



# Sustainability Report

2024





# TABLE OF CONTENTS

<b>1.</b>	<b>UNIVERSAL FINANCIAL PARTNER</b>	<b>4</b>
1.1	Letter from the CEO	6
1.2	About ABB Financial Group	10
1.3	Management structure	13
1.3.1	General Meeting of Shareholders	13
1.3.2	Supervisory Board	14
1.3.3	Management Board	16
1.4	Mission and strategic vision	19
1.5	Purpose and values	20
1.6	Charter capital structure	22
1.7	ABB's subsidiaries	24
1.8	Awards	26
1.9	ABB's ratings	32
1.10	Analysis of Azerbaijan's banking sector	33
1.11	ABB's strategic overview	38
<b>2.</b>	<b>A PIONEER IN SUSTAINABILITY</b>	<b>40</b>
2.1	About the Report	42
2.2	ABB's commitment to sustainability	46
2.2.1	Environmental	49
2.2.2	Social	60
2.2.3	Governance	83
<b>3.</b>	<b>INNOVATION AND DIGITALIZATION</b>	<b>110</b>
3.1	ABB Innovation and ABB Tech	112
3.2	Technological innovations	115
3.3	Application of Artificial Intelligence and Generative AI Technologies	119
3.4	Innovations in products and services	122
3.5	Integration with third parties	130
3.5.1	GovTech	130
3.5.2	Mobile POS	130
3.5.3	Tax declaration	131
3.6	Operational updates	132
3.7	Agile activity	133
<b>4.</b>	<b>COMMERCIAL ACTIVITY</b>	<b>136</b>
4.1	Expansion of service network	138
4.1.1	Development and transformation of branches	138
4.2	Customer satisfaction	141
4.3	ABB'S branch network and sales support activities, strategic development in 2024: digitalization and customer-oriented banking	142
4.4	Retail and corporate business performance	143
4.5	Final notes and threshold of accountability	156
4.6	Compliance table with GRI standards	158

# 1

UNIVERSAL  
FINANCIAL  
PARTNER



# LETTER FROM THE CEO



**Abbas  
Ibrahimov**

CEO / Chairman of the  
Management Board

## Dear shareholders, customers, and all partners!

In line with our tradition, I am proud and pleased to share with you the 2024 Sustainability Report of the ABB Financial Group.

A very important and historic event took place in the life of ABB in 2024. As part of the implementation of the Decree of the President of the Republic of Azerbaijan, Mr. Ilham Aliyev, dated August 31, 2023, on "Measures to Attract Private Investments to State Enterprises of the Republic of Azerbaijan," a public offering of ABB shares was carried out. ABB became the first state-owned commercial organization to start and successfully implement a share emission. On June 11, 2024, during the emission process launched under the slogan "Mərkəzdən hər kəsə!" ("From the Center to Everyone!") at our Central Branch located in a historic building in the center of Baku, 322,000,000 shares of our Bank were offered to citizens. This process is aimed at creating new investment and profit opportunities for our citizens and developing the capital markets in our country. To ensure public awareness and education, a wide campaign was conducted throughout the country. Various innovations were introduced for share orders. For the first time, we enabled investors to purchase our shares through digital channels – via our ABB mobile application, and we also provided the opportunity to resell these shares on the secondary market through the mobile app. During the public offering process, other local banks supported us, creating yet another example of synergy that serves the overall interests of our country's banking and financial sector. As a result, over 33,000 investors placed nearly 49,000 orders, all of which were executed, and the number of ABB shareholders increased from 1,794 to 35,105. The public offering of 322,000,000 shares was the largest emission process in the history of Azerbaijan's securities market. The public offering of ABB shares has significantly increased the number of investors in our country.

The state bank, which needed restructuring only five years ago, began the emission of its shares, and more than 33,000 investors placed nearly 49,000 orders to purchase these shares. This event will always be perpetrated as a key moment in ABB's success story.

The most significant factor that fueled the great interest of our citizens in ABB shares was the opportunity to become a shareholder in a profitable business that generates income and provides high dividends to its shareholders. ABB has been a healthy, sustainable, and profitable bank that consistently pays high dividends to its shareholders for six years. In 2025, for the first time after the public offering, we will share our profits with more than 30,000 shareholders, our citizens. This is because ABB concluded 2024 as one of the most successful years in its strategic development history, with a net profit of 360 million manats. Our operational income rose by 13.6% in 2024 compared to the previous year. Based on the financial results for 2024, the Bank contributed 131 million manats in taxes and other payments to the state budget. Our loan portfolio grew by 1.3 billion AZN, a hike of 25.8%. We raised our business loans portfolio by 614 million manats, bringing it to 3,176,140 thousand manats. Based on the results of the year, we were the market leader in business and mortgage loans.

The number of customers using our products and services has also risen. Currently, ABB has more than 4 million customers. The number of active customers has grown by a record 32% in the past year. Our innovative, useful products and services, digital solutions, and the use of artificial intelligence models, along with our personalized offers to customers, continue to increase the number of loyal ABB customers every day. Another point of pride is that in 2024, 65% of the new customers who joined our Bank were attracted through digital channels, without visiting the Bank's branches. This is a key performance indicator currently targeted by modern banks worldwide.

In 2024, we opened our first branch in Khankendi. Thus, after the restoration of Azerbaijan's territorial integrity and sovereignty, ABB became the first bank to have opened a branch in Khankendi. To make ourselves even more accessible to our customers, we have established 3 more new branches and redesigned 7 of our branches to align with our brand identity.

In 2024, we also launched the ABB-AZAL Miles card in partnership with Azerbaijan Airlines. By the virtue of our new digital deposit product, DigiDeposit, we increased our deposit portfolio by nearly 600 million manats. To promote cashless payments, we introduced our new loyalty program, "Fayda Max." Through the "Fayda Max" and Miles programs, we provided over 40 million manats in benefits to our customers. We continued our investments in new technological solutions and IT infrastructure to provide better and more reliable services to our customers. Alongside increasing our customer base and revenues, optimizing our operations and cost management has remained a constant priority on our agenda.

As the ABB team, we aim to be an exemplary bank both in our country and in the region, applying the practices of the world's most advanced banks and companies, and leveraging the latest technologies and solutions. In order to expand communication with our customers, in 2024, we introduced the ABB Artificial Intelligence service. In 2024, we successfully implemented 36 generative and predictive AI models in sales, customer relations, and risk management. Over the past year, we have robotized over 100 processes in back-office operations such as operations, clearing, and compliance using RPA tools. All these modern technologies support our efficient operations and our ability to provide quality service to our rapidly growing customer base. The direct positive financial impact of Artificial Intelligence and RPA tools on ABB in the last two years is around 25 million manats. This allows us to save hundreds of our employees' time and effectively direct our resources. Currently, the cost-to-income ratio at ABB is below 41%, similar to the world's leading commercial banks. With a data-driven digital experience, we have managed to increase both our active customer base and the quality of our services. According to the latest survey, our NPS (Net Promoter Score) has increased to 76.85.

Today, ABB serves 4 million individuals and nearly 20,000 corporate customers. We are a trusted financial partner for many government and private institutions, as well as small and medium-sized businesses in our country. More than 4,000 employees work at our Bank. ABB brings together these individuals and their families around the values they have created, connecting individuals and organizations, creating opportunities, and supporting their development processes. All of this further strengthens ABB's role as a unifying force.

Today, ABB has risen beyond being just a bank, becoming an essential value in the daily lives of our people. We have created this value together with our customers, partners, shareholders, employees, and in fact, with everyone who is united under the ABB name. We are one with these people, and they are one with ABB. Together, we are ABB. Therefore, we continue on our strategic development path under the slogan "ABB Bizik" (We are ABB).

The main goals of ABB are market leadership across segments, data-driven digital experience, superior customer experience, and becoming the employer of choice in the financial sector. In our current strategy, we have defined 58 initiatives and hundreds of projects to achieve these goals, many of which have been successfully implemented. Our new strategy, which will cover the years 2026-2028, is currently being drafted, and by the end of 2025, we will share it with the public. In line with modern challenges, our new strategy will also include clear goals and new initiatives related to the banking of the future.

We are identifying new opportunities for ABB's further growth and development, and we are taking steps towards them. One of these directions is providing services to small and medium-sized businesses (SMEs) that align with modern trends, and we are already materializing it through the ABB Biz app, which we launched in 2024. As one of our key steps towards "Beyond Banking," ABB introduces the ABB Biz application, which, in addition to daily financial tools, also offers the E-Accountant service and other relevant non-banking solutions to meet the daily needs of small businesses.

As another step toward "Beyond banking" in 2024, we introduced the ABB Home project. This project provides our customers with all the necessary solutions related to real estate. We also have certain projects in the technology market, working with partners in this field. For example, during the General Meeting of ABB shareholders held on December 13, 2024, the decision was made to establish the Bank's new innovation company. Furthermore, in line with our geographic expansion plans, we are currently conducting analyses to enter the Uzbekistan market.

According to the results of the world's largest research on determining the level of digital development of banks, the "Deloitte Digital Banking Maturity 2024" (DBM-2024) report, we ranked as the country's leader last year across various criteria.

In 2024, we also implemented significant measures in the field of security, including steps to enhance the security of our ABB Mobile app to the highest level. Last year, ABB Mobile received the ISO: IEC 27001:2022 certification from the International Organization for Standardization (ISO). This "Information Security Management System Certificate" was awarded after a detailed analysis of the app across many criteria.

As part of our ongoing sustainability initiatives in 2024, ABB joined the UN Global Compact. This Compact promotes corporate social responsibility and encourages alignment with sustainable development principles. By joining the UN Global Compact, the Bank commits to promoting the Sustainable Development Goals (SDGs) as well as environmental, social, and corporate governance (ESG) areas. Thus, ABB has declared its commitment to adhering to the 10 principles of the Global Compact.

Last year, ABB became the main banking partner of the 29th session of the Conference of the Parties (COP29) to the United Nations Framework Convention on Climate Change, hosted by our country. During the event, 37 sessions focused on climate change issues and the United Nations' Sustainable Development Goals were held at ABB's pavilion in the COP29

"Green Zone." Additionally, a significant agreement worth \$50 million was signed between ABB and the European Bank for Reconstruction and Development (EBRD). This agreement marks the return of EBRD to Azerbaijan's financial market after a long hiatus, with considerable investment, reflecting increased trust in the sector, the development of corporate governance in Azerbaijan's banking sector, and strong confidence in future partnership opportunities with ABB. These financial resources are primarily being used to support green economy-oriented projects. Under the agreement, green trade practices and projects that are aimed at reducing the carbon footprint are being supported.

During COP29, ABB also signed a contract with Switzerland's Crossinvest Group, offering our customers investment opportunities in green certificates.

In partnership with Visa, we also introduced a Carbon Emission Calculator in the ABB mobile app, enabling users to track the environmental impact of each card transaction. This calculator was developed based on the technology provided by the "Ecolytiq" platform, created to contribute to combating climate change in retail banking.

In 2024, we supported the realization of an important project aimed at contributing to a sustainable future, in collaboration with the Azerbaijan Ground Transportation Agency (AYNA) and our international partner Mastercard. Through this project, the first-ever APAR bicycle rental service was launched in Baku.

Furthermore, for the first time in our country, ABB created an opportunity for shareholders to participate in electronic voting on the agenda items of the General Assembly of Shareholders. This new service allows for the remote arrangement of meetings, timely and efficient delivery of notifications and information related to agenda items to shareholders, and minimizes the use of paper.

Based on ABB's extensive business data and information gathered from our partners, in 2024, we have produced and shared in-depth research and reports (a total of 6 reports) with the public, analyzing the effects and outcomes of climate change, Azerbaijan's automotive market, the real estate market in Baku, retail trade in Azerbaijan, and the tourism sector in our country. Preparing such valuable reports for stakeholders is a practice adopted by foreign banks, and ABB was the first to bring this advanced practice to our country.

In 2024, ABB organized Azerbaijan's first "Data and Artificial Intelligence Summit" with the participation of

local and international experts. We successfully continued our corporate social responsibility projects that contribute to the development of our society. We also had interesting initiatives regarding the personal and career opportunities of our employees.

2024 marked the 5th anniversary of the launch of the ABB Tech Academy. The number of graduates from the Academy's various programs reached 769. Of these graduates, 30% are currently working on various ABB projects, and 70% are employed by various local and international companies. The employment rate for ABB Tech Academy graduates is 82%.

In 2024, ABB received certification from the "Top Employers Institute," an international organization that recognizes the best employers. Additionally, ABB was awarded two Excellence Awards by "The Brandon Hall Group" in the areas of talent management, learning, and

development. Based on a survey conducted in 2024, employee satisfaction at ABB rose to 84%. Furthermore, according to the selections of "Euromoney" and "The Banker" magazines, we were named the Bank of the Year in the country.

I would like to express my gratitude in advance to each of you for taking the time to read our Sustainability Report that represents our development story for the year 2024, explore our results, evaluate our performance, and share your valuable feedback with us. On our path toward the banking of the future, your perspective on ABB's activities and your comments are incredibly important and valuable to us. All of our achievements throughout the year have been made possible thanks to the trust, support, and confidence of our shareholders, customers, and all our partners. In the coming years, we will continue to strive to live up to your expectations and create new value for our country and society.



1.2

## ABOUT ABB FINANCIAL GROUP

ABB is one of the leading banks in the South Caucasus region based on its assets, customer base, and international operations portfolio.



**Full Name:**  
"Azerbaijan International Bank"  
Open Joint-Stock Company



**Date of Establishment:**  
January 10, 1992



**Bank's License:**  
License number: 06/06-224 issued by the Central Bank of the Republic of Azerbaijan on December 30, 1992



**Website:**  
[www.abb-bank.az](http://www.abb-bank.az)

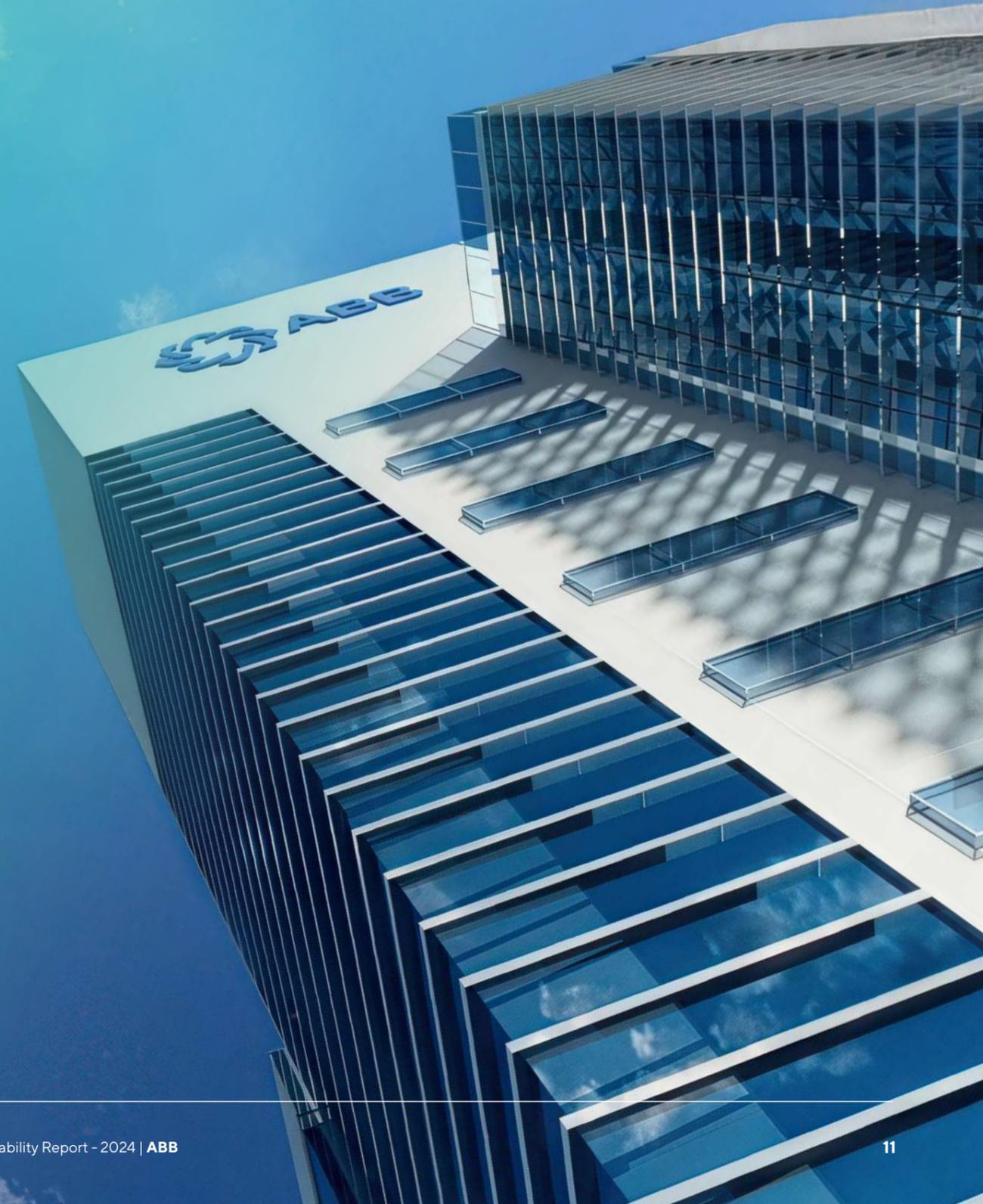


**Registration Address:**  
Nizami Street 67, AZ1005, Baku, Azerbaijan



### Affiliations:

- Azerbaijan Banks Association
- Baku Stock Exchange
- MasterCard International
- VISA International
- American Express®
- Union Pay
- SWIFT
- JCB (Japan Credit Bureau)
- Reuters Information System
- Bloomberg Information System
- National Confederation of Entrepreneurs (Employers) Organizations of the Republic of Azerbaijan
- US-Azerbaijan Chamber of Commerce
- Israel- Azerbaijan Chamber of Commerce
- Caspian European Club
- UNGC (United Nations Global Compact) UN Global Agreement



# The Bank's performance indicators as of 31.12.2024



All amounts are shown in AZN (Azerbaijani Manats).

## 1.3 MANAGEMENT STRUCTURE

### 1.3.1 General Meeting of Shareholders

The General Meeting of Shareholders is the highest governing body that allows shareholders to participate in decision-making with the voting rights on strategic matters. The assembly of Shareholders is organized in accordance with the "Law on Banks" of the Republic of Azerbaijan, other legal acts, and the "ABB" Charter (hereinafter referred to as the "Charter").

### 1.3.2 Supervisory Board

The Supervisory Board (hereinafter referred to as the "the Supervisory Board" or "the Board") plays a vital role in ensuring strong governance and the economic stability of the Bank. It focuses on the Bank's long-term strategic sustainability in the decision-making process. The Board, which is responsible for overseeing the Management Board, submits reports directly to the General Meeting of Shareholders. In addition, the Supervisory Board is responsible for appointing Committee members. It also analyzes the consolidated financial statements, thereby making a significant contribution to the overall success of the Bank.

Based on the Decree No. 1448 of the President of the Republic of Azerbaijan dated September 22, 2022, ABB was transferred under the management of the Azerbaijan Investment Holding (hereinafter referred to as AIH). The right to participate on behalf of the state in resolving matters assigned to the authority of the General Meeting, to the extent permitted by the state-owned shares in the Bank's charter capital, was entrusted to the President of the Republic of Azerbaijan and, upon agreement with the President, to the Azerbaijan Investment Holding.

Currently, the Supervisory Board of ABB consists of 7 members. The members of the Board are elected by the General Meeting of Shareholders for a term not exceeding three years; however, they may be re-elected for subsequent terms. The members of the Supervisory Board are professionals specialized in finance, economics, and politics, who meet all the criteria required by the Law of the Republic of Azerbaijan "On Banks" and the "Corporate Governance Standards in Banks."

The main responsibilities of ABB's Supervisory Board include defining the Bank's strategic direction,

establishing an effective risk management system, enhancing transparency through regular reporting, overseeing executive functions, and ensuring compliance with legal requirements and the Bank's overall strategy.

### Meetings of the Supervisory Board

The Supervisory Board of ABB is responsible for determining the Bank's strategic development directions, establishing a robust risk management system, enhancing operational transparency through regular reporting, overseeing executive bodies, and ensuring that governance procedures are aligned with the Bank's legal requirements and strategic objectives.

The Supervisory Board operates independently, providing recommendations and assignments to the Management Board. In carrying out its functions, the members of the Supervisory Board prioritize the Bank's interests and take into account the legal interests of the Bank's stakeholders.

According to the Regulations on the Supervisory Board of ABB, the meetings of the Supervisory Board must be held at least once every 3 (three) months. In 2024, the Supervisory Board held 28 meetings. In most cases, all members attended the meetings. This indicates that the Board actively participates in defining ABB's strategic vision and in the internal transformation process.

The main focus of the Board's meetings has been on ensuring the proper alignment of the interests of stakeholders, including shareholders.

In 2024, the Supervisory Board held extensive discussions on key aspects of the Bank's operations, including strategic development, risk management, internal control, and compliance systems, as well as economic and financial indicators and other related matters. The Supervisory Board also approved the new Organizational Structure for 2024.

In addition, the Supervisory Board actively collaborates with various internal and external stakeholders. Based on these interactions, the Board has effectively carried out its oversight role, ensuring that identified issues are promptly directed to the responsible individuals within the Bank and that appropriate responses are received.

## Composition of the Supervisory Board

### SHAHMAR ARIF OGLU MOVSUMOV Chairman of the Supervisory Board

#### Education

- Moscow State Institute of International Relations, Bachelor's degree in International Economic Relations
- Harvard University, John F. Kennedy School of Government, Master's degree in Public Administration

#### Current Position

Assistant to the President of the Republic of Azerbaijan – Head of the Economic Issues and Innovative development Policy Department of the Presidential Administration of the Republic of Azerbaijan

### KHALID NURADDIN OGLU AHADOV Member of the Supervisory Board

#### Education

- Azerbaijan State University of Economics, Bachelor's degree in Finance and Credit
- Instituto de Empresa (IE) Business School, Master's degree in Business Administration
- London School of Economics, EMPA degree in Public Administration

#### Current Position

Assistant to the President of the Republic of Azerbaijan on social-economic issues

### EMIN ZAMIN OGLU HUSEYNOV Member of the Supervisory Board

#### Education

- Azerbaijan State University of Economics, Bachelor's degree in International Economic Relations
- Florida State University, Master's degree in Economics
- Harvard University, John F. Kennedy School of Government, Master's degree in Public Administration
- Ph.D degree in Economics

#### Current Position

Special Representative of the President of the Republic of Azerbaijan in the liberated territories of the Karabakh Economic Region, Assistant to the First Vice-President of the Republic of Azerbaijan

### MATIN BALASAN OGLU EYNULLAYEV Member of the Supervisory Board

#### Education

- Baku State University, Bachelor's degree in Law

#### Current Position

Chairman of the Board of the Azerbaijan Investment Holding, Head of the State Service on Property Issues under the Ministry of Economy

### FAKHRI YASHAR OGLU ISMAILOV Member of the Supervisory Board

#### Education

- Azerbaijan State University of Economics, Bachelor's degree in Finance and Credit
- Azerbaijan State University of Economics, Master's degree in Finance and Credit
- George Washington University, Fulbright Post-Doctoral Program at the US Department of Finance
- Ph.D degree in Finance

#### Current Position

Assistant to the Prime Minister of the Republic of Azerbaijan, Secretary of the Supervisory Board of Azerbaijan Investment Holding

### MAJID HASAN OGLU MAMMADOV Independent Member of the Supervisory Board

#### Education

- Baku State University, Bachelor's degree in International Relations
- Azerbaijan State University of Economics, Master's degree in Finance
- Warwick Business School, Master's degree

#### Current Position

Member of the Supervisory Board of "ABB Invest"

### RUFAT RAHIM OGLU ALIMARDANOV Independent Member of the Supervisory Board

#### Education

- Azerbaijan State University of Economics, Bachelor's degree in Economics
- Texas University, Bachelor's degree in Finance
- Texas Christian University, Master's degree

#### Current Position

Resident Representative of the International Finance Corporation in the People's Republic of Mongolia

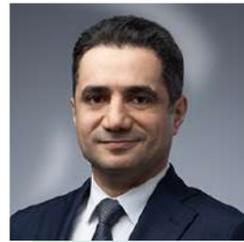
## 1.3.3 Management Board

The Management Board is the governing body responsible for overseeing the daily operations of the Bank within its corporate structure. The Chairman of the Management Board is appointed by the General Meeting of Shareholders for a term of up to three years, with the possibility of reappointment.

The Chairman of the Bank's Management Board ensures that the daily activities carried out by the Bank's separate divisions align with ABB's strategy, plans and reviews financial operations. The Chairman also implements the internal policies of the Bank, executes

the decisions of the Supervisory Board and the General Meeting of Shareholders, and defines the responsibilities of the Management Board members.

The Chairman of the Management Board and the Management Board play a mediating role by maintaining continuous communication and transparency with employees, customers, and other stakeholders. They classify emerging issues and find solutions. The Chairman of the Management Board evaluates periodic reports on the results of various business divisions, presented by relevant departments and field leaders.



**ABBAS IBRAHIMOV**  
Chairman of the Management Board

*Born in 1981.*  
Date of appointment: 2018.

#### Education

- Ankara University, Bachelor's degree in Economics
- Istanbul Technical University, Master's degree



**ILHAM HABIBULLAYEV**  
First Deputy Chairman of the Management Board

*Born in 1977.*  
Date of appointment: 2020.

#### Education

- Baku State University, Bachelor's degree in History
- Azerbaijan State University of Economics, Bachelor's degree in Finance and Credit
- Istanbul University Social Science Institute, Master's degree in Social Sciences



**AGSHIN AMIROV**  
Deputy Chairman of the Management Board, Chief Risk Officer

*Born in 1978.*  
Date of appointment: 2018.

#### Education

- Azerbaijan State University of Economics, faculty of Economic Regulation
- London Business School, Master's degree



**ELMIR HABIBULLAYEV**  
Deputy Chairman of the Management Board

*Born in 1978.*  
Date of appointment: 2016.

#### Education

- Azerbaijan State University of Economics, Bachelor's degree in Finance and Credit
- Azerbaijan State University of Economics, Master's degree in Finance and Credit



**NABI ALIYEV**  
Deputy Chairman of the Management Board, Chief Financial Officer

*Born in 1984.*  
Date of appointment: 2018.

#### Education

- Azerbaijan State University of Economics, Bachelor's degree in International Economic Relations
- Azerbaijan State University of Economics, Master's degree in International Economic Relations
- Oxford University, Master's degree
- Ph.D degree in Economics



**TALEH TAHIRLI**  
Deputy Chairman of the Management Board, Chief Transformation Officer

*Born in 1981.*  
Date of appointment: 2019.

#### Education

- Baku Engineering University, Bachelor's degree in Business and Management
- University of Gothenburg, Master's degree in Management from the School of Business and Economics
- HEC Paris, Master's degree in Innovations Management and Entrepreneurship



**VASIF AHMADOV**  
Deputy Chairman of the Management Board

*Born in 1961.*  
Date of appointment: 2018.

#### Education

- School of State Security Committee of USSR, Majored in International Relations
- Diplomatic Academy of the Ministry of Foreign Affairs of the Russian Federation, Master's degree in International Relations



**AYNUR SULEYMANLI**  
Managing Director

*Born in 1979.*  
Date of appointment: 2018.

#### Education

- Azerbaijan State University of Economics, Bachelor's degree in Labor Economics and Sociology
- Azerbaijan State University of Economics, Master's degree in Personnel Management



**FUAD ISLAMOV**  
Managing Director

Born in 1969.  
Date of appointment: 2011.

Education

- Azerbaijan State Oil and Industry University, Bachelor's degree in Physical Processes of Oil and Gas Production
- Azerbaijan State University of Economics, Master's degree in International Economic Relations



**NARGIZXANIM BILANDARLI**  
Managing Director

Born in 1972.  
Date of appointment: 2018.

Education

- Azerbaijan State Pedagogical University, Bachelor's degree in Russian Language and Literature
- Azerbaijan State University of Economics, Master's degree in Finance and Credit



**NIHAT SHENYUVA**  
Managing Director - Chief Information Officer

Born in 1977.  
Date of appointment: 2020.

Education

- Ege University, Bachelor's in Computer Engineering
- Yeditepe University, Master's degree

ABB strives to maintain a high level of expertise and to meet the expectations of stakeholders at all levels. To support this, the Supervisory Board conducts an annual evaluation of the Management Board

members. The Bank believes that supporting employee career advancement will lead to a more balanced work environment in terms of gender, age, experience, and personal perspectives.

1.4

# MISSION AND STRATEGIC VISION

## Our Mission

Our mission is to meet the financial needs of our customers as a modern universal financial group.

- Making financial services accessible and affordable;
- Bringing forward cutting-edge experience and innovations;
- Strengthening our communities by supporting businesses and human capital;
- Contributing to the development of Azerbaijan's economy and its global integration;

## Our Strategic Vision

Our goal is to become the leading universal financial group in the South Caucasus.

- Delivering superior quality service to our customers;
- Being the most desired employer for talents and professionals;
- Achieving the highest returns for our shareholders;
- Pursuing the highest corporate governance standards;
- Building the strongest ecosystem of partnerships for a digital future;

# PURPOSE AND VALUES

## Our Purpose

To become a reliable partner in the modern financial world.

### Our Values



#### Customer-Oriented Approach

- Listen to our customers and provide them with personalized service.
- Support our customers' development by delivering value.
- Understand them better through the deep relationships we build with our customers.
- Stay ahead of customer needs for superior service.



#### Courageous Integrity

- Accountability to our partners is our primary responsibility.
- Adhere to transparency in all our work.
- Fulfill our obligations with dignity.
- Prioritize our reputation and ethical behavior in our activities.



#### Excellence in our work

- As a bank, we deliver on our promises perfectly.
- Develop with determination for high standards.
- Take timely steps by making well-considered decisions.
- Consider all the details in every work.



#### Curious Leaders

- Prioritize teamwork to unleash our potential.
- Value individual results and celebrate achievements.
- Attract and develop talent by creating an inspiring and flexible work environment.
- Cultivate ambitious leaders to better fulfill our mission.



#### Measured efficiency

- Create more value for customers by using existing resources efficiently.
- Take measured risks and seize new opportunities.
- Promote efficiency and productivity in everything we do.
- Inspired by limitations and turn them into opportunities.



#### Entrepreneurial Spirit

- Create new opportunities by implementing innovations.
- Approach our work creatively to create the best products.
- Achieve better results by building relationships with partners.
- Support the entrepreneurial spirit at all levels by changing the status quo.



#### Civic responsibility

- Act responsibly in our activities for the sake of public interests.
- Support the development of our society.
- Train highly qualified personnel for our country.
- Act with long-term results in mind, despite short-term challenges.

# CHARTER CAPITAL STRUCTURE

In 2016, the General Meeting of Shareholders adopted a decision to increase the Bank's authorized capital, taking into account the risks associated with devaluation. In 2017, ABB issued 2.222 billion shares worth 600 million AZN. Between 2016 and 2017, the Bank's authorized capital doubled from 641.287 million AZN to 1,241.287 million AZN. As a result, as of

December 31, 2023, the authorized capital amounted to 1,225.648 million AZN. On December 13, 2024, an extraordinary General Meeting of ABB Shareholders was held in absentia. At the meeting, the authorized capital of ABB was increased to 1,281,271,392 AZN using funds obtained as a result of the initial public offering of the bank's shares.

Table 1: List of ABB's Main Shareholders

Founder, Participant (Shareholder) Name	Amount (thousand AZN)	In % compared to actual authorized capital
State Enterprises	1,181,120.88	92.18
Agrarcredit OJSC	2,815.03	0.22
Legal Persons	5,436.59	0.43
Individuals	91,898.89	7.17
<b>Total</b>	<b>1,281,271.392</b>	<b>100.00</b>

## Share Capital Structure as of December 31, 2024

- Type of Shares  
**Ordinary**
- Issued shares registered under the state number  
**AZ1004004581**
- Nominal value  
**0,27 AZN**
- Number of shares issued  
**322 000 000**



## ABB's Share Issuance Successfully Implemented

Noting that such a public offering event was carried out for the first time at ABB in order to attract private investments to state-owned enterprises based on the relevant Order of the President of the Republic of Azerbaijan dated August 31, 2023, Chairman of the Management Board Abbas Ibrahimov noted that the 3-month process was completed with a historic result for the capital markets of our country.

On June 11, 2024, an event was held to launch subscriptions to ABB shares. A symbolic venue was chosen for the event, held under the motto "ABB səhmdarı ol! - Mərkəzdən hər kəsə!" ("Become an ABB shareholder! - From the Center to everyone!"). The event was organized in a historical venue, which was built at the beginning of the last century as a bank building, with the word "Bank" on its facade, and where the ABB head office and the Central branch operated in the early 90s.

The event was also attended by the ABB management, as well as the leaders of the Central Bank of Azerbaijan (hereinafter referred to as "the Central Bank" or "CBAR"), Baku Stock Exchange, National Deposit Center, and the Azerbaijan Banks Association.



The subscription period lasted for 3 months. A total of 322,000,000 shares of the bank were put up for sale. The minimum price of one share was set at 27 qepik. During the subscription period, citizens were able to submit their orders at 27 qepik or higher. The subscription for the bank's shares was carried out through the "Investment" section of the ABB mobile app, all branches of ABB, as well as through "ABB Invest," the underwriter of the share issuance, and other investment companies in our country.



On September 10, 2024, the subscription to ABB's shares was concluded. After gathering all the orders received through various channels (ABB mobile app, bank branches, investment companies), the placement was carried out. The order execution process began on September 17, 2024, and continued for 6 business days, concluding on September 24, 2024. 84% of the orders for ABB's shares were placed through digital channels. In terms of quantity, 24% of the total orders were placed by young investors aged 30 and below. This shows, on one hand, the significant interest of young people in ABB shares, and on the other hand, the emergence of a new investor base for Azerbaijan's capital markets. 29% of ABB's new shareholders are women, and 22% of the shareholders represent the regions.

On September 24, 2024, a briefing was held regarding the results of the share placement process at ABB.

In total, over 33,000 investors placed nearly 50,000 orders for ABB shares, and all orders were fulfilled. As a result, the number of ABB shareholders grew from 1,794 to 35,105. Following the placement of shares, the private shareholder's stake in the Bank rose to 7.8%.

The primary goal of this process was to ensure as many citizens as possible subscribed to ABB shares, in line with the purpose of the Decree. The increase in the number of shareholders will generate significant revitalization in the country's capital markets, with new investment opportunities further promoting this market. The widespread interest in ABB shares demonstrated that our society is ready for such practices. In this process, the Central Bank, Azerbaijan Investment Holding, Baku Stock Exchange, National Depository Center, and the banks and investment companies that participated in the subscription process also supported ABB. The support from partners played a major role in the widespread distribution of this experience and in making new investment opportunities accessible to everyone.



# ABB'S SUBSIDIARIES



**Azericard LLC (hereinafter referred to as "Azericard"):** Azericard is one of the most secure and leading licensed processing center in Azerbaijan. Collaborating with 16 banks and fintech companies, it serves over 40,000 terminals and 8 million cardholders. Its infrastructure is supported by the central bank.

The center supports electronic payment systems, cardholder services, mobile and internet banking services, card issuance, ATM monitoring, and other matters. It is certified annually according to cybersecurity standards and is recognized with a PCI DSS certification. Many local banks and fintech companies rely on Azericard for secure transaction management, high-level encryption, and PCI hosting services.

The company cooperates with international payment systems such as Visa, Mastercard, American Express, Diners Club, UnionPay and JCB. In addition, Azericard is the first center in Azerbaijan to introduce NFC (Near Field Communication) payment solutions supporting Apple Pay and Google Pay services within the framework of partnership with VISA and Mastercard.

Azericard plays a leading role in the development of the cashless payment system in the country. The main sources of income are card issuance, ongoing technical maintenance, and revenues from electronic transactions.

Starting from 2022, it has implemented a 3-year strategy based on innovative fintech initiatives. Within this strategy, Azericard has introduced the following projects:

- **TezOde (TezPay) platform** – Providing users with convenient payment solutions, this system automatically recognizes service identifiers (e.g., parking payments by license plate) and ensures instant issuance of digital cards.
- **VIP Concierge** – Exclusive service for VIP customers. In this service framework, immediate support is provided for blocking/unblocking cards, balance inquiries, and other card transactions.

- **MSSP** – A highly resilient security operations center operating 24/7. This service eliminates the need for companies to hire, train, and maintain a large security staff.
- **Business 360** – A comprehensive portal for banks and their trading partners. Here, payment, terminal management, payment link creation, and other services are provided on a single platform.

#### Key achievements of 2024:

- Azericard obtained an "Electronic Money Organization" license.
- AccessBank's OJS system was successfully transferred to the Azericard processing center.
- In addition to SMS OTP, online payments were allowed via push notifications.
- Apple Pay and Google Pay acquiring services were introduced for online payments.
- Churn prediction models to predict customer loss were successfully launched in partner banks.
- Azericard received ISO 27001 certification, confirming its secure payment system in accordance with international standards.

Thanks to these successes, Azericard continues to play an important role in shaping the future of payment systems in Azerbaijan.



**"ABB-Moscow" LLC** was established in 2002 as the first bank in Russia with 100% Azerbaijani capital. The main activities of the bank include conducting operations in the interbank market and providing banking services to corporate and retail customers. "ABB-Moscow" Bank has been operating in Russia for over 20 years and has further strengthened its position in the country's financial market in recent years.

#### The most important projects implemented by "ABB-Moscow" in 2024 include:

- Implementation of an automated account opening procedure;
- Integration with the FactorPlat online factoring platform;
- Modernization of the remote banking services system.

"ABB-Moscow" Bank places special emphasis on the development of the "Granat" money transfer service

designed for individual customers. The bank has integrated new partners from the CIS region into the "Granat" money transfer service, including Unibank, TuranBank, Bank Respublika, Salam Pay, and Tillabuy platforms.

In 2024, the Bank launched a strategic partnership with Beeline, Russia's leading telecommunications company (VimpelCom JSC and VEON). Within this framework:

1. A new service for money transfers from Azerbaijan to Russia via the PulPal electronic wallet has been launched.
2. A partnership was established with Turkey's UPT AS payment system for money transfers from Russia to Turkey.

Additionally, "ABB-Moscow" Bank continues to expand its network of correspondent bank partners. In 2024, 28 new credit institutions joined the Bank's partner network. This has enabled the Bank to extend its operational geography to broader regions, including Serbia and Tajikistan.



**"ABB-Invest Investment Company" CJSC:** "ABB - Invest" Investment Company is one of the largest investment companies in the capital market of Azerbaijan. ABB Invest, a 100% subsidiary of ABB, was established in 2020 with a share capital of 300,000 AZN. Currently, the authorized capital has been increased to 3,000,000 AZN. The company provides a full range of investment services to retail and corporate clients. Providing the best investment solutions to clients is the main mission of "ABB Invest". The company is a member of the Baku Stock Exchange, the National Depository Center, and the Azerbaijan Stock Market Participants Association.

In 2024, the volume of transactions carried out by "ABB-Invest" on the stock exchange exceeded 59 billion

manats, making the company the largest investment company in Azerbaijan with a 56% market share. It is one of the main institutions providing central securities depository and clearing house services. The company provides investment banking, brokerage services, margin trading, custody (safekeeping) services, as well as other basic and complementary investment services to more than 50 institutional and more than 60 thousand individual clients. "ABB-Invest" attaches great importance to innovations. It is one of the few investment companies that provides electronic access to the local and international capital markets of Azerbaijan. In 2024, "ABB-Invest" successfully implemented the first initial public offering in Azerbaijan, attracting funds from more than 30 thousand individual investors, forming the largest investor base in the country's history.



**"International Leasing Company" LLC:** The ABB International Leasing Company is the legal successor of the "Azərilizinq" Company, which was registered with the Ministry of Justice on June 27, 2002. On June 14, 2007, the company changed its legal status and was registered as "Azərilizinq Joint Leasing Company." Since July 13, 2016, the company has operated as "International Leasing" JSC. "International Leasing" JSC provides leasing services based on the company's charter, regulations, the Civil Code of

the Republic of Azerbaijan, and other normative legal acts. The goal of "International Leasing" JSC is to apply the most advanced practices and innovations in the leasing field in the Republic of Azerbaijan, making financial services accessible and affordable for everyone, providing high-quality services to customers, and promoting entrepreneurship within the framework of measured efficiency by applying excellence, integrity, and a customer-oriented approach to services, thus contributing to the future of society.

# AWARDS

Years	Our main nominations (2020-2023)	Provided by
2020	The Best Bank in Azerbaijan	"Global Finance" magazine
2021	"Corporate Social Responsibility", "Most Active Financial Literacy Support", "Most Active Education Support", "ABA Member for Measures to Increase Financial Access to Small and Medium Businesses", "ABA Member Distinguished for Measures to Promote Cashless Payments", "Innovative e-banking projects" awards	Azerbaijan Banks Association for the numerous projects
	One of the 20 best banks in the CIS and the Caucasus region	SME Banking Club
	Award for the implementation of contactless payment by bank cards in railway transport for the first time in the country and for the cooperation on the application of payment rings based on NFC technology	VISA
	<b>"Best Financial Innovation Labs"</b> ABB Innovation Center is in the list of the best centers for financial innovation	"Global Finance" magazine
2022	<b>"The Bank of the Year"</b> Awarded for the ability to adapt quickly to a rapidly changing business environment during the pandemic and maintaining a healthy financial situation	"The Banker" magazine
	<b>"The Best Bank of the Year"</b> Awarded for ABB's efforts in strengthening its capital position, embracing digital banking advancements, implementing successful re-branding initiatives, and undertaking projects to train young IT professionals	"The Banker" magazine
2023	<b>"The Best Bank of the Year"</b> Awarded for ABB's strategic development achievements, including the introduction of new technologies, products and services, and strong financial performance	"The Banker" magazine
	<b>"National CSR"</b> ABB's TamEco project was awarded the National CSR in the "Combating Climate Change category".	Joint organization of the National Confederation of Entrepreneurs (Employers) Organizations of the Republic of Azerbaijan, PROAKTIV PR company, Eurasian International Relations and Research Public Union

Years	Our main nominations (2020-2023)	Provided by
2023	<p><b>Our main nominations:</b></p> <ul style="list-style-type: none"> <li>"Corporate social responsibility";</li> <li>"Supporter of financial literacy";</li> <li>"Education supporter";</li> <li>"Representative of the bank who presents researches and articles in the field of banking and finance";</li> <li>"ABA member distinguished by actions in the field of promotion of non-cash payments";</li> <li>"ABA member who held events related to increasing the financial accessibility of small and medium-sized businesses";</li> <li>"Introduction of innovative projects in the field of digital payments";</li> <li>"Educational projects on security in digital payments";</li> <li>"Projects on sustainable banking (ESG)";</li> <li>"Participation in the self-employment program".</li> </ul>	Azerbaijan Banks Association
	<p>The Best Employee Engagement Strategy" "The Best Internal Communication Strategy"</p>	Azerbaijan HR Institute
2024	<p><b>"Best Bank of the Year".</b> Euromoney magazine, one of the most prestigious publications in the financial world, has named ABB the "Best Bank of the Year" in the country. The decision of the magazine's research team was announced at the ceremonial presentation of the traditional "Award of Excellence" award held in London, and the award was presented to the Bank. ABB was awarded this award for the quality of its assets, sustainability, profitability, large customer base, global partnerships, and digitalization projects. Since Euromoney magazine has not presented this award to any bank in Azerbaijan in recent years, it is particularly significant that ABB won the magazine's "Best Bank of the Year" award in 2024.</p>	"Euromoney" magazine



Years	Our main nominations (2020-2023)	Provided by
2024	<p><b>“Best Bank of the Year”.</b> The Banker magazine, one of the influential publications in the financial world, has declared ABB the “Bank of the Year” in the country for the results of 2024. ABB won this award for its strategic development achievements, including the implementation of new technologies, innovative products and services, and strong financial indicators.</p>	“The Banker” magazine
	<p><b>“Best Employer”.</b> ABB, which has set itself the goal of becoming the best employer in the banking sector of our country and is consistently moving towards this goal, has received a certificate from the international organization “Top Employers Institute”. During the 3-month certification process, the organization’s auditors conducted an assessment on 255 norms arising from world experience. The presence of these practices at ABB was checked. The analyses covered areas such as work environment, talent attraction, learning, diversity, equality and inclusion, well-being, development, etc. It was determined that ABB fulfilled the relevant criteria by 88% and the Bank was awarded the “Best Employer” certificate. It should be noted that the minimum normative requirement for obtaining this international certificate is 60%. According to world experience, the average result of companies receiving the said certificate is 85%. As can be seen, ABB has shown superior results in this area compared to the current world experience. Thus, it has once again demonstrated that it applies the best international human resources practices in its activities and creates decent working conditions for its employees.</p>	Top Employers Institute



2024	<p><b>“The best human resources team of the year”, “The most sustainable health and well-being strategy of the year” in human resources, “The greenest learning and development strategy of the year”.</b></p> <p>ABB was awarded these as a result of the evaluation of foreign experts at the “World HR Summit 2024” organized by the Azerbaijan HR Institute.</p>	Azerbaijan HR Institute
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Years	Our main nominations (2020-2023)	Provided by
2024	<p><b>6 awards from the Azerbaijan Banks Association:</b></p> <ul style="list-style-type: none"> <li>• “Implementation of innovative projects in the field of digital payments”,</li> <li>• “Sustainable banking projects (ESG)”,</li> <li>• “ABA member who has carried out measures to increase financial accessibility for small and medium-sized businesses”,</li> <li>• “Corporate social responsibility”,</li> <li>• “Supporter of financial literacy”,</li> <li>• “Supporter of education”.</li> </ul>	Azerbaijan Banks Association
	<p><b>“Metal card” and “Projects implemented in the field of e-commerce development”.</b></p> <p>The Visa international payment system presented 2 awards to ABB. One of the awards was given to the Bank for the metal card product introduced to the market in early 2024. The other award refers to the projects implemented by ABB in the field of e-commerce development. ABB’s metal card is intended for the Bank’s privileged clients. The card combines many advantages. ABB has also been making significant contributions to the development of e-commerce in our country in recent years. In this area, it is taking important steps towards building modern infrastructure, digitizing processes, and expanding its partner network.</p>	VISA
	<p><b>“For successful product launch of the Tam DigiCard debit card” and “For successful cooperation with Mastercard”.</b></p> <p>The international payment system Mastercard awarded ABB in 2 nominations. The bank’s Tam DigiCard debit card was awarded in the nomination for a successful product launch. ABB was also awarded the nomination for successful cooperation with Mastercard. With the Tam DigiCard debit card, it is possible to carry out many banking transactions conveniently, quickly, and without annual limits. The card can be obtained in seconds from the ABB mobile application and used immediately via Apple Pay and Google Pay. Implementing regular projects and campaigns based on close cooperation with the Mastercard payment system, ABB offers its customers unlimited advantages all over the world. In general, ABB is the Azerbaijani bank that partners with the largest number of international payment systems.</p>	Mastercard



Years	Our main nominations (2020-2023)	Provided by
2024	<p><b>“Talent Management in the Bank” and “Learning and Development” nominations.</b>                      ABB was also awarded 2 Excellence Awards in 2024. ABB was awarded both awards for its “Future Leaders” program for employees.</p> <p><b>“Leader in Digital Banking”.</b>                      According to the results of the “Deloitte Digital Banking Maturity 2024” (DBM-2024) report, which is the world’s largest study in determining the level of digital development of banks, ABB has taken a leading position in the country based on various criteria. The purpose of preparing DBM reports is to measure the level of development of banks in digital channels, compare them at the global and regional levels, and identify best practices. The studies analyze the customer-oriented digital strategies of banks, innovative solutions, and key trends in digital services. Thus, it is shown with which strategies banks achieve success. At the same time, attention is paid to the impact of innovative technologies on the banking sector. The main development directions and best global practices in the field of cybersecurity are determined. The studies are conducted based on the digital experiences of large, medium, and small banks in countries and regions. For the analysis, banks that are particularly active in the field of digital transformation and innovation are mainly selected. Data is collected from various sources. In particular, banks’ digital channels (mobile banking, Internet Banking) are evaluated, functionalities are analyzed, and customer experiences are evaluated. The DBM-2024 study covered 349 banks from 44 countries around the world. At the same time, questions were answered in 6 main areas. These include the areas of “Information”, “Opening an account”, “Customer promotion”, “Daily banking”, “Non-banking services”, and “Closing an account”. Based on the total scores collected in each of these areas, a global rating of leading banks in the field of digitalization was prepared. This includes 10% of all banks involved in the research. ABB also scored the highest points on the relevant criteria and was placed in the group of leading banks.</p>	<p>The Brandon Hall Group</p> <p>Deloitte &amp; Touche</p>



# ABB'S RATINGS

## Moody's

ABB's Ba2 long-term deposit ratings are based on the bank's ba3 standalone creditworthiness and incorporate a high probability of support from the Government of Azerbaijan (Ba1 positive), if needed. This probability is based on the majority ownership of ABB by the state, the government's track record of providing financial support to the bank's depositors, and ABB's dominant position as the largest bank in Azerbaijan. ABB's ba3 standalone creditworthiness rating is supported by the bank's strong capital adequacy indicators, high liquidity, and a balance sheet with limited asset risk. Over the past few years, ABB has consistently demonstrated strong capital metrics.

## Fitch

ABB's long-term (LT) foreign currency (FC) issuer default rating (IDR) of 'BB' is based on the bank's standalone profile, which is measured by its viability rating (VR) of 'bb'. ABB's viability rating reflects the bank's sound balance sheet structure, solid financial indicators, and strong position in the local market. For the first half of 2024, ABB's annual net interest income rose to 6.1% of average interest-earning assets (including cash and cash equivalents), up from 5.3% in 2023, supported by credit growth. The composition of ABB's balance sheet, sustained asset quality and profitability, and its strong capital and liquidity are key factors contributing to the rating upgrade.

Table 2: The development dynamics of the ratings given by rating agencies

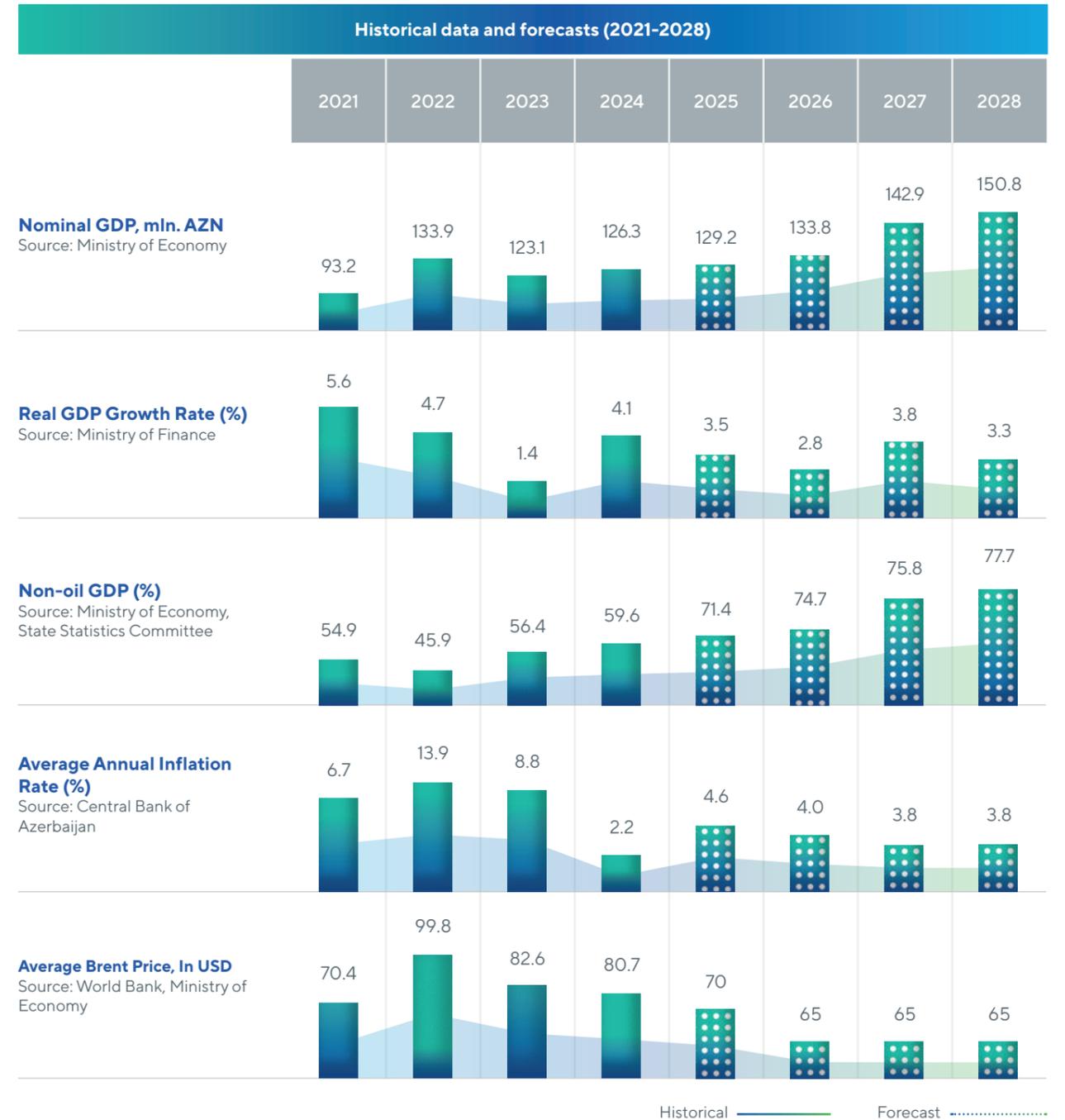
Moody's	09.09.2022	11.12.2023	09.07.2024
Long-term deposit	Ba3	Ba3	Ba2
Short-term deposit	NP	NP	NP
Baseline credit assessment	b1	b1	ba3
Adjusted baseline credit assessment	b1	b1	ba3
Long-term counterparty risk rating	Ba2	Ba2	Ba1
Short-term counterparty risk rating	NP	NP	NP
<b>Outlook</b>	Stable	Positive	Positive

Fitch	26.10.2022	16.10.2023	02.10.2024
Long-term issuer default rating (IDR)	BB-	BB-	BB
Short-term issuer default rating	B	B	B
Viability rating	bb-	bb-	bb
Support rating	WD	-	-
SRF rating	WD	-	-
<b>Outlook</b>	Stable	Positive	Positive

# ANALYSIS OF AZERBAIJAN'S BANKING SECTOR

Figure 1. Key Macroeconomic indicators



Despite ongoing global geopolitical and geoeconomic fragilities, a positive growth dynamic has been observed in Azerbaijan's economy in 2024. During this period, the growing aggregate demand, coupled with a surplus foreign trade balance and the non-oil and gas sector, has made significant contributions to economic growth. In the reporting year, real GDP increased by 4.1%, reaching a nominal value of 126 billion manats. This growth can be explained by several key factors: the increasing domestic demand, particularly the expansion of consumption expenditures and investments, which have supported the economy. Additionally, infrastructure projects in the territories liberated from occupation and the government's investments directed into the economy have generated substantial growth in the construction and service sectors. The growth of non-oil exports and the expansion of access to new markets have also positively impacted economic growth.

The non-oil and gas sector has continued to be the main driving force of economic growth. During this period, the share of the non-oil sector in GDP was 60%. This indicates that the efforts to diversify the economy are yielding positive results, making the economy less vulnerable to external pressures and fluctuations in

global oil markets. It is forecasted that the non-oil sector will continue to grow due to increasing investments and developments in industries such as agriculture, manufacturing, and services. This will help maintain the economy's growth rate.

Compared to 2023, inflation rate in Azerbaijan decreased from 8.8% to 2.2% in 2024. The main reasons for this decline include the stability of global commodity prices, particularly the reduction in fluctuations in energy and food prices, the stable exchange rate of the manat, and the effective monetary policy of the Central Bank of Azerbaijan. The Central Bank's regulation of interest rates and the limitation of money supply have kept domestic demand in check and restricted price increases. Moreover, the growth in production in the non-oil sector has increased domestic supply, positively affecting price stability. However, the low inflation rate cannot be explained solely by domestic factors; changes in global energy and food prices and potential fluctuations in the exchange rate remain risks that could increase inflationary pressures in the future. Therefore, in order to maintain inflation at a consistently low level, economic diversification, strengthening the non-oil sector, and reducing sensitivity to external factors are crucial.

### Analysis of the Banking Sector

In 2024, there were 22 banks operating in Azerbaijan. Of these, 20 are private and 2 are state-owned banks. This indicates that the country's financial environment is strong and diverse. Against the backdrop of public trust in the banking system, the increase in deposits from individuals has been a key factor driving the expansion of the banking sector's assets. Compared to 2023, total assets increased by 7.77%, and total liabilities grew by 7.58% in 2024. The resource base of the banking system showed significant growth in 2024. The net profit of banks amounted to 1.044 billion AZN, marking a significant achievement in the financial performance of Azerbaijan's banks. Customer loans accounted for 51.8% of total assets, demonstrating the development of the banking sector. Deposits, as the main financial source for banks, accounted for 81.3% of total liabilities. Of the deposits, 62.1% belonged to legal entities, and 37.9% belonged to individuals. The deposit portfolio increased by 9.1% compared to the previous year.

In 2024, the Central Bank of the Republic of Azerbaijan introduced the Green Taxonomy. The taxonomy is a classification system that identifies

activities aimed at climate, green, social, or sustainability objectives.

The taxonomy identifies a list of activities aimed at achieving environmental goals and contributing to the development of a green economy.

In 2024, Azerbaijan's financial sector demonstrated exceptional stability and sustainability. All of this reflects the effectiveness of strategic initiatives implemented by regulatory bodies and other government institutions. During the year, there was a notable increase in business loans by 17.2%, equivalent to an additional 2.17 billion AZN compared to previous years. Consumer loans increased by 21.7%, adding 1.5 billion AZN to the consumer loan portfolio. Mortgage loans expanded by 17%, with a corresponding growth of 616.4 million AZN in this area. This cumulative growth resulted in an 18.5% effective increase in the total loan portfolio, bringing the total to 27.478 billion AZN, an increase of 4.29 billion AZN.

Figure 2. Banking sector overview

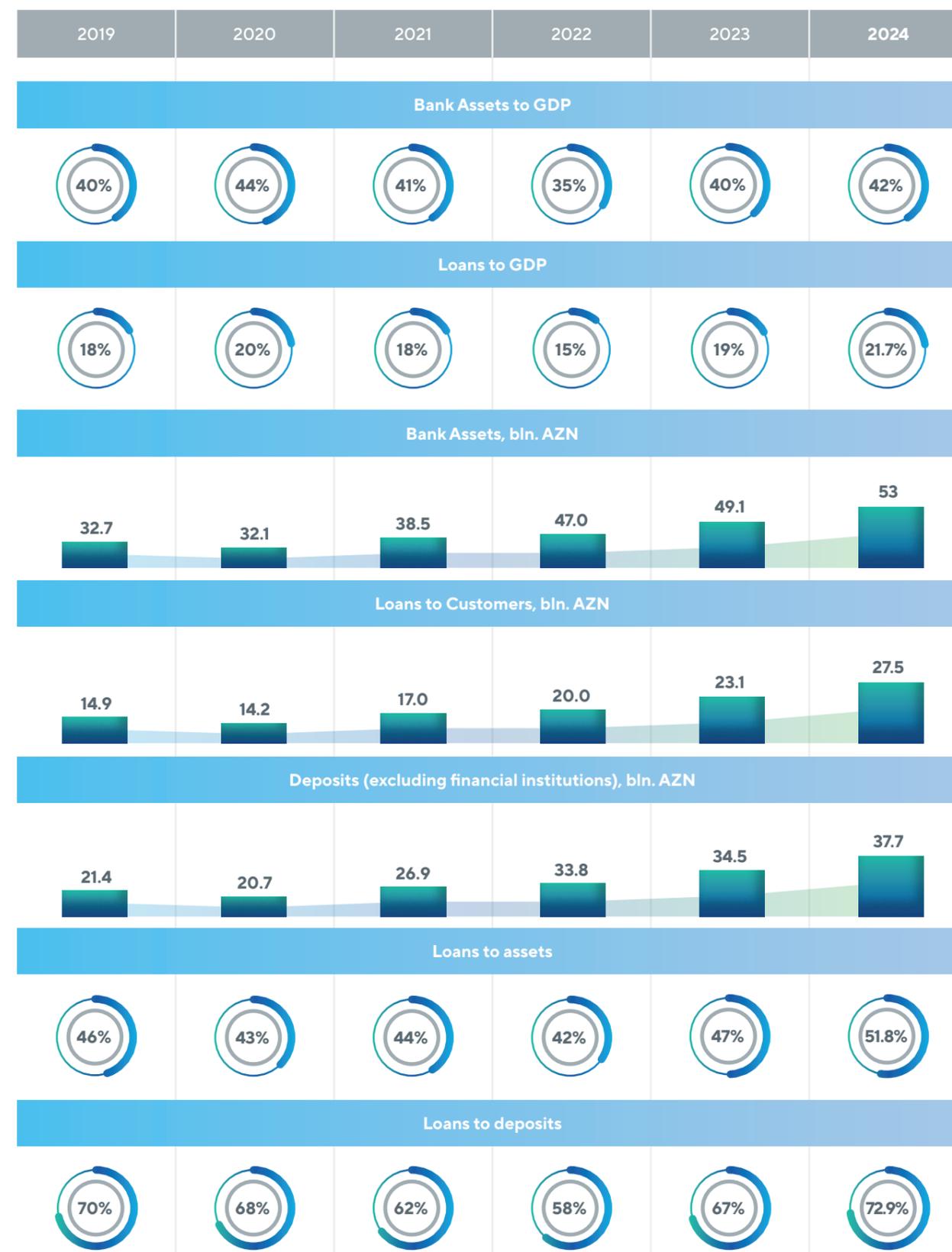
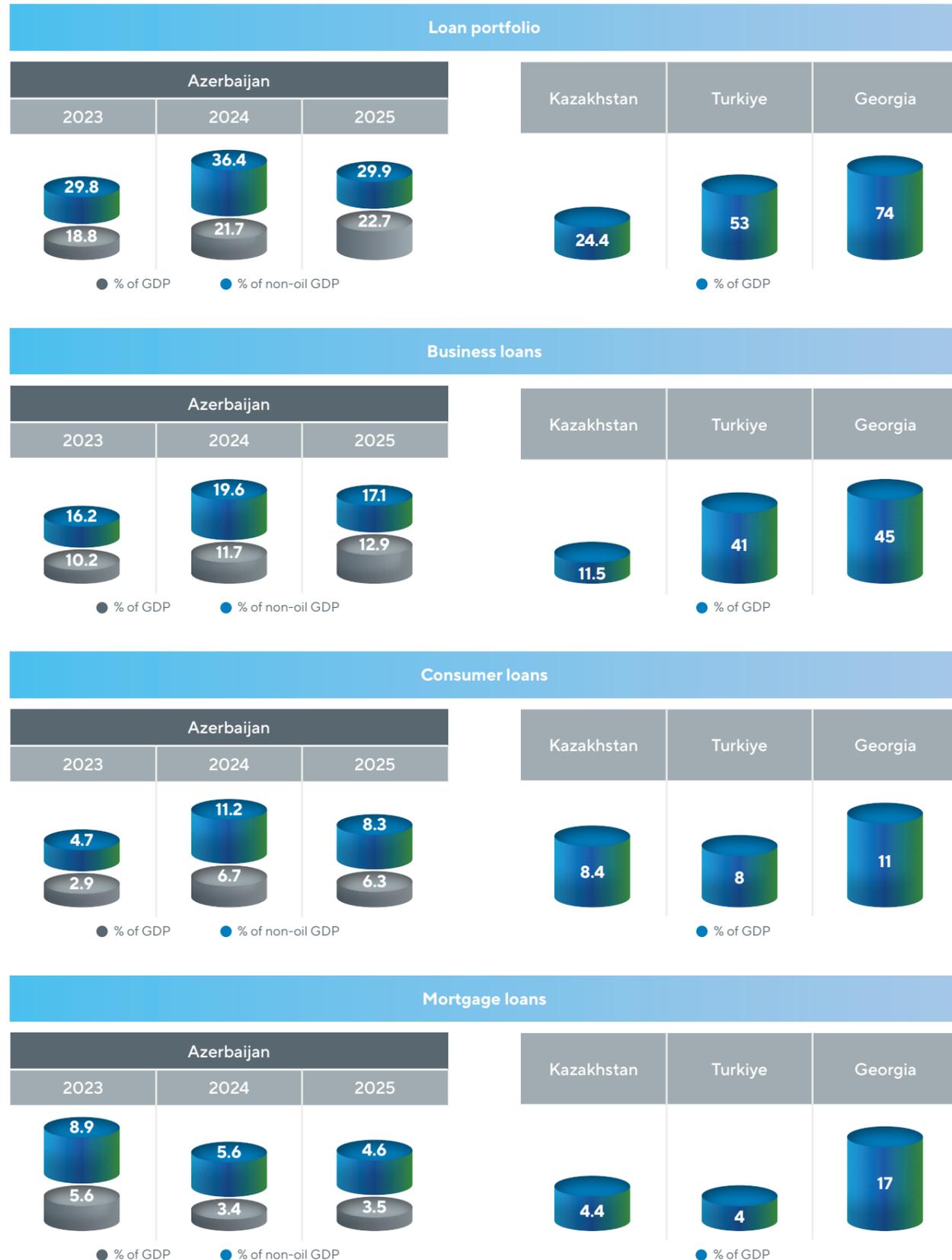


Figure 3. Loan Portfolio to GDP (Financial Depth)



In 2024, Azerbaijan's loan portfolio accounted for 21.7% of GDP and 36.5% of non-oil GDP. This indicates that bank loans account for a major source of financing for the economy. The share of business loans in GDP is 11.7%, and in non-oil GDP, it is 19.6%, demonstrating that the investment environment is expanding to support the development of the non-oil sector and that entrepreneurs have increased access to capital. This trend, particularly in the manufacturing, agriculture, and services sectors, shows that increased borrowing is aimed at diversifying the economy and enhancing export potential.

The share of consumer loans in GDP is 6.7%, and in non-oil GDP, it is 11.2%, indicating an expansion in domestic demand and an increase in citizens' purchasing power. This also positively impacts the retail trade and services sectors, thereby boosting economic activity. The growth of consumer loans supports the economy's growth driven by domestic demand and leads to the expansion of the retail sector.

The share of mortgage loans in GDP is 3.4%, and in non-oil GDP, it is 5.6%, which can be attributed to the development of the real estate market and the revival of the construction sector. In particular, the growing demand for housing among young families and urban populations has driven the expansion of mortgage loans. The increasing demand in the real estate sector has strengthened the construction industry, contributing to the sustainable growth of the economy.

Overall, the higher share of the loan portfolio in non-oil GDP indicates significant steps have been taken towards the diversification of the economy, the development of entrepreneurship, and the expansion of the domestic market. To ensure the sustainability of this growth, effective management of credit risks, preservation of borrowing capacity, and cautious regulation of credit policy are essential. These approaches will not only maintain financial stability but also ensure the continued sustainability of economic growth.



# ABB'S STRATEGIC OVERVIEW

## 2023-2025 Development Strategy

ABB successfully completed the 2019-2022 Development Strategy, which represented the post-restructuring phase. During this period, significant achievements were made in increasing the bank's profitability, ensuring a healthy financial position, and achieving high operational efficiency. A corporate governance system aligned with best practices was established within the bank.

The main intention of the new strategy for 2023-2025 is to build upon and flexibly develop these achievements, strengthen the bank's core market positions in relevant segments, create new customer experiences with innovative solutions tailored to modern challenges, generate high customer satisfaction, establish new industry standards, and contribute to the national development priorities of our country in various areas.

## Strategic Targets

<h3>1 Market Leadership across Segments:</h3> <ul style="list-style-type: none"> <li>To achieve and maintain market leadership in business loans;</li> <li>Ensuring the bank's leadership position by developing consumer products for retail customers and strengthening market share in mortgage loans;</li> <li>Significantly increasing ABB's market share in the cashless payment business by implementing innovative technologies and new Products.</li> </ul>	<h3>2 Data-Driven Digital Experience:</h3> <ul style="list-style-type: none"> <li>Increasing the user base by expanding the functionality of the ABB mobile application;</li> <li>Encouraging the digital execution of operations in corporate and small and medium-sized Enterprises (SMEs) via digital channels;</li> <li>Developing decision-making tools based on existing data in the bank to significantly enhance customer centricity.</li> </ul>
<h3>3 Superior Customer Centricity:</h3> <ul style="list-style-type: none"> <li>To improve the quality of services provided to corporate clients by reducing the service time for important products through the application of new technologies in the business direction;</li> <li>To accelerate the fulfillment of customer needs, responding to their requests more flexibly, and thus increasing customer satisfaction and loyalty.</li> </ul>	<h3>4 Employer of choice in the Financial Sector:</h3> <ul style="list-style-type: none"> <li>Strengthening the corporate culture in the bank, paying high attention to employee development, increasing employee satisfaction levels, and emphasizing internal advancement.</li> </ul>

## Retrospective

As part of the implementation of the development strategy for 2019-2022:

- The service network was transformed according to a new approach to enhance customer experience and improve efficiency.
- The implementation of new business models was launched.
- Core banking systems and technologies were modernized.
- Digitalization processes were expanded, and the ABB digital laboratory was launched.

In 2024, ABB's market share in the total loan portfolio was 23.1%. It is forecasted that in 2025, the market share of ABB's total loan portfolio will increase by 0.3% to reach 23.5%. As a result of implemented measures, the market share of the Bank in business loans was 21%, in consumer loans it was 21.3%, and in mortgage housing loans, it was 34%. The number of customers registered on the ABB mobile app reached 1.4 million, with the number of active users surpassing 1 million.

## Prospective

Following the stabilization phase (2016-2018) and the establishment of essential foundations for sustainable development (2019-2022), ABB has entered the third stage of its development path with the new development strategy (2023-2025). This phase marks the acceleration of ABB's sustainable development.

In this phase, the Bank further expands its digitalization processes, continuously improving its service systems to meet customer needs more rapidly.

It consistently develops human capital and corporate culture. The Bank implements an "Agile" transformation and achieves the full establishment of an Agile mindset within the team.

By developing data analytics tools and infrastructure, ABB aims to improve customer-oriented sales and enhance customer satisfaction.

Continuing to apply proven models and approaches, the bank is building new and cross-business opportunities. By leveraging innovative technologies and financial innovations that have succeeded in global markets, ABB is entering modern market segments.

To achieve its new strategic goals, over 58 initiatives have been launched, with more than 60 metrics established to assess the implementation levels of these initiatives. The strategic initiatives are being realized based on over 350 projects that cover all areas of the bank's operations.

In 2025, ABB plans to enhance its sustainability commitments with a series of strategic initiatives. The bank will prioritize the promotion of sustainable loan products and facilitate the execution of environmentally and socially significant projects across various sectors. Additionally, ABB will focus on defining and formalizing potential green commitments to further integrate sustainability into its business operations. Close collaboration with leading organizations dealing with sustainable development, exploring membership opportunities with relevant bodies, and utilizing collective experience will be key areas of focus aimed at achieving significant ecological progress.



2

A PIONEER IN  
SUSTAINABILITY



# ABOUT THE REPORT

## 2.1.1 Report Profile

ABB acknowledges the connection between sustainability and the creation of long-term value. Accordingly, in 2024, we explored potential opportunities, enriched our report by incorporating business practices that consider both our sustainability commitments and environmental protection. This report not only highlights our sustainability efforts but also presents our non-financial achievements from January 1, 2024, to December 31, 2024.

In terms of the scope of the report, financial indicators, including deposits and credit portfolio data, cover the overall activities of the ABB Financial Group (including its subsidiaries). Non-financial indicators are related solely to the actions taken by the Bank. As ABB Georgia is not operational, its activities are not included in this report.

The financial data disclosed in this report is in

## 2.1.2 Materiality Analysis

Materiality analysis is a process designed to identify and prioritize the most significant economic, environmental, and social impacts of an organization. The analysis includes various areas, such as accounting, sustainability reporting, and risk management. The GRI 2021 standards, which provide guidelines for sustainability reporting, emphasize the importance of materiality analysis.

At ABB, we understand that identifying and analyzing material topics for both internal and external stakeholders is essential to ensure the effectiveness of our operations. We regularly engage stakeholders to ensure their feedback is reflected in our decisions, strategies, and reports. The bank identifies the most critical issues for stakeholders through the materiality process. This report is structured based on substantive issues identified through various sources and analyses.

To assess the relevance of topics for external stakeholders, we have explored the following sources:

accordance with the International Financial Reporting Standards (IFRS). Some additional economic disclosures are sourced from the Bank's internal documents. We have included these indicators to provide useful information to our shareholders and investors and to give them a broader understanding of our performance outcomes.

The report covers all key topics, considers the expectations of stakeholders, and adheres to relevant standards, guidelines, and framework norms:

- GRI 2021 Standards;
- United Nations Sustainable Development Goals (SDGs).

In our future reports, we will expand the scope of disclosures and take into account the evolving requirements in the field of sustainability

- Media review and analysis of best practices;
- Industry trends and competitor reporting analysis;
- Analysis of universal and sector-specific frameworks, such as GRI, SASB, UNEP FI principles, and IFC recommendations.

For internal stakeholders, we have referred to internal sources to assess the relevance of the topics:

- Applicable policies and ABB's development strategy for 2023-2025;
- Review of internal processes, controls, products, and services;
- Interviews with key personnel and executive leadership in relevant departments.

Based on the results of the materiality analysis, we have identified 13 significant topics, as presented in Table 3.

## 2.1.3 Linking Material Topics to SDGs

The Sustainable Development Goals (SDGs) are a set of 17 global objectives that were adopted in 2015 by member states of the United Nations (UN) as part of the 2030 Agenda for Sustainable Development. We place significant importance on the SDGs and align our corporate strategy and initiatives with these global targets

in order to contribute to the development of society and the environment. The structure and description of the campaigns and initiatives related to SDGs implemented by our bank are outlined below. Compared to the previous reporting period, there have been no significant changes in the list of material topics

## 2.1.4 ABB's Contribution to the SDGs

Banks play a key role in contributing to the SDGs by aligning their operations and activities with the targets

and striving to achieve them. ABB contributes to the SDGs through the following means:

Table 3. List of Substantive Topics

Material Topics	Relevant Goals	Contributions
Digitalization and Innovation	 	<ul style="list-style-type: none"> <li>• Maintaining speed of service accessibility and digitalization;</li> <li>• Expanding the functionality of the ABB mobile app for retail and corporate clients;</li> <li>• Improving Internet Banking services for legal entities and entrepreneurs to ensure quicker and easier access to the Bank's corporate services;</li> <li>• Continuously automating and optimizing services to reduce waiting and service times;</li> </ul> <p><i>For additional information, refer to Sections 3 and 4 of the report.</i></p>
Financial Inclusion	    	<ul style="list-style-type: none"> <li>• Increasing accessibility to financial services via ABB mobile;</li> <li>• Providing a wide network of ATMs and terminals across the country;</li> <li>• Collaborating with government agencies to train entrepreneurs and enhance their skills and financial literacy;</li> <li>• Offering affordable mortgage loans through both internal and government funds;</li> </ul> <p><i>Detailed information is provided in the report.</i></p>
Financial and Economic Activity	   	<ul style="list-style-type: none"> <li>• Stimulating economic activity and entrepreneurship by developing and offering diversified financial products for emerging businesses;</li> <li>• Expanding customer segmentation to offer personalized approaches to various client groups;</li> <li>• Increasing customer satisfaction and loyalty;</li> <li>• Ensuring stable and secure dividend payments to shareholders;</li> </ul> <p><i>For additional information, refer to Sections 1 and 4 of the report.</i></p>

Material Topics	Relevant Goals	Contributions
Risk Management	 	<ul style="list-style-type: none"> <li>Implementation of an effective risk management system guided by the risk management strategy and risk assessment policy;</li> <li>Development and application of evaluation and automated decision models for the retail sales segment;</li> <li>Regular review and updating of the annual risk map;</li> </ul> <p><i>For additional information, refer to Section 2 of the report.</i></p>
Learning and Development	  	<ul style="list-style-type: none"> <li>Conducting modern training programs to enhance employees' technical and personal skills;</li> <li>Launching a new Training Center to enhance potential and talent development;</li> <li>Engaging stakeholders through various programs for training, education, and coaching;</li> </ul> <p><i>For additional information, refer to Section 2 of the report.</i></p>
Employment and Diversity	  	<ul style="list-style-type: none"> <li>Promoting fairness and diversity in processes through our recruitment policy;</li> <li>Ensuring diversity and equal opportunities through comprehensive internal policies and regulations;</li> <li>Regular communication with employees to promptly identify and mitigate emerging issues;</li> <li>Collaborating with educational institutions to attract and develop talents;</li> </ul> <p><i>For additional information, refer to Section 2 of the report.</i></p>
Stakeholder Engagement	 	<ul style="list-style-type: none"> <li>Establishing regular communication channels with internal and external stakeholders;</li> <li>Disclosing annual achievements and financial indicators to key stakeholders and regulators through consistent and transparent reporting;</li> </ul> <p><i>For additional information, refer to Section 2 of the report.</i></p>
Social and Community-Oriented Investments	     	<ul style="list-style-type: none"> <li>Implementing social projects to attract young talent and provide employment opportunities for youth;</li> <li>Collaborating with government agencies to improve the living standards and social welfare of local communities;</li> <li>Continuously expanding the scope of our CSR initiatives;</li> </ul> <p><i>For additional information, refer to Section 2 of the report.</i></p>

Material Topics	Relevant Goals	Contributions
Anti-Corruption, Fraud, and Money Laundering Prevention	 	<ul style="list-style-type: none"> <li>Conducting regular anti-corruption training sessions in line with the Code of Ethics and Anti-Corruption Policy;</li> <li>Internal Audit Department overseeing anti-corruption efforts;</li> </ul> <p><i>For more details, refer to section 2 of the Report.</i></p>
Integration of ESG Criteria into Governance	    	<ul style="list-style-type: none"> <li>Development of the integration of ESG criteria in strategic decision-making;</li> <li>Promotion of responsible consumption of internal and external resources;</li> </ul> <p><i>For more details, refer to section 2 of the Report.</i></p>
Corporate Governance and Accountability	  	<ul style="list-style-type: none"> <li>Establishment of a strong baseline for corporate values and strategic objectives;</li> <li>Improvement of the corporate governance system to ensure operational transparency, accountability, control, and effectiveness;</li> </ul> <p><i>For more details, refer to section 2 of the Report.</i></p>
Employee Welfare	 	<ul style="list-style-type: none"> <li>Ensuring safety, welfare, and promoting a healthy lifestyle in the workplace;</li> </ul> <p><i>For more details, refer to section 2 of the Report.</i></p>
Customer Experience and Satisfaction	  	<ul style="list-style-type: none"> <li>Developing user-friendly solutions and applications to increase the accessibility of services within our ecosystem;</li> <li>Continuous automation and optimization of services to enhance overall customer experience (e-signature, which saves significant customer time and is an eco-friendly option, is an example);</li> </ul> <p><i>For more details, refer to section 2 of the Report.</i></p>

# ABB'S COMMITMENT TO SUSTAINABILITY

## Our approach to sustainable finance

With the growing global focus on sustainable development and the fight against climate change, the role of financial institutions in this process is becoming increasingly important. At ABB, we continue to support sustainable development and take concrete steps in this direction by integrating Environmental, Social, and Corporate Governance (hereinafter ESG) principles into our activities.

## Integrating ESG principles into banking activities

ABB has implemented various initiatives to successfully implement sustainable finance and ESG principles into its business model. One of the important steps the Bank has taken in this direction is the completion of the gap assessment for Green Climate Fund accreditation. The signing of the agreement with the Green Climate Fund (GCF) is of strategic importance for strengthening our country's efforts to combat climate change and attracting international financial support for green energy and sustainable development projects. The main purpose of the signing of the agreement on opening a credit line with the Green Climate Fund (GCF) is to expand our country's financial and technical capabilities to reduce the negative impacts of climate change and support sustainable development. Once finalized, this agreement will be an important step that will contribute to the implementation of green energy projects, reduce

carbon emissions, and protect the environment. This reflects ABB's efforts to align its sustainable finance initiatives with international standards.

To better communicate sustainable finance principles to customers, we have integrated the Carbon Footprint Calculator into the ABB mobile application. This innovation allows customers to calculate their individual carbon footprints and make more environmentally conscious financial decisions. At the same time, ABB has also developed the "Sustainable Benefit" package and introduced special financial solutions for its green partners.

Additionally, measures are being implemented to incorporate ESG risks into risk reporting and to align the Bank's risk management strategy with global sustainability standards. In addition to implementing ESG principles in its business operations, ABB has implemented measures with suppliers to support diversity and inclusion, and has also strengthened responsible resource management processes.

ABB places importance not only on environmental projects, but also on social sustainability and inclusive development strategies. The Bank has developed a roadmap to promote gender balance and taken measures to increase the number of women at the management level. In addition, the concept of a paperless bank branch has been implemented, aiming to optimize resource use in internal processes. ABB has expanded sustainable solutions in employee management by digitizing its HR systems.



The Bank continues to support startups in the field of climate technologies through the ABB Innovation Center and contribute to the development of environmental innovations. These initiatives accelerate the development of sustainable technologies not only in the banking sector but also in the general economic ecosystem.

## Responsible supply chain

As ABB, we maintain our commitment to core values such as common compliance, ethical approach, and integrity when establishing cooperation with potential suppliers. The selection of our suppliers is based on objective and impartial assessments, which serve to ensure a transparent and fair process. The Bank's main suppliers include companies operating in payment equipment and systems, cards, IT services and equipment, marketing, and other strategic areas.

Internal procurement applications at ABB are created electronically through an automated management system. Purchase requests for internal applications are carried out via an electronic platform, and proposals are submitted by suppliers in electronic form. Thus, the use of paper in procurement processes is minimized, and compliance with the principles of ESG is ensured.

For the effective implementation of the Bank's activities, the procurement of products and services is regulated by the Procurement Policy, Procurement Rules, and Pre-Qualification Questionnaire (PQQ). PQQ is a one-time survey used to assess the qualification of potential suppliers, their compliance with the ESG principles, and adherence to quality standards throughout the procurement process, and is carried out on an electronic platform. In 2024, 392 new potential contractors or suppliers were examined for their environmental and social impacts. As a result of the observations, no negative social impacts were identified in the supply chain.

In addition, disclosure of quality, health, safety, and environmental management systems that have undergone internal and external audits is required (for example, ISO standards). Completed PQQs of applying suppliers are reviewed by the relevant structural units.

When communicating with suppliers, the bank's requirements and expectations are communicated in detail in advance through a Request for Proposal (RFP). This makes the process of collecting proposals more systematic and transparent. Our contract templates include specific provisions for suppliers and contractors regarding termination principles and legal dispute resolution.

In 2024, no activity or supplier was recorded where freedom of association and the right to collective bargaining were at risk.

New approaches were implemented on the electronic platform to promote diversity among suppliers within the framework of ESG standards. In this direction, questions on ESG standards were integrated into the PQQ questionnaire, and registration of all suppliers was being carried out on the relevant platform. This approach, in addition to increasing transparency and sustainability in the supply chain, allows for the identification of companies operating in accordance with ESG principles. The digitalization of the supplier assessment process ensures a more effective analysis of their compliance with ESG criteria and contributes to the formation of a more inclusive business environment within the framework of corporate social responsibility.

## Compliance with international and national sustainability requirements

The sustainability initiatives implemented by the ABB are aligned with Azerbaijan's Nationally Determined Contribution (NDC) to the United Nations Framework Convention on Climate Change (UNFCCC). Azerbaijan has committed to reducing greenhouse gas emissions by 40% by 2050. ABB's steps to increase its green lending portfolio are an important step towards helping the country achieve this goal.

The ABB also contributes to initiatives supporting the transition to a green economy within the framework of Azerbaijan's "National Priorities for Socio-Economic Development 2030" and "Socio-Economic Development Strategy for 2022-2026". The Sustainable Finance Framework prepared by the ABB is one of the important documents supporting the allocation of financial resources to green projects. The Bank is a member of the UN Global Compact, demonstrating its commitment to internationally recognized ethical and sustainability principles.

These efforts by the ABB not only respond to international sustainability challenges but also enable the banking sector to become a key player in contributing to a greener and more inclusive future.

Through these initiatives, the ABB upholds sustainability as a core principle in its operations, convinced that financial institutions play a crucial role in shaping a sustainable future.

As one of the largest financial groups in the South Caucasus region, we are aware of our impact on the

environmental and social dynamics of the region. Our commitments go beyond profitability, promoting economic activity, and creating positive impacts for the environment and society. Our approaches to ESG are integrated into our business activities and decision-making processes. The continuous development of our products and the adaptation of our customers to this development, and their sustainable business practices serve to increase ESG awareness. This approach ensures sustainability.

## Our ESG achievements

As in previous years, ABB has strived to boost its ESG achievements in 2024. Our main achievements in this area are as following:

- Membership in the United Nations Global Compact (UNGC) in support of **“Green World”** initiatives;
- Conducting seminars and trainings to increase awareness of the banking sector in the country in the field of **“ESG and sustainable banking”**;
- Activities to ensure gender balance in the Bank;
- Supporting the development of female employees of our Bank and strengthening their leadership skills;

- IT bootcamps for female employees in the regions;
- Paperless banking;
- Digital banking solutions;
- Chairing the newly established **“ESG and Sustainable Banking”** expert group by ABA;
- Transition to hybrid cars;
- **“Carbon emission calculator”** function in the ABB mobile application;
- **“Green benefit package”** for our customers;
- Increasing the share of **“green”** loans and financing of **“climate-related”** projects in the loan portfolio;
- Transition to the green branch concept (application of solar panels);
- IT bootcamps for disabled and low-income people (including students);
- Provision of ABB scholarships for disabled and low-income women (including students);
- **“Captain Eco”** project dedicated to International Children’s Day on June 1st, under the “Green World” concept.



## 2.2.1 Environmental

### 2.2.1.1 Our annual environmental footprint

As ABB, we have commenced to systematically monitor our direct environmental impacts. In 2024, we implemented a number of measures to reduce our environmental footprint. We have aligned our business

strategy and operations with our environmental commitments, demonstrating our commitment to our sustainability goals and corporate culture.

### Responsible Consumption

Recognizing the growing importance of responsibly managing ESG risks, ABB is expanding its partnerships with leading global financial institutions in this area. We are also aware of the direct and indirect environmental impacts of the various sectors and businesses financed by the bank. In this regard, we believe that the environmental impacts of the banking sector, including ABB, may be relatively small compared to energy-intensive industries such as oil, gas, transport, etc.

However, we take into account the direct environmental impacts of our operational activities, waste, water and fuel consumption, employee commuting and business travel, and actively seek ways to minimize them.

Our sustainable development goals also include efficient use of resources, increasing energy efficiency, and ensuring that our buildings, servers, and IT infrastructure meet relevant environmental requirements. All of this contributes to reducing resource consumption on the one hand and minimizing waste on the other.

Energy use and greenhouse gas emissions: ABB analyzes in detail the amount spent on the use of fuels such as gasoline, diesel, and natural gas and takes appropriate measures. For example, one of these measures is the deployment of hybrid cars in order to reduce consumption as much as possible. For more detailed information on this, see Table 4.

Table 4. Total consumption by fuel type

Indicators	2022	2023	2024
Diesel (tons)	213	208	208
Diesel per employee (tons)	0.07	0.06	0.05
Gasoline (tons)	270	246	258
Gasoline per employee (tons)	0.09	0.07	0.06
Natural gas (min. m <sup>3</sup> )	432	441	517
Natural gas per employee (min. m <sup>3</sup> )	0.14	0.13	0.13

In order to obtain more accurate figures, the tariffs used in calculating electricity consumption, as well as the emission factors used to calculate Scope 2 emissions, have been updated.

Table 5 includes the Bank’s carbon footprint, including Scope 1 and Scope 2 emissions:

- Scope 1 includes emissions from both owned and leased vehicles.
- Scope 1 includes emissions from electricity used in owned or controlled areas.

Table 5: Total greenhouse gas emissions and electricity consumptions

Indicators	2022	2023	2024
Scope-1 Greenhouse gas emissions from fuel-powered vehicles (tCO2 eq)	2,388	2,322	2,526
Scope-2 Greenhouse gas emissions from electricity use (tCO2 eq)	4,440	4,479	5,051
Total emissions (tCO2 eq)	6,828	6,801	7,577
Electricity consumption, kWh	9,261,497	9,341,979	10,535,093
Electricity consumption per employee, kWh	2,991	2,674	2,700

Compared to 2023, our total greenhouse gas (GHG) emissions rose by 11.4%, while our total GHG emissions per employee declined by 0.26%. The main reason for this hike is the expansion of ABB’s business activities and increased operating income. As a result of business growth, operating expenses also went up, which led to a rise in energy use and, consequently, emissions.

Diesel and gasoline consumption per employee went down by approximately 11% and 5.71%, respectively, in 2024 compared to 2023. We are aware that the largest emissions, especially those related to financed activities, come from our portfolio. That is why we attach great importance to digitalization. Because it not only increases efficiency, but also reduces carbon emissions.

The restructuring and expansion projects implemented in the bank in recent years have had a significant impact on energy use and the development of technical infrastructure.

First, the increase in the capacity of heating, cooling and ventilation systems installed after the commissioning of new Customer Service Structures and the renovation and construction works carried out in existing Customer Service Structures increased energy demand. These changes have allowed for a more comfortable and effective management of the working environment.

In addition, the diesel-fired heating equipment in the first Head Office building was dismantled, and additional equipment was installed in the natural gas-fired boiler room in the new Head Office building. This step has both increased energy efficiency and ensured the transition to more environmentally friendly solutions.

Additionally, 8 floors of the “Agile Office” building were gradually put into operation for Back office

employees during 2023-2024. The increase in the total number of employees in the bank led to an increase in the number of technical equipment, especially devices such as computers and printers. This contributed to the strengthening of technological infrastructure and more efficient management of business processes.

Each of the above factors directly affected the increase in natural gas and electricity consumption in 2024 compared to 2023. New and enhanced heating and cooling systems, gas-fired boiler plants, the commissioning of additional administrative areas, and the increase in technical equipment with the increase in the number of employees led to an increase in total energy consumption.

### Water consumption

Azerbaijan has been identified by the World Resources Institute as a country with a medium to severe water crisis. This emphasizes how important water is for the country. Although banks are not major water consumers in the economy, their indirect impact on water supply may have a significant impact on natural hydrological systems, water availability for rural and urban areas as well as public health. Currently, the bank is supplied with clean water by municipal water supplies and third-party water suppliers. In the future, it is planned to introduce water reuse and recycling systems such as used water boilers or combined heat and power plants. ABB’s water consumption and water consumption per employee declined by 6.12% and 16%, respectively, in 2024 compared to 2023.

For more information on ABB’s water consumption, see Table 6.

Table 6. Water consumption

Indicators	2022	2023	2024
Volume used, m <sup>3</sup>	37,451	41,979	39,411
Volume used per employee, m <sup>3</sup>	12	12	10

### Waste Management

ABB is committed to reducing waste and increasing recycling efforts. Investments in digitalization, mobile banking, and online services have helped reduce paper consumption by employees and customers. Electronic systems used for receiving necessary documents have resulted in reduced printing costs and office waste. Separate waste bins for paper and plastic have been installed in ABB offices and waste is sent for recycling.

Common waste types include paper, office equipment, cartridges, batteries, and fluorescent lamps. ABB’s waste (in tonnes), waste per employee (in tonnes), and total office paper and cardboard consumption decreased by 10%, 19%, and 44% respectively in 2024 compared to 2023.

For more information on ABB’s waste, see Table 7.

Table 7. Waste

Indicators	2022	2023	2024
Waste, tons	825	998	903
Waste per employee, tons	0.26	0.29	0.23
Total office paper and cardboard indicators, AZN	1,039,064	898,225	501,775

In line with its sustainability strategy, ABB prioritizes more efficient resource management. In this context, **in 2024, expenses on office paper and cardboard decreased by 44.1%**. This significant decrease is due to the consistent steps taken by the bank in the field of digitalization and responsible resource management. Thus, in 2024, a 31.3% decrease in paper consumption per customer was recorded. This decrease is associated with the increase in sales made through digital channels.

One of the main factors affecting **the reduction in paper use within the bank is the acceleration of the transition of document circulation within the bank to electronic systems**. As a result of the digitalization of internal processes, the number of physical documents has significantly decreased and the efficiency of operations has increased.

In addition, **the introduction of partial electronic systems in document exchange with other**

**organizations** has further reduced the demand for paper. ABB has promoted the minimization of traditional paper-based operations by prioritizing the execution of documentation processes in electronic format.

Strengthening the resource efficiency strategy in the bank’s branches also played an important role. **By imposing certain limits on paper requests from the Customer Service Structures, more effective management and optimized document circulation were ensured**. Thanks to this approach, unnecessary paper use was reduced and greater control over document flow was ensured.

These measures once again demonstrate ABB’s commitment to the principles of transparency, responsible management and environmental sustainability. Strategies aimed at digitalization not only reduce paper use, but also enhance bank’s operational efficiency, minimize its environmental footprint and

consequently contribute to a greener future. ABB will continue to expand its paperless operating model and strengthen the principles of sustainable banking with innovative digital solutions.

### ABB's Commitments to Responsible Banking Principles

- > **Alignment:** Aligning business strategy with the SDGs and relevant international and national frameworks to contribute to the needs of individuals and society
- > **Impact and Targeting:** Continuously increasing positive impacts while reducing negative impacts and managing risks to people and the environment

Setting and publicly communicating targets that will enable us to achieve the most important ones

- > **Customers:** Working responsibly with customers to promote sustainable practices and ensure economic activities that create shared prosperity for current and future generations
- > **Stakeholders:** Actively and responsibly consulting and partnering with relevant stakeholders to achieve social goals
- > **Governance and Culture:** Promoting effective governance and a culture of responsible banking
- > **Transparency and Accountability:** Actively integrating the principles of transparency and accountability into initiatives to enhance positive socio-economic impacts.

## 2.2.1.2 ABB's environmental activities

### 1. Membership in the United Nations Global Compact (UNGC)

As a continuation of its initiatives in the field of sustainability, ABB has joined the UN Global Compact. This Compact promotes the social responsibility of businesses and their compliance with the principles of sustainable development. Membership in the UN Global Compact includes the Bank's promotion of the Sustainable Development Goals (SDGs), as well as environmental, social, and corporate governance (ESG). Thus, ABB declares that it will adhere to the 10 principles of the Global Compact.



### 2. Support the "APAR" sustainability project

The bicycle rental project, which was first introduced in Baku, was implemented with the support of ABB, AYNA and the Bank's international partner Mastercard. Bicycles can be rented from more than 50 parking lots in Baku. For the convenience of passengers, parking spaces have been created near metro stations, bus stops, educational institutions and large shopping centers. Information boards regarding bicycle rental rules have also been placed in these locations.

One can activate or deactivate the use of bicycles by



logging into the "APAR" application through special QR codes and paying for the service fee contactless.

This project, implemented by the "APAR" company, provides residents and tourists with the opportunity to travel safely in Baku. The bicycle rental service is also an important contribution to minimizing traffic congestion and parking problems in the city. ABB and Mastercard will also create various discount opportunities for service users when making payments.



### 3. "Clean City" project

Important steps have been taken to enhance ecological sustainability within the framework of the "Clean City" project, which is implemented in the direction of environmental protection and waste management. Within the framework of the project, cooperation has been established with the EL-PLASTIK company in order to prevent the disposal of polyethylene bags used in money packages and redirect them to recycling.

As a result of this cooperation, polyethylene bags were collected, sorted and sold to the EL-PLASTIK company. Thus, both waste management was optimized and an efficient system for recycling plastic materials was created. This initiative is of great importance in terms of reducing environmental footprints, efficient use of resources and expanding the environmental approach in line with the SDGs.

ABB, committed to the principles of environmental responsibility, continues to contribute to the implementation of such projects and aims to support environmental initiatives in line with sustainable development strategies in the future.



### 4. Paperless Branch

As part of the paperless branch initiative, we have completely digitized the lending process by eliminating the need for paper in our branches. This transition not only speeds up transactions but also aligns with ABB's commitment to the environment, significantly reducing our carbon footprint. It improves the quality of services provided to customers and reduces their need for physical channels. ABB has created a foundation for reducing physical document circulation by offering digital loan and deposit products. Thus, in 2024, 58.5% of total transactions in branches were physical paperless processes. Physical paperless processes include the volume of paper used when issuing loans, ordering cards, placing deposits, and opening accounts. In 2024, compared to 2023, paper use decreased by 72.9% when issuing loans, 60.3% when ordering cards, and 41% when placing deposits.



### 5. Paperless payment system

ABB is committed to integrating various technologies aimed at increasing operational efficiency and at the same time, considering environmental

sustainability as a priority. An important part of this effort is to minimize the use of paper. As a result, by integrating paperless payment systems into the current operations of our accounting team, we reduced the number of payments on paper carriers from 10% to 1% in 2024 compared to 2023.

### 6. Digitization of applications

Within the framework of the ESG, we continue to digitize business processes in accordance with our "Green ABB" strategy. Our employees can now create all application forms (labor leave, compensatory leave, educational leave, etc.) on the internal platform. In addition, the handover procedure during the employee leave process has been fully digitized, putting an end to the practice of using paper documentation. Due to the new system, all stages are tracked, approved, and documented on an electronic platform, which makes the process faster, more transparent, and more efficient. Digitization provides a number of advantages, such as reducing operational costs, minimizing mechanical errors, and preventing paper waste from an environmental perspective.



This step will not only reduce paper consumption, but will also greatly contribute to the acceleration and optimization of work processes. One of our main goals is to save paper and at the same time make the work process of our employees more efficient, guided by the measured efficiency value.

### 7. Captain Eco

In the year of "Solidarity for a Green World", ABB published a book from the "Captain Eco" series to educate children on environmental issues, and the book was presented to children on June 1, International Children's Day. The aim of the project is to instill a love for nature in children and instill in them the habits of proper behavior with the environment. The text and images of

the book were prepared by virtue of artificial intelligence, and the copies were printed using recycled paper.



### 8. Carbon Footprint Calculator

ABB, the main banking partner of COP29 hosted by our country, has presented an interesting opportunity to its customers that will contribute to the fight against climate change. This is the Carbon Footprint Calculator added to the ABB mobile application. Through this calculator, users can track the environmental impact of each card transaction. ABB created this opportunity based on the technology provided by the "Ecolytiq" platform, which was created to contribute to the fight against climate change in the retail banking sector. "Ecolytiq" is a trusted partner of the world's leading financial institutions, including Visa. ABB presents the Carbon Footprint Calculator in its mobile banking application with the support of Visa.



Each banking transaction creates certain impacts for the environment. By taking this into account in daily financial transactions, bank customers can control their carbon footprint and reduce their carbon footprint as much as possible with more appropriate choices.

In 2024, ABB's Carbon Footprint Calculator showed significant results in increasing customers' environmental awareness and promoting sustainable consumption. The number of customers that have activated carbon tracking has reached 16 thousand, which demonstrates that more and more customers are interested in tracking their environmental footprint. In total, the carbon footprint of about 1.3 million transactions has been calculated. This shows that customers are making more informed decisions, taking into account the environmental impacts of their financial transactions. ABB continues to encourage its customers to behave in an environmentally responsible manner and support sustainable development through the Carbon Footprint Calculator.

### 9. ABB's New Khankendi Branch with Solar Panels

After the restoration of the territorial integrity of Azerbaijan, ABB was the first bank to open a branch in Khankendi. ABB's newly established Khankendi branch has started serving its customers. The branch building, built in accordance with the bank's new development

concept and equipped with modern banking technologies, is located in the center of Khankendi city. The entire infrastructure has been furnished to cater to all the needs of businesses and individual customers operating in Karabakh vis-a-vis universal financial services. Customers, as in other ABB service offices, can benefit from various types of credit, cash settlement operations, deposits, money transfers, payment card orders, cash currency transactions, etc. in the Khankendi branch.

ABB's Khankendi branch will play an important role in the revival of Karabakh, where large-scale reconstruction measures are currently being carried out after liberation from occupation, in the implementation of major economic projects in the region, including the development of small and medium-sized businesses.

The bank also took into account an interesting point when establishing the Khankendi branch. Taking into account the declaration of Karabakh and East Zangazur as a green growth zone, the building of the Khankendi branch was built accordingly. Solar panels are installed on the roof of the building. The facade and advertising boards of the Khankendi branch are illuminated with renewable energy.



## 2.2.1.3 COP29

### ABB became the main banking partner of COP29

ABB was the main banking partner of COP29, held in our country from November 11-22, 2024. A series of events were held at ABB's pavilion in the "Green Zone" of COP29. Both for our bank and the visitors of our pavilion, it turned out to be an unforgettable experience. This pavilion, reflecting the bank's sustainability values and vision for the future, became a special platform for both the ABB team and visitors. The ongoing events and discussions in the pavilion were not only educational but also engaging. Presentations, interactive sessions, and panel discussions on various topics captivated the attention of participants and encouraged them to think about sustainability. In the ABB pavilion, our guests had the opportunity to acquire valuable insights and recommendations from experts and leaders in various fields. Visitors were provided with detailed information on ABB's sustainable development goals, the role of financial institutions in accelerating the country's green growth, green investment, sustainable trade financing, and the support of banks in increasing renewable energy.

COP (Conference of the Parties) is the Conference of the Parties to the United Nations Framework Convention on Climate Change. The event is held annually in different countries. The presidency of COP rotates regularly among the five regions of the UN.

COP is one of the most important global events in the fight against climate change. The primary goal

of these events is to discuss and reach international agreements to limit global warming, reduce carbon emissions, and mitigate the impacts of climate change. COP events provide countries with a platform to update their commitments and action plans related to climate issues.

### Events held in the ABB pavilion at COP29's "Green Zone"



At COP29's "Finance, Investment, Trade Day," with the initiative of the bank, a conference on "The Role of Financial Institutions in Accelerating Green Transformation in Azerbaijan" was held, along with discussions on "Green Investment and Green Bonds" in collaboration with ABB Invest, presentations on "Sustainable Trade Financing," and discussions on "Improving Payment Systems" in collaboration with Azërikard. Additionally, a panel discussion on "Sustainable Finance in Azerbaijan and the Region" was held with EY Azerbaijan, and a presentation of a startup project was organized.



In addition, within the framework of the "Energy, Peace, Relief, and Recovery Day," discussions were held on the topics of "ESG Collaboration Between Banks and Customers, Sustainable Finance Joint Management," "The Impact of Climate Change on the Economy of Azerbaijan and the World," and "The Role of Banks in Increasing Renewable Energy", and a startup project was presented.



Within the framework of the "Science, Technology, and Innovation/Digitalization Day," a conference was held on the topic of "Digitizing Banking for a Sustainable Future and Supporting Green Technologies," a presentation on the "Carbon Footprint Calculator" as a sustainable financial tool for corporate clients took place, and discussions were held on "The Opportunities Created for Small Entrepreneurs by the ABB Biz Mobile Application." A panel discussion was organized in collaboration with EY Azerbaijan on the topic of "The Role of Green Fintech in Overcoming Financial Needs for Climate Technologies." A competition on "Supporting Green Innovations" was also organized among startups.

On the "Human Capital / Children and Youth / Health / Education Day," with the participation of children, presentations were made on the topics of "Future-Oriented Human Resources for Sustainable Development," "Skills for the Future: Learning and Development in the Era of Climate Change, Attracting Talent for Managing Green Innovations," and "Sustainable Development - Through the Eyes of Children." Sessions were held on the topics of "Health and Well-Being for the Future" and "Empowering Future Generations."

On the "Food, Agriculture, and Water Day," a startup project was presented, and the winners of the hackathon held on sustainability were announced.

During COP29's "Urbanization, Transport, and Tourism Day," relevant events were organized, and presentations and discussions were held about the APAR project. ABB's "Eco" cashback benefit package and a startup project were also presented.

On the thematic day of "Nature and Biodiversity / Indigenous Peoples / Gender Equality / Oceans and Coastal Zones," presentations were delivered on topics such as "Women Leadership at ABB," "The Leadership Journeys of Women at ABB," and "Green ABB: Strengthening the Future Sustainably." The bank's events reached the conclusion with a summary on "Sustainable Development and Innovations."



There were also insightful presentations and discussions on topics such as the digitalization of banking and the application of green technologies for a sustainable future, sustainable finance in Azerbaijan and the region, the role of green fintech and climate technologies in combating climate change, the "Carbon Footprint Calculator," children and sustainable development, raising the younger generation with a spirit of innovation, women leadership, and more.





As part of the event, startup sessions were also organized, where several startups that successfully completed the incubation stage at the ABB Innovation Center were presented to investors. During COP29, ABB also signed new cooperation agreements with several international partners.

**ABB created investment opportunities in green certificates for customers**

A contract has been signed between ABB and Switzerland's Crossinvest Group of Companies within the framework of COP29. The agreement involves collaboration on the placement of Green Asset-Managed Certificates (Green AMC) on the Swiss stock exchange (SIX Swiss Exchange).



Crossinvest Group of Companies is one of Switzerland's prominent investment institutions in

the field of asset management. With the company's investment advisory and organizational services, ABB has placed Green Asset-Managed Certificates worth 10 million US dollars, with an average AA- investment rating, on the Swiss Exchange (SIX Swiss Exchange).

This investment opportunity is offered to customers through ABB Invest. This project, a first in Azerbaijan's financial market, demonstrates ABB's commitment to sustainable development and green investment principles.

**ABB signed a 50 million USD agreement with the European Bank for Reconstruction and Development**

On November 14, 2024, during COP29's "Finance, Investment, and Trade Day," a contract was signed between ABB and the European Bank for Reconstruction and Development (EBRD). The signing ceremony, held at ABB's pavilion at COP29, was attended by Abbas Ibrahimov, the Chairman of Management Board of ABB, and Mrs. Odile Renaud-Basso, the EBRD President, who was visiting Azerbaijan for the event.

The 50 million dollar agreement aims to expand opportunities in trade financing. This agreement marks the EBRD's return to Azerbaijan's financial markets after a long hiatus, bringing a significant investment to the

sector. It reflects increased confidence in the sector, the development of corporate governance in Azerbaijan's banking sector, and strong trust in partnership prospects with ABB.

Such a partnership with the EBRD in trade financing enhances ABB's ability to finance the real sector. It supports the bank's international operations and makes financial instruments more accessible to businesses engaged in import-export. It particularly expands trade opportunities for small and medium-sized entrepreneurs in global markets.

ABB's Chairman, Abbas Ibrahimov, noted that this agreement significantly contributes to the sustainable development of business in our country, the continuous participation of our entrepreneurs in international trade, and ultimately to the welfare of our people: "As ABB, by prioritizing our responsibility towards the environment and the future, we will aim to use these financial resources to support more green economy-oriented projects. Under the agreement, priority will be given to projects that reduce carbon footprints and invest in green trade practices."

EBRD President Mrs. Odile Renaud-Basso stated: "We are confident that this trade financing line will not only support Azerbaijan's foreign trade but also add significant value to the country's financial sector and its customers. Additionally, the EBRD will provide advisory services to ABB regarding green operations."



**COP29 AID launches sustainability hackathon in collaboration with ABB and Mastercard**

As part of COP29, ABB, in partnership with its long-term collaborator Mastercard, organized the Sustainability Sandbox Hackathon. The objective of

the hackathon was to showcase fintech ideas that contribute to the fight against climate change during the COP29 event hosted by Azerbaijan.

The hackathon was held online from November 14 to 18. The winning team received a prize of 10,000 US dollars. The team also gained access to Mastercard's Sandbox service platform to bring their ideas to life. The winning startups were granted access to Mastercard's exclusive database, allowing them to test their ideas in real-world conditions.



**International startup competition "Emerging Green Innovation Challenge" organized by SABAH.HUB and ABB During COP29**

The event aimed to present innovative solutions to global problems in climate technologies and green innovations and to support the best initiatives in these fields.

Over 300 startup projects from around the world applied for the competition, and the best teams were selected to participate in the event during COP29. In the final stage, 26 startup projects representing more than 15 countries were presented. The presentations generated great interest among participants, leading to extensive discussions on the topics. At the end of the event, three winning startups were selected based on evaluations by international investors and participants, securing the opportunity to obtain investment.

This event further demonstrated SABAH.HUB and ABB's commitment to sustainable development and climate technologies. Through international cooperation and innovative approaches, such initiatives will continue to provide solutions to global challenges.



## 2.2.2 Social

### 2.2.2.1 Contribution to Society

#### Corporate Social Responsibility (CSR)

The establishment of our CSR policy in 2020 was a significant step toward achieving our goal of social integration. ABB's Corporate Social Responsibility (CSR) policy aligns with the Bank's work principles and corporate values. This policy is a crucial component of our long-term development strategy and demonstrates our commitment to contributing to the future of our community.

1. We understand the significant importance of creativity, supervision, and evaluation from a social impact perspective.

At ABB, we recognize that the support and involvement of top management are crucial in the seamless integration of CSR awareness into the Bank's corporate culture.

2. We apply best practices for engaging stakeholders.

ABB's CSR policy aims to prevent or minimize any negative impacts on society and the environment, create social values for the community, and promote these values. The foundation of the Bank's CSR policy is based on the requirements of ISO 26000, as well as principles of transparency, accountability, corporate ethics, rule of law, and respect for human rights. The CSR policy also takes into account responsible financing, potential environmental impacts of partner companies' activities, and other such factors.

#### ABB Partners with Karabakh University

Expanding its partnerships with universities operating in our country, ABB has taken another step in 2024 towards contributing to university-business relations. The Bank has started a collaboration with Karabakh University. A memorandum of understanding was signed between ABB and Karabakh University. The document was signed by Abbas Ibrahimov, Chairman of the ABB, and Shahin Bayramov, Rector of Karabakh University, during an event held at the University.

The agreement covers cooperation in various areas. For example, ABB will provide scholarships to the top 30 female students at the University who have achieved

the highest academic performance. The scholarship has been named the "Natavan" in honor of the renowned poet Khurshidbanu Natavan, who made significant contributions to the development of education and culture in Karabakh.

During the summer break, internship programs will be organized for students of Karabakh University at ABB's Khankendi branch, other branches, and the Bank's headquarters. Special training sessions will be organized for the University by ABB employees, and relevant training programs will also be conducted at the University for the staff of ABB's Khankendi branch.



Additionally, with the support of ABB, Career Days will be organized at Karabakh University. ABB will establish a dedicated teaching auditorium at the University, and together, they will host scientific conferences and other events. Joint scientific-research projects and mutual expert-advisory support are also part of the cooperation plan.

Abbas Ibrahimov, Chairman of the ABB, stated: "At ABB, we have close ties with many universities in our country. We are pleased to now be the first partner of Karabakh University. In recent years, we have gained significant experience in supporting education and in business-university collaboration. This experience will be valuable for our future projects. We hope that the 'Natavan' scholarship established by ABB will provide great moral value and motivation for the female students of Karabakh University, supporting their development of leadership skills. Transforming Karabakh and Eastern Zangezur into a hub for science, education, and innovation is a collective mission for all of us."

Shahin Bayramov, the Rector of Karabakh University, highlighted the top performance of the students admitted to the University, as well as the academic and administrative staff working there. He emphasized the special attention given to the high level of education at

the University: "Our national leader has set great strategic goals for Karabakh University. To successfully fulfill these tasks, such partnerships are essential for us. This memorandum we signed with ABB will form a valuable experience, creating new opportunities for both our students and faculty, as well as for ABB employees."

#### The First Data and Artificial Intelligence Summit held in Azerbaijan was organized by ABB

On December 9, 2024, ABB organized Azerbaijan's first Data and Artificial Intelligence Summit. More than 250 participants from Azerbaijan and abroad attended the summit.

Speakers and panel participants included leaders and representatives from ABB, the Digital Development and Innovations Agency, Centrica from the United Kingdom, Harvard Business Review (Turkey), EY Turkey, Azercell, Turkey's İş Bank, McKinsey, Mastercard, and other organizations.

The goal of organizing such an event was to bring together representatives of the data community to exchange experiences, learn about new trends, and establish collaborative partnerships.

Presentations at the summit covered the future of data analytics and artificial intelligence, creating new customer experiences with digital technologies, and other related topics.



Panel discussions were held on creating a data-driven decision-making culture in the age of artificial intelligence. Interesting case solutions related to the effective use of data in various business sectors, including banking, were presented.



The summit also provided detailed insights into ABB's experience in utilizing data technologies and discussed the "ABB AI Factory."



#### ABB bonds were successfully placed in full volume

On December 24, 2024, an auction was held for the placement of ABB's unsecured, nominal, interest-bearing bonds at the Baku Stock Exchange. Previously listed on the "Premium" market segment of the Baku Stock Exchange, the total volume of these securities amounted to 100 million manats.

The issuance of bonds was carried out through a competitive auction method. The nominal value of each

proposed bond is 100 manats, and the maturity period is set for 2 years. These bonds will provide investors with an annual return of 11%. Interest payments on the bonds will be remitted every three (3) calendar months. If the payment date falls on a non-business day, the interest payment will be made on the next business day.

The issuance of these bonds was carried out with the aim of attracting free funds from the organized capital market, diversifying the bank's assets and cash resources, ensuring medium-term financing, and contributing to the development of the country's securities market.



The funds raised from the issuance will be directed toward increasing ABB's credit portfolio, strengthening its position in the credit market, and financing the implementation of ABB's strategic projects. Additionally, the funds raised through the bond issuance will have a positive impact on financing the real economy in the regions, providing profitable and quality banking services within the country, and increasing economic welfare and employment in the regions.

The underwriter for the issuance was "ABB-Invest Investment Company" OJSC.

**"Sustainable Finance Training" Held**

A "Sustainable Finance Training" on ESG risk management was organized by the Central Bank (CBAR) of Azerbaijan with the support of the Azerbaijan Banks Association (ABA) and ABB.

The training was held as part of the implementation of the "Sustainable Finance Roadmap: 2023-2026" adopted by the CBAR. It aimed to raise awareness of sustainable finance and ESG principles and enhance the capacity of participants. Experts from EY were also involved in the training.

During the training, the first strategic priority of the Roadmap was highlighted, focusing on increasing the awareness, knowledge, and skills of financial institutions in the areas of climate change and ESG risks. Representatives from all banks operating in the country participated in the event.



**"ESG and Sustainable Banking" Seminar**

As part of its series of events on sustainability, ABB is organizing the "ESG and Sustainable Banking" seminar on May 31, 2024, to increase awareness in the banking sector. The Azerbaijan Banks Association is also supporting the event.



During the seminar, information was provided on the work done and planned by the "ESG and Sustainable Banking" expert group, chaired by ABB, within the Azerbaijan Banks Association. ABB shared its advanced practices on sustainability and future plans with the participants.

At the event, documents published by the Central Bank on the topic of "Sustainable Finance," expectations from banks regarding sustainable development, and other related matters were presented.

At the conclusion, surveys were conducted to gather feedback and suggestions from banks on various aspects of sustainability. Representatives from other banks in the country also participated in the event.

**A new children's football team was formed with ABB's support**

The "Real Madrid Foundation," which organizes football camps in various countries around the world, carried out the "Real Madrid Foundation Azerbaijan Clinic" program for the second time in Azerbaijan this year with ABB as the main sponsor and Footland as the organizer. The football camp, held at the "Sabis Sun International School" campus, was also supported by Visa and Epoint companies.

The goal of organizing such a camp was to teach football skills and sports values to 250 children aged 6-17, helping all participants gain unique experiences. This project was designed according to international standards. The "Real Madrid Foundation" provides a unique opportunity for the children to develop their football skills under the guidance of high-level football coaches.



A new children's football team was formed based on selections made during the camp. This team will represent our country at the "Real Madrid Foundation World Challenge" tournament held in Madrid, Spain.

It is worth noting that the first team formed in 2023 participated in the tournament in March 2024 and was one of the strongest among teams from 16 countries.

**"Startup World Cup" competition held with ABB's partnership**

On September 20, 2024, the "Startup World Cup" competition was organized at ADA University. ABB was one of the main partners of the event, which supports the development of the innovation ecosystem in our country.

The event's organizers were "Technovate Investments" and "Pegasus Tech Ventures," both prominent companies in the startup world.

Out of nearly 100 startups that registered to participate in the competition, 5 were selected to present their ideas to a wide audience. The winning startup, as decided by the jury, represented Azerbaijan in the final competition held in the USA on October 4, 2024.



The "Startup World Cup" takes place in over 60 countries and brings together the world's best startups, offering them a chance to be recognized on a global scale. In this regard, the competition is a unique platform that supports young entrepreneurs and their innovative ideas.

Hosting such globally significant events in our country contributes to the development of Azerbaijan's startup ecosystem, the formation of valuable experiences in this field, and the international recognition of our young entrepreneurs.

Through its partnership in the "Startup World Cup," ABB reaffirms its commitment to supporting young entrepreneurs seeking new opportunities and providing comprehensive support for their growth.

**Thousands of ABB customers donated to the YAŞAT Foundation**

The "Useful Cashback" loyalty program campaign announced by ABB between November 1-15, 2024, was met with great interest. A total of 54,770 customers chose the "Victory Package" offered by the bank during the campaign.

The bank donated to the YAŞAT Foundation an amount equal to the cashback earned by the customers. This is an implication that while the cashback earned by

the customers remained in their card accounts, ABB also transferred the same amount to the YAŞAT Foundation as a donation from its own account.



The donations were made based on the cashback accumulated from November 1 to 15. The maximum donation amount per person was 10 manats.

It should be noted that the YAŞAT Foundation was established in December 2020. The purpose of the foundation is to support the welfare of those injured and the families of martyrs as a result of defending the territorial integrity of the Republic of Azerbaijan. When the foundation was first established, ABB was one of the first commercial organizations to donate to the YAŞAT Foundation. The bank contributed 1 million manats to the foundation.

### ABB joined the telethon in support of the YAŞAT Foundation

ABB also participated in the telethon organized on Public TV to collect donations for the YAŞAT Foundation. The bank donated 30,000 manats to the foundation.



### ABB supported the education of Martyrs' and Veterans' children

ABB supported the activities of the Bilasuvar School-Kindergarten Complex, named after Azerbaijan's National Hero Mubariz Ibrahimov. As part of the program initiated

by the Azerbaijan Banks Association, ABB has again provided financial assistance to the school's operations starting from 2023. The funds allocated by Azerbaijani banks are used to finance the education of the children of martyrs and veterans attending the school.

### Support for the "Martyrs' Park" created in Fuzuli district

In 2024, ABB continued its involvement in the restoration and reconstruction efforts of the liberated territories. The bank provided support for the "Martyrs' Park" project in the village of Böyük Bəhmənli, Fuzuli District. Along with ABB, other Azerbaijani banks also participated in the project as part of the initiative by the Azerbaijan Banks Association (ABA).

### ABB assisted 9 families in Nakhchivan to start small businesses

As part of its self-employment program, ABB provided support for 9 families in the Nakhchivan Autonomous Republic to establish small businesses. With this support, the total number of families assisted by ABB's self-employment program has reached 146.



Under the self-employment program implemented by the Ministry of Labor and Social Protection, low-income families are provided with production or service equipment based on their business plans. ABB supports this program as well as the memorandum signed between the Ministry, the Central Bank, and the Azerbaijan Banks Association, aimed at assisting vulnerable groups of the population in self-employment. The families benefiting from this program are identified by the State Employment Service.

The goal of the program is to bring about enabling environment for families to start small businesses or further promote already existing ones. The uniqueness of the program lies in the fact that no direct cash assistance is provided to citizens; instead, the aid is business-oriented

and aimed at creating permanent employment. ABB actively participates in this program, in line with its support for small and medium-sized businesses and sustainable development goals.

### ABB's Support for the "EY Entrepreneur of the Year" Competition

In 2024, ABB continued its role as the main sponsor of the "EY Entrepreneur of the Year" competition held in Azerbaijan. The main winner of the 2024 competition was Ramil Rzayev, the head of the "Baku Holiday Travel" company. He represented Azerbaijan in the international stage of the "World Entrepreneur of the Year" competition. The winner was selected from among 20 participants by an independent jury consisting of members from the business community, international financial institutions, and prominent company leaders.

In his speech at the gala night, ABB's Chairman, Abbas Ibrahimov, highlighted that this marks the fifth consecutive year ABB has supported this competition: "The 'EY Entrepreneur of the Year' competition is special to us because it supports our entrepreneurs. It introduces businesspeople who create new values for society and motivates them for new achievements. The development of entrepreneurs and new experiences inspire us to constantly renew our services. We strive to modernize ourselves continuously and create solutions that meet the needs of our entrepreneurs. We are proud to have always stood by entrepreneurs and will continue to support them."



The "EY Entrepreneur of the Year" competition, established by EY, has been held since 1986. It is currently organized in over 60 countries and is one of the most prestigious business awards globally. The program aims to showcase the successes of highly potential entrepreneurs. In addition to ABB, the competition is sponsored by BP and the Veysaloğlu Group of Companies. Other partners include the Ekvita consulting company and Azpromo (Azerbaijan's Export and Investment Promotion Agency).



### "Career Week" at ADA University with ABB's sponsorship

In partnership with ABB, ADA University once again hosted the "Career Week." Over 137 organizations participated in the event. During the event, representatives from various business organizations, including ABB, made presentations to students and graduates, providing detailed information about the available opportunities in the country's labor market.



During the "Career Week," 10 students were selected based on relevant procedures. These students earned the right to participate in ABB's Internship Program through a special selection process.

The goal of such projects is to familiarize students and graduates with the country's labor market and career opportunities. ABB, which aims to be the best employer in the sector, actively supports such beneficial initiatives.

### "Double hour" Project

To support the development of the local workforce and stimulate employment opportunities, ABB continued its "Double Hour" project in 2024. As part of the initiative,

employees from various departments of the bank participated in awareness-raising sessions organized at different higher education institutions, including sessions conducted in collaboration with the Association of Students in Economics and Management (AIESEC), thereby contributing to student development.



**ABB supported the “Graduation Day” event organized by the Azerbaijan Student Youth Organizations’ Union on July 6, 2024**

The event, titled “A+”, was organized by the Azerbaijan Student Youth Organizations’ Union. Representatives from the Youth Foundation, leaders of the country’s leading youth organizations, and over 7,000 students attended.

The event brought together students who graduated from higher and secondary specialized education institutions in 2024. The purpose of the event was to gather recent graduates, help them make meaningful use of their free time after exams, provide a stress-free environment, and create networking opportunities. ABB also supported the “Graduation Day” event. ABB supported the event by setting up a booth, where graduates received detailed information about career opportunities at the bank and recruitment procedures, and were given informative materials.

**ABB supported the “Baku ID” Innovation Festival**

With ABB as the main sponsor and in partnership with the “SABAH.HUB” Innovation Center, the “Baku ID”

innovation festival was held at the Baku Crystal Hall. It is one of the key startup innovation events in Azerbaijan and the wider region. Other sponsors included the Ministry of Science and Education, SOCAR, 4SIM, Pasha Holding, Mappable, and IIDA.



Held on June 27-28, 2024, the festival was the third of its kind in the country. It attracted more than 200 local and international investors, over 100 startups, 5,000 participants, and more than 50 partners. As part of the event, a startup fund was established with the support of venture capital funds such as Startup Wise Guys, White Hill Capital, Caucasus Ventures, MOSTVentures, Startup Bootcamp, Aloqa Ventures, and SABAH.fund.

Startups competed under the “Startup Battle” concept, with the chance to win a 15,000 AZN grant. Throughout the event, startups had the opportunity to connect with investors, pitch their ideas, and potentially secure funding.



The “Baku ID” innovation festival has supported the growth of dozens of startups during its run, contributing to more than 1.7 million AZN in total investments raised.

ABB, a strong supporter of the innovation ecosystem in Azerbaijan, gives special importance to such impactful projects as part of its social responsibility programs.

**“Green Fintech Startup Challenge” Competition**

Supported by ABB, the Green Fintech Startup Challenge was held to contribute meaningfully to a

sustainable future. Participants in the project received free intensive training, mentorship, and office support – from the idea stage all the way to the Minimum Viable Product (MVP) phase. Winners selected by a special panel of judges were awarded 5,000 AZN for first place, 3,000 AZN for second, and 2,000 AZN for third. Additionally, they earned the opportunity to present their projects to investors at the upcoming COP29 event.



**Mortgage Exhibition**

For the first time in Azerbaijan, ABB organized a mortgage exhibition. Held on June 1 at the Baku Mugham Center, the event gave visitors the chance to explore all types of mortgage offers provided by the Bank, meet construction company partners, and learn about their housing projects and terms. More than 10 partner companies showcased their offerings, and over 30 clients applied for mortgage loans during the event. Information was also provided about ABB’s internal, land, and construction mortgage products. The goal was to simplify access to mortgage credit and help more people become homeowners.



ABB not only provides financial solutions but also supports initiatives aimed at improving the social well-being of the population. From July 1 to August 31, ABB ran

a campaign allowing customers who applied for mortgages to receive special discounts and gifts from partner stores.

ABB’s commitment goes beyond financial services – the Bank also supports initiatives aimed at improving social welfare.

**Baku Jazz Festival 2024**

ABB continued its tradition of supporting the Baku Jazz Festival in 2024. The festival took place from October 17 to 27 and included a lineup of concerts and cultural events held at the International Mugham Center, the Azerbaijan National Conservatory, the “Jolly Joker” concert venue, and ADA University.



**“Tam Vaxtı” Program**

Throughout the year, ABB continued its public financial education efforts through the “Tam Vaxtı” radio program aired on Avto FM. In addition, the Bank regularly shared informative videos on social media about how to use its innovative products and services.

**ABB’s Research Reports**

In 2024, ABB released six research reports to the public. One of the key publications, “Impacts and Consequences of Climate Change”, analyzed the root causes of climate change and its effects on both global and local scales. Topics included climate risks, changes in climate patterns, air pollution, and the impacts of climate change on the economy and financial system.

**“Real Estate Market Analysis in Baku” Report**

This report focuses on price fluctuations in the real estate market in Baku. Market indicators and transactions

have been monitored to identify the main drivers behind these changes. The study aims to understand current dynamics and help forecast potential future developments in the real estate sector.

**“Retail Trade Sector in Azerbaijan: Trends and Outcomes”**

This report analyzes retail trade turnover for 2023 across various sectors. It provides a detailed breakdown by market share, product groups, geographic distribution, and other classifications. The report offers insights into the structure and dynamics of the retail sector in Azerbaijan.



**“Tourism by the Numbers: A Statistical Overview of Azerbaijan’s Tourism Sector”**

This report explores the travel patterns of Azerbaijani citizens abroad and foreign tourists visiting Azerbaijan, including their main categories and spending behaviors. It identifies popular destinations both for inbound and outbound tourism and highlights key trends.

It also presents interesting data about domestic tourism, the regions most visited by international tourists, and the operation of hotels and similar accommodations in the country. The study supports tracking key developments and projecting future trends in the tourism industry.

**“Automobile Market Outlook: Global Trends and Azerbaijan”**

This report analyzes key trends in the global and Azerbaijani automotive sectors over the past five years. In 2023, there were 171 cars per 1,000 people in Azerbaijan. Over this period, Lada, Mercedes-Benz, Hyundai, and Toyota were the most commonly registered brands.

In 2023, vehicle imports to Azerbaijan rose by 28% in quantity and 79% in value. The number of imported hybrid cars increased by 24.4%, while electric vehicle imports grew fivefold compared to 2022. The value of electric car imports also saw a sixfold increase.



The report also includes an in-depth analysis of the second-hand car market. About 58% of vehicles in use in Azerbaijan are less than 15 years old. The most popular second-hand models include the VAZ-2107, Opel Astra, VAZ-2106, Kia Sorento, Hyundai Elantra, Hyundai Santa Fe, Hyundai Sonata, Chevrolet Cruze, Ford Transit, and Mercedes E 220d.

As a continuation of this project, ABB plans to expand and enhance its research activities in the near future.

**2.2.2.2 Customer-Centric Approach**

ABB prioritizes a customer-centric strategy, always taking into account the needs and expectations of its clients. Through digital transformation, innovative products, and high-quality services, the bank aims to deliver accessible and convenient financial solutions.

To increase customer satisfaction and loyalty, ABB offers personalized services, flexible communication channels, and user-friendly digital platforms. By building strong and reliable relationships, the bank continues to be a trusted partner in helping customers achieve their financial goals.

**Customer Data Security**

The development of information technologies and the growing integration of data have significantly accelerated and simplified information exchange during personal and corporate communications, including banking operations. However, this progress has also introduced new cyber risks. Threats to the security of personal data are increasingly becoming a concern for customers.

To mitigate these risks, ABB continuously adapts to modern challenges by upgrading and enhancing

its IT systems and applying international cybersecurity standards. The bank has also developed a comprehensive set of rules and guidelines that all employees are required to follow.

Internal audit and control structures regularly carry out inspections and implement control measures to ensure compliance and security.

**ABB Mobile app earns top security certification**

ABB’s mobile banking application, ABB Mobile, has been awarded the **ISO: IEC 27001:2022** certificate by the International Organization for Standardization. This “Information Security Management System Certificate” was granted after a detailed assessment across numerous criteria.

This certification provides a globally recognized framework that helps organizations manage and protect sensitive data. With ISO: IEC 27001:2022, companies can identify risks and take systematic measures to reduce them enhancing corporate reputation and customer trust.

Receiving this certificate confirms that ABB Mobile offers the highest level of data protection for its users.



**ABB implements the Codevo Security System**

To maximize the security of ABB Mobile users’ funds, the bank has introduced an upgraded Codevo protection system. This system prevents infected devices or malware from accessing ABB Mobile, thereby stopping sensitive bank data from falling into the hands of cybercriminals.

The system also blocks malicious attempts and protects the user’s device from unauthorized external access.

In addition to improved security, the new system increases app performance enabling faster access, quicker payments, transfers, and other transactions. Each user can activate these benefits by setting a new six-digit PIN code within the app.

**Customer complaints management**

In a highly competitive market, a company’s ability to ensure customer satisfaction is crucial. ABB continuously prioritizes this by efficiently managing customer complaints. The bank has established and constantly improved a system to review customer complaints, feedback, and suggestions through multiple channels.

ABB has also developed comprehensive “Methodological Guidelines” that detail all aspects of complaints handling. Customers can submit feedback verbally or in writing through branches, online banking, social media, or the official website.

In 2024, ABB received a total of 13,812 complaints, compared to 10,071 in 2023. The increase is mainly due to the centralization of inquiries and complaints, and the optimization of communication channels, which has made them more accessible. Every complaint received in 2024 was successfully addressed.

**Ensuring customer satisfaction**

Customer satisfaction remains a core principle at ABB. It fosters loyalty and contributes to the bank’s overall success and growth.

As a universal bank offering a wide range of products and services, ABB places great importance on understanding and meeting customer needs. The bank dedicates significant time and energy to studying customer preferences across all service channels to provide an exceptional experience.

Products and services are continuously updated. ABB also conducts regular surveys to better understand customer needs and adjusts its value proposition accordingly. The bank actively monitors satisfaction levels to ensure consistent improvement. Refer to Table 15.

Table 15. Customer Satisfaction Level

Indicators	2022	2023	2024
Customer Satisfaction level, %	92	97.6	98.4

**ABB and VISA partnership: Exclusive experience with Sea Breeze cards**

To deliver premium services to its clients, ABB partnered with global payment leader VISA to launch Sea Breeze Platinum and Sea Breeze Signature cards, designed specifically for Sea Breeze residents. This unique co-branded initiative aims to offer ABB and VISA customers exclusive benefits and elevated lifestyle experiences.



Since their launch at the end of 2023, cashless spending with Sea Breeze cards increased 14 times in 2024.

These cards offer holders access to premium services, exclusive offers, and various events. Cardholders enjoy special privileges at the Sea Breeze resort complex, including discounts, VIP services, and enhanced convenience.

Discounts of up to 20% are available at Emin Agalarov's chain of restaurants (*Shore House, Fish Box, Park Café Zafferano, Rose Bar, Rose Bar Beach, Beach Club*) and other Sea Breeze restaurants like *Fusion Club, Grand Bar, Bosfor Restaurant, and The Choyxona*.

This innovative partnership between ABB and VISA not only enhances the quality of life for customers but also offers access to both local and international services. The Sea Breeze cards are a perfect match for those seeking both comfort and prestige.

**ABB's value-added services: International Education and Real Estate Investments**

In 2024, ABB expanded its range of value-added services for privileged customers, offering new opportunities in international education and real estate investments. These initiatives aim to help customers achieve their personal and financial goals by opening access to global markets.

**Education – The Best Investment for the Future!**

ABB partnered with renowned educational consultants in the UK and USA to provide comprehensive advisory services for customers seeking education abroad. These services included summer programs, secondary education, university admissions, and academic development planning.

Independent consultants worked closely with students to recommend tailored programs, and assist with documentation, interview preparation, and education visa support. This initiative by ABB has contributed to the international success of its clients by providing professional guidance at every stage of their overseas education journey.

To make planning easier, ABB offered its premium clients a complimentary one-hour consultation session, helping them select suitable institutions and make informed decisions on their education investments.

ABB also partnered with prestigious global firms to ease access to international real estate markets. Through these collaborations, clients received expert guidance on property purchases in 70 countries, along with advice on investment strategies, legal requirements, and tax matters.

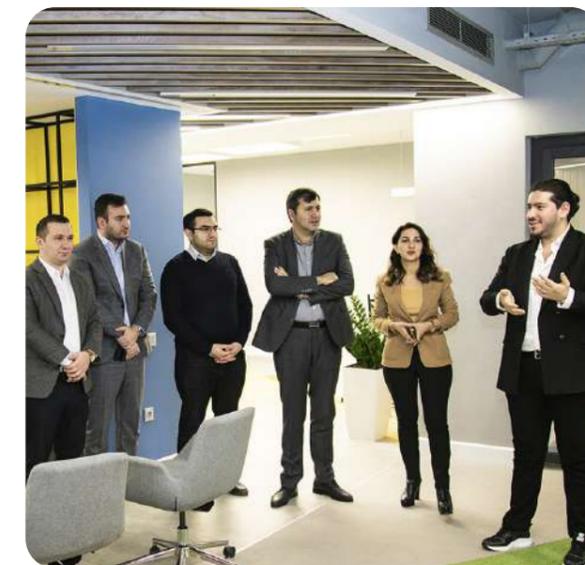
ABB's such value-added services have enabled customers to benefit from global opportunities aligned with

their individual and financial goals. Services offered in areas such as studying abroad and real estate have contributed to customers' long-term development and financial stability. With a sustainable and customer-oriented approach, ABB continues to present new opportunities to enhance its customers' financial well-being.

**ABB shared Agile experience with entrepreneurs**

An informational tour (info tour) was organized at ABB's Agile Office for a group of entrepreneurial clients. They were provided with detailed information about the Agile working methodology. Discussions were held about the Agile practices implemented at ABB, and clients were introduced to the bank's various Agile structural units.

One of the most important aspects of Agile practice is regular communication with customers. Involving clients in projects and collecting their valuable feedback helps improve the quality of products and services. The purpose of such infotours is to raise awareness among customers about Agile work principles and to ensure their active participation in the product and service development process.



Entrepreneurial clients were also given detailed information about the new opportunities ABB has created for businesses. Presentations covered topics such as remote account opening, business cards, the use of SİMA electronic signature, service packages, POS terminals and e-commerce solutions, investment opportunities, and more. Questions from entrepreneurs were answered during the event. Representatives from over 20 companies participated in the info tour.

**ABB sponsored the "Shopping Festival"**

A shopping festival sponsored by ABB in May 2024 created exciting opportunities for customers. ABB cardholders were able to take advantage of these opportunities at selected shopping centers and city stores across the country.



More than 50 global brands participated in the festival. Customers were offered discounts ranging from 10% to 50%. By shopping at ABB partner locations with their ABB cards, they not only benefited from attractive discounts but also enjoyed an additional 5% cashback.

### 2.2.2.3 Employee Centricity

#### Our approach to human resource management

We believe that a loyal and motivated workforce produces great benefits. As the sector's leading employer, we are committed not only to ensuring equal opportunities for each valued member of our staff but also to carefully cultivating a supportive work environment based on mutual respect and trust.

ABB is committed to the principles of continuous talent development and career advancement. Our core values are reflected in policies approved by the Supervisory Board, based on our strategy and Code of Ethics, and other internal governance documents prepared by the Human Resources Management department.

The internal management documents include:

- Methodological Guidelines on regulating recruitment processes;
- Methodological Guidelines on regulating labor relations;
- Methodological Guidelines on organizing and conducting training activities.

Our workforce has grown steadily over the past 5 years. This is evidence of ABB's continued success as a reliable employer. Long-term excellence is highly valued in ABB's strategic development plan. We are constantly working to improve our human resources management system, which includes features such as fair remuneration, training, development opportunities, and performance evaluation. Thus, the number of female employees has grown by 16% in 2024 compared to the previous year. According to the Labor Code, the notice period for employee termination in ABB employment contracts is one month.

Table 8. Number of full-time permanent employees

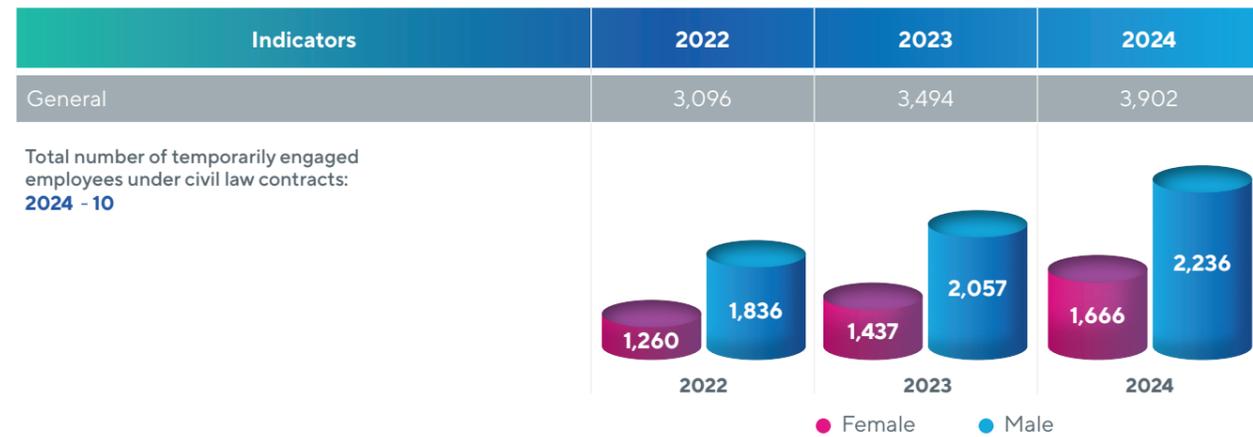


Table 9. Total training hours per employee

Indicators	2022		2023		2024	
In proportion to the total number of employees	15.1		15.3		22.4	
Gender	Male	Female	Male	Female	Male	Female
	16.2	13.4	14.9	16.5	24.4	19.6

#### Recruitment

In addition to the steps outlined in the Recruitment Policy approved by ABB's Management Board, the Bank applies a systematic approach to hiring. At the beginning of 2022, the Bank introduced the Human Resources platform, which included the development of a recruitment application portal.

In 2024, the Human Resources platform significantly improved the recruitment process, enabling a large number of candidates to use ABB's recruitment portal.

Table 10. Total number of employees (by age)

Age Group	2022	2023	2024
Under 30 years	1,145	1,382	1,602
30-50 years	1,673	1,811	1,974
Over 50 years	278	301	326

Total number of employees (by region)	2022	2023	2024
Baku and Absheron	2,457	2,837	3,213
Regional offices and branches	639	657	689

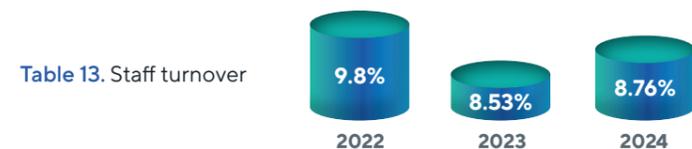


Table 11. Total number of recruited employees by gender classification

Gender	2022		2023		2024	
	Male	Female	Male	Female	Male	Female
Total number of recruited employees	361	275	423	288	427	351

Table 12. Total number of recruited employees by age classification

Yaş	2022			2023			2024		
	Under 30 years	30-50 years	Over 50 years	Under 30 years	30-50 years	Over 50 years	Under 30 years	30-50 years	Over 50 years
Total number of recruited employees	454	173	9	512	193	6	607	162	9



## Employee development

Talent management and development are the cornerstone of our business model. We provide our employees with a variety of comprehensive programs, training, and continuous support to aid in their self-development. In order to cultivate values of trust and loyalty within the bank, we not only hire externally but also strive to appoint high-level staff to appropriate positions from our existing internal candidate pool.

Since 2021, the Bank's Human Resources team has been developing annual training plans. The implementation of the Learning Management System (LMS) allows employees to explore the available training catalog and register through the ABB HR Portal. As a result of the improved internal training system and LMS

implementation, in 2024, we offered more training and development programs to our employees. Compared to 2023, the number of training hours increased by 60.6% during the reporting period.

There are several key reasons for the substantial increase in the number of training sessions. First, the growth in the workforce has raised the demand for training. Additionally, the increased budget allocation for training has created broader learning opportunities. Furthermore, the development of the learning platform has made the training process more accessible and efficient. Finally, the growing interest and demand for training has further strengthened this trend. We aim to continue this positive trend in the future.

### "Data Bootcamp 2" project



The "Data Bootcamp" project, designed for the individual and career development of our employees, provides them with the opportunity to acquire professional knowledge and technical skills in the data field and hear directly from industry experts. Additionally, the main goal of the project is to train professional specialists in the field of Data. As part of the project, our employees had the opportunity to gain knowledge in SQL, QlikSense, and Python. In the first cohort of the

"Data Bootcamp," 16 colleagues participated, of which 8 succeeded while the other 8 obtained certificates for participation. Several of our colleagues have successfully transitioned into the Data technologies field.

The "Data Bootcamp 2" project, which provides employees with a chance to open new horizons in their careers, allowed them to acquire professional knowledge and technical skills in the data field and learn valuable insights directly from professionals in the field.

In total, 18 employees from various departments participated in the project. Among them, 6 obtained the "Achievement" certificate, 7 were recognized as "Successfully Graduated," and 5 others obtained a "Certificate for Participation." Of the employees who participated in the project, 2 moved to the Retail segment, and 1 transitioned to the Data field. This is one of the important steps taken to support career development within our Bank.

### "Horizon 2" project

Last year, the "Horizon" program, aimed at the individual development of ABB employees, was successfully completed under the motto "Join Us, Expand Your Horizon!" In the first cohort of the program, 11 branch employees participated, and 6 of them are currently working in various departments at the Head Office. Other colleagues have achieved career development across the branches.

As part of the "Horizon 2" Development Program, the next program following the successful completion of the "Horizon" project, employees working in regional Customer Service Structures were given the opportunity to gain experience at the Head Office and acquire additional professional skills by working in various departments. Mentors and trainers from the departments shared their knowledge and skills with the participants.



Participation in the program offers regional Customer Service Structure employees several benefits:

- Gaining close insight into the daily operations of over 20 departments at the Head Office;
- Being in direct contact with senior leadership of the Bank;
- Participating in training sessions focused on personal and professional development;
- Enhancing professional expertise.

"Horizon" ABB-nin xidmət ofisləri əməkdaşlarının fərdi inkişafına töhfə verən xüsusi proqramdır. İştirakçılar müvafiq mərhələlərdə seçilərək 1 ay müddətində Bankın Baş ofisinin strukturlarında iş prosesləri ilə yaxından tanış olmaq imkanı əldə edirlər.

### "Data Ideathon" project

In 2024, the "Data Ideathon" project was also successfully completed at ABB. The main goal of the "Data Ideathon" project was to optimize work processes by utilizing data analytics, artificial intelligence, and generative artificial intelligence, as well as to implement innovations in the Bank's development as quickly as possible. In the initial phase, nearly 20 employees applied for the project, and the final stage was held with the

participation of several members of the Management Board, resulting in the selection of 3 winners.



### "RPA Bootcamp" project

In 2024, ABB introduced the "RPA Bootcamp" project to its employees. The main objective of the project is to train professional specialists in the field of RPA (Robotic Process Automation). The training sessions organized as part of the project were conducted by an international company. The "RPA Bootcamp" project has made a significant contribution to the effectiveness and optimization of the Bank's work processes.



As part of the project, employees participated in 8 days of training delivered by a senior automation developer from the Turkish company "Native Digital Services" and through this program, they gained deep professional knowledge and practical skills in RPA. Out of the 143 employees who applied for the program, 19 were selected to participate. Among them, 2 employees were rotated

into RPA-related roles, while others have gained the opportunity to apply RPA in their current departments.

“Internal Innovation” program

To support the process of generating innovative ideas and actively involve employees from various departments of the Bank, the “Internal Innovation” program was launched. The program is open to every employee who possesses out-of-the-box, creative, and innovative creative skills.



The program brings together individuals with diverse experiences and skills from different areas within the bank, providing them the opportunity to share their innovative ideas and thoughts. Participants worked in teams, developing innovative ideas and suggestions on various topics, and engaged in different discussions and research in this field. Among over 100 participants, 25 were selected to compete in 5 teams.



During the evaluation process by the Internal Innovation Committee, 4 out of 46 ideas were selected with the highest scores. The 3 winning teams were announced at an event held on August 30, 2024. The selected ideas have been incorporated into the work plans of the relevant departments.

“Future Leaders” Program

The “Future Leaders” program, specially designed for high-potential employees of ABB, was successfully continued in 2024 starting from the 4th quarter of 2023. In this program, implemented jointly with the internationally renowned BTS consulting company, 100 potential leaders underwent a multi-faceted assessment process, from which 30 candidates were selected. In 2024, 4 workshops were organized by BTS trainers as part of the program. As a result, Individual Development Plans (IDPs) were prepared for the participants. Meetings were held with relevant business partners every quarter to implement the IDPs, thereby developing the leadership skills of the participants. Some of the participants were appointed to management positions within the framework of this program. Thus, significant steps were taken to strengthen ABB’s future leadership potential.



Career architecture and Salary project

As part of the Career Architecture and Salary Project aimed at improving career development and salary policies at ABB, a set of technical skills and an evaluation tool have been developed for all traditional departments. This new approach allows for the assessment of employees’ performance not only based on soft skills but also on their technical capabilities.

The set of technical skills will be translated and added to the Learning Management System (LMS). A new grading scale has also been established, and starting from January 2025, all salary increases will be implemented based on this new system. This project enhances transparency for horizontal career development, ensures fair and objective evaluations of employees, and makes the career architecture at ABB more transparent and structured.

“Women in Leadership” project

In 2024, ABB successfully implemented the “Women in Leadership” project aimed at enhancing the leadership potential of female employees and supporting their professional development. A total of 87 individuals applied for the project, and after going through stages including a motivation letter, manager’s feedback, competency testing, and an interview with the committee, 30 female participants emerged as winners.



Throughout the project, 25 training sessions were organized around 17 topics. During these sessions, participants developed their knowledge and skills in areas such as the Bank’s strategy and objectives, communication skills, personal effectiveness, and time management.

The results of the project have been significant in promoting female leadership and career development. Four female employees were promoted, demonstrating the effectiveness of the project in strengthening professional development and leadership skills. The “Women in Leadership” project represents a significant step towards gender equality and preparing women for leadership positions at ABB, providing female employees with the support to realize their potential and achieve their professional goals.

As part of the project, an event on the topic of “Emotional Intelligence” was also held for our female managers. More than 60 managers, as well as many guests from the “Azerbaijan HR Institute” and “Wellbeing Academy Turkey”, attended the event.

“Women in Leadership” boot camp

The “Women in Leadership boot camp” of the “Women in Leadership” project, which significantly contributes to the development of female employees of our bank and the strengthening of their leadership skills, was also held. 30 of our female employees who successfully passed the selection stages were granted

the right to participate in this special program. During this boot camp, which lasted for more than five months, the women gained valuable knowledge in communication skills, team management, and other important leadership qualities.



During the project, ABB’s female leaders shared their experiences and had motivating conversations with their colleagues. They spoke about the importance of the project, the value it will add to the lives of employees, and the development prospects, and gave valuable advice to the women. During the project, the female leaders held regular sessions and supported the participants on their path to leadership.

“InnovativSən” project

As part of the “Women in Leadership” framework, the “InnovativSən” project was launched. The goal of the project was to support the development of female employees in the fields of IT and business analytics. Under this program, 20 female employees selected from Baku Customer Service Structures participated in training sessions organized by ABB Tech Academy over a period of 4 months.



### “Digital Safari” Leadership program

Members of the ABB team have had the opportunity to learn about digital transformation and innovative thinking by participating in the prestigious “Digital Safari” Leadership Program held in the United States. The three-day global technology tour provided participants with a broad overview of the global payments and technology landscape, showcasing the latest examples of digital applications and disruptive thinking (a mindset that is set to change existing rules).



As part of the “Digital Safari” program, team members gained insights into the latest technologies, consumer trends, digital customer experiences in banking applications, chatbots, biometrics, the application of Big Data and artificial intelligence in banking products, payment ecosystems, and the implementation of new technologies. Participants, who attended classes by leading experts at global innovation centers, acquired practical knowledge and experience on digital transformation strategies and technological choices. The program also provided participants with the opportunity to exchange experiences with leaders from other companies, listen to their stories, and get acquainted with examples of leading technologies.

This program has provided the ABB team with valuable knowledge to reconsider digital transformation plans, implement innovative solutions, and strengthen leadership skills. It has further strengthened ABB’s leadership position in the field of digital banking.

### Meetings with different female employees from Baku and Regional Customer Service Structures

Meetings were held with female employees working in the bank’s Baku and regional branches, who were

selected for their different activities within the framework of the ABB’s “Distinguished” project. 31 female employees participated in the meetings. They had candid discussions about career development, leadership, and success stories in the business world.



### ABB at the “SIBOS-2024” International Exhibition and Conference

The traditional SIBOS exhibition and conference took place in Beijing, China, started from October 21, 2024. The event was organized by the Society for Worldwide Interbank Financial Telecommunication (SWIFT).



ABB participated in the “SIBOS-2024” conference, which lasted until October 24. The SIBOS conference is a key platform held annually, bringing together representatives from major banks and financial institutions worldwide. It offers opportunities to explore innovative trends in the financial sector, familiarize oneself with new banking practices and technologies, and establish business connections.

During the “SIBOS-2024,” ABB representatives met with representatives of foreign financial institutions, including long-term partners of the Bank such as Citibank, JP Morgan, BNY Mellon, LBBW, Commerzbank, Deutsche Bank, ABN AMRO, ODDO BHF, Zurcher Kantonalbank, Raiffeisen, ICBC, Vakifbank, Isbank, Akbank, Mashreq, First Abu Dhabi, and other financial institutions.

### Additional 20 ABB managers successfully completed the “Executive Mini-MBA” program

As part of ABB’s commitment to the personal development of its managers, the Bank, in collaboration with Koç University, one of Turkey’s most prestigious higher education centers, organized another “Executive Mini-MBA” program.



The program was implemented based on a specially developed curriculum. According to specific selection criteria, 20 ABB managers were granted the opportunity to participate in the program. The participants gained practical knowledge and skills in areas such as strategic marketing, strategic thinking and planning, finance for executives, digital transformation and technological trends, data-driven decision-making, effective negotiation, organizational behavior and corporate culture, effective communication, and constructive feedback. As part of the program, courses were delivered by professors from Koch University in both Baku and Istanbul. ABB managers completed the Executive Mini-MBA program with a certificate of achievement. To mark the occasion, a formal graduation ceremony was held at Koch University’s main campus.

### “PO School” and “CJE School” Training programs

To further support the professional development of its employees, ABB once again organized the “PO School” and “CJE School” training programs. The main objective of these programs is to strengthen the functional capabilities and practical knowledge of in-house product owners and customer experience specialists.

As part of “PO School”, 37 product owners participated in training sessions on topics such as the

Agile approach, OKRs, and data-driven decision-making. Five teams presented their projects, with the “Dama-dama” project selected as the winner. In the “CJE School” program, 27 customer experience specialists enhanced their skills in areas including customer behavior analysis, market research, and other related fields.



### Internal communication among employees

Developing strong and lasting connections with our employees, while promoting values such as integrity, mutual respect, and trust within the team, is a top priority for us. We value all ideas that contribute to progress and actively encourage a culture of open dialogue and close collaboration. Promoting a culture of constructive feedback helps us achieve our growth-driven goals. In addition to projects that support the personal and career growth of our staff, we also organize activities that ensure the effective use of their leisure time.

In 2024, we organized events such as kart racing, quest games, mini-football tournaments, bowling tournaments, and chess tournaments with the participation of over 2,000 employees. These events help strengthen team spirit and foster healthy competition. Various communication platforms and clubs operate at ABB, including the “Change Ambassadors” group and the “Volunteers Group.” These initiatives promote collaboration, shared values, and the formation of impactful ideas, all of which contribute to the overall success of the organization. Our intranet portal, the regularly published “Monthly Review” bulletin, and social media platforms like “ABB Family” also promote internal communication and keep employees informed.

### “360-Degree Performance Evaluation”

A 360° performance evaluation system is implemented to assess the performance of leaders

at the bank. Currently, this system is used to evaluate the performance of ABB's management team (department directors, deputy directors, and managers). The system involves evaluations from the leader's direct manager, peers, self-assessment, and direct reports. In total, each individual is evaluated by 12-15 people. With this, the bank also expands its "Constructive Feedback" culture.

### "180-Degree Performance Evaluation"

The 180° evaluation is an appraisal form where an employee is evaluated by their direct manager (the 1st evaluator) and a manager one level above (the 2nd evaluator). The system covers the evaluation of employees on various professional qualities and criteria. The feedback is then presented to the employee for self-development purposes. The evaluation results are particularly considered when determining promotions, pay raises, and annual bonuses. This system also helps in identifying the employee's performance, strengths, and weaknesses, as well as highlighting their training needs.



To increase employee loyalty and motivation, we consistently implement various programs. One of these initiatives is the "Distinguished" project, which we have been running since 2020. In each quarter of 2024, we selected around 50 employees for the "Distinguished" program and recognized their distinct achievements. Our intranet platform is also a vital tool for the professional development of our employees. Here, they get acquainted with updates in relevant regulatory documents, stay informed about the latest developments in the bank's activities, and enhance their level of awareness.

### ABB is enhancing its human resources management practices

The Bank benefits from human resource management analytics. It applies advanced tools in this area. It automatically analyzes employee data. It makes decisions based on accurate data. This approach strengthens

ABB's HR strategy. It ensures that the strategy is dynamic, responsive to development needs, and continuously improved in accordance with the needs of employees, ensuring success. In line with our commitment to developing a safe and supportive work environment, the Bank has a health insurance program for our employees. This, on the one hand, emphasizes our intentions regarding the well-being of our employees, and on the other hand, serves our sustainability efforts. By providing options for insurance coverage, we enable our employees to protect themselves and their families from unforeseen circumstances, ensuring their financial stability and prosperity.

After completing a six-month employment period with the Bank, each employee enters a health insurance program that includes a number of medical services. Approximately 90% of our employees were provided with health insurance in 2024.

### We are greater than the sum of us: our new salary cards

ABB, together with Visa, has developed a special Visa Platinum salary card for its employees. This card makes not only financial transactions but also the everyday life of our employees more comfortable and enriched with advantages.



Visa Platinum salary card offers the following advantages for our employees:

- Concierge and chatbot services;
- Free transfer to Baku and Istanbul airports, Fast Line and international Fast Track, Lounge Key, and support for delayed flights/baggage;
- Special discounts at over 50 restaurants;
- The opportunity to receive a free Costa Coffee coffee three times a year;
- The chance to win a book from "Ali & Nino" once a year;
- The opportunity to use Azercell's 2GB Internet Roaming service three times a year;
- Local and global privileges.

### Our colleague set a national record at the "Half Ironman Turkey" competition



Teymur Farajov, Deputy Director of the ABB Customer Service Department, achieved a milestone in the "Half Ironman Turkey" competition, breaking the record for Azerbaijan.

The full-distance record for Azerbaijan also belongs to Teymur Farajov. He achieved a record result for the full distance in Barcelona, Spain, in October 2024.

### ABB team won the chess competition

The ABB team won the interbank chess competition organized by the Azerbaijan Banks Association together with the Azerbaijan Chess Federation on the occasion of the 101st anniversary of the birth of the National Leader Heydar Aliyev.



### ABB's intellectual team won first place among state institutions and companies

The Republican Committee of the Trade Union of State Administrations and Public Service Workers of Azerbaijan organized the intellectual game "What? Where? When?" dedicated to the World Azerbaijanis' Solidarity Day on December 31.

The team from the talent bank ABB also participated in the competition. Our colleagues emerged victorious, securing first place in a race with 34 teams from various government agencies and companies.

At the award ceremony, the Chairman of the Confederation of Trade Unions of the Republic of Azerbaijan presented the champion trophy, "Honorary Certificate," diplomas, and other prizes to our team members.



### ABB AI Factory project ranked in the top three in the "Intelligence" nomination

IDC (International Data Corporation), a global organization in the field of market research and consulting services, has announced the winners of the annual "IDC Future Enterprise EMEA" (Future Entrepreneurship in Europe, the Middle East, Africa) award for the first time. In its first year, more than 600 organizations from more than 15 sectors from different regions of the world submitted projects to the program. The awards were held in the nominations "Digital Infrastructure", "Business", "Resilience", "Customer Experience", "Trust", "Intelligence", and "Operations". ABB's "ABB AI Factory" project also ranked in the top three in the "Intelligence" nomination.

"ABB AI Factory" is a Big Data, Data Science, and Artificial Intelligence platform that combines more than 15 Open Source technologies. This platform allows the Bank's employees to collaborate and to come up with and manage Artificial Intelligence solutions effectively and quickly. More than 100 machine learning models are running on the ready-made "ABB AI Factory" platform. This

platform was created from scratch by ABB employees.

One of the main criteria when evaluating projects was the creation of an excellent infrastructure based on software, innovations, digital transformation, and the most advanced technologies.

This IDC program gives organizations the opportunity to demonstrate how they are adapting to modern challenges and investing in new technologies in the digital business era. The IDC Future Enterprise EMEA award is a platform designed to develop a digital culture and create a healthy competitive environment in this area. This award motivates companies to build excellent infrastructure, develop customer experiences, and benefit from these experiences by taking advantage of reliable industry ecosystems.

### Equal Opportunities and Diversity

ABB continues to take progressive steps to create equal opportunities, combat discrimination, and engage vulnerable groups, fostering a fair and inclusive work environment. The methodological instructions for regulating recruitment processes apply the principle of evaluating all candidates solely on the basis of their professional experience and competencies, regardless of gender, age, race, religion, nationality, and physical limitations. Additionally, the inclusion of new clauses in the ethical code to combat discrimination is currently under discussion.

In 2024, various initiatives were implemented to strengthen the well-being and psychological health of ABB employees. Through individual meetings, employees' problems were listened to and support was provided to boost their motivation. To provide professional psychological support, cooperation was established with two experienced psychologists. They were provided with individual counseling and stress management services. At the same time, Emotional Intelligence and Well-being trainings were organized to enhance the knowledge and skills of employees on emotional resilience, stress management, and work-

life balance. With these initiatives, ABB continues to create a motivating and supportive work environment by increasing the well-being and satisfaction of its employees in the work environment.

To achieve and control the dynamics within the organization, we create synergy among team members and use modern methodologies. We conduct specialized programs and training sessions. We implement projects that promote professional development, and we emphasize the obligations, rules, fair treatment norms, equal opportunities, and our commitment to a diverse environment that we must all adhere to.

We try to keep our female employees on our team by supporting them after maternity leave. 74% of our female employees returned to work after maternity leave in 2024. Our human resources department consistently strives to instill a sense of value in our employees, believes that our organization deserves recognition, and constantly strives to acquire new skills.

In 2024, ABB also implemented a number of innovative measures to collect, promptly investigate and protect the anonymity of its employees' complaints and suggestions. For this purpose, a Digital Suggestion and Complaint Platform was created. A special "Suggestions and Complaints" section was launched on the bank's intranet page. Here, employees can conveniently and anonymously register their opinions and suggestions. These appeals are immediately forwarded to the appropriate structures, and the confidentiality of personal data is fully protected.

In addition, an Engagement Survey and an EVP Survey were organized to better understand the satisfaction and needs of employees. Through these surveys, employees' opinions were extensively studied, the results were analyzed, a specific action plan was developed, and discussed with management. The implementation of the approved proposals kicked off and the first steps were taken to further improve the working environment. ABB continues to listen to the voices of its employees and take appropriate measures, adhering to the principles of open communication and transparency.

Cadvel 14. Gender distribution of ABB employees

Gender	2022		2023		2024	
	Male	Female	Male	Female	Male	Female
Top management	9	2	9	2	9	2
Middle management	367	81	442	108	525	137
Other categories	1,460	1,177	1,606	1,327	1,702	1,527

## 2.2.3 Governance

### 2.2.3.1 Corporate governance system

At ABB, we view corporate governance as a system of interconnected organizations that ensures adherence to the Bank's strategic directions, accountability, transparency, and integrity principles. Following restructuring and transformation, we continuously enhance our governance system to align with the highest corporate governance standards. Our goal is to ensure robust governance, financial stability, operational efficiency, and to maximize value for our shareholders.

We pay special attention to the alignment of our corporate governance system with both local regulations and best international practices. We have established a structured process to promptly identify and incorporate changes and updates to the corporate governance requirements of local banking legislation into our system. Our corporate governance system is based on the following sources:

- The Law of the Republic of Azerbaijan "On Banks";
- "Corporate Governance Standards in Banks" approved by the Central Bank;
- Recommendations on banking supervision developed by the Basel Committee;
- Other regulatory and legal acts established by the country's legislation.

#### Governance structure of ABB

In 2024, the Management Board has rapidly implemented the process of establishing a number of structures that the Supervisory Board approved in 2024. ABB's governing bodies are fully committed to maintaining the trust and confidence of our stakeholders in ABB. In order to achieve this, we aim to further increase transparency in our communications with them and strengthen relationships.



In recent years, ABB has made certain structural changes to its management system to increase internal efficiency. Following the decision of the Supervisory Board dated November 19, 2022, we have switched to an Agile management model to further develop our management practices. In addition, we have reviewed our functional structure and redesigned it to simplify workflows within similar business processes, achieve greater efficiency, and strengthen internal controls.

2 departments and 3 new tribes have started their operations:

#### Risk Solutions Tribe

The team operates in the area of automation of the loan issuance process. Reducing credit risks while advancing consumer loans, business loans, and mortgage loans is one of our main goals. The establishment of necessary models for managing other risks is expected in the next phase of the functionality of the Risk Solutions area. The establishment and application of collection models in order to increase the efficiency of the loan collection process is also included in our work process.

#### Digital Small Business Tribe

Flexible and digital solutions created within the framework of the Digital Small Business Area, one of the Bank's strategic projects, contribute to the development of small businesses. We offer the most intuitive, reliable, and secure solutions that allow our customers to conveniently manage their daily banking transactions. Our main goals are to increase sales by offering fast and profitable E2E credit products through digital channels, support the development of flexible payment solutions and Small Business customers, and increase service quality and customer satisfaction through the automation of internal bank processes.

#### Corporate and SME Segment Tribes

This newly created area in ABB works to formulate a segmentation strategy for all legal entities and individual entrepreneurs, including Corporate and SME clients, prepare special campaigns and offers for these segments, as well as increase customer loyalty. One of the main goals of the area is to develop sales, cross-selling, and additional sales

approaches aimed at the target customer base, and strengthen customer engagement and activation processes. At the same time, one of the main functions of this area is to develop and implement strategies that will encourage the continuous use of bank products by existing customers.

**Customer Relationship Management Department**

The Customer Relationship Management Department was established to improve the quality of ABB’s customer services and ensure effective relationship management. The department provides primary support services to individuals and legal entities 24/7 via telephone, chat and social networks, organizes and manages the sale of retail lending and other banking products through alternative channels. At the same time, one of the main functions of the department is the prompt processing and response to proposals, applications, and complaints received directly from customers. In addition, the process of recognizing and identifying customers who apply for remote services is also carried out here. The department also contributes to the continuous improvement of the customer experience by implementing measures that support the achievement of the bank’s strategic goals in customer satisfaction.

**Business Loan Analysis Department**

In 2024, a structural change took place in the Corporate Business Department. The Corporate Loan Analysis and Project Finance Analysis departments were transferred to the newly established Business Loan Analysis Department. The Business Loan Analysis Department plays the role of the first line of defense of the bank, carrying out the initial analysis and assessment of loan applications from customers in the small, medium, and micro-entrepreneurship segments, as well as from customers applying within the framework of corporate business and project financing. The main function of the department is to identify credit risks in a timely manner, increase the efficiency of the financing process, and provide services to business customers based on a more flexible and accurate assessment. In addition, one of the directions of activity of the department is the analysis and assessment of loan applications submitted within the framework of public-private partnerships. This approach contributes to the formation of a more healthy and sustainable loan portfolio of the bank and strengthens its risk management strategy.

**Innovation in the ABB’s Corporate Governance structure**

The new positions of “Head of Office” and “Group Audit Director” have been added to the corporate governance structure. Heads of offices, together with their curators, participate in the management of the relevant structures. This position plays an important role in increasing the effectiveness of our management processes, implementing our strategic projects, and in the future development of our Bank, while also contributing to ABB becoming a place of leaders.

**ABB shareholders voted electronically for the first time**

On December 13, 2024, an extraordinary General Meeting of the Shareholders of ABB was held remotely.

At the meeting, ABB’s authorized capital was increased to 1,281,271,392.54 manats using funds obtained as a result of the bank’s public offering of shares. The Bank’s Charter was approved in a new version. In addition, a positive decision was made to consider the issue of establishing a subsidiary innovation company of the Bank.

The meeting held on December 13, 2024, was the first general meeting of the Bank’s shareholders after the public offering of ABB shares.

For the first time in our country, the opportunity to participate in electronic voting on agenda items has been created for ABB shareholders. This new service allows for remote organization of meetings, prompt and timely delivery of notifications and information on agenda items to shareholders, and minimizing the use of paper media.



Table 15. Age diversity in management bodies

Weight in the relevant group %	2022			2023			2024		
	Under 30 years	30-50 years	Over 50 years	Under 30 years	30-50 years	Over 50 years	Under 30 years	30-50 years	Over 50 years
Age ratio of board members	0%	73%	27%	0%	73%	27%	0%	73%	27%
Age ratio of people in middle management	0%	85%	15%	0%	82%	18%	4%	85%	11%
Age ratio of other persons in management positions	7%	83%	10%	6%	84%	10%	5%	84%	11%

**Committees**

The ABB committees are the bodies that link the Supervisory Board with the main functional areas of the Bank and carry out first-level control and analysis of issues within the competence of the Supervisory Board. The Supervisory Board appoints the members of the seven committees and regulates their activities

- **Audit Committee;**
- **Strategy Committee;**
- **Risk Management Committee;**
- **Corporate Governance Committee;**
- **Credit Committee;**
- **Asset and Liability Management Committee;**
- **IT Committee.**

In 2024, the Strategy and Risk Management Committee was dissolved, and based on it, the Risk Management Committee and the Strategy Committee were established. At the same time, the Remuneration Committee was also dissolved while Corporate Governance Committee was established instead.

**Audit Committee**

The Audit Committee is the main body responsible for organizing and conducting audit work in the Bank, as well as supervising the activities of the Internal Audit Department.

**Committee composition**

- **Majid Mammadov**  
*Independent member of the Supervisory Board, Chairman of the Committee*
- **Azad Mammadov**  
*Member of the Committee*
- **Zamig Mammadov**  
*Member of the Committee*

**Main responsibilities of the Committee**

- Organizing the activities of the internal audit department, as well as exercising control over its activities;
- Submitting proposals to the Supervisory Board on the regulations of the internal audit department and expenses related to its activities;
- Approving the job descriptions of the director and employees of the internal audit department;
- Ensuring the issuance of inspection certificates to auditors (inspection group) who will conduct internal audit inspections and monitoring;
- Submitting proposals to the Supervisory Board over recruitment and salary sums, promotion, or dismissal of the director and employees of the internal audit department, as well as their remuneration and disciplinary action;
- Submitting proposals and recommendations to the General Meeting of Shareholders and the Supervisory Board on the results of internal audit inspections and the elimination of deficiencies identified as a result of inspections, as well as on improving internal control systems;
- Reviewing the recommendations made by external and internal audits, as well as other regulatory and supervisory authorities, on the effectiveness of the Bank’s internal control and risk management systems, expressing an opinion on the action plan prepared for the implementation of the recommendations, and obtaining the necessary information from the Management Board in order to monitor its implementation;
- Requiring the external auditor to immediately provide the Committee with information(s) on significant deficiencies, facts, and events identified during the audit;
- Ensuring timely and complete submission of all significant information on the activities of the Bank and its subsidiaries, and bank documents

- to the external auditor in connection with the external audit;
- Monitoring the improvement of the Bank's accounting policy;
- Monitoring the transparency and completeness of the Bank's financial statements, ensuring the compliance of the Bank's activities with the legislation and the requirements of Corporate Governance Standards;
- Submitting internal audit plans to the Central Bank within 10 (ten) business days after their approval;
- Submitting a report on internal audits conducted in the bank during the year to the Central Bank by the end of the next quarter after the end of each calendar year, as well as ensuring the submission of information on individual internal audits upon request of the Central Bank.

**Activities for 2024**

**Improving the activities of the Audit Committee:**

- Conducting self-assessments;
- External assessment of the internal audit function with the involvement of an external audit;
- Reviewing internal regulatory rules and internal models.

**Organizing the work of the Audit Department:**

- Approval of annual audit and training plans;
- Conducting assessment of audit reports;
- Preparation of audit ratings and risk models;
- Implementation of employee recruitment and motivation measures;
- Determining the budget of the Department.

**Relations with the Management Board:**

- Holding meetings with the Management Board, providing information on audit observations;
- Preparing an Action Plan and making recommendations;
- Participation in the management of subsidiaries;
- Participation in the assessment process related to the implementation of strategic goals;
- Participation in the Bank's internal committees;
- Participation in the preparation of budget proposals for structural units.

**External audit:**

- Organized the appointment of an external audit

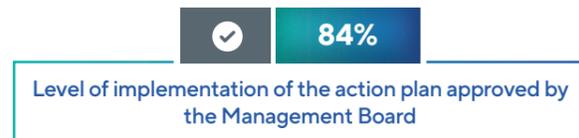
- company and its cooperation with the Bank's internal audit function;
- Held periodic meetings with the external audit company;
- Reviewed audit reports and submitted them to regulatory authorities.

**Reporting to the Supervisory Board:**

- Organized the appointment of an external audit company and its cooperation with the Bank's internal audit function;
- Held periodic meetings with the external audit company;
- Reviewed audit reports and submitted them to regulatory authorities;
- Presented deficiencies in the internal control and risk management system and proposals for their elimination;
- Presented the implementation status of action plans;
- Submitted quarterly reports on the results of external audits;
- Held periodic discussions with the Supervisory Board management on the results of audits.

**Communication of important issues:**

A Number of high-risk observations included in the account submitted to the Supervisory Board



**Strategy Committee**

The main purpose of the Committee is to determine the long-term business and management strategy of the Bank.

**Committee composition**

- Khalid Ahadov**  
Member of the Supervisory Board, Chairman of the Committee

- Majid Mammadov**  
Independent member of the Supervisory Board, Chairman of the Audit Committee, Member of the Committee
- Abbas Ibrahimov**  
Chairman of the Management Board, Member of the Committee
- Nabi Aliyev**  
Deputy Chairman of the Management Board, Chief Financial Officer, Member of the Committee
- Taleh Tahirli**  
Deputy Chairman of the Management Board, Chief Transformation Officer, Member of the Committee

**Main responsibilities of the Committee**

- To evaluate the drafts of the Bank's strategic vision and mission statement prepared by the Management Board;
- To review the priority areas of the Bank's development strategy and submit them to the Supervisory Board for approval;
- To monitor the compliance of the risks taken with the Bank's strategy;
- To prepare proposals to the Supervisory Board on improving the strategy;
- To report to the Supervisory Board on the results of the Committee meetings in accordance with the procedure established by law;
- To evaluate the overall strategy of the Bank at least once a year (and immediately if necessary);
- To monitor the compliance of the Bank's performance results with the adopted strategy;
- To perform other duties arising from legislation and internal bank legal acts.

**Activities for 2024**

**During the meeting, the following issues were considered:**

- Establishment of a subsidiary innovation company;
- On the digital small business project;
- Share issue;
- Opportunities for market entry into the banking sector of the Republic of Uzbekistan;
- Approval of the operational plan;
- On the implementation of strategic initiatives.

**Risk Management Committee**

The main objective of the Committee is to enhance the effectiveness of risk management and

strengthen control over the risks prevalent across the Bank.

**Committee composition**

- Khalid Ahadov**  
Member of the Supervisory Board, Chairman of the Committee
- Rufat Alimardanov**  
Member of the Supervisory Board, Member of the Committee
- Majid Mammadov**  
Independent member of the Supervisory Board, Chairman of the Audit Committee, Member of the Committee

**Main responsibilities of the Committee**

- To make proposals to the Supervisory Board on the bank's current and future risk appetite for aggregate and individual risk types;
- To monitor the availability of procedures ensuring the compliance of the bank's activities with the risk management policy;
- To monitor the compliance of the bank's targets for capital and liquidity management, as well as all risks specific to the Bank, including credit, market, operational, reputation, and other risks, with the bank's risk appetite;
- To select appropriate methods and tools for identifying and assessing risks and determine the frequency of their implementation;
- Analyzing the results obtained from the application of the adopted methods and models, issue relevant instructions to the structural unit responsible for risk management of the Bank regarding the implementation of measures such as risk acceptance, mitigation, share, as well as risk avoidance for effective risk management;
- Prepare a report on the status of the risks to which the Bank is exposed and the effectiveness of the risk management system and submit it to the Supervisory Board;
- Develop proposals to the Supervisory Board on improving the risk management system;
- Review the emergency plan together with the Management Board and submit it to the Supervisory Board;
- Assess the current status of the risk culture and take measures to strengthen it, as well as report to the Supervisory Board on the current status of the risk culture once every year;
- Review risk limits and changes to them and submit them to the Supervisory Board for approval;

- Monitor the compliance of all financial services and products offered to customers with the bank’s business model and risk strategy, assess the risks associated with them, taking into account the prices and profitability of the offered products and services;
- Cooperate with the Bank’s Chief Risk Officer, as well as review and evaluate its activities on an annual basis;
- Review the information provided by the relevant structural units on the assessment of the compliance of new products, services, and projects with the bank’s strategy;
- Make a presentation to the Supervisory Board on the appointment of the head of the structural unit responsible for risk management of the Bank, as well as the head of the structural unit implementing the compliance function;
- Report to the Supervisory Board on the results of the Committee meetings in accordance with the procedure established by law;
- Monitor the implementation of the risk appetite declaration by the Management Board in the Bank;
- Review the Bank’s current risk profile, current status of risk culture, risk appetite and use of risk limits, cases of breaching risk limits and risk mitigation measures, as well as reports submitted by the Chief Risk Officer and relevant structural units, as well as reports submitted by the Management Board;
- At least once a year (and immediately if required) jointly with the Corporate Governance Committee to assess the effectiveness of the remuneration system;
- Review the risk management policy, rules, contingency plan, and risk appetite declaration on an annual basis and submit draft documents to the Supervisory Board if changes are necessary;
- Make proposals to the Supervisory Board on risk mitigation or adjustment of risk limits to market conditions in case of breaching risk limits set for risk indicators;
- Review the results of stress tests carried out by the Bank’s risk management unit at least once every 6 (six) months and submit them to the Supervisory Board;
- Review proposals for improving the risk management system by the Chief Risk Officer and issue relevant instructions;
- Ensure compliance of the Bank’s operations with the legislation, decisions of the Financial Market Supervisory Authority, and requirements of internal bank policy;
- Perform other duties arising from legislation and internal bank legal acts.

**Activities for 2024**

During the meeting, the following issues were considered:

- Stress test results, liquidity management action plan;
- Cross-check results of internal scoring for consumer lending and internal rating models for business loans;
- Review of the “Risk Appetite Statement” and the limits system, making amendments and additions;
- Information security risks within ABB mobile and proposed measures to reduce them;
- Survey on measuring risk culture;
- Review of Risk Dashboard;
- Annual report on the actions implemented within the scope of financial monitoring and compliance activities;
- Reports on the alignment of new products or services with the Bank’s strategy and their impact on the Bank’s risk profile;
- Satisfaction survey on the activities of the Risk Management Department.

**Credit Committee**

The Credit Committee plays the role of the main decision-making body in the field of approving loans, determining loan terms, reviewing the Bank’s credit policy, reducing risks, and controlling the diversification of the loan portfolio.

**Committee composition**

“ABB” OJSC Large Credit Committee:

- **Abbas Ibrahimov**  
*Chairman of the Management Board, Chairman of the Committee*
- **Ilham Habibullayev**  
*First Deputy Chairman of the Management Board, Member of the Committee*
- **Agshin Amirov**  
*Deputy Chairman of the Management Board, Chief Risk Officer, Member of the Committee*
- **Elmir Habibullayev**  
*Deputy Chairman of the Management Board, Member of the Committee*
- **Nabi Aliyev**  
*Deputy Chairman of the Management Board, Chief Financial Officer, Member of the Committee*
- **Nargizkhanim Bilenderli**  
*Managing Director, Member of the Committee*
- **Fariz Rahimov**  
*Head of Office, Member of the Committee*

“ABB” OJSC Medium Credit Committee:

- **Nabi Aliyev**  
*Deputy Chairman of the Management Board, Chief Financial Officer, Member of the Committee*
- **Fuad Islamov**  
*Managing Director, Member of the Committee*
- **Nargizkhanim Bilenderli**  
*Managing Director, Member of the Committee*
- **Fariz Rahimov**  
*Head of Office, Member of the Committee*
- **Ulvi Gasimov**  
*Head of Office, Committee Member*

“ABB” OJSC Small Credit Committee:

- **Ulvi Gasimov**  
*Head of Office, Committee Chairman*
- **Fariz Rahimov**  
*Head of Office, Member of the Committee*
- **Rufat Abbasov**  
*Head of Mortgage Tribe, Committee Member*

<b>Large Credit Committee</b>
Approval of loan applications in the range of 2 000 001 – 10 000 000 AZN
<b>Medium Credit Committee</b>
Approval of loan applications in the range of 350 001 – 2 000 000 AZN
<b>Small Credit Committee</b>
Approval of loan applications up to 350 000 AZN

**The main tasks of the Committee**

- To review and submit to the Supervisory Board for approval the Bank’s credit policy;
- To approve the granting of loans and taking out credit obligations, changing and restructuring their terms, as well as the cancellation of collateral (mortgage, pledge, surety, etc.) on customers’ credit obligations;
- To approve monitoring acts and a plan of measures for identified deficiencies by discussing the obligations of borrowers to the Bank and the results of monitoring conducted on the general credit portfolio;
- To ensure that credit conditions do not contradict the regulatory acts of the Financial Market Supervisory Authority;
- To determine the frameworks for lending

- to various types of activities and areas and ensure their application;
- To monitor compliance with the diversification of the credit portfolio in order to prevent concentration risk in the portfolio;
- To determine the interest rates of loans and guarantees (within the framework of those limits, if applicable);
- To monitor the regular revaluation of collateral;
- Require additional collateral when necessary during the revaluation of property pledged for loans;
- Ensure compliance with the powers and procedures for granting loans;
- Monitor the implementation of all measures taken to repay loans;
- Review loan orders;
- Review regulatory documents prepared by structural units for the approval, classification, timely and full repayment of all loans in accordance with the regulatory acts adopted by the Financial Markets Supervisory Authority and submit them to the Supervisory Board for approval;
- Review the implementation of covenants specified in the loan agreement concluded with the borrower.

**Activities for 2024**

The issuance of loans and acceptance of loan obligations, as well as the modification and restructuring of their terms, were approved.

- The timely repayment of loans was monitored at the portfolio level;
- The compliance of loan terms with the Central Bank’s regulations was ensured;
- Compliance with the requirements for diversification of the loan portfolio was monitored to prevent concentrated portfolio risk;
- The implementation of all measures taken in connection with the acceptance of loan payments in 2024 was monitored.

**Assets and Liabilities Management Committee**

The Asset and Liability Management Committee makes important decisions regarding market and currency limits, regularly monitors the Bank’s cash and non-cash liquidity, and manages risks related to interest rate-sensitive assets and liabilities.

**Committee composition**

- **Nabi Aliyev**  
*Deputy Chairman of the Management Board, Chief Financial Officer, Member of the Committee*
- **Elmir Habibullayev**  
*Deputy Chairman of the Management Board, Member of the Committee*
- **Agshin Amirov**  
*Deputy Chairman of the Management Board, Member of the Committee*
- **Vasif Ahmadov**  
*Deputy Chairman of the Management Board, Member of the Committee*
- **Fuad Islamov**  
*Managing Director, Member of the Committee*
- **Nargizkhanim Bilenderli**  
*Managing Director, Member of the Committee*
- **Kamran Huseynov**  
*Director of the Central Treasury Department, Member of the Committee*

**Main responsibilities of the Committee**

- To determine market and currency limits within the limits approved by the Supervisory Board based on the recommendations of the Strategy Committee and the Risk Management Committee;
- To ensure compliance with the legislation on relevant areas and tasks of risk management within the powers of the Committee;
- To regularly monitor the state of the Bank's cash and non-cash liquidity, and to approve the relevant limits in this regard;
- Make decisions on risk management related to interest rate-sensitive assets and liabilities;
- Submit information required by law to the Supervisory Board for consideration.

**Activities for 2024**

The target profitability of the investment portfolio, the distribution of assets in sub-portfolios by type and currency, as well as the limits of the share of assets in the current and target portfolios have been determined.

- Decisions were made on operations within limits in the currency, money, and securities markets;
- The current liquidity situation of the Bank was discussed in the context of the new mandatory reserve and "LCR" (Liquidity Coverage Ratio) rules;

- Measures for liquidity management and elimination of consequences in emergencies were determined, and decisions were promptly communicated to the relevant structural units;
- FTP (Funds Transfer Pricing) rates were approved;
- Syndicated credit limits for foreign banks were determined.

**Information Technology Committee**

The Information Technology Committee plays an important role in the development of digitalization and automation in the Bank's internal processes. It is responsible for the formation of the overall IT strategy and ensuring its effective implementation.

**Committee composition**

- **Nihat Shenyuva**  
*Managing Director - Chief Information Officer, Chairperson of the Committee*
- **Mayya Dursunova**  
*Head of Data Tribe, Member of the Committee*
- **Samir Aghamaliyev**  
*Head of Enterprise Wide Systems Tribe, Member of the Committee*
- **Fariz Rahimov**  
*Head of Office, Member of the Committee*
- **Rustam Rustamli**  
*Director of Information Security Department*

**Main responsibilities of the Committee**

- In accordance with the Bank's Strategy, to prepare initiatives in the field of IT and IT security, to submit them to the Supervisory Board for consideration and, if necessary, to submit proposals to the Supervisory Board for consideration of these initiatives;
- Control over the execution of the budget after the IT budget is approved by the Bank;
- Ensuring uninterrupted operation and monitoring of all automated systems of the Bank;
- Ensuring the preparation of all relevant regulations, current and emergency procedures, and operational plans in the field of information technology;
- Ensuring the preparation of a "Contingency Plan" to create adequate backup copies (sample backup copies) of accounting records and management information system data;

- Monitoring the implementation of appropriate training to ensure that bank employees are highly digitally literate;
- Monitoring security and administrative technologies related to IT projects and procedures

**Activities for 2024**

Developed and revised strategic initiatives in the field of IT and IT security based on the Bank's Strategy for submission to the Supervisory Board.

- Supervised the implementation of the IT budget after the budget was approved;
- Ensured the flawless and uninterrupted operation of all automated systems of the Bank;
- Ensured the preparation of all relevant information technology regulations, current and emergency procedures, and operational plans;
- Supervised the conduct of relevant training to ensure that the Bank's employees are highly digitally literate;
- Supervised security and administrative technology issues related to IT projects and procedures.

**Corporate Governance Committee**

The main objective of the Committee is to form and improve the reward mechanism in order to retain and motivate qualified and professional employees who ensure the implementation of the Bank's strategic and business goals, stimulate their career opportunities and personal development, as well as to provide proposals to the Supervisory Board on the management and improvement of the Bank's organizational and management structure.

**Committee composition**

- **Emin Huseynov**  
*Member of the Supervisory Board, Chairman of the Committee*
- **Khalid Ahadov**  
*Member of the Supervisory Board, Member of the Committee*
- **Rufat Alimardanov**  
*Independent member of the Supervisory Board, Member of the Committee*

**Main responsibilities of the Committee**

- To monitor the compliance of the Bank's organizational and management structure with the requirements of the legislation, to inform the Supervisory Board about the identified inconsistencies and their causes, as well as to make proposals to the Supervisory Board on their elimination, improvement of corporate governance and application of changes in the legislation;
- To ensure the timely disclosure and integrity of information to be disclosed to the public regarding the Bank's corporate governance;
- To prepare and submit the Bank's remuneration policy to the Supervisory Board for approval, as well as to take measures to regularly improve it;
- Ensure that the remuneration policy is consistent with the Bank's risk management policy and risk appetite and is based on long-term performance results, is directed towards achieving strategic goals, does not serve the Bank to generate short-term income by taking long-term risks, does not allow conflicts of interest, and complies with the principles that the remuneration of employees and members of the management bodies of the Bank does not depend on rewards;
- Ensure the assessment of the implementation of key performance indicators for employees that fall under a special category;
- Review the impact of internal and external events on the Bank's remuneration policy and process;
- Determine the remuneration of the Corporate Secretary;
- Exercise general control over the remuneration process;
- Assess the effectiveness of the remuneration system together with the Risk Management Committee at least once a year;
- Submit proposals on the size of remuneration to the Supervisory Board;
- Provide recommendations and opinions on new and potential candidates for membership of the Supervisory Board, its Committees, and the Management Board;
- To supervise the process of formation of personnel reserve for the Supervisory Board, its Committees, and the Management Board;
- To determine the criteria for appointment, duties, and remuneration of independent members of the Supervisory Board committees;
- To submit a report to the Supervisory Board of the Bank in accordance with the procedure established by law.

Activities for 2024

During the meeting, the following issues were considered:

- Assessment of the effectiveness of the existing remuneration mechanism of "ABB" OJSC;
- On amendments to the "Remuneration Policy" of "ABB" OJSC;
- On amendments to the "Remuneration Rules" of "ABB" OJSC;

- On the current situation regarding the implementation of "Corporate Governance Standards in Banks" in "ABB" OJSC;
- On the re-appointment of Vasif Eldar oghu Ahmadov as a member of the Management Board of "ABB" OJSC for the next 3 years.

Table 17. Committee meetings held in 2024

Committees	Number of meetings planned	Meetings held
Strategy and Risk Management Committee (including the Strategy Committee and the Risk Management Committee)	4	7
Corporate Governance Committee	1	1
Audit Committee	4	29
Large Credit Committee	52	108
Medium Credit Committee	52	111
Small Credit Committee	52	184
Assets and Liabilities Management Committee	52	224
Information Technology Committee	12	35

Remuneration system

The reward system is determined by the ABB Remuneration Policy. The Policy is developed in accordance with the Labor Code of the Republic of Azerbaijan. Taking into account the best international practices, the Policy promotes a modern corporate culture and healthy competition among employees. The reward policy is assessed once a year by the Corporate Governance Committee, Strategy Committee, and Risk Management Committee. During the assessment, the compliance of the payment and reward system with the Bank's strategy is verified. The main objectives of the reward system are as follows:

- Alignment of the Bank's strategic and business goals with the individual goals of employees;
- Attracting, retaining, and motivating qualified and talented employees;
- Creating a suitable environment for the personal and professional development of employees.

Table 18. Key participants in the remuneration policy



<b>Supervisory Board</b>	<ul style="list-style-type: none"> <li>• Considers proposals submitted by internal committees and structural divisions on improving remuneration and labor remuneration in the Bank and makes appropriate decisions;</li> <li>• Determines measurement parameters for evaluating the activities of the Chairman and members of the Audit Committee of the Bank, as well as members of the Management Board, as well as persons serving as the Managing Director;</li> <li>• Regularly analyzes and approves regulatory documents regulating the remuneration mechanism in the Bank;</li> </ul>
<b>Corporate Governance Committee</b>	<ul style="list-style-type: none"> <li>• Prepares and submits the Bank's remuneration policy to the Supervisory Board for approval, as well as takes measures to regularly improve it;</li> <li>• Ensures that the remuneration policy is consistent with the Bank's risk management policy and risk appetite and is based on long-term performance results, is directed at achieving strategic goals, does not serve the Bank to generate short-term income by taking long-term risks, does not allow conflicts of interest, and complies with the principles that the remuneration of employees and members of the Bank's management bodies does not depend on rewards;</li> <li>• Ensures the assessment of the implementation of key performance indicators for employees belonging to a special category;</li> <li>• Considers the impact of internal and external events on the Bank's remuneration policy and process;</li> <li>• Determines the remuneration of the Corporate Secretary;</li> <li>• Exercises general control over the remuneration process;</li> <li>• Evaluates the effectiveness of the remuneration system in conjunction with the Risk Management Committee at least once a year;</li> <li>• Submits proposals on the size of remuneration to the Supervisory Board;</li> </ul>
<b>Management Board</b>	<ul style="list-style-type: none"> <li>• Keeps records of payments on the components of the total income of the staff, and implements them;</li> <li>• Participates in the improvement of the variable part of the total income of the bank's employees;</li> <li>• Performs the calculation of key performance indicators ("KPI") that allow for the assessment of performance;</li> </ul>
<b>Financial Management Department</b>	<ul style="list-style-type: none"> <li>• Provides the relevant management bodies of the Bank with objective and detailed information for the implementation of the award;</li> <li>• Prepares proposals for stimulating the activities of the Bank's employees;</li> <li>• Prepares and implements a job evaluation system;</li> <li>• Prepares proposals for improving the components of the total income of the staff by conducting regular monitoring of current trends in the labor market;</li> <li>• Organizes the annual assessment of the performance of the Bank's employees;</li> <li>• Analyzes changes in the corporate behavior of the awarded employees;</li> </ul>
<b>Human Resources Management Department</b>	<ul style="list-style-type: none"> <li>• Controls the remuneration process;</li> <li>• Organizes the development of the Bank's remuneration policy and its improvement;</li> <li>• At least once a year, along with the risk management committee, assesses the compliance of the remuneration system with the Bank's strategy, the scale and nature of the operations carried out, the results of its activities, and the level of risks taken;</li> <li>• Submits information on the assessment results to the Supervisory Board for the purpose of making appropriate decisions;</li> <li>• Makes proposals to the Supervisory Board on the total amount of remuneration.</li> </ul>

### Remuneration tools and mechanisms

The Bank’s reward structure consists of fixed rewards to attract talented and qualified individuals and variable rewards to achieve corporate goals and motivate employees for future development. Fixed income includes salary and related additional payments. Variable rewards are formed based on bonuses and annual rewards based on the assessment of performance results.

Depending on the functions of employees and Key Performance Indicators (KPIs), we conduct monthly, quarterly, and annual assessments. 869 employees (487 men, 382 women) were regularly assessed for performance and career development in 2024. This indicator increased by 265% compared to the previous year. The increase is due to the bank’s coverage of a wider circle of employees and the improvement of performance assessment processes. In order to fairly assess and reward each employee, the Remuneration Policy takes into account both qualitative and quantitative criteria. The Remuneration Policy applies to all employees, including the Bank’s executive management. The annual remuneration for the members of the Supervisory Board,

Audit Committee, and Management Board (including Chairmen) is determined by the General Meeting of Shareholders. In order to ensure appropriate and fair remuneration for the members of the Management Board and Managing Directors, we apply additional assessment parameters in addition to the general criteria applicable to all employees. The following prudential indicators must meet the relevant regulatory requirements at the date of the decision on remuneration:

- Minimum amount of total capital;
- Capital adequacy ratio;
- Special reserves created for assets.

While determining remuneration for performance categories, we take into account the Bank’s operating results and the ratio of non-performing assets to total assets determined by the Regulator for the banking sector. Our remuneration system offers competitive remuneration for all employee categories with minor adjustments based on performance results. ABB’s remuneration mechanism is regularly reviewed and improved to minimize inequalities and ensure maximum transparency and fairness.

Table 19. The ratio of the minimum wage level in the bank to the minimum wage in the country

Years	2022		2023		2024	
	Male	Female	Male	Female	Male	Female
Gender						
Ratio	10.6	1.3	1.65	1.45	1.7	1.6

### Compliance and financial monitoring system

As ABB, we attach particular importance to a compliance and functional financial monitoring system to ensure that our procedures are built in accordance with legislation and best practices. Compliance is a de facto criterion for our performance and we take this issue seriously. At the same time, we are increasing our capacity to comply with regulatory rules.

We know that our stakeholders expect banking to be reliable, which is why we attach great importance to combating financial crimes, corruption, and threats to data privacy.

As part of the Development Strategy for 2023-2025, we have strengthened the functions of the Financial Monitoring and Compliance Department, in particular its

functions for managing protocols against the legalization of property obtained through criminal means. In addition, we regularly update our internal policies to maintain our commitment to these important areas.

ABB’s financial monitoring and compliance system focuses mainly on the following three issues:

- Compliance risk management;
- Anti-Money Laundering and Countering the Financing of Terrorism (AML/CFT);
- Foreign Account Tax Compliance Act (FATCA) and Common Reporting Standard (CRS).

Compliance	AML/CFT	FATCA and CRS
Compliance policy	Law of the Republic of Azerbaijan “On Combating the Legalization of Property Obtained by Crime and the Financing of Terrorism”	Self-assessment questionnaire for determining tax residency of legal entities and individuals
Rules on the use of insider information	“Know Your Customer” policy in the field of AML/CTF	Training and internal instructions on FATCA-CRS processes
Conflict of Interest Management Policy	Rules on customer identification and verification as part of customer due diligence measures	W-9 /W-8BEN/W8BEN-E forms – forms confirming US taxpayer status
Code of Ethics	Rules for determining the risk levels of customers in the field of AML/CTF	Identification rules for accounts of foreign legal entities and individuals
Anti-corruption policy	Rules for submitting information and documents to the Financial Monitoring Service of the Republic of Azerbaijan	Rules for opening, maintaining, and closing an account
Methodological instructions on the collection, registration, and control of data on persons related to the bank and the conduct of transactions	Methodological instructions on the organization and conduct of work with advance payments made by customers	Centralized authorization for opening accounts for foreign individuals
Whistleblowing policy for submitting, receiving, and investigating information on violations of the requirements of legislation and internal bank regulatory documents	Methodological guidelines for identifying and analyzing unusual transactions in the field of AML/CTF	-
Methodological instructions on the collection, registration, and control of data on persons related to the bank and the conduct of transactions	Methodological instructions for checking and approving transfers abroad and receipts from abroad	-
Methodological guidelines for conducting compliance assessment	-	-

In general, compliance with applicable legislation and internal policies is ensured by the Financial Monitoring and Compliance Department through the following activities:

- Review of new or modified banking products in relation to compliance issues;
- Development of regulatory documents;
- Analysis of potential partnerships and customer relationships in relation to compliance issues;
- Regular review of internal market regulations in terms of compliance with the requirements of the financial market regulator;
- Regular analysis of changes in legislation, as well as the adaptation of internal regulations and standards;

- Development and monitoring of processes in accordance with the requirements of relevant authorities and international standards.

### Innovations in the compliance field in 2024

We paid great attention to improving the mechanisms for efficient and centralized processing, monitoring, updating, and storing the customer data. In 2024, we also significantly reduced errors and optimized overall operations. These measures contributed to a more convenient and effective banking experience for customers. The Bank's commitment to continuous improvement and comprehensive attention create a solid foundation for greater success.

A number of significant measures were implemented in the field of Monitoring Operations and Risk Management during 2024. Compliance with internal bank rules and legislation in the areas of AML/CFT, international sanctions, compliance risk management, FATCA/CRS, currency regime, and non-cash settlements was ensured. The process of detecting suspicious transactions and submitting relevant reports to the Financial Monitoring Service of the Republic of Azerbaijan was strengthened. Monitoring of illegal entrepreneurial activity and transactions in high-risk zones was carried out more intensively.

Serious steps have also been taken in the field of information exchange and accountability. As part of customer compliance measures, questionnaire information of legal entities and individuals has been updated. Reports that meet international requirements have been prepared in accordance with FATCA-CRS procedures.

In the field of sanctions and risk analysis, sanction lists for transactions carried out with sanctioned territories were checked in real-time, and risky transactions were suspended. Negotiations were held with correspondent banks in order to minimize sanction risks and new control mechanisms were applied.

Important measures have been taken to assess and manage customer risk levels. New indicators have been applied in the Siron AML system in order to detect and stop suspicious transactions.

Serious achievements have also been achieved in the field of optimization and digitalization of internal bank processes. A single platform for customer compliance has been launched, and control measures have been increased in accordance with the risk level. As part of monitoring foreign advance transfers, the control process for the import of goods or services under the import contract for two years has been fully automated through RPA (Robotic Process Automation). At the request of the Central Bank, control over import-export operations has been strengthened.

Within the framework of trainings and exchange of experiences, in order to increase the knowledge level of employees, awareness was raised on the topics of

analysis of unusual transactions in the field of AML/CFT and compliance, customer compliance and verification, identification of beneficial owners, grading of customer risks, investigation of complex and unclear transactions, management of compliance and sanctions risks, as well as AML/CFT risks and mitigation measures. In the trainings on import-export and financial transactions, advance transfers, documentation process, information exchange with correspondent banks, SWIFT payments, and control mechanisms for transfers related to the military-defense sector were explained. In the trainings on international sanctions, the impact and implementation of OFAC, EU, and UK sanctions, and the management of sanctions risks with foreign banks were discussed. Technological and automation solutions included improving financial control systems through RPA, implementing new indicators in the Siron AML system and managing customer data, FATCA-CRS requirements, corporate governance, and ethical standards, and providing information on anti-corruption, internal control measures, bank secrecy, and confidentiality requirements.

At the same time, participation in seminars and meetings organized by the Central Bank and international organizations was ensured, and training on international sanctions was attended. Business trips were organized with leading banks in Turkey and experience exchange on compliance and AML/CFT was carried out.

Work continued on improving regulatory documents. Changes were made to the bank's internal regulatory documents and business processes in accordance with the new requirements of the Central Bank.

### AML/CFT

The risks of the legalization of property and financing of terrorism (ALC/CFT) have a significant impact on the reputation of financial institutions and indicators of the national economy. At ABB, we are improving our internal control system for AML/CFT to ensure the integrity, reputation, and stability of our country's banking system as a whole. Our AML/CFT monitoring and management system is based on relevant laws, regulations, and international standards:

- Legislation of the Republic of Azerbaijan on AML/CFT;
- Law of the Republic of Azerbaijan "On Combating the Legalization of Criminally Acquired Property and the Financing of Terrorism" (2023);
- Law of the Republic of Azerbaijan on Targeted Financial Sanctions (2023);
- FATF Recommendations;
- Basel Committee Core Principles for Effective Banking Supervision;
- Wolfsberg Group Money Laundering Principles.

We carry out identification and verification measures before establishing business relationships with clients.

In order to timely identify suspicious transactions and prevent the involvement of the ABB in illegal transactions, we conduct a thorough examination of the documents and information provided by clients or beneficiaries. In addition, we sometimes request additional information based on the "Know Your Customer" (KYC) principle. We do not establish business relationships with financial institutions that do not have appropriate AML/CFT procedures or an office in the places where they operate. In 2024, AML/CFT training was conducted with a program consisting of eight courses approved by the Chairman of the Management Board of ABB.

### FATCA-CRS

The Government of the Republic of Azerbaijan actively supports international tax initiatives, and intergovernmental agreements through the mutual exchange of information on bank accounts and financial transactions, and ensuring compliance and tax transparency based on international standards. In accordance with the requirements of the relevant International Agreements, reports on FATCA have been submitted to the tax authorities of the relevant countries on an annual basis through the State Tax Service since 2014, and on CRS since 2017.

In order to provide reports, other important information on residency status, tax, address, ID, business activity, and profile based on the "Know Your Customer" policy is obtained through the Self-Assessment Form, as well as forms W-8BEN (non-US individuals with US residency status), W-8BEN-E (all companies), and W9 (US individuals) to be filled out by clients and entered into the client profile.

Based on the "Know Your Customer" policy and the internal risk approach, the process of establishing business relationships with high-risk customers has been centralized in order to mitigate AML/CFT and sanctions risks. Currently, the opening of accounts for all financial institutions, legal entities, and non-resident individuals is being approved by the Compliance structure.



A significant increase was observed in the number of AML/CFT trainings conducted in 2024. One of the main reasons for this increase is the mandatory appointment of trainings for all employees, regardless of their field of activity, and the systematic management of this process. At the same time, sending notifications to employees who did not participate in the trainings about the restriction of access to work computers also increased the effectiveness of this process. As a result of this approach, the interest and level of participation of employees in the trainings increased, contributing to the development of their knowledge and skills.

The trainings were conducted in the following organizational structures of the Bank:

- The Bank's management (Chairman and members of the Management Board, Managing Directors, Head of the Office of the Chairman of the Management Board);
- All employees of customer service structures (except for employees of the Bank's support department);
- All employees of the Head Office (except for employees of the Administrative Management Department working as drivers and janitors).

The appointment of training for employees across all positions, regardless of their line of work, and notifications about the restriction of access to work computers for employees who do not participate in these trainings have yielded positive results.

In the coming years, we aim to expand the number of training programs and involve more employees in our compliance training to ensure that each employee understands the Bank's operating standards and complies with all applicable policies in the performance of their daily duties.

## Internal and external audit

### Internal audit

As part of our revised digital strategy, Internal Audit provides assurance services by conducting an independent and objective assessment of risk management, control mechanisms, and management processes, as well as consulting services to improve processes in these areas and increase efficiency.

The goal of the Internal Audit Department is to provide independent, objective audit services to add value and develop the Bank's activities. The mission of internal audit is to increase and protect organizational

value. The last independent external assessment of the Bank's internal audit activity was conducted by KPMG. According to the assessment results, it received a rating of "Fully Compliant" with the standards. Internal audit procedures are carried out by the Internal Audit Department in accordance with the annual internal audit plan approved by the Committee and are based on a risk-based approach. In this way, it supports the protection of assets and ensures a healthy ecosystem within the Bank.

In 2024, internal audits covered the activities of various functional areas. These include:

- Adequacy of internal control mechanisms;
- Effectiveness of the management and risk management system;
- Compliance of new processes, operations, and systems with quality standards;
- Reliability and accuracy of financial;
- Activities of subsidiaries.

Reports reflecting the risks identified based on the results of 110 internal audits conducted in 2024 were submitted to the Management Board, Audit Committee, and Supervisory Board. We plan to continue improving the audit function by implementing new and innovative solutions in the future.

### External audit

In accordance with our mission to serve as a reliable partner for our stakeholders, we constantly reflect our values of transparency and reliability in our activities. We engage an independent auditor to audit the Bank's financial statements in accordance with local and international standards. The external auditor is selected once every three years through an open tender. EY was the independent auditor of the ABB for the reporting years 2022, 2023, and 2024. It is currently the Bank's external auditor.

The external auditor must meet relevant audit, ethical, professional, and regulatory requirements. We ensure the effectiveness and quality of the external audit by implementing the following measures:

- Assessing the objectivity, independence, and professional judgment of the audit firm;
- Assessing the professionalism and quality of the external audit team;
- Establishing regular communication between the Audit Committee and the external auditors;
- Conducting an annual assessment of the external auditors by reviewing audit presentations and communications;
- Reviewing issues to be addressed in accordance with the audit plan.

In recent years, we have observed a tightening of local regulations regarding mandatory reporting requirements. Moreover, regulatory reporting norms imply deadlines for activities in accordance with local legislation and stakeholder expectations. This encourages the development of our internal reporting mechanisms and corporate governance system.

### Investor and shareholder relations

Investors and shareholders have a significant impact on the Bank's corporate governance, long-term development, and organizational integrity. Our interaction with shareholders is guided by four main principles:

#### Legislation

Organization and implementation of the process of calculating, paying (declaring) dividends in accordance with the current legislation, as well as other regulatory acts adopted in accordance with the legislation

#### Transparency

Establishing a transparent mechanism for calculating, paying (declaring) dividends, as well as implementing the Policy in general

#### Fairness

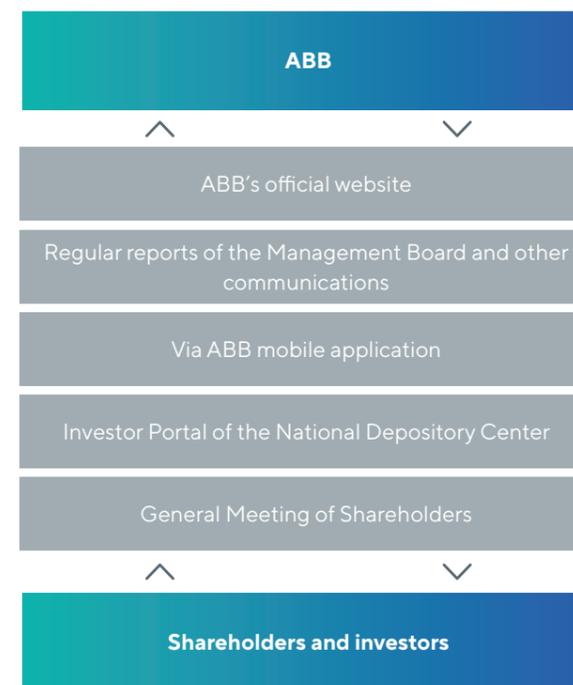
Providing all shareholders with equal rights within the framework of the legislation of the Republic of Azerbaijan to obtain information on the calculation, amount, and payment rules of dividends, achieving optimal alignment of the interests of the Bank and its shareholders

#### Sustainable development

Regular updating of the Policy and its revision in case of changes in the Bank's strategic goals, as well as the need to increase the Bank's investment attractiveness, capitalization, and profitability.



### Communication channels with investors and shareholders



### Shareholders' Rights

In the structure of the Bank's Authorized Capital, the state's shares in ABB account for 92.2%. ABB strives to protect the rights of its shareholders and proactively address potential risks. Below we provide detailed information about the main rights of our shareholders:

1. To participate in the management of the Bank in accordance with the legislation of the Republic of Azerbaijan and the Charter of the Bank;
2. To receive information on the Bank's activities, to familiarize yourself with its annual report and financial statements once a year;
3. To demand the convening of the General Meeting of Shareholders;
4. To demand changes to the agenda of the General Meeting of Shareholders and the addition of new discussion topics to the agenda;
5. To participate in the General Meeting of Shareholders with the right to vote and to request a copy of its minutes;
6. To request relevant opinions and reports to monitor the Bank's activities;
7. To receive dividends from the Bank's net profit;
8. To receive a certain part of the Bank's remaining property in the event of termination of the Bank's activities;
9. To participate in the process of selling the Bank's shares;

10. To have other rights stipulated by the legislation of the Republic of Azerbaijan and the Charter of the Bank

### Payment of dividends

ABB pays great attention to transparency and strengthening inclusiveness in the calculation and distribution of dividends. In order to maintain a fair balance between the Bank and its shareholders, a "Dividend Policy" was developed in 2019 and approved by the Supervisory Board. This Policy is drawn up in accordance with the Civil Code of the Republic of Azerbaijan, the Tax Code, the Law of the Republic of Azerbaijan "On Banks", the "Corporate Governance Standards in Banks" of the Financial Markets Supervision Chamber of the Republic of Azerbaijan and other legal acts. Compliance with the Policy strengthens strong, harmonious relations between the Bank and its shareholders. The ABB ensures that all shareholders receive their dividends in accordance with the applicable legislation.

According to the "Dividend Policy", the Bank retains the flexibility to pay dividends on an "interim (quarterly, semi-annual)" or annual basis, depending on financial results.

Dividends are paid to the Bank's shareholders on the following legal basis:

- The presence of net income determined by the Bank's financial statements prepared in accordance with the legislation;
- The absence of restrictions on dividend payment provided for in the legislation and the "Dividend Policy";
- Recommendations made by the Supervisory Board to the General Meeting of Shareholders on the amount of dividend payment;
- Changes in the composition of shareholders do not affect the implementation of the decision on dividend payment within the period and in the manner established by the legislation;
- Adoption of an official decision on dividend payments by the General Meeting of Shareholders.

However,

- If the value of the Bank's net assets is less than the amount of its authorized capital or will be less as a result of the payment of dividends, the Bank may not declare and pay dividends.
- After the restrictions on the payment of dividends are removed, the Bank may pay dividends from net profit for a certain period of time.

Following the decision of the Annual General Meeting of Shareholders on May 27, 2024, the Bank declared a dividend of AZN 185 million. The dividend per share was set at AZN 0.04. We are committed to diligently implementing our strategy, reducing costs, maintaining a strong capital position, and continuously increasing dividend payments to our shareholders.

**Risk Management**

The ABB places particular emphasis on a risk management framework to proactively manage and mitigate risks. The process encompasses the identification, assessment, response, monitoring, and reporting of risks, aligned with the ABB Risk Management Policy and guided by the "Three Lines of Defense" model.

**Table 20.** Participants of the lines of defense under the current organizational structure of "ABB"



The main steps in ABB's risk management are:

- 1. Identification:** Identifying potential risks that could affect ABB's objectives and operations;
- 2. Assessment:** Evaluating the significance and potential impact of identified risks on ABB's operations;
- 3. Management:** Developing and implementing measures to effectively respond to and manage the identified risks;
- 4. Monitoring:** Regularly monitoring and evaluating the effectiveness of risk responses;
- 5. Reporting:** Transparency and timely communication of risk-related information to relevant stakeholders.

**Principles of ABB's Risk Management System**

According to our Risk Management Policy, there are eight key principles that underpin our risk management system. These principles serve as the foundation for how we approach and manage risk within our organization. (Table 21)

**Table 21.** 8 core principles of the ABB Risk Management system



**Key elements of our risk management framework**

In response to the uncertainties of current market conditions, ABB has developed a robust risk management framework that emphasizes resilience and flexibility. This framework allows us to protect the interests of stakeholders and ensure business continuity. Our risk management approach guides strategic decisions and is aligned with our mission and vision. The risk management system is based on the Risk Management Policy and Strategy, providing a comprehensive plan for effectively managing risks within the organization.

At ABB, we recognize that it is important to continuously improve and modify our risk management framework to meet our strategic priorities and needs, given the ever-changing market conditions.

Our risk management framework is built around the following concepts:



**Risk culture**

Risk culture promotes a values-based approach within the bank, helps employees understand the principles of risk management, and focuses on risks in their activity areas.

**Risk appetite statement**

The risk appetite statement is a key document that defines the Bank's appetite for risk across its main risk areas, including qualitative and quantitative indicators, and risk limits, to ensure that the risks encountered in its daily business activities are managed within acceptable levels.

**Risk heat map**

A risk heat map is a tool that provides a visual classification of risks based on their probability and impact levels and is used for prioritizing risks, as well as for effective management.

**Our approach**

Identify! Assess! Regulate!  
Monitor! Report!

ABB attaches great importance to effective risk management. The Bank develops detailed procedural documents, and constantly ensures employee awareness through reports in order to create a favorable environment for identifying, assessing, monitoring and managing risks. This approach, based on best international practices, helps to boost employee responsibility, ensure business stability, and protect our assets.

**Table 22.** Our Approach: Identify; Assess; Regulate; Monitor; Report



**Risk Management Process in 2024**

Based on the risk assessment procedures implemented, ABB identifies and manages the following risk categories:

**Table 23.** Risk Management Process

Nº	Risk Classification	Control Measures Used to Manage Risks
1	<b>Credit risks</b>	<p>The risk of loss arising from the inability of a borrower, issuer, or counterparty to perform its obligations in accordance with the terms of the contract.</p> <ul style="list-style-type: none"> <li>Assessment of the solvency of borrowers at the time of loan origination;</li> <li>Application of internal risk rating models based on quantitative and qualitative indicators to assess borrowers at the time of loan origination;</li> <li>Application of vintage analyses, transition matrix, and other tools during portfolio-based analyses;</li> <li>Calculation and analytics of default rate, loss given default, and exposure at default indicators during portfolio-based analyses;</li> <li>Use of empirical analyses, behavioral scoring models, early warning systems, and other methods to identify credit risks;</li> <li>Monitoring credit risks in order to prevent the possibility of increasing the level of credit risk;</li> </ul>
2	<b>Market risks</b>	<p>Risks related to unfavorable changes in interest rates, currency exchange rates, or the value of securities purchased by the Bank, including adverse changes in general commodity prices in the market.</p>
2.1	<b>Interest rate risk</b>	<ul style="list-style-type: none"> <li>Regular monitoring and reporting;</li> <li>Stress-testing and scenario analysis, economic value analysis.</li> </ul>
2.2	<b>Currency risk</b>	<ul style="list-style-type: none"> <li>Daily monitoring and analysis of open positions in foreign currencies;</li> <li>Value at risk model.</li> </ul>
2.3	<b>Capital risk</b>	<ul style="list-style-type: none"> <li>Setting and regular monitoring of capital risk limits;</li> <li>Conducting regular assessments of securities at individual and portfolio levels;</li> <li>Value at risk model;</li> <li>Scenario analyses.</li> </ul>
3	<b>Liquidity risks</b>	<p>Risks arising from the failure to timely and effectively fulfill planned and unexpected obligations.</p> <ul style="list-style-type: none"> <li>Liquidity analysis and monitoring of quantitative indicators;</li> <li>Conducting stress tests and scenario analyses;</li> <li>Early warning system;</li> <li>Monitoring the implementation of the Bank's activities within the framework of approved liquidity standards;</li> <li>Liquidity gap analysis;</li> <li>Assessing the diversification and sustainability of liquidity sources;</li> <li>Monitoring the forecasted cash flow for each currency;</li> <li>Applying limits to placement and liquidity risk indicators;</li> </ul>

4		Operational risks	Risks arising from non-compliance with standard operating procedures
4.1	Human Resources risk	<ul style="list-style-type: none"> <li>Internal bank rules for the selection and hiring of candidates;</li> <li>Instructing employees on staff security issues, establishing and conducting work processes, and protecting relevant information;</li> <li>Conducting regular internal investigations.</li> </ul>	
4.2	External risk	<ul style="list-style-type: none"> <li>Conduct stress tests for external influences and emergencies;</li> <li>Analyze the results of penetration tests to measure cyberattack risks and report the results to the relevant structures.</li> </ul>	
4.3	Information technology risk	<ul style="list-style-type: none"> <li>Recording incidents for interruptions and errors in the Bank's main operating systems and applying limits in the Risk Appetite Statement;</li> <li>Determining the threshold of authority and decision-making;</li> <li>Recording and monitoring IT risk incidents;</li> <li>Implementing security protocols for data protection, strengthening encryption and access control systems;</li> <li>Monitoring cyber threats in real-time, establishing early warning systems against DDoS, phishing, etc. attacks;</li> <li>Educating bank employees and customers against social engineering attacks;</li> <li>Implementing regular backup procedures and preparing recovery plans in case of emergencies to ensure the Bank's business continuity.</li> </ul>	
4.4	Legal risk	<ul style="list-style-type: none"> <li>Determining the legal risk limits that the bank can accept within its risk appetite;</li> <li>Establishing a system of authority and decision-making;</li> <li>Ensuring that the bank's activities are fully compliant with local and international legislation, and conducting expert reviews of contracts and legal documents;</li> <li>Establishing an effective control system.</li> </ul>	
4.5	Compliance risk	<ul style="list-style-type: none"> <li>Ensuring compliance of the Bank's activities, products, and services, as well as the activities of employees, with the requirements of existing legislation (laws, regulations, standards and other regulatory acts);</li> <li>Keeping records of compliance risk events, obtaining explanations, and determining the likelihood of their occurrence;</li> <li>Monitoring the compliance of the Bank's internal documents aimed at combating corruption against the requirements.</li> </ul>	
5		Other risks	
5.1	Reputational risk	<ul style="list-style-type: none"> <li>Regular monitoring of news in the public, media, and social networks, periodic surveys to measure customer satisfaction;</li> <li>Registration of complaints, investigation of activities, and taking measures related to their results.</li> </ul>	
5.2	Strategic risk	<ul style="list-style-type: none"> <li>Audit assignments performed by internal and external audit structures;</li> <li>Minimizing risks in accordance with diversification strategies, digital transformation, and regulatory standards;</li> <li>Reporting on the results.</li> </ul>	
5.3	Project risk	<ul style="list-style-type: none"> <li>Implementation of risk-based priorities of projects to be implemented and oversight over the implementation status and residual risks during the implementation period;</li> <li>Coordination with executive structures and participation in methodological management activities;</li> <li>Regular monitoring of project progress, empirical analysis, early warning systems, reports on identified risks, and analytical analysis reports.</li> </ul>	

### Data Privacy and Cybersecurity

With the rapid transition to digitalization, cybersecurity issues have become a critical issue in the banking sector. In the ever-changing global digital information environment, unexpected data breaches and incidents can occur at any time. Creating a strong cybersecurity culture and consistently protecting

customer information security is extremely important in the banking sector and At ABB, we pay special attention to this issue. In the reporting year, we strengthened data security controls. We made significant investments in trust in the ABB brand. We created a robust control environment to effectively manage risks.

Table 23. Data confidentiality and protection



In accordance with the ABB's Information Security Concept, we maintain consistency in data protection. We strengthen controls to protect confidentiality and integrity. Our information security approach is based on 3 main directions:

- Confidentiality:** Preventing the disclosure of confidential information by an unauthorized person, and ensuring confidentiality is necessary to reduce the risk of damage to the Bank's financial, legal operations, and reputation.
- Integrity:** Integrity ensures that information is changed only in a previously agreed and authorized manner. Ensuring integrity reduces the risk of data distortion or unauthorized modification.
- Accessibility:** Establishing effective mechanisms to ensure access to information systems in accordance with business requirements.

The Concept was developed based on the Laws of the Republic of Azerbaijan "On Banks", "On State Secrets", and "On Information, Informatization and Data Protection", the document complies with the international standard ISO/IEC 17799.

All operational documents related to the operation of individual information systems and data processing procedures must comply with the rules established by the Information Security Concept. The provisions outlined in the Information Security Concept take precedence over any other documents related to the operation of information systems. This hierarchical structure ensures that the principles and policies set forth in the Information Security Concept have the highest priority. They must be followed to protect the integrity and security of the Bank's information resources.

#### Internal rules on confidentiality and protection:

The main document defining the values of security and confidentiality is the ABB Code of Ethics. The "Methodological Guidelines for Information Incident Management", approved in 2022, are based on the "ABB Information Security Concept" and advanced information security management systems. These instructions are developed based on best practices. They define the necessary procedures and behaviors for users when working with information processes and technologies. The main goal of these methodological instructions is to promptly and effectively resolve incidents while ensuring the highest level of quality. The ultimate goal is to minimize any negative impact that these events may have on business operations.

#### Number of IT team employees

Number of IT team employees		
2022	2023	2024
406	555	675

In 2024, the total number of employees in the IT team reached 675, which is a 22% increase compared to 555 employees registered in 2023.

**Fraud Prevention and Cybersecurity**

The ABB is aware of the growing external threats that could potentially lead to cyber fraud attacks, disruptions to both internal and external IT operations, ATM attacks, and credit fraud. To protect against fraud and its potential financial losses, the ABB takes serious measures against fraudulent activities. These measures include preventing unauthorized money transfers, especially those made without the consent of customers. In addition, the ABB takes measures to prevent the involvement of service centers or employees in illegal transactions.

Inadequate data protection and management are also recognized as critical risk factors in financial institutions. In response, the ABB has developed a risk limit system for data confidentiality and protection to effectively mitigate such risks. This system allows for the automation of risk limits based on the Early Warning System (EWS). By virtue of

the application of such an approach, the Bank is capable of proactively identifying and addressing potential risks, minimizing the likelihood of data breaches and other information-related vulnerabilities.

As ABB is a leader in cybersecurity in the Azerbaijani banking sector, our Bank is able to provide its customers with state-of-the-art services to protect them from various cyber threats, including phishing attacks. The Bank's proactive approach to security maintains confidence in its digital banking services.

ABB demonstrates a proactive security approach by strategically addressing security issues. While maximizing digital payments, it also creates a completely secure environment for digital banking. Through this comprehensive strategy, it contributes to the overall growth and progress of the digital banking ecosystem in Azerbaijan. It increases customer trust and protects sensitive information.

Number of cyberattacks prevented	2022	2023	2024
WAF (Web Application Firewall)	6,483,000	2,878,000	32,534,000
Email cyberattacks	13,030,000	14,670,040	4,500,000
XDR (Extended Detection and Response)	10,773	859	4,259
Total	19,523,773	17,548,899	37,038,259

The lack of widespread implementation of security rules in the past has led to more detections which are being observed today. This is a natural phenomenon to be expected when security rules are gradually implemented. We are constantly strengthening security, hence incorporating new rules. This also affects the increase in the number of detections.

**Implementation of the ISO: IEC 27001:2022 standard**

In 2024, ABB reaffirmed its commitment to information security and risk management by being awarded the ISO/IEC 27001:2022 certification by TUV Austria for the first time. This international certification confirms that ABB operates in accordance with global best practices in protecting confidential information, managing cyber risk, and ensuring operational stability.

As part of our continuous improvement strategy, ABB has implemented **an Information Security**

**Management System (ISMS)** that is fully aligned with regulatory requirements as well as industry standards. As part of the certification process, security policies, risk management, and incident response measures have undergone a rigorous assessment.

This achievement reflects the importance that ABB places on protecting customer data, building trust, and strengthening cybersecurity resilience in a changing digital environment. ABB is committed to further enhancing security through continued investment in technology, governance frameworks, and employee security awareness programs.

ABB implements an Information Security Management System (ISMS). The key benefits of implementing an ISMS are:

- Improved data protection and compliance;
- Reduced risk of security breaches and financial loss;
- Stakeholder trust and long-term sustainability.

Ensuring a sound information security awareness among bank employees is essential to maintaining strong safeguards against emerging cyber threats and protecting confidentiality. A brief and comprehensive explanation of the importance and benefits of information security awareness training for bank employees is given below:

- Reduced internal threats and human error;
- Promoting a security culture;
- Compliance with regulatory requirements and industry standards.

Developing and improving Information Security Governance (ISG) within the Bank is essential to ensure effective management of information security risks, maintain regulatory compliance, and enhance stakeholder trust. A brief and comprehensive overview of ISG development and improvement initiatives is outlined below:

- Establishing a robust governance framework;
- Assessing and managing sustainability risk;
- Stakeholder engagement and transparency;
- Improved awareness and education programs;
- Developing and implementing robust information security policies and procedures.

**“SWIFT Customer Security Controls Framework 2023” certificate**

The Bank has successfully passed the “SWIFT Alliance” with the “SWIFT Customer Security Controls Framework 2023” certificate. This achievement emphasizes our commitment to maintaining the highest standards of security and efficiency in our global financial operations. It shows our commitment to compliance and excellence. It is also a testament to the robustness of our financial infrastructure.

We take various measures to protect our customers from cyberattacks, such as:

- Implementation of 3D Secure technology to minimize the risks of fraud on customers' cards through 3D Secure password;
- Provision of SMS notification for all customer transactions, i.e. transactions, transaction failures, and potentially suspicious transactions that have led to the failure of this transaction;
- Implementation of NFC technology, which is especially secure for high-volume transactions requiring the entry of an additional security code should the mobile phone has a biometric authentication function;
- Optimization of the Instant Payment System (IPS)

in corporate banking, considering that the system helps to increase the efficiency of digital banking services.

**Impact of the General Data Protection Regulation (GDPR) on ABB**

The European Union General Data Protection Regulation (GDPR) provides valuable guidance to banks in protecting internal processes and customers' personal data from cybercrime, and effectively managing relationships. The GDPR describes methods that banks should design and offer products and services, taking into account the specificities of the bank, its dependence on the processing of customers' personal data, and compliance with other financial market regulations. Considering that these regulations are currently considered best practices, we are studying the GDPR requirements in depth to identify gaps and further improve our data protection practices.

Our Information Security Concept guides us in information security processes through the following measures to be prepared for and respond to risks and threats:

- Assessment of the impact of various risks and threats related to emergency and unforeseen situations on the Bank's operational activities;
- Definition of an information systems recovery strategy;
- Different behavioral scenarios in case of different scenarios of emergencies;
- Scheme of interaction and coordination of information systems recovery work;
- Plan testing scheme and its periodicity;
- Mandatory training of all Bank employees involved in the information systems recovery process.

**Measures to combat digital fraud**

As part of the fight against digital fraud risks, significant technological investments were made over the past year to prevent fraud based on an organizational cross-channel fraud detection system, as well as transaction and session data. At the same time, comprehensive measures were taken against the following fraud cases that are relevant in the country:

- Account Takeover;
- Theft of account or payment card information through malware;
- Phishing attacks;
- Abuse of loyalty programs;
- Account mediation (Money Mule), etc.

As a result of the measures taken, a total of 3.8 million AZN was protected in customer accounts in 2024, which is 4.5 times more than in 2023. As one of the main indicators reflecting the effectiveness of the fight against digital fraud, the share of funds protected in customer accounts in total fraud operations (taking into account both successful and unsuccessful attempts) was 64%. This means that for every 100 AZN of fraud operations, 64 AZN were protected under customer accounts.

In addition, the “Fraud Basis Point” indicator for the past year was maintained at 1 AZN per 10,000 AZN successful transactions, in line with international practice indicators, which demonstrates the effectiveness of the strategies implemented in the sector to manage and prevent risks.

ABB aims to implement the following steps to increase customer satisfaction by identifying risks, proactively preventing them, and minimizing false detections in the field of combating digital fraud:

- **Application of Artificial Intelligence (AI) and Machine Learning (ML):**  
*Higher accuracy of prediction of fraud risks and detection of abnormal behavior in real-time;*
- **Generative Artificial Intelligence (Gen AI):**  
*Solutions for modeling advanced fraud schemes and simulating new fraud methods;*
- **Improvement of Scoring Models:**  
*Application of new methodologies that analyze credit and digital fraud risks for more accurate assessment of customer behavior and risk level;*
- **Cross-Channel Fraud Detection:**  
*Integrated analysis of customer activities across different channels of the bank (mobile banking, internet banking, Card, ATM, POS, etc.) and risk management from a single platform;*
- **Video KYC fraud risk management:**  
*New generation solutions for detecting fake identity information and deepfake technologies in video identification (e-KYC) processes;*
- **Application of SIMA Digital Signature and Biometric KYC methods:**  
*Application of authentication mechanisms through enhanced electronic signature and biometric identification methods with the latest generation face recognition technology;*
- **Application of Blockchain technologies:**  
*Integration of blockchain-based solutions into fraud monitoring systems to reduce fraud risks and increase transparency of transactions*

Investments to be made in these areas will further increase the level of combating digital fraud in the banking sector, reduce fraud risks, and boost customer loyalty and security.

## Business Ethics and Integrity

The trust our customers place in us is a direct result of our ability to properly provide them with high-quality goods and services. Should we merely set a standard of corporate behavior and operate as a transparent, accountable organization, we can achieve our strategic objectives.

To earn the trust of our customers and partners and to run a successful business, we must ensure that employee behavior and business decisions comply with the highest ethical standards.

### Code of Ethics

The ABB Code of Ethics reflects the ethical norms of both professional and personal behavior that we expect from all our employees.

We recommend that our employees use the “RADAR” system to clarify their behavior in cases not covered by the Code of Ethics. The system includes the following stages:

- Incident recognition;
- Assessment of situation;
- Interventions;
- Prior consent;
- Reporting and communication.

Trainings are organized to raise awareness among employees regarding the system.

### Anti-corruption

The ABB has appropriate procedures and policies in place to combat corruption. The main document defining the anti-corruption procedure is the “Anti-Corruption Policy” of the International Bank of Azerbaijan OJSC. The policy provides principles and procedures to help proactively address corruption cases and mitigate their impact. The policy covers all employees of the Bank, as well as third parties cooperating with the ABB. An excerpt from this policy is provided on the Bank’s official website for investors. We increase employee awareness and provide training and guidance to ensure compliance with our ethical standards and applicable legislation.

Such training also includes the “Welcome on Board” program designed for new employees. Our goal is to expand the scope of anti-corruption training to cover more employees in the future.

Operations at the ABB are assessed in terms of corruption risk. The Bank, keeping transparency and ethical principles at the forefront in all areas of its activities, regularly conducts risk analysis of operations and implements preventive measures to curtail possible risks.

### “Whistleblowing”

The “ABB” OJSC Policy on Submission, Acceptance, and Investigation of Information on Violations of Legislation and Internal Regulatory Documents (“Whistleblowing”) defines the main principles, objectives, and measures to be taken in this direction for the Bank to receive and investigate information on violations of the requirements of the legislation and internal regulatory documents, as well as the measures necessary to be taken in this direction. The Internal Control Department of the ABB identifies and prevents potential violations in a timely manner by applying processes in accordance with the “Whistleblowing” Policy, as well as internal regulatory documents and regulatory acts.

A multi-channel reporting system has been created for receiving information, which includes corporate e-mail, hotline, Whatsapp, and Telegram contact numbers, written applications, and applications via an electronic platform. This approach has enabled stakeholders to provide information conveniently and anonymously, allowing for the implementation of effective control and resolution procedures.

Whistleblowing complaints are received and registered by the relevant structural unit and investigated within 20 business days at the latest. Unless

the complaint is anonymous and does not breach the legislation, the results of the investigation are communicated to the person providing the information. In accordance with the principle of confidentiality, the identity of the person providing the information is kept confidential at the request of the person providing the information.

In order to effectively implement the policy and increase awareness, employees are regularly educated, including providing relevant information to new employees during the onboarding process. This approach aims to increase transparency within the bank, promote ethical behavior, and prevent violations of the rules.

We encourage the Bank’s employees, clients, counterparties in business relations with the Bank, suppliers of goods, works, services, consultants, and other individuals and legal entities in accordance with these statuses to report any suspicions through the appropriate channels:

Corporate email address:  
[whistleblowing@abb-bank.az](mailto:whistleblowing@abb-bank.az)

Hotline:  
**+994 12 4930091 (2828)**

A relevant platform for creating an anonymous request

Submitting the application in writing to the ABB postal address

You can familiarize yourself with a brief overview of the relevant policies that we have posted on the Bank’s official website:

<https://abb-bank.az/az/haqqimizda/siyasetlerimiz>

# 3

## INNOVATION AND DIGITALIZATION



# ABB INNOVATION AND ABB TECH

We consider innovation to be the key factor of the company's success. Therefore, we continuously develop advanced technologies and integrate them into the Group's operations. We implement various programs aimed at promoting innovation not only within the Group but also on a national scale. In 2024, ABB supported 13 startups under the 5th pre-incubation

program and 14 under the ignite program. The ignite program is a platform that supports the development process of early-stage startups from the idea stage to the MVP stage. MVP (Minimum Viable Product) is a working product with the least functionality and allows startups to present an initial version to test market needs and collect user feedback.

For the 5th Pre-incubation program:
Ecomart-Saas
Algenix-Green tech, Energy
ITarla-Green tech, agritech
GreInvest-Green fintech
Agrosolar- Green tech, agritech
GreenWave Bank- Green fintech
EcoSpend- Green fintech
Elver-Fintech
Bicardio- Green fintech
Robotik Gunebaxan-Green tech
Ekoloji Kredit- Green fintech
Tip Tap- RestTech
HireMood-HR tech

Ignite program:
GOGsky-Traveltech
AYNA-Marketplace
Fat Wallet-Fintech
Market Magnet-E-commerce
Bamper-E-commerce
Bugoo- Traveltech
KingJob-HE tech
Carfix-Marketplace
Simic-Marketplace
SMART PHARM-Medical Tech

Main programs
Hackathons
Incubation
Pre-incubation
ABB Tech Academy Curriculum

**769 people** have graduated from the ABB Tech Academy in the last 5 years

The Academy was established in 2019 as part of the Bank's corporate social responsibility project. The goal of the educational institution is to support the training of professional information technology specialists, taking into account the needs of our country's labor market.

Within the framework of this social project, which

was implemented for the first time in the business environment of our country, the first programs of the Academy were free of charge. In subsequent programs, ABB, in association with partners such as the Ministry of Digital Development and Transport, BP, granted an opportunity for talented students with high academic results during the admission procedures to pursue their education with scholarships.

Over 5 years, 769 people have graduated from different programs of ABB Tech Academy. 30% of graduates work in various ABB projects and 70% work in various local and foreign companies. The employment rate of ABB Tech Academy graduates is 82%.

## Events and programs held in the field of startups



**GREEN FINTECH STARTUP CHALLENGE**  
qeydiyyat başladı!

DAYANIQLI GƏLƏCƏK ÜÇÜN  
FINTECH İDEYANI REALLAŞDIR

Müraciət et!

www.abbinnovation.az

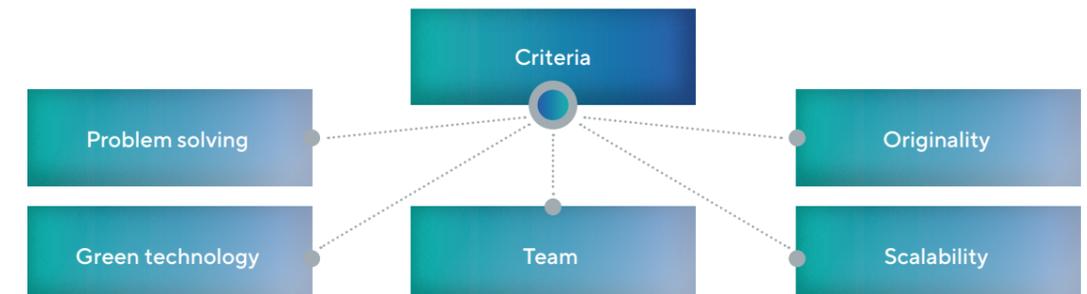
Green fintech startup challenge	134 Total applicants
	32 Selected startups



**5-ci İnkubasiya Proqramına qeydiyyat başladı**  
IGNITE DEVELOP GLOW

www.abbinnovation.az

the 5 <sup>th</sup> incubation program	32 Total applicants
	13 Selected startups



Startups we nurtured  
Startups we nurtured in 2023:

**My Loop**

**Myloop**  
A platform providing digitized bonus system solutions and personalized marketing tools for SMEs, it continues its activities with 200+ partners and 5000+ users.

**mənzil park**

**"MənzilPark" (ApartmentPark)**  
A platform that simplifies the work of both apartment owners and building managers in the field of apartment management, it performs with 5 residential complexes, 30 buildings, and 2800+ users.

**Snackpack**

A mobile app that combats food waste by connecting users with local restaurants and stores, offering food at discounted prices - has 10+ partners and 3000+ users.

**sampler.az**

**Sampler.az**  
A platform that brings together customers and companies. Here, customers can test companies' products for free and then leave feedback on the site. The platform continues to operate with new partners and users.

Startups that have successfully completed pre-incubation



**"Ecomart"** is an AI-based inventory management software for manufacturers. It optimizes demand forecasting, reduces waste of perishable products, increases inventory accuracy, and ensures optimal stock levels.



**AgroSolar** is a smart agriculture solution that combines solar-powered IoT technology, custom-designed PCBs, and a user-friendly platform. The solution helps farmers and businesses monitor, optimize, and manage solar energy usage in real-time, increasing productivity, reducing costs, and promoting sustainable development.



**EiVer** is a next-generation payment system. It allows you to make fast and secure payments by simply scanning your palm.



**iTarla** is a smart farm solution that optimizes resources and increases agricultural productivity using IoT technology.



**Algenix** is a startup that produces oil using algae and creates clean energy, focusing on sustainable solutions for energy needs.



**Ekoloji kredit** - A unified platform for calculating eco-credit ratings.



**Hiremood** - The fastest and easiest way to create a professional CV.

# 3.2 TECHNOLOGICAL INNOVATIONS

ABB is constantly implementing various technologies to improve the customer experience. Technological innovations support the Bank's image, efficiency, accessibility, and sustainability. Our commitment to using these innovations stimulates our digital transformation experience.

## New functionalities added to the ABB mobile application

Important functionalities were added to the ABB mobile application in 2024. This further improved the customer experience and made banking services more convenient and accessible. These innovations provide a wide range of services and higher security for customers by using the capabilities of modern digital technologies. In line with its digital transformation strategy, ABB continues to provide innovative solutions and strives to meet the daily financial needs of its customers more flexibly and effectively. Important functionalities added to the ABB mobile application in 2024:

- **The video call service** provides remote identification of customers and allows them to open a current account without visiting branches.



- **Integration with the IPO service and the Baku Stock Exchange** expanded customers' investment opportunities.
- **The ability to see the carbon footprint** of each transaction encouraged environmental responsibility, enabling customers to make responsible decisions.
- **New insurance products** were added.
- **Integration with urgent money transfer systems** made financial transactions more convenient and faster.
- **Introduction of a generative artificial intelligence-based virtual assistant service** in the application automated customer support, enabling more flexible service provision.



- **The "Transfer" feature:** The "Transfer" feature, a digital solution implemented for the first time in the banking sector at ABB, has been added to ABB mobile and put into use. This feature allows customers to authorize third parties to use banking services (bank account management and access to account information, acceptance of bank cards).
- **References to other institutions:** It has become possible to submit references to any institution online within ABB mobile.
- **The Advance credit line:** Customers have been given the opportunity to receive an advance of at least 50 and a maximum of 1000 manats from ABB mobile in a fully digital format without waiting for their salary. The advance cannot exceed 50% of the salary and a 100-day commission-based grace period is provided for the service.



- **Replacement of OTP with SIMA:** The OTP process was replaced with SIMA on the ABB mobile platform.
- **Visa Stop payment service:** The functionality for managing recurring payments (subscription payments) connected to VISA cards via ABB mobile was created.
- **New authorization in ABB mobile:** By integrating the Codevo authorization and identification system into ABB mobile, our customers' access to the application was accelerated, and the level of protection against malicious programs and viruses when using the application was further increased.



- **DigiHesab Max product, Mastercard international transfers, and GovTech services** were launched, thus providing customers with wider functionality and convenience.

### Innovations introduced through corporate Internet Banking

Thanks to the innovations implemented in the Internet Banking platform, customers have remote access to all their information in the bank, and at the same time, they can process loan applications faster and easier through the online loan application platform and mobile applications. These digital solutions allow customers to save time and manage banking transactions more

conveniently and effectively.

The following functionalities were implemented for customers through the corporate Internet Banking platform:

- **Digital invoice financing for SMEs:** Business people were given the opportunity to conveniently obtain an "Invoice Financing" loan of up to 3 000 000 AZN via the ABB Business Internet Bank platform. The main advantage of this loan product is the high amount of funds, the quick, and convenient processing of the formalization process with less documentation. Thus, without visiting a branch, the entrepreneur simply enters the information in the application form on the digital platform, uploads and sends the required documents, formalizes the contract online, and receives the funds in a maximum of 2 days with a fully digital experience.



- **Digital "Salary Project Support" loan for SMEs:** The "Salary Project Support" loan can be applied for online without visiting a branch.
- **State Customs Committee (SCC) advance payments:** Through a system integrated with SCC, customers can make advance payments without visiting a branch.



- **Calculate customs costs on the ABB Internet Banking platform:** Due to another functionality that ABB offered to businesses in 2024, corporate, small, and medium-sized business

customers are able to calculate customs duties on their imported and exported goods in advance via the ABB Business Internet Banking platform. In this case, customers are not required to log in to the "Electronic Customs Portal" and make calculations there. All transactions are carried out directly on the ABB Business Internet Banking platform. Thus, customers' work is facilitated with a simple and quick experience.

- **Cards for insurance companies:** Insurance companies can order ABB cards for their customers and make payments to claimants more conveniently and quickly.

### Updates regarding the "Fayda" program:

In 2024, within the "Fayda" program, a number of innovations were implemented. These innovations improved the customer experience and ensured a more functional and convenient use of the "Fayda" program:



- **A new cabinet for "Fayda cashback" was created,** allowing customers to monitor and manage their cashback amounts more conveniently.
- **By implementing the "Merchant-based" cashback calculation functionality,** customers were provided with more benefits with special cashback rules at different points of sale.
- **The "Young+" package was created within the "Fayda cashback" program** and was offered only to young customers aged 18-29 with special education, entertainment, and other exclusive cashback offers.
- **Shareholder and Eco packages** were created.
- **Special packages were created for limited customers** based on the behavior of customer segments and bank profitability (privileged, young, etc.)
- **Partner offers were** reflected in the packages based on the concluded contract.
- **With the creation of the refund functionality,** it became possible to automatically withdraw the missing amount from the card if there are insufficient funds in the "Useful cashback" balance.

**Digital Branch:** The process of approving the digital branch concept has been completed. In order to increase the quality and speed of service, the implementation of the branch concept, which will be created in a completely new style, has been launched. In addition, more than 40 BPM processes used in branches have been transferred to the new platform, improving both user experience and technical stability indicators.



**Customer 360 portal:** In order to provide better customer service, a "Customer 360" portal was created in all branches, which reflects customer data.

**Integration of IP telephony into CRM:** Customer managers were able to communicate with customers via the CRM system, provide better customer service by recording the results in the system, and review and analyze past discussions.



**Application of robotic process automation:** With the application of RPA technology, Dynamics 365 and HCM (Human Capital Management) & LMS (Learning Management System) systems were integrated, and the issues of data relevance and synchronization in both systems were resolved. Since the LMS system is a closed system without API and operates with vendor dependence, automating this process with RPA helps reduce vendor dependence. The application of RPA technology speeds up business processes and minimizes errors caused by the human factor. This developed

solution provides more effective and flexible working opportunities. At the same time, this integration provides for the correct and secure transmission of data. This significantly increases the productivity and efficiency of work.

About 20 processes in the bank have been automated and optimized based on the RPA application. For example, the time spent on FATCA/ CRS reconciliation has been reduced from 6 hours to 4 minutes.

As a result of this solution, the institution gains more independence to implement its decisions and build business processes. This allows us to achieve strategic goals easier and faster. As a result, our Bank has become more agile and competitive.

**Automated IT infrastructure department transition between payment aggregators:** In case of problems

with aggregators (HOP, Mpay, GoldenPay) or partners, the transition process was automated and shortened to seconds, as a result, the number of problems during payments was minimized.

**Migration of Android pipeline to GitLab:** Codes were transferred from the Jenkins platform to GitLab and collected digitally in GitLab in a centralized form, reducing the possibility of data loss.

**Data management automation:** The implementation of the "Ataccama" platform, which is a data management software, was carried out. As a result, the foundation was created for more effective and automated management of data (metadata) and data quality in the Bank.

**Auto Call:** A centralized system was established for sending voice messages (Auto Call) to customers.



3.3

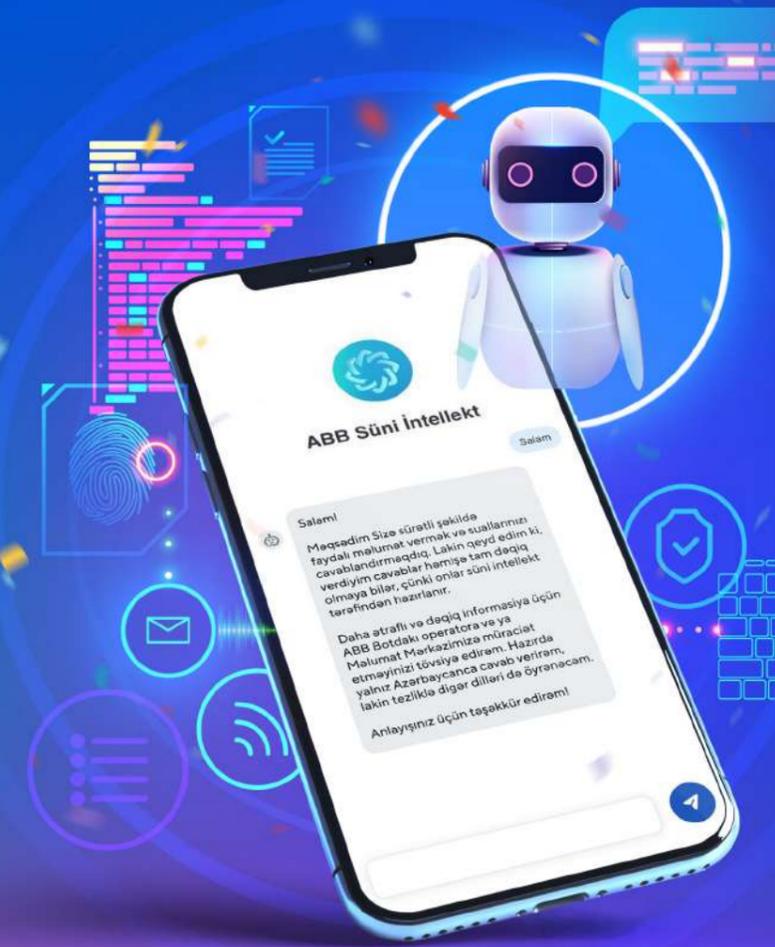
# APPLICATION OF ARTIFICIAL INTELLIGENCE AND GENERATIVE ARTIFICIAL INTELLIGENCE TECHNOLOGIES

In 2024, more than 30 Artificial Intelligence projects were implemented across the organization. This approach ensured the widespread application of Artificial Intelligence in the organization and the continuous development of innovations.

Constantly developing customer experiences, ABB introduced an Artificial Intelligence-based Virtual Assistant service to its customers in the ABB Mobile application in 2024 in order to further expand its relations with customers. Based on Generative Artificial Intelligence technology, the ABB mobile Virtual Assistant was created to allow customers to send their requests and receive quick answers to questions of interest. ABB Artificial Intelligence accepts user requests in 3 languages (Azerbaijani, English, Russian) in the ABB mobile application, clarifies issues of interest to them, and provides assistance to customers.

In 2024, ABB achieved a total of 11.5 million AZN in additional profit as a result of the application of Artificial Intelligence and Generative Artificial Intelligence technologies. These technologies have achieved great success in optimizing sales, marketing, and customer experience. Nearly 6 thousand additional TamKart sales were made using Artificial Intelligence. As a result, TamKart's turnover increased by an additional 61 million AZN. At the same time, cash loan turnover increased by 22.5 million AZN, and SME loan turnover by 17 million AZN, significantly strengthening the bank's loan portfolio.

Thanks to the support of Artificial Intelligence, 143 SME loans were provided to customers. SME payroll card turnover increased by 13.34 million AZN. Nearly 2 thousand new SME payroll cards were sold. As a result of optimizing digital marketing and customer-oriented stratego ABB Home. The implementation of Artificial



Intelligence and Generative AI technologies has not only increased sales but also further strengthened ABB's digital transformation strategy by optimizing the customer experience.



### Intra-bank AI-based virtual assistant:

Within the framework of the activities of the bank's departments and areas, an AI-based virtual assistant has been introduced to the use of employees for intra-bank use.

### Virtual assistant now in corporate Internet Banking:

The application of the virtual assistant has already begun on the corporate Internet Banking platform.

### Speech recognition capabilities of the virtual assistant:

The ABB mobile Virtual AI Assistant now has speech recognition capabilities.

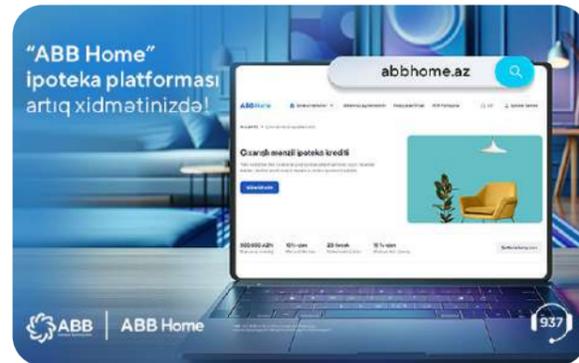
### On the "ABB Home" platform, AI supports finding out the price of the house you want to buy:

Through the abhome.az mortgage platform, which was launched in early 2024, it is possible to complete the entire mortgage application process online. Users who have already logged in to the site can

apply for any mortgage product online and continue the process through the mortgage cabinet. Once the user finds out the mortgage amount allocated to him/her through the calculator posted on the site, he/she uploads his/her documents through the cabinet. After the documents are forwarded to the relevant departments of the bank for review, the client is provided with information about the status of the documents. The client, who completes his/her application through the cabinet, finally approaches the relevant branch and obtains a loan.

For those who want to buy an apartment with a mortgage loan, ABB has also introduced the "Find out the price of a property" tool on the ABB Home platform, which works on the basis of artificial intelligence models. Thus, customers can also find out the price of apartments located in Baku via the platform. Currently, it mainly presents the estimated prices of apartments. In the near future, the tool will be further improved and will also be able to find out the price of a courtyard house, land, and other types of real estate. Prices are estimated by artificial intelligence based on open data sources.

Thanks to this platform and extensive functionalities created by the "ABB Home" team, the process of applying for a mortgage loan has become much easier. It has resulted in time savings for both branch employees and customers.

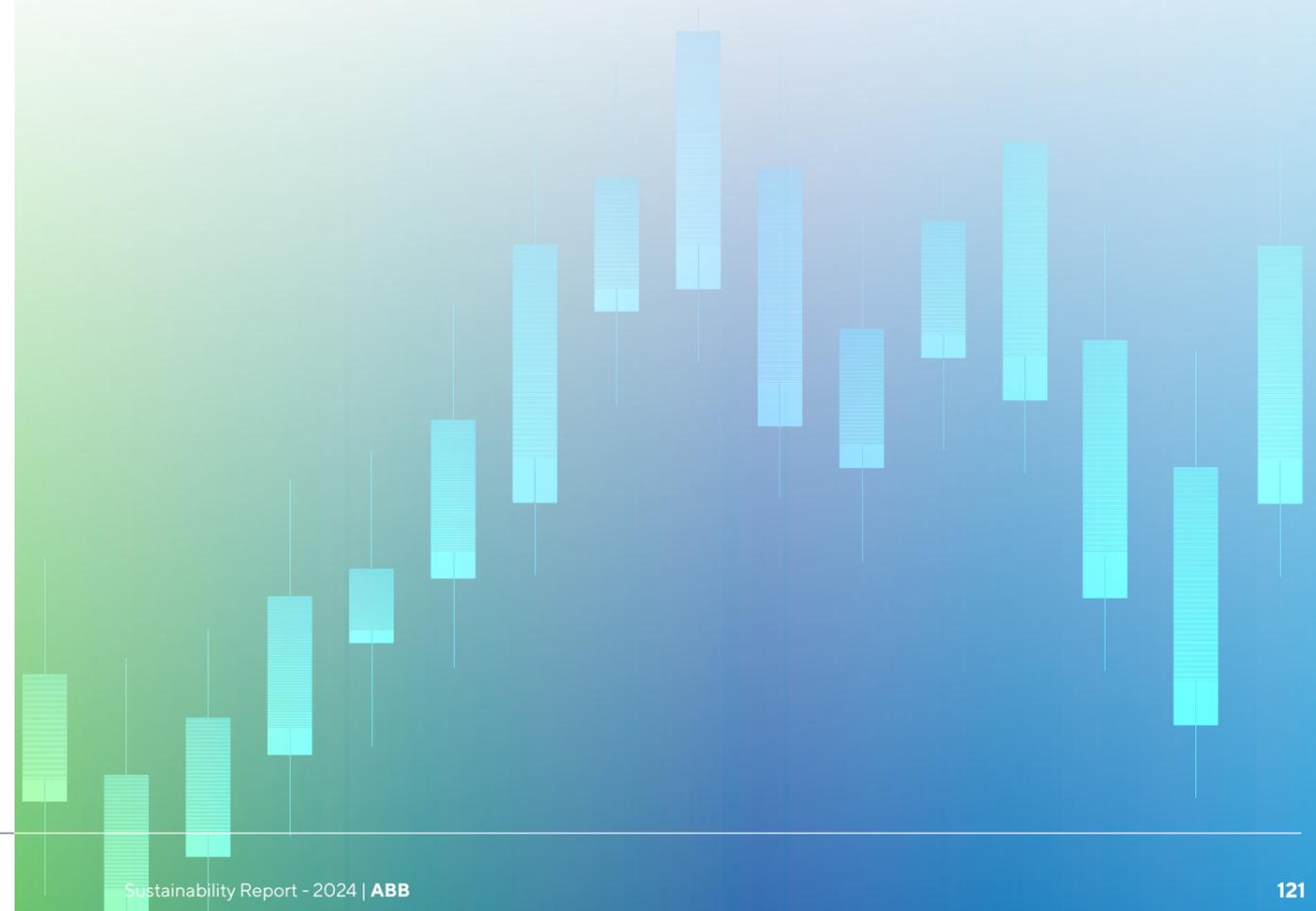


### Applying Artificial Intelligence to the Work Process:

- Applying the "Superpowered Employee" concept:  
*The application of Generative Artificial Intelligence and RPA to the CV screening process has resulted in time savings of up to 90%, significantly increasing the efficiency of the recruitment process.*

- Application of behavioral-based scoring models with Artificial Intelligence:  
*In 2024, ABB optimized the decision-making process on credit lines by applying an updated behavioral risk-scoring model through Artificial Intelligence. For customers who do not receive their salary or pension from ABB, TamKart credit lines with more optimal limits were introduced based on their banking transactions. This approach, while minimizing credit risk, also increased customer satisfaction and strengthened the provision of personalized financial solutions.*
- Implementation of early warning models through Artificial Intelligence:  
*This is the creation and implementation of early warning systems using Artificial Intelligence algorithms to identify potential risks in advance and take proactive measures. These models provide data analysis and trend forecasting, making operational decision-making and risk management more efficient.*

Virtual assistants answered more than 1 million customer questions via ABB mobile and Internet Banking channels without contacting the Call Center, which significantly improved the customer experience.



# 3.4 INNOVATIONS IN PRODUCTS AND SERVICES

In our modern world, the banking sector is developing dynamically and is constantly being updated to adapt to customer requirements. ABB also tries to meet its customers' financial needs at a higher level by providing them with more convenient, fast, and effective banking solutions. In this section, you will get acquainted with the main features of ABB's new products and services.

## Fayda Max

ABB has introduced a new loyalty program, "Fayda Max". The bank has changed the rules of the game with this program. Customers earn more rewards with the help of this program. The purpose of such beneficial programs is to form new experiences in customers, stimulate them to non-cash payments, and strengthen loyalty to the Bank. Loyalty to the Bank brings various discounts and privileges to the customer. As loyalty to the Bank increases, these discounts and privileges also increase.

To benefit from the "Fayda Max" loyalty program, you need to become an ABB mobile user and go to the "Special for You" section on the main page of the application, and activate "Fayda Max" only once.

The customer determines the level of rewards he can earn after joining "Fayda Max". During the month, the participant can complete any of the "Bronze", "Silver" and "Gold" stages or all three.

Customers with an active cash loan at ABB can advance to the "Bronze" stage within a month with a cashless payment of only 75 AZN, to the "Silver" stage with a cashless payment of only 250 AZN, and to the "Gold" stage with a cashless payment of only 750 AZN.

Customers who do not have an active cash loan with ABB must make at least 150 AZN cashless payments per month to reach the "Bronze" stage, 500 AZN to reach the "Silver" stage, and 1,500 AZN to reach the "Gold" stage. The customer starts using the monthly reward he/she has earned the following month.

### The rewards are:

- Extra "Faydalı cashback" (applies to each of the Bronze, "Silver" and "Gold" stages);
- Cashback earnings from the interest on the cash loan obtained after joining "Fayda Max" (applies to each of the Bronze, "Silver" and "Gold" stages);
- 30,000 commission-free transfers from "Card to Card" (only "Gold" stage);
- "2X VAT refund" ("Gold" stage).

Every customer who has joined "Fayda Max" can track their participation status, goals, stage, and rewards through the "Fayda Max" section in the "Special for You" section of the application. The program is regularly updated and customers earn more rewards.



## DigiHesab

A functionality has been created for customers to open a current account in 3 different currencies (AZN/USD/EUR) with ABB mobile without going to a branch.



## DigiHesab Max

ABB, which creates new benefits for customers, has introduced another digital product. This is the "DigiHesab Max" product. "DigiHesab Max" is created with a fully digital experience and earns interest income on the balance. To use the capabilities of this new product, the customer enters the ABB mobile application, goes to the "Accounts" section, creates a "DigiHesab Max" account, deposits funds in that account, and starts earning interest income on the balance. Interest on the balance is calculated on the funds in the account from a minimum of 200 AZN to a maximum of 500 000 AZN. This applies only to AZN currency accounts. It is also possible to deposit funds into "DigiHesab Max" from any bank card without commission. Customers can open several "DigiHesab Max" accounts, each with a maximum of 500 000 AZN.

## ABB Business API



A platform MVP has been created to allow customers to freely integrate their internal ERP systems (1C, SAP) with Corporate Internet Banking.

## Innovation in ABB ATMs

ABB, one of the banks with the largest service network in our country, has started implementing new software in its ATMs. This innovation allows for easier and more flexible access to banking services through ATMs. With the capabilities of the new software, customers not only use ATMs to withdraw cash but also benefit from some of the services provided by branches 24/7. ABB is updating the software of its ATMs together with Azericard and CASPA.



ABB was the first bank to add the AniPay deposit service, a project of the Central Bank, to its new ATMs. All customers registered in the AniPay payment system (AniPay application) can deposit funds into any bank account within the country at ABB's new-generation ATMs without commission. There are no commissions or limits. Using such opportunities through ATMs creates new digital experiences for customers.

It should be noted that the first ATM in Azerbaijan belonged to ABB. That ATM is currently preserved as an exhibit in the museum created at the Central Branch of the Bank. ABB was also the first to introduce contactless NFC transactions with ATMs in our country.

## "ABB-AZAL Miles"

ABB and AZAL have introduced a unique product for travel enthusiasts- the "ABB-AZAL Miles" co-branded card.

With the "ABB-AZAL Miles" co-branded card, the customer benefits from the special advantages offered by both ABB and AZAL at the same time. The card user earns miles for each payment by making daily domestic

and international cashless payments with this card. The earned miles can be easily converted into flight tickets online in the AZAL mobile application or on the official azal.az website.

The card is valid for up to 5 years. Each customer can collect an unlimited number of miles during this period and later convert them into flight tickets. The customer has the opportunity to purchase flight tickets for himself /herself and his / her family members within 36 months with the miles earned.



In addition, with the “ABB-AZAL Miles” co-branded cards, it is possible to benefit from many other advantages, depending on the selected product:

- Free transfer service at many airports around the world, “Fast Track” passes, free access to “Lounge” halls, “Duty-Free” discounts;
- Free roaming service during travel;
- Free visa application to other countries;
- Benefit from VIP services at Heydar Aliyev International Airport;
- Hotel and restaurant discounts;
- Travel insurance, etc.

### ABB introduced the first metal payment card in our country



ABB, which brought many innovations to the banking sector of our country, has made another breakthrough in 2024. The bank introduced a metal card to the market. This card is intended exclusively for ABB’s VIP customers. The card, which will become a symbol of status and privilege for its owner, has many advantages. The metal card has a perfect design that emphasizes the status of the owner. Cardholders have instant access to personalized services that are ready to promptly resolve any issues. The card provides extensive access to exclusive offers during travel, shopping, and entertainment.

### New co-branded card order and auto-payments for drivers at Bolt LLC

ABB has introduced a new co-branded card in partnership with Visa and Bolt. This card is intended for taxi drivers cooperating with Bolt. They can obtain the card from the “Business Internet Bank” system and benefit from its capabilities.



This card, which combines both debit and credit functions, greatly simplifies the work of both drivers and passengers. Passengers can pay for their fares in cashless form and receive bonus payments from Bolt through this card. Taxi drivers can also use this card as a credit card. The credit limit on the card can be increased and payments can be made with added funds.

The card has other advantages; With this card, drivers join ABB’s “Fayda” loyalty system and “Fayda Max” programs. ABB has created interesting opportunities tailored to their individual needs and customer experience. Thus, taxi drivers will earn high cashback with this card in the places they use most often – gas stations, car spare parts stores, some cafes, and restaurants.

Internet Banking and the first successful order was made.

### Digitalization of the Invoice and Pre-Supply Financing process

The E2E lending process for Invoice Financing (2 options) and Pre-Supply Financing loan products were established and a successful order was made within the Front-End Functionality.



### Establishment of business branches and business corners

In order to better serve business customers, the activities of the KOBIA branch were adapted to the business branch concept and a business corner was created in the Khatai branch.

### Partners in “Faydalı” cashback packages

Additional cashback offers for “AZAL”, “İstPetrol”, “RDM” and “Trendyol” were increased in the packages offered to customers.

### Creation of e-payment options with Apple Pay/Google Pay on e-commerce sites and mobile applications



### Customs-related foreign transfers

During foreign transfers, business customers have the advantage to easily enter customs information and make SWIFT transfers at the same time, without leaving Corporate Internet Banking.

### Role-based permissions for directors

For executives of our corporate clients, the opportunity to manage their employees’ access rights in Corporate Internet Banking in a fully digital manner is given.



### Digital lending for legal entities and individual entrepreneurs

The ODM-based E2E lending process for legal entities and individual entrepreneurs was established in Corporate

Partners have been given the opportunity to accept online payments with “Apple Pay” and “Google Pay” on their digital channels. Through the service, the customer will be able to log in to our partners’ website or mobile application and immediately make a payment with any card in their electronic wallet. There will be no need to enter any card details or additional identification methods for this. ABB implemented the project in partnership with Visa. This opportunity created by ABB for its e-commerce partners will provide more convenient, fast, and secure payments through their own websites and mobile applications. This solution is also actively used by payment organizations (fintechs) with which the Bank is a partner. Partners can contact ABB to activate the acceptance of online payments with “Apple Pay” and “Google Pay” for their customers.



In 2024, the use of Apple Pay and Google Pay among ABB customers has grown rapidly.

The number of payments made with Apple Pay reached 21.6 million, with a total volume of 658 million AZN. These figures indicate that Apple Pay is recognized by customers as a convenient and secure payment method and reflect the strengthening trend toward digital payments.

As for Google Pay, 14.3 million payments were made, amounting to 321 million AZN in transaction volume. These results demonstrate ABB’s success in delivering a modern banking experience by offering customers the convenience of digital payments. The widespread use of Apple Pay and Google Pay highlights customers’ demand for contactless and secure transactions and showcases the effectiveness of ABB’s digital transformation strategy.

## Centralized Credit Registry History Inquiry

Customers are now able to directly access and request their Centralized Credit Registry (CCR) history through their accounts. Additionally, they can benefit from this service free of charge once a month.



## First Financing Agreement within Framework with AKA Bank

An agreement signing ceremony was held between ABB and AKA Bank (a European Export-Trade Bank established by 17 European banks, specializing in financing import-export operations). The Framework Agreement was signed by Abbas Ibrahimov, Chairman of ABB, and Marck Wengrzik, Chairman of AKA Bank. The agreement establishes a long-term partnership to finance goods imported from European countries to Azerbaijan.



Thus, AKA Bank provides long-term financing of goods imported from Europe to Azerbaijan with the guarantee of ABB. This is a great opportunity for businesspersons engaged in import-export processes. Businesses can apply to all ABB branches to take advantage of the new opportunity.

## Life insurance offering in the lending process

The bank has provided the opportunity for insurance companies to offer life insurance products in the process of issuing retail consumer loans across all channels.



## Digital urgent tender guarantee from ABB in just one day

ABB has simplified the terms of tender guarantee at the expense of bank funds in order to support legal entities and clients engaged in entrepreneurial activities. Moreover, tender guarantees can now be conveniently applied for via the Internet Banking platform.

The Urgent Tender Guarantee, which is available to everyone, is available under the following conditions:

- Collateral-free;
- The product is available to clients whose beneficiary is a state-owned enterprise;
- The amount per transaction is max. 20 000 AZN (USD, EUR eq.);
- The guarantee period is max. 1 year.

In addition, Covered Guarantees, which are issued with the blocking of cash funds, can also be ordered from the Internet Banking platform. In this form of guarantee, the payer’s funds are blocked in full on the date of opening the guarantee in the settlement account of the issuing or executing bank. Clients can benefit from various types of guarantees offered by the ABB.



## ABB Mortgage Back Office

In order to facilitate the process of creating and managing mortgage applications for both our customers and mortgage specialists, the new ABB Mortgage Back Office platform was launched within the Mortgage area. Through this platform: managing mortgage loan applications from a single and user-friendly interface, creating mortgage and insurance contracts in the shortest possible time, automating daily processes for mortgage specialists and increasing customer satisfaction, maximum security in protecting customer data, minimizing the use of paper in documentation processes in order to support our green world and sustainability initiatives as ABB, and completing loan formalities even faster for our customers applying for mortgage loans had been optimized.

## Opportunity to earn VAT from the purchase of new apartments



ABB has created a new opportunity to obtain "VAT refund" earnings for apartments purchased from Housing Construction Cooperatives (HCCs). Customers can take advantage of this opportunity to obtain "VAT refund" earnings in the most convenient way.

A buyer of an apartment who seeks to capitalize on this opportunity enters the necessary information on the portal of the State Tax Service under the Ministry of Economy of the Republic of Azerbaijan <https://new.e-taxes.gov.az/eportal/az/login> and select ABB. After that, the "VAT refund" earnings for apartments purchased from HCCs are transferred to their current account.

### Measuring customer satisfaction with automatic calls

The Mortgage Tribe has started the process of measuring customer satisfaction with automatic calls since the 1st quarter of 2024. Thanks to the auto-call service, customers who obtain a mortgage loan from our Bank receive an automatic call from ABB on the day the loan is formalized. Based on that call, customers are asked to give a score from 1 to 5 to the service provided by our employees throughout the mortgage process. As a result of this survey conducted among customers, the service of ABB's Mortgage Tribe was highly evaluated, achieving a score of 92% for domestic and state mortgages and 82% for housing loans. The Mortgage Tribe will take appropriate steps to increase customer satisfaction in the following quarters.

### We made the "Deposit Mortgage Loan" product more profitable

In 2024, ABB made the changes to the terms of the "Deposit Mortgage Loan" product that made it even more profitable for customers. This product allows customers to place a savings deposit in a reliable bank of the country under favorable terms and collect the down payment on a mortgage loan, as well as meet the need to purchase an apartment on preferential terms.

The customer opens a "Deposit Mortgage Loan" account with ABB and deposits a minimum of 300 manat there every month. The funds accumulated in the account are accrued with an annual interest rate of up to 9.5% in accordance with the terms of the deposit. The deposit agreement is concluded for a period of 12, 24, and 36 months, depending on the customer's wishes. After the deposit period expires, the customer is entitled

to pay part of the cost of the apartment of his/her choice with the funds accumulated in the account as a down payment. In addition, he/she also gains the opportunity to benefit from preferential terms for obtaining a mortgage loan.



### AZIPS MX Transfers Application

The possibility of sending and receiving AZIPS MX transfers with the Central Bank via an alternative SWIFT channel has been created.

### New solutions in Internet Banking with SIMA

With SIMA Signature, it is now possible to register on the ABB Business Internet Banking platform, open a bank account, and benefit from a wide range of other services.



### Creation of the "Acquiring bundle" product in Internet Banking

The "Acquiring bundle" product has been created and presented to customers on the Internet Banking platform.

### Digital deposit-secured loan

A digital deposit-secured loan product has been presented to customers.

### Deposit campaign

ABB has announced a new campaign that provides profitable savings opportunities in the national currency for customers. During the campaign, customers who placed funds in DigiDeposit or "Classic" deposit products at ABB had the opportunity to earn up to 12% interest. The campaign terms were valid only for deposits placed in AZN. The campaign lasted until January 15, 2025.



### Web credit

A loan service for micro-entrepreneurs was created and presented to customers on the website.



### Writing Mobile-pay software for NCR-type ATMs

Mobile-pay software was successfully developed and fully implemented across 118 operating NCR-type ATMs.

### Creating a credit line payment option in Internet Banking

The Internet Banking platform has created the opportunity for customers to redirect funds in their accounts under current credit lines to loan payments.

# 3.5 INTEGRATION WITH THIRD PARTIES

## 3.5.1 GovTech



Digital ID card on ABB mobile

ABB has created an opportunity for customers to use a digital ID card at the bank's branches through the "mygov" application and benefit from the necessary services. All information confirming identity is provided through the "mygov" application.

Thus, unless special exceptions such as physical storage of the ID card are taken into account, there is no longer any need to physically request an ID card from the customer. For this, it is sufficient to present the QR code in the "mygov" application or the 8-character unique code of the ID card to the bank employee.

ABB created this opportunity in cooperation with the Innovation and Digital Development Agency.

It should be noted that, according to the amendments made to the Law "On the Identity Card of a Citizen of the Republic of Azerbaijan" on July 16, 2024, the information specified in the ID card can be submitted (obtained) through the Electronic Government Information System.

### Integration into the digital document management system

As part of the steps taken towards the digitalization of public administration in the Republic of Azerbaijan,

the transition to the electronic document management system has been approved. This system has further strengthened the effective cooperation of the bank with state structures in accordance with the ABB's digital transformation strategy.

### Integration of the DigiMate tool into the Internet Banking platform

The DigiMate tool, which allows calculating the digital maturity index of customers, has been integrated into the Internet Banking platform. ABB has developed this functionality in cooperation with the Ministry of Digital Development and Transport of the Republic of Azerbaijan and the Agency for Innovation and Digital Development.

### Advance payments to the State Customs Committee

Through a system integrated with the State Customs Committee, customers can make advance payments without visiting a branch.

### E-invoice payments via the Government Payment Portal

Customers have been given the opportunity to log in to their Corporate Internet Banking accounts, obtain their E-invoice information from the payments and transfers section, and make government payments without wasting time.

## 3.5.2 Mobil POS

### Installment sales opportunity through mobile POS solution

ABB has created another opportunity for entrepreneurs to increase their sales. From now on, a businessperson can accept payments in installments using the POS terminal function of their mobile phones,

just like with regular POS terminals. Payments can be divided into 2, 3, 6, 9, 12, 18, and 24 monthly installments. This service allows customers to accept cashless payments from their NFC-enabled mobile phones during shopping. There is no deposit requirement to join the mobile POS service. The customer is also not required to make a turnover. Since the number of customers who prefer to make their payments cashless and in installments has increased in recent times, the installment payment function in the Mobile POS service will have a positive impact on the sales of businessmen.



### Integration of the Anipay system with POS

ABB, a reliable partner of businesses, has created another profitable opportunity for them. Entrepreneurs can now accept QR payments with the AniPay system through ABB's POS terminals.



Thus, after making a purchase, the customer opens the ABB mobile bank application on his mobile phone and conveniently makes a payment with QR. ABB has implemented this project in close cooperation with

NBA Technologies International LLC.

The paid amount is immediately credited to the business entity's account. One of the main advantages of this innovation for businesses is that commission fees are extremely profitable.

## 3.5.3 Tax declaration

### The process of creating and paying tax returns

In order for ABB customers to fulfill their tax obligations more conveniently and quickly, it has established a simplified tax declaration creation and payment process on the Internet Banking platform. Through this system, entrepreneurs and legal entities can easily file the relevant declarations, calculate the tax amount, and make direct payments. Without the need for additional paperwork and physical applications, users can manage their tax declarations more efficiently and without wasting time. It should be noted that in the reporting year, 442 of our corporate and SME customers have already benefited from this functionality.



### Through the ABB Biz application

The "E-Accountant" solution offered in the 'ABB Biz' application allows customers to prepare tax returns even faster and more effectively. Thanks to this solution, users can automatically generate a simplified tax return through the application and conveniently make payments by accurately calculating the tax amount.

The "E-Accountant" solution simplifies financial and tax obligations for entrepreneurs, minimizing time waste. Thanks to the system's automated calculations, errors are prevented and tax payments are executed safely and promptly.

3.6

# OPERATIONAL UPDATES

### Trade financing lines

A trade financing line was created with one of the US banks CitiBank to finance import and export transactions for business customers.

### Budget Automation

Budget reporting was automated using the Python programming language, reducing physical work during the process.

### Processing of non-pension collection orders

Physical processes and payments for non-pension collection orders, court arrest orders, customs collection, and freezing were automated, reducing workload and risks.

### Presentation of pension cards at the DOST Center

In the DOST - 3 Centers selected in pilot mode, the opportunity to print and immediately present new pension cards for pension customers through card machines has already been created. This approach was implemented in 3 DOST Centers during 2024.

### Signing documents with ASAN Signature and SIMA

The opportunity to sign documents (e.g. loan agreements) through the ASAN Signature and SIMA systems has now been created in the bank's branches.

### Real-time reflection of the workload of Customer Service Structures (CSS) employees

The CSS KPI platform has been implemented to construct the workload of CSS employees in real-time. This platform provides analysis and workload management (monitoring, forecasting, etc.).

### Automation of the clearing process

The clearing process for "Granat" urgent money transfers has been automated.

### Pitch library

A "Pitch library" section has been created in the CRM system for centralized use of product presentations.

### Opening an account for business customers in the CRM system

The process of opening an account for business customers in the CRM system has been established.

### Centralization of the barcode system

The application of the barcode recognition system for the inventory process in the bank and the process of automating reports have been centralized.

### Monitoring data on processed cases from the interface

The functionality of monitoring data on processed cases from the interface on a single platform has been implemented to control the operations of high-risk customers.

### Processing written applications on new platforms

The integration of the Gleap system into the ABB Biz and ABB Home platforms and the function of responding to incoming requests by SMM employees have been implemented.

### Updating the security system in collection vehicles

The transition of the existing Carvis security system to the Hikvision system in 27 collection vehicles has been completed.

3.7

# AGILE ACTIVITY

In 2024, ABB Agile office took important steps towards strengthening the agile working environment by supporting the bank's digital transformation and innovations. Within the framework of the 4th wave of the Agile Transformation project, the Digital Small Business, Risk Solutions, Corporate, and SME segment Tribes were established. The Agile Playbook was updated and information on these areas was included. Relevant changes were also made to the Performance Management documents on the main products of the Agile office, namely the Creation of New Products and Services (Ideation), Measuring the Time to Market (T2M), and the Quality Framework. The development of a methodology

for measuring the quality of Products and Services, the first in the market, and the development of a methodology for introducing new Products and Services to the market demonstrated the innovative approach of the Agile office.

In 2024, the Agile office achieved significant achievements in the areas of forming a mechanism for creating new products and services, automating the speed to market, and measuring product quality. These innovations played an important role in increasing customer satisfaction and ensuring technical excellence. The projects in question have also contributed to the development of Agile maturity across the organization.

In order to increase agility during 2024, and to increase attention to the innovativeness, technical excellence, and customer orientation of the products and services offered by the bank to the market, the following virtual directions have been established within the Agile office structure:

- Product and Innovations;
- Value and Change Management;
- Agile project management virtual directions have been established. These directions reflect the core values of an Agile organization and operate with defined roadmaps.

Establishing fruitful relationships between the Agile organization and its stakeholders is one of the main goals of the Agile office. Among the steps taken to achieve this, the application of the "Large-Scale Planning" approach has been included. This approach, which brings together all stakeholders, and allows for agile cooperation and mutual discussions, has created a basis for stakeholders to become more familiar with Agile processes and participate more actively in the goal-setting processes.

Various trainings and informative sessions were organized in order to develop Agile maturity in the

organization and ensure the delivery of applied innovations to various departments:

- **"Scrum School 2"** – Organized for employees working in various departments of the Bank and wishing to gain in-depth and practical knowledge by becoming more familiar with the Agile methodology and Scrum working mechanism applied in the organization. 2 employees who successfully graduated from the program were rotated to the Agile office.
- **"Product Owner Development Program 2"** – Trainings consisting of 8 modules and innovation projects were held in order to ensure the continuous development of product owners working in Agile areas. Product owners who successfully presented the trainings covering 2 quarters and the final project to the management were awarded with certificates.
- **"Customer Experience Expert School"** – Trainings consisting of 10 modules and a final project were held in a bid to contribute to the development of customer experience experts working in Agile areas. Customer experience experts who successfully presented the trainings covering 2 quarters and the final project to the management were awarded with certificates.

- **“Informative session on creating new products and services”** – trainings and demo meetings were held on a quarterly basis for all structures participating in the process of introducing new solutions to the market and providing feedback.

The growth of the organization, the increase in customer demands, and market dynamics are also creating new horizons for Agile. The short-term goals of the Agile office include achieving a sustainable level of organizational Agile maturity, ensuring the flexibility and quality of products and services, innovations, and improving and expanding CoEs (centers of expertise) operating within Agile areas. Long-term development goals include the formation of an Agile culture in subsidiaries operating within the ABB Group.

Operating in a highly dynamic and competitive market requires a constant search for innovative solutions. In order to meet customer requirements and accelerate the delivery of products and services, ABB began implementing the Agile methodology in the Bank’s Digital Lab in 2020. Currently, the Bank has 18 Agile structures (13 Tribes and 5 CoEs) with about 700 employees. The Bank develops new products and services based on the Agile methodology.

The implementation of the Agile methodology allows ABB to work in a transparent, data-driven way of working, characterized by continuous planning, learning, improvement, cross-functional collaboration, and operational delivery of products. Promoting an Agile culture, independent work on projects, and rapid, effective decision-making within the organization and teams are consistent with our goal of improving.

Since the Agile methodology requires collaboration, flexibility, and rapid integration, a key challenge during the transformation process was to manage the required change within the organization. Our rapid adoption of this helped us to adapt. It created opportunities for innovation and responding to evolving market demands. It has contributed and continues to contribute to the sustainability and sustainability of our projects in the long term.

### The mission of the Agile office and the scale of the impact on the organizational transformation

Əsas missiya məhsulların yaradılaraq müştərilərə çatdırılma sürətini, keyfiyyətini, təşəbbüskarlığını, şəffaflığı artırmaq, əməkdaşlara səlahiyyət verməkdir. ABB-nin yeni

məhsul yaradılmasında riayət etdiyi Agile dəyərlər dörd istiqaməti nəzərdə tutur:

#### 1. . Process and management:

- Continuous improvement of existing processes, updating of the Agile Playbook based on new practices and global trends;
- Implementation of ideation and design thinking processes;
- Establishing effective interaction between Agile and non-Agile processes and structures;
- WoW selection: Lean technique testing;
- Implementation and improvement of Agile metrics: AMR (Agile Maturity Reflection), Product Quality framework, CSI (Customer Satisfaction Index), NPS (Net Performer Score), T2M and DORA.

#### 2. People and Agile culture:

- Development of Agile culture and mindset throughout the organization;
- Involvement of non-Agile structures in the Agile perimeter and processes;
- Skills development plan for Agile leadership roles;
- Implementation of a “Large-Scale Planning” approach to promote organizational goals and strengthen collaboration with stakeholders;
- Culture of experimentation – this is an organizational mindset that values and encourages experimentation to generate new ideas, solve problems, and learn from failures.

#### 3. Operating model:

- Implementing continuous improvement of the Agile structure (for example, identifying the need for new tribes/teams or eliminating some of these model elements);
- Monitoring the effectiveness of the current operating model of Tribes and CoEs;
- Testing new advanced Agile frameworks, implementing the value stream operating model and processes.

#### 4. Technology:

- Adopting Agile governance, synergy, and IT governance through effective collaboration between the Agile office and centers of expertise;
- Creating a Guild consisting of employees with common interests from Technical and Business areas, promoting innovative solutions, and ensuring the sharing and application of best practices;
- Alignment of IT and business strategy (IT/

Architecture committee, QBR (Quarterly Business Review), and Strategic operational plan execution);

- PDLC (Product Design Lifecycle) and SDLC (Software Design Lifecycle);
- DevOps, CI/CD and Release management;
- Incident and problem management (L2-L3 execution process);
- Service level management;
- Data-driven organizational activation;
- Automation and digitalization of direct and indirect Agile processes;
- Expansion and improvement of the Jira ecosystem;
- Digitalization of the PM process.

#### ABB has excellent experience in Agile



Additionally, since 2024, quality measurement of products and services has been started - (2024 > 98.9%)

#### Key Agile Achievements in 2024

1. **Creation of new tribes and centers of expertise (CoE)** - Among the key initiatives within the framework of the 2023-2025 Development Strategy and the implementation of the Agile management structure, the 4th wave of Agile transformation, which coincides with 2024, was included. Thus, within the framework of the aforementioned transformation wave, the Risk Solutions Tribe, Digital Small Business Tribe, Corporate and SME Segment Tribes were created. In order to expand the centers of expertise, a Strategy CoE was created.
2. **Fully automated measurement of the speed of introduction of the products and services to the market** - after fully automating the processes from the ideation stage to the market launch of new products and services created in the bank (Ideation and SDLC), it became possible to conduct measurements via the Jira platform.
3. **Measuring the quality of products and services** - periodic measurement of the quality of products and services introduced to the market was ensured. The determination of the quality index for each product and service includes important nuances such as technical excellence, customer satisfaction, digital passport for products, and resolution of important incidents.
4. **Implementation of the Guild approach** - Creation of a Guild consisting of employees who share common interests in technical and business areas, promote innovative solutions, and ensure the sharing and application of best practices.

# 4

COMMERCIAL  
ACTIVITY



# EXPANSION OF SERVICE NETWORK

## 4.1.1 Development and transformation of branches

As a commercial organization, ABB is constantly improving and expanding its sales network in order to present its products and services to a wider customer audience and increase customer satisfaction. The Bank regularly reassesses its sales and promotional channels in order to strengthen relationships with customers and provide them with more convenient and accessible banking services. Adhering to the principle of making ABB products and services accessible to everyone, ABB strives to contribute to improving the financial well-being of existing and potential customers. In this direction, the sales infrastructure is built on physical and digital service channels. By expanding the branch network, developing digital platforms and introducing innovative banking services, ABB continues to make the banking experience of its customers more convenient and effective.

In 2024, ABB took important steps towards optimizing and modernizing its branch network. Within the framework of the branch transformation project, existing branches were renovated and built in accordance with modern requirements based on new concepts in order to make services and products more accessible, to more effectively respond to universal financial services of individual customers, as well as to the various financial needs of businesses. These innovations were implemented to provide customers with a top level of service, ensure their banking transactions are more convenient and faster, and support business development. The transformation of ABB's branch network not only increases the flexibility and quality of banking services but also allows for a more convenient and effective banking environment for individual and corporate customers.

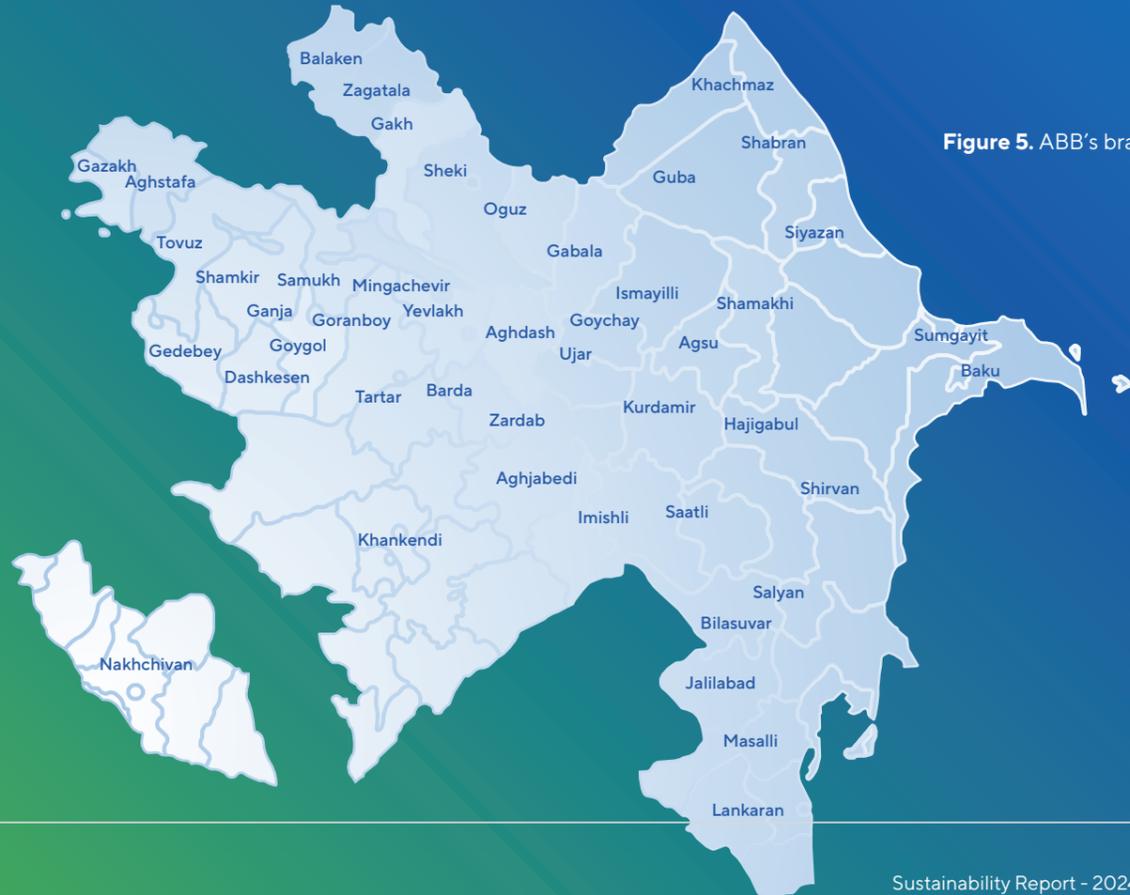


Figure 5. ABB's branches

In order to increase customer satisfaction and service quality, ABB renovated a number of its branches in 2024. The Nakhchivan, Shabran, Goygol, Jalilabad, Surakhani, Airport, and Agdash branches were reconstructed under a modern concept. A more convenient and functional banking service environment was created here for customers. In the renovated branches, customers can benefit from various types of credit products, cash settlement operations, deposit placement, money transfers, payment card orders, cash currency transactions, and a wide range of other banking services. ABB's modernized branches are equipped with the latest technologies to provide customers with more flexible, convenient, and fast service.



### 4. Jalilabad branch

As part of the ABB branch network transformation project, the Bank's Jalilabad branch has also been renovated. The branch serves customers at 103 Azerbaijan Street, Jalilabad city.

### 5. Surakhani branch

The ABB Surakhani branch has also been established in a new concept. The branch is located at 3 I. Mammadov Street, Surakhani District, Amirjan Settlement, Baku City has been modernized in accordance with ABB's new brand identity and modern development concept and continues its activities with an updated infrastructure to provide customers with more convenient and innovative banking services.

### 1. Nakhchivan branch

ABB is also expanding its activities in the Nakhchivan Autonomous Republic, which has great economic potential, and improving the quality of service to customers. As part of the bank's branch transformation project, ABB's branch in Nakhchivan was also renovated. The branch began operating in its new building located in the city center - at 13A Heydar Aliyev Avenue. In the building, adapted to ABB's new brand identity and modern development concept, requisite infrastructure has been set up to meet the needs of businesses, as well as individual customers, for universal financial services.



### 2. Shabran branch

As part of the ABB branch network transformation project, the ABB has also renovated the Shabran branch. The branch serves customers at 101 Heydar Aliyev Street, Shabran city.

### 3. Goygol branch

The ABB has also renovated the Goygol branch. The branch serves customers at 89A Heydar Aliyev

### 6. Agdash branch

The branch located at 96 Heydar Aliyev Avenue, Agdash City has been transformed in accordance with the bank's modern standards. The renovated branch provides a comfortable and functional environment for providing high-quality service to customers and allows ABB to deliver its innovative banking approach to a wider customer base.

### 7. Airport branch

International Airport area, ABB has transformed its branch in this location into a branch. All conditions

have been created in the new branch to meet the financial services needs of individual customers, as well as businesses. It should be noted that ABB is the only bank serving customers in the Heydar Aliyev International Airport area.



In order to provide more accessible and high-quality services to customers, ABB has also increased the number of service offices by opening new branches in 2024. The Bank's branches opened in Sumgayit and Bakikhanov settlements are built in accordance with modern requirements and allow customers to conveniently benefit from various banking services:



**1. ABB opened its 3<sup>rd</sup> branch in Sumgayit:** In order to make banking services and products more accessible in Sumgayit, one of the largest cities in our country in terms of industrial importance and population, ABB opened a new branch here. Thus, the number of ABB branches currently serving in Sumgayit has reached 3. The newly established branch is operating at 509 Heydar Aliyev Avenue, Sumgayit city. ABB's other branches in this city are at the service of customers at 13th microdistrict, Uzeyir Hajibeyov Street, and 112/14 Samad Vurgun Street. The building of

Sumgayit branch No. 3 was also built in accordance with the Bank's new brand identity. All conditions have been created here for the top level of service to customers.

**2. ABB opened a new branch in Bakikhanov settlement:** ABB is expanding its service network to be even more accessible to customers. The bank has also opened a new branch in the Bakikhanov settlement of the capital. The branch operates at 70 Mukhtar Fataliyev Street, in a space designed in accordance with ABB's new brand identity.



4.2

# CUSTOMER SATISFACTION

At ABB, improving service quality and increasing customer satisfaction are among our top priorities. In line with our current strategy, we paid special attention to automating our internal processes during the reporting period and actively continued operational improvements. This approach provided for both increasing service speed and making decision-making processes more effective. The registration system created to track customer inquiries through various communication channels helps to analyze customer experience more deeply and respond more quickly to their needs.

The NPS (Net Promoter Score), one of the main indicators in assessing ABB's service quality, reached 76.85 in 2024, showing a slight increase compared to 2023. This result shows that the measures taken play an important role in increasing customer satisfaction and further improving the level of service. ABB will continue to further develop service quality through innovative solutions and technological innovations in the future.



4.3

# ABB'S BRANCH NETWORK AND SALES SUPPORT ACTIVITIES, STRATEGIC DEVELOPMENT IN 2024: DIGITALIZATION AND CUSTOMER-ORIENTED BANKING

2024 was an important year for ABB in terms of the transformation and development of branches. The Bank's Branch Network and Sales Support Department implemented a number of updated regulatory regulations and new strategies in order to improve service quality, increase sales performance, and improve customer experience.

In 2024, a number of strategic initiatives and projects were implemented towards the development of Customer Service Structures (CSSs). One of the main initiatives was the introduction of the Direct Link digital platform. This platform aims to increase sales outside the branch without using additional resources, increase the sales efficiency of credit and debit products, and expand the customer base. At the same time, projects were implemented to improve sales results, "Waiting" and "Service time" indicators in branches. The "Remote service" and "On-site card sales" projects through ABB mobile perso aim to increase remote card sales and make the lending process more convenient.

The effectiveness of these initiatives was demonstrated by increasing customer satisfaction, optimal workload distribution, and expansion of remote sales. In addition, initiatives such as ABB Digital Awareness internship programs, Operational trainings, and integration and improvement of Q-meter into the work of the relevant department were implemented. Motivational meetings, on-site service and quality trainings in 20 regional CSSs, and quarterly exams

increased the knowledge and skills of employees, increased service quality, and improved customer experience. The "Distinguished" project promoted healthy competition among employees and helped motivate employees who have demonstrated great results.

Several digitalization initiatives were implemented in 2024. Automation was implemented on the WEB platform to track the targets of the mortgage and corporate divisions. New target criteria for other divisions were integrated into the platform. Motivationally-oriented, transparency-increasing "dashboards" were established. At the same time, an online WEB platform reflecting the workload of CSSs was launched, and new WEB platform capabilities were created to optimize the registration of factors affecting performance.

In 2024, a chatbot was also launched to provide real-time answers to legal questions encountered by employees working in ABB branches and departments and providing direct customer service during operational processes. The use of the chatbot has had a positive impact on the speed of services provided by branch employees.

ABB will continue to maintain its leading position in the banking sector in 2025 by applying innovative approaches to developing its branch network, increasing customer satisfaction, and improving service quality.

4.4

# RETAIL AND CORPORATE BUSINESS ACTIVITIES

## Active customer criteria

### Retail banking customers

- Customers who have made at least 1 debit transaction in the last 3 months
- Customers with an outstanding balance of 100 AZN or more in the last 1 month
- Customers with an active loan whose payment period has not exceeded 90 days
- Customers with a deposit of more than 100 AZN

### Corporate Banking Clients

- Large corporate clients**  
Turnover of 100 KAZN+ in the last 12 month
- Small and medium-sized enterprises (SMEs)**  
Turnover of 100 KAZN+ in the last 12 month
- ABB Internet Banking clients**  
Clients who have made at least one transaction in the reporting month (December 2024)

## Retail clients

As a customer-centric and data-driven organization, ABB values customer relationships and strives to provide them with seamless, integrated, and sustainable service. Our goal is to create a complete and personalized banking experience by not only meeting the basic financial needs of our customers but also providing services that exceed their expectations.

In line with the bank's strategic goals, we develop personalized offers for specifically identified customer segments. ABB continues to provide its retail clients with a wide range of financial products, including salary loans, pension loans, mortgage loans, credit card limits, and other financial products, ensuring their financial well-being and convenience.

Figure 6. Distribution of retail loans in 2024

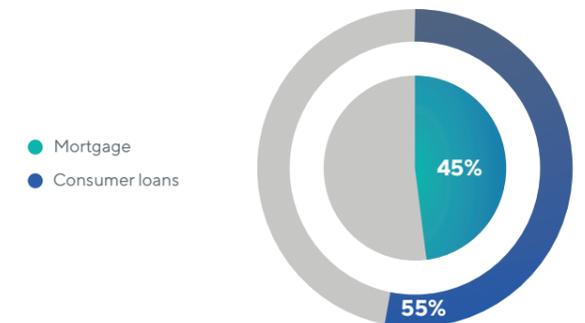


Figure 7. Active retail customers (thousand)



During 2024, ABB's active retail customer base increased by 32% compared to 2023. This is a successful result of the bank's customer-oriented strategy and effective incentive programs. A number of large-scale campaigns were implemented during the year, and the loyalty program was raised to a new level. "Faydali cashback", "Fayda Max", various mass and segmented campaigns, as well as special attention to deposit products played an important role in expanding the bank's customer base. Thanks to these initiatives, both new customers were attracted and existing customers became more active with the bank. ABB's innovative

approaches and financial solutions tailored to customer needs further strengthened the bank's position in the market and were among the main factors increasing customer satisfaction.

Figure 8. Total number of first-time account holders (thousand)



As a result of the high interest in the bank's card products and successful campaigns, the number of "first-time account holders" increased by 55% in 2024 compared to 2023. The expansion of the cashback category, as well as special campaigns on debit and installment cards, increased customer activity and resulted in more card sales than expected. This trend led to a significant increase in the number of customers seeking to open a new account. The convenient and useful card solutions provided by ABB not only created attractive opportunities for customers but also ensured their long-term relationship with the bank.

Figure 9. Total number of retail borrowers (thousand)



The total number of retail borrowers increased by 11% in 2024. This reflects the growing trust of customers in ABB to expand their financial opportunities. One of the main reasons for this growth was the introduction of loan products tailored to different customer segments and the further simplification of the application process. ABB aims to increase the financial opportunities of customers by more accurately meeting their needs with special offers such as salary and pension loans. At the same time, the expansion of digital application opportunities and fast approval mechanisms have made the loan process more convenient and accessible, which has led to increased customer demand.

Figure 10. Total number of pensioners (thousand)



Figure 11. Total number of active ABB mobile users (thousand)



As a result of the successful implementation of the bank's customer-oriented digital strategy, the total number of active ABB mobile users increased by 37% in 2024. One of the main factors of this growth was the continuous addition of new services to the ABB mobile platform. Innovations in the areas of international transfers, new payment services, insurance, and investment have made the application more functional and attractive for customers.

In addition, periodic updates have been carried out to improve the customer experience. Innovations such as PFM (Personal Finance Management), renewal of the payment architecture, and strengthening of security measures have been implemented. To encourage customers to use ABB mobile more actively, initiatives such as Retention campaigns and the "Fayda Max" program have been implemented. As a result of all these measures, the number of ABB mobile users has steadily increased and the application has become the main platform for meeting the daily banking needs of customers.

### ABB's loan products for retail customers

ABB offers a wide range of financial opportunities for retail customers with mortgages and consumer loans. Mortgage loans provide customers with the opportunity to own a home on favorable terms, covering both state and commercial mortgage options. Consumer loans are designed to meet the individual needs of customers. They provide financing for salary, pension, car, repair, and other purposes. ABB provides customers with the opportunity to benefit from banking services with a fast and convenient

loan processing process, digital application opportunities, and personalized terms. The bank's goal is not just to provide loans to customers, but to create solutions that improve their financial well-being and ensure their comfort.

### Mortgage loans

ABB offers customers various types of mortgage loans:

- Domestic mortgage loans;
- Mortgage loans issued in cooperation with construction companies;
- Construction loans;
- Savings mortgage loans;
- Mortgage loans with the resources of the Mortgage and Credit Guarantee Fund of the Republic of Azerbaijan;
- Mortgage loans with the resources of the Mortgage and Credit Guarantee Fund of the Republic of Azerbaijan (MIDA);
- Land loan;
- Real estate secured consumer loan.

### Consumer loans

- Online loans;
- Cash loans;
- Car loans;
- Credit limits for depositors;
- Credit card limits;
- Pension and salary loans;
- Refinancing of loans.

In addition, ABB organizes credit campaigns for retail customers, stimulating the use of credit products.

### Deposit products offered by ABB for retail customers

ABB retail customers can open a deposit account under one of the following conditions:

- "Classic" term deposit;
- Savings mortgage loan;
- Deposit box;
- DigiDeposit;
- DigiHesab;

Figure 12. Sales portfolios for key retail banking products



In 2024, the sales dynamics of ABB's core retail banking products increased, and the portfolio grew by 28%. The main reason for the growth was the active implementation of cash loan campaigns. These campaigns created more profitable and accessible credit opportunities for customers, allowing them to conveniently meet their financial needs.



In 2024, ABB's retail deposit portfolio grew rapidly, showing a growth of 71%. This growth is directly related to the bank's strategic steps such as deposit campaigns, the introduction of the digital "DigiDeposit" product, and increasing deposit interest rates. As a result of the favorable conditions and innovative deposit solutions offered to customers, the deposit portfolio grew faster than expected, further strengthening ABB's position in the market. This trend is one of the successful results of the bank's strategy of creating reliable and high-yield investment opportunities for customers.

Figure 13. Total number of installed ATMs



The number of ATMs installed in 2024 increased by 7% to 1,025. This expansion is part of ABB's strategy to provide customers with more convenient and accessible banking services. The addition of new ATMs has contributed to a more efficient organization of the service, especially in areas and regions with high customer flow. ABB continues to expand its ATM network to provide customers with faster and more convenient access to cash transactions.

Figure 14. . Total number of installed POS terminals



The number of POS terminals installed in 2024 reached 17,344, showing a 23% increase compared to the previous year. This indicator is a clear example of the expansion of cashless payments in the country and the growing demand for digital payment solutions. ABB's expansion of POS-terminal infrastructure in trade and service facilities, in addition to creating more flexible and convenient payment opportunities for entrepreneurs, has also created conditions for customers to benefit from fast and secure transactions. This trend is an important step towards strengthening the cashless payment ecosystem in the country and strengthening ABB's leading position in this field.

Cashless payments

ABB is implementing important initiatives towards the expansion of cashless payments and the development of digital banking in the country. Aiming to ensure transparency, efficiency, and convenience, ABB creates faster and safer transaction opportunities for customers by stimulating card and mobile payments. The widespread use of cashless payments helps to save time and costs, while also strengthening economic growth. The number of cashless payments made via the Internet (website) and mobile applications was 116 million, and the total amount was about 83 billion AZN. These indicators showcase the widespread use of digital payment channels by customers and the growing trend of cashless payments.

QR payment system

The QR payment system introduced by the Bank further optimizes the cashless payment process and creates conditions for fast and secure transactions via mobile phone number and email address. This innovative solution from ABB, integrated with the VAT refund function, allows customers to both conveniently make daily payments and benefit from additional financial advantages.

In order to further facilitate cashless payments, ABB has introduced the QR payment method at POS terminals. This innovative solution allows customers to make payments quickly and securely by scanning the QR code at the POS terminal. Customers simply confirm the payment by reading the QR code through mobile banking applications, which ensures that transactions are secure and more efficient without the need to physically enter card details. This method creates convenience, especially for customers who prefer contactless payments, and accelerates the transition to a cashless economy. This innovative payment solution from ABB provides a more flexible and secure payment experience, increasing customer satisfaction for both small and large entrepreneurs.

A total of 18,657 QR payments were made in 2024. The total amount of these payments amounted to 796 thousand AZN. These indicators demonstrate the widespread use of ABB's digital payment services and the popularity of QR technology among customers. The bank's innovative payment solutions and strategies aimed at increasing customer satisfaction play an important role in the development of the digital economy.

ABB's current cards

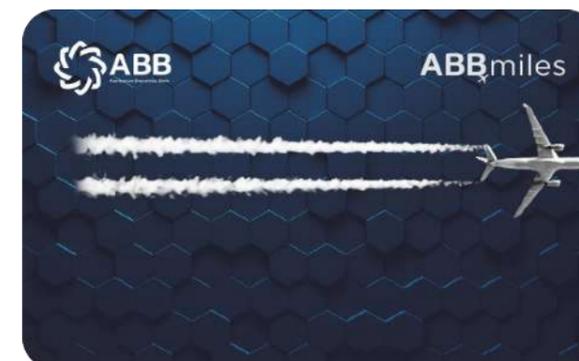
TamKart

The number of TamKart users reached 1,312,938 in 2024. This is an increase of 30.9% compared to the previous year. TamKart has become the main choice of customers with its wide range of offers, interest-free installments on purchases, and opportunities to earn bonuses. ABB's strong marketing strategies and continuous campaigns have driven a significant increase in the number of TamKart users. These indicators have further strengthened ABB's leading position in the credit card market.



ABB Miles

In 2024, the number of ABB Miles card users reached 20,209. This is a 72.2% increase compared to 2023. The popularity of ABB Miles cards is associated with the term bonuses, discounts, and the opportunity to earn more miles that it offers to travel enthusiasts. The wide range of benefits and ease of use of the card have attracted the attention of more customers and strengthened ABB's leading position in the travel card market.



AZAL Miles Card

The AZAL Miles Card, despite being a new entrant to the market with 108 users in 2024, demonstrates ABB's expansion of its innovative product line. Special benefits for travelers, exclusive mile-earning opportunities within the framework of cooperation with AZAL, and additional services increase the attractiveness of the card. This card is expected to open new prospects in ABB's travel card segment, and its user base is expected to expand rapidly in the coming years.



Student card

The number of student card users increased to 16,155 in 2024. This is a 30.7% increase compared to 12,354 in 2023. ABB's Student cards facilitate financial management for students by offering special discounts

to young users, convenient payment methods for educational expenses, and personalized offers. The demand for digital banking services among young people and ABB's customer-oriented strategy have increased the popularity of the card, reaching a wider audience.



Corporate Business

As the largest corporate bank in Azerbaijan, ABB provides flexible and reliable financial solutions for large enterprises, SMEs, and individual entrepreneurs. The Bank strengthens the financial stability of business clients and helps them strengthen their market position through structured finance, debt capital, fixed income, and clearing services. Within the framework of special support programs for small and medium-sized enterprises, ABB ensures their long-term growth by expanding their capital and investment opportunities. At the same time, digital banking solutions and personalized financial models enable businesses to operate more efficiently and optimize financial processes.

In accordance with our Development Strategy for 2023-2025, we have focused our attention on the following issues:

- Expanding our corporate client base and portfolio;
- Ensuring a competitive market share in SME financing;
- Maintaining sustainable growth rates.

Number of active corporate clients



In 2024, a significant increase was observed in the number of active SME and Micro/Entrepreneur customers. The number of SME customers increased by 28%, and the micro and entrepreneur segment by 20%. This increase is a successful result of ABB's strategic approach to small and medium-sized businesses. The Bank expanded its digital banking services, making SME customers' transactions more convenient and faster. The development of mobile banking, fintech solutions, and the introduction of innovative payment systems have created conditions for customers to use banking services more actively. At the same time, the legislation encouraging cashless payments has given impetus to an increase in the number and turnover of banking transactions of SMEs and entrepreneurs. ABB continues to provide more digital solutions and business-oriented financial opportunities for SMEs and individual entrepreneurs to continue this positive trend.

Total number of new corporate customers in the loan portfolio:



Changes in the number of corporate clients in the loan portfolio

In 2024, significant steps were taken to improve the "Individual Client Manager" model in order to maintain the number of current clients and attract new clients. Within this framework, groups were organized in the Corporate Clients Department by economic sectors, and specialization of client managers was introduced. At the same time, changes were made to the KPI system of client managers, encouraging further improvement of client-bank relations and increasing customer satisfaction. These steps played an important role in strengthening customer loyalty and attracting new clients.

In 2024, the dynamics of attracting new clients in ABB's corporate loan portfolio demonstrated changes in different directions. The changes can be mainly explained by the fact that the number of large companies in the market remained stable and the vast majority of potential clients were already using bank services. The approach of the saturation level of the large corporate market made the process of attracting new clients even more difficult every year, and this trend was assessed as a natural consequence of market conditions.

In contrast, the total number of new SME and Micro/Entrepreneur clients increased by 8% and 38%, respectively. This increase is due to ABB making the application process more accessible through special loan products aimed at small and medium-sized businesses, favorable terms, and digital banking. The Bank's intensive marketing activities and personalized loan offers for SME and entrepreneur clients accelerated the attraction of new clients and led to the expansion of the portfolio. The innovative and flexible financial solutions provided by ABB enabled more businesses to benefit from banking services, leading to an increase in the number of new borrowers.

ABB's offerings to corporate clients

ABB provides comprehensive corporate services that allow large organizations and small and medium-sized enterprises (SMEs) to manage their business operations more efficiently and sustainably. ABB's goal is to optimize the financial needs of corporate clients, create flexible and innovative banking opportunities for them, and accelerate their business activities. Digital banking solutions, personalized financial models, and a special approach to SMEs strengthen ABB's leading position in the sector and ensure it is a reliable partner for businesses.

Figure 15. List of products and services for corporate clients



Figure 16. Total number of borrowers



In 2024, changes were observed in ABB's borrower client base across different segments. A 3% decrease was recorded in the number of large companies. This was mainly due to the liquidation or merger of some corporate client groups. Some large companies made strategic changes and consolidated their activities, which resulted in a decline in new loan demand. At the same time, companies that exited the market or ceased operations also affected the overall portfolio indicators.

At the same time, a 35% decrease was observed in the total number of borrowers in SMEs. This trend is explained by the fact that legal entities began to implement financial management more efficiently and

preferred to use alternative sources of finance. Since many companies did not feel the need for expansion and new investment, the need to apply for bank loans decreased. Since investors, funds and other financial sources supported the development of small and medium-sized businesses, the number of loans taken by these companies from ABB decreased. In addition, the bank's cautious approach to customers with insufficient previous credit payment history was one of the factors affecting the number of legal entities receiving new loans.

On the other hand, a 42% increase was observed in the entrepreneur and micro business segment. This increase is due to the need for more financial resources by individual entrepreneurs and small businesses, taking advantage of new opportunities in the market, and increasing interest in the cost-effective financial solutions offered by ABB. The flexible credit opportunities offered by ABB for micro and entrepreneur customers and the simplification of the digital application process have created conditions for an increase in loans in this segment. The support and personalized loan terms provided by the bank to small businesses have helped them meet their financial needs more effectively and expand their businesses.

Figure 17. The outstanding amount of corporate loan portfolio, mln AZN

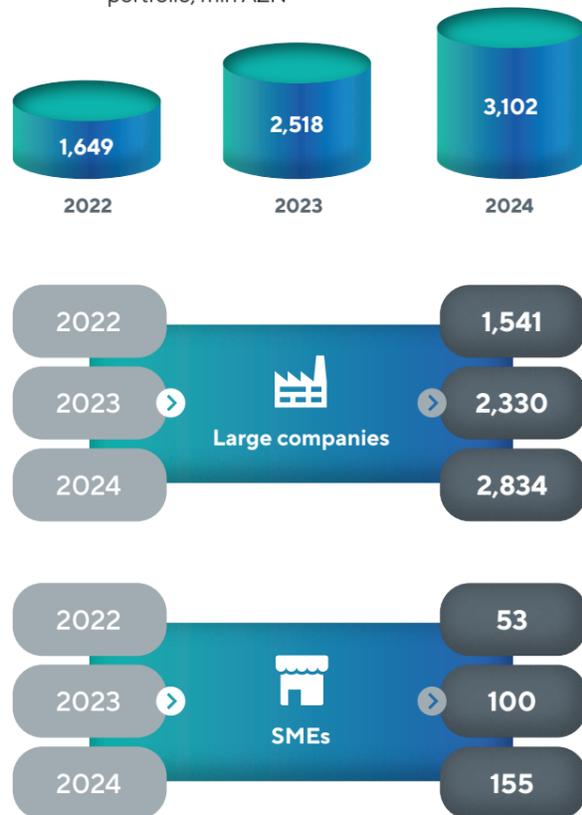
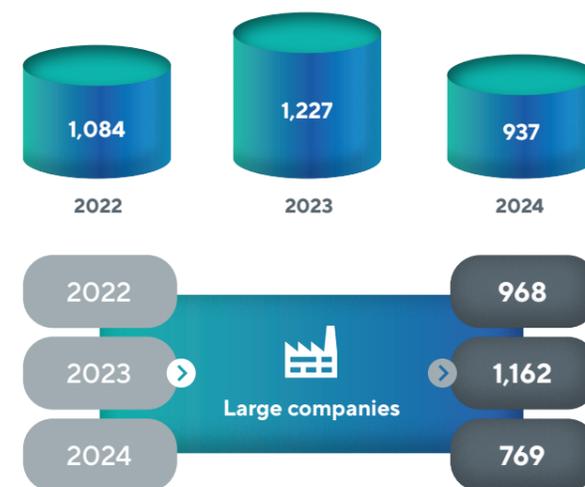


ABB has become the market leader in terms of corporate loan portfolio size for the first time in recent years. In 2024, the outstanding amount of ABB's corporate loan portfolio showed significant growth across various client segments. A 22% increase was recorded for large companies. This is directly related to macroeconomic trends and developments in financial markets. Factors such as Corporate Risk Management Strategies, technological developments, and strengthening IT support, as well as increasing the resilience of large companies were the main factors driving this growth.

At the same time, growth was observed in the SME and Micro/Entrepreneur segments by 55% and 28%, respectively. The increase in the financial needs of new small and medium-sized enterprises and ABB's strategic focus on SME clients led to an expansion in this portfolio. The bank managed to attract more entrepreneurs and SME clients with favorable loan terms, such as low interest rates, longer-term financing, and flexible repayment plans. In addition, the need for additional financial resources from existing clients to expand their businesses has led them to take out more loans from ABB. ABB's flexible and reliable credit solutions for small and medium-sized businesses have contributed to their sustainable development and strengthened their market position.

Figure 18. Trade financing portfolio, mln. AZN



In 2024, ABB's trade finance portfolio showed different trends across large corporate and SME segments. A 34% decrease was recorded for large corporates. This was mainly due to the completion of large government orders placed in 2023 and a decrease in new orders compared to the previous year. Although economic activity in the liberated territories and large infrastructure projects provided a strong impetus to trade finance in 2023, this pace gradually decreased in 2024. The relative decline in government orders and state investments led to a decrease in the credit and guarantee needs of large corporate clients in this area.

On the contrary, for the Corporate and SME segments, a 113% and 207% increase was observed in guarantee products opened under Counter Guarantees from foreign banks, respectively. The increase in interest in trade finance by small and medium Enterprises (SMEs) and the expansion of state economic programs are the main factors behind this increase. The increasing demand for tender, performance, advance, and other types of guarantees, as well as the increased need of companies for financial instruments to enter new markets and expand their foreign operations as a result of the growth of international trade and exports, have created conditions for the strengthening of the SME segment in trade finance. To support this growth, ABB has further facilitated the operations of business clients by providing suitable financing terms and appropriate financial instruments.

The 207% increase in the Counter Guarantee (CG) portfolio is due to the fact that this product is considered lower risk for the bank and more and more beneficiaries are applying for CG in their favor. ABB's Trade Finance portfolio and strategy to strengthen its market leadership in the CG area have further supported this trend. The competitive and flexible financial solutions provided by the Bank have enabled small and medium-sized businesses to expand their trade finance operations. As a result, the portfolio in these segments has grown significantly.

### Trade Financing (Project Financing with External Funds)

After a long break, in 2024, a long-term project was financed for our client in the Corporate segment with the support of AKA Bank of Germany and the Export Credit Agency (ECA) Euler Hermes credit agency, by attracting external funds.

At the same time, in 2024, funds were attracted from abroad using a product called "Trade-related loan" and used for clients in the relevant corporate and SME segments. In the future, attracting funds for the long term in the direction of financing such projects, as well as ESG and Green projects, was considered as a strategic goal.

Figure 19. The outstanding amount of corporate deposit portfolio, mln. AZN



Due to the transition to a tighter monetary policy by the regulator, ABB has reconsidered its liquidity management strategy and has begun to stimulate deposit attraction from corporate clients. This led to a 36% increase in the outstanding amount of the corporate deposit portfolio in 2024. As a result of the tight monetary policy, the increase in interest rates made deposit products more attractive, and corporate clients directed their funds to higher-yielding deposits. The bank's active policy in this direction led to a significant expansion of the corporate deposit portfolio.

### Business with small and medium-sized enterprises

ABB continuously supports the development of small and medium-sized enterprises (SMEs) and micro-enterprises, providing them with the necessary financial resources and helping them expand their businesses with innovative solutions. The bank's optimized loan application process allows entrepreneurs to obtain financing conveniently and quickly through a simple online form on the website.

The development of SMEs is one of the main priorities of Azerbaijan's economic strategy. ABB works

closely with government agencies to expand growth opportunities in this area, identify development trends, and conduct market analysis. The Bank's support in this area is reflected in the development of personalized financial solutions and products tailored to the needs of SMEs. ABB provides an individual approach to each client, creating the opportunity to design payment plans and schedules within the framework of additional flexibility and customized limits.

In 2024, digital banking services for SMEs were expanded in order to maintain the number of current customers and attract new customers. The opportunity to carry out more convenient and faster transactions was created through mobile banking. This innovation led to more customers interacting with the bank and an increase in the number of turnover customers. Innovative payment solutions and fintech services increased the turnover of SMEs, increasing the number and volume of banking transactions. In addition, the legislation encouraging cashless transactions gave impetus to an increase in the number of banking transactions by customers. In order to develop customer experiences, intensive contact was maintained with customers through the CRM platform, their wishes and problems were listened to and solutions were subsequently presented. The sales team analyzed customer experiences, processed the collected data, and prepared new solutions and proposals. To retain existing customers and attract new ones, favorable credit terms and digital banking facilitated the application process. Intensive marketing campaigns and special offers, especially aimed at SMEs, accelerated the attraction of new customers, leading to an increase in the number of both existing borrowers and new borrowers.

In the reporting year, ABB used analytical tools to more accurately assess current and potential risks when working with SMEs. These tools help to predict future risks by analyzing their financial situation, market conditions, and potential risks in detail before granting loans to entrepreneurs. The decision-making process for SME loan applications has begun to be implemented more quickly and accurately through algorithmic and artificial intelligence-based tools. Artificial intelligence minimizes the possibility of deviations from the terms by answering specific questions from customers. At the same time, a more balanced and sustainable management strategy was implemented to protect the structure of the loan portfolio by diversifying risks related to SMEs. These innovations have enabled ABB to effectively manage risks and optimize the decision-making process when working with SMEs.

Significant innovations have been introduced through digital channels in the process of granting loans to SME clients and complying with AML/CFT requirements. Based on the principles of remote lending

and customer identification, ASAN Signature and SIMA digital identification and signing tools have been used. In addition to ensuring compliance with AML/CFT requirements, these tools have prevented potential risks and made lending procedures easier and safer. At the same time, this approach has resulted in offering financial resources to SMEs in a shorter and more accessible manner. These innovations have ensured that ABB provides more efficient and secure services to SME clients in line with its digital transformation strategy.

In 2024, the bank continued its foreign partnership relations. ABB representatives also actively participated in various events. On February 21, 2024, it renewed the membership agreement with the SME Banking Club within the framework of cooperation with Gidulyan Company LLC. On July 26, 2024, an event was held at the Nakhchivan Business Center on the topic of "Preferential Financing Support for Business in Nakhchivan" and meetings were held with entrepreneurs. In addition, ABB participated in the Agrarian Business Festival held in Baku, Sumgayit, Shamkir, and Agdash districts, as well as in Yevlakh, Ismayilli, Saatli, Gadabay, Yardimli, and Dashkesan districts. In addition, employees actively participated in events organized by private companies and state agencies and expanded relations with entrepreneurs. These collaborations have contributed to the development of work with SME clients and to more effectively meeting their financial needs.

Five unique tariff packages, each providing more than 20 free services, and a "Flexible tariff package" based on the individual preferences of customers have been developed for SMEs. These services are provided on the Internet Banking platform, allowing customers to conduct convenient banking transactions. In order to improve the quality of service, the Bank has assigned a dedicated Relationship Manager to each customer. This allows it to respond to the individual financial needs of SMEs more accurately and promptly. In addition, large-scale training programs have been implemented to develop the knowledge and skills of customer service staff. ABB continues to offer flexible, modern, and digital solutions to stimulate the development of SMEs.

Increasing customer satisfaction, improving services, introducing new products, digital transformation, and improving staff quality will remain ABB's main priorities in the coming years. These initiatives aim to strengthen the bank's long-term development and competitiveness, in addition to providing solutions that meet customer requirements. In this direction, it is planned to create new products such as "Digital Invoice Financing", "Instant Loan", "Digital Guarantee Line", "Urgent Advance" and "Urgent Execution Guarantees". These products are specially designed to help customers develop their

businesses and meet their financial needs in a more flexible and accessible way.

Figure 20. Total amount of loans granted to SME businesses, mln. AZN



In 2024, the total amount of loans granted to SME businesses increased by 34%. This is due to the growing financial needs of the small and medium-sized enterprise sector and ABB's strategic approach to this segment. Economic development and growth of various sectors have led to businesses requiring more capital. The favorable loan terms, fast financing, and digital loan products offered by the bank have allowed entrepreneurs to gain more convenient access to financial resources.

At the same time, the state's business promotions, increasing accessibility to fund loans, and the integration of technological innovations into the business sector have been the main factors increasing the number of SMEs applying for loans. ABB's expansion of digital banking services and optimization of financing processes have created conditions for small and medium-sized entrepreneurs to gain faster and easier access to the loans they need. All these factors altogether have led to a significant expansion of the SME loan portfolio and a further increase of the bank's financial support to the business sector.

Figure 21. Main sectors financed in 2024, mln. AZN



In 2024, ABB observed various changes in the trade and services, construction and real estate, transport (rail, air, and other types of transport), and production sectors. While some sectors showed high growth, others recorded a decline. These trends are explained by both macroeconomic changes and specific factors in the market.

A 26% increase was observed in the trade and services sector. This development is partly due to the improvement in economic conditions and the emergence of new opportunities in the market. Increased customer demand, the introduction of new and improved financial products, the expansion of digital services, and ABB's strategy to expand its customer base contributed to the growth in the trade and finance sector.

A 22% increase was recorded in the construction and real estate sector. The main reasons for this growth include the increase in interest in the residential and commercial sectors, the state's support for infrastructure projects, and the acceleration of reconstruction work in the Karabakh region. In addition, the application of innovative construction technologies and the implementation of high-quality projects are important factors increasing the demand for financing in this sector.

A 46% increase was recorded for railway, air, and other modes of transport. Economic growth and expansion of international trade have increased demand for the transport sector. Increased state investments in infrastructure projects, and the commissioning of new highways and railway lines have strengthened financial flows into the sector. Increased competition and legislative support for the transport sector are also among the main reasons for this development.

A 59% decrease was observed in the production sector. This decrease is justified by the impact of several important economic factors. First of all, rising inflation and declining exports have reduced revenues in the production sector. Increased production costs, dependence on foreign raw material supplies, and rising energy prices have led companies to manage their financial resources more cautiously. In addition, a lack of domestic investment and the concentration of exports mainly in the oil, oil products, and agricultural sectors have slowed down the development of other production sectors.

The agricultural sector, on the contrary, continued its development. State subsidies, tax incentives, the utilization of new technologies, and the modernization of irrigation systems have contributed to an increase in productivity in this sector. The increase in domestic and foreign demand, especially the increase in the export of agricultural products, is one of the main factors increasing the income of this sector.

Figure 22. Total number of active users of the Internet Banking service (thousand)



This growth can be explained by the bank's successful implementation of its digital transformation strategy and the provision of innovative customer-oriented solutions. ABB has expanded payment and transaction capabilities by increasing the functionality of its Internet Banking platform, making the user interface more intuitive and accessible. At the same time, security standards have been strengthened to facilitate the transition of customers to digital banking. Two-step authentication and other advanced protection mechanisms have been implemented. This has led to users performing more transactions via Internet Banking and showing greater trust in the system. The awareness and marketing campaigns carried out by the bank to promote digital services have increased interest in Internet banking services among both individual and corporate customers. The widespread use of non-cash and digital payments, the increasing number of businesses managing their banking operations via Internet Banking, and the cost-effective and flexible solutions provided by ABB in this area have contributed to the rapid growth of the number of users.

Figure 23. Total number of newly registered users on the Internet Banking platform (thousand)

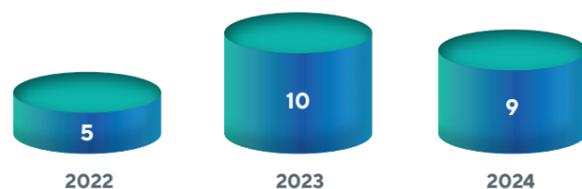


Figure 24. Total number of active salary cards (thousand)



Figure 25. Total amount of transfers, bln azn



Domestic transfers

The increase in domestic transfers can be explained by the increase in cashless payments within the country, the expansion of digital banking services, and the increase in digitalization of business transactions. The expansion of ABB's internet and mobile banking services, the introduction of new digital payment options, and the growth of its customer base have stimulated the growth of domestic remittances. In addition, the implementation of state and social payments through banking channels, the increase in payments made between businesses through banks, and the fact that customers are increasingly using banking infrastructure are considered to be the main factors explaining the high growth rate of domestic remittances.

International transfers



ABB operates in full compliance with international standards and prioritizes transparent and reliable financial transactions. The advanced control mechanisms, high-level AML/CFT, and sanction requirements implemented by the Bank to ensure the security of its customers' financial transactions and full compliance with legislation have led to certain changes in foreign money transfers.

Digital Small Business

In 2024, one of ABB's strategic projects, the Digital Small Business Tribe was established, and the ABB Biz application, which contributes to the development of small businesses, was introduced. This new segment includes customers with an annual turnover and credit debt of 100 thousand manat or less, and those who have a Tax Identification Number. By providing fast and profitable loan products, flexible payment solutions, and intuitive, secure services through digital channels, small business customers have the opportunity to easily manage their daily financial needs.

ABB Biz application functionalities:

- Online account opening - remote registration and account opening of new customers through the ABB Biz application in a fully digital form;

- MPOS - Mobile POS terminal solution for small businesses;
- QR payments - Creation of payment options via QR code in order to increase digital payments;
- My e-accountant - Creation of a solution for simplified tax return preparation and payment for taxpayers;
- Online instant loan product - The ability to obtain a loan for small businesses in a fully digital and fast way;
- Personal client manager - Appointment of special client managers to provide individual service to small business clients;
- The ability of the entrepreneur to make transfers between their accounts, as well as intra-bank and domestic transfers;
- Budget, utility, and the telecommunications payments.

Among the achievements achieved during the reporting period, the attraction of 3,366 new customers, the formation of a loan portfolio of 7.3 million manats, and the sale of 886 new payment instruments are particularly noteworthy. In addition to expanding the customer base, increasing the loan portfolio, and improving digital services, important steps have been taken to automate internal processes, create flexible squad structures, and increase the knowledge and skills of employees. Starting in 2025, it is planned to further expand the customer base, launch new digital products, and apply innovative technologies. In order to develop "Beyond banking", ABB aims to transform ABB Biz into a broader business ecosystem. These strategies aim to strengthen its leading position in digital banking and provide 360-degree service to small business customers.

Individual entrepreneurs visited ABB's Digital Small Business tribe

A meeting was held with individual entrepreneurs in the Digital Small Business Tribe. 30 entrepreneurs participated in the meeting. The main purpose of the meeting was to promote the ABB Biz application, sell products, and collect useful feedback from customers. During the meeting, customers were provided with general information about the principles of work in an Agile environment and teams.

Then, information about the ABB Biz mobile application, products and services was presented. Video clips about each product were presented in the interactive meeting. Entrepreneurs' questions were answered.

# FINAL NOTES AND THRESHOLD OF ACCOUNTABILITY

ABB has made a high level of effort to ensure the accuracy and transparency of the information presented in this report. However, since forward-looking statements and forward-looking projections may be affected by certain economic and market factors, ABB is not responsible for updating these statements or for any possible financial losses, including loss of profit, that any parties making decisions based on them may face.

### Water consumption

Due to limited or no proper accounting of water costs by service providers, lessors, and lessees, it is not possible to accurately calculate water consumption in properties leased or leased by ABB. These indicators were determined using invoices for payments made by ABB to service providers in 2024 (direct payment based on Azersu meters).

### Total training hours

This includes hours spent on technical training, compliance, risk, onboarding, and general training organized within the Bank.

### Total number of employees

The total number of employees, as well as the total number of employees hired and terminated, is determined according to the number of full-time employees.

### Retail customers

1. Retail customers include the total number of ABB mobile users and active retail customers. Information on the total number of ABB mobile users was obtained from the Bank's internal systems. Active retail customers were determined based on the following criteria:

1. Customers who have made at least 1 debit transaction in the last 3 months;

2. Customers with an unpaid balance of 100 AZN or more in the last 1 month;
3. Customers with an active loan whose payment period has not exceeded 90 days.

### Social expenses

Social expenses cover spending on sponsoring social projects.

### Total number of corporate clients

Corporate clients include large enterprises and SMEs.

The GHG emissions (Scope 1 and Scope 2) figures are based on ABB's fuel, natural gas, and electricity consumption in Azerbaijan (excluding subsidiaries outside the country). In accordance with the GHG Protocol, we have applied an operational control approach to determine the limits for calculating and disclosing carbon emissions. We have compared the data collected on the consumption of energy and other resources with the IPCC methodology recommendations for calculating GHG emissions. Due to limited or no proper accounting of energy consumption costs by service providers, lessors, and lessees, it is not possible to accurately calculate Scope 1 and Scope 2 emissions from properties leased or leased by ABB. These figures have been determined using invoices for payments made by ABB to service providers.

### Helpful Feedback

The ABB highly appreciates the feedback and suggestions of stakeholders for further improvement of this report. For any questions or suggestions related to the report and sustainability, please contact **Yedgar Jafarov**, ABB Corporate Communications Officer (yedgar.jafarov@abb-bank.az) and **Vusal Mammadov**, ABB Strategy Office Team Lead (vusal.r.mammadov@abb-bank.az). The ABB is always ready to listen to all stakeholders and take their views into account.

# COMPLIANCE TABLE WITH GRI STANDARDS

Statement of use

ABB has reported in accordance with the GRI Standards for the period 01.01.2024-31.12.2024

GRI 1 used

GRI 1: Foundation - 2021

GRI standard / Other source	Disclosure	Disclosure Status	Page	Comments
<b>General disclosures</b>				
<b>GRI 2: General Disclosures 2021</b>	2-1 Organizational details	✓ 1.2 About ABB Financial Group	10-11	
	2-2 Entities included in the organization's sustainability reporting	✓ 1.6 Charter capital structure	22	
	2-3 Reporting period, frequency, and contact point	✓ 2.1.1 Report profile ✓ 4.5 Final notes and threshold of accountability	42 156	
	2-4 Restatements of information	✓ 2.2.1.1 Our annual environmental footprint	49-51	Please refer to the footnotes in the Table 4 and 5.
	2-5 External assurance	Submitted		
	2-6 Activities, value chain and other business relationships	✓ 1.2 About ABB Financial Group ✓ 1.4 Mission and strategic vision ✓ 1.5 Purpose and values ✓ 1.10 Analysis of Azerbaijan's Banking Sector	10-11 19-20 33-37	
	2-7 Employees	✓ 2.2.2.3 Employee centricity	72-82	
	2-8 Workers who are not employees	✓ 2.2.2.3 Employee centricity	72-82	
	2-9 Governance structure and composition	✓ 1.3 Management structure ✓ 2.2.3 Governance	13-18 83-109	
	2-10 Nomination and selection of the highest governance body	✓ 1.3 Management structure ✓ 2.2.3 Governance	13-18 83-109	

GRI standard / Other source	Disclosure	Disclosure Status	Page	Comments
<b>General disclosures</b>				
<b>GRI 2: General Disclosures 2021</b>	2-11 Chair of the highest governance body	✓ 1.3 Management structure ✓ 2.2.3 Governance	13-18 83-109	
	2-12 Role of the highest governance body in overseeing the management of impacts	✓ 1.3 Management structure ✓ 2.2.3 Governance	13-18 83-109	
	2-13 Delegation of responsibility for managing impacts	✓ 1.3 Management structure ✓ 2.2.2 Social ✓ 2.2.3 Governance	13-18 60-82 83-109	
	2-14 Role of the highest governance body in sustainability reporting	✓ 1.3 Management structure ✓ 2.2.3 Governance	13-18 83-109	
	2-15 Conflicts of interest	✓ 2.2.3 Governance	83-109	
	2-16 Communication of critical concerns	✓ 2.2.2.3 Employee centricity ✓ 2.2.3 Governance-Internal and External Audit	72-82 98	
	2-17 Collective knowledge of the highest governance body	✓ 2.2 ABB's commitment to sustainability	46-48	
	2-18 Evaluation of the performance of the highest governance body	✓ 2.2.3 Governance-Remuneration system	92-94	
	2-19 Remuneration policies	✓ 2.2.3 Governance-Remuneration system	92-94	
	2-20 Process to determine remuneration	✓ 2.2.3 Governance-Remuneration system	92-94	
	2-21 Annual total compensation ratio	Confidentiality restrictions		This information is not disclosed as it is treated as confidential by ABB.
	2-22 Statement on sustainable development strategy	✓ 1.1 Letter from the CEO ✓ 1.11 ABB's strategic overview ✓ 2.2 ABB's commitment to sustainability	6-9 38-39 46-48	ABB is actively considering the development of a sustainability strategy and open to explore it further.
	2-23 Policy commitments	✓ 2.2.3 Governance-Business Ethics and Integrity	108-109	
	2-24 Embedding policy commitments	✓ 2.2 ABB's commitment to sustainability ✓ 2.2.2.1 Contribution to society ✓ 2.2.3 Governance-Business Ethics and Integrity	46-48 60-68 108-109	

GRI standard / Other source	Disclosure	Disclosure Status	Page	Comments
<b>General disclosures</b>				
<b>GRI 2: General Disclosures 2021</b>	2-25 Processes to remediate negative impacts	✓ 2.2 ABB's commitment to sustainability ✓ 2.2.2.2 Customer-Centric approach ✓ 2.2.3 Governance-Business Ethics and Integrity	46-48 68-69 108-109	
	2-26 Mechanisms for seeking advice and raising concerns	✓ 2.2.3 Governance-Business Ethics and Integrity	108-109	
	2-27 Compliance with laws and regulations	✓ 2.2.3 Governance-Business Ethics and Integrity	94-97 108-109	
	2-28 Membership associations	✓ 1.2 About ABB Financial Group	10-12	
	2-29 Approach to stakeholder engagement	✓ 2.2.3 Governance-Investor and Shareholder Relations	98-100	
	2-30 Collective bargaining agreements	✓ 2.2.2.3 Employee centricity	72-82	
	<b>Material topics</b>			
<b>GRI 3: Material Topics 2021</b>	3-1 Process to determine material topics	✓ 2.1 About the report	42-45	
	3-2 List of material topics	✓ 2.1 About the report	42-45	
<b>Economic performance</b>				
<b>GRI 3: Material Topics 2021</b>	3-3 Management of material topics	✓ 1.10 Analysis of Azerbaijan's Banking Sector ✓ 2.1 About the report ✓ 2.2.1 Environmental ✓ 2.2.2.1 Contribution to Society	33-37 42-45 49-55 60-68	
	201-1 Direct economic value generated and distributed	✓ 1.10 Analysis of Azerbaijan's Banking Sector	33-37	
	201-2 Financial implications and other risks and opportunities due to climate change	✓ 2.2 ABB's commitment to sustainability	46-48	We are working on improving our internal human resources reporting to ensure that we provide even more comprehensive information in the upcoming periods.
	201-3 Defined benefit plan obligations and other retirement plans	✗ Not available		Not applicable
	201-4 Financial assistance received from government	✓ 4.4. Retail and corporate business performance	149	

GRI standard / Other source	Disclosure	Disclosure Status	Page	Comments
<b>Market presence</b>				
<b>GRI 3: Material Topics 2021</b>	3-3 Management of material topics	✓ 1.3 Management structure ✓ 2.2.3 Governance	13-18 83-109	
<b>GRI 202: Market Presence 2016</b>	202-1 Ratios of standard entry level wage by gender compared to local minimum wage	✓ 2.2.3 Governance	94	
	202-2 Proportion of senior management hired from the local community	✗ Not available		We are working on improving our internal human resources reporting to ensure that we provide even more comprehensive information in the upcoming periods.
<b>Indirect economic impacts</b>				
<b>GRI 2: General Disclosures 2021</b>	3-3 Management of material topics	✓ 2.2.1.1 Our annual environmental footprint ✓ 2.2.2.1 Contribution to society	49-55 60-68	
<b>GRI 203: Indirect Economic Impacts 2016</b>	203-1 Infrastructure investments and service supported	✓ 2.2 ESG achievements ✓ 2.2.2.1 Contribution to society	48 60-68	
	203-2 Significant indirect economic impacts	✓ 2.2.1.1 Our annual environmental footprint ✓ 2.2.2.1 Contribution to society	49-55 60-68	
<b>Procurement practices</b>				
<b>GRI 3: Material Topics 2021</b>	3-3 Management of material topics	✓ 2.2 ABB's commitment to sustainability	46-48	
<b>GRI 204: Procurement Practices 2016</b>	204-1 Proportion of spending on local suppliers	✗ Not available		This information is not disclosed as it is treated as confidential by ABB.
<b>Anti-corruption</b>				
<b>GRI 3: Material Topics 2021</b>	3-3 Management of material topics	✓ 2.2.3 Governance-Business Ethics and Integrity	108-109	
	205-1 Operations assessed for risks related to corruption	✓ 2.2.3 Governance-Business Ethics and Integrity	108-109	
	205-2 Communication and training about anti-corruption policies and procedures	✓ 2.2.3 Governance-Business Ethics and Integrity	108-109	
	205-3 Confirmed incidents of corruption and actions taken	✓ 2.2.3 Governance-Business Ethics and Integrity	108-109	

GRI standard / Other source	Disclosure	Disclosure Status	Page	Comments
<b>Anti-competitive behavior</b>				
<b>GRI 3: Material Topics 2021</b>	3-3 Management of material topics	✓ 2.2.2.3 Employee centricity ✓ 2.2.3 Governance-Business Ethics and Integrity	72-82 108-109	
<b>GRI 206: Anti-competitive Behavior 2016</b>	206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	✓ 2.2.3 Governance-Business Ethics and Integrity	108-109	
<b>Tax</b>				
<b>GRI 3: Material Topics 2021</b>	3-3 Management of material topics	✓ 2.2.3 Governance	92-97	
	207-1 Approach to tax	✓ 2.2.3 Governance	92-97	For more information, please refer to the 'Consolidated Financial Statements - 31.12.2024' section at <a href="https://abb-bank.az/az/hesabatlar">https://abb-bank.az/az/hesabatlar</a> .
<b>GRI 207: Tax 2019</b>	207-2 Tax governance, control, and risk management	✓ 2.2.3 Governance-Risk Management	100-104	
	207-3 Stakeholder engagement and management of concerns related to tax	✓ 2.2.3 Governance-Business Ethics and Integrity	94-97 108-109	
	207-4 Country-by-country reporting	✓ 1.1 Letter from the CEO	7	For more information, please refer to the 'Consolidated Financial Statements - 31.12.2024' section at <a href="https://abb-bank.az/az/hesabatlar">https://abb-bank.az/az/hesabatlar</a> .
<b>Materials</b>				
<b>GRI 301: Materials 2016</b>	301-1 Materials used by weight or volume	✓ 2.2.1 Environmental	49-55	
	301-2 Recycled input materials used	✗ Not available		Not applicable
	301-3 Reclaimed products and their packaging materials	✗ Not available		Not applicable
<b>Energy</b>				
<b>GRI 3: Material Topics 2021</b>	3-3 Management of material topics	✓ 2.2.1 Environmental	49-55	

GRI standard / Other source	Disclosure	Disclosure Status	Page	Comments
<b>Energy</b>				
<b>GRI 302: Energy 2016</b>	302-1 Energy consumption within the organization	✓ 2.2.1 Environmental	49-55	
	302-2 Energy consumption outside of the organization	✗ Not available		
	302-3 Energy intensity	✓ 2.2.1 Environmental	49-55	
	302-4 Reduction of energy consumption	✓ 2.2.1 Environmental	49-55	
	302-5 Reductions in energy requirements of products and services	✓ 2.2.1 Environmental	49-55	
<b>Water and effluents</b>				
<b>GRI 3: Material Topics 2021</b>	3-3 Management of material topics	✓ 2.2.1 Environmental	49-55	
<b>GRI 303: Water and Effluents 2018</b>	303-1 Interactions with water as a shared resource	✗ Not available		This information is not disclosed as it is treated as confidential by ABB.
	303-2 Management of water discharge-related impacts	✗ Not available		Not applicable
	303-3 Water withdrawal	✗ Not available		Not applicable
	303-4 Water discharge	✗ Not available		Not applicable
	303-5 Water consumption	✓ 2.2.1 Environmental	49-55	
<b>Biodiversity</b>				
<b>GRI 304: Biodiversity 2016</b>	304-1 Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	✗ Not available		This information is not disclosed as it is treated as confidential by ABB.
	304-2 Significant impacts of activities, products and services on biodiversity	✗ Not available		This information is not disclosed as it is treated as confidential by ABB.
	304-3 Habitats protected or restored	✗ Not available		This information is not disclosed as it is treated as confidential by ABB.
	304-4 IUCN Red List species and national conservation list species with habitats in areas affected by operations	✗ Not available		This information is not disclosed as it is treated as confidential by ABB.

GRI standard / Other source	Disclosure	Disclosure Status	Page	Comments
<b>Emissions</b>				
<b>GRI 3: Material Topics 2021</b>	3-3 Management of material topics	✓ 2.2.1 Environmental	49-55	
<b>GRI 305: Emissions 2016</b>	305-1 Direct (Scope 1) GHG emissions	✓ 2.2.1 Environmental	49-55	
	305-2 Energy indirect (Scope 2) GHG emissions	✓ 2.2.1 Environmental	49-55	
	305-3 Other indirect (Scope 3) GHG emissions	✗ Not available		We are working on improving our approach to assessing our corporate carbon footprint in order to provide more comprehensive information in the coming periods.
	305-4 GHG emissions intensity	✓ 2.2.1 Environmental	49-55	
	305-5 Reduction of GHG emissions	✓ 2.2 ABB's commitment to sustainability	46-55	
	305-6 Emissions of ozone-depleting substances (ODS)	✗ Not available		ABB, as a financial group is not engaged in the production, use, or direct emission of ozone-depleting substances.
	305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	✗ Not available		ABB, as a financial group does not directly produce significant air emissions like nitrogen oxides (NOx) or sulfur oxides (SOx).

GRI standard / Other source	Disclosure	Disclosure Status	Page	Comments
<b>Emissions</b>				
<b>GRI 306: Waste 2020</b>	306-1 Waste generation and significant waste-related impacts	✓ 2.2.1 Environmental	49-55	
	306-2 Management of significant waste-related impacts	✓ 2.2.1 Environmental	49-55	
	306-3 Waste generated	✓ 2.2.1 Environmental	49-55	
	306-4 Waste diverted from disposal	✗ Not available		Not applicable
	306-5 Waste directed to disposal	✗ Not available		Not applicable
<b>Supplier environmental assessment</b>				
<b>GRI 3: Material Topics 2021</b>	3-3 Management of material topics	✓ 2.2 ABB's commitment to sustainability	46-48	
<b>GRI 308: Supplier Environmental Assessment 2016</b>	308-1 New suppliers that were screened using environmental criteria	✓ 2.2 ABB's commitment to sustainability	46-48	
	308-2 Negative environmental impacts in the supply chain and actions taken	✗ Not available		
<b>Employment</b>				
<b>GRI 3: Material Topics 2021</b>	3-3 Management of material topics	✓ 2.2.2.1 Contribution to society ✓ 2.2.2.3 Employee centricity	60-68 72-82	
<b>GRI 401: Employment 2016</b>	401-1 New employee hires and employee turnover	✓ 2.2.2.3 Employee centricity	72-82	
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	✓ 2.2.2.3 Employee centricity	72-82	
	401-3 Parental leave	✓ 2.2.2.3 Employee centricity	72-82	
<b>Labor/management relations</b>				
<b>GRI 402: Labor/Management Relations 2016</b>	402-1 Minimum notice periods regarding operational changes	✓ 2.2.2.3 Employee centricity	72-82	
<b>Occupational health and safety</b>				
<b>GRI 3: Material Topics 2021</b>	3-3 Management of material topics	✓ 2.2.2.3 Employee centricity	72-82	

GRI standard / Other source	Disclosure	Disclosure Status	Page	Comments
<b>İşçilerin sağlamlığı ve emeyin tehlikesizliyi</b>				
<b>GRI 403: Occupational Health and Safety 2018</b>	403-1 Occupational health and safety management system	✗ Not available		Not applicable
	403-2 Hazard identification, risk assessment, and incident investigation	✗ Not available		Not applicable
	403-3 Occupational health services	✗ Not available		Not applicable
	403-4 Worker participation, consultation, and communication on occupational health and safety	✗ Not available		Not applicable
	403-5 Worker training on occupational health and safety	✗ Not available		Not applicable
	403-6 Promotion of worker health	✓ 2.2.2.3 Employee centricity	72-82	
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	✗ Not available		Not applicable
	403-8 Workers covered by an occupational health and safety management system	✓ 2.2.2.3 Employee centricity	72-82	
	403-9 Work-related injuries	✗ Not available		Not applicable
	403-10 Work-related ill health	✗ Not available		Not applicable
<b>Training and education</b>				
<b>GRI 3: Material Topics 2021</b>	3-3 Management of material topics	✓ 2.2.2.3 Employee centricity	72-82	
<b>GRI 404: Training and Education 2016</b>	404-1 Average hours of training per year per employee	✓ 2.2.2.3 Employee centricity	72-82	
	404-2 Programs for upgrading employee skills and transition assistance programs	✓ 2.2.2.3 Employee centricity	72-82	
	404-3 Percentage of employees receiving regular performance and career development reviews	✓ 2.2.3 Governance	94	
<b>Diversity and equal opportunity</b>				
<b>GRI 3: Material Topics 2021</b>	3-3 Management of material topics	✓ 2.2.2.3 Employee centricity	72-82	

GRI standard / Other source	Disclosure	Disclosure Status	Page	Comments
<b>Emissiyalar</b>				
<b>GRI 405: Diversity and Equal Opportunity 2016</b>	405-1 Diversity of governance bodies and employees	✓ 2.2.2.3 Employee Orientation	72-82	
	405-2 Ratio of basic salary and remuneration of women to men	✓ 2.2.3 Governance	94	
<b>Non-discrimination</b>				
<b>GRI 406: Non-discrimination 2016</b>	406-1 Incidents of discrimination and corrective actions taken	✗ Not available		ABB has a strong Human Resources policy and Code of Ethics that explicitly prohibit any form of discrimination based on age, religious beliefs, gender, or racial/ethnic origin.
<b>Freedom of association and collective bargaining</b>				
<b>GRI 407: Freedom of Association and Collective Bargaining 2016</b>	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	✓ 2.2 ABB's commitment to sustainability	46-48	
<b>Child labor</b>				
<b>GRI 408: Child Labor 2016</b>	408-1 Operations and suppliers at significant risk for incidents of child labor	✗ Not available		Not applicable
<b>Forced or compulsory labor</b>				
<b>GRI 3: Material Topics 2021</b>	3-3 Management of material topics	✓ 2.2 ABB's commitment to sustainability ✓ 2.2.2.1 Contribution to society ✓ 2.2.2.3 Employee centricity	46-48 60-68 72-82	
<b>GRI 409: Forced or Compulsory Labor 2016</b>	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	✓ 2.2 ABB's commitment to sustainability ✓ 2.2.2.1 Contribution to society ✓ 2.2.2.3 Employee centricity	46-48 60-68 72-82	

GRI standard / Other source	Disclosure	Disclosure Status	Page	Comments
<b>Security practices</b>				
<b>GRI 410: Security Practices 2016</b>	410-1 Security personnel trained in human rights policies or procedures	✗ Not available		Not applicable
<b>Rights of indigenous peoples</b>				
<b>GRI 411: Yerli xalqların hüquqları 2016</b>	411-1 Incidents of violations involving rights of indigenous peoples	✗ Not available		Not applicable
<b>Local communities</b>				
<b>GRI 3: Əhəmiyyətli mövzular 2021</b>	3-3 Management of material topics	✓ 2.2.2.1 Contribution to society	60-68	
<b>GRI 413: Local Communities 2016</b>	413-1 Operations with local community engagement, impact assessments, and development programs	✓ 2.2.2.1 Contribution to society	60-68	
	413-2 Operations with significant actual and potential negative impacts on local communities	✗ Not available		Not applicable
<b>Supplier social assessment</b>				
<b>GRI 3: Material Topics 2021</b>	3-3 Management of material topics	✓ 2.2 ABB's commitment to sustainability	46-48	
<b>GRI 414: Supplier Social Assessment 2016</b>	414-1 New suppliers that were screened using social criteria	✓ 2.2 ABB's commitment to sustainability	46-48	
	414-2 Negative social impacts in the supply chain and actions taken	✓ 2.2 ABB's commitment to sustainability	46-48	
<b>Public policy</b>				
<b>GRI 415: Public Policy 2016</b>	415-1 Political contributions	✗ Not available		Not applicable
<b>Customer health and safety</b>				
<b>GRI 3: Material Topics 2021</b>	3-3 Management of material topics	✗ Not available		Not applicable

GRI standard / Other source	Disclosure	Disclosure Status	Page	Comments
<b>Customer health and safety</b>				
<b>GRI 416: Customer Health and Safety 2016</b>	416-1 Assessment of the health and safety impacts of product and service categories	✗ Not available		Not applicable
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	✗ Not available		Not applicable
<b>Marketing and labeling</b>				
<b>GRI 417: Marketing and Labeling 2016</b>	417-1 Requirements for product and service information and labeling	✓ 3. Innovation and Digitalization	112-135	
	417-2 Incidents of non-compliance concerning product and service information and labeling	✗ Not available		Not applicable
	417-3 Incidents of non-compliance concerning marketing communications	✗ Not available		Not applicable
<b>Customer privacy</b>				
<b>GRI 3: Material Topics 2021</b>	3-3 Management of material topics	✓ 2.2.2.2 Customer-Centric Approach ✓ 2.2.3 Governance-Data Privacy and Cybersecurity	68-70 105-108	
<b>GRI 418: Customer Privacy 2016</b>	418-1 Substantiated complaints concerning breaches of customer privacy and losses of	✓ 2.2.2.2 Customer-Centric Approach ✓ 2.2.3 Governance-Data Privacy and Cybersecurity	68-70 105-108	



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**Independent practitioner’s assurance report**

**To the Management of OJSC International Bank of Azerbaijan (ABB)**

**Scope**

We have been engaged by OJSC International Bank of Azerbaijan (ABB) (hereinafter “ABB”) to perform a ‘limited assurance engagement,’ as defined by International Standards on Assurance Engagements, here after referred to as the engagement, to report on ABB’s selected material non-financial performance indicators (hereinafter “Subject Matter”) contained in ABB’s Sustainability Report (hereinafter “Report”) for the period from 1 January 2024 until 31 December 2024.

The Subject Matter is limited to the following indicators:

- ▶ Total number of full-time permanent employees;
- ▶ Total number of hired employees;
- ▶ Total number of dismissed employees;
- ▶ Total number of training hours;
- ▶ Diesel consumption, tons;
- ▶ Gasoline consumption, tons;
- ▶ Electricity consumption, kWh;
- ▶ Natural gas consumption, m<sup>3</sup>;
- ▶ Water consumption, m<sup>3</sup>;
- ▶ Direct emissions (Scope 1), t CO<sub>2e</sub>;
- ▶ Indirect emissions (Scope 2), t CO<sub>2e</sub>;
- ▶ Number of active corporate clients (by the year end);
- ▶ Number of active corporate users of Internet Banking system (by the year end);
- ▶ Number of active retail clients (by the year end);
- ▶ Number of active ABB Mobile application users (by the year end).

Other than as described in the preceding paragraph, which sets out the scope of our engagement, we did not perform assurance procedures on the remaining information included in the Report, and accordingly, we do not express a conclusion on this information.

**Criteria applied by ABB**

In preparing the Subject Matter, ABB applied the Global Reporting Initiative (GRI) Standards 2021 (hereinafter “GRI Standards”) and other non-financial reporting criteria as set out in the ‘About the Report’ section of the Report (hereinafter “the Criteria”).

**ABB’s responsibilities**

The ABB’s management is responsible for selecting the Criteria, and for presenting the Subject Matter in accordance with that Criteria, in all material respects. This responsibility includes establishing and maintaining internal controls, maintaining adequate records and making estimates that are relevant to the preparation of the Subject Matter, such that it is free from material misstatement, whether due to fraud or error.

**EY’s responsibilities**

Our responsibility is to express a conclusion on the presentation of the Subject Matter based on the evidence we have obtained.

We conducted our engagement in accordance with the *International Standard for Assurance Engagements Other Than Audits or Reviews of Historical Financial Information* (hereinafter ‘ISAE 3000 (Revised)’), and the terms of reference for this engagement as agreed with ABB on 26th February 2024. Those standards require that we plan and perform our engagement to express a conclusion on whether we are aware of any material modifications that need to be made to the Subject Matter in order for it to be in accordance with the Criteria, and to issue a report. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risk of material misstatement, whether due to fraud or error.

We believe that the evidence obtained is sufficient and appropriate to provide a basis for our limited assurance conclusion.

**Our Independence and Quality Management**

We have maintained our independence and confirm that we have met the requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, and have the required competencies and experience to conduct this assurance engagement.

EY also applies International Standard on Quality Management 1, *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services engagements*, which requires that we design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

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#### Description of procedures performed

Procedures performed in a limited assurance engagement vary in nature and timing from and are less in extent than for a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. Our procedures were designed to obtain a limited level of assurance on which to base our conclusion and do not provide all the evidence that would be required to provide a reasonable level of assurance.

Although we considered the effectiveness of management's internal controls when determining the nature and extent of our procedures, our assurance engagement was not designed to provide assurance on internal controls. Our procedures did not include testing controls or performing procedures relating to checking aggregation or calculation of data within IT systems.

A limited assurance engagement consists of making enquiries, primarily of persons responsible for preparing the Subject Matter and related information and applying analytical and other appropriate procedures.

#### Our procedures included:

- ▶ Inquiries from the representatives of ABB's management and specialists responsible for the preparation of the Subject Matter;
- ▶ Analysis of key documents related to the ABB's sustainability policies, activities, performance and relevant reporting;
- ▶ Analytical procedures of the quantitative information related to the Subject Matter;
- ▶ Testing conducted on a sample basis underlying source information regarding selected non-financial indicators disclosed in the Report to check whether these data have been collected, prepared, collated and reported appropriately in accordance with the Criteria.

We also performed such other procedures as we considered necessary in the circumstances.

#### Conclusion

Based on our procedures and the evidence obtained, we are not aware of any material modifications that should be made to the Subject Matter for the year ended 31 December 2024, in order for it to be in accordance with the Criteria.

*Ernst & Young Holdings (C.I.S.) B.V.*

02 May 2025

Baku, Azerbaijan



