


Approved by
Decision No. 10 of Minutes No. 6
of the August 23, 2024
Council meeting of "ID Bank" CJSC

ANTI-BRIBERY AND CORRUPTION POLICY


Responsible Division	Compliance Service
Effective Date	03.09.2024
Application	All divisions of "ID Bank" CJSC
Other provision	From the moment this policy comes into force, the Bank's "Anti-bribery and corruption" policy approved by Decision No. 19 of Minute No.13 of the Bank's Council meeting dated December 19, 2022 shall be declared invalid.
Related documents	RA Criminal Code "RA law on Banks and Banking " "Minimum requirements for implementation of internal control of banks" Regulation 4

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CHAPTER 1. PURPOSE

1. The purpose of this policy is to define the conflict of interest and anti-corruption policy principles and their application approaches in "ID Bank" CJSC.
2. "ID Bank" CJSC is committed to the principles of conducting ethically sustainable business, which is defined by this policy and aims to;
 - 1) Present the trends of conducting fair business in accordance with high ethical standards,
 - 2) Clarify the types of behaviors that may cause conflicts of interest and corruption - or increase the probability of their occurrence,
 - 3) Ensure that financial and other resources within the Bank are used and directed for assurance of their main function/operations and are not used by employees for personal and self-serving purposes,
 - 4) Encourage an honest and transparent working environment/work style within the Bank,
 - 5) Define the Bank's management position on the risks of potential corruption and conflicts of interest, and their prevention, as well as to define unacceptable behavior and working style of the Bank and its employees.

CHAPTER 2: DEFINITIONS AND ABBREVIATIONS

3. Definitions and abbreviations used in this policy have the following meanings:
 - 1) **Bank:** "ID Bank" CJSC,
 - 2) **Employee:** An individual who has signed an employment contract with the Bank in accordance with the RA legislation (including an employee who signed a service contract with the Bank) and members of the Council,
 - 3) **Corruption:** Misuse of official authority for the purpose of obtaining personal benefits,
 - 4) **"Passive" bribery:** Receiving a bribe in private sector by an employee of a commercial or other organization of the RA or another state, either personally or through an intermediary, for himself or for another person, a property, including money, securities, other payment instruments, right to property, service or any other advantage received, demanded, presentation of an offer to give, or acceptance an offer or a promise to give, using his/her official powers or the influence caused by them to perform or not perform an action for the benefit of the payer of the bribe or the person indicated by him;
 - 5) **"Active" bribery:** The promising, offering or giving, directly or indirectly, of any undue advantage to any persons who direct or work for, in any capacity, private sector entities, for themselves or for anyone else, for them to act, or refrain from acting, in breach of their duties;
 - 6) **Conflict of interest:** A situation where the Employee, while performing their duties, takes an action or makes a decision, that could reasonably be interpreted as being guided by their personal interests or personal interests of a related person, and has led or may lead to a




reduction of the Bank's income or as a result of these actions the Bank is or may incur a loss,

- 7) **Related person:** An individual defined as a related or interrelated person under the law of the "RA on Banks and Banking", regardless of running a common economic interests.
- 8) **Customer:** A resident or non-resident individual and legal entity of the RA (including an individual entrepreneur) who uses or has used the services provided by the Bank, applies or is likely to apply for these services.
- 9) **Partners:** A legal entity, individual, or an individual entrepreneur, participating in the procurement process for the purpose of signing a contract with the Bank, including suppliers, counterparties (including potential ones), as well as a business partner or potential partner who has concluded or may conclude a business relationship with the Bank.
- 10) **Reputational risk:** The possibility that negative public perception of the Bank (whether accurate or not) will lead to a decrease in the number of Customers, a reduction in the volume of transactions with Partners/ Customers, and costly litigation and decreased profitability. Additionally, reputational risk can cause liquidity problems, decline in share prices and other related issues.

CHAPTER 3: PRIMARY SCOPE OF REGULATION

4. The objective of regulation of anti-bribery and corruption policy includes:

- 1) Defining the scope of actions or behaviors, that may be considered as actions or behavior that have corrupt characteristics from the Bank's point of view.
- 2) Defining the description of employee actions or behaviors that are unacceptable to the Bank,
- 3) Defining mechanisms for transmitting information in the Bank that will enable for the timely and clear receipt of information about actual (or potential) manifestations of corruption allowing for the implementation of appropriate measures,
- 4) Defining the early identification/self-withholding of potential conflicts of interest among Bank employees, and implementing effective mechanisms to address these conflicts, both in cases specified by the Bank's internal regulations and when potential conflicts of interest arise,
- 5) Organization of a two-tiered system of information transfer about actual (or potential) corruption while ensuring confidentiality. The provision of this process is carried out at the detection and prevention stage described in phase 23rd section of this policy.

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CHAPTER 4: GENERAL PROVISIONS

5. The principles defined by this policy and their application are an integral part of the Bank's compliance risk management process.
6. To mitigate potential risks of corruption and conflicts of interest, the Bank ensures at least:
 - 1) The involvement of the Bank's competent authorities in decision-making and transactions' conclusion processes, in accordance with the procedures established by RA legislation and the Bank's internal legal acts,
 - 2) Implementation of risk assessment processes in cases defined by this policy (including the Bank's reputational, operational and fraud risks),
 - 3) Assurance of a reasonable level of transparency in transaction at all possible stages of decision-making,
 - 4) Approval of incurred expenses in accordance with the requirements of the Bank's internal legal acts,
 - 5) Regulation of decision-making, and power granting processes, as well as exclusion/prevention of potential cases of conflict of interest in named transactions.
 - 6) Conducting of comprehensive due diligence on existing and potential partners, including assessment prior to establishment of business relationships, recording and retention of the respective results, and performing of periodic reviews during the course of collaboration, in accordance with the Bank's internal legal acts,
 - 7) Implementation of mechanisms for reporting cases of bribery or conflicts of interest in accordance with the requirements of the Bank's internal legal acts,
 - 8) Review and notification of the provisions of this policy to Bank's employees in accordance with the requirements of the Bank's internal legal acts,
 - 9) Organization of regular trainings for employees.
7. A potential occurrence of bribery can result in criminal proceedings or inspections by financial regulator, which can result in warnings, fines or other costs to the business, as well as an increased level of reputational risk for the Bank. Individuals involved in bribery are likely to face criminal liability. Additionally, failure by competitors or third parties to take legal action may also be considered as bribery.
8. The Bank confirms that it does not tolerate any form of bribery and, therefore, the Bank's policy is aimed at:
 - 1) The elimination of receiving or giving bribes, as well as potential cases of conflicts of interests,
 - 2) A thorough investigation of possible cases of receiving or giving bribes, as well as conflicts of interest, and reporting any such occurrences to the relevant competent authorities.
9. All decisions within the Bank must be made in accordance with RA legislation, the provisions of this policy, and the requirements of other Bank's legal acts.
10. The employees are prohibited under any circumstances to receive, request, offer to give or accept an offer or promise to give property, including money, stock, other payment instrument, rights to property, services or any other advantages for themselves or other person directly or through an




intermediary using their official authority or the influence derived from it to perform or refrain from performing an action in favor of the bribe giver or their designated individual. It is also unacceptable for the Bank to receive gifts for performing any action in favor of anyone, the more precise detailed procedures regarding this are described in other internal legal acts of the Bank.

11. The Employee is also prohibited from directing the Bank's other employees, Customers and third parties to offer, give, promise, demand and receive bribes in favor of persons affiliated with them personally or through the solicitation of other persons. The employee is also prohibited from publishing or disclosing to another person/persons any information containing banking or commercial secrets, as well as information related to the Bank's regular operations, that is not publicly available.
12. Employees are prohibited from abusing their official authority or the influence they exert, particularly by using the powers or influence granted to them by law in a manner detrimental to the interests of the Bank, or by failing to perform or improperly performing their official duties, or by engaging in actions that are beyond the scope of their authority or not in line with their authority, causing significant harm to the rights and legitimate interests of individuals or the Bank.
13. Employees bear personal responsibility for all cases where their personal interest or benefit affects or may affect the objectivity of their actions, professional judgment, legality and/or directly contradicts or may contradict the interests of Customers and Partners.
14. Employees are informed that, according to the RA Criminal Code, giving and receiving bribes, as well as solicitation of bribes, including commercial bribery, are considered criminal offenses punishable by law.
15. Employees are prohibited from disclosing to others, for personal gain, any possible ways to circumvent the tariffs applied for the services provided by the Bank.
16. Employees are prohibited from disclosing to others, for personal gain, or personally using any known technical or software vulnerabilities, as well as methods for circumventing software capabilities.
17. Employees are prohibited from offering to Customers or entering into such artificial transactions with Customers, that are aimed at achieving their own performance metrics and do not align with the interests of the Bank.
18. The Bank expects that its Customers and Partners also adhere acceptable principles for preventing conflicts of interest and corruption and are guided by ethical standards for conducting business.
19. The Bank does not finance or otherwise support political parties, including candidates for political positions, their election campaigns or any political events, or any politically oriented organizations or movements. At the same time Politically exposed persons and political parties can become clients of the Bank, provided they are served in accordance with the publicly available rates and terms for the Bank's services.

CHAPTER 5: DESCRIPTION OF CONFLICT OF INTEREST AND BRIBERY TYPES

20. Demonstration of any "Active" and "Passive" bribery is prohibited in the Bank, regardless of whether the bribery is actually paid or not.

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21. In the context of this policy demonstration of corruption is defined as.

- 1) Any privilege/advantage, including:
 - a. As a result of misuse of official authority for mercenary purposes, the provision or receipt of any unjustified and unauthorized financial assistance or other privileges or offering or receiving such offers,
 - b. Receipt of material values, regardless of their form, whether cash or cash-equivalent (e.g., gift cards), or non-cash benefits, such as gifts, illegal opportunities to access various services, illicit exemptions from penalties, illegal waivers of obligations, etc. However, exceptions to this policy may include gifts that are permitted under the procedures established by the Bank's internal legal acts.
- 2) any other types of actions that can be considered as a demonstration of bribery according to the legislation of Republic of Armenia.


22. Possible demonstration of conflicts of interest within the Bank include:

- 1) Disclosure of information about the Bank's Customer or Customers to third parties, including the transfer of banking or commercial secrets, information in exchange for specific personal benefits received or expected,
- 2) When transactions between the Bank and the Customer are structured or offered at non-market prices/values/terms rather than public offer rates/conditions, to the benefit or detriment of the Bank, and such terms are influenced by the personal interests of the employee(s) seeking personal gain,
- 3) Between the Bank's Customer and an Employee, including when, at any stage of the business relationship, an Employee provides an advantage to one Customer to the detriment of another Customer's interest,
- 4) Between the Bank and an Employee, including cases of abuse of official duties or disclosure of confidential information for personal gain,
- 5) Other types of conflicts of interest, ranging from conducting banking transactions to disclosing confidential information, when there is actual evidence of a conflict of interest.

23. For the purposes of implementation of this policy, the processes carried out within the Bank are divided into the following phases:

- 1) **Detection and prevention**, including: examination of the business reputation of Partners before establishing a business relationship, due diligence on new employees from available sources of information before entering into an employment contract, regular preparation and distribution of informational materials to Employees to ensure their awareness of this policy and to the provisions of other internal acts of the Bank, initiation of sample reviews of transactions conducted by or for the benefit of Employees, as necessary.
- 2) **Assessment**, including verification of validity of the received information, proper investigation of the circumstances of the case, preparation of relevant recommendations by collegial decision, and presentation of the information to the Bank's competent authorities.



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- 3) **Regulation**, including the organization of all necessary actions for the possible resolution and regulation of the identified case, collection and retention of documents, correspondence and materials related to the case, marked as “Confidential”.
24. All departments in the Bank are responsible for ensuring the detection and prevention phase within the operations initiated by them. At the same time, in case of occurrence of a conflict of interest with the characteristics defined by this policy, or any manifestation of corruption, or receiving signals of possible manifestation, the Employee is obliged to report in writing to his direct supervisor, describing the details of the incident. Moreover, if one of the parties involved in a conflict of interest or any demonstration or potential demonstration of corruption, is the Employee’s direct supervisor, then the Employee transmits above mentioned information to the higher-level supervisor.
25. The phases/stages of assessment and regulation are carried out within the scope of the Bank’s risk assessment and compliance functions.
26. When establishing business relations with the Bank, Partners are bound by contract to familiarize themselves with and confirm that they have reviewed the requirements of this policy. They must also acknowledge that any manifestation of corruption risk in the partnership may result in both the termination of the partnership and the application of liability measures defined by RA legislation.
27. Exceptions to the 26th clause of this policy may be established by the Bank in cases where efforts for inclusion of the requirement of 26th clause within a contract with a partner have been unsuccessful and where the execution of such agreement is deemed to have a significant impact on the Bank’s operations.. Exceptions can also apply to correspondent banks, international and local donor organizations (funds) providing financing in the field of lending, and major international partners, provided that these partners have their own anti-bribery and corruption policies.

CHAPTER 6: REPORTING

28. Possible corruption risks in the Bank are assessed at least once a year and the risk assessment report is submitted to the Council.
29. Information on detected actual corruption cases is submitted to the Council, depending on the amount and the extent of the impact.

