Evocabank OJSC

Financial Statements

for the year ended 31 December 2025

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Independent auditor's report

To the Shareholders and Supervisory Board of Evocabank OJSC

Opinion

We have audited the financial statements of Evocabank OJSC (hereinafter, the "Bank"), which comprise the statement of financial position as at 31 December 2025, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Bank as at 31 December 2025 and its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards.

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' *International Code of Ethics for Professional Accountants (including International Independence Standards)* (IESBA Code), as applicable to audits of financial statements of public interest entities, together with the ethical requirements that are relevant to our audit of the financial statements of public interest entities in the Republic of Armenia. We have also fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For the matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the financial statements* section of our report, including in relation to this matter. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matter below, provide the basis for our audit opinion on the accompanying financial statements.

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Key audit matter	How our audit addressed the key audit matter
Allowance for impairment of loans and advances to customers	
Allowance for impairment of loans and advances to customers is a key audit matter due to both the significance of loans and advances to customers and the complexity and judgments related to the estimation of expected credit losses ("ECL") under IFRS 9 Financial Instruments ("IFRS 9"). The calculation of ECL on a collective basis involves estimation techniques that use complex statistical modelling and expert judgment. These techniques are used to determine probability of default ('PD'), loss given default ('LGD') and exposure at default ('EAD'), based on available historical data, which is adjusted for forward-looking information, including forecast of macroeconomic parameters. ECL on a collective basis is highly impacted by assessment of whether a significant increase in credit risk has occurred since initial recognition. This assessment is primarily based on days past due (including borrower's overdue exposures in other financial institutions) and renegotiation of loan terms due to deterioration of the financial position of the borrower. The calculation of ECL for significant individually assessed loans and advances to customers requires assessment of the market value of collateral. The use of different modelling techniques and assumptions may impact the ECL estimates and have a material effect on the financial results of the Bank. Information on the allowance for impairment of loans and advances to customers is included in Note 18 "Loans and advances to customers" and Note 29 "Risk management" to the financial statements.	We obtained an understanding, performed walkthroughs and evaluated the design and operating effectiveness of key controls across the processes relevant to the ECL and assessed the consistency of application of the criteria selected by management to identify significant increase in credit risk as at the reporting date. We analysed credit risk models and assumptions used to determine ECL on a collective basis. With the support of our internal specialists, we analysed underlying statistical models, key inputs and assumptions used and forward-looking information incorporated in the calculation of ECL, including updated forecasts of macroeconomic parameters. We assessed the appropriateness of the key statistical data underlying credit risk factors calculation, such as loans' overdue days, market value and types of collateral pledged under these loans, which are considered for calculation of loss given default. We obtained loan and collateral agreements, cadaster certificates confirming ownership and registration details of the collateral, and independent valuators' reports supporting the collateral value where expected cash flows from the realization of collateral were affecting the estimation of ECLs. Involving our valuation specialists, we assessed the valuation of collaterals. We evaluated the adequacy and appropriateness of disclosures related to ECL for compliance with the requirements of IFRS.

Other matter

The financial statements of the Bank for the year ended 31 December 2024 were audited by another auditor who expressed an unmodified opinion on those statements on 15 April 2025.

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Other information included in the Bank's 2025 Investor Presentation

Other information consists of the information included in the Bank's 2025 Investor Presentation, other than the financial statements and our auditor's report thereon. Management is responsible for the other information. The Bank's 2025 Investor Presentation is expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Responsibilities of management and the Audit committee for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards, 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.

The Audit committee is 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.

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- 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, 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 the Audit committee 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.

We also provide the Audit committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Audit committee, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The partner in charge of the audit resulting in this independent auditor's report is Eric Hayrapetyan.

Ernst & Young CJSC
Yerevan, Armenia

General Director
Partner (Assurance) Eric Hayrapetyan

Responsible Auditor Yelena Adamyan

16 April 2026

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2025

In thousands of Armenian drams	**Notes**	**2025**	2024
Interest income calculated using effective interest rate	5	**47,546,574**	36,525,153
Other interest income	5	**1,151,321**	671,209
Interest expense	5	**(25,823,764)**	(19,039,115)
Net interest income		**22,874,131**	18,157,247
Fee and commission income	6	**10,215,737**	12,252,254
Fee and commission expense	6	**(7,659,357)**	(9,838,459)
Net fee and commission income		**2,556,380**	2,413,795
Net gain on financial instruments at fair value through profit or loss		**23,995**	37,842
Net foreign exchange gain	7	**20,481,013**	10,436,785
Net gain on investment securities measured at fair value through other comprehensive income		**14,275**	11,144
Other operating income	8	**468,109**	568,990
Banking direct expense	9	**(1,645,158)**	(1,485,576)
Operating income before impairment and other administrative expenses		**44,772,745**	30,140,227
Net (impairment losses)/recovery on financial instruments	10	**(278,955)**	467,264
Personnel expenses	11	**(11,973,506)**	(7,855,157)
Depreciation of property and equipment and amortization of intangible assets	19	**(1,591,406)**	(1,243,123)
Other general administrative expenses	12	**(5,573,534)**	(3,717,741)
Profit before income tax		**25,355,344**	17,791,470
Income tax expense	13	**(3,961,461)**	(3,182,275)
Profit for the year		**21,393,883**	14,609,195
Other comprehensive income, net of income tax			
Items that will not be reclassified subsequently to profit or loss			
Revaluation of land and buildings		**–**	712,379
Movement in fair value reserve for equity instruments		**–**	49,483
Total items that will not be reclassified subsequently to profit or loss		**–**	761,862
Items that are or may be reclassified subsequently to profit or loss			
Movement in fair value reserve and changes in allowance for expected credit losses for investment securities:			
–net change in fair value		**2,767,515**	1,426,780
–net amount reclassified to profit or loss		**(11,706)**	(9,138)
Total items that are or may be reclassified subsequently to profit or loss		**2,755,809**	1,417,642
Other comprehensive income for the year, net of income tax		**2,755,809**	2,179,504
Total comprehensive income for the year		**24,149,692**	16,788,699

Signed and authorized for release on behalf of the Management of the Bank.

Karen Yeghiazaryan / Chairman of the Management Board

Emma Janinyan Chief Accountant – Member of the Management Board

April 16, 2026

STATEMENT OF FINANCIAL POSITION

As at 31 December 2025

In thousands of Armenian drams	**Notes**	**2025**	2024
Assets			
Cash and cash equivalents	14	**122,303,623**	83,157,459
Amounts receivable under reverse repurchase agreements	17	**67,652,428**	45,723,768
Investment securities measured at fair value through other comprehensive income	15		
−Held by the Bank		**42,957,180**	44,682,897
−Pledged under sale and repurchase agreements		**44,326,363**	17,910,915
Investment securities measured at amortised cost	15		
−Held by the Bank		**21,709,017**	31,401,936
Investment securities measured at fair value through profit or loss	15	**–**	106,807
Loans and advances to banks and other financial institutions*	16	**54,466,337**	33,996,173
Loans and advances to customers	18	**360,015,227**	276,906,446
Property, equipment and intangible assets	19	**12,456,087**	10,457,343
Right-of-use assets	20	**1,506,666**	1,128,778
Repossessed assets	18	**2,099,864**	1,360,456
Other assets	21	**6,235,958**	5,393,393
Total assets		**735,728,750**	552,226,371
Liabilities			
Deposits and balances from banks	22	**25,455,241**	20,003,897
Amounts payable under repurchase agreements	27	**42,061,232**	17,023,540
Current accounts and deposits from customers	23	**434,049,251**	329,504,000
Debt securities issued	24	**30,342,305**	32,862,442
Other borrowed funds	25	**78,900,077**	53,018,275
Current income tax liability		**1,733,550**	1,217,295
Deferred tax liability	13	**3,212,171**	2,337,034
Lease liability	20	**1,672,835**	1,246,879
Subordinated borrowings	25	**5,946,650**	4,023,289
Other liabilities	26	**7,148,939**	6,786,913
Total liabilities		**630,522,251**	468,023,564
Equity	28		
Share capital		**23,000,000**	23,000,000
Revaluation surplus for land and buildings		**3,764,820**	3,875,488
Fair value reserve for investment securities		**3,517,660**	761,851
Retained earnings		**74,924,019**	56,565,468
Total equity		**105,206,499**	84,202,807
Total liabilities and equity		**735,728,750**	552,226,371

The accompanying notes 1 to 35 form an integral part of these financial statements.

STATEMENT OF CASH FLOWS

For the year ended 31 December 2025

In thousands of Armenian drams	Notes	2025	2024
Cash flows from operating activities			
Profit before tax		**25,355,344**	17,791,470
Adjustments for			
Amortization and depreciation allowances		**1,591,406**	1,243,123
Net (gains)/losses from sale of property and equipment		**820**	9,578
Net losses/(gains) on disposal of other assets		**–**	(16,616)
Impairment recovery/(loss) of financial assets		**278,955**	(467,264)
Interest expense on lease liabilities		**–**	123,915
Net foreign exchange gains from revaluation of non-trading assets and liabilities	7	**(5,503,390)**	(1,218,697)
Revaluation loss on land and buildings		**–**	18,471
Interest receivable		**(1,208,302)**	(803,859)
Interest payable		**2,375,429**	1,573,929
Cash flows from operating activities before changes in operating assets and liabilities		**22,890,262**	18,254,050
(Increase)/decrease in operating assets			
Amounts receivable under reverse repurchase agreements		**(21,977,414)**	(15,508,130)
Loans and advances to banks and other financial institutions		**(17,005,257)**	2,946,503
Loans and advances to customers		**(85,648,445)**	(67,839,784)
Repossessed assets		**106,793**	258,323
Other assets		**(730,402)**	(1,022,938)
Increase/(decrease) in operating liabilities			
Deposits and balances from banks		**4,808,070**	12,750,222
Amounts payable under repurchase agreements		**24,968,288**	11,030,733
Current accounts and deposits from customers		**103,254,882**	52,797,746
Other liabilities		**(440,929)**	2,254,609
Net cash provided from operating activities before income tax paid		**30,225,848**	15,921,334
Income tax paid		**(3,184,125)**	(2,919,808)
Cash flows from operating activities		**27,041,723**	13,001,526
Cash flows from investing activities			
Acquisition of investment securities measured at FVOCI		**(26,943,016)**	(31,716,846)
Proceeds from sale and repayment of investment securities measured at FVOCI		**6,939,282**	7,838,355
Acquisition of investment securities measured at amortised cost		**(486,162)**	(15,570,729)
Proceeds from repayment of investment securities measured at amortized cost		**10,112,768**	32,831,906
Purchase of property, equipment and intangible assets		**(3,269,892)**	(1,346,604)
Cash flows used in investing activities		**(13,647,020)**	(7,963,918)
Cash flows from financing activities			
Dividends paid	28	**(3,146,000)**	(2,046,000)
Proceeds from debt securities issued	24	**–**	17,632,230
Repayment of debt securities issued	24	**(2,000,000)**	(5,872,900)
Receipt of other borrowings	25	**39,179,157**	23,739,722
Repayment of other borrowings	25	**(13,010,507)**	(13,996,699)
Receipt of subordinated borrowings	25	**2,084,452**	–
Lease liabilities	20	**(270,533)**	(342,138)
Cash flows from financing activities		**22,836,569**	19,114,215
Net increase in cash and cash equivalents		**36,231,272**	24,151,823
Effect of changes in exchange rates on cash and cash equivalents		**2,889,409**	(1,921,322)
Effect of changes in impairment allowance		**25,483**	(10,775)
Cash and cash equivalents as at the beginning of the year		**83,157,459**	60,937,733
Cash and cash equivalents as at the end of the year	14	**122,303,623**	83,157,459

The accompanying notes 1 to 35 form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2025

In thousands of Armenian drams	Share capital	Fair value reserve for investment securities	Revaluation surplus for land and buildings	Retained earnings	Total equity
Balance as at 1 January 2024	23,000,000	(705,274)	3,270,974	43,894,408	69,460,108
Profit for the year	–	–	–	14,609,195	14,609,195
Other comprehensive income					
Revaluation of land and buildings, net of income tax	–	–	712,379	–	712,379
Fair value reserve for investment securities					
–net change in fair value including ECL, net of income tax	–	1,476,263	–	–	1,476,263
–net amount reclassified to profit or loss, net of income tax	–	(9,138)	–	–	(9,138)
Total comprehensive income for the year	–	1,467,125	712,379	14,609,195	16,788,699
Adjustment to reserve on amortization or disposal of property and equipment	–	–	(107,865)	107,865	–
Transactions with owners, recorded directly in equity					
Dividends to shareholders *(Note 28)*	–	–	–	(2,046,000)	(2,046,000)
Total transactions with owners	–	–	–	(2,046,000)	(2,046,000)
Balance as at 31 December 2024	**23,000,000**	**761,851**	**3,875,488**	**56,565,468**	**84,202,807**
Balance as at 1 January 2025	**23,000,000**	**761,851**	**3,875,488**	**56,565,468**	**84,202,807**
Profit for the year	**–**	**–**	**–**	**21,393,883**	**21,393,883**
Other comprehensive income					
Fair value reserve for investment securities					
–net change in fair value including ECL, net of income tax	**–**	**2,767,515**	**–**	**–**	**2,767,515**
–net amount reclassified to profit or loss, net of income tax	**–**	**(11,706)**	**–**	**–**	**(11,706)**
Total comprehensive income for the year	**–**	**2,755,809**	**–**	**21,393,883**	**24,149,692**
Adjustment to reserve on amortization or disposal of property and equipment	**–**	**–**	**(110,668)**	**110,668**	**–**
Transactions with owners, recorded directly in equity					
Dividends to shareholders *(Note 28)*	**–**	**–**	**–**	**(3,146,000)**	**(3,146,000)**
Total transactions with owners	**–**	**–**	**–**	**(3,146,000)**	**(3,146,000)**
Balance as at 31 December 2025	**23,000,000**	**3,517,660**	**3,764,820**	**74,924,019**	**105,206,499**

The accompanying notes 1 to 35 form an integral part of these financial statements.

NOTES TO, AND FORMING PART OF, THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

1. BACKGROUND

(a) Organisation and operations

Evocabank OJSC (formerly Prometey Bank CJSC) (the "Bank") was incorporated on 01.06.1990 as a closed joint stock company. According to the Decision of the Central Bank of Armenia (the "CBA") dated July 29, 2025, Evocabank closed joint stock company has been reorganized and now operates as Evocabank Open Joint-Stock Company. The Bank is regulated by the legislation of the Republic of Armenia and conducts its business under license number 27, granted on 02.10.1991 by the CBA.

The Bank is a member of the state deposit insurance system in the Republic of Armenia and member of Union of Banks of Armenia, ArCa, MasterCard payment systems.

The Bank accepts deposits from the public and extends credits, transfers payments in Armenia and abroad, exchanges currencies and provides other banking services to its commercial and retail customers.

The Bank conducts business throughout head office and 16 branches located in Yerevan, Gyumri, Abovyan and Vanadzor. The registered office of the Bank is 44/2 Hanrapetutyan Street, Yerevan 0010, Republic of Armenia.

Number of employees as at 31 December 2025 was 653 (2024: 527).

As at 31 December 2025 and 2024 the Bank's shareholding structure was as follows:

	2025		2024	
In thousands of Armenian drams	**AMD'000**	**%**	AMD'000	%
Mareta Gevorkyan	**22,999,300**	**100.0**	22,999,300	100.0
Other shareholders	**700**	**0.0**	700	0.0
	23,000,000	**100**	23,000,000	100

The Bank is ultimately controlled by a single individual, Mareta Gevorkyan, who has the power to direct the transactions of the Bank at her own discretion and for her own benefit. In addition, she has several other business interests outside the Bank.

(b) Armenian business environment

The Bank's operations are primarily located in Armenia. Consequently, the Bank is exposed to the economic and financial markets of Armenia which display characteristics of an emerging market. The legal, tax and regulatory frameworks continue development, but are subject to varying interpretations and frequent changes which together with other legal and fiscal impediments contribute to the challenges faced by entities operating in Armenia.

As a result of the war in Ukraine, many leading countries and economic unions have imposed extensive economic sanctions on Russia and Belarus, including sanctions on banks, entities and individuals. Since the outset of the war, the Russian ruble has experienced significant volatility, and the value of securities traded in Russia or issued by Russian companies has declined. Although the situation continues to evolve, it has already resulted in a humanitarian crisis and substantial economic disruption in Ukraine, Russia and globally. Ukraine and Russia are important trade partners for Armenia.

Following the outbreak of the war, Armenia experienced a notable influx of non-residents (particularly from Russia), which contributed to higher inflows from Russia, Ukraine and Belarus and increased card transaction activity. Management continues to monitor the evolving economic conditions. As the conflict is ongoing, it is not possible to reliably assess the full impact on the Bank's operations, financial position and future performance. The ultimate effect will depend on the duration and developments of the conflict and the related consequences for the Armenian economy.

The financial statements reflect management's assessment of the impact of the Armenian business environment on the operations and the financial position of the Bank. The future business environment may differ from management's assessment.

NOTES TO, AND FORMING PART OF, THE FINANCIAL STATEMENTS (continued)

2. BASIS OF PREPARATION

(a) Statement of compliance

The accompanying financial statements are prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards").

(b) Basis of measurement

The financial statements are prepared on the historical cost basis except that financial instruments at fair value through profit or loss (FVTPL) and investment securities at fair value through other comprehensive income (FVOCI) are stated at fair value and lands and buildings are stated at revalued amounts.

(c) Functional and presentation currency

The functional currency of the Bank is the Armenian Dram (AMD) as, being the national currency of the Republic of Armenia, it reflects the economic substance of the majority of underlying events and circumstances relevant to the Bank.

The AMD is also the presentation currency for the purposes of these financial statements. The official CBA exchange rates as at 31 December 2025 and 31 December 2024, were AMD 381.36 and AMD 396.56 to USD 1, and AMD 449.01 and AMD 413.89 to EUR 1, respectively.

(d) Use of estimates and judgments

The preparation of financial statements in conformity with IFRS Accounting Standards requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results could differ from those estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Judgements

Information about critical judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the financial statements is included in the following notes:

- Classification of financial assets: assessment of the business model within which the assets are held and assessment of whether the contractual terms of the financial asset are solely payments of principal and interest on the principal amount outstanding – *Note 4(e)*(i);
- Establishing the criteria for determining whether credit risk on the financial asset has increased significantly since initial recognition, determining the methodology for incorporating forward-looking information into the measurement of expected credit loss ("ECL") and selection of models used to measure ECL – *Note 29(c)*.

Assumptions and estimations uncertainty

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year is included in the following notes:

- Impairment of financial instruments: determining inputs into the ECL measurement model, including key assumptions used in estimating recoverable cash flows and incorporation of forward-looking information – *Note 29(c)*.

3. CHANGES IN ACCOUNTING POLICIES AND PRESENTATION

(a) New and amended standards and interpretations

The Bank applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2025 (unless otherwise stated). The Bank has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

NOTES TO, AND FORMING PART OF, THE FINANCIAL STATEMENTS (continued)

3. CHANGES IN ACCOUNTING POLICIES AND PRESENTATION (continued)

(a) New and amended standards and interpretations (continued)

Lack of exchangeability – Amendments to IAS 21

For annual reporting periods beginning on or after 1 January 2025, Lack of Exchangeability – Amendments to IAS 21 *The Effects of Changes in Foreign Exchange Rates* specifies how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking. The amendments also require disclosure of information that enables users of its financial statements to understand how the currency not being exchangeable into the other currency affects, or is expected to affect, the entity's financial performance, financial position and cash flows.

The amendments did not have a material impact on the Bank's financial statements.

(b) Standards issued but not yet effective

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Bank's financial statements are disclosed below. The Bank intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

IFRS 18 Presentation and Disclosure in Financial Statements

In April 2024, the IASB issued IFRS 18, which replaces IAS 1 *Presentation of Financial Statements*. IFRS 18 introduces new requirements for presentation within the statement of profit or loss, including specified totals and subtotals. Furthermore, entities are required to classify all income and expenses within the statement of profit or loss into one of five categories: operating, investing, financing, income taxes and discontinued operations, whereof the first three are new.

It also requires disclosure of newly defined management-defined performance measures, subtotals of income and expenses, and includes new requirements for aggregation and disaggregation of financial information based on the identified 'roles' of the primary financial statements (PFS) and the notes.

In addition, narrow-scope amendments have been made to IAS 7 *Statement of Cash Flows*, which include changing the starting point for determining cash flows from operations under the indirect method, from 'profit or loss' to 'operating profit or loss' and removing the optionality around classification of cash flows from dividends and interest. In addition, there are consequential amendments to several other standards.

IFRS 18, and the amendments to the other standards, is effective for reporting periods beginning on or after 1 January 2027, but earlier application is permitted and must be disclosed. IFRS 18 will apply retrospectively.

The Bank is currently working to identify all impacts the amendments will have on the primary financial statements and notes to the financial statements.

IFRS 19 Subsidiaries without Public Accountability: Disclosures

In May 2024, the IASB issued IFRS 19, which allows eligible entities to elect to apply its reduced disclosure requirements while still applying the recognition, measurement and presentation requirements in other IFRS accounting standards. To be eligible, at the end of the reporting period, an entity must be a subsidiary as defined in IFRS 10, cannot have public accountability and must have a parent (ultimate or intermediate) that prepares consolidated financial statements, available for public use, which comply with IFRS accounting standards.

IFRS 19 will become effective for reporting periods beginning on or after 1 January 2027, with early application permitted.

As the Bank's debt instruments are publicly traded, it is not eligible to elect to apply IFRS 19.

3. CHANGES IN ACCOUNTING POLICIES AND PRESENTATION (continued)

(b) Standards issued but not yet effective (continued)

Amendments to the Classification and Measurement of Financial Instruments—Amendments to IFRS 9 and IFRS 7

In May 2024, the IASB issued Amendments to IFRS 9 and IFRS 7, Amendments to the *Classification and Measurement of Financial Instruments* (the Amendments). The Amendments include:

- A clarification that a financial liability is derecognised on the 'settlement date' and the introduction of an accounting policy choice (if specific conditions are met) to derecognise financial liabilities settled using an electronic payment system before the settlement date;
- Additional guidance on how the contractual cash flows for financial assets with environmental, social and corporate governance (ESG) and similar features should be assessed;
- Clarifications on what constitute 'non-recourse features' and what are the characteristics of contractually linked instruments;
- The introduction of disclosures for financial instruments with contingent features and additional disclosure requirements for equity instruments classified at fair value through other comprehensive income (OCI).

The Amendments are effective for annual periods starting on or after 1 January 2026 with early adoption permitted for classification of financial assets and related disclosures only. The Bank is currently assessing the potential impact of these amendments on its financial statements.

Annual Improvements to IFRS Accounting Standards - Volume 11

In July 2024, the IASB issued nine narrow scope amendments as part of its periodic maintenance of IFRS accounting standards. The amendments include clarifications, simplifications, corrections or changes to improve consistency in IFRS 1 *First-time Adoption of International Financial Reporting Standards*, IFRS 7 *Financial instruments: Disclosure and its accompanying Guidance on implementing IFRS 7*, IFRS 9 *Financial Instruments*, IFRS 10 *Consolidated Financial Statements* and IAS 7 *Statements of Cash Flows*.

The amendments will be effective for reporting periods beginning on or after 1 January 2026. Earlier application is permitted and must be disclosed.

The amendments are not expected to have a material impact on the Bank's financial statements.

Contracts Referencing Nature-dependent Electricity – Amendments to IFRS 9 and IFRS 7

In December 2024, the IASB issued Amendments to IFRS 9 and IFRS 7 - *Contracts Referencing Nature-dependent Electricity*. The amendments apply only to contracts that reference nature-dependent electricity; the amendments:

- Clarify the application of the 'own-use' requirements for in-scope contracts;
- Amend the designation requirements for a hedged item in a cash flow hedging relationship for in-scope contracts;
- Add new disclosure requirements to enable investors to understand the effect of these contracts on a company's financial performance and cash flows.

The amendments will take effect for annual reporting periods starting on or after 1 January 2026. Early adoption is allowed, but it must be disclosed. The amendments concerning the own-use exception are to be applied retrospectively, while the hedge accounting amendments should be applied prospectively to new hedging relationships designated from the initial application date. Additionally, the IFRS 7 disclosure amendments must be implemented alongside the IFRS 9 amendments. If an entity does not restate comparative information, it cannot present comparative disclosures.

The Bank does not expect that the amendments will have a material impact on its financial statements.

4. MATERIAL ACCOUNTING POLICIES

The accounting policies set out below are applied consistently to all periods presented in these financial statements.

NOTES TO, AND FORMING PART OF, THE FINANCIAL STATEMENTS (continued)

4. MATERIAL ACCOUNTING POLICIES (continued)

(a) Foreign currency transactions

Transactions in foreign currencies are translated to the functional currency of the Bank at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortised cost in foreign currency translated at the exchange rate at the end of the reporting period.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value is determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

Foreign currency differences arising on retranslation are recognised in profit or loss, except for differences arising on the retranslation of equity instruments at FVOCI, unless the difference is due to impairment in which case foreign currency differences that have been recognised in other comprehensive income are reclassified to profit or loss.

(b) Cash and cash equivalents

Cash and cash equivalents include notes and coins on hand, balances held with the CBA, including obligatory reserves denominated in AMD, balances (nostro accounts) held with other banks. Cash and cash equivalents are carried at amortised cost in the statement of financial position.

(c) Interest

Effective interest rate

Interest income and expense are recognised in profit or loss using the effective interest 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 other than purchased or originated credit-impaired assets, the Bank estimates future cash flows considering all contractual terms of the financial instrument, but not expected credit losses. For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated using estimated future cash flows including expected credit losses.

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

Amortised cost and gross carrying amount

The 'amortised cost' of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured on initial recognition minus the principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount and, for financial assets, adjusted for any expected credit loss allowance.

The 'gross carrying amount of a financial asset' measured at amortised cost is the amortised cost of a financial asset before adjusting for any expected credit loss allowance.

4. MATERIAL ACCOUNTING POLICIES (continued)

(c) Interest (continued)

Calculation of interest income and expense

The effective interest rate of a financial asset or financial liability is calculated on initial recognition of a financial asset or a financial liability. 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. The effective interest rate is revised as a result of periodic re-estimation of cash flows of floating rate instruments to reflect movements in market rates of interest. The effective interest rate is also revised for fair value hedge adjustments at the date amortisation of the hedge adjustment begins.

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 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 when financial assets are credit-impaired, see *Note 4(e)*(iv).

Presentation

Interest income calculated using the effective interest method presented in the statement of profit or loss and other comprehensive income includes:

- Interest on financial assets measured at amortised cost;
- Interest on debt instruments measured at FVOCI.

Interest expense presented in the statement of profit or loss and other comprehensive income includes financial liabilities measured at amortised cost and lease liabilities.

(d) Fees and commission

Fee and commission income and expense that are integral to the effective interest rate on a financial asset or financial liability are included in the effective interest rate (see *Note 4(c)*).

Other fee and commission income – including account servicing fees, investment management fees, sales commission, placement fees and syndication fees – is recognised as the related services are performed. If a loan commitment is not expected to result in the draw-down of a loan, then the related loan commitment fee is recognised on a straight-line basis over the commitment period.

A contract with a customer that results in a recognised financial instrument in the Bank's financial statements may be partially in the scope of IFRS 9 and partially in the scope of IFRS 15. If this is the case, then the Bank first applies IFRS 9 to separate and measure the part of the contract that is in the scope of IFRS 9 and then applies IFRS 15 to the residual.

Other fee and commission expenses relate mainly to transaction and service fees, which are generated based on actual transactions with customers. The Bank classifies expenses directly attributable to revenue generation and not resulting from actual transactions with customers as other operating expenses. All other expenses are classified as general administrative expenses.

(e) Financial assets and financial liabilities

i. Classification

Financial assets

On initial recognition, a financial asset is classified as measured at: amortised cost, FVOCI or FVTPL.

4. MATERIAL ACCOUNTING POLICIES (continued)

(e) Financial assets and financial liabilities (continued)

i. Classification (continued)

Financial assets (continued)

A financial asset is measured at amortised cost if it meets both of the following conditions 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 are solely payments of principal and interest on the principal amount outstanding.

A debt instrument is measured at FVOCI only if it meets both of the following conditions and is not designated as at FVTPL:

- The asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

For debt financial assets measured at FVOCI, gains and losses are recognised in other comprehensive income, except for the following, which are recognised in profit or loss in the same manner as for financial assets measured at amortised cost:

- Interest income using the effective interest method;
- ECL and reversals; and
- Foreign exchange gains and losses.

When a debt financial asset measured at FVOCI is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss.

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 other comprehensive income. This election is made on an investment-by-investment basis.

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 other comprehensive income. Cumulative gains and losses recognised in other comprehensive income are transferred to retained earnings on disposal of an investment.

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.

4. MATERIAL ACCOUNTING POLICIES (continued)

(e) Financial assets and financial liabilities (continued)

i. Classification (continued)

Business model assessment (continued)

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.

Financial assets that are held for trading or managed and whose performance is evaluated on a fair value basis are measured at FVTPL because they are neither held to collect contractual cash flows nor held both to collect contractual cash flows and to sell financial assets.

Assessment whether contractual cash flows are solely payments of principal and interest

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.

The Bank holds a portfolio of long-term fixed rate loans for which the Bank has the option to revise the interest rate following the change of key rate set by the CBA. The borrowers have an option to either accept the revised rate or redeem the loan at par without penalty. The Bank has determined that the contractual cash flows of these loans are solely payments of principal and interest because the option varies the interest rate in a way that is consideration for the time value of money, credit risk, other basic lending risks and costs associated with the principal amount outstanding. Instead, the Bank considers these loans as in essence floating rate loans (*Note 4(e)*(iii)).

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.

NOTES TO, AND FORMING PART OF, THE FINANCIAL STATEMENTS (continued)

4. MATERIAL ACCOUNTING POLICIES (continued)

(e) Financial assets and financial liabilities (continued)

i. Classification (continued)

Financial liabilities

The Bank classifies its financial liabilities, other than financial guarantees and loan commitments, as measured at amortised cost or FVTPL.

Reclassification

Financial liabilities are not reclassified subsequent to their initial recognition.

ii. Derecognition

Financial assets

The Bank derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, 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 other comprehensive income is recognised in profit or loss.

Any cumulative gain/loss recognised in other comprehensive income 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.

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.

Financial liabilities

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

iii. Modification of financial assets and financial liabilities

Interest rate benchmark reform

When the basis for determining the contractual cash flows of a financial asset or financial liability measured at amortised cost changed as a result of interest rate benchmark reform, the Bank updated the effective interest rate of the financial asset or financial liability to reflect the change that is required by the reform. A change in the basis for determining the contractual cash flows is required by interest rate benchmark reform if the following conditions are met:

- The change is necessary as a direct consequence of the reform; and
- The new basis for determining the contractual cash flows is economically equivalent to the previous basis – i.e. the basis immediately before the change.

4. MATERIAL ACCOUNTING POLICIES (continued)

(e) Financial assets and financial liabilities (continued)

iii. Modification of financial assets and financial liabilities (continued)

Interest rate benchmark reform

When changes were made to a financial asset or financial liability in addition to changes to the basis for determining the contractual cash flows required by interest rate benchmark reform, the Bank first updated the effective interest rate of the financial asset or financial liability to reflect the change that is required by interest rate benchmark reform. After that, the Bank applied the policies on accounting for modifications to the additional changes.

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 (referred to as 'substantial modification'), 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 and a new financial asset is recognised at fair value plus any eligible transaction costs.

Any fees received as part of the modification are accounted for as follows:

- Fees that are considered in determining the fair value of the new asset and fees that represent reimbursement of eligible transaction costs are included in the initial measurement of the asset; and
- Other fees are included in profit or loss as part of the gain or loss on derecognition.

Changes in cash flows on existing financial assets or financial liabilities are not considered as modification, if they result from existing contractual terms, e.g. changes in interest rates initiated by the Bank due to changes in the CBA key rate, if the loan agreement entitles the Bank to do so.

The Bank performs a quantitative and qualitative evaluation of whether the modification is substantial, i.e. whether the cash flows of the original financial asset and the modified or replaced financial asset are substantially different. The Bank assesses whether the modification is substantial based on quantitative and qualitative factors in the following order: qualitative factors, quantitative factors, combined effect of qualitative and quantitative factors. If the cash flows are substantially different, then the contractual rights to cash flows from the original financial asset deemed to have expired. In making this evaluation the Bank analogizes to the guidance on the derecognition of financial liabilities.

The Bank concludes that the modification is substantial as a result of the following qualitative factors:

- Change the currency of the financial asset;
- Change in collateral or other credit enhancement;
- Change of terms of financial asset that lead to non-compliance with the SPPI criterion.

If cash flows are modified when the borrower is in financial difficulties, then the objective of the modification is usually to maximise recovery of the original contractual terms rather than to originate a new asset with substantially different terms. If the Bank plans to modify a financial asset in a way that would result in forgiveness of cash flows, then it first considers whether a portion of the asset should be written off before the modification takes place (see below for write-off policy). This approach impacts the result of the quantitative evaluation and means that the derecognition criteria are not usually met in such cases. The Bank further performs qualitative evaluation of whether the modification is substantial.

If the modification of a financial asset measured at amortised cost or FVOCI does not result in derecognition of the financial asset, then the Bank first recalculates the gross carrying amount of the financial asset using the original effective interest rate of the asset and recognises the resulting adjustment as a modification gain or loss in profit or loss. For floating-rate financial assets, the original effective interest rate used to calculate the modification gain or loss is adjusted to reflect current market terms at the time of the modification. Any costs or fees incurred and fees received as part of the modification adjust the gross carrying amount of the modified financial asset and are amortised over the remaining term of the modified financial asset.

If such a modification is carried out because of financial difficulties of the borrower, then the gain or loss is presented together with impairment losses. In other cases, it is presented as interest income calculated using the effective interest method.

NOTES TO, AND FORMING PART OF, THE FINANCIAL STATEMENTS (continued)

4. MATERIAL ACCOUNTING POLICIES (continued)

(e) Financial assets and financial liabilities (continued)

iii. Modification of financial assets and financial liabilities (continued)

Financial assets (continued)

For fixed-rate loans, where the borrower has an option to prepay the loan at par without significant penalty, the Bank treats the modification of an interest rate to a current market rate using the guidance on floating-rate financial instruments. This means that the effective interest rate is adjusted prospectively.

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. Consideration paid includes non-financial assets transferred, if any, and the assumption of liabilities, including the new modified financial liability.

The Bank performs a quantitative and qualitative evaluation of whether the modification is substantial considering qualitative factors, quantitative factors and combined effect of qualitative and quantitative factors. The Bank concludes that the modification is substantial as a result of the following qualitative factors:

- Change the currency of the financial liability;
- Change in collateral or other credit enhancement;
- Inclusion of conversion option;
- Change in the subordination of the financial liability.

For the quantitative assessment the terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10 per cent different from the discounted present value of the remaining cash flows of the original financial liability.

If the modification of a financial liability is not accounted for as derecognition, then the amortised cost of the liability is recalculated by discounting the modified cash flows at the original effective interest rate and the resulting gain or loss is recognised in profit or loss. For floating-rate financial liabilities, the original effective interest rate used to calculate the modification gain or loss is adjusted to reflect current market terms at the time of the modification. Any costs and fees incurred are recognised as an adjustment to the carrying amount of the liability and amortised over the remaining term of the modified financial liability by re-computing the effective interest rate on the instrument.

iv. Impairment

See also *Note 29(c)*.

The Bank recognises loss allowances for expected credit losses (ECL) on the following financial instruments that are not measured at FVTPL:

- Financial assets that are debt instruments;
- Net investments in finance leases;
- Financial guarantee contracts issued; and
- Loan commitments issued.

No impairment loss is recognised on equity investments.

NOTES TO, AND FORMING PART OF, THE FINANCIAL STATEMENTS (continued)

4. MATERIAL ACCOUNTING POLICIES (continued)

(e) Financial assets and financial liabilities (continued)

iv. Impairment (continued)

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 (other than net investments in finance leases) on which credit risk has not increased significantly since their initial recognition (see *Note 29(c)*).

12-month ECL 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. Financial instruments for which a 12-month ECL is recognised are referred to as 'Stage 1' financial instruments.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of the financial instrument. Financial instruments for which a lifetime ECL is recognised are referred to as 'Stage 2' financial instruments (if the credit risk has increased significantly since initial recognition, but the financial instruments are not credit-impaired) and 'Stage 3' financial instruments (if the financial instruments are credit-impaired).

Measurement of ECL

ECL are a probability-weighted estimate of credit losses. They are measured as follows:

- *Financial assets that are not credit-impaired at the reporting date:* as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Bank expects to receive);
- *Financial assets that are credit-impaired at the reporting date:* as the difference between the gross carrying amount and the present value of estimated future cash flows;
- *Undrawn loan commitments:* as the present value of the difference between the contractual cash flows that are due to the Bank if the commitment is drawn down and the cash flows that the Bank expects to receive; and
- *Financial guarantee contracts:* the present value of expected payments to reimburse the holder less any amounts that the Bank expects to recover.

See also *Note 29(c)*.

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(e)*(ii)) 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 (see *Note 29(c)*);
- 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, and net investments in finance leases 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.

4. MATERIAL ACCOUNTING POLICIES (continued)

(e) Financial assets and financial liabilities (continued)

iv. Impairment (continued)

Credit-impaired financial assets (continued)

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 addition, a loan that is overdue for 90 days or more is considered credit-impaired.

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;
- The probability of debt being restructured, resulting in holders suffering losses through voluntary or mandatory debt forgiveness;
- The international support mechanisms in place to provide the necessary support as 'lender of last resort' to that country, as well as the intention, reflected in public statements, of governments and agencies to use those mechanisms. This includes an assessment of the depth of those mechanisms and, irrespective of the political intent, whether there is the capacity to fulfil the required criteria.

Presentation of allowance for ECL in the statement of financial position

Loss 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;
- *Loan commitments and financial guarantee contracts*: generally, as a provision;
- *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; and
- *Debt instruments measured at FVOCI*: no loss allowance is recognised in 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.

Write-offs

Loans and debt securities are written off (either partially or in full) when there is no reasonable expectation of recovering a financial asset in its entirety or a portion thereof. 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. This assessment is carried out at the individual asset level.

4. MATERIAL ACCOUNTING POLICIES (continued)

(e) Financial assets and financial liabilities (continued)

iv. Impairment (continued)

Write-offs (continued)

Recoveries of amounts previously written off are included in 'impairment losses on financial instruments' in the statement of profit or loss and other comprehensive income.

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.

Non-integral financial guarantee contracts

The Bank assesses whether a financial guarantee contract held is an integral element of a financial asset that is accounted for as a component of that instrument or is a contract that is accounted for separately.

The factors that the Bank considers when making this assessment include whether:

- The guarantee is implicitly part of the contractual terms of the debt instrument;
- The guarantee is required by laws and regulations that govern the contract of the debt instrument;
- The guarantee is entered into at the same time as and in contemplation of the debt instrument; and
- The guarantee is given by the parent of the borrower or another company within the borrower's group.

If the Bank determines that the guarantee is an integral element of the financial asset, then any premium payable in connection with the initial recognition of the financial asset is treated as a transaction cost of acquiring it. The Bank considers the effect of the protection when measuring the fair value of the debt instrument and when measuring ECL.

If the Bank determines that the guarantee is not an integral element of the debt instrument, then it recognises an asset representing any prepayment of guarantee premium and a right to compensation for credit losses. A prepaid premium asset is recognised only if the guaranteed exposure neither is credit-impaired nor has undergone a significant increase in credit risk when the guarantee is acquired. These assets are recognised in 'other assets'. The Bank presents gains or losses on a compensation right in profit or loss in the line item 'impairment losses on debt financial assets'.

(f) Loans and advances to customers

Loans and advances to customers caption in the statement of financial position include:

- Loans to customers; they are initially measured at fair value plus incremental direct transaction costs, and subsequently at their amortised cost using the effective interest method; and
- Net investments in finance leases.

Loans to customers include loans to universal credit organizations, these are not presented within loans and advances to banks and other financial institutions.

(g) Deposits, debt securities issued and subordinated liabilities

Deposits, debt securities issued and subordinated liabilities are initially measured at fair value minus incremental direct transaction costs, and subsequently measured at their amortised cost using the effective interest method, except where the Bank designates liabilities at FVTPL.

(h) Financial guarantees and loan commitments

Financial guarantees 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.

NOTES TO, AND FORMING PART OF, THE FINANCIAL STATEMENTS (continued)

4. MATERIAL ACCOUNTING POLICIES (continued)

(h) Financial guarantees and loan commitments (continued)

Financial guarantees issued or commitments to provide a loan at a below-market interest rate are initially measured at fair value. Subsequently, they are measured at the higher of the loss allowance determined in accordance with IFRS 9 (see *Note 4(e)*(iv)) and the amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance with the principles of IFRS 15.

The Bank has issued no loan commitments that are measured at FVTPL.

For other loan commitments the Bank recognises a loss allowance (see *Note 4(e)*(iv)) in accordance with IFRS 9.

Liabilities arising from financial guarantees and loan commitments are included within provisions.

(i) Repurchase and reverse repurchase agreements

Securities sold under sale and repurchase (repo) agreements are accounted for as secured financing transactions, with the securities retained in the statement of financial position and the counterparty liability included in amounts payable under repo transactions. The difference between the sale and repurchase prices represents interest expense and is recognised in profit or loss over the term of the repo agreement using the effective interest method.

Securities purchased under agreements to resell (reverse repo) are recorded as amounts receivable under reverse repo transactions. The difference between the purchase and resale prices represents interest income and is recognised in profit or loss over the term of the repo agreement using the effective interest method.

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

(j) Property and equipment

(i) Owned assets

Items of property and equipment are stated at cost less accumulated depreciation and impairment losses, except for land and buildings, which are stated at revalued amounts as described below

(ii) Revaluation

Land and buildings are subject to revaluation on a regular basis. The frequency of revaluation depends on the movements in the fair values of the land and buildings being revalued. A revaluation increase on a land and building is recognised as other comprehensive income except to the extent that it reverses a previous revaluation decrease recognised in profit or loss, in which case it is recognised in profit or loss. A revaluation decrease on a land and building is recognised in profit or loss except to the extent that it reverses a previous revaluation increase recognised as other comprehensive income directly in equity, in which case it is recognised in other comprehensive income.

(iii) Depreciation

Depreciation is charged to profit or loss on a straight-line basis over the estimated useful lives of the individual assets. Depreciation commences when asset is available for use. Land is not depreciated. The estimated useful lives are as follows:

Buildings	40 years
Computers and communications	1-5 years
Vehicles	8 years
Other fixed assets	8 years

(k) Share capital

(i) Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity, net of any tax effects.

4. MATERIAL ACCOUNTING POLICIES (continued)

(k) Share capital (continued)

(ii) Preference shares

Non-redeemable preference shares are classified as equity, because they bear discretionary dividends, do not contain any obligations to deliver cash or other financial assets and do not require settlement in a variable number of the Bank's equity instruments. Discretionary dividends thereon are recognised as equity distributions on approval by the Bank's shareholders.

(iii) Dividends

The ability of the Bank to declare and pay dividends is subject to the rules and regulations of the Armenian legislation.

Dividends in relation to ordinary shares are reflected as an appropriation of retained earnings in the period when they are declared.

(l) Repossessed property

Repossessed property is stated at lower of cost and net realisable value.

(m) Segment reporting

An operating segment is a component of a Bank that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses related to transactions with other components of the same Bank); whose operating results are regularly reviewed by the chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available. The Bank's segmental reporting is based on the following operating segments: Retail Banking, Corporate Banking, Investment Banking (2024: Retail Banking, Corporate Banking, Investment Banking and Digital Banking).

(n) Taxation

Income tax comprises current and deferred tax. Income tax is recognised in profit or loss except to the extent that it relates to items of other comprehensive income or transactions with shareholders recognised directly in equity, in which case it is recognised within other comprehensive income or directly within equity.

Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax assets and liabilities are recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax assets and liabilities are not recognised for the initial recognition of assets or liabilities that affect neither accounting nor taxable profit.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans of the Bank. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

The measurement of deferred tax assets and liabilities reflects the tax consequences that would follow the manner in which the Bank expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

NOTES TO, AND FORMING PART OF, THE FINANCIAL STATEMENTS (continued)

5. NET INTEREST INCOME

In thousands of Armenian drams	**2025**	2024
Interest income calculated using effective interest rate		
Financial assets measured at amortised cost		
Loans and advances to customers	**31,456,349**	23,545,841
Amounts receivable under reverse repurchase agreements	**4,186,573**	3,330,043
Investment securities measured at amortised cost	**2,576,283**	3,608,903
Loans and advances to banks and other financial institutions	**2,055,842**	1,283,995
Other	**9,130**	9,793
	40,284,177	31,778,575
Financial assets measured at fair value through other comprehensive income		
Investment securities measured at FVOCI	**7,262,397**	4,746,578
Interest income calculated using effective interest rate	**47,546,574**	36,525,153
Other interest income		
Receivables from finance leases	**1,151,321**	671,209
Total interest income	**48,697,895**	37,196,362
Interest expense		
Current accounts and deposits from customers	**16,788,512**	12,587,390
Other borrowed funds and subordinated borrowings	**5,498,662**	3,785,155
Debt securities issued	**2,103,053**	1,671,911
Amounts payable under repurchase agreements	**751,385**	689,574
Deposits and balances from banks	**532,849**	181,170
Lease liabilities	**149,303**	123,915
Total interest expense	**25,823,764**	19,039,115
Net interest income	**22,874,131**	18,157,247

6. NET FEE AND COMMISSION INCOME

In thousands of Armenian drams	**2025**	2024
Fee and commission income		
Plastic cards operations	**5,451,324**	8,141,779
Charges from cash and non-cash transactions	**1,965,683**	2,462,477
Money transfers	**1,723,356**	772,699
Account service and distance system services	**758,909**	540,184
Guarantees and letters of credit	**154,502**	222,074
Other	**161,963**	113,041
Total fee and commission income	**10,215,737**	12,252,254
Fee and commission expense		
Plastic card operations	**4,286,002**	7,013,098
Charges from cash and non-cash transactions	**2,865,711**	2,593,376
Money transfers	**359,890**	228,617
Other	**147,754**	3,368
Total fee and commission expense	**7,659,357**	9,838,459
Net fee and commission income	**2,556,380**	2,413,795

(a) Revenue from contracts with customers

The Bank's revenue from contract with customers mainly comprises fee and commission income. The Bank recognises majority of revenue from fees and commission at a point in time.

NOTES TO, AND FORMING PART OF, THE FINANCIAL STATEMENTS (continued)

7. NET FOREIGN EXCHANGE GAIN

In thousands of Armenian drams	**2025**	2024
Net gain on spot transactions	**14,977,623**	9,218,088
Net gain from revaluation of financial assets and liabilities	**5,503,390**	1,218,697
	20,481,013	10,436,785

8. OTHER OPERATING INCOME

In thousands of Armenian drams	**2025**	2024
Fines and penalties received	**326,714**	455,691
Refund of court fees	**22,145**	20,870
Net gain on disposal of other assets	**5,254**	16,616
Income from termination of right of use asset	**2,477**	12,264
Other	**111,519**	63,549
	468,109	568,990

9. BANKING DIRECT EXPENSES

In thousands of Armenian drams	**2025**	2024
Deposit guarantee fund expenses	**796,059**	702,792
Credit register, other operational systems and other platforms participation expenses	**162,115**	122,840
Cashback charges	**154,777**	127,860
Cash collection expenses	**99,383**	200,759
Financial mediator expenses	**55,223**	44,564
Depositary service expenses	**45,092**	35,717
Cards embossing and delivery expenses	**38,582**	33,731
Fees for brokerage services	**34,181**	21,053
Reimbursement of fees to customers, due to early repayments of loans	**4,690**	12,262
Loan forgiveness expenses	**1,111**	6,086
Other	**253,945**	177,912
	1,645,158	1,485,576

10. NET IMPAIRMENT LOSSES/(RECOVERY) ON FINANCIAL INSTRUMENTS

The table below shows the impairment losses on financial instruments recorded in the statement of profit or loss and other comprehensive income for the year ended 31 December 2025:

In thousands of Armenian drams	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Cash and cash equivalents	**(25,483)**	**–**	**–**	**(25,483)**
Loans and advances to banks and other financial institutions	**(93,194)**	**–**	**–**	**(93,194)**
Loans to legal entities and individuals	**344,560**	**114,382**	**42,103**	**501,045**
Receivables from finance leases	**9,291**	**572**	**–**	**9,863**
Receivables from factoring	**11,796**	**–**	**–**	**11,796**
Investment securities measured at amortised cost	**(87,271)**	**–**	**–**	**(87,271)**
Investment securities measured at fair value through other comprehensive income	**(41,563)**	**–**	**–**	**(41,563)**
Other financial assets	**38,004**	**–**	**–**	**38,004**
Amounts receivable under reverse repurchase agreements	**(12,597)**	**–**	**–**	**(12,597)**
Financial guarantee contracts	**(21,694)**	**–**	**49**	**(21,645)**
Total credit loss expense	**121,849**	**114,954**	**42,152**	**278,955**

NOTES TO, AND FORMING PART OF, THE FINANCIAL STATEMENTS (continued)

10. NET IMPAIRMENT LOSSES/(RECOVERY) ON FINANCIAL INSTRUMENTS (continued)

The table below shows the impairment losses on financial instruments recorded in the statement of profit or loss and other comprehensive income for the year ended 31 December 2024:

In thousands of Armenian drams	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Cash and cash equivalents	10,775	–	–	10,775
Loans and advances to banks and other financial institutions	28,246	–	–	28,246
Loans to legal entities and individuals	(11,210)	90,459	(751,840)	(672,591)
Receivables from finance leases	8,888	–	–	8,888
Investment securities measured at amortised cost	42,602	–	–	42,602
Investment securities measured at fair value through other comprehensive income	126,811	–	–	126,811
Other financial assets	(29,102)	–	–	(29,102)
Amounts receivable under reverse repurchase agreements	5,348	–	–	5,348
Financial guarantee contracts	11,808	–	(49)	11,759
Total credit loss expense	**194,166**	**90,459**	**(751,889)**	**(467,264)**

11. PERSONNEL EXPENSES

In thousands of Armenian dram	**2025**	2024
Compensation of employees, related taxes included	**11,210,185**	7,547,261
Staff training expenses	**149,924**	95,101
Other staff costs	**613,397**	212,795
	11,973,506	7,855,157

12. OTHER GENERAL ADMINISTRATIVE EXPENSES

In thousands of Armenian drams	**2025**	2024
Advertising and public relations	**2,412,660**	1,399,671
Intangible assets maintenance	**770,010**	783,836
Consulting and other services*	**542,461**	209,996
Taxes, other than income tax, duties	**457,125**	215,229
Fixed assets repair and maintenance	**369,833**	309,388
Representative and organizational expenses	**201,409**	145,044
Security	**157,641**	127,388
Communications	**136,022**	109,136
Expenses of short term and low value assets leases	**122,977**	96,161
Office supplies	**116,688**	67,037
Loan recovery expenses	**92,330**	94,094
Insurance expenses	**90,710**	75,946
Other	**103,668**	84,815
	5,573,534	3,717,741

* *Included in consulting and other services for the year ended 31 December 2025 is AMD 45,000 thousand for the audit of IFRS financial statements of the Bank for the year ended 31 December 2025 (2024: AMD 32,000 thousand for the audit of IFRS financial statements of the Bank for the year ended 31 December 2024). All these fees exclude VAT.*

13. INCOME TAX EXPENSE

In thousands of Armenian drams	**2025**	2024
Current tax expense	**3,700,380**	2,747,865
Movement in deferred tax assets and liabilities due to origination and reversal of temporary differences	**261,081**	434,410
Total income tax expense	**3,961,461**	3,182,275

In 2025 the applicable tax rate for current tax is 18% (no change comparing with 2024).

NOTES TO, AND FORMING PART OF, THE FINANCIAL STATEMENTS (continued)

13. INCOME TAX EXPENSE (continued)

Reconciliation of effective tax rate for the year ended 31 December:

In thousands of Armenian drams	**2025**	**%**	2024	%
Profit before income tax	**25,355,344**		17,791,470	
Income tax at the applicable tax rate	**4,563,962**	**18.0**	3,202,465	18.0
Non-taxable income	**(602,501)**	**(2.4)**	(20,190)	(0.1)
Total income tax expense	**3,961,461**	**15.6**	3,182,275	17.9

(a) Deferred tax asset and liability

Temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes give rise to net deferred tax asset and net deferred tax liability accordingly as at 31 December 2025 and 2024.

Movements in temporary differences during the years ended 31 December 2025 and 2024 are presented as follows:

In thousands of Armenian drams	**Balance 1 January 2025**	**Recognised in profit or loss**	**Recognised in other comprehend-sive income**	**Balance 31 December 2025**
Cash and cash equivalents	**(8,481)**	**(19,959)**	**–**	**(28,440)**
Amounts receivable under reverse repurchase agreements	**1,535**	**(2,408)**	**–**	**(873)**
Loans and advances to banks and other financial institutions	**(2,359)**	**(7,785)**	**–**	**(10,144)**
Investment securities	**(114,451)**	**(17,082)**	**(614,057)**	**(745,590)**
Loans and advances to customers	**(1,107,211)**	**(262,175)**	**–**	**(1,369,386)**
Property, equipment and intangible assets	**(1,054,214)**	**27,709**	**–**	**(1,026,505)**
Right of use asset	**(203,180)**	**(68,020)**	**–**	**(271,200)**
Lease liability	**217,588**	**66,782**	**–**	**284,370**
Other assets	**(28,524)**	**10,763**	**–**	**(17,761)**
Current accounts and deposits from customers	**(75,068)**	**(4,109)**	**–**	**(79,177)**
Other borrowed funds	**(56,781)**	**(46,245)**	**–**	**(103,026)**
Other liabilities	**94,112**	**61,449**	**–**	**155,561**
Total deferred tax liability	**(2,337,034)**	**(261,080)**	**(614,057)**	**(3,212,171)**

In thousands of Armenian drams	**Balance 1 January 2024**	**Recognised in profit or loss**	**Recognised in other comprehend-sive income**	**Balance 31 December 2024**
Cash and cash equivalents	(10,421)	1,940	–	(8,481)
Amounts receivable under reverse repurchase agreements	573	962	–	1,535
Loans and advances to banks and other financial institutions	(3,045)	686	–	(2,359)
Investment securities	173,145	6,620	(294,216)	(114,451)
Loans and advances to customers	(706,928)	(400,283)	–	(1,107,211)
Property, equipment and intangible assets	(928,181)	30,323	(156,356)	(1,054,214)
Right of use asset	(189,918)	(13,262)	–	(203,180)
Lease liability	207,014	10,574	–	217,588
Other assets	3,977	(32,501)	–	(28,524)
Current accounts and deposits from customers	(14,220)	(60,848)	–	(75,068)
Other borrowed funds	(59,490)	2,709	–	(56,781)
Other liabilities	75,442	18,670	–	94,112
Total deferred tax liability	**(1,452,052)**	**(434,410)**	**(450,572)**	**(2,337,034)**

NOTES TO, AND FORMING PART OF, THE FINANCIAL STATEMENTS (continued)

13. INCOME TAX EXPENSE (continued)

(a) Deferred tax asset and liability (continued)

The deductible temporary differences do not expire under current tax legislation. Deferred tax assets have been recognised to the extent that it is probable that future taxable profit will be available against which the Bank can utilise the benefits therefrom.

(b) Income tax recognised in other comprehensive income

The tax effects related to components of other comprehensive income for the years ended 31 December 2025 and 2024 comprise the following:

	2025		
In thousands of Armenian drams	**Amount before tax**	**Tax expense**	**Amount net-of-tax**
Net change in fair value of investment securities at FVOCI	**3,375,018**	**(607,503)**	**2,767,515**
Net change in fair value of investment securities at FVOCI transferred to profit or loss	**(14,276)**	**2,570**	**(11,706)**
Other comprehensive income	**3,360,742**	**(604,933)**	**2,755,809**

	2024		
In thousands of Armenian drams	**Amount before tax**	**Tax expense**	**Amount net-of-tax**
Net change in fair value of investment securities at FVOCI	1,800,321	(324,058)	1,476,263
Net change in fair value of investment securities at FVOCI transferred to profit or loss	(11,144)	2,006	(9,138)
Revaluation of land and buildings	868,735	(156,356)	712,379
Other comprehensive income	**2,657,912**	**(478,408)**	**2,179,504**

14. CASH AND CASH EQUIVALENTS

In thousands of Armenian drams	**2025**	2024
Cash on hand	**12,745,022**	19,315,034
Nostro accounts with the CBA	**44,714,957**	50,308,352
Nostro accounts with other banks		
–rated Aa1 to Aa3	**2,312,182**	18,198
–rated A1 to A3	**5,635,646**	1,529,457
–rates from Baa1 to Baa3	**275,790**	484,007
–rated from Ba1 to Ba3	**3,373,851**	9,179,369
–rated from B1 to B3	**268,100**	67,483
–not rated	**3,964,960**	2,281,348
Total nostro accounts with other banks	**15,830,529**	13,559,862
Deposits for less than 90 days with the CBA	**49,013,421**	–
Total gross cash and cash equivalents	**122,303,929**	83,183,248
Credit loss allowance	**(306)**	(25,789)
Total net cash and cash equivalents	**122,303,623**	83,157,459

The Bank uses credit ratings per Moody's rating agency in disclosing credit quality of cash and cash equivalents. Included in the balance of not rated nostro accounts with banks as at 31 December 2025 is a balance of AMD 121,630 thousand with tree banks which have an external ratings per Fitch and S&P corresponding to Baa1 to Baa3 rating by Moody's (2024: balance of AMD 1,134,619 thousand with one bank which has an external ratings per Fitch corresponding to Baa3 and Ba3 rating by Moody's). Included in the balance of not rated nostro accounts with banks as at 31 December 2025 is a balance of AMD 1,087,408 thousand with two foreign banks, for which management estimates that rating approximates to Aa1 and A1 ratings by Moody's (2024: balance of AMD 315,208 thousand with one foreign bank for which management estimates that rating approximates to Aa2 rating by Moody's).

14. CASH AND CASH EQUIVALENTS (continued)

Cash and cash equivalents are fully in Stage 1 and measured at amortised cost as at 31 December 2024 and 2025.

As at 31 December 2025 the Bank had no placement with any bank, except for the CBA, whose balances exceeded 10% of the Bank's equity(31 December 2024: one Bank except for the CBA, the balance was AMD 9,098,346 thousand.).

Nostro accounts with the CBA relate to settlement activity (see *Note 16*) and are readily available for withdrawal.

The following tables show reconciliations from the opening to the closing balances of the loss allowance for cash and cash equivalents for the years ended 31 December 2025 and 2024.

	2025			
In thousands of Armenian drams	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Cash and cash equivalents				
Balance at 1 January	**25,789**	**–**	**–**	**25,789**
Net remeasurement of loss allowance	**(25,789)**	**–**	**–**	**(25,789)**
New financial assets originated or purchased	**306**	**–**	**–**	**306**
Balance at 31 December	**306**	**–**	**–**	**306**

	2024			
In thousands of Armenian drams	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Cash and cash equivalents				
Balance at 1 January	15,014	–	–	15,014
Net remeasurement of loss allowance	(15,014)	–	–	(15,014)
New financial assets originated or purchased	25,789	–	–	25,789
Balance at 31 December	**25,789**	**–**	**–**	**25,789**

15. INVESTMENT SECURITIES

(a) Investment securities measured at fair value through other comprehensive income

In thousands of Armenian drams	**2025**	2024
Held by the Bank		
Debt and other fixed-income instruments		
Government securities of the Republic of Armenia	**39,150,341**	42,588,734
Corporate bonds of Armenian not rated companies	**3,497,374**	1,784,698
Total debt and other fixed-income instruments	**42,647,715**	44,373,432
Equity investments		
Corporate shares	**309,465**	309,465
Total investment securities measured at FVOCI held by the Bank	**42,957,180**	44,682,897
Pledged under sale and repurchase agreements		
Government securities of the Republic of Armenia	**44,326,363**	17,910,915
Total investment securities pledged under sale and repurchase agreements measured at FVOCI	**44,326,363**	17,910,915
Total investment securities measured at FVOCI	**87,283,543**	62,593,812

Investment securities measured at fair value through other comprehensive income are fully in Stage 1 as at 31 December 2025 and 2024.

NOTES TO, AND FORMING PART OF, THE FINANCIAL STATEMENTS (continued)

15. INVESTMENT SECURITIES (continued)

(a) Investment securities measured at fair value through other comprehensive income (continued)

The following tables show reconciliations from the opening to the closing balances of the loss allowance for investment securities measured at fair value through other comprehensive income for the years ended 31 December 2025 and 2024. The loss allowance is not recognised in the statement of financial position because the carrying amount of debt investment securities measured at fair value through other comprehensive income is their fair value.

	2025			
In thousands of Armenian drams	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Investment securities at fair value through other comprehensive income				
Balance at 1 January	**202,363**	**–**	**–**	**202,363**
Net remeasurement of loss allowance inclusive repayments	**(98,230)**	**–**	**–**	**(98,230)**
New assets originated or purchased	**56,667**	**–**	**–**	**56,667**
Balance at 31 December	**160,800**	**–**	**–**	**160,800**

	2024			
In thousands of Armenian drams	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Investment securities at fair value through other comprehensive income				
Balance at 1 January	75,552	–	–	75,552
Net remeasurement of loss allowance inclusive repayments	34,656	–	–	34,656
New assets originated or purchased	92,155	–	–	92,155
Balance at 31 December	**202,363**	**–**	**–**	**202,363**

(ii) Non-quoted equity investment securities designated at fair value through other comprehensive income

Included in financial assets at fair value through other comprehensive income are non-quoted equity securities as follows:

Name	**Country of incorporation**	**Main activity**	**% controlled**			
			2025	2024	**2025**	2024
ArCa	Republic of Armenia	Payment system	**1.25**	1.25	**77,357**	77,357
ACRA Credit Reporting	Republic of Armenia	Credit bureau	**5.90**	5.90	**32,108**	32,108
ES EM CJSC	National identification platform		**8.33**	8.33	**200,000**	200,000
					309,465	309,465

As at 31 December 2025 and 2024 investments primarily include mandatory shares in exchanges and credit bureaus. The Bank's management believes that estimated fair values of these instruments approximates to their costs as at 31 December 2025 and 2024.

15. INVESTMENT SECURITIES (continued)

(b) Investment securities measured at amortised cost

In thousands of Armenian drams	**2025**	2024
Held by the Bank		
Debt and other fixed-income instruments		
Government securities of the Republic of Armenia	**15,338,331**	21,100,162
Government Eurobonds of the Republic of Armenia	**3,395,721**	6,193,233
Total government bonds	**18,734,052**	27,293,395
Corporate bonds of Armenian companies		
– rated from Ba1 to Ba3	**3,021,208**	4,242,055
Total corporate bonds	**3,021,208**	4,242,055
Total debt and other fixed-income instruments	**21,755,260**	31,535,450
Total gross investment securities measured at amortised cost	**21,755,260**	31,535,450
Credit loss allowance	**(46,243)**	(133,514)
Total net investment securities measured at amortised cost	**21,709,017**	31,401,936

The Bank uses credit ratings per Moody's rating agency in disclosing credit quality of investment securities measured at amortised cost.

As at 31 December 2025 the Bank has no counterparty except for the Government of the Republic of Armenia (2024: no counterparty except for the Government of the Republic of Armenia) whose balances exceed 10% of the Bank's equity.

Investment securities measured at amortised cost are fully in Stage 1 as at 31 December 2025 and 2024.

The following tables show reconciliations from the opening to the closing balances of the loss allowance for investment securities measured at amortised cost for the years ended 31 December 2025 and 2024.

	2025			
In thousands of Armenian drams	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Investment securities at amortised cost				
Balance at 1 January	**133,514**	**–**	**–**	**133,514**
Net remeasurement of loss allowance inclusive repayments	**(87,271)**	**–**	**–**	**(87,271)**
Balance at 31 December	**46,243**	**–**	**–**	**46,243**

	2024			
In thousands of Armenian drams	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Investment securities at amortised cost				
Balance at 1 January	90,912	–	–	90,912
Net remeasurement of loss allowance inclusive repayments	37,062	–	–	37,062
New assets originated or purchased	5,540	–	–	5,540
Balance at 31 December	**133,514**	**–**	**–**	**133,514**

(c) Investment securities measured at FVTPL

In thousands of Armenian drams	**2025**	2024
Equity securities	**–**	106,807
	–	106,807

16. LOANS AND ADVANCES TO BANKS AND OTHER FINANCIAL INSTITUTIONS

In thousands of Armenian drams	**2025**	2024
Due from the CBA		
Credit card settlement deposit with the CBA	**3,117,500**	2,610,000
Deposit with the CBA, obligatory reserves	**39,005,997**	22,682,106
Credit card settlement deposit with other financial institutions	**175,070**	178,496
Loans and deposits with other banks and financial institutions		
Armenian banks		
- rated from Ba1 to Ba3	**1,533,214**	–
- not rated	**6,515,772**	6,758,455
Other banks and financial institutions		
- not rated	**4,177,493**	1,919,019
Total loans and deposits with other banks and financial institutions	**12,226,479**	8,677,474
Total gross loans and advances to banks and other financial institutions	**54,525,046**	34,148,076
Credit loss allowance	**(58,709)**	(151,903)
Total net loans and advances to banks and other financial institutions	**54,466,337**	33,996,173

'The Bank uses credit ratings per Moody's rating agency in disclosing credit quality of loans and advances to banks. For not rated loans and deposits with Armenian banks the Bank has assessed the credit risk to approximate to external rating of B1 according to Moody's. Included in the balance of not rated loans and deposits with other banks and financial institutions as at 31 December 2025 and 2024 there are no financial institutions which have external ratings.

(a) Balances with the CBA

The credit card settlement deposit with the CBA is a non-interest bearing deposit calculated in accordance with regulations issued by the CBA and withdrawability of which is restricted.

Banks are required to maintain cash deposit (obligatory reserve) with the CBA for attracted funds. For funds attracted in AMD the obligatory reserve is 4% (2024: 4%) and is maintained fully in AMD. For funds attracted in foreign currencies, the reserve is 15% of the attracted funds, which is maintained in the respective currency of funds attracted (2024: 6% in AMD and 12% in respective currency of funds attracted). The Bank's ability to withdraw deposit maintained in AMD is not restricted by the statutory legislation; however, if the Bank fails to comply with minimum average monthly amount of reserve sanctions may apply. Obligatory reserves maintained in AMD are classified as cash and cash equivalents (see *Note 14*) as these funds are readily available for withdrawal.

For the obligatory reserve maintained in foreign currencies the Bank is required to maintain a minimum balance at the end of each day. These reserves are not considered cash and cash equivalents and are included in loans and advances to banks.

(b) Concentration of loans and advances to banks

As at 31 December 2025 and 2024 the Bank has no counterparty except for the CBA, whose balances exceed 10% of the Bank's equity.

No loans and advances to banks are past due or impaired. Loans and advances to banks are fully in Stage 1 as at 31 December 2025 and 2024. All the loans and advance to banks are measured at amortised cost as at 31 December 2025 and 2024.

The following tables show reconciliations from the opening to the closing balances of the loss allowance for loans and advances to banks for the years ended 31 December 2025 and 2024.

	2025			
In thousands of Armenian drams	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Loans and advances to banks at amortised cost				
Balance at 1 January	**151,903**	**–**	**–**	**151,903**
Net remeasurement of loss allowance inclusive repayments	**(151,903)**	**–**	**–**	**(151,903)**
New assets originated or purchased	**58,709**	**–**	**–**	**58,709**
Balance at 31 December	**58,709**	**–**	**–**	**58,709**

16. LOANS AND ADVANCES TO BANKS AND OTHER FINANCIAL INSTITUTIONS (continued)

(b) Concentration of loans and advances to banks (continued)

	2024			
In thousands of Armenian drams	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Loans and advances to banks at amortised cost				
Balance at 1 January	123,657	–	–	123,657
Net remeasurement of loss allowance inclusive repayments	(123,657)	–	–	(123,657)
New assets originated or purchased	151,903	–	–	151,903
Balance at 31 December	**151,903**	**–**	**–**	**151,903**

17. AMOUNTS RECEIVABLE UNDER REVERSE REPURCHASE AGREEMENTS

In thousands of Armenian drams	**2025**	2024
Amounts receivable from medium size Armenian banks, not rated	**14,287,710**	679,219
Amounts receivable from other small and medium Armenian financial institutions, not rated	**53,367,193**	45,059,621
Total gross amounts receivable under reverse repurchase agreements	**67,654,903**	45,738,840
Credit loss allowance	**(2,475)**	(15,072)
Total net amounts receivable under reverse repurchase agreements	**67,652,428**	45,723,768

Collateral accepted as security for assets

As at 31 December 2025 amounts receivable under reverse repurchase agreements were collateralised by government securities with fair value of AMD 73,784,114 thousand (2024: AMD 49,087,390 thousand).

As of 31 December 2025 the Bank has one counterparty, whose balance exceeded 10% of equity (2024: none). As of 31 December 2025 the gross amount of that balances is AMD 12,011,247 thousand.

Amounts receivable under reverse repurchase agreements are from reputable Armenian banks and financial institutions. All of them are categorised under Stage 1 and are measured at amortised cost as at 31 December 2025 and 2024.

For not rated amounts receivable from small and medium Armenian financial institutions and medium size Armenian banks as at 31 December 2025 and 2024 the Bank has assessed the credit risk to approximate to external rating of B1 according to Moody's.

The following tables show reconciliations from the opening to the closing balances of the loss allowance for amounts receivable under reverse repurchase agreements for the years ended 31 December 2025 and 2024.

	2025			
In thousands of Armenian drams	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Loans and advances to banks at amortised cost				
Balance at 1 January	**15,072**	**–**	**–**	**15,072**
Net remeasurement of loss allowance inclusive repayments	**(13,472)**	**–**	**–**	**(13,472)**
New assets originated or purchased	**875**	**–**	**–**	**875**
Balance at 31 December	**2,475**	**–**	**–**	**2,475**

	2024			
In thousands of Armenian drams	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Loans and advances to banks at amortised cost				
Balance at 1 January	9,724	–	–	9,724
Net remeasurement of loss allowance inclusive repayments	(9,724)	–	–	(9,724)
New assets originated or purchased	15,072	–	–	15,072
Balance at 31 December	**15,072**	**–**	**–**	**15,072**

18. LOANS AND ADVANCES TO CUSTOMERS

In thousands of Armenian drams		**2025**	2024
Loans to legal entities at amortised cost			
Loans to large companies	18(a)	**43,210,062**	39,628,191
Loans to small and medium size companies	18(a)	**105,646,194**	86,242,367
Loans to credit and investment organizations	18(a)	**9,005,754**	7,390,036
Total gross loans to legal entities at amortised cost		**157,862,010**	133,260,594
Loans to individuals at amortised cost			
Mortgage	18(a)	**112,840,073**	94,554,036
Consumer lending	18(a)	**78,278,368**	44,889,884
Total gross loans to individuals at amortised cost		**191,118,441**	139,443,920
Total gross loans to customers at amortised cost		**348,980,451**	272,704,514
Receivables from finance lease	18(b)	**11,455,718**	7,307,462
Receivables from factoring*	18(c)	**3,636,947**	217,756
Credit loss allowance		**(4,057,889)**	(3,323,286)
Total net loans and advances to customers		**360,015,227**	276,906,446

* *Due to the significant increase in the factoring portfolio, the Bank has decided to present factoring separately in the current financial statements. In the prior year, factoring amounts were included within "Gross loans to legal entities." Accordingly, prior year figures have been reclassified to "Receivables from factoring" to ensure comparability with the current presentation.*

(a) Loans to legal entities and individuals

The following tables show reconciliations from the opening to the closing balances of the gross carrying values of loans to legal entities for the years ended 31 December 2025 and 2024.

	2025			
In thousands of Armenian drams	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Loans to legal entities				
Balance at 1 January	**123,261,000**	**1,635,495**	**8,364,099**	**133,260,594**
New assets originated	**64,358,167**	**–**	**–**	**64,358,167**
Assets repaid	**(37,344,118)**	**(696,472)**	**(697,170)**	**(38,737,760)**
Transfer to Stage 1	**24,544**	**(21,707)**	**(2,837)**	**–**
Transfer to Stage 2	**(120,932)**	**120,932**	**–**	**–**
Transfer to Stage 3	**(152,254)**	**(55,476)**	**207,730**	**–**
Amounts written off	**–**	**–**	**(88,599)**	**(88,599)**
Recoveries	**–**	**–**	**63,933**	**63,933**
Net change in asset from interest and foreign exchange revaluation	**(1,255,838)**	**64,705**	**196,808**	**(994,325)**
Balance at 31 December	**148,770,569**	**1,047,477**	**8,043,964**	**157,862,010**

	2024			
In thousands of Armenian drams	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Loans to legal entities				
Balance at 1 January	100,892,350	3,401,974	6,740,951	111,035,275
New assets originated	62,819,500	–	–	62,819,500
Assets repaid	(38,324,995)	(199,168)	(380,059)	(38,904,222)
Transfer to Stage 1	5,037	(5,037)	–	–
Transfer to Stage 2	(254,562)	254,562	–	–
Transfer to Stage 3	(160,862)	(1,658,692)	1,819,554	–
Recoveries	–	–	(169,395)	(169,395)
Amounts written off	–	–	246,646	246,646
Net change in asset from interest and foreign exchange revaluation	(1,715,468)	(158,144)	106,402	(1,767,210)
Balance at 31 December	**123,261,000**	**1,635,495**	**8,364,099**	**133,260,594**

NOTES TO, AND FORMING PART OF, THE FINANCIAL STATEMENTS (continued)

18. LOANS AND ADVANCES TO CUSTOMERS (continued)

(a) Loans to legal entities and individuals (continued)

The following tables show reconciliations from the opening to the closing balances of the loss allowance for loans to legal entities for the years ended 31 December 2025 and 2024.

	2025			
In thousands of Armenian drams	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Loans to legal entities				
Balance at 1 January	**539,353**	**31,551**	**2,116,970**	**2,687,874**
Transfer to Stage 1	**3,009**	**(1,486)**	**(1,523)**	**–**
Transfer to Stage 2	**(457)**	**457**	**–**	**–**
Transfer to Stage 3	**(180)**	**(6,041)**	**6,221**	**–**
Net remeasurement of loss allowance inclusive repayments	**(184,329)**	**(6,655)**	**(126,556)**	**(317,540)**
New financial assets originated	**280,315**	**–**	**–**	**280,315**
Recoveries	**–**	**–**	**63,933**	**63,933**
Amounts written off	**–**	**–**	**(88,599)**	**(88,599)**
Foreign exchange adjustments	**–**	**–**	**126,898**	**126,898**
Balance at 31 December	**637,711**	**17,826**	**2,097,344**	**2,752,881**

	2024			
In thousands of Armenian drams	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Loans to legal entities				
Balance at 1 January	498,262	28,111	2,476,762	3,003,135
Transfer to Stage 1	1,801	(1,801)	–	–
Transfer to Stage 2	(371)	371	–	–
Transfer to Stage 3	(195)	(9,325)	9,520	–
Net remeasurement of loss allowance inclusive repayments	(271,811)	14,195	(446,563)	(704,179)
New financial assets originated	311,667	–	–	311,667
Recoveries	–	–	246,646	246,646
Amounts written off	–	–	(169,395)	(169,395)
Balance at 31 December	**539,353**	**31,551**	**2,116,970**	**2,687,874**

The following tables show reconciliations from the opening to the closing balances of the gross carrying values of loans to individuals for the years ended 31 December 2025 and 2024.

	2025			
In thousands of Armenian drams	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Loans to individuals				
Balance at 1 January	**138,249,509**	**636,040**	**558,371**	**139,443,920**
New assets originated	**92,884,456**	**–**	**–**	**92,884,456**
Assets repaid	**(41,838,391)**	**(140,849)**	**(672,104)**	**(42,651,344)**
Transfer to Stage 1	**245,581**	**(209,464)**	**(36,117)**	**–**
Transfer to Stage 2	**(792,164)**	**829,292**	**(37,128)**	**–**
Transfer to Stage 3	**(576,291)**	**(271,867)**	**848,158**	**–**
Recoveries	**–**	**–**	**1,131,063**	**1,131,063**
Amounts written off	**–**	**–**	**(1,021,396)**	**(1,021,396)**
Change in balance of asset from interest and foreign exchange	**595,882**	**239,450**	**496,410**	**1,331,742**
Balance at 31 December	**188,768,582**	**1,082,602**	**1,267,257**	**191,118,441**

NOTES TO, AND FORMING PART OF, THE FINANCIAL STATEMENTS (continued)

18. LOANS AND ADVANCES TO CUSTOMERS (continued)

(a) Loans to legal entities and individuals (continued)

	2024			
In thousands of Armenian drams	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Loans to individuals				
Balance at 1 January	100,477,732	388,590	457,948	101,324,270
New assets originated	66,514,526	–	–	66,514,526
Assets repaid	(27,113,869)	(118,607)	(710,628)	(27,943,104)
Transfer to Stage 1	96,866	(59,340)	(37,526)	–
Transfer to Stage 2	(557,573)	579,938	(22,365)	–
Transfer to Stage 3	(434,946)	(198,771)	633,717	–
Recoveries	–	–	672,656	672,656
Amounts written off	–	–	(374,022)	(374,022)
Change in balance of asset from interest and foreign exchange	(733,227)	44,230	(61,409)	(750,406)
Balance at 31 December	**138,249,509**	**636,040**	**558,371**	**139,443,920**

The following tables show reconciliations from the opening to the closing balances of the loss allowance for loans to individuals for the years ended 31 December 2025 and 2024.

	2025			
In thousands of Armenian drams	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Loans to individuals				
Balance at 1 January	**290,702**	**113,802**	**213,774**	**618,278**
Transfer to Stage 1	**41,003**	**(28,231)**	**(12,772)**	**–**
Transfer to Stage 2	**(4,309)**	**9,554**	**(5,245)**	**–**
Transfer to Stage 3	**(5,180)**	**(51,720)**	**56,900**	**–**
Net remeasurement of loss allowance inclusive repayments	**(543,068)**	**121,037**	**168,659**	**(253,372)**
New financial assets	**791,642**	**–**	**–**	**791,642**
Recoveries	**–**	**–**	**1,131,063**	**1,131,063**
Amounts written off during the year	**–**	**–**	**(1,021,396)**	**(1,021,396)**
Balance at 31 December	**570,790**	**164,442**	**530,983**	**1,266,215**

	2024			
In thousands of Armenian drams	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Loans to individuals				
Balance at 1 January	341,010	84,025	175,528	600,563
Transfer to Stage 1	16,348	(10,277)	(6,071)	–
Transfer to Stage 2	(4,284)	13,668	(9,384)	–
Transfer to Stage 3	(10,466)	(49,878)	60,344	–
Net remeasurement of loss allowance inclusive repayments	(311,651)	76,264	(305,277)	(540,664)
New financial assets originated	259,745	–	–	259,745
Recoveries	–	–	672,656	672,656
Amounts written off during the year	–	–	(374,022)	(374,022)
Balance at 31 December	**290,702**	**113,802**	**213,774**	**618,278**

NOTES TO, AND FORMING PART OF, THE FINANCIAL STATEMENTS (continued)

18. LOANS AND ADVANCES TO CUSTOMERS (continued)

(a) Loans to legal entities and individuals (continued)

Credit quality of loans to customers

The following table provides information on the credit quality of loans to legal entities and individuals as at 31 December 2025. Additional information about credit quality of corporate loans and advances to customers based on Internal Credit Rating model is disclosed in *Note 29*.

In thousands of Armenian drams	Stage 1	Stage 2	Stage 3	Total
Loans to large corporate customers				
–not overdue	**36,735,502**	**958,079**	**–**	**37,693,581**
–overdue more than 90 days	**–**	**–**	**5,516,481**	**5,516,481**
Total gross loans to large corporate customers	**36,735,502**	**958,079**	**5,516,481**	**43,210,062**
Credit loss allowance	**(175,127)**	**(4,424)**	**(1,893,667)**	**(2,073,218)**
Total net loans to large corporate customers	**36,560,375**	**953,655**	**3,622,814**	**41,136,844**
Loans to small and medium size companies				
–not overdue	**102,953,360**	**69,938**	**17,258**	**103,040,556**
–overdue less than 30 days	**75,953**	**–**	**–**	**75,953**
–overdue more than 30 days and less than 90 days	**–**	**19,460**	**2,692**	**22,152**
–overdue more than 90 days	**–**	**–**	**2,507,533**	**2,507,533**
Total gross loans to small and medium size companies	**103,029,313**	**89,398**	**2,527,483**	**105,646,194**
Credit loss allowance	**(293,952)**	**(13,402)**	**(203,677)**	**(511,031)**
Total net loans to small and medium size companies	**102,735,361**	**75,996**	**2,323,806**	**105,135,163**
Loans to credit and investment organizations				
–not overdue	**9,005,754**	**–**	**–**	**9,005,754**
Total gross loans to credit and investment organizations	**9,005,754**	**–**	**–**	**9,005,754**
Credit loss allowance	**(168,632)**	**–**	**–**	**(168,632)**
Total net loans to credit and investment organizations	**8,837,122**	**–**	**–**	**8,837,122**
Total gross loans to corporate customers	**148,770,569**	**1,047,477**	**8,043,964**	**157,862,010**
Total net loans to corporate customers	**148,132,858**	**1,029,651**	**5,946,620**	**155,109,129**

NOTES TO, AND FORMING PART OF, THE FINANCIAL STATEMENTS (continued)

18. LOANS AND ADVANCES TO CUSTOMERS (continued)

(a) Loans to legal entities and individuals (continued)

Credit quality of loans to customers (continued)

In thousands of Armenian drams	Stage 1	Stage 2	Stage 3	Total
Mortgage loans				
–not overdue	112,036,939	339,663	299,717	112,676,319
–overdue less than 30 days	54,079	8,414	–	62,493
–overdue more than 30 days and less than 90 days	–	1,159	43,991	45,150
–overdue more than 90 days	–	–	56,111	56,111
Total gross mortgage loans	112,091,018	349,236	399,819	112,840,073
Credit loss allowance	(98,347)	(27,439)	(92,466)	(218,252)
Total net mortgage loans	111,992,671	321,797	307,353	112,621,821
Consumer loans to retail customers*				
–not overdue	76,516,246	124,607	71,423	76,712,276
–overdue less than 30 days	161,318	22,671	4,513	188,502
–overdue more than 30 days and less than 90 days	–	586,088	26,889	612,977
–overdue more than 90 days	–	–	764,613	764,613
Total gross consumer loans to retail customers	76,677,564	733,366	867,438	78,278,368
Credit loss allowance	(472,443)	(137,003)	(438,517)	(1,047,963)
Total net consumer loans to retail customers	76,205,121	596,363	428,921	77,230,405
Total gross loans to retail customers	188,768,582	1,082,602	1,267,257	191,118,441
Total net loans to retail customers	188,197,792	918,160	736,274	189,852,226
Total gross loans to customers	337,539,151	2,130,079	9,311,221	348,980,451
Total net loans to customers	336,330,650	1,947,811	6,682,894	344,961,355

NOTES TO, AND FORMING PART OF, THE FINANCIAL STATEMENTS (continued)

18. LOANS AND ADVANCES TO CUSTOMERS (continued)

(a) Loans to legal entities and individuals (continued)

Credit quality of loans to customers (continued)

The following table provides information on the credit quality loans to legal entities and individuals as at 31 December 2024:

In thousands of Armenian drams	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Loans to large corporate customers				
–not overdue	32,826,480	1,431,907	–	34,258,387
–overdue more than 30 days and less than 90 days	–	–	42,568	42,568
–overdue more than 90 days	–	–	5,327,236	5,327,236
Total gross loans to large corporate customers	**32,826,480**	**1,431,907**	**5,369,804**	**39,628,191**
Credit loss allowance	(164,008)	(14,584)	(1,866,761)	(2,045,353)
Total net loans to large corporate customers	**32,662,472**	**1,417,323**	**3,503,043**	**37,582,838**
Loans to small and medium size companies				
–not overdue	82,749,362	54,257	20,993	82,824,612
–overdue less than 30 days	295,122	80,583	1,763,225	2,138,930
–overdue more than 30 days and less than 90 days	–	68,748	–	68,748
–overdue more than 90 days	–	–	1,210,077	1,210,077
Total gross loans to small and medium size companies	**83,044,484**	**203,588**	**2,994,295**	**86,242,367**
Credit loss allowance	(224,681)	(16,967)	(250,209)	(491,857)
Total net loans to small and medium size companies	**82,819,803**	**186,621**	**2,744,086**	**85,750,510**
Loans to credit and investment organizations				
–not overdue	7,390,036	–	–	7,390,036
Total gross loans to credit and investment organizations	**7,390,036**	**–**	**–**	**7,390,036**
Credit loss allowance	(150,664)	–	–	(150,664)
Total net loans to credit and investment organizations	**7,239,372**	**–**	**–**	**7,239,372**
Total gross loans to corporate customers	**123,261,000**	**1,635,495**	**8,364,099**	**133,260,594**
Total net loans to corporate customers	**122,721,647**	**1,603,944**	**6,247,129**	**130,572,720**

NOTES TO, AND FORMING PART OF, THE FINANCIAL STATEMENTS (continued)

18. LOANS AND ADVANCES TO CUSTOMERS (continued)

(a) Loans to legal entities and individuals (continued)

Credit quality of loans to customers (continued)

In thousands of Armenian drams	Stage 1	Stage 2	Stage 3	Total
Mortgage loans				
–not overdue	93,940,566	274,720	142,796	94,358,082
–overdue less than 30 days	48,142	5,974	10,398	64,514
–overdue more than 30 days and less than 90 days	–	20,873	24,471	45,344
–overdue more than 90 days	–	–	86,096	86,096
Total gross mortgage loans	**93,988,708**	**301,567**	**263,761**	**94,554,036**
Credit loss allowance	(67,066)	(45,045)	(53,864)	(165,975)
Total net mortgage loans	**93,921,642**	**256,522**	**209,897**	**94,388,061**
Consumer loans to retail customers*				
–not overdue	44,166,815	162,627	38,205	44,367,647
–overdue less than 30 days	93,986	29,980	26,345	150,311
–overdue more than 30 days and less than 90 days	–	141,866	20,464	162,330
–overdue more than 90 days	–	–	209,596	209,596
Total gross consumer loans to retail customers	**44,260,801**	**334,473**	**294,610**	**44,889,884**
Credit loss allowance	(223,636)	(68,757)	(159,910)	(452,303)
Total net consumer loans to retail customers	**44,037,165**	**265,716**	**134,700**	**44,437,581**
Total gross loans to retail customers	**138,249,509**	**636,040**	**558,371**	**139,443,920**
Total net loans to retail customers	**137,958,807**	**522,238**	**344,597**	**138,825,642**
Total gross loans to customers	**261,510,509**	**2,271,535**	**8,922,470**	**272,704,514**
Total net loans to customers	**260,680,454**	**2,126,182**	**6,591,726**	**269,398,362**

* *Consumer loans to retail customers in both periods mainly include credit cards to retail customers, online consumer loans, consumer loans secured by real estate and gold-backed loans.*

(i) Analysis of collateral and other credit enhancements

Loans to legal entities

Loans to legal entities are subject to individual credit appraisal and impairment testing. The general creditworthiness of a legal entity tends to be the most relevant indicator of credit quality of the loan. However, collateral provides additional security and the Bank generally requires corporate borrowers to provide it.

The main types of collateral obtained are real estate properties, equipment, inventory and cash collateral.

Management monitors the market value of collateral, requests additional collateral in accordance with the underlying agreement, and monitors the market value of collateral obtained during its review of the adequacy of the allowance for loan impairment.

The recoverability of loans which are neither past due nor impaired is primarily dependent on the creditworthiness of the borrowers rather than the value of collateral, and the Bank does not necessarily update the valuation of collateral as at each reporting date.

Loans to individuals

Mortgage loans are secured by the underlying housing real estate.

As at 31 December 2025 consumer loans are secured by real estate, movable property, cash and gold.

NOTES TO, AND FORMING PART OF, THE FINANCIAL STATEMENTS (continued)

18. LOANS AND ADVANCES TO CUSTOMERS (continued)

(a) Loans to legal entities and individuals (continued)

Credit quality of loans to customers (continued)

(i) Analysis of collateral and other credit enhancements (continued)

Loans to individuals (continued)

The analysis of gross loan portfolio by collateral is represented as follows:

In thousands of Armenian drams	**2025**	2024
Real estate	**254,538,650**	211,704,192
Movable property and other fixed assets	**11,374,440**	7,271,752
Current accounts and deposits	**23,798,810**	9,143,206
Guarantees	**29,223,460**	21,070,607
Precious metals, gold	**3,111,655**	1,702,816
Other	**1,783,174**	737,315
Unsecured	**25,150,262**	21,074,626
	348,980,451	272,704,514

NOTES TO, AND FORMING PART OF, THE FINANCIAL STATEMENTS (continued)

18. LOANS AND ADVANCES TO CUSTOMERS (continued)

(a) Loans to legal entities and individuals (continued)

Credit quality of loans to customers (continued)

(i) Analysis of collateral and other credit enhancements (continued)

Loans to individuals (continued)

The following tables provide information on the collateral pledged for the loans to customers classified at Stage 3 as at 31 December 2025 and 2024.

	Gross	Estimated market value of collateral							
31 December 2025	**carrying amount**	**Real estate**	**Vehicles**	**Equipment**	**Other**	**Surplus**	**Total collateral**	**Uncovered amount**	**Associated ECL**
Loans to legal entities	**8,043,964**	**7,313,652**	**108,600**	**2,660,071**	**–**	**(3,893,520)**	**6,188,803**	**1,855,161**	**2,097,344**
Mortgage loans	**399,819**	**702,513**	**–**	**–**	**–**	**(305,492)**	**397,021**	**2,798**	**92,466**
Consumer loans	**867,438**	**748,077**	**8,839**	**–**	**19,385**	**(425,707)**	**350,594**	**516,844**	**438,517**
Total	**9,311,221**	**8,764,242**	**117,439**	**2,660,071**	**19,385**	**(4,624,719)**	**6,936,418**	**2,374,803**	**2,628,327**

	Gross	Estimated market value of collateral						
31 December 2024	**carrying amount**	**Real estate**	**Vehicles**	**Equipment**	**Surplus**	**Total collateral**	**Uncovered amount**	**Associated ECL**
Loans to legal entities	8,364,099	9,085,848	262,991	94,738	(1,591,616)	7,851,961	512,138	2,116,970
Mortgage loans	263,761	457,055	–	–	(193,294)	263,761	–	53,864
Consumer loans	294,610	95,500	–	–	(46,253)	49,247	245,363	159,910
Total	**8,922,470**	**9,638,403**	**262,991**	**94,738**	**(1,831,163)**	**8,164,969**	**757,501**	**2,330,744**

As at 31 December 2025 and 2024 for each loan, the value of disclosed collateral is capped at the nominal amount of the loan that it is held against.

18. LOANS AND ADVANCES TO CUSTOMERS (continued)

(a) Loans to legal entities and individuals (continued)

Credit quality of loans to customers (continued)

(i) Analysis of collateral and other credit enhancements (continued)

Repossessed collateral

During the year ended 31 December 2025, the Bank obtained certain assets by taking possession of collateral for loans to customers with a carrying amount of AMD 190,337 thousand (2024: AMD 75,223 thousand).

In 2025, a court decision obligated the Bank to pay an additional AMD 655,864 thousand in connection with a repossessed property initially recognized at AMD 726,220 thousand. The Bank assessed that this payment represents variable consideration related to the original acquisition of the asset, as it arises directly from the settlement of the repossession transaction. In the absence of specific IFRS guidance, the Bank applied judgment in accordance with IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors,* considering the IFRS IC agenda decision on variable and contingent consideration for asset purchases. Accordingly, the Bank capitalized the additional AMD 655,864 thousand as part of the carrying amount of the repossessed asset.

In thousands of Armenian drams	**2025**	2024
Real estate	**2,099,864**	1,360,456
Total repossessed collateral	**2,099,864**	1,360,456

The Bank's intention is to sell these assets as soon as it is practicable.

(ii) Industry and geographical analysis of the loans to legal entities and individuals

Loans to customers were issued to finance in the following economic sectors:

In thousands of Armenian drams	**2025**	2024
Construction	**50,276,445**	39,222,923
Trade	**38,343,750**	31,517,960
Manufacturing	**24,512,708**	22,895,919
Hospitality and food service	**14,568,932**	7,956,399
Finance and investment	**9,005,754**	7,390,036
Food and beverage	**7,909,822**	7,313,562
Transportation and communication	**4,580,784**	5,192,271
Agriculture	**2,096,361**	1,983,617
Culture and leisure	**452,980**	509,438
Energy	**301,261**	6,282,803
Other	**5,813,213**	2,995,666
Loans to individuals	**191,118,441**	139,443,920
	348,980,451	272,704,514
Credit loss allowance	**(4,019,096)**	(3,306,152)
	344,961,355	269,398,362

(iii) Significant credit exposures

As of 31 December 2025 the Bank has one borrower or one group of related borrowers (as of 31 December 2024: no any), whose loan balances exceed 10% of the Bank's equity. The gross amount of those balances as of 31 December 2025 is AMD 20,096,226 thousand.

(iv) Loan maturities

The maturity of the loan portfolio is presented in *Note 29 (d)*, which shows the remaining period from the reporting date to the contractual maturity of the loans.

NOTES TO, AND FORMING PART OF, THE FINANCIAL STATEMENTS (continued)

18. LOANS AND ADVANCES TO CUSTOMERS (continued)

(b) Receivables from finance leases

In thousands of Armenian drams	**2025**	2024
Gross investment in finance leases receivable		
Less than one year	**5,734,186**	3,249,546
Between one and two years	**4,201,603**	3,103,890
Between two and three years	**2,427,975**	1,939,033
Between three and four years	**1,073,227**	683,050
Between four and five years	**432,903**	204,428
	13,869,894	9,179,947
Unearned finance income	**(2,414,176)**	(1,872,485)
Gross investment in finance lease receivables	**11,455,718**	7,307,462
Impairment allowance	**(26,157)**	(16,294)
Net investment in finance leases	**11,429,561**	7,291,168

The following tables show reconciliations from the opening to the closing balances of the loss allowance for receivables from finance lease for the years ended 31 December 2025 and 2024.

	2025			
In thousands of Armenian drams	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Receivables from finance lease				
Balance at 1 January	**16,294**	**–**	**–**	**16,294**
Transfer to Stage 2	**(16)**	**16**	**–**	**–**
Net remeasurement of loss allowance inclusive repayments	**2,745**	**572**	**–**	**3,317**
New financial assets	**6,546**	**–**	**–**	**6,546**
Balance at 31 December	**25,569**	**588**	**–**	**26,157**

	2024			
In thousands of Armenian drams	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Receivables from finance lease				
Balance at 1 January	7,406	–	–	7,406
Net remeasurement of loss allowance inclusive repayments	(2,003)	–	–	(2,003)
New financial assets	10,891	–	–	10,891
Balance at 31 December	**16,294**	**–**	**–**	**16,294**

(i) Credit quality of finance leases

The following table provides information on the credit quality of receivables from finance leases as at 31 December 2025:

In thousands of Armenian drams	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Receivables from finance leases				
–not overdue	**11,402,804**	**3,694**	**–**	**11,406,498**
–overdue less than 30 days	**49,220**	**–**		**49,220**
Total gross receivables from finance leases	**11,452,024**	**3,694**	**–**	**11,455,718**
Credit loss allowance	**(25,569)**	**(588)**	**–**	**(26,157)**
Total net receivables from finance leases	**11,426,455**	**3,106**	**–**	**11,429,561**

NOTES TO, AND FORMING PART OF, THE FINANCIAL STATEMENTS (continued)

18. LOANS AND ADVANCES TO CUSTOMERS (continued)

(b) Receivables from finance leases (continued)

(i) Credit quality of finance leases (continued)

The following table provides information on the credit quality of receivables from finance leases as at 31 December 2024:

In thousands of Armenian drams	Stage 1	Stage 2	Stage 3	Total
Receivables from finance leases				
–not overdue	7,307,462	–	–	7,307,462
Total gross receivables from finance leases	**7,307,462**	**–**	**–**	**7,307,462**
Credit loss allowance	(16,294)	–	–	(16,294)
Total net receivables from finance leases	**7,291,168**	**–**	**–**	**7,291,168**

(ii) Concentration of receivables from finance leases

As at 31 December 2025 and 2024 the Bank has no customers whose balances exceed 10% of the Bank's equity.

(c) Receivables from factoring

The following tables show reconciliations from the opening to the closing balances of the loss allowance for receivables from factoring for the years ended 31 December 2025 and 2024.

	2025			
In thousands of Armenian drams	Stage 1	Stage 2	Stage 3	Total
Receivables from factoring				
Balance at 1 January	**840**	**–**	**–**	**840**
Transfer to Stage 2	**–**	**–**	**–**	**–**
Net remeasurement of loss allowance inclusive repayments	**(840)**	**–**	**–**	**(840)**
New financial assets	**12,636**	**–**	**–**	**12,636**
Balance at 31 December	**12,636**	**–**	**–**	**12,636**

	2024			
In thousands of Armenian drams	Stage 1	Stage 2	Stage 3	Total
Receivables from factoring				
Balance at 1 January	–	–	–	–
Net remeasurement of loss allowance inclusive repayments	–	–	–	–
New financial assets	840	–	–	840
Balance at 31 December	**840**	**–**	**–**	**840**

(iii) Credit quality of receivables from factoring

The following table provides information on the credit quality of receivables from factoring as at 31 December 2025:

In thousands of Armenian drams	Stage 1	Stage 2	Stage 3	Total
Receivables from factoring				
–not overdue	**3,636,947**	**–**	**–**	**3,636,947**
Total gross receivables from factoring	**3,636,947**	**–**	**–**	**3,636,947**
Credit loss allowance	**(12,636)**	**–**	**–**	**(12,636)**
Total net receivables from factoring	**3,624,311**	**–**	**–**	**3,624,311**

18. LOANS AND ADVANCES TO CUSTOMERS (continued)

(c) Receivables from factoring (continued)

(iii) Credit quality of receivables from factoring (continued)

The following table provides information on the credit quality of receivables from factoring as at 31 December 2024:

In thousands of Armenian drams	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Receivables from factoring				
–not overdue	217,756	–	–	217,756
Total gross receivables from factoring	**217,756**	**–**	**–**	**217,756**
Credit loss allowance	(840)	–	–	(840)
Total net receivables from factoring	**216,916**	**–**	**–**	**216,916**

(iv) Concentration of receivables from factoring

As at 31 December 2025 and 2024 the Bank has no customers whose balances exceed 10% of the Bank's equity.

NOTES TO, AND FORMING PART OF, THE FINANCIAL STATEMENTS (continued)

19. PROPERTY, EQUIPMENT AND INTANGIBLE ASSETS

In thousands of Armenian drams	Land and buildings	Leasehold improvements	Computers and communica-tion equipment	Vehicles	Fixtures and fittings	Capital Investments on property and equipment	Intangible assets	Total
Cost								
Balance at 1 January 2025	**7,079,095**	**339,772**	**1,604,055**	**226,049**	**3,266,681**	**–**	**1,455,099**	**13,970,751**
Additions	**1,396,992**	**112,402**	**159,528**	**48,442**	**740,816**	**120,177**	**691,535**	**3,269,892**
Reclassifications	**101,792**	**15**	**–**	**–**	**14,926**	**(116,733)**	**–**	**–**
Disposals/write-offs	**–**	**–**	**(5,741)**	**(29,700)**	**(25,270)**	**–**	**(190,678)**	**(251,389)**
Balance at 31 December 2025	**8,577,879**	**452,189**	**1,757,842**	**244,791**	**3,997,153**	**3,444**	**1,955,956**	**16,989,254**
Depreciation and amortisation								
Balance at 1 January 2025	**–**	**104,516**	**929,774**	**100,989**	**1,718,824**	**–**	**659,305**	**3,513,408**
Depreciation and amortisation for the year	**235,775**	**38,679**	**236,843**	**27,961**	**318,626**	**–**	**412,444**	**1,270,328**
Disposals/write-offs	**–**	**–**	**(5,741)**	**(28,881)**	**(25,270)**	**–**	**(190,677)**	**(250,569)**
Balance at 31 December 2025	**235,775**	**143,195**	**1,160,876**	**100,069**	**2,012,180**	**–**	**881,072**	**4,533,167**
Carrying amount								
At 31 December 2025	**8,342,104**	**308,994**	**596,966**	**144,722**	**1,984,973**	**3,444**	**1,074,884**	**12,456,087**

NOTES TO, AND FORMING PART OF, THE FINANCIAL STATEMENTS (continued)

19. PROPERTY, EQUIPMENT AND INTANGIBLE ASSETS (continued)

In thousands of Armenian drams	Land and buildings	Leasehold improvements	Computers and communica-tion equipment	Vehicles	Fixtures and fittings	Intangible assets	Total
Cost							
Balance at 1 January 2024	7,237,496	228,511	1,371,559	282,831	2,694,928	1,080,452	12,895,777
Additions	–	113,462	245,722	130	612,643	374,647	1,346,604
Disposals/write-offs	–	(2,201)	(13,226)	(56,912)	(40,890)	–	(113,229)
Revaluation	847,327	–	–	–	–	–	847,327
Elimination of accumulated depreciation	(1,005,728)	–	–	–	–	–	(1,005,728)
Balance at 31 December 2024	**7,079,095**	**339,772**	**1,604,055**	**226,049**	**3,266,681**	**1,455,099**	**13,970,751**
Depreciation and amortisation							
Balance at 1 January 2024	773,990	87,114	739,444	120,608	1,513,901	398,215	3,633,272
Depreciation and amortisation for the year	231,738	17,527	203,554	32,596	243,010	261,090	989,515
Disposals/write-offs	–	(125)	(13,224)	(52,215)	(38,087)	–	(103,651)
Elimination of accumulated depreciation	(1,005,728)	–	–	–	–	–	(1,005,728)
Balance at 31 December 2024	**–**	**104,516**	**929,774**	**100,989**	**1,718,824**	**659,305**	**3,513,408**
Carrying amount							
At 31 December 2024	**7,079,095**	**235,256**	**674,281**	**125,060**	**1,547,857**	**795,794**	**10,457,343**

19. PROPERTY, EQUIPMENT AND INTANGIBLE ASSETS (continued)

(a) Restrictions on title of fixed assets and intangible assets

As of 31 December 2025 and 2024, the Bank does not possess any fixed assets and intangible assets pledged as security for liabilities or whose title is otherwise restricted.

(b) Contractual commitments

As of 31 December 2025 and 2024 the Bank had not contractual commitments of making investments in fixed assets and intangible assets.

(c) Revaluation of assets

The carrying value of land and buildings as at 31 December 2025, if the land and buildings would not have been revalued, would amount to AMD 3,771,121 thousand (31 December 2024: AMD 2,373,151 thousand).

The fair value of the land and buildings was last determined as at 31 December 2024 based on valuation performed by an external, independent licensed valuator, having appropriate recognised professional qualifications and recent experience in the category of property being valued. The fair value was determined using a combination of the cost and market approaches. The market approach was based on announced asking prices for similar properties in terms of use, age, location and condition applying coefficients for adjusting the input prices for differences in use, age, location and condition, if any, ranging from 0.98 to 1.4. The cost approach calculated the investments needed to construct a similar building minus accumulated physical depreciation. Functional and economic depreciation were assessed as nil considering the location and age of the buildings.

The Bank did not perform a revaluation of land and buildings as at 31 December 2025. Based on Bank's assessment of internal and external indicators, including market conditions and observable transactions for comparable properties, no material differences between carrying amounts and fair values were identified at the reporting date. Accordingly, no revaluation was performed.

The fair value of land and buildings is categorized into Level 3 of the fair value hierarchy, because of significant unobservable adjustments (coefficients) to observable inputs to the valuation technique used.

20. LEASES

The Bank leases assets such as branch offices and other spaces. The leases of branch office and other spaces typically run for a period of 5 to 12 years.

The Bank has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases. The Bank recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Information about leases for which the Bank is a lessee is presented below:

(a) Right of use asset

In thousands of Armenian drams	**2025**	2024
Balance at 1 January	**1,128,778**	1,055,100
Additions to right of use assets	**608,247**	305,345
Lease contract terminations	**(15,966)**	(55,707)
Depreciation charge for the period	**(321,078)**	(253,611)
Lease contract modifications	**106,685**	77,651
Balance at 31 December	**1,506,666**	1,128,778

(b) Amounts recognised in profit or loss

In thousands of Armenian drams	**2025**	2024
Depreciation of right of use asset	**321,078**	253,611
Interest on lease liabilities	**149,303**	123,915
Expenses of short term and low value assets leases *(Note 12)*	**122,977**	96,161

NOTES TO, AND FORMING PART OF, THE FINANCIAL STATEMENTS (continued)

20. LEASES (continued)

(c) Amounts recognised in the statement of cash flows

In thousands of Armenian drams	**2025**	2024
Total cash outflow for leases	**542,813**	438,299

(d) Reconciliation of movements of liabilities to cash flows arising from financing activities

In thousands of Armenian drams	**2025**	2024
Balance at 1 January	**1,246,879**	1,150,077
Changes from financing cash flows		
Repayments	**(270,533)**	(342,138)
Total changes from financing cash flows	**(270,533)**	(342,138)
Other changes		
Additions to lease liability	**608,247**	305,345
Termination	**(18,443)**	(67,971)
Modification	**106,685**	77,651
Interest expense	**149,303**	123,915
Interest paid	**(149,303)**	–
Balance at 31 December	**1,672,835**	1,246,879

21. OTHER ASSETS

In thousands of Armenian drams	**2025**	2024
Receivables and other proceeds	**1,456,718**	1,719,319
Proceeds on cash transfers	**1,106,298**	1,693,809
Credit loss allowance	**(1,633)**	(3,372)
Total other financial assets at amortised cost	**2,561,383**	3,409,756
Prepayments to suppliers	**3,173,612**	1,224,488
Materials	**136,562**	128,009
Tax prepayments	**2,937**	2,887
Future period expenses	**340,739**	303,932
Other	**20,725**	324,321
Total other non-financial assets	**3,674,575**	1,983,637
Total other assets	**6,235,958**	5,393,393

As at 31 December 2025 other financial assets in the amount of AMD 2,563,016 thousand were allocated to Stage 1 and were not overdue (2024: AMD 3,413,128 thousand fully allocated to Stage 1 and not overdue.)

The following tables show reconciliations from the opening to the closing balances of the loss allowance for other financial assets for the years ended 31 December 2025 and 2024.

	2025			
In thousands of Armenian drams	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Other financial assets at amortised cost				
Balance at 1 January	**3,372**	**–**	**–**	**3,372**
Net remeasurement of loss allowance	**(3,372)**	**–**	**–**	**(3,372)**
New financial assets originated or purchased	**41,376**	**–**	**–**	**41,376**
Write-offs	**(39,743)**	**–**	**–**	**(39,743)**
Balance at 31 December	**1,633**	**–**	**–**	**1,633**

NOTES TO, AND FORMING PART OF, THE FINANCIAL STATEMENTS (continued)

21. OTHER ASSETS (continued)

	2024			
In thousands of Armenian drams	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Other financial assets at amortised cost				
Balance at 1 January	3,738	–	–	3,738
Net remeasurement of loss allowance	(32,474)	–	–	(32,474)
New financial assets originated or purchased	3,372	–	–	3,372
Recoveries	28,736	–	–	28,736
Balance at 31 December	**3,372**	**–**	**–**	**3,372**

22. DEPOSITS AND BALANCES FROM BANKS

In thousands of Armenian drams	**2025**	2024
Time deposits from banks	**1,240,442**	–
Vostro accounts	**24,207,268**	20,003,354
Other payables to banks	**7,531**	543
	25,455,241	20,003,897

As of 31 December 2025, the Bank has one counterparty bank (31 December 2024: no banks), whose balances exceed 10% of the Bank's equity. The gross amount of that balances is AMD 10,901,577 thousand.

23. CURRENT ACCOUNTS AND DEPOSITS FROM CUSTOMERS

In thousands of Armenian drams	**2025**	2024
Current accounts and demand deposits		
–Individuals	**66,631,759**	58,984,338
–Legal entities	**118,398,512**	97,035,043
Term deposits		
–Individuals	**185,221,182**	132,427,609
–Legal entities	**63,797,798**	41,057,010
	434,049,251	329,504,000

As of 31 December 2025, time deposits of legal entities/individuals include deposits amounting to AMD 24,282,767 thousand (31 December 2024: AMD 10,722,596 thousand) held as security against loans to customers, guarantees issued and other transaction related contingent obligations. The fair value of those deposits approximates the carrying amount.

As at 31 December 2025, the Bank has four counterparties (31 December 2024: two customers), the balances of which exceed 10% of the Bank's equity. The gross value of these balances as of 31 December 2025 is AMD 60,051,115 thousand(gross value of those balance as 31 December 2024 is AMD 21,498,079 thousand).

24. DEBT SECURITIES ISSUED

In thousands of Armenian drams	**2025**	2024
Domestic bonds issued in USD	**19,133,238**	19,896,047
Domestic bonds issued in AMD	**8,064,030**	10,067,207
Domestic bonds issued in EUR	**3,145,037**	2,899,188
	30,342,305	32,862,442

On 27 March 2023, the Bank issued bonds with a public placement for a total of AMD 2 billion, USD 10 million and EUR 7 million. The bonds have been fully placed. The coupon annual yield of the bonds is 11%, 5.25% and 4%, the coupon payment frequency is quarterly, the turnover term is 30 and 39 months.

On 25 September 2023, the Bank issued bonds with a public placement for a total of AMD 2 billion and USD 10 million. The bonds have been fully placed. The coupon annual yield of the bonds is 11% and 5%, the coupon payment frequency is quarterly, the turnover term is 30 months.

NOTES TO, AND FORMING PART OF, THE FINANCIAL STATEMENTS (continued)

24. DEBT SECURITIES ISSUED (continued)

On 25 July 2023, the Bank issued bonds with a public placement for a total of AMD 3 billion and USD 15 million. The bonds have been fully placed. The coupon annual yield of the bonds is 10.25% and 5.25%, the coupon payment frequency is quarterly, the turnover term is 36 months.

On 30 September 2024, the Bank issued bonds with a public placement for a total of AMD 3 billion and USD 15 million. The bonds have been fully placed. The coupon annual yield of the bonds is 10% and 5%, the coupon payment frequency is quarterly, the turnover term is 36 months.

Bonds issued by the Bank are listed in Armenia Securities Exchange stock exchange.

(a) Reconciliation of movements of liabilities to cash flows arising from financing activities

In thousands of Armenian drams	**2025**	2024
Balance at 1 January	**32,862,442**	21,296,245
Changes from financing cash flows		
Sale of debt securities issued	**–**	17,632,230
Repayment of debt securities issued	**(2,000,000)**	(5,872,900)
Total changes from financing cash flows	**(2,000,000)**	11,759,330
The effect of changes in foreign exchange rates	**(516,808)**	(291,542)
Other changes		
Interest expense	**2,103,053**	1,671,911
Interest paid	**(2,106,382)**	(1,573,502)
Balance at 31 December	**30,342,305**	32,862,442

25. OTHER BORROWED FUNDS AND SUBORDINATED BORROWINGS

In thousands of Armenian drams	**2025**	2024
Loans from credit organizations	**23,341,162**	22,134,434
Borrowings received from RA government and CBA	**4,350,040**	3,850,872
Borrowings from international financial institutions	**51,208,875**	27,032,969
	78,900,077	53,018,275

According to the agreement the Central Bank of Armenia provides loans to the Bank, which in turn grants loans to qualifying borrowers. The monitoring of the loans is performed by the "Directing Office of the "German Armenian Foundation" program". These loans are considered to be separate market segment loans.

As at 31 December 2025 included in loans from credit organizations are loans of AMD 23,341,162 thousand (31 December 2024: AMD 22,134,434 thousand) with arrangements to sub-lend these funds to borrowers for qualifying mortgage loans. There is no actual market for this type of financing, provided by local and international non-government organisations to support small and medium-size businesses in specific sectors of economy and develop the mortgage market. These loans bear interest rate of CBA refinancing rate and are represent a separate market segment.

(a) Concentration of borrowings from international financial institutions

As of 31 December 2025, the Bank has two counterparties (31 December 2024: two counterparties), the balances of which exceed 10% of the Bank's equity. These borrowings as of 31 December 2025 amounted to AMD 28,816,809 thousand (31 December 2024: AMD 22,134,434 thousand).

(b) Subordinated borrowing

In thousands of Armenian drams	**2025**	2024
Subordinated debt from individuals	**3,869,638**	4,023,289
Subordinated debt from international financial institutions	**2,077,012**	–
	5,946,650	4,023,289

Subordinate debt represents a long-term borrowing agreement, which, in case of the Bank's default, would be secondary to the Bank's other obligations, including deposits and other debt instruments.

NOTES TO, AND FORMING PART OF, THE FINANCIAL STATEMENTS (continued)

25. OTHER BORROWED FUNDS AND SUBORDINATED BORROWINGS (continued)

(b) Subordinated borrowing (continued)

During 2016 the Bank has received a subordinated debt in amount of US dollar 10,000 thousand maturing in 2031.

During 2025 the Bank has received a subordinated debt in amount of US dollar 5,500 thousand maturing in 2031.

(c) Covenants

The Bank is required to meet certain covenants in connection with borrowing agreements. These covenants fall into several categories, including capital adequacy and leverage, concentration and exposure limits, loan portfolio quality, market risk, interest rate risk, liquidity risk, and profitability.All covenants are tested quarterly, based on managerial accounting information, and annually, based on IFRS financial statements. The Bank was in compliance with all covenants as at 31 December 2025 and 2024, and there is no indication that it will encounter difficulty complying with these covenants during the twelve-month period following the reporting date.

(d) Reconciliation of movements of liabilities to cash flows arising from financing activities

In thousands of Armenian drams	**Other borrowed funds**	**Subordinated borrowings**
Balance at 1 January 2025	**53,018,275**	**4,023,289**
Changes from financing cash flows		
Receipt	**39,179,157**	**2,084,452**
Repayments	**(13,010,507)**	**-**
Total changes from financing cash flows	**26,168,650**	**2,084,452**
The effect of changes in foreign exchange rates	**(1,023,982)**	**(263,851)**
Other changes		
Interest expense	**5,055,985**	**442,677**
Interest paid	**(4,318,851)**	**(339,917)**
Balance at 31 December 2025	**78,900,077**	**5,946,650**

In thousands of Armenian drams	**Other borrowed funds**	**Subordinated borrowings**
Balance at 1 January 2024	43,353,427	4,107,166
Changes from financing cash flows		
Receipt	23,739,722	–
Repayments	(13,996,699)	–
Total changes from financing cash flows	**9,743,023**	**–**
The effect of changes in foreign exchange rates	(302,463)	(83,712)
Other changes		
Interest expense	3,430,743	354,412
Interest paid	(3,206,455)	(354,577)
Balance at 31 December 2024	**53,018,275**	**4,023,289**

26. OTHER LIABILITIES

In thousands of Armenian drams	**2025**	2024
Accounts payables	**3,736,723**	4,011,089
Dividends payable on preference shares	**646,000**	646,000
Expected loss allowance for financial guarantee contracts	**56,571**	78,216
Total other financial liabilities	**4,439,294**	4,735,305
Tax payable, other than income tax	**1,757,082**	1,336,232
Due to personnel	**869,436**	640,516
Grants related to assets	**33,240**	35,340
Other	**49,887**	39,520
Total other non-financial liabilities	**2,709,645**	2,051,608
Total other liabilities	**7,148,939**	6,786,913

27. AMOUNTS PAYABLE UNDER REPURCHASE AGREEMENTS

In thousands of Armenian drams	**2025**	2024
Amounts payable to the CBA	**42,061,232**	17,023,540
Total amounts payable under repurchase agreements	**42,061,232**	17,023,540

The securities pledged under repurchase agreements with the CBA include financial assets measured at fair value through OCI. As at 31 December 2025, the total carrying amount of pledged securities was AMD 44,326,363 thousand (31 December 2024: 17,910,915 thousand) *(Note 15)*.

28. SHARE CAPITAL AND RESERVES

(a) Issued capital

As of 31 December 2025 and 2024, the Bank's registered and paid-in share capital was AMD 23,000,000 thousand. In accordance with the Bank's statutes, the share capital consists of 172,500 ordinary shares, all of which have a par value of AMD 100,000 each and 57,500 non-redeemable preference shares, all of which have a par value of AMD 100,000 each.

As of 31 December 2025 and 31 December 2024 the Bank did not possess any of its own shares.

The holders of ordinary shares are entitled to receive dividends as declared and are entitled to one vote per share at annual and general meetings of the Bank.

The holders of preference shares are entitled to annual dividends of 10-12% of nominal value of preference shares at the discretion of the Bank and are not entitled to vote, except for issues on reorganization or liquidation of the Bank.

(b) Nature and purpose of reserves

Fair value reserve for investment securities

The fair value reserve for investment securities comprises the cumulative net change in the fair value of investment securities measured at FVOCI, until the assets are derecognised. This amount is reduced by the amount of loss allowance. Upon derecognition of the debt instrument asset the respective portion of the reserve is reclassified to profit or loss.

Revaluation surplus for land and buildings

The revaluation surplus for land and buildings comprises the cumulative positive change in value of land and buildings, until the assets are derecognised or impaired. Depreciation is recycled through retained earnings.

(c) Dividends

Dividends payable are restricted to the maximum retained earnings of the Bank, which are determined according to legislation of the Republic of Armenia.

28. SHARE CAPITAL AND RESERVES (continued)

(c) Dividends (continued)

According to legal requirements, the Bank is required to create a non-distributable reserve from its retained earnings for an amount equal to 15% of its share capital for the purpose of covering future losses.

The amount of preference dividends recognized in the financial statements as at 31 December 2025 amounted of AMD 646,000 thousand (31 December 2024: AMD 646,000 thousand). Dividends per preference share for 2024 amounted to AMD 11,235(31 December 2024: AMD 11,235).

Dividends on ordinary shares declared and paid by the Bank in 2025 amounted to AMD 2,500,000 thousand (2024: AMD 1,400,000 thousand dividends). Dividends per ordinary share for 2025 amounted to AMD 14,493 (31 December 2024: AMD 8,116).

29. RISK MANAGEMENT

Management of risk is fundamental to the business of banking and is an essential element of the Bank's operations. The major risks faced by the Bank are those related to market risk, credit risk and liquidity risk.

(a) Risk management policies and procedures

The risk management policies aim to identify, analyse and manage the risks faced by the Bank, to set appropriate risk limits and controls, and to continuously monitor risk levels and adherence to limits. Risk management policies and procedures are reviewed regularly to reflect changes in market conditions, products and services offered and emerging best practice.

The Management Board has overall responsibility for the oversight of the risk management framework, overseeing the management of key risks and reviewing its risk management policies and procedures as well as approving significantly large exposures.

The Risk Management Center is responsible for monitoring and implementation of risk mitigation measures and making sure that the Bank operates within the established risk parameters. The Head of the Risk Management Center is responsible for the overall risk management, ensuring the implementation of common principles and methods for identifying, measuring, managing and reporting both financial and non-financial risks. He reports directly to the Management Board and indirectly to the Board of Directors.

Credit, market and liquidity risks both at the portfolio and transactional levels are managed and controlled through a system of Credit Committees and an Asset and Liability Management Committee (ALCO). In order to facilitate efficient and effective decision-making, the Bank has established a hierarchy of credit committees depending on the type and amount of the exposure.

Both external and internal risk factors are identified and managed throughout the organisation. Particular attention is given to identifying the full range of risk factors and determination of the level of assurance over the current risk mitigation procedures. Apart from the standard credit and market risk analysis, the Risk Management Center monitors financial and non-financial risks by holding regular meetings with operational units in order to obtain expert judgments in their areas of expertise.

(b) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises currency risk, interest rate risk and other price risks. Market risk arises from open positions in interest rate and equity financial instruments, which are exposed to general and specific market movements and changes in the level of volatility of market prices and foreign currency rates. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, whilst optimising the return on risk.

Overall authority for market risk is vested in the ALCO, which is chaired by the General Director. Market risk limits are approved by the Management Board based on recommendations of the Risk Management Center.

The Bank manages its market risk by setting open position limits in relation to financial instruments, interest rate maturity and currency positions. These are monitored on a regular basis and reviewed and approved by the Management Board.

29. RISK MANAGEMENT (continued)

(b) Market risk (continued)

In addition, the Bank uses a wide range of stress tests to model the financial impact of a variety of exceptional market scenarios on individual trading portfolios and the Bank's overall position. Stress tests provide an indication of the potential size of losses that could arise in extreme conditions.

(i) Interest rate risk

Average effective interest rates

The table below displays average interest rates for interest earning assets and interest-bearing liabilities as at 31 December 2025 and 31 December 2024. These interest rates are an approximation of the yields to maturity of these assets and liabilities.

	2025 Average effective interest rate, %			2024 Average effective interest rate, %		
	AMD	**USD, EUR**	**Other currencies**	AMD	USD, EUR	Other currencies
Interest earning assets						
Investment securities	**10.5**	**7.8**	**–**	10.7	8.0	–
Loans and advances to banks and other financial institutions	**–**	**7.8**	**16.5**	–	8.1	19.8
Amounts receivable under reverse repurchase agreements	**7.4**	**4.6**	**17.9**	8.0	4.6	–
Loans and advances to customers	**13.8**	**7.9**	**9.5**	13.7	7.9	9.5
Interest bearing liabilities						
Deposits and balances from banks	**2.5−6**	**0.75−3**	**0−1**	2.5−6	0.75−3	0−1
Amounts payable under repurchase agreements	**6. 9**	**–**	**–**	7.5	–	–
Debt securities issued	**10.8**	**5.1**	**–**	10.9	5.1	–
Term deposits from customers	**10.0**	**4.3**	**5.8**	10.0	4.4	5.4
Subordinated borrowings	**–**	**10.3**	**–**	–	9.3	–
Other borrowed funds	**8.4**	**8.4**	**–**	8.0	9.5	–
Lease liability	**10. 3**	**–**	**–**	10.3	–	–

Interest rate sensitivity analysis

The management of interest rate risk, based on an interest rate gap analysis, is supplemented by monitoring the sensitivity of financial assets and liabilities. An analysis of the sensitivity of net profit or loss and equity (net of taxes) to changes in interest rates (repricing risk), based on a simplified scenario of a 100 basis point (bp) symmetrical fall or rise in all yield curves and positions of interest-bearing assets and liabilities, except for interest bearing cash and cash equivalents and current accounts and demand deposits from customers, and existing as at 31 December 2025 and 2024, is as follows:

In thousands of Armenian drams	**2025**	2024
100 bp parallel rise	**132,484**	239,871
100 bp parallel fall	**(132,484)**	(239,871)

An analysis of the sensitivity of equity as a result of changes in the fair value of financial instruments at fair value through other comprehensive income, based on positions existing as at 31 December 2025 and 2024 and a simplified scenario of a 100 bp symmetrical fall or rise in all yield curves, is as follows:

In thousands of Armenian drams	**2025 Equity**	2024 Equity
100 bp parallel rise	**(1,993,595)**	(1,482,102)
100 bp parallel fall	**1,993,595**	1,482,102

NOTES TO, AND FORMING PART OF, THE FINANCIAL STATEMENTS (continued)

29. RISK MANAGEMENT (continued)

(b) Market risk (continued)

(i) Interest rate risk (continued)

Currency risk

The Bank has assets and liabilities denominated in several foreign currencies.

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign currency exchange rates. Although the Bank hedges its exposure to currency risk, such activities do not qualify as hedging relationships in accordance with IFRS Accounting Standards.

The following table shows the foreign currency exposure structure of financial assets and liabilities as at 31 December 2025.

In thousands of Armenian drams	AMD	USD	EUR	Other currencies*	Total
Assets					
Cash and cash equivalents	57,816,792	47,725,697	6,677,069	10,084,065	122,303,623
Amounts receivable under reverse repurchase agreements	63,947,313	2,484,074	–	1,221,041	67,652,428
Investment securities	100,651,558	8,341,002	–	–	108,992,560
Loans and advances to banks and other financial institutions	3,190,238	41,801,830	7,488,330	1,985,939	54,466,337
Loans and advances to customers	197,687,604	120,698,097	40,350,364	1,279,162	360,015,227
Other financial assets	1,981,180	457,869	116,109	6,225	2,561,383
Total assets	425,274,685	221,508,569	54,631,872	14,576,432	715,991,558
Liabilities					
Deposits and balances from banks	1,883,358	9,706,546	13,782,078	83,259	25,455,241
Amounts payable under repurchase agreements	42,061,232	–	–	–	42,061,232
Current accounts and deposits from customers	236,431,068	147,013,102	36,686,515	13,918,566	434,049,251
Debt securities issued	8,064,030	19,133,238	3,145,037	–	30,342,305
Subordinated borrowings	–	5,946,650	–	–	5,946,650
Other borrowed funds	41,629,436	36,148,400	1,122,241	–	78,900,077
Other financial liabilities	3,318,125	606,515	388,288	69,795	4,382,723
Total liabilities	333,387,249	218,554,451	55,124,159	14,071,620	621,137,479
Net position	91,887,436	2,954,118	(492,287)	504,812	94,854,079
Effect of derivatives	(35,000)	155,553	(120,553)	–	–
Net position	91,852,436	3,109,671	(612,840)	504,812	94,854,079

* *Other currencies mainly include Russian Rubles.*

NOTES TO, AND FORMING PART OF, THE FINANCIAL STATEMENTS (continued)

29. RISK MANAGEMENT (continued)

(b) Market risk (continued)

(i) Interest rate risk (continued)

Currency risk (continued)

The following table shows the foreign currency exposure structure of financial assets and liabilities as at 31 December 2024.

In thousands of Armenian drams	AMD	USD	EUR	Other currencies*	Total
Assets					
Cash and cash equivalents	32,424,701	37,622,375	6,396,904	6,713,479	83,157,459
Amounts receivable under reverse repurchase agreements	42,975,822	2,747,946	–	–	45,723,768
Investment securities	85,261,940	8,840,615	–	–	94,102,555
Loans and advances to banks and other financial institutions	2,572,740	26,090,541	4,018,475	1,314,417	33,996,173
Loans and advances to customers	138,409,047	106,676,683	30,314,874	1,505,842	276,906,446
Other financial assets	2,189,858	971,097	43,842	204,959	3,409,756
Total assets	**303,834,108**	**182,949,257**	**40,774,095**	**9,738,697**	**537,296,157**
Liabilities					
Deposits and balances from banks	177,492	11,260,617	8,305,000	260,788	20,003,897
Amounts payable under repurchase agreements	17,023,540	–	–	–	17,023,540
Current accounts and deposits from customers	164,861,190	127,586,692	28,874,890	8,181,228	329,504,000
Debt securities issued	10,067,207	19,896,047	2,899,188	–	32,862,442
Subordinated borrowings	–	4,023,289	–	–	4,023,289
Other borrowed funds	34,842,557	18,175,718	–	–	53,018,275
Other financial liabilities	3,098,454	1,302,641	178,506	77,488	4,657,089
Total liabilities	**230,070,440**	**182,245,004**	**40,257,584**	**8,519,504**	**461,092,532**
Net position	**73,763668**	**704,253**	**516,511**	**1,219,193**	**76,203,625**
Effect of derivatives	**(54,420)**	**1,189,680**	**–**	**(1,135,260)**	**–**
Net position	**73,709,248**	**1,893,933**	**516,511**	**83,933**	**76,203,625**

* *Other currencies mainly include Russian Rubles.*

A weakening of the AMD, as indicated below, against the following currencies at 31 December 2025 and 2024, would have increased (decreased) equity and profit and loss by the amounts shown below. This analysis is on net of tax basis, and is based on foreign currency exchange rate variances that the Bank considers to be reasonably possible at the end of the reporting period. The income (expense) from variance in foreign currency exchange rates is non-taxable (non-deductible). The analysis assumes that all other variables, in particular interest rates, remain constant.

In thousands of Armenian drams	2025	2024
10% appreciation of USD against AMD	**310,967**	189,393
10% appreciation of EUR against AMD	**(61,284)**	51,651
10% appreciation of other currencies against AMD	**50,481**	8,393

A strengthening of the AMD against the above currencies at 31 December 2025 and 2024 would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remained constant.

29. RISK MANAGEMENT (continued)

(c) Credit risk

Credit risk is the risk of financial loss to the Bank if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Bank has policies and procedures for the management of credit exposures (both for recognised financial assets and unrecognised contractual commitments), including guidelines to limit portfolio concentration and the establishment of a Credit Committee and Risk Management Center, which actively monitor credit risk. The credit policy is reviewed and approved by the Management Board.

The credit policy establishes:

- Procedures for review and approval of loan credit applications;
- Methodology for the credit assessment of borrowers (legal entities and individuals);
- Methodology for the credit assessment of counterparties, issuers and insurance companies;
- Methodology for the evaluation of collateral;
- Credit documentation requirements;
- Procedures for the ongoing control and monitoring of loans and other credit exposures.

Legal entity loan credit applications are originated by the relevant client managers and are then passed on to the Loan Department, which is responsible for the loan portfolio of legal entities. Analysis reports are based on a structured analysis focusing on the customer's business and financial performance. The loan credit application and the report are then independently reviewed by the Risk Management Center and a second opinion is given accompanied by a verification that credit policy requirements are met. The Credit Committee reviews the loan credit application on the basis of submissions by the Loan Department. Individual transactions are also reviewed by the Legal Department depending on the specific risks and pending final approval of the Credit Committee.

The Bank continuously monitors the performance of individual credit exposures and regularly reassesses the creditworthiness of its customers. The review is based on the customer's most recent financial statements and other information submitted by the borrower, or otherwise obtained by the Bank. Loans to individuals credit applications are reviewed by the Retail Lending Subdivisions.

Apart from individual customer analysis, the credit portfolio is assessed by the Risk Management Center with regard to credit concentration and market risks.

The maximum exposure to credit risk is generally reflected in the carrying amounts of financial assets on the statement of financial position and unrecognised contractual commitment amounts. The impact of possible netting of assets and liabilities to reduce potential credit exposure is not significant.

Collateral generally is not held against claims under derivative financial instruments, investments in securities, and loans and advances to banks, except when securities are held as part of reverse repurchase and securities borrowing activities.

For the analysis of collateral held against loans and advances to customers and concentration of credit risk in respect of loans and advances to customers refer to *Note 18*.

The maximum exposure to credit risk from unrecognised contractual commitments at the reporting date is presented in *Note 31*.

29. RISK MANAGEMENT (continued)

(c) Credit risk (continued)

Impairment assessment

The Bank calculates ECL based on several probability-weighted scenarios to measure the expected cash shortfalls, discounted at the EIR. A cash shortfall is the difference between the cash flows that are due to an entity in accordance with the contract and the cash flows that the entity expects to receive. The mechanics of the ECL calculations are outlined below and the key elements are 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 ECL allowance is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit loss or LTECL), unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months' expected credit loss (12mECL). The 12mECL is the portion of LTECL that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. Both LTECL and 12mECL 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.

Based on the above process, the Bank groups its loans 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 12mECL. 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 LTECL. Stage 2 loans also include facilities, where the credit risk has improved and the loan has been reclassified from Stage 3.
Stage 3:	Loans considered credit-impaired. The Bank records an allowance for the LTECL.
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 revenue is subsequently recognised based on a credit-adjusted EIR. ECL are only recognised or released to the extent that there is a subsequent change in the lifetime expected credit losses.

Definition of default

The Bank considers a financial instrument defaulted and therefore Stage 3 (credit-impaired) for ECL calculations in all cases when the borrower becomes 90 days past due on its contractual payments.

As a part of a qualitative assessment of whether a customer is in default, the Bank also considers a variety of instances that may indicate unlikeliness to pay, based on management's judgment. When such events occur, the Bank carefully considers whether the event should result in treating the customer as defaulted and therefore assessed as Stage 3 for ECL calculations or whether Stage 2 is appropriate.

29. RISK MANAGEMENT (continued)

(c) Credit risk (continued)

PD estimation process

Treasury and interbank relationships

The Bank's treasury and interbank relationships and counterparties comprise financial services institutions, banks, broker-dealers, exchanges and clearing-houses. For these relationships, the Bank analyses publicly available information such as financial information and other external data, e.g., the external ratings.

Loans and advances to customers

The Bank implements its own internal credit rating model for individually significant large-scale loans, the latter consists about 63% of total corporate loan portfolio. The Bank assigns ratings in accordance with Moody's ratings scale and applies PD's by Moody's corresponding to the respective rating.

The following table provides information on the credit quality of Stage 1 and Stage 2 corporate loans as at 31 December 2025 and 2024 for which the Bank has estimated internal credit rating:

	2025		
In thousands of Armenian drams	**Gross amount**	**Credit loss allowance**	**Net amount**
Loans to corporate customers			
B1	**29,833,349**	**(135,040)**	**29,698,309**
B2	**75,674,114**	**(375,211)**	**75,298,903**
B3	**2,480,178**	**(73,890)**	**2,406,288**
Caa1 (Stage 2)	**958,079**	**(4,424)**	**953,655**
Total loans to corporate customers	**108,945,720**	**(588,565)**	**108,357,155**

	2024		
In thousands of Armenian drams	**Gross amount**	**Credit loss allowance**	**Net amount**
Loans to corporate customers			
Ba2	5,798,826	(25,867)	5,772,959
B1	38,955,292	(169,111)	38,786,181
B2	34,706,544	(264,983)	34,441,561
B3	1,174,701	(7,218)	1,167,483
Caa1 (Stage 2)	1,431,907	(14,584)	1,417,323
Total loans to corporate customers	**82,067,270**	**(481,763)**	**81,585,507**

In 2025 and 2024, for the above customers the Bank has applied PDs equal to the default rates per Moody's corresponding to the assigned ratings above. Internal ratings assigned by the Bank exactly correspond to the external rating scale by Moody's.

Exposure at default

The exposure at default (EAD) represents the gross carrying amount of the financial instruments subject to the impairment calculation. To calculate the EAD for a Stage 1 loan, the Bank assesses the possible default events within 12 months for the calculation of the 12m ECL. For Stage 2 financial assets, the exposure at default is considered for events over the lifetime of the instruments.

For Stage 3 and POCI financial assets exposure at default is equal to the gross amount of the loans.

EAD is derived based loan individual repayment schedules.

29. RISK MANAGEMENT (continued)

(c) Credit risk (continued)

Loss given default

For unsecured retail Stage 1, Stage 2 and Stage 3 exposures, the Bank calculated LGD on portfolio level. The Bank uses historical information on recoveries after the default date for all defaulted loans for LGD calculation purposes. All cash flow information is collected after the default date and discounted to the date of default using effective interest rate of each loan. Cash flow information includes all kind of cash received from defaulted loans (cash received from repayment of loans, cash received from guarantor, etc.). For remaining Stage 1, Stage 2 and Stage 3 exposures the Bank calculates LDG individually considering expected cash, including cash flows from realisation of collateral. As at 31 December 2025 the LGD range of corporate loans assessed individually was 5%-53.7% (2024 5%-53.7%).

Significant increase in credit risk

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. The main criterion used by the Bank is the information on overdue days of the loans. The Bank concludes that there is a significant risk in credit risk of the assets, when payments related to that assets are past due for more than 30 days.

The Bank's management also considers the following factors to determine whether there is an increase in credit risk:

- Overdue days of the borrower in other financial institutions in Armenia;
- Difficulties in the financial conditions of the borrower;
- Renegotiation of the loan terms resulting from deterioration of the borrower's financial position;
- For individually rated loans decrease of internal rating by two notches or more.

Forward-looking information and multiple economic scenarios

In its ECL models, the Bank relies on a macroeconomic indicators as forward-looking information, such as:

- USD/AMD exchange rate;
- Consumer price index;
- Volumes of import;
- Volume of export;
- Construction volume;
- Nominal GDP volume;
- Consumer loans growth.

Offsetting financial assets and financial liabilities

The disclosures set out in the tables below include financial assets and financial liabilities that:

- Are offset in the Bank's 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.

The similar agreements include derivative clearing agreements, global master repurchase agreements, and global master securities lending agreements. Similar financial instruments include derivatives, sales and repurchase agreements, reverse sale and repurchase agreements and securities borrowing and lending agreements. Financial instruments such as loans and deposits are not disclosed in the table below unless they are offset in the statement of financial position.

The Bank receives and accepts collateral in the form of marketable securities in respect of sale and repurchase, and reverse sale and repurchase agreements.

NOTES TO, AND FORMING PART OF, THE FINANCIAL STATEMENTS (continued)

29. RISK MANAGEMENT (continued)

(c) Credit risk (continued)

Offsetting financial assets and financial liabilities (continued)

Such collateral is subject to the standard industry terms. This means that securities received/given as collateral can be pledged or sold during the term of the transaction but must be returned on maturity of the transaction. The terms also give each counterparty the right to terminate the related transitions upon the counterparty's failure to post collateral.

The above arrangements do not meet the criteria for offsetting in the statement of financial position. This is because they create a right of set-off of recognised amounts that is enforceable only following an event of default, insolvency or bankruptcy of the Bank or the counterparties. In addition, the Bank and its counterparties do not intend to settle on a net basis or to realise the assets and settle the liabilities simultaneously.

The table below shows financial assets and financial liabilities subject to offsetting, enforceable master netting arrangements and similar arrangements as at 31 December 2025:

				Related amounts not offset in the statement of financial position		
Types of financial assets/liabilities	**Gross amounts of recognised financial asset/ liability**	**Gross amount of recognised financial liability/ asset offset in the statement of financial position**	**Net amount of financial assets/ liabilities presented in the statement of financial position**	**Financial instruments**	**Collateral received**	**Net amount**
Amounts receivable under reverse repurchase agreements	**67,652,428**	**–**	**67,652,428**	**–**	**(67,652,428)**	**–**
Total financial assets	**67,652,428**	**–**	**67,652,428**	**–**	**(67,652,428)**	**–**
Amounts payable under repurchase agreements	**(42,061,232)**	**–**	**(42,061,232)**	**42,061,232**	**–**	**–**
Total financial liabilities	**(42,061,232)**	**–**	**(42,061,232)**	**42,061,232**	**–**	**–**

NOTES TO, AND FORMING PART OF, THE FINANCIAL STATEMENTS (continued)

29. RISK MANAGEMENT (continued)

(c) Credit risk (continued)

Offsetting financial assets and financial liabilities (continued)

The table below shows financial assets and financial liabilities subject to offsetting, enforceable master netting arrangements and similar arrangements as at 31 December 2024:

Types of financial assets/liabilities	Gross amounts of recognised financial asset/ liability	Gross amount of recognised financial liability/ asset offset in the statement of financial position	Net amount of financial assets/ liabilities presented in the statement of financial position	Related amounts not offset in the statement of financial position		Net amount
				Financial instruments	Collateral received	
Amounts receivable under reverse repurchase agreements	45,723,768	–	45,723,768	–	(45,723,768)	–
Total financial assets	**45,723,768**	**–**	**45,723,768**	**–**	**(45,723,768)**	**–**
Amounts payable under repurchase agreements	(17,023,540)	–	(17,023,540)	17,023,540	–	–
Total financial liabilities	**(17,023,540)**	**–**	**(17,023,540)**	**17,023,540**	**–**	**–**

The gross amounts of financial assets and financial liabilities and their net amounts as presented in the statement of financial position that are disclosed in the above tables are measured in the statement of financial position on the amortised cost basis.

(d) Liquidity risk

Liquidity risk is the risk that the Bank may encounter difficulty in meeting obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. Liquidity risk exists when the maturities of assets and liabilities do not match. The matching and or controlled mismatching of the maturities and interest rates of assets and liabilities is fundamental to liquidity management. It is unusual for financial institutions ever to be completely matched since business transacted is often of an uncertain term and of different types. An unmatched position potentially enhances profitability, but can also increase the risk of losses.

The Bank maintains liquidity management with the objective of ensuring that funds will be available at all times to honor all cash flow obligations as they become due. The liquidity policy is reviewed and approved by the Board of Directors.

The Bank seeks to actively support a diversified and stable funding base comprising long-term and short-term loans from other banks and international financial organisations, core corporate and retail customer deposits, accompanied by diversified portfolios of highly liquid assets, in order to be able to respond quickly and smoothly to unforeseen liquidity requirements.

NOTES TO, AND FORMING PART OF, THE FINANCIAL STATEMENTS (continued)

29. RISK MANAGEMENT (continued)

(d) Liquidity risk (continued)

The liquidity management policy requires:

- Projecting cash flows by major currencies and considering the level of liquid assets necessary in relation thereto;
- Maintaining a diverse range of funding sources;
- Managing the concentration and profile of debts;
- Maintaining debt financing plans;
- Maintaining a portfolio of highly marketable assets that can easily be liquidated as protection against any interruption to cash flow;
- Maintaining liquidity and funding contingency plans;
- Monitoring liquidity ratios against regulatory requirements.

The Assets and Liabilities Department receives information from structural subdivisions regarding the liquidity profile of their financial assets and liabilities and details of other projected cash flows arising from projected future business. The Assets and Liabilities Department then provides for an adequate portfolio of short-term liquid assets to be maintained, largely made up of short-term liquid trading securities, loans and advances to banks and other inter-bank facilities, to ensure that sufficient liquidity is maintained. The daily liquidity position is monitored and regular liquidity stress testing under a variety of scenarios covering both normal and more severe market conditions is performed by the Assets and Liabilities Department. Under the normal market conditions, liquidity reports covering the liquidity position are presented to senior management on a weekly basis. Decisions on liquidity management are made by ALCO and implemented by the Assets and Liabilities Department.

The following tables show the undiscounted cash flows on financial liabilities and credit-related commitments on the basis of their earliest possible contractual maturity. The total gross outflow disclosed in the tables is the contractual, undiscounted cash flow on the financial liability or credit related commitment. For issued financial guarantee contracts, the maximum amount of the guarantee is allocated to the earliest period in which the guarantee can be called. Repayments which are subject to notice are treated as if notice were to be given immediately However, the Bank expects that many customers will not request repayment on the earliest date the Bank could be required to pay and the table does not reflect the expected cash flows indicated by the Bank's deposit retention history.

The maturity analysis for financial liabilities as at 31 December 2025 is as follows:

In thousands of Armenian drams	Demand and less than 1 month	From 1 to 12 months	From 1 to 5 years	More than 5 years	Total gross amount outflow	Carrying amount
Financial liabilities						
Deposits and balances from banks	25,455,241	–	–	–	25,455,241	25,455,241
Amounts payable under repurchase agreements	42,099,516	–	–	–	42,099,516	42,061,232
Current accounts and deposits from customers	207,994,758	120,380,319	125,576,665	119,715	454,071,457	434,049,251
Debt securities issued	151,956	14,077,795	18,336,181	–	32,565,932	30,342,305
Subordinated borrowings	17,992	565,667	2,339,498	6,438,467	9,361,624	5,946,650
Other borrowed funds	347,272	18,928,931	64,225,429	12,116,768	95,618,400	78,900,077
Lease liability	41,719	437,765	1,258,950	517,889	2,256,323	1,672,835
Other financial liabilities	3,736,723	646,000	–	–	4,382,723	4,382,723
Total financial liabilities	279,845,177	155,036,477	211,736,723	19,192,839	665,811,216	622,810,314
Commitments and contingent liabilities	25,622,618	–	–	–	25,622,618	25,622,618

NOTES TO, AND FORMING PART OF, THE FINANCIAL STATEMENTS (continued)

29. RISK MANAGEMENT (continued)

(d) Liquidity risk (continued)

The maturity analysis for financial liabilities as at 31 December 2024 is as follows:

In thousands of Armenian drams	Demand and less than 1 month	From 1 to 12 months	From 1 to 5 years	More than 5 years	Total gross amount outflow	Carrying amount
Financial liabilities						
Deposits and balances from banks	20,003,897	–	–	–	20,003,897	20,003,897
Amounts payable under repurchase agreements	17,033,658	–	–	–	17,033,658	17,023,540
Current accounts and deposits from customers	169,435,192	104,667,798	66,211,446	88,847	340,403,283	329,504,000
Debt securities issued	154,947	3,969,627	33,121,961	–	37,246,535	32,862,442
Subordinated borrowings	18,382	337,933	1,428,789	4,642,447	6,427,551	4,023,289
Other borrowed funds	333,482	14,982,264	37,364,763	13,474,337	66,154,846	53,018,275
Lease liability	32,357	321,137	1,013,296	254,683	1,621,473	1,246,879
Other financial liabilities	3,972,689	684,400	–	–	4,657,089	4,657,089
Total financial liabilities	**210,984,604**	**124,963,159**	**139,140,255**	**18,460,314**	**493,548,332**	**462,339,411**
Commitments and contingent liabilities	**30,232,497**	**–**	**–**	**–**	**30,232,497**	**30,232,497**

Included in due to customers in the table above and in the table below are term deposits of individuals. In accordance with the legislation of the Republic of Armenia, the Bank is obliged to repay term deposits of individuals upon demand of a depositor, forfeiting the accrued interest. These deposits are classified in the table above in accordance with their stated maturity dates.

In thousands of Armenian drams	**2025**	2024
Demand and less than 1 month	**15,510,861**	10,792,311
From 1 to 3 months	**21,443,369**	15,642,115
From 3 to 6 months	**22,808,867**	20,248,811
From 6 to 12 months	**44,004,029**	39,278,201
More than 1 year	**81,454,056**	46,466,171
	185,221,182	132,427,609

NOTES TO, AND FORMING PART OF, THE FINANCIAL STATEMENTS (continued)

29. RISK MANAGEMENT (continued)

(d) Liquidity risk (continued)

The table below shows an analysis, by contractual maturities, of the amounts recognised in the statement of financial position as at 31 December 2025:

In thousands of Armenian drams	Demand and less than 1 month	From 1 to 12 months	From 1 to 5 years	More than 5 years	No maturity	Overdue	Total
Assets							
Cash and cash equivalents	122,303,623	–	–	–	–	–	122,303,623
Investment securities at fair value through other comprehensive income	6,916	20,892,431	51,411,682	14,972,514	–	–	87,283,543
Investment securities at amortised cost	–	5,854,876	11,341,646	4,512,495	–	–	21,709,017
Loans and advances to banks and other financial institutions	4,217,638	1,515,984	6,442,933	–	42,289,782	–	54,466,337
Amounts receivable under reverse repurchase agreements	67,652,428	–	–	–	–	–	67,652,428
Loans to customers	24,858,114	72,595,353	157,320,892	99,273,925	–	5,966,943	360,015,227
Property, equipment and intangible assets	–	–	–	–	12,456,087	–	12,456,087
Right of use asset	–	–	–	–	1,506,666	–	1,506,666
Repossessed assets	–	–	–	–	2,099,864	–	2,099,864
Other assets	2,561,383	–	–	–	3,674,575	–	6,235,958
Total assets	221,600,102	100,858,644	226,517,153	118,758,934	62,026,974	5,966,943	735,728,750
Liabilities							
Amounts payable under repurchase agreements	42,061,232	–	–	–	–	–	42,061,232
Deposits and balances from banks	25,455,241	–	–	–	–	–	25,455,241
Current accounts and deposits from customers	207,419,700	111,975,178	114,578,348	76,025	–	–	434,049,251
Debt securities issued	114,114	12,787,391	17,440,800	–	–	–	30,342,305
Subordinated borrowings	17,240	39,449	–	5,889,961	–	–	5,946,650
Other borrowed funds	301,665	14,367,749	53,644,515	10,586,148	–	–	78,900,077
Lease liability	26,985	294,246	931,151	420,453	–	–	1,672,835
Current tax liability	–	1,733,550	–	–	–	–	1,733,550
Deferred tax liability	–	–	–	–	3,212,171	–	3,212,171
Other liabilities	4,606,159	646,000	–	–	1,896,780	–	7,148,939
Total liabilities	280,002,336	141,843,563	186,594,814	16,972,587	5,108,951	–	630,522,251
Net position*	(58,402,234)	(40,984,919)	39,922,339	101,786,347	56,918,023	5,966,943	105,206,499

* *For management of negative short-term liquidity position the Bank relies on the financial securities, which can be sold or pledged under repo agreements and on the fact that term deposits will be prolonged upon maturity.*

NOTES TO, AND FORMING PART OF, THE FINANCIAL STATEMENTS (continued)

29. RISK MANAGEMENT (continued)

(d) Liquidity risk (continued)

The table below shows an analysis, by contractual maturities, of the amounts recognised in the statement of financial position as at 31 December 2024:

In thousands of Armenian drams	Demand and less than 1 month	From 1 to 12 months	From 1 to 5 years	More than 5 years	No maturity	Overdue	Total
Assets							
Cash and cash equivalents	83,157,459	–	–	–	–	–	83,157,459
Investment securities at fair value through other comprehensive income	5,218	8,349,104	45,644,737	8,285,288	309,465	–	62,593,812
Investment securities at amortised cost	1,215,332	10,559,028	15,235,177	4,392,399	–	–	31,401,936
Investment securities designated at FVTPL	–	–	–	–	106,807	–	106,807
Loans and advances to banks and other financial institutions	1,792,757	2,094,034	4,678,012	–	25,431,370	–	33,996,173
Amounts receivable under reverse repurchase agreements	45,723,768	–	–	–	–	–	45,723,768
Loans to customers	7,297,769	59,699,223	121,928,053	84,646,216	–	3,335,185	276,906,446
Property, equipment and intangible assets	–	–	–	–	10,457,343	–	10,457,343
Right of use asset	–	–	–	–	1,128,778	–	1,128,778
Repossessed assets	–	–	–	–	1,360,456	–	1,360,456
Other assets	3,409,756	–	–	–	1,983,637	–	5,393,393
Total assets	**142,602,059**	**80,701,389**	**187,485,979**	**97,323,903**	**40,777,856**	**3,335,185**	**552,226,371**
Liabilities							
Amounts payable under repurchase agreements	17,023,540	–	–	–	–	–	17,023,540
Deposits and balances from banks	20,003,897	–	–	–	–	–	20,003,897
Current accounts and deposits from customers	169,169,296	98,787,817	61,492,488	54,399	–	–	329,504,000
Debt securities issued	116,362	2,020,850	30,725,230	–	–	–	32,862,442
Subordinated borrowings	17,991	39,893	–	3,965,405	–	–	4,023,289
Other borrowed funds	288,388	11,801,995	29,272,258	11,655,634	–	–	53,018,275
Lease liability	21,656	220,849	833,997	170,377	–	–	1,246,879
Current tax liability	–	1,217,295	–	–	–	–	1,217,295
Deferred tax liability	–	–	–	–	2,337,034	–	2,337,034
Other liabilities	4,611,705	685,900	–	–	1,489,308	–	6,786,913
Total liabilities	**211,252,835**	**114,774,599**	**122,323,973**	**15,845,815**	**3,826,342**	**–**	**468,023,564**
Net position	**(68,650,776)**	**(34,073,210)**	**65,162,006**	**81,478,088**	**36,951,514**	**3,335,185**	**84,202,807**

30. CAPITAL MANAGEMENT

The primary objectives of the Bank's capital management are to ensure that the Bank complies with externally imposed capital requirements and that the Bank maintains strong credit ratings and healthy capital ratios in order to support its business and to maximise shareholders' value.

The Bank manages its capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of its activities. In order to maintain or adjust the capital structure, the Bank may adjust the amount of dividend payment to shareholders, return capital to shareholders or is1sue capital securities. No changes were made in the objectives, policies and processes from the previous years.

The CBA sets and monitors capital requirements for the Bank. Under the current capital requirements set by the CBA, banks have to maintain a minimum total capital of AMD 30,000,000 thousand (2024: AMD 30,000,000 thousand). The Bank is in compliance with minimum total capital requirements as at 31 December 2025 and 2024.

The Bank defines as capital those items defined by statutory regulation as capital for credit institutions. Under the current capital requirements set by the CBA, which are based on Basle Accord principles, banks have to maintain a ratio of capital to risk weighted assets (statutory capital ratio) above the prescribed minimum level. As at 31 December 2025 and 2024, this minimum level was 11%. The Bank is in compliance with the statutory capital ratio as at 31 December 2025 and 2024.

The following table shows the composition of the capital position calculated in accordance with the Basel Capital Accord 1988, with subsequent amendments including the amendment to incorporate market risks, for December:

In thousands of Armenian drams	**2025 Unaudited**	2024 Unaudited
Total regulatory capital	**102,867,314**	80,078,261
Total risk weighted assets	**576,103,526**	468,929,395
Total capital expressed as a percentage of risk-weighted assets (total capital ratio)	**17.86%**	17.08%

The risk-weighted assets are measured by means of a hierarchy of risk weights classified according to the nature and reflecting an estimate of credit, market and other risks associated with each asset and counterparty, taking into account any eligible collateral or guarantees. A similar treatment is adopted for unrecognised contractual commitments, with some adjustments to reflect the more contingent nature of the potential losses.

31. CREDIT RELATED COMMITMENTS

The Bank has outstanding credit related commitments to extend loans. These credit related commitments take the form of approved loans and credit card limits and overdraft facilities.

The Bank provides financial guarantees to guarantee the performance of customers to third parties. These agreements have fixed limits and generally extend for a period of up to five years.

The Bank applies the same credit risk management policies and procedures when granting credit commitments, financial guarantees and letters of credit as it does for granting loans to legal entities and individuals.

The contractual amounts of credit related commitments are set out in the following table by category. The amounts reflected in the table for credit related commitments assume that amounts are fully advanced. The amounts reflected in the table for guarantees represent the maximum accounting loss that would be recognised at the reporting date if counterparties failed completely to perform as contracted.

In thousands of Armenian drams	**2025**	2024
Contracted amount		
Undrawn loan commitments	**22,400,110**	19,480,437
Guarantees	**3,222,508**	10,752,060
	25,622,618	30,232,497
Impairment allowance	**(56,517)**	(78,216)

31. CREDIT RELATED COMMITMENTS (continued)

As at 31 December 2025 financial credit related commitments in the amount of AMD 157,085 thousand are in Stage 3 (31 December 2024: AMD 157,085 thousand are in Stage 3). Remaining financial credit related commitments are fully in Stage 1.

The expected credit losses on undrawn loan commitments are calculated in accordance with IFRS 9 and included in the ECL provision for loans and advances to customers.

The following tables show reconciliations from the opening to the closing balances of the loss allowance for commitments for the years ended 31 December 2025 and 2024.

	2025			
In thousands of Armenian drams	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Commitments				
Balance at 1 January	**22,315**	**–**	**55,901**	**78,216**
New exposures originated	**–**	**–**	**–**	**–**
Net remeasurement of loss allowance inclusive repayments	**(21,694)**	**–**	**49**	**(21,645)**
Balance at 31 December	**621**	**–**	**55,950**	**56,571**

	2024			
In thousands of Armenian drams	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Commitments				
Balance at 1 January	66,457	–	–	66,457
Transfer to Stage 3	(55,950)	–	55,950	–
New exposures originated	16,834	–	–	16,834
Net remeasurement of loss allowance inclusive repayments	(5,026)	–	(49)	(5,075)
Balance at 31 December	**22,315**	**–**	**55,901**	**78,216**

32. CONTINGENCIES

(a) Litigation

In the ordinary course of business, the Bank is subject to legal actions and complaints. Management believes that the ultimate liability, if any, arising from such actions or complaints will not have a material adverse effect on the financial condition or the results of future operations.

(b) Taxation contingencies

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 interpretation. 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 three 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.

33. RELATED PARTY TRANSACTIONS

(a) Transactions with key management personnel

Total remuneration included in personnel expenses for the year ended 31 December are as follows:

In thousands of Armenian drams	**2025**	2024
Salaries and bonuses	**4,556,467**	3,046,217
Total key management remuneration	**4,556,467**	3,046,217

These amounts include benefits accrued in respect of members of the Supervisory Board and the Management Board and recognized in the statement of profit or loss and other comprehensive income for the respective periods.

The outstanding balances and average effective interest rates as at 31 December 2025 and 2024 for transactions with key management personnel are as follows:

In thousands of Armenian drams	**2025**	**Average effective interest rate, %**	2024	Average effective interest rate, %
Statement of financial position				
Loans and advances to customers – gross	**290,969**	**11.24%**	342,391	11.40%
Loans and advances to customers – ECL	**(4,504)**	**–**	(1,035)	–
Current accounts and deposits from customers	**3,931,435**	**0.0% – 10.75%**	3,222,942	0.0% – 9.75%
Debt securities issued	**886,095**	**5%–10.65%**	1,078,750	4%–11%

Amounts included in profit or loss in relation to transactions with key management personnel for the year ended 31 December are as follows:

In thousands of Armenian drams	**2025**	2024
Profit or loss		
Interest income	**32,894**	29,270
Interest expense	**(104,258)**	(184,089)
Fee and commission expense	**(3,887)**	(4,788)

NOTES TO, AND FORMING PART OF, THE FINANCIAL STATEMENTS (continued)

33. RELATED PARTY TRANSACTIONS (continued)

(b) Transactions with other related parties

The volumes of related party transactions, outstanding balances at 31 December 2025, and related expense and income for the year are as follows:

In thousands of Armenian drams	Shareholders	Other entities related to UCPand close members of UCP	Other entities related to key management personnel and close members of key management personnel
Statement of financial position			
Loans and advances to customers			
Balance as at 1 January 2025, gross	**6,862,271**	**793,421**	**19,919**
Loans issued during the year	**18,329,442**	**–**	**–**
Loan repayments during the year	**(5,095,669)**	**(793,421)**	**(19,919)**
Balance at 31 December 2025, gross	**20,096,044**	**–**	**–**
Credit loss allowance	**(9,071)**	**–**	**–**
Balance at 31 December 2025, net	**20,086,973**	**–**	**–**
Current accounts and deposits from customers			
Balance as at 1 January 2025	**1,022,280**	**476,172**	**98,339**
Received during the year	**109,673,622**	**12,626,456**	**859,214**
Repaid during the year	**(95,930,618)**	**(12,007,434)**	**(835,834)**
Balance at 31 December 2025	**14,765,284**	**1,095,194**	**121,719**
Debt securities issued			
Balance as at 1 January 2025	**3,479,939**	**–**	**164,908**
Received during the year	**441,274**	**–**	**9,030**
Repaid during the year	**(319,800)**	**–**	**(78,519)**
Balance at 31 December 2025	**3,601,413**	**–**	**95,419**
Subordinated debt	**3,869,638**	**–**	**–**
Statement of profit or loss and other comprehensive income			
Interest income on loans	**750,231**	**15,316**	**2,118**
Interest expense on deposits	**(448,090)**	**(469)**	**(4,200)**
Interest expense on issued securities	**(159,320)**	**–**	**(7,525)**
Interest expense on subordinated debt	**(348,284)**	**–**	**–**

Subordinated debt received from shareholder bears interest rate of 9% and is repayable in 2031.

Loans and advances to other related parties are denominated in AMD, EUD, USD bearing interest rates of 4.3-11.75% and are repayable in 2026-2035.

Term deposits from other related parties are in AMD, USD and EUR and bear interest rate of 3.3%-10.75% and are repayable in 2027-2030.

NOTES TO, AND FORMING PART OF, THE FINANCIAL STATEMENTS (continued)

33. RELATED PARTY TRANSACTIONS (continued)

(b) Transactions with other related parties (continued)

The volumes of related party transactions, outstanding balances at 31 December 2024, and related expense and income for the year are as follows:

In thousands of Armenian drams	Shareholders	Other entities related to UCP and close members of UCP	Other entities related to key management personnel and close members of key management personnel
Statement of financial position			
Loans and advances to customers			
Balance as at 1 January 2024, gross	2,178,681	810,663	23,489
Loans issued during the year	10,284,952	109,080	1,590
Loan repayments during the year	(5,571,433)	(125,561)	(5,154)
Balance at 31 December 2024, gross	**6,892,200**	**794,182**	**19,925**
Credit loss allowance	(29,929)	(761)	(6)
Balance at 31 December 2024, net	**6,862,271**	**793,421**	**19,919**
Amounts receivable under reverse repurchase agreements			
Balance as at 1 January 2024	–	–	2,609,866
Received during the year	–	–	71,855,206
Repaid during the year	–	–	(74,465,072)
Balance at 31 December 2024, gross	**–**	**–**	**–**
Credit loss allowance	–	–	–
Balance at 31 December 2024, net	**–**	**–**	**–**
Current accounts and deposits from customers			
Balance as at 1 January 2024	1,080,252	36,349	88,631
Received during the year	1,022,499	4,968,570	76,161,265
Repaid during the year	(1,080,471)	(4,528,747)	(76,151,557)
Balance at 31 December 2024	**1,022,280**	**476,172**	**98,339**
Debt securities issued			
Balance as at 1 January 2024	3,678,683	–	369,825
Received during the year	158,648	–	73,746
Repaid during the year	(357,392)	–	(278,663)
Balance at 31 December 2024	**3,479,939**	**–**	**164,908**
Subordinated debt	4,023,289	–	–
Statement of profit or loss and other comprehensive income			
Interest income on loans	274,970	55,128	2,118
Interest income on reverse repurchase transactions	–	–	190,399
Interest expense on deposits	(158,822)	(11,934)	(5,270)
Interest expense on issued securities	(158,648)	–	(69,471)
Interest expense on subordinated debt	(354,412)	–	–
Other general administrative expenses	–	(640,000)	–

Subordinated debt received from shareholder bears interest rate of 9% and is repayable in 2031.

33. RELATED PARTY TRANSACTIONS (continued)

(b) Transactions with other related parties (continued)

Loans and advances to other related parties are denominated in AMD, EUD, USD and RUB, bearing interest rates of 4.3-19.0% and are repayable in 2025-2033.

Term deposits from other related parties are in USD and EUR and bear interest rate of 3.3%-5.25% and are repayable in 2025-2026.

34. FINANCIAL ASSETS AND LIABILITIES: FAIR VALUES AND ACCOUNTING CLASSIFICATIONS

The Bank measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

- Level 1: quoted market price (unadjusted) in an active market for an identical instrument;
- Level 2: inputs other than quotes prices included within Level 1 that are observable either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data;
- Level 3: inputs that are unobservable. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

As at 31 December 2025 the estimated fair values of all financial instruments except for loans and advances to customers and investment securities at amortised cost approximate their carrying values. The fair value of loans and advances to customers is categorised in Level 3 fair value hierarchy and fair value of investment securities measured at amortised cost is categorised in Level 2 in fair value hierarchy.

As at 31 December 2025 the Bank had outstanding borrowings from the Central Bank of Armenia denominated in AMD and bearing nominal interest rate of 6%-7.5% and from local credit organization denominated in AMD and bearing interest rate of 4.5%-10.5%. The loans are considered to be separate market segment loans, therefore the Bank assesses that the loans are received at market rates.

The table below sets out the carrying amounts and fair values of loans and advances to customers and investment securities at amortised cost:

2025	**Carrying amount**	**Fair value**	**Difference**
Loans and advances to customers	**360,015,227**	**366,566,030**	**(6,550,803)**
Investment securities measured at amortised cost	**21,709,017**	**22,989,904**	**(1,280,887)**
Other borrowed funds	**78,900,077**	**80,138,634**	**(1,238,557)**
Total	**460,624,321**	**469,694,568**	**(9,070,247)**

2024	**Carrying amount**	**Fair value**	**Difference**
Loans and advances to customers	276,906,446	280,741,225	(3,834,779)
Investment securities measured at amortised cost	31,401,936	32,613,878	(1,211,942)
Other borrowed funds	53,018,275	52,962,638	55,637
Total	**361,326,657**	**366,317,741**	**(4,991,084)**

NOTES TO, AND FORMING PART OF, THE FINANCIAL STATEMENTS (continued)

34. FINANCIAL ASSETS AND LIABILITIES: FAIR VALUES AND ACCOUNTING CLASSIFICATIONS (continued)

The table below analyses financial instruments measured at fair value and financial instruments for which fair values are disclosed as at 31 December 2025 and 2024 by the level in the fair value hierarchy into which the fair value measurement is categorized.

	2025			
In thousands of Armenian drams	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial instruments measured at fair value				
Investment securities	**–**	**86,974,078**	**–**	**86,974,078**
Equity instruments	**–**	**–**	**309,465**	**309,465**
Disclosed fair value of financial instruments measured at amortised cost				
Loans and advances to customers	**–**	**–**	**366,566,030**	**366,566,030**
Investment securities measured at amortised cost	**–**	**22,989,904**	**–**	**22,989,904**
Other borrowed funds	**–**	**–**	**80,138,634**	**80,138,634**
	–	**109,963,982**	**447,014,129**	**556,978,111**

	2024			
In thousands of Armenian drams	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial instruments measured at fair value				
Investment securities	–	62,284,347	–	62,284,347
Equity instruments	–	–	416,272	416,272
Disclosed fair value of financial instruments measured at amortised cost				
Loans and advances to customers	–	–	280,741,225	280,741,225
Investment securities measured at amortised cost	–	32,613,878	–	32,613,878
Other borrowed funds	–	–	52,962,638	52,962,638
	–	**94,898,225**	**334,120,135**	**429,018,360**

The estimates of fair value are intended to approximate the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. However, given the uncertainties and the use of subjective judgment, the fair value should not be interpreted as being realisable in an immediate sale of the assets or transfer of liabilities.

Valuation techniques include net present value and discounted cash flow models, comparison to similar instruments for which market observable prices exist and other valuation models. Assumptions and inputs used in valuation techniques include risk-free and benchmark interest rates, credit spreads and other premia used in estimating discount rates, bond and equity prices, foreign currency exchange rates, equity and equity index prices. The objective of valuation techniques is to arrive at a fair value determination that reflects the price of the financial instrument at the reporting date that would have been determined by market participants acting at arm's length.

The Bank uses widely recognised valuation models for determining the fair value of common and more simple financial instruments like interest rate and currency swaps that use only observable market data and require little management judgment and estimation. Observable prices and model inputs are usually available in the market for listed debt and equity securities, exchange traded derivatives and simple over the counter derivatives like interest rate swaps. For financial instruments allocated to Level 2 the Bank uses quoted prices for similar instruments in markets that are considered less than active.

The following assumptions are used by management to estimate the fair values of loans and advances to customers: discount rates of 7.1%-13.5% for loans denominated in foreign currency and 8.5%-12.5% for loans denominated in Armenian drams, are used for discounting future cash flows from loans and advances to customers. The following assumptions are used by management to estimate the fair values of investment securities measured at amortised cost – 8.2%-10.5% for securities denominated in AMD and rates of 6.0%-7.1% for securities denominated in foreign currency.

NOTES TO, AND FORMING PART OF, THE FINANCIAL STATEMENTS (continued)

34. FINANCIAL ASSETS AND LIABILITIES: FAIR VALUES AND ACCOUNTING CLASSIFICATIONS (continued)

Movements in Level 3 assets at fair value

The following tables show a reconciliation of the opening and closing amount of Level 3 assets and liabilities which are recorded at fair value at 31 December 2025 and 2024:

In thousands of Armenian drams	At 31 December 2024	**Gain from change in fair value recorded in other comprehensive income**	**Purchases**	**At 31 December 2025**
Financial assets				
Equity instruments	309,465	–	–	**309,465**
Total Level 3 financial assets	309,465	–	–	**309,465**

In thousands of Armenian drams	**At 31 December 2023**	**Gain from change in fair value recorded in other comprehensive income**	**Purchases**	**At 31 December 2024**
Financial assets				
Equity instruments	42,825	49,483	217,157	309,465
Total Level 3 financial assets	**42,825**	**49,483**	**217,157**	**309,465**

35. SEGMENT INFORMATION

Operating segments

The Bank is organised on the basis of three main operating segments (2024: four). These operating segments are monitored and strategic decisions are made on the basis of segment operating results.

Retail banking representing private banking services, private customer current accounts, savings, deposits, investment savings products, custody, credit and debit cards, consumer loans and mortgages.

Corporate banking – representing direct debit facilities, current accounts, deposits, overdrafts, loan and other credit facilities, foreign currency and derivative products provided to legal entities.

Investment banking – representing financial instruments trading, structured financing, corporate leasing, and merger and acquisitions advice.

Transactions between the business segments are on normal commercial terms and conditions. Funds are ordinarily reallocated between segments, resulting in funding cost transfers disclosed in operating income. Interest charged for these funds is based on the Bank's cost of capital.

There are no other material items of income or expense between the business segments. Segment assets and liabilities comprise operating assets and liabilities, being the majority of the balances sheet, but excluding items such as taxation and borrowings. Internal charges and transfer pricing adjustments have been reflected in the performance of each business. Revenue sharing agreements are used to allocate external customer revenues to a business segment on a reasonable basis.

NOTES TO, AND FORMING PART OF, THE FINANCIAL STATEMENTS (continued)

35. SEGMENT INFORMATION (continued)

Operating segments (continued)

The following tables present income and profit and certain asset and liability information regarding the Bank's operating segments.

2025	Retail banking	Corporate banking	Investment banking	Total
Interest income	**19,404,971**	**13,621,048**	**15,671,876**	**48,697,895**
Interest expense	**(12,011,777)**	**(10,299,934)**	**(3,512,053)**	**(25,823,764)**
Fee and commission income *(Note 6)*	**6,533,895**	**1,967,555**	**1,714,287**	**10,215,737**
Net non-interest income/ (expense)*	**689,939**	**4,551,883**	**6,441,055**	**11,682,877**
Inter-segment income	**4,906,437**	**4,447,010**	**(9,353,447)**	**–**
Operating income before impairment and other administrative expenses	**19,523,465**	**14,287,562**	**10,961,718**	**44,772,745**
Net impairment losses on financial instruments	**(413,398)**	**(97,675)**	**232,118**	**(278,955)**
Personnel and other general administrative expenses	**(8,485,348)**	**(8,416,468)**	**(2,236,630)**	**(19,138,446)**
Profit before income tax	**10,624,719**	**5,773,419**	**8,957,206**	**25,355,344**
Income tax expense	**(1,659,982)**	**(902,424)**	**(1,399,055)**	**(3,961,461)**
Profit for the year	**8,964,737**	**4,870,995**	**7,558,151**	**21,393,883**

2024	Retail banking	Corporate banking	Investment banking	Digital banking**	Total
Interest income	12,756,323	10,625,650	12,969,520	844,869	37,196,362
Interest expense	(3,404,842)	(7,464,393)	(2,616,149)	(5,553,731)	(19,039,115)
Fee and commission income *(Note 6)*	841,555	664,158	2,307,572	8,438,969	12,252,254
Net non-interest income/ (expense)*	1,760,469	1,605,498	2,652,262	(6,287,503)	(269,274)
Inter-segment income	(2,727,254)	4,327,028	(8,083,774)	6,484,000	-
Operating income before impairment and other administrative expenses	**9,226,251**	**9,757,941**	**7,229,431**	**3,926,604**	**30,140,227**
Net impairment losses on financial instruments	(186,482)	308,787	(209,753)	554,713	467,264
Personnel and other general administrative expenses	(4,491,331)	(2,735,433)	(1,161,205)	(4,428,052)	(12,816,021)
Profit before income tax	**4,548,438**	**7,331,295**	**5,858,473**	**53,264**	**17,791,470**
Income tax expense	(817,850)	(1,295,390)	(1,046,638)	(22,396)	(3,182,275)
Profit for the year	**3,730,588**	**6,035,904**	**4,811,835**	**30,868**	**14,609,195**

* *Net non-interest income includes fee and commission expense, other operating income, banking direct expenses, net gain on financial instruments at fair value through profit or loss, net foreign exchange gain and net gain on investment securities measured at fair value through other comprehensive income.*

2025	Retail banking	Corporate banking	Investment banking	Total
Total assets	**244,677,322**	**221,009,194**	**270,042,234**	**735,728,750**
Total liabilities	**283,424,545**	**244,519,912**	**102,577,794**	**630,522,251**

2024	Retail banking	Corporate banking	Investment banking	Digital banking**	Total
Total assets	148,288,662	152,902,464	238,420,993	12,614,252	**552,226,371**
Total liabilities	116,610,261	174,531,981	69,868,953	107,012,369	**468,023,564**

35. SEGMENT INFORMATION (continued)

Operating segments (continued)

The Bank has revised its segment reporting methodology, including the allocation of non-financial data across segments. For the year ended 31 December 2025 and 2024 the Bank reports total assets and liabilities by segments.

Revenue from contracts with customers

Segment breakdown of revenue from contracts with customers in scope of IFRS 15 for the years ended 31 December 2025 and 2024 was as follows:

2025	Retail banking	Corporate banking	Investment banking	Total
Plastic cards operations	**5,067,192**	**384,132**	**–**	**5,451,324.00**
Charges from cash and non-cash transactions	**194,819**	**134,361**	**1,636,503**	**1,965,683.00**
Money transfers	**906,429**	**816,927**	**–**	**1,723,356**
Account service and distance system services	**254,436**	**504,473**	**–**	**758,909**
Guarantees and letters of credit	**–**	**77,788**	**76,714**	**154,502**
Other	**111,019**	**49,874**	**1,070**	**161,963**
	6,533,895	**1,967,555**	**1,714,287**	**10,215,737**

2024	Retail banking	Corporate banking	Investment banking	Digital banking**	Total
Plastic cards operations	187,157	–	–	7,954,622	8,141,779
Charges from cash and non-cash transactions	167,902	134,602	2,159,815	158	2,462,477
Money transfers	327,457	353,737	–	91,505	772,699
Account service and distance system services	89,603	79,041	–	371,540	540,184
Guarantees and letters of credit	–	76,847	145,227	–	222,074
Other	69,436	19,931	2,530	21,144	113,041
	841,555	**664,158**	**2,307,572**	**8,438,969**	**12,252,254**

** *During the current year, management made a strategic determination to revise the segment structure and discontinue the presentation of digital banking as a separate operating segment (2024: presented as a separate segment). Accordingly, digital banking is no longer disclosed separately in the segment reporting. Comparative information has not been represented because the historical data was prepared and monitored under the previous segment framework. Representation would require extensive use of estimates and judgements, which management considers impracticable and potentially detrimental to the reliability of comparative information. Accordingly, prior-year comparatives are presented on the basis previously reported.*