

FEDERAL RESERVE SYSTEM

ID Bank CJSC
Yerevan, Armenia

Order Approving the Establishment of a Representative Office

ID Bank CJSC (“IDBank”), Yerevan, Armenia, a foreign bank within the meaning of the International Banking Act of 1978 (“IBA”), has applied under section 10(a) of the IBA¹ to establish a representative office in Glendale, California (“Glendale Representative Office”). The IBA provides that a foreign bank must obtain the approval of the Board to establish a representative office in the United States.

Notice of the application, affording interested persons an opportunity to comment, has been published in a newspaper of general circulation in Glendale, California (*Glendale News Press*, November 9, 2024). The time for submitting comments has expired, and the Board did not receive any comments.

IDBank, with total assets of approximately \$1.2 billion, is the tenth largest commercial bank in Armenia by asset size.² IDBank provides traditional banking services, including depository, lending, and investment products to corporate and individual customers. The bank presently does not maintain any branches or representative offices outside of the Republic of Armenia.

¹ 12 U.S.C. § 3107(a).

² Asset data are as of June 30, 2025, and ranking data are as of June 2024, provided by IDBank.

IDBank is a wholly owned subsidiary of ID Group CJSC (“ID Group”), Yerevan, Armenia, which has total consolidated assets of \$1.1 billion.³ In addition to IDBank, ID Group wholly owns Digital Holdings Limited LLC, a holding company, and indirectly, through Digital Holdings Limited LLC and IDBank, wholly owns iDram LLC, which operates as an Armenian settlement and payments system company.

The Glendale Representative Office would act as a liaison with current and prospective U.S. customers of IDBank. It would promote and market the bank’s products and services and perform back-office functions.⁴

Under the IBA and the Board’s Regulation K, in acting on an application by a foreign bank to establish a representative office, the Board considers whether (1) the foreign bank has furnished to the Board the information it needs to assess the application adequately, (2) the foreign bank and any foreign bank parent engage directly in the business of banking outside the United States, and (3) the foreign bank and any foreign bank parent are subject to comprehensive supervision on a consolidated basis by their

³ Asset data are as of December 31, 2024. ID Group’s largest shareholder is Drivelio Limited, which owns approximately 72 percent of ID Group’s voting shares. Heritage Capital LLC, through Fistoco Ltd., owns approximately 21 percent of ID Group’s shares. MRV LLC owns approximately 7 percent of ID Group’s shares. No other shareholder, directly or indirectly, owns 5 percent or more of the shares of ID Group.

⁴ A representative office may engage in representational and administrative functions in connection with the banking activities of a foreign bank, including soliciting new business for the foreign bank, conducting research, acting as a liaison between the foreign bank’s head office and customers in the United States, performing preliminary and servicing steps in connection with lending, and performing back-office functions. A representative office may not contract for any deposit or deposit-like liability, lend money, or engage in any other banking activity. 12 CFR 211.24(d)(1).

home country supervisor.⁵ The Board also considers additional standards set forth in the IBA and Regulation K.⁶

In the case of an application to establish a representative office, the Board has by rule determined that the supervision standard will be met if the Board determines that the applicant bank is subject to a supervisory framework that is consistent with the activities of the proposed representative office, taking into account the nature of such activities and the operating record of the applicant bank.⁷ This is a lesser standard than the comprehensive, consolidated supervision standard applicable to applications to establish branch or agency offices of a foreign bank. The Board considers the lesser

⁵ 12 U.S.C. § 3107(a)(2); 12 CFR 211.24(d)(2). In assessing the supervision standard, the Board considers, among other indicia of comprehensive, consolidated supervision, the extent to which home country supervisors (i) ensure that the bank has adequate procedures for monitoring and controlling its activities worldwide; (ii) obtain information on the condition of the bank and its subsidiaries and offices through regular examination reports, audit reports, or otherwise; (iii) obtain information on the dealings and relationships between the bank and its affiliates, both foreign and domestic; (iv) receive from the bank financial reports that are consolidated on a worldwide basis or comparable information that permits analysis of the bank's financial condition on a worldwide consolidated basis; and (v) evaluate prudential standards, such as capital adequacy and risk asset exposure, on a worldwide basis. No single factor is essential, and other elements may inform the Board's determination. 12 CFR 211.24(c)(1).

⁶ See 12 U.S.C. § 3105(d)(3)–(4); 12 CFR 211.24(c)(2). These standards include the following: whether the bank's home country supervisor has consented to the establishment of the office; the financial and managerial resources of the bank; whether the bank has procedures to combat money laundering, whether there is a legal regime in place in the home country to address money laundering, and whether the home country is participating in multilateral efforts to combat money laundering; whether the appropriate supervisors in the home country may share information on the bank's operations with the Board; whether the bank and its U.S. affiliates are in compliance with U.S. law; the needs of the community; and the bank's record of operation. The Board may also, in the case of a foreign bank that presents a risk to the stability of the U.S. financial system, take into account, to the extent appropriate, whether the home country of the foreign bank has adopted, or is making demonstrable progress towards adopting, an appropriate system of financial regulation for the financial system of such home country to mitigate such risk. 12 U.S.C. § 3105(d)(3)(E).

⁷ See 12 CFR 211.24(d)(2).

standard sufficient for approval of representative office applications because representative offices may not engage in banking activities. This application has been considered under the lesser standard.

In connection with this application, IDBank has provided certain commitments that limit the activities of the Glendale Representative Office. In particular, IDBank has committed that the offices would not solicit deposits, make credit decisions or any other decisions that bind IDBank (except for local administrative matters), or engage in activities related to securities trading, foreign exchange, or money transmission. The Glendale Representative Office would engage only in the activities described in the application to the Board. In addition, the Glendale Representative Office would not solicit business for, market, or promote iDram LLC.

As noted above, IDBank engages directly in the business of banking outside of the United States. IDBank has provided the Board with the information necessary to assess the application, through submissions that address the relevant issues.

IDBank is subject to supervision by the Central Bank of the Republic of Armenia (“CBA”). The CBA is responsible for the consolidated supervision of financial organizations in the Republic of Armenia. The CBA establishes ongoing risk-based supervisory plans for financial institutions, including the frequency and scope of examinations, based on each institution’s risk profile and systemic importance. The CBA reviews and establishes rules and regulations governing capital adequacy, liquidity, risk concentrations, risk management systems, recovery planning, and counterparty-credit and foreign-currency exposures. Additionally, the CBA performs stress tests for certain banking groups, such as IDBank. IDBank is subject to a supervisory plan by the CBA, which includes off-site monitoring of the bank, and may include on-site examinations at the CBA’s discretion. The CBA’s oversight includes monthly reviews of the bank’s consolidated financial statements and periodic reviews of other reports. Additionally, all Armenian banks are subject to annual external audits conducted by independent firms and submitted to the CBA.

Based on all the facts of record, including the above information and commitments that IDBank provided, it has been determined that IDBank is subject to a supervisory framework that is consistent with the proposed activities of the Glendale Representative Office, taking into account the nature of such activities.

The following additional standards set forth in the IBA and Regulation K have also been considered: (1) whether the bank has procedures to combat money laundering, whether there is a legal regime in place in the home country to address money laundering, and whether the home country is participating in multilateral efforts to combat money laundering; (2) the financial and managerial resources of the bank; (3) whether the appropriate supervisors in the home country may share information on the bank's operations with the Board; and (4) whether the bank's home country supervisor has consented to the establishment of the office.⁸

Although the Republic of Armenia is not a member of the Financial Action Task Force ("FATF"), the Republic of Armenia has enacted laws based on the general recommendations of the FATF. Additionally, the Republic of Armenia participates in international fora that address the prevention of money laundering.⁹ Money laundering is a criminal offense in the Republic of Armenia, and banks are required to establish internal policies, procedures, and systems for the detection and prevention of money laundering.¹⁰ The CBA enforces those requirements with respect to Armenian banks, including IDBank. IDBank has policies and procedures to comply with these laws and

⁸ See 12 U.S.C. § 3105(d)(3)–(4); 12 CFR 211.24(c)(2).

⁹ The Republic of Armenia is a member of the Council of Europe's Committee of Experts on the Evaluation of Anti-Money Laundering Measures. Additionally, the Republic of Armenia is a member of the Egmont Group of Financial Intelligence Units, and an observing member of the Eurasian Group on Combating Money-Laundering and Terrorism Financing.

¹⁰ The Republic of Armenia has taken steps to strengthen its anti-money-laundering policies and procedures. The Board believes that factors related to anti-money laundering are consistent with approval of the application to establish a representative office.

regulations that are monitored by government entities responsible for anti-money-laundering compliance, including the CBA. IDBank has established anti-money-laundering policies and procedures, which include the implementation of know-your-customer policies, suspicious activity reporting procedures, and related training programs and manuals. IDBank's internal and external auditors review compliance with requirements to prevent money laundering.

IDBank appears to have the experience and capacity to support the Glendale Representative Office. IDBank operates branches and subsidiaries in the Republic of Armenia. Further, IDBank has established controls and procedures for the Glendale Representative Office to ensure compliance with U.S. law, as well as controls and procedures for its operations generally. Taking into consideration IDBank's record of operations in its home country, its overall financial resources, and its standing with its home country supervisors, financial and managerial factors are consistent with approval of Bank's application to establish the Glendale Representative Office.

IDBank and ID Group have committed to make available to the Board such information on the operations of IDBank and any of its affiliates that the Board deems necessary to determine and enforce compliance with the IBA, the Bank Holding Company Act,¹¹ and other applicable federal law. To the extent that providing such information to the Board may be prohibited by law or otherwise, IDBank has committed to cooperate with the Board to obtain any necessary consents or waivers that might be required from third parties for the disclosure of such information. In addition, subject to certain conditions, the CBA may share information on IDBank's operations with other supervisors, including the Board. In light of these commitments and other facts of record, and subject to the condition described below, it has been determined that IDBank has provided adequate assurances of access to any necessary information that the Board may request. In addition, the CBA has no objection to the establishment of the Glendale Representative Office.

¹¹ 12 U.S.C. § 1841 et seq.

Whether IDBank's proposal would present a risk to the stability of the U.S. financial system has also been considered. The proposal would not appear to affect financial stability in the United States. In particular, the absolute and relative size of IDBank in its home country, the scope of IDBank's activities, including the types of activities it proposes to conduct in the United States and the potential for those activities to increase or transmit financial instability, and the framework in place for supervising IDBank in its home country, do not appear to create significant risk to the financial stability of the United States. Based on these and other factors, financial stability considerations in this proposal are consistent with approval.

On the basis of all the facts of record and subject to the commitments made by IDBank, IDBank's application to establish the Glendale Representative Office is hereby approved by the Director of the Division of Supervision and Regulation, with the concurrence of the General Counsel, pursuant to authority delegated by the Board.¹² Should any restrictions on access to information on the operations or activities of IDBank and its affiliates subsequently interfere with the Board's ability to obtain information to determine and enforce compliance by IDBank or its affiliates with applicable federal statutes, the Board may require termination of any of IDBank's direct or indirect activities in the United States. Approval of this application also is specifically conditioned on compliance by IDBank with the conditions imposed in this order and the commitments made to the Board in connection with this application.¹³ For purposes of this action, these commitments and conditions are deemed to be conditions imposed by

¹² 12 CFR 265.7(d)(3).

¹³ The Board's authority to approve the establishment of the Glendale Representative Office parallels the continuing authority of the State of California to license offices of a foreign bank. The Board's approval of this application does not supplant the authority of the State of California or its agent, the California Department of Financial Protection & Innovation, to license the Glendale Representative Office in accordance with any terms or conditions that they may impose.

the Board in writing in connection with its findings and decision herein and, as such, may be enforced in proceedings under applicable law.

By order, approved pursuant to authority delegated by the Board, effective November 12, 2025.

(signed) Michele Taylor Fennell

Michele Taylor Fennell
Associate Secretary of the Board