

# Investor Presentation

2024



**Ardshinbank**

# Agenda

I.	<b>ARDSHINBANK IN BRIEF</b>	3
II.	CAPITAL POSITION AND SOLID FUNDING AND LIQUIDITY PROFILE	6
III.	HIGH CORPORATE GOVERNANCE STANDARDS AND EXPERIENCED MANAGEMENT TEAM	8
IV.	OPERATIONAL ENVIRONMENT	10

# I. Ardshinbank in brief

## Key facts



**Leading systemically important bank** in Armenia with 20.9% market share by total assets (as of Dec 2024)



**Universal bank with strong focus on retail and SME and Micro** and serving long-standing blue-chip corporate base



**Over 405,752 customers** including over 7,415 legal entities and 398,337 individuals.



**Strong omnichannel distribution platform** with 71 branches, over 198 ATMs, 3,576 POS terminals, supported by comprehensive mobile / online banking platform (92.1% of transactions are made in mobile).



**Sustainable through-the-cycle performance** with leading profitability and efficiency (ROAE of 51.8% for 4Q 2024)



**High corporate governance standards** with predominantly independent Board of Directors and experienced management team. Ardshinbank is consistently audited by **Big 4** audit firms, currently, by **Ernst & Young**.



**The only non-sovereign** from Armenia which has issued RegS/144A public Eurobonds.



**The only Bank in Armenia** that has sovereign ratings from three leading global rating agencies (Moody's, Fitch, S&P Global).

## Market position

4Q 2024



by total assets



by total deposits



by total equity



by net profit



by retail deposits



by ROE



by branch network

**S&P Global** BB- (Stable)<sup>1</sup>

**MOODY'S** Ba3 (Stable)<sup>2</sup>

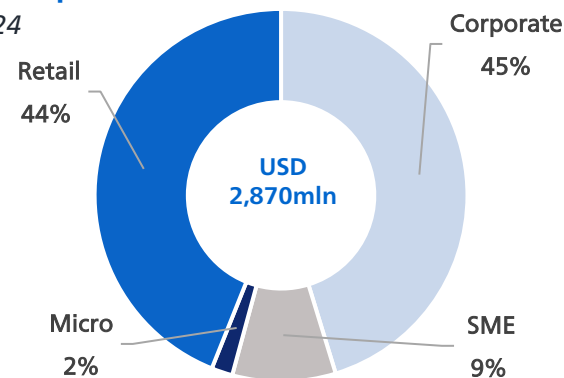
**FitchRatings** BB- (Stable)<sup>1</sup>

## Key financial highlights

USD mln	2020	2021	2022	2023	2024
<b>Key metrics</b>					
Net Loans	1,127	1,196	1,350	1,659	2,834
<b>Total Assets</b>	<b>1,755</b>	<b>2,104</b>	<b>3,958</b>	<b>4,039</b>	<b>5,818</b>
Customer Deposits	650	872	2,409	2,416	3,701
<b>Shareholders' Equity</b>	<b>166</b>	<b>208</b>	<b>370</b>	<b>468</b>	<b>814</b>
Operating Income	88	86	290	274	497
<b>Net Profit</b>	<b>21</b>	<b>27</b>	<b>143</b>	<b>156</b>	<b>338</b>
<b>Key ratios</b>					
ROE	13.1%	15.7%	62.2%	42.0%	70.0%
Cost to income	30.0%	32.9%	18.7%	26.2%	28.3%
NPL	7.8%	5.6%	4.7%	5.5%	2.8%
TCAR (CBA) <sup>3</sup>	13.1%	13.9%	20.2%	17.2%	22.2%

## Gross loan portfolio structure

4Q 2024



Note: (1) – LT Issuer Default Rating; (2) – LT Bank Deposits; (3) – based on CBA requirements. Balance sheet items converted at the official Armenian dram to USD exchange rate as of 31 Dec of the respective year.

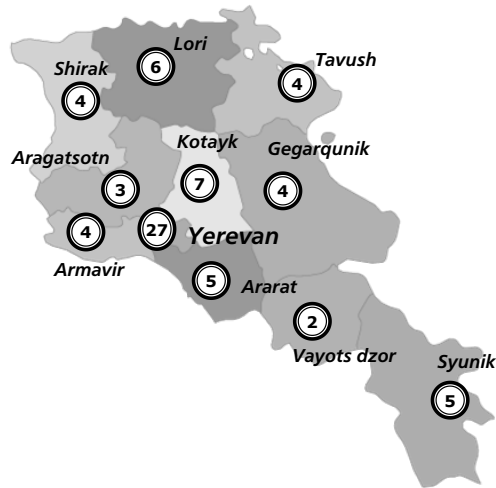
# I. Leading omnichannel distribution platform in Armenia

Modern branch network covering all provinces of Armenia...

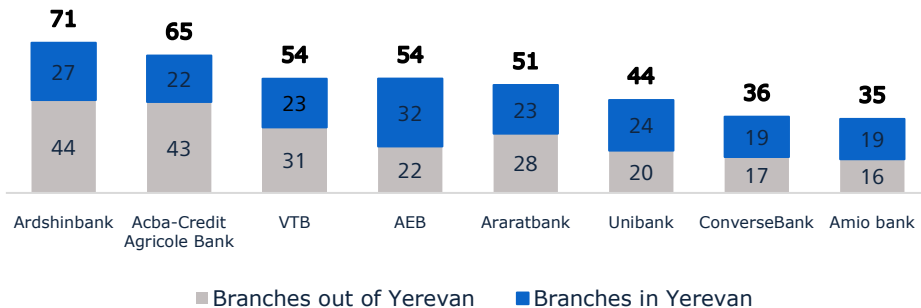


Ardshinbank branches coverage in Armenia

- Continuing modernization of branch coverage with new technologies applied
- Customer centric branch layout
- 24/7 service area within the branch which allows customers to take banking transactions any time

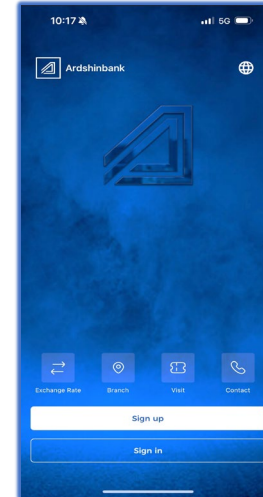


Branch network  
#



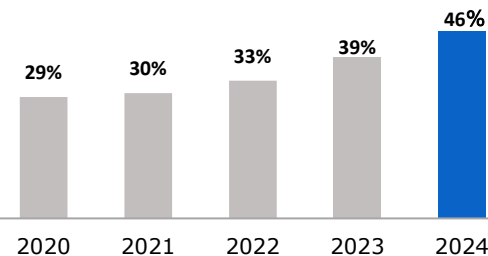
...supported by Mobile / Online Banking for retail and SME customers

Actively developing remote access tool which allows customers to conduct financial transactions 24/7

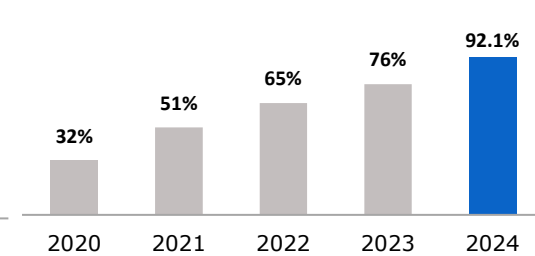


- Card accounts management
- Get / repay a loan
- Money transfers
- Insurance
- Bank transfers
- Deposits placement and replenishments
- Online payments
- Exchange currency
- Income / costs statistics
- Schedule an appointment at the bank
- And many more

Number of active users  
Weight, %



Number of transactions  
Weight, %



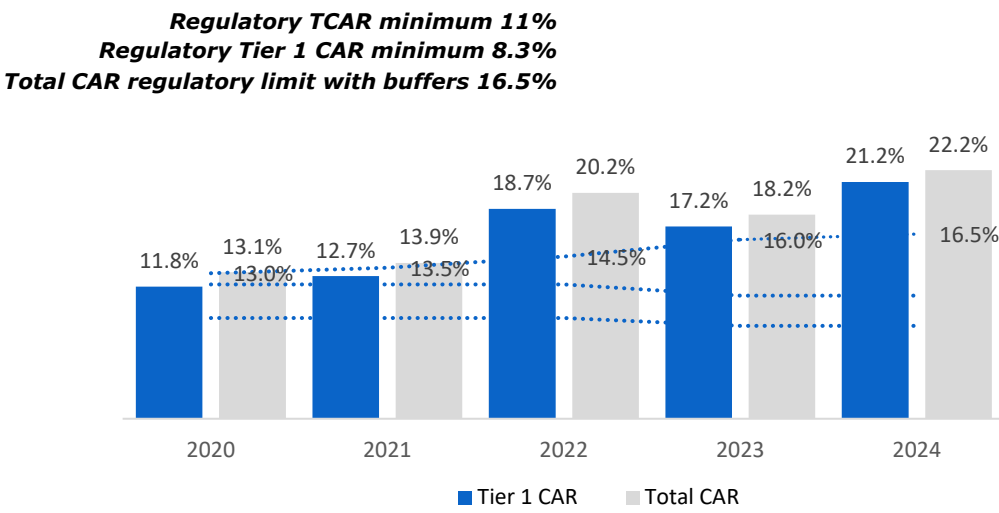
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# II. Capitalization above regulatory requirements

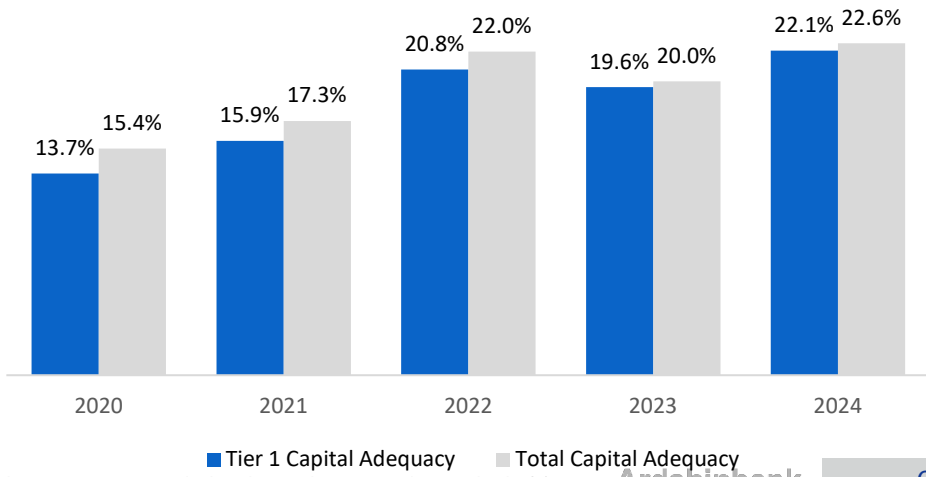
Capital adequacy ratios (CBA)<sup>1</sup>

%



Capital adequacy ratios (Basel III)<sup>2</sup>

%



Note: (1) Capital Adequacy Ratios and Risk Weighted Assets are calculated according to CBA requirements, (2) Capital Adequacy Ratios are calculated according to Basel 2 standards; (2) Converted at the official Armenian dram to USD exchange rate as of 30 June of the respective year.

Ardshinbank

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# III. High Corporate Governance standards and experienced management team

## General Meeting of Shareholders (Supreme governing body)

### Supervisory Board

6

Members

4

Independent

**Karen Safaryan**  
Chairman

**Aram Andreasyan**

**Tigran Sargsyan**  
Independent Member

**Garegin Tosunyan**  
Independent Member

**Alexander von Gleich**  
Independent Member

**Vache Gabrielyan**  
Independent Member

### Key functions of the Board of Directors

✓ Determines general strategy

✓ Establishes committees to advise Board of Directors on specific issues

✓ Supervises the activities of the Bank

✓ Appoints Management Board members

### Karen Safaryan

*Chairman of Supervisory Board,  
final ultimate beneficiary of  
"Arshinbank" CJSC*

- ✓ Karen Safaryan was born in 1963 and has been Chairman of the Board of Directors since 2003
- ✓ Mr. Safaryan also serves as the Chairman of Supervisory Board of Arins Group LLC - Ardshinbank's holding company

### Management Board

10

Members

**Artak Ananyan**  
Chairman

**Artur Gyulazyan**  
Deputy Chairman of the  
Management Board, Director of  
Private Banking

**David Sargsyan**  
Deputy Chairman of the Management  
Board, Director of Investment  
Business

**Armen Gasparyan**  
Director Corporate Business

**Artur Hakobyan**  
Director of SME  
Business

**Artak Khachatryan**  
Director of Retail Business

**Harutyun Ispiryan**  
Chief Digital and Talent Officer

**Hovhannes Mkrtichyan**  
Chief Accountant

**Lusine Nersisyan**  
Chief Risk Officer

**Rustam Badasyan**  
Director of Legal Affairs

### Credit Committee

- Implements the credit policy
- Approves lending transactions within the limits set by MB

### Retail credit committee

- Approves loans within the limits and authority delegated by Credit Committee

### Technological committee

- Coordinates issues related to the streamlining and improvement of business processes

### ALCO

- Determines product mix, pricing and risk profile
- Defines limits on lending and borrowing transactions

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# IV. Risk management

## Credit Risk

### Corporate

- Centralized decision making and loan administration
- Independent collateral appraisal, reappraisal
- Internal rating system through rigorous financial analysis
- On-line checks for company data from public registry
- Individual project finance approach
- Target borrowers with stable and verifiable income
- Management quality analysis as one of the key factors for approval
- Early warning indicators system for current monitoring

### MSME

- Internal rating system through rigorous financial analysis
- Well-designed combination of credit scoring and rating systems for SMEs
- Cross checking modules for SME data verification on front line
- Fine-tuned SME lending software with semi-automated risk assessment system
- Group lending techniques with mutual guarantees
- On site monitoring, using large branch network

### Retail

- Automated information flows between branches and head office
- Application scoring model implemented
- Behavioral scoring model implemented
- Extensive use of high-quality credit bureau data
- Traditionally effective mortgage lending procedures implemented
- Sophisticated portfolio monitoring

## Market and Liquidity Risk

- Maturity mismatches are under control – GAP and duration analysis implemented
- Dedicated committee
- Portfolio and sub portfolio VAR estimation
- Monthly stress testing for interest and liquidity risk
- Repos and currency swaps are in practice

## Operational Risk

- Dedicated operational risk management unit
- Operational risk database over 3 years old
- Early warning system implemented
- Limits and 4 eyes principle in place
- BBB insurance at Brit Insurance

# IV. Regulatory framework

## Loan classification and provisioning

Categories	Objective criteria	Subjective criteria	Level of provision
Standard	Current	There are no signs of deterioration in a borrower's financial condition	General provision of 1%
Watch	Less than 90 days past due	There are negative tendencies of deterioration in a borrower's financial condition which may affect the ability to service the loan	10% for LC <sup>1</sup> 12% for FC <sup>2</sup>
Substandard	91-180 days past due	The debt is not serviced as arranged because of the deterioration in the borrower's financial condition and inability to repay the loan	20% for LC 24% for FC
Doubtful	181-270 days past due	Primary sources of repayment are insufficient. Collection of 20-79% of loan is possible through realization of collateral	50% for LC 60% for FC
Loss	More than 271 days past due	The loan is totally impaired and its continuance as the loan is not warranted	100% for LC 100% for FC

- The Bank classifies its assets and creates loan provisions in accordance with CBA regulations and IFRS standards:
  - Corporate loans are monitored and classified individually,
  - Consumer and SME loans are formed into group of assets based on common characteristics (e.g. mortgage loans, credit cards, micro loans, etc.) and group impairment is conducted based on an approved methodology of migration matrix.
- NPL recovery takes on average 3 months after notifying the borrower through non-judicial pledge perfection procedure (out of court).

Note: (1) – Local currency; (2) – Foreign currency

## Components of regulatory capital

- Stricter approach on involvement of Tier II Capital in Regulatory Capital (the value of Tier II capital included in Regulatory Capital calculation must be less than 50% of Tier I capital)
- Adoption of most conservative approach to component deduction from Regulatory Capital
- Provisions to loan loss reserve are directly reduced from Total Capital through profit and loss: loan loss Reserve is not a component of Tier II Capital
- The value of intangible assets and tangible assets not used by the Bank in its ordinary business are deducted from the Regulatory Capital after 6 months from acquiring
- In February 2019, the CBA adopted a new regulation with the aim of strengthening the stability of the Armenian banking system:
  - Specific capital conservation buffer requirements have been set: 0.5% in 2020, 1% in 2021, 1.5% in 2022, 2% in 2023, and 2.5% from 1 January 2024 onwards
  - Capital countercyclical buffer ranges from 0% to 2.5%, with the minimum level set at 0.25%
  - Systemic buffers: 0.5% from 2021, 1% from 2022 and 1.5% from 2023 onwards

## Regulatory compliance

31.12.2024

	CBA	Bank
Capital Adequacy	> 11%	22.2%
High Liquid Assets /Total Assets	> 15%	42.2%
High Liquid Assets /Demand Liabilities	> 60%	75.4%
Single Party Exposure	< 20%	15.4%
Exposure to Major Borrs.	< 500%	144.9%
Related Party Exposure	< 5%	0.5%
Exposure to all related parties	< 20%	3.2%
Reserve Requirement	LC - 4%; FC - 18%	

# IV. Armenia at a glance – key country facts

## Key indicators (2023)

Population (Millions of people)	3,1*
GDP (bln current US\$)	17,7*
GDP, PPP (bln current international \$)	55,6
GDP per capita, PPP ( thsd current international \$)	20.8
10-year average annual GDP growth, %	6,2
Assets of banking system, % of GDP	96,6
Loans of banking system, % of GDP	53,5
Government debt, % of GDP	69,7*
International reserves, bln US\$	3,6*
Life expectancy at birth, total (years)	75,5

**\*6.0%**

GDP growth

**\*\*0.3%**

Inflation

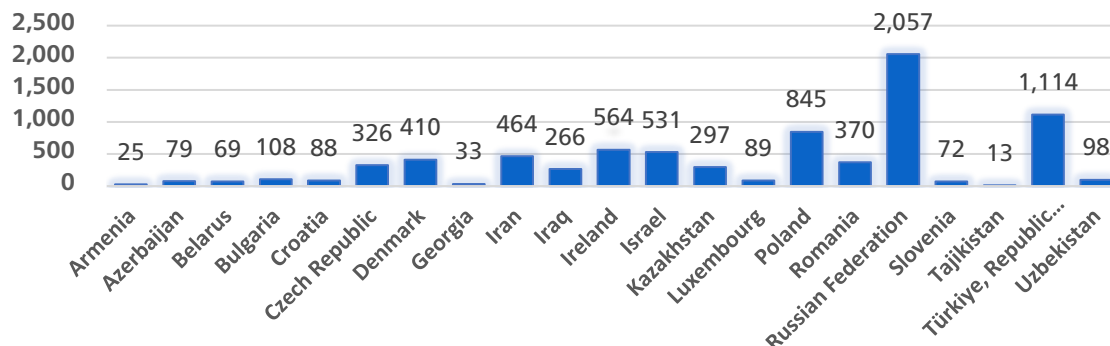
**S&P Global**  
Ratings  
**BB-** (Stable)

**MOODY'S**  
**Ba3** (Stable)

**FitchRatings**  
**BB-** (Stable)

Sovereign rating

## GDP, (Billions of U.S. dollars), 2023

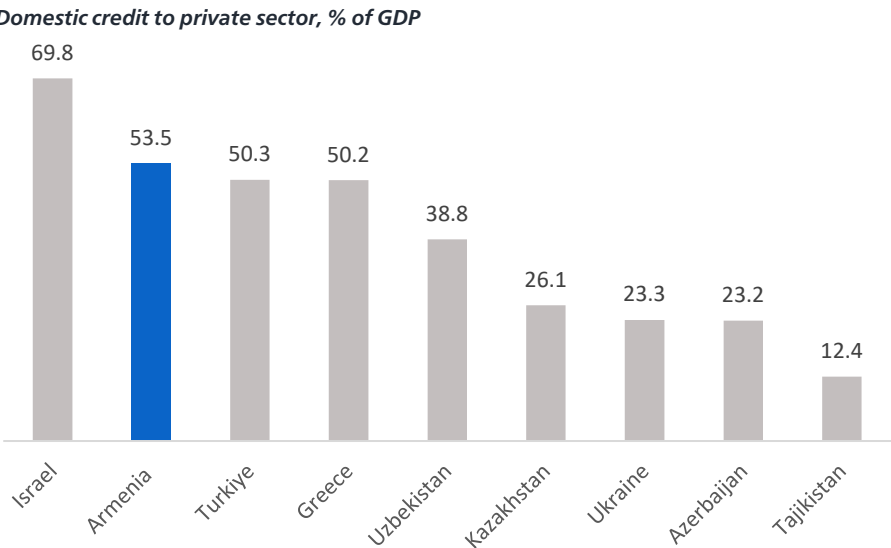


\*for 9 month 2024

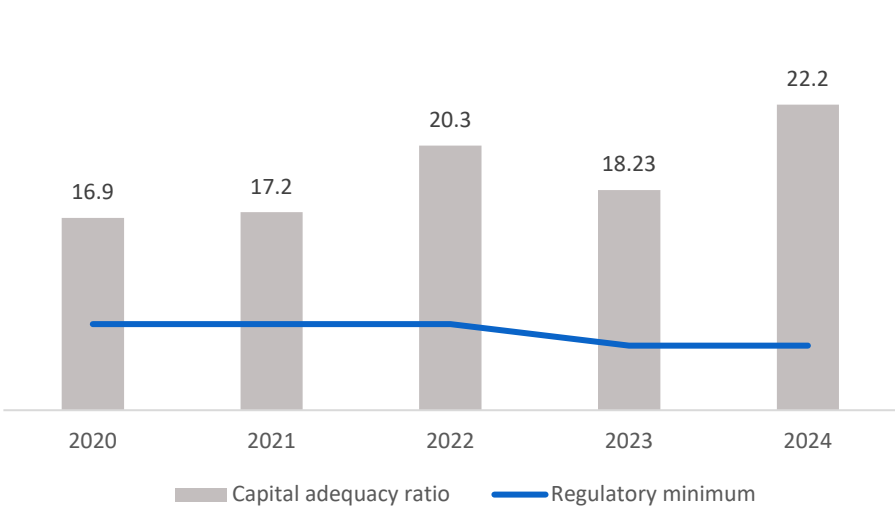
\*\*As of Q4 2024

# IV. Profitable banking sector with strong growth potential

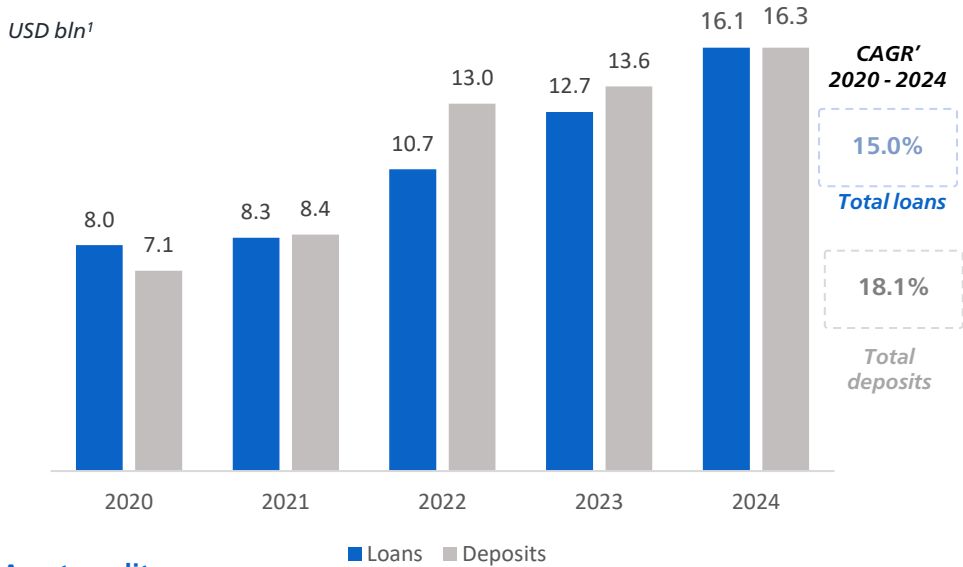
Banking sector penetration, 2023



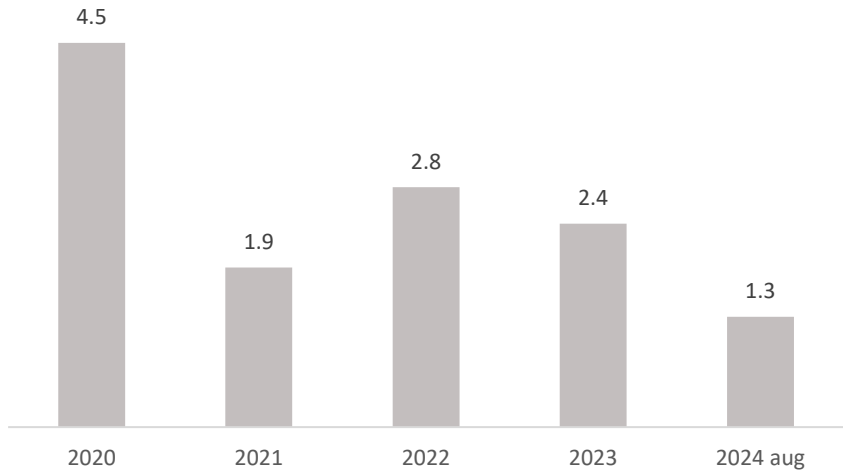
Capitalization



Market growth



Asset quality



Note: (1) - converted at the official Armenian dram to USD exchange rate as of 31 December of the respective year.  
Source: Central Banks of countries (regarding banking penetration), Central Bank of Armenia

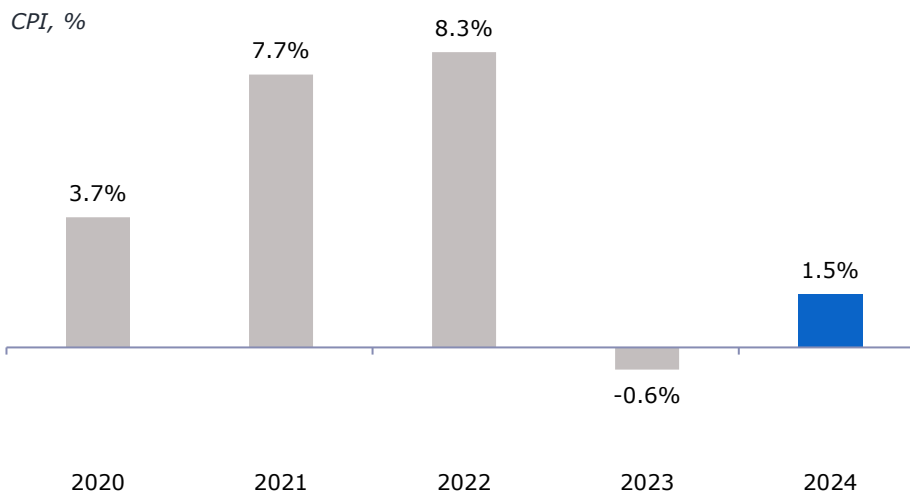
# IV. Credible monetary policy



## Efficient inflation targeting policy

- In December, the country experienced inflation (1.5%).
- In mid-term forecast inflation is expected to gradually pick up, reaching target of 3% in 2025F (tolerance band of  $\pm 1.5\%$ )
- Key inflation targeting instrument is the adjustments in the interest rate on short-term loans from the CBA to the domestic banking system (the "Refinancing Rate")
- To increase the effectiveness of inflation targeting and monetary transmission mechanism, Central Bank of Armenia takes additional measures:
  - Development of a well-functioning interbank market
  - Banking sector de-dollarization

### Inflation rate



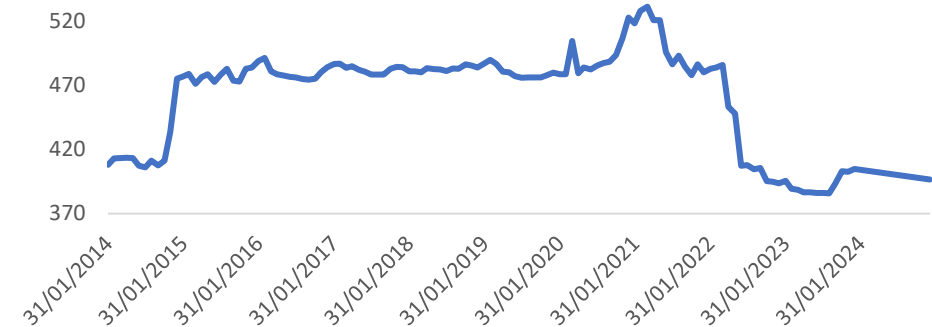
Source: Central Bank of Armenia



## Stable currency under managed floating exchange rate regime

- Central Bank of Armenia considers the exchange rate as a key shock absorber in protecting competitiveness and maintaining international gross reserves at adequate levels
- Central Bank of Armenia agreed that FX intervention should be limited to addressing large and disorderly swings only

### Exchange rate over the past 10 years



«ԱՐԴՇԻՆԲԱՆԿ» ՓԲԸ

ՀԱՇՎԵՏՈՒ ԹՈՂԱՐԿՈՂԻ ՊԱՏԱՍԽԱՆԱՏՈՒ ԱՆՁԱՆՑ ՀԱՅՏԱՐԱՐՈՒԹՅՈՒՆ


Սույնով հաստատում ենք, որ մեր լավագույն տեղեկացվածության համաձայն՝

«Արդշինբանկ» ՓԲԸ /այսուհետ՝ Թողարկող/ 2024թ. երկրորդ կիսամյակի ֆինանսական հաշվետվությունում ներառված տեղեկությունները ճշգրիտ և լիարժեք են և բոլոր էական առումներով համապատասխանում են «Արժեթղթերի շուկայի մասին» ՀՀ օրենքին և ՀՀ Կանոնակարգ 4/04-ի պահանջներին:

Ներկայացված՝ 2024թ. աուդիտ չանցած ֆինանսական հաշվետվությունները կազմված են ֆինանսական հաշվետվությունների միջազգային ստանդարտների համաձայն, և բոլոր էական առումներով ճշգրիտ և լիարժեք ձևով արտացոլում են Թողարկողի ակտիվների և պարտավորությունների, ֆինանսական վիճակի, եկամուտների և ծախսերի իրական պատկերը՝ 2024թ. դեկտեմբերի 31-ի դրությամբ, ինչպես նաև Թողարկողի գործունեության արդյունքներն ու դրամային միջոցների հոսքերը հաշվետու ժամանակաշրջանի համար:

Արտակ Անանյան  
անուն ազգանուն

Վարչության նախագահ  
պաշտոն

  
ստորագրություն

Դավիթ Սարգսյան  
անուն ազգանուն

Վարչության նախագահի տեղակալ,  
Ներդրումային բիզնեսի տնօրեն  
պաշտոն

  
ստորագրություն

Արթուր Գյուլազյան  
անուն ազգանուն

Վարչության նախագահի տեղակալ,  
Փրայվիթ բանկինգի տնօրեն  
պաշտոն

  
ստորագրություն

Արմեն Գասպարյան  
անուն ազգանուն

Վարչության անդամ,  
Կորպորատիվ բիզնեսի տնօրեն  
պաշտոն

  
ստորագրություն

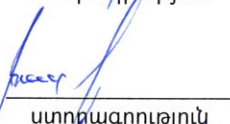
Հարություն Իսպիրյան  
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Վարչության անդամ,  
Թվայնացման և տաղանդների  
կառավարման գծով տնօրեն  
պաշտոն

  
ստորագրություն

Արտակ Խաչատրյան  
անուն ազգանուն

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Մանրածախ բիզնեսի տնօրեն  
պաշտոն

  
ստորագրություն

Արթուր Հակոբյան  
անուն ազգանուն

Վարչության անդամ,  
ՓՄՁ բիզնեսի տնօրեն  
պաշտոն

  
ստորագրություն

**Հովհաննես Մկրտիչյան**  
անուն ազգանուն

**Վարչության անդամ,  
Գլխավոր հաշվապահ**  
պաշտոն

  
ստորագրություն


**Լուսինե Ներսիսյան**  
անուն ազգանուն

**Վարչության անդամ,  
Ռիսկերի կառավարման տնօրեն**  
պաշտոն

  
ստորագրություն

**Ռուստամ Բադասյան**  
անուն ազգանուն

**Վարչության անդամ,  
Իրավական հարցերի գծով տնօրեն**  
պաշտոն

  
ստորագրություն

