



2022

ANNUAL **REPORT**

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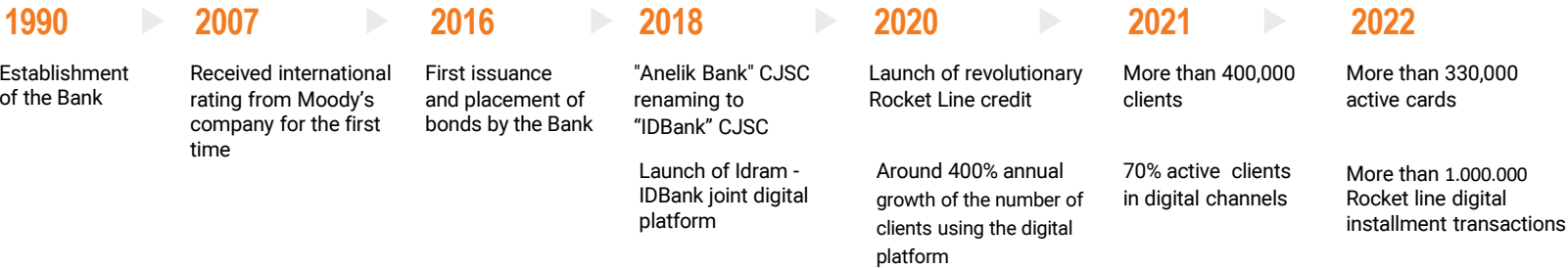
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Briefly about the Bank

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IDBank at a glance



IDBank is one of the innovative developing banks of Armenia and already has 33 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

2022 results

- Asset growth rate by **57%**
- Market leader in asset growth rate
- **104%** growth of deposits and accounts
- High level of capital adequacy

Assets	309 bln
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Liabilities	250 bln
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Deposits, accounts	188 bln
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Capital	59 bln
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Net profit	13,5 bln
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ROE	25.9 %
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CIR	38.8 %
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Over 35% of non-cash payments in Armenia

- Around **40%** growth of the number of active clients
- **55%** growth of the number of active clients registered in the digital platform
- Around **30%** growth of the number of issued cards
- Around **115%** growth of card payments

Clients	515 thous.
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Cards	333 thous.
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Branches	13
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Employees	750
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Active clients registered in the digital platform	78.1%
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POS-terminals based on “Buy now, Pay later” 0%	5100
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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

MOODY'S



European Bank
for Reconstruction and Development



AMX Armenia Securities
Exchange



- ✓ **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

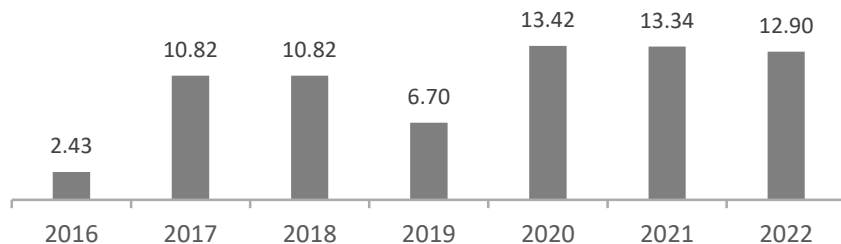
The bank as a reporting issuer

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.

During 2022, the Bank successfully carried out 6 bond issuances:

Y2022	February	February (II)	April	October	October (II)	November
Total bond issuance	5 mln USD	1,5 bln AMD	614 k USD	500 mln USD	5 mln USD	5 mln USD
Annual YTM on bonds	4.0%	9.25%	3.0%	9.5%	3.75 %	3.75 %

Bonds issued (billion AMD)



As of the end of 2022, the bonds with a nominal value of approximately USD 15,6 million and a nominal value of AMD 1,9 billion were placed on the primary market.

As of the end of 2022, 6 issues of bonds by IDBank were traded in the secondary market, with the total value of USD 20,1 million and AMD 1,5 million.

All bonds were issued for a period of 27 months, with a quarterly coupon payment frequency.

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 31/12/2022 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.

Graduated with honors from the Moscow State Institute of International Relations (MGIMO) and an Executive MBA from the Skolkovo School of Management.

Vartan Dilanyan has over 30 years of experience in finance and consulting.

He has extensive experience in the largest international audit companies, since 1993 he has been working first at Arthur Andersen (offices in Moscow, Alma-Ata, Tashkent and Bishkek), and later from 2002 he headed the financial markets department in Russia and the CIS at Ernst & Young until 2008.

Mr. Dilanyan also worked in banking, providing strategic management and consulting for banks, and later joined Accenture in 2011 as Managing Director of Finance in Russia and then Managing Director of Accenture in Russia.

Currently, he heads a private international consulting firm with activities in various countries, including Kazakhstan.

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

Dear clients and partners,

In 2022, IDBank achieved great success, largely due to the high level of trust of our customers and partners, as well as the well-coordinated work of our team. We value both the high level of digitalization of the products, modern and up-to-date solutions offered by us, as well as providing our customers with high-quality services that meet their requirements.

For this purpose, we continuously study our customers and their financial needs, and invest a lot of effort and resources to provide them with the best customer experience. An important and integral part of that experience is our ecosystem, which combines and integrates a wide range of services, such as banking, billing and enables our customer to save the most important resource of the 21st century - time.

In 2022, in line to updating the remote toolkit, we continued to improve the branches to ensure high and modern standards of customer service.

As one of the leaders in digital banking, we continue to promote the digital credit Rocket line, which has been popular and widely utilized by customers, thus considerably expanding the list of partners offering the 0% Buy now, Pay later (BNPL) option. With over 15,000 outlets accepting Idram QR payments, online retailers, and services operating with Rocket line digital credit, I can proudly state that IDBank is the leader in this industry not only in Armenia, but also in Eastern Europe.

In 2022, we continued developing our card products, launching two new types of cards with VISA: Visa Business Platinum – a premium card designed for business, and Travel card, the first card on our market for tourist purposes. Thus, we strengthened our position as one of the banks issuing the most payment cards in Armenia.

We place a specific emphasis on offering corporate customers with package solutions. Under the motto “Your business, our solutions”, we have offered businesses a comprehensive service approach that will handle all business concerns at once and in one place.

As we do care about our customers, we will continue to work towards modern digital solutions and provide our customers with the best possible experience.

Thank you for your 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,

It is no secret that 2022 was a year of rapid growth for the Armenian banking system.

The year started with an unprecedented flow of new clients, and I am happy to say that IDBank has mastered this stage with honor. Clients’ interest in IDBank was primarily due to the modern solutions of the Idram&IDBank digital platform, which was being continuously updating throughout the year, offering convenient products to our clients. As a result, in 2022, we served 27% more customers, the number of customers served through digital channels increased by about 55%.

Thanks to the continuous active efforts in 2022 and the previous years, IDBank is on the first place in the market by issuing cards of international systems in Armenia and is one of the leaders in the total number of active cardholders.

We continued to develop the Rocket line digital credit, through which nearly 1 million agreements were signed during the year, while Rocket line 0% is already available in more than 5,000 Idram QR service outlets and online stores, where you can pay with the Idram&IDBank application.

IDBank has also made significant progress in a number of other areas. Compared to 2022, we have a 57% increase in assets, the loan portfolio has exceeded 121 billion AMD , the Bank also is on the leading positions with high indicators of capital and liquidity, which speaks of financial stability.

The projects implemented in 2022 and financial success provide a basis and opportunity to continue our ambitious plans and both offer our customers banking products equipped with convenient digital solutions, and continue to contribute to the socio-economic life of our country. Inly in 2022, within the framework of “Power of one dram” initiative, together with our partner company Idram, we directed more than 56 million AMD to charitable funds. We have also implemented a number of programs aimed at Artsakh children and displaced families.

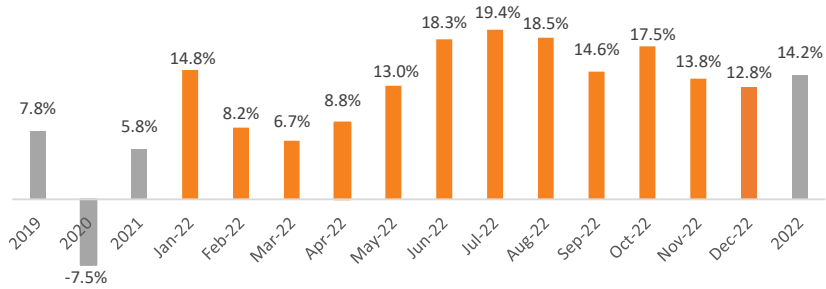
I will say in confidence that IDBank will continue its digital development path, the key to the success of which is, of course, our customers and partners. Thank you for being with us.

Best regards,

Chairman of the Management Board
Mher Abrahamyan

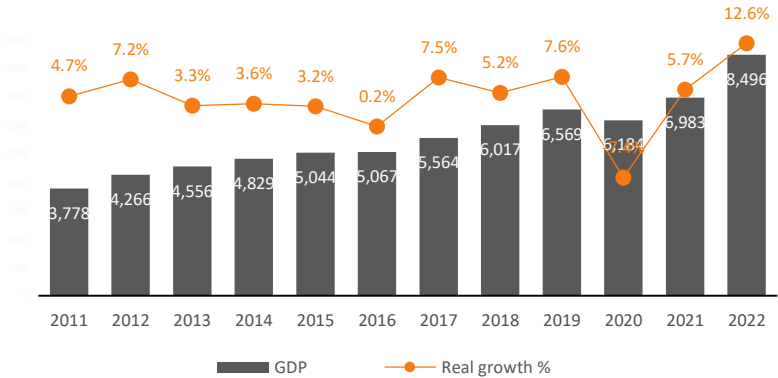
RA Economy

Indicator of economic activity



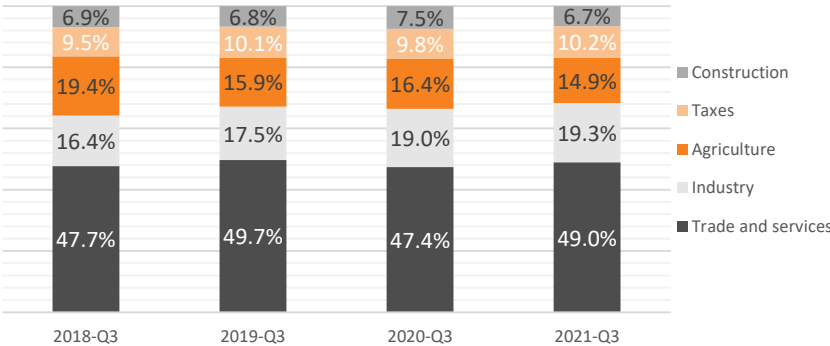
Source: RA Statistical Committee

GDP at current prices, bln AMD



Source: RA Statistical Committee

The structure of GDP by main components (%)



Source: RA Statistical Committee

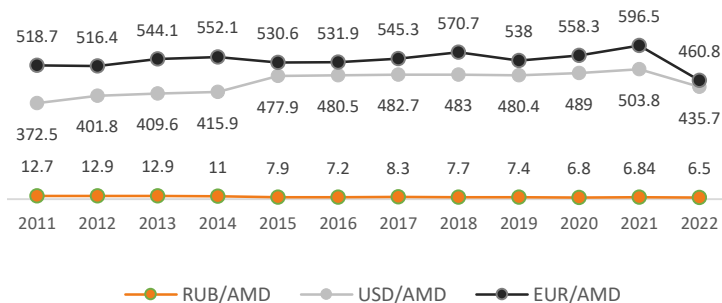
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According to 2022 results, the real GDP growth amounted to 14.2%, mainly due to the inflow of human and financial capital.

Regardless of geopolitical developments, the economic growth in 2023 is expected to remain robust in Armenia due to the high base of 2022.

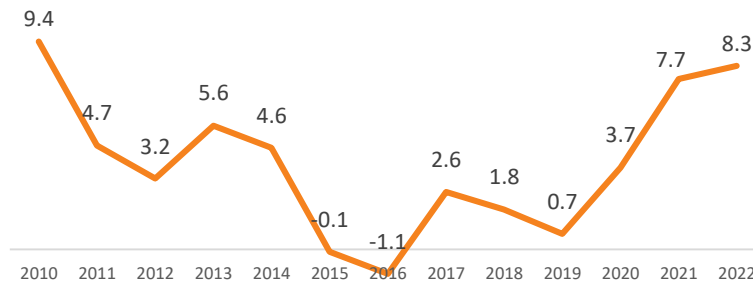
RA Economy

Average annual exchange rates



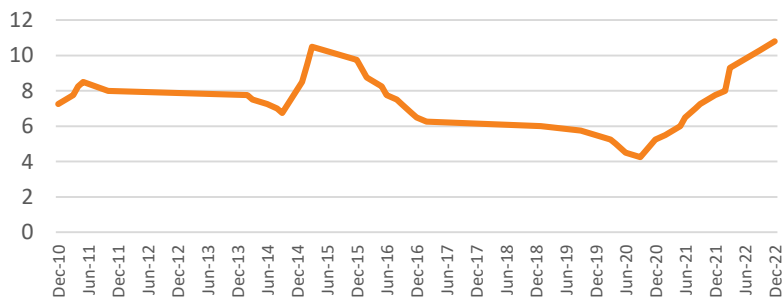
Source: CBA

Inflation annual, end of period



Source: CBA

Refinancing rate (%)



Source: CBA

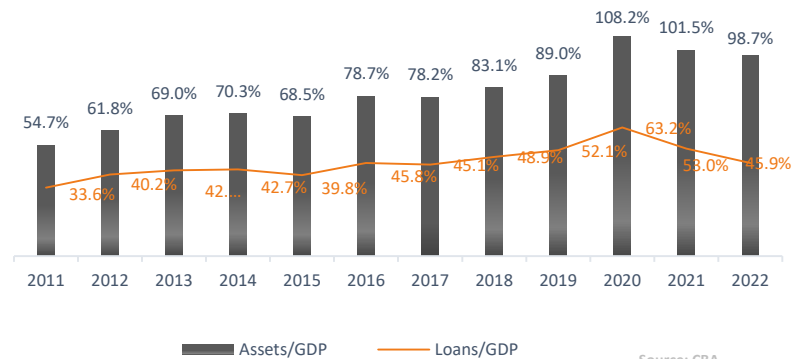
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In 2022 a significant appreciation of the dram took place against USD.

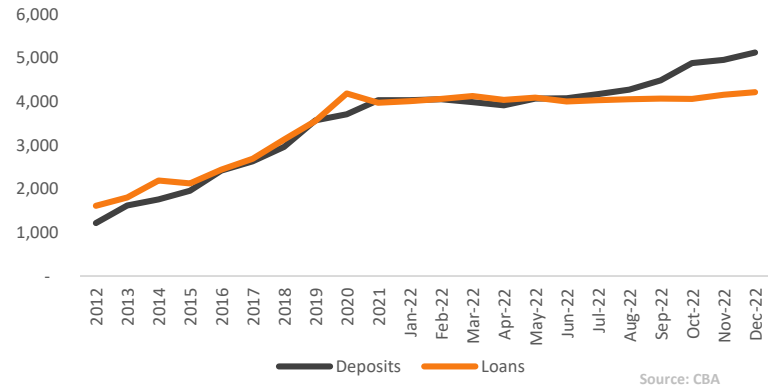
Inflation rate was 8.3% exceeding the target indicator of the Central Bank (4%). In order to regulate the inflation rate, the Central Bank also raised the refinancing rate to 10.8% by the end of the year.

Financial system

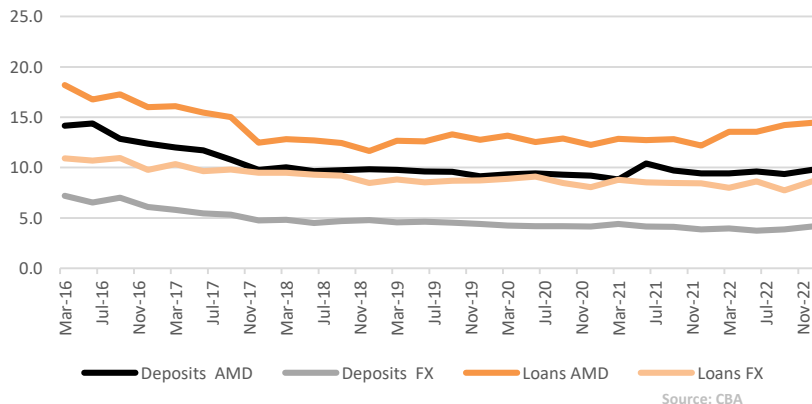
Ratio of banks' assets and loans to GDP



Bank deposits and loans, bln AMD



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



“

According to 2022 results, the Loans/GDP ratio was 46%, decreasing by 7 percentage points compared to the previous year.

In 2022, interest rates on loans and deposits with a maturity of more than 1 year have remained relatively stable.

Our strategic results



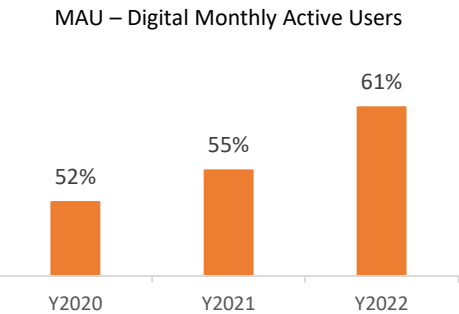
Karen Nalbandyan
Business Development Director

Our ultimate goal is to provide the best customer experience, whether it is working directly in the branch or when providing remote services. As a company that continually inspires innovation, we offer a digital platform that allows providing fast, convenient and secure remote services. We are constantly expanding the range of our digital products and services, creating a customer-oriented ecosystem leading by the number of active customers in Armenian market today.

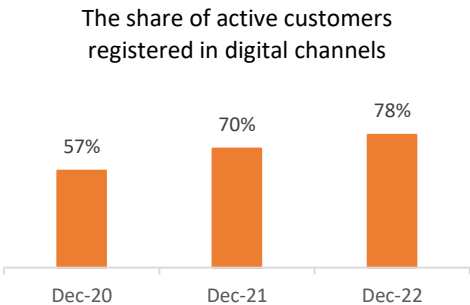
2022 was a year of huge growth for us in various areas, primarily in terms of the use of digital technologies. Rocket line - a digital loan designed for paying for a wide range of services using Idram QR in over 15,000 points of sale and online stores - has gone viral among our customers and partners. More than 5,000 of the specified points of sale and online stores now offer an interest-free loan (Rocket line 0%). As of the end of 2022, in comparison with the previous year, we recorded a 2-fold increase in the number of purchases via Rocket line, with the total amount of transactions exceeding AMD 1 million. Rocket line 0% transactions have increased 5 times over the year.

In addition, we have strengthened our leading position in the card market in 2022. We have come up with two types of VISA cards for business and tourism purposes - the first Travel Card and the first Business Platinum card in Armenian market. The total number of active cards exceeded 330,000 and the number of card transactions increased 2.4 times compared to last year.

Non-cash transactions made on the single Idram&IDBank platform, including card payments, online and QR code payments, comprised 35% of non-cash payments in the market.



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, 78% of our active clients are registered in the Bank's digital platforms, and more than 61% 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.

Idram&IDBank is the leading Armenian digital ecosystem in digital banking, payments and financial services

500,000+ users – 40% of the economically active population in Armenia

Full functionality of digital banking

Remote onboarding and customer identification via smartphone

Payment aggregator for 15 banks and 18 credit institutions; partnership with 1,000+ service providers, incl. all main online services and public services in the country

Contactless QR payments at 15,000+ physical points of sale, incl. supermarkets, restaurants, cafes, shops, hotels, etc.

Secure check out in 900+ online shops in Armenia via web QR and mobile checkout.



Integrated Buy now Pay later solution for online and offline (QR payment) purchases and services with 15,000+ POS, including 5,000+ POS providing Rocket line 0% interest-free installments options up to 6 months.

330,000+ active cards

Leading VISA Card issuer in Armenia.

P2P instant money transfer via phone number and card number within Armenia and abroad

Idram Junior – the first financial app for kids and teenagers in Armenia with the functionality of contactless QR payments and transfers

Id+ Digital loyalty platform for merchants and users with virtual bonus and gift cards, as well as a bonus exchange (auction)

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



~ 15.5 thousand clients

+48% a year

The Bank is constantly developing the culture of corporate customer service, offering comprehensive financial services and solutions for organizations operating in all areas, as well as providing favorable development conditions for all its customers. As a result, we have registered the following achievements:

- ✓ Leadership in terms of digital loans in the RA market. During 2022, over 2,000 points of sale became our partners offering Rocket line 0% digital loan and providing about 80% annual growth
- ✓ Introduction of the first premium class business card in the RA banking system - Visa Business Platinum
- ✓ The number of corporate clients increased by 48% annually, while the number of active clients grew by 56%
- ✓ There was an 80% increase in non-cash payment instruments POS/VPOS terminals and an approximate 150% growth in annual turnover
- ✓ Special offers for corporate clients in the field of lending

Retail clients



~ 500 thousand clients

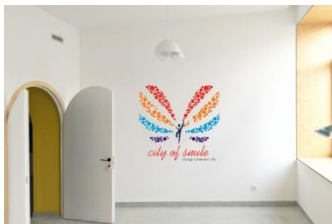
+26% a year

As of the end of 2022 the number of retail clients of the Bank amounts to 500,200. 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:

- ✓ First Travel Card issue in Armenia for tourism
- ✓ Creation of a mortgage center that provides mortgage loans on competitive, flexible and favorable terms within a maximum of 2 working days
- ✓ IDSalary beneficial salary packages
- ✓ 26.3% annual growth of total number of retail clients and 38% annual growth of active clients
- ✓ Around 30% annual growth of the number of retail cards
- ✓ Around 115% annual growth of card payments
- ✓ 20% annual growth of retail loan portfolio

Corporate social responsibility

"The power of one dram" has already crossed the threshold of AMD 111 million, providing support to 9 beneficiary organizations and foundations.



- The whole sum of "One drams" accumulated during the months of **January** and **February** 2022, amounting to AMD 9,808,684, was transferred to the "City of Smiles" charitable foundation, contributing to the purchase of expensive medicines and the treatment for children suffering from cancer:

- The beneficiary of the "One drams" in **March** and **April** was the environmental sector: all the "drams" collected during the first two months of spring, were transferred to the environmental organization "My Forest Armenia" to support the reforestation project in Armenia. IDBank and Idram transferred the amount of AMD 10,757,867 to the foundation, participated in the works of establishing a forest in Jrashen community of Lori marz.

- The sum collected within "The Power of one dram" initiative in **May** and **June** amounting to AMD 9,107,498 was directed to the "Children of Armenia" charitable foundation to contribute to the organization of education for children in different communities of Lori region.

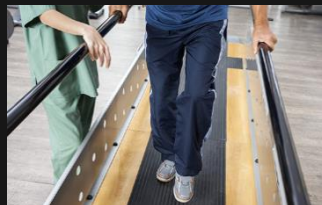


- The **July** beneficiary of "The Power of one dram" initiative was QaylTech company, which created an exclusive Armenian innovative product, the MetaGait device. MetaGait helps disabled soldiers and children with cerebral palsy regain mobility by preventing more than 30 diseases caused by immobility. At the end of the project a sum amounting to AMD 4,248,945 was transferred to QaylTech company.



- The beneficiary of sums collected in **August** 2022 was the Psychological Center "Rehabilitation City of Heroes", to which the entire sum collected during the month in the framework of "The Power of one dram" initiative amounting to AMD 4,676,836 was transferred.

- The beneficiary of **September** 2022 was the "4090" foundation. The purpose of the fund is to provide scholarships, implement educational programs, improve skills and provide training to defenders of the Motherland. During the month of September, 4,631,690 payments were made, which will be directed to 4090 foundation within the framework of "The Power of one dram" initiative.



- The beneficiary of "The Power of one dram" initiative of October 2022 was the Rehabilitation Center of the Defender of the Motherland, to which the entire sum amounting to AMD 4,827,643 accumulated in the month, was transferred.:

- The beneficiary of **November** 2022 of "The Power of one dram" was "Aren Mehrabyan" charitable foundation, whose goal is to establish a mechanical engineering production of aerospace engines and vertical take-off and landing electrical devices in Armenia. At the end of the project, AMD 4,653,223 was transferred to the foundation.



- In **December** the beneficiary of "The Power of one dram" was the Health Fund for Children of Armenia, to which AMD 3,531,799 was transferred. The Fund organizes the treatment of children with life-threatening diseases.

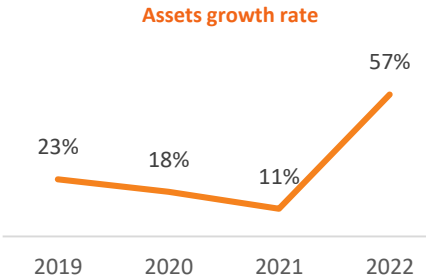
Financial results



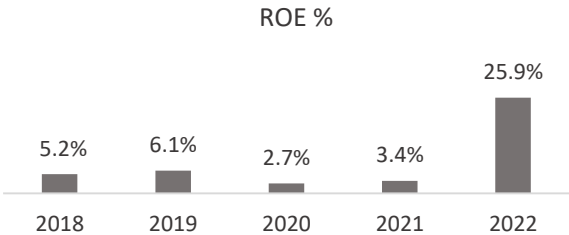
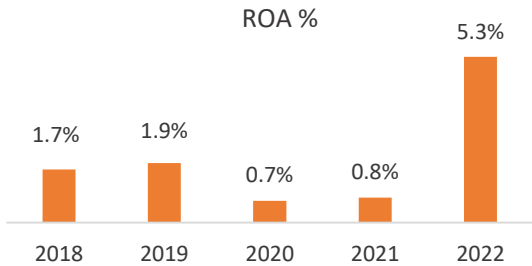
As of the end of 2022 the total assets of IDBank amounted to AMD 309 bln, thus recording 57% annual growth. Around 40% of assets (AMD 121 bln) are the loans and borrowings extended to the clients. The Bank has also significantly (by more than AMD 50 bln) increased investments into the securities.

By the end of 2022 the total liabilities of the Bank amounted to AMD 250 bln, the majority of which (more than 80%) were current accounts, deposits of clients, and debt securities issued by the Bank.

Arman Asatryan
Financial Director



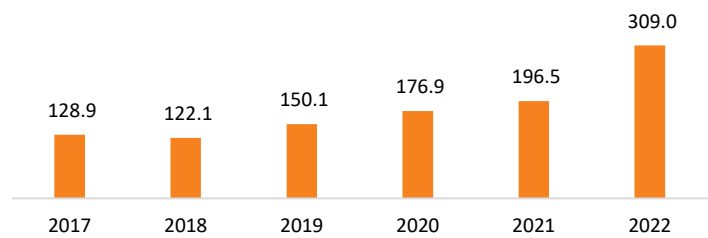
Summing up the financial result of IDBank for 2022, it should be noted that the Bank managed to get significant increase in trade operations, as well as to improve the key indicators of the commission income. The Bank managed to generate a net profit of around AMD 13.5 bln., registering capital profitability of 25.9 % and assets profitability of 5.3%.



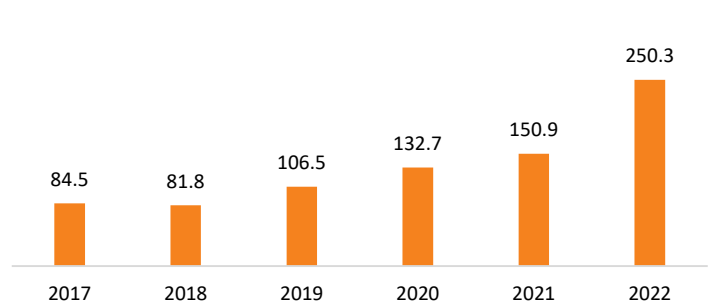
Given that the Bank's capital adequacy and liquidity levels are quite high and the Bank's net contributions level is relatively low, the Bank has ample opportunities to expand its operations and implement new projects without compromising the Bank's financial stability even in difficult macroeconomic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

Financial results

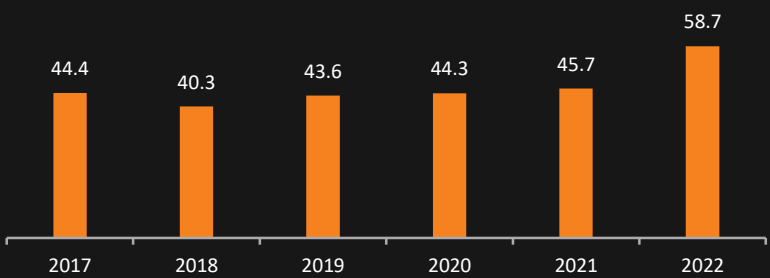
Total assets (bln AMD)



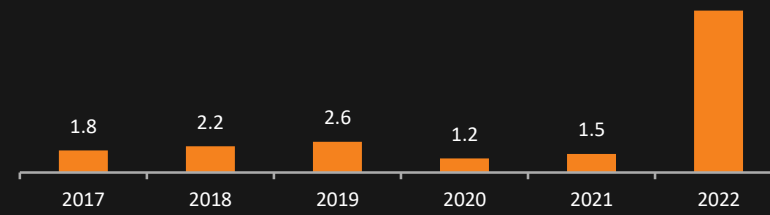
Total liabilities (bln AMD)



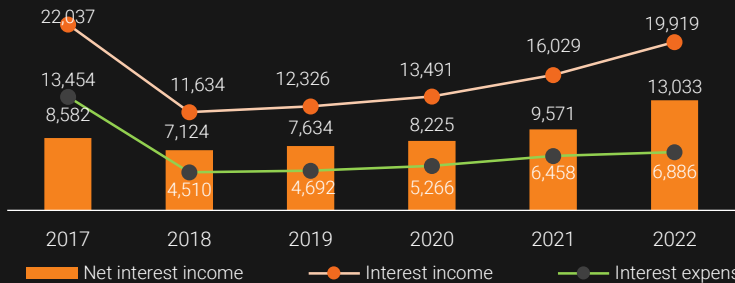
Total capital (bln AMD)



Profit for the year (bln AMD)

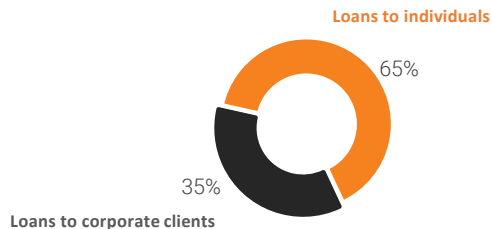
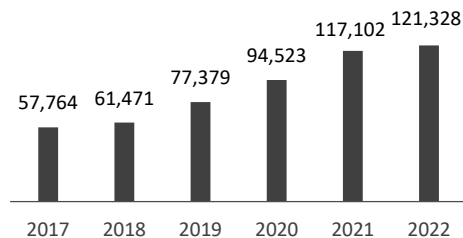


Net interest income (bln AMD)



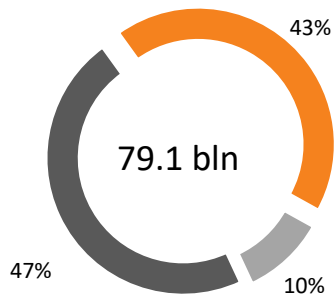
Bank portfolios

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



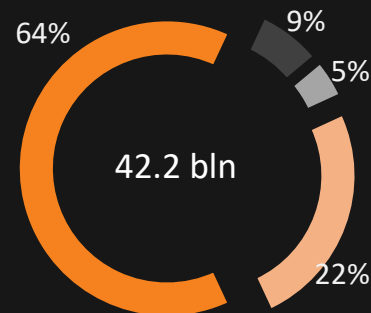
Retail loan portfolio composition

- Consumer loans
- Mortgage loans
- Gold-pledged loans



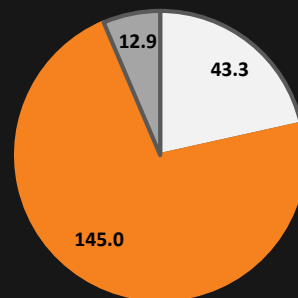
Corporate loan portfolio composition

- 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

Our employee is the key to our success. Thanks to our teamwork, individual approach and high performance, we achieved great successes this year, created new and interesting ideas and improved our existing projects.

It is the Bank's culture that employees are united around the single goal and achieve success through teamwork, turning the Bank into one of the best employers on the labor market.

The bank, as an employer, does its best to always keep the working environment safe and attractive, to create and improve financial and non-financial incentive systems for employees.

In 2022 we went on improving the working conditions and increase the satisfaction of our employees, as well as created new opportunities for permanent professional growth and improvement of skills.

The bank's internal corporate and training portals open the door to a wide range of opportunities for employees, informing them of all the news and successes, and also summarize work and social contacts and dissemination of important information under one electronic platform. The electronic library and online training platform, as well as a number of existing and electronic courses for employees of all levels are also widely used.

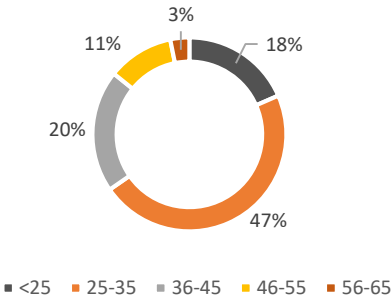
This year we also had a chance to organize a number of team events, which warmed and strengthened the working ties of our employees and made it possible to combine work and leisure.

Mariana Edilyan
Human capital management director

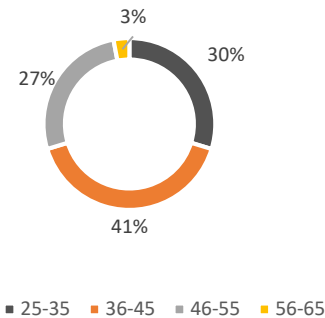
653

Actual number of the Bank's employees as of the end of 2022

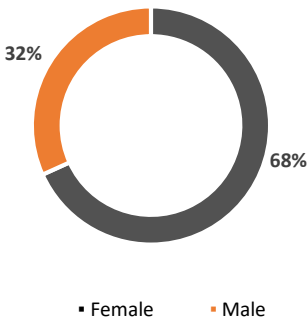
Staff composition by age, %



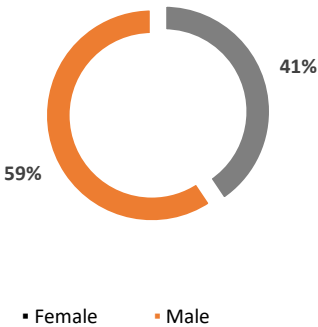
Management staff composition by age, %



Staff composition by gender, %



Management staff composition by gender, %



Team and Corporate culture

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

This year we also organized a number of team and corporate events; continuous strategic meetings, as well as performance-based incentives for employees became the basis for the importance of teamwork.



A number of large and small events organized by the Bank gave employees the opportunity to socialize outside of work and support various social projects together. We have continued to provide employees the opportunity to work in a more flexible working schedule; processes and technical functions have been improved so that to make the remote mode as seamless and efficient as possible.



Corporate social responsibility programs in 2022 covered both children, and vulnerable families, and soldiers, as well as residents of border villages.

Compensation and Motivation

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

Among the motivational processes were numerous internal competitions, meetings of employees with high performance with the Chairman of the Management Board, and winning participation in various tournaments.

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



Employee recruitment policy

In 2022 the team increased by around 251 new employees mainly focusing on increasing the IT team and increasing the number of branch employees. The large number of new employees was also due to the introduction of new projects and the improvement of the service quality of the branches.

Continuing to stress the importance of growth of internal resource, about 20% 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.

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.



Corporate culture and internal communication

Adhering to its values and principles, the Bank continues to develop its corporate culture and internal communication channels.

The Bank's employees actively use the corporate communication platform, thanks to which they are timely and properly informed about news and changes, participate in surveys and make recommendations, participate in various interesting online contests and interactive surveys.



Cooperation with students: IDream program

Improving education is one of our top priorities. The bank actively cooperates with a number of higher education institutions and becomes a participant in non-formal education.

In 2022 the bank continued the student internship program: the IDream student program. Thanks to this program, students gain theoretical knowledge of the financial sphere and develop skills required for a novice Bank employee.

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

In 2022 the Bank implemented the "IDream" program three times, giving 16 new graduates the opportunity to start their career with the Bank thus increasing the number of our students to about 50.



Staff training and development

The Bank's Training and Development Center organized and supervised employee training processes over the year, organized a number of surveys and events aimed at increasing employee motivation.

By emphasizing the importance of staff development and training, the Bank has organized more than 200 online and offline training courses, shared various materials, interesting development literature and presentations. Employees always 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 and the schedule 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. International qualifications tend to become mandatory for the top and middle management of the Bank, which compensation will be supported by the Bank.

In 2022, 81% of employees have been trained, of which 83% participated in internal trainings, and 41% 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, conferences and workshops both in Armenia and abroad.



3

Corporate management

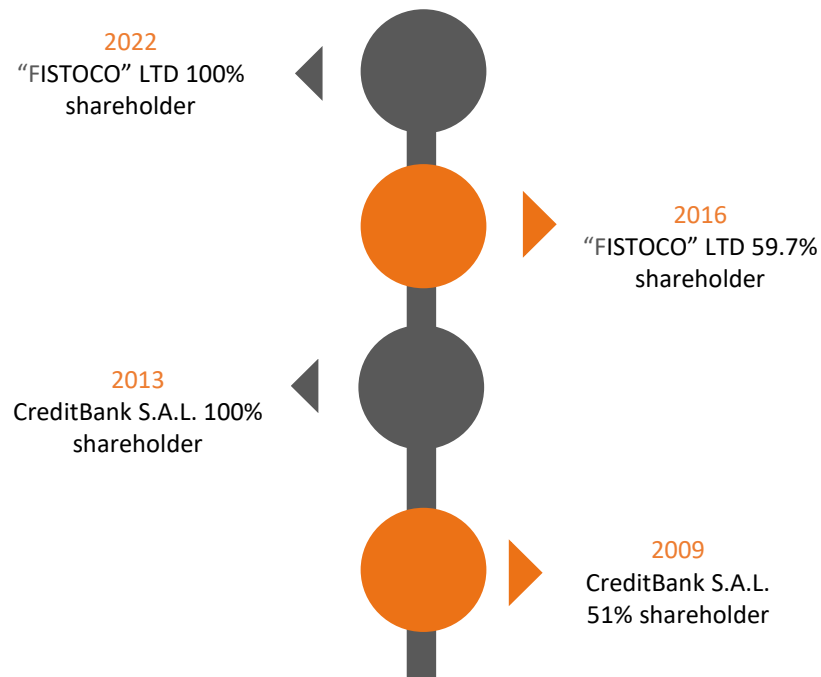
Our shareholders and the Council

27

Risk management

29

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, he heads a private international consulting firm with activities in various countries, including Kazakhstan.



Karen Margaryan

In 2003 joined the Global Economy R&D institute (Moscow). Currently holds the 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.



Arthur Javadyan

From 2008 to 2020 was the Governor of the Central Bank of Armenia. Currently is Ambassador-at-Large at the Ministry of Foreign Affairs of Armenia, holds the position of Chairman of the Board of the Centre for Economic Perspectives Foundation and the Armenian Institute of Directors.



Avet Mirakyan

Has extensive experience in major international audit firms. Starting in 1998, he worked for 10 years at the audit firms Arthur Andersen and "Ernst and Young". From 2010 to 2015 – partner, head of the practice of consulting services to support transactions in the financial markets of the CIS at "Ernst and Young". Currently developing a number of Private Equity projects.



Aleksey Komar

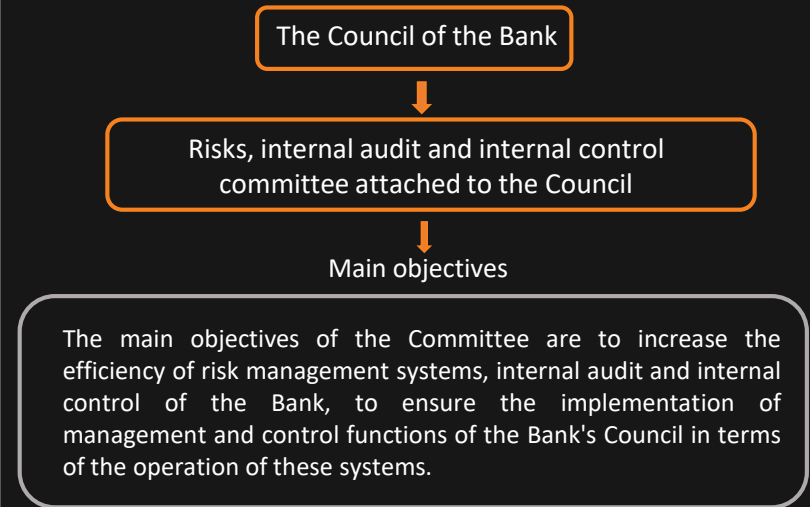
Has worked in Moscow branch of "Ernst and Young" (CIS) B.V." as a Senior consultant/Manager/Senior Manager/Director. Since 2017 up to present has been acting as a business consultant in a number of fintech projects.

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 tasks of the Committee are:

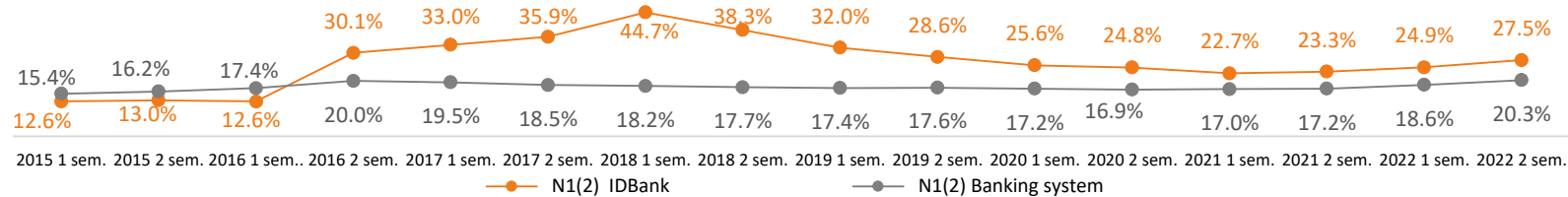
- 1) Ensuring constant supervision of the activities of the Bank's executive bodies by the Council of the Bank and ensuring effective cooperation of the members of the Bank's Council with the Bank's management on issues related to the competence of the Committee.
- 2) Assessing the efficiency and adequacy 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

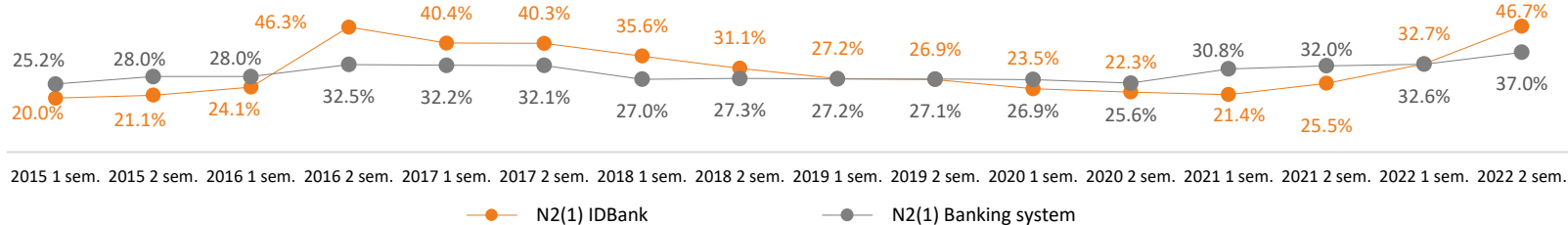
The two indicators describing the Bank’s financial stability, the capital adequacy and liquidity, are above the required minimum level and the corresponding indicators of the banking system.

In the 2nd semester of 2022 the capital adequacy normative of the Bank amounted to 27.5% (minimum required value defined at 12%), and the overall and current liquidity normatives amounted to 46.7% and 86.6% respectively (minimum required value defined at 15% and 60% respectively):

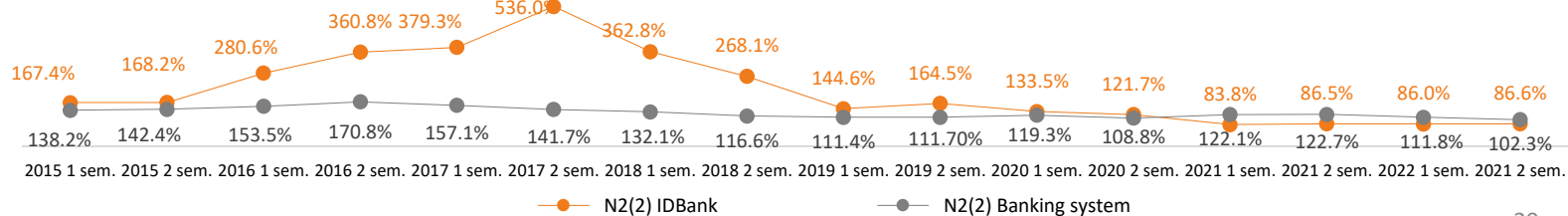
Capital adequacy normative N1(2)



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 31/12/2022 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.

4

Financial reporting

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Independent Auditors' Report on the Summary Financial Statements

To the Shareholders and Council of ID Bank CJSC

Opinion

The summary financial statements, which comprise the summary statement of financial position as at 31 December 2022, the summary statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and the related note, are derived from the audited financial statements of ID Bank CJSC (the "Bank") for the year ended 31 December 2022.

In our opinion, the accompanying summary financial statements are consistent, in all material respects, with the audited financial statements, in accordance with the basis described in Note 1.

Summary Financial Statements

The summary financial statements do not contain all the disclosures required by IFRS Standards as issued by the International Accounting Standards Board. Reading the summary financial statements and our report thereon, therefore, is not a substitute for reading the audited financial statements and our report thereon.

The Audited Financial Statements and Our Report Thereon

We expressed an unmodified audit opinion on the audited financial statements in our report dated 18 April 2023. The report also includes the communication of key audit matters. Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the current period.

Management's Responsibility for the Summary Financial Statements

Management is responsible for the preparation of the summary financial statements in accordance with the basis described in Note 1.

Auditors' Responsibility

Our responsibility is to express an opinion on whether the summary financial statements are consistent, in all material respects, with the audited financial statements based on our procedures, which were conducted in accordance with International Standard on Auditing (ISA) 810 (Revised), *"Engagements to Report on Summary Financial Statements"*.

Irina Gevorgyan
Managing Partner, Director of KPMG Armenia LLC

KPMG Armenia LLC
18 April 2023

1 Basis of preparation

These summary financial statements are derived from the audited financial statements of ID Bank CJSC (the "Bank") for the year ended 31 December 2022 prepared in accordance with International Financial Reporting Standards issued on 17 April 2023. These summary financial statements include only the summary statement of financial position as at 31 December 2022 and the summary statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, which are derived, without modification, from pages 7-10 of the audited financial statements. These summary financial statements do not contain the disclosures in the notes to the audited financial statements. The complete set of audited financial statements of the Bank can be obtained from the Bank's registered office (13 Vardanants Street, Yerevan 0010, Republic of Armenia).

Summary statement of Profit or Loss and Other comprehensive income

For the year ended 31 December 2022

	2022	2021
	AMD*000	AMD*000
	19,919,227	16,029,030
Interest income calculated using the effective interest method		
Interest expense	(6,885,962)	(6,458,414)
Net interest income	13,033,265	9,570,616
Fee and commission income	6,180,054	3,270,797
Fee and commission expense	(4,562,552)	(3,836,245)
Net fee and commission income/(expense)	1,617,502	(565,448)
Net foreign exchange gain	12,908,096	586,709
Net gain on financial instruments at fair value through profit or loss	1,127,937	881,317
Net realised (loss)/gain on investment securities	(55,163)	21,480
Net other operating income	31,920	281,715
Operating income	28,663,557	10,776,419
Net impairment losses on financial instruments	(1,332,312)	(1,056,890)
Personnel expenses	(6,782,363)	(4,473,086)
Other general administrative expenses	(3,825,080)	(3,203,554)
Profit before income tax	16,723,802	2,042,889
Income tax expense	(3,207,353)	(500,866)
Profit for the year	13,516,449	1,542,023
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	(570,786)	(112,454)
- Net amount reclassified to profit or loss	45,234	(17,614)
<i>Total items that are or may be reclassified subsequently to profit or loss</i>	<i>(525,552)</i>	<i>(130,068)</i>
Other comprehensive loss for the year, net of income tax	(525,552)	(130,068)
Total comprehensive income for the year	12,990,897	1,411,955

Summary statement of Financial position

As of 31 December 2022

	2022	2021
	AMD*000	AMD*000
ASSETS		
Cash and cash equivalents	36,273,430	19,706,584
Financial instrument measured at fair value through profit or loss	351,121	403,975
Investment securities measured at fair value through other comprehensive income		
- Held by the Bank	7,804,552	8,427,360
Investment securities measured at amortised cost		
- Held by the Bank	69,479,481	8,157,426
- Pledged under sale and repurchase agreements	-	10,589,557
Loans and advances to banks and other financial institutions	41,858,155	12,446,803
Amounts receivable under reverse repurchase agreements	15,725,509	6,076,072
Loans to customers	121,327,795	117,101,711
Property, equipment and intangible assets	7,480,638	7,254,785
Right of use asset	2,071,018	1,369,777
Reposessed assets	3,098,462	3,130,926
Other assets	3,535,599	1,869,406
Total assets	309,005,760	196,534,382
LIABILITIES		
Derivative financial liabilities	-	8,469
Deposits and balances from banks and other financial institutions	39,509,998	27,172,892
Amounts payable under repurchase agreements	-	13,008,429
Debt securities issued	12,895,735	13,337,577
Current accounts and deposits from customers	188,283,970	92,163,976
Deferred tax liability	342,209	824,479
Lease liability	2,194,220	1,507,701
Current tax liabilities	2,993,571	173,644
Other liabilities	4,113,994	2,656,049
Total liabilities	250,333,697	150,853,216
EQUITY		
Share capital	33,971,850	33,971,850
Share premium	5,014,099	5,014,099
Revaluation surplus for buildings	96,917	105,601
Fair value reserve for investment securities	(270,524)	255,028
Retained earnings	19,859,721	6,334,588
Total equity	58,672,063	45,681,166
Total liabilities and equity	309,005,760	196,534,382

Summary statement of Cash flows

For the year ended 31 December 2022

	2022 AMD'000	2021 AMD'000
Cash flows from operating activities		
Interest receipts	18,928,749	15,838,658
Interest payments	(6,626,890)	(6,203,925)
Fee and commission receipts	6,180,054	3,270,797
Fee and commission payments	(4,562,552)	(3,641,172)
	1,127,937	878,135
Net payments from financial instruments at fair value through profit or loss		
Net receipts from foreign exchange	14,620,190	1,409,061
Other income receipts	109,725	86,672
Personnel and other general administrative expenses payments	(8,149,279)	(6,019,813)
(Increase)/decrease in operating assets		
Financial instrument measured at fair value through profit or loss	(166,950)	(494,383)
Amounts receivable under reverse repurchase agreements	(9,674,887)	(37,985)
Loans and advances to banks and other financial institutions	(32,395,706)	4,409,927
Loans to customers	(13,462,160)	(28,032,134)
Other assets	(1,039,797)	(281,753)
Increase/(decrease) in operating liabilities		
Deposits and balances from banks and other financial institutions	7,998,218	(6,042,932)
Amounts payable under repurchase agreements	(13,011,495)	(7,562,708)
Current accounts and deposits from customers	110,430,378	28,764,233
Other liabilities	520,878	511,312
Net cash from operating activities before income tax paid	70,826,413	(3,148,010)
Income tax paid	(754,331)	(1,147,116)
Cash flows from/(used in) operating activities	70,072,082	(4,295,126)
Cash flows from investing activities		
Acquisition of investment securities measured at FVOCI	(1,757,047)	(921,223)
Acquisition of investment securities measured at amortised cost	(52,545,477)	(98,954)
Proceeds from sale and repayment of investment securities measured at FVOCI	982,664	2,283,194
Purchases of property, equipment and intangible assets	(1,470,706)	(1,461,818)
Sale of property, equipment and intangible assets	139,333	-
Cash flows used in investing activities	(54,651,233)	(198,801)
Cash flows from financing activities		
Proceeds from issuance of debt securities	8,769,181	6,038,359
Repayment of debt securities issued	(6,646,600)	(5,042,750)
Proceeds from borrowed funds	7,962,796	7,971,288
Repayment of borrowed funds	(1,966,894)	(883,011)
Repayment of lease liability	(214,376)	(265,235)
Cash flows from financing activities	7,904,107	7,818,651
Net increase in cash and cash equivalents	23,324,956	3,324,724
Effect of changes in exchange rates on cash and cash equivalents	(6,760,161)	(838,733)
Effect of changes in ECL on cash and cash equivalents	2,051	2,978
Cash and cash equivalents as at the beginning of the year	19,706,584	17,217,615
Cash and cash equivalents as at the end of the year	36,273,430	19,706,584

Summary statement of changes in Equity

For the year ended 31 December 2022

	Share capital	Share premium	Revaluation surplus for buildings	Fair value reserve for investment securities	Retained earnings	Total equity
AMD'000	33,971,850	5,014,099	105,601	385,096	4,792,565	44,269,211
Balance as at 1 January 2021						
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
	33,971,850	5,014,099	105,601	255,028	6,334,588	45,681,166
Balance as at 31 December 2021						
Balance as at 1 January 2022	33,971,850	5,014,099	105,601	255,028	6,334,588	45,681,166
Total comprehensive income						
Profit for the year	-	-	-	-	13,516,449	13,516,449
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	-	-	-	(570,786)	-	(570,786)
- Net change in fair value of investment securities transferred to profit or loss, net of deferred tax	-	-	-	45,234	-	45,234
<i>Total items that are or may be reclassified subsequently to profit or loss</i>	-	-	-	(525,552)	-	(525,552)
Total other comprehensive loss	-	-	-	(525,552)	-	(525,552)
Total comprehensive income for the year	-	-	-	(525,552)	13,516,449	12,990,897
Transfer from revaluation surplus to retained earnings	-	-	(8,684)	-	8,684	-
Balance as at 31 December 2022	33,971,850	5,014,099	96,917	(270,524)	19,859,721	58,672,063

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 2022 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, 2022.

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 Mkhitaryan	Corporate Business Director, Acting Management Board Member
(First name, Last name)	(position)