
- Responsibility and accountability of the management, including performance management,
- Whistleblowing framework installment.

**\*In the absence of the Chairman of the Audit Committee, the report was approved by committee members Rafayel Sargsyan and Vardan Urutyan.**



**KLAUS**

**GRESSENBAUER**

**CHAIRMAN OF  
AUDIT COMMITTEE**



### 3. RISK MANAGEMENT COMMITTEE ANNUAL REPORT FOR 2024

#### SUMMARY

##### Dear Shareholders,

On behalf of the Board Risk Management Committee, I am pleased to present our annual report for 2024.

Throughout the year, the Committee remained vigilant in fulfilling its mandate to oversee the Bank's risk governance and ensure the resilience of its risk management practices. In doing so, we closely monitored macroeconomic conditions, domestic and international regulatory trends, and the evolving geopolitical environment.

In particular, the Committee was attentive to Armenia's unique economic situation. The continued capital inflows and heightened demand for goods and services, partly triggered by regional geopolitical developments, sustained elevated levels of economic activity and profitability across the banking sector. However, we recognize the transient nature of these trends and remain cautious about future growth prospects.

We specifically noted the projected decline in mortgage lending growth, largely influenced by the gradual phase-out of the state program allowing individuals to redirect income tax toward mortgage interest payments. The discontinuation of this program for real estate in the capital city of Yerevan from January 2025 likely contributed to the surge in mortgage activity observed in 2024. The broader implications for real estate prices and the potential knock-on effects will be a key area of continued focus.

Global developments also factored significantly into our risk assessment. In light of increasing enforcement activity linked to U.S. secondary sanctions—particularly following the December 2023 Executive Order expanding OFAC's powers—the Committee closely reviewed the Bank's exposure and compli-



**ASHOT**

**KARAPETYAN**

**CHAIRMAN OF RISK  
MANAGEMENT COMMITTEE**

ance framework. The imposition of sanctions on several foreign banks in 2024 underscored the growing complexity of the international sanctions regime and the need for ongoing vigilance.

Navigating this complex risk landscape required balancing prudent risk management with strategic growth. The Committee maintained its focus on sustainable risk-taking, resisting pressures that might lead to excessive short-term gains at the cost of long-term resilience.

#### FOCUS AREAS FOR 2024

Key oversight areas during the year included:

**FINANCIAL RISK MONITORING:** We regularly reviewed internal prudential metrics, including capital adequacy, liquidity, and concentration limits. We welcomed the strategic investment

by Proparco, which further strengthens the Bank's capital position.

**CREDIT RISK GOVERNANCE:** Given sector sensitivities, the Committee gave particular scrutiny to mortgage and construction financing portfolios.

**ALERTING POLICY:** In February 2024, the Board adopted an Alerting Policy to ensure timely escalation of material risks and breaches to the Committee.

**RISK MANAGEMENT DOCUMENTATION:** The Committee reviewed and endorsed key risk governance documents, including the Internal Capital Adequacy Assessment Process (ICAAP), Risk Appetite Statement (RAS) and Risk Appetite Framework (RAF), and the Recovery Plan.

Additionally, under the new ACBA Group Governance Policy, the Committee assessed the risk oversight model for ACBA Leasing, owned by Acba bank. Given its size and complexity, we supported the decision for Acba bank's second-line functions—including risk management—to extend their responsibilities to this subsidiary.

In the area of operational risk, the Committee initiated a complete revamp of the Bank's operational risk framework (ORF), with efforts underway to enhance operational risk cause, impact and event taxonomies, improve the operational risk management approach using a four-step model for continuous operational risk management that includes risk identification, risk measurement, risk mitigation, and risk monitoring and reporting. The revamped ORF will therefore include a number of operational management tools, including Risk and Control Self-Assessment (RCSA) process, scenario analysis, incident reporting, stress testing, key risk indicators, among many others.

The Committee also exercised robust oversight of compliance, AML/CFT, and international sanctions. We

monitored indicators such as rejected transactions, suspicious activity reporting, and compliance with correspondent bank expectations—particularly where commercial activity was curtailed out of precaution, despite not being explicitly sanctioned.

## PRIORITIES FOR 2025

Looking ahead, the Committee will continue to oversee key enterprise risks affecting the Bank and its subsidiary. Our strategic priorities for the coming year include:

- **FINANCIAL RISK MONITORING:** Continuing to oversee the Bank's financial risk profile in light of macroeconomic uncertainty and updating the Risk Appetite as needed.
- **CREDIT POLICY REVIEW:** Assessing the new draft Credit Policy, which proposes several fundamental changes to lending governance.
- **OPERATIONAL RISK IMPROVEMENTS:** Driving the implementation of enhancements to the Bank's operational risk management framework.
- **RECOVERY PLANNING:** Reviewing the revised Recovery Plan to ensure alignment with the CBA's updated regulatory requirements.
- **AML/CFT REVIEW:** Conducting a deep dive into the AML/CFT function, with a particular focus on potential over-compliance that may affect legitimate customer activity.

I would like to extend my sincere appreciation to my fellow Committee members for their active engagement and insights, and to the Bank's risk, compliance, financial security, and treasury teams for their professionalism and dedication throughout the year.



## MEETINGS, MEMBERSHIP, AND ATTENDANCE

**MEETINGS in 2024:** The Committee convened 11 times in 2024. Meetings were attended by Committee members, the Chief Executive Officer, Chief Financial Officer, and key heads of risk, compliance, legal, and treasury functions. The Committee Chair also held ad hoc discussions outside formal meetings with key stakeholders to review critical matters. One meeting was convened specifically to investigate a fraud incident and was attended by the Head of the Audit Division. Another session included participation from the Chair of the Board Strategy Committee.

### ATTENDANCE IN 2024:

Name and position	Attendance
<b>ASHOT KARAPETYAN</b> (Chair)	11/11
<b>BRUNO CHARRIER</b> (Member)	11/11
<b>RAFAYEL SARGSYAN</b> (Member)	11/11
<b>HARUTYUN PAKHCHANYAN</b> (Member)	11/11

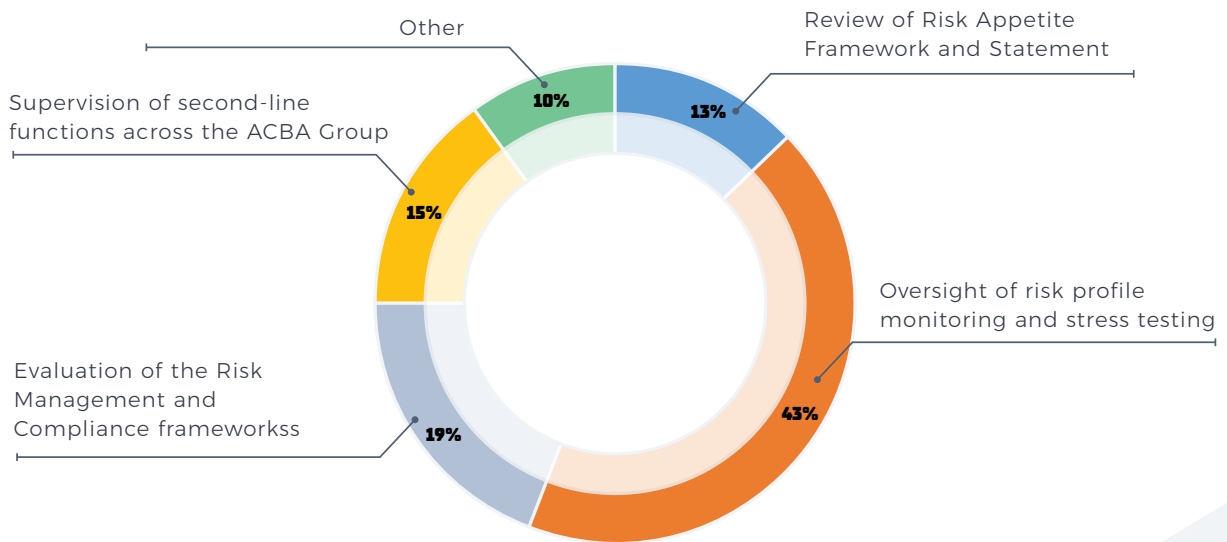
## THE RISK MANAGEMENT COMMITTEE REMIT

As defined in its charter, the Committee is responsible for oversight of enterprise-wide risk and the internal control environment, excluding internal financial controls. Key duties include:

- Review and recommendation of the Bank's Risk Appetite Statement and Framework
- Oversight of risk profile monitoring and stress testing
- Evaluation of the Risk Management and Compliance frameworks
- Supervision of second-line functions across the ACBA Group it by the Board of the Bank.

### THE RISK MANAGEMENT COMMITTEE TOPIC AREA COVERAGE IN 2024

(in terms of time proportions spent on related issues):





## THE FOCUS AREAS OF 2024 IN MORE DETAIL

Topic	Role of the Committee	Conclusion / Action Taken
<b>MANAGEMENT LETTER ACTION PLAN</b>	Oversaw the implementation of outstanding risk-related actions stemming from the 2022 Audit Management Letter and discussed new recommendations from the 2023 Audit.	Almost all actions from the 2022 Management Letter were implemented. Implementation of the two new recommendations will commence in 2025.
<b>ASSETS AND LIABILITIES MANAGEMENT</b>	Reviewed quarterly ALM reports and discussed key trends with the CFO and Head of ALM Division.	Requested additional insights on forward-looking market developments that may impact funding capabilities and treasury plans.
<b>FINANCIAL RISK PROFILE</b>	Received quarterly reports from the Financial Risk Management Division and engaged in discussions with risk leaders to assess current and stressed financial metrics, including risk appetites, capital adequacy, and liquidity ratios.	The Committee was generally satisfied with the Bank's financial risk profile. Additional scrutiny was applied to mortgage loan concentration due to real estate market conditions. The Committee pre-approved a temporary deviation from the internal one-borrower limit and reviewed exposures in high-risk border regions. Executive summaries of financial risk reports were shared with all Board members.
<b>OPERATIONAL RISK MANAGEMENT</b>	Reviewed semi-annual reports on operational and reputational risk and oversaw risk mapping.	Confirmed that operational and reputational risks were within acceptable limits. Identified key areas for major enhancement in the framework, to be addressed in 2025. Key findings were presented to the Board.
<b>COMPLIANCE</b>	Received quarterly reports on compliance risk, fraud incidents, and transaction monitoring. Reviewed the annual action plan and prior year's performance with the Compliance team.	Compliance risk was within acceptable limits. The Committee received explanations on fraud cases and approved the 2024 compliance action plan with recommendations. The Committee also discussed the resource demands associated with implementing new tax information exchange obligations under international agreements.
<b>INTERNATIONAL SANCTIONS</b>	Ensured continuous monitoring of international sanctions and enforcement practices.	Reaffirmed that adherence to international sanctions remains a top priority, as enshrined in the Bank's policy. The Committee consistently sought assurance of full compliance.
<b>APPROVAL OF NEW LIMITS</b>	Pre-approved and recommended for Board approval changes to certain financial limits, including those related to financial institutions and financial market transactions.	The Committee conducted a detailed review of the supporting calculations and rationale before preapproving the changes.

Topic	Role of the Committee	Conclusion / Action Taken
<b>RISK APPETITE STATEMENT, RISK APPETITE FRAMEWORK, AND ALERTING POLICY</b>	Conducted an in-depth review and challenge of the Bank's revised Risk Appetite Statement and Framework, and the new Alerting Policy.	Pre-approved and recommended all documents for Board approval. The revised Risk Appetite Statement enables agile adjustments, and the Alerting Policy ensures timely notifications of limit breaches. In mid-year, new internal liquidity limits were also approved. In December, the Committee pre-approved the 2025 Risk Appetite Statement.
<b>RECOVERY PLAN</b>	Discussed the Recovery Plan in detail with the CFO, ALM Division, and Risk Management leads.	Pre-approved and recommended the plan to the Board, while suggesting areas for improvement for future revisions.
<b>OTHER RISK AND COMPLIANCE POLICIES</b>	Reviewed internal legal acts on risk and compliance prior to Board submission.	Pre-approved changes to multiple internal policies, including property appraisal, AML/CFT, stress testing, and anti-corruption. Proposed that the model validation framework and procedures be broken down into the Board-level and Management-level documents.
<b>INTERNAL CAPITAL AD-EQUACY BUFFER</b>	Facilitated discussions among stakeholders with differing views on the appropriate buffer level.	Approved a reduction in the internal capital buffer from 1% to 0.5%, considering the elevated countercyclical buffer imposed by the regulator, the Central Bank of Armenia.
<b>SECOND LINE FUNCTIONS (GROUP GOVERNANCE POLICY)</b>	Reviewed the proposed second line model under the new Group Governance Policy.	Expressed support for the model assigning the Bank's second line functions, including risk management, to also cover AC-BA Leasing, based on the rationale provided.



## 4. MESSAGE FROM THE STRATEGY COMMITTEE

### MEMBERSHIP

Name	Position
<b>BERNARD DE WIT</b>	Chair
<b>ASHOT KARAPETYAN</b>	Member
<b>BRUNO CHARRIER</b>	Member
<b>ARAM BABAYAN</b>	Member
<b>GAYANE HAYRAPETYAN</b>	Member

#### Dear Shareholders,

In October 2024, the Board of Directors decided to set up a Strategy Committee. The objectives and the composition of this committee have been finalized in 2024, but the effective work started in 2025, with a first meeting on 19th February 2025.

What does Strategy mean? Strategy is originally a word of the military vocabulary. It refers primarily to coordination and consistency of actions in order to optimally achieve a goal. Presently, the word strategy is being used in many other contexts, often referring to the long-term targets themselves, or to general cultural or social aims. This means this concept is pretty large, not to say vague, and can address very different topics.

At ACBA, we decided going for a pragmatic approach and concentrating on a limited number of priority topics. On these topics, we are supporting the Bank, and its management, having well-defined and concrete objectives, and well-coordinated action plans to reach the goals.

The priority topics, as of today, are the following:

- Strength and enlargement of the equity of the Bank. This topic includes the relationship with the shareholders and any transaction related to the equity capital of the bank, such as the investment by PROPACO in 2024.
- Financial policy, planning and budgeting process. This topic refers to the monitoring of the overall balance sheet, the management of its evolution and forecast

evolution, and the process for maintaining a safe overall balance between the various activities.

- Key business priorities for each client segment. This topic aims at defining the overall desired Bank's positioning for each group of the Retail, SME, Corporate and Agri clients, including product offer and innovation, price and distribution organization, market share and expected profitability. The committee will address as well major new product/activity projects.
- ESG development. On this highly "unstable" topic, for which Banks over the world take very different stances, the Committee will focus on defining a limited number of concrete objectives ACBA can commit on and implement, instead of making general statements.
- Technology and Cyber-security. This topic refers to a second-level review (as a supplement to the management's one) of some major choices regarding technology and related investment. Moreover, jointly with the Risk Committee, we will assess the level of appropriateness of the Cybersecurity set-up.

The Committee will propose to the Board, whenever deemed useful, adjustments to this priority list, depending on the market context and the major business changes considered by the Bank.



**BERNARD DE WIT**

**CHAIRMAN OF  
STRATEGY COMMITTEE**

## ANNEX 5 – ANNUAL CORPORATE GOVERNANCE STATEMENT

### ANNUAL CORPORATE GOVERNANCE STATEMENT

Reporting period 31 of August 2024 - 31 of December 2024

Acba bank is dedicated to upholding the highest standards of corporate governance, aligning its practices with the requirements of the Corporate Governance Code of Armenia and international best practices. Since the Corporate Governance Code of Armenia came into effect at the end of August 2024, the limited time available during the reporting period posed challenges to achieving full compliance by the Bank. Nevertheless, the bank continuously strives to enhance its corporate governance framework to ensure transparency, accountability, and ethical conduct in all aspects of its operations. With a strong focus on sustainable development and maintaining the trust of its stakeholders, Acba bank is committed to fostering an environment where governance practices are consistently reviewed and improved, ensuring they meet both regulatory requirements and global standards.

#### Chapter I. Main rights and equitable treatment of participants, and responsibilities of significant participants

##### PRINCIPLE I.1.

Right of the participant to participate in the governance of the organization

The organization shall be obliged to ensure equitable and fair treatment of all holders of the same type (class) of shares in order to effectively exercise their rights to participate in the organization's governance, vote, formulate well-reasoned positions concerning the items on the meeting agenda, and make informed decisions.

The Bank convenes shareholder meetings in compliance with Armenian legislation and in accordance with the **Procedure for the Preparation and Conduct of the General Meeting of Shareholders of ACBA BANK OJSC**, which is publicly available in the Corporate Governance section of its website. These regulations ensure that shareholder meetings are con-

ducted with well-defined procedures, guaranteeing fairness and transparency in decision-making and voting processes.

During the reporting period, the Bank held one extraordinary general meeting without physical shareholder presence, conducted through ballot voting, including electronic voting. This meeting was organized



in compliance with the **RA Corporate Governance Code, ensuring:**

- The **announcement** of the meeting was published on the bank's website, supplemented by publication in press and individual notifications to shareholders in accordance with legal requirements.
- Shareholders received **at least 21 days' notice**, providing timely and sufficient information on the date, venue, format, and agenda.
- The notification included **detailed voting procedures**, agenda items, draft resolutions for each item, and explanations of the proposed resolutions.
- Meeting materials were published on the bank's website within the required timeframe, with direct links provided in the shareholder notifications.
- Shareholders were **given direct contact information** for inquiries or assistance.
- The bank ensured that shareholders retained their rights to vote **in person or by proxy**, as well

as to pose questions to the bank's management.

- The **quorum calculation** and **Summary of Decisions** were published on the bank's website.

Since its reorganization into an **Open Joint Stock Company (OJSC) in 2021**, Acba bank has consistently provided shareholders with **alternative participation options** for meetings. For meetings with a limited number of in-person attendees, the Bank has ensured that remote participants can join via teleconference and engage with the management and external auditor. This approach aligns with the **Corporate Governance Code's** requirement that meeting venues and scheduling must not restrict shareholder participation.

Committed to **transparency**, Acba bank continuously enhances its communication channels and information-sharing practices. The bank remains dedicated to improving shareholder engagement in future meetings, ensuring they receive clear, unbiased information to support well-informed decision-making.

**Compliance status:** Compliant.

## PRINCIPLE I. 2.

### Right of the participant to nominate candidates for the members of the Board of the organization

The corporate governance framework of the organization should promote the effective participation of the participant in the process of nominating candidates for members of the Board and the election of members of the Board.

The election of Board members falls under the exclusive authority of the Shareholders' Meeting. Meanwhile, according to the Bank's Charter:

- **Those shareholders of the Bank who own 10% and more** of the outstanding voting shares of the Bank as of the date of drawing up the list of members with the right to participate in the

General meeting, can appoint their representative in the Board of the Bank without the election by the General meeting.

- **The shareholders of the Bank who own less than 10%** of outstanding voting shares of the Bank as of the date of drawing up the list of members with the right to participate in the General meeting may unite and, in case off ex-

ceeding 10% or more of the outstanding voting shares of the Bank, they can have a representative in the Board without election by the General Meeting. The appointment of the representative of the united shareholders is done only in the case of the existence of a corresponding agreement for the establishment of the Bank's shareholders' group and informing the General Meeting about this agreement.

- **All the shareholders of the Bank who own less than 10%** of outstanding voting shares of the Bank as of the date of drawing up the list of members having the right to participate in the General meeting, but have not united in order to appoint their representative in the Board in accordance with the procedure specified by the charter, may elect their own representative and include in the Board without election by the General Meetings. Only the minority shareholders or their represen-

tatives, even if their number is one, take part in the election of that representative, and the joint representative is elected by a simple majority of voters' votes.

When a Board member is elected through the General Meeting, the matter is included in the agenda, and shareholders receive detailed information on the candidate's experience and qualifications as part of the meeting materials. If a Board member is appointed by a shareholder in accordance with the established procedure rather than elected by the General Meeting, the Bank ensures that shareholders are informed about the appointed Board members.

No Board member elections were held during the reporting period.

**Compliance status:** Compliant.

### PRINCIPLE I. 3.

### Remuneration of the Board of the organization and executive body thereof

**The participant shall have an opportunity to express an opinion on the remuneration of the Board and executive body, including by voting at the general meeting.**

The Bank has developed and adopted a comprehensive remuneration policy that applies to the Board, executive body, and all levels of staff. The policy was approved by the Board and is a key part of an ongoing remuneration system reform initiated in 2023. It is structured around principles of fairness, internal equity, pay-for-performance, and alignment with long-term strategic objectives and risk management.

The policy defines the governance structure and responsibilities of the Board, the Governance, Nominations and Remunerations Committee (GNR Committee), and executive management in the design, implementation, and monitoring of remuneration across the Bank. It sets clear frameworks for fixed and

variable pay, performance assessment, deferral, malus and clawback mechanisms, and includes specific provisions for Material Impact Staff.

In 2024, several key developments took place:

- The Board approved the Remuneration Policy, which reflects sustainability, risk-adjusted performance, and regulatory compliance;
- A transition framework was established to gradually phase in advanced mechanisms such as deferral of variable pay, equity-linked instruments, and clawback provisions;
- Oversight and reporting responsibilities were clarified among the GNR Committee, Risk Committee CEO;



- Methodologies were developed for pay benchmarking, internal pay ratio management, and role-based remuneration design;
- Plans were made to publish the remuneration policy on the Bank's website in line with Corporate Governance Code expectations.

While the Board currently approves the remuneration policy for the executive body, the Bank acknowledges the Code's expectation that such policies should be subject to General Meeting approval, unless otherwise delegated. It should be noted that, under Article 211 of the Law on Banks and Banking of the Republic of Armenia, the General Meeting of shareholders had previously delegated the authority to determine the amount of remuneration of Board members to the Board itself, based on practical considerations. Following the adoption of the Corporate Governance Code in August 2024, which recommends direct shareholder involvement in remuneration matters, the Bank is currently reviewing the possibility of amending its Charter to return this authority to the General Meeting. This is part of the Bank's broader efforts to align its governance framework with the new Code requirements and enhance shareholder engagement.

The Bank also acknowledges that while the Remuneration Policy references sustainability principles, full integration of specific sustainability targets into executive remuneration is still under development. The Strategy Committee is currently overseeing the definition of sustainability goals, after which the alignment of performance incentives with these targets will be implemented.

**Compliance status:** Partially compliant.

**Explanation:**

A formal remuneration policy for the Board and executive body is in place and aligned with long-term performance. Governance oversight is clearly structured. However, certain advanced provisions of the policy – such as variable pay deferral, equity-linked instruments, and malus and clawback arrangements – are subject to a transitional implementation plan and have not yet entered into force. In addition, the policy has not yet been published, and shareholder voting is not currently applied to remuneration matters due to prior delegation under the Law on Banks and Banking.

Further, the full integration of sustainability targets into the executive remuneration framework is still in progress and will be addressed once the Bank's sustainability objectives are formally defined.

**PRINCIPLE I. 4.**

**Right of the participant to receive a dividend**

The organisation should ensure equitable and fair treatment of all holders of the same type (class) of shares to participate in the distribution of profits of the organisation through the receipt of dividends.

The Bank ensures that all shareholders holding the same class of shares are treated equitably when distributing dividends. Bank's dividend policy explicitly states that no shareholder has privileges with respect to the dates of payment.

The Bank's Dividend Policy sets a minimum dividend payout ratio of 20% of the net profit from the previous financial period, except in cases outlined in the Poli-

cy, where restrictions may apply. The General Meeting has the exclusive authority to decide on dividend payments. The Board proposes the dividend amount, and the General Meeting approves the final decision. The policy is publicly available in the "Shareholders and investors section" of Bank's website. The dividend policy is approved by the Board of the Bank.

**Compliance status:** Compliant.

**PRINCIPLE I. 5.**

**Obligations of a significant participant**

The organisation should protect participants with small shareholding from abuses committed in the interest of, or directly by significant participants.

Acba bank conducts transactions with its significant shareholders in accordance with the procedure for transactions with related persons to the bank. In accordance with the general provisions, Bank offers banking operations to affiliated persons on the same terms and conditions as those provided to customers who are not affiliated with the Bank. This provision ensures an equal approach for both significant shareholders and those with smaller holdings.

As detailed in the Code Principle III.3 assessment section, the Bank intends to strengthen its compliance and ethical framework to more effectively manage conflicts of interest. As part of next year's Compliance Program, the Bank plans to enhance oversight and risk management within third parties, which will

help identify and mitigate potential conflicts of interest. Furthermore, the upcoming implementation of a dedicated Code of Ethics and a Conflicts of Interest Policy will align with international best practices, reinforcing the obligation of significant shareholders to disclose their affiliations and interests. These initiatives will promote transparency in transactions and decision-making, preventing undue influence from significant shareholders on matters affecting the Bank.

For the knowledge of the shareholders, Henrik Kochinyan, a member of the Bank's board, also serves on the board of Acba Federation, being the only Board member related to a significant shareholder of the Bank.

**Compliance status:** Compliant.



## Chapter II. Board

### PRINCIPLE II. 1.

#### Key functions of the Board

The organization should be guided by an effective and constructive board, the role of which is to contribute to the long-term success of the organization, creation of value for participants and supporting the stakeholders of the organization.

The Bank's Board actively guides the organization toward long-term success, value creation for shareholders, and the protection of stakeholders' interests. The Board diligently fulfills the core responsibilities defined by the Armenian Corporate Governance Code as follows:

#### 1. Objectives, Principles, and Corporate Values

The Board defines and reinforces the Bank's **mission**—to contribute to the sustainable development of society through unique and innovative solutions. The Board also actively promotes corporate values including Customer Care, Social Responsibility, Loyalty, Transparency, and Innovation. In 2024, the Board approved the Bank's 2025-2027 Strategic Development Plan, embedding these values and ensuring sustainable, stakeholder-oriented growth.

#### 2. Strategy, Plans, Budgets, and Business Oversight

The Board closely oversees and approves strategic initiatives, annual budgets, business plans, and major capital investments. The establishment of the Strategy Committee in 2024 further strengthened oversight, particularly in digital transformation, IT security, equity management, and ESG integration.

#### 3. Executive Body: Appointment, Remuneration, and Succession Planning

The Board supervises executive management, defines remuneration, and actively oversees succession

planning. In 2024, a transition framework was established for the gradual implementation of advanced remuneration mechanisms, including the deferral of variable pay, equity-linked instruments, clawback provisions, and the full integration of specific sustainability targets into executive remuneration. In addition, under the supervision of the Governance, Nominations and Remunerations Committee, a Succession Planning Policy has been developed and approved. The Committee, together with management, is currently in the process of implementing this policy across key leadership levels.

#### 4. Recommendations on Board Member Remuneration

Previously, under the Armenian Law on Banks and Banking, authority over Board remuneration was delegated by shareholders to the Board. Following adoption of the new Corporate Governance Code (August 2024), the Bank is reviewing its governance structure to restore General Meeting authority regarding remuneration matters.

#### 5. Integrity of Reporting and Internal Controls

The Board, supported by the Audit Committee, oversees financial and non-financial reporting processes, internal and external audit independence, and internal controls. In 2024, the Board closely monitored the implementation of improvements recommended in an external gap analysis on the Bank's Internal Control over Financial Reporting (ICFR).

### **6. Governance Effectiveness and Continuous Improvement**

The Board systematically monitors and enhances the Bank's governance framework. Since 2022, a comprehensive governance enhancement program has been underway, covering all critical aspects of governance across the Bank. This includes the reorganization of the Board's composition and structure, the establishment and strengthening of specialized committees, the appointment of new and more professional Board members, and the development of updated governance processes and policies. The program extends deeply into the organization, encompassing strategic planning, risk management, compliance, internal control, internal audit, remuneration frameworks, succession planning, and the management of conflicts of interest. Through these initiatives, the Bank is aligning its entire governance system with best practices, reinforcing its foundation for sustainable long-term value creation.

### **7. Conflict of Interest and Related-party Transaction Oversight**

At each Board meeting, the Chairman reviews potential conflicts of interest related to the agenda items. If any such cases are identified, they are formally documented in the meeting minutes, and the concerned Board member refrains from participating in both the discussion and decision-making on the respective matter. This continuous oversight supports responsible governance and protects the interests of the Bank

and its stakeholders. At the same time, the Bank sees areas for improvement and plans to address them in 2025.

### **8. Disclosure and Stakeholder Communication**

The Board ensures transparent, accurate, and timely disclosure to stakeholders. Relevant governance practices, including composition, independence, and key decisions, are disclosed via public reporting, regulatory disclosures, and the Bank's website.

**Compliance status:** Partially compliant.

#### **Explanation:**

The Bank substantially fulfills the key functions of the Board as defined in the Armenian Corporate Governance Code. However, certain areas remain under enhancement, particularly the full implementation of advanced remuneration mechanisms, including risk-adjusted performance measures, deferral of variable pay, equity-linked instruments, clawback provisions, and the integration of sustainability targets. In addition, the restoration of shareholder voting rights on Board remuneration matters is under consideration. These elements are being addressed as part of the Bank's ongoing governance and remuneration reform program. The Board is also prioritizing the enhancement of Conflict of Interest regulations, which will be tackled through the implementation of the planned Code of Ethics and Conflict of Interest Policy.



## PRINCIPLE II. 2.

### Composition of the Board

Members of the Board should have various complementary professional skills, education and experience. The organization should ensure diversity of the Board's composition to ensure the effectiveness of Board's activities and the objectivity and balance of decisions thereof.

The Bank seeks to maintain a well-balanced Board composed of individuals with complementary skills, professional experience, and personal integrity. Board composition is reviewed regularly by the Governance, Nominations and Remunerations Committee to ensure that it continues to support the Bank's long-term strategy, oversight responsibilities, and stakeholder expectations.

As of the end of 2024, the Board comprised members with backgrounds in banking, finance, agriculture, strategic planning, governance, audit, compliance, risk, and legal affairs. A formal **skills matrix** is maintained and updated annually to assess current capabilities and guide future nominations. The Board also considers sectoral experience and international exposure when evaluating its collective composition. The Bank recognizes the importance of diversity as a driver of Board effectiveness and quality of decision-making. While a formal diversity policy has not yet been adopted, the Bank adheres to the principles of the Armenian Corporate Governance Code and

considers diversity of expertise, thought, and background in nomination decisions.

In 2024, the Bank appointed a new female Board member, reinforcing its commitment to **improving gender balance**. While the **30% gender threshold** recommended in the Code has not yet been reached, this appointment reflects a proactive step toward achieving greater representation over time.

**Compliance status:** Partially compliant.

#### Explanation:

The Board is composed of individuals with diverse and complementary skills, and steps have been taken to improve gender representation. However, the Bank has not yet adopted a formal diversity policy and does not currently meet the 30% gender representation target. Further progress is anticipated through continued application of the Code's principles and skills-based succession planning.

**PRINCIPLE II. 3.**

**Non-executive members of the Board**

**Non-executive members of the Board should challenge the executive body through their constructive conduct, guide the strategic development of the organization, and offer consulting support to the executive body. Non-executive members should form a majority on the Board.**

In line with the Bank's two-tier governance structure, all members of the Board are non-executive and independent of the Bank's executive body. This ensures a clear separation between management and oversight functions.

The Board fully assumes the responsibilities traditionally assigned to non-executive members, including guiding the Bank's strategic development, supervising the executive body, overseeing the integrity of financial and non-financial reporting, strengthening internal control and risk management systems, and leading succession planning initiatives.

Throughout 2024, the Board actively exercised its independent role, notably through the development and oversight of the Bank's 2025-2027 Strategic Development Plan, supervision of the executive remuneration framework reform, and the ongoing governance enhancement program. The Board's composition, structure, and activities fully align with the Corporate Governance Code's expectations regarding the role and majority presence of non-executive members.

**Compliance status:** Compliant.

The Bank's governance structure ensures that all Board members are non-executive and that the Board fulfills its strategic oversight and supervisory functions in line with the Corporate Governance Code.



## PRINCIPLE II. 4.

### Independent members of the Board

The Board should consider the issue of nominating a sufficient number of independent members of the Board, who are capable of making independent judgements.

Independence of judgment is a cornerstone of the Bank's corporate governance framework, ensuring that the Board functions objectively and in the best interests of the Bank, its shareholders, and broader stakeholders. As of the end of 2024, four members of the Board were designated as independent, meeting the criteria established under Armenian legislation, the Corporate Governance Code, and the Bank's internal rules.

The Bank maintains comprehensive internal criteria to safeguard independence, addressing factors such as prior employment, material business relationships, receipt of additional remuneration, close family ties with management, cross-directorships, significant shareholder links, and Board tenure. Independent Board members are required to disclose any circumstances that could impair their independence throughout their term of office.

The Bank has made continuous efforts to strengthen the independence and effectiveness of its Board. In 2022, three independent members – Bruno Charrier, Klaus Gressenbauer, and Ashot Karapetyan – were appointed. Each brought substantial expertise in governance, risk management, audit, and financial services, establishing a strong foundation of independent oversight.

In 2024, the Bank further reinforced its commitment to independence with the appointment of Mr. Bernard De Wit. Mr. De Wit brings extensive international experience, having held senior leadership positions at Crédit Agricole and Amundi, particularly in risk management, institutional governance, and strategic development. He currently serves as Chairman of the Strategy Committee.

In 2024 a Shareholders' Agreement was concluded between Acba Federation and Proparco, the Bank's two major shareholders. Under this agreement, in-

dependent Board members must be co-nominated and agreed upon by both shareholders, meaning that no independent director can be elected without mutual consent, regardless of shareholding power. This co-nomination requirement strengthens the independence and balance of the Board, reinforcing mutual checks and ensuring that independent perspectives are substantively protected.

Today, the Bank's independent Board members include:

- **Bruno Charrier**, Senior Independent Director, Chairman of the Governance, Nominations and Remunerations Committee, and a member of the Risk Management and Strategy Committees, with extensive executive leadership experience within Crédit Agricole Group and the European banking sector;
- **Klaus Gressenbauer**, Chairman of the Audit Committee, an expert in audit, financial control, and governance, with strong experience in European financial institutions;
- **Ashot Karapetyan**, Chairman of the Risk Management Committee and member of the Strategy Committee, with deep expertise in financial risk management and regulatory frameworks, including prior experience at the Central Bank of Armenia and in Canada's financial sector;
- **Bernard De Wit**, Chairman of the Strategy Committee, with broad international leadership in risk management, institutional governance, and strategic growth.

Independent directors play an active role across all major Board Committees and contribute significantly to safeguarding objectivity, accountability, and the Bank's long-term strategic success.

**Compliance status:** Compliant.

PRINCIPLE II. 5.

Chairperson of the Board

The Board shall be chaired by the Chairperson who shall be responsible for the effective activities of the Board. The Chairperson should possess independent and impartial judgement, promote transparency of the activities of the Board and the organization, as well as encourage the culture of debate within the Board.

The Chairperson should contribute to formation of constructive relationships between the executive and non-executive members of the Board and ensure that non-executive members of the Board receive, in a timely manner, accurate and essential information in order to make informed decisions.

The Chairperson of the Board plays a pivotal role in leading the Board, promoting effective governance, and fostering strategic clarity. In accordance with the Bank's two-tier governance structure, there is a clear institutional separation between the roles of the Board and the executive body. This framework ensures that the Chairperson and the Chief Executive Officer operate with distinct mandates, enhancing the independence and integrity of oversight functions. Consistent with the Bank's governance structure, the Chairperson is a non-executive Board member.

The Chairperson is appointed under the Bank's Charter and currently serves in a full-time capacity, reflecting the Bank's commitment to sustained, engaged, and proactive governance. Since the launch of the Bank's governance enhancement program in 2022, the Chairperson has led this initiative, playing a central leadership role in reshaping Board effectiveness, strengthening internal control practices, advancing risk governance, and enhancing the Bank's overall strategic oversight framework.

The Chairperson defines and approves the agenda for Board meetings, ensures that members receive timely and relevant materials, and fosters a culture of open, inclusive, and constructive discussion. Particular emphasis is placed on promoting diversity of views within the Board and encouraging the active involvement of all members based on their respective skills, experi-

ence, and expertise. Internal-only Board discussions are convened when necessary, in line with good governance practice, to allow independent deliberations without the presence of executive management.

The Chairperson works closely with the chairs of Board Committees and management, enabling coherent and informed decision-making. Throughout 2024, the Chairperson continued to ensure the Board remained focused on long-term value creation, sound risk oversight, and stakeholder accountability.

In addition to leading the Board, the Chairperson actively contributes to the Bank's core governance structures. He serves as a member of the Audit Committee, the Governance, Nomination and Remuneration (GNR) Committee, and the Risk Management Committee, enhancing financial oversight, Board composition and succession planning, and risk governance.

The relationship between the Chairperson and the Chief Executive Officer is grounded in mutual respect and structured cooperation. While the CEO is responsible for executing the Bank's strategy and managing daily operations, the Chairperson ensures that governance, risk, and oversight remain independent, rigorous, and aligned with the Bank's mission and regulatory obligations.

**Compliance status:** Compliant



## PRINCIPLE II. 6.

### Board Committees

To support its activities, the Board shall form specialized committees.

To enhance its effectiveness and ensure focused oversight, the Board operates through four specialized committees: the Audit Committee, Risk Management Committee, Governance, Nominations and Remunerations Committee, and the Strategy Committee, which was established in 2024.

Each committee operates under a Board-approved charter that clearly defines its mission, composition, scope of activities, and working procedures. The committees enable the Board to conduct detailed analysis and supervision of complex matters while maintaining efficient and structured decision-making. Committees perform supervisory and advisory functions, while the Board remains fully responsible for its decisions.

In 2024:

- **The Audit Committee** held 9 meetings and was responsible for overseeing the integrity of financial reporting, the effectiveness of internal control over financial processes, the independence and performance of internal and external audit functions, and compliance with regulatory requirements related to financial reporting. While the Chairperson of the Audit Committee is an independent Board member in accordance with best practice, the Committee as a whole is not predominantly composed of independent directors. This is due to the practical need to distribute independent members across all key Board Committees to ensure effective governance and specialized oversight.
- **The Risk Management Committee**, which met 11 times, provided oversight of the Bank's enterprise-wide risk management framework. Its responsibilities include reviewing the Bank's risk appetite and tolerance, overseeing capital and

liquidity adequacy processes, assessing operational and IT resilience (including cybersecurity), and monitoring the independence and effectiveness of the Risk and Compliance function. The Committee also reviews the alignment of risk and remuneration policies and oversees the effectiveness of non-financial internal control systems.

- **The Governance, Nominations and Remunerations (GNR) Committee** convened 7 times and is tasked with supervising corporate governance practices, managing nomination and succession processes for Board and executive positions, evaluating Board performance, and overseeing the design and implementation of the Bank's remuneration policies. It also supports the onboarding and continuous development of Board members and ensures alignment with the Corporate Governance Code.
- **The Strategy Committee**, created in 2024, began its work by supporting the development of the 2025-2027 Strategic Development Plan. Its responsibilities include advising the Board on strategic direction, long-term business objectives, capital structure and equity strategy, mergers and acquisitions, shareholder structure, ESG integration, digital transformation, and IT and cybersecurity policies. The Committee monitors the strategic alignment of business plans with financial planning, risk appetite, and corporate sustainability goals.

All Committee Chairpersons are independent Board members, ensuring impartial leadership. Members are appointed based on their professional expertise, and Committees have access to all necessary information, internal support, and – where required – ex-

ternal professional advice. Each Committee regularly reports to the Board in accordance with their charters and the Board's governance procedures.

Through these Committees, the Board maintains a structured and proactive governance model capable of addressing strategic, operational, risk, and compliance challenges effectively and responsibly.

**Compliance status:** Partially compliant.

**Explanation:**

The Bank has fully implemented a specialized committee structure with clear mandates and independent leadership. However, the Audit Committee is not predominantly composed of independent Board members, due to the practical need to allocate independent directors across multiple critical committees. The Bank continues to prioritize strong committee governance and may revisit committee compositions as Board capacity allows.

**PRINCIPLE II. 7.**

**Duties of members of the Board**

**Members of the Board should act in a fully informed manner, in good faith, with due diligence and reasonable care, based on the best interests of the organization and participants and taking into account the interests of the stakeholders of the organization.**

Board members of the Bank are entrusted with significant responsibilities and are expected to carry out their duties with diligence, integrity, and full commitment to the long-term success of the institution. In accordance with the laws of the Republic of Armenia and the Armenian Corporate Governance Code, Board members are subject to the fundamental fiduciary duties of care and loyalty.

The duty of care requires Board members to act on a fully informed basis, in good faith, and with the level of diligence and attention that a reasonably prudent person would exercise in similar circumstances. This includes staying well-informed about the Bank's financial position, risk exposures, strategic objectives, and compliance systems, and actively participating in Board and Committee work. While the duty of care allows for the exercise of sound business judgment, it does not excuse decisions taken without sufficient information or due process.

Equally central is the duty of loyalty, which obliges Board members to act in the best interests of the

Bank and all of its shareholders, rather than representing the interests of individual nominating shareholders or affiliated entities. Regardless of who nominated or elected them, Board members are expected to perform their role in an even-handed and independent manner, upholding the interests of the Bank as a legal entity and, by extension, of all shareholders and stakeholders.

The Bank expects its Board members to uphold the highest standards of personal and professional integrity, to avoid conflicts of interest, and to maintain independence both in fact and in perception. In cases where a Board member has a direct or indirect personal interest in a transaction or arrangement of the Bank, the member is obliged to disclose such interest to the Board and refrain from participating in discussions and voting on the matter.

In Armenia, the law further requires that Board members take into account not only shareholder interests, but also the interests of employees, clients, suppliers, and the broader public good. Board members are



therefore expected to balance commercial objectives with their responsibilities to a wider stakeholder group, supporting the Bank's long-term success, reputation, and sustainable development.

Board members are individually responsible for performing their duties personally and cannot delegate their decision-making obligations to third parties. Each member must commit sufficient time and attention to properly fulfill their responsibilities, includ-

ing preparation for meetings, participation in deliberations, and follow-up on Board decisions.

To support and protect members who act with due diligence, procedural caution, and integrity, the Bank has arranged Directors and Officers (D&O) liability insurance at its own expense, in line with best governance practice and regulatory expectations.

**Compliance status:** Compliant.

## PRINCIPLE II. 8.

### Ethical commitment of the Board

#### The Board should follow high ethical standards.

The Board of the Bank is strongly committed to promoting a culture of integrity, responsibility, and ethical conduct at all levels of the organization. Ethical behavior is recognized as fundamental to the Bank's long-term success, public trust, and corporate reputation.

To this end, the Board actively promotes the Code of Conduct, which sets out the expected standards of behavior for all employees, management, and members of the Board. The Code of Conduct also incorporates the some Conflict of Interest rules helping to ensure objectivity and transparency in decision-making across all levels of governance.

The Board is responsible for the approval and oversight of the Bank's core ethics-related policies. This includes the Anti-Corruption Policy, which embeds a Whistleblowing Mechanism to allow employees and third parties to confidentially report suspected violations of ethical standards, legal requirements, or internal regulations. These instruments collectively define the principles of fair conduct, responsible stakeholder engagement, and zero tolerance for corruption or misconduct.

Access to these policies is facilitated through internal systems, and the Bank supports regular training and awareness efforts to ensure their effective implementation.

The Board monitors ethical compliance as part of its broader oversight responsibilities, ensuring that ethical principles are embedded into strategic decision-making, risk management, human resources, and internal control processes. The governance framework also supports open communication and responsible leadership, reinforcing the ethical tone at the top.

**Compliance Status:** Substantially Compliant.

#### Explanation:

The Bank has an approved Code of Conduct and accompanying policies aimed at consistent adherence to ethical standards. During each Board meeting, the Chairman addresses potential conflicts of interest related to agenda items. In the event of disclosure of such cases, they are officially recorded in the minutes of the meeting, and the Board member in question refrains from participating in the discussion

and decision-making on that issue. At the same time, recognizing the need for improvements, the launch of a Compliance Program was initiated, which, among

other things, provides for the development and implementation of a Code of Ethics and a Conflict of Interest Policy.

## PRINCIPLE II. 9.

### Rights of members of the Board to receive information and professional consultation

**In order to perform his/her duties properly, a member of the Board should have access to and ensure that he/she receives up-to-date, reliable and relevant information. If necessary, he/she should have the opportunity to seek independent external consultancy at the expense of the organization.**

To fulfil their responsibilities effectively, Board members must have access to timely, accurate, and relevant information. The Bank ensures that Board members receive structured and regular updates on key areas, including financial performance, operational results, risk exposures, compliance issues, and regulatory developments. These updates are delivered through Board reporting packages, dashboards, management presentations, and other formal communications.

Board members are also encouraged to proactively seek additional information necessary to perform their duties. When the Bank relies on complex methodologies—such as risk assessment models, internal capital adequacy assessments, or other advanced risk management systems—Board members are briefed not only on the outputs but also on the assumptions, limitations, and potential risks associated with these models. This enables the Board to exercise informed judgment and, where necessary, challenge management proposals.

The Corporate Secretary plays a critical facilitation role, ensuring that Board members have seamless access to essential documents, coordinating requests for supplementary information, and connecting members with relevant internal or external resources when needed. In addition, the Bank's internal audit, risk management, and compliance assurance functions contribute to informed Board decision-making by providing independent assessments, analysis, and reporting to the Board and its Committees.

In line with best governance practice, Board members have the right to seek independent professional advice at the Bank's expense if the complexity or significance of a matter warrants external expertise. Any request for external consultancy must be substantiated and coordinated through the Corporate Secretary in accordance with the Bank's internal procedures. Through these arrangements, the Bank ensures that Board members are equipped with the necessary information, insights, and advisory support to perform their duties with full diligence, independence, and accountability.

**Compliance status:** Compliant.



## PRINCIPLE II.10.

### Evaluation of the Board

The Board shall, on a regular basis, evaluate its performance and determine whether its members have the proper combination of experience and capacities.

Since 2022, the Bank has been undergoing a comprehensive governance enhancement program, including the restructuring of the Board, strengthening of Committees, updating of governance processes, and refinement of key corporate policies. Given the depth of these ongoing reforms, the Board made a considered decision to postpone full Board evaluations during this transitional phase, recognizing that a meaningful assessment would require a stable and fully implemented governance framework.

Nonetheless, the Bank maintained a strong commitment to governance quality by systematically evaluating the activities and effectiveness of its Board Committees during this period. These evaluations enabled the Board to monitor performance at the committee level and to identify and address operational and oversight improvements.

In 2024, the Governance, Nominations and Remunerations (GNR) Committee reviewed and developed a comprehensive **Board Self-Assessment Policy**, aimed at establishing a structured and continuous framework for evaluating Board performance in line with the Armenian Corporate Governance Code and international best practices. The policy has been finalized and is planned to be submitted to the Board for approval in 2025.

Under the proposed framework:

- ▶ **Annual internal evaluations** of the Board as a whole, individual Board members, and the Chairperson are envisaged;
- ▶ **External independent evaluation** of the Board is foreseen at least once every five years;

- ▶ Confidential surveys combining quantitative (Likert scale) and qualitative feedback will be used;
- ▶ The GNR Committee will oversee the evaluation process, and action plans will be developed based on evaluation results to support continuous improvement.

Subject to approval of the policy, the first full Board evaluation is expected to take place by the end of 2025, marking a key milestone in the Bank's commitment to systematic governance effectiveness reviews.

Through this approach, the Bank is embedding a strong culture of accountability, dynamic oversight, and continuous governance improvement.

**Compliance status:** Partially compliant.

#### Explanation:

While the Bank has systematically evaluated its Board Committees and developed a structured evaluation framework for the Board, the first full Board assessment is scheduled for 2025, following the planned approval of the new policy.

PRINCIPLE II.TI.

Continuous professional development of members of the Board and orientation of new members of the Board

The Board should ensure that its knowledge and activities remain aligned with the growth of the organization and complexity of its structure.

The Bank is committed to ensuring that its Board members are well-prepared to fulfill their duties from the outset and continue to develop their knowledge and competencies in line with the growth and increasing complexity of the organization.

Upon appointment, each new Board member undergoes a structured orientation program coordinated by the Governance, Nominations and Remunerations (GNR) Committee, with operational support from the Corporate Secretary and the Human Resources function. The orientation covers the Bank's governance framework, strategic objectives, organizational structure, key business lines, internal control environment, risk management systems, regulatory landscape, and stakeholder relationships. New members are also provided with access to founding documents, past governance materials, and an overview of sector-specific trends. A dedicated training session, often conducted remotely, familiarizes new members with the Armenian financial market and the Bank's internal governance procedures.

In 2024, the Board approved a set of guiding principles for the continuous professional development of its members. The framework comprises five key pillars:

**1. Bank Knowledge Enhancement Program:**

Focused on all Board members, particularly newly appointed ones, this program addresses the Bank's regulatory environment, risk management practices, financial mechanisms, history, mission, strategic objectives, and institutional values.

**2. General Knowledge Development:** Designed for Board members who possess deep expertise in certain areas but require broader awareness across critical fields identified in the Board's Skills Matrix.

**3. Industry Trends, Regulatory Updates, and Best Practices:**

An ongoing program ensuring that Board members stay informed of emerging trends in the financial sector, evolving regulatory frameworks, and corporate governance innovations.

**4. Specialization Program for High-Level Expertise:**

A long-term initiative supporting members, particularly from ACBA Federation, who wish to deepen their technical knowledge in specialized domains critical to the Bank's strategic and operational success.

**5. Governance Skills Enhancement:**

Targeted at strengthening members' understanding of their fiduciary duties, responsibilities, and governance practices, through specialized workshops, governance-focused training sessions, and practical development initiatives.

Together, the orientation and continuous development programs ensure that Board members remain equipped to address evolving regulatory, technological, financial, environmental, and governance challenges.

They support the Board's ability to provide effective, well-informed, and forward-looking strategic oversight, contributing to the Bank's sustainable growth and stakeholder value creation.

**Compliance status:** Compliant.



## PRINCIPLE II.12.

### Nomination of members of the Board

The process of nominating and selecting members of the Board should be transparent and regulated. Selection of members of the Board should be based on objective criteria.

The Bank maintains a transparent, structured, and merit-based process for the nomination and selection of Board members, governed by an internal Bylaw adopted by the Board in 2023. This process is fully aligned with the Armenian Corporate Governance Code.

The nomination and succession process is coordinated by the Governance, Nominations and Remunerations (GNR) Committee, ensuring that the Board's composition evolves in step with the Bank's strategic priorities, governance needs, and stakeholder expectations.

When a vacancy arises or Board refreshment is deemed necessary, the Committee first conducts a thorough needs analysis, assessing:

- Whether the vacancy must be filled or the Board's structure should be optimized;
- What specific skills, experience, or diversity attributes are needed based on the annually updated Board Skills Matrix.

Each position is supported by a job description and a person specification aligned with the Bank's strategic plan, risk profile, and long-term objectives. Special consideration is given to balancing fresh thinking with institutional knowledge.

Candidate sourcing may involve internal resources, external recruitment agencies, partners, headhunters, or public advertisements. The Bank ensures equal opportunity principles are respected and encourages diversity in applications.

Candidates are evaluated using structured and objective criteria, and a formal shortlisting and assessment process is followed. Multiple selection methods are applied where appropriate, including structured interviews, case studies, or other evaluations. A documented justification is maintained for all nominations to ensure fairness, transparency, and regulatory compliance.

The GNR Committee submits a substantiated nomination report to the Board, which, after its approval, forwards the nominee to the General Meeting for election. Appointment becomes effective only after registration of the director by the Central Bank of Armenia, followed by a comprehensive orientation program to ensure rapid integration into the Bank's governance framework.

Through this systematic and forward-looking process, the Bank ensures that its Board remains dynamic, well-qualified, and strategically aligned with the Bank's mission and future growth.

**Compliance Status:** Compliant.

## Chapter III. Internal control, risk management and internal audit

### PRINCIPLE III. 1.

#### Internal control

An organization should have effective internal control processes and procedures to ensure the integrity of the organization's financial, non-financial and accounting information, promote accountability and prevent fraud.

The Bank maintains a comprehensive internal control framework designed to safeguard the integrity of financial and non-financial reporting, promote operational efficiency, ensure compliance with legal and regulatory requirements, and mitigate the risk of fraud and error.

The internal control system is structured around three key pillars:

- Clearly defined responsibilities at all organizational levels,
- Independent oversight mechanisms ensuring objectivity,
- Continuous monitoring and improvement of control effectiveness.

The system is overseen by the Board, implemented under the authority of executive management, and subject to regular evaluation and reporting through the Audit Committee and other relevant Board committees.

Internal Audit and the Risk Management function also play central roles by independently testing, reviewing, and validating internal controls, with direct reporting lines to the Board through the Audit and Risk Management Committees.

In 2024, a key milestone was achieved in the strengthening of internal control over financial reporting (ICFR). The results of a gap analysis conducted by an external consultant—initiated in 2023—were finalized and pre-

sent to the Board. The analysis assessed both the design and operational effectiveness of the Bank's ICFR systems. Based on its findings, executive management developed and submitted a detailed action plan to address identified areas for improvement.

The Audit Committee closely monitors the implementation of this action plan, ensuring that remediation efforts progress in a timely, structured, and transparent manner. Although the gap analysis did not fully resolve all concerns previously raised by the Audit Committee, it provided a clearer and overall more positive outlook regarding the Bank's ICFR environment, while identifying areas where controls were operating effectively.

Looking ahead, the Audit Committee has planned to extend its oversight in 2025 to include the monitoring of ICFR systems within the Bank's consolidated subsidiaries, thereby strengthening the reliability of group-level financial reporting.

The Bank is committed to the continuous enhancement of its internal control framework, ensuring it evolves in line with the organization's growth, regulatory developments, stakeholder expectations, and emerging risk trends.

**Compliance Status:** Substantially compliant.

**Explanation:**

Ongoing initiatives are in place to address remaining gaps and expand the ICFR scope to group entities.



## PRINCIPLE III.2.

### Risk management of the organisation

The organisation should have a risk management function, which effectively and completely enables to implement the risk management strategy, ensures the accountability and communication on the risks of the organisation, as well as forms reasonable expectations for the organisation to achieve its strategic goals.

The appointment of the person responsible for the Risk management in the Bank, the termination of his powers, the approval of the remuneration conditions, the application of incentive measures and disciplinary liability are carried out by the executive body with the consent of the Board. A person responsible for the Risk management in the Bank during the reporting period, having decades of work experience in the field, had knowledge and skills corresponding with the position held, with a clear understanding of his role in the corporate governance framework.

A person responsible for the Risk management carried out the following functions stipulated by the Code:

- To identify and assess the significant financial and non-financial risks inherent in the organization's activities and support their effective management, using the leading tools and technologies in the field,
- Using a monitoring system equipped with digital technologies, to monitor the risk management process to ensure that risk management is carried out within the framework of the organization's risk management culture, risk appetite and risk limits,
- Taking into account the degree of materiality of risks and the level of acceleration, to form a system for early detection and prevention of violations,

- Having two separate lines of accountability (Executive Body/Bank's Board), to ensure accountability and communication on risk management, support timely and effective decision-making.
- Taking into account the Bank's risk profile and maintaining the principles of compliance with the regulatory framework and the requirements of the regulator, to present proposals on risk management strategy, risk appetite and risk limits, risk management policy(s), and at the same time to provide information to the Board and the executive body in a timely and appropriate manner about all circumstances that may significantly negatively affect the organization's risk management system.

**Compliance Status:** Partially compliant.

#### Explanation:

The Bank is mainly compliant with CG Code requirements regarding the risk management, but needs to enhance its non-financial risk management framework to achieve full compliance. In line with current developments in the field of risk management, as part of its continued efforts to advance risk management, the Bank has started developing and implementing a new framework for non-financial risks, ensuring alignment with international best practices.

PRINCIPLE III. 3.

Compliance assurance of the organisation

The organisation should have a compliance assurance function which shall effectively and fully enable to assess compliance risks of the organisation and contribute to compliance assurance of the organisation.

It is important to note that during the reported period, compliance function was **shared with the Legal Department**.

Considering this, and with the aim of enhancing and developing the Compliance function under a single unit, **organizational structural changes** were made at the beginning of 2025. As a result, the Compliance function was integrated into the **Legal and Compliance Directorate**. The **Legal and Compliance Director** is now the **sole responsible person** for implementing compliance assurance and ensuring adherence to all Corporate Governance Code requirements related to the Compliance function.

During the reported period, the Compliance function ensured **regulatory, governance, and internal legal adherence, in collaboration with the Legal Department**.

Specifically:

- The Legal Department monitored regulatory changes, including draft laws and regulations, to ensure **horizon scanning** for regulatory developments.
- Once enacted, the Compliance division oversaw the implementation and execution of new regulations within the bank.
- The Legal Department also ensured legal compliance with internal regulations and conducted training sessions on amendments to internal legal acts to enhance awareness and ensure prompt application by relevant employees.

To foster a compliance-oriented corporate culture:

- The Compliance division conducted **mandatory training sessions** for all employees (held every

two years) and provided **on boarding sessions** for new hires.

- These sessions covered the Compliance function's role, expectations for ethical behavior, anti-corruption procedures, and potential violations.

These efforts promote **responsible and integrity-oriented conduct** within the organization and ensure compliance with legal and internal regulatory requirements. They also support the development of a corporate culture that values compliance among employees.

- The Compliance division has several control mechanisms in place to ensure compliance within the third parties, including **AML screening** and **due diligence checks**. To further enhance these measures, the Compliance Program for the upcoming year includes plans to formalize and strengthen **oversight and risk management** within the **third parties** transactions supply chain.
- While the bank actively promotes its existing **Code of Conduct**, which also includes ethical and conflicts of interest rules, a **dedicated Code of Ethics** and a **Conflicts of Interest Policy** are scheduled for implementation in 2025. These initiatives aim to align with international best practices and further strengthen the bank's ethical and compliance framework.
- The bank has implemented an **Anti-Corruption Policy**, reinforcing its commitment to integrity.
- The bank has established **whistle blowing mechanisms** that allow employees to report misconduct, corruption, conflicts of interest, and violations of corporate rules of conduct. However, awareness and utilization of these reporting channels are still developing. **Compliance training sessions** pro-



mote the use of whistle blowing channels, with further enhancements planned to align with best practices.

- The Compliance division regularly submits **compliance assurance reports** to the **Board, Executive Management**, and other relevant stakeholders. These reports highlight **regulatory updates** and the level of adherence across business units. Based on available data, no violations have been identified. Additionally, any compliance-related issues that could adversely affect the organization are promptly reported to the Board.

**Compliance Status:** Partially compliant.

**Explanation:**

The Compliance division does not currently propose or implement corrective and preventive measures to ensure compliance across the organization. However, in 2025, the Compliance division plans to conduct **compliance monitoring activities** and, based on findings, implement **preventive measures** to mitigate the future occurrence of similar issues. The **Anti-Corruption Policy** has been implemented. The planned introduction of the **Code of Ethics** in 2025 will further strengthen the organization's **ethical governance framework**.

**PRINCIPLE III.4.**

**Internal audit of the organisation**

The organisation should have an internal auditor/internal audit department that provides independent and objective assurances and advice to the organisation's Board and executive body regarding the adequacy and effectiveness of the organisation's internal control and risk management systems, corporate governance framework, and supports the achievement of the organisation's goals and improvement of activities.

The Bank fully adheres to the Corporate Governance Code requirements regarding Internal audit.

As the Bank's third line, Internal Audit primarily provides assurance on the adequacy and effectiveness of the activities performed by the first and second lines of defense. Internal Audit helps the Bank accomplish its objectives by evaluating and improving the effectiveness of risk management, control, and governance systems and processes, and by acting as a strategic adviser to promote continuous improvement. Internal Audit aims to promote effective, efficient and agile risk management practices.

To ensure independence, the Head of Internal Audit reports functionally to the Chairman of the Audit Committee of the Board and administratively to the Bank's Chief Executive Officer. The decisions regarding the appointment, removal and remuneration of the Head of Internal Audit and Internal Audit staff are pre-approved by the Audit Committee and approved by the Board.

To maintain objectivity, Internal Audit does not have operational responsibility for or authority over any of the activities audited.

The activities of the IA are based on a comprehensive and continuous risk assessment of Bank's processes. The Head of Internal Audit obtains risk relevant information continuously, updating the risk assessment accordingly. The Head of Internal Audit communicates to the Audit Committee results of risk assessments, as well as whether the results should translate into an action plan or change in audit plan.

The Annual Audit Plan, including its tentative outlook for the coming year, are presented to the Bank's management for comment, submitted to the Audit Committee for review and pre-approval and thereafter to the Board for approval. During 2024, significant changes in Audit Plan were communicated to Bank's management for comment and followed the pre-approval by the Audit Committee and approval by the Board.

**Compliance Status:** Compliant.

## Chapter 4. Disclosure of information and transparency

### PRINCIPLE IV. 1.

#### Information policy of the organisation

The organisation should ensure its transparency, including the timely disclosure of updated and credible information on all material matters of its financial condition, performance, sustainability, ownership, and corporate governance.

The Bank discloses information about its activities in accordance with legislative requirements and supervisory regulations.

As a reporting issuer with shares traded on a regulated market, the Bank publishes quarterly interim reports for investors. These reports provide a summary of the Bank's history, financial performance for the reporting period, share structure, corporate governance, significant events, and other details required by the Central Bank of the Republic of Armenia's Regulation 4/04 on "Prospectuses and Reports of Reporting Issuers."

To ensure transparency and effective information management, the Bank follows a structured procedure for publishing and updating information on the official website of "ACBA BANK" OJSC and its social media pages. This procedure defines responsible parties, establishes timelines, and ensures compliance with legal requirements.

By implementing these processes, the Bank meets transparency standards and provides accurate, up-to-date information, aligning with the principles of the Corporate Governance Code. Committed to enhancing its disclosure practices, the Bank is also commit-

ted to continuously refine its information management policies to better serve stakeholders.

Regarding data security, confidentiality, and internal information protection, the Bank has an established information classification guide. This guide, in compliance with legal regulations, sets rules for handling sensitive data and, in line with other information system management procedures, ensuring confidentiality and security. Any breach of confidentiality requirements, whether under legal provisions or internal policies, is thoroughly investigated, and corrective measures are implemented to prevent recurrence.

Notably, in 2024, the Bank successfully completed the re-certification for the ISO/IEC 27001:2022 Information Security Management System and ISO/IEC 27701 Privacy Information Management System Standard, reaffirming its commitment to maintaining an internationally recognized information security framework.

**Compliance Status:** substantially compliant.

**Explanation:**

The Bank has not yet established a dedicated information policy but has already initiated the necessary measures to achieve full compliance by 2025.



## PRINCIPLE IV.2.

### Reports of the organization

Disclosure of information on material matters by the organisation should include but not be limited to the publication of annual reports.

The 2024 annual report, required by the Corporate Governance Code, will be published by June 30 of the current year in compliance with the Code's requirements. The corporate governance report, along with the Corporate Governance Code statement, which will be included in the annual report, is already available in the notice-brochure for the 2025 General Meeting of Shareholders, sent to shareholders.

**Compliance Status:** substantially compliant.

#### Explanation:

The Bank will provide the information required by the Corporate Governance Code as comprehensively as possible. However, certain details on remuneration and the annual Board evaluation, will be withheld, as indicated in the relevant sections of this statement.

## PRINCIPLE IV.3.

### External audit of the organisation

The organisation should be subjected to an external audit conducted by an independent, competent, and qualified auditing organisation, in accordance with internationally recognised auditing, ethical and independence standards to provide reasonable assurance to the Board and participants that the organisation's financial statements, in all material aspects, fairly represent its financial condition and financial performance, and are prepared in compliance with applicable financial reporting standards.

The Bank fully adheres to the Corporate Governance Code requirements regarding external audits. For the financial year 2024, PwC, a globally recognized and independent audit firm, was appointed as the external auditor, ensuring compliance with internationally accepted auditing, ethical, and independence standards.

The selection of PwC was conducted in accordance with the Bank's order on selecting an independent audit organization, which aligns with the CBA regulation on "Criteria Applied to Persons Performing Audits of Financial Organizations." This process also includes provisions for the rotation of audit firms and auditors.

As part of its audit engagement, PwC, in planning and conducting the audit of the consolidated financial statements for the reporting year, evaluates the Bank's internal control system to determine appropriate audit procedures for forming an opinion on the financial statements. However, this evaluation does not constitute an assurance on the effectiveness of the Bank's internal controls. The external auditor remains accountable to shareholders. Additionally, a representative of the external auditor is invited by the Bank to attend the Annual General Meeting of Shareholders, where shareholders have the opportunity to ask questions and address their concerns.

Any non-audit or additional audit services provided by the external auditor in the previous year were subject to approval by the Board's Audit Committee, as outlined in the committee's charter. Throughout 2024, regular meetings between the Audit Committee and

the auditors ensured ongoing dialogue and oversight at every stage of the audit process, from planning to the issuance of the audit opinion.

**Compliance Status:** Compliant.

## Chapter 5. Relations of the organisation with stakeholders

### PRINCIPLE V. 1.

#### Stakeholders of the organisation in the corporate governance framework

The organisation should recognize the rights, roles and interests of its stakeholders and promote active collaboration among the organisation, participants and stakeholders aimed at creating value, including quality jobs, as well as building a viable and resilient organisation.

The Bank's mission, which is to contribute to the sustainable development of society through unique and innovative solutions, is underpinned by core values that include social responsibility, loyalty, transparency, innovation, and customer care. These values guide the Bank's operational and governance framework, ensuring that the legitimate interests of all stakeholders are consistently prioritized.

In line with this mission and values, the Bank actively promotes an open and transparent environment for stakeholders to express concerns related to unethical or unlawful practices. Bank does not place any restrictions on stakeholders' ability to raise concerns. Stakeholders are free to communicate their concerns to the Board or other competent bodies as needed.

The Bank remains committed to addressing any raised concerns in a manner that is consistent with the law,

taking appropriate action in accordance with applicable laws and regulations. This reflects the Bank's commitment to transparency and ethical conduct in its dealings with stakeholders.

**Compliance Status:** substantially compliant.

#### Explanation:

Although the Bank has outlined its commitments above, it recognizes that there is still potential for improvement in managing its stakeholder relationships. To address this, we plan to clearly define the scope of our stakeholders, the Principles of Stakeholder Engagement, and the Board's role in engaging with shareholders. This information can be found in the draft Board regulation, which is submitted for shareholder approval. Concurrently, the Bank is in the process of strengthening its ESG framework, which also focuses on improving stakeholder relationships.

#### SUMMARY

COMPLIANT: 13  
SUBSTANTIALLY COMPLIANT: 5  
PARTIALLY COMPLIANT: 7



# AGENDA OF THE GENERAL MEETING

NOTICE OF THE 2025 ANNUAL GENERAL MEETING OF SHAREHOLDERS





01

**1<sup>ST</sup> ITEM**

PRESENTATION OF THE ANNUAL REPORT OF THE BOARD ON ACTIVITIES CONDUCTED IN 2024, AND OBJECTIVES FOR THE YEAR 2025

02

**2<sup>ND</sup> ITEM**

PRESENTATION OF THE CHIEF EXECUTIVE OFFICER ON THE BANK'S ANNUAL PERFORMANCE FOR THE YEAR 2024 AND TARGETS FOR 2025

03

**3<sup>RD</sup> ITEM**

APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR 2024 ALONG WITH EXTERNAL AUDIT OPINION

04

**4<sup>TH</sup> ITEM**

APPROVAL OF ALLOCATION OF THE 2024 ANNUAL PROFIT

05

**5<sup>TH</sup> ITEM**

ELECTION OF THE BANK'S EXTERNAL AUDITOR

06

**6<sup>TH</sup> ITEM**

RENEWAL OF THE TERM OF OFFICE OF BRUNO CHARRIER, BOARD MEMBER

07

**7<sup>TH</sup> ITEM**

RENEWAL OF THE TERM OF OFFICE OF ASHOT KARAPETYAN, INDEPENDENT BOARD MEMBER

08

**8<sup>TH</sup> ITEM**

RENEWAL OF THE TERM OF OFFICE OF VARDAN URUTYAN, BOARD MEMBER

09

**9<sup>TH</sup> ITEM**

RENEWAL OF THE TERM OF OFFICE OF ARAM BABAYAN, BOARD MEMBER

10

**10<sup>TH</sup> ITEM**

RENEWAL OF THE TERM OF OFFICE OF HARUTYUN PAKHCHANYAN,  
BOARD MEMBER

11

**11<sup>TH</sup> ITEM**

RAFAYEL SARGSYAN'S REAPPOINTMENT AS MEMBER OF THE BOARD

12

**12<sup>TH</sup> ITEM**

TERMINATION OF POWERS OF KLAUS GRESSENBAUER, INDEPENDENT BOARD  
MEMBER AND HENRIK KOCHINYAN, BOARD MEMBER

13

**13<sup>TH</sup> ITEM**

ELECTION OF SONA ISHKHANYAN AS AN INDEPENDENT BOARD MEMBER

14

**14<sup>TH</sup> ITEM**

APPROVAL OF THE NEW EDITION OF THE BANK'S CHARTER

15

**15<sup>TH</sup> ITEM**

APPROVAL OF THE NEW EDITION OF THE BOARD RULES AND REGULATION



# PRESENTATION OF DRAFT RESOLUTIONS

NOTICE OF THE 2025 ANNUAL GENERAL MEETING OF SHAREHOLDERS





01

**1<sup>ST</sup> ITEM**

PRESENTATION OF THE ANNUAL REPORT OF THE BOARD ON ACTIVITIES CONDUCTED IN 2024, AND OBJECTIVES FOR THE YEAR 2025

The first question will include the highlights of Corporate Governance report, including Board's and Committees' annual reports on their work in 2024 and plans for 2025. The requirement to present the Corporate governance report is stipulated by the Bank's Corporate Governance Code.

**The item is not subject to a vote.**

**It is suggested to take note of the board's annual report.**

02

**2<sup>ND</sup> ITEM**

PRESENTATION OF THE CHIEF EXECUTIVE OFFICER ON THE BANK'S ANNUAL PERFORMANCE FOR THE YEAR 2024 AND TARGETS FOR 2025

**The item is not subject to a vote.**

**It is suggested to take note of the CEO's presentation.**



### 3<sup>RD</sup> ITEM

#### APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR 2024 ALONG WITH EXTERNAL AUDIT OPINION

As part of the third item, the Bank's consolidated financial statements as of December 31, 2024, along with Bank's external auditor's ("PWC ARMENIA" LLC) opinion, will be presented to shareholders for approval.

The item is subject to a vote.

#### SUGGESTED RESOLUTION N 1

To approve the Bank's consolidated financial statements for the financial year ended December 31, 2024, with the external audit opinion, which includes consolidated statements of financial position, of comprehensive income, of changes in equity and of cash flows, as well as notes to the consolidated financial statements, including summary of accounting policies.



## 04

**4<sup>TH</sup> ITEM**

## APPROVAL OF ALLOCATION OF THE 2024 ANNUAL PROFIT

As part of the 4th item, the distribution of profits based on the Bank's 2024 performance will be submitted to the shareholders for approval.

By the end of the year, on December 31, 2024, the Bank's profit amounted to 28,765,089,000 AMD. Following a decision made at the Board meeting, it is proposed that 6,583,500,000 AMD from this profit be allocated for the payment of dividends.

The proposed dividend is 1,100 AMD per share.

If shareholders approve this proposal, dividend payments will be made by June 20, 2025.

**The item is subject to a vote.**

**SUGGESTED RESOLUTION N 2**

To pay 6,583,500,000 (six billion five hundred eighty-three million five hundred thousand) AMD as annual dividends, i.e. 1,100 (one thousand one hundred) AMD for each share from the net profit generated by the Bank's activity in 2024.

To pay out the annual dividends up to June 20, 2025, by lump sum money transfer, to the eligible shareholders which were included in the Bank's shareholder registry as of the day when the list of shareholders eligible to participate in the Bank's shareholders Annual General Meeting was made (i.e. 18:00 of 02/05/2025) proportionally to their shares in the "ACBA BANK" OJSC's share capital.



## 5<sup>TH</sup> ITEM

### ELECTION OF THE BANK'S EXTERNAL AUDITOR

At its meeting on April 28, 2025, the Bank's Board preliminarily approved the candidacy of "PRICEWATERHOUSECOOPERS ARMENIA" as the external auditor for the Bank's consolidated financial statements for the year ending December 31, 2025.

The General Meeting is required to formally approve the appointment of the external auditor.

**The item is subject to a vote.**

#### **SUGGESTED RESOLUTION N 3**

To approve "PRICEWATERHOUSECOOPERS ARMENIA" LLC as the external auditor for conducting the audit of the Bank's consolidated financial statements for the financial year ending in 2025.



06

**6<sup>TH</sup> ITEM**

RENEWAL OF THE TERM OF OFFICE OF BRUNO CHARRIER, BOARD MEMBER

07

**7<sup>TH</sup> ITEM**RENEWAL OF THE TERM OF OFFICE OF ASHOT KARAPETYAN,  
INDEPENDENT BOARD MEMBER

08

**8<sup>TH</sup> ITEM**

RENEWAL OF THE TERM OF OFFICE OF VARDAN URUTYAN, BOARD MEMBER

09

**9<sup>TH</sup> ITEM**

RENEWAL OF THE TERM OF OFFICE OF ARAM BABAYAN, BOARD MEMBER

10

**10<sup>TH</sup> ITEM**RENEWAL OF THE TERM OF OFFICE OF HARUTYUN PAKHCHANYAN,  
BOARD MEMBER

In April 2025, the Board of the ACBA Federation decided to propose that the powers of Vardan Urutyan, Aram Babayan, and Harutyun Pakhchanyan as members of the Bank's Board be extended. At the same time, the Bank's Board proposed to extend the terms of Bruno Charier and Ashot Karapetyan.

Bruno Charier has been serving on the Board since June 2019 and was re-elected in June 2022 as an independent member for a three-year term. Ashot Karapetyan, along with Vardan Urutyan, Aram Babayan, and Harutyun Pakhchanyan, was also elected in June 2022 for a three-year term.

Their current terms are now coming to an end, which is why an extension is being proposed. Over the course of their service, all five members have demonstrated strong professional skills, independence, and a thoughtful, analytical approach to their roles. They've made valuable contributions to the Bank's stability, long-term planning, oversight systems, and transparency efforts.

Given their experience, deep knowledge of the Bank's operations, and commitment to its continued success, it's being proposed to re-appoint Bruno Charier for a two-year term, and Ashot Karapetyan, Vardan Urutyan, Aram Babayan, and Harutyun Pakhchanyan for another three-year term each.

This proposal is based on Board Resolution No. 161-B.4 of 2025 and is now being presented for shareholder approval.

**The items are subject to a vote.**

**SUGGESTED RESOLUTION N 4**

To reappoint Bruno Charier as Member of the Board of “ACBA Bank” OJSC for a term of 2 (two) years.

**SUGGESTED RESOLUTION N 5**

To reappoint Ashot Karapetyan as an Independent Member of the Board of “ACBA Bank” OJSC for a term of 3 (three) years.

**SUGGESTED RESOLUTION N 6**

To reappoint Vardan Urutyunyan as a Member of the Board of “ACBA Bank” OJSC for a term of 3 (three) years.

**SUGGESTED RESOLUTION N 7**

To reappoint Aram Babayan as a Member of the Board of “ACBA Bank” OJSC for a term of 3 (three) years.

**SUGGESTED RESOLUTION N 8**

To reappoint Harutyun Pakhchanyan as a Member of the Board of “ACBA Bank” OJSC for a term of 3 (three) years.

**11**

**11<sup>TH</sup> ITEM**

**RAFAYEL SARGSYAN'S REAPPOINTMENT AS MEMBER OF THE BOARD**

On April 21, 2025, the Board of the Bank's significant shareholder, “ACBA FEDERATION” CJSC, decided to re-appoint Rafayel Yervandi Sargsyan as a member of the Bank's Board for a new term of three years.

This re-appointment was made without an election, in line with Article 21<sup>3</sup>, paragraph 2 of the RA Law “On Banks and Banking Activities” and Article 85, part 2 of the RA Law “On Joint-Stock Companies”. According to these laws, a shareholder holding a significant stake has the right to appoint members to the Board directly, without requiring a vote at the General Meeting.

**This item is therefore not subject to voting and is presented to the Annual General Meeting for informational purposes only.**



12

**12<sup>TH</sup> ITEM**

TERMINATION OF POWERS OF KLAUS GRESSENBAUER, INDEPENDENT BOARD MEMBER AND HENRIK KOCHINYAN, BOARD MEMBER

Klaus Gressenbauer was first appointed to the Board of the Bank in June 2022, and Henrik Kochinyan was re-elected as a member of the Board on the same date. The latter were appointed for a term of three years.

Taking into account the expiration of the terms of office of the above-mentioned Board members and their non-extension, the General Meeting is informed of the termination of the powers of Klaus Gressenbauer and Henrik Kochinyan as members of the Board of the Bank.

**The item is not subject to a vote.**

13

**13<sup>TH</sup> ITEM**

ELECTION OF SONA ISHKHANYAN AS AN INDEPENDENT MEMBER OF THE BOARD

Under agenda item 13, the shareholders are requested to approve the election of 1 new member to the Bank's Board. The qualifications, experience, and suitability of the candidate have been thoroughly assessed by the Board's Governance, Nominations and Remunerations Committee. The Committee has reported its findings to the Board, which has subsequently endorsed her nomination.

The Board remains committed to maintaining an appropriate number of independent members, in line with the legal requirements of the Republic of Armenia. It believes that the presence of independent members contributes to open, balanced discussions and enhances effective decision-making.

The Board also places strong emphasis on diversity, including gender diversity, which is reflected in the nomination of Sona Ishkhanyan.

Both the Committee and the Board are confident that her experience and expertise will significantly strengthen the Board's work and help address current and future challenges.

**The item is subject to a vote.**

Detailed resume of Sona Ishkhanyan is provided below

**SONA ISHKHANYAN**



**Citizen of Armenia**

**THE CANDIDACY IS PRESENTED BY THE BANK'S BOARD**

**Main Positions**

- Group Audit Regional Manager (Coordinator) at ProCredit Holding AG & Co. KGaA (2011–Present)
- Chairperson/Member of Audit Committees at different ProCredit Banks (Ukraine, Moldova, Armenia, Georgia, throughout different time periods Ukraine (since 2014, ongoing)
- ProCredit Holding Group Audit representative in Audit and Risk committees of banks of responsibility

**Education:**

Sona Ishkhanyan holds a Master of Business Administration (MBA) degree from the University of Nebraska, USA (2004–2005), and a Bachelor's Degree in Accounting and Audit from the Yerevan State Institute of Economics, Armenia (1995–2000).

Sona Ishkhanyan has over 24 years of professional experience in Internal Audit, Enterprise Risk Management, and Financial Services. She has served as Chairperson and Member of Audit Committees for over 13 years across several ProCredit Banks in Ukraine, Georgia, Armenia, and Moldova. Her career includes 18 years of specialization in Internal Audit and Risk Management, and 4 years of consulting experience at Deloitte & Touché LLP in San Francisco, USA.

Throughout her career, Sona Ishkhanyan has gained extensive expertise in SOX compliance, internal audit methodology development, financial reporting, business process assessment, and cross-functional international management.

**SUGGESTED RESOLUTION N 9**

To elect Sona Ishkhanyan as Independent member of the Bank's Board, for a term of 3 (three) years.



## 14

**14<sup>TH</sup> ITEM****APPROVAL OF THE NEW EDITION OF THE BANK'S CHARTER**

The necessity of approval of the new edition of the Bank's Charter stems from the mission of enhancing the Bank's governance system, increasing its efficiency, and ensuring legislative compliance.

The new edition has been developed based on the legislative regulations of the Republic of Armenia (including the RA Corporate Governance Code), as well as the need to clarify and supplement the powers of the Bank's governance bodies. It is aimed at defining the roles and responsibilities of the governance bodies with more precise formulations and at separating and clarifying the powers between the governance bodies.

The presented new edition is an important step towards the further sustainable development of the Bank, the formation of a reliable governance structure, and striving for the best practices in corporate governance.

By decision of the Bank's Board No. 161-B.2 dated 28.04.2025, the new edition of the Bank's Charter was preliminarily approved, which is submitted for approval by the Bank's Annual General Meeting.

**The item is subject to a vote.**

**SUGGESTED RESOLUTION N 10**

To approve of the new edition of the Bank's charter.

15

## 15<sup>TH</sup> ITEM

### APPROVAL OF THE NEW EDITION OF THE BOARD RULES AND REGULATIONS

The need for a new edition of the Bank's Board Rules and Regulations is primarily driven by the requirements outlined in the Corporate Governance Code of Armenia and the best practices of corporate governance. It defines the governance framework, structure, and operational principles of the Bank's Board, specifically:

- Defines the composition, structure, and operational procedures of the Board and its committees,
- Clarifies the rights, duties, and responsibilities of the Board members,
- Establishes the criteria for the nomination, succession, performance evaluation, and remuneration of Board members,
- Promotes transparency, integrity, and effective engagement with stakeholders.

The Bank's Board has preliminarily approved the new edition of the Board's Rules and Regulations by decision No. 161-B.3 dated 28.04.2025, which is submitted for approval by the Bank's annual general meeting.

**The item is subject to a vote.**

#### SUGGESTED RESOLUTION N 11

To approve of the new edition of the Board Rules and Regulations.



# CALENDAR 2025

NOTICE OF THE 2025 ANNUAL GENERAL MEETING OF SHAREHOLDERS





## KEY DATES FOR THE GENERAL MEETING

<b>29 APRIL</b>	Publication of the Consolidated Statement of Financial Position of the Bank as of December 31, 2024
<b>2 MAY</b>	The list of shareholders eligible to participate in the Bank's shareholders Annual General Meeting will be made at 18:00
<b>7 MAY</b>	Availability of the 2025 General Meeting documentation and of the Notice of Meeting brochure
<b>8 MAY</b>	Online voting opens at 9 a.m
<b>27 MAY</b>	Deadline for submitting written questions Deadline for registered shareholders to request physical access to the meeting
<b>29 MAY</b>	General Meeting starts at 15:00 p.m. Deadline for taking into account votes cast until 24:00 p.m.
<b>4 JUNE</b>	Publication of written questions and answers Publication of General Meeting quorum breakdown Publication of General Meeting resolutions

### DIVIDEND PAYMENT DATE

<b>20 FEBRUARY</b>	Declaration of annual dividends based on the results of 2024
<b>20 JUNE</b>	Dividend payment deadline

### INVESTOR REPORTING SCHEDULE

<b>26 FEBRUARY</b>	Publication of Q4 2024 results
<b>15 MAY</b>	Publication of Q1 2025 Results
<b>30 JUNE</b>	Publication of the 2024 Annual Report
<b>15 AUGUST</b>	Publication of H1 2025 Results
<b>15 NOVEMBER</b>	Publication of Q3 2025 Results





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**The Bank is supervised by the Central Bank of RA**