



2021

ANNUAL REPORT



Content

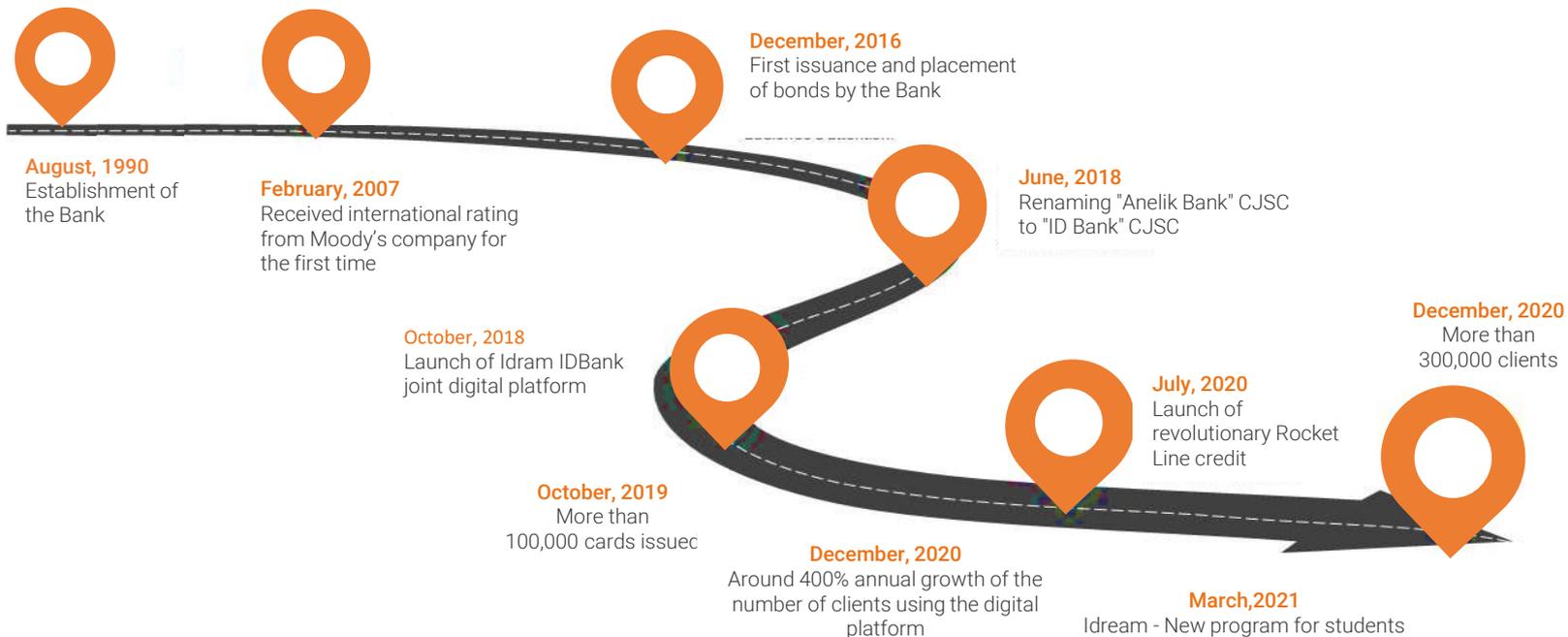
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Briefly about the Bank

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IDBank at a glance



IDBank is one of the innovative developing banks of Armenia and already has 32 years of experience in the banking system. The Bank continually expands and improves the services provided to clients, the scope of services provided on the digital platform providing the clients with interesting solutions and maximum convenience. Adhering to its mission and strategic priorities, the Bank is moving forward with steady steps, paving the way for its success.

IDBank at a glance

2021 results

- Loan portfolio growth by 24%
- Market leader in loan portfolio growth rate
- 38% growth of deposits and accounts
- High level of capital adequacy

<u>Assets</u> 197 bln	<u>Liabilities</u> 151 bln	<u>Capital</u> 46 bln
<u>Loans</u> 117 bln	<u>Deposits, accounts</u> 92 bln	<u>Net profit</u> 1.5 bln
<u>ROE</u> 3.4%	<u>ROA</u> 0.8%	<u>CAR</u> 23.3%

Clients
405 thous.

Employees
537

Cards
260 thous.

Active clients registered in the digital platform
70%

Branches
13

ATMs
55

POS-terminals
784

- 40% growth of the number of active clients
- Around 110% growth of the number of active clients registered in the digital platform
- Around 40% growth of the number of issued cards
- Around 100% growth of card payments

Mission, vision and values of the Bank

Mission of the Bank

To be the first choice bank for our clients as the best innovative Bank in Armenia

Vision of the Bank

Become the first digital bank by expanding our innovative, client oriented activity.

Values of the Bank

We are innovative - One of our primary goals is to provide clients with quality, fast and boundless banking services through the open and innovative digital platform:

We are transparent – We continue to make efforts to be more transparent in relations with our clients, investors, partners and shareholders

We are reliable – We emphasize the secure protection of the data of our beneficiaries by introducing great resources for the purpose of protection against cyber attacks and other threats

We are loyal – We will be next to our clients in good and bad times of life by creating a client oriented ecosystem around their needs

We are a team – We encourage the innovative approaches of our employees and we are confident that only due to team efforts we can achieve perfect results

Our achievements



- ✓ **B1** - Long term counterparty risk rating CRRs)
- ✓ **B2** - Long term rating of deposits in local currency and foreign currency

IDBank is one of the first Armenian banks that offers **SWIFT global payment innovation (gpi)** services.

IDBank is the first Armenian bank that officially joined the International Chamber of Commerce (ICC).

The Bank has received a EBRD award in the sphere of EBRD trade finance expert

The Bank has joined the Bankers Association for Foreign Trade (**BAFT**) within the scopes of development of international cooperation.

The BSI awarded the Bank with Certificate of International Compliance with Information Security Management **ISO/IEC 27001:2013**

The BSI has awarded the Bank with Quality Management system certificate **ISO 9001:2015**

The nominal coupon bonds issued by the Bank have been listed in AMX and are included in the main Abond list of bonds.

IDBank is the largest issuer of **VISA** cards in Armenia

The bank as a reporting issuer

The Bank has issued and placed bonds for the first time in its history in 2016. The goal of issuance and placement of bonds by the Bank is to attract funds which shall be directed towards funding of the Bank's main activity.

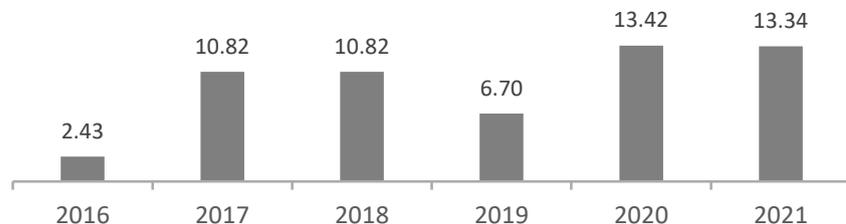
The total volume of bonds of the first issue of 2021 amounted to USD 5 million. The bonds were issued in January with the 30 months of maturity, the annual coupon yield is 5%, the coupon repayment frequency - quarterly.

The total volume of bonds of the 2nd issue of 2021 amounted to USD 5 million. The bonds were issued in August with the 27 months of maturity, the annual coupon yield is 4%, the coupon repayment frequency - quarterly.

The total volume of bonds of the 3rd issue of 2021 amounted to USD 5 million. The bonds were issued in December with the 27 months of maturity, the annual coupon yield is 4%, the coupon repayment frequency - quarterly.

During 2021 IDBank's bonds of the 1st and 2nd issues of 2021 have been listed in "Armenian Stock Exchange" OJSC and have been included in the main bonds platform (Abond). The bonds of the 3rd issue were still at the stage of primary placement during 2021. As of the end of 2021 bonds with a nominal value of about \$ 2 million USD out of the 3rd issue bonds were placed in the primary market.

Bonds issued (billion AMD)



As a result, as of the end of 2021, the bonds of 6 issues made by IDBank are circulating in the secondary market, the total volume of which makes USD 25 million and AMD 250 million.

There were no significant changes in terms of risks of investors in bonds

While acquiring bonds the investor usually bears the following risks:

- ✓ Market risk (Interest rate risk, Foreign exchange risk, etc.),
- ✓ Bonds liquidity risk,
- ✓ Inflation risk

As of 31/12/2021 no significant changes have been registered in terms of investor risk in the market.

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Strategic report

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Message from the Chairman of the Council



Vartan Dilanyan
Chairman of the Council of "IDBank" CJSC

Born on July 24, 1971.

In 1994 graduated from Moscow State Institute of International Relations, Faculty of International Economic Relations

In 2010 graduated from Moscow "Skolkovo" Management School, Executive MBA

In 2008 was appointed as the Chairman of "BINBANK" OJSC.

Since 2011 works in Accenture PLC as Managing Director of "Financial Services" operational group.

Currently holds the position of Head of representative offices of "Accenture" PLC in Russia and Kazakhstan.

In 2016 was appointed as the Chairman of the Council of "IDBank" CJSC.

Dear clients and partners,

In 2021 we continued to achieve the goals set by the Bank and succeeded in all the main directions.

Despite the fact that 2021 followed the severe crisis in 2020, nevertheless, economic activity was observed within a rather short period of time, which, of course, had a positive impact on the banking system as well.

We have continued to improve digital services and expand the ecosystem to meet the needs of our clients.

The Idram&IDBank digital platform is mainly the only one that fully integrates a whole set of banking and payment services, which saves the client's time and provides a complete set of remote service tools.

In 2021 we have continued to promote the "Buy now, pay later" format in Armenia and we have achieved impressive indicators. We have also made special offers for business clients by creating the IDBusiness application, which allows them to manage their accounts and easily make the necessary transfers.

Enumerating the achievements of 2021, we can talk about the increase of the volume of issuing bank cards by 40%, growth of the number of active clients registered in the digital platform by around 110%, as well as the number of our corporate clients has also significantly increased. All these indicators once again prove that we are moving in the right direction.

Keeping the client-centric approach at the core of our goals, we will continue to set ambitious goals and create all the necessary preconditions to achieve them.

Thank you for the trust.

Best regards,

Chairman of the Council

Vartan Dilanyan

Message from the Chairman of the Management Board

Mher Abrahamyan
Chairman of the Management Board



Born on October 16, 1975.

In 1997 graduated from the Yerevan Institute of National Economy, faculty of Management and Economic Relations.

In 2004 graduated from Fletcher School of Law and Diplomacy, Tufts University, USA. Has a CFA qualification, levels I, II.

Since 1999 has been employed at the RA Central Bank as the Head of Banking System Regulation Unit within the Financial System Regulation Division of the RA Central Bank in 2007 2012 , and as the Head of Financial System Regulation Division in 2012 2018 .

In 2019 was appointed as the Chairman of the Management Board of IDBank .

Dear partners and clients,

Summing up the year of 2021, fortunately, we can talk about progress and developments. Although the year started with not such favorable predictions, which mainly referred to the difficult stages of overcoming the crisis, we are happy to say that the transition period was quite short and we have entered into a stage of growth and development.

As a digital and innovative bank, in 2021 IDBank continued the path of its digital development. During this year we have had a significant growth of the client base, the Bank is in a leading position with the functionality and rating of the banking application, as a result of which the clients' activity in the digital channels is also increasing dynamically. Particularly, the number of active clients registered in the digital channels increased by 77% during 2021 ensuring over-fulfillment of the annual plan.

During 2021 we have continued to enhance the development of the "Get now, pay later" global payment format in Armenia, the Rocket Line digital credit, and we have achieved significant success. Within a year more than 30.000 client have had a chance to use the Rocket Line digital credit, and the number of agreements exceeds 500.000 which indicates the convenience and high demand of the product.

The volume of QR/NFC payments made with the Bank's accounts and cards has increased 4 times in 2021 as compared to the same period of 2020. The share of QR/NFC payments made with the Bank's accounts and cards has also registered significant growth.

The Bank has been in a leading position in terms of the loan portfolio growth rate, and, in general, IDBank is the most dynamically developing Bank in the Armenian banking system according to all the indicators.

I can proudly emphasize the Bank's Corporate Social Assistance programs. Only in 2021 within the framework of "The power of one dram" initiative the Bank has transferred an amount exceeding AMD 40 million to various charitable foundations, which solve vital issues for our country. The program is ongoing and we are very happy that people are becoming more and more involved in charity by making payments through Idram&IDBank application and becoming goodwill ambassadors. In 2021 we have also implemented a number of other charitable programs such as providing scholarship after 44-day Artsakh war hero Gevorg Arshakyan to 4 YSU students, supporting children suffering from cancer, directing funds to the 1000+ fund and much more.

I can say with confidence that we will continue to move towards digital strategy, applying all the necessary toolset to offer our clients even more convenient and high-quality service.

Best regards,

Chairman of the Management Board
Mher Abrahamyan

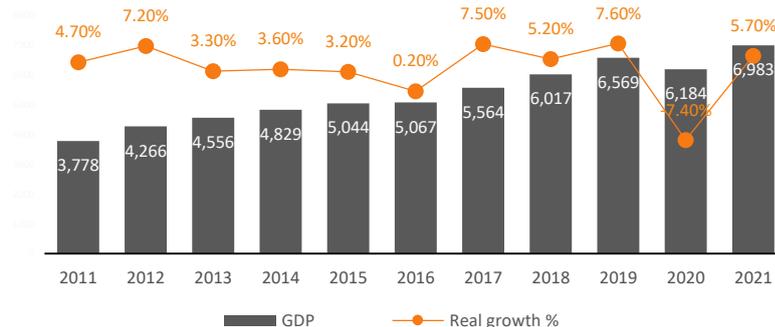
RA Economy

Indicator of economic activity



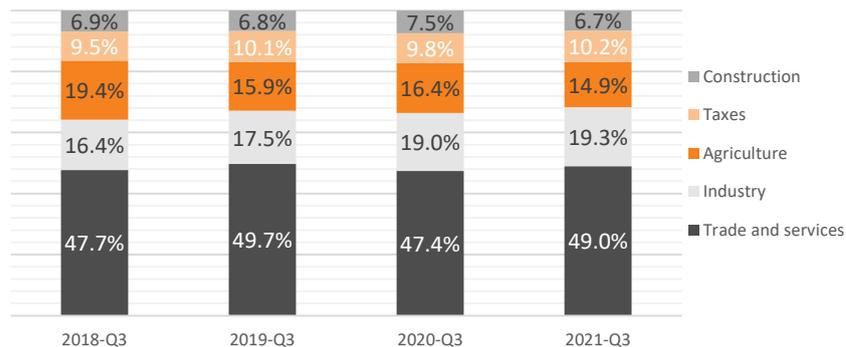
Source: RA Statistical Committee

GDP at current prices, bln AMD



Source: RA Statistical Committee

The structure of GDP by main components (%)



Source: RA Statistical Committee

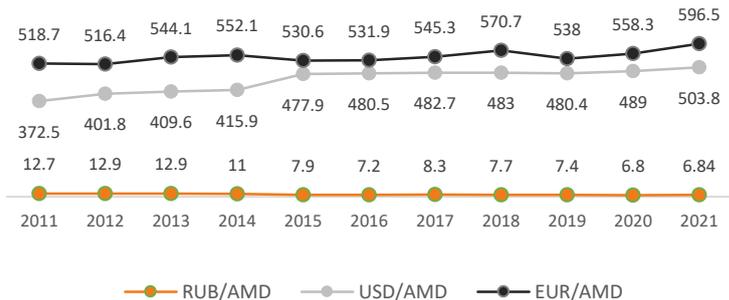
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Compared to the deep economic downturn in 2020, economic growth in 2021 has somewhat recovered. According to 2021 results, the real GDP growth was 5.7%.

Due to geopolitical developments and a high level of uncertainty, economic growth is expected to slow down.

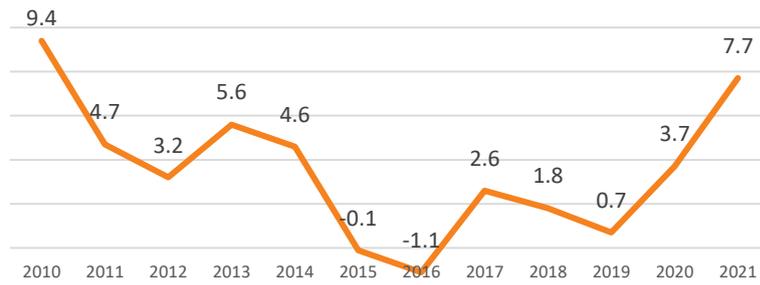
RA Economy

Average annual exchange rates



Source: CBA

Inflation annual, end of period



Source: CBA

Refinancing rate (%)



Source: CBA

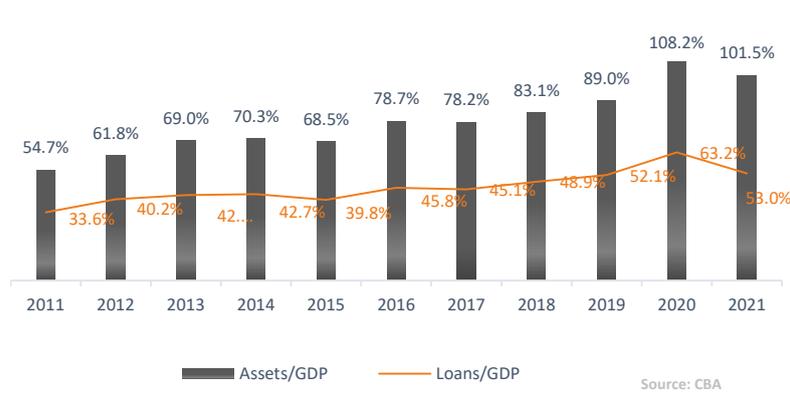
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As a result of 2021, inflation was 7.7%, which exceeds the target indicator of the Central Bank (4%). In order to regulate inflation rate, the Central Bank also raised the refinancing rate to 7.75% by the end of the year.

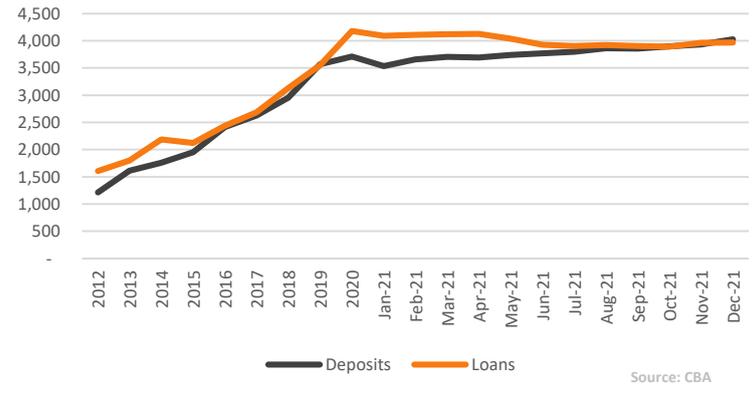
It is predicted that in 2022 the level of inflation will somewhat decrease, but due to geopolitical developments the inflation will still remain at a high level.

Financial system

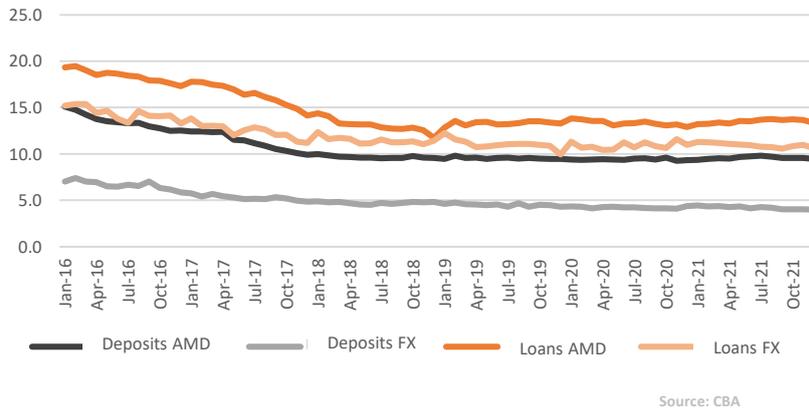
Ratio of banks' assets and loans to GDP



Bank deposits and loans, bln AMD



Average interest rate of loans and deposits for a term of over 1 year



“

According to 2021 results, the Loans/GDP ratio was 53%, decreasing by 10 percentage points to the previous year, due to 5% annual reduction of the loans.

In 2021, interest rates on loans and deposits with a maturity of more than 1 year have remained relatively stable.

Our strategic results



Karen Nalbandyan
Business Development Director

As an innovation-based organization, we offer a digital platform with a wide range of services. Clients can use the opportunity of remote identification, apply for new credit, card products, receive transfers, manage their finances without visiting the bank, anywhere, anytime.

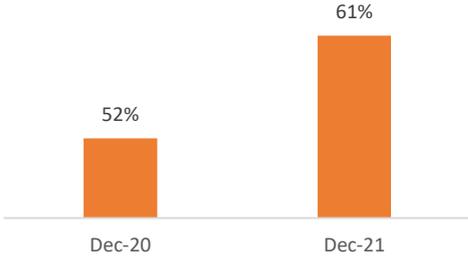
Our main goal is to provide clients with fast, comfortable and safe services. To this end, we are constantly expanding the scope of our services by creating a customer-centered ecosystem.

During 2021, we have constantly developed digital opportunities by expanded the list of partners. In particular, today, in about 7,500 points of sale, clients can make payments through the **Rocket line**, with no interest in more than 2,300 of which. By the end of the year, we have registered an increase by about 8 times in purchases made through Rocket line.

In 2021, continuing the actively develop the digital banking culture, we have created another option for online, contactless and secure payments for our clients – the **Visa Digital** virtual cards.

Another manifestation of the digital culture is transfers to and from Russia via the **IDPay** application. This digital solution enables clients to make fast cross-border transfers quickly, at competitive commission rates, and, most importantly, online.

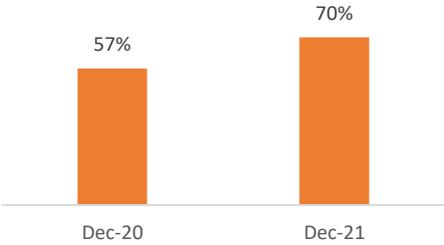
MAU – Digital Monthly Active Users



Adhering to our strategy, we are constantly developing the digital channels, offering our clients a flexible, convenient package of tools for finance management. As a result, as of 2021, 70% of our active clients are registered in the Bank's digital platforms, and more than 60% of them are active in the digital channels on a monthly basis.

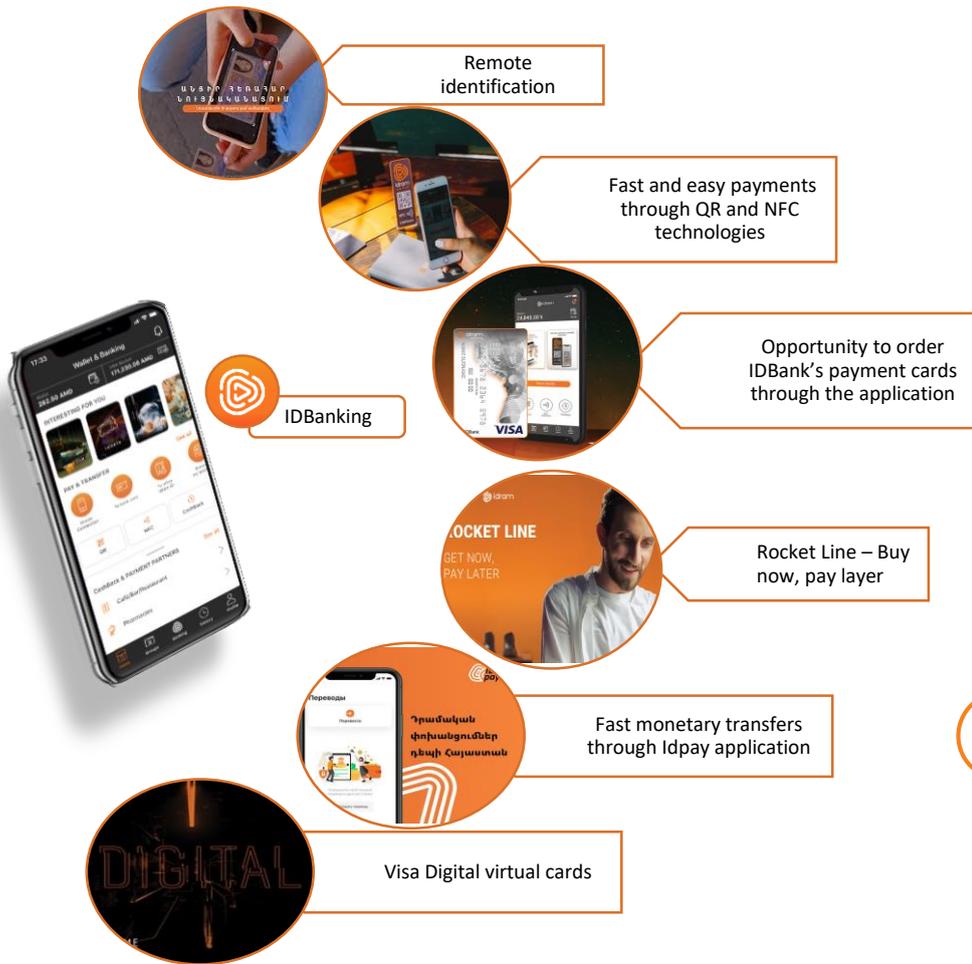
We are constantly following the developments and trends in the financial sector, trying to keep pace with modern trends, expanding our innovative activities, trying to become an innovative first-choice bank for our clients.

The share of active customers registered in digital channels



Digital platform - Wallet and Banking

Idram and IDBanking application is single tool to use all types of payment transactions, transfers and other financial operations, it completely excludes the necessity to visit the bank, deal with cash and be physically involved in the process of management of personal finances.



- ### The main achievements of 2021
- ✓ Issuing of virtual cards
 - ✓ Introduction of electronic tips
 - ✓ Two-way transfers with **IDPay** application
 - ✓ **77%** annual growth of active clients registered in digital platforms
 - ✓ Around **110%** annual growth in the number of clients performing transactions in digital platforms
 - ✓ **8 times increase** in the number of Rocket line transactions
 - ✓ **About 4 times increase** in deposits processed through digital channels

Our clients

The Bank now offers the following main channels in order to use the services rendered by the Bank in the most convenient way:



Multifunctional internet and mobile banking



Innovative and convenient branches



Privilege banking



24/7 self-service zones



24/7 Call Center

Corporate clients



~ 10.5 thousand clients

+36% a year

As of the end of 2021 the number of corporate clients of the Bank amounts to 10,500. The Bank is constantly improving its business partnership with organizations engaged in various spheres thus offering convenient terms for solving financial problems. As a result, we have registered the following achievements:

- ✓ New digital platform for corporate clients
- ✓ Offering business loans under favorable conditions to our partners as a result of cooperation with European Investment Bank
- ✓ 36% annual growth of total number of corporate clients and 48% annual growth of active clients
- ✓ 47% annual growth of the number of corporate cards
- ✓ 11% growth of the corporate loan portfolio
- ✓ Almost doubling of the number of POS-terminal

Retail clients



~ 395 thousand clients

+32% a year

As of the end of 2021 the number of retail clients of the Bank amounts to 395,000. The Bank is constantly improving its existing services, developing and introducing thus offering the best solutions to its clients. As a result, we have registered the following achievements:

- ✓ IDsalary beneficial salary packages
- ✓ 32% annual growth of total number of retail clients and 41% annual growth of active clients
- ✓ 30% annual growth of the number of retail cards
- ✓ Around 100% annual growth of card payments
- ✓ 26% annual growth of retail loan portfolio
- ✓ Flexible and beneficial competitive terms for mortgage borrowers resulting in 62% annual growth of the mortgage loan portfolio

Corporate social responsibility

“The power of one dram” program summary

“The power of one dram” program has launched in June 2020 by joint efforts of IDBank and Idram and has since implemented 9 projects by directing more than AMD 54 million to various organizations.



As a result of the first summary of the program in 2021 AMD 6.962.504 has been transferred to the Fatherland Defender Rehabilitation Centre. The money was raised thanks to the clients of companies who made payments with Idram, on the IDBanking.am online platform and the terminals of the two companies, and AMD 1 from each payment has been transferred to the Rehabilitation Center by the companies.

- The whole sum of “One drams” accumulated throughout June-July amounting to AMD 6.925.000 has been transferred to the “Insurance Foundation for Servicemen”.
- As a result of August sum-up AMD 3,701,910 has been transferred to “Vahe Meliksetyan” foundation.



- The whole sum of “One drams” accumulated throughout September-October amounting to AMD 8.057.944 has been transferred to the Health Fund for Children of Armenia that organizes the treatment of children with life-threatening diseases abroad.
- As a result of sum-up of the last stage of 2021 IDBank and Idram have transferred AMD 9.328.753 to “Teach for Armenia” foundation thus becoming a Nation Builder. Within the framework of the program, students from remote communities will have the opportunity to receive a proper education, to discover the opportunities and capacity of their community.

IDBank-sponsored June 1 events



On June 1, IDBank organized a holiday for the children of the border villages of Artsakh. A visit to Stepanakert was organized for 220 children from Karmir Gyugh, Sarushen, Karmir Shuka, Kherkhan, Karahunj villages, where the children watched a children's play at the State Drama Theater after Vahram Papazyan. After the play the children received surprise gifts.

IDBank supports a charity concert

The “City of Smile” foundation organized a charity concert one of the sponsors of which was IDBank. “The Beautified Project” “Nemra” and “Lav Eli” Armenian rock bands performed in a joint concert program. The purpose of the concert was to jointly help children fighting cancer.



IDBank-funded Gevorg Arshakyan Scholarship Competition

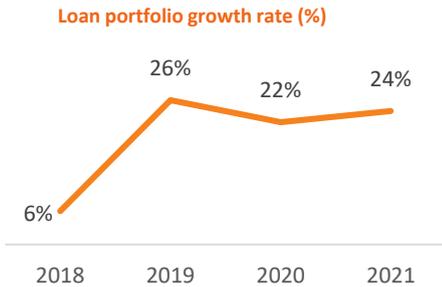


On October 20, the results of the scholarship competition established by IDBank and YSU were summed up in the solemn conference hall of Yerevan State University. The scholarship was established in the name of the best student of YSU, Knight of the first-class Order of the Combat Cross, senior lieutenant Gevorg Arshakyan, who died in the 44-day Artsakh war.

Financial results



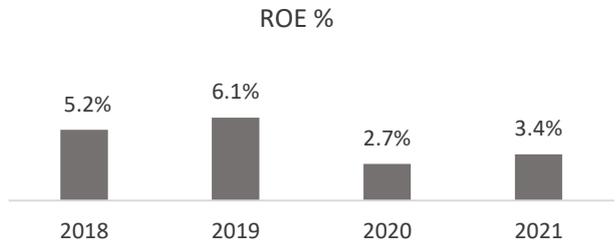
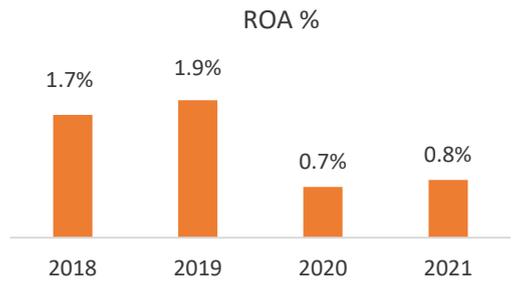
As of the end of 2021 the total assets of the Bank amounted to AMD 197 bln , almost 60% of which (AMD 117 bln) are the loans and borrowings extended to the clients. During 2021 the growth of the Bank’s loan portfolio made 24%, meanwhile, the total loan portfolio in the Armenian banking system decreased in 2021, which was the first case throughout the past 5 years. According to 2021 results the Bank occupies a leading position in the Armenian banking system in terms of the loan portfolio growth rate.



Arman Asatryan
Financial Director

As of the end of 2021 the total liabilities of the Bank amounted to AMD 151 bln, the majority of which (about 70%) were current accounts, deposits of clients, and debt securities issued by the Bank.

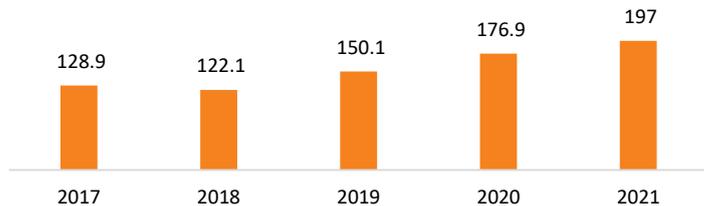
Summing up the Bank's financial results for 2021, we can say that despite the post-crisis situation in the country, the Bank managed to generate a net profit of about AMD 1.5 billion, registering capital profitability of 3.4% and assets profitability of 0.8%.



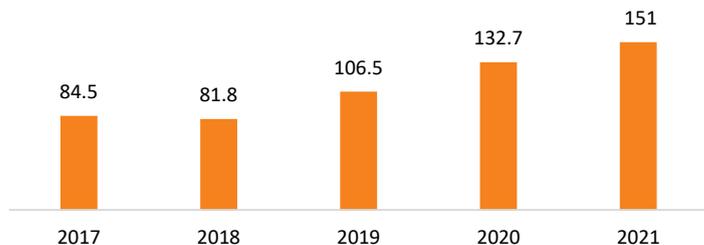
Given that the Bank's capital adequacy and liquidity levels are quite high and the Bank's net contributions level is relatively low, the Bank has ample opportunities to expand its operations and implement new projects without compromising the Bank's financial stability even in difficult macroeconomic situations.

Financial results

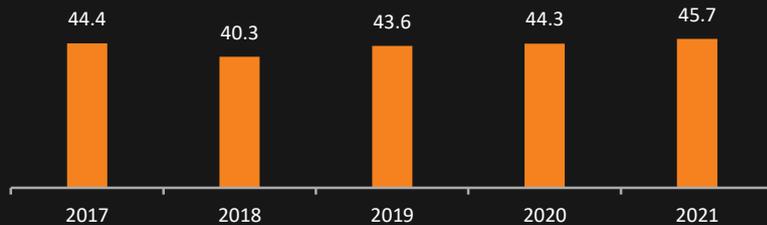
Total assets (bln AMD)



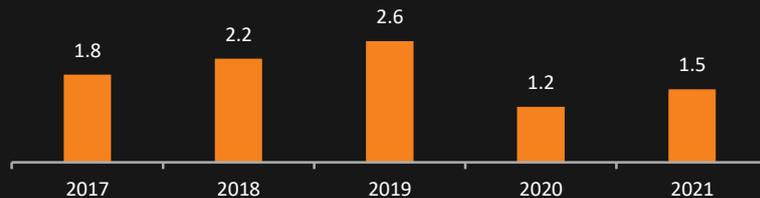
Total liabilities (bln AMD)



Total capital (bln AMD)



Profit for the year (bln AMD)

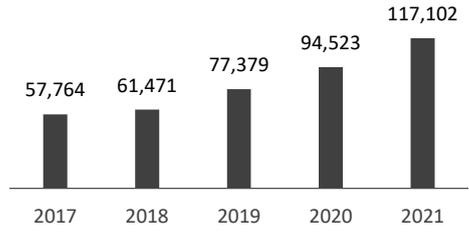


Net interest income (bln AMD)



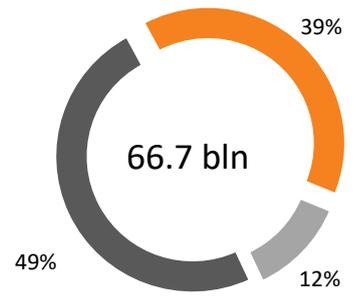
Bank portfolios

Loans and borrowings to clients (recognized at amortized cost), mln AMD



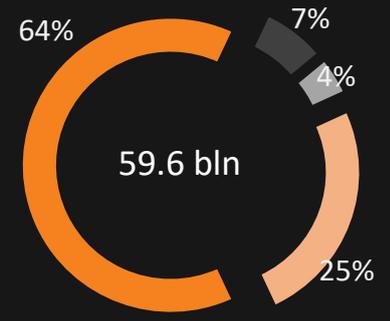
Retail loan portfolio composition

- Consumer loans
- Mortgage loans
- Gold-pledged loans



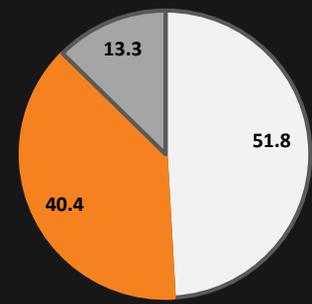
Corporate loan portfolio composition

- Loans to large organizations
- Loans to commercial organizations
- Loans to industrial organizations
- Other corporate loans



Liabilities to clients (bln AMD)

- Term deposits
- On demand deposits
- Bonds



Our staff

The most important achievement of the Bank is our employees. Employees who are united around one goal and succeed through teamwork, turning the Bank into one of the best employers in the labor market.

The bank, as an employer, spares no effort to make the working environment safe and attractive, to create and improve financial, non-financial incentive systems for employees.

2021 was still difficult as a year following the war and the pandemic. On the other hand, by emphasizing the importance of working conditions and increasing the satisfaction of our employees, the Bank creates new opportunities for continuous professional growth and improvement of skills.

The Bank's internal corporate portal opens the door to a wide range of opportunities for employees, informing employees of all the news and success, as well as integrates dissemination of important information on work and social contacts and information in one electronic portal.

For the continuous growth of the staff, in 2021 the Bank launched the Bank's electronic library, online training database, as well as the organization of a number of offline and electronic courses for all the employees.

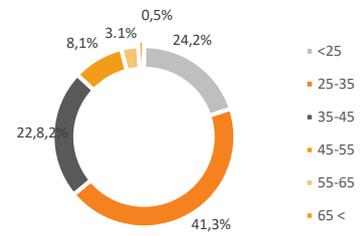
This year we had a chance to organize a number of small and large team events, which warmed up, strengthened the working relations of our employees, providing them with the opportunity to combine work and leisure.

Mariana Edilyan
Human capital management director

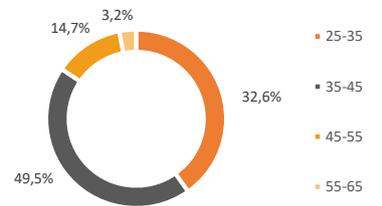
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Actual number of the Bank's employees as of the end of 2021

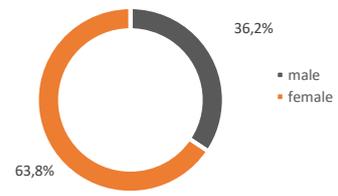
Staff composition by age, %



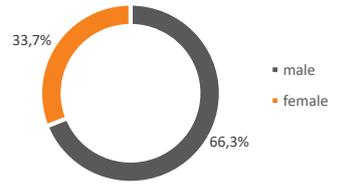
Management staff composition by age, %



Staff composition by gender, %



Management staff composition by gender, %



Team and corporate culture

We are the Team - one of the core values of the Bank, is a strong pillar of internal culture and a precondition for success.

Teamwork was based on strategic meetings, semi-annual and annual team events, healthy lifestyle and sports, as well as employee performance incentives.



This year we have continued to provide opportunities for flexible schedule for working offline and online, branch visits, incentives and needed assistance and support for high quality service. At the same time, the processes and technical functions were improved to make the remote working as smooth and efficient as possible.



Corporate social responsibility events are aimed at education programs, support of vulnerable social groups, implementation of the annual program "Make a dream come true" or "Become a Santa".

Compensation and Motivation

Our employees are our greatest asset, and it is thanks to their efforts and investment that we become stronger and more dynamic on the way to achieve our goals.

The Bank is committed to tracking and enforcing financial market compensations and benefits in a timely and proper manner, as well as continuous improvement of employee incentive systems. The bank motivates employees both financially and non-financially. The Bank's benefit package is constantly reviewed and updated.

Annual salary revisions, as well as flexible incentive models, are in the spotlight of senior management and are improved each year as an element of the culture of material incentives for employees.



Employee recruitment policy

The Bank continues to build its recruitment policy by creating new opportunities among students and targeting the leading specialist in the sphere at the same time in the process of filling a number of positions.

In 2021 the team increased by around 127 new employees mainly focusing on increasing the IT team and increasing the number of branch employees.

Continuing to stress the importance of growth of internal resource, about 25% of the staff has been replenished due to promotion of our internal resources this year, both in terms of rank-and-file and managerial positions.



Corporate culture and internal communication

Adhering to its values and principles, the Bank continues to develop its corporate culture and internal communication channels. A corporate communication platform has been created and is constantly being developed for the Bank employees, thanks to which all the Bank employees are being timely and properly informed about news and changes, participate in surveys and make suggestions, informally communicate with teammates with similar preferences.



Cooperation with students: IDream program

Improving education is one of the Bank's top priorities. The Bank actively cooperates with a number of higher education institutions.

In 2021 the Bank continued the student internship program anew by calling it IDream student program. Within the framework of this program students gain theoretical knowledge of the financial sphere and develop the required skills of a novice Bank employee.

80% of the students participating in the program fill the Bank's vacant positions.

In 2021 the Bank implemented the "IDream" program twice allowing 24 new graduates to start their career with the Bank thus increasing the number of our students to about 30.



Staff training and development

By emphasizing the importance of staff development and training, the Bank has a Training and Development Center as well as an e-learning platform in place. Employees have the opportunity to be trained not only by participating in external courses or courses organized in the premises of the Bank, but also to participate in online courses through the online platform at the time online schedule at the schedule and pace convenient for them.

Special importance is attached to participation in international professional conferences and, besides, the Bank constantly encourages and supports employees to receive international qualifications and certificates.

In 2021, 65% of employees have participated in internal trainings, and 40% have been trained by participating in external training courses.

Special emphasis is given to the constant improvement of the professional qualities of the employees of our branches, as a result of which the quality of customer service reaches an even higher level and we provide the employees with the opportunity to quickly climb the career ladder.

We value the ongoing development of our management staff thereby promoting the further development of our permanent employees, as well as encourage our management staff to participate in international trainings both in Armenia and abroad.



3

Corporate management

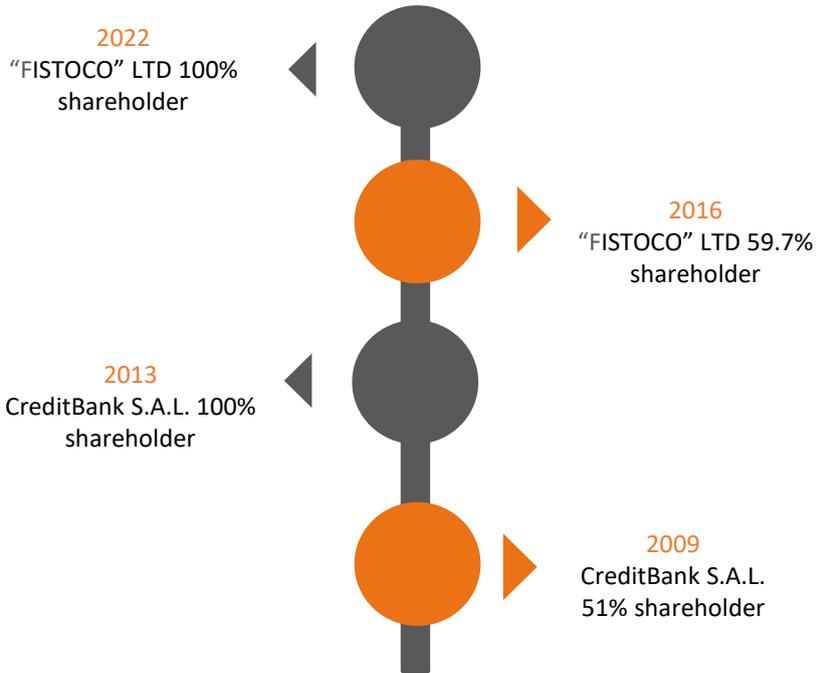
Our shareholders and the Council

27

Risk management

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Shareholders of the Bank



Council of the Bank



Vartan Dilanyan

Chairman of the Council

In 2011 joined Accenture as the executive director of Financial Services group in the Russian federation. Currently holds the position of the Head of "Accenture" representation in Russian and Kazakhstan.



Կարեն Մարգարյան

Karen Margaryan

In 2003 joined the Global Economy R&D institute (Moscow). Currently holds position of the director of Global Economy R&D institute and works at the Moscow Financial-Legal University's Economics and Management Chair as professor.



Aleksandr Khachaturyan

Since 2018 has worked at "TK and Partners" CJSC as a partner. Currently is a founding member of the "Armenian Institute of Directors, as well as a council member of "Energetic Agency of Armenia".



Elena Khachvankyan

Since 2017 has been involved in public sector reform programs of international organizations as an expert, as well as acts as a business-consultant in financial and management spheres.



Aleksey Komar

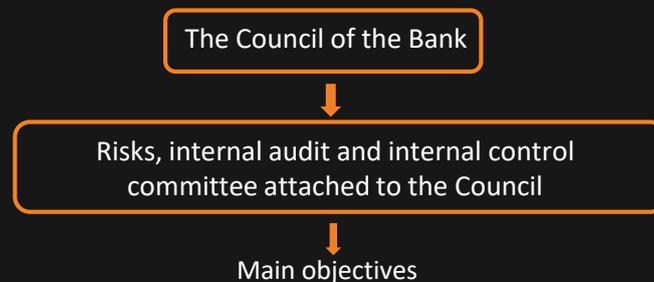
Has worked in Moscow branch of "Ernst and Young" (CIS) B.V." as a Senior consultant/Manager/Senior Manager/Director. Has been acting as a business consultant in a number of fintech projects since 2017.

Council of the Bank

The Council of the Bank performs general management of the Bank's activity within the framework of questions in the scope of the Councils competence in accordance with the law and the charter of the Bank.

Among the powers of the Council are:

1. Determining the main directions of the Bank's activity, including the approval of the strategic development program,
2. Appointment of the members of the Bank's executive body,
3. Approval of internal control standards in the Bank,
4. Submission of recommendations to the General Meeting of Shareholders on paying dividends,
5. Preliminary approval of the Bank's annual financial statements and their submission to the General Meeting,
6. Passing decisions on placement of the Bank's bonds and other securities,
7. Opening branches, representations and offices of the Bank,
8. Conclusion of conflict of interest transactions in cases prescribed by legislation,
9. Passing decisions on other questions as prescribed by law or the charter of the Bank.



The main objectives of the Committee are to increase the efficiency of risk management systems, internal audit and internal control of the Bank, to ensure the implementation of management and control functions of the Bank's Council in terms of the operation of these systems.

The main tasks of the Committee are:

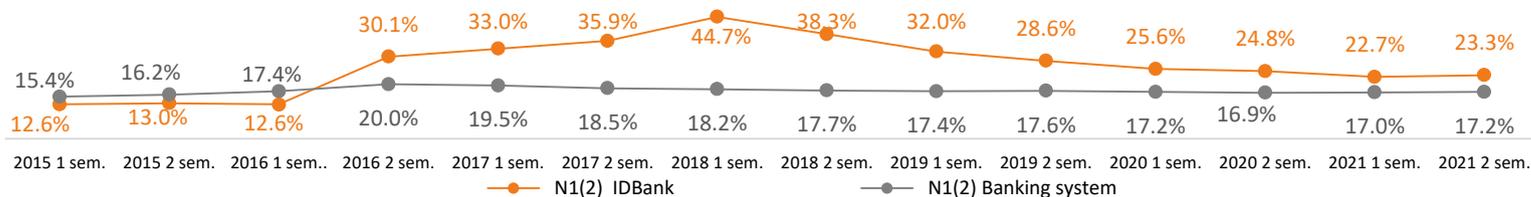
- 1) Ensuring constant supervision of the activities of the Bank's executive bodies by the Council of the Bank and ensuring effective cooperation of the members of the Bank's Council with the Bank's management on issues related to the competence of the Committee.
- 2) Assessing the efficiency and adequacy of risk management systems, internal audit, internal control activities, participation in the development of the risk-based internal control system of the Bank.
- 3) Development of proposals on issues related to the competence of the Committee and submission to the Council of the Bank and the management of the Bank.

Main economic normatives

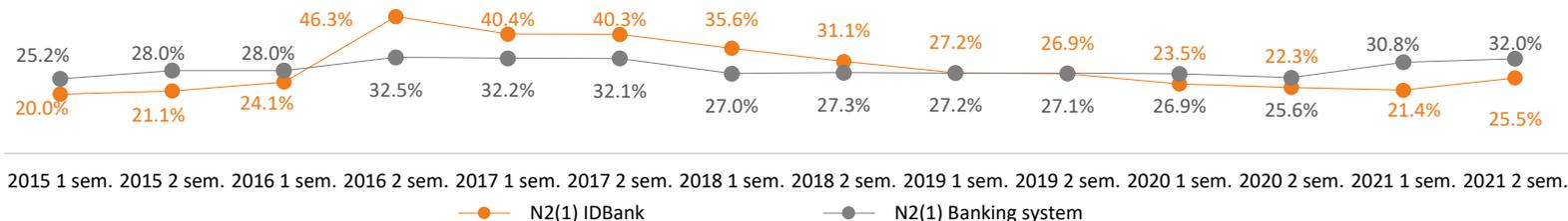
The two indicators describing the Bank's financial stability, the capital adequacy and liquidity, are above the required minimum level and the corresponding indicators of the banking system.

In December 2021 the capital adequacy normative of the Bank amounted to 23.3% (minimum required value defined at 12%), and the overall and current liquidity normatives amounted to 25.5% and 86.5% respectively (minimum required value defined at 15% and 60% respectively):

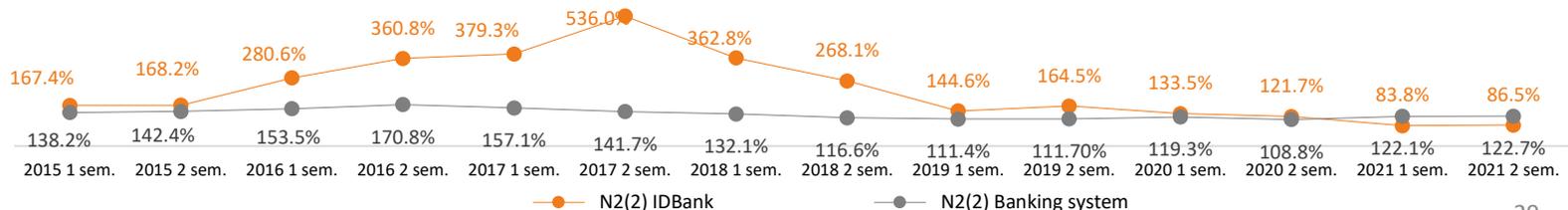
Capital adequacy normative N1(2)



Overall liquidity normative N2(1)



Current liquidity normative N2(2)



Main approaches to risk management

Credit risk management

In order to mitigate risks emerging in the lending process the Bank places the following principles within the lending process:

- ✓ Presence of loan purposefulness and sources of repayment
- ✓ The subject of pledge and the sensitivity of the latter to economic and market changes, as well as compliance with the loan/pledge ratio limits
- ✓ Current state of the economy sector of the potential borrower's activity, the experience of activities of the applicant in the given sector, the position in the sector, the competition degree and competition in the sector
- ✓ Presence of an operating business of the potential borrower, sustainable level of gross profit margin and/or good credit history
- ✓ Defining the limits of indicators describing the financial state of the potential borrower.

Credit risk management is also implemented through defining credit risk appetite and evaluation of the risk of the Bank's total portfolio.

The Bank is in the process of continuous development and modernization of credit risk management as well as introduction of modern methods, particularly, the Bank introduces new modern approaches and calculation models of credit risk management, scoring systems for the retail lending process, loan pricing system based on the risk levels of clients (Advanced Risk-Based Pricing (RBP) model).

Liquidity risk management

For the purpose of evaluation and limitation of liquidity risk the Bank performs daily calculation of the main economic normatives in terms of liquidity, based on which corresponding decisions are being passed. The Bank performs liquidity risk management through the following main models:

- ✓ Liquidity gap model,
- ✓ Analyses of liquidity normatives,
- ✓ Stress testing.

Interest rate risk management

For the purpose of evaluation and limitation of the interest rate risk the bank performs interest rate evaluation based on interest rates in the market and brings them in line with the market indicators, constantly controls the maturity gap between assets and liabilities sensitive to interest rate, and in case of change of the market interest rates the risk of possible losses of the Bank as a result of those changes is being brought down to the minimum through quick response.

Foreign currency risk management

The main principle of foreign currency risk management is to contribute to the process of effective management of the Bank's open FX positions while following maintenance of defined normative and benchmark indicators of foreign currency risk management.

Operational risk management

For the purpose of identification and classification of operational risks the Bank performs self-evaluation of risks, maintains a database of operational risk incidents and identification of fraud risk (through reports on "Performed, modified and deleted transaction", FPD/SPD/TPD data and monitoring of transactions performed in the Bank).

Prior to the introduction of new products, new and revised internal legal acts, banking operations, actions and systems, the Bank ensures the study of the latter and determines the degree of risk exposure of the process sequencing in order to identify potential risks from the point of view of OR.

Country risk management

In case of conclusion of debit transaction with organizations registered and/or actually operating in other countries, opening correspondent accounts and assuming off-balance contingent liabilities, the Bank performs evaluation of the risk of the given country of that organization at the moment of conclusion of a transaction with the given country for the first time and in the future as well, based on the rating assigned to the given country by one of the international rating companies (Moody's, Standard&Poor's, Fitch) and the limits defined by the internal procedure.

Main approaches to risk management

Reputational risk management

Reputational risk management aims at identifying the directions of the negative public opinion during the normal course of business of "IDBank" CJSC and defining the main directions of measures towards prevention/minimization of the reputational risk by the Bank.

The regulatory field applied in the Bank in terms of the abovementioned risks is regulated by internal legal acts of IDBank and relevant legal acts adopted by the RA Central Bank.

As of 31/12/2021 no violations in terms of normatives have been identified.

Strategic risk management

The main goal of strategic risk management is to minimize the emerging or potential losses as a result of adoption of an inappropriate business model. For the purpose of identification and evaluation of the possibility of strategic risk the Bank introduces standards the change of the status and value of which means change of the character of a certain direction of the Bank's activity, and, consequently, the ability to bear a qualitatively different strategic risk.

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Financial reporting

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Statement on profit or loss and other comprehensive financial results

For the year that ended on December 31, 2021

	Notes	2021 AMD'000	2020 AMD'000
Interest income calculated using the effective interest method	4	16,029,030	13,491,380
Interest expense	4	(6,458,414)	(5,098,556)
Net interest income		9,570,616	8,392,824
Fee and commission income	5	3,270,797	1,577,052
Fee and commission expense	5	(3,641,172)	(1,681,729)
Net fee and commission expense		(370,375)	(104,677)
Net foreign exchange gain	6	586,709	935,793
Net gain/(loss) on other financial instruments at fair value through profit or loss		881,317	(344,236)
Net realised gain on investment securities		21,480	1,299,081
Net other operating income	7	86,672	238,912
Operating income		10,776,419	10,417,697
Net impairment losses on financial instruments	8	(1,056,890)	(2,176,258)
Personnel expenses		(4,473,086)	(3,627,125)
Other general administrative expenses	9	(3,203,554)	(2,917,238)
Profit before income tax		2,042,889	1,697,076
Income tax expense	10	(500,866)	(525,614)
Profit for the year		1,542,023	1,171,462
Other comprehensive (loss)/income, net of income tax			
<i>Items that are or may be reclassified subsequently to profit or loss:</i>			
Movement in fair value reserve for investment securities:			
- Net change in fair value	10	(112,454)	607,361
- Net amount reclassified to profit or loss	10	(17,614)	(1,065,246)
<i>Total items that are or may be reclassified subsequently to profit or loss</i>			
		<i>(130,068)</i>	<i>(457,885)</i>
Other comprehensive (loss)/income for the year, net of income tax		(130,068)	(457,885)
Total comprehensive income for the year		1,411,955	713,577

Statement of financial position

As of December 31, 2021

	Notes	2021 AMD'000	2020 AMD'000
ASSETS			
Cash and cash equivalents	11	19,706,584	17,217,615
Financial instrument measured at fair value through profit or loss		403,975	-
Investment securities measured at fair value through other comprehensive income	12		
- Held by the Bank		8,427,360	6,040,756
- Pledged under sale and repurchase agreements		-	2,443,334
Investment securities measured at amortised cost	12		
- Held by the Bank		8,157,426	6,606,680
- Pledged under sale and repurchase agreements		10,589,557	14,059,182
Loans and advances to banks and other financial institutions	13	12,446,803	17,819,238
Amounts receivable under reverse repurchase agreements	14	6,076,072	6,039,207
Loans to customers	15	117,101,711	94,522,560
Property, equipment and intangible assets	16	7,254,785	6,722,661
Right of use asset	17	1,369,777	1,493,835
Repossessed assets	15	3,130,926	2,484,925
Other assets	18	1,869,406	1,480,526
Total assets		196,534,382	176,930,519
LIABILITIES			
Derivative financial liabilities		8,469	19,040
Deposits and balances from banks and other financial institutions	19	27,172,892	26,812,253
Amounts payable under repurchase agreements	20	13,008,429	20,785,812
Debt securities issued	21	13,337,577	13,416,535
Current accounts and deposits from customers	22	92,163,976	66,773,517
Deferred tax liabilities	10	824,479	1,011,619
Lease liability	17	1,507,701	1,542,646
Current tax liabilities		173,644	661,306
Other liabilities	23	2,656,049	1,638,580
Total liabilities		150,853,216	132,661,308
EQUITY			
Share capital	24	33,971,850	33,971,850
Share premium		5,014,099	5,014,099
Revaluation surplus for buildings		105,601	105,601
Fair value reserve for investment securities		255,028	385,096
Retained earnings		6,334,588	4,792,565
Total equity		45,681,166	44,269,211
Total liabilities and equity		196,534,382	176,930,519

Cash flow statement

As of December 31, 2021

Notes	2021	2020
	AMD'000	AMD'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Interest receipts	15,838,658	13,423,198
Interest payments	(6,203,925)	(5,483,882)
Fee and commission receipts	3,270,797	1,577,052
Fee and commission payments	(3,641,172)	(1,681,729)
Net payments from financial instruments at fair value through profit or loss	878,135	(320,641)
Net receipts from foreign exchange	1,409,061	368,566
Other income receipts	86,672	411,491
Personnel and other general administrative expenses payments	(6,019,813)	(5,613,721)
(Increase)/decrease in operating assets		
Financial instrument measured at fair value through profit or loss	(494,383)	-
Amounts receivable under reverse repurchase agreements	(37,985)	(1,269,114)
Loans and advances to banks and other financial institutions	4,409,927	(6,197,277)
Loans to customers	(28,032,134)	(16,056,000)
Other assets	(281,753)	779,927
Increase/(decrease) in operating liabilities		
Deposits and balances from banks and other financial institutions	1,045,345	6,180,007
Amounts payable under repurchase agreements	(7,562,708)	3,685,688
Current accounts and deposits from customers	28,764,233	4,955,856
Other liabilities	511,312	149,034
Net cash provided/(used in) by operating activities before income tax paid	3,940,267	(5,091,545)
Income tax paid	(1,147,116)	(18,000)
Cash flows from/(used in) operating activities	2,793,151	(5,109,545)
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of investment securities	(1,020,177)	(2,508,324)
Proceeds from sale and repayment of investment securities	2,283,194	6,141,496
Purchases of property, equipment and intangible assets	(1,461,818)	(1,710,632)
Cash flows (used in)/from investing activities	(198,801)	1,922,540
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of debt securities	21 6,038,359	5,708,144
Repayment of debt securities issued	21 (5,042,750)	-
Repayment of lease liability	17 (265,235)	(290,591)
Cash flows from financing activities	730,374	5,417,553
Net increase in cash and cash equivalents	3,324,724	2,230,548
Effect of changes in exchange rates on cash and cash equivalents	(838,733)	654,234
Effect of changes in ECL on cash and cash equivalents	2,978	(4,204)
Cash and cash equivalents as at the beginning of the year	17,217,615	14,337,037
Cash and cash equivalents as at the end of the year	19,706,584	17,217,615

Statement on changes in equity

As of December 31, 2021

AMD'000	Share capital	Share premium	Revaluation surplus for buildings	Fair value reserve for investment securities	Retained earnings	Total equity
Balance as at 1 January 2020	33,971,850	5,014,099	110,808	842,981	3,615,896	43,555,634
Total comprehensive income						
Profit for the year	-	-	-	-	1,171,462	1,171,462
Other comprehensive loss						
<i>Items that are or may be reclassified subsequently to profit or loss:</i>						
- Net change in fair value of investment securities, net of deferred tax	-	-	-	607,361	-	607,361
- Net change in fair value of investment securities transferred to profit or loss, net of deferred tax	-	-	-	(1,065,246)	-	(1,065,246)
<i>Total items that are or may be reclassified subsequently to profit or loss</i>	-	-	-	(457,885)	-	(457,885)
<i>Items that will not be reclassified to profit or loss:</i>						
Sales of revalued property, equipment and intangible assets	-	-	(5,207)	-	5,207	-
<i>Total items that will not be reclassified to profit or loss</i>	-	-	(5,207)	-	5,207	-
Total other comprehensive loss	-	-	(5,207)	(457,885)	5,207	(457,885)
Total comprehensive income for the year	-	-	(5,207)	(457,885)	1,176,669	713,577
Balance as at 31 December 2020	33,971,850	5,014,099	105,601	385,096	4,792,565	44,269,211
Balance as at 1 January 2021	33,971,850	5,014,099	105,601	385,096	4,792,565	44,269,211
Total comprehensive income						
Profit for the year	-	-	-	-	1,542,023	1,542,023
Other comprehensive loss						
<i>Items that are or may be reclassified subsequently to profit or loss:</i>						
- Net change in fair value of investment securities, net of deferred tax	-	-	-	(112,454)	-	(112,454)
- Net change in fair value of investment securities transferred to profit or loss, net of deferred tax	-	-	-	(17,614)	-	(17,614)
<i>Total items that are or may be reclassified subsequently to profit or loss</i>	-	-	-	(130,068)	-	(130,068)
Total other comprehensive loss	-	-	-	(130,068)	-	(130,068)
Total comprehensive income for the year	-	-	-	(130,068)	1,542,023	1,411,955
Balance as at 31 December 2021	33,971,850	5,014,099	105,601	255,028	6,334,588	45,681,166

STATEMENT OF RESPONSIBLE PERSONS

We hereby assure that to the best of our knowledge:

1. The financial statements accurately and completely reflect the real picture of the Bank's assets, liabilities, financial position, income and expenses, and the annual report of the management bodies accurately and completely reflects the Bank's general condition, business results and development, and includes the description of the main risks with which the Bank has been or is related to.
2. The 2021 audited financial statements are prepared in accordance with the international financial reporting standards and, in all essential respects, accurately and completely reflect the real picture of the Bank's assets and liabilities, financial position, income and expenses as of December 31, 2021.

Mher Abrahamyan	Chairman of the Management Board
(First name, Last name)	(position)
Arman Asatryan	Financial Director, Management Board Member
(First name, Last name)	(position)
Karen Nalbandyan	Business Development Director, Management Board Member
(First name, Last name)	(position)
Rafik Suvaryan	Risk Management Director, Management Board Member
(First name, Last name)	(position)
Anushik Khachatryan	Chief Accountant, Management Board Member
(First name, Last name)	(position)
Sergey Arakelyan	Digital Banking Director, Management Board Member
(First name, Last name)	(position)
Tigran Mkhitarian	Corporate Business Director, Acting Management Board Member
(First name, Last name)	(position)