



## ARDSHINBANK CJSC

### Corporate Governance Report

Reporting year: 2024

#### 1. Introduction

##### Effective Corporate Governance among Key Strategic Issues

The closed joint-stock company ARDSHINBANK (hereinafter the Bank) attaches a great importance to the development of a sustainable and effective corporate governance system as a pillar for its long-term development and strengthening of confidence among beneficiaries. The Bank builds on adherence to the highest standards, perceiving it as an integral component of sustainability, confidence and responsibility. The Bank is determined in its commitment to improving the governance system on an ongoing basis, bringing it in line with the provisions laid out in the Code of Corporate Governance of the Republic of Armenia (hereinafter also the Code), as well as the best international practice.

The Bank has taken consistent steps towards introducing the best international practices in corporate governance and improving the process on an ongoing basis with an aim to ensure transparency, responsibility and accountability at all levels of governance. It is on these grounds that the Bank builds a governance environment which not only satisfies the requirements of the Armenian legislation but also incorporates a culture equivalent to the leading international standards. The new Code of Corporate Governance of the Republic of Armenia, effective since August 30, 2024, is a road map towards the development of the Bank's corporate governance.

2024 was an important year in the history of the Bank's corporate governance in terms of several strategic decisions: including the acquisition of a 100% participation in the statutory capital of HSBC Bank Armenia CJSC, reorganization as an open joint-stock company and other important decisions regarding corporate governance.

#### 2. Administrative-organizational structure

The Bank's administrative-organizational structure is permanently reviewed to ensure compliance with the urgent tasks of organizing governance and oversight, as well as catering to the best interests of customers.

The Bank's administrative-organizational structure, approved under Board Decision no. 10/24-07 dated 08.11.2024, is available in Appendix 2 to this Report.

#### 3. Corporate Governance Structure

- Under the law of the Republic of Armenia “On Banks and Banking”, and the Charter of the Bank, the



# Ardshinbank

Bank's Governance bodies include:

- General Meeting of the Bank's shareholders;
- Board of the Bank;
- collegial executive body of the Bank, i.e. – the Management;
- The Bank's sole executive body, i.e. – the Board Chairman

### 3.1. General Meeting of Shareholders

The general meeting of shareholders is a governance body of the Bank responsible for such strategic decisions as approval of annual reports, development of dividend policies, appointment of Board members, replenishment of the statutory capital and amendments to the Charter, etc.

In the reporting year 2024, two legal entities were owners of the simple shares of the Bank:

1. *Arins Group* LLC, in the person of Karen Saafaryan, Chairman of the Managing Organization, *Arins Management* LLC

MBC CJSC, in the person of CEO Artur Gasparyan, plus three individuals:

1. Aram Andreasyan, Husik
2. Rudik Mkrtumyan, Armen
3. Khachik Zakaryan, Hakob

After increasing the Statutory Capital in 2024 via the release and placement of extra shares, and registering the Bank's Charter by the Central Bank of Armenia on 28.02.2024, the participation of shareholders of the Bank in the Bank's statutory capital is as follows:

№	Shareholders	Simple Shares			
		Quantity	Face Value AMD	Share	
				%	AMD
1	Arins Group LLC	991,214	100,000	98.673030%	99,121,400,000
2	MBC CJSC	2,462	100,000	0.245086%	246,200,000
3	Andreasyan A.H>	7,000	100,000	0.696834%	700,000,000
4	Mkrtumyan R.A.	1,934	100,000	0.192525%	193,400,000
5	Zakaryan Kh.H.	1,934	100,000	0.192525%	193,400,000
	<b>Total</b>	<b>1,004,544</b>	–	<b>100.00%</b>	<b>100,454,400,000</b>

A shareholder of the Bank, MBC CJSC was the owner of preferential shares of the Bank, possessing 20,000 Class A convertible placed preferential shares with a face value of AMD 100,000 with a variable dividend.



# Ardshinbank

The only participant in Arins Group LLC and a 100% shareholder of MBC CJSC is the Chairman of the Board of the Bank, Karen Safaryan.

Aram H. Andreasyan, as a shareholder of the Bank who is the owner of 7,000 shares (0.696834%) thereof, is simultaneously a member of the Board of the Bank.

## 3.2. The Board

The Board is a body exercising the general management of the Bank, responsible for decision-making on issues vested in it, including formation of the executive body and internal audit subdivision, coordination of appointments of individuals exercising oversight functions, i.e. - the risk management officer and the compliance officer and the head of the financial monitoring body.

In the reporting 2024 year, the Board was composed of 6 members. No changes in the composition of the Board or the status of Board members were reported.

№	Firs Name, Last Name	Year Appointed	Status		
			In the Board	independence	executive/non-executive
1	Safaryan Karen, Suren	2003	Chairman	Non-independent	Non-executive
2	Andreasyan Aram, Husik	2009	Member	Non-independent	Non-executive
3	Gabrielyan Vache, Vazgen	2019	Member	Independent	Non-executive
4	von Gleich Alexander	2023	Member	Independent	Non-executive
5	Tosunyan Garegin, Ashot	2009	Member	Non-independent	Non-executive
6	Sargsyan Tigran, Suren	2022	Member	Independent	Non-executive
	<b>Specific weight</b>	-	-	50%	100%

Bios of Board members are available in Appendix 3 to this Report.

The Board members' independence status was determined based on the criteria developed pursuant to the law of the Republic of Armenia "On Joint-Stock Companies" and the independence criteria enshrined in the Board Regulations of the Bank in the current year of 2025.

	Independence Criteria	Karen Safaryan	Aram Andreasyan	Vache Gabrielyan	Alexander von Gleich	Garegin Tosunyan	Tigran Sargsyan
1	Not a member of the Management Board of the Bank over the past five years; not an employee of the Bank or any other entity affiliated therewith	V	V	V	V	V	V



2	No remuneration received, directly or indirectly, from the Bank or an entity (entities) affiliated with the Bank over the past five years apart from the remuneration as a Board member provided it does not constitute a significant part of their annual income;	V	V	V	V	V	V
3	No essential business relationship with the Bank and (or) an entity (entities) affiliated with the Bank, directly or indirectly, over the past five years - as a partners, significant shareholder, member of the Board, member (representative) of the executive body;	X	V	V	V	V	V
4	Not a shareholder and (or) an employee of the entity conducting the external audit of the Bank and (or) an entity associated with the latter;	V	V	V	V	V	V
5	Not a significant shareholder of the Bank or a partner, shareholder, director or manager of a significant shareholder;	X	V	V	V	V	V
6	Not affiliated with a commercial organization receiving a significant financing from the Bank or a subsidiary thereof;	V	V	V	V	V	V
7	Not a participant in the corporatization or pension programs of the Bank or subsidiaries thereof;	V	V	V	V	V	V
8	Not an executive director of any other company where any of the managers of the Bank is a Board member;	V	V	V	V	V	V
9	Not a family member of any of the individuals specified in clause 1-8 of this list pertaining to the regulations (and not a trustee, trust manager or an executor of the will of a deceased person);	V	V	V	V	V	V
10	Not a member of the Board of the Bank for more than 6 years over the past 10-year period	X	X	V	V	X	V
11	No direct management of the Bank exercised in the past month as a public servant	V	V	V	V	V	V
		Non-independent	Non-independent	Independent	Independent	Non-independent	Independent

A Board member's independence shall be evaluated upon election and later - re-evaluated annually.

The composition of the Board is balanced in terms of the key competences required for members' effective work, ensuring the maximum effective exercise of the functions vested in it. The Board members enjoy a high reputation and are experienced in successful company management in different areas; they are equipped with the necessary skills in strategic planning, as well as knowledge in the banking sector.

Meantime, the bank has adopted policies to promote formal and non-formal education, and self-improvement, enabling members of the Board and other employees of the Bank to attend educational, training and professional development programs financed by the Bank.

It is noteworthy that in the current year of 2025, an external auxiliary company was involved to assist in the (self-)evaluation of the Board at a due level and with due objectiveness to organize the process of the self-evaluation of the Bank's Board. The selection of the external organization for the Board's (self-)evaluation and the corresponding



# Ardshinbank

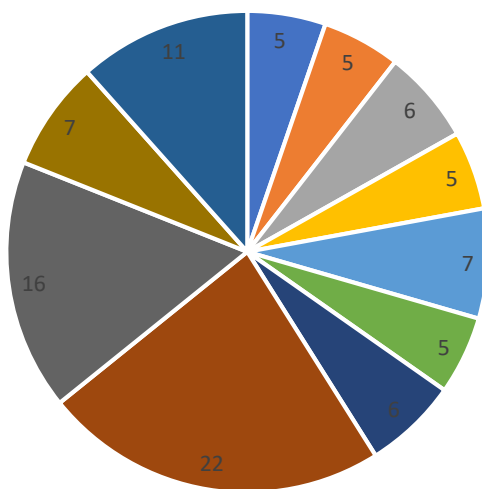
sepcialist was made by Nederlandse Financierings-Maatschappij voor Ontwikkelingslanden N.V. (FMO), Dutch Entrepreneurial Development Bank, ensuring the highest level of international expertise.

Thanks to an effective organization of the Board's activities, a maximum effective engagement of members is ensured in the activities of the Board and Board committees. All the opportunities and resources are provided for the implementation of the individual activities of a Board member.

In 2024, the Board convened 13 sittings, with 95 decisions made, including in finance, stock market, strategy, oversight and accountability (internal and external auditors, risk management and compliannce officers) and areas such as discussion of reports by the financial monitoring body, appointment and remuneration of members of the Bank's management bodies and employees in pivotal roles, and settlement.

In the reporting period, the Board covered, in particular, the following issues:

## 2024 BOARD DECISIONS AS PER SUBJECT OF REGULATION



- Խորհրդին կից կոմիտեների և Խորհրդի հաշվետվություններ
- Վարչության նախագահի և գլխավոր հաշվապահի հաշվետվություններ
- Ներքին աուդիտի հաշվետվություններ և աշխ. ծրագիր
- Համապատասխանության ապահովման վարչության հաշվետվություններ և աշխ. ծրագիր
- Ֆինանսական դիտարկումների վարչության հաշվետվություններ և աշխ. ծրագիր
- Արտաքին աուդիտի հարցեր
- Շահույթի բաշխման և պարգևատրման վերաբերյալ հարցեր
- Կադրային և կազմակերպչական հարցեր
- Ներքին իրավական ակտեր
- Ծրագրեր, քաղաքականություններ, բյուջետավորման և ռազմավարական հարցեր
- Այլ



In the reporting 2024 year, the Board did not conclude any transaction involving a member’s bias.

The sittings in 2024 recorded almost a 100% participation of Board memberd Discussions of agenda issues considered the opinion and proposals of each member.

### 3.3. Board committees

To ensure the effective organization of its work, the Board of the Bank has created collegial bodies vested with the power of consultative decision-making, i.e. – Board committees and a Board of Trustees.

The following collegial bodies functioned in 2024 with a composition approved under Board Decision No. 06/24-10 dated 11.06.2024.

№	Board Committees and Board of Trustees				
	Strategy Committee	HR Policy and Motivation Committee	Audit and Risks Committee	Corporate Governance and Methodology Committee	Board of Trustees
<b>Chairpersons</b>					
1	Safaryan Karen, Suren	Danielyan Anushavan, Suren	Gasparyan Olga, Mikayel	Andreasyan Aram, Husik	Danielyan Anushavan, Suren
<b>Members</b>					
2	Aganbegyan Abel, Gezeh	Safaryan Karen, Suren	Andreasyan Aram, Husik	Tosunyan Garegin, Ashot	Safaryan Karen, Suren
3	Gabrielyan Vache, Vazgen	Andreasyan Aram, Husik	Danielyan Anushavan, Suren	Danielyan Anushavan, Suren	Tosunyan Garegin, Ashot
4	Sargsyan Tigran, Suren	Gasparyan Olga, Mikayel	Safaryan Karen, Suren	Gabrielyan Vache, Vazgen	Mkrtumyan Rudik, Armen
5	Tosunyan Garegin, Ashot		von Gleich Alexander		
6	von Gleich Alexander				

It is noteworthy that in the current 2025 year, the Board approved, pursuant to its Decision no. 08/25-06, dated 29.05.2025, the following new composition of the Audit and Risk Committee in line with the requirements of the ARDASHINBANK CJSC Audit and Risk Committee Regulations (approved pursuant to Bank Board decision no. 05/25-12 dated 29.03.2025).



Committee Chairman	Alexander von Gleich	Independent Committee Member
Committee Member	Andreasyan Aram, Husik	Board Member
Committee Member	Safaryan Karen, Suren	Board Member

The Committees' activities may involve also advisors and experts with the right to advisory vote.

In the reporting 2024 year, Board committees convened the following sittings, with the quarterly reports pertaining thereto having been submitted to the Board.

Current No.	Committee	Number of Members	Number of Sitzings	Method Convened	Attendance
1	Audit and Risk Committee	6 members	155	Attendance in person or via electronic media	100%
2	HR Policy and Motivation Committee	4 members	13		100%
3	Corporate Management and Methodology Committee	4 members	13		100%
4	Strategy Committee	6 members	7		100%
5	Board of Trustees	4 members	0	-	-

The Committees convened upon necessity on the initiative of the Committee Chairman, and/or a Committee member, and/or an interested subdivision of the Bank. The Committee Chairman gave a notice thereon to the other Committee members and advisors/experts personally or through the Secretary of the Committee.

### 3.4. Executive Body: Management Board and Chairman of the Management Board

The Management Board of the Bank and the Chairman of the Management Board exercise the management of the Bank's current activity in the capacity of a collegial body and a sole executive body, respectively, making decisions in accordance with the legislation and the Charter of the Bank, on issues not vested in the General Meeting of Shareholders and the Board.

The competences of the Chairman of the Management Board are distinct from those of the Management Board as laid out in Chapters 39 and 40.

In the reporting 2024 year, the Management Board didn't change, with the collegial body exercising their functions in the following roles:

First name, last name	Title	Date appointed Management Board member (Chairperson/Deputy Chairperson)



1	Ananyan Artak, Kliment	Chairperson of the Management Board	2018 <sup>1</sup>
2	Gyulazyan Artur, Eduard	Deputy Chairman of Management Board, Private Banking Director	2013
3	Sargsyan Davit, Rafael	Deputy Chairman of Management Board, Investment Business Director	2014թ.
4	Nersisyan Lusine, Ruben	Member of Board, Risk Management Director	2023 <sup>2</sup>
5	Gasparyan Armen, Artur	Member of Board, Corporate Business Director	2015
6	Ispiryan Harutyun, Zakar	Member of Board, Digitization and Talent Management Director	2015
7	Khachatryan Artak, Vladilen	Member of Board, Retail Business Director	2016
8	Mkrtichyan Hovhannes, Yeghik	Member of Board, Chief Accountant	2018

Bios of Board members are available in Appendix 3 to this Report.

#### 4. Remuneration of Board and Management Board Members

»ARDSHINBANK CJSC has adopted remuneration and motivation policies commensurate with the outcome secured by employees. It is adequately reflected also in the internal legal acts regulating any relationship stemming from such remuneration and promotion.

The Charter and the Board Regulations set out the terms and procedures for the remuneration of the Chairman of the Management Board, his/her deputy and other Management Board members.

Under the Board Regulations, the procedure for the remuneration and (or) compensation and (or) payment of Board members is established annually based on the decision made at the Annual General Meeting. The Board may submit its proposals regarding the amount and procedure for the remuneration and (or) compensation of Board members for consideration by the General Meeting. Upon establishing the remuneration amount for Board members, the General Meeting may consider the personal participation of each in the Board's activity and the Bank's long-term development. Furthermore, a Board member may receive extra remuneration, for active work, participation in Board committees, discipline, and any other positive outcome secured.

#### External Audit of the Bank

The process for the selection of an independent auditing organization conducting the financial-economic auditing of the Bank is established under CBA Board Regulation 22, the Bank-approved Order for the Selection of an External Auditing Company, and the External Audit Organization Selection Procedure approved by the Management Board.

<sup>1</sup> Since 2017, Deputy Chairman of the Management Board, Non-Core Assets Management Director

<sup>2</sup> Chief Accountant in 2017

Head of Internal Audit Service in 2018



ARDSHINBANK CJSC has approved the closed joint-stock company *Ernst and Young* as an entity conducting an audit of the financial-economic activity of the reporting 2024 year pursuant to Decision No. 2024-3-1 dated 02.08.2024 adopted by the General Meeting of Shareholders based on the proposal submitted under Board Board Decisions no. 07/24-01 dated 17.07.2024 based on the minutes of the contest committee's 17.07.2024 special sitting covering the outcomes of the contest, with the remuneration established thereunder amounting to AMD 85,000,000 (VAT excluded), which later changed to AMD 108,000,000 (VAT excluded) subject to Board Decision no. 13/24-03 L dated 24.12.2024.

The auditing organization's independence shall be checked, and compliance with the financial and technical criteria under the Bank's internal legal acts shall be evaluated as part of a competition declared by the External Auditing organization's selection contest committee.

The approved company, *Ernst and Young*, was analysed and evaluated subject to the requirements of Regulation 22 and the following criterial set forth in Clause 5.7 of the *Procedure for the Selection of an External Auditing organization*.

**Independence criteria:**

- The auditing organization shall not conduct the financial-economic auditing of the Bank for more than 6 years consecutively;
- the auditing officer in the given auditing organization shall not conduct the auditing of the Bank for more than 3 years consecutively;
- an auditing organization, which conducted the financial-economic auditing of the Bank for more than 6 years consecutively, shall not conduct an auditing of the Bank more 3 years the minimum.

**Technical criteria:**

- the auditing organization's esteem (reputation);
- the auditing organization's work experience;
- qualification level and work experience of the the auditing officer based on his/her experience and length of service in bank auditing, qualification and professional training certificates;
- qualification level and experience of the individuals participating in auditing based on experience and length of service in bank auditing, qualification and professional training certificates;
- Cooperation with the Bank based on experience of work between the Bank and the auditing organization, in particular the quality of previous auditing services by the latter.

**Financial criteria:**

- auditing service costs, i.e. - taxes and expenses included, and net audit value;
- forms of payment for an auditing service (prepayment, after the signing of performance acts; in instalments);
- insurance against failure of professional activity or non-performance of obligations (in the form of a claim for a sufficient risk remedy)

The Bank's financial-economic auditor in 2024, *Ernst and Young*, provided non-auditing services to the Bank in the same reporting year for compliance with the draft merger agreement between ARDSHININVESTBANK CJSC and ARDSHINBANK CJSC, as well as compliance, as a result of such a merger,



with the requirements of the economic normatives prescribed by the law of the Republic of Armenia “On Banks and Banking” and the CBA normative legal acts.

## 5. Rights Pertaining to Shareholders of the Bank

The rights of the shareholders owning simple and preferential shares of the Bank are set forth in Chapters 9<sup>1</sup> and 10 of the Charter, in particular:

***The owners of simple shares of the Bank are entitled:***

- 1) to attend, in person or via a proxy, the General Assemblies, and vote on issues vested with the powers thereof;
- 2) to exercise their right to vote during the voting commensurately with the number of shares fully paid by themselves;
- 3) to participate, in person or via a proxy, in the Bank's management;
- 4) to receive dividends in a manner prescribed by the Charter;
- 5) in the event of the dissolution of the Bank, to receive their due property share;
- 6) to exercise the preferential right of acquiring additional shares placed by the Bank commensurately with the shares under their ownership;
- 7) to exercise the preferential right to acquire shares sold by the Bank shareholder commensurately with the shares under their ownership;
- 8) to receive information on the Bank's activity, *inter alia*, get familiarized with the accounting balance, reports, financial-production plan of the Bank, and the records submitted to the Bank by contenders for the offices in question, apart from documents constituting banking, commercial or any other secrecy.
- 9) to receive the copies of the Bank's latest annual report and external audit conclusion;
- 10) to turn to the court to appeal against decisions made in violation of the requirements of the legislation of Armenia;
  
- 11) to donate or otherwise transfer gratuitously the Bank's shares under their ownership;
- 12) to sell or otherwise transfer to other persons, non-gratuitously, the Bank's shares under their ownership (provided the other shareholders do not exercise their preferential right to acquire shares in a manner prescribed by the Charter)
- 13) to call upon the Bank to repurchase their shares in cases and in a manner prescribed by the legislation of Armenia, and the Charter;
- 14) to get familiarized with the list of individuals entitled to attend the General Assembly;
- 15) to exercise other rights under the legislation of Armenia, the Charter and General Board decision adopted within their powers.

***In the meantime:***

The Bank's shareholders owning simple shares or the group of shareholders (provided they jointly possess the necessary number of shares) are entitled:

- 1) In case of having 2 (two) and more per cent of the Bank's placed shares, to propose questions for inclusion into the General Meeting Agenda and name contenders for Board membership;
  
- 2) In case of having at least 5 (five) per cent of the placed voting shares of the Bank:
  - to call for convening the Board to discuss the questions in the claim;
  - to request a financial-economic inspection of the Bank by an external auditor. In that case, the Bank's



# Ardshinbank

external auditor shall be selected, contracted and remunerated by the shareholders requesting such an inspection. Meantime, they may request the Bank to cover their expenses provided the inspection was justified for the Bank by the General Assembly.

- 3) In the event of having 10 (ten) or more per cent of the Bank's placed voting shares as of the date of drawing up the list of shareholders entitled to attend the General Assembly:
  - to be involved in the Board or appoint their representative therein without any election;
  - to call for convening an ad hoc General Meeting of the Bank's shareholders and in cases prescribed by the Charter, to convene an *ad hoc* General Assembly at their own discretion.

***The shareholders owning preferential shares of the Bank are entitled:***

- 1) to receive dividends in a manner prescribed by the Charter;
- 2) to exercise other powers vested in them under the legislation of Armenia.

## **6. Corporate Governance Services Acquired by the Bank**

The cooperation between the Bank and Nederlandse Financierings-Maatschappij voor Ontwikkelingslanden N.V., Dutch Entrepreneurial Development Bank (FMO), dating back to late 2023, encompasses consultative activities aimed at the evaluation and improvement of corporate governance, and environmental and social governance systems.

The FMO experts studied the Bank's corporate governance system, as well as the environmental and social governance system launched in the Bank since mid-2022. The consultative activities continued for more than six months and two FMO professional teams worked with the Bank

As a result of the study, the FMO experts offered the Bank a plan for the improvement of the Bank's corporate governance system, as well as a plan aiming to bring the said systems in the Bank in line with the best international practice.

The submitted documents were approved by the Bank's Executive Body and Board, assigning specific responsible officers and timeframes for each activity.

Currently, the activities envisioned under the program are partially ensured by the Bank, with the rest still being in a process of incorporation according to schedule.



ARDSHINBANK CLOSED JOINT-STOCK COMPANY  
ANNUAL CORPORATE GOVERNANCE DECLARATION 2024

CHAPTER 1: PRINCIPAL RIGHTS OF PARTICIPANTS, EQUAL TREATMENT OF PARTICIPANTS AND  
OBLIGATIONS PERTAINING TO SIGNIFICANT PARTICIPANTS

PRINCIPAL 1.1 PARTICIPANT'S RIGHT TO TAKE PART  
IN THE ORGANIZATION'S GOVERNANCE

***The organization is obliged to ensure an equal and fair treatment of the owners of all the shares of the same type (class) to enable them to effectively exercise their rights to participate in the organization's governance, develop a justified position on agenda issues and make informed decisions.***

*The participant shall, within reasonable timeframes, receive sufficient and actual information on the date, place, format and agenda of the general meeting, as well as have the opportunity to get familiarized with the draft decisions, documents and other necessary information pertaining to its agenda.*

*The date (hour) and place of the general meeting shall not restrict the participant's attendance at the general meeting. The organization shall notify the participants of the plan to convene the meeting at least 21 days in advance of such a planned date.*

*The notice on conducting the general meeting and the furnishing of information and materials pertaining to its agenda shall enable the participant to duly prepare for the meeting and make informed decisions.*

*An announcement on convening a general asseembly shall be published on the organization's websote. It shall not substitute the notification method prescribed by the charter and the law.*

*An electronic submission of the information and materials pertaining to the general meeting agenda is possible if the participant has acces to the corresponding communication channel or the method of such submission is proposed by the participant himself/herself.*

*The processes, format and procedures pertaining to the general asseembly shall ensure an equal treatment of all the members. A participant shall be informed of the rules and procedures of conducting a general meeting, including the voting procedures.*



*The rules of conducting the general meeting shall ensure a proper counting and registration of votes, as well as a publication of the vote returns within reasonable timeframes. The rule and procedures of conducting a meeting shall be published on the organization's website.*

*A participant shall have the option to vote in person or by proxy, as well as in absentia or remotely.*

*To facilitate the participants' attendance and engagement and reduce the cost and time for their participation, the general meeting may be convened remotely or in a hybrid format (combining a joint attendance and remote participation). Such assemblies shall be held by ensuring equal access and participation for all the participants.*

*The organization shall demonstrate due caution to prevent remote meetings from reducing the chances of the participants to communicate with members of the Board and the executive body (as compared to the joint assemblies).*

*Regardless of the procedure of convening the assembly, and the voting, the participants' votes shall be given an equal value.*

*The organization ensures the participant's opportunities to ask questions to members of the Board and the executive body, as well as the external auditor (provided a conclusion thereon is available in the materials pertaining to the general assembly). In case of the impossibility of responding to questions at the general assembly, the response thereto shall be sent to the participant in writing and be posted on the organization's website to make it accessible to the other participant (with the exception of confidential information). To ensure the accessibility of the response, the organization may use also other communication media.*

*Considering the legislative restriction, participant shall have an opportunity of a mutual exchange at the general meeting provided it is necessary for decision-making on the issue proposed to vote or clarifying the essence of the issue in question.*

The general meetings of the Bank's shareholders shall be convened in accordance with the legislation of the Republic of Armenia, the **Charter of the Bank**, as well as the **Order for the Organization and Conduct of a General Assembly of the Bank's Shareholders** (hereinafter also the Order).

The Bank shareholder may, subject to these regulations, exercise his/her rights in person or by proxy. The Bank shall, attaching importance to shareholders' active participation in the company's management, apply the methods of a joint physical attendance, including by a proxy, as well as electronic attendance, or a combination thereof.

The individuals entitled to attend the general meeting shall be notified of the scheduled general meeting by way of sending, or personally submitting, a registered letter 15 days prior to the date of convening the General Assembly. Meantime, the requirements set out in the Code of Rules for giving the notice 21 days in advance of the date of convening the General Assembly, shall apply to open joint-stock companies. Decision no. 2025-4-4L dated 29.04.2025 and Decision no. 2025-5-2L dated 20.06.2025 envisages the reorganization of the Bank into an open joint-stock company. Under the Charter, the shareholders shall, in the process of such re-organization, be notified of the meeting 21 days in advance, Meantime, alongside, and as a result of, the reorganization process, the legal acts regulating the Bank's corporate governance policies shall be reviewed to ensure compliance with the legislation regulating the activities of open joint-stock companies.

The information and materials submitted to shareholders in the process of the preparation for the general meeting shall be sent, in paper format or electronically (submitted) to the shareholders no later than 10 days in advance of conducting the General Assembly, and in case of a voting in absentia, no later than 30 days in advance of the final date of acceptance by the Bank of the completed ballot papers. The announcement on the general assembly of the Bank's shareholder's shall be published on the Bank's official website.

The secretary of the General Assembly shall explain to the participants thereof the procedure of voting on the current agenda issue, conduct the vote count and report the outcomes to the person chairing the General Assembly. The chairperson shall publish the voting results and announce the decision made (or not made) and proceed to the next agenda issue. The effective regulations shall ensure a due counting and registration of votes, as well as the timely publication of the vote returns.



The rules and procedures of conducting the general assembly are, *inter alia*, enshrined in Section 6 of the Charter. The Charter is posted on the Bank's official website.

The Bank shall, in corporate legal relations, attach a great value to the diversity of opinions, active, inclusive participation of competent individuals, and a thorough and comprehensive problem analysis and solution. In this context, of primary importance is the Bank shareholders' substantial participation in the Bank's management. The shareholders participate in the Bank's management by attending the general meetings and exercising the rights stipulated under the internal legal acts of the Bank.

The right to receive information pertaining to the activities of the Bank is enshrined in the Charter which is an important precondition to the proper and informed exercise of functions.

The Bank, guiding itself by the culture of transparency and confidence, permanently intensifies its communication set of tools, expanding the exchange mechanisms. The Bank shall continue investing consistent efforts towards ensuring that the shareholders receive, in a timely manner and a complete form, credible and fact-based information which will serve as a firm basis for an informed decision-making.

***Compliance status: partial compliance***

***Explanation***

*The requirement for a 21-day notice prior to convening the meeting applies to open joint-stock companies and is prescribed by Section 2, Article 71 of the Law. In the process of the Bank's reorganization into an open joint-stock company, the Charter will stipulate that the shareholders be given a 21-day advance notice of the general meeting.*

## PRINCIPLE 1.2 PARTICIPANTS' RIGHT TO NAME CANDIDATES FOR BOARD MEMBERSHIP

***The organization's corporate system shall promote an active involvement by participants in the process of naming candidates for Board membership and electing Board members.***

*To evaluate each candidate's abilities, and compliance with the position, the participant shall, within reasonable timeframes, receive complete and sufficient information on the professional qualification and experience of candidates for Board membership, previously held and current positions, significant participation in the organization and an affiliated entity (entities) thereof.*

The election of the Board members shall be vested in the General Assembly and may not be transferred to any other governance body, or the manager of the Bank.

The Bank shareholders who, as of the date of making the list of shareholders entitled to attend the General Meeting, possess at least 10 per cent of the Bank's placed voting shares, are entitled to be represented in the Board without election or to appoint their representative therein. The Bank shareholders who, as of the date of making the list of shareholders entitled to attend the Board meeting, possess up to 10 per cent of the Bank's placed voting shares, may consolidate and in case of replenishing at least 10 per cent of the Bank's voting shares, involve their participant without election by the general meeting. A representative may be so involved provided only there is an agreement on creating a group of the Bank shareholders and the general assembly is notified thereof. Shareholders possessing less than 10 per cent of the Bank's placed voting shares – provided they have not signed the agreement under the Charter – are entitled, in a manner prescribed by the Charter, to elect a single representative representing their interests to the Board without election by the General Assembly.



# Ardshinbank

- Proposals on candidates to Board membership may be made at the General Assembly by the shareholders, as well as the Board of the Bank. Information pertaining to each candidate, including professional qualification and training, positions held in the past 10 years, date, month and year of appointment (election) to office, re-elections, number of the Bank shares owned (provided those individuals are shareholders of the Bank), information on the legal entities in which the given person holds a managerial office, that person's relationship with the Bank and individuals associated with the Bank and other data stipulated under the Charter and the internal legal acts, shall be submitted by themselves or the person who proposed them in a manner prescribed by the Charter.

**Compliance status: full compliance**

## PRINCIPLE 1.3 REMUNERATION FOR THE ORGANIZATION'S BOARD AND EXECUTIVE BODY

***A participant shall be offered the chance to express an opinion on the Board and the executive body, including by way of voting in the general assembly.***

*The remuneration of the Board and the executive body shall be consistent with the organization's values, related to the organization's performance records and long-term outcomes, including sustainability targets.*

*The organization shall have remuneration policies for the Board and the executive body.*

*The remuneration policies for the Board and the executive body, the remuneration schemes and amendments thereto shall be approved by the general meeting upon the Board's proposal provided that authority is not vested in the Board with respect to the executive body.*

*The remuneration policies for the Board and the executive body shall be revealed on the organization's website.*

The Bank has adopted remuneration and motivation policies commensurate with the employees' records, which is also adequately reflected in the internal legal acts regulating the relationships dealing with remunerations and incentives.

The Charter and the Board Regulations set out the terms and conditions for the remuneration of the Chairman of the Management Board, his deputies and other Board members, and the other managers appointed by the Board.

Under the Board Regulations, the amount and procedure for remuneration and (or) compensation of the Board members shall be established on an annual basis subject to the decision made at the Annual General Meeting. The Board may submit to the General Assembly's consideration its proposals on the amount and procedure for the remuneration and (or) compensation paid to the Board members, the mechanism for establishing by the General Assembly the remuneration amount for the Board members shall ensure the possibility of an independent of actions by the Board members. While establishing the remuneration amount for the Board members, the General Assembly may consider the degree of each Board member's personal participation in the activities of the Board and the Bank's long-term development. It is notable, furthermore, that a Board member may be paid extra remuneration for participation in Board, discipline and any other positive outcome secured.

Under the Charter, the amount of the Board members' salary is established by the General Meeting, with the approval of the terms of remuneration of the Management Board Chairman, his deputies, the chief accountant and other members of the Management Board pertaining to the authority of the Board.

**Compliance status: full compliance.**

## PRINCIPLE 1.4: RIGHT TO RECEIVE A DIVIDEND

***The organization shall ensure an equal and fair treatment for the owners of shares of the same type (class) to enable their participation in the distribution of the organization's profit by way of receiving a dividend.***

*The organization shall adopt dividends payment policies, which shall encompass the dividend payout ratio. It may also equal zero. The dividend payment policies shall be elaborated and approved by the Board.*



*The dividend payment procedures shall ensure an equal treatment of the owners of shares of the same type (class).*

*The dividend payment policies shall be published on the Bank's website.*

The Dividend Policies approved by the Board of the Bank shall be implemented in accordance with the Charter, the Board Regulations and the procedures prescribed by the Order for Convening and Conducting a General Assembly.

The Bank shall publish information on its website regarding the Dividend Policies and the Payment of Dividends in a manner prescribed by the legislation of the Republic of Armenia and the internal legal acts of the Bank to ensure the transparency of the mechanism of paying dividends (Clause 3.6 of the Dividend Policies). The Bank's Dividend Policies can be accessed on the Bank's official website.

Under the Charter, the Bank's dividend policies shall regulate the principles and terms for the distribution of annual and interim dividends among the owners of simple and preferential shares, the mechanisms for calculating the dividends, and the restrictions, which shall equally apply to the owners of the corresponding type and class of shares.

***Compliance status: full compliance.***

## PRINCIPLE 1.5: OBLIGATION OF A SIGNIFICANT PARTICIPANT

***The organization shall, to the benefit of its significant participants, protect the participants with a small share participation from abuses by immediate significant participants.***

*A significant participant of the organization shall:*

- 1. disclose his/her possible essential interest of acting, directly or indirectly, on behalf of third persons and avoid participation in a decision-making dealing with the given transaction or issue;*
- 2. disclose his/her association with all the members of the Board and the executive body.*

Chapter 16 of the Charter defines the terms and conditions of transactions involving a bias and the requirements for revealing information on such bias, fully securing the requirements prescribed by the Code of Rules. The requirements of the said principle in the Code of Rules are secured also by the following orders approved by the Board of the Bank, the order for concluding transactions with individuals and entities associated with the Bank, and the Conflict of Interest and Management Order.

***Compliance status: full compliance.***

## CHAPTER II: THE BOARD

### PRINCIPLE II.1: PIVOTAL FUNCTIONS OF THE BOARD

***The organization shall be led by an efficient and constructive Board which shall contribute its role to the organization's long-term success, creating values for the participants and assisting the organization's stockholders.***

*To exercise its role effectively in the organization's corporate governance, the Board shall ensure the exercise of the following key functions:*

- 1. define the organization's goals, principles of activity and corporate values;*



2. *monitor and guide corporate governance, the main plan of actions, annual budgets and business projects, establish the performance indicators, oversee the implementation and activity of corporate programs, capital expenditure, procurements and sales;*
3. *form, exercise, oversee and, upon necessity, terminate, the executive body, determining the remuneration and the terms thereof and bring them in compliance with the organization's long-term objectives, including the sustainability targets and generation change (legal succession), and plan oversight;*
4. *remunerate the Board members and submit proposals on the terms thereof to the Meeting;*
5. *ensure the integrity of accounting, and financial and non-financial reporting, including the independence of internal and external audit, corresponding oversight systems, in particular, the management of risks, financial and operational control, and compliance;*
6. *monitor the governance efficiency and, upon necessity, implement changes;*
7. *oversee and manage transactions involving a possible conflict of interests between the Board and members of the executive body and participants, including the unlawful use of the organization's assets and transactions with a bias;*
8. *oversee the disclosure and communication of information about the organizations, as well as other functions vested in it under other internal legal acts of the organization.*

The Board of the Bank has an important role to play in the Bank's long-term strategic guidance, i.e. - ensure the protection of all the beneficiaries. Guiding itself by the principles of responsibility, transparency and accountability, it shall exercise its pivotal functions prescribed by the Code of Corporate Governance of the Republic of Armenia, in particular:

1. *Defining the organization's objectives, principles, and corporate values:*

The Board shall, as part of the authorities vested in it, exercise the general management of the Bank. The authorities of the Board are prescribed by Clause 31 of the Charter, the Board Regulations and other internal legal acts of the Bank.

2. *Monitoring and guiding corporate governance, key action plans, annual budgets and business programs, defining the target indicators, overseeing the implementation of corporate projects and activities, capital expenditures, procurements and sales;*

The Board of the Bank elaborates the Bank's strategic and general economic development policies and establishes a due control over the latter, approving the cost estimate of the Bank's annual expenditures and the performance act thereof.

In elaborating the Bank's strategic development and general economic policies, establishing overall control over the implementation of the latter and defining the prospective and dominant trends of the Bank's activity, the Board shall approve the Bank's strategic program, consider (review) at least annually the Bank's strategy and, upon necessity, any changes therein, and approve the cost estimate of the Bank's annual revenues and expenditures:

3. *Forming of an executive body, controlling activity, terminating authorities upon necessity, determining remuneration and the terms thereof and bringing it in compliance with the organization's long-term objectives, including stability targets, and controlling the generation change (legal succession):*

The Board establishes the quantitative composition of the Management Board, appoints the Management Board Chairman, his deputies, Board members, the chief accountant, directors, heads of services and departments, prematurely terminates their authorities, as well as defines the terms and procedures of the remuneration of the Management Board Chairman, his deputies and other Board members, and any other managers appointed by the Board:

The Bank has a sustainability strategy which was approved by the Board of the Bank and covers short- and medium-term strategic sustainability objectives. The executive Board's remuneration is in a process of being brought in compliance with the sustainability targets.

For purposes of ensuring an ongoing management and sustainability, the Bank attaches a great priority to the reliable and coordinated planning of a generation change in the management bodies. The process for the elaboration of a generation change program is also incorporated into the enhancement plan (hereinafter, the Plan) elaborated as part of the strategic



cooperation between the Bank and FMO. For all the measures envisaged under the Plan, responsible officers and specific timeframes have been established. The plan for the elaboration of a generation change program is part of a jointly developed corporate governance enhancement plan encompassing the optimal composition of the Board and the Management Board, considering the Bank's long-term strategic trend, the requirements applying to the independent Board members and the social responsibility for the management of environmental and social risks. The generation change program under elaboration encompasses also a definition of the gender representation in the Board and Management Board of the Bank in an effort to lead to an increase in the number of female members in the nearest future.

*4. Submitting proposals to the General Meeting for the remuneration of the Board members, and the terms thereof:*

The Board shall submit to the General Meeting the proposed remuneration amount and terms with respect to issues relating to the monitoring of the Bank's management bodies and top leadership, and the evaluation thereof, formation of a system for personnel motivation and incentive and the development of the methods applied.

*5. Ensuring integrity of the accounting, and financial and non-financial accountability, including internal and external audit independence, in particular, compliance in risk management, financial and operational control;*

*The Board of the Bank shall, inter alia, establish the internal oversight standards in the Bank, appoint the head and members of the Bank's internal audit subdivision, and prematurely terminate their authorities. Approve the annual work programs of the Internal Audit, Compliance and Financial Monitoring, ensure that the person conducting the external audit be introduced to the General Assembly, establish the remuneration amount for the person conducting the Bank's external audit and upon necessity, undertake the measures towards the elimination of the shortcomings identified as a result of other inspections and oversee the implementation thereof.*

*The Board shall establish the Bank's accounting policy, i.e. – the principles, basis, methods, rules, forms and orders applied for maintaining the accounting and compiling the financial reports.*

*6. Monitoring the management efficiency and implementing changes upon necessity:*

The Board of the Bank shall ensure the efficiency of management, and develop a system of checks and balances in the management system. In the development of an efficient management system in the Bank, creation of a corresponding organizational structure, evaluation of the Bank and the management bodies of the latter (outcomes of activities) and the determination of standards for the formation of a management personnel, the Board shall, among other things, create permanent and (or) interim committees, approve their staff and formation and the internal legal acts regulating the activities thereof.

*7. Overseeing and managing a possible conflict of interests between the Board and members of the executive body, including an unlawful use of assets and interested-party transactions.*

Overseeing transactions involving a possible conflict of interests between the Board and members of the executive body shall be exercised pursuant to the Order for the Prevention and Management of a Conflict of Interests, as well as the Order on the Conclusion of Bank-related Transactions approved by the Board of the Bank. The process for the oversight and management of interested-party transactions shall be regulated under the Bank's Charter.

*8. Overseeing the disclosure of information about the organization, and communication, as well as other functions vested in them under the organization's internal legal acts.*

The Board shall oversee the process of communicating public information by the Board and other bodies and officials. The Bank shall publish and communicate the information in accordance with the legislation of the Republic of Armenia, the requirements set out in Regulation 8/03, the Order for Publication of Information and the procedures adopted pursuant thereto.

***Compliance status: full compliance***



## PRINCIPLE II.2: BOARD COMPOSITION

***Board members shall have a variety of mutually complementing professional competences, training and experience.***

***To ensure efficiency in the activities of the Board, objectiveness and balance of decisions, the organization shall ensure diversity in the Board's composition.***

*To ensure an effective and objective exercise of its role and obligations to lead the organization, the Board shall undertake responsibility for its composition and processes, allowing it to achieve a proper balance of knowledge, skills, experience, diversity and independence therein.*

*The Board shall encourage diversity among its members, including specialization in narrow areas, experience, age and gender, Moreover, the representation of each gender in the Board shall be no less than 30%.*

*The Board shall establish the organization's diversity policy which may envision other diversity criteria and targets.*

*The corporate governance report shall provide a description of the diversity policy, the measure towards the implementation thereof and the performance act, the reasons for a possible failure to meet the targets, and the measures undertaken towards achieving them.*

***The Board formation policy is incorporated into Chapter 32 of the Charter and the Board Regulations.***

The Board is composed of members with a variety of professional expertise, training and experience. The quantitative composition of the Board shall be approved at the annual meeting of shareholders, considering the Bank's long-term strategy and the tasks set by the shareholders' meeting and the Board.

The Bank attaches importance to diversity of opinions, equal rights and accordingly the input of representatives of each gender in the formation and realization of ideas. That postulate shall be approved within the Management Board and the Bank's general system, including the management, attracting an active involvement of representatives of each gender.

As earlier mentioned, the corporate governance enhancement plan, elaborated as part of the cooperation between the Bank and FMO (launched since late 2024) encompasses part of the elaboration of the generation change plan pertaining to the Bank's Board and Management Board, with an aim to increase female members' number.

***Compliance status: partial compliance***

***Explanation***

*Under Principle II.2 of the Regulation, each gender has no less than 30% representation in the Board. The generation change plan. established under the Bank's plan for enhancing corporate management, envisages a definition of the goals of gender representation in the Board and Management Board of the Bank with an aim to increase the female members' number.*

## PRINCIPLE II.3: NON-EXECUTIVE BOARD MEMBERS

***The non-executive members of the Board shall, with their constructive behavior, propose tasks to the executive body, guide the organization's strategic development and offer their assistance to the executive body.***

***Non-executive members shall constitute a majority in the Board.***



*A non-executive member's role in corporate governance consists mainly in imparting experience to the Board on the following matters:*

- 1. perceiving the challenges facing the organization and assisting in strategic development;*
- 2. overseeing the executive body and evaluating the performance thereof;*
- 3. ensuring the credibility of information, the internal oversight system, reliability of risk management and credibility of financial and non-financial reports;*
- 4. planning the legal succession of the generation change in the Board and the executive body, forming the evaluation and remuneration policies and systems,.*

All the Board members shall be non-executive members and shall be independent from the Bank's executive body. The Board shall be composed of six non-executive members.

***Compliance status: full compliance.***

## PRINCIPLE II.4: INDEPENDENT BOARD MEMBERS

***The Board shall consider the nomination of independent Board members capable of making independent judgements.***

*The restrictions towards ensuring the independence of a Board member shall be valid throughout the tenure of the Board member in question.*

*The Board shall establish rules of conduct applying to an independent Board member and the relationships or circumstances with a potential impact on the Board member provided a neglect thereof may question the fact of the Board member's independence;*

*At least one third of the Board shall be independent. Whenever one third is not a natural number, the figure closest to one third shall be deemed to be the number of independent members.*

*An independent Board member shall refrain from any action endangering his/her independence and in case of losing independence, s/he is obliged to notify the Board thereof, revealing the reasons;*

*The Board shall, in its annual corporate governance report, reveal information about the independent members and their compliance with the independence criteria.*

Out of the 6 acting members of the Board 3 shall be independent, complying with the norms prescribed by the legislation of Armenia and the internal legal acts of the Bank.

The independence criteria for Board members are prescribed by the regulations and do not stipulate any time restriction.

These criteria are based on the requirements prescribed by the legislation of Armenia, as well as the best international practice, in particular, the criteria prescribed for an independent Board member.

***Compliance status: full compliance***

## PRINCIPLE II.5: BOARD CHAIRMAN

***The Board shall be headed by the Chairman responsible for an effective functioning thereof. The Chairman shall have an independent and unbiased judgement, promote the transparency of the Board and the organization, and shall encourage the culture of debate therein.***

***The Chairman shall contribute to the development of a constructive relationship between the Board's executive and non-executive members and ensure that the non-executive members receive accurate and essential information for an informed decision-making.***

*The Board chairman shall be a non-executive Board member.*



*The Board Chairman shall:*

- 1. establish and approve the Board agenda;*
- 2. promote the culture of diversity and inclusiveness;*
- 3. encourage engagement by all the members at the Board sittings, relying on their skills, experience and knowledge;*
- 4. promote a relationship based on mutual respect and an open communication;*
- 5. convene at least annually a sitting of non-executive Board members without participation by Board members;*
- 6. develop and strengthen effective business relations with the head of the executive body, provide counselling assistance respecting the frameworks of the responsibility of the latter, as well as exercise other functions vested in him/her under internal legal acts of the organization.*

The Board Chairman has a pivotal role in guiding the Board, promoting the effective functioning thereof and ensuring strategic control.

Chapter 24 of the Charter and Clause 21 of the Board Regulations set out the competences for the Board Chairman complying, among other things, with the managerial and organizational functions enshrined in Principle II 5 of the Code of Rules.

The Chairman of the Board is Karen Safaryan who is a non-executive Board member.

The Chairman of the Board shall plan and organize the activities of the Board, convene and chair the Board sittings, establish the form of conducting those sittings, develop a preliminary agenda of conducting Board sitting, ensure a transparent and open debate over the questions put forward for the sittings and consider the opinions of all the Board members in the elaboration of decisions, sum up the outcomes of the debates and process the decisions, opinions and assignments being adopted, as well as act as a member of the Board committees.

***Compliance status: full compliance***

## PRINCIPLE II.6 BOARD COMMITTEES

### ***The Board shall form specialized committees.***

*The committees aim to improve the functioning of the Board, and shall provide for a more in-depth expertise of pivotal issues.*

*The committees have oversight and counselling roles. The Board shall bear full responsibility for its decisions.*

*The committees shall, for purposes of performing their obligations, have access to the necessary information, receive a corresponding funding and, upon necessity, attract external experts and counsellors;*

*The committees shall be accountable to the Board and submit reports to the latter in a format and at a frequency established by the Board*

*The Board shall reveal and identify the committee's mission, composition, framework of activities and procedures.*

*The Board may form auditing, remuneration and appointments committees composed exclusively of non-executive Board members. The Committee chairman shall be elected by the Board.*

*Depending on the organization's size, structure and sphere of activity or level of development and members' description, the Board may form also other committees, such as those dealing with risk management, strategy, stability, etc.*

*To respond to special needs or corporate operations, the Board may form interrim or special committees to whom the disclosure requirement may not apply.*

#### ***1) Audit Committee***

*The majority of the audit committee members shall be independent Board members. The chairman of the audit committee shall be an independent Board member. The titles of Board Chairman and Audit Committee Chairman may not be compatible.*

*Members of the audit committee shall be equipped with knowledge relevant to the areas of the organization's activity. At least one member of the audit committee shall have adequate expertise in finance, auditing or accounting.*



***The audit committee shall:***

- 1. exercise control over the credibility of the official statements concerning the organization's financial reports and the financial and non-financial indicators of activity and conduct the analysis of the essential judgements contained therein with respect to financial reports;*
- 2. provide counselling on the credibility, balance and comprehensibility of the annual report;*
- 3. provide the participants with information relevant to the evaluation of the organization's positions and performance, business model and strategy;*
- 4. conduct the analysis of the organization's internal financial oversight and internal control and risk management except in the cases when a risk management committee was formed within the organization;*
- 5. oversee and analyse the effectiveness of the organization's internal audit functions or whenever it hasn't yet been formed, consider annually the necessity thereof and submit a corresponding proposal to the Board;*
- 6. submit to the Board proposals on the election, re-election, termination, and remuneration of an audit organization.*
- 7. conduct the oversight and analysis of the audit organization's independence and objectiveness;*
- 8. analyse of the effectiveness of the external auditing considering the international professional and regulatory requirements;*
- 9. develop policies for involving an audit organization for providing non-audit services and exercising control thereof, considering the influence of non-audit services on the independence of an audit organization, i.e. – the preliminary approval of the list outlining the services in question, as well as other functions vested in it under the internal legal acts.*

Committees such as those of Audit and Risks, Human Resource Policy and Motivation, Strategy, Corporate Management and Motivation, as well as the Board of Trustees operate to the Board. Each committee is vested with oversight functions within the domains of its competences. The proper exercise of oversight functions underlies relevant terms and authorities, such as requesting, and getting familiarized, with materials, records and reports, involving experts, etc.

The committee decisions are consultative in nature. Committee members bear responsibility for the performance of the requirements prescribed under the regulations, the decision made at the committee meetings, the accuracy and credibility of the information contained in the minutes of meetings, and the real damage caused to the Bank due to their intentional actions (inaction).

The adoption of internal legal acts regulating the creation and activities of interim and permanent Board committees and the appointment of members, and formation and activities thereof shall pertain to the authority of the Board.

The Board has approved the regulations of 5 committees, establishing the committees' composition, principal goals, procedure of conducting sittings and decision-making.

Board committees shall, under the rules of procedure regulating their activity, submit to the Board a consolidated report until the end of the month following each quarter, covering their activity over the past quarter.

As part of the ongoing improvement of corporate governance, the Board revised the Audit and Risk Committee's rules of procedure in 2025, approving a new composition of the committee, with an independent member appointed the chairman thereof and the rest of the committee being Board members.

Members of the Audit and Risk Committee have expertise in banking, including finances, with the Committee chairman having sector-specific professional qualification (in economics).

The Audit and Risk Committee shall, in a manner prescribed by its Rules of Procedure and the internal legal acts of the Bank, exercise the functions envisioned under the Code of Rules.

Within the meaning of the Code of Rules, the review and re-approval of the Code of Rules of the Human Resource and Motivation Committee exercising the function of the appointments commission and remuneration committee is in progress.

***Compliance status: partial compliance***



## **Explanation**

*As was already mentioned, the Bank revised the HR Management Rules of Procedure in 2025, bringing it mainly in compliance with the requirements set forth in the Code of Rules, with the review and re-approval of the Human Resource Policy and Motivation Committee's Rules of Procedure still being in progress.*

## **PRINCIPLE II.7 OBLIGATIONS OF BOARD MEMBERS**

***Board members shall act in full awareness, in good faith, with due diligence and with good reason in the best interests of the organization and participants and with due regard to the organization's stakeholders.***

*A Board member shall act in compliance with the legislation and the internal legal acts adopted by the organization.*

*A Board member shall apply independent judgement upon making decisions.*

*A Board member shall undertake his obligations in an effective manner. S/he shall devote adequate time and attention, and exercise reasonable efforts to ensure a due performance of his/her obligations.*

*A Board member shall not accept benefits which may be deemed non-reasonable from third parties and which may entail a conflict of interests with the organization or persons associated therewith.*

*Whenever a Board member is biased, directly or indirectly, in a transaction being concluded or an arrangement being reached, by the organization, s/he shall inform the Board thereof prior to the conclusion of such a transaction or the entry into such an arrangement and shall not attend the discussion on voting over the decision to conclude the transaction.*

*A Board member shall, in exercising his/her duties, ensure an equal and fair treatment of all the participants of the same type (class).*

*A Board member shall assist in the organization's success, considering, inter alia:*

- 1. the implications of the decisions being made in the long run;*
- 2. the interests of employees;*
- 3. the importance of strengthening the relationship with the customers, suppliers and other persons;*
- 4. the environmental and societal impact of his/her activity;*
- 5. the importance of demonstrating a conduct strengthening the business reputation;*
- 6. the importance of acting fairly.*

*A Board member shall perform his/her obligations in person. The performance thereof may not be transferred to any other individual.*

*Regardless of any damages incurred, the organization shall envision remedies for those members of the Board who make the decision with due diligence, due procedural caution and in full awareness without a conflict of interests, evaluating their impact in an appropriate manner on the organization's long-term success and performance.*

*The organization shall, at the expense of its resources, insure the Board members' liability risk.*

The members of the Board of the Bank act within the competences prescribed by the legislation of the Republic of Armenia and the internal legal acts of the Bank. They shall act in good faith, within their competence and in line with the Board's goals and objectives. The rights and obligations of the Board members are set out in Clauses 19-20 of the Charter.

Board members shall devote sufficient time and efforts to the performance of their obligations in an appropriate manner. The primary position held in the Bank's system is a clear-cut indicator of a due practice by the Bank's management bodies and members thereof.

Unlike the shareholders who may ensure their attendance at the general meeting by proxy, the Board members shall attend the sitting in person and may not delegate their authorities to any other person. In the event of the impossibility to attend the Board meetings, they may submit their opinion in writing about the issues under discussion. The transfer of the vote and ballot to another person (including a Board member) shall not be permitted.

***Compliance status: full compliance.***



## PRINCIPLE II.8: BOARD'S ETHICAL COMMITMENT

### ***The Board shall adhere to high ethical standards.***

*Adherence to high ethical standards is in the organization's long-term interests, contributing to the strengthening of confidence therein and increase in the reputation thereof.*

*The Board shall commit itself to ensuring the organization's ethical and anti-corruption compliance through the launch of a compliance program and the exercise of oversight thereof.*

*The Board shall approve the organization's corporate code of conduct, and the policies promoting the organization's ethical and anti-corruption compliance.*

*The Board shall ensure that the corporate code of conduct and policies comprise the principles and rules of communicating with the organization's stakeholders and the society at large.*

*The Board shall follow that the organization's corporate code of conduct and policies be accessible to the employees and the stakeholders.*

Clause 8.1 of the Board Regulations outline the principal goals of the Board, including the process of ensuring efficiency, the formation of a system of checks and balances in the management, and the formation of the Bank's corporate values and corporate culture. Under Clause 9.1 of the Board Regulations, the Board's objectives comprise, *inter alia*, the launch of an efficient system of the Bank's internal oversight and the implementation thereof, oversight of the activities of the Bank's executive and management bodies and top management, formation and launch of corporate governance bodies, including the rules of ethics and professional conduct and behavior.

The Board has adopted a range of internal legal acts, more notably the Anti-Corruption Policy, the Order for the Prevention and Management of Conflicts of Interests and the Order for the Prevention of Money Laundering and Terrorist Financing.

The Board has also approved the Human Resource Management Policy. On the basis thereof, the Board has adopted working legal acts, including those regulating ethical relations within the Bank's system (the Personnel Recruitment and Adaptation Order, the Personnel Competency Management Order, the Incentives and Remuneration Management Procedure, the Business Ethics and Corporate Code of Conduct), and other legal acts.

The fundamentals of the Bank's corporate code of conduct and policies are incorporated into the Charter, which is posted on the Bank's website in three languages. The code of business ethics and corporate conduct applying to employees of the Bank is also available on the Bank's official website.

### ***Compliance status: full compliance***

## PRINCIPLE II.9 BOARD MEMBERS' RIGHTS TO OBTAIN INFORMATION AND PROFESSIONAL COUNSELLING

***A Board member shall, for a due performance of his/her obligations, have access to, and be confident that s/he receives, actual, credible and relevant information. Upon necessity, s/he shall have the option to engage an external independent counselling at the expense of the organization's resources.***

*The corporate secretary, the internal auditor, and the risk management and compliance function contribute to an informed decision-making by the Board members.*

*To ensure a due performance of his/her obligations, a non-executive Board member shall be entitled to call for attracting an independent external counsellor at the expense of the organization's resources.*



The legal relationships outlining the procedures for convening Board sittings and issuing Board members a notice thereof shall be governed by Chapter 35 of the Charter, as well as the Board Regulations. Quarterly reports shall be submitted to the Board by the Bank's executive body, internal audit subdivision, the compliance officers and the financial monitoring subdivision.

Additionally, the issues subject to the Board's regulations shall be considered in advance in the sectoral committees comprising Board members. The Board members shall have daily access to the corporate secretary, as well as other competent persons with knowledge of the issues within the realm of their interests.

The Board may, in the course of its activity, involve experts with the corresponding qualification, counsellors and (or) expert (counselling) organizations.

**Compliance status: full compliance**

## PRINCIPLE II.10: EVALUATION OF THE BOARD

***The Board shall evaluate its performance on a regular basis and determine the adequacy of combining the expertise and abilities of its members.***

*The evolution of the Board is aimed at identifying the Board on the whole and each member thereof in terms of the ability to act independently.*

*The performance of the Board, its committees, chairman and members are subject to evaluation.*

*The Board shall be evaluated by an external evaluator at least every five years. The Board shall devote at least one session annually to the evaluation of its own activity.*

*If the Board's activity shall be evaluated by an external evaluator, the information thereon shall be disclosed in the organization's corporate management report along with the statement on having any contact (absence thereof) with the organization or the Board members. Under the Board's decision, the information on the evaluation thereof, including the outcomes, may be disclosed in the organization's corporate governance report.*

The Board shall conduct the evaluation of its activity based on a summary report covering the Board's activities (Board-approved preliminary evaluation) and the outlook. Under Clauses 26.1-26.2 of the Board Regulation, the Board shall at least annual regularly evaluate its performance and determine the adequacy of combining its members' expertise and abilities. Moreover, the evaluation process may attract external evaluator.

Under Board decision No. 08/25-05-L dated 29.05.2025 an external evaluating company was involved to assist in the evaluation to arrange the process of the Board's self-evaluation at a due level and with due objectiveness. The selection of an external organization and the corresponding specialist to assist in the Board's evaluation was made upon the recommendation of FMO, ensuing the highest-level international expertise.

Under the Board-approved evaluation program, the evaluation will enable the Board to rate its overall efficiency, the committee's work and engagement of individual members.

The first phase of the program (evaluation) will have the independent evaluator conducting interviews with the Board Chairman and members, committee chairmen and members, and the Corporate Secretary, and analyse the processes dealing with the Board and the committees and the internal legal acts pertaining thereto. The second phase of the evaluation program (submission of disclosures and proposals) shall comprise the evaluation of the Board and combination of the Board's activity, i.e. – the best international practice and criteria, documentation of gaps and areas subject to improvement, submission of improvement proposals and the classification thereof based on priority.

**Compliance status: full compliance**



## PRINCIPLE II.11: ONGOING PROFESSIONAL DEVELOPMENT OF BOARD MEMBERS AND ORIENTATION FOR NEW BOARD MEMBERS

***The Board shall ensure the compliance of its expertise and activity with the organization's growth and structural complication.***

*The Board shall ensure its members' ongoing professional development.*

*The Board shall conduct introductory classes for its new members to introduce the sphere of the organization's activity and competitive environment, the organization's management and corporate structure and the composition of executive body, including the pivotal employees, the specificities of the organization's structural model, the manufacturing (services), technological, financial, social and environmental processes, the main risks, the legal domain regulating the sphere of the organization's activity, the principal framework of customers, partners and other stakeholders, as well as any other information that the Board may deem essential.*

The Board members and other employees of the Bank have an opportunity to attend educational and training programs, at the expense of the Bank's resources. The Bank has adopted a formal and non-formal education and self-improvement policy.

To ensure a rapid adaptation of new Board members, as well as employees, the Bank implements a range of programs. To introduce the Bank's specificities, characteristic risks and priorities and to ensure other necessary expertise, meetings shall be organized with the Bank's competent officials.

The Corporate Secretary ex-officio provides a legal counselling for the new Board members and especially new members.

***Compliance status: full compliance***

## PRINCIPLE II.12: NOMINATION OF BOARD MEMBERS

***The nomination and election of Board members shall be transparent and regulated. The selection of Board members shall rely on objective criteria.***

*The composition of the Board shall be periodically renewed to guarantee that the Board has sufficient capacities to react to the rapidly changing challenges. A renewed mindset and approaches shall be balanced with the experience of acting in the organization.*

*The Board shall plan its generation change (legal succession).*

*The planning of the Board's generation changes (legal succession) shall rely on the organization's strategy and the outcomes of the Board's evaluation.*

*A search for a non-executive Board member may be conducted via public advertising or by an external counsellor involving a person providing services with respect to the involvement of a Board member.*

*Whenever the Board involves an external counsellor, the information on the latter shall be revealed in the corporate governance report along with a statement on any association (absence thereof) with the organization or Board members and the executive body.*

*Whenever an executive Board member is on the potential candidates' list (re-elected), the Board shall submit a due justification thereof.*

The processes for the election and nomination of Board members are described in Sub-Clause 5, Clause 5, as well as Chapter 32 of the Charter. The composition of the Board shall be established and the members shall be elected by a majority of votes at the General Assembly of shareholders.

The Board members' data are published on the Bank's official website.



The Bank attaches a high priority to a reliable and coordinated planning of a generation change in the governing bodies. As a n element of the corporate system's ongoing improvement, also the planning of the Bank's gneeration change shall be improved on an ongoing basis.

**Compliance status: full compliance**

## CHAPTER III: INTERNAL CONTROL, RISK MANAGEMENT AND INTERNAL AUDIT

### PRINCIPLE III.1: INTERNAL CONTROL

***The organization shall have effective processes and procedures of internal oversight to ensure the integrity of financial, non-financial and accounting information, to promote accountability and to prevent fraud.***

*Internal oversight aims at ensuring the effective management of the organization's resources, the accuracy and integrity of the reports, the maintenance of laws and regulations, the prevention of fraud and errors, presentation of an objective, fair and clear outlook of the organization's current status and perspectives.*

*The organization's executive body shall ensure the formation and maintenance of an efficient system within the organization of an internal oversight established by the Board.*

The Bank has a system of internal oversight aiming to ensure the integrity and credibility of financial reports, promote operational efficiency, ensure compliance with the legal and oversight requirements, as well as reduce the risk of frauds and errors.

The individuals exercising an overnight function shall conduct an oversight, each within the internal legal acts regulating their sector, and shall be accountable to the superior governing bodies. The internal oversight includes the basic ppinciples: clearly defined obligations at all the levels of the Bank, and independent oversight mechanisms to ensure a due level of objectivebess, an ongoing minitoring and accountability.

***The internal oversight system includes the internal oversight of the Bank's Head Office and branches.***

- The Bank's maanaging bodies (General Meeting, the Board, Management Board Chairman and Management Board, including the Chief Accountant and deputies);
- Heads of the Bank's branches (deputies);
- Subdivisions and individuals responsible for the Bank's risk management, compliance and financial monitoring functions;
- Heads of the Bank's separate subdivisions and other Bank employees;
- The Bank's external auditor.
  - The oversight functions of separate branches of the Bank's internal oversight system are covered in thematic sections of this Declaration.

The Bank continually improves its internal oversight system, ensuring the development thereof in line with the Bank's development, the legislative reforms, the beneficiaries' expectations and the emerging risks and challenges.

**Compliance status: full compliance**

### Principle III.2: Organization's Risk Management



***The organization shall have a risk management function which shall, effectively and completely, enable the implementation of the risk management strategy, ensure the accountability and communication on the organization's risks, as well as form reasonable expectations for the organization to achieve its strategic goals.***

*The appointment of a risk management officer for the organization, the termination of his/her powers, approval of remuneration terms, application of incentives and disciplinary liability measures shall be carried out by the executive body of the organization, upon the consent of the Board.*

*The knowledge and skills of the risk management officer shall be appropriate to the position held, and s/he shall have a clear understanding of his/her role in the corporate governance framework.*

*The risk management officer shall:*

- 1. identify and assess essential risks specific to the activities of the organization and support the effective management thereof;*
- 2. supervise the risk management process to make sure that the risk management is conducted within the realm of the organization's risk management culture, risk appetite and risk limits*
- 3. develop a system for the early detection and prevention of violations;*
- 4. ensure the risk management-related accountability and communication;*
- 5. submit proposals on the risk management strategy, risk appetite and risk limits, and the risk management policy;*
- 6. submit, at a frequency set by the Board, reports to the executive body, upon necessity, also other individuals exercising oversight functions;*
- 7. submit, in due time and in a due manner, information to the executive body on the circumstances that may essentially have a negative impact on the organization's risk management system, as well as exercise other functions vested in him/her under the organization's internal legal acts.*

The risk management officer shall be appointed and relieved of duties by the Board. The incentive and disciplinary liabilities of the Board shall pertain to the Board's authority.

The Bank's risk management officer shall have over 30 years' experience in finance and banking, which shall partially cover an oversight function, i.e. – internal audit officer with comprehensive knowledge and skills in the area. With many years' experience in the international financial institutions, s/he shall prioritize the ongoing integration of the best international practice in the Bank's business processes, in particular, towards the improvement of the risk management and corporate management system. The risk management officer in the Bank shall coordinate such sectors as information security, personal data protection, and the activities of the financial monitoring and compliance subdivisions.

The Bank's risk management officer shall act in compliance with the legislation of Armenia, Central Bank of Armenia Regulations no. 4, dated 16.04.2013, "On the Minimal Terms of Bank's Internal Oversight", the Charter and the Code of Rules, in particular, s/he shall:

- identify, evaluate and monitor financial and non-financial risks inherent in the Bank's activity;
- conduct a periodic evaluation of the internal and external audit environment for the early detection and evaluation of the potential risks;
- elaborate and submit to the Board's approval the risk management strategy, the risk appetite, as well as the risk management policies;
- participate in the evaluation of the Bank's capital adequacy, i.e. – evaluate the stress-tests pertaining to his/her functions in accordance with the Board-approved internal regulations;
- Prepare, and submit to the Board of the Bank, the Board committee and the Management Board reporting on the risk management function in accordance with the requirements prescribed by the internal legal acts of the Bank.



Under the Risk Management Policy, the risk management in the Bank shall be based upon a three-tier system, in particular:

1. Tier 1 shall include those individual participants of the process, who are directly involved in the daily activity, This tier applies to individuals and entities responsible for the performance of transactions and tasks.

2. Tier 2 shall involve individuals on the intermediate level, providing supervision and support to the first level. This level comprises individuals and entities responsible for the monitoring, evaluation and management of risks.

3. Tier 3 shall involve individuals with independent functions, who review and evaluate the effectiveness of the organization's risk management and oversight processes.

In line with the developments of risk management, the Bank invested ongoing efforts also towards the formation of an effective system for the management of non-financial risks, elaborating, *inter alia*, a non-financial risk appetite system, and establishing active risk indicators for the evaluation and measurement of the said risks.

**Compliance status: full compliance**

### PRINCIPLE III. 3. ENSURING THE ORGANIZATION'S COMPLIANCE

***The organization shall have a compliance function which shall, fully and effectively, enable the evaluation of the organization's compliance risks and contribute to ensuring such compliance.***

*The appointment of a compliance officer, the termination of the authorities thereof, approval of the remuneration terms, incentives and enforcement of disciplinary liability shall be within the realm of the authorities pertaining to the organization's executive body (upon the Board's consent).*

*The knowledge and skills of the compliance officer shall be appropriate to the position held and he/she shall have a clear understanding of his/her role within corporate governance.*

*The compliance officer shall:*

*1. promote an integrity-based conduct within the organization and ensure the organization's compliance with the requirements of the laws and legal acts, including the internal regulations;*

*2. assist in ensuring that employees' activities comply with the requirements of the laws and other legal acts, including the internal regulations. That shall comprise the periodic organization of workshops and discussions on corporate rules of conduct and other corporate policies.*

*3. manage risks related to ensuring compliance of the organization's activities, including those associated with the organization's supply chain;*

*4. assess the impact of potential legal changes on the activities of the organization and the potential risks related thereto;*

*5. ensure the compliance of the organization's activity, propose and undertake, within his/her competences, corrective and preventive measures;*

*6. assist in the launch of an ethics and anti-corruption program within the organization and ensure the implementation thereof;*

*7. assist in the launch of whistleblowers enabling the organization's employees (including members of the executive body), their representative bodies (if available) and external stakeholders, the Board or any other body to report (whistleblow) in writing or verbally any unlawful actions or misconduct within the organization, including cases of corruption, conflicts of interests, violations of the corporate rules of conduct, or any other harm to the organization's interests or a threat thereof;*

*8. submit reports on compliance processes to the Board, the executive body and, upon necessity, other persons exercising oversight functions, at a frequency set by the Board;*



*9. submit to the Board, in a timely and appropriate manner, information on all the circumstances with a potential negative impact on the organization's compliance, as well as other functions vested in him/her under the internal legal acts.*

The appointment of a compliance officer of the Bank, the termination of his/her authorities, approval of the remuneration and incentives and disciplinary measures shall be implemented in the Bank in line with the requirements of specified in the Code of Rules.

The Bank has a separate subdivision, the Compliance Division, as part of the Risk Management Directorate, ensuring the exercise of compliance functions under Central Bank of Armenia (CBA) Board Regulation No. 4, dated 16.04.2013, establishing the Minimal Terms of Bank's Internal Oversight.

Under Clause 146 of Regulation no. 5, the appointment of a person in charge of oversight functions (apart from the internal audit function), including the compliance officer, the early termination of the powers thereof, approval of remuneration, periodic evaluation of activities and disciplinary measures shall be implemented by the Bank's executive body, including the Board.

The Bank's compliance officer shall have many years' experienced in banking, mainly in risk management and internal audit. The compliance officer's knowledge and experience shall match the requirements of the position held and s/he shall have a clear understanding of his/her role in corporate governance.

The Bank's compliance officer shall act in compliance with the legislation of Armenia, Regulation no. 4, the Charter and the Code of Rules, in particular, s/he shall:

- Identify the compliance risk, submit proposals on any non-compliance (risks) and draw up a plan towards reducing such risks;
- Undertake amendments to the internal legal acts of the Bank subject to legislative and oversight requirements, and organize oversight processes;
- Organize trainings for the Bank's personnel on the management of compliance risks, as well as periodic workshops on legal and oversight liabilities for employees whose activity involves high risks;
- prepare reporting concerning the compliance subject to the requirements of the Bank's internal legal acts and submission thereof to the Board of the Bank and Board committees;

The compliance with the legislative requirements concerning money laundering and financing of terrorism shall be ensured by the Bank's financial monitoring subdivision.

In 2024, the Bank reviewed all the internal legal acts regulating the compliance function. They were enhanced and brought in compliance with the best international practice and submitted to the Bank's Board for approval. This process is ongoing.

***Compliance status: full compliance***

## PRINCIPLE III.4: ORGANIZATION'S INTERNAL AUDIT

***The organization shall have an internal auditor/internal audit subdivision that shall provide independent and objective assurances and counseling to the organization's Board and executive body regarding the adequacy and effectiveness of the organization's internal oversight and risk management systems, corporate governance framework, and shall support the achievement of the organization's goals and improvement of activities.***

*The internal auditor/internal audit department shall be independent of the executive body.*

*The internal auditor/the employees of the internal audit department shall be appointed by the Board.*



*The internal auditor/internal audit department shall be accountable to the Board and, in case an audit committee is in place — to the latter.*

*The Board/ audit committee shall approve the annual internal audit plan.*

*The internal auditor/the employees of the internal audit department can be neither members of the Board and executive body of the organization, nor persons affiliated therewith.*

*The knowledge and skills of the internal auditor/the employees of the internal audit department shall be relevant to the position held and they shall have a clear understanding of their role in the corporate governance framework. The functions of the internal auditor/internal audit department may be transferred, by signing a civil law contract, to a person who is not in employment or business relationship with the organization.*

*The activities of the internal auditor/ internal audit department shall be planned based on risk assessment.*

*The internal auditor/ internal audit subdivision shall:*

- 1. monitor and evaluate the adequacy and effectiveness of corporate policies, processes, their documentation, and the application of control functions;*
- 2. regularly evaluate the effectiveness of risk management and compliance assurance functions and alignment with the risks thereof;*
- 3. evaluate the decision-making processes at various levels of the organization's management of*
- 4. assess the credibility of information used in the decision-making process;*
- 5. check the effectiveness of risk management;*
- 6. oversee the proper reflection of assets in financial reports and, upon necessity, the physical existence of assets and the methods of maintenance thereof, as well as the full disclosure and justification of liabilities;*
- 7. review the compliance of actions of employees and organizational units with the organization's policies and procedures (regulations, procedures, directives, guidelines)*
- 8. assess the security of the information system*
- 10. submit reports to the Board/ Audit Committee pursuant at a frequency set by the Board/Audit Committee*
- 11. submit reports to the executive body to notify of identified cases of violations and non-compliance;*
- 12. to submit, in a timely and proper manner, information to the Board/Audit Committee on any circumstances that may significantly and adversely affect the organization's capacity to achieve its objectives and perform other functions assigned by the organization's internal legal acts.*

## **Goals and objectives**

Under the Bank's Policy of Internal Auditing, an internal auditing aims to improve the outcome of the Bank's activity and confirm compliance by way of an independent and objective verification and counselling.

The main objectives of internal auditing comprise an evaluation of the Bank's corporate governance, risk assessment and an evaluation of the management process, an evaluation of the effectiveness of internal oversight, a credibility assessment applying to operational and financial information, evaluation of the activity for economic effectiveness, evaluation of an activity for compliance with internal and external regulations, and an oversight of anti-fraud measures.

## **Independence and impartiality**

The Internal Audit Services shall be accountable to the Board of the Bank.

The decision on the appointment of the head and employees of the Internal Audit Services and the authorities pertaining thereto shall be made by the Board.

The Bank virtually attaches priority to the independence Internal Audit of the executive body.

The Board shall approve the annual internal audit program, as well as discuss, on a quarterly basis, the Internal Audit Service report covering the implementation of the annual program, the effectiveness of internal oversight and the outcomes of measures towards the solution of the problems identified.



The Audit and Risk Committee shall assist the Board in the effective exercise of its functions in auditing, coordinating issues pertaining to the activity of the Internal Audit Service. The Board shall consider issues concerning the Bank's audit in case of a positive decision thereon by the Audit and Risk Committee/

Members of the Bank's managing bodies, other heads and employees, as well as individuals associated with the Chairman and members of the Management Board. Individuals represented in the Internal Service may not be members of the Board or the executive body.

### **Professional liability**

Prioritizing the role of internal auditing in the Bank's management system, individuals with knowledge and skills and professional perception matching the position held shall be appointed thereto.

The head of internal audit shall have many years' experience in the financial-banking sector and comply with the qualification and compliance criteria set by the Central Bank of Armenia.

To develop auditing capacities and expand knowledge focusing on the Bank's pivotal areas, an annual training program shall be drawn up and implemented for employees of the Internal Audit Service. The training program shall form part of the Internal Audit Development Program which shall in turn be based upon an evaluation of internal and external challenges and opportunities.

Working discussions shall be permanently held with the personnel of Internal Audit, and members of the Audit and Risk Committee to address the Bank's strategic objectives, the problems in corporate governance and internal oversight and their role in the process of overcoming the latter, as well as the development of the internal audit function.

### **Audit planning and implementation, and accountability**

The Internal Audit shall exercise its functions prescribed by law and the internal regulations of the Bank, relying on the principle of a risk-based planning. Under that principle, the Internal Audit Service shall compile and annually update the Audit Diversity and the Risk Map, which shall comprise the main business process and the risk evaluation outcomes pertaining thereto.

The evaluation of risks pertaining to each process shall rely on the following approach: an evaluation of "Characteristic Risks" and an "Oversight System" whose combination shall be used for evaluating the "Residual Risk" based on a three-tier system: "High", "Medium" and "Low".

Based on the evaluation of risks, the annual and quarterly Audit Plan shall be developed. The planning process shall consider also the date of the latest audit, the issues raised by the Central Bank and the external audit, the changes made, the signals received from customers, partners and other internal and external parties and the assignments by the Board.

To ensure a due exercise of functions by the Internal Audit, different processual auditing and thematic commitments may be undertaken, and surprise checks and inventories may be conducted. The internal audit is vested with enough powers (which are enshrined in the internal legal acts) and an unlimited access to information to proceed to the exercise of its functions. A report pertaining to each commitment and/or the outcomes of check shall be compiled for submission to the Bank's Management Board for a monitoring, consideration of the causes thereof and approval of the proposed plan of actions, to the Audit and Risk Committee, as well as the Board.

The Internal Audit shall, at least on a quarterly basis, submit to the Board and the Audit and Risk Committee a report concerning its activity in a format approved by the Board, including information on the implementation of the Audit Program, the outcomes of inspections of different processes, the essential risks identified, the equivalence of internal oversight, the risk management level, as well as the planned measures and the performance of the assignments issued by the management bodies.

***Compliance status: full compliance***



## CHAPTER IV: DISCLOSURE OF INFORMATION AND TRANSPARENCY

### PRINCIPLE IV.1: . INFORMATION POLICY OF THE ORGANIZATION

***The organization shall ensure its transparency, including the timely disclosure of up-to-date and credible information on all essential issues concerning its financial situation, performance, sustainability, ownership, and corporate governance.***

*The organization shall have an information policy, which shall at least define the goals, principles, timeframes, frequency and procedures of disclosure of information by the organization, the channels of communication and the list of records subject to disclosure (whenever it surpasses the legislative requirement).*

*The information policy shall envision an equal and economically efficient access to information. Periodic disclosures of information shall be supported by the disclosure of information on the organization's essential developments.*

*The organization shall ensure the maintenance of confidential essential information and its own information security.*

Under the Board-approved Procedure on the Publication of Information, the principles for the publication of information by the Bank and the communication thereof to third persons shall be established. Information shall be published and communicated by the Bank in accordance with the legislation of Armenia, the requirements of Regulation 8/03 and the procedure adopted pursuant to the Order of Publishing Information, and the Order.

Under the Board-approved Procedure on the Publication of Information by the Bank, the Bank has approved the list of records subject to publication by the Bank in the service halls and in the internet domain, the timeframes, frequency and the procedure thereof and the details pertaining to the competent subdivisions.

The relationship with the customers bears a contractual character. The agreements also stipulate the methods of providing customers with information, including by email.

The Bank is a reporting issuer, hence CBA Regulation 4/04 approved on 11.03.2008 on the Reports by Whistleblowing and Reporting Issuers (Chapter 23 whereof obliges the Bank to publish also information on essential facts [developments]) shall apply to the Bank.

***Compliance status: full compliance***

### PRINCIPLE IV.2. ORGANIZATION'S REPORTS

***The organization's disclosure of essential information shall include, but not be limited to, the publication of annual reports.***

*The organization's annual reports shall comprise:*

- 1. the message by the Board chairman and the executive body;*
- 2. the report by the executive body, which shall include the analysis of the organization's performance in the reporting period, including the main risks (such as social, environmental), forecasts of the activities and potential risks, as well as ways of the management thereof;*
- 3. the organization's financial reports and the auditor's opinion thereon;*
- 4. the organization's goals and sustainability report;*
- 5. information concerning interested-party (conflict of interests) transactions;*
- 6. the organization's corporate governance report which shall comprise:*
  - 1) description of the organization's administrative-organizational and corporate structure of the;*



- 2) information on significant participants, including beneficial owners;
- 3) brief biography of members of the Board (age, education, experience, current work place, engagement in other Boards, qualifications, awards, etc.), term of office, status in the Board (chairperson, executive member, non-executive member, non-executive independent member), attendance data of the Board members at Board meetings, results of the assessment of the compliance of independent members of the Board with the independence criteria, annual report of the activities of Board committees., the number of meetings convened by the Board (committees) and non-executive members, methods of convening such meetings and data on concerning their initiator(s), information on continuous professional development and evaluation of members of the Board, information on the annual individual remuneration of the Board members and the link between remuneration and corporate sustainability targets, statements of the Board members on disclosing interest in transactions or arrangements of the organization;
- 4) information on the annual remuneration of the executive body (individual or collective) and the link between remuneration and corporate sustainability targets;
- 5) number of shares of the organization owned by the members of the Board and executive body;
- 6) name and remuneration of the auditing organization, as well as the results of verifying the fact of independence thereof;
- 7) rights attached to shares issued and distributed by the organization, according to type (class);
- 8) information individuals providing consulting services to the organization and the Board on corporate governance matters, including Board evaluations and recruitment of Board members, and remuneration thereof;
- 9) annual corporate governance statement;
- 10) other information at the Board's discretion

*In case of a change in any essential information or a fact reflected in an annual report as part of the legislative restrictions, the organization shall, within reasonable timeframes, disclose the corresponding information or facts.*

Every year, the Bank shall release annual reports, as well as ensure a permanent and transparent communication among its stakeholders, publishing relevant and essential reports on its official website.

The Bank's annual report shall comprise also the financial reports and the auditing organization's conclusion pertaining thereto.

### **Compliance status: full compliance**

#### **Explanation**

*The Bank shall annually publish information on the financial and non-financial indicators and functions, which may be of interest to the stakeholders. With the incorporation of this report, it shall also release detailed information concerning corporate governance. The Bank is committed to launch a new format of a comprehensive annual report.*

## **PRINCIPLE IV.3: ORGANIZATION'S EXTERNAL AUDIT**

***The organization shall be subjected to an external auditing by an independent, competent and qualified auditing organization in line with the international criteria of auditing, ethics and independence to provide the Board and the participants with reasonable assurances that the organization's financial reports reliably reflect, in all the essential aspects, its financial situation, financial outcomes and financial reports were prepared in line with the applicable criteria.***

*The organization shall have processed and documented criteria for the selection of an audit organization, enabling it to determine the independence thereof from the organization, the Board, the executive body and the significant participant (participants).*

*To ensure the independence of an audit organization, the organization shall have an order for the selection thereof, envisaging the rotation timeframes for the audit organization and the auditor.*

*The auditing organization shall also inspect the organization's internal control system and risk management.*

*The auditing organization shall be accountable to the participants.*



*The auditing organization may provide other, non-audit services to the organization solely upon permission by the Board/ Audit committee.*

*The Board/Audit committee shall have regular meetings with the auditors.*

Under clause 44.1 of the Charter and Section 1, Article 58 of the law “On Banks and Banking”, the Bank shall annually involve an independent auditor entitled to provide auditing services under the laws and other internal legal acts for the purpose of inspecting the financial-economic activity and concluding a corresponding agreement with the latter. The Bank’s external audit shall be elected by the general meeting subject to a procedure established by the Central Bank. The amount of money paid for external audit services shall be determined by the Board of the Bank. The person conducting the Bank’s external audit shall be accountable to the general meeting of shareholders.

Under Clauses 5.1.3 and 5.1.4 of Order no. 05/24-05L dated 12.04.2024 on the Election of an External Audit Organization, the Criteria for Individuals Conducting a Financial-Economic Audit of a Financial Institution shall apply upon the election of an external audit organization and concluding an agreement with the latter as prescribed by CBA Regulation no. 22. Thus, the agreement between a financial institution and an audit company may be concluded for a period of up to 3 years. The audit organization may conduct the auditing of the same financial institution for no more than 6 consecutive years. Moreover, the auditor-in-charge for the given audit organization may conduct that organization’s auditing for a maximum period of three years. The audit organization shall, in case of conducting an audit for six consecutive years in a manner prescribed by the Regulations, may not conduct an audit of the given organization for at least a three-year time period. The Bank shall adhere to the above-mentioned rotation schedule.

The person conducting the Bank’s financial audit provided also non-audit services to the Bank in the reporting period, with the decision thereon being made by the Board of the Bank.

***Compliance status: full compliance***

## CHAPTER V: ORGANIZATION’S RELATIONSHIP WITH THE STAKEHOLDERS

### PRINCIPLE V.1: ORGANIZATION’S STAKEHOLDERS WITHIN CORPORATE GOVERNANCE

***The organization shall recognize the rights, roles and interests of its stakeholders and promote active collaboration among the organization, participants and stakeholders aimed at creating value, including quality jobs, as well as building a viable and resilient organization.***

*Stakeholders’ input is a valuable resource for building a competitive and profitable business. It is in the long-term interests of the organization and participants to identify significant stakeholders, recognize their legitimate interests, and foster cooperation with them.*

*Organizations may undertake obligations towards stakeholders exceeding those stipulated by legislation and contracts.*

*Stakeholders should be able to freely express their concerns to the Board or other competent bodies regarding unlawful or unethical practices within the organization, without restrictions, harassment, or discrimination. To address complaints unlawful and unethical conduct, the organization should develop and introduce policies, procedures, and mechanisms of whistleblowing.*

*The organization shall communicate its relationship with stakeholders through sustainability reports.*

The declaration provides a thorough description of the regulations on sharing information with, and giving notices to, the stakeholders. Additionally, the process of communication between the Bank and the customers shall be regulated under decision no. 01/021-150, dated 30.03.2023, approved with a new edition, and the Procedure for Communicating with the Customers.



Additionally, under Management Board Chairman's Order No. 08L dated 13.02.2025, the terms of banking services were approved with a new edition, regulating in detail the relationship pertaining to the communication with the customers.

Internal legal acts such as those concerning the whistleblowing policies, the Conflict of Interests and Prevention Order, the Compliance Risk Management Order, the Compliance Risk Management Procedure and the Rules for the Submission and Review of Customers' Claims and Complaints are effective at the Bank. A system for the external communication of the Bank stakeholders' environmental and social concerns is in a process of being launched.

***Compliance status: full compliance***

## **ARDSHINBANK CJSC Board Members: Bios<sup>3</sup>**

### **Karen Safaryan - Chairman of the Board**

Karen Safaryan has been the Chairman of the Supervisory Board of "Ardshinbank" CJSC since its foundation in 2003.

Karen Safaryan started his career in 1985 after graduating from university. He worked as an engineer in various industrial organizations of Armenia until 1994. Later on, he moved to Russian Federation, where he began his career of a businessman.

By early 2000s, Karen Safaryan already had dozens of businesses in Russia and Armenia. Apart from the banking business, during that period his interests were mainly in the industrial and development sectors. Perhaps most significant development projects were the construction of the Government Building No. 3 in Yerevan and Yerevan Municipality building.

After 2007, Karen Safaryan changed the scope of his business interests and started to gradually leave the Russian market. In parallel, especially after the 2008 crisis, he stopped his projects in the construction and industrial sectors, as well.

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<sup>3</sup> Changes were made to the composition of the Board during 2025. You can view the current composition of the Board by following the [link](#).



# Ardshinbank

From 2019, Karen Safaryan's business activities have been concentrated solely in Armenia, in the financial sector. "Ardshinbank" CJSC, "Armenia Insurance" ILLC and a number of investment funds are currently operating within the "Arins Group" holding company founded by Karen Safaryan.

Karen Safaryan graduated from Azerbaijan Polytechnic Institute.

Karen Safaryan was born on 05.01.1963 and has 3 daughters.

## ***Aram Andreasyan - Board Member***

Aram Andreasyan joined the Board of Ardshinbank CJSC in 2009. Earlier, in the period between 1994 and 1998, he was the Deputy Chairperson and the Chairperson of the Management Board of Ardshinbank OJSC. From 2003 to 2009, Andreasyan was the Chairperson of the Management Board of Ardshininvestbank CJSC, serving as a member of the Board and the Chairperson of the Management board in 2005 and 2006.

Prior to his career in the banking sector, Andasyan worked in Hrazdan-Mash, an industrial enterprise specializing in machine manufacturing, in the position of an economist and later also - Head of the Planning Division, Head of the Financial Division, and Deputy CEO. From 1992 to 1994, he headed an inspection division at the regional tax inspectorate in Hrazdan (currently Kotayk region), and in the period between 1998-2003, he served as an advisor to the Head of the Oversight Service at the staff of the President of Armenia (where he simultaneously served as the head of a department responsible for agencies exercising oversight of the executive authorities).

For many years, he held the position of deputy chairperson of the Board of Directors and a member of the Board of International Business Center JV (joint venture).

Aram Andreasyan is a graduate of the National Institute of Economy.



# Ardshinbank

Date of birth: 11.10.1955.

Married, 1 son and 2 daughters.

## ***Vache Gabrielyan - Board Member***

Vache Gabrielyan joined the Board of Ardshinbank CJSC in 2019. He is also a board member at Armenia Insurance LLC, as well as Dean at Manoogian Simone College of Business & Economics, American University of Armenia (AUA). Since 1998, he has been a lecturer for the Yerevan State University Department of Economics and AUA Political Science and International Affairs Programme.

Gabrielyan commenced his career in public administration and finance in 1990 as an expert for the Committee on Financial-Credit and Budgetary Affairs, Supreme Council of Armenia.

With his career in lecturing dating back to 1994, Gabrielyan worked at Rutgers University until 1998, serving as a professor for the Public Administration and Political Science Programme and a deputy director of the National Center for Public Performance.

From 1998 until 2010, Gabrielyan worked in the Central Bank of Armenia, where he was promoted to the post of Deputy President after serving as an Advisor to the President, and a Member of Board.



# Ardshinbank

The Minister of Finance of Armenia between 2010 and 2013, Gabrielyan earlier served as Minister-Head of the Staff at the Armenian Government. From November until April 2014, he was the Chief Advisor to the Prime Minister of Armenia; he was later appointed Minister of International Economic Integration and Reforms, and Deputy Prime Minister.

Vache Gabrielyan is a graduate of the YSU Department of Applied Economics, Doctor of Philosophy in public administration.

He has also pursued studies at the Rutgers University School of Public Affairs and Administration.

Date of birth: 24.11.1968; married, 1 son and 1 daughter.

## ***Garegin Tosunyan - Board Member***

Garegin Tosunyan has been representing the Board of Ardshinbank CJSC since 2009. He is also the President of the Russian Association of Banks.

Known for his activity in Russia's financial-banking and public administration sectors, Tosunyan formerly headed the Moscow representation board of licensed banks while being a member of a government commission for economic reforms, and a member of the management board of the Agency for the Reorganization of Credit Organizations, OJSC (open joint-stock company). In 1998-1999, Tosunyan was a financial-credit advisor to the Head of the Russian Government. In the period between



# Ardshinbank

2000-2002, he worked at the Institute of National Economy of Russian Government and the Institute of State and Law, Russian Academy of Sciences.

Garegin Tosunyan is a graduate of Lomonosov Moscow State University, a PhD Candidate in Physics and Mathematics, Doctor and Professor of Law.

Date of birth: 14.05.1955; married, 1 son and 3 daughters.

***Tigran Sargsyan - Board Member***



# Ardshinbank

Tigran Sargsyan joined the Board of Ardshinbank CJSC in 2022. The Deputy Chairman of the Eurasian Development Bank, he earlier served as the Chairman of the Board of the Eurasian Economic Commission (2016-2020).

Tigran Sargsyan started his scholarly activity around 1987-1990 as a senior researcher, and the head of a scientific research group on international economic ties at the Armenian Scientific-Research Institute of Economics and Planning. From 1988 to 1990, he was the chairman of the Republican Council of Young Specialists and Scholars.

He commenced his career in public administration and finance in 1990 as a member of the Supreme Council and the Chairman of the National Assembly's Standing Committee on Financial-Credit Affairs.

Head of the Union of Banks of Armenia in 1998, Sargsyan was the President of the Central Bank of Armenia between 1998-2008. From 2014 until 2016, he served as the Ambassador of Armenia to the United States.

From 2008 to 2014, he was the Prime Minister of Armenia.

Tigran Sargsyan is a graduate of Yerevan Institute of National Economy and Sant Petersburg University of Economics. He hold the degree of PhD Candidate in Economics.

Date of birth: 29.01.1960; married, 2 sons and 1 daughter.



## ***Alexander von Gleich - Board Member***

Alexander von Gleich joined the Board of Ardshinbank CJSC in 2003. From 2018 to 2023, he was a member of the Board of Directors and a member of the observation board of Uzpromstroybank OJSC, he is represented in the Board of Directors of TOO Global Expert Development Group and from July of 2025 is a member of the Supervisory Board of the National Bank of Uzbekistan

From 2014 until 2017, Alexander von Gleich was a Deputy CEO of the Russia-based insurance company Allianz and a member of the Board of Directors of Allianz Ukraine. From 2014 to 2016, he was the CEO of Hypo Alpe Adria, Croatia, and in the period between 2021-2022, he worked in Kazakhtelecom, representing the Board of Directors and the observation board in the capacity of a member.

Alexander von Gleich is a graduate of Wilhelm Rein University, Department of Economics and Law.

Date of birth: 16.06.1967; married, 2 sons.



## ***ARDSHINBSNK CJSC Management Board members: Bio<sup>4</sup>***

### ***Artak Ananyan***

#### ***Chairman of the Management Board of "Ardshinbank" CJSC***

Artak Ananyan assumed the position of Chairman of the Management Board of "Ardshinbank" CJSC in August 2018. Prior to that, from 2017 to 2018, he served as the Deputy CEO and Director of Non-Core Assets Management.

Artak Ananyan's experience in Armenia's financial system began at the Central Bank of Armenia in 1998, where he started his career as a specialist in bank supervision and regulation.

Subsequently, he worked at "Hayagrobank" OJSC as the head of the banking risk control and coordination group of regional divisions, as well as the head of the internal audit, analysis, and financial monitoring department, the deputy executive director responsible for loan management, and the deputy CEO of the board of management.

At Ardshinbank CJSC, Artak Ananyan began his professional career in 2003. Throughout this time, he held positions as the Head of the Operational Management Department, Head of the Loan Management Department, Head of the Strategic Clients' Management Department, Head of Corporate Business, and Board Member.

During the years 2015-2017, he served as the CEO of the "Areximbank Gazprombank Group" CJSC.

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<sup>4</sup> Changes were made to the composition of the Board during 2025. You can view the current composition of the Board by following the link: <https://ardshinbank.am/Information/management?lang=en>



# Ardshinbank

Artak Ananyan graduated from the Yerevan State University, majoring mechanics. Subsequently, he studied at the Institute of Mechanics of the National Academy of Sciences of Armenia and obtained a PhD in Physical and Mathematical Sciences.

Artak Ananyan was born on February 13, 1972. He is married and has two sons.

## **Artur Gyulazyan**

### **Deputy Chairman of the Management Board, Director of Private Banking of "Ardshinbank" CJSC**

Artur Gyulazyan assumed the position of Deputy Chairman of the Management Board at "Ardshinbank" CJSC and Director of Private Banking in November 2022 . Prior to that, starting from 2008, he served as the Director of Internal Audit of 'Ardshinbank' CJSC, and from 2013, he took on responsibilities as the Director of SME and Corporate Business.

In Armenia's financial system, he accumulated over 20 years of expertise, starting in 2003 at the Central Bank of Armenia, where he worked as an analyst, supervisor, and senior supervisor of the Financial Supervision Department.

Artur Gyulazyan completed his education at Yerevan State University, where he received a degree in Economics. Subsequently, he pursued a Master's degree at the University of Glasgow, graduating with honors and obtaining a Master's degree in International Management and Leadership.

Artur Gyulazyan was born on May 24, 1979. He is married and has one daughter and two sons.



# Ardshinbank

## **David Sargsyan**

### **Deputy Chairman of the Management Board, Director of Investment Business of "Ardshinbank" CJSC**

David Sargsyan assumed the position of the Deputy Chairman of the Management Board of "Ardshinbank" and director of Investment Business starting from November 2022. Prior to that, since 2014, he served as the financial director of "Ardshinbank" CJSC.

In the field of finances and banking, David Sargsyan began his professional career as a specialist in managing external state debt in the Ministry of Finance of the Republic of Armenia.

Afterwards, for approximately the next nine years, he worked as an executive assistant to the Governor of the Central Bank of Armenia, as a director of the Bank Methodology and Regulations Department, and as a director of the Financial Systems Policies and Analysis Department.

His professional experience in public administration and finance spans over 25 years, including positions of the Minister of Finance of the Republic of Armenia from 2013 to 2014 and the Head of the Administration of the Government of the Republic of Armenia from 2008 to 2013.



# Ardshinbank

David Sargsyan has graduated from Yerevan State University, received a degree in economics, subsequently studied at the same university's postgraduate program, and obtained a PhD in Economics.

David Sargsyan was born on July 14, 1977, is married, and has one daughter and two sons.

## ***Hovhannes Mkrtichyan***

### ***Member of the Management Board, Chief Accountant of "Ardshinbank" CJSC***

Hovhannes Mkrtichyan assumed the position of Chief Accountant at "Ardshinbank" CJSC in April 2018.

At the beginning of his professional career, he worked at Yerevan Polytechnic Institute as the head of Scientific and Technical Information Department. From 1994 to 1998, Hovhannes Mkrtichyan worked at "Ardshinbank" OJSC as the head of Consolidated Reporting department. Over the years, he has served as the Chief Accountant of "International Commercial Black Sea Bank" CJSC, Deputy General Director of "Embank Bank" CJSC, Executive Director, CFO of "Cascade Bank" CJSC, Executive Director and Chief Accountant of "BTA Bank" CJSC.



# Ardshinbank

Hovhannes Mkrtichyan has also worked at "Ameriabank" CJSC and "Armbusinessbank" CJSC as a Branch Manager. He has also served as the Head of the Finance Department and Deputy Chief Accountant at "Armeconomombank" OJSC.

Hovhannes Mkrtichyan has graduated from the Yerevan Polytechnic Institute, obtaining a qualification in System Engineering. Later, he received a PhD in Technical Sciences, specializing in Automated Control Systems at the Kiev Polytechnic Institute.

Hovhannes Mkrtichyan was born on October 9, 1959. He is married and has two sons.

## ***Lusine Nersisyan***

### ***Member of the Management Board, Director of Risk Management of "Ardshinbank" CJSC***

Lusine Nersisyan assumed the position of Risk Management Director in May 2023. Prior to that, during 2017-2018, she held the position of Chief Accountant at "Ardshinbank" CJSC, and subsequently, from 2018, she has been the Head of Internal Audit of the bank.



# Ardshinbank

In Armenia's financial system, Lusine Nersisyan's over 30 years of professional experience in finance began in 1992 at "Armenia" National Commercial Bank, where she worked as a senior specialist in the Department of Foreign Affairs, Correspondence Relations, and Foreign Operations. Later, she worked at "Noy" Commercial Bank as an accountant, and then at "Ardshinbank" OJSC in the International Relations Department. In 1996, to gain an international experience, she worked at the Bank of America for three months.

Since 2004, Lusine Nersisyan has held various managerial positions in international banks, including serving as the Chief Accountant at "Black Sea International Commercial Bank" (Armenia) CJSC, Chief Accountant, and later Deputy CEO at "ProCredit Bank" CJSC.

Lusine Nersisyan graduated from the Yerevan Banking Institute of Economics. She then continued her studies at the ProCredit Holding Management Academy (Germany), where she obtained a qualification as a top manager, as well as an international quality certificate in auditing and accounting (United Kingdom) from ACCA.

Lusine Nersisyan was born on July 30, 1975, is married, and has one daughter.

***Armen Gasparyan***



# Ardshinbank

***Member of the Management Board, Director of Corporate Business of "Ardshinbank" CJSC***

Armen Gasparyan assumed the position of Director of Corporate Business at "Ardshinbank" CJSC in April 2023. Prior to that, he served as the Director of Strategic Development from 2015 to 2019, and from 2019 to 2023, he was the Director of Non-Core Assets Management at "Ardshinbank" CJSC.

His professional career began right at Ardshinbank in 2005, as the Head of Payment Card Services Development Division, Deputy Head of the Division, and Head of Subdivision in "Ardshinbank" CJSC. He has also assumed the position of Deputy Director of Retail Business.

Armen Gasparyan has completed his education at the Yerevan State University of Architecture and Construction specializing in Business Economics and Management, followed by the completion of the Armenian-Russian (Slavonic) University's Business School with expertise in Finance and Credit Management. He also studied at SBS Swiss Business School, obtaining an MBA degree, and at Oxford University's Said Business School, earning a diploma in executive management.

Armen Gasparyan was born on February 15, 1982. He is married, and has one daughter.



## ***Harutyun Ispiryan***

### ***Member of the Management Board, Chief Digital and Talent Officer at "Ardshinbank" CJSC***

Harutyun Ispiryan assumed the position of Chief Digital and Talent Officer at "Ardshinbank" CJSC in 2023. Prior to that, he has been serving as the Chief Operating Officer of "Ardshinbank" CJSC since 2015.

Harutyun Ispiryan started his professional career at "Ardshinbank" CJSC in 2005, working in the Asset and Liability Management Department of the bank, serving as an analyst and department head. During different times he has also served as a member of internal audit, deputy head, and head.

Harutyun Ispiryan graduated from the State Economic University of Armenia and completed his postgraduate studies, earning the title of Candidate of Economic Sciences. He has completed studies at the Skolkovo Business School in Moscow within the “ Chief Digital Transformation Officer” program.

Harutyun Ispiryan was born on December 22, 1982, he is married, and has two daughters.



## ***Artak Khachatryan***

### ***Member of the Management Board, Director of Retail Business of "Ardshinbank" CJSC***

Artak Khachatryan assumed the position of Director of Retail Business at "Ardshinbank" CJSC in December 2016. Prior to that, from July of the same year, he served as the Advisor to the Chairman of the Management Board at "Ardshinbank" CJSC.

Artak Khachatryan's 28-year experience in Armenia's financial system began at "HSBC Bank Armenia" CJSC in 1996. Afterwards, he managed the retail business operations of the bank.

At different times, he has also served as the Head of Retail Business at "Converse Bank" CJSC, a member of the management board, and the director of retail business operations at "VTB Bank Armenia".

Artak Khachatryan completed his education at Yerevan State University, obtaining a qualification as an economist-mathematician. He then furthered his studies at the Research Institute of Economics of the Ministry of Finance and Economics and earned a master's degree in mathematics.

Artak Khachatryan was born on October 12, 1975. He is married and has one daughter and one son.



**Ardshinbank**

## ARDSHINBANK CJSC ORGANIZATIONAL CHART

General Meeting of Shareholders (109)

Board of the Bank (101)

Board staff (1010)

Internal Audit Service (171)

Security Service (173)

Chairman of the  
Management Board (CEO)  
(10000)

Management Board

