

# Investor Presentation

H1 2025



**Ardshinbank**

# Agenda

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

# I. Ardshinbank in brief

## Key facts



**Leading systemically important bank** in Armenia with 20.6% market share by total assets (as of Jun 2025)



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



**Over 588,862 customers** including over 11,731 legal entities and 577,131 individuals.



**Strong omnichannel distribution platform** with 72 branches, over 197 ATMs, 4,322 POS terminals, supported by comprehensive mobile / online banking platform (92.1% of transactions are made in mobile).



**Sustainable through-the-cycle performance** with leading profitability and efficiency (ROAE of 39.1% for 1H 2025)



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



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



**The only Bank in Armenia** rated by all the three leading global rating agencies- Moody's, Fitch, S&P Global-with ratings on the level of the sovereign

## Market position

1H 2025



by total assets



by total deposits



by total equity



by net profit



by retail deposits



by ROE



by branch network

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

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

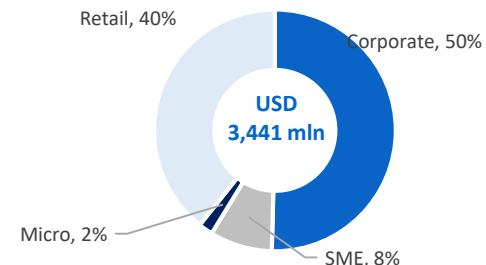
**FitchRatings** BB- (Stable)<sup>1</sup>

## Key financial highlights

USD mln	2022	2023	2024	1H 2025
<b>Key metrics</b>				
Net Loans	1,350	1,659	2,834	3,401
<b>Total Assets</b>	<b>3,958</b>	<b>4,039</b>	<b>5,799</b>	<b>6,236</b>
Customer Deposits	2,409	2,416	3,698	3,953
<b>Shareholders' Equity</b>	<b>370</b>	<b>468</b>	<b>814</b>	<b>1,005</b>
Operating Income	291	270	488	295
<b>Net Profit</b>	<b>143</b>	<b>156</b>	<b>338</b>	<b>178</b>
<b>Key ratios (%)</b>				
ROAE	50.7	36.5	51.8	39.1
Cost to income	18.7	26.2	28.3	23.8
Topline margin	5.2	5.4	6.4	6.6
COR	4.8	1.1	0.7	0.5
ROA	6.2	3.9	8.1	5.9
NPL	5.1	5.5	2.8	2.5
TCAR (CBA) <sup>3</sup>	20.2	17.2	22.2	22.4

## Gross loan portfolio structure

1H 2025



# I. Leading omnichannel distribution platform in Armenia

Modern branch network covering all provinces of Armenia...

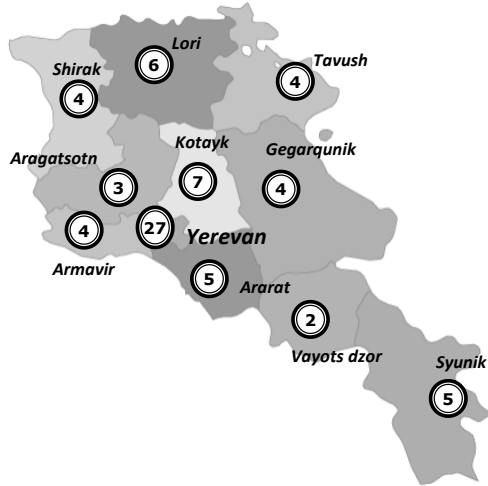
 72 branches

 197 ATMs

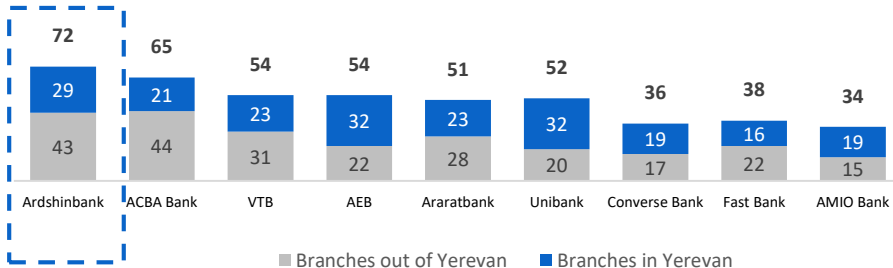
 4,322 POS terminals

## Ardshinbank branches coverage in Armenia

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



## Branch network #



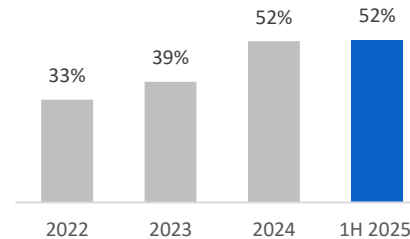
...supported by Mobile / Online Banking for retail and SME customers

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

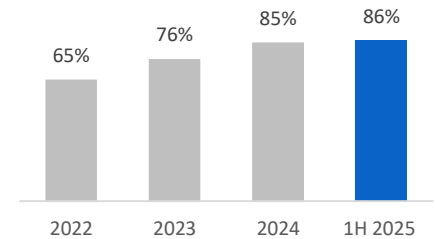


- Card accounts management
- Get / repay a loan
- Money transfers
- Insurance
- Bank transfers
- Deposits placement and replenishments
- Online payments
- Exchange currency
- Income / costs statistics
- Schedule an appointment at the bank
- And many more

## Number of active users Weight, %



## Number of transactions Weight, %

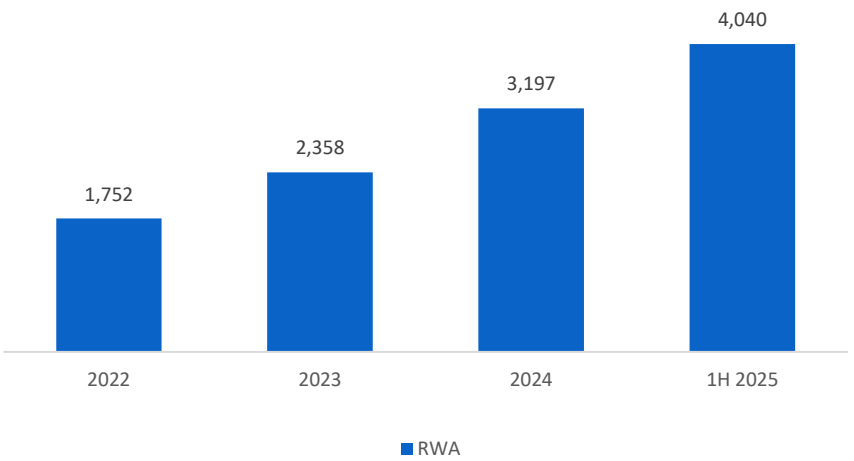


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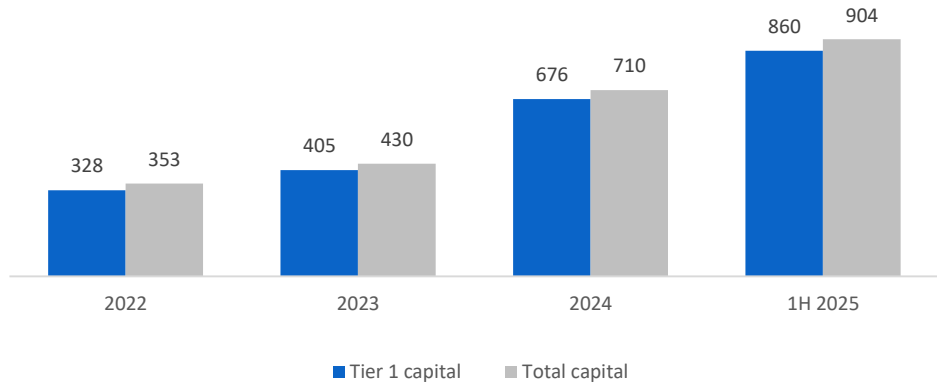
# II. Capitalization above regulatory requirements

Risk weighted assets (CBA)<sup>1</sup>, USD mln<sup>2</sup>



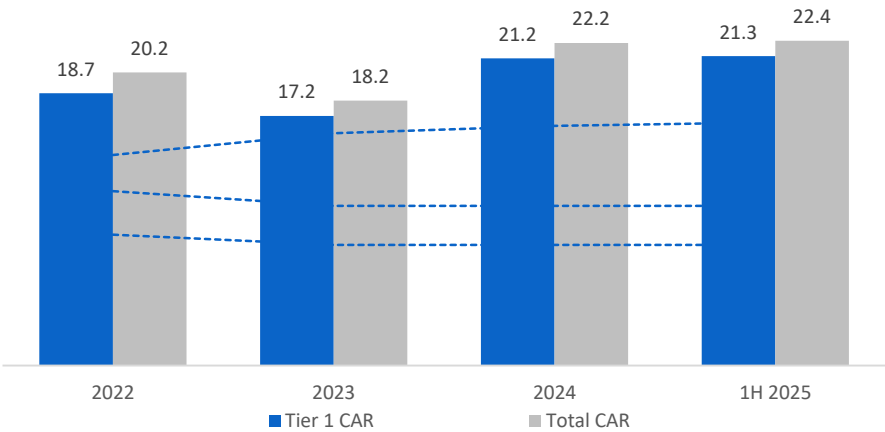
Tier 1 and Total capital (CBA)<sup>1</sup>, USD mln<sup>2</sup>

**CAGR' 2022-1Q 2025**  
 Tier 1 Capital +45.6%  
 Total Capital +44.2%

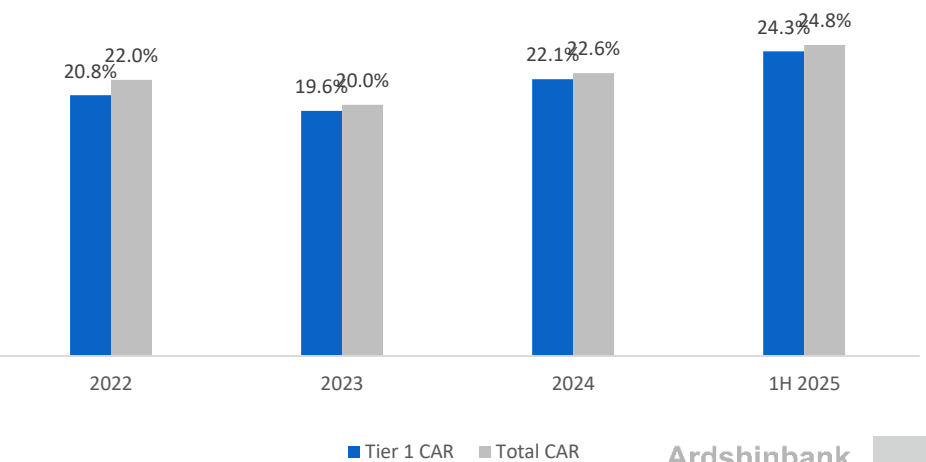


Capital adequacy ratios (CBA)<sup>1</sup>

**Regulatory TCAR minimum 11%**  
**Regulatory Tier 1 CAR minimum 8.3%**  
**Total CAR regulatory limit with buffers 16.8%**



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



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

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# III. High Corporate Governance standards and experienced management team

## General Meeting of Shareholders

### Supervisory Board

6 Members

4 Independent

**Karen Safaryan**  
Chairman

**Aram Andreasyan**

**Tigran Sargsyan**  
Independent Member

**Philippe Der Megreditchian**  
Independent Member

**Alexander von Gleich**  
Independent Member

**Vache Gabrielyan**  
Independent Member

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

### Key functions of the Board of Directors

✓ Determines general strategy

✓ Establishes committees to advise Board of Directors on specific issues

✓ Oversees the activities of the Bank

✓ Appoints Management Board members

- ✓ Karen Safaryan has been **Chairman of the Board of Directors since 2003**
- ✓ Mr. Safaryan also serves as the President of Arins Group LLC - Ardshinbank's holding company
- ✓ Arins Group LLC is a leading financial holding company headquartered in Armenia, with subsidiaries delivering banking, insurance, and financial services across Armenia's dynamic and developing market
- ✓ Arins operates through its key companies – **Ardshinbank CJSC, Armenia Insurance LLC, and Arins Capital Fund** – providing customer-centric and comprehensive financial solutions
- ✓ Other minority shareholders (1.1%) consist of former c-suite members of the Bank, currently retired

### Management Board

11 Members

**Artak Ananyan**  
Chairman

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

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

**Armen Gasparyan**  
Director Corporate Business

**Mihran Muradyan**  
Director of SME Business

**Artak Khachatryan**  
Director of Retail Business

**Harutyun Ispiryan**  
Chief Digital and Talent Officer

**Armine Khachatryan**  
Chief Accountant

**Lusine Nersisyan**  
Chief Risk Officer

**Rustam Badasyan**  
Director of Legal Affairs

**Garegin Gevorgyan**  
Chief Financial Officer

 **Arins Group**

 **Ardshinbank**

 **Armenia Insurance**

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# IV. Risk management

## Credit Risk

### Corporate

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

### MSME

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

### Retail

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

## Market and Liquidity Risk

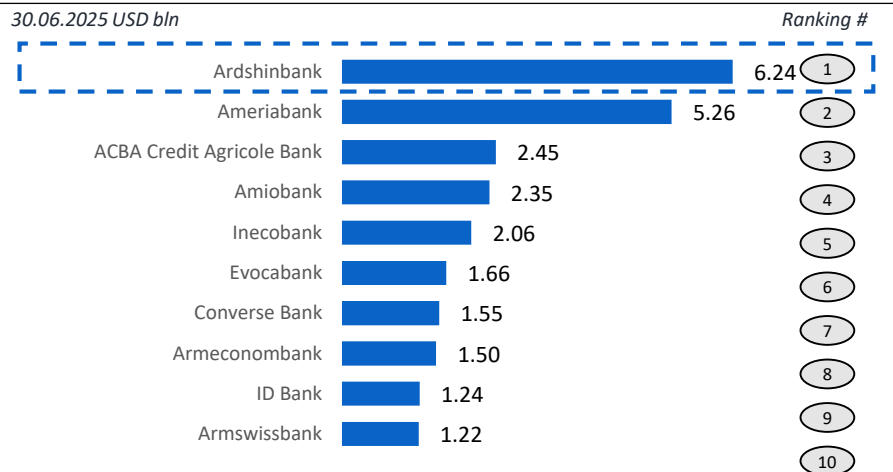
- Maturity mismatches are under control – GAP and duration analysis implemented
- Dedicated committee
- Portfolio and sub portfolio VAR estimation
- Monthly stress testing for interest and liquidity risk
- Repos and currency swaps are in practice

## Operational Risk

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

# IV. Operating as a systemic bank in Armenia under the CBA supervision

## Largest bank in Armenia by total assets\*



## A framework anchored on 4 main pillars



<b>AML/CTF regulatory framework</b>	<ul style="list-style-type: none"> <li>Sophisticated KYC process                             <ul style="list-style-type: none"> <li>State-of-the-art customer due diligence process for onboarding</li> <li>Constant monitoring of existing customers</li> </ul> </li> <li>Enhanced due diligence for all high-risk customers</li> <li>Real-time payments and sanction screening</li> <li>An extended regulatory compliance team of 36 FTEs</li> <li>Regular training sessions attended by all employees of Ardshinbank</li> <li>Promote and encourage a culture of compliance within the institution</li> </ul>
<b>Recently revamped sanctions processes</b>	<ul style="list-style-type: none"> <li>Technology investments (standardisation of screening processes)</li> <li>Accelerated reporting of suspicious activities</li> <li>Continuous internal audits and controls</li> </ul>
<b>Strict CBA monitoring, aligned with "best in class" international practices</b>	<ul style="list-style-type: none"> <li>Maintaining Armenia in the FATF "green" list (vs. grey list)</li> <li>FATF noting strong positioning of Armenia both in terms of technical compliance and effectiveness of measures put in place</li> </ul>

## Regulatory compliance

30 Jun 2025

	CBA	Ardshinbank
Capital Adequacy	> 11%	22.4%
High Liquid Assets / Total Assets	> 15%	36.5%
High Liquid Assets / Demand Liabilities	> 60%	75.1%
Single Party Exposure	< 20%	13.5%
Exposure to Major Borrowers	< 500%	95.8%
Related Party Exposure	< 5%	0.5%
Exposure to all related parties	< 20%	2.9%
LCR	> 100%	163.3%
NSFR	> 100%	132.9%
Reserve Requirement	LC - 4%; FC - 18%	

## Loan classification

- The Bank classifies its assets and creates LLP in accordance with CBA regulations and IFRS standards:
  - Corporate loans are monitored and classified individually
  - Consumer and SME loans are formed into groups of assets based on common characteristics (e.g. mortgage loans, credit cards, microloans, etc.) and group impairment is conducted based on an approved methodology of migration matrix

## Regulatory capital

- Adoption of most conservative approach to component deduction from Regulatory Capital
- In 2019, the CBA adopted new regulation with the aim of strengthening the stability of the Armenian banking system:
  - Specific capital conservation buffer requirements have been set 2.5% from 1 January 2024 onwards
  - Capital countercyclical buffer ranges from 0.0% to 2.5%, with current level set at 1.50%
  - Systemic buffer have been set 1.5% from 2023 onwards

\* Balance sheet items converted at the official Armenian dram to USD exchange rate as of 31 Mar of the respective year

# IV. Armenia at a glance – key country facts

## Key indicators (2024)

Population (Millions of people)	3,0
GDP (bln current US\$)	26,0
GDP, PPP (bln current international \$)	55,6
GDP per capita, PPP ( thsd current international \$)	20.1
10-year average annual GDP growth, %	4,9
Assets of banking system, % of GDP	108,3
Loans of banking system, % of GDP	62,7
Government debt, % of GDP	52,2
International reserves, bln US\$	3,7
Life expectancy at birth, total (years)	75,5

**\*5.2%**

GDP growth

**3.1%**

Inflation

**S&P Global**  
Ratings

**BB-** (Stable)

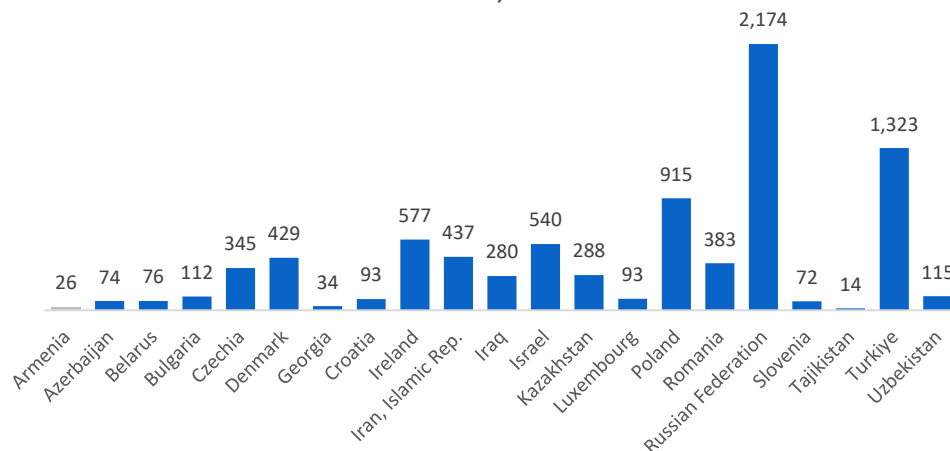
**MOODY'S** **FitchRatings**

**Ba3** (Stable)

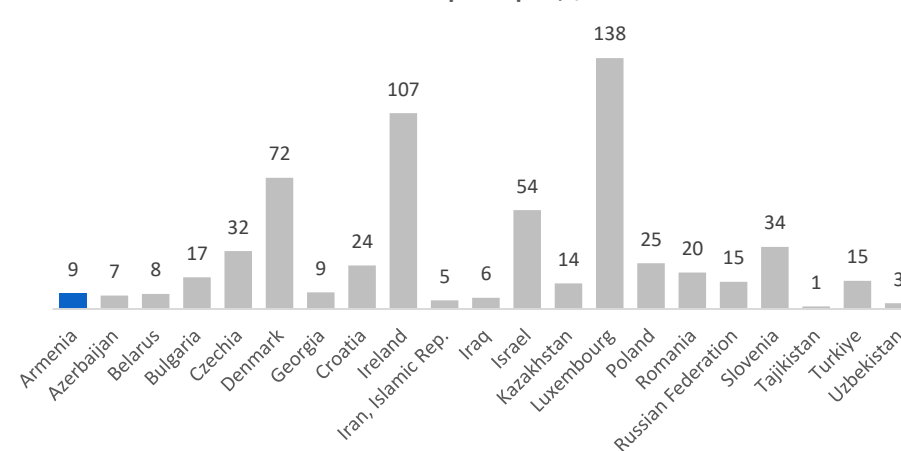
**BB-** (Stable)

Sovereign rating

2024 GDP, USDbn



2024 GDP per capita, \$k

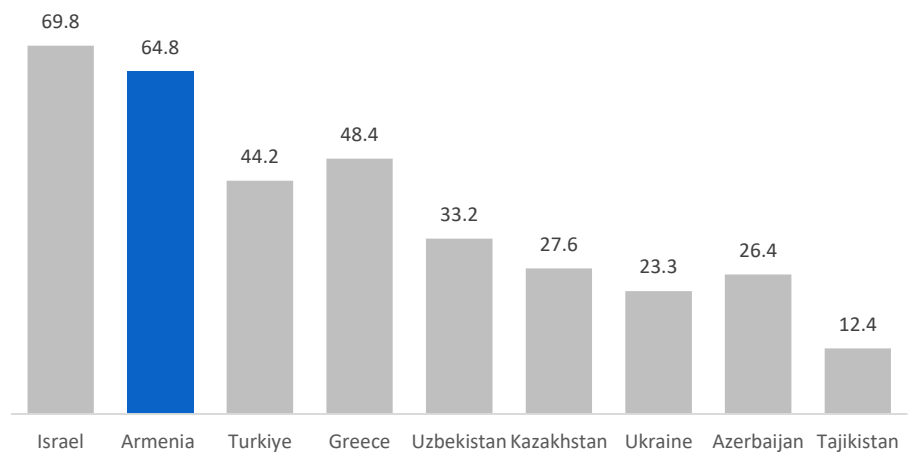


\* As of Q1 2025

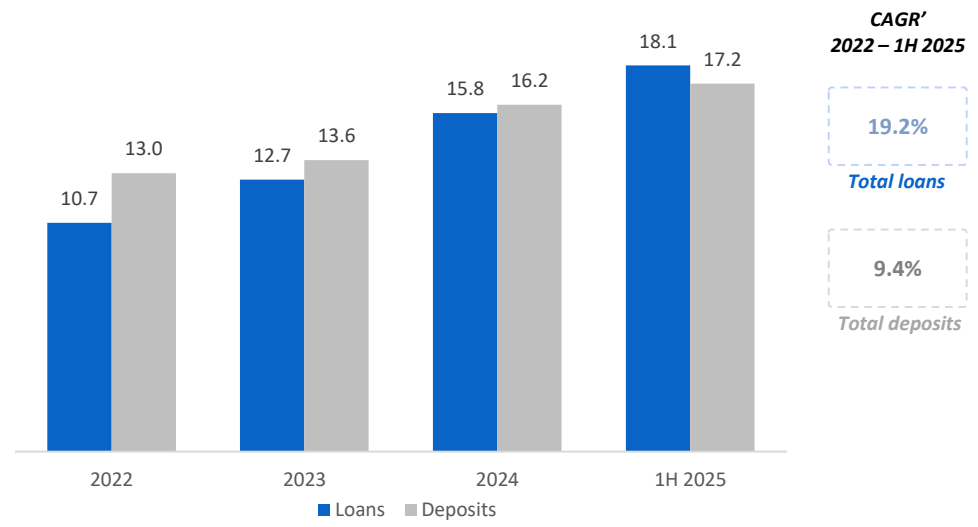
# IV. Profitable banking sector with strong growth potential

## Banking sector penetration, 2024

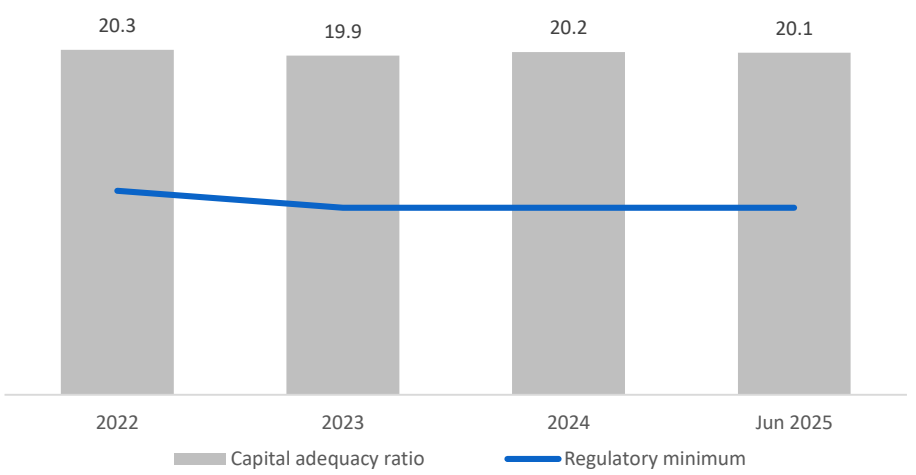
Domestic credit to private sector, % of GDP



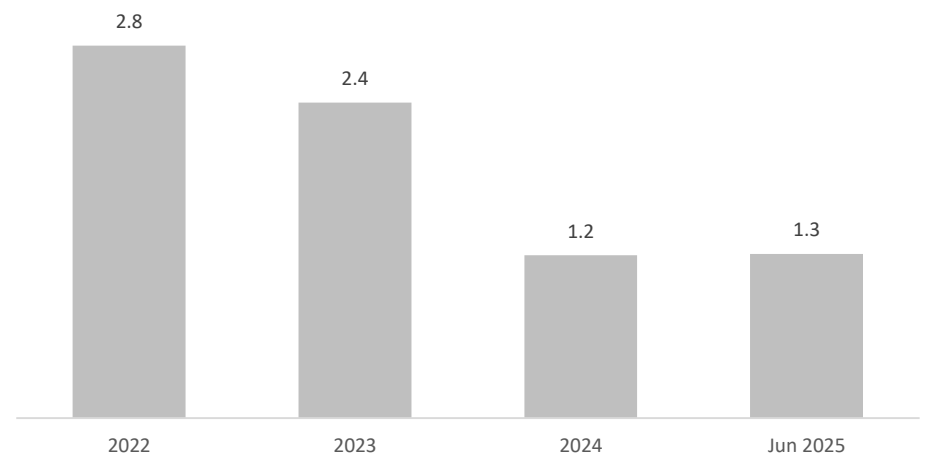
## Market growth, USD bln



## Capitalization



## Asset quality



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

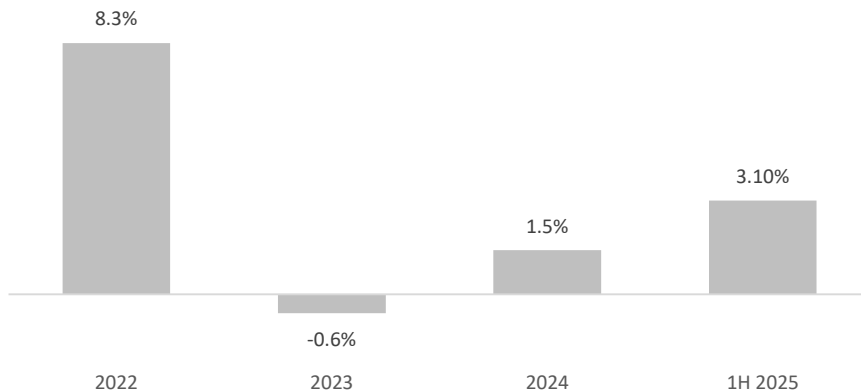
# VI. Credible monetary policy



## Efficient inflation targeting policy

- In 1H 2025, the inflation rate composed 3.1%.
- The forecast inflation is expected to gradually pick up in the mid-term, reaching the target of 3% in 2025F (tolerance band of  $\pm 1.5\%$ ).
- Key inflation targeting instrument is the adjustments in the interest rate on short-term loans from the CBA to the domestic banking system (the “Refinancing Rate”).
- To increase the effectiveness of inflation targeting and monetary transmission mechanism, the Central Bank of Armenia takes additional measures:
  - Development of a well-functioning interbank market,
  - Banking sector de-dollarization.

### Inflation rate



## Stable currency under managed floating exchange rate regime

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

### Exchange rate over the past 10 years



**«ԱՐԴՇԻՆԲԱՆԿ» ՓԲԸ**

**ՀԱՇՎԵՏՈՒ ԹՈՂԱՐԿՈՂԻ ՊԱՏԱՍԽԱՆԱՏՈՒ ԱՆՁԱՆՑ ՀԱՅՏԱՐԱՐՈՒԹՅՈՒՆ**

Սույնով հաստատում ենք, որ մեր լավագույն տեղեկացվածության համաձայն՝ «Արդշինբանկ» ՓԲԸ /այսուհետ՝ Թողարկող/ 2025թ. առաջին կիսամյակի հաշվետվություններում ներառված տեղեկությունները ճշգրիտ և լիարժեք են և բոլոր էական առումներով համապատասխանում են «Արժեթղթերի շուկայի մասին» ՀՀ օրենքին և ՀՀ Կանոնակարգ 4/04-ի պահանջներին:

Ներկայացված 2025թ. առաջին կիսամյակի հաշվետվությունները կազմված են ֆինանսական հաշվետվությունների միջազգային ստանդարտների համաձայն, և բոլոր էական առումներով ճշգրիտ և

լիարժեք ձևով արտացոլում են Թողարկողի ակտիվների և պարտավորությունների, ֆինանսական վիճակի, եկամուտների և ծախսերի իրական պատկերը՝ 2025թ. հունիսի 30-ի դրությամբ, ինչպես նաև Թողարկողի գործունեության արդյունքներն ու դրամային միջոցների հոսքերը հաշվետու ժամանակաշրջանի համար:

<b>Արտակ Անանյան</b> անուն ազգանուն	<b>Վարչության նախագահ</b> պաշտոն	 ստորագրություն	ամսաթիվ
<b>Դավիթ Սարգսյան</b> անուն ազգանուն	<b>Վարչության նախագահի տեղակալ, Ներդրումային բիզնեսի տնօրեն</b> պաշտոն	 ստորագրություն	ամսաթիվ
<b>Արթուր Գյուլագյան</b> անուն ազգանուն	<b>Վարչության նախագահի տեղակալ, Փրայվիթ բանկինգի տնօրեն</b> պաշտոն	 ստորագրություն	ամսաթիվ
<b>Արմեն Գասպարյան</b> անուն ազգանուն	<b>Վարչության անդամ, Կորպորատիվ բիզնեսի տնօրեն</b> պաշտոն	 ստորագրություն	ամսաթիվ
<b>Հարություն Իսպիրյան</b> անուն ազգանուն	<b>Վարչության անդամ, Թվայնացման և տաղանդների կառավարման գծով տնօրեն</b> պաշտոն	 ստորագրություն	ամսաթիվ
<b>Միհրան Մուրադյան</b> անուն ազգանուն	<b>Վարչության անդամ, ՓՄՁ բիզնեսի տնօրեն</b> պաշտոն	 ստորագրություն	ամսաթիվ
<b>Լուսինե Ներսիսյան</b> անուն ազգանուն	<b>Վարչության անդամ, Ռիսկերի կառավարման տնօրեն</b> պաշտոն	 ստորագրություն	ամսաթիվ
<b>Արտակ Խաչատրյան</b> անուն ազգանուն	<b>Վարչության անդամ, Մանրածախ բիզնեսի տնօրեն</b> պաշտոն	 ստորագրություն	ամսաթիվ

**Ռուստամ Բադասյան**

անուն ազգանուն

**Վարչության անդամ, Իրավական  
հարցերի գծով տնօրեն**

պաշտոն



ստորագրություն

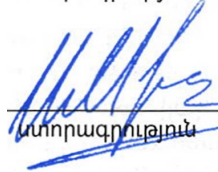
ամսաթիվ

**Արմինե Խաչատրյան**

անուն ազգանուն

**Վարչության անդամ,  
Գլխավոր հաշվապահ**

պաշտոն



ստորագրություն

ամսաթիվ

**Գարեգին Գևորգյան**

անուն ազգանուն

**Վարչության անդամ,  
Ֆինանսական տնօրենի  
ժամանակավոր  
պաշտոնակատար**

պաշտոն

ստորագրություն

ամսաթիվ



Ալեքսեյ Գրեբենյակ