“ A R M E C O N O M B A N K ”

Open Joint-Stock Company

FINANCIAL STATEMENTS

in Armenian Drams

31 December 2025

YEREVAN 2026

CONTENTS

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10.04.2026
N 012609

CONFIRMED BY:

V. GEVORGYAN

Managing Partner
Baker Tilly Armenia CJSC

INDEPENDENT AUDITOR'S REPORT

To Shareholders of "ARMECONOMBANK" OJSC

Opinion

We have audited the accompanying financial statements of "ARMECONOMBANK" Open Joint-Stock Company (the "Bank"), which comprise the Statement of Financial Position as of 31 December 2025, the Statement of Profit or Loss and other Comprehensive Income, the Statement of Changes in Equity, and the Statement of Cash Flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Bank as of 31 December 2025 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Bank in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* (IESBA Code) and the ethical requirements that are relevant to our audit of the financial statements in the Republic of Armenia, and we have fulfilled our other ethical responsibilities in accordance with those requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

The Bank's Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
In preparing the financial statements, management is responsible for assessing the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Bank or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Bank's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, then we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Auditor
Sh. Tashchiyan
10.04.2026

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the year ended 31 December 2025

AMD ths.	Notes	2025	2024
Interest income calculated using the effective interest rate method	5	54,129,242	46,223,799
Interest and similar expense	5	(31,504,627)	(27,540,052)
Net interest income		**22,624,615**	**18,683,747**
Fee and commission income	6	10,535,449	7,705,470
Fee and commission expense	6	(3,752,748)	(2,472,701)
Net fee and commission income		**6,782,701**	**5,232,769**
Net gain/(loss) on financial assets and liabilities measured at fair value through profit or loss		(383,030)	(59,010)
Net income from foreign exchange operations	7	3,640,112	2,487,204
Net gain on derecognition of financial assets measured at fair value through other comprehensive income		380,682	370,645
Other income	8	1,449,801	779,342
Impairment charge / (reversal)	9	(1,515,072)	2,563,699
Loss on derecognition of financial assets carried at amortized cost	10	-	(3,631,059)
Expenses regarding personnel	11	(8,595,383)	(7,599,024)
Property and equipment depreciation	21	(2,344,887)	(2,203,995)
Intangible assets amortization	22	(292,939)	(259,540)
Other expenses	12	(6,278,306)	(5,231,322)
Profit before tax		**15,468,294**	**11,133,456**
Income tax expense	13	(2,916,640)	(2,129,144)
Profit for the year		**12,551,654**	**9,004,312**
Total other comprehensive income for the year			
Items that will or may be reclassified subsequently to profit or loss			
Net change in fair value of investment securities measured at fair value through other comprehensive income		1,823,715	693,407
Net gain on sale of investment securities measured at fair value through other comprehensive income transferred to profit or loss		(1,127,808)	(313,157)
Changes in the allowance for expected credit losses		(11,986)	(141,090)
Income tax related to reclassified items		(123,105)	(43,049)
Total items that are reclassified or may be reclassified to profit or loss in future		**560,816**	**196,111**
Other comprehensive income for the year, before income tax		**560,816**	**196,111**
Total comprehensive income for the year		**13,112,470**	**9,200,423**

Notes 1-40 are an integral part of these financial statements.

STATEMENT OF FINANCIAL POSITION
As of 31 December 2025

AMD ths.	Notes	31 December 2025	31 December 2024
Assets			
Cash and cash equivalents	15	60,207,737	63,820,315
Amounts due from financial institutions	17	8,730,198	6,800,474
Reverse repurchase agreements	18	15,198,265	14,217,780
Loans to customers	19	401,238,851	342,101,456
Investment securities	20	14,281,153	10,100,701
Securities pledged under sale and repurchase agreements	20	75,108,831	66,906,555
Property and equipment	21	18,718,483	17,894,294
Intangible assets	22	1,099,796	1,064,637
Other assets	23	9,915,196	4,751,530
Total Assets		**604,498,510**	**527,657,742**
Liabilities and Equity			
Liabilities			
Derivative financial liabilities	16	347,762	119,575
Amounts due to financial institutions	24	195,554,471	168,098,604
Repurchase agreements	18	73,308,675	63,046,386
Amounts due to customers	25	209,352,547	191,353,019
Debt securities issued	26	22,333,207	14,115,869
Subordinated borrowings	27	6,222,127	6,104,831
Current income tax liability		1,495,767	1,134,862
Deferred tax liability	13	1,185,601	1,103,051
Other liabilities	28	5,813,394	5,311,412
Total liabilities		**515,613,551**	**450,387,609**
Equity			
Share capital	29	31,578,015	31,578,015
Emission income		7,762,974	7,762,974
General reserve		4,641,000	4,190,000
Fair value reserve		377,519	(183,297)
Other reserves		6,418,033	6,681,896
Retained earnings		38,107,418	27,240,545
Total equity		**88,884,959**	**77,270,133**
Total Liabilities and Equity		**604,498,510**	**527,657,742**

Artak Arakelyan
Executive Director

Nona Galstyan
Chief Accountant

10.04.2026.

Notes 1-40 are an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2025

AMD ths.	Share Capital	Emission income	General Reserve	Fair Value Reserve for Investment Securities	Property and Equipment Revaluation Reserve	Retained Earnings	Total
Balance As of 01 January 2025	**31,578,015**	**7,762,974**	**4,190,000**	**(183,297)**	**6,681,896**	**27,240,545**	**77,270,133**
Profit for the year	-	-	-	-	-	12,551,655	12,551,655
Other comprehensive income							-
Adjustment of provision for depreciation or sale of property and equipment	-	-	-	-	(263,863)	263,863	-
Net change in fair value of investment securities measured at fair value through other comprehensive income	-	-	-	1,823,715	-	-	560,816
Net amount transferred to profit or loss from the sale of investment securities measured at fair value through other comprehensive income	-	-	-	(1,127,808)	-	-	-
Net changes in the allowance for expected credit losses on investment securities measured at fair value through other comprehensive income	-	-	-	(11,986)	-	-	-
Income tax on the component related to other comprehensive income	-	-	-	(123,105)	-	-	-
Total comprehensive income for the year	**-**	**-**	**-**	**560,816**	**(263,863)**	**12,815,518**	**13,112,471**
Share capital increase	-	-	-	-	-	-	-
Allocation to reserve	-	-	451,000	-	-	(451,000)	-
Dividends to shareholders	-	-	-	-	-	(1,497,645)	(1,497,645)
Total transactions with owners	**-**	**-**	**451,000**	**-**	**-**	**(1,948,645)**	**(1,497,645)**
Balance As of 31 December 2025	**31,578,015**	**7,762,974**	**4,641,000**	**377,519**	**6,418,033**	**38,107,418**	**88,884,959**

Notes 1-40 are an integral part of these financial statements.

AMD ths.	Share Capital	Emission income	General Reserve	Fair Value Reserve for Investment Securities	Property and Equipment Revaluation Reserve	Retained Earnings	Total
Balance As of 01 January 2024	**28,132,240**	**2,265,076**	**3,952,000**	**(379,408)**	**6,896,366**	**19,599,449**	**60,465,723**
Profit for the year	-	-	-	-	-	9,004,312	9,004,312
Other comprehensive income							-
Adjustment of provision for depreciation or sale of property and equipment	-	-	-	-	(214,470)	214,470	-
Net change in fair value of investment securities measured at fair value through other comprehensive income	-	-	-	693,407	-	-	693,407
Net amount transferred to profit or loss from the sale of investment securities measured at fair value through other comprehensive income	-	-	-	(313,157)	-	-	(313,157)
Net changes in the allowance for expected credit losses on investment securities measured at fair value through other comprehensive income	-	-	-	(141,090)	-	-	(141,090)
Income tax on the component related to other comprehensive income	-	-	-	(43,049)	-	-	(43,049)
Total comprehensive income for the year	**-**	**-**	**-**	**196,111**	**(214,470)**	**9,218,782**	**9,200,423**
Share capital increase	3,445,775	5,497,898	-	-	**-**	**-**	**8,943,673**
Allocation to reserve	-	-	238,000	-	-	(238,000)	-
Dividends to shareholders	-	-	-	-	-	(1,339,686)	(1,339,686)
Total transactions with owners	**3,445,775**	**5,497,898**	**238,000**	**-**	**-**	**(1,577,686)**	**7,603,987**
Balance As of 31 December 2024	**31,578,015**	**7,762,974**	**4,190,000**	**(183,297)**	**6,681,896**	**27,240,545**	**77,270,133**

Notes 1-40 are an integral part of these financial statements.

STATEMENT OF CASH FLOWS
For the year ended 31 December 2025

AMD ths.	**2025**	**2024**
Cash Flows from Operating Activity		
Profit before taxes	15,468,294	11,133,456
Adjustments for:		
Depreciation charges	2,344,887	2,203,995
Amortization charges	292,939	259,540
Loss on disposal of property and equipment	(15,592)	2,734
Loss on derecognition of financial assets carried at amortized cost	-	3,631,059
Impairment expense/(reversal of expense) of financial assets	1,515,072	(2,563,699)
Net loss on foreign exchange translation	51,042	89,754
Net (gain)/loss on financial assets and liabilities measured at fair value through profit or loss	62,550	82,267
Net gain on derecognition of financial assets measured at fair value through other comprehensive income	(430,553)	(313,157)
Interest receivable	(559,245)	(89,648)
Interest payable	1,493,678	287,255
Cash flows before changes in operating assets and liabilities	**20,223,072**	**14,723,556**
(Increase)/decrease in operating assets		
Derivative financial assets	-	(943)
Amounts due from financial institutions	(1,809,380)	(1,087,392)
Investment Securities	(11,203,215)	(15,983,222)
Reverse Repurchase Agreements	(1,056,352)	(1,725,119)
Loans and advances to customers	(61,913,586)	(53,666,600)
Other assets	(5,163,666)	(932,676)
Increase/(decrease) in operating liabilities		
Derivative financial liabilities	228,187	-
Repurchase agreements	10,233,409	28,885,216
Liabilities towards customers	17,999,528	8,541,775
Other liabilities	444,884	2,000,828
Net cash flows from operating activities before income tax	**(32,017,119)**	**(19,244,577)**
Income tax paid	(2,590,935)	(2,233,065)
Net cash flows from operating activity	**(34,608,054)**	**(21,477,642)**
Cash Flows from Investing Activity		
Purchase of property and equipment	(2,200,656)	(1,709,865)
Sale of property and equipment	158,540	4,519
Purchase of intangible assets	(328,205)	(269,994)
Net Cash Flows from Investing Activity	**(2,370,321)**	**(1,975,340)**

Notes 1-40 are an integral part of these financial statements.

Cash Flows from Financing Activity		
Share capital increase	-	2,051,107
Liabilities to financial institutions	27,888,414	10,832,547
Inflows from debt securities issued	19,123,763	4,998,075
Outflows from debt securities issued	(10,596,616)	(2,137,728)
Repayment of lease liabilities	(1,137,511)	(1,063,946)
Subordinated loan receipt	-	4,049,609
Subordinated loan repayment	-	(435,006)
Dividends paid	(1,473,128)	(1,295,932)
Net cash from / (used in) financing activities	**33,804,922**	**16,998,726**
Net increase/(decrease) in cash and cash equivalents	**(3,173,453)**	**(6,454,256)**
Cash and cash equivalents at the beginning of the year	63,820,315	71,569,185
Effect of changes in the impairment reserve on cash	11,239	21,126
Effect of foreign currency translation on cash and cash equivalents	(450,364)	(1,315,740)
Cash and cash equivalents at the end of the year	**60,207,737**	**63,820,315**

Notes attached to the Financial Statements

1. Nature of operations

The main activity of "ARMECONOMBANK" OJSC is lending and accepting deposits (implementing transfers and conversion transactions in the Republic of Armenia and abroad), as well as providing foreign exchange and other banking services to legal entities and individuals.

2. General information, assurance of compliance with IFRSs and going concern assumption

"ARMECONOMBANK" OJSC (hereinafter, the Bank) was established in 1991 on the basis of the Armenian Republican Bank of the USSR Housing Bank (1991-1993 "Armpetarbank" CJSC) and in 1995 was reorganized as an open joint-stock company, operating within the framework of the legislation of the Republic of Armenia (hereinafter, the RA). The Bank was registered by the Central Bank of the Republic of Armenia (hereinafter, the CBA) under license number N 1.
On 24 July 2025, the international rating agency Fitch Ratings affirmed Armeconombank's foreign currency long-term issuer default rating (Long-term Issuer Default Rating (IDR)) at "B+" with a stable perspective. At the same time, the bank's Viability Rating (VR) was also affirmed at "b+".

On 12 June 2025, Moody's Investors Service, an international rating agency, affirmed Armeconombank's long-term local currency and foreign currency bank deposit ratings of B1 with a stable perspective, updating the Credit Opinion on the Bank. At the same time, Moody's Investors Service affirmed the Bank's b1 Baseline Credit Assessment (BCA) and adjusted BCA, Not Prime (NP) short-term local and foreign currency bank deposit ratings, the Bank's Ba3/NP long-term and short-term local and foreign currency counterparty risk ratings (CRRs) and Ba3(cr)/NP(cr) long-term and short-term counterparty risk assessments (CR assessments).

The Bank has 51 branches and a head office through which it carries out its activities. The legal address of the Bank is 23/1 Amiryan Street, Yerevan.

As of 31 December 2025, the number of employees of the Bank was 908 (2024: 905).

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as approved by the International Accounting Standards Board (IASB) and Interpretations approved by the International Financial Reporting Interpretations Committee (IFRIC).

The financial statements have been prepared on a going concern basis as management believes that the Bank has adequate resources to continue as a going concern for the foreseeable future. In preparing this assessment, management has considered a wide range of information, including profitability forecasts, financing needs. The assessment also includes consideration of reasonably possible economic downturn scenarios and their potential impacts on the Bank's profitability, capital and liquidity.

Business Environment

After the reporting date but before the approval of the financial statements, the overall consequences of the military escalation in the Middle East that began on 28 February 2026, may have a significant impact on the Bank's operations, in relation to which management is continuously analyzing the impact of the escalation on the results of the organization's activities. As of the date of approval of the financial statements, it is not yet possible to make reliable quantitative estimates.

These financial statements reflect management's assessment of the impact of the Armenian business environment on the Bank's activities. The Bank's management continuously analyzes the economic situation in the current environment. Future economic and political conditions and their impact on the Bank's activities may differ from the Bank's management's current expectations.

2.1 Format of financial statements

The Bank presents its statement of financial position in terms of liquidity, based on the Bank's intention and expected ability to receive/repay the majority of the assets/liabilities of the relevant line item in the financial statements. An analysis of the receipt or repayment of assets/liabilities within 12 months after the reporting date (current) and more than 12 months after the reporting date (non-current) is presented in Note 36.3.

3. New and revised standards effective for annual reporting periods beginning on or after January 1, 2025

New standards adopted as of 1 January 2025

In the current year the Bank has adopted all the new and revised Standards and Interpretations issued by the International Accounting Standards Board (the "IASB") and International Financial Reporting Interpretations Committee (the "IFRIC") of the IASB that are relevant to its operations and effective for annual reporting periods beginning on 1 January 2025.

The nature and the effect of these changes are disclosed below.

New and revised standards and interpretations that are effective for annual periods beginning on or after 1 January 2025.

New standards and amendments described below and applied for the first time in 2023 did not have any material impact on the financial statements of the Bank:

- "Lack of Exchangeability" (Amendment to IAS 21)

The mentioned change did not have a significant impact on the Bank's financial statements.

Standards, amendments and interpretations to existing standards that are not yet effective and have not been adopted early by the Company:

As of the date of approval of these financial statements, certain new standards, amendments and interpretations to existing standards have been issued by the International Accounting Standards Board (IASB) but are not yet effective and have not been early adopted by the Bank.

Management expects that all applicable pronouncements will be incorporated into the Bank's accounting policies from the first period following the effective date of issuance.

Management expects that these amendments will not have a material impact on the Bank's financial statements and are set out below.

- IFRS 7 Financial Instruments: Disclosures - Disclosures,
- IFRS 9 Financial Instruments: Measurement of Trade Receivables,
- IFRS 9 Financial Instruments: Derecognition of Lease Liabilities,
- IFRS 9 Financial Instruments: Derecognition of Financial Liabilities Settled through Electronic Payment System,
- IFRS 9 Financial Instruments: Flows of financial assets with a contingent characteristic as solely payments of principal and interest calculated on the outstanding principal amount,
- IAS 21 The Effects of Changes in Foreign Exchange Rates: Restatement in the Currency of a Hyperinflationary Economy,
- IFRS 18 Presentation and Disclosure in Financial Statements, Amendments to IAS 7 Statement of Cash Flows Accounting Standard,
- IFRS 19 Subsidiaries without Public Accountability: Disclosures.

IFRS 7 Financial Instruments: Disclosures - Disclosures

The amendment to IFRS 7 requires disclosure of other comprehensive income and expenses from fair value remeasurements of equity instruments measured at fair value through other comprehensive income, separately for the portion that relates to assets derecognized in the current period.

It is also required to separately disclose for financial assets and liabilities measured at amortized cost, as well as for financial assets measured through mandatory other comprehensive income, those contractual terms that may change the amounts and timing of contractual cash flows and that are contingent events and are not directly related to changes in the risk and value of the underlying debt agreement.

This amendment to IFRS 7 is effective for annual periods beginning on or after 1 January 2026.

IFRS 9 Financial Instruments: Measurement of Trade Receivables

The amendment to IFRS 9 clarifies that trade receivables shall be measured at the time of recognition at the amount determined by applying the accounting standard IFRS 15 Revenue from Contracts with Customers.

This amendment to IFRS 9 is effective for annual periods beginning on or after 1 January 2026.

IFRS 9 Financial Instruments: Derecognition of Lease Liabilities

The amendment to IFRS 9 clarifies that the requirement to recognize in profit or loss the difference between the carrying amount and the consideration paid upon derecognition of financial liabilities shall also apply to lease liabilities.

This amendment to IFRS 9 is effective for annual periods beginning on or after 1 January 2026.

IFRS 9 Financial Instruments: Derecognition of Financial Liabilities Settled through Electronic Payment System

According to the amendment to IFRS 9, in case of settlement of financial liabilities through an electronic payment system, the liability may be derecognized at the time of payment, if the entity cannot cancel, stop or recall the payment, use those funds and the risk associated with the payment system is insignificant.

This amendment to IFRS 9 is effective for annual periods beginning on or after 1 January 2026.

IFRS 9 Financial Instruments: Flows of financial assets with a contingent characteristic as solely payments of principal and interest calculated on the outstanding principal amount

According to the amendment to IFRS 9, the condition for the flows to be considered solely as payments of principal and interest on the outstanding principal is met for a financial asset if the flows of the asset are contingent (for example, dependent on the volume of greenhouse gases emitted), the contractual flows before and after the revision correspond to the characteristics of the underlying credit agreement, and the revision of the flows is related to the underlying credit risk or the revised flows do not differ significantly from the flows of a similar financial asset in the market.

This amendment to IFRS 9 is effective for annual periods beginning on or after 1 January 2026.

IAS 21 The Effects of Changes in Foreign Exchange Rates: Restatement in the Currency of a Hyperinflationary Economy

According to the revision to IAS 21 if the presentation currency is the currency of a hyperinflationary economy and the functional currency is not, then the financial statements (the results and financial position of the foreign operation), including comparative figures, should be recalculated at the closing exchange rate of the most recent reporting period presented.

This amendment to IAS 21 is effective for annual periods beginning on or after 1 January 2027.

IFRS 18 Presentation and Disclosure in Financial Statements, Amendments to IAS 7 Statement of Cash Flows Accounting Standard

In 2024 IFRS 18 accounting standard on presentation of financial statements was issued and has replaced IAS 1 Presentation of Financial Statements.
The content of the financial statement (previous statement of profit or loss and other comprehensive income) has undergone a significant change, requiring the presentation of income and expenses per operating, investing, financing, income tax and discontinued operations sections.
IFRS 18 does not allow interest and dividend payments to be classified as operating cash flows in the statement of cash flows. Also, when preparing the statement of cash flows using the indirect method, the starting point is profit or loss from operating activities.

IFRS 18 and the respective amendments to IAS 7 are effective for annual periods beginning on or after 1 January 2027.

IFRS 19 Subsidiaries without Public Accountability: Disclosures

IFRS 19 was issued in 2024, allowing non-public entities that are also subsidiaries of an entity that reports financial statements in accordance with IFRS to provide fewer disclosures than required by other IFRSs.
The application of IFRS 19 is not mandatory and an entity that meets the specified conditions may apply it in one reporting period and refuse to apply it in another period.

IFRS 19 is effective for annual periods beginning on or after 1 January 2027.

4. Significant Accounting Policies

The following significant accounting policies have been applied in the preparation of the financial statements. The accounting policies have been applied consistently.

4.1 Basis of Preperation

The financial statements have been prepared under the fair value convention for financial instruments measured at fair value through profit or loss and at fair value through other comprehensive income. Other financial assets and liabilities are carried at amortized cost, and non-financial assets and liabilities are carried at historical cost, except for land and buildings, which are carried at revalued amounts.

4.2 Climate-related issues

The Bank and its clients may face significant climate-related risks in the future. These risks include the threat of financial loss and adverse non-financial impacts, including political, economic and environmental responses to climate change. The main sources of climate risk have been identified as physical and transition risks.
Physical risks arise from extreme weather events, such as storms, floods and wildfires, as well as long-term changes in climate conditions, such as persistently high temperatures, heat waves and droughts.
Transition risks may arise from the transition to a net-zero emissions economy, such as changes in laws and regulations, litigation related to the failure to offset or adapt, and changes in the supply and demand for certain goods, products and services due to changes in consumer behaviour and investor demand.
These risks are receiving increasing regulatory, political and public scrutiny both domestically and internationally. While some physical risks may be predictable, there are significant uncertainties about the extent and timing of their manifestation. In terms of transition risks, uncertainty remains regarding upcoming regulatory and political changes, consumer demand, and changes in supply chains.

4.3 Foreign currency

Functional and presentation currency

The national currency of the Republic of Armenia is the Armenian dram (RA dram), which is the functional currency of the Bank, as it best reflects the economic substance of the underlying events and transactions of the Bank.

These financial statements are presented in Armenian drams (unless otherwise stated) because, in the opinion of management, this currency is most relevant to the users of the Bank's financial statements. All financial information presented in Armenian drams has been rounded to the nearest thousand.

Foreign currency transactions

Transactions in foreign currencies are retranslated into the functional currency according to the exchange rate set as at the transaction date. Gains and losses resulting from the translation of assets and liabilities held for trading, denominated in foreign currencies, are recognised in the statement of profit or loss and other comprehensive income in net trading income, while gains less losses resulting from translation of non-trading assets are recognized in the statement of income in other income or other expense. Monetary assets and liabilities denominated in foreign currencies are retranslated into the functional currency at the rate of exchange ruling at the balance sheet date.

Changes in the fair value of monetary securities denominated in foreign currency, classified as investment securities at fair value through other comprehensive income, are analysed between translation differences resulting from changes in the amortised cost of the security and other changes in the carrying amount of the security. Translation differences related to changes in the amortised cost are recognised in profit or loss, and other changes in the carrying amount are recognised in equity.

Non-monetary items in a foreign currency that are measured at historical cost are translated using the exchange rates as at the transaction date. Non-monetary items in a foreign currency measured at fair value are translated using the exchange rates as at the date when the fair value has been determined. Translation differences on non-monetary items, such as equities held at fair value through profit or loss, are reported as part of gain or loss from fair value changes. Translation differences on non-monetary items, such as equity investments, for which an election has been made to present subsequent changes in fair value in OCI, are included in the fair value reserve in equity

Differences between the contractual exchange rate of a certain transaction and the prevailing average exchange rate on the date of the transaction are recorded in the line item Net income from foreign currency purchases and sales in the statement of profit or loss and other comprehensive income.

The exchange rates used by the Bank in preparation of the financial statements are as follows:

	31 December 2025	31 December 2024
AMD/1 US Dollar	381.36	396.56
AMD/1 EUR	449.01	413.89
AMD/1 RUB	4.87	3.71

4.4 Recognition of income and expenses

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Bank and the revenue can be reliably measured. Expense is recognized to the extent that it is probable that the economic benefits will flow from the Bank and the expense can be reliably measured. The following specific criteria must also be met before revenue is recognized.

The effective interest rate method

Interest income and expense are recognised in profit or loss using the effective interest rate method. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- the gross carrying amount of the financial asset or
- the amortised cost of the financial liability.

When calculating the effective interest rate for financial instruments, except for purchased or originated credit-impaired assets, the Bank estimates future cash flows, taking into account all contractual terms of the financial instrument, but without taking into account expected credit losses. For purchased or originated credit-impaired financial assets, the effective interest rate adjusted for credit risk is calculated by applying future cash flows, including expected credit losses.

The calculation of the effective interest rate includes transaction costs and all amounts paid or received that are an integral part of the effective interest rate. Transaction costs include those incremental costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

Amortized cost and gross carrying amount

The amortized cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured at initial recognition, net of principal repayments, plus or minus any accumulated amortization on the difference between the principal and the principal amount calculated using the effective interest rate method, and, for financial assets, adjusted for the allowance for expected credit losses. The gross carrying amount of a financial asset measured at amortized cost is the amortized cost of the financial asset before adjustment for the allowance for expected credit losses.

Calculation of interest income and expense

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability.

However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the net amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

For financial assets that were credit-impaired on initial recognition, interest income is calculated by applying the credit-adjusted effective interest rate to the amortised cost of the asset. The calculation of interest income does not revert to a gross basis, even if the credit risk of the asset improves.

For information on impairment of financial assets, see Note 4.6(f).

Other interest income and expense

In calculating other interest income and expense, the nominal interest rate is applied to the gross value of the asset or the outstanding balance of the liability on a straight-line basis.

Commissions and other income and expense

Commission and other income and expenses that are an integral part of the effective interest rate of a financial asset or financial liability are included in the calculation of the effective interest rate.

Commission and other income, including account servicing fees, investment management fees, sales commissions, underwriting commissions and loan syndication commissions, are recognized when the relevant service is rendered. If a loan commitment is not expected to result in the disbursement of a loan, the related loan commitment fee is recognized on a straight-line basis over the term of the commitment.

A contract with a customer that results in a financial instrument being recognized in the Bank's financial statements may be partially within the scope of IFRS 9 and partially within the scope of IFRS 15. In such cases, the Bank first applies IFRS 9 to identify and measure the portion of the contract that is within the scope of IFRS 9 and then applies IFRS 15 to the remainder of the contract.

Commission and other expenses primarily relate to transaction fees and service charges that are expensed when the service is received.

Net gain/(loss) on financial assets and financial liabilities measured at fair value

Net gain/(loss) on financial assets and financial liabilities measured at fair value includes realized and unrealized gains and losses from changes in the fair value of financial assets and liabilities held for trading.

Net foreign exchange income

Net foreign exchange income includes all foreign exchange gains and losses as well as net gains or losses on foreign exchange transactions and is recognized in profit or loss when the related service has been rendered.

4.5 Income tax

Income tax on the profit for the reporting year is comprised of current and deferred taxes. Income tax is recognized in profit or loss, except for the taxes related to transactions the results of which are recognized in other comprehensive income or directly in equity, in which case those taxes are respectively recognized in other comprehensive income or in equity as well.

Current tax

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the balance sheet date, and any adjustment to taxes paid in previous years. In the case when financial statements are authorized for issue before appropriate tax returns are submitted, taxable profits or losses are based on estimates. Tax authorities might have more stringent position in interpreting tax legislation and in reviewing tax calculations. As a result, tax authorities might claim additional taxes for those transactions, for which they did not claim previously. Thus, significant additional taxes, fines and penalties may arise. Tax review can include 3 calendar years immediately preceding the year of a review. In certain circumstances tax review can include even more periods.

Deferred tax

Deferred tax is calculated using the balance sheet liability method, which takes into account all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes, except where the deferred income tax arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit.

A deferred tax asset is recorded only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilized. Deferred tax assets and liabilities are measured at tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates that have been enacted or substantively enacted at the balance sheet date.

Deferred tax assets and liabilities also arise for temporary differences arising from investments in subsidiaries, associates or joint ventures, except when the timing of the reversal of the temporary differences is controlled by the parent and it is probable that they will not be realized in the foreseeable future.

There are also other taxes payable by the banks operating in the Republic of Armenia. These taxes are included as a component of other expenses in the “Other expenses” item of statement of profit or loss and other comprehensive income.

4.6 Financial instruments

a) Recognition and initial measurement

The Bank initially recognises loans and borrowings, deposits and debt securities issued on the date on which they have originated. All other financial instruments (including regular-way purchases and sales of financial assets) are recognised on the transaction date, which is the date on which the Bank becomes a party to the contractual provisions of the instrument.

A financial asset or financial liability is measured initially at fair value plus or minus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue.

b) Classification

Financial assets

On initial recognition, financial assets are classified as follows:

- financial assets measured at amortized value;
- financial assets measured at fair value through other comprehensive income (FVOCI);
- financial assets measured at fair value through profit or loss (FVTPL).

A financial asset is measured at amortized cost if it meets both of the following conditions simultaneously and is not designated as at FVTPL:

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that, in economic terms, are solely payments of principal and interest on the principal amount outstanding.

A financial asset is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held under a business model, which aims at collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise to cash flows on specified dates, which are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Bank may irrevocably elect to present subsequent changes in fair value in OCI. This election is made on an investment-by-investment basis.

All other financial assets are classified as measured at FVTPL.

In addition, on initial recognition, the Bank may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL, if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Business model assessment

The Bank makes an assessment of the objective of a business model in which an asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management.
The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. In particular, whether management’s strategy focuses on earning contractual interest revenue, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Bank's management;

- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales in prior periods, the reasons for such sales and its expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Bank's stated objective for managing the financial assets is achieved and how cash flows are realised.

Assessment whether contractual cash flows are solely payments of principal and interest (The SPPI test)

For the purposes of this assessment, "principal" is defined as the fair value of the financial asset on initial recognition. "Interest" is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Bank considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition.

In making the assessment, the Bank considers:

- contingent events that would change the amount and timing of cash flows;
- leverage features;
- prepayment and extension terms;
- terms that limit the Bank's claim to cash flows from specified assets (e.g. non-recourse asset arrangements); and
- features that modify consideration of the time value of money – e.g. periodical reset of interest rates.

Reclassification

Financial assets are not reclassified subsequent to their initial recognition, except in the period after the Bank changes its business model for managing financial assets. The reclassification is made on the first day of the reporting period following the change in business model. Financial liabilities are never reclassified.

Financial liabilities

The Bank classifies its financial liabilities as measured at amortised cost or FVTPL.

c) Derecognition

Financial assets

The Bank derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire (see also Note 4.6(f)), or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Bank neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognised) and the sum of (i) the consideration received (including any new asset obtained less any new liability assumed) and (ii) any cumulative gain or loss that had been recognised in OCI is recognised in profit or loss.

Any cumulative gain/loss recognised in OCI in respect of equity investment securities designated as at FVOCI is not recognised in profit or loss on derecognition of such securities. Any interest in transferred financial assets that qualify for derecognition that is created or retained by the Bank is recognised as a separate asset or liability.

The Bank enters into transactions whereby it transfers assets recognised on its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets or a portion of them. In such cases, the transferred assets are not derecognised. Examples of such transactions are securities lending and sale-and-repurchase transactions.

When assets are sold to a third party with a concurrent total rate of return swap on the transferred assets, the transaction is accounted for as a secured financing transaction similar to sale and repurchase transactions, because the Bank retains all or substantially all of the risks and rewards of ownership of such assets.

In transactions in which the Bank neither retains nor transfers substantially all of the risks and rewards of ownership of a financial asset and it retains control over the asset, the Bank continues to recognise the asset to the extent of its continuing involvement, determined by the extent to which it is exposed to changes in the value of the transferred asset.

In certain transactions, the Bank retains the obligation to service the transferred financial asset for a fee. The transferred asset is derecognised if it meets the derecognition criteria. An asset or liability is recognised for the servicing contract if the servicing fee is more than adequate (asset) or is less than adequate (liability) for performing the servicing.

Financial liabilities

The Bank derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

d) Modifications of financial assets and financial liabilities

Financial assets

If the terms of a financial asset are modified, the Bank evaluates whether the cash flows of the modified asset are substantially different. If the cash flows are substantially different, then the contractual rights to cash flows from the original financial asset are deemed to have expired. In this case, the original financial asset is derecognised (see Note 4.6(c)) and a new financial asset is recognised at fair value, plus eligible transaction costs.

If the cash flows of the modified asset carried at amortised cost are not substantially different, then the modification does not result in derecognition of the financial asset. In this case, the Bank recalculates the gross carrying amount of the financial asset and recognises the amount arising from adjusting the gross carrying amount as a modification gain or loss in profit or loss. If such a modification is carried out because of financial difficulties of the borrower (see Note 4.6(f)), then the gain or loss is presented together with impairment losses. In other cases, it is presented as interest income.

Financial liabilities

The Bank derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognised in profit or loss.

e) Offsetting

Financial assets and liabilities, and income and expenses, are offset and the net amount reported in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.
Income and expenses are presented on a net basis only when permitted under IFRS, or for gains and losses arising from a group of similar transactions, such as in the Bank's trading activity.

q) Impairment

The Bank assesses on a forward-looking basis the expected credit losses ("ECL") on the following financial instruments that are not measured at FVTPL:

- financial assets measured at amortised cost
- financial assets measured at fair value through other comprehensive income
- lease receivables
- loan commitments to provide a loan
- financial guarantee contracts

No impairment loss is recognised on equity financial instruments.

The Bank measures loss allowances at an amount equal to lifetime ECL, except for the following, for which they are measured as 12-month ECL:

- debt investment securities that are determined to have low credit risk at the reporting date; and
- other financial instruments on which credit risk has not increased significantly since their initial recognition.

12-month ECL (12mECLs) are the portion of ECL that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

Lifetime expected credit losses (LTECLs) are the expected credit losses that result from all possible default events over the expected life of a financial instrument.

Measurement of ECL

Both LTECLs and 12mECLs are calculated on either an individual basis or a collective basis, depending on the nature of the underlying portfolio of financial instruments.

The Bank has established a policy to perform an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument. This is further explained in Note 36.1.2.

Based on the above process, The Bank groups its financial instruments into Stage 1, Stage 2, Stage 3 and POCI, as described below:

- Stage 1: When loans are first recognised, the Bank recognises an allowance based on 12mECLs. Stage 1 loans also include facilities where the credit risk has improved and the loan has been reclassified from Stage 2.
- Stage 2: When a loan has shown a significant increase in credit risk since origination, The Bank records an allowance for the LTECLs.
- Stage 3: Loans considered credit-impaired. The Bank records an allowance for the LTECLs.
- POCI: Purchased or originated credit impaired (POCI) assets are financial assets that are credit impaired on initial recognition. POCI assets are recorded at fair value at original recognition and interest income is subsequently recognised based on a credit-adjusted EIR. ECLs are only recognised or released to the extent that there is a subsequent change in the expected credit losses.

Expected credit losses are the product of the Probability of Default (PD), Exposure at Default (EAD), and discounted Loss Given Default (LGD), defined as follows:

PD (the Probability of Default) is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognised and is still in the portfolio.

EAD (the Exposure at Default) is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise, expected drawdowns on committed facilities, and accrued interest from missed payments.

LGD (the Loss Given Default) is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realisation of any collateral. It is usually expressed as a percentage of the EAD.

The PD, the EAD and the LGD are further explained in Note 36.1.2.

Restructured financial assets

If the terms of a financial asset are renegotiated or modified or an existing financial asset is replaced with a new one due to financial difficulties of the borrower, then an assessment is made of whether the financial asset should be derecognised (see Note 4.6(c)) and ECL are measured as follows:

- If the expected restructuring will not result in derecognition of the existing asset, then the expected cash flows arising from the modified financial asset are included in calculating the cash shortfalls from the existing asset;
- If the expected restructuring will result in derecognition of the existing asset, then the expected fair value of the new asset is treated as the final cash flow from the existing financial asset at the time of its derecognition. This amount is included in calculating the cash shortfalls from the existing financial asset that are discounted from the expected date of derecognition to the reporting date using the original effective interest rate of the existing financial asset.

Credit-impaired financial assets

At each reporting date, the Bank assesses whether financial assets carried at amortised cost and debt financial assets carried at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or past due event;
- the restructuring of a loan or advance by the Bank on terms that the Bank would not consider otherwise;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

A loan that has been renegotiated due to a deterioration in the borrower's condition is usually considered to be credit-impaired unless there is evidence that the risk of not receiving contractual cash flows has reduced significantly and there are no other indicators of impairment.

In making an assessment of whether an investment in sovereign debt is credit-impaired, the Bank considers the following factors:

- the market's assessment of creditworthiness as reflected in the bond yields;
- the rating agencies' assessments of creditworthiness.
- the country's ability to access the capital markets for new debt issuance.

Presentation of allowances for ECL in the statement of financial position

Allowances for ECL are presented in the statement of financial position as follows:

- financial assets measured at amortised cost: as a deduction from the gross carrying amount of the assets;
- debt instruments measured at FVOCI: no loss allowance is recognised in the assets part of the statement of financial position because the carrying amount of these assets is their fair value. However, the loss allowance is disclosed and is recognised in the fair value reserve;
- loan commitments and financial guarantee contracts: generally, as a provision in liabilities in the statement of financial position;

When estimating LTECLs for undrawn loan commitments, the Bank estimates the expected portion of the loan commitment that will be drawn down over its expected life. Expected credit losses are subsequently based on the present value of the expected shortfall in cash flows if the credit were drawn down. The expected cash shortfalls are discounted at an approximation to the expected EIR on the loan.

Where a financial instrument includes both a drawn and an undrawn component, and the Bank cannot identify the ECL on the loan commitment component separately from those on the drawn component: The Bank presents a combined loss allowance for both components. The combined amount is presented as a deduction from the gross carrying amount of the drawn component. Any excess of the loss allowance over the gross amount of the drawn component is presented as a provision.

The Bank's liability under each guarantee is measured at the higher of the amount initially recognised less cumulative amortisation recognised in the income statement, and the ECL allowance. For this purpose, the Bank estimates expected credit losses based on the present value of expected payments to compensate the creditor for credit losses incurred. The shortfalls are discounted by the risk-adjusted interest rate relevant to the exposure. The ECLs related to financial guarantee contracts are recognised within provisions.

Write-offs

Loans and debt securities are written off (either partially or in full) when there is no realistic prospect of recovery. This is generally the case when the Bank determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. Both the total carrying amount of the asset and the provision for impairment (if any) are written off directly. The write-off is a partial or complete termination of recognition. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Bank's procedures for recovery of amounts due.

4.6.1 Cash and cash equivalents

Cash and cash equivalents consist of cash, funds held with the CBA (excluding amounts deposited for settlements carried out through the ArCa payment system) and accounts with other banks, including highly liquid investments with a maturity of 90 days from the date of acquisition, which can be readily converted into cash in a short period of time and are not subject to a significant risk of changes in value.
Cash and cash equivalents are carried at amortized cost.

4.6.2 Amounts due from financial institutions

In the normal course of business, the Bank maintains advances or deposits for various periods of time with other banks. Loans and advances to banks with a fixed maturity term are subsequently measured at amortized cost using the effective interest rate method. Those that do not have fixed maturities are carried at amortized cost based on maturities estimated by management. Amounts due from financial institutions are carried net of any allowance for impairment losses.

4.6.3 Trading Assets and liabilities

Trading assets and liabilities are those assets and liabilities that the Bank acquires or incurs principally for the purpose of selling or repurchasing in the near term, or holds as part of a portfolio that is managed together for short-term profit or position taking. Trading assets and liabilities are initially recognised and subsequently measured at fair value in the statement of financial position, with transaction costs recognised in profit or loss. All changes in fair value are recognised as part of net trading income in profit or loss.

In the normal course of business, the Bank enters into various derivative financial instruments including futures, forwards, swaps and options in the foreign exchange and capital markets. Such financial instruments are held for trading and are initially recognised in accordance with the policy for initial recognition of financial instruments and are subsequently measured at fair value. The fair values are estimated based on quoted market prices or pricing models that take into account the current market and contractual prices of the underlying instruments and other factors. Derivatives are carried as assets when their fair value is positive and as liabilities when it is negative.

4.6.4 Loans and advances

Loans and advances are financial assets with fixed or determinable payments, which arise when the Bank provides money directly to a debtor with no intention of trading the receivable.

Loans granted by the Bank with fixed maturities are initially recognized at fair value plus related transaction costs. Where the fair value of consideration given does not equal the fair value of the loan, for example where the loan is issued at lower than market rates, the difference between the fair value of consideration given and the fair value of the loan is recognized as a loss on initial recognition of the loan and included in the statement of profit or loss and other comprehensive income as losses on origination of assets. Subsequently, the loans and advances are measured at amortized cost, using the effective interest rate method. Loans and advances that do not have fixed maturities are accounted for under the effective interest rate method based on expected maturity. Loans and advances to customers are carried net of any allowance for impairment losses.

4.6.5 Investment securities

The 'investment securities' caption in the statement of financial position includes:

- debt investment securities measured at amortised cost; these are initially measured at fair value plus incremental direct transaction costs, and subsequently at their amortised cost using the effective interest rate method;
- debt and equity investment securities mandatorily measured at FVTPL or designated as at FVTPL; and changes in fair value are recognized immediately in profit or loss;
- debt securities measured at FVOCI; and
- equity investment securities designated as at FVOCI.

For debt securities measured at FVOCI, gains and losses are recognised in OCI, except for the following, which are recognised in profit or loss in the same manner as for financial assets measured at amortised cost:
- interest revenue using the effective interest rate method;
- ECL and reversals; and
- foreign exchange gains and losses.

When debt security measured at FVOCI is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss.

The Bank elects to present in OCI changes in the fair value of certain investments in equity instruments that are not held for trading. The election is made on an instrument-by-instrument basis on initial recognition and is irrevocable.

Gains and losses on such equity instruments are never reclassified to profit or loss and no impairment is recognised in profit or loss. Dividends are recognised in profit or loss unless they clearly represent a recovery of part of the cost of the investment, in which case they are recognised in OCI. Cumulative gains and losses recognised in OCI are transferred to retained earnings on disposal of an investment.

4.6.6 Repurchase and reverse repurchase agreements

Sale and repurchase agreements ("repos") are treated as secured financing transactions. Securities sold under sale and repurchase agreements are retained in the statement of financial position and, in case the transferee has the right by contract or custom to sell or repledge them, reclassified as securities pledged under sale and repurchase agreements and faced as a separate balance sheet item. The corresponding liability is presented within amounts due to financial institutions or customers.

Securities purchased under agreements to resell ("reverse repo") are recorded as amounts due from financial institutions or loans and advances to customers as appropriate and are not recognized in the statement of financial position. Income or expense arising from the purchase and sale of securities represents interest income or expense, which is accrued over the terms of the repurchase agreements using the effective interest rate method..

If assets purchased under an agreement to resell are sold to third parties, the obligation to return the securities is recorded as a trading liability and measured at fair value.

4.6.7 Leases

For any new contracts entered into, the Bank considers whether a contract is, or contains a lease. A lease is defined as "a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration". To apply this definition, the Bank assesses whether the contract meets the following three key evaluations:

- the contract contains an identified asset, is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Bank;
- the Bank has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract;
- the Bank has the right to direct the use of the identified asset throughout the period of use. The Bank assesses whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

Measurement and recognition of leases

Bank as a lessee

At lease commencement date, the Bank recognises a right-of-use asset and a lease liability in the statement of financial position. The right-of-use asset is measured at cost, which is formed through the initial measurement of the lease liability, any initial direct costs incurred by the Bank, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received).

The Bank depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Bank also assesses the right-of-use asset for impairment when such indicators exist. Leasehold improvements are capitalized and depreciated over the shorter of the lease term and their useful lives on a straight-line basis.

At the commencement date, the Bank measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the Bank's incremental borrowing rate.

Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed payments), variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments.

When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

The Bank has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in profit or loss on a straight-line basis over the lease term. The Bank determines its incremental borrowing rate by analysing its borrowings from various external sources and makes certain adjustments to reflect the terms of the lease and type of asset leased. On the statement of financial position, right-of-use assets have been included in property, plant and equipment and lease liabilities have been included in the other liabilities.

4.8 Precious metals

Gold and other precious metals are recorded at the CBA prices which approximate fair values and are quoted according to London Bullion Market rates. Precious metals are included in the statement of financial position under other assets item. Changes in the bid prices are recorded in net gain/loss on operations with precious metals in other income/expense.

4.9 Property and equipment

Property and equipment are recorded at historical cost less accumulated depreciation. The Bank's buildings are stated at fair value less accumulated depreciation. If the recoverable value of property and equipment is lower than its carrying amount, due to circumstances not considered to be temporary, the respective asset is written down to its recoverable value. Land is carried at historical cost. It has unlimited useful life and thus is not depreciated.
Depreciation is calculated using the straight-line method based on the estimated useful life of the asset. The following depreciation rates have been applied:

	Useful life (years)	**Rate (%)**
Buildings	50	2
Computers and communication means	3-5	33.3-20
Vehicles	8	12.5
Network devices	5	20
Mobile phones	1	100
Other Property and Equipment	8	12.5

Leasehold improvements are capitalized and depreciated over the shorter of the lease term and their useful lives on a straight-line basis. Assets under the course of construction are accounted for based on actual expenditures less any impairment losses. Upon completion of construction assets are transferred to property plant and equipment and accounted for at their carrying amounts. Assets under the course of construction are not depreciated until they are ready for use.

Repairs and maintenance are charged to the statement of profit or loss and other comprehensive income during the period in which they are incurred. The cost of major renovations is included in the carrying amount of the asset when it is probable that due to them, the future economic benefits, more than expected from the initial assessment of the current asset normative indicators, will flow to the Bank. Major renovations are depreciated over the remaining useful life of the related asset.

Gains and losses on disposals are determined by comparing proceeds with carrying amount and are included in operating profit. Buildings are revalued on a regular basis. The frequency of revaluation depends on changes in fair value of assets. In case of significant divergences between fair value of revalued assets and their carrying amounts further revaluation is conducted. Revaluation is conducted for the whole class of property, plant and equipment.

Any revaluation surplus is credited to the OCI and presented in revaluation reserve for property and equipment in equity section of the statement of financial position, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in the profit or loss, in which case the increase is recognised in the statement of profit or loss. A revaluation deficit is recognised in the statement of profit or loss, except that a deficit directly offsetting a previous surplus on the same asset.

As property amd equipment are used, the difference between the depreciation calculated based on the revalued carrying amount of the asset and the depreciation calculated based on the asset's original cost is transferred to retained earnings.In case of sale or write-off of fixed assets the balance relating to revaluation reserve of those fixed assets is totally transferred to retained earnings.

As property amd equipment, the difference between the depreciation calculated based on the revalued carrying amount of the asset and the depreciation calculated based on the asset's original cost is transferred to retained earnings.
The depreciation methods and periods for property amd equipment are reviewed at the end of each financial year.

4.10 Intangible assets

Intangible assets include computer software, licences and other intangible assets.

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised on a straight-line basis over the useful economic lives (within 1-10 years) and are assessed for impairment whenever there is an indication that the intangible asset may be impaired. Amortisation periods and methods for intangible assets with finite useful lives are reviewed at least at each financial year-end.

Costs associated with maintaining computer software programmes are recorded as an expense as incurred.

4.11 Repossessed assets

The Bank's policy is to determine whether a repossessed asset can be best used for its internal operations or should be sold. Assets determined to be useful for the internal operations are transferred to their relevant asset category at the lower of their repossessed value or the carrying value of the original secured asset. Assets for which selling is determined to be a better option are transferred to assets held for sale at their fair value (if financial assets) and fair value less cost to sell for non-financial assets at the repossession date, in line with the Bank's policy.

In certain circumstances, assets are repossessed following the foreclosure on loans that are in default. Repossessed assets are measured at the lower of cost and fair value less costs to sell.

4.12 Impairment of non-financial assets

At each reporting date, non-financial assets, other than deferred taxes, are assessed for impairment. The recoverable amount of non-financial assets is determined as the higher of their fair value less costs to sell and their value in use.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. The recoverable amount of assets that do not generate cash inflows that are largely independent of the cash inflows from other assets is determined for the cash-generating unit to which the asset belongs. An impairment loss is recognized when the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount.

Impairment losses on non-financial assets are recognised in profit or loss and are reversed only to the extent that there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the carrying amount of the asset does not exceed the carrying amount that would have been determined (net of any depreciation or amortisation) if no impairment loss had been recognised.

4.13 Borrowings

Borrowings, which include amounts due to the CBA and Government, amounts due to RA financial institutions and international financial institutions, debt securities issued, amounts due to customers are initially recognised at the fair value of the consideration received less directly attributable transaction costs. After initial recognition, borrowings are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in the statement of profit or loss and other comprehensive income when the liabilities are derecognised as well as through the amortisation process.

4.14 Financial guarantees and loan commitments

Financial guarantees contracts are contracts that require the Bank to make specified payments to reimburse the holder for a loss that it incurs because a specified debtor fails to make payment when it is due in accordance with the terms of a debt instrument.
Loan commitments are firm commitments to provide credit under pre-specified terms and conditions.

Financial guarantees issued or commitments to provide a loan at a below-market interest rate are initially measured at fair value. Subsequently, these instruments are measured at the higher of the amount of the loss allowance determined in accordance with IFRS 9 and the amount initially recognized and, where applicable, the accumulated gain recognized in accordance with IFRS 15.

The Bank's issued non-financial guarantee contracts meet the definition of a loan commitment and IFRS 9 applies. Liabilities arising from financial guarantees and loan commitments are included in provisions.

4.15 Provisions

Provisions are recognised when the Bank has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount of obligation can be made. Provisions also include liabilities arising from financial guarantees as provided in Note 4.14.

4.16 Equity

Share capital

Ordinary shares and non-redeemable preferred shares are classified as equity. Costs directly attributable to the issue of new shares are shown as a deduction from the proceeds in equity. Any excess of the fair value of consideration received over the par value of shares issued is recognised as additional paid-in capital.

Emission revenue

Emission revenue includes any premium received on the issue of shares. Any transaction costs associated with the issue of shares are deducted from the Emission revenue.

Retained earnings

Retained earnings include accumulated profit of current and previous periods.

Dividends

Dividends on ordinary shares at the balance sheet date are deducted from capital and recognised as a liability only when they are declared on or before the balance sheet date. Dividends declared or declared after the balance sheet date and up to the date of issue of the financial statements are disclosed.

Dividends on preferred shares are deducted from capital and have a guaranteed annual dividend of not less than 14% of their nominal value per share.

Property revaluation surplus

The property revaluation surplus is used to record increases in the fair value of property and and decreases to the extent that such decrease relates to an increase on the same asset previously recognised in equity.

Fair value surplus for investment securities measured at fair value through other comprehensive income

This surplus reflects changes in the fair value of investment securities measured at fair value through other comprehensive income and accumulated expected credit losses.

4.17 Segment presentation

According to IFRS 8, the Bank's operations are not separated into operating segments and are a complete business unit. The main decision-making body of the Bank makes decisions on the basis of combined results, and no operating segment is excluded from the overall operations. The Bank's assets are mainly concentrated in the territory of the Republic of Armenia. The Bank's income is derived from Armenian sources.

4.18 Significant judgments made by management and estimation uncertainty in application of accounting policies.

The preparation of financial statements in accordance with IFRS requires the Bank's management to make critical accounting estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, as well as the reported income and expenses for the period. The estimates and related assumptions, based on historical experience and other factors that are reasonable in the circumstances, provide a basis for making judgments about the carrying amounts of assets and liabilities for which no other reliable sources of information are available. In any event, although the estimates are based on management's best understanding of current events, actual results may ultimately differ from the estimates made.

Estimates and underlying assumptions are continually reviewed. Revisions to accounting estimates are recognized in the period in which they are revised and in future periods in which they are likely to be affected.

Critical judgments made in applying accounting policies

The judgments made by management in applying accounting policies that have the most significant effect on the financial statements are set out below.

Classification of financial assets

The Bank assesses the business model within which the assets are held and whether the contractual terms of the financial asset are solely payments of principal and interest on the principal amount outstanding (see Note 4.6(b)).

Setting criteria for calculating expected credit losses

The Bank establishes criteria for determining whether there has been a significant increase in the credit risk of a financial asset since initial recognition, for determining the methodology for incorporating forward-looking information in the measurement of expected credit losses (ECL), and for selecting and approving the models used to measure expected credit losses.

Assumptions and estimation uncertainty

Measurement of fair values

Management uses valuation techniques to determine the fair value of financial instruments (where active market quotes are not available) and non-financial assets. This involves developing estimates and assumptions consistent with how market participants would price the instrument. Management bases its assumptions on observable data as far as possible but this is not always available. In that case management uses the best information available. Estimated fair values may vary from the actual prices that would be achieved in an arm’s length transaction at the reporting date (see Note 33).

Useful Life of property and equipment

Useful life evaluation of property and equipment is the result of judgement, based on the experience with similar assets. Future economic benefits are embodied in assets and mainly consumed along with usage. Management evaluates the remaining useful life according to the asset’s current technical condition and estimated period, during which the Bank expects to receive benefits. The following main factors are considered for evaluation of remaining useful life: expectable usage of assets, depending on the operational factors and maintenance program, that is depreciation and technical and commercial depreciation arising from the changes in the market conditions.

Lease extension options

When the Bank has an option to extend a lease, management uses its judgment to determine whether the option is reasonable to exercise. Management considers all facts and circumstances, including its past experience and any costs incurred in replacing the asset if the option to extend is not exercised, in determining the lease term

Impairment of financial assets

The Bank assesses whether credit risk on the financial asset has increased significantly since initial recognition and incorporation of forward-looking information in the measurement of ECL (see Note 36.1.2), as well as the key assumptions used in estimating recoverable cash flows (see Note 4.6(f))

Tax legislation

Armenian tax legislation is subject to varying interpretations. See Note 31.

5. Net interest income

	2025	2024
Interest income calculated using the effective interest rate method		
Loans and advances to customers	45,313,993	38,615,741
Amounts due from financial institutions	314,585	375,679
Reverse repurchase agreements	1,057,268	1,121,583
Investment securities measured at FVOCI	1,299,574	1,281,924
Investment securities measured at amortized cost	6,090,095	4,761,301
Other interest income	53,727	67,571
Total interest income	**54,129,242**	**46,223,799**
Current accounts and deposits from customers	10,888,617	9,902,421
Deposits and banks balances	9,385,398	8,342,841
Repurchase agreements	4,946,948	4,124,927
Subordinated borrowings	525,751	699,945
Loans from the CBA and the RA Government	2,686,962	2,659,916
Loans from international financial institutions	1,345,666	793,665
Debt securities issued	1,546,808	837,289
Lease liabilities	178,477	179,048
Total interest expense	**31,504,627**	**27,540,052**

6. Fee and Commission Income and Expense

	2025	2024
Settlement transactions	4,248,900	2,919,819
Cash operations	322,658	339,916
Plastic cards operations	5,637,820	4,133,182
Guarantees and letters of credit	323,495	310,427
Other commissions	2,576	2,126
Total fee and commission income	**10,535,449**	**7,705,470**
Plastic cards operations	2,928,248	1,913,837
Borrowing costs that are not considered part of the effective interest rate	110,098	99,910
Settlement transactions	440,768	292,632
Guarantees and letters of credit	46,414	25,169
Cash operations	196,000	120,004
Correspondent account service	9,619	6,437
Other commissions	21,601	14,712
Total fee and commission expense	**3,752,748**	**2,472,701**

7. Net income from foreign exchange operations

	2025	2024
Net profit from foreign exchange purchase and sale	3,691,154	2,576,958
Net loss from foreign exchange translation	(51,042)	(89,754)
Total net income from foreign exchange operations	**3,640,112**	**2,487,204**

8. Other Income

	2025	2024
Fines and penalties received	567,174	387,086
Income from operations with precious metals	316,957	184,222
Other income	565,670	208,034
Total other income	**1,449,801**	**779,342**

9. Impairment charge / (reversal)

					2025
	Notes	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Cash and cash equivalents	15	1,296	-	-	**1,296**
Amounts due from financial institutions	17	(706)	-	-	**(706)**
Reverse repurchase agreements	18	(12,858)	-	-	**(12,858)**
Loans and advances to customers	19	557,383	(383,887)	1,374,279	**1,547,775**
Investment securities	20	(65,037)	-	-	**(65,037)**
Other assets	23	12,304	-	-	**12,304**
Financial guarantees and loan commitment	30	32,298	-	-	**32,298**
Total impairment charge / (reversal)		**524,680**	**(383,887)**	**1,374,279**	**1,515,072**

					2024
	Notes	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Cash and cash equivalents	15	(21,126)	-	-	(21,126)
Amounts due from financial institutions	17	(10,850)	-	-	(10,850)
Reverse repurchase agreements	18	(66,193)	-	-	(66,193)
Loans and advances to customers	19	(2,768,128)	277,549	274,296	(2,216,283)
Investment securities	20	(305,668)	-	-	(305,668)
Other assets	23	8,050	-	-	8,050
Financial guarantees and loan commitment	30	48,371	-	-	48,371
Total impairment charge / (reversal)		**(3,115,544)**	**277,549**	**274,296**	**(2,563,699)**

10. Loss on derecognition of financial assets carried at amortized cost

As of December 31, 2024, the Bank assigned to the RA Government the right to claim consumer and mortgage loans granted to individuals in the amount of AMD 8,451 thousand and commercial loans granted to legal entities in the amount of AMD 12,095,078 thousand (Note 19), in return for which it received government bonds issued by the RA Government with a total nominal value of AMD 8,472,470 thousand (Note 19, 20). The nominal value of the bonds received at the time of the exchange corresponded to 70% of the amount of the assigned right to claim, as a result of which the Bank incurred a loss from the assignment of debt in the amount of AMD 3,631,059 thousand (Note 19) as of the date of the transaction.

11. Personnel expenses

	2025	2024
Employees salary and other compensations	8,529,504	7,540,220
Personnel training and other expenses	65,879	58,804
Total personnel expenses	**8,597,408**	**7,599,024**

12. Other expenses

	2025	2024
Repair and maintenance of property and equipment	1,363,035	1,159,315
Charitable expenses	268,655	168,850
Advertising and representation expenses	672,107	455,016
Encashment expenses	479,708	374,089
Security expenses	501,580	418,188
Taxes (except for income tax) and dues	178,073	515,720
VISA membership and card issuance costs	982,712	670,189
Payments to the Deposit Guarantee Fund	285,312	251,155
Insurance expenses	233,745	204,911
Office expenses	340,298	240,097
Communication expenses	161,398	148,068
Business travel expenses	110,917	82,686
Consulting and other professional services	118,214	41,477
Other operating expenses	582,552	501,561
Total other expenses	**6,278,306**	**5,231,322**

13. Income Tax Expense

	2025	2024
Current tax expense	2,939,445	2,255,623
Adjustment for income tax for previous years	17,750	1,516
Deferred tax expense/(refund)	(40,555)	(127,995)
Total income tax expense	**2,916,640**	**2,129,144**

In the Republic of Armenia, the corporate income tax is levied at the rate of 18% (2024: 18%). Differences between IFRS and RA statutory tax regulations give rise to certain temporary differences between the carrying value of certain assets and liabilities for financial reporting purposes and tax base. The amount of deferred income tax is calculated using the basic rate of 18%.

The correlation between the income tax expense and the accounting profit is presented below:

	2025	Effective tax rate (%)	2024	Effective tax rate (%)
Profit before taxation	15,468,294		11,133,456	
Income tax	2,784,293	18	2,004,022	18
Non-taxable income from fair value measurement of financial assets through profit or loss	11,259	-	(4,249)	-
Non-deductible expenses	94,150	1	111,699	1
Negative foreign exchange differences	9,188	-	16,156	-
Non-deductible expenses related to the previous year	17,750	-	1,516	-
Total income tax expense	**2,916,640**	**19**	**2,129,144**	**19**

Deferred tax calculation in respect of temporary differences:

						2025
	2024	**Recognized in profit or loss**	**Recognized in other comprehensive income**	**Net balance**	**Deferred tax asset**	**Deferred tax liability**
Accrued expenses and other liabilities	308,635	(48,924)	-	259,711	259,711	-
Right-of-use assets	143,413	30,485	-	173,898	173,898	-
Loans and advances to customers	(155,369)	19,357	-	(136,012)	-	(136,012)
Cash and cash equivalents	(944)	(1,211)	-	(2,155)	-	(2,155)
Investment securities	66,937	(11,706)	(123,105)	(67,874)	-	(67,874)
Contingent liabilities	(15,139)	(1,771)	-	(16,910)	-	(16,910)
Amounts due from financial institutions	3,677	(4,635)	-	(958)	(958)	-
Property and equipment	(1,454,261)	58,960	-	(1,395,301)	-	(1,395,301)
Deferred tax asset (liability)	**(1,103,051)**	**40,555**	**(123,105)**	**(1,185,601)**	**432,651**	**(1,618,252)**

						2024
	2023	**Recognized in profit or loss**	**Recognized in other comprehensive income**	**Net balance**	**Deferred tax asset**	**Deferred tax liability**
Accrued expenses and other liabilities	292,301	16,334	-	308,635	308,635	-
Right-of-use assets	127,925	15,488	-	143,413	143,413	-
Loans and advances to customers	(268,500)	113,131	-	(155,369)	-	(155,369)
Cash and cash equivalents	2,492	(3,436)	-	(944)	-	(944)
Investment securities	165,007	(55,021)	(43,049)	66,937	66,937	-
Contingent liabilities	(22,205)	7,066	-	(15,139)	-	(15,139)
Amounts due from financial institutions	16,323	(12,646)	-	3,677	3,677	-
Property and equipment	(1,501,340)	47,079	-	(1,454,261)	-	(1,454,261)
Deferred tax asset (liability)	**(1,187,997)**	**127,995**	**(43,049)**	**(1,103,051)**	**522,662**	**(1,625,713)**

14. Earnings per share

	2025	**2024**
Profit for the year	12,551,655	9,004,312
Accrued dividends on preferred shares	(891,660)	(894,103)
Net profit attributable to ordinary shareholders*	11,659,995	8,110,209
Weighted average number of common shares outstanding (units)	12,119,719	11,443,104
Basic earnings per share	0.96	0.71

* The increase in the number of shares is due to the registration of a stock split in the proportion of 1 share for 5 shares.

15. Cash and Cash Equivalents

	31 December 2025	31 December 2024
Correspondent accounts with banks	1,907,010	1,518,613
Correspondent accounts with the CBA	34,045,813	43,875,985
Cash on hand	18,350,283	18,435,660
Deposits in banks	5,915,870	-
	60,218,976	**63,830,258**
Impairment allowance	(11,239)	(9,943)
Total cash and cash equivalents	**60,207,737**	**63,820,315**

As of 31 December 2025, correspondent accounts with the CBA also include mandatory reserves placed with the CBA in accordance with the banking legislation of the Republic of Armenia, which as of 31 December were calculated at the rate of 4% of the Dram funds attracted by the Bank and 15% of the funds in foreign currency.

Bank's right to withdrawal of these funds is not prohibited, but failure to maintain the minimum reserve requirement results in the application of penalties. The Bank is required to maintain a minimum daily balance for the required reserve held in foreign currency.

As of 31 December 2025, the reserves amounted to 27,998,609 thousand drams (as of 31 December 2024: 24,615,125 thousand drams).

As of 31 December 2025, correspondent accounts in the amount of 1,156,332 thousand drams (60.6%) are concentrated in 3 banks (as of 31 December 2024: 940,546 thousand drams (61.9%) in 3 banks).

The analysis of changes in expected credit losses on cash is presented below:

	2025		2024	
	Stage 1	Total	Stage 1	Total
ECL allowance as of 1 January	9,943	9,943	31,069	31,069
Net re-measurement of loss allowance	1,296	1,296	(21,126)	(21,126)
Balance at the end of the year	**11,239**	**11,239**	**9,943**	**9,943**

During 2025 the following non-cash transactions were carried out:

- Loan repayment through the provision of collateral in the amount of 4,066,977 thousand drams (2024: 15,818 thousand drams) (Note 19).

16. Derivative financial instruments

The Bank enters into various derivative financial instruments, primarily for trading purposes. The gross contractual or notional amounts of the derivative financial instruments held, according to which the instruments are favourable or unfavourable, may fluctuate significantly from time to time, resulting in fluctuations in the gross fair values of the derivative financial assets and liabilities.

The fair values of the derivative financial instruments are presented below:

			31 December 2025
	Notional amount	Fair value of assets	Fair value of liabilities
Foreign exchange contracts			
Other derivatives	1,193,756	-	347,762
Total derivative financial instruments			**347,762**

			31 December 2024
	Notional amount	Fair value of assets	Fair value of liabilities
Foreign exchange contracts			
Other derivatives	942,703	-	119,575
Total derivative financial instruments			**119,575**

17. Amounts due from Financial Institutions

	31 December 2025	31 December 2024
Loans to banks and financial institutions	29,069	1,010,649
Deposited funds for card clearing transactions	5,281,600	2,882,754
Amounts to be received through payment systems	3,451,811	2,937,942
Other amounts to be received from financial institutions	10,875	12,992
	8,773,355	6,844,337
Impairment allowance	(43,157)	(43,863)
Total amounts due from financial institutions	**8,730,198**	**6,800,474**

Deposited funds for card clearing transactions are guarantee deposits for settlements carried out through ArCa, Visa and Mastercard payment systems.

The analysis of changes in expected credit losses on claims against financial institutions is presented below:

	2025		2024	
	Stage 1	Total	Stage 1	Total
Provision for expected credit losses as of January 1	43,863	43,863	54,713	54,713
Net revaluation of loss allowances	(706)	(706)	(10,850)	(10,850)
Balance as of 31 December	**43,157**	**43,157**	**43,863**	**43,863**

18. Reverse repurchase/repurchase agreements

The Bank has transactions under repurchase and reverse repurchase agreements. Securities lent or sold under repurchase agreements are transferred to a third party in exchange for cash received by the Bank. These financial assets can be repledged or resold by counterparties in the absence of a default (default) by the Bank, but the counterparty is obliged to return the securities at the end of the agreement. According to the Bank's definition, all risks and rewards of ownership of these securities have been retained and therefore they have not been derecognized. These transactions are carried out on terms that are accepted in standard lending and securities lending and borrowing activities, as well as in exchange transactions where the Bank acts as an intermediary.

Reverse repurchase agreements

As of 31 December 2025 and 2024, the Bank has reverse repurchase agreements:

	31 December 2025	31 December 2024
Reverse repurchase agreements with financial institutions	15,212,565	14,244,938
	15,212,565	**14,244,938**
Impairment allowance	(14,300)	(27,158)
Total amounts due from financial institutions	**15,198,265**	**14,217,780**

The fair value of securities purchased under reverse repurchase agreements and the carrying amount of loans granted are presented below:

	2025		2024	
	Fair value of the collateral	Loan amount	Fair value of the collateral	Loan amount
RA Government Securities	16,805,725	14,422,845	15,095,720	14,041,942
Non-Government Bonds	-	789,720	232,106	202,996
Total	**16,805,725**	**15,212,565**	**15,327,826**	**14,244,938**

The analysis of changes in expected credit losses on loans granted under reverse repurchase agreements is presented below:

	2025		2024	
	Stage 1	Total	Stage 1	Total
ECL allowance as of 1 January	27,158	27,158	93,351	93,351
Net re-measurement of loss allowance	(12,858)	(12,858)	(66,193)	(66,193)
Balance as of 31 December	**14,300**	**14,300**	**27,158**	**27,158**

Repurchase agreements

	31 December 2025	31 December 2024
Repurchase agreements with the CBA	49,070,268	53,775,838
Repurchase agreements with other financial institutions	24,238,407	9,270,548
Total repurchase agreements	**73,308,675**	**63,046,386**

Loans attracted under repurchase agreements are secured by amortized AMD 68,097,413 thousand (2024: AMD 54,438,166 thousand) pledged by the Bank and investment securities measured at fair value through other comprehensive income AMD 7,075,430 thousand (2024: AMD 12,573,292 thousand). See Note 20.

19. Loans and advances to customers

	31 December 2025			31 December 2024		
	Gross carrying amount	ECL allowance	Carrying amount	Gross carrying amount	ECL allowance	Carrying amount
Mortgage and consumer Lending						
Mortgage lending	60,770,550	(161,505)	60,609,045	51,615,491	(73,503)	51,541,988
Consumer lending	130,624,670	(1,780,565)	128,844,105	103,225,612	(1,488,788)	101,736,824
	191,395,220	**(1,942,070)**	**189,453,150**	**154,841,103**	**(1,562,291)**	**153,278,812**
Commercial lending						
Trading	51,747,488	(295,668)	51,451,820	48,430,800	(378,000)	48,052,800
Production	20,629,866	(83,548)	20,546,318	18,920,145	(142,435)	18,777,710
Construction	59,964,739	(437,351)	59,527,388	55,425,547	(639,817)	54,785,730
Agriculture	14,067,384	(109,497)	18,957,887	14,556,135	(153,991)	14,402,144
Other	67,967,579	(1,665,291)	66,302,288	53,370,404	(566,144)	52,804,260
	214,377,056	**(2,591,355)**	**211,785,701**	**190,703,031**	**(1,880,387)**	**188,822,644**
Total	**405,772,276**	**(4,533,425)**	**401,238,851**	**345,544,134**	**(3,442,678)**	**342,101,456**

The ECL allowance in the table above includes ECL on loan commitments for products such as credit cards and overdrafts, because the Bank cannot separately identify the ECL on the loan commitment component from those on the financial instrument component.

During the year ended 31 December 2025, the Bank acquired collateral received against loans provided to customers, the carrying amount of these assets was AMD 4,066,977 thousand (2024: AMD 15,818 thousand). The Bank intends to sell these assets in the short term.

As of 31 December 2025, the Bank has significant concentration of loans granted in the amount of AMD 74,204,620 thousand (19.5% of the gross loan portfolio) to 10 borrowers and their related parties (2024: AMD 63,436,023 thousand or 18.4% of the total loans granted to 10 borrowers and their related parties). Impairment provisions for the above loans amount to AMD 562,348 thousand (2024: AMD 562,348 thousand).

As of 31 December 2025, the loans granted to customers in the gross amount of AMD 32,423,099 thousand (2024: AMD 27,621,154 thousand) are pledged as collateral for loans received from financial institutions and the right to claim loans in the gross amount of AMD 33,914,592 thousand (2024: AMD 28,735,955 thousand) for loans received from the CBA within the framework of international programs (see Note 24).

Based on the RA Government Decree as of December 2024, the Bank assigned to the RA Government the right to claim loans provided to individuals in the total amount of AMD 8,451 thousand and AMD 12,095,078 thousand to legal entities, in return for which it received government bonds issued by the RA Government with a nominal value of AMD 8,472,470 thousand (see Note 10). The loss incurred as a result of this transaction amounted to AMD 3,631,059 thousand.

An analysis of changes in gross carrying amounts of mortgage, consumer and commercial loans is presented below:

				2025
	Stage 1	**Stage 2**	**Stage 3**	**Total**
Mortgage and consumer loans				
Balance as of 1 January	152,661,993	884,376	1,294,734	154,841,103
New assets originated or acquired	91,431,943	259,651	346,228	92,037,822
Repaid assets	(39,354,130)	(411,607)	(1,338,785)	(41,104,522)
Transfer Stage 1	337,085	(337,085)	-	-
Transfer Stage 2	(375,432)	375,432	-	-
Transfer Stage 3	(97,439)	(14,501)	111,940	-
Net change in assets from interest and foreign exchange revaluation	(14,368,149)	(81,806)	80,924	(14,369,031)
Recovery	-	-	1,759,215	1,759,215
Amounts written off during the year	-	-	(1,769,367)	(1,769,367)
Balance as of 31 December	**190,235,871**	**674,460**	**484,889**	**191,395,220**

				2025
	Stage 1	**Stage 2**	**Stage 3**	**Total**
Commercial loans				
Balance as of 1 January	183,587,241	474,185	37,886	184,099,312
New assets originated or acquired	97,777,949	72,519	3,072,957	100,923,425
Repaid assets	(55,866,941)	(225,226)	(64,429)	(56,156,596)
Transfer Stage 1	37,322	(37,322)	-	-
Transfer Stage 2	(34,453)	34,453	-	-
Transfer Stage 3	(86,682)	(92,096)	178,778	-
Net change in assets from interest and foreign exchange revaluation	(14,274,533)	(50,499)	282,793	(14,042,239)
Recovery	-	-	135,402	135,402
Amounts written off during the year	-	-	(582,248)	(582,248)
Balance as of 31 December	**211,139,903**	**176,014**	**3,061,139**	**214,377,056**

				2024
	Stage 1	Stage 2	Stage 3	Total
Mortgage and consumer loans				
Balance as of 1 January	110,590,419	1,967,537	362,564	112,920,520
New assets originated or acquired	127,353,855	342,650	1,042,233	128,738,738
Repaid assets	(85,083,213)	(720,884)	(90,300)	(85,894,397)
Transfer Stage 1	974,239	(883,747)	(90,492)	-
Transfer Stage 2	(447,021)	447,021	-	-
Transfer Stage 3	(335,493)	(221,342)	556,835	-
Net change in assets from interest and foreign exchange revaluation	(390,793)	(46,859)	(484,744)	(922,396)
Recovery	-	-	431,358	431,358
Amounts written off during the year	-	-	(432,720)	(432,720)
Balance as of 31 December	**152,661,993**	**884,376**	**1,294,734**	**154,841,103**

				2024
	Stage 1	Stage 2	Stage 3	Total
Commercial loans				
Balance as of 1 January	183,587,241	474,185	37,886	184,099,312
New assets originated or acquired	179,579,089	214,743	435	179,794,267
Repaid assets	(134,982,469)	(342,650)	14,433	(135,310,686)
Transfer Stage 1	173,216	(161,558)	(11,658)	-
Transfer Stage 2	(252,033)	252,033	-	-
Transfer Stage 3	(95,463)	(3,839)	99,302	-
Net change in assets from interest and foreign exchange revaluation	(37,869,168)	65,275	(115,529)	(37,919,422)
Recovery	-	-	54,270	54,270
Amounts written off during the year	-	-	(14,710)	(14,710)
Balance as of 31 December	**190,140,413**	**498,189**	**64,429**	**190,703,031**

The analysis of changes in ECL allowances in relation to mortgage, consumer and commercial lending is as follows:

				2025
	Stage 1	Stage 2	Stage 3	Total
Mortgage and consumer loans				
Provision for expected credit losses as of 1 January	735,550	282,845	541,896	1,562,291
Transfer Stage 1	2,901	(2,901)	-	-
Transfer Stage 2	(94,010)	94,010	-	-
Transfer Stage 3	(73,653)	(11,078)	84,731	-
Net revaluation of loss allowances	187,189	(256,171)	(319,539)	(388,521)
Net revaluation of loss allowances on new assets originated or acquired	709,619	63,878	197,372	970,869
Recovery	-	-	1,297,797	1,297,797
Amounts written off during the year	-	-	(1,500,366)	(1,500,366)
Balance as of 31 December	**1,469,596**	**170,583**	**301,891**	**1,942,070**

	Stage 1	Stage 2	Stage 3	2025 Total
Commercial loans				
Provision for expected credit losses as of 1 January	1,524,374	297,995	58,018	1,880,387
Transfer Stage 1	127	(127)	-	-
Transfer Stage 2	(8,008)	8,008	-	-
Transfer Stage 3	(68,478)	(71,776)	140,254	-
Net revaluation of loss allowances	(886,574)	(208,676)	198,425	(896,825)
Net revaluation of loss allowances on new assets originated or acquired	547,149	17,082	1,298,019	1,862,250
Recovery	-	-	54,270	54,270
Amounts written off during the year	-	-	(308,727)	(308,727)
Balance as of 31 December	**1,108,590**	**42,506**	**1,440,259**	**2,591,355**

	Stage 1	Stage 2	Stage 3	2024 Total
Mortgage and consumer loans				
Provision for expected credit losses as of 1 January	695,445	498,875	260,775	1,455,095
Transfer Stage 1	269,931	(205,784)	(64,147)	-
Transfer Stage 2	(4,057)	4,057	-	-
Transfer Stage 3	(2,762)	(69,679)	72,441	-
Net revaluation of loss allowances	(664,729)	(3,080)	(100,091)	(767,900)
Net revaluation of loss allowances on new assets originated or acquired	443,722	58,456	374,280	876,458
Recovery	-	-	431,358	431,358
Amounts written off during the year	-	-	(432,720)	(432,720)
Balance as of 31 December	**737,550**	**282,845**	**541,896**	**1,562,291**

	Stage 1	Stage 2	Stage 3	2024 Total
Commercial loans				
Allowance for ECL as of 1 January	4,015,655	126,344	23,669	4,165,668
Transfer Stage 1	59,484	(52,900)	(6,584)	-
Transfer Stage 2	(3,277)	3,277	-	-
Transfer Stage 3	(367)	(899)	1,266	-
Net revaluation of loss allowances	(3,292,029)	107,400	(27)	(3,184,656)
Net revaluation of loss allowances on new assets originated or acquired	744,908	114,773	134	859,815
Recovery	-	-	54,270	54,270
Amounts written off during the year	-	-	(14,710)	(14,710)
Balance as of 31 December	**1,524,374**	**297,995**	**58,018**	**1,880,387**

Further analysis of economic factors is outlined in Note 34.1.2.

As disclosed in Note 33, the estimated fair value of loans and advances as of 31 December 2025 and 31 December 2024 approximates their carrying amounts.

A maturity analysis of loans and advances to customers is disclosed in Note 35.

A debt, exchange rate and interest rate analysis of loans and advances to customers is disclosed in Note 36. Information on related party transactions is disclosed in Note 32.

20. Investment Securities

Investment securities measured at amortised cost

	31 December 2025	31 December 2024
Investment securities measured at amortised cost		
RA Government bonds	5,726,728	9,104,611
	5,726,728	**9,104,611**
Impairment allowance	(5,383)	(17,544)
Total investment securities at amortized cost	**5,721,345**	**9,087,067**
Investment securities measured at amortized cost pledged under repurchase agreements		
RA Government bonds	68,097,413	54,438,166
	68,097,413	**54,438,166**
Impairment allowance	(64,012)	(104,903)
Total investment securities measured at amortized cost pledged under repurchase agreements	**68,033,401**	**54,333,263**
Total investment securities measured at amortized cost	**73,754,746**	**63,420,330**

Securities measured at FVTOCI

	31 December 2025	31 December 2024
Debt securities measured at FVTOCI		
RA Government bonds	8,151,824	607,409
Equity instruments	407,984	406,225
Total investment securities measured at FVTOCI	**8,559,808**	**1,013,634**
Debt securities measured at FVTOCI pledged under repurchase agreements		
RA Government bonds	7,075,430	12,573,292
Total investment securities measured at FVTOCI pledged under repurchase agreements	**7,075,430**	**12,573,292**
Total investment securities measured at FVTOCI	**15,635,238**	**13,586,926**
Total investment securities	**14,286,536**	**10,100,701**
Total securities pledged under sale and repurchase agreements	**75,175,843**	**66,906,555**

As of 31 December 2024, the Bank received from the RA Government government bonds issued by the RA Government with a nominal value of AMD 8,472,470 thousand, in exchange for which it assigned the right to claim loans provided to individuals and legal entities (Note 19).

The securities received in 2025 and 2024 were classified as investment securities measured at amortized cost. Management estimated that the nominal value of the bonds received at the time of replacement was not materially different from the fair value of the bonds.

The analysis of changes in expected credit losses on investment securities measured at amortized cost, including those pledged under repurchase agreements, is presented below:

		2025		2024
	Stage 1	**Total**	**Stage 1**	**Total**
Allowance for ECL as of 1 January	122,447	122,447	287,025	287,025
Net revaluation of loss allowances	(53,052)	(53,052)	(164,578)	(164,578)
Balance as of 31 December	**69,395**	**69,395**	**122,447**	**122,447**

Investment securities measured at amortized cost by yield and remaining maturity.

		31 December 2025		31 December 2024
	%	**Maturity**	**%**	**Maturity**
RA Government bonds	7.42-11.81	2025-2050	6.08-12.34	2025-2050

The analysis of changes in expected credit losses on investment securities pledged under repurchase agreements, including those measured at fair value through other comprehensive income, is presented below:

		2025		2024
	Stage 1	**Total**	**Stage 1**	**Total**
Allowance for ECL as of 1 January	25,903	25,903	166,993	166,993
Net revaluation of loss allowances	(11,985)	(11,985)	(141,090)	(141,090)
Balance as of 31 December	**13,918**	**13,918**	**25,903**	**25,903**

Provisions for the above losses are not recognized in the assets section of the statement of financial position because the carrying amount of debt instruments measured at fair value through other comprehensive income and pledged under repurchase agreements is their fair value.
All debt securities have fixed interest rates.

The Bank did not reclassify any financial assets measured at amortized cost as measured at fair value during the year (2024: neither).

Investment securities measured at fair value through other comprehensive income based on effective interest rates and remaining maturity include:

	31 December 2025		31 December 2024	
	%	**Maturity**	**%**	**Maturity**
RA Government bonds	8.28-11.71	2027-2050	2.94-11.71	2025-2050

Equity securities included in investment securities measured at fair value through other comprehensive income are the following unquoted equity securities:

	Country of registration		**Controlled %**		**AMD ths.**
		2025	**2024**	**2025**	**2024**
ArCa	Republic of Armenia	6.25	6.25	168,285	168,285
ACRA Credit Reporting	Republic of Armenia	4.58	4.58	23,255	23,255
I Am CJSC	Republic of Armenia	8.3	8.3	200,000	200,000
Tel Cell OJSC	Republic of Armenia	0.06	0.06	8,000	8,000
SWIFT		-	-	8,444	6,685
				407,984	**406,225**

The Bank's management believes that the estimated fair value of these instruments approximates their original cost as of 31 December 2025 and 2024.

21. Property and Equipment

	Land and buildings	Vehicles	Computers	Capital investments in leased property and assets	Other	Right-of-use assets Land and buildings	Right-of-use assets Vehicles	Total
Initial cost or revalued amount								
1 January 2024	12,641,026	1,267,452	4,430,802	836,145	2,616,039	4,273,764	57,266	26,122,494
Addition	357,318	90,412	1,079,707	22,708	159,720	11,958	42,631	1,764,454
Disposal	(627)	(12,247)	(82,421)	-	(144,221)	-	-	(239,516)
Reclassification	-	-	(3,462)	-	3,462	-	-	-
Remeasurement	-	-	-	-	-	1,074,074	-	1,074,074
31 December 2024	**12,997,717**	**1,345,617**	**5,424,626**	**858,853**	**2,635,000**	**5,359,796**	**99,897**	**28,721,506**
Addition	1,002,327	545,645	397,975	22,345	254,709	321,391	49,148	2,593,540
Disposal	(130,000)	(275,810)	(537,781)	-	(27,252)	(76,481)	(53,742)	(1,101,066)
Reclassification	-	-	(6,408)	-	6,408	-	-	-
Remeasurement	-	-	-	-	-	836,830	-	836,830
31 December 2025	**13,870,044**	**1,615,452**	**5,278,412**	**881,198**	**2,868,865**	**6,441,536**	**95,303**	**31,050,810**
Accumulated depreciation								
1 January 2024	281,824	448,228	3,177,880	219,179	1,655,931	3,063,407	9,031	8,855,480
Annual charge	385,957	145,686	493,377	103,584	222,948	835,776	16,667	2,203,995
Disposal	-	(12,125)	(79,348)	-	(140,790)	-	-	(232,263)
31 December 2024	**667,781**	**581,789**	**3,591,909**	**322,763**	**1,738,089**	**3,899,183**	**25,698**	**10,827,212**
Annual charge	391,437	161,823	520,751	-	234,221	1,013,899	22,756	2,344,887
Depreciation adjustment per revaluation	(10,866)	(196,941)	-	-	-	-	-	(207,807)
Disposal	-	-	(524,047)	-	(26,930)	(56,493)	(24,495)	(631,965)
31 December 2025	**1,048,352**	**546,671**	**3,588,613**	**322,763**	**1,945,380**	**4,856,589**	**23,959**	**12,332,327**
Carrying amount								
31 December 2024	**12,329,936**	**763,828**	**1,832,717**	**536,090**	**896,911**	**1,460,613**	**74,199**	**17,894,294**
31 December 2025	**12,821,692**	**1,068,781**	**1,689,799**	**558,435**	**923,485**	**1,584,947**	**71,344**	**18,718,483**

Revaluation of assets

The Bank's land and buildings are presented at revalued value. The last revaluation of land and buildings was carried out by an independent appraiser in May 2023 using the comparable sales method, which resulted in a net increase in the carrying amount from the revaluation in the amount of AMD 4,827,028 thousand. Management bases its assessment of the fair value of land and buildings on the results presented by independent appraisers.

If the land and buildings were presented at the difference between the initial cost and accumulated depreciation, the carrying amount as of December 31, 2025 would be AMD 4,968,198 thousand (2024: AMD 4,181,282 thousand).

Right-of-use assets

The Bank has entered into lease agreements for branches and vehicles. Each lease is recorded in the statement of financial position as a right-of-use asset and a lease liability. The Bank classifies its right-of-use assets in a manner consistent with its own classification of property and equipment. Generally, each lease contains a restriction that only the Bank may use the right-of-use asset unless it has a contractual right to transfer the asset to another party. Leases are either non-cancellable or can be cancelled only by incurring a significant termination fee. Some leases contain an option to purchase the underlying asset immediately at the end of the lease term or to extend the lease term. The Bank is prohibited from selling or mortgaging the underlying assets leased. The Bank must maintain the assets in good repair (repaired) and return the assets to their original condition at the end of the lease term.

Fully depreciated items

As of 31 December 2025 property and equipment included fully depreciated assets at cost in the amount of AMD 341,488 thousand (2024: AMD 394,413 thousand).

Restrictions on Property and Equipment

As of 31 December 2025, the Bank did not possess any property and equipment pledged against liabilities or subject to any other restrictions (2024: neither).

Contractual commitments

As of 31 December 2025, the Bank has no contractual commitments to make investments in property and equipment (2024: neither).

22. Intangible Assets

	Licenses	Computer software	Other	Total
Initial cost				
As of 1 January 2024	799,939	1,090,373	32,981	1,923,293
Addition	117,226	152,768	-	269,994
Disposal	(63,928)	-	(1,287)	(65,215)
As of 31 December 2024	**853,237**	**1,243,141**	**31,694**	**2,128,072**
Addition	97,907	220,674	9,947	328,528
Disposal	(47,641)	(285)	-	(47,926)
As of 31 December 2025	**903,503**	**1,463,530**	**41,641**	**2,408,674**
Accumulated amortisation				
As of 1 January 2024	526,446	315,149	27,515	869,110
Charges	129,236	128,152	2,152	259,540
Disposal	(63,928)	-	(1,287)	(65,215)
As of 31 December 2024	**591,754**	**443,301**	**28,380**	**1,063,435**
Charges	141,866	148,398	2,675	292,939
Disposal	(47,154)	(293)	(49)	(47,496)
As of 31 December 2025	**686,466**	**591,406**	**31,006**	**1,308,878**
Carrying amount				
As of 31 December 2024	**261,483**	**799,840**	**3,314**	**1,064,637**
As of 31 December 2025	**217,037**	**872,124**	**10,635**	**1,099,796**

Contractual commitments

As of 31 December 2025, the Bank has no contractual commitments to make investments in intangible assets (2024: neither).

As of 31 December 2025, the Bank did not possess any intangible assets pledged against liabilities or subject to any other restrictions (2024: neither).

As of 31 December 2025, the initial cost of fully depreciated assets included in intangible assets amounts to AMD 418,835 thousand (2024: AMD 363,194 thousand).

23. Other Assets

	31 December 2025	31 December 2024
Employee Benefits	1,595	33,300
Amounts Receivable	171,568	56,685
Allowance for credit losses	(1,772)	(966)
Total other financial assets	**171,391**	**89,019**
Repossessed assets	6,664,709	2,855,368
Prepayments and other receivables	1,555,526	435,173
Materials	521,058	644,618
Precious Metals	772,626	531,149
Tax Advances	156,248	162,458
Other assets	73,638	33,745
Total non-financial assets	9,743,805	4,662,511
Total other assets	**9,915,196**	**4,751,530**

An analysis of changes in the ECLs on other financial assets is presented below:

		2025		2024
	Stage 1	Total	Stage 1	Total
ECL allowance as of 1 January	966	966	1,036	1,036
Net revaluation of loss allowances	12,304	12,304	8,050	8,050
Write-off	(12,201)	(12,201)	(8,421)	(8,421)
Recovery	703	703	301	301
Balance as of 31 December	**1,772**	**1,772**	**966**	**966**

Details of non-financial assets acquired as a result of obtaining ownership rights over collateral securing loans provided by the Bank during the year are presented below.

	31 December 2025	31 December 2024
Buildings and structures	6,664,709	2,800,844
Total repossessed assets	**6,664,709**	**2,855,368**

As of the repossession date, collateral is measured at the lower of the carrying amount of the outstanding loan obligation and the net realizable value of the collateral.

The Bank's policy is to pursue the sale of these assets in an orderly and timely manner. The Bank does not generally use non-cash collateral for its own operations. Assets are measured at the lower of the carrying amount and fair value less costs to sell.

24. Amounts due to Financial Institutions

	31 December 2025	31 December 2024
Loans from the CBA	36,229,493	39,458,541
Total loans from the CBA	**36,229,493**	**39,458,541**
Loans from financial institutions	39,063,394	38,900,427
Deposits from financial institutions	27,711,229	29,301,196
Current accounts of financial institutions	3,917,456	6,392,129
Correspondent accounts of other banks	26,510	16,938
Other	268,492	328,470
Total liabilities	**70,987,081**	**74,939,160**
Loans from international financial institutions	88,337,897	53,700,903
Total liabilities to financial institutions	**195,554,471**	**168,098,604**

As of 31 December 2025 and 2024, loans and deposits from financial institutions are loans and deposits from resident and non-resident financial institutions.

All deposits from financial institutions have fixed interest rates. Loans from financial institutions have fixed and variable interest rates.

As of 31 December 2025, loans from financial institutions are secured by collateral for loans granted to customers in the gross amount of AMD 32,423,099 thousand (2024: AMD 27,621,154 thousand) (see Note 19).

As of 31 December 2025, loans attracted from the Central Bank are secured by collateral for loans granted to customers in the gross amount of AMD 33,914,592 thousand (2024: AMD 28,735,955 thousand) (see Note 19).

For the financial year ended 31 December 2025, the Bank did not have any defaults on principal or interest payments or other violations of obligations to international financial institutions (2024: neither).

Violation of mandatory conditions

The Bank is required to comply with the financial covenants in place for the above-mentioned borrowings. These covenants include the specified rates, the loan-to-equity ratio and a number of other information related to financial activities. The Bank has not been in breach of any of these provisions as of 31 December 2025 (2024: neither).

25. Amounts due to Customers

	31 December 2025	31 December 2024
Legal entities		
Current/settlement accounts	37,116,751	38,151,190
Time deposits	38,645,512	37,118,257
	75,762,263	**75,269,447**
Individuals		
Current/settlement accounts	36,941,021	36,100,354
Time deposits	96,649,263	79,983,218
	133,590,284	**116,083,572**
Total amounts due to customers	**209,352,547**	**191,353,019**

Deposits of individuals and legal entities have fixed interest rates.

As of 31 December 2025, current (time) deposits of legal entities/individuals include deposits that are collateral for loans, guarantees and other contingent liabilities in the amount of AMD 9,458,315 thousand (2024: AMD 5,387,090 thousand). The fair value of these deposits is close to their carrying amount.

As of 31 December 2025, the total amount of liabilities to the Bank's ten largest customers (including related parties, see Note 32) is AMD 54,761,359 thousand (2024: AMD 43,336,759 thousand) or 40.47% of the total amount of customer deposits (2024: AMD 37.01%).

As of 31 December 2025 the Bank had no defaults on principal, interest or other violations of obligations to its customers (2024: neither).

26. Debt Securities Issued

As of 31 December 2025, the Bank had issued interest-bearing bonds with the following terms:

Date of issue	Currency	Par value	Quantity	%	Maturity	Total nominal value
03.03.2025	AMD	10,000	300,000	11.00	03.03.2028	3,000,000,000
03.03.2025	USD	100	26,000	5.50	03.03.2028	2,600,000
03.03.2025	USD	100	23,000	6.25	03.03.2030	2,300,000
16.04.2025	AMD	10,000	300,000	11.00	16.04.2028	3,000,000,000
11.08.2025	AMD	10,000	400,000	10.75	11.08.2028	4,000,000,000
17.09.2025	USD	100	50,000	5.50	17.09.2028	5,000,000
30.09.2025	AMD	10,000	300,000	10.50	30.09.2028	3,000,000,000

During the year, the Bank did not repurchase any of its issued bonds (2024: neither).
During the reporting period, the Bank had no defaults on principal, interest or other violations (2024: neither).
The bonds issued by the Bank are quoted and listed on the Armenian Stock Exchange.

27. Subordinated loans

	31 December 2025	31 December 2024
Subordinated loan from international financial institution	1,924,641	1,996,332
Subordinated loan from individual	574,167	597,066
Subordinated loans from related party	3,723,319	3,511,433
Total subordinated loan	**6,222,127**	**6,104,831**

A subordinated loan is a long-term loan agreement that, in the event of the Bank's insolvency, ranks second to the Bank's remaining liabilities, including deposits and other debt instruments.
The maturity of the subordinated loans received from an international financial institution is set until 2028.

The maturity date of subordinated loans received from individuals is set until 2029.

The maturity of subordinated loans raised by a related party is set until 2031.
During the reporting period, the Bank had no defaults on principal, interest or other violations (2024: neither).

28. Other Liabilities

	31 December 2025	31 December 2024
Employee Benefits	1,601,068	1,550,450
Liabilities to Individuals	1,054,326	987,483
Dividends payable	609,478	584,961
Accounts payable	73,811	66,944
Lease liabilities	1,863,906	1,669,847
Total other financial liabilities	**5,202,589**	**4,859,685**
Taxes payable, other than income tax	510,867	384,086
Provisions*	99,938	67,641
Total other non-financial liabilities	610,805	451,727
Total other liabilities	**5,813,394**	**5,311,412**

*Provisions have been made in respect of costs arising from financial guarantees. An analysis of changes in expected credit losses on financial guarantees is presented in Note 30.

Lease Liabilities

The Bank has entered into lease agreements for branches and machinery. Each lease is recorded in the statement of financial position as a right-of-use asset and a lease liability. The Bank classifies its right-of-use assets in a manner consistent with the classification of its own property and equipment (see Note 21).

Generally, each lease contains a restriction that the asset may only be used by the Bank in the form of a right-of-use, unless there is a contractual right to transfer the asset to another party. Leases are either non-cancellable or can only be cancelled by incurring a significant termination fee. Some leases contain an option to purchase the underlying asset immediately at the end of the lease term or to extend the lease term. The Bank is prohibited from selling or mortgaging the underlying assets leased. The Bank must maintain these assets in good repair (repaired) and return the assets to their original condition at the end of the lease.

The movement in lease liabilities during the reporting period is presented below:

	2025	2024
As of January 1	1,669,847	1,426,082
Addition	370,539	54,589
Remeasurement	836,830	1,074,074
Termination	(54,276)	-
Interest Accumulation	178,477	179,048
Payments	(1,137,511)	(1,063,946)
Total lease liabilities as of 31 December	**1,863,906**	**1,669,847**

The weighted average interest rate applied to lease liabilities recognized in accordance with IFRS 16 in 2025 is 10.75% (2024: 10.65%).

The lease liabilities are secured by the corresponding underlying assets. The maturity analysis of undiscounted lease liabilities as of 31 December 2025 is reflected in note 36.3.

Lease liabilities are secured by the relevant underlying assets. The maturity analysis of undiscounted lease liabilities as of 31 December 2025 is reflected in Note 36.3.

29. Equity

As of 31 December 2025 the Bank's registered and paid-in share capital comprised AMD 31,578,015 thousand. The share capital of the Bank, in accordance with its statutes, consists of 12,119,719 ordinary shares with AMD 15,000 par value each. The shareholders of the Bank are presented below:

	31 December 2025		31 December 2024	
	Paid-in share capital	% of total paid-in capital	Paid-in share capital	% of total paid-in capital
Saribek Sukiasyan	6,550,868	25.99	10,485,715	33.21
Khachatur Sukiasyan	3,138,533	12.45	4,638,533	14.69
Eduard Sukiasyan	3,279,677	13.01	4,479,677	14.19
Arik Sukiasyan	2,112,870	8.38	1,734,735	5.49
Other shareholders	16,496,067	40.17	10,032,786	31.77
	31,578,015	**100**	**31,578,015**	**100**

As of 31 December 2025, there were no shares repurchased by the Bank.

Shareholders of ordinary shares have one vote at the Bank's annual and general meetings and the right to receive dividends.

In 2024 the Bank increased its authorized capital by issuing ordinary shares of AMD 3,445,775 thousand (2023: ordinary shares of AMD 1,480,172 thousand).

The increase in the Bank's share capital was paid by shareholders in Armenian drams and they have the right to receive dividends and distribute profits in Armenian drams. Preferred shares do not have voting rights and have a guaranteed annual dividend of not less than 14% of their nominal value per share.

In the financial statements for preferred shares, the amount of dividends declared and paid in 2025 is AMD 891,659 thousand (2024: AMD 894,103 thousand AMD) (Note 4.16).

In the financial statements for ordinary shares, the amount of dividends declared and paid in 2025 is AMD 605,985 thousand (2024: AMD 445,583 thousand), which was paid based on the financial results of 2024.

The Bank's reserves subject to distribution are limited to accumulated profit, calculated in accordance with the legislation of the Republic of Armenia. Non-distributable funds are represented by the general reserve, which is created in accordance with the requirements of the legislation of the Republic of Armenia to compensate for general banking risks, including possible losses and other unforeseen risks and expenses. The reserve was created in accordance with the Bank's statutes, which provides for the creation of a reserve for these purposes in the amount of no less than 15% of the share capital reflected in the accounting accounts.

30. Loan commitments and financial guarantees

In the course of its operations, the Bank provides its customers with financial instruments that carry off-balance sheet risk. These financial instruments, which have varying levels of credit risk, are not reflected in the statement of financial position.

As of 31 December, the nominal or contractual amounts are as follows:

	31 December 2025	31 December 2024
Undrawn credit lines	4,998,789	2,518,236
Guarantees provided	15,114,419	13,237,505
Total liabilities containing credit risk	**20,113,208**	**15,755,741**

Expected credit losses on loan commitments are included in the allowance for loans and advances to customers (see Note 19).

Changes in expected credit losses on financial guarantees are presented in other liabilities, the analysis of which is presented below.

		2025		2024
	Stage 1	Total	Stage 1	Total
Allowance for ECL as of 1 January	67,641	67,641	19,270	19,270
Net revaluation of loss allowances	32,298	32,298	48,371	48,371
Balance as of December 31	**99,939**	**99,939**	**67,641**	**67,641**

Expected credit losses on guarantees are included in "Other liabilities" (see Note 28).
Information on capital liabilities is disclosed in Notes 21,22).

31. Contingencies

Tax and legal matters

The taxation system in Armenia is relatively new and is characterised by frequent changes in legislation, official pronouncements and court decisions, which are sometimes unclear, contradictory and subject to varying interpretations. Taxes are subject to review and investigation by tax authorities, which have the authority to impose fines and penalties. In the event of a breach of tax legislation, no liabilities for additional taxes, fines or penalties may be imposed by tax authorities once 3 years have elapsed from the date of the breach.

These circumstances may create tax risks in Armenia that are more significant than in other countries. Management believes that it has provided adequately for tax liabilities based on its interpretations of applicable Armenian tax legislation, official pronouncements and court decisions. However, the interpretations of the relevant authorities could differ and the effect on these financial statements, if the authorities were successful in enforcing their interpretations, could be significant.

Management believes that the Bank has complied with all regulations and has completely settled all its tax liabilities. Management also believes that the ultimate liability, if any, arising from legal actions and complaints taken against the Bank, will not have a material adverse impact on the financial condition or results of future operations of the Bank.

Insurance

The Armenian insurance industry is in its development stage and many forms of insurance protection common in other parts of the world are not yet generally available in Armenia. The Bank provides partial insurance covering its liability to third parties for property and environmental damage arising from the termination of its operations, as well as from insured events related to its property or operations. Until the Bank provides comprehensive insurance, there is a risk that the loss or destruction of certain assets may have an adverse effect on the Bank's operations and financial condition. However, as of 31 December 2024, the Bank's owned head office, branches, and vehicles are insured. The Bank also has insurance for general banking liabilities, electronic and computer crimes and professional liability.

32. Transactions with Related Parties

In accordance with IAS 24 Related Party Disclosures, parties are considered to be related if one party has ability to control the other party or exercise significant influence over the other party in making financial or operational decisions. For the purpose of the present financial statements, related parties include the shareholders, members of Bank’s Management as well as other persons and enterprises related with and controlled by them respectively.

The Sukiasyan family is the ultimate significant shareholder of the bank, which exercises control over the bank.

The Bank is involved in a number of transactions with related parties in the course of its operations. These transactions include loans, deposits, etc. The aforementioned transactions were carried out based on prevailing market conditions and interest rates.

The volumes of related party transactions, outstanding balances at the year end, and related expense and income for the year are as follows:

		2025		2024
	Shareholders and related parties	Management and related parties	Shareholders and related parties	Management and related parties
Statement of financial position				
Loans and advances to customers				
Loans outstanding as of 1 January, gross	7,217,370	565,862	7,383,299	427,628
Loans provided during the year	28,202,679	694,267	2,539,039	507,310
Loans repaid during the year	(27,268,682)	(571,429)	(2,704,968)	(369,076)
Loans outstanding as of 31 December, gross	8,151,367	688,700	7,217,370	565,862
Impairment allowance	(35,785)	(1,670)	(39,308)	(661)
Balance as of December 31	**8,115,582**	**687,030**	**7,178,062**	**565,201**
Amounts due to financial institutions				
As of 1 January	472,504	-	276,953	-
Received during the year	27,215,069	-	15,202,814	-
Repaid during the year	(27,268,832)	-	(15,007,263)	-
Balance as of 31 December	**418,741**	**-**	**472,504**	**-**
Amounts due to customers				
As of 1 January	836,514	836,371	3,371,080	705,520
Deposits received during the year	100,086,665	6,168,760	50,871,544	3,957,372
Depopsits repaid during the year	(98,72,793)	(6,351,658)	(53,406,110)	(3,826,521)
Balance as of 31 December	**2,199,386**	**853,473**	**836,514**	**836,371**

	2025		2024	
	Shareholders and related parties	Management and related parties	Shareholders and related parties	Management and related parties
Subordinated loans				
As of 1 January	3,511,433	-	7,038,020	-
Loans received during the year	1,699,807	-	3,777,467	-
Loans repaid during the year	(1,488,424)	-	(7,304,055)	-
Balance as of 31 December	**3,722,816**	**-**	**3,511,432**	**-**
Debt securities issued	**-**	**131,725**	**-**	**185,259**
Guarantees provided	**470,006**	**-**	**274,580**	**-**
Statement of profit or loss and other comprehensive income				
Interest and similar income	802,983	52,543	732,784	46,788
Interest and similar expense	372,331	48,169	551,555	44,939
Impairment charge / (reversal)	35,785	1,670	(29,300)	1,199
Advertising expenses	44,407	-	45,900	-
Insurance expenses	246,609	-	229,807	-
Lease expenses	541,594	-	527,366	-
Business trip expenses	43,135	21,440	53,769	7,680
Other expenses	792,099	16,219	781,538	13,240

Loans issued to related parties during the year are repayable over a period of 1 to 20 years and bear interest at rates ranging from 5.0% to 16%.

Compensation of key management personnel comprised the following:

	31 December 2025	31 December 2024
Salaries and bonuses	1,430,302	1,128,051
Total key management compensation	1,430,302	1,128,051

33. Fair value measurement

Financial and non-financial assets and liabilities are presented according to their fair value hierarchy. This hierarchy groups financial and non-financial assets and liabilities into three levels based on the significance of inputs used in measuring their fair value. The fair value hierarchy has the following three levels:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset and liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

There were no reclassifications between financial assets measured at fair value and financial assets measured at amortized cost during the year.

33.1 Financial instruments that are not measured at fair value

The table below presents the fair value of financial assets and liabilities not measured at their fair value in the statement of financial position and analyses them by the level in the fair value hierarchy into which each fair value measurement is categorised.

					31 December 2025
	Level 1	Level 1	Level 1	Total fair value	Total carrying amount
Financial assets					
Cash and cash equivalents	-	60,207,737	-	60,207,737	60,207,737
Amounts due from financial institutions	-	8,730,198	-	8,730,198	8,730,198
Reverse repurchase agreements	-	15,198,265	-	15,198,265	15,198,265
Loans and advances to customers	-	400,231,583	-	400,231,583	401,238,851
Investment securities measured at amortized cost, including pledged securities	-	73,780,357	-	73,780,357	73,754,746
Other financial assets	-	171,391	-	171,391	171,391
Financial liabilities					
Amounts due to financial institutions	-	195,554,471	-	195,554,471	195,554,471
Repurchase agreements	-	73,308,675	-	73,308,675	73,308,675
Amounts due to customers	-	209,894,157	-	209,894,157	209,352,547
Debt securities issued	-	22,501,339	-	22,501,339	22,333,207
Subordinated loans	-	6,222,127	-	6,222,127	6,222,127
Lease liabilities	-	1,863,907	-	1,863,907	1,863,907
Other financial liabilities	-	3,338,683	-	3,338,683	3,338,683

					31 December 2024
	Level 1	Level 1	Level 1	Total fair value	Total carrying amount
Financial assets					
Cash and cash equivalents	-	63,820,315	-	63,820,315	63,820,315
Amounts due from financial institutions	-	6,800,474	-	6,800,474	6,800,474
Reverse repurchase agreements	-	14,217,780	-	14,217,780	14,217,780
Loans and advances to customers	-	340,840,294	-	340,840,294	342,101,456
Investment securities measured at amortized cost, including pledged securities	-	63,171,648	-	63,171,648	63,420,330
Other financial assets	-	89,019	-	89,019	89,019
Financial liabilities					
Amounts due to financial institutions	-	168,098,604	-	168,098,604	168,098,604
Repurchase agreements	-	63,046,386	-	63,046,386	63,046,386
Amounts due to customers	-	190,498,678	-	190,498,678	191,353,019
Debt securities issued	-	13,871,755	-	13,871,755	14,115,869
Subordinated loans	-	6,104,831	-	6,104,831	6,104,831
Lease liabilities	-	1,669,847	-	1,669,847	1,669,847
Other financial liabilities	-	3,189,838	-	3,189,838	3,189,838

Amounts due from and to financial institutions

For assets and liabilities maturing within one month, the carrying amount approximates fair value due to the relatively short-term maturity of these financial instruments. For the assets and liabilities maturing in over one month, the fair value was estimated as the present value of estimated future cash flows discounted at the appropriate year-end market rates, which are mainly the same as current interest rates.

Loans and advances to customers

The fair value of floating rate instruments is normally their carrying amount. The estimated fair value of fixed interest rate instruments is based on estimated future cash flows expected to be received discounted at current interest rates for new instruments with similar credit risk and remaining maturity. Discount rates used depend on credit risk of the counterparty and range from 3% to 24% per annum (2023: 3% to 24% per annum).
The fair value of the impaired loans is calculated based on expected cash flows from the sale of collateral. The value of collateral is based on appraisals performed by independent, professionally qualified property appraisers.

Investment securities measured at amortized cost

The fair value of investment securities measured at amortized cost is based on current market interest rates. The fair value of securities for which quotations are not available is based on estimates of expected future cash flows discounted at the appropriate year-end market rates, which are mainly the same as current interest rates.

Amounts due to customers

The fair value of deposits from financial institutions and customers is estimated using discounted cash flow techniques by applying the rates that are offered for deposits of similar maturities and terms. The fair value of deposits payable on demand is the amount payable at the reporting date.

Amounts due to financial institutions

The estimated fair value of borrowings with fixed and unquoted interest rates is determined based on the calculation of expected future cash flows, which are discounted at the interest rates of new debt instruments with similar maturities.

Debt securities issued

The estimated fair value of debt securities issued is determined based on the calculation of expected future cash flows, which are discounted at the relevant interest rates prevailing at the year-end, which are mainly the same as current interest rates.

33.2 Financial instruments measured at fair value

				31 December 2025
	Level 1	**Level 2**	**Level 3**	**Total**
Financial assets				
Government bonds	-	15,227,254	-	15,227,254
Equity instruments	-	-	407,984	407,984
Total	**-**	**15,227,254**	**407,984**	**15,635,238**
Financial liabilities				
Derivative financial liabilities	-	347,762	-	347,762
Total	**-**	**347,762**	**-**	**347,762**
Net fair value	**-**	**14,879,492**	**407,984**	**15,287,476**

				31 December 2024
	Level 1	Level 2	Level 3	Total
Financial assets				
Government bonds	-	13,180,701	-	13,180,701
Equity instruments	-	-	406,225	406,225
Total	**-**	**13,180,701**	**406,225**	**13,586,926**
Financial liabilities				
Derivative financial liabilities	-	119,575	-	119,575
Total	**-**	**119,575**	**-**	**119,575**
Net fair value	**-**	**13,061,126**	**406,225**	**13,467,351**

The methods and valuation techniques used for the purpose of measuring fair value are unchanged compared to the previous reporting period

Unquoted debt securities

The fair value of unquoted debt securities at FVOCI is measured using a valuation techniques; current market rates are applied to discount future cash flows of the financial instruments.

Unquoted equity instruments

For determining the fair value of unquoted equity instruments, the Bank uses a combination of market and income approaches. The market approach and the income approach are common valuation techniques for equity instruments that are not publicly traded. Under the market approach, the Bank uses prices and other relevant information generated by market transactions involving identical or comparable securities. Under the income approach, future amounts are converted into a single present amount (e.g. a discounted cash flows model). The market approach is preferred as the main inputs used are typically observable.

Derivatives

Where derivatives are traded either on exchanges or liquid over-the-counter market, the Bank uses the closing price at the reporting date. The fair values of these contracts are estimated using valuation techniques that maximise the use of observable market inputs. Most derivatives entered into by the Bank are included in Level 2 and consist of foreign currency swap and other contracts.

33.3 Fair value measurement of non-financial assets

Fair value of the Bank’s main property assets is estimated based on appraisals performed by independent, professionally qualified property valuers. The significant inputs and assumptions are developed in close consultation with management. The valuation processes and fair value changes are reviewed at each reporting date.
The appraisal was carried out using comparative and income approaches that reflect observed prices for recent market transactions for similar properties and included adjustments related to above mentioned land factors, including plot size, location, pledging and current use, etc.

The land and buildings were revalued in 2023.

The significant unobservable input is the adjustment for factors specific to the land in question. The extent and direction of this adjustment depend on the number and characteristics of the observable market transactions in similar properties that are used as the starting point for valuation. Although this input is a subjective judgement, management considers that the overall valuation would not be materially affected by reasonably possible alternative assumptions.

34. Offsetting of financial assets and financial liabilities

In the ordinary course of business, the Bank performs different operations with financial instruments which may be presented in net amounts when there is a legally or contractually enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

The table below presents financial assets and financial liabilities that are offset in the statement of financial position or are subject to an enforceable master netting arrangement or similar agreement that covers similar financial instruments, irrespective of whether they are offset in the statement of financial position.

AMD ths.				31 December 2025		
				Related amounts that are not offset in the statement of financial position		
	Gross amount of recognised financial assets/ liabilities	Gross amount of recognised financial assets/ liabilities in the statement of financial position	Net amount of financial assets/ liabilities in the statement of financial position	Financial instruments	Cash collateral received	Net
Financial assets						
Reverse sale and repurchase agreements	15,212,565	-	15,212,565	-	16,805,725	-
Financial liabilities						
Loans under repurchase agreements	73,308,675	-	73,308,675	75,172,843	-	(1,864,168)

AMD ths.				31 December 2024		
				Related amounts that are not offset in the statement of financial position		
	Gross amount of recognised financial assets/ liabilities	Gross amount of recognised financial assets/ liabilities in the statement of financial position	Net amount of financial assets/ liabilities in the statement of financial position	Financial instruments	Cash collateral received	Net
Financial assets						
Reverse sale and repurchase agreements	14,244,928	-	14,244,928	-	15,327,826	1,082,888
Financial liabilities						
Repurchase agreements	63,046,386	-	63,046,386	67,011,458	-	(3,965,072)

35. Maturity Analysis of Assets and Liabilities

The table below shows the analysis of financial assets and liabilities according to their expected maturity: Information on the Bank's undiscounted contractual liabilities is presented in Note 36.3.

							31 December 2025
	Demand and less that one month	From 1 to 12 months	Subtotal, less than twelve months	From 1 to 5 years	More than 5 years	Subtotal, over 12 months	Total
Assets							
Cash and cash equivalents	60,207,737	-	*60,207,737*	-	-	-	60,207,737
Amounts due from financial institutions	3,565,954	57,198	*3,623,152*	-	5,107,046	*5,107,046*	8,730,198
Reverse repurchase agreements	15,198,265		*15,198,265*			-	15,198,265
Loans and advances to customers	15,387,457	87,588,904	*102,976,361*	192,198,511	106,063,979	*298,262,490*	401,238,851
Investment securities			-			-	-

31 December 2025

	Demand and less that one month	From 1 to 12 months	Subtotal, less than twelve months	From 1 to 5 years	More than 5 years	Subtotal, over 12 months	Total
- Investment securities measured at fair value through other comprehensive income	-	91,091	*91,091*	3,941,607	10,248,455	*14,190,062*	14,281,153
- Other financial assets measured at amortized cost	75,108,831	-	*75,108,831*	-		-	75,108,831
Other financial assets	105,814	65,577	*171,391*	-	-	-	171,391
	169,574,058	**87,802,770**	***257,376,828***	**196,140,118**	**121,419,480**	***317,559,598***	**574,936,426**
Liabilities							
Derivative financial assets	347,762	-	*347,762*			-	347,762
Amounts due to financial institutions	9,908,751	45,821,566	*55,730,317*	119,515,035	20,309,119	*139,824,154*	195,554,471
Repurchase agreements	73,308,675	-	73,308,675	-	-	-	73,308,675
Amounts due to customers	86,538,145	96,223,098	*182,761,243*	26,040,920	550,384	*26,591,304*	209,352,547
Debt securities issued	216,507	3,871,772	*4,088,279*	17,367,800	877,128	*18,244,928*	22,333,207
Subordinated loans	30,825	18,385	*49,210*	2,478,354	3,694,563	*6,172,917*	6,222,127
Lease liabilities	250	1,633,217	*1,633,467*	-	230,439	*230,439*	1,863,906
Other financial liabilities	1,085,959	2,240,178	*3,326,137*	-	12,546	*12,546*	3,338,683
	171,436,874	**149,808,216**	**321,245,090**	**165,402,109**	**25,674,179**	**191,076,288**	**512,321,378**
Net position	**(1,862,816)**	**(62,005,446)**	**(63,868,262)**	**30,738,009**	**95,745,301**	**126,483,310**	**62,615,048**
Accumulated gap	**(1,862,816)**	**(63,868,262)**		**(33,130,253)**	**62,615,048**		

31 December 2024

	Demand and less that one month	From 1 to 12 months	Subtotal, less than twelve months	From 1 to 5 years	More than 5 years	Subtotal, over 12 months	Total
Assets							
Cash and cash equivalents	63,820,315	-	63,820,315	-	-	-	63,820,315
Amounts due from financial institutions	3,332,050	932,934	*4,264,984*	7,990	2,527,500	*2,535,490*	6,800,474
Reverse repurchase agreements	14,217,780	-	*14,217,780*	-	-	-	14,217,780
Loans and advances to customers	8,766,169	72,364,908	*81,131,077*	160,362,501	100,607,878	*260,970,379*	342,101,456
Investment securities							
- Investment securities measured at fair value through other comprehensive income	12,573,291	409,383	*12,982,674*	198,027	406,225	*604,252*	13,586,926
- Other financial assets measured at amortized cost	54,333,452	769,013	*55,102,465*	-	8,317,865	*8,317,865*	63,420,330
Other financial assets	74,098	14,921	*89,019*	-	-	-	89,019
	157,117,155	**74,491,159**	***231,608,314***	**160,568,518**	**111,859,468**	***272,427,986***	**504,036,300**
Liabilities							
Derivative financial assets	119,575	-	*119,575*	-	-	-	119,575
Amounts due to financial institutions	13,940,301	48,803,994	*62,744,295*	90,088,578	15,265,731	*105,354,309*	168,098,604
Repurchase agreements	63,046,386	-	*63,046,386*	-	-	-	63,046,386
Amounts due to customers	75,777,615	78,194,198	*153,971,813*	36,862,040	519,166	*37,381,206*	191,353,019
Debt securities issued	220,410	7,563,301	*7,783,711*	6,332,158	-	*6,332,158*	14,115,869
Subordinated loans	29,575	19,118	*48,693*	2,572,135	3,484,003	*6,056,138*	6,104,831

31 December 2024

	Demand and less that one month	From 1 to 12 months	Subtotal, less than twelve months	From 1 to 5 years	More than 5 years	Subtotal, over 12 months	Total
Lease liabilities	72,437	718,785	*791,222*	794,219	84,406	*878,625*	1,669,847
Other financial liabilities	937,114	2,240,178	*3,177,292*	-	12,546	*12,546*	3,189,838
	154,143,413	**137,539,574**	***291,682,987***	**136,649,130**	**19,365,852**	***156,014,982***	**447,697,969**
Net position	**2,973,742**	**(63,048,415)**	***(60,074,673)***	**23,919,388**	**92,493,616**	***116,413,004***	**56,338,331**
Accumulated gap	**2,973,742**	**(60,074,673)**		**(36,155,285)**	**56,338,331**		

The gap from 1 to 12 months is due to short-term deposits of customers, which are periodically extended and the Bank has the ability to repay them in full upon request.

36. Risk Management

Banking activities are exposed to a variety of financial risks, and those activities involve the analysis, evaluation, acceptance and management of some degree of risk or combination of risks.

The Bank manages risks through continuous processes of identification, assessment and monitoring, as well as through the establishment of risk limits and other internal control measures. The risk management process is essential for ensuring the sustainability of the Bank's profitability, and each employee of the Bank is responsible for the occurrence of risks associated with his duties.

The Bank's activities are exposed to credit, liquidity and market risks, which in turn are divided into market risks associated with commercial and non-commercial operations. The Bank is also exposed to operational risks.
The independent risk management process does not include business risks, such as changes in the environment, technology or industry. They are managed by the Bank in the strategic planning process.

Risk management structure

The Bank's risk management process begins with the approval of the risk strategy, policy and procedures by the Board and their proper implementation and control by the Executive Board. The risk strategy, policy and procedures for managing individual risk types are developed and presented by the Risk Management Department and approved by the Risk Committee under the Board.

Bank's Board

The Board is responsible for the overall oversight of risk management, strategy approval and risk management principles. The Board provides principles for overall risk management, as well as policies on specific areas such as exchange rate (foreign exchange) risk, interest rate risk, credit risk, and the use of derivative and non-derivative financial instruments.

Executive Board

The Executive Board is responsible for the smooth implementation and control of the risk management process. The Executive Board has overall responsibility for the development and implementation of risk management strategies, principles, concepts, policies and limits. It is responsible for resolving risk management issues and overseeing the implementation of relevant decisions made in relation to them.

Risk Management Department

Risk management is carried out by the Risk Management Department (RMD) in accordance with the approved policy. The RMD assesses, identifies, analyzes and hedges risks through close cooperation with operational departments. The Risk Management Department is responsible for overseeing risk management principles, policies and risk limits of the Bank, as well as for the implementation and implementation of risk management processes.

Internal audit

Internal audit is responsible for the independent assessment of risk management and the overall control environment. The risk management process implemented by the Bank is reviewed annually by internal audit, which verifies both the completeness of the procedures and the compliance of the Bank's activities with the procedures.

Internal audit discusses the results of the conducted inspections with the management and presents its conclusions and recommendations to the relevant management bodies.

Risk assessment and risk reporting systems

The Bank's risk assessment methodology takes into account both expected losses, which represent the average possible level of losses during the course of operations, and possible unexpected losses, which represent losses exceeding the average expected level. The Bank also models "worst-case scenarios" that are unlikely but have a potentially significant impact.
Risk monitoring and management are primarily based on risk limits set by the Bank. These limits reflect the Bank's business strategy and the market conditions in which the Bank operates, as well as the level of risk acceptable to the Bank, with special attention paid to individual areas.

Information received on individual types of activity is studied and processed for the purpose of risk analysis, control and assessment. Reports prepared on the basis of this information contain information on the amount of credit risk, the predicted level of credit indicators, the established risk limits, exceptions to them, VaR assessment, liquidity indicators and changes in the overall risk level. The Bank's Executive Board receives a detailed risk report by sectors, customers and geographical regions every month, which contains all the necessary information for assessing the Bank's risks and making appropriate decisions. Compliance with the established limits is discussed, the risk level, investments, liquidity and other current issues related to risks are analyzed at the meetings of the ALCO.

Risk mitigation

The risk mitigation process is the implementation of additional measures to reduce the possibility of risk occurrence, or its impact, or to mitigate both factors. As part of its overall risk management process, the Bank uses derivatives and other instruments. The Bank actively uses collateral to reduce credit risk (see below for more details).

Excessive Risk Concentrations

Risk concentrations arise when a number of counterparties carry out similar activities, or the activities are carried out in the same period, or they have similar economic characteristics, and as a result of changes in economic, political or other conditions, they exhibit a similar effect on the ability of those counterparties to meet their contractual obligations. Risk concentrations reflect the relative sensitivity of the Bank's performance to changes in conditions that affect a specific industry or geographical region.

To avoid excessive concentrations of risk, the Bank's policies and processes include principles aimed at maintaining a diversified portfolio. Management is carried out with defined concentrations of risk.

36.1 Credit risk

The Bank takes on exposure to credit risk, which is the risk that counterparty will cause a financial loss for the Bank by failing to discharge an obligation. Credit risk is the most important risk for the Bank’s business; management therefore carefully manages its exposure to credit risk. Credit exposures arise principally in lending activities that lead to loans and advances, and investment activities, which add debt securities and other debt instruments to the Bank’s assets portfolio. There is also credit risk in off-balance sheet financial instruments, such as loan commitments. Credit risk assessment is carried out by the Bank's Credit Division of Risk Management Department and reports are regularly submitted to the Bank's Board and the Executive Board.

36.1.1 Credit quality analysis

The following table contains an analysis of the credit risk exposure of financial instruments for which an ECL allowance is recognised. The gross carrying amount of financial assets below also represents the Bank's maximum exposure to credit risk on these assets, without taking account of any collateral held or other credit enhancements. For loan commitments and financial guarantee contracts, the amounts in the table represent the amounts committed or guaranteed, respectively.

Information on internal ratings is disclosed in note 36.1.2.

Internal rating grade	Stage 1	Stage 2	Stage 3	31 December 2025 Total
Cash and cash equivalents				
High	18,349,926	-	-	18,349,926
Standard	41,869,050	-	-	41,869,050
Gross carrying amount	**60,218,976**	**-**	**-**	**60,218,976**
Impairment allowance	(11,239)	-	-	(11,239)
Net carrying amount	**60,207,737**	**-**	**-**	**60,207,737**
Amounts due from financial institutions				
Standard	8,773,355	-	-	8,773,355
Gross carrying amount	**8,773,355**	**-**	**-**	**8,773,355**
Impairment allowance	(43,157)	-	-	(43,157)
Net carrying amount	**8,730,198**	**-**	**-**	**8,730,198**
Reverse repurchase agreements				
Standard	15,212,565	-	-	15,212,565
Gross carrying amount	**15,212,565**	**-**	**-**	**15,212,565**
Impairment allowance	(14,300)	-	-	(14,300)
Net carrying amount	**15,198,265**	**-**	**-**	**15,198,265**
Mortgage and consumer loans				
High	190,087,966	-	-	190,087,966
Standard	147,905	626,456	-	774,361
Low	-	48,004	-	48,004
Non-performing	-	-	484,889	484,889
Gross carrying amount	**190,235,871**	**674,460**	**484,889**	**191,395,220**
Impairment allowance	(1,469,596)	(170,583)	(301,891)	(1,942,070)
Net carrying amount	**188,766,275**	**503,877**	**182,998**	**189,453,150**
Commercial loans				
High	211,096,212	-	-	211,096,212
Standard	43,691	163,160	-	206,851
Low	-	12,854	-	12,854
Non-performing	-	-	3,061,139	3,061,139
Gross carrying amount	**211,139,903**	**176,014**	**3,061,139**	**214,377,056**
Impairment allowance	(1,108,590)	(42,506)	(1,440,259)	(2,591,355)
Net carrying amount	**210,031,313**	**133,508**	**1,620,880**	**211,785,701**
Debt instruments measured at amortized cost, including those pledged				
Standard	73,824,141	-	-	73,824,141
Gross carrying amount	**73,824,141**	**-**	**-**	**73,824,141**
Impairment allowance	(69,395)	-	-	(69,395)
Net carrying amount	**73,754,746**	**-**	**-**	**73,754,746**
Debt instruments measured at fair value through other comprehensive income, including those pledged				
Standard rating	15,635,238	-	-	15,635,238
Carrying amount (fair value)	**15,635,238**	**-**	**-**	**15,635,238**
Impairment allowance	(13,918)	-	-	(13,918)
Other financial assets				

Internal rating grade				31 December 2025
	Stage 1	**Stage 2**	**Stage 3**	**Total**
Standard	173,163	-	-	173,163
Gross carrying amount	**173,163**	**-**	**-**	**173,163**
Impairment allowance	(1,772)	-	-	(1,772)
Net carrying amount	**171,391**	**-**	**-**	**171,391**
Loan commitments and financial guarantees				
Standard	20,113,208	-	-	20,113,208
Gross carrying amount	**20,113,208**	**-**	**-**	**20,113,208**
Impairment allowance*	(99,939)	-	-	(99,939)

Internal rating grade				31 December 2024
	Stage 1	**Stage 2**	**Stage 3**	**Total**
Cash and cash equivalents				
High	18,435,660	-	-	18,435,660
Standard	45,394,598	-	-	45,394,598
Gross carrying amount	**63,830,258**	**-**	**-**	**63,830,258**
Impairment allowance	(9,943)	-	-	(9,943)
Net carrying amount	**63,820,315**	**-**	**-**	**63,820,315**
Amounts due from financial institutions				
Standard	6,844,337	-	-	6,844,337
Gross carrying amount	**6,844,337**	**-**	**-**	**6,844,337**
Impairment allowance	(43,863)	-	-	(43,863)
Net carrying amount	**6,800,474**	**-**	**-**	**6,800,474**
Reverse repurchase agreements				
Standard	14,244,938	-	-	14,244,938
Gross carrying amount	**14,244,938**	**-**	**-**	**14,244,938**
Impairment allowance	(27,158)	-	-	(27,158)
Net carrying amount	**14,217,780**	**-**	**-**	**14,217,780**
Mortgage and consumer loans				
High	152,609,968	-	-	152,609,968
Standard	52,025	722,172	-	774,197
Low	-	162,204	-	162,204
Non-performing	-	-	1,294,734	1,294,734
Gross carrying amount	**152,661,993**	**884,376**	**1,294,734**	**154,841,103**
Impairment allowance	(737,550)	(282,845)	(541,896)	(1,562,291)
Net carrying amount	**151,924,443**	**601,531**	**752,838**	**153,278,812**
Commercial loans				
High	190,117,613	-	-	190,117,613
Standard	22,800	349,619	-	372,419
Low	-	148,570	-	148,570
Non-performing	-	-	64,429	64,429
Gross carrying amount	**190,140,413**	**498,189**	**64,429**	**190,703,031**
Impairment allowance	(1,524,374)	(297,995)	(58,018)	(1,880,387)
Net carrying amount	**188,616,039**	**200,194**	**6,411**	**188,822,644**
Debt instruments measured at amortized cost, including				

Internal rating grade				**31 December 2024**
	Stage 1	**Stage 2**	**Stage 3**	**Total**
those pledged				
Standard	63,542,777	-	-	63,542,777
Gross carrying amount	**63,542,777**	**-**	**-**	**63,542,777**
Impairment allowance	(122,44)	-	-	(122,44)
Net carrying amount	**63,420,330**	**-**	**-**	**63,420,330**
Debt instruments measured at fair value through other comprehensive income, including those pledged				
Standard rating	13,586,926	-	-	13,586,926
Carrying amount (fair value)	**13,586,926**	**-**	**-**	**13,586,926**
Impairment allowance	(122,447)	-	-	(122,447)
Other financial assets				
Standard	89,985	-	-	89,985
Gross carrying amount	**89,985**	**-**	**-**	**89,985**
Impairment allowance	(966)	-	-	(966)
Net carrying amount	**89,019**	**-**	**-**	**89,019**
Loan commitments and financial guarantees				
Standard	15,755,741	-	-	15,755,741
Gross carrying amount	**15,755,741**	**-**	**-**	**15,755,741**
Impairment allowance*	(67,641)	-	-	(67,641)

* Includes only allowance for financial guarantees (see note 30):

36.1.2 Impairment assessment

The references below indicate which notes to these financial statements disclose the Bank's approach to assessing and measuring impairment. It should be read in conjunction with the accounting policies (see note 4.6.(f)).

The assessment of credit risk for risk management purposes is complex and requires the use of models, as credit risk can vary depending on market conditions, expected cash flows and time variations. The Bank assesses credit risk in terms of probability of default (PD), loss given default (LGD) and exposure at default (EAD).

In accordance with IFRS 9, the Bank uses a “three-stage” impairment model based on changes in the quality of a loan after initial recognition, which is summarized below:

A financial instrument that is not credit-impaired at initial recognition is classified as “Stage 1”, the credit risk of which is monitored by the Bank on an ongoing basis.

If a significant increase in credit risk (SICR) is identified after initial recognition, the financial instrument is moved to “Stage 2”, but is not yet considered credit-impaired.

If a financial instrument is credit-impaired, it is moved to “Stage 3”.

In Stage 1, the ECL of financial instruments is measured at an amount equivalent to the portion of expected credit losses over the next 12 months that arise from possible default events over the next 12 months. In Stages 2 or 3, the ECL of instruments is measured based on lifetime expected credit losses.

According to IFRS 9, the comprehensive concept of measuring ECL is based on forecasts.

Acquired or initially credit-impaired financial assets are those that are impaired at initial recognition. Their ECL is measured continuously over the life of the instrument (stage 3).

ECLs can be measured by means of loss allowances in the amount equivalent to the following:

12-month ECLs that result from impairment events on the financial instrument that could occur within the 12 months following the reporting period (as specified in stage 1), or

Lifetime ECLs, i.e. ECLs that result from possible default events on the financial instrument during its life (as specified in stages 2 and 3).

In the case of ECL, a loss allowance is required for a financial instrument if the credit risk of that financial instrument has increased significantly since initial recognition. For all other financial instruments, ECLs are measured at an amount equivalent to 12-month ECL.

For undrawn credit facilities and financial guarantee contracts, ECL is measured based on a 100% “Credit Conversion Factor”.

Amounts receivable from financial institutions, interbank deposits and correspondent accounts, investments in debt instruments are subject to impairment based on 12-month ECL. The probability of default and loss given default calculations for customers are derived from credit rating information provided by international rating agencies (Moody's, Fitch, S & P).

The allowance for expected credit losses on other receivables is calculated on an individual basis using the customer's credit loss allowance rate.

If the customer does not have a credit risk with the bank, the customer's credit rating and the corresponding probability of default and loss given default are used. In addition, the expected risk of the receivable is also assessed. Finally, the probabilities of default, losses given default, and expected period are multiplied to calculate the expected credit allowance for accounts receivable.

Criteria for amounts due from financial institutions

To assess borrowers' credit risks, the Bank has developed a methodology based on the requirements of IFRS 9.

The Bank measures expected credit losses on an individual basis, and in the case of loan portfolios - on a collective basis, which have similar credit risk characteristics.

Individually significant credit risk is considered to be a group of borrowers or interconnected borrowers whose risk exceeds 0.3% of the balance sheet value of the Bank's total assets. Objective criteria include an increase in past due days, and subjective criteria include significant financial difficulties.

Based on the Bank's subjective approach, loans may be classified in a more severe stage due to the expected deterioration of the borrower's financial condition, as well as in the absence of deterioration of the financial condition of the above-mentioned borrowers, loans may be reclassified in the previous stage.

In order to identify significant increases in credit risk or impairment losses, the Risk Management Department analyzes information on the liquidity, solvency, business activity and financial risk exposures of borrowers, past due, restructuring, credit ratings and fair values of collateral.

ECL for individually significant exposures that exhibit characteristics of significant increases in credit risk is measured on an individual basis. ECL for individually significant exposures that do not exhibit characteristics of significant increases in credit risk are measured on a collective basis.

In order to identify significant increases in credit risk or impairment losses, the Risk Management Department analyzes information on the liquidity, solvency, business activity and financial risk exposures of borrowers, past due, restructuring, credit ratings and fair values of collateral.

ECL for individually significant exposures that exhibit characteristics of significant increases in credit risk is measured on an individual basis. ECL for individually significant exposures that do not exhibit characteristics of significant increases in credit risk are measured on a collective basis.

Measurement of ECL on an Individual Basis

For individually assessed loans, ECLs are measured as the present value of the difference between the contractual cash flows to be provided to the Bank and the cash flows expected by the Bank based on an analysis of multiple future economic scenarios, discounted using the effective interest rate method. In addition, the repayment and realisation of any assets pledged as collateral for the loan are also taken into account.

The Bank generally estimates the realisable value of collateral based on the actual realisation times of similar collateral in the past. The general approach is modified on a case-by-case basis if other circumstances indicate that the overall collection and valuation reduction period is not reasonable.

Collective ECL Measurement

The key inputs to ECL measurement are the term structure of the following variables:

- Probability of Default (PD),
- Loss Given Default (LGD),
- Exposure at Default (EAD)

These parameters are primarily derived from internal statistical models and other historical data. They are adjusted to reflect forecasts.
Collective assessment is performed at the borrower level, not at the contract level.

Segmentation

Loans assessed on a collective basis are grouped according to their credit risk characteristics. Such characteristics include:

- Segment/Segment
- Past Due Days
- Restructuring
- Collateral

Portfolios assessed on a collective basis for ECL are divided into 5 segments or segments: consumer, mortgage, manufacturing, agriculture, other.

Definition of Default

For the definition of ECL, it is important to define default. The definition of the latter represents an estimate of the amount of ECL. The Bank considers the following to be a default event:

- The borrower has a material credit obligation to the Bank that is more than 91 days past due in the case of loans assessed on a collective basis,
- The borrower's loan has been restructured.

When assessing the probability of a borrower's default on its loan obligations, the Bank takes into account qualitative and quantitative indicators. To assess default, the Bank uses multiple sources of information, which are prepared internally or obtained from external sources.

The information assessed also depends on the significance of the disclosure. Qualitative indicators, such as information received from an external source about the possible deterioration of the borrower's financial condition, serve as important data for the analysis and are used for the purpose of identifying loans for the individual assessment of ECL if the risk presented by the borrower is significantly higher than the significant threshold.

Significant increase in credit risk

The Bank monitors all financial assets subject to impairment requirements to assess whether there has been a significant increase in credit risk since their initial recognition. In the event of a significant increase in credit risk, the Bank measures the loss allowance based on the lifetime, rather than the 12-month, ECL.

The Bank considers qualitative and quantitative information that is reasonable and supportable when assessing the timing of a significant increase in credit risk for a financial instrument since its initial recognition. A significant deterioration in the borrower's credit rating, a significant decrease in the value of collateral may be considered qualitative indicators of a significant increase in credit risk, which are used to identify loans for individual ECL assessment if the risk presented by the borrower is significantly higher than the significantly significant threshold.

When an asset becomes 31 days past due, the Bank considers that a significant increase in credit risk has occurred and the asset is in Stage 2 of the impairment model, i.e. loss provisions are assessed at lifetime ECL.

Renegotiated loans and advances

Loans and advances are generally renegotiated as part of an ongoing relationship with customers or as a result of an adverse change in the borrower's circumstances. In the latter case, the renegotiation may result in an extension of the maturity or repayment schedule, under which the Bank offers discounted interest rates to borrowers in a truly distressed situation. As a result, the asset remains past due and individually impaired, and the payment of interest and principal does not allow restoring the asset to its original carrying amount. In other cases, the renegotiation will result in the signing of a new agreement, which will in essence be treated as a new loan.

As of 31 December 2025 and 2024, the carrying amount of renegotiated loans to customers amounted to AMD 2,884,537 thousand and AMD 2,250,997 thousand, respectively.

Probability of Default (PD)

To determine the PD for each group, the Bank uses a migration matrix methodology, which applies statistical analyses of historical data, default and delinquency experience to reliably estimate the amount of loans that will ultimately be impaired as a result of events that occurred before the balance sheet date. A five-year period was selected for the observation of a similar group, from January 2021 to December 2025.

Migration matrices are used to calculate the 12-month probability of default for each group assessed on a collective basis. Based on this, marginal PDs for subsequent years are calculated, up to the maturity of the portfolio. For PD calculations, default is defined as an event of 91+ days past due. A borrower that is impaired at least once during the observation period is considered impaired for the entire observation period.

To calculate Point in Time PDs, the Bank also uses forecasts under various macro scenarios.

Loss given default (LGD)

One of the components of the impairment model is the loss given default, i.e. the loss given default is calculated. To measure it, the impaired risks by segment are reduced by the discounted liquidity value of pledged deposits and pledged property, using the actual realisation periods of similar collateral in the past. LGD models for unsecured assets take into account the repayment rates of impaired assets. LGDs are measured at the segment level, rather than at the individual borrower level.

Exposure at default (EAD)

EAD is the amortized cost of the loan expected to be in default. The bank calculates EAD from possible changes in the amortized amount that are provided for in the contract.

Forward looking information

The Bank uses forecasted information when measuring ECL. This information includes economic data published by monetary policymakers and forecasted economic indicators. Macroeconomic variables such as consumer price index, imports, exports, average nominal wage level, unemployment rate, foreign exchange rates, etc. are involved in determining the probability of default. They lead to different probabilities of default. A comprehensive analysis or weighting of these different variables forms the basis of the weighted average probability of default, which is used for ECL calculations. 12-month ECL (stage 1 loans) is measured by 12-month PD only. Lifetime ECL (stage 2 and 3 loans) is measured by all annual marginal PDs until the maturity of the loan.

Forecasts of macroeconomic indicators, along with their various scenarios and weights, are published by the National Statistical Service of the Republic of Armenia.

Expected Credit Losses (ECL) Calculation

After determining the marginal PD and LGD for each group/segment, the final calculation of loan loss provisions is performed. It depends on the risk characteristics of the groups: for groups in stage 1 (less than 31 days past due), a 12-month ECL is calculated, and for groups in stages 2 and 3 (31-90 days and 91+ days past due or restructured loans, respectively), a full ECL is calculated. The results of the calculation of the ECL of the loan portfolio allow us to obtain the average impairment rate for each of the 9 groups assessed on a collective basis.

These rates are used to form provisions for loan losses until the next regular recalculation of the entire model.

36.1.3 Most significant concentrations of credit risk

Geographical segments

The following table breaks down the Bank's main credit exposure at their carrying amounts, as categorized by geographical segments as of 31 December:

	RA	Non-OECD countries	OECD countries	Total
Cash and cash equivalents	58,034,230	1,353,650	819,856	60,207,737
Amounts due from financial institutions	8,194,065	151,213	384,920	8,730,198
Reverse repurchase agreements	15,198,265	-	-	15,198,265
Loans and advances to customers	395,390,776	5,848,075	-	401,238,851
Investment securities				-
-Investment securities at fair value through other comprehensive income	14,272,709	-	8,444	14,281,153
- Investment securities measured at amortized cost	75,108,831	-	-	75,108,831
Other financial assets	170,776	-	615	171,391
As of 31 December 2025	**566,369,652**	**7,352,938**	**1,213,835**	**574,936,425**
As of 31 December 2024	**436,413,803**	**3,390,646**	**411,536**	**440,215,985**

Assets have been classified based on the country in which the counterparty is located.

Industry sectors

For industry sector breakdown of loans, see Note 19.

36.1.4 Collateral and other credit enhancement

The amount and type of collateral required depends on an assessment of the credit risk of the counterparty. Guidelines are in place covering the acceptability and valuation of each type of collateral.
The main types of collateral obtained are, as follows:

- *For securities lending and reverse repurchase transactions*, cash or securities.
- *For commercial lending*, charges over real estate properties, movable properties, equipment, inventory and trade receivables
- *For consumer lending,* real estate properties.
- *For mortgages*, real estate properties.

The Bank did not have any financial instruments for which a allowance for losses was not recognized due to the existence of collateral.

Long-term financing and lending to corporate entities are mainly secured by collateral. In addition, to minimize credit losses, the Bank requires additional guarantees from the borrower as soon as there are signs of impairment of the relevant individual loans and advances.

Collateral securing financial assets other than loans and advances is determined by the nature of the financial instrument. Generally, collateral is not required for loans and advances to financial institutions, especially banks. The exception is collateral obtained under repurchase agreements and securities lending transactions. Bonds and other debt securities are generally not secured.

Analysis of the gross loan portfolio by collateral:

	31 December 2025	31 December 2024
Real estate	141,260,551	129,250,676
Collateral	141,407,938	112,681,723
Gold jewelry and other gold items	28,612,399	19,946,484
Vehicles	2,944,214	3,050,178
Cash	5,840,914	1,237,722
Inventories	2,464,627	4,166,871
Equipment	3,152,545	4,503,852
Other securities	149,512	18,930
Government securities	32	275
Other collateral	65,562,848	57,330,850
Unsecured loans	14,376,699	13,356,573
Total loans and advances (gross)	**405,772,276**	**345,544,134**

As of 31 December 2025, the net carrying amount of loans and advances to customers carrying credit risk amounted to AMD 3,546,028 thousand (2024: AMD 1,359,163 thousand), and the amount of collateral (mainly production assets) for these same loans and advances amounted to AMD 9,667,648 thousand (2024: AMD 2,330,791 thousand).

The values presented in the table above are the carrying amounts of the loans. The market values of the collateral are based on the valuation of the collateral at the date of the loans. They are generally not updated until the loans are assessed as individually impaired.

36.2 Market risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rates and foreign exchange rates.

36.2.1 Market risk – Non-trading

Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will directly affect the cash flows and fair values of the Bank's financial instruments. Positions are monitored daily and hedging strategies are used to maintain them within defined limits.

The following table shows the sensitivity of the Bank's financial results to potential changes in interest rates, assuming that other variables remain constant.

The sensitivity of the statement of financial performance is the effect of assumed changes in interest rates on net interest income for the period on non-trading financial assets and liabilities with floating interest rates recorded in the balance sheet as of 31 December 2025.

The sensitivity of equity is calculated by re-evaluating debt financial assets measured at fair value through other comprehensive income as of 31 December, 2025, based on assumed changes in the yield curve.

			2025
Currency	**Changes in key interest rates**	**Net interest income sensitivity**	**Capital sensitivity**
Armenian dram	+1	-	(918,392)
Armenian dram	-1	-	950,085
Base	0.09%	25,967	-

Currency	Changes in key interest rates	Net interest income sensitivity	2025 Capital sensitivity
Medium	0.34%	101,055	-
Strict	0.59%	176,215	-

Currency	Changes in key interest rates	Net interest income sensitivity	2024 Capital sensitivity
Armenian dram	+1	-	(620,292)
Armenian dram	-1	-	689,038
Base	+/-0.10	12,967	-
Medium	+/-0.35	45,706	-
Strict	+/-0.60	78,531	-

Average effective interest rates

The table below shows the average effective interest rates of interest-bearing assets and interest-bearing liabilities as of 31 December 2025 and 2024. These rates represent the approximate yield to maturity of these assets and liabilities.

	2025			2024		
	Average effective interest rate, %			Average effective interest rate, %		
	Armenian dram	In freely convertible currencies	Other foreign currency	Armenian dram	In freely convertible currencies	Other foreign currency
Interest-bearing assets						
Amounts due from financial institutions	13.53	-	-	11.6	8.6	-
Reverse repurchase agreements	7.52	2.53	-	8.0	2.5	-
Loans and advances to customers	18.57	10.6	15.24	13.0	9.0	17.7
Investment securities measured at fair value through other comprehensive income	9.72	-	-	9.6	2.9	-
Investment securities measured at amortized cost	9.31	-	-	9.6	6.1	-
Interest-bearing liabilities						
Loans from the RA Government	6.8	-	-	7.4	-	-
Loans received from financial institutions	8.3	7.7	-	8.1	7.4	-
Deposits received from financial institutions	10.8	6.1	-	11.2	6.1	-
Liabilities to customers	10.0	4.3	5.4	10.0	4.2	4.9
Repurchase agreements	6.8	-	-	7.6	-	-
Debt securities issued	11.1	5.4	-	11.0	5.1	-
Subordinated loans	16.1	7.5	-	16.1	7.5	-

Currency risk

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. Foreign currency rates are monitored on daily basis, and hedging strategy is used to keep positions within defined limits.

The following table shows the foreign currencies that could affect the Bank's non-trading monetary assets and liabilities and their forecast cash flows as of 31 December 2025. The analysis calculates the impact of potential fluctuations in foreign currencies against the Armenian dram, with other variables held constant, on the statement of financial performance (related to changes in the fair value of non-trading monetary assets and liabilities sensitive to foreign exchange) and on equity (related to changes in the fair value of foreign exchange swaps and foreign exchange forward contracts used as cash flow hedges and equity instruments).

	31 December 2025			31 December 2024		
	Change in currency rate, %	**Effect on profit before tax**	**Effect on equity**	**Change in currency rate, %**	**Effect on profit before tax**	**Effect on equity**
US Dollar	10%	(337,348)	(337,348)	10%	(494,292)	(494,292)
Euro	10%	(21,367)	(21,367)	10%	(14,614)	(14,614)

The Bank's exposure to foreign exchange risk is as follows

	31 December 2025			
	Armenian Drams	**Fully convertible currencies**	**Non convertible currencies**	**Total**
Assets				
Cash and cash equivalents	23,853,194	34,502,406	1,852,137	60,207,737
Amounts due from financial institutions	7,184,129	1,485,725	60,344	8,730,198
Reverse repurchase agreements	13,290,662	1,907,603		15,198,265
Loans and advances to customers	301,349,603	99,877,773	11,475	401,238,851
Investment securities				
- investment securities measured at fair value through other comprehensive income	14,281,153	-	-	14,281,153
- investment securities measured at amortized cost	75,108,831	-	-	75,108,831
Other financial assets	162,434	8,358	599	171,391
Total	**435,230,006**	**137,781,865**	**1,924,555**	**574,936,426**
Liabilities				
Amounts due to financial institutions	108,878,916	86,475,384	200,171	195,554,471
Repurchase agreements	73,308,675	-	-	73,308,675
Amounts due to customers	164,748,504	42,870,439	1,733,604	209,352,547
Debt securities issued	15,834,214	6,498,993	-	22,333,207
Subordinated borrowings	1,013,023	5,209,104	-	6,222,127
Lease liabilities	1,863,906	-	-	1,863,906
Other financial liabilities	3,068,293	266,177	4,212	3,338,683
Total	**368,715,531**	**141,320,097**	**1,937,987**	**511,973,616**
Total impact of derivative financial instruments	**-**	**(347,762)**	**(170)**	**(347,932)**
Net position as of 31 December 2025	**66,514,472**	**(3,870,526)**	**(13,602)**	**62,630,344**
Loan commitments, financial guarantees as of 31 December	**16,323,774**	**3,735,810**	**53,624**	**20,113,208**

				31 December 2025
	Armenian Drams	Fully convertible currencies	Non convertible currencies	Total
2025				
Total financial assets	**321,520,635**	**116,870,097**	**3,277,028**	**441,667,760**
Total financial liabilities	**279,446,137**	**119,928,339**	**2,351,229**	**401,725,705**
Total exposure to derivative financial instruments	**(12,689)**	**1,040,837**	**(1,042,006)**	**(13,858)**
Net position as of 31 December 2024	**42,061,809**	**(2,017,405)**	**(116,207)**	**39,928,197**
Transfer commitments, financial guarantees as of 31 December 2024	**12,937,566**	**2,783,663**	**34,512**	**15,755,741**

Freely convertible foreign currency mainly represents the US dollar, but also includes the currencies of OECD countries. Non-convertible amounts refer to the currencies of CIS countries, with the exception of the Republic of Armenia.

36.3 Liquidity risk

Liquidity risk is related to the Bank's ability to repay its financial obligations on time under normal and stressed conditions. To mitigate this risk, the Bank raises additional financial resources in addition to its core deposit base, manages assets taking into account liquidity risk and analyzes future cash flows and liquidity on a daily basis. This also includes estimates of expected cash flows and the availability of highly liquid collateral, which can be used to obtain additional financing if necessary.

The Bank maintains a portfolio of highly liquid and decentralized assets that can be easily cashed out in the event of an unforeseen interruption in cash flows. The Bank also has secured credit lines that it can use to meet liquidity needs.
The liquidity position is assessed and managed under various scenarios, taking into account stress factors related to the market in general and the Bank in particular.

The Bank's liquidity management requires taking into account the level of liquid assets necessary to repay liabilities as they fall due, ensuring the availability of various sources of financing, the availability of a contingency financing plan, and monitoring balance sheet liquidity ratios in accordance with regulatory requirements. The Bank calculates liquidity ratios in accordance with the requirements of the CBA.

As of 31 December, the indicators are as follows:

	2025, %	**Unaudited 2024, %**
N21- Total liquidity (Highly liquid assets/Total assets)	17.53	17.27
N22- Current liquidity (Highly liquid assets/Demand liabilities)	109.77	99.44

Analysis of financial liabilities by remaining maturity

The following is a breakdown of the Bank's undiscounted financial liabilities as of 31 December 2025, based on the remaining contractual maturities from the balance sheet date. See note 35 for the expected maturities of these liabilities.

						31 December 2025
	Demand and less than one month	From 1 to 12 months	From 1 to 5 years	More than 5 years	Total gross outflow	Carrying amount
Non-derivative financial liabilities						
Amounts due to financial institutions	11,104,756	57,893,815	152,027,776	26,910,161	247,936,508	195,554,301
Repurchase agreements	381,317	5,581,598	20,649,945	-	26,612,859	22,333,207
Amounts due to customers	73,427,417	9,320	-	-	73,436,736	73,308,675
Debt securities issued	87,669,653	99,457,751	29,720,370	682,411	217,530,184	209,352,547
Subordinated borrowings	73,839	498,704	4,186,549	3,771,808	8,530,899	6,222,127
Lease liabilities	476	721,104	2,391,327	439,149	3,552,056	1,863,906
Other financial liabilities	3,166,256	-	-	-	3,166,256	3,166,256
Total undiscounted non-derivative financial liabilities	**175,823,714**	**164,162,292**	**208,975,967**	**31,803,529**	**580,765,498**	**511,801,019**
Derivative financial liabilities						
Derivatives						
Inflow	422,997	-	-	-	422,997	422,997
Outflow	(770,759)	-	-	-	(770,759)	770,759
Total derivative financial liabilities	**(347,762)**	**-**	**-**	**-**	**(347,762)**	**(347,762)**
Liabilities containing credit risk	**416,159**	**6,768,350**	**11,988,365**	**1,363,906**	**20,536,780**	**20,113,208**

						31 December 2024
	Demand and less than one month	From 1 to 12 months	From 1 to 5 years	More than 5 years	Total gross outflow	Carrying amount
Non-derivative financial liabilities						
Amounts due to financial institutions	15,004,158	58,527,852	113,983,242	20,690,799	208,206,051	168,098,604
Repurchase agreements	63,103,194	-	-	-	63,103,194	63,046,386
Amounts due to customers	81,484,699	80,128,464	37,686,182	648,903	199,948,248	191,353,019
Debt securities issued	303,534	8,227,106	6,854,075	-	15,384,715	14,115,869
Subordinated borrowings	71,980	492,657	4,427,542	3,880,165	8,872,344	6,104,831
Lease liabilities	86,773	826,046	943,040	91,583	1,947,442	1,669,847
Other financial liabilities	937,114	2,240,178	-	12,546	3,189,838	3,189,838
Total undiscounted non-derivative financial liabilities	**160,991,452**	**150,442,303**	**163,894,081**	**25,323,996**	**500,651,832**	**447,578,394**
Derivative financial liabilities						
Derivatives						
Inflow	411,564	-	-	-	411,564	-
Outflow	(531,139)	-	-	-	(531,139)	(119,575)
Total derivative financial liabilities	**(119,575)**	**-**	**-**	**-**	**(119,575)**	**(119,575)**
Liabilities containing credit risk	**511,944**	**6,965,428**	**8,034,494**	**243,875**	**15,755,741**	**15,755,741**

36.4 Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes related to the Bank's involvement in financial instruments, processes, personnel, technology and infrastructure, and from external factors, excluding credit, market and liquidity risks, such as legal and regulatory requirements and generally accepted standards of corporate conduct.

The Bank's objective is to manage operational risk by balancing the avoidance of financial losses and reputational damage with the cost-effectiveness of risk management.

The Bank's executive body has primary responsibility for developing and implementing controls aimed at managing operational risk. This responsibility is accompanied by the development of common standards for operational risk management in the following areas:

- requirements for appropriate segregation of duties, including independent approval of transactions,
- requirements for transaction reconciliation and monitoring,
- compliance with regulatory and other legal requirements, including the minimum requirements for the internal control system of the CBA,
- documentation of control mechanisms and procedures,
- requirements for periodic assessment of emerging operational risks, as well as compliance with procedures aimed at risk management,
- requirements for reporting operational losses and recommended mitigating actions,
- development of emergency plans,
- training and professional development,
- ethics and business standards,
- risk mitigation.

The Bank's compliance with standards is monitored by regular reviews conducted by internal audit. Summaries of the reviews are submitted to the Board.

37. Reconciliation of liabilities arising from financing activities

Changes in the bank's liabilities arising from financing activities can be classified as follows:

	Debt securities issued	Subordinated loans	Amounts due to financial institutions	Lease liabilities	Dividends	Total liabilities from financing activities
Carrying amount as of 31 December 2023	**11,295,283**	**9,679,494**	**158,676,902**	**1,426,082**	**541,207**	**181,618,968**
Inflows	4,998,075	11,170,863	1,627,753,824	-	-	1,643,922,762
Outflows	(2,137,728)	(7,624,272)	(1,620,095,165)	(1,063,946)	(1,295,932)	(1,632,217,043)
Foreign exchange conversions	(116,412)	(258,262)	(1,041,653)	-	-	(1,416,327)
Other	76,651	(6,862,992)	2,804,696	1,307,711	1,339,686	(1,334,248)
Carrying amount as of 31 December 2024	**14,115,869**	**6,104,831**	**168,098,604**	**1,669,847**	**584,961**	**190,574,112**
Inflows	19,123,763	-	1,111,352,349	-	-	1,130,476,112
Outflows	(10,596,616)	-	(1,082,774,948)	(1,137,511)	(1,473,128)	(1,095,982,203)
Foreign exchange conversions	(309,809)	110,051	(1,838,729)	-	-	(2,038,487)
Other	-	7,245	717,195	1,331,570	1,497,645	3,553,655
Carrying amount as of 31 December 2025	**22,333,207**	**6,222,127**	**195,554,471**	**1,863,906**	**609,478**	**226,583,189**

38. Capital Adequacy

The Bank maintains an actively managed capital structure to cover the risks inherent in banking activities. The adequacy of the Bank's capital is monitored, among other measures, using the rules and regulations approved by the Basel Committee on Banking Supervision, as well as the CBA.
The primary objectives of the Bank's capital management are to ensure that the Bank's capital meets the established requirements.

The Bank manages its capital structure and makes appropriate adjustments in accordance with changes in economic conditions and the risks of its activities. In order to maintain or change the capital structure, the Bank may change the amount of dividends paid to shareholders or issue shares. There have been no changes in the objectives, policies and processes compared to previous years.

The minimum ratio between total capital and risk-weighted assets N1 set by the CBA is 11%.

The total capital of the bank is the sum of its Tier 1 and Tier 2 capital. The Tier 1 capital of the bank is the sum of the bank's Tier 1 core capital and Tier 1 additional capital, after making appropriate deductions and adjustments.

Tier 2 capital includes long-term subordinated loans that meet the requirements of the regulation and the total reserve for possible losses formed in accordance with the asset classification and provisioning procedure, with appropriate weights.
Risk-weighted assets are measured according to risk weights, classified according to the assessment of credit, market and operational risks.

As of 31 December 2025 and 2024, the amounts of total capital, risk-weighted assets and capital adequacy ratio, calculated in accordance with the requirements of the CBA, are presented below.

		Unaudited
	31 December 2025	**31 December 2024**
Tier 1 capital	73,657,219	67,660,933
Tier 2 capital	9,599,564	9,476,602
Total: total capital	83,256,783	77,137,535
Risk-weighted assets	474,453,245	427,311,436
Capital adequacy ratio (N1)	17.55%	18.05%

During the period, the Bank has maintained all capital adequacy requirements.

Aiming to promote the increase in the efficiency of the banking system, strengthen the stability of the banking system and its ability to withstand shocks in various economic situations, as well as to contribute to the provision of more efficient and affordable banking services by the banking system, the Board of the CBA has set the minimum amount of total regulatory capital at AMD 30,000,000 thousand.

39. Segment reporting

The Bank's operations are highly integrated and constitute a single business segment in accordance with the requirements of IFRS 8 "Operating Segments".

The majority of revenue from external customers is from residents of the Republic of Armenia. The Bank does not have a single customer from which it receives 10% or more of its revenue.

The Bank's non-current assets are mainly located in the Republic of Armenia.

40. Post-balance sheet events

On 23 February 2026, the Bank issued US dollar and Armenian dram bonds with the following terms and conditions through an open placement:

- AMD 4 billion in volume, 10.25% annual coupon yield, 36-month maturity, semi-annual coupon payment frequency,
- USD 2 million in volume, 5.50% annual coupon yield, 36-month maturity, semi-annual coupon payment frequency (currently in the process of placement).

On 2 March 2026, it issued AMD 3 billion-worth coupon bonds with an annual yield of 10.00%, with a semi-annual payment frequency, and a circulation period of 36 months.

On 1 April 2026, it issued AMD 3 billion-worth coupon bonds with an annual yield of 9.75%, with a circulation period of 36 months (currently in the process of placement).