"EVOCABANK" OPEN JOINT STOCK COMPANY

Interim Financial Statements for the period ended

31/12/2025

Contents

Interim statement of profit or loss and other comprehensive income

In thousand Armenian drams

	Notes	31 December 2025	31 December 2024 (audited)	Three-Month Period Ended 31 December 2025	Three-Month Period Ended 31 December 2024
Interest and similar income	6	48,697,895	37,196,362	13,863,371	10,314,420
Interest and similar expense	6	(25,823,764)	(19,039,115)	(7,231,816)	(5,153,499)
Net interest income		**22,874,131**	**18,157,247**	**6,631,555**	**5,160,921**
Fee and commission income	7	10,215,737	12,252,254	2,534,640	3,252,215
Fee and commission expense	7	(7,659,357)	(9,838,459)	(1,408,648)	(2,194,665)
Net fee and commission income		**2,556,380**	**2,413,795**	**1,125,992**	**1,057,550**
Net foreign exchange gain	8	20,481,013	10,436,785	2,516,568	2,524,492
Net gain on investment securities measured at fair value through other comprehensive income at fair value through profit or loss		14,275	11,144	439	223
Net gain on financial instruments at fair value through profit or loss		23,995	37,842	5,630	19,671
Other operating income	9	468,109	568,990	101,832	140,009
Banking direct expenses	10	(1,645,158)	(1,485,576)	(427,048)	(441,974)
Operating income		**44,772,745**	**30,140,227**	**9,954,968**	**8,460,892**
Impairment losses	11	(278,955)	467,264	(2,200)	131,181
Personnel expenses	12	(11,973,506)	(7,855,157)	(3,179,169)	(2,328,340)
Depreciation of property and equipment and amortization of intangible assets	19	(1,591,406)	(1,243,123)	(469,131)	(336,804)
Other general administrative expenses	13	(5,573,534)	(3,717,741)	(2,236,287)	(1,143,483)
Profit before income tax		**25,355,344**	**17,791,470**	**4,068,181**	**4,783,446**
Income tax expense	14	(3,961,461)	(3,182,275)	(746,977)	(911,654)
Profit for the year		**21,393,883**	**14,609,195**	**3,321,204**	**3,871,792**
Other comprehensive income					
Items that will not be reclassified subsequently to profit or loss					
Revaluation of PPE, net of income tax		-	712,379	-	712,379
Total items that will not be reclassified subsequently to profit or loss		**-**	**712,379**	**-**	**712,379**
Items that will be reclassified subsequently to profit or loss					
- Net change in fair value during the year		2,767,515	1,476,263	1,886,223	119,358
- Net amount reclassified to profit or loss		(11,706)	(9,138)	(360)	(183)
Total items that are or may be reclassified subsequently to profit or loss		**2,755,809**	**1,467,125**	**1,885,863**	**119,175**
Total other comprehensive income/(loss) for the year, net of tax		**2,755,809**	**2,179,504**	**1,885,863**	**831,554**
Total comprehensive income for the year		**24,149,692**	**16,788,699**	**5,207,067**	**4,703,346**

The accompanying notes are an integral part of these interim financial statements.

The interim financial statements were approved by the management on 15 January 2026

Statement of financial position

In thousand Armenian drams	Notes	31 December 2025	31 December 2024 (audited)
Assets			
Cash and cash equivalents	14	122,303,623	83,157,459
Amounts receivable under reverse repurchase agreements	15	67,652,428	45,723,768
Loans and advances to banks and other financial institutions	16	54,466,337	33,996,173
Investment securities	17	108,992,560	94,102,555
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 asset	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 and equity			
Liabilities			
Amounts due to banks	22	25,455,241	20,003,897
Amounts payable under repurchase agreements	23	42,061,232	17,023,540
Amounts due to customers	24	434,049,251	329,504,000
Debt securities issued	25	30,342,305	32,862,442
Other borrowings	26	78,900,077	53,018,275
Subordinated debt	26	5,946,650	4,023,289
Current income tax liabilities		1,733,550	1,217,295
Deferred income tax liabilities	14	3,212,171	2,337,034
Lease liability	20	1,672,835	1,246,879
Other liabilities	27	7,148,939	6,786,913
Total liabilities		**630,522,251**	**468,023,564**
Equity			
Share capital	28	23,000,000	23,000,000
Statutory general reserve		3,500,000	3,500,000
Revaluation reserve		3,764,820	3,875,488
Fair value reserve		3,517,660	761,851
Retained earnings		71,424,019	53,065,468
Total equity		**105,206,499**	**84,202,807**
Total liabilities and equity		**735,728,750**	**552,226,371**

The accompanying notes are an integral part of these interim financial statements.

The interim financial statements were approved by the management on 15 January 2026

Interim statement of changes in equity

In thousand Armenian drams	Share capital	Statutory general reserve	Fair value reserve	Revaluation reserve	Retained earnings	Total
Balance as of 1 January 2025 (audited)	23,000,000	3,500,000	761,851	3,875,488	53,065,468	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 during the year	-	-	2,767,515	-	-	2,767,515
- Net amount reclassified to profit or loss	-	-	(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					(3,146,000)	(3,146,000)
Total transactions with owners	**-**	**-**	**-**	**-**	**(3,146,000)**	**(3,146,000)**
Balance as of 31 December 2025	**23,000,000**	**3,500,000**	**3,517,660**	**3,764,820**	**71,424,019**	**105,206,499**

In thousand Armenian drams	Share capital	Statutory general reserve	Fair value reserve	Revaluation reserve	Retained earnings	Total
Balance as of 1 January 2024 (audited)	23,000,000	3,500,000	(705,274)	3,270,974	40,394,408	69,460,108
Profit for the year	-	-	-	-	14,609,195	14,609,195
Other comprehensive income						
Revaluation of PPE, net of income tax	-	-	-	712,379	-	712,379
Fair value reserve for investment securities						
- Net change in fair value during the year	-	-	1,476,263	-	-	1,476,263
- Net amount reclassified to profit or loss	-	-	(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					(2,046,000)	(2,046,000)
Total transactions with owners	**-**	**-**	**-**	**-**	**(2,046,000)**	**(2,046,000)**
Balance as of 31 December 2024	**23,000,000**	**3,500,000**	**761,851**	**3,875,488**	**53,065,468**	**84,202,807**

The accompanying notes are an integral part of these interim financial statements.

The interim financial statements were approved by the management on 15 January 2026

Statement of cash flows

In thousand Armenian drams	31 December 2025	31 December 2024 (audited)
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 losses from sale of property and equipment	820	9,578
Net losses on disposal of other assets	149,523	(16,616)
Impairment losses	278,955	(467,264)
Interest expense on lease liabilities	149,303	123,915
Net gains from revaluation of non-trading assets and liabilities	(5,503,390)	(1,218,697)
PPE revaluation loss	-	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	**23,189,088**	**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	(42,730)	258,323
Other assets	(730,402)	(1,022,938)
Increase/(decrease) in operating liabilities		
Amounts due to banks	4,808,070	12,750,222
Amounts payable under repurchase agreements	24,968,288	11,030,733
Amounts due to customers	103,254,882	52,797,746
Other liabilities	(440,929)	2,254,609
Net cash flow (used in)/from operating activities before income tax	**30,375,151**	**15,921,334**
Income tax paid	(3,184,125)	(2,919,808)
Net cash flow used in operating activities	**27,191,026**	**13,001,526**
Cash flows from investing activities		
Purchase of investment securities	(10,377,128)	(6,617,314)
Purchase of property, equipment and intangible assets	(3,269,892)	(1,346,604)
Net cash flow used in investing activities	**(13,647,020)**	**(7,963,918)**
Cash flow from financing activities		
Dividends paid	(3,146,000)	(2,046,000)
Debt securities issued	(2,000,000)	11,759,330
Other borrowings	26,168,650	9,743,023
Subordinated debt	2,084,452	-
Lease liabilities	(419,836)	(342,138)
Net cash flow from financing activities	**22,687,266**	**19,114,215**
Net decrease in cash and cash equivalents	**36,231,272**	**24,151,823**
Cash and cash equivalents at the beginning of the year	83,157,459	60,937,733
Exchange differences on cash and cash equivalents	2,889,409	(1,921,322)
Effect of changes in ECL on cash and cash equivalents	25,483	(10,775)
Cash and cash equivalents at the end of the year (note 14)	**122,303,623**	**83,157,459**

Supplementary information:		
Interest received	47,465,480	36,374,541
Interest paid	(23,274,919)	(17,340,182)

The accompanying notes are an integral part of these interim financial statements.

The interim financial statements were approved by the management on 15 January 2026

Report on general economic prudentials (quarterly)

01/10/2025-31/12/2025

In thousand Armenian drams

Prudentials	Actual	Permissible limit on prudential defined by CBA	Number of breaches during the reporting period
Minumum amount of the core capital	23,000,000	1,000,000	No Breach
Minimum amount of total capital	102,867,314	30,000,000	No Breach
S11 Minumum ratio of the Tier 1 core capital to the risk-weighted assets	15.16%	6.20%	No Breach
S12 Minumum ratio of the Tier 1 capital to the risk-weighted assets	16.15%	8.30%	No Breach
S1 Minumum ratio of the total capital to the risk-weighted assets	17.86%	11.00%	No Breach
S21 Minumum ratio of the highly liquid assets to the total assets	38.35%	15.00%	No Breach
S211 Minumum ratio of the highly liquid assets in the first group of currency to the total assets in the first group of currency	30.58%	4.00%	No Breach
S212 Minumum ratio of the highly liquid assets in the second group of currencies to the total assets in the second group of currencies	x	4.00%	No Breach
S22 Minumum ratio of the highly liquid assets to the callable liabilities	120.73%	60.00%	No Breach
S221 Minumum ratio of the highly liquid assets in the first group of currency to the callable liabilities in the first group of currency	75.43%	10.00%	No Breach
S222 Minumum ratio of the highly liquid assets in the second group of currencies to the callable liabilities in the second group of currencies	x	10.00%	No Breach
S23 Minimum ratio of highly liquid assets to total net cash outflow (all currencies)	211.12%	100.00%	No Breach
S23 (FX) Minimum ratio of highly liquid assets to total net cash outflow in the first group of currencies	176.97%	100.00%	No Breach
S23 (FX) Minimum ratio of highly liquid assets to total net cash outflow in the second group of currencies	x	100.00%	No Breach
S24 Minimum ratio of total available stable funding to total required stable funding (all currencies)	165.88%	100.00%	No Breach
S24 (FX) Minimum ratio of total available stable funding to total required stable funding in the first group of currencies	149.11%	100.00%	No Breach
S24(FX)1 Minimum ratio of total available stable funding to total required stable funding in the second group of currencies	x	100.00%	No Breach
S31 Maximum risk on a single borrower	8.11%	20.00%	No Breach
S32 Maximum risk on major borrowers	33.04%	500.00%	No Breach
S41 Maximum risk on a single borrower related to the Bank	2.63%	5.00%	No Breach
S42 Maximum risk on major borrowers related to the Bank	4.71%	20.00%	No Breach
S51 Deviation of ratio of maximum of marginal ratio of claim to collateral value	9.90%	10.00%	No Breach
S52 Deviation of ratio of maximum of marginal ratio of claim to collateral value	0.00%	5.00%	No Breach
Minimum obligatory reserves at the Central Bank of RA			
In AMD	x	4.00%	No Breach
In USD	x	15% USD	No Breach
In EUR	x	15% EUR	No Breach
Other currencies	x	15% USD	No Breach
Maximum ratio of total foreign currency position to total capital of the Bank	1.15%	10.00%	No Breach
Maximum ratio of each foreign currency position to total capital of the Bank			
In USD	x	7.00%	No Breach
In EUR	0.03%	7.00%	No Breach
In RUR	x	7.00%	No Breach
Other currencies	1.12%	7.00%	No Breach

The accompanying notes are an integral part of these interim financial statements.

The interim financial statements were approved by the management on 15 January 2026

Notes to the interim financial statements

1 Background

(a) Organisation and operations

Evocabank OJSC (formerly Prometey Bank CJSC) (the “Bank”) was incorporated on 01.06.1990 as a closed join stock company. According to the Decision of the Central Bank of Armenia (the “CBA”) dated July 29, 2025, Evocabank closed join 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 the reporting date was 653

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

In thousand Armenian drams	31 December 2025		31 December 2024 (audited)	
	Paid-in share capital	**% of total paid-in capital**	**Paid-in share capital**	**% of total paid-in capital**
Gevorkyan Mareta	22,999,300	100.0	22,999,300	100.0
Other shareholders	700	0.0	700	0.0
	23,000,000	**100.0**	**20,000,000**	**100.0**

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 changes in political and economic environment and the development of the legal, tax and legislative systems in Armenia have continuing nature and the stability and development of the Armenian economy largely depends on these changes.
These financial statements reflect management’s assessment of the impact of the Armenian business environment on the operations of the Bank. The Bank's management constantly analyzes the economic situation in the current environment. The future economic and political situation and its impact on the Bank's operations may differ from the management's current expectations.

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 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 382.36 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 significant accounting policies

The Bank has not early adopted any new standards, interpretations or amendments that have been issued but are not yet effective for these financial statements.

Certain amendments and interpretations apply for the first time in 2025, but do not have significant impact on the Bank's financial statements and accounting policies.

4 Material accounting policies

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

(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, unrestricted 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.

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.

(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.

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.

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.

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.

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.

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.

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 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.

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 retail 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.

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.

(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.

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 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.

(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.

(ii) 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 and Digital Banking (2024: Retail Banking, Corporate Banking and Investment 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.

5 Net interest income

In thousand Armenian drams	31 December 2025	31 December 2024	Three-Month Period Ended 31 December 2025	Three-Month Period Ended 31 December 2024
Loans to customers	32,607,670	24,217,050	9,424,060	6,811,806
Investment securities at FVOCI	7,262,397	4,746,578	2,006,139	1,422,366
Reverse repurchase transactions	4,186,573	3,330,043	1,234,531	895,652
Loans and advances to banks and other financial institutions	2,055,842	1,283,995	611,109	367,995
Investment securities at amortised cost	2,576,283	3,608,903	585,936	813,581
Other	9,130	9,793	1,596	3,020
Total interest and similar income	**48,697,895**	**37,196,362**	**13,863,371**	**10,314,420**
Current accounts and deposits from customers	16,788,512	12,587,390	4,888,489	3,305,452
Repurchase transactions	751,385	689,574	61,232	148,081
Subordinated debt	442,677	354,412	149,840	88,687
Other borrowings	5,055,985	3,430,743	1,479,405	1,000,474
Debt securities issued	2,103,053	1,671,911	486,704	530,885
Amounts due to banks	532,849	181,170	125,742	37,347
Interest expense on lease liabilities	149,303	123,915	40,404	42,573
Total interest and similar expense	**25,823,764**	**19,039,115**	**7,231,816**	**5,153,499**

6 Net fee and commission income

In thousand Armenian drams	31 December 2025	31 December 2024	Three-Month Period Ended 31 December 2025	Three-Month Period Ended 31 December 2024
Charges from cash and non-cash transactions	1,965,683	2,462,477	282,786	512,928
Plastic cards operations	5,451,324	8,141,779	1,480,411	2,216,943
Money transfers	1,723,356	772,699	500,090	305,886
Account service and distance system services	758,909	540,184	224,152	144,076
Other	161,963	113,041	34,285	11,309
Guarantees and letters of credit	154,502	222,074	12,916	61,073
Total fee and commission income	**10,215,737**	**12,252,254**	**2,534,640**	**3,252,215**
Plastic card operations	4,286,002	7,013,098	1,120,493	1,850,087
Charges from cash and non-cash transactions	2,865,711	2,593,376	151,327	283,205
Money transfers	359,890	228,617	111,845	60,710
Other	147,754	3,368	24,983	663
Total fee and commission expense	**7,659,357**	**9,838,459**	**1,408,648**	**2,194,665**

(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. Revenue from contracts with customers recognised in the statement of profit or loss and other comprehensive income comprised to:

In thousand Armenian drams

	31 December 2025	31 December 2024	Three-Month Period Ended 31 December 2025	Three-Month Period Ended 31 December 2024
Fee and commission income	10,215,737	12,252,254	2,534,640	3,252,215
	10,215,737	**12,252,254**	**2,534,640**	**3,252,215**

7 Net foreign exchange gain

In thousand Armenian drams

	31 December 2025	31 December 2024	Three-Month Period Ended 31 December 2025	Three-Month Period Ended 31 December 2024
Net gain on spot transactions	14,977,623	9,218,088	1,953,724	2,098,833
Net gain from revaluation of financial assets and liabilities	5,503,390	1,218,697	562,844	425,659
Total net trading income	**20,481,013**	**10,436,785**	**2,516,568**	**2,524,492**

8 Other operating income

In thousand Armenian drams

	31 December 2025	31 December 2024	Three-Month Period Ended 31 December 2025	Three-Month Period Ended 31 December 2024
Fines and penalties received	326,714	455,691	64,876	79,559
Net gain on disposal of PPE and other assets	5,254	16,616	229	15,410
Refund of court fees	22,145	20,870	6,649	5,358
Income from termination of right of use asset	2,477	12,264	-	-
Other	111,519	63,549	30,078	39,682
Total other operating income	**468,109**	**568,990**	**101,832**	**140,009**

9 Other operating expenses

In thousand Armenian drams	31 December 2025	31 December 2024	Three-Month Period Ended 31 December 2025	Three-Month Period Ended 31 December 2024
Deposit guarantee fund expenses	796,059	702,792	208,106	223,520
Return costs from early repayment of loans	4,690	12,262	971	2,205
Cash collection expenses	99,383	200,759	16,725	69,675
Financial mediator expenses	55,223	44,564	13,806	11,141
Cashback charges	154,777	127,860	43,625	36,337
Credit register and other systems usage expenses	162,115	122,840	43,768	29,736
Cards embossing and delivery expenses	38,582	33,731	12,885	8,808
Loan forgiveness expenses	1,111	6,086	29	6,086
Fees for brokerage services	34,181	21,053	8,156	5,376
Depositary service expenses	45,092	35,717	15,365	8,405
Losses arising from devaluation of property, plant, and equipment	-	18,471	-	18,471
Other	253,945	159,441	63,612	22,214
Total other operating expenses	**1,645,158**	**1,485,576**	**427,048**	**441,974**

10 Impairment losses

In thousand Armenian drams	31 December 2025	31 December 2024	Three-Month Period Ended 31 December 2025	Three-Month Period Ended 31 December 2024
Cash and cash equivalents	(25,483)	10,775	(227)	775
Amounts receivable under reverse repurchase agreements	(12,597)	5,348	1,140	482
Loans and advances to banks and other financial institutions	(93,194)	28,246	9,019	(315,341)
Investment securities at FVOCI	(41,563)	126,811	(80,647)	72,573
Investment securities at amortised cost	(87,271)	42,602	(23,155)	30,741
Loans and advances to customers	522,704	(663,703)	96,694	59,458
Other assets	38,004	(29,102)	(526)	(35,517)
Financial guarantee contracts	(21,645)	11,759	(98)	55,648
Total impairment losses	**278,955**	**(467,264)**	**2,200**	**(131,181)**

11 Personnel expenses

In thousand Armenian drams

	31 December 2025	31 December 2024	Three-Month Period Ended 31 December 2025	Three-Month Period Ended 31 December 2024
Compensation of employees, related taxes included	11,210,185	7,547,261	2,796,307	2,140,460
Staff training expenses	149,924	95,101	57,331	49,273
Other staff costs	613,397	212,795	325,531	138,607
Total staff costs	**11,973,506**	**7,855,157**	**3,179,169**	**2,328,340**

12 Other general administrative expenses

In thousand Armenian drams

	31 December 2025	31 December 2024	Three-Month Period Ended 31 December 2025	Three-Month Period Ended 31 December 2024
Advertising and public relations	2,412,660	1,399,671	1,072,478	517,804
Communications	136,022	109,136	35,516	29,084
Fixed assets repair and maintenance	369,833	309,388	100,034	98,873
Expenses of short term and low value assets leases	122,977	96,161	33,865	25,996
Intangible assets maintenance	770,010	783,836	188,853	185,034
Security	157,641	127,388	46,717	37,831
Office supplies	116,688	67,037	41,081	23,824
Taxes, other than income tax, duties	457,125	215,229	188,026	66,589
Consulting and other services	542,461	209,996	346,150	37,368
Representative and organizational expenses	201,409	145,044	107,417	56,823
Insurance expenses	90,710	75,946	24,931	19,031
Loan recovery expenses	92,330	94,094	23,747	23,414
Other	103,668	84,815	27,472	21,812
Total other general administrative expenses	**5,573,534**	**3,717,741**	**2,236,287**	**1,143,483**

13 Income tax expense

In thousand Armenian drams	31 December 2025	31 December 2024	Three-Month Period Ended 31 December 2025	Three-Month Period Ended 31 December 2024
Current tax expense	3,700,380	2,747,865	884,468	459,603
Deferred tax	261,081	434,410	(137,491)	452,051
Total income tax expense	**3,961,461**	**3,182,275**	**746,977**	**911,654**

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

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

In thousand Armenian drams	Nine-Month Period Ended 31 December 2025	Effective rate (%)	Nine-Month Period Ended 31 December 2024	Effective rate (%)
Profit before income tax	**25,355,344**		**17,791,470**	
Income tax at the rate of 18%	4,563,962	18.0	3,202,465	18.0
(Non-taxable income)/non-deductable expenses	388,109	1.5	199,175	1.1
Foreign exchange (gains)/losses	(990,610)	(3.9)	(219,365)	(1.2)
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 31 December 2024.

Movements in temporary differences during the years ended 31 December 2025 and 31 December 2024:

In thousand Armenian drams	1 January 2025	Recognized in profit or loss	Recognized in other comprehensive income	31 December 2025 Net	Deferred income tax assets	Deferred income tax liabilities
Cash and cash equivalents	(8,481)	(19,959)	-	(28,440)	-	(28,440)
Amounts receivable under reverse repurchase agreements	1,535	(2,408)	-	(873)	-	(873)
Loans and advances to banks and other financial institutions	(2,359)	(7,785)	-	(10,144)	-	(10,144)
Investment securities	(114,451)	(17,082)	(614,057)	(745,590)	-	(745,590)
Loans and advances to customers	(1,107,211)	(262,175)	-	(1,369,386)	-	(1,369,386)
Property, equipment and intangible assets	(1,039,806)	26,471	-	(1,013,335)	-	(1,013,335)
Other assets	(28,524)	10,763	-	(17,761)	-	(17,761)
Amounts due to customers	(75,068)	(4,109)	-	(79,177)	-	(79,177)
Other borrowings	(56,781)	(46,245)	-	(103,026)	-	(103,026)
Other liabilities	94,113	61,448	-	155,561	155,561	-
Deferred tax asset/(liability)	**(2,337,034)**	**(261,081)**	**(614,057)**	**(3,212,171)**	**155,561**	**(3,367,732)**

In thousand Armenian drams	1 January 2024	Recognized in profit or loss	Recognized in other comprehensive income	31 December 2024(audited) Net	Deferred income tax assets	Deferred income tax liabilities
Cash and cash equivalents	(10,421)	1,940	-	(8,481)	-	(10,421)
Amounts receivable under reverse repurchase agreements	573	962	-	1,535	573	-
Loans and advances to banks and other financial institutions	(3,045)	686	-	(2,359)	-	(3,045)
Investment securities	173,145	6,619	(294,215)	(114,451)	173,145	-
Loans and advances to customers	(706,928)	(400,283)	-	(1,107,211)	-	(706,928)
Property, equipment and intangible assets	(911,085)	27,635	(156,356)	(1,039,806)	-	(911,085)
Other assets	3,977	(32,501)	-	(28,524)	3,977	-
Amounts due to customers	(14,220)	(60,848)	-	(75,068)	-	(14,220)
Other borrowings	(59,490)	2,709	-	(56,781)	-	(59,490)
Other liabilities	75,442	18,671	-	94,113	75,442	-
Deferred tax asset/(liability)	**(1,452,052)**	**(434,410)**	**(450,571)**	**(2,337,034)**	**253,137**	**(1,705,189)**

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.

14 Cash and cash equivalents

In thousand Armenian drams	31 December 2025	31 December 2024 (audited)
Nostro accounts with the Central Bank of Armenia	44,714,957	50,308,352
Cash on hand	12,745,022	19,315,034
Nostro accounts with other banks		
-rated Aa1 to Aa3	2,312,182	18,198
-rated A1 to A3	5,635,646	1,529,457
-rated from Baa1 to Baa3	1,150,527	484,007
-rated from Ba1 to Ba3	3,373,851	9,179,369
-rated below B1	268,100	67,483
-not rated*	3,090,223	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.

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

As at 31 December 2025 the Bank, except for the CBA, had no placement with any bank(as at 31 December 2024: no any bank), whose balances exceeded 10% of the Bank's equity.

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 31 December 2024.

In thousand Armenian drams	31 December 2025	31 December 2024 (audited)
	Stage 1	Stage 1
ECL allowance as at 1 January	25,789	15,014
Net remeasurement of loss allowance inclusive repayments	(25,789)	(15,014)
New financial assets originated or purchased	306	25,789
Balance at 31 December	**306**	**25,789**

15 Amounts receivable under reverse repurchase agreements

In thousand Armenian drams	31 December 2025	31 December 2024 (audited)
Reverse repurchase agreements with banks	14,287,710	679,219
Reverse repurchase agreements with other financial institutions	53,367,193	45,059,621
	67,654,903	**45,738,840**
Less loss allowance on amounts receivable under reverse repurchase agreements	(2,475)	(15,072)
Total 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: no any). 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 31 December 2024.

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 periods ended 31 December 2025 and 31 December 2024.

In thousand Armenian drams	31 December 2025	31 December 2024 (audited)
	Stage 1	Stage 1
ECL allowance as at 1 January	15,072	9,724
Net remeasurement of loss allowance inclusive repayments	(13,472)	(9,724)
New financial assets originated or purchased	875	15,072
Balance at 31 December	**2,475**	**15,072**

16 Loans and advances to banks and other financial institutions

In thousand Armenian drams	31 December 2025	31 December 2024 (audited)
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		
Loans to banks	8,048,986	6,758,434
Demand and term deposits placed in banks and other financial institutions	1,852,575	1,774,179
Other receivables from banks and other financial institutions	2,209,994	144,861
Regular way purchase agreements – foreign exchange spot transactions	114,924	-
	54,525,046	**34,148,076**
Loss allowance	(58,709)	(151,903)
Total 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.

(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 18% of the attracted funds, of which 6% is maintained in AMD and 12% 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 the Bank has no any counterparty except for the CBA (as at 31 December 2024: no counterparty), 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 31 December 2024. All the loans and advance to banks are measured at amortised cost as at 31 December 2025 and 31 December 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 periods ended 31 December 2025 and 31 December 2024.

In thousand Armenian drams	31 December 2025	31 December 2024 (audited)
	Stage 1	Stage 1
ECL allowance as at 1 January	151,903	123,657
Net remeasurement of loss allowance inclusive repayments	(151,903)	(123,657)
New financial assets originated or purchased	58,709	151,903
Balance at 31 December	**58,709**	**151,903**

17 Investment securities

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

In thousand Armenian drams	31 December 2025	31 December 2024 (audited)
Investment securities measured at FVOCI		
State bonds	39,150,341	42,588,734
Corporate bonds	3,497,374	1,784,698
Equity instruments	309,465	309,465
Total investment securities measured at FVOCI	**42,957,180**	**44,682,897**
Debt investment securities measured at FVOCI pledged under repurchase agreements		
State bonds	44,326,363	17,910,915
Total debt investment securities measured at FVOCI pledged under repurchase agreements	**44,326,363**	**17,910,915**

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

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 periods ended 31 December 2025 and 31 December 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.

In thousand Armenian drams	31 December 2025	31 December 2024 (audited)
	Stage 1	Stage 1
ECL allowance as at 1 January	202,363	75,552
Net remeasurement of loss allowance inclusive repayments	(98,230)	34,656
New financial assets originated or purchased	56,667	92,155
Balance at 31 December	**160,800**	**202,363**

(i) 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	% controlled		In thousand Armenian drams	
		31 December 2025	31 December 2024 (audited)	31 December 2025	31 December 2024 (audited)
ArCa	Republic of Armenia	1.25	1.25	77,357	77,357
ACRA Credit Reporting	Republic of Armenia	5.90	5.90	32,108	32,108
ES EM CJSC	Republic of Armenia	8.33	8.33	200,000	200,000
				309,465	**309,465**

The Bank's management believes that estimated fair values of these instruments approximates to their costs as at 31 December 2025 and 31 December 2024.

(b) Investment securities measured at amortised cost

In thousand Armenian drams	31 December 2025	31 December 2024 (audited)
Investment securities at amortised cost		
State bonds	18,734,052	27,293,395
Corporate bonds	3,021,208	4,242,055
Loss allowance	(46,243)	(133,514)
Total 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 31 December 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 periods ended 31 December 2025 and 31 December 2024.

In thousand Armenian drams	31 December 2025	31 December 2024 (audited)
	Stage 1	Stage 1
ECL allowance as at 1 January	133,514	90,912
Net remeasurement of loss allowance inclusive repayments	(87,271)	37,062
New financial assets originated or purchased	-	5,540
Balance at 31 December	**46,243**	**133,514**

(c) Investment securities designated at FVTPL

In thousand Armenian drams	31 December 2025	31 December 2024 (audited)
Equity securities	-	106,807
Total equity securities	**-**	**106,807**

18 Loans and advances to customers

	31 December 2025	31 December 2024 (audited)
Loans to legal entities		
Loans to large companies	43,210,062	39,628,191
Loans to small and medium size companies	105,646,194	86,242,367
Receivables from factoring	3,636,947	217,756
Loans to credit and investment organizations	9,005,754	7,390,036
Total loans to legal entities	**161,498,957**	**133,478,350**
Loans to individuals		
Mortgage	112,840,073	94,554,036
Consumer lending	78,278,368	44,889,884
Total loans to individuals	**191,118,441**	**139,443,920**
Total gross loans and advances to customers at amortised cost	**352,617,398**	**272,922,270**
Receivables from finance lease	**11,455,718**	**7,307,462**
ECL allowance	(4,057,889)	(3,323,286)
Total net loans and advances to customers	**360,015,227**	**276,906,446**

(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 31 December 2024.

In thousand Armenian drams				31 December 2025
	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 or purchased	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	-
Net change in asset from interest and foreign exchange revaluation	(1,255,838)	64,705	115,351	(1,075,782)
Recoveries	-	-	145,390	145,390
Amounts written off during the year	-	-	(88,599)	(88,599)
Balance at 31 December	**148,770,569**	**1,047,477**	**8,043,964**	**157,862,010**

In thousand Armenian drams				31 December 2024 (audited)
	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 or purchased	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	-
Net change in asset from interest and foreign exchange revaluation	(1,715,468)	(158,144)	106,402	(1,767,210)
Recoveries	-	-	246,646	246,646
Amounts written off during the year	-	-	(169,395)	(169,395)
Balance at 31 December	**123,261,000**	**1,635,495**	**8,364,099**	**133,260,594**

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

In thousand Armenian drams				31 December 2025
	Stage 1	Stage 2	Stage 3	Total
Loans to legal entities				
ECL allowance as at 1 January	539,353	31,551	2,116,970	2,687,874
Changes due to financial assets recognised in opening balance that have:				
- 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 or purchased	280,315	-	-	280,315
Recoveries	-	-	145,390	145,390
Amounts written off during the year	-	-	(88,599)	(88,599)
Unwinding of discount	-	-	(81,457)	(81,457)
Foreign exchange adjustments	-	-	126,898	126,898
Balance at 31 December	**637,711**	**17,826**	**2,097,344**	**2,752,881**

In thousand Armenian drams				31 December 2024(audited)
	Stage 1	Stage 2	Stage 3	Total
Loans to legal entities				
ECL allowance as at 1 January	498,262	28,111	2,476,762	3,003,135
Changes due to financial assets recognised in opening balance that have:				
- 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 or purchased	311,667	-	-	311,667
Recoveries	-	-	246,646	246,646
Amounts written off during the year	-	-	(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 31 December 2024.

In thousand Armenian drams				31 December 2025
	Stage 1	Stage 2	Stage 3	Total
Mortgage and consumer lending				
Balance at 1 January	138,249,509	636,040	558,371	139,443,920
New assets originated or purchased	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	-
Net change in asset from interest and foreign exchange revaluation	595,882	239,450	496,410	1,331,742

In thousand Armenian drams	31 December 2025			
	Stage 1	Stage 2	Stage 3	Total
Recoveries	-	-	1,131,063	1,131,063
Amounts written off during the year	-	-	(1,021,396)	(1,021,396)
Balance at 31 December	**188,768,582**	**1,082,602**	**1,267,257**	**191,118,441**

In thousand Armenian drams	31 December 2024 (audited)			
	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 or purchased	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	-
Net change in asset from interest and foreign exchange revaluation	(733,227)	44,230	(61,409)	(750,406)
Recoveries	-	-	672,656	672,656
Amounts written off during the year	-	-	(374,022)	(374,022)
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 periods ended 31 December 2025 and 31 December 2024

In thousand Armenian drams	31 December 2025			
	Stage 1	Stage 2	Stage 3	Total
Loans to individuals				
ECL allowance as at 1 January	290,702	113,802	213,774	618,278
Changes due to financial assets recognised in opening balance that have:				
- 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 originated or purchased	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**

In thousand Armenian drams	31 December 2024 (audited)			
	Stage 1	Stage 2	Stage 3	Total
Loans to individuals				
ECL allowance as at 1 January	341,010	84,025	175,528	600,563

In thousand Armenian drams	31 December 2024 (audited)			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
Changes due to financial assets recognised in opening balance that have:				
- 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 or purchased	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**

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.

	31 December 2025			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
Loans to large companies				
-not overdue	36,735,502	958,079	-	37,693,581
-overdue more than 90 days	-	-	5,516,481	5,516,481
Gross carrying amount	**36,735,502**	**958,079**	**5,516,481**	**43,210,062**
ECL allowance	(175,127)	(4,424)	(1,893,667)	(2,073,218)
Net carrying amount	**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
Gross carrying amount	**103,029,313**	**89,398**	**2,527,483**	**105,646,194**
ECL allowance	(293,952)	(13,402)	(203,677)	(511,031)
Net carrying amount	**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
Gross carrying amount	**9,005,754**	**-**	**-**	**9,005,754**
ECL allowance	(168,632)	-	-	(168,632)
Net carrying amount	**8,837,122**	**-**	**-**	**8,837,122**
Mortgage				
-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

				31 December 2025
	Stage 1	Stage 2	Stage 3	Total
-overdue more than 90 days	-	-	56,111	56,111
Gross carrying amount	**112,091,018**	**349,236**	**399,819**	**112,840,073**
ECL allowance	(98,347)	(27,439)	(92,466)	(218,252)
Net carrying amount	**111,992,671**	**321,797**	**307,353**	**112,621,821**
Consumer lending				
-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
Gross carrying amount	**76,677,564**	**733,366**	**867,438**	**78,278,368**
ECL allowance	(472,443)	(137,003)	(438,517)	(1,047,963)
Net carrying amount	**76,205,121**	**596,363**	**428,921**	**77,230,405**
Total gross loans and advances to customers	**337,539,151**	**2,130,079**	**9,311,221**	**348,980,451**
Total net loans and advances to customers	**336,330,650**	**1,947,811**	**6,682,894**	**344,961,355**

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

				31 December 2024 (audited)
	Stage 1	Stage 2	Stage 3	Total
Loans to large companies				
- not overdue	33,044,236	1,431,907	-	34,476,143
-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
Gross carrying amount	**33,044,236**	**1,431,907**	**5,369,804**	**39,845,947**
ECL allowance	(164,848)	(14,584)	(1,866,761)	(2,046,193)
Net carrying amount	**32,879,388**	**1,417,323**	**3,503,043**	**37,799,754**
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
Gross carrying amount	**83,044,484**	**203,588**	**2,994,295**	**86,242,367**
ECL allowance	(224,681)	(16,967)	(250,209)	(491,857)
Net carrying amount	**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
Gross carrying amount	**7,390,036**	**-**	**-**	**7,390,036**
ECL allowance	(150,664)	-	-	(150,664)

	31 December 2024 (audited)			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
Net carrying amount	**7,239,372**	**-**	**-**	**7,239,372**
Mortgage				
-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
Gross carrying amount	**93,988,708**	**301,567**	**263,761**	**94,554,036**
ECL allowance	(67,066)	(45,045)	(53,864)	(165,975)
Net carrying amount	**93,921,642**	**256,522**	**209,897**	**94,388,061**
Consumer lending				
-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
Gross carrying amount	**44,260,801**	**334,473**	**294,610**	**44,889,884**
ECL allowance	(223,636)	(68,757)	(159,910)	(452,303)
Net carrying amount	**44,037,165**	**265,716**	**134,700**	**44,437,581**
Total gross loans and advances to customers	**261,728,265**	**2,271,535**	**8,922,470**	**272,922,270**
Total net loans and advances to customers	**260,897,370**	**2,126,182**	**6,591,726**	**269,615,278**

(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.

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

In thousand Armenian drams	31 December 2025	31 December 2024 (audited)
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
Total loans and advances, gross	**348,980,451**	**272,704,514**

Repossessed collateral

During the period 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 thousand Armenian drams	31 December 2025	31 December 2024(audited)
Real estate	2,099,864	1,360,456
Total repossessed assets	**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:

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

(b) Receivables from finance leases

In thousand Armenian drams	31 December 2025	31 December 2024 (audited)
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 31 December 2024.

Period				31 December 2025
	Stage 1	**Stage 2**	**Stage 3**	**Total**
Receivables from finance lease				
ECL allowance as at 1 January	16,294	-	-	16,294
Changes due to financial assets recognised in opening balance that have:				
- Transfer to Stage 2	(16)	16	-	-
Net remeasurement of loss allowance inclusive repayments	2,745	572	-	3,317
New financial assets originated or purchased	6,546	-	-	6,546
Balance at 31 December	**25,569**	**588**	**-**	**26,157**

Period				31 December 2024 (audited)
	Stage 1	**Stage 2**	**Stage 3**	**Total**
Receivables from finance lease				
ECL allowance as at 1 January	7,406	-	-	7,406
Net remeasurement of loss allowance inclusive repayments	(2,003)	-	-	(2,003)
New financial assets originated or purchased	10,891	-	-	10,891
Balance at 31 December	**16,294**	**-**	**-**	**16,294**

(i) Quality analysis of finance leases

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

In thousand 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**

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

In thousand 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 31 December 2024 the Bank has no customers whose balances exceed 10% of the Bank's equity.

19 Property, equipment and intangible assets

In thousand Armenian drams	**Land and buildings**	**Leasehold improve-ments**	**Computer and communication equipment**	**Vehicles**	**Office equipment and other fixed assets**	**Capital investments on property and equipment**	**Intangible assets**	**Total**
Cost								
At 1 January 2024 (audited)	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
Revaluation	847,327	-	-	-	-	-	-	847,327
Elimination of accumulated depreciation	(1,005,728)	-	-	-	-	-	-	(1,005,728)
Disposals	-	(2,201)	(13,226)	(56,912)	(40,890)	-	-	(113,229)
At 31 December 2024	**7,079,095**	**339,772**	**1,604,055**	**226,049**	**3,266,681**	**-**	**1,455,099**	**13,970,751**

In thousand Armenian drams	Land and buildings	Leasehold improve-ments	Computer and communication equipment	Vehicles	Office equipment and other fixed assets	Capital investments on property and equipment	Intangible assets	Total
At 1 January 2025	7,079,095	339,772	1,604,055	226,049	3,266,416	-	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	-	-	(5,741)	(29,700)	(25,270)	-	(190,678)	(251,389)
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**
Accumulated depreciation								
At 1 January 2024 (audited)	773,990	87,114	739,444	120,608	1,513,901	-	398,215	3,633,272
Charge for the year	231,738	17,527	203,554	32,596	243,010	-	261,090	989,515
Elimination of accumulated depreciation	(1,005,728)	-	-	-	-	-	-	(1,005,728)
Disposals	-	(125)	(13,224)	(52,215)	(38,087)	-	-	(103,651)
At 31 December 2024	**-**	**104,516**	**929,774**	**100,989**	**1,718,824**	**-**	**659,305**	**3,513,408**
At 1 January 2025	-	104,516	929,774	100,989	1,718,824	-	659,305	3,513,408
Charge for the year	235,775	38,679	236,843	27,961	318,626	-	412,444	1,270,328
Disposals	-	-	(5,741)	(28,881)	(25,270)	-	(190,677)	(250,569)
At 31 December 2025	**235,775**	**143,195**	**1,160,876**	**100,069**	**2,012,180**	**-**	**881,072**	**4,533,167**
Carrying amount								
At 1 January 2024 (audited)	**6,463,506**	**141,397**	**632,115**	**162,223**	**1,181,027**	**-**	**682,237**	**9,262,505**
At 31 December 2024	**7,079,095**	**235,256**	**674,281**	**125,060**	**1,547,857**	**-**	**795,794**	**10,457,343**
At 1 January 2025 (audited	**7,079,095**	**235,256**	**674,281**	**125,060**	**1,547,857**	**-**	**795,794**	**10,457,343**
At 31 December 2025	**8,342,104**	**308,994**	**596,966**	**144,722**	**1,984,973**	**3,444**	**1,074,884**	**1,074,884**

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

As of 31 December 2025 and 31 December 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 31 December 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 recognized professional qualifications and recent experience in the category of property being valued. The fair value was determined using a combination of the market comparable and income capitalization approaches. The market comparable 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 0.87 to 1.2. Under income capitalization approach, forecast net cash flows, based upon current market derived estimated rental values (market rents) together with estimated costs, are discounted at market derived capitalization rates to produce the valuator's opinion of fair value. 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 thousand Armenian drams	31 December 2025	31 December 2024 (audited)
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 reporting date	**1,506,666**	**1,128,778**

(b) Amounts recognised in profit or loss

In thousand Armenian drams	31 December 2025	31 December 2024 (audited)
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 13)	122,977	96,161

(c) Amounts recognised in the statement of cash flows

	31 December 2025	31 December 2024 (audited)
Total cash outflow for leases	542,813	483,299

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

In thousand Armenian drams	31 December 2025	31 December 2024 (audited)
Balance at 1 January	**1,246,879**	**1,150,077**
Changes from financing cash flows		
Repayments	(419,836)	(342,138)
Total changes from financing cash flows	**(419,836)**	**(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
Balance at reporting date	**1,672,835**	**1,246,879**

21 Other assets

In thousand Armenian drams	31 December 2025	31 December 2024 (audited)
Receivables and other proceeds	1,456,718	1,949,522
Proceeds on cash transfers	1,106,298	1,463,606
Other financial assets	**2,563,016**	**3,413,128**
Less allowance for assets impairment	(1,633)	(3,372)
Total other financial assets	**2,561,383**	**3,409,756**
Prepayments	3,173,612	1,224,488
Materials	136,562	128,009
Tax prepayments	2,937	2,887
Other	361,464	628,253
Total 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 periods ended 31 December 2025 and 31 December 2024.

In thousand Armenian drams	31 December 2025	31 December 2024 (audited)
	Stage 1	Stage 1
ECL allowance as at 1 January	3,372	3,738
Net remeasurement of loss allowance inclusive repayments	(3,372)	(3,738)
New financial assets originated or purchased	41,376	28,736
Repaid assets	(39,743)	(25,364)
Balance at 31 December	**1,633**	**3,372**

22 Deposits and balances from banks

In thousand Armenian drams	31 December 2025	31 December 2024 (audited)
Time deposits from banks	1,240,442	-
Vostro accounts	24,207,268	20,003,354
Other payables to banks	7,531	543
Total amounts due to banks	**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 Amounts payable under repurchase agreements

In thousand Armenian drams	31 December 2025	31 December 2024 (audited)
Repurchase agreements with the CBA	42,061,232	17,023,540
Total amounts payable under repurchase agreements	**42,061,232**	**17,023,540**

(a) Concentration of amounts payable under repurchase agreements

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

24 Current accounts and deposits from customers

In thousand Armenian drams	31 December 2025	31 December 2024 (audited)
Legal entities		
Current/Settlement accounts	118,398,512	97,035,043
Time deposits	63,797,798	41,057,010
	182,196,310	**138,092,053**
Individuals		

In thousand Armenian drams	31 December 2025	31 December 2024 (audited)
Current/Settlement accounts	66,631,759	58,984,338
Time deposits	185,221,182	132,427,609
	251,852,941	**191,411,947**
Total amounts due to customers	**434,049,251**	**329,504,000**

As of 31 December 2025, time deposits of legal entities/individuals include deposits amounting to AMD 22,971,143 thousand (31 December 2024: AMD 13,514,031 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).

25 Debt securities issued

In thousand Armenian drams	31 December 2025	31 December 2024 (audited)
Debt securities issued	30,342,305	32,862,442
Total debt securities issued	**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.

On 25 July 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 10.25% 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.

26 Other borrowed funds and subordinated borrowings

In thousand Armenian drams	31 December 2025	31 December 2024 (audited)
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
Total other borrowings	**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 thousand Armenian drams	31 December 2025	31 December 2024 (audited)
Subordinated debt from individuals	3,869,638	4,023,289
Subordinated debt from international financial institutions	2,077,012	-
Total subordinated debt	**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.

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. The Bank was in compliance with all covenants as at 31 December 2025 and 31 December 2024.

27 Other liabilities

In thousand Armenian drams	31 December 2025	31 December 2024 (audited)
Dividends payable on preference shares	646,000	646,000
Expected loss allowance for financial guarantee contracts	56,571	78,216
Accounts payables	3,736,723	4,011,089
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**

28 Share capital and reserves

(a) Issued capital

As of 31 December 2025, the Bank's registered and paid-in charter 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 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 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 revalued value of land and buildings, until the assets are derecognised or impaired. Depreciation is recycled through profit or loss.

(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.

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 on ordinary shares declared and paid by the Bank as at 31 December 2025 amounted to AMD 2,500,000 thousand(AMD 1,400,000 dividends thousand on ordinary shares as at 31 December 2024)

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 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.

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.

In thousand Armenian drams

	31 December 2025			31 December 2024 (audited)		
	Average effective interest rate, %			Average effective interest rate, %		
	AMD	USD, EUR and other convertible currencies	Other currencies	AMD	USD, EUR and othr convertible currencies	Other currencies
Interest earning assets						
Amounts receivable under reverse repurchase agreements	7.4	4.6	17.9	8.0	4.6	-
Loans and advances to banks and other financial institutions	-	7.8	16.5	-	8.1	19.8
Investment securities	10.5	7.8	-	10.7	8.0	-
Loans and advances to customers	13.8	7.9	16.1	13.7	7.9	9.5
Interest earning liabilities						
Amounts due to banks	2.5-6.0	0.75-3	0-1	2.5-6	0.75-3	0-1
Amounts payable under repurchase agreements	6.9	-	-	7.5	-	-
Amounts due to customers	10.0	4.3	5.8	10.0	4.4	5.4
Debt securities issued	10.8	5.1	-	10.9	5.1	-
Lease liabilities	10.3	-	-	10.3	-	-
Other borrowings	8.4	8.4	-	8.0	9.5	-
Subordinated debt	-	10.3	-	-	9.3	-

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 31 December 2024, is as follows:

	31 December 2025	31 December 2024 (audited)
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 31 December 2024 and a simplified scenario of a 100 bp symmetrical fall or rise in all yield curves, is as follows:

	31 December 2025	31 December 2024 (audited)
100 bp parallel rise	(1,993,595)	(1,482,102)
100 bp parallel fall	1, 993,595	1,482,102

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.

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

In thousand Armenian drams				31 December 2025
	AMD	Freely convertible currencies	Non-freely convertible currencies	Total
Assets				
Cash and cash equivalents	57,816,792	54,797,577	9,689,254	122,303,623
Amounts receivable under reverse repurchase agreements	63,947,313	2,484,074	1,221,041	67,652,428
Loans and advances to banks and other financial institutions	3,190,238	49,290,170	1,985,929	54,466,337
Investment securities	100,651,558	8,341,002	-	108,992,560
Loans and advances to customers	197,687,604	161,048,461	1,279,162	360,015,227
Other financial assets	1,981,180	573,978	6,225	2,561,383
Total	**425,274,685**	**276,535,262**	**14,181,611**	**715,991,558**
Liabilities				
Amounts due to banks	1,883,358	23,488,624	83,259	25,455,241
Amounts payable under repurchase agreements	42,061,232	-	-	42,061,232
Amounts due to customers	236,431,068	184,245,847	13,372,336	434,049,251
Debt securities issued	8,064,030	22,278,275	-	30,342,305
Other borrowings	41,629,436	37,270,641	-	78,900,077
Subordinated debt	-	5,946,650	-	5,946,650
Other financial liabilities	3,318,125	995,438	69,160	4,382,723
Total	**333,387,249**	**274,225,475**	**13,524,755**	**621,137,479**
Net position	91,887,436	2,309,787	656,856	94,854,079
Effect of derivatives	(35,000)	155,553	(120,553)	-
Net position	**91,852,436**	**2,465,340**	**536,303**	**94,854,079**

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

In thousand Armenian drams				31 December 2024
	AMD	Freely convertible currencies	Non-freely convertible currencies	Total
Assets				
Cash and cash equivalents	32,425,502	44,188,215	6,543,742	83,157,459
Amounts receivable under reverse repurchase agreements	42,975,822	2,747,946	-	45,723,768
Loans and advances to banks and other financial institutions	2,572,740	30,109,016	1,314,417	33,996,173
Investment securities	85,261,940	8,840,615	-	94,102,555
Loans and advances to customers	138,409,047	136,991,557	1,505,842	276,906,446
Other financial assets	2,189,858	1,203,164	16,734	3,409,756
Total	**303,834,909**	**224,080,513**	**9,380,735**	**537,296,157**
Liabilities				
Amounts due to banks	177,492	19,565,617	260,788	20,003,897
Amounts payable under repurchase agreements	17,023,540	-	-	17,023,540
Amounts due to customers	164,861,190	156,836,994	7,805,816	329,504,000
Debt securities issued	10,067,207	22,795,235	-	32,862,442
Other borrowings	34,842,557	18,175,718	-	53,018,275
Subordinated debt	-	4,023,289	-	4,023,289
Other financial liabilities	3,098,454	1,481,147	77,488	4,657,089
Total	**230,070,440**	**222,878,000**	**8,144,092**	**461,092,532**
Net position	73,764,469	1,202,513	1,236,643	76,203,625
Effect of derivatives	(54,420)	1,189,680	(1,135,260)	-
Net position	**73,710,049**	**2,392,193**	**101,383**	**76,203,625**

(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.

Impairment assessment

From 1 January 2018, 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.

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 later consists about 47% 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.

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.

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.

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.

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;
- real GDP growth.

The Bank obtains the forecasts of macroeconomic data from third party source (Economic Intelligence Unit, Ministry of Finance of RA). The projected value real GDP growth for 2025 is 7% and projected USD/AMD rate is 389.

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.

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:

In thousand Armenian drams				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**	**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**	**-**

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

In thousand Armenian drams **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** **Financial instruments**	**Net amount**
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.

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 and 31 December 2024 is as follows:

In thousand Armenian drams						31 December 2025
	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 value
Non-derivative financial liabilities						
Amounts due to banks	24,214,799	-	-	-	24,214,799	25,455,241
Amounts payable under repurchase agreements	42,099,516	-	-	-	42,099,516	42,061,232
Amounts due to 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
Other borrowings	347,272	18,928,931	64,225,429	12,116,768	95,618,400	78,900,077
Subordinated debt	17,992	565,667	2,339,498	6,438,467	9,361,624	5,946,650
Lease liability	40,819	428,065	1,216,520	484,347	2,169,751	1,672,835
Other financial liabilities	3,090,723	646,000			3,736,723	4,382,723
Total undiscounted non-derivative financial liabilities	**277,957,835**	**155,026,777**	**211,694,293**	**19,159,297**	**663,838,202**	**622,810,314**
Commitments and contingent liabilities	**25,622,618**	**-**	**-**	**-**	**25,622,618**	**25,622,618**

In thousand Armenian drams						31 December 2024 (audited)
	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 value
Non-derivative financial liabilities						
Amounts due to banks	20,003,897	-	-	-	20,003,897	20,003,897
Amounts payable under repurchase agreements	17,033,658	-	-	-	17,033,658	17,023,540
Amounts due to 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
Other borrowings	333,482	14,982,264	37,364,763	13,474,337	66,154,846	53,018,275
Subordinated debt	18,382	337,933	1,428,789	4,642,447	6,427,551	4,023,289
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 undiscounted non-derivative 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**

The tables below show an analysis, by contractual maturities, of the amounts recognised in the statement of financial position as at 31 December 2025 and 31 December 2024:

In thousand Armenian drams							31 December 2025
	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
Amounts receivable under reverse repurchase agreements	67,652,428	-	-	-	-	-	67,652,428
Loans and advances to banks and other financial institutions	4,217,638	1,515,984	6,442,933	-	42,289,782	-	54,466,337
Investment securities at fair value through other comprehensive income including the pledged ones	6,916	20,892,431	51,411,682	14,972,514	-	-	87,283,543
Investment securities at amortized cost including the pledged ones	-	5,854,876	11,341,646	4,512,495	-	-	2,170,9017
Loans and advances 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 assets	-	-	-	-	1,506,666	-	1,506,666
Repossessed assets	-	-	-	-	2,099,864	-	2,099,864
Other financial 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 due to banks	25,455,241	-	-	-	-	-	25,455,241
Amounts payable under repurchase agreements	42,061,232	-	-	-	-	-	42,061,232
Amounts due to customers	207,419,700	111,975,178	111,975,178	76,025	-	-	434,049,251
Debt securities issued	114,114	12,787,391	17,440,800	-	-	-	30,342,305
Other borrowings	301,665	14,367,749	53,644,515	10,586,148	-	-	78,900,077
Subordinated debt	17,240	39,449	-	5,889,961	-	-	5,946,650
Lease liabilities	26,985	294,246	931,151	420,453	-	-	1,672,835
Current income tax liabilities	-	1,733,550	-	-	-	-	1,733,550
Deferred income tax liabilities	-	-	-	-	3,212,171	-	3,212,171

In thousand Armenian drams							31 December 2025
	Demand and less than 1 month	From 1 to 12 months	From 1 to 5 years	More than 5 years	No maturity	Overdue	Total
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**

In thousand Armenian drams							31 December 2024(audited)
	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
Amounts receivable under reverse repurchase agreements	45,723,768	-	-	-	-	-	45,723,768
Loans and advances to banks and other financial institutions	1,792,757	2,094,034	4,678,012	-	25,431,370	-	33,996,173
Investment securities at fair value through other comprehensive income including the pledged ones	5,218	8,349,104	45,644,737	8,285,288	309,465	-	62,593,812
Investment securities at amortized cost including the pledged ones	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 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 assets	-	-	-	-	1,128,778	-	1,128,778
Repossessed assets	-	-	-	-	1,360,456	-	1,360,456
Other financial 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 due to banks	20,003,897	-	-	-	-	-	20,003,897

In thousand Armenian drams

	31 December 2024(audited)						
	Demand and less than 1 month	From 1 to 12 months	From 1 to 5 years	More than 5 years	No maturity	Overdue	Total
Amounts payable under repurchase agreements	17,023,540	-	-	-	-	-	17,023,540
Amounts due to 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
Other borrowings	288,388	11,801,995	29,272,258	11,655,634	-	-	53,018,275
Subordinated debt	17,991	39,893	-	3,965,405	-	-	4,023,289
Lease liabilities	21,656	220,849	833,997	170,377	-	-	1,246,879
Current income tax liabilities	-	1,217,295	-	-	-	-	1,217,295
Deferred income tax liabilities	-	-	-	-	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 issue 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 31 December 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 31 December 2024, this minimum level was 12%. The Bank is in compliance with the statutory capital ratio as at 31 December 2025 and 31 December 2024.

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

In thousand Armenian drams	**31 December 2025**	**31 December 2024**
Total regulatory capital	102,867,314	80,078,261
Risk-weighted assets	576,103,526	468,929,395
Capital adequacy 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 thousand Armenian drams	31 December 2025	31 December 2024 (audited)
Undrawn loan commitments	22,400,110	19,480,437
Guarantees	3,222,508	10,752,060
Total commitments and contingent liabilities	**25,622,618**	**30,232,497**
Less loss allowances	(56,571)	(78,216)

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 guarantees for the periods ended 31 December 2025 and 31 December 2024.

Period				31 December 2025
	Stage 1	Stage 2	Stage 3	Total
Receivables from finance lease				
ECL allowance as at 1 January	22,315	-	55,901	78,216
Net remeasurement of loss allowance inclusive repayments	(21,694)	-	49	(21,645)
New financial assets originated or purchased	-	-	-	-
Balance at 31 December	**621**	**-**	**55,950**	**56,571**

Period				31 December 2024 (audited)
	Stage 1	Stage 2	Stage 3	Total
Receivables from finance lease				
ECL allowance as at 1 January	66,457	-	-	66,457
Changes due to financial assets recognised in opening balance that have:				
- Transfer to Stage 3	(55,950)	-	55,950	-
Net remeasurement of loss allowance inclusive repayments	(5,026)	-	(49)	(5,075)
New financial assets originated or purchased	16,834	-	-	16,834
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 period ended 31 December are as follows:

In thousand Armenian drams

	31 December 2025	31 December 2024 (audited)
Salaries and bonuses	4,556,467	3,046,217
Total key management compensation	**4,556,467**	**3,046,217**

These amounts include benefits to key management personnel accrued in the statement of profit or loss and other comprehensive income of respective periods.

A number of banking transactions are entered into with related parties in the normal course of business. These transactions comprise loans, deposits, etc.

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

In thousand Armenian drams

	31 December 2025		31 December 2024 (audited)	
	Shareholders and parties related with them	Key management personnel and parties related with them	Shareholders and parties related with them	Key management personnel and parties related with them
Interim statement of financial position				
Loans and advances to customers				
Loan balance as at 1 January, gross	7,686,383	362,316	2,989,344	315,061
Loans issued during the year	16,649,144	260,576	10,392,034	324,731
Loan repayments during the year	(4,239,483)	(331,923)	(5,694,995)	(277,476)
Loan Balance at 31 December, gross	**20,096,044**	**290,969**	**7,686,383**	**362,316**
Less allowance for loan impairment	(9,071)	(4,504)	(30,690)	(1,041)
Loan Balance at 31 December	**20,086,973**	**286,465**	**7,655,693**	**361,275**
Amounts due to customers				
Deposit and current account balance as at 1 January	1,498,452	3,293,297	1,116,601	1,941,015
Received during the year	122,300,078	10,174,502	23,155,249	83,893,998
Repayments during the year	(107,938,052)	(9,414,645)	(22,773,398)	(82,541,716)
Deposit and current account Balance at 31 December	15,860,478	4,053,154	1,498,452	3,293,297
Subordinated debt	3,869,638	-	4,023,289	-
Interim statement of profit or loss and other comprehensive income				
Interest income on loans	765,547	32,894	330,098	31,388
Impairment (losses)/recoveries	21,619	(3,463)	23,216	241
Interest expense on deposits	(448,559)	(108,458)	(11,934)	(82,254)
Interest expense on subordinated debt	(442,677)	-	(354,412)	-
Fee and commission expense	(85)	(3,887)	(17)	(4,788)

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

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:

In thousand Armenian drams **31 December 2025**	**Carrying amount**	**Fair value**	**Difference**
Loans and advances to customers	360,015,227	352,738,767	7,276,460
Investment securities measured at amortised cost	21,709,017	19,582,750	2,126,267
Total	**381,724,244**	**372,321,517**	**9,402,727**

In thousand Armenian drams **31 December 2024(audited)**	**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)
Total	**308,308,382**	**313,355,103**	**(5,046,721)**

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 31 December 2024 by the level in the fair value hierarchy into which the fair value measurement is categorized.

	31 December 2025			
In thousand Armenian drams	**Level 1**	**Level 2**	**Level 3**	**Total**
Assets measured at fair value				
Investment securities	-	86,974,078	-	86,974,078
Equity instruments	-	-	309,465	309,465
Disclosed fair value of assets measured at amortised cost				
Loans and advances to customers	-	-	352,738,767	352,738,767
Investment securities measured at amortised cost	-	19,582,750	-	19,582,750
Total assets	**-**	**106,556,828**	**353,048,232**	**459,605,060**

In thousand Armenian drams	31 December 2024(audited)			
	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Investment securities	-	62,284,347	-	62,284,347
Equity instruments	-	-	416,272	416,272
Disclosed fair value of assets 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
Total assets	**-**	**94,898,225**	**281,157,497**	**376,055,722**

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