



# **Converse Bank Closed Joint-Stock Company**

## **Financial statements**

*for the period ended 31 December 2024*

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**Statement of financial position****as of 31 December 2024***(thousands of Armenian drams)*

	<b>Notes</b>	<b>31 December 2024</b>	<b>31 December 2023</b>
<b>Assets</b>			
Cash and cash equivalents	6	39,348,626	37,214,306
Trading securities	7	943,498	970,372
Amounts due from banks	8	41,333,795	37,318,440
Derivative financial assets	9	2,586	72,646
Receivables under reverse repurchase agreements	10	19,925,584	7,400,589
Loans and advances to customers	11	311,089,113	264,823,935
Investments securities			
- Held by the Bank		84,552,096	133,475,489
- Pledged under sale and repurchase agreements	12	63,362,767	7,927,279
Property, equipment and right-of-use assets	13	11,080,084	11,095,293
Intangible assets	14	888,076	882,208
Repossessed assets	15	528,917	804,122
Other assets	16	2,893,341	3,771,563
<b>Total assets</b>		<u>575,948,483</u>	<u>505,756,242</u>
<b>Liabilities</b>			
Amounts due to banks	17	665,754	242,325
Derivative financial liabilities		67,655	31,110
Accounts payable under repurchase agreements	18	59,961,214	7,739,916
Amounts due to customers	19	355,105,326	355,443,382
Current tax liabilities	21	1,809,534	2,675,304
Debt securities issued	20	24,169,745	20,367,348
Other borrowed funds	22	37,308,665	37,251,747
Lease liabilities		1,813,892	1,942,813
Provisions for credit related commitments		219,072	323,878
Deferred tax liabilities	21	1,533,165	494,462
Other liabilities	16	4,194,173	3,546,225
<b>Total liabilities</b>		<u>486,848,195</u>	<u>430,058,510</u>
<b>Equity</b>			
Share capital	24	19,947,633	19,947,633
Share premium		63,233	63,233
Statutory general reserve		8,848,182	8,848,182
Revaluation surplus for land and buildings		3,475,055	3,572,171
Revaluation reserve for investment securities		888,839	(1,368,416)
Retained earnings		55,877,346	44,634,929
<b>Total equity</b>		<u>89,100,288</u>	<u>75,697,732</u>
<b>Total equity and liabilities</b>		<u>575,948,483</u>	<u>505,756,242</u>

Signed and authorised for release on behalf of the Management Board of the Bank on 15 January 2025. .

Grant Akopyan

Acting Chief Executive Officer

Davit Azatyan

Chief Accountant

**Statement of profit and loss**  
**for the period ended 31 December 2024**

(thousands of Armenian drams)

	<b>Note</b>	<b>01/10/24- 31/12/24</b>	<b>01/01/24- 31/12/24</b>	<b>01/10/23- 31/12/23</b>	<b>01/01/23- 31/12/23</b>
Interest revenue calculated using effective interest rate	25	12,146,272	45,713,397	10,401,700	37,495,080
Other interest revenue	25	10,501	46,796	11,948	43,980
Interest expense	29	(5,303,012)	(19,826,581)	(4,440,676)	(15,942,833)
<b>Net interest income</b>		<b>6,853,761</b>	<b>25,933,612</b>	<b>5,972,972</b>	<b>21,596,227</b>
Net impairment losses on financial instruments	26	(9,342)	53,401	1,716,998	(363,596)
<b>Net interest income after credit loss expense</b>		<b>6,844,419</b>	<b>25,987,013</b>	<b>7,689,970</b>	<b>21,232,631</b>
Fee and commission income	26	2,390,408	10,591,042	3,119,417	10,882,481
Fee and commission expense	26	(1,503,631)	(6,846,521)	(1,848,042)	(6,981,151)
Net trading income	27	824,145	5,743,874	2,433,630	7,836,496
Net gain from foreign currency translation		644,992	314,266	(741,915)	332,676
Gains less losses from investment securities measured at fair value through other comprehensive income		35,470	462,818	136,883	195,576
Other income	28	234,204	757,622	422,070	926,125
<b>Non-interest income</b>		<b>2,625,588</b>	<b>11,023,101</b>	<b>3,522,043</b>	<b>13,192,203</b>
Personnel expenses	30	(2,905,327)	(10,561,006)	(2,723,802)	(9,343,795)
Depreciation of property and equipment and right-of- use asset	13	(394,258)	(1,401,966)	(345,221)	(1,250,913)
Amortization of intangible assets	14	(31,375)	(113,668)	(22,895)	(86,019)
Administrative and other operating expenses	30	(1,465,697)	(5,262,230)	(1,987,623)	(5,229,774)
Other impairment and provisions		(76,564)	(76,564)	(77,914)	(77,914)
<b>Non-interest expense</b>		<b>(4,873,221)</b>	<b>(17,415,434)</b>	<b>(5,157,455)</b>	<b>(15,988,415)</b>
<b>Profit before income tax expense</b>		<b>4,596,786</b>	<b>19,594,680</b>	<b>6,054,558</b>	<b>18,436,419</b>
Income tax expense	21	(913,399)	(3,981,832)	(1,456,186)	(3,812,750)
<b>Profit for the period</b>	25	<b>3,683,387</b>	<b>15,612,848</b>	<b>4,598,372</b>	<b>14,623,669</b>

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

**Statement of comprehensive income**  
**for the period ended 31 December 2024**

(thousands of Armenian drams)

	<i>Note</i>	<b>01/10/24- 31/12/24</b>	<b>01/01/24- 31/12/24</b>	<b>01/10/23- 31/12/23</b>	<b>01/01/23- 31/12/23</b>
<b>Profit for the period</b>		<b><u>3,683,387</u></b>	<b><u>15,612,848</u></b>	<b><u>4,598,372</u></b>	<b><u>14,623,669</u></b>
<b>Other comprehensive income not to be reclassified to profit or loss</b>					
Revaluation of property and equipment		-	-	-	-
Income tax effect		-	-	-	-
<b>Net other comprehensive income not to be reclassified to profit or loss</b>		<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>
<b>Other comprehensive income that is or may be reclassified to profit or loss</b>					
Unrealised gain/(loss) on debt securities at FVOCI		(148,568)	3,092,329	(788,910)	3,496,537
Realised (loss)/gain on debt securities at FVOCI transferred to profit or loss		(35,470)	(462,818)	(136,883)	(195,576)
Changes in allowance for expected credit losses of debt instruments at FVOCI		97,193	123,239	4,751	29,709
Income tax effect	21	15,632	(495,495)	165,788	(599,520)
<b>Net other comprehensive income/(loss) that is or to be reclassified to profit or loss</b>		<b><u>(71,213)</u></b>	<b><u>2,257,255</u></b>	<b><u>(755,254)</u></b>	<b><u>2,731,150</u></b>
<b>Other comprehensive income/(loss) for the period, net of tax</b>		<b><u>(71,213)</u></b>	<b><u>2,257,255</u></b>	<b><u>(755,254)</u></b>	<b><u>2,731,150</u></b>
<b>Total comprehensive income for the period</b>		<b><u><u>3,612,174</u></u></b>	<b><u><u>17,870,103</u></u></b>	<b><u><u>3,843,118</u></u></b>	<b><u><u>17,354,819</u></u></b>

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

**Statement of changes in equity**  
**for the period ended 31 December 2024**

(thousands of Armenian drams)

	<i>Share capital</i>	<i>Share premium</i>	<i>Statutory general reserve</i>	<i>Revaluation reserve for securities at fair value through OCI</i>	<i>Revaluation reserve of PPE</i>	<i>Retained earnings</i>	<i>Total</i>
<b>Balance as at 1 January 2023/audited/</b>	<b>19,947,633</b>	<b>63,233</b>	<b>8,848,182</b>	<b>(4,099,566)</b>	<b>3,669,287</b>	<b>34,346,235</b>	<b>62,775,004</b>
Issue of share capital							-
Distribution to general reserve							-
Dividends to shareholders						(4,432,091)	(4,432,091)
<b>Transactions with owners</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(4,432,091)</b>	<b>(4,432,091)</b>
Profit for the period						14,623,669	14,623,669
Other comprehensive income for the period				2,731,150		-	2,731,150
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,731,150</b>	<b>-</b>	<b>14,623,669</b>	<b>17,354,819</b>
Depreciation of revaluation reserve					(97,116)	97,116	-
<b>Balance as at 31 December 2023/audited/</b>	<b>19,947,633</b>	<b>63,233</b>	<b>8,848,182</b>	<b>(1,368,416)</b>	<b>3,572,171</b>	<b>44,634,929</b>	<b>75,697,732</b>
<b>Balance as at 1 January 2024/audited/</b>	<b>19,947,633</b>	<b>63,233</b>	<b>8,848,182</b>	<b>(1,368,416)</b>	<b>3,572,171</b>	<b>44,634,929</b>	<b>75,697,732</b>
Issue of share capital							-
Distribution to general reserve							-
Dividends to shareholders						(4,467,547)	(4,467,547)
<b>Transactions with owners</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(4,467,547)</b>	<b>(4,467,547)</b>
Profit for the period						15,612,848	15,612,848
Other comprehensive income for the period				2,257,255		-	2,257,255
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,257,255</b>	<b>-</b>	<b>15,612,848</b>	<b>17,870,103</b>
Depreciation of revaluation reserve					(97,116)	97,116	-
<b>Balance as at 31 December 2024</b>	<b>19,947,633</b>	<b>63,233</b>	<b>8,848,182</b>	<b>888,839</b>	<b>3,475,055</b>	<b>55,877,346</b>	<b>89,100,288</b>

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

## Statement of cash flows

### for the period ended 31 December 2024

(thousands of Armenian drams)

	<i>Note</i>	01/01/2024- 31/12/2024	01/01/2023- 31/12/2023
<b>Cash flows from operating activities</b>			
Interest received		44,427,081	35,997,583
Interest paid		(19,103,677)	(14,446,781)
Fees and commissions received		10,490,461	10,787,706
Fees and commissions paid		(6,846,521)	(6,981,151)
Net trading income received		5,294,438	7,462,715
Other income received		831,132	1,025,894
Personnel expenses paid		(10,246,280)	(9,201,774)
Administrative and other operating expenses paid		(5,037,450)	(4,843,499)
<b>Cash flows from operating activities before changes in operating assets and liabilities</b>		<b>19,809,184</b>	<b>19,800,693</b>
<i>Net (increase)/decrease in operating assets</i>			
Trading securities		103,908	(32,155)
Amounts due from banks		(544,818)	14,180,220
Receivables under reverse repurchase agreements		(12,511,424)	(5,304,800)
Loans and advances to customers		(52,528,571)	(43,317,664)
Repossessed assets		437,257	1,349,682
Other assets		1,298,230	1,098,449
<i>Net increase/(decrease) in operating liabilities</i>			
Amounts due to banks		2,630,935	(1,200,272)
Accounts payable under repurchase agreements		52,383,899	7,733,417
Amounts due to customers		6,231,597	7,962,013
Derivative financial liabilities		480,072	289,131
Other liabilities		112,837	197,090
<b>Net cash from operating activities before income tax</b>		<b>17,903,106</b>	<b>2,755,803</b>
Income tax paid		(4,427,633)	(4,590,067)
<b>Net cash (used in)/from operating activities</b>		<b>13,475,473</b>	<b>(1,834,264)</b>
<b>Cash flows from investing activities</b>			
Purchase of investment securities		(30,632,487)	(77,418,332)
Proceeds from sale and redemption of investment securities		25,956,693	65,523,541
Purchase of property and equipment		(1,295,644)	(3,078,734)
Proceeds from disposal of subsidiary, net of cash disposed off		-	1,697
Proceeds from sale of property and equipment		46,138	415,237
Purchase of intangible assets		(119,536)	(314,986)
<b>Net cash used in investing activities</b>		<b>(6,044,836)</b>	<b>(14,871,577)</b>
<b>Cash flows from financing activities</b>			
Dividends paid to shareholders		(4,467,547)	(4,432,091)
Proceeds from debt securities issued		15,844,949	5,295,222
Redemption of debt securities issued		(11,914,400)	-
Proceeds from other borrowed funds		5,309,596	8,116,744
Repayment of other borrowed funds		(5,218,920)	(5,392,342)
Repayment of subordinated loans		-	(276,346)
Repayment of lease liabilities		(510,803)	(647,653)
<b>Net cash from financing activities</b>		<b>(957,125)</b>	<b>2,663,534</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>6,473,512</b>	<b>(14,042,307)</b>
Cash and cash equivalents at the beginning of the year		37,214,306	51,134,231
Effect of exchange rates changes on cash and cash equivalents		(4,340,016)	118,385
Effect of expected credit losses on cash and cash equivalents		824	3,997
<b>Cash and cash equivalents at the end of the period</b>	5	<b>39,348,626</b>	<b>37,214,306</b>

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

(thousands of Armenian drams)

## 1. Background

### (a) Principal activities

“Converse Bank” CJSC (the “Bank”) was formed in 1994 as a closed joint-stock bank under the laws of the Republic of Armenia. The Bank operates under a general banking license issued by the Central Bank of Armenia (the “CBA”) on 28 November 1994 and conducts its business under license number 57.

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

The Bank’s main office is in Yerevan and its 35 branches (2023: 33) are located in Yerevan and in different regions. The registered address of the head office is 26/1 Vazgen Sargsyan Street, Yerevan 0010, Republic of Armenia.

As of 31 December 2024, the number of Bank’s employees is 925 (31 December 2023: 898).

As of 31 December 2024 and 31 December 2023, the shareholders of the Bank are:

<b>Shareholder</b>	<b>31 December 2024, %</b>	<b>31 December 2023, %</b>
Advanced Global Investments LLC	72.89	72.89
Haypost Trust Management S.A.R.L	22.11	22.11
Mother See of Holy Etchmiadzin	5.00	5.00
<b>Total</b>	<b>100.000</b>	<b>100.000</b>

The ultimate controlling party of the Bank is Argentinean businessman E. Eurnekian.

Related party transactions are detailed in Note 34.

### (b) Armenian business environment

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

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

(thousands of Armenian drams)

## 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), investment securities at fair value through other comprehensive income (FVOCI) are stated at fair value and land and buildings are stated at revalued amounts.

### (c) Functional and presentation currency

Functional currency of the Bank and its subsidiary is the currency of the primary economic environment in which the entities of the Bank operates. The Bank's and its subsidiary's functional and presentation currency is Armenian dram ("AMD"), since this currency best reflects the economic substance of the underlying events and transactions of the entities of the Bank.

The AMD is also the presentation currency for the purposes of these financial statements. The official CBA exchange rates at 31 December 2024 and 31 December 2023, were AMD 396.56 and AMD 404.79 to USD 1, and AMD 413.89 and AMD 447.90 to EUR 1, respectively.

Financial information presented in AMD is rounded to the nearest thousand.

### (d) Use of estimates and judgments

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of the Bank's accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these 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 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 3.
- ▶ 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 31.

#### **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 – Note 31.

### (e) Changes in material 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.

The following new and amended standards are not expected to have a significant impact on the Bank's financial statements.

- ▶ Classification of Liabilities as Current or Non-Current and Non-Current Liabilities with Covenants (Amendments to IAS 1)
- ▶ Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7)
- ▶ Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)
- ▶ Lack of Exchangeability (Amendments to IAS 21).

(thousands of Armenian drams)

### 3. Material accounting policies

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

#### (a) Financial assets and liabilities

##### *Initial recognition*

###### *Date of recognition*

All regular way purchases and sales of financial assets and liabilities are recognised on the trade date i.e. the date that the Bank commits to purchase the asset or liability. Regular way purchases or sales are purchases or sales of financial assets and liabilities that require delivery of assets and liabilities within the period generally established by regulation or convention in the marketplace.

##### *Initial measurement*

The classification of financial instruments at initial recognition depends on their contractual terms and the business model for managing the instruments. Financial instruments are initially measured at their fair value and, except in the case of financial assets and financial liabilities recorded at FVPL, transaction costs are added to, or subtracted from, this amount.

###### *Measurement categories of financial assets and liabilities*

The Bank classifies all of its financial assets based on the business model for managing the assets and the asset's contractual terms, measured at either:

- ▶ Amortised cost;
- ▶ FVOCI;
- ▶ FVPL.

The Bank classifies and measures its derivative and trading portfolio at FVPL. The Bank may designate financial instruments at FVPL, if so doing eliminates or significantly reduces measurement or recognition inconsistencies.

Financial liabilities are measured at amortised cost or at FVPL when they are held for trading, are derivative instruments or the fair value designation is applied.

###### *Amounts due from banks, loans to customers, investments securities at amortised cost*

The Bank only measures amounts due from credit institutions, loans to customers and other financial investments at amortised cost if both of the following conditions are met:

- ▶ The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows;
- ▶ 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 (SPPI).

The details of these conditions are outlined below.

##### *Business model assessment*

The Bank determines its business model at the level that best reflects how it manages Banks of financial assets to achieve its business objective.

The Bank's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios and is based on observable factors such as:

- ▶ How the performance of the business model and the financial assets held within that business model are evaluated and reported to the entity's key management personnel;
- ▶ The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed;
- ▶ How managers of the business are compensated (for example, whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected);
- ▶ The expected frequency, value and timing of sales are also important aspects of the Bank's assessment.

(thousands of Armenian drams)

The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account. If cash flows after initial recognition are realised in a way that is different from the Bank's original expectations, the Bank does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

#### *The SPPI test*

As a second step of its classification process the Bank assesses the contractual terms of financial asset to identify whether they meet the SPPI test.

'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal or amortisation of the premium/discount).

The most significant elements of interest within a lending arrangement are typically the consideration for the time value of money and credit risk. To make the SPPI assessment, the Bank applies judgement and considers relevant factors such as the currency in which the financial asset is denominated, and the period for which the interest rate is set.

In contrast, contractual terms that introduce a more than de minimis exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement do not give rise to contractual cash flows that are solely payments of principal and interest on the amount outstanding. In such cases, the financial asset is required to be measured at FVPL.

#### *Debt instruments at FVOCI*

The Bank measures debt instruments at FVOCI when both of the following conditions are met:

- ▶ The instrument is held within a business model, the objective of which is achieved by both collecting contractual cash flows and selling financial assets;
- ▶ The contractual terms of the financial asset meet the SPPI test.

FVOCI debt instruments are subsequently measured at fair value with gains and losses arising due to changes in fair value recognised in OCI. Interest income and foreign exchange gains and losses are recognised in profit or loss in the same manner as for financial assets measured at amortised cost. On derecognition, cumulative gains or losses previously recognised in OCI are reclassified from OCI to profit or loss.

The ECLs for debt instruments measured at FVOCI do not reduce the carrying amount of these financial assets in the statement of financial position, which remains at fair value. Instead, an amount equal to the allowance that would arise if the assets were measured at amortised cost is recognised in OCI as an accumulated impairment amount, with a corresponding charge to profit or loss. The accumulated loss recognised in OCI is recycled to the profit and loss upon derecognition of the asset.

#### *Equity instruments at FVOCI*

Upon initial recognition, the Bank occasionally elects to classify irrevocably some of its equity investments as equity instruments at FVOCI when they meet the definition of equity under IAS 32 *Financial Instruments: Presentation* and are not held for trading. Such classification is determined on an instrument-by-instrument basis.

Gains and losses on these equity instruments are never recycled to profit or loss. Dividends are recognised in profit or loss as other income when the right of the payment has been established, except when the Bank benefits from such proceeds as a recovery of part of the cost of the instrument, in which case, such gains are recorded in OCI. Equity instruments at FVOCI are not subject to an impairment assessment. Upon disposal of these instruments, the accumulated revaluation reserve is transferred to retained earnings.

#### *Financial guarantees, letters of credit and undrawn loan commitments*

The Bank issues financial guarantees, letters of credit and loan commitments.

Financial guarantees are initially recognised in the financial statements at fair value, being the premium received. Subsequent to initial recognition, the Bank's liability under each guarantee is measured at the higher of the amount initially recognised less cumulative amortisation recognised in the statement of profit or loss, and under IFRS 9 – an ECL provision.

Undrawn loan commitments and letters of credits are commitments under which, over the duration of the commitment, the Bank is required to provide a loan with pre-specified terms to the customer. Similar to financial guarantee contracts, these contracts are in the scope of the ECL requirements.

#### *Performance guarantees*

(thousands of Armenian drams)

Performance guarantees are contracts that provide compensation if the applicant fails to perform a contractual obligation. The risk under performance guarantee contracts is the possibility that the failure to perform the contractual obligation by another party occurs. The Bank has the contractual right to receive repayment from the applicant as reimbursement for any payments made to the beneficiary and therefore the Bank considers that has not accepted any insurance risk. The Bank considers that the primary purpose and nature of the contract is to provide funding to, and accept the credit risk of, the applicant.

Performance guarantees are recognized consistent with financial guarantees at higher of unamortized initial commission and loss reserves.

### **Reclassification of financial assets and liabilities**

The Bank does not reclassify its financial assets subsequent to their initial recognition, apart from the exceptional circumstances in which the Bank changes the business model for managing financial assets. Financial liabilities are never reclassified. The Bank did not reclassify any of its financial assets and liabilities in 2024 and 2023 .

#### **(b) Cash and cash equivalents**

Cash and cash equivalents consist of cash on hand, balances on correspondent accounts with the Central Bank of Armenia (excluding those funds deposited for the settlement of ArCa payment cards), including the part of obligatory reserves denominated in AMD and balances (nostro accounts) due from other banks.

Cash and cash equivalents are carried at amortised cost in the statement of financial position.

#### **(c) Repurchase and reverse repurchase agreements and securities lending**

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

Securities purchased under agreements to resell (“reverse repo”) are recorded as amounts due from banks or loans and advances to customers as appropriate and are not recognised in the statement of financial position. The difference between sale and repurchase price is treated as interest and accrued over the life of repo agreements using the effective yield method.

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

#### **(d) Derivative financial instruments**

In the normal course of business, the Bank enters into various derivative financial instruments including futures, forwards, swaps and options in the foreign exchange and capital markets. Such financial instruments are held for trading and are recorded at fair value. The fair values are estimated based on quoted market prices or pricing models that take into account the current market and contractual prices of the underlying instruments and other factors. Derivatives are carried as assets when their fair value is positive and as liabilities when it is negative. Gains and losses resulting from these instruments are included in the statement of profit or loss as net gain/(loss) from financial instruments at fair value through profit or loss or net gain/(loss) from foreign currencies, depending on the nature of the instrument.

Financial assets are classified based on the business model and SPPI assessments.

#### **(e) Renegotiated loans**

Where possible, the Bank seeks to restructure loans rather than to take possession of collateral. This may involve extending the payment arrangements and the agreement of new loan conditions.

The Bank derecognises a financial asset, such as a loan to a customer, when the terms and conditions have been renegotiated to the extent that, substantially, it becomes a new loan, with the difference recognised as a derecognition gain or loss, to the extent that an impairment loss has not already been recorded. The newly recognised loans are classified as Stage 1 for ECL measurement purposes, unless the new loan is deemed to be POCI. When assessing whether or not to derecognise a loan to a customer, amongst others, the Bank considers the following factors:

- ▶ Change in currency of the loan;
- ▶ Change in counterparty;
- ▶ If the modification is such that the instrument would no longer meet the SPPI criterion.

(thousands of Armenian drams)

If the modification does not result in cash flows that are substantially different, the modification does not result in derecognition. Based on the change in cash flows discounted at the original effective interest rate, the Bank records a modification gain or loss, presented within Interest income calculated using effective interest rate in the statement of profit or loss, to the extent that an impairment loss has not already been recorded.

#### **(f) Derecognition of financial assets and liabilities**

##### **Financial assets**

A financial asset (or, where applicable a part of a financial asset or part of a Bank of similar financial assets) is derecognised where:

- ▶ The rights to receive cash flows from the asset have expired;
- ▶ The Bank has transferred its contractual rights to receive cash flows from the asset, or it retains the rights to the cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a “pass-through” arrangement; and
- ▶ The Bank either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Where the Bank has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Bank’s continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Bank could be required to repay.

Where continuing involvement takes the form of a written and/or purchased option (including a cash-settled option or similar provision) on the transferred asset, the extent of the Bank’s continuing involvement is the amount of the transferred asset that the Bank may repurchase, except that in the case of a written put option (including a cash-settled option or similar provision) on an asset measured at fair value, the extent of the Bank’s continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

##### **Write-off**

Financial assets are written off either partially or in their entirety only when the Bank has stopped pursuing the recovery. If the amount to be written off is greater than the accumulated loss allowance, the difference is first treated as an addition to the allowance that is then applied against the gross carrying amount. Any subsequent recoveries are credited to credit loss expense. A write-off constitutes a derecognition event.

##### **Financial liabilities**

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires.

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

#### **(g) Taxation**

Income tax on the profit for the year comprises current and deferred tax. Income tax is recognised in the statement of comprehensive income except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

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

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

(thousands of Armenian drams)

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

Deferred income tax is provided on temporary differences arising on investments in subsidiaries, associates and joint ventures, except where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

The Republic of Armenia also has various operating taxes, which are assessed on the Bank's activities. These taxes are included as a component of other expenses in the statement of comprehensive income.

#### (h) Property and equipment

Property and equipment is initially recognised cost excluding the costs of day-to-day servicing, less accumulated depreciation and any accumulated impairment. Changes in the expected useful life are accounted for by changing the amortisation period or methodology, as appropriate, and treated as changes in accounting estimates. Right-of-use assets are presented together with property and equipment in the statement of financial position. Following initial recognition at cost, buildings are carried at a revalued amount, which is the fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Valuations are performed frequently enough to ensure that the fair value of a revalued asset does not differ materially from its carrying amount. Accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Any revaluation surplus is credited to the revaluation reserve for property and equipment included in other comprehensive income, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss, in which case the increase is recognised in profit or loss. A revaluation deficit is recognised in profit or loss, except that a deficit directly offsetting a previous surplus on the same asset is directly offset against the surplus in the revaluation reserve for property and equipment.

An annual transfer from the revaluation reserve for property and equipment to retained earnings is made for the difference between depreciation based on the revalued carrying amount of the assets and depreciation based on the assets original cost. Upon disposal, any revaluation reserve relating to the particular asset being sold is transferred to retained earnings.

Depreciation is calculated using the straight-line method based on the estimated useful life of the asset. The following depreciation rates have been applied:

	<i>Useful life (years)</i>	<i>Rate (%)</i>
Buildings	50	2
Computers	3	33.3
Network appliances	8	12.5
Vehicles	8	12.5
Equipment	8	12.5
Other fixed assets	8	12.5

Leasehold improvements are capitalized and depreciated over the shorter of the lease term and their useful lives on a straight-line basis.

Land and buildings are revalued on a regular basis at least once in 3 years. The frequency of revaluation depends on changes in fair value of assets. In case of significant divergences between fair value of revalued assets and their carrying amounts further revaluation is conducted. Revaluation is conducted for the whole class of property and equipment.

#### (i) Repossessed assets

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

#### (j) Equity

##### *Share capital*

Ordinary shares and non-redeemable preference shares with discretionary dividends are both classified as equity. Incremental costs directly attributable to the issue of new shares, other than on a business combination, are shown as a deduction from the proceeds in equity. Any excess of the fair value of consideration received over the par value of shares issued is recognised as additional paid-in capital.

##### *Share premium*

*(thousands of Armenian drams)*

Share premium includes any premium received from the issue of shares. Any expense in respect of transaction which is related to the issue of shares is reduced from the share premium.

#### *Dividends*

Dividends are recognised as a liability and deducted from equity at the reporting date only if they are declared before or on the reporting date. Dividends are disclosed when they are proposed before the reporting date or proposed or declared after the reporting date but before the financial statements are authorised for issue.

### **(k) 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. Segment reporting is based on the following operating segments: Retail Banking, Corporate Banking and Investment Banking.

### **(l) Recognition of income and expenses**

#### *Interest and similar revenue and expense*

The Bank calculates interest income on debt financial assets measured at amortized cost or at FVOCI by applying the EIR to the gross carrying amount of financial assets other than credit-impaired assets. EIR is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or financial liability. The calculation takes into account all contractual terms of the financial instrument (for example, prepayment options) and includes any fees or incremental costs that are directly attributable to the instrument and are an integral part of the effective interest rate, but not future credit losses. The carrying amount of the financial asset or financial liability is adjusted if the Bank revises its estimates of payments or receipts. The adjusted carrying amount is calculated based on the original effective interest rate and the change in carrying amount is recorded as interest income or expense.

When a financial asset becomes credit-impaired, the Bank calculates interest income by applying the effective interest rate to the net amortised cost of the financial asset. If the financial assets cures and is no longer credit-impaired, the Bank reverts to calculating interest income on a gross basis.

For purchased or originated credit-impaired (POCI) financial assets, the Bank calculates interest income by calculating the credit-adjusted EIR and applying that rate to the amortised cost of the asset. The credit-adjusted EIR is the interest rate that, at original recognition, discounts the estimated future cash flows (including credit losses) to the amortised cost of the POCI assets.

Interest income on all financial assets at FVPL is recognised using the contractual interest rate in "Other interest income" in the statement of profit or loss.

### **(m) Foreign currency translation**

Transactions in foreign currencies are initially recorded in the functional currency, converted at the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the reporting date. Gains and losses resulting from the translation of foreign currency transactions are recognised in the statement of profit and loss as gains less losses from foreign currencies – translation differences. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as of the date of the initial transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

## **4. Comparative information**

### **Reclassifications**

To align with the 2024 presentation, reclassifications were made in the statement of financial position for the year ending December 31, 2023, to present repurchase and reverse repurchase agreements as a separate line item.

(thousands of Armenian drams)

**Statement of financial position**

	<i>Reclassification effect</i>		
	<i>As of 31 December 2023 according to reports</i>	<i>Reclassification</i>	<i>Changed as of 31 December 2023</i>
Receivables under reverse repurchase agreements	-	7,400,589	7,400,589
Loans and advances to customers measured at amortised cost	271,831,024	(7,400,589)	264,823,935
Amounts due to banks	4,175,967	(3,933,642)	242,325
Accounts payable under repurchase agreements	-	7,739,916	7,739,916
Amounts due to customers	359,249,656	(3,806,274)	355,443,382

**5. Segment information**

For management purposes, the Bank is organised into three operating segments based on products and services.

Analysis of the Bank per main operating units is presented below:

Retail banking	Handling individual customers' deposits, and providing consumer loans, overdrafts, credit cards facilities and small and micro loans.
Corporate banking	Handling loans and other credit facilities and deposit and current accounts for corporate and institutional customers.
Investment banking	Treasury and finance, leasing and other central functions.

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

<i>As of 31 December 2024</i>	<i>Retail banking</i>	<i>Corporate banking</i>	<i>Investment banking</i>	<i>Total</i>
<b>External income</b>				
Interest income	22,604,372	10,044,973	13,110,848	<b>45,760,193</b>
Interest expense	(8,773,193)	(4,553,158)	(6,500,230)	<b>(19,826,581)</b>
Inter-segment income	1,008,400	3,143,544	(4,151,944)	-
<b>Net interest income</b>	<b>14,839,579</b>	<b>8,635,359</b>	<b>2,458,674</b>	<b>25,933,612</b>
Net non-interest income	3,884,142	3,011,633	4,127,326	<b>11,023,101</b>
<b>Operating income</b>	<b>18,723,721</b>	<b>11,646,992</b>	<b>6,586,001</b>	<b>36,956,713</b>
Net impairment expense on financial instruments	(431,442)	500,039	(5,853)	<b>62,743</b>
<b>Net operating income</b>	<b>18,270,013</b>	<b>12,157,193</b>	<b>6,582,909</b>	<b>37,010,115</b>
Administrative expenses	(10,125,012)	(5,465,904)	(1,824,519)	<b>(17,415,434)</b>
<b>Operating unit profit</b>	<b>8,145,001</b>	<b>6,691,289</b>	<b>4,758,390</b>	<b>19,594,681</b>
Income tax expense	(1,659,909)	(1,363,567)	(958,358)	<b>(3,981,833)</b>
<b>Profit for the period</b>	<b>6,485,093</b>	<b>5,327,723</b>	<b>3,800,032</b>	<b>15,612,848</b>
<i>As of 31 December 2023</i>	<i>Retail banking</i>	<i>Corporate banking</i>	<i>Investment banking</i>	<i>Total</i>
<b>External income</b>				
Interest income	17,449,033	7,943,475	12,145,050	<b>37,537,558</b>
Interest expense	(7,188,132)	(4,343,838)	(4,409,361)	<b>(15,941,331)</b>
Inter-segment income	909,044	4,450,553	(5,359,597)	-
<b>Net interest income</b>	<b>11,169,944</b>	<b>8,050,191</b>	<b>2,376,092</b>	<b>21,596,227</b>
Net non-interest income	4,755,772	2,845,272	5,591,159	<b>13,192,203</b>

(thousands of Armenian drams)

<b>Operating income</b>	<b>15,925,717</b>	<b>10,895,462</b>	<b>7,967,251</b>	<b>34,788,430</b>
Net impairment expense on financial instruments	(431,442)	500,039	(5,853)	62,743
<b>Net operating income</b>	<b>16,472,424</b>	<b>10,054,000</b>	<b>7,898,410</b>	<b>34,424,834</b>
Administrative expenses	(9,402,133)	(4,681,606)	(1,904,676)	(15,988,415)
<b>Operating unit profit</b>	<b>7,070,291</b>	<b>5,372,394</b>	<b>5,993,734</b>	<b>18,436,419</b>
Income tax expense	(1,410,580)	(1,116,070)	(1,286,100)	(3,812,750)
<b>Profit for the period</b>	<b>5,659,711</b>	<b>4,256,324</b>	<b>4,707,635</b>	<b>14,623,669</b>

The following table presents assets of the Bank's operating units:

	<b>As of 31 December 2024</b>				<b>Total</b>
	<b>Interest bearing</b>			<b>Non-interest bearing</b>	
	<b>Retail banking</b>	<b>Corporate banking</b>	<b>Investment banking</b>		
Assets	196,726,542	114,362,571	188,240,116	76,619,254	<b>575,948,483</b>
Liabilities	178,504,952	178,414,266	122,173,033	7,755,944	<b>486,848,195</b>
	<b>As of 31 December 2023</b>				<b>Total</b>
	<b>Interest bearing</b>			<b>Non-interest bearing</b>	
	<b>Retail banking</b>	<b>Corporate banking</b>	<b>Investment banking</b>		
Assets	163,285,551	108,545,473	154,710,072	79,215,146	<b>505,756,242</b>
Liabilities	168,123,670	191,449,864	61,826,172	8,658,804	<b>430,058,510</b>

Interest bearing assets include financial assets through profit and loss, investment securities, amounts due from banks, loans and advances to customers.

Interest bearing financial liabilities include amounts due to banks, current accounts and deposits from customers, bonds issued by the Bank, subordinated and other borrowings.

Non-interest bearing balances which are unallocated include cash and cash equivalents, property, equipment and right-of-use assets, intangible assets, repossessed assets, other assets, current tax liabilities, deferred tax liabilities, lease liabilities and other liabilities.

## Geographic information

The Bank's operations are primarily concentrated in Armenia. The Bank assets are mainly located in the Republic of Armenia.

## Revenue from contracts with customers

Breakdown of revenue per operating units from contracts with customers in scope of IFRS 15 for the periods ended 31 December 2024 and 31 December 2023 are as follows:

<b>As of 31 December 2024</b>	<b>Retail banking</b>	<b>Corporate banking</b>	<b>Trading</b>	<b>Total</b>
<b>Commission income</b>				
Plastic cards operations	8,119,950	49,731	7,130	<b>8,176,810</b>
Wire transfer fees	292,227	414,119	25,214	<b>731,559</b>
Settlement operation	126,425	61,941	144,443	<b>332,809</b>
Loan accounts servicing fees	147,063	16,340	-	<b>163,403</b>
Banknotes transfers to banks	-	-	50,567	<b>50,567</b>
Guarantees and letters of credit	-	182,826	-	<b>182,826</b>
Other	274,523	274,526	404,017	<b>953,067</b>
<b>Total revenue from contracts with customers</b>	<b>8,960,188</b>	<b>999,483</b>	<b>631,370</b>	<b>10,591,041</b>
<b>As of 31 December 2023</b>	<b>Retail banking</b>	<b>Corporate banking</b>	<b>Trading</b>	<b>Total</b>
<b>Commission income</b>				
Plastic cards operations	8,178,252	47,967	5,127	<b>8,231,346</b>

*(thousands of Armenian drams)*

Wire transfer fees	308,855	383,049	13,715	<b>705,619</b>
Settlement operation	150,776	60,713	178,434	<b>389,923</b>
Loan accounts servicing fees	336,509	63,504	-	<b>400,013</b>
Banknotes transfers to banks	-	-	159,527	<b>159,527</b>
Guarantees and letters of credit	-	142,553	-	<b>142,553</b>
Other	241,336	241,335	370,830	<b>853,501</b>
<b>Total revenue from contracts with customers</b>	<b>9,215,728</b>	<b>939,121</b>	<b>727,633</b>	<b>10,882,482</b>

No revenue from transactions with a single external customer or counterparty amounted to 10% or more of the Bank's total revenue in 31 December 2024 and 31 December 2023.

## 6. Cash and cash equivalents

Cash and cash equivalents comprise:

	<b>31 December 2024</b>	<b>31 December 2023</b>
Cash on hand	10,183,792	8,961,815
Nostro accounts with the Central Bank, including obligatory reserves in AMD	17,445,353	12,591,359
Nostro accounts with other Banks	11,721,852	15,664,327
	<b>39,350,997</b>	<b>37,217,501</b>
Less – allowance for impairment	(2,371)	(3,195)
<b>Cash and cash equivalents</b>	<b>39,348,626</b>	<b>37,214,306</b>

Cash and cash equivalents are fully in Stage 1 and measured at amortised cost as at 31 December 2024 and 31 December 2023.

Banks are required to maintain cash deposit (obligatory reserve) with the CBA, equal to 4% (2023: 4%) of the amounts attracted in Armenian drams and 18% (2023: 18%) of the amounts attracted in foreign currencies.

The banks are required to maintain 6% of the amounts attracted in foreign currency as cash deposit with CBA in Armenian drams (2023: 6%), and 12% – in the foreign currency (2023: 12%). The banks' ability to withdraw reserved amounts in foreign currency is restricted. Therefore, the Bank classifies obligatory reserves deposited in foreign currency as amounts due from banks (Note 8).

As of 31 December 2024 placements with other banks in the amount of AMD 11,452,560 thousand (97.5%) were due from eight banks (2023: AMD 14,798,805 thousand (94.5%) were due from six banks).

## 7. Trading securities

Trading securities owned comprise:

	<b>31 December 2024</b>	<b>31 December 2023</b>
Debt securities issued by the RA government	576,703	646,747
Investments in funds	366,795	323,625
<b>Trading securities</b>	<b>943,498</b>	<b>970,372</b>

## 8. Amounts due from banks

Amounts due from banks comprise:

	<b>31 December 2024</b>	<b>31 December 2023</b>
Foreign currency obligatory reserves with CBA	21,880,210	24,981,465
Loans and deposits to banks	12,422,826	6,836,741
Deposited funds with CBA	2,832,500	2,305,000
Receivables from payment and settlement operations	2,581,835	1,975,202
Other deposited funds	1,638,246	1,244,533
	<b>41,355,617</b>	<b>37,342,941</b>
Less – allowance for impairment	(21,822)	(24,501)

(thousands of Armenian drams)

**Amounts due from banks** 41,333,795 37,318,440

As at 31 December 2024 the balances included loans and deposits to banks are due from six counterparties (2023: two counterparties).

Deposited funds with CBA include a guaranteed deposit for settlements via ArCa payment system.

No amounts due from banks are past due or impaired and are fully in Stage 1. All the amounts due from banks are measured at amortised cost as at 31 December 2024 and 31 December 2023.

## 9. Derivative financial instruments

As of 31 December 2024, and 31 December 2023, the Bank has positions currency swaps.

The Bank enters into derivative financial instruments for trading purposes. The table below shows the fair values of derivative financial instruments, recorded as assets or liabilities.

<b>Foreign exchange contracts</b>	<b>31 December 2024</b>		<b>31 December 2023</b>	
	<b>Fair values</b>		<b>Fair value</b>	
	<b>Asset</b>	<b>Liability</b>	<b>Asset</b>	<b>Liability</b>
Derivative assets (currency swaps)	2,586	-	72,646	-
Derivative liabilities (currency swaps)	-	67,655	-	31,110

## 10. Receivables under reverse repurchase agreements

	<b>31 December 2024</b>	<b>31 December 2023</b>
Reverse repurchase agreements with banks	1,619,787	-
Reverse repurchase agreements with financial institutions	18,305,797	7,400,589
<b>Total reverse repurchase agreements</b>	<b>19,925,584</b>	<b>7,400,589</b>

As at 31 December 2024 amounts receivable under reverse repurchase agreements were collateralized by RA government bonds with fair value of AMD 1,649,515 thousand (As at 31 December 2023 there were no amounts receivable under reverse repurchase agreements).

As at 31 December 2024 amounts receivable under reverse repurchase agreements were collateralized by RA government and corporate bonds with fair value of AMD 19,114,931 thousand (31 December 2023: AMD 7,400,602 thousand).

## 11. Loans and advances to customers

	<b>31 December 2024</b>	<b>31 December 2023</b>
Loans to customers	314,717,118	269,213,864
Financial lease receivables	3,537,915	2,333,812
	<b>318,255,033</b>	<b>271,833,676</b>
Less – allowance for loan impairment	(7,165,920)	(7,009,741)
<b>Total loans and advances to customers</b>	<b>311,089,113</b>	<b>264,823,935</b>
	<b>31 December 2024</b>	<b>31 December 2023</b>
Large business loans including finance lease receivables	77,011,350	72,547,698
SME loans including finance lease receivables	44,690,940	36,323,495
<b>Total loans to corporate customers</b>	<b>121,702,290</b>	<b>108,871,193</b>
Mortgage loans	102,474,918	84,098,149
Consumer loans	67,639,876	56,231,539
Gold loans	26,437,948	22,632,795
<b>Total loans to retail customers</b>	<b>196,552,742</b>	<b>162,962,483</b>

(thousands of Armenian drams)

<b>Gross loans and advances to customers</b>	<b>318,255,033</b>	<b>271,833,676</b>
Less – allowance for impairment	(7,165,920)	(7,009,741)
<b>Total loans and advances to customers</b>	<b>311,089,113</b>	<b>264,823,935</b>

**Allowance for impairment of loans and advances to customers**

An analysis of changes in the gross carrying value and corresponding ECL in relation to corporate loans as of 31 December 2024:

<b>Corporate loans</b>	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>
<b>Gross carrying value as at 1 January 2024</b>	<b>101,288,432</b>	<b>705,696</b>	<b>6,877,065</b>	<b>108,871,193</b>
New assets originated or purchased	43,590,919	-	-	43,590,919
Assets repaid	(27,684,828)	(343,065)	(1,004,323)	(29,032,216)
Transfers to Stage 1	331,942	(16,608)	(315,334)	-
Transfers to Stage 2	(1,283,227)	1,440,807	(157,580)	-
Transfers to Stage 3	(1,301,947)	(230,744)	1,532,691	-
Recoveries	-	-	180,726	180,726
Amounts written off	-	-	(243,233)	(243,233)
Foreign exchange differences	(1,549,027)	(10,593)	(105,478)	(1,665,098)
<b>At 31 December 2024</b>	<b>113,392,263</b>	<b>1,545,493</b>	<b>6,764,533</b>	<b>121,702,290</b>

<b>Corporate loans</b>	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>
<b>ECL as at 1 January 2024</b>	<b>722,135</b>	<b>140,861</b>	<b>3,367,411</b>	<b>4,230,407</b>
New assets originated or purchased	523,876	-	-	523,876
Assets repaid	(183,863)	(71,245)	(357,642)	(612,751)
Transfers to Stage 1	134,792	(4,956)	(129,836)	-
Transfers to Stage 2	(25,732)	101,285	(75,553)	-
Transfers to Stage 3	(138,463)	(40,311)	178,774	-
Impact on period end ECL of exposures transferred between stages during the period	(131,441)	74,142	339,836	281,544
Unwinding of discount (recognised in interest income)	-	-	22,559	22,559
Changes to models and inputs used for ECL calculations	(180,723)	1,180	(657,633)	(836,184)
Recoveries	-	-	180,726	180,726
Amounts written off	-	-	(243,233)	(243,233)
Foreign exchange differences	(7,363)	(1,474)	(53,939)	(62,776)
<b>At 31 December 2024</b>	<b>713,218</b>	<b>199,482</b>	<b>2,571,469</b>	<b>3,484,169</b>

An analysis of changes in the gross carrying value and corresponding ECL in relation to retail loans as of 31 December 2024:

<b>Retail loans</b>	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>
<b>Gross carrying value as at 1 January 2024</b>	<b>158,085,688</b>	<b>2,157,429</b>	<b>2,719,366</b>	<b>162,962,483</b>
New assets originated or purchased	77,807,446	-	-	77,807,446
Assets repaid	(41,698,469)	(660,392)	(1,314,847)	(43,673,708)
Transfers to Stage 1	721,885	(465,438)	(256,447)	-
Transfers to Stage 2	(1,696,586)	2,342,037	(645,451)	-
Transfers to Stage 3	(1,892,124)	(526,350)	2,418,473	-
Recoveries	-	-	1,124,783	1,124,783
Amounts written off	-	-	(835,639)	(835,639)
Foreign exchange differences	(780,088)	(20,133)	(32,401)	(832,622)
<b>At 31 December 2024</b>	<b>190,547,752</b>	<b>2,827,154</b>	<b>3,177,836</b>	<b>196,552,742</b>

<b>Retail loans</b>	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>
<b>ECL as at 1 January 2024</b>	<b>808,889</b>	<b>418,027</b>	<b>1,552,418</b>	<b>2,779,334</b>
New assets originated or purchased	844,311	-	-	844,311
Assets repaid	(205,027)	(110,964)	(625,592)	(941,583)
Transfers to Stage 1	229,506	(83,794)	(145,712)	-

(thousands of Armenian drams)

Transfers to Stage 2	(74,490)	441,689	(367,199)	-
Transfers to Stage 3	(107,430)	(119,700)	227,130	-
Impact on period end ECL of exposures transferred between stages during the period	(151,185)	115,975	689,515	<b>654,306</b>
Unwinding of discount (recognised in interest income)	-	-	52,154	<b>52,154</b>
Changes to models and inputs used for ECL calculations	108,822	(21,637)	(60,252)	<b>26,934</b>
Recoveries	-	-	1,124,783	<b>1,124,783</b>
Amounts written off	-	-	(835,639)	<b>(835,639)</b>
Foreign exchange differences	(3,566)	(3,701)	(15,582)	<b>(22,849)</b>
<b>At 31 December 2024</b>	<b>1,449,831</b>	<b>635,895</b>	<b>1,596,024</b>	<b>3,681,750</b>

An analysis of changes in the gross carrying value and corresponding ECL in relation to corporate loans as of 31 December 2023

<b>Corporate loans</b>	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>
<b>Gross carrying value as at 1 January 2023</b>	<b>82,491,951</b>	<b>1,262,757</b>	<b>7,825,951</b>	<b>91,580,659</b>
Change in write-off policy and other corrections*	(513)	74,217	292,068	<b>365,772</b>
New assets originated or purchased	52,498,134	-	-	<b>52,498,134</b>
Assets repaid	(34,438,158)	(93,047)	(2,872,378)	<b>(37,403,583)</b>
Transfers to Stage 1	467,610	(197,714)	(269,896)	-
Transfers to Stage 2	(220,811)	455,715	(234,904)	-
Transfers to Stage 3	(989,803)	(647,210)	1,637,013	-
Recoveries	-	-	529,200	<b>529,200</b>
Amounts written off**	-	(158,267)	(183,737)	<b>(342,004)</b>
Foreign exchange differences	1,480,022	9,245	153,748	<b>1,643,015</b>
<b>At 31 December 2023</b>	<b>101,288,432</b>	<b>705,696</b>	<b>6,877,065</b>	<b>108,871,193</b>

<b>Corporate loans</b>	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>
<b>ECL as at 1 January 2023</b>	<b>561,941</b>	<b>308,761</b>	<b>2,072,916</b>	<b>2,943,618</b>
Change in write-off policy and other corrections*	146,440	34,325	272,602	<b>453,367</b>
New assets originated or purchased	439,108	-	-	<b>439,108</b>
Assets repaid	(283,550)	(209,992)	(972,554)	<b>(1,466,096)</b>
Transfers to Stage 1	132,140	(19,177)	(112,963)	-
Transfers to Stage 2	(2,313)	57,956	(55,643)	-
Transfers to Stage 3	(13,615)	(63,084)	76,699	-
Impact on period end ECL of exposures transferred between stages during the period	(127,473)	35,679	645,719	<b>553,925</b>
Unwinding of discount (recognised in interest income)	-	-	53,769	<b>53,769</b>
Changes to models and inputs used for ECL calculations	(140,995)	153,519	1,015,921	<b>1,028,445</b>
Recoveries	-	-	529,200	<b>529,200</b>
Amounts written off**	-	(158,267)	(183,737)	<b>(342,004)</b>
Foreign exchange differences	10,452	1,141	25,482	<b>37,075</b>
<b>At 31 December 2023</b>	<b>722,135</b>	<b>140,861</b>	<b>3,367,411</b>	<b>4,230,407</b>

An analysis of changes in the gross carrying value and corresponding ECL in relation to retail loans as of 31 December 2023:

<b>Retail loans</b>	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>
<b>Gross carrying value as at 1 January 2023</b>	<b>124,081,377</b>	<b>3,878,967</b>	<b>3,506,111</b>	<b>131,466,455</b>
Change in write-off policy and other corrections*	824	1,015,213	1,098,043	<b>2,114,080</b>
New assets originated or purchased	68,426,270	-	-	<b>68,426,270</b>
Assets repaid	(35,490,341)	(2,278,523)	(1,761,037)	<b>(39,529,901)</b>
Transfers to Stage 1	1,437,040	(642,880)	(794,160)	-
Transfers to Stage 2	(699,787)	1,269,204	(569,417)	-
Transfers to Stage 3	(555,790)	(425,592)	981,382	-

(thousands of Armenian drams)

Recoveries	-	-	1,635,326	<b>1,635,326</b>
Amounts written off**	-	(683,641)	(1,441,435)	<b>(2,125,076)</b>
Foreign exchange differences	886,095	24,681	64,553	<b>975,329</b>
<b>At 31 December 2023</b>	<b>158,085,688</b>	<b>2,157,429</b>	<b>2,719,366</b>	<b>162,962,483</b>

<b>Retail loans</b>	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>
<b>ECL as at 1 January 2023</b>	<b>438,940</b>	<b>1,115,850</b>	<b>1,245,873</b>	<b>2,800,663</b>
Change in write-off policy and other corrections*	309,813	267,581	1,449,090	<b>2,026,484</b>
New assets originated or purchased	600,109	-	-	<b>600,109</b>
Assets repaid	(431,316)	(883,179)	(1,824,144)	<b>(3,138,639)</b>
Transfers to Stage 1	576,737	(93,966)	(482,771)	-
Transfers to Stage 2	(11,650)	281,544	(269,894)	-
Transfers to Stage 3	(8,081)	(220,454)	228,535	-
Impact on period end ECL of exposures transferred between stages during the period	(569,901)	(61,633)	981,737	<b>350,203</b>
Unwinding of discount (recognised in interest income)	-	-	55,756	<b>55,756</b>
Changes to models and inputs used for ECL calculations	(99,050)	689,405	(54,280)	<b>536,075</b>
Recoveries	-	-	1,635,326	<b>1,635,326</b>
Amounts written off**	-	(683,641)	(1,441,435)	<b>(2,125,076)</b>
Foreign exchange differences	3,288	6,520	28,625	<b>38,433</b>
<b>At 31 December 2023</b>	<b>808,889</b>	<b>418,027</b>	<b>1,552,418</b>	<b>2,779,334</b>

Credit quality of loans to legal entities and individuals

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

	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total loans</b>
<b>Loans to Corporate customers</b>				
<b>Large business loans</b>				
- not overdue	71,029,001	1,093,165	1,104,788	<b>73,226,954</b>
- overdue less than 30 days	-	-	-	-
- overdue 31-90 days	-	-	-	-
- overdue 91-180 days	-	-	-	-
- overdue 181-360 days	-	-	542,712	<b>542,712</b>
- overdue more than 1 year	-	-	3,241,683	<b>3,241,683</b>
<b>Total gross loans</b>	<b>71,271,902</b>	<b>1,093,165</b>	<b>4,646,283</b>	<b>77,011,350</b>
<b>Expected credit loss allowance</b>	<b>(236,296)</b>	<b>(74,769)</b>	<b>(1,760,697)</b>	<b>(2,071,761)</b>
<b>Total net loans</b>	<b>71,035,606</b>	<b>1,018,397</b>	<b>2,885,586</b>	<b>74,939,588</b>
<b>Loans to Corporate customers</b>				
<b>SME loans</b>				
- not overdue	42,104,586	317,739	260,870	<b>42,683,195</b>
- overdue less than 30 days	15,775	46,940	22,287	<b>85,002</b>
- overdue 31-90 days	-	87,649	143,836	<b>231,485</b>
- overdue 91-180 days	-	-	288,211	<b>288,211</b>
- overdue 181-360 days	-	-	583,211	<b>583,211</b>
- overdue more than 1 year	-	-	819,835	<b>819,835</b>
<b>Total gross loans</b>	<b>42,120,362</b>	<b>452,328</b>	<b>2,118,250</b>	<b>44,690,940</b>
<b>Expected credit loss allowance</b>	<b>(476,922)</b>	<b>(124,713)</b>	<b>(810,772)</b>	<b>(1,412,408)</b>
<b>Total net loans</b>	<b>41,643,439</b>	<b>327,615</b>	<b>1,307,478</b>	<b>43,278,532</b>

*(thousands of Armenian drams)***Loans to retail customers****Mortgage loans**

- not overdue	100,071,055	1,057,889	467,002	<b>101,595,947</b>
- overdue less than 30 days	63,279	-	75,724	<b>139,003</b>
- overdue 31-90 days	-	116,498	149,427	<b>265,926</b>
- overdue 91-180 days	-	-	55,061	<b>55,061</b>
- overdue 181-360 days	-	-	125,560	<b>125,560</b>
- overdue more than 1 year	-	-	293,420	<b>293,420</b>
<b>Total gross loans</b>	<b>100,134,335</b>	<b>1,174,387</b>	<b>1,166,195</b>	<b>102,474,918</b>
<b>Expected credit loss allowance</b>	<b>(369,326)</b>	<b>(229,664)</b>	<b>(497,379)</b>	<b>(1,096,369)</b>
<b>Total net loans</b>	<b>99,765,008</b>	<b>944,723</b>	<b>668,817</b>	<b>101,378,549</b>

**Loans to retail customers****Consumer loans**

- not overdue	64,081,377	1,081,008	371,406	<b>65,533,791</b>
- overdue less than 30 days	270,720	88,154	96,670	<b>455,544</b>
- overdue 31-90 days	-	232,985	122,794	<b>355,779</b>
- overdue 91-180 days	-	-	382,514	<b>382,514</b>
- overdue 181-360 days	-	-	578,188	<b>578,188</b>
- overdue more than 1 year	-	-	334,060	<b>334,060</b>
<b>Total gross loans</b>	<b>64,352,098</b>	<b>1,402,146</b>	<b>1,885,632</b>	<b>67,639,876</b>
<b>Expected credit loss allowance</b>	<b>(1,054,166)</b>	<b>(376,173)</b>	<b>(1,048,091)</b>	<b>(2,478,430)</b>
<b>Total net loans</b>	<b>63,297,932</b>	<b>1,025,973</b>	<b>837,542</b>	<b>65,161,447</b>

**Loans to retail customers****Gold loans**

- not overdue	26,016,126	139,375	38,583	<b>26,194,084</b>
- overdue less than 30 days	45,194	11,154	14,229	<b>70,577</b>
- overdue 31-90 days	-	100,092	8,533	<b>108,625</b>
- overdue 91-180 days	-	-	22,145	<b>22,145</b>
- overdue 181-360 days	-	-	42,518	<b>42,518</b>
- overdue more than 1 year	-	-	-	<b>-</b>
<b>Total gross loans</b>	<b>26,061,320</b>	<b>250,620</b>	<b>126,009</b>	<b>26,437,948</b>
<b>Expected credit loss allowance</b>	<b>(26,339)</b>	<b>(30,057)</b>	<b>(50,555)</b>	<b>(106,951)</b>
<b>Total net loans</b>	<b>26,034,981</b>	<b>220,563</b>	<b>75,453</b>	<b>26,330,997</b>

**Total gross loans to corporate customers**

	<b>113,392,263</b>	<b>1,545,493</b>	<b>6,764,533</b>	<b>121,702,290</b>
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<b>Expected credit loss allowance</b>	<b>(713,218)</b>	<b>(199,482)</b>	<b>(2,571,469)</b>	<b>(3,484,169)</b>
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<b>Total net loans to corporate customers</b>	<b>112,679,045</b>	<b>1,346,011</b>	<b>4,193,064</b>	<b>118,218,121</b>
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<b>Total gross loans to retail customers</b>	<b>190,547,752</b>	<b>2,827,154</b>	<b>3,177,836</b>	<b>196,552,742</b>
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<b>Expected credit loss allowance</b>	<b>(1,449,831)</b>	<b>(635,895)</b>	<b>(1,596,024)</b>	<b>(3,681,750)</b>
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<b>Total net loans to retail customers</b>	<b>189,097,921</b>	<b>2,191,259</b>	<b>1,581,812</b>	<b>192,870,992</b>
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<b>Total gross loans</b>	<b>303,940,015</b>	<b>4,372,647</b>	<b>9,942,369</b>	<b>318,255,032</b>
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<b>Expected credit loss allowance</b>	<b>(2,163,049)</b>	<b>(835,377)</b>	<b>(4,167,493)</b>	<b>(7,165,919)</b>
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<b>Total net loans</b>	<b>301,776,966</b>	<b>3,537,271</b>	<b>5,774,876</b>	<b>311,089,113</b>
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(thousands of Armenian drams)

The following table provides information on the credit quality of loans to legal entities and individuals as at 31 December 2023.

	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total loans</b>
<b>Loans to Corporate customers</b>				
<b>Large business loans</b>				
- not overdue	67,740,398	-	170,651	<b>67,911,049</b>
- overdue less than 30 days	-	-	213,248	<b>213,248</b>
- overdue 31-90 days	-	-	581,313	<b>581,313</b>
- overdue 91-180 days	-	-	470,597	<b>470,597</b>
- overdue 181-360 days	-	-	-	<b>-</b>
- overdue more than 1 year	-	-	3,371,491	<b>3,371,491</b>
<b>Total gross loans</b>	<b>67,740,398</b>	<b>-</b>	<b>4,807,300</b>	<b>72,547,698</b>
<b>Expected credit loss allowance</b>	<b>(249,260)</b>	<b>-</b>	<b>(2,388,666)</b>	<b>(2,637,926)</b>
<b>Total net loans</b>	<b>67,491,138</b>	<b>-</b>	<b>2,418,634</b>	<b>69,909,772</b>
<b>Loans to Corporate customers</b>				
<b>SME loans</b>				
- not overdue	33,512,918	398,719	719,949	<b>34,399,086</b>
- overdue less than 30 days	35,116	62,202	44,400	<b>141,718</b>
- overdue 31-90 days	-	244,775	69,020	<b>313,795</b>
- overdue 91-180 days	-	-	376,339	<b>376,339</b>
- overdue 181-360 days	-	-	355,320	<b>355,320</b>
- overdue more than 1 year	-	-	504,737	<b>504,737</b>
<b>Total gross loans</b>	<b>33,548,034</b>	<b>705,696</b>	<b>2,069,765</b>	<b>36,323,495</b>
<b>Expected credit loss allowance</b>	<b>(472,876)</b>	<b>(140,861)</b>	<b>(978,745)</b>	<b>(1,592,481)</b>
<b>Total net loans</b>	<b>33,075,158</b>	<b>564,835</b>	<b>1,091,020</b>	<b>34,731,013</b>
<b>Loans to retail customers</b>				
<b>Mortgage loans</b>				
- not overdue	82,285,154	882,349	422,721	<b>83,590,224</b>
- overdue less than 30 days	47,861	8,125	19,086	<b>75,072</b>
- overdue 31-90 days	-	25,614	96,394	<b>122,008</b>
- overdue 91-180 days	-	-	25,398	<b>25,398</b>
- overdue 181-360 days	-	-	18,311	<b>18,311</b>
- overdue more than 1 year	-	-	267,136	<b>267,136</b>
<b>Total gross loans</b>	<b>82,333,015</b>	<b>916,088</b>	<b>849,046</b>	<b>84,098,149</b>
<b>Expected credit loss allowance</b>	<b>(216,058)</b>	<b>(171,003)</b>	<b>(407,911)</b>	<b>(794,972)</b>
<b>Total net loans</b>	<b>82,116,957</b>	<b>745,085</b>	<b>441,135</b>	<b>83,303,177</b>
<b>Loans to retail customers</b>				
<b>Consumer loans</b>				
- not overdue	53,160,404	865,389	587,217	<b>54,452,010</b>
- overdue less than 30 days	159,636	51,756	43,517	<b>254,909</b>
- overdue 31-90 days	-	179,782	128,047	<b>307,829</b>
- overdue 91-180 days	-	-	352,499	<b>352,499</b>
- overdue 181-360 days	-	-	342,315	<b>342,315</b>
- overdue more than 1 year	-	-	360,977	<b>360,977</b>
<b>Total gross loans</b>	<b>53,320,040</b>	<b>1,096,927</b>	<b>1,814,572</b>	<b>56,231,539</b>
<b>Expected credit loss allowance</b>	<b>(580,227)</b>	<b>(236,505)</b>	<b>(1,103,969)</b>	<b>(1,920,701)</b>

(thousands of Armenian drams)

<b>Total net loans</b>	<b>52,739,813</b>	<b>860,422</b>	<b>710,603</b>	<b>54,310,838</b>
<b>Loans to retail customers</b>				
<b>Gold loans</b>				
- not overdue	22,389,233	109,512	10,191	22,508,936
- overdue less than 30 days	43,400	4,445	3,677	51,522
- overdue 31-90 days	-	30,457	3,140	33,597
- overdue 91-180 days	-	-	17,771	17,771
- overdue 181-360 days	-	-	20,877	20,877
- overdue more than 1 year	-	-	92	92
<b>Total gross loans</b>	<b>22,432,633</b>	<b>144,414</b>	<b>55,748</b>	<b>22,632,795</b>
<b>Expected credit loss allowance</b>	<b>(12,604)</b>	<b>(10,519)</b>	<b>(40,538)</b>	<b>(63,661)</b>
<b>Total net loans</b>	<b>22,420,029</b>	<b>133,895</b>	<b>15,210</b>	<b>22,569,134</b>
<b>Total gross loans to corporate customers</b>				
	<b>101,288,432</b>	<b>705,696</b>	<b>6,877,065</b>	<b>108,871,193</b>
<b>Expected credit loss allowance</b>	<b>(722,135)</b>	<b>(140,861)</b>	<b>(3,367,411)</b>	<b>(4,230,407)</b>
<b>Total net loans to corporate customers</b>	<b>100,566,297</b>	<b>564,835</b>	<b>3,509,654</b>	<b>104,640,786</b>
<b>Total gross loans to retail customers</b>				
	<b>158,085,688</b>	<b>2,157,429</b>	<b>2,719,366</b>	<b>162,962,483</b>
<b>Expected credit loss allowance</b>	<b>(808,889)</b>	<b>(418,027)</b>	<b>(1,552,418)</b>	<b>(2,779,334)</b>
<b>Total net loans to retail customers</b>	<b>157,276,799</b>	<b>1,739,402</b>	<b>1,166,948</b>	<b>160,183,149</b>
<b>Total gross loans</b>				
	<b>259,374,120</b>	<b>2,863,125</b>	<b>9,596,431</b>	<b>271,833,676</b>
<b>Expected credit loss allowance</b>	<b>(1,531,024)</b>	<b>(558,888)</b>	<b>(4,919,829)</b>	<b>(7,009,741)</b>
<b>Total net loans</b>	<b>257,843,096</b>	<b>2,304,237</b>	<b>4,676,602</b>	<b>264,823,935</b>

### Concentration of loans and advances to customers

As at 31 December 2024 the Bank had a concentration of loans totaling to AMD 47,868,992 thousand due from the ten largest Banks of borrowers (15.03% of gross loan portfolio) (2023: AMD 48,993,284 thousand or 17.57% of gross loan portfolio). An allowance for impairment in amount of AMD 1,457,467 thousand (2023: AMD 1,939,571 thousand) was created against these loans.

Loans are made principally within Armenia in the following industry sectors:

	<b>31 December 2024</b>	<b>31 December 2023</b>
Mortgage	102,474,918	84,098,149
Consumer and gold loans to individuals	94,077,824	78,703,334
Trade	42,457,424	34,694,238
Construction	24,835,311	24,075,833
Agriculture (including loans to individuals)	12,035,435	11,663,851
Manufacturing	6,610,721	7,397,313
Services	5,257,829	4,198,867
Energy	3,646,678	2,998,568
Transport and communication	3,174,843	2,093,145
Financial services	8,359,883	10,305,840
Other	15,324,167	11,604,538
<b>Gross loan portfolio</b>	<b>318,255,033</b>	<b>271,833,676</b>
Less allowance for loan impairment	(7,165,920)	(7,009,741)
<b>Total</b>	<b>311,089,113</b>	<b>264,823,935</b>

(thousands of Armenian drams)

**Finance lease receivables**

Included in corporate lending portfolio are finance lease receivables. The analysis of finance lease receivables at 31 December 2024 is as follows:

	<b>31 December 2024</b>	<b>31 December 2023</b>
<b>Gross investment in finance lease, receivable</b>		
Not later than 1 year	1,375,350	773,364
1-2 years	1,326,017	773,445
2-3 years	944,955	717,664
3-4 years	492,688	399,775
4-5 years	152,076	194,238
More than 5 years	74,806	5,756
	<b>4,365,892</b>	<b>2,864,242</b>
Unearned future finance income on finance lease	(827,977)	(530,430)
<b>Net investment in financial lease, before impairment allowance</b>	<b>3,537,915</b>	<b>2,333,812</b>
Impairment allowance	(54,320)	(23,973)
<b>Net investment in finance lease</b>	<b>3,483,595</b>	<b>2,309,839</b>

**12. Investment securities**

Investment securities including those pledged under repurchase agreements comprise:

	<b>31 December 2024</b>	<b>31 December 2023</b>
<b>Held by the Bank</b>		
<b>Debt securities at amortised cost</b>		
Government bonds of the Republic of Armenia	4,532,696	6,531,648
Governments bonds of the foreign countries	1,981,389	4,016,352
Less – allowance for impairment	(4,227)	(10,217)
<b>Debt securities at amortised cost held by the Bank</b>	<b>6,509,858</b>	<b>10,537,783</b>
<b>Debt securities at FVOCI</b>		
Government bonds of the Republic of Armenia	40,694,087	84,542,756
Governments bonds of the foreign countries	26,177,303	28,870,511
Corporate bonds	9,460,688	8,230,943
Bonds of International organizations	1,186,177	1,212,941
<b>Debt securities at FVOCI held by the Bank</b>	<b>77,518,255</b>	<b>122,857,151</b>
<b>Equity securities at FVOCI</b>		
Equity shares of companies in OECD countries	5,333	5,333
Corporate shares in the Armenian companies	518,650	75,222
<b>Equity securities at FVOCI held by the Bank</b>	<b>523,983</b>	<b>80,555</b>
<b>Total investment securities held by the Bank</b>	<b>84,552,096</b>	<b>133,475,489</b>
<b>Pledged under sale and repurchase agreements</b>		
RA government bonds	63,362,767	7,927,279
<b>Debt securities at FVOCI pledged under repurchase agreements</b>	<b>63,362,767</b>	<b>7,927,279</b>

An analysis of changes in the gross carrying values and associated ECLs in relation to debt securities at amortized cost including pledged under repurchase agreements is as follows:

<b>Debt securities at amortised cost</b>	<b>Stage 1</b>	<b>Total</b>
<b>Gross carrying value as at 1 January 2024</b>	<b>10,548,000</b>	<b>10,548,000</b>
New assets originated or purchased	2,457,111	2,457,111
Assets repaid	(6,490,029)	(6,490,029)
Foreign exchange differences	(997)	(997)
<b>At 31 December 2024</b>	<b>6,514,085</b>	<b>6,514,085</b>

(thousands of Armenian drams)

<b>Debt securities at amortised cost</b>	<b>Stage 1</b>	<b>Total</b>
<b>ECLs as at 1 January 2024</b>	<b>10,217</b>	<b>10,217</b>
New assets originated or purchased	354	354
Assets repaid	(1,767)	(1,767)
Changes to models and inputs used for ECL calculations	(4,578)	(4,578)
<b>At 31 December 2024</b>	<b>4,227</b>	<b>4,227</b>

An analysis of changes in the gross carrying values and associated ECLs in relation to debt securities at amortized cost at 31 December 2023 is as follows:

<b>Debt securities at amortised cost</b>	<b>Stage 1</b>	<b>Total</b>
<b>Gross carrying value as at 1 January 2023</b>	<b>18,407,917</b>	<b>18,407,917</b>
New assets originated or purchased	5,802,473	5,802,473
Assets repaid	(12,471,121)	(12,471,121)
Write-off	(1,253,325)	(1,253,325)
Foreign exchange differences	62,056	62,056
<b>At 31 December 2023</b>	<b>10,548,000</b>	<b>10,548,000</b>

<b>Debt securities at amortised cost</b>	<b>Stage 1</b>	<b>Total</b>
<b>ECLs as at 1 January 2023</b>	<b>15,339</b>	<b>15,339</b>
New assets originated or purchased	1,340	1,340
Assets repaid	(5,920)	(5,920)
Write-off	(1,253,325)	(1,253,325)
Changes to models and inputs used for ECL calculations	1,252,783	1,252,783
<b>At 31 December 2023</b>	<b>10,217</b>	<b>10,217</b>

An analysis of changes in the gross carrying values and associated ECLs in relation to debt securities at FVOCI including pledged under repurchase agreements is as follows:

<b>Debt securities at FVOCI</b>	<b>Stage 1</b>	<b>Total</b>
<b>Gross carrying value as at 1 January 2024</b>	<b>130,784,430</b>	<b>130,784,430</b>
New assets originated or purchased	68,528,571	68,528,571
Assets repaid	(45,502,301)	(45,502,301)
Assets sold	(14,645,659)	(14,645,659)
Net change in fair value	3,092,330	3,092,330
Foreign exchange differences	(1,376,348)	(1,376,348)
<b>At 31 December 2024</b>	<b>140,881,022</b>	<b>140,881,022</b>

<b>Debt securities at FVOCI</b>	<b>Stage 1</b>	<b>Total</b>
<b>ECLs as at 1 January 2024</b>	<b>212,725</b>	<b>212,725</b>
New assets originated or purchased	133,910	133,910
Assets repaid	(14,498)	(14,498)
Assets sold	(35,598)	(35,598)
Changes to models and inputs used for ECL calculations	39,424	39,424
<b>At 31 December 2024</b>	<b>335,962</b>	<b>335,962</b>

An analysis of changes in the gross carrying values and associated ECLs in relation to debt securities at FVOCI 31 December 2023 is as follows:

<b>Debt securities at FVOCI</b>	<b>Stage 1</b>	<b>Total</b>
<b>Gross carrying value as at 1 January 2023</b>	<b>106,889,636</b>	<b>106,889,636</b>
New assets originated or purchased	71,615,859	71,615,859
Assets repaid	(34,103,306)	(34,103,306)
Assets sold	(18,949,114)	(18,949,114)
Net change in fair value	3,496,537	3,496,537
Foreign exchange differences	1,834,818	1,834,818
<b>At 31 December 2023</b>	<b>130,784,430</b>	<b>130,784,430</b>

(thousands of Armenian drams)

<b>Debt securities at FVOCI</b>	<b>Stage 1</b>	<b>Total</b>
<b>ECLs as at 1 January 2023</b>	<b>183,014</b>	<b>183,014</b>
New assets originated or purchased	102,757	<b>102,757</b>
Assets repaid	(15,071)	<b>(15,071)</b>
Assets sold	(42,204)	<b>(42,204)</b>
Changes to models and inputs used for ECL calculations	(15,771)	<b>(15,771)</b>
<b>At 31 December 2023</b>	<b>212,725</b>	<b>212,725</b>

### 13. Property, equipment and right-of-use assets

The movements in property, equipment and right -of-use assets were as follows:

	<i>Land and buildings</i>	<i>Equipment</i>	<i>Vehicles</i>	<i>Computers and network appliances</i>	<i>Other fixed assets</i>	<i>Leasehold improvements</i>	<i>CIP</i>	<i>Right-of-use asset</i>	<i>Total</i>
<b>Cost or revalued amount</b>									
<b>31 December 2023</b>	<b>5,308,998</b>	<b>792,009</b>	<b>301,710</b>	<b>6,179,839</b>	<b>1,189,593</b>	<b>2,209,111</b>	<b>97,964</b>	<b>4,031,491</b>	<b>20,110,715</b>
Additions	12,406	209,138	39,044	642,103	94,382	298,571	91,392	-	<b>1,387,036</b>
Disposals and write-offs	-	(89,416)	(9,900)	(108,776)	(24,615)	(17,681)	-	-	<b>(250,388)</b>
Transfers	-	-	-	-	-	-	(128,727)	-	<b>(128,727)</b>
<b>31 December 2024</b>	<b>5,321,404</b>	<b>911,731</b>	<b>330,854</b>	<b>6,713,166</b>	<b>1,259,360</b>	<b>2,490,001</b>	<b>60,629</b>	<b>4,031,491</b>	<b>21,118,636</b>
<b>Accumulated depreciation</b>									
<b>31 December 2023</b>	<b>144,971</b>	<b>645,765</b>	<b>163,264</b>	<b>3,931,779</b>	<b>774,676</b>	<b>1,174,536</b>	-	<b>2,180,431</b>	<b>9,015,422</b>
Depreciation charge	145,211	56,346	22,596	602,255	75,892	167,948	-	331,718	<b>1,401,966</b>
Disposals and write-offs	-	(79,477)	(5,925)	(103,000)	(22,288)	(17,681)	-	(150,465)	<b>(378,836)</b>
<b>31 December 2024</b>	<b>290,182</b>	<b>622,634</b>	<b>179,935</b>	<b>4,431,034</b>	<b>828,280</b>	<b>1,324,803</b>	-	<b>2,361,684</b>	<b>10,038,552</b>
<b>Net book value</b>									
<b>31 December 2023</b>	<b>5,164,027</b>	<b>146,244</b>	<b>138,446</b>	<b>2,248,060</b>	<b>414,917</b>	<b>1,034,575</b>	<b>97,964</b>	<b>1,851,060</b>	<b>11,095,293</b>
<b>31 December 2024</b>	<b>5,031,222</b>	<b>289,097</b>	<b>150,919</b>	<b>2,282,132</b>	<b>431,080</b>	<b>1,165,198</b>	<b>60,629</b>	<b>1,669,807</b>	<b>11,080,084</b>
	<i>Land and buildings</i>	<i>Equipment</i>	<i>Vehicles</i>	<i>Computers and network appliances</i>	<i>Other fixed assets</i>	<i>Leasehold improvements</i>	<i>CIP</i>	<i>Right-of-use asset</i>	<i>Total</i>
<b>Cost or revalued amount</b>									
<b>31 December 2022</b>	<b>5,305,397</b>	<b>774,130</b>	<b>265,321</b>	<b>4,723,663</b>	<b>873,019</b>	<b>1,493,369</b>	<b>390,410</b>	<b>2,989,747</b>	<b>16,815,056</b>
Additions	3,601	50,941	72,044	1,494,162	222,450	758,866	-	1,210,101	<b>3,812,165</b>
Disposals and write-offs	-	(33,062)	(35,655)	(97,607)	(28,900)	(91,784)	(61,141)	(168,357)	<b>(516,506)</b>
Transfers	-	-	-	59,621	123,024	48,660	(231,305)	-	-
<b>31 December 2023</b>	<b>5,308,998</b>	<b>792,009</b>	<b>301,710</b>	<b>6,179,839</b>	<b>1,189,593</b>	<b>2,209,111</b>	<b>97,964</b>	<b>4,031,491</b>	<b>20,110,715</b>
<b>Accumulated depreciation</b>									
<b>31 December 2022</b>	-	<b>636,649</b>	<b>182,814</b>	<b>3,538,146</b>	<b>767,042</b>	<b>1,177,009</b>	-	<b>1,738,055</b>	<b>8,039,715</b>
Depreciation charge	144,971	41,102	15,279	477,999	34,201	83,282	-	454,079	<b>1,250,913</b>
Disposals and write-offs	-	(31,986)	(34,829)	(84,366)	(26,567)	(85,755)	-	(11,703)	<b>(275,206)</b>
<b>31 December 2023</b>	<b>144,971</b>	<b>645,765</b>	<b>163,264</b>	<b>3,931,779</b>	<b>774,676</b>	<b>1,174,536</b>	-	<b>2,180,431</b>	<b>9,015,422</b>
<b>Net book value</b>									
<b>31 December 2022</b>	<b>5,305,397</b>	<b>137,481</b>	<b>82,507</b>	<b>1,185,517</b>	<b>105,977</b>	<b>316,360</b>	<b>390,410</b>	<b>1,251,692</b>	<b>8,775,341</b>
<b>31 December 2023</b>	<b>5,164,027</b>	<b>146,244</b>	<b>138,446</b>	<b>2,248,060</b>	<b>414,917</b>	<b>1,034,575</b>	<b>97,964</b>	<b>1,851,060</b>	<b>11,095,293</b>

(thousands of Armenian drams)

### Revaluation of assets

The fair value of the buildings and land was last determined and recorded as at 31 December 2022 based on valuation performed by an independent licensed valuator. The fair value was determined based on comparative (65%) and income methods (35%). 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 5% to 25%. Capitalization rate applied is 5%.

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.

Based on analysis of changes in real estate prices management believes that fair value of land and buildings approximates the carrying amount as at 31 December 2024.

### Fully depreciated items

As of 31 December 2024 property and equipment included fully depreciated assets in amount of AMD 3,664,952 thousand (2023: AMD 3,726,632 thousand).

### Property and equipment in the phase of installation

As of 31 December 2024 property and equipment included assets in the phase of installation in amount of AMD 584,008 thousand (2023: AMD 610,892 thousand).

### Security

No property and equipment item is pledged under any arrangements as at 31 December 2024 (2023: None).

## 14. Intangible assets

	<i>Licenses</i>	<i>Computer software</i>	<i>Other</i>	<i>Total</i>
<b>Cost</b>				
<b>1 January 2024</b>	1,067,886	259,668	676,965	<b>2,004,519</b>
Additions	29,293	10,180	80,062	<b>119,535</b>
Disposals and write-offs	-	-	-	-
<b>31 December 2024</b>	<b>1,097,179</b>	<b>269,848</b>	<b>757,027</b>	<b>2,124,054</b>
<b>Accumulated amortization and impairment</b>				
<b>1 January 2024</b>	833,003	69,459	219,849	<b>1,122,311</b>
Amortisation charge	48,344	13,367	51,957	<b>113,668</b>
Disposals and write-offs	-	-	-	-
<b>31 December 2024</b>	<b>881,347</b>	<b>82,826</b>	<b>271,806</b>	<b>1,235,979</b>
<b>Net book value</b>				
<b>1 January 2024</b>	<b>234,883</b>	<b>190,209</b>	<b>457,116</b>	<b>882,208</b>
<b>31 December 2024</b>	<b>215,832</b>	<b>187,022</b>	<b>485,221</b>	<b>888,076</b>
	<i>Licenses</i>	<i>Computer software</i>	<i>Other</i>	<i>Total</i>
<b>Cost</b>				
<b>1 January 2023</b>	<b>1,021,215</b>	<b>149,709</b>	<b>518,859</b>	<b>1,689,783</b>
Additions	46,671	110,163	158,356	<b>315,190</b>
Disposals and write-offs	-	(204)	(250)	<b>(454)</b>
<b>31 December 2023</b>	<b>1,067,886</b>	<b>259,668</b>	<b>676,965</b>	<b>2,004,519</b>
<b>Accumulated amortization and impairment</b>				
<b>1 January 2023</b>	<b>798,386</b>	<b>63,326</b>	<b>174,830</b>	<b>1,036,542</b>
Amortisation charge	34,617	6,133	45,269	<b>86,019</b>
Disposals and write-offs	-	-	(250)	<b>(250)</b>

(thousands of Armenian drams)

<b>31 December 2023</b>	<u>833,003</u>	<u>69,459</u>	<u>219,849</u>	<u>1,122,311</u>
<b>Net book value</b>				
<b>1 January 2023</b>	<u>222,829</u>	<u>86,383</u>	<u>344,029</u>	<u>653,241</u>
<b>31 December 2023</b>	<u>234,883</u>	<u>190,209</u>	<u>457,116</u>	<u>882,208</u>

**Fully amortized items**

As of 31 December 2024, intangible assets included fully amortized assets in amount of AMD 814,468 thousand (2023: AMD 798,043 thousand).

**15. Repossessed assets**

Details of assets obtained by the Bank by taking possession of collateral held as security against loans and advances as at 31 December 2024 and 31 December 2023 are shown below:

	<u>31 December 2024</u>	<u>31 December 2023</u>
Land and buildings	819,001	1,033,211
Other assets	20,036	15,327
	<u>839,037</u>	<u>1,048,538</u>
Less: allowance for impairment	(310,120)	(244,416)
<b>Total repossessed collateral</b>	<u>528,917</u>	<u>804,122</u>

The Bank's policy is to pursue timely realisation of the collateral in an orderly manner. The Bank generally does not use the non-cash collateral for its own operations. The assets are measured at the lower of their carrying amount and fair value less costs to sell. For the period ended 31 December 2024 the Bank repossessed assets in amount of AMD 125,617 thousand (2023: AMD 194,752 thousand) and sold assets with carrying amount of AMD 324,725 thousand (2023: AMD 1,673,285 thousand).

**16. Other assets and liabilities**

Other assets comprise:

	<u>31 December 2024</u>	<u>31 December 2023</u>
<b>Other financial assets</b>		
Accounts receivables	654,491	546,583
Receivables from cash transfers	163,947	242,274
<b>Total other financial assets</b>	<u>818,438</u>	<u>788,857</u>
Less – allowance for impairment of other financial assets	(20,087)	(28,363)
<b>Total net other financial assets</b>	<u>798,351</u>	<u>760,494</u>
<b>Other non-financial assets</b>		
Prepayments to suppliers	747,052	816,236
Precious metals	471,939	1,514,469
Other prepaid taxes	456,079	389,881
Materials	370,771	249,532
Unamortized insurance premium	40,451	32,940
Settlements with employees	6,833	6,146
Other	1,865	1,865
<b>Total other non-financial assets</b>	<u>2,094,990</u>	<u>3,011,069</u>
<b>Other assets</b>	<u>2,893,341</u>	<u>3,771,563</u>

(thousands of Armenian drams)

An analysis of changes in the ECLs for other financial assets for the period ended 31 December 2024 is as follows:

	<u>Stage 1</u>	<u>Stage 2</u>	<u>Stage 3</u>	<u>Total</u>
<b>ECL at 1 January 2024</b>	<b>28,283</b>	<b>30</b>	<b>49</b>	<b>28,363</b>
Transfers to Stage 1	8	(2)	(6)	-
Transfers to Stage 2	(13)	13	-	-
Transfers to Stage 3	(45)	(9)	53	-
ECL charge	(8,445)	200	3,735	<b>(4,510)</b>
Recoveries	-	-	7,163	<b>7,163</b>
Amounts written off	-	-	(10,795)	<b>(10,795)</b>
Foreign exchange differences	(127)	-	(6)	<b>(133)</b>
<b>At 31 December 2024</b>	<b>19,661</b>	<b>232</b>	<b>193</b>	<b>20,087</b>

An analysis of changes in the ECLs for other financial assets for the year ended 31 December 2023 is as follows:

	<u>Stage 1</u>	<u>Stage 2</u>	<u>Stage 3</u>	<u>Total</u>
<b>ECL at 1 January 2023</b>	<b>29,804</b>	<b>25</b>	<b>348</b>	<b>30,177</b>
Transfers to Stage 1	5	-	(5)	-
Transfers to Stage 2	-	-	-	-
Transfers to Stage 3	(4)	(15)	19	-
ECL charge	(1,521)	20	(792)	<b>(2,293)</b>
Recoveries	-	-	16,496	<b>16,496</b>
Amounts written off	-	-	(16,022)	<b>(16,022)</b>
Foreign exchange differences	-	-	5	<b>5</b>
<b>At 31 December 2023</b>	<b>28,284</b>	<b>30</b>	<b>49</b>	<b>28,363</b>

Other liabilities comprise:

	<u>31 December 2024</u>	<u>31 December 2023</u>
<b>Other financial liabilities</b>		
Due to personnel	2,095,514	1,780,104
Accounts payables	861,414	751,242
<b>Total other financial liabilities</b>	<b>2,956,928</b>	<b>2,531,346</b>
<b>Other non-financial liabilities</b>		
Tax payable, other than income tax	1,228,199	1,003,409
Grants related to assets	9,044	11,468
Other	2	2
<b>Total other non-financial liabilities</b>	<b>1,237,245</b>	<b>1,014,879</b>
<b>Total other liabilities</b>	<b>4,194,173</b>	<b>3,546,225</b>

## 17. Amounts due to banks

Amounts due to banks comprise:

	<u>31 December 2024</u>	<u>31 December 2023</u>
Correspondent accounts of other banks	663,469	177,448
Loans and deposits from banks	-	61,600
Other liabilities	2,285	3,277
<b>Total amounts due to banks</b>	<b>665,754</b>	<b>242,325</b>

As of 31 December 2024, the Bank does not have received loans and deposits from banks (2023: 1 banks).

As of 31 December 2024 97.1% of correspondent accounts of other banks are concentrated within 5 counterparties (2023: 95.7% within 3 counterparty).

(thousands of Armenian drams)

**18. Accounts payable under repurchase agreements**

	<b>31 December 2024</b>	<b>31 December 2023.</b>
Repurchase agreements with CBA	45,063,031	3,933,642
Repurchase agreements with banks	14,898,183	-
Repurchase agreements with financial institutions	-	3,806,274
<b>Total repurchase agreements</b>	<b>59,961,214</b>	<b>7,739,916</b>

As at 31 December 2024 amounts payable under repurchase agreements with CBA were collateralized by RA government bonds with fair value of AMD 47,706,850 thousand (2023: 4,012,295 thousand AMD).

As at 31 December 2024 amounts payable under repurchase agreements with banks were collateralized by RA government bonds with fair value of AMD 15,655,917 thousand (2023: there were no amounts payable under repurchase agreements with financial institutions).

As at 31 December 2024 there were no amounts payable under repurchase agreements with financial institutions (2023: 3,914,984 thousand AMD).

**19. Amounts due to customers**

The amounts due to customers include the following:

	<b>31 December 2024</b>	<b>31 December 2023</b>
<b>Corporate customers</b>		
Current/settlement accounts	78,912,109	92,270,849
Time deposits	99,455,351	95,372,741
	<b>178,367,460</b>	<b>187,643,590</b>
<b>Retail customers</b>		
Current/settlement accounts	78,979,287	75,383,637
Time deposits	97,758,579	92,416,155
	<b>176,737,866</b>	<b>167,799,792</b>
<b>Amounts due to customers</b>	<b>355,105,326</b>	<b>355,443,382</b>

As of 31 December 2024, included in amounts due to customers are deposits amounting to AMD 36,415,794 thousand (2023: AMD 39,061,851 thousand) held as security against loans, letters of credit issued, guarantees issued and other transaction related to contingent liabilities.

As of 31 December 2024, the aggregate balance of top ten customers of the Bank amounts to AMD 119,139,926 thousand (2023: AMD 120,718,599 thousand) or 33,55% of total customer accounts (2023: 33.60%).

**20. Debt securities issued**

Debt securities issued consisted of the following:

	<b>31 December 2024</b>	<b>31 December 2023</b>
Domestic bonds in USD	13,982,881	12,235,398
Domestic bonds in AMD	10,186,864	8,131,950
<b>Debt securities issued</b>	<b>24,169,745</b>	<b>20,367,348</b>

The contractual maturity of AMD and USD bonds ranges from 2025 -2027. Coupon rates are 9.75% to 10.25% for bonds denominated in AMD, 3.75% to 4.75% for bonds denominated in USD.

(thousands of Armenian drams)

## 21. Taxation

The corporate income tax expense comprises:

	<u>31 December 2024</u>	<u>31 December 2023</u>
<b>Current tax charge</b>	<b>3,438,623</b>	<b>4,056,602</b>
Deferred tax charge – origination and reversal of temporary differences	543,209	(243,852)
<b>Total income tax expense</b>	<b><u>3,981,832</u></b>	<b><u>3,812,750</u></b>

As of 31 December 2024, the corporate income tax within the Republic of Armenia is levied at the rate of 18% (2023: 18%). Differences between IFRS and RA statutory tax regulations give rise to certain temporary differences between the carrying value of certain assets and liabilities for financial reporting purposes and for profit tax purposes.

Numerical reconciliation between the tax expenses and accounting profit is provided below:

	<u>31 December 2024</u>		<u>31 December 2023</u>	
<b>Profit before tax</b>	<b>19,594,680</b>		<b>18,436,419</b>	
<b>Income tax at the applicable tax rate</b>	3,527,042	18%	3,318,555	18%
Non-deductible expenses	454,790	2%	494,195	3%
<b>Income tax expense</b>	<b><u>3,981,832</u></b>	<b><u>20%</u></b>	<b><u>3,812,750</u></b>	<b><u>21%</u></b>

Deferred tax assets and liabilities as of 31 December 2024 and 31 December 2023 and their movements for the respective periods comprise:

	<u>Origination and reversal of temporary differences</u>			<u>Origination and reversal of temporary differences</u>			
	Balance 31 December 2022	In the statement of profit or loss	In other comprehensive income	Balance 31 December 2023	In the statement of profit or loss	In other comprehensive income	Balance 31 December 2024
Loans and advances to customers	(1,118,024)	191,740	-	(926,284)	(288,685)	-	(1,214,969)
Investment securities	930,595	4,426	(599,520)	335,501	22,741	(495,495)	(137,253)
Property, equipment and right-of-use assets	(592,254)	(86,747)	-	(679,001)	(205,816)	-	(884,817)
Repossessed assets	81,110	14,024	-	95,134	(39,168)	-	55,966
Amounts due to customers	(7,140)	(3,170)	-	(10,310)	(309)	-	(10,619)
Lease liabilities	273,873	75,834	-	349,706	(23,205)	-	326,501
Other impairment and provisions	7,966	22,646	-	30,612	(75,586)	-	(44,974)
Other liabilities	285,080	25,100	-	310,180	66,819	-	376,999
<b>Net deferred tax liabilities</b>	<b><u>(138,794)</u></b>	<b><u>243,852</u></b>	<b><u>(599,520)</u></b>	<b><u>(494,462)</u></b>	<b><u>(543,209)</u></b>	<b><u>(495,495)</u></b>	<b><u>(1,533,165)</u></b>

(thousands of Armenian drams)

## 22. Other borrowed funds

Other borrowed funds consisted of the following:

	<b>31 December 2024</b>	<b>31 December 2023</b>
Loans from refinancing credit organizations	30,761,156	29,632,386
Loans from CBA	5,768,167	5,717,504
Loans from international financial institution	764,282	1,874,052
Loans from the Government of the RA	15,060	27,805
<b>Other borrowed funds</b>	<b>37,308,665</b>	<b>37,251,747</b>

As of 31 December 2024, Loan from CBA represent loans received from the German-Armenian fund within the scope of retroactive financing for extending credits to the Small and Medium businesses, consumer and other purposes.

Loans from international financial organizations include loans from European Bank for Reconstruction and Development.

Loans from refinancing credit organizations include loans from National Mortgage Company and Home for Youth.

Loan from refinancing credit organizations and loans from CBA represent arrangements to sub-lend these funds to borrowers for qualifying 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 represent a separate market segment and accordingly, at the initial recognition the Bank does not discount them.

### Covenants

As at 31 December 2024 and 31 December 2023 the Bank was in compliance with all debt covenants.

## 23. Commitments and contingencies

### Tax and legal matters

The taxation system in Armenia is relatively new and is characterised by frequent changes in legislation, official pronouncements and court decisions, which are sometimes unclear, contradictory and subject to varying 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. Management believes that the Bank has complied with all regulations and has completely settled all its tax liabilities.

Management also believes that the ultimate liability, if any, arising from legal actions and complaints taken against the Bank, will not have a material adverse impact on the financial condition or results of future operations of the Bank.

### Loan commitment, guarantee and other financial facilities

In the normal course of business, the Bank is a party to financial instruments with off-balance sheet risk in order to meet the needs of its customers. These instruments, involving varying degrees of credit risk, are not reflected in the statement of financial position.

### Commitments and contingencies

As of 31 December 2024 and 31 December 2023 the Bank's commitments and contingencies comprised the following:

(thousands of Armenian drams)

	<b>31 December 2024</b>	<b>31 December 2023</b>
<b>Credit related commitments</b>		
Undrawn loan commitments	15,058,487	14,457,798
Financial guarantees	8,510,315	8,494,788
Letters of credit	430,146	-
	<b>23,998,948</b>	<b>22,952,586</b>
Provisions for ECL for credit related commitments	(219,072)	(323,878)

An analysis of changes in the ECLs at 31 December 2024 is as follows:

<b>Undrawn loan commitments</b>	<b>Stage 1</b>	<b>Total</b>
<b>ECLs as at 1 January 2024</b>	<b>195,601</b>	<b>195,601</b>
New exposures	76,942	76,942
Expired exposures	(85,074)	(85,074)
Changes to models and inputs used for ECL calculations	(42,674)	(42,674)
Foreign exchange adjustments	(1,178)	(1,178)
<b>At 31 December 2024</b>	<b>143,617</b>	<b>143,617</b>

<b>Financial guarantees</b>	<b>Stage 1</b>	<b>Total</b>
<b>ECLs as at 1 January 2024</b>	<b>128,277</b>	<b>128,277</b>
New exposures	49,271	49,271
Expired exposures	(93,763)	(93,763)
Changes to models and inputs used for ECL calculations	(15,333)	(15,333)
Foreign exchange adjustments	(538)	(538)
<b>At 31 December 2024</b>	<b>67,915</b>	<b>67,915</b>

<b>Letters of credit</b>	<b>Stage 1</b>	<b>Total</b>
<b>ECLs as at 1 January 2024</b>	-	-
New exposures	7,540	7,540
Expired exposures	-	-
Foreign exchange adjustments	-	-
<b>At 31 December 2024</b>	<b>7,540</b>	<b>7,540</b>

An analysis of changes in the ECLs at 31 December 2023 is as follows:

<b>Undrawn loan commitments</b>	<b>Stage 1</b>	<b>Total</b>
<b>ECLs as at 1 January 2023</b>	<b>49,584</b>	<b>49,584</b>
New exposures	114,792	114,792
Expired exposures	(10,215)	(10,215)
Changes to models and inputs used for ECL calculations	39,683	39,683
Foreign exchange adjustments	1,757	1,757
<b>At 31 December 2023</b>	<b>195,601</b>	<b>195,601</b>

<b>Financial guarantees</b>	<b>Stage 1</b>	<b>Total</b>
<b>ECLs as at 1 January 2023</b>	<b>89,321</b>	<b>89,321</b>
New exposures	78,853	78,853
Expired exposures	(36,481)	(36,481)
Changes to models and inputs used for ECL calculations	(3,971)	(3,971)
Foreign exchange adjustments	555	555
<b>At 31 December 2023</b>	<b>128,277</b>	<b>128,277</b>

<b>Letters of credit</b>	<b>Stage 1</b>	<b>Total</b>
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(thousands of Armenian drams)

<b>ECLs as at 1 January 2023</b>	<b>4,158</b>	<b>4,158</b>
Expired exposures	(4,276)	(4,276)
Foreign exchange adjustments	118	118
<b>At 31 December 2023</b>	<b>-</b>	<b>-</b>

## Insurance

The insurance industry in Armenia is at developing stage and many forms of insurance protection common in other parts of the world are not yet generally available. However, as at 31 December 2024 the Bank possesses insurance for its transportation (also compulsory motor third party liability insurance) and buildings, properties, ATMs, banking risks, electronic or computer crimes and for professional responsibility. Until the Bank obtains adequate insurance coverage, there is a risk that the loss or destruction of certain assets could have a material adverse effect on the Bank's operations and financial position.

## 24. Equity

As of 31 December 2024 the Bank's registered and paid-in share capital was AMD 19,947,633 thousand (2023: AMD 19,947,633 thousand).

In accordance with the Bank's statutes, the share capital consists of 66,492 ordinary shares, all of which have a par value of AMD 300,000 each and of 333 preference shares, all of which have a par value of AMD 100 each (2023: 66,492 ordinary shares and 333 preference shares).

The respective shareholdings as at 31 December 2024 and 31 December 2023 may be specified as follows:

	<b>31 December 2024</b>		<b>31 December 2023</b>	
	<b><i>Paid-in share capital</i></b>	<b><i>% of total paid-in capital</i></b>	<b><i>Paid-in share capital</i></b>	<b><i>% of total paid-in capital</i></b>
Advanced Global Investments LLC	14,539,800	72.89	14,539,800	72.89
Advanced Global Investments LLC (preference shares)	33	-	33	-
HayPost Trust Management S.A.R.L	4,410,600	22.11	4,410,600	22.11
The Armenian Apostolic Church, presented by Mother See of Holy Etchmiadzin	997,200	5.00	997,200	5.00
	<b>19,947,633</b>	<b>100.00</b>	<b>19,947,633</b>	<b>100.00</b>

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 preference shareholders are entitled to receive annual dividends amounting 20% of the nominal value of the shares they own if decision on dividend payment is made by authorized body.

According to decision of Meeting of Shareholders dated on 20 June 2024 dividends declared and paid by the Bank amounted to AMD 4,467,540 thousand for ordinary shares and AMD 6.6 thousand to preferred shareholders (2023: AMD 4,432,084 thousand for ordinary shares and AMD 6.6 thousand to preferred shareholders). As of the date the dividends declared per ordinary share amounted to AMD 67,189, and dividends per preference share amounted to AMD 19.8 (2023: AMD 66,656 per ordinary shares and AMD 19.8 per preference shares).

The share capital of the Bank was contributed by the shareholders in Armenian drams and they are entitled to dividends and any capital distribution in Armenian drams.

Distributable reserves equal the amount of retained earnings, determined according to the Armenian legislation. Non-distributable reserves are represented by a statutory general reserve fund. The statutory general reserve has been created in accordance with the Bank's statutes.

### Statutory general reserve

The statutory general reserve is created as required by the regulations of the Republic of Armenia, in respect of general banking risks, including future losses and other unforeseen risks or contingencies. The reserve is created in accordance with the Bank's charter, which requires creation of statutory general reserve.

(thousands of Armenian drams)

**Revaluation surplus for land and buildings**

Revaluation surplus for land and buildings is used to record increases in the fair value of land and buildings and decreases to the extent that such decrease relates to an increase on the same asset previously recognised in equity.

**Revaluation reserve for financial assets at FVOCI**

Revaluation reserve for financial assets at FVOCI records fair value and expected credit loss changes on financial assets at FVOCI.

**25. Net interest income**

Net interest income comprises:

	<b>01/10/24- 31/12/24</b>	<b>01/01/24- 31/12/24</b>	<b>01/10/23- 31/12/23</b>	<b>01/01/23- 31/12/23</b>
<b>Financial assets measured at amortized cost</b>				
Loans to customers	8,975,073	33,362,972	7,259,328	26,341,553
Investment securities	119,916	543,586	203,402	751,204
Amounts due from banks	188,904	831,619	103,869	370,304
Cash equivalents	6,993	45,653	27,175	78,868
Finance leases	108,016	325,329	63,115	144,399
Other interest income	4,443	16,747	4,099	14,620
<b>Financial assets measured at fair value through other comprehensive income</b>				
Debt securities at FVOCI	2,742,927	10,587,491	2,740,712	9,794,132
<b>Interest income calculated using effective interest rate</b>	<b>12,146,272</b>	<b>45,713,397</b>	<b>10,401,700</b>	<b>37,495,080</b>
Trading securities	10,501	46,796	11,948	43,980
<b>Other interest income</b>	<b>10,501</b>	<b>46,796</b>	<b>11,948</b>	<b>43,980</b>
<b>Total interest income</b>	<b>12,156,773</b>	<b>45,760,193</b>	<b>10,413,648</b>	<b>37,539,060</b>
Amounts due to customers	3,452,422	13,630,431	3,285,311	11,753,750
Other borrowed funds	586,160	2,400,503	612,292	2,400,898
Debt securities issued	374,237	1,355,831	334,208	1,281,531
Amounts due to banks	832,551	2,208,740	176,441	349,551
Lease liabilities	57,642	231,076	32,424	156,685
Subordinated loans	-	-	-	418
<b>Interest expense</b>	<b>5,303,012</b>	<b>19,826,581</b>	<b>4,440,676</b>	<b>15,942,833</b>
<b>Net interest income</b>	<b>6,853,761</b>	<b>25,933,612</b>	<b>5,972,972</b>	<b>21,596,227</b>

**26. Net fee and commission income**

Net fee and commission income comprises:

	<b>01/10/24- 31/12/24</b>	<b>01/01/24- 31/12/24</b>	<b>01/10/23- 31/12/23</b>	<b>01/01/23- 31/12/23</b>
Plastic cards operations	1,761,050	8,176,810	2,457,674	8,231,346
Wire transfer fees	182,668	731,559	180,488	705,619
Fees and commission income from early repayments of loans	44,500	163,403	98,108	400,013
Settlement operation	83,257	332,809	93,986	389,923
Banknotes transfers to banks	4,661	50,567	982	159,527
Guarantees and letters of credit	44,554	182,826	42,562	142,553
Other fee income	269,718	953,067	245,617	853,501
<b>Fee and commission income</b>	<b>2,390,408</b>	<b>10,591,042</b>	<b>3,119,417</b>	<b>10,882,481</b>
Plastic cards operations	1,090,642	5,312,094	1,545,338	5,768,209
Expenses related to Armenian Card payment system	238,879	930,265	151,163	521,575
Banknotes transfers to banks	27,374	92,542	49,336	176,438
Wire transfer fees	51,402	179,145	38,055	146,352
Settlement operation	7,040	27,842	9,697	38,942
Guarantees and letters of credit	1,419	25,929	(2,495)	19,128
Other fee expense	86,875	278,704	56,948	310,507
<b>Fee and commission expense</b>	<b>1,503,631</b>	<b>6,846,521</b>	<b>1,848,042</b>	<b>6,981,151</b>
<b>Net fee and commission income</b>	<b>886,777</b>	<b>3,744,521</b>	<b>1,271,375</b>	<b>3,901,330</b>

(thousands of Armenian drams)

**Performance obligations and revenue recognition policies**

Fee and commission income from the contracts with customers is measured based on the consideration specified in the contract with the customer. The Bank recognises revenue when it transfers control over a service to a customer. Due to the nature of the service, no significant contract assets and liabilities exist.

Type of product/service	Nature and timing of satisfaction of performance obligations, including significant payment terms	Revenue recognition under IFRS 15
<b>Retail and corporate banking service</b>	<p>The Bank provides banking services to retail and corporate customers, including account management, credit card and servicing fees, fees form transfers.</p> <p>Fees for ongoing account management and servicing are charged to the customer's account on monthly basis. The Bank sets the rates separately for retail and corporate banking customers on a regular basis.</p> <p>Transaction-based fees including fees for money transfers and processing fees are charged to the customer's account when the transaction takes place or service is performed.</p>	<p>Revenue from account management and servicing fees is recognised over time as the services are provided.</p> <p>Transaction and processing fees are recognised at the point in time the transaction occurs or service is performed.</p>

**27. Net trading income**

	01/10/24- 31/12/24	01/01/24- 31/12/24	01/10/23- 31/12/23	01/01/23- 31/12/23
Net gains from foreign currency transactions	1,364,792	5,953,389	1,834,435	8,329,685
Net income/(loss) from operations with precious metals	30,429	85,384	183,796	286,683
Net gain from trading securities	10,980	77,034	6,262	114,817
Net loss on derivative financial instruments	(582,056)	(371,933)	409,137	(894,689)
<b>Total net trading income</b>	<b>824,145</b>	<b>5,743,874</b>	<b>2,433,630</b>	<b>7,836,496</b>

**28. Other income**

	01/10/24- 31/12/24	01/01/24- 31/12/24	01/10/23- 31/12/23	01/10/24- 31/12/24
Fines and penalties received	163,044	575,562	219,559	647,940
Income from cash collection services	-	-	-	10,681
Income from dividends	-	871	-	-
Income from grants	606	2,424	606	2,424
Other income	70,554	178,765	201,905	265,080
<b>Total other income</b>	<b>234,204</b>	<b>757,622</b>	<b>422,070</b>	<b>926,125</b>

**29. Net impairment losses on financial instruments**

The table below shows the ECL charges on financial instruments recorded in the statement of profit or loss at 31 December 2024:

	Note	Stage 1	Stage 2	Stage 3	Total
Cash and cash equivalents	5	(824)	-	-	(824)
Amounts due from banks	7	(2,679)	-	-	(2,679)
Loans and advances to customers	9	624,771	(12,549)	(671,768)	(59,547)
Debt securities measured at amortised cost	10	(5,990)	-	-	(5,990)
Debt securities measured at FVOCI	10	123,237	-	-	123,237
Other financial assets	14	(8,495)	202	3,782	(4,511)
Financial guarantees	19	(59,822)	-	-	(59,822)
Loan commitments	19	(50,806)	-	-	(50,806)
Letters of credit	19	7,540	-	-	7,540
<b>Total credit loss expense</b>		<b>626,932</b>	<b>(12,347)</b>	<b>(667,986)</b>	<b>(53,401)</b>

(thousands of Armenian drams)

The table below shows the ECL charges on financial instruments recorded in the statement of profit or loss at 31 December 2023:

	<b>Note</b>	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>
Cash and cash equivalents	7	(3,997)	-	-	<b>(3,997)</b>
Amounts due from banks	9	8,029	-	-	<b>8,029</b>
Loans and advances to customers	11	(613,068)	(276,201)	(207,601)	<b>(1,096,870)</b>
Debt securities measured at amortised cost	12	1,248,203	-	-	<b>1,248,203</b>
Debt securities measured at FVOCI	12	29,709	-	-	<b>29,709</b>
Other financial assets	16	(1,521)	20	(792)	<b>(2,293)</b>
Financial guarantees	22	38,956	-	-	<b>38,956</b>
Loan commitments	22	146,017	-	-	<b>146,017</b>
Letters of credit	22	(4,158)	-	-	<b>(4,158)</b>
<b>Total credit loss expense</b>		<b>848,170</b>	<b>(276,181)</b>	<b>(208,393)</b>	<b>363,596</b>

### 30. Personnel and other operating expenses

Personnel and other operating expenses comprise:

	<b>01/10/24- 31/12/24</b>	<b>01/01/24- 31/12/24</b>	<b>01/10/23- 31/12/23</b>	<b>01/01/23- 31/12/23</b>
Salaries	2,883,520	10,366,245	2,648,209	9,136,872
Other expenses	21,807	194,761	75,593	206,923
<b>Personnel expenses</b>	<b>2,905,327</b>	<b>10,561,006</b>	<b>2,723,802</b>	<b>9,343,795</b>
Software maintenance expenses	299,303	1,188,047	164,689	901,226
Advertising costs	427,203	1,263,682	173,479	726,222
Insurance of deposits	102,579	429,129	111,954	452,276
Fixed assets repair and maintenance expenses	72,893	261,242	81,872	278,180
Communications	81,539	258,394	56,979	219,272
Security	61,163	227,992	51,914	209,525
Taxes, other than income tax, duties	39,294	194,351	40,310	198,488
Office supplies	121,644	315,358	104,608	261,972
Consulting	23,254	118,842	114,741	212,124
Audit	23,100	50,400	18,900	50,400
Insurance expenses	44,921	132,394	41,603	113,997
Utility expenses	34,435	145,387	23,817	113,495
Business trip expenses	20,591	72,357	7,730	53,464
Financial system mediator	12,663	50,650	11,554	46,218
Lease expenses	4,212	19,407	13,245	54,170
Other expenses	138,903	534,598	970,229	1,338,745
<b>Other operating expenses</b>	<b>1,465,697</b>	<b>5,262,230</b>	<b>1,987,624</b>	<b>5,229,774</b>

(thousands of Armenian drams)

## 31. Risk management

### Introduction

The Bank's activities expose it to a variety of financial risks and those activities involve the analysis, evaluation, acceptance and management of some degree of risk or combination of risks.

The process of risk management is organized in accordance with the mission, principal and interim objectives of the Bank and is designed to improve the financial position and the reputation of the Bank.

The aim of the risk management process is the assistance to the management of the Bank in making decisions in the framework of risk mitigation measures, limits and internal acts for effectively managing the risks related to the assets and liabilities of the Bank and its customers by the means of excluding or minimizing the possible losses related to the risks, ensuring the acceptable level of profitability, liquidity and solvency. The risk management is based on procedures, regulations, norms and limits, approved by the Bank's authorized body. The identification, measurement, supervision and monitoring of the Bank's risks are ongoing and regular processes. The risk analysis is an integral part of the Bank's strategic planning, as well as the evaluation of investment programs. The Bank's risks management principles include: the implementation of non-standard risk management procedures in critical situations, periodical implementation of stress scenarios for testing the financial stability, avoiding the concentrations of business processes in the assets and loan portfolio, diversification of the Bank's assets and liabilities, implementation of monitoring by a frequency consistent with the risks undertaken by the Bank, management of the risk concentrations, the ongoing cooperation between the risk management administration and departments.

### Risk management structure

The risk management is organized and coordinated by the Executive Director in accordance with the internal legal acts approved by the Bank's Board. The risk management is implemented in a clear and documented manner for all business processes described, through appropriate internal legal acts and limits determined for all the processes and operations.

#### *The Board*

The Board is responsible for the overall supervision of risk management and risk management policy, as well as approval of the policies related to the risk management, based on which the Bank's Executive Director organizes the risk management, taking into consideration the management limits and the requirements of the Bank's internal legal acts.

#### *Direction*

The Bank's Executive Board implements the following for the purpose of risk management:

- ▶ Approval of complex measures, in agreement with the Board, based on the Bank's risk management, associated with the Bank's profitability in the critical situations, as well as operating, strategic, reputational and legal risks;
- ▶ Determining prohibitions for several transactions;
- ▶ Determining limits for transactions without collateral in inter-bank markets;
- ▶ Determining internal norms for banking risks regulation and supervision.

The Executive Board is responsible for the management of the Bank's assets and liabilities, as well as the overall financial system. The Bank's Executive Board is also responsible for the Bank's liquidity financial risks. The Executive Board is designed to fulfil the functions of the Bank's Assets and Liabilities Management Committee.

#### *Risk management division*

The main functions of the risk management division are:

- ▶ Elaboration and implementation of active mechanisms and processes for risk management in the Bank, as well as monitoring over their implementation;
- ▶ Analysis of the risk level of loans issued by the Bank and the monitoring over the lending process in the framework of program loans;
- ▶ Monitoring of issued loans, identification of issues related to them and reporting;
- ▶ Supervision over the evaluation of pledged property and periodical revaluations of the pledged property;
- ▶ Organization of the insurance process of the Bank's property;
- ▶ Management of the doubtful loans portfolio.

(thousands of Armenian drams)

### **Internal audit**

Risk management processes throughout the Bank are audited annually by the internal audit function that examines both the adequacy of the procedures and the Bank's compliance with the procedures. Internal Audit discusses the results of all assessments with management, and reports its findings and recommendations to the Bank's Board.

### **Risk measurement and reporting systems**

Depending upon various factors, the Bank divides the risks into the internal and external risks.

The external risks include the country, legislation, force-major factors, price and competition risks.

Internal risks of the Bank are the risks associated with its activity. They include the credit, operational, liquidity, interest rate, currency, reputational, capital decrease, staff and money laundering risks.

The country risk is managed by the Bank using the rating of international rating agencies (Moody's, S&P, Fitch), granted to international banks and organizations. The risk management division monitors the rating of internal bank counterparties of the Bank and quarterly presents to the Bank's Executive Board approval the limits for each bank and financial institution.

The minimal possible price risk level is ensured in the framework of the following measures: analysis of the financial markets' structural, volume and price indicators' dynamics, and liquidity of several financial instruments, as well as identification of current trades, assessment of possible losses on a monthly basis using the stress testing, determination of limits for financial instruments (by types of transactions with securities, by dealer, by issuer), diversification of securities portfolio by issuer, industry, maturity profile, etc.

The management of competition risk is implemented by the business divisions and marketing department, by periodically comparing the range of services and conditions provided by the Bank and its competitors.

The interest rate risk is managed by the Risk Management Division of the Bank by elaborating and implementing interest rate mitigation mechanisms/models, based on which the Bank's Assets and Liabilities Management Committee makes decisions. The Risk Management Division has elected to use the models for interest rate change sensitivity gap, duration and basic risk. Interest rate change sensitivity gap and duration models are implemented through stress testing on a monthly basis. The interest rate basic risk is managed through stress tests by implementing scenarios of different severity on a quarterly basis.

For liquidity risk management purposes daily discussions are held around the structure of assets and liabilities maturity profiles and the liquidity gap, as well as supervision is established over the weight of investments in highly liquid instruments. For mitigation of the liquidity risk the Bank's Risk management division presents monthly analysis of the Bank's expected repayments, amounts to be lent and the positions to the Bank's Assets and Liabilities Management Committee. The liquidity risk management includes the elaboration of pricing mechanisms for assets of the Bank, limits of amounts attracted by the Bank, their types or gross interest expenses, limits on concentrations of the financial sources used by the Bank for fulfilling the liquidity requirements, the diversification of the maturities of the borrowings, limits on the borrowings attracted from the Bank's related parties aimed at satisfying the liquidity needs, principles and methods for determining the interest rate risk limit, including the interest rate risk and limits related to the off-balance sheet items, the intended level of interest margins, mechanisms and procedures of making decisions on attraction and attribution of financial means, acceptable limits of maturity gaps between the Bank's assets and liabilities, the ways of coordinating the Bank's other divisions activities, who can influence the Bank's liquidity level by their operations, the extraordinary liquidity requirements fulfilment programs (which can arise from reduction of the income, increase of doubtful assets, concentrations of deposits), the forms of reports on liquidity management to be submitted to the Bank's executive body and Board.

The capital decrease risk measurement mechanisms are the norms determined internally and by the CBA (capital adequacy, one borrower risk etc.). The stress tests implemented monthly allow determining the maximum loss of capital, depending on different circumstances.

The staff risk is managed by the Staff management department, which periodically observes the vacancies and offered conditions existing in the RA banking system, as well as organizes trainings for improving the professional skills level of the employees by using internal and external resources.

The money laundering risk management is conducted by the financial observations department, which operates in accordance with the requirements of anti-money laundering legislation and Bank's internal legal acts.

(thousands of Armenian drams)

### **Excessive risk concentrations**

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Bank's performance to developments affecting a particular industry or geographical location.

For avoiding the excessive risk concentrations, the Bank's policy and processes includes special principles aimed at maintaining diversified assets types, loan and securities portfolios.

### **Credit risk**

Credit risk is the risk that the Bank will incur a loss because its customers, clients or counterparties failed to discharge their contractual obligations. The Bank manages and controls credit risk by setting limits on the amount of risk it is willing to accept for individual counterparties and for geographical and industry concentrations, and by monitoring exposures in relation to such limits.

The Bank has established a credit quality review process to provide early identification of possible changes in the creditworthiness of counterparties, including regular collateral revisions. The credit quality review process allows the Bank to assess the potential loss as a result of the risks to which it is exposed and take corrective action.

### **Derivative financial instruments**

Credit risk arising from derivative financial instruments is, at any time, limited to those with positive fair values, as recorded in the statement of financial position.

### **Credit-related commitments risks**

The Bank makes available to its customers guarantees which may require that the Bank make payments on their behalf. Such payments are collected from customers based on the terms of the letter of credit. They expose the Bank to similar risks to loans and these are mitigated by the same control processes and policies.

The maximum exposure to credit risk for the components of the statement of financial position, including derivatives, before the effect of mitigation through the use of master netting and collateral agreements, is best represented by their carrying amounts.

Where financial instruments are recorded at fair value, the carrying value represents the current credit risk exposure but not the maximum risk exposure that could arise in the future as a result of changes in values.

For more detail on the maximum exposure to credit risk for each class of financial instrument, references shall be made to the specific notes. The effect of collateral and other risk mitigation techniques is shown in Note 9.

### **Impairment assessment**

The Bank calculates ECL based on three probability-weighted scenarios to measure the expected cash shortfalls, discounted at the EIR at origination. 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 considering the possible credit risk. The mechanics of the ECL calculations are outlined below and the key elements are as follows:

PD	The <i>Probability of Default</i> 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 <i>Exposure at Default</i> 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 <i>Loss Given Default</i> 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.

(thousands of Armenian drams)

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. Based on the above process, the Bank Banks 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 income 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 91 days past due on its contractual payments.

A financial instrument is also considered as credit-impaired based on predefined other quantitative and qualitative factors.

#### **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's credit risks management division analyses publicly available information such as financial information and other external data, e.g., the external ratings.

#### **Loans customers**

##### *Bucketing*

For stage 1 and stage 2 loans to customers, as well as for individually not significant stage 3 exposures, the Bank calculates ECL on portfolio level. The following portfolios are segregated by the Bank.

- ▶ Large business loans;
- ▶ SME loans;
- ▶ Consumer loans;
- ▶ Mortgage loans;
- ▶ Gold pawn loans.

PDs for loans to customers are based on historic information and calculated through probability transition matrices, based on historical information on ageing of the loan portfolios. The probabilities are calculated as the share of loans transferring to defaulted category during 12-month period from the total number of credits at the beginning of the period. In calculation of PDs the Bank considers forward looking macroeconomic parameters that had impact on the probability of default estimated through time series regression analysis. The forecasts of PDs are evaluated based on the officially available forward-looking macroeconomic parameters.

Based on the estimated deviation of the historical forecasts of the selected macroeconomic parameters from the actual trends three scenarios of the forward-looking macroeconomic development are directed to the final outcome of PDs , which are weighted by 15%, 70% and 15% probabilities corresponding to the best, base and worst case scenarios.

#### **Exposure at default**

The exposure at default (EAD) represents the gross carrying amount of the financial instruments subject to the impairment calculation, addressing both the client's ability to increase its exposure while approaching default and potential early repayments too. To calculate the EAD for a Stage 1 loan, the Bank assesses the possible default events within 12 months for the calculation of the 12mECL. For Stage 2 and Stage 3 financial assets, the exposure at default is considered for events over the lifetime of the instruments.

(thousands of Armenian drams)

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

#### **Loss given default**

The Bank uses historical information on recoveries after the default date for all collectively assessed defaulted loans for LGD calculation purposes. All cash flow information is collected after the default date per LGD bucket. For the recently defaulted loans the possible recoveries are evaluated based on the factor estimated from the population of the earlier defaulted loans. The overall recoveries are further discounted to the default point using the average effective interest rate of each LGD bucket. Cash flow information includes all kind of cash received from defaulted loans (cash received from repayment of loans, cash received from guarantor, cash received from sale of collateral, etc.).

For individually significant Stage 1, Stage 2 and Stage 3 exposures the Bank calculates LDG individually considering expected cash, including cash flows from realization 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 increase in credit risk of the assets, when payments related to that assets of the borrower are past due for more than 30 days. The Bank also believes that credit risk has increased significantly since initial recognition, based on other predefined quantitative and qualitative factors.

The loans transferred to Stage 3 are transferred back to Stage 2 if they correspond to at least Stage 2 criteria for consequent 6-months. The loans are transferred to Stage 1 from Stage 2 if they correspond to at least Stage 2 criteria for 9 months and to Stage 1 criteria for last consequent 3 months.

#### **Forward-looking information and multiple economic scenarios**

In its ECL models, the Bank relies on a broad range of forward looking information as economic inputs, such as:

- ▶ Economic Activity Index;
- ▶ USD/AMD exchange rate;
- ▶ Residential Real Estate Price Index;
- ▶ Government accounts with the CBA;
- ▶ Yield curve.

The Bank obtains the forecasts of macroeconomic data from third party source (EDB, International Monetary Fund, Central Bank of Armenia Ministry of Finance of the RA). In the absence of forecasts from external sources, the Bank relies on its internal forecasts.

Experts of the Bank's Credit Risk Department assess the weights to be assigned to different scenarios.

#### **Credit quality per class of financial assets**

The credit quality of financial assets is managed by the Bank internal credit ratings, as described above. The Bank has rating grades as per which classifies its financial assets per High, Standard, Sub-standard and Impaired grades.

<b>International external rating agency (Moody's, S&amp;P, Fitch) rating</b>	<b>Rating description</b>
A3 to Aaa / A- to AAA and fully cash collateralized assets	High grade
Baa3 to Baa1 / BBB- to BBB+, Ba3 to Ba1 / BB- to BB+	Standard grade
B3 to B1 / B- to B+	Sub-standard grade
Below B3 / B-	Impaired

In the table below loans to customers of high grade are those having a minimal level of credit risk, fully collateralized with cash and deposit. Other borrowers with good financial position and good debt service are included in the standard grade. Sub-standard grade comprises loans below standard grade but not individually impaired. For banks and securities the Bank determines allocation to grades depending on ratings given by international rating agencies.

The table below shows the credit quality by class of asset for loan-related lines in the statement of financial position and loan commitment, guarantees and other financial facilities, based on the Bank's credit rating system.

(thousands of Armenian drams)

<b>31 December 2024</b>	<b>Note</b>		<b>High grade</b>	<b>Standard grade</b>	<b>Sub-standard grade</b>	<b>Impaired</b>	<b>Total</b>
Cash and cash equivalents, except for cash on hand	6	Stage 1	2,254,033	26,913,172	-	-	<b>29,167,205</b>
Amounts due from banks	8	Stage 1	15,016,532	26,339,085	-	-	<b>41,355,617</b>
<b>Loans to customers at amortised cost</b>	11						
- Large business loans including amounts receivable under reverse repo agreements		Stage 1	31,067,947	40,203,955	-	-	<b>71,271,902</b>
		Stage 2	-	-	1,093,165	-	<b>1,093,165</b>
		Stage 3	-	-	-	4,646,283	<b>4,646,283</b>
<b>Debt investment securities</b>	12						
- Measured at FVOCI		Stage 1	26,177,303	51,340,952	-	-	<b>77,518,255</b>
- Measured at amortised cost		Stage 1	1,981,389	4,532,696	-	-	<b>6,514,085</b>
- Measured at FVOCI pledged under repurchase agreements		Stage 1	-	63,362,767	-	-	<b>63,362,767</b>
Other financial assets		Stage 1	163,947	641,970.40	-	-	<b>805,917</b>
		Stage 2	-	-	6,688	-	<b>6,688</b>
	16	Stage 3	-	-	-	5,829	<b>5,829</b>
Undrawn loan commitments	23	Stage 1	-	15,058,487	-	-	<b>15,058,487</b>
Guarantees	23	Stage 1	-	8,510,315	-	-	<b>8,510,315</b>
Letters of credit	23	Stage 1	-	430,146	-	-	<b>430,146</b>
<b>Total</b>			<b>76,661,151</b>	<b>237,333,545</b>	<b>1,099,853</b>	<b>4,652,112</b>	<b>319,746,661</b>

<b>31 December 2023</b>	<b>Note</b>		<b>High grade</b>	<b>Standard grade</b>	<b>Sub-standard grade</b>	<b>Impaired</b>	<b>Total</b>
Cash and cash equivalents, except for cash on hand	6	Stage 1	2,714,771	25,540,915	-	-	<b>28,255,686</b>
Amounts due from banks	8	Stage 1	938,175	36,404,766	-	-	<b>37,342,941</b>
<b>Loans to customers at amortised cost</b>	11						
- Large business loans including amounts receivable under reverse repo agreements		Stage 1	34,444,558	37,077,442	3,618,987	-	<b>75,140,987</b>
		Stage 2	-	-	-	-	<b>-</b>
		Stage 3	-	-	-	4,807,300	<b>4,807,300</b>
<b>Debt investment securities</b>	12						
- Measured at FVOCI		Stage 1	26,646,948	96,210,203	-	-	<b>122,857,151</b>
- Measured at amortised cost		Stage 1	4,016,352	6,531,648	-	-	<b>10,548,000</b>
- Measured at FVOCI pledged under repurchase agreements		Stage 1	-	7,927,279	-	-	<b>7,927,279</b>
Other financial assets		Stage 1	500,545	280,653	-	-	<b>781,198</b>
		Stage 2	-	-	2,895	-	<b>2,895</b>
	16	Stage 3	-	-	-	4,764	<b>4,764</b>
Undrawn loan commitments	23	Stage 1	-	14,457,798	-	-	<b>14,457,798</b>
Guarantees	23	Stage 1	-	8,494,788	-	-	<b>8,494,788</b>
<b>Total</b>			<b>69,261,349</b>	<b>232,925,492</b>	<b>3,621,882</b>	<b>4,812,064</b>	<b>310,620,787</b>

See Note 11 for more detailed information with respect to the allowance for impairment of loans to customers.

Financial guarantees, letters of credit and loan commitments are assessed and a provision for expected credit losses is calculated in similar manner as for loans.

(thousands of Armenian drams)

The following table breaks down the Bank's main credit exposure at their carrying amounts, as categorized by geographical region as of 31 December 2024 and 31 December 2023.

	31 December 2024			Total
	Armenia	Other non-OECD countries	OECD countries	
<b>Assets</b>				
Cash and cash equivalents	27,629,231	10,579,728	1,139,667	39,348,626
Trading securities	943,498	-	-	943,498
Amounts due from banks	27,449,915	2,394,073	11,489,806	41,333,795
Derivative financial assets	-	2,585	-	2,586
Receivables under reverse repurchase agreements	19,925,584	-	-	19,925,584
Loans and advances to customers	280,223,329	30,608,210	257,574	311,089,113
Investment securities	55,197,547	204,111	29,150,438	84,552,096
Securities pledged under repurchase agreements	63,362,767	-	-	63,362,767
Other financial assets	289,184	774	508,393	798,351
	<b>475,021,056</b>	<b>43,789,482</b>	<b>42,545,878</b>	<b>561,356,416</b>
<b>Liabilities</b>				
Amounts due to banks	215,301	450,426	27	665,754
Derivative financial liabilities	205	67,450	-	67,655
Accounts payable under repurchase agreements	59,961,214	-	-	59,961,214
Amounts due to customers	278,713,917	67,206,191	9,185,218	355,105,326
Debt securities issued	22,121,038	1,798,635	250,072	24,169,745
Other borrowed funds	36,544,383	-	764,282	37,308,665
Lease liabilities	1,775,864	38,028	-	1,813,892
Other liabilities	2,895,659	8,687	52,582	2,956,928
	<b>402,227,581</b>	<b>69,569,416</b>	<b>10,252,182</b>	<b>482,049,179</b>
<b>Net assets/(liabilities)</b>	<b>72,793,475</b>	<b>(25,779,934)</b>	<b>32,293,696</b>	<b>79,307,237</b>
	31 December 2023			
	Armenia	Other non-OECD countries	OECD countries	Total
<b>Assets</b>				
Cash and cash equivalents	21,553,209	12,647,552	3,013,545	37,214,306
Trading securities	970,372	-	-	970,372
Amounts due from banks	29,509,602	2,460,358	5,348,480	37,318,440
Derivative financial assets	581	72,065	-	72,646
Receivables under reverse repurchase agreements	7,400,589	-	-	7,400,589
Loans and advances to customers	229,916,215	34,745,767	161,952	264,823,935
Investment securities	99,338,173	1,212,941	32,924,374	133,475,489
Securities pledged under repurchase agreements	7,927,279	-	-	7,927,279
Other financial assets	517,321	847	242,326	760,494
	<b>397,133,341</b>	<b>51,139,530</b>	<b>41,690,677</b>	<b>489,963,550</b>
<b>Liabilities</b>				
Amounts due to banks	173,228	7,491	61,606	242,325
Derivative financial liabilities	-	31,110	-	31,110
Accounts payable under repurchase agreements	7,739,916	-	-	7,739,916
Amounts due to customers	279,843,246	66,029,504	9,570,632	355,443,382
Debt securities issued	18,125,307	1,691,969	550,072	20,367,348
Other borrowed funds	35,377,696	-	1,874,051	37,251,747
Subordinated debt	-	-	-	-
Lease liabilities	1,894,332	48,481	-	1,942,813
Other liabilities	2,507,043	24,300	-	2,531,343
	<b>345,660,768</b>	<b>67,832,855</b>	<b>12,056,362</b>	<b>425,549,984</b>
<b>Net assets/(liabilities)</b>	<b>51,472,573</b>	<b>(16,693,325)</b>	<b>29,634,315</b>	<b>64,413,566</b>

(thousands of Armenian drams)

**Liquidity risk and funding management**

Liquidity risk is the risk that the Bank will be unable to meet its payment obligations when they fall due under normal and stress circumstances. To limit this risk, management has arranged diversified funding sources in addition to its core deposit base, manages assets with liquidity in mind, and monitors future cash flows and liquidity on a daily bases. This incorporates an assessment of expected cash flows and the availability of high grade collateral which could be used to secure additional funding if required.

The Bank maintains a portfolio of highly marketable and diverse assets that can be easily liquidated in the event of an unforeseen interruption of cash flow. In addition, the Bank maintains an obligatory minimum reserve deposits with the Central Bank of Armenia equal to 4% of certain obligations of the Bank denominated in Armenian drams and 6% on certain obligations of the Bank denominated in foreign currency in Armenian drams and 12% on certain obligations of the Bank denominated in foreign currency. The liquidity position is assessed and managed under a variety of scenarios, giving due consideration to stress factors relating to both the market in general and specifically to the Bank.

The liquidity management of the Bank requires considering the level of liquid assets necessary to settle obligations as they fall due; maintaining access to a range of funding sources; maintaining funding contingency plans and monitoring balance sheet liquidity ratios against regulatory requirements. The Bank calculates liquidity ratios in accordance with the requirement of the Central Bank of Armenia. As at 31 December 2024 and 31 December 2023, these ratios were as follows:

	<b>Threshold</b>	<b>31 December 2024, % (Unaudited)</b>	<b>31 December 2023, % (Unaudited)</b>
N21 "General Liquidity Ratio" (highly liquid assets / total assets)	Min 15%	34.44	44.42
N22 "Current Liquidity Ratio" (highly liquid assets / liabilities payable on demand)	Min 60%	101.31	114.60

*Analysis of financial liabilities by remaining contractual maturities*

The table below summarizes the maturity profile of the Bank's financial liabilities at 31 December 2024 and 31 December 2023 based on contractual undiscounted repayment obligations. See Note 33 for the contractual maturities of these liabilities. 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.

	<b>31 December 2024</b>					<b>Total</b>	<b>Carrying amounts</b>
	<b>Demand and less than 1 month</b>	<b>From 1 to 3 months</b>	<b>From 3 to 12 months</b>	<b>From 1 to 5 years</b>	<b>More than 5 years</b>		
<b>Financial liabilities</b>							
Amounts due to banks	606,270	-	-	-	59,484	665,754	665,754
Accounts payable under repurchase agreements	59,990,964	-	-	-	-	59,990,964	59,961,214
Amounts due to customers	170,033,163	36,085,830	91,365,911	70,465,559	598,483	368,548,945	355,105,326
Debt securities issued	0	0	10,931,710	15,948,400	0	26,880,110	24,169,744
Other borrowed funds	652,068	491,730	4,267,518	22,193,771	20,458,031	48,063,118	37,308,664
Lease liabilities	67,042	132,305	526,723	1,835,723	753,095	3,314,887	1,813,892
<b>Total undiscounted financial liabilities</b>	<b>231,349,507</b>	<b>36,709,864</b>	<b>107,091,862</b>	<b>110,443,452</b>	<b>21,869,093</b>	<b>507,463,778</b>	<b>479,024,594</b>
<b>Commitments and contingent liabilities</b>	<b>23,998,948</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>23,998,948</b>	<b>23,998,948</b>
<b>Derivative financial liabilities</b>	<b>592,768</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>592,768</b>	<b>592,768</b>

(thousands of Armenian drams)

31 December 2023							
	<i>Demand and less than 1 month</i>	<i>From 1 to 3 months</i>	<i>From 3 to 12 months</i>	<i>From 1 to 5 years</i>	<i>More than 5 years</i>	<i>Total</i>	<i>Carrying amounts</i>
<b>Financial liabilities</b>							
Amounts due to banks	120,006	65,274	0	0	60,719	245,999	242,325
Accounts payable under repurchase agreements	7,747,772					7,747,772	7,739,916
Amounts due to customers	176,652,300	22,693,824	94,519,896	69,189,924	1,532,304	364,588,248	355,443,382
Debt securities issued	-	-	13,036,383	8,329,608	-	21,365,991	20,367,348
Other borrowed funds	1,320,882	212,672	3,165,527	17,975,344	25,976,607	48,651,032	37,251,747
Lease liabilities	71,841	138,932	577,317	1,856,177	809,737	3,454,004	1,942,813
<b>Total undiscounted financial liabilities</b>	<b>185,912,801</b>	<b>23,110,702</b>	<b>111,299,123</b>	<b>97,351,053</b>	<b>28,379,367</b>	<b>446,053,046</b>	<b>422,987,531</b>
<b>Commitments and contingent liabilities</b>	<b>22,952,586</b>	-	-	-	-	<b>22,952,586</b>	<b>22,952,586</b>
<b>Derivative financial liabilities</b>	<b>1,776,713</b>	-	-	-	-	<b>1,776,713</b>	<b>1,776,713</b>

**Market risk**

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rates and foreign exchange rates. The Bank classifies exposures to market risk into either trading or non-trading portfolios. Non-trading positions are managed and monitored using other sensitivity analyses.

**Interest rate risk**

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair values of financial instruments. The Board has established limits on the interest rate gaps for stipulated periods. Positions are monitored on a daily basis.

**Average effective interest rates**

The table below displays average interest rates for interest earning assets and interest-bearing liabilities as at 31 December 2024 and 31 December 2023. These interest rates are an approximation of the yields to maturity of these assets and liabilities.

	31 December 2024			31 December 2023		
	Average effective interest rate, %			Average effective interest rate, %		
	AMD	USD	Other currencies	AMD	USD	Other currencies
<b>Interest earning assets</b>						
Cash and cash equivalent	-	-	0.01%-0.5%	-	-	0.45%-0.75%
Trading securities	7.33%	-	-	7.49%	-	-
Amounts due from banks	-	8.27%	3.40%	-	4.83%	3.54%
Receivables under reverse repurchase agreements	8.09%	5.02%	3.81%	10.58%		
Loans and advances to customer	14.43%	8.26%	7.42%	14.28%	8.56%	7.26%
Investment securities	10.37%	4.88%	2.95%	9.62%	5.14%	3.14%
Investment securities pledged under repurchase agreements	10.45%	-	-	10.16%	-	-
<b>Interest bearing liabilities</b>						
Amounts due to Banks	-	-	-	-	-	6.24%
Receivables under reverse repurchase agreements	7.56%			9.43%	4.00%	3.13%
Amounts due to customers						
- Term deposits from customers	9.92%	4.21%	1.94%	9.84%	3.58%	1.92%
- Current accounts from customers	1.00%	0.17%	0.10%	1.37%	0.14%	0.01%
Debt securities issued	10.25%	4.20%	-	10.09%	4.33%	-
Subordinated debts	-	-	-	-	-	-
Other borrowed funds	6.45%	-	-	6.54%	-	-
Lease liabilities	13.90%	-	-	12.82%	-	-

(thousands of Armenian drams)

**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 Standards.

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

	<b>AMD</b>	<b>USD</b>	<b>EUR</b>	<b>Other currencies*</b>	<b>Total</b>
<b>Assets</b>					
Cash and cash equivalent	21,980,001	5,443,432	1,894,851	10,030,342	<b>39,348,626</b>
Trading securities	943,498	-	-	-	<b>943,498</b>
Amount due from banks	4,255,817	24,730,622	12,337,713	9,643	<b>41,333,794</b>
Receivables under reverse repurchase agreements	17,913,535	1,597,480	414,569	-	<b>19,925,584</b>
Loans and advances to customers	210,294,812	89,228,310	11,565,909	82	<b>311,089,113</b>
Investment securities	43,753,644	28,087,466	12,506,875	204,111	<b>84,552,096</b>
Investment securities/ Securities pledged under repurchase agreements	63,362,767	-	-	-	<b>63,362,767</b>
Other assets	212,182	456,172	149,962	121	<b>818,437</b>
<b>Total assets</b>	<b>362,716,256</b>	<b>149,543,482</b>	<b>38,869,879</b>	<b>10,244,299</b>	<b>561,373,916</b>
<b>Liabilities</b>					
Amounts due to Banks	76,875	562,661	22,858	3,360	<b>665,754</b>
Accounts payable under repurchase agreements	59,961,214	0	0	0	<b>59,961,214</b>
Amounts due to customers	173,724,250	131,132,748	38,845,806	11,402,522	<b>355,105,326</b>
Debt security issued	10,186,864	13,982,881	-	-	<b>24,169,745</b>
Other borrowed funds	37,308,665	-	-	-	<b>37,308,665</b>
Subordinated debt	-	-	-	-	<b>-</b>
Other liabilities	2,944,910	5,400	6,547	71	<b>2,956,928</b>
<b>Total liabilities</b>	<b>284,202,778</b>	<b>145,683,690</b>	<b>38,875,211</b>	<b>11,405,953</b>	<b>480,167,632</b>
<b>Off balance</b>					
Effect of derivatives (currency swap)	(204)	(29,123)	0	0	<b>(35,742)</b>
<b>Net position</b>	<b>78,513,274</b>	<b>3,830,669</b>	<b>(5,332)</b>	<b>(1,161,654)</b>	<b>81,170,542</b>

\* Other currencies mainly comprise of balances in RUB and AED.

(thousands of Armenian drams)

The following table shows the foreign currency exposure structure of financial assets and liabilities as at 31 December 2023:

	<b>AMD</b>	<b>USD</b>	<b>EUR</b>	<b>Other currencies*</b>	<b>Total</b>
<b>Assets</b>					
Cash and cash equivalent	15,533,648	5,969,389	3,513,307	12,197,962	<b>37,214,306</b>
Trading securities	970,372	-	-	-	<b>970,372</b>
Amount due from banks	3,079,747	24,242,355	9,547,954	448,384	<b>37,318,440</b>
Receivables under reverse repurchase agreements	7,400,589	-	-	-	<b>7,400,589</b>
Loans and advances to customers	161,892,504	90,051,192	12,880,239	-	<b>264,823,935</b>
Investment securities	88,529,536	35,891,647	9,054,306	-	<b>133,475,489</b>
Investment securities/ Securities pledged under repurchase agreements	7,927,279	-	-	-	<b>7,927,279</b>
Other assets	160,218	399,101	225,014	4,524	<b>788,857</b>
<b>Total assets</b>	<b>285,493,893</b>	<b>156,553,684</b>	<b>35,220,820</b>	<b>12,650,870</b>	<b>489,919,267</b>
<b>Liabilities</b>					
Amounts due to Banks	52,438	121,458	66,444	1,985	<b>242,325</b>
Accounts payable under repurchase agreements	7,739,916	-	-	-	<b>7,739,916</b>
Amounts due to customers	167,363,082	139,847,150	35,262,437	12,970,713	<b>355,443,382</b>
Debt security issued	8,131,239	12,236,109	-	-	<b>20,367,348</b>
Other borrowed funds	37,251,747	-	-	-	<b>37,251,747</b>
Subordinated debt	-	-	-	-	<b>0</b>
Other liabilities	2,528,400	1,420	1,440	86	<b>2,531,346</b>
<b>Total liabilities</b>	<b>223,066,822</b>	<b>152,206,137</b>	<b>35,330,321</b>	<b>12,972,784</b>	<b>423,576,064</b>
<b>Off balance</b>					
Effect of derivatives (currency swap)	-	1,700,388	201,555	(1,860,407)	<b>41,536</b>
<b>Net position</b>	<b>62,427,071</b>	<b>6,047,935</b>	<b>92,054</b>	<b>(2,182,321)</b>	<b>66,384,739</b>

\* Other currencies mainly comprises of balances in RUB and AED.

A weakening of the AMD, as indicated below, against the following currencies at 31 December 2024 and 31 December 2023, would have increased (decreased) equity and profit or loss by the amounts shown below. This analysis is before taxes, and is based on foreign currency exchange rate variances that the Bank considered to be reasonably possible at the end of the reporting period. The analysis assumes that all other variables, in particular interest rates, remain constant.

	<b>31 December 2024</b>	<b>31 December 2023</b>
10% appreciation of USD against AMD	566,921	604,794
10% appreciation of EUR against AMD	40,924	9,205
10% appreciation of other currencies against AMD	(117,138)	(218,232)

A strengthening of the AMD against the above currencies at 31 December 2024 and 31 December 2023 would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remained constant.

### Operational risk

The primary responsibility for the development and implementation of controls to address operational risk is assigned to the Executive Board of the Bank. Operational risk is the risk of loss arising from systems failure, human error, fraud or external events. When controls fail to perform, operational risks can cause damage to reputation, have legal or regulatory implications, or lead to financial loss. The Bank cannot expect to eliminate all operational risks, but a control framework and monitoring and responding to potential risks could be effective tools to manage the risks. Controls should include effective segregation of duties, access, authorisation and reconciliation procedures, staff education and assessment processes, including the use of internal audit.

The operational risk management is conducted in a clear and documented manner for all the business processes described, through the internal legal acts regulating those business process, as well as limits for all the processes and operations, and double control mechanisms for all transactions. The more actual operational risk management is described below.

(thousands of Armenian drams)

Legal risk: all the standard contract forms of the Bank are prepared by the Bank's Legal Department by cooperating with the Bank's appropriate departments and are approved by the Bank's Executive Board. In the Bank's day-to-day operations non-standard contracts between the Bank and third parties are allowed only in case of appropriate conclusion from the Bank's Legal Department.

The IT risks are managed in accordance with internal legal acts.

The risk mitigation mechanisms for the process are:

- ▶ Regulation of all business processes by internal legal acts;
- ▶ Physical protection of the Bank's assets and critical documents (including loan contracts);
- ▶ Establishing and maintaining limits;
- ▶ Common preservation of property and records;
- ▶ Implementation and archiving of data journals;
- ▶ Implementation of double control mechanism in recording transactions.

The internal audit periodically assesses the internal control system effectiveness and adequacy with the Bank's risks and supervises the Bank's activity and operational risks.

The Bank's compliance with the standards is accompanied by the internal auditor's periodic observations. The results of those observations are discussed by the Bank's management's appropriate representative to whom it concerns. The summaries of the observations are submitted to the Board.

### Transferred financial assets that are not derecognised in their entirety

#### Repurchase agreements

The securities sold under agreements to repurchase are transferred to a third party and the Bank receives cash in exchange, or other financial assets. If the securities increase or decrease in value, the Bank may, in certain circumstances, require, or be required, to pay additional cash collateral. The Bank has determined that it retains substantially all the risks and rewards of these securities, which includes credit risk, market risk, country risk and operational risk, and therefore has not derecognised them. In addition, it recognised a financial liability for cash received.

Similarly the Bank may sell or re-pledge securities borrowed or purchased under agreements to resell, but has an obligation to return the securities and the counterparty retains substantially all the risks and rewards of ownership. Consequently, the securities are not recognised by the Bank, which instead records a separate asset for any cash given.

### Offsetting of financial instruments

The table below shows financial assets and financial liabilities subject to offsetting, enforceable master netting arrangements and similar arrangements. These 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:

	Gross amount of recognised financial assets	Gross amount of recognised financial liabilities set off in the statement of financial position	Net amount of financial assets recognised in the statement of financial position	Related amounts not offset in the statement of financial position		Net amount
				Financial instruments	Non-cash collateral received	
<b>31 December 2024</b>						
Reverse repurchase agreements with banks	1,619,787	-	1,619,787	1,619,787	-	-
Reverse repurchase agreements financial institutions	18,305,797	-	18,305,797	18,305,797	-	-
<b>Total financial assets</b>	<b>19,925,584</b>	<b>-</b>	<b>19,925,584</b>	<b>19,925,584</b>	<b>-</b>	<b>-</b>
Repurchase agreements with CBA	(45,063,031)	-	(45,063,031)	(45,063,031)	-	-
Repurchase agreements with banks	(14,898,183)	-	(14,898,183)	(14,898,183)	-	-
<b>Total financial liabilities</b>	<b>(59,961,214)</b>	<b>-</b>	<b>(59,961,214)</b>	<b>(59,961,214)</b>	<b>-</b>	<b>-</b>

(thousands of Armenian drams)

	Gross amount of recognised financial assets	Gross amount of recognised financial liabilities set off in the statement of financial position	Net amount of financial assets recognised in the statement of financial position	Related amounts not offset in the statement of financial position		Net amount
				Financial instruments	Non-cash collateral received	
<b>31 December 2023</b>						
Reverse repurchase agreements financial institutions	7,400,589	-	7,400,589	(7,400,589)	-	-
<b>Total financial assets</b>	<b>7,400,589</b>	<b>-</b>	<b>7,400,589</b>	<b>(7,400,589)</b>	<b>-</b>	<b>-</b>
Repurchase agreements with CBA	(3,933,642)	-	(3,933,642)	(3,933,642)	-	-
Repurchase agreements with financial institutions	(3,806,274)	-	(3,806,274)	(3,806,274)	-	-
<b>Total financial liabilities</b>	<b>(7,739,916)</b>	<b>-</b>	<b>(7,739,916)</b>	<b>(7,739,916)</b>	<b>-</b>	<b>-</b>

## 32. Fair value measurements

### Fair value measurement procedures

The Bank's management determines the policies and procedures for both recurring fair value measurement, such as trading and FVOCI securities, derivatives and for non-recurring measurement, such as repossessed assets.

External valuers are involved for valuation of significant assets, such as properties and repossessed assets. Involvement of external valuers is decided upon annually by the Board.

At each reporting date, the Management analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Bank's accounting policies. For this analysis, the major inputs applied in the latest valuation are verified by agreeing the information in the valuation computation to contracts and other relevant documents. The Management, in conjunction with the Bank's external valuers, also compares each the changes in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

Financial and non-financial assets and liabilities measured at fair value in the statement of financial position are presented below. This hierarchy Banks financial and non-financial assets and liabilities into three levels based on the significance of inputs used in measuring the fair value of the financial assets and liabilities. The fair value hierarchy has the following levels:

- ▶ Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- ▶ Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset and liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices);
- ▶ Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

### Financial instruments that are not measured at fair value

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

	31 December 2024			Total fair values	Total carrying amount
	Level 1	Level 2	Level 3		
<b>Financial assets</b>					
Receivables under reverse repurchase agreements	-	-	20,810,626	20,810,626	19,925,584
Loans and advances to customers	-	-	294,269,001	294,269,001	311,089,113
Investment securities at amortised cost	1,979,904	4,565,050	-	6,544,954	6,509,858

(thousands of Armenian drams)

**Financial liabilities**

Amounts due to customers	-	-	357,348,037	<b>357,348,037</b>	<b>355,105,326</b>
Accounts payable under repurchase agreements			59,961,214	<b>59,961,214</b>	<b>59,961,214</b>
Other borrowed funds	-	-	35,810,628	<b>35,810,628</b>	<b>37,308,665</b>
Debt securities issued	-	23,842,259	-	<b>23,842,259</b>	<b>24,169,745</b>

**31 December 2023**

	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total fair values</b>	<b>Total carrying amount</b>
<b>Financial assets</b>					
Receivables under reverse repurchase agreements	-	-	7,392,757	<b>7,392,757</b>	<b>7,400,589</b>
Loans and advances to customers	-	-	255,031,341	<b>255,031,341</b>	<b>264,823,935</b>
Investment securities at amortised cost	4,015,412	6,532,346	-	<b>10,547,758</b>	<b>10,537,783</b>
<b>Financial liabilities</b>					
Accounts payable under repurchase agreements	-	-	7,739,916	<b>7,739,916</b>	<b>7,739,916</b>
Amounts due to customers	-	-	356,440,970	<b>356,440,970</b>	<b>355,443,382</b>
Other borrowed funds	-	-	35,744,907	<b>35,744,907</b>	<b>37,251,747</b>
Debt securities issued	-	20,082,581	-	<b>20,082,581</b>	<b>20,367,348</b>

*Assets for which fair value approximates carrying value*

For financial assets and financial liabilities that are liquid or having a short-term maturity (less than three months) it is assumed that the carrying amounts approximate to their fair value.

*Loans and advances to customers*

The fair value of floating rate instruments is normally their carrying amount. The estimated fair value of fixed interest rate instruments is based on estimated future cash flows expected to be received discounted at current interest rates for new instruments with similar credit risk and remaining maturity. Discount rates used depend on credit risk of the counterparty and ranged from 4.75% to 21.5% per annum (2023: 3% to 24% per annum).

*Amounts due to customers*

The estimated fair value of fixed interest rate instruments is based on estimated future cash flows expected to be paid discounted at current interest rates for new instruments with similar remaining maturity and currency. Discount rates used depend on maturity and ranged from 0.5% to 10.82% per annum (2023: 3% to 10% per annum).

*Other borrowed funds*

The fair value of floating rate instruments is normally their carrying amount. The estimated fair value of fixed interest rate instruments is based on estimated future cash flows expected to be paid discounted at current interest rates for new instruments with similar remaining maturity and currency. Discount rates used depend on maturity and ranged from 4.5% to 13% per annum (2023: 4.6% to 10.6% per annum).

**Financial instruments that are measured at fair value**

	<b>31 December 2024</b>		
	<b>Level 1</b>	<b>Level 2</b>	<b>Total</b>
<b>Financial assets</b>			
Trading securities	-	943,498	<b>943,498</b>
Derivative financial assets	-	2,586	<b>2,586</b>
Investment securities at FVOCI	26,177,303	51,864,935	<b>78,042,238</b>
Investment securities at FVOCI pledged under repurchase agreements		63,362,767	<b>63,362,767</b>
<b>Total</b>	<b>26,177,303</b>	<b>116,173,786</b>	<b>142,351,089</b>
<b>Financial liabilities</b>			
Derivative financial liabilities	-	67,655	<b>67,655</b>

(thousands of Armenian drams)

<b>Net fair value</b>	<b>26,177,303</b>	<b>116,106,131</b>	<b>142,283,434</b>
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	<b>31 December 2023</b>		
	<b>Level 1</b>	<b>Level 2</b>	<b>Total</b>
<b>Financial assets</b>			
Trading securities	-	970,372	970,372
Derivative financial assets	-	72,646	72,646
Investment securities at FVOCI	26,646,948	96,290,758	122,937,706
Investment securities at FVOCI pledged under repurchase agreements		7,927,279	7,927,279
<b>Total</b>	<b>26,646,948</b>	<b>105,261,055</b>	<b>131,908,003</b>
<b>Financial liabilities</b>			
Derivative financial liabilities	-	31,110	31,110
<b>Net fair value</b>	<b>26,646,948</b>	<b>105,229,945</b>	<b>131,876,893</b>

The methods and valuation techniques used for the purpose of measuring fair value are unchanged compared to the previous reporting period. There were no transfers between Level 1 and 2 in 31 December 2024 (2023: none).

#### Fair value measurement of non-financial assets and liabilities

	<b>31 December 2024</b>	
	<b>Level 3</b>	<b>Total</b>
<b>Non-financial assets</b>		
Land and buildings	5,031,222	5,031,222
<b>Total</b>	<b>5,031,222</b>	<b>5,031,222</b>

	<b>31 December 2023</b>	
	<b>Level 3</b>	<b>Total</b>
<b>Non-financial assets</b>		
Land and buildings	5,164,027	5,164,027
<b>Total</b>	<b>5,164,027</b>	<b>5,164,027</b>

Fair value measurements in Level 3

The Bank's non-financial assets classified in Level 3 use valuation techniques based on significant inputs that are not based on observable market data. The financial assets and financial liabilities within this level can be reconciled from beginning to ending balance as follows:

<b>Non-financial assets</b>	<b>Land and buildings</b>	<b>Total</b>
<b>Balance as at 1 January 2024</b>	<b>5,308,998</b>	<b>5,308,998</b>
Purchases	12,406	12,406
Depreciation charge	(290,182)	(290,182)
<b>Net fair value at 31 December 2024</b>	<b>5,031,222</b>	<b>5,031,222</b>

<b>Non-financial assets</b>	<b>Land and buildings</b>	<b>Total</b>
<b>Balance as at 1 January 2023</b>	<b>5,305,397</b>	<b>5,305,397</b>
Purchases	3,601	3,601
Depreciation charge	(144,971)	(144,971)
<b>Net fair value at 31 December 2023</b>	<b>5,164,027</b>	<b>5,164,027</b>

Fair value of the Bank's main property assets is estimated based on appraisals performed by independent, professionally-qualified property appraisers. The significant inputs and assumptions are developed in close consultation with management. The valuation processes and fair value changes are reviewed at each reporting date.

(thousands of Armenian drams)

The appraisal was carried out using a comparative and income methods that reflect observed prices for recent market transactions for similar properties and incorporates adjustments for factors specific to the premise in question, including plot size, location, encumbrances and current use.

The land and buildings were revalued in 2022. The land and buildings were previously revalued in 2019.

### 33. Maturity analysis of assets and liabilities

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

	31 December 2024							Total
	Demand and less than 1 month	From 1 to 3 months	From 3 to 12 months	From 1 to 5 years	More than 5 years	Overdue	No maturity	
Cash and cash equivalents	39,348,626	0	0	0	0		0	39,348,626
Trading securities	0	0	505,256	0	438,241		0	943,498
Amounts due from banks	12,936,348	1,253,407	793,120	0	0		26,350,920	41,333,795
Derivative financial assets	2,586	0	0	0	0		0	2,586
Receivables under reverse repurchase agreements	19,925,584	0	0	0	0		0	19,925,584
Loans and advances to customers	5,943,588	36,228,244	46,003,100	113,510,461	107,120,483	2,283,236	0	311,089,113
Investment securities	18,997,991	8,216,864	10,820,654	21,439,719	24,553,284		523,584	84,552,096
Investment securities pledged under repurchase agreements	0	0	11,938,350	35,292,772	16,131,645		0	63,362,767
Property, plant and equipment	-	-	-	-	-	-	11,080,084	11,080,084
Intangible assets	-	-	-	-	-	-	888,076	888,076
Repossessed assets	-	-	-	-	-	-	528,917	528,917
Other assets	2,412,274	62,980	372,528	3,200	40,494		1,865	2,893,341
<b>Total assets</b>	<b>99,566,997</b>	<b>45,761,495</b>	<b>70,433,009</b>	<b>170,246,152</b>	<b>148,284,148</b>	<b>2,283,236</b>	<b>39,373,446</b>	<b>575,948,482</b>
<b>Liabilities</b>								
Amounts due to banks	606,270	0	0	0	0		59,484	665,754
Derivative financial liabilities	67,655	0	0	0	0		0	67,655
Accounts payable under repurchase agreements	59,961,214	0	0	0	0		0	59,961,214
Amounts due to customers	167,407,269	33,833,359	84,010,413	69,260,697	593,589		0	355,105,326
Current income tax liabilities	0	0	1,809,534	0	0		0	1,809,534
Debt securities issued	0	0	8,221,344	15,948,400	0		0	24,169,744
Other borrowed funds	594,560	237,777	2,624,586	15,877,019	17,974,722		0	37,308,664
Lease liabilities	35,504	70,762	274,580	1,007,394	425,652		0	1,813,892
Provisions on commitments and contingencies	219,072	0	0	0	0		0	219,072
Deferred tax liabilities	0	0	0	1,533,165	0		0	1,533,165
Other liabilities	1,515,867	80,383	2,588,881	9,044	0		0	4,194,175
<b>Total liabilities</b>	<b>230,407,411</b>	<b>34,222,281</b>	<b>99,529,338</b>	<b>103,635,718</b>	<b>18,993,963</b>		<b>59,484</b>	<b>486,848,195</b>
<b>Net position</b>	<b>(130,840,414)</b>	<b>11,539,214</b>	<b>(29,096,329)</b>	<b>66,610,434</b>	<b>129,290,185</b>	<b>2,283,236</b>	<b>39,313,962</b>	<b>89,100,287</b>

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

(thousands of Armenian drams)

The table below shows an analysis, by contractual maturities, of the amounts recognised in the statement of financial position as at 31 December 2023:

	31 December 2023							Total
	Demand and less than 1 month	From 1 to 3 months	From 3 to 12 months	From 1 to 5 years	More than 5 years	Overdue	No maturity	
Cash and cash equivalents	37,214,306	-	-	-	-	-	-	37,214,306
Trading securities	-	-	48,524	499,276	422,572	-	-	970,372
Amounts due from banks	8,787,442	-	-	-	-	-	28,530,998	37,318,440
Derivative financial assets	72,646	-	-	-	-	-	-	72,646
Receivables under reverse repurchase agreements	7400589	-	-	-	-	-	-	7,400,589
Loans and advances to customers	3,601,404	34,838,944	41,120,074	95,682,597	88,204,670	1,376,246	-	264,823,935
Investment securities	2,534,247	24,173,417	32,770,838	48,457,356	25,459,053	-	80,578	133,475,489
Investment securities pledged under repurchase agreements	-	-	1,607,671	6,319,608	-	-	-	7,927,279
Property, plant and equipment	-	-	-	-	-	-	11,095,293	11,095,293
Intangible assets	-	-	-	-	-	-	882,208	882,208
Repossessed assets	-	-	-	-	-	-	804,122	804,122
Other assets	3,048,832	16,970	644,618	18,026	41,251	-	1,866	3,771,563
<b>Total assets</b>	<b>62,659,466</b>	<b>59,029,331</b>	<b>76,191,725</b>	<b>150,976,863</b>	<b>114,127,546</b>	<b>1,376,246</b>	<b>41,395,065</b>	<b>505,756,242</b>
<b>Liabilities</b>								
Amounts due to banks	120,006	61,600	-	-	-	-	60,719	242,325
Derivative financial liabilities	31,110	-	-	-	-	-	-	31,110
Accounts payable under repurchase agreements	7739916	-	-	-	-	-	-	7,739,916
Amounts due to customers	176,188,526	21,893,507	91,386,739	64,790,678	1,183,932	-	-	355,443,382
Current income tax liabilities	-	-	2,675,304	-	-	-	-	2,675,304
Debt securities issued	-	-	12,528,916	7,838,432	-	-	-	20,367,348
Other borrowed funds	1,216,606	210,359	2,991,485	15,032,135	17,801,162	-	-	37,251,747
Lease liabilities	38,832	74,439	315,731	1,018,034	495,777	-	-	1,942,813
Provisions on commitments and contingencies	323,878	-	-	-	-	-	-	323,878
Deferred tax liabilities	-	-	-	494,462	-	-	-	494,462
Other liabilities	231,437	223,206	2,448,666	631,448	11,468	-	-	3,546,225
<b>Total liabilities</b>	<b>185,890,311</b>	<b>22,463,111</b>	<b>112,346,841</b>	<b>89,805,189</b>	<b>19,492,339</b>	<b>-</b>	<b>60,719</b>	<b>430,058,510</b>
<b>Net position</b>	<b>(123,230,845)</b>	<b>36,566,220</b>	<b>(36,155,116)</b>	<b>61,171,674</b>	<b>94,635,207</b>	<b>1,376,246</b>	<b>41,334,346</b>	<b>75,697,732</b>

(thousands of Armenian drams)

### 34. Related party disclosures

In accordance with IAS 24 *Related Party Disclosures*, parties are considered to be related if one party has ability to control the other party or exercise significant influence over the other party in making financial or operational decisions. For the purpose of these financial statements, related parties include the Parent, entities under common control, members of Bank's Management as well as other persons and enterprises related with and controlled by them respectively. The ultimate controlling party of the Bank is Argentinean businessman E. Eurnekian.

A number of banking transactions are entered into with related parties. These include loans, deposits and other transactions. The volumes of related party transactions, outstanding balances at the period end, and related expense and income for the period are as follows:

The outstanding balances and the income and expense arising from related party transactions are as follows:

	31 December 2024			31 December 2023		
	Parent	Entities under common control	Key management personnel and their close family members	Parent	Entities under common control	Key management personnel and their close family members
<b>Statement of financial position</b>						
<b>Loans and advances to customers</b>						
<b>Loans outstanding at 1 January, gross</b>	<b>13,549</b>	<b>31,466,748</b>	<b>257,150</b>	<b>11,719</b>	<b>30,103,012</b>	<b>230,755</b>
Loans issued during reporting period	46,165	8,570,830	1,184,824	54,104	15,911,861	1,055,639
Loan repayments during reporting period	(49,710)	(9,749,925)	(1,166,361)	(52,274)	(14,548,125)	(1,029,244)
<b>Loans outstanding at the end of the reporting period, gross</b>	<b>10,004</b>	<b>30,287,653</b>	<b>275,613</b>	<b>13,549</b>	<b>31,466,748</b>	<b>257,150</b>
Less: allowance for loan impairment	(201)	(4,434)	(2,063)	(204)	(5,111)	(2,501)
<b>Loans outstanding at the end of the reporting period, net</b>	<b>9,803</b>	<b>30,283,219</b>	<b>273,550</b>	<b>13,345</b>	<b>31,461,637</b>	<b>254,649</b>
<b>Amounts due to customers</b>						
<b>Deposits at 1 January</b>	<b>60,249</b>	<b>49,810,797</b>	<b>1,351,464</b>	<b>219,593</b>	<b>38,071,478</b>	<b>1,110,438</b>
Deposits received during reporting period	8,316,940	195,212,170	13,092,642	6,852,465	152,653,381	9,893,988
Deposits repaid during reporting period	(8,252,543)	(184,414,646)	(13,350,003)	(7,011,809)	(140,914,062)	(9,652,962)
<b>Deposits at the end of the reporting period</b>	<b>124,646</b>	<b>60,608,321</b>	<b>1,094,103</b>	<b>60,249</b>	<b>49,810,797</b>	<b>1,351,464</b>
<b>Amounts due to customers – subordinated debt</b>						
<b>Subordinated debt at 1 January</b>	-	-	-	-	<b>276,140</b>	-
Redemption of subordinated loans	-	-	-	-	(276,346)	-
Net result from FX revaluation	-	-	-	-	849	-
Other movements	-	-	-	-	(643)	-
<b>Subordinated debt at the end of the reporting period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Items not recognised in the statement of financial position</b>						
Guarantees given	-	-	-	-	-	-
<b>Statement of comprehensive income</b>						
Interest income	-	2,203,635	21,075	-	2,618,610	22,576
Fee and commission income	52	47,996	5,394	72	40,037	5,571
Other income	31,230	129,882	4,162	21,543	86,098	5,808
Interest expense	(5,742)	(1,551,247)	(56,920)	(16,915)	(1,357,358)	(56,938)
Impairment charge	3	677	438	(59)	42,576	(1,102)
Other expenses	-	(37,657)	(183)	(3)	(29,148)	(50,430)

Deposits from entities under common control denominated in USD have 5.41% and maturity 2025-2029 (2023: 3.79%, and maturity 2024-2029). Deposits from Key management personnel and their close family members denominated in AMD have 9.70% and maturity 2025-2026, in USD 3.71% with maturity 2025-2026, in EUR 1.32% with maturity 2025 (2023: AMD 10.25%, maturity 2024-2025, USD 3.47%, maturity 2023-2024, EUR 1.02%, maturity 2024-2025).

Loans to entities under common control denominated in AMD have 18.61% and maturity 2026-2043, in USD have 8.41% and maturity 2025-2044, in EUR have 14% and maturity 2042 (2023: AMD 17.36%, maturity 2026-2042, USD 8.45%

(thousands of Armenian drams)

maturity 2024-2041, in EUR 14%, maturity 2041). Loans to Key management personnel and their close family members denominated in AMD have 10.88% and maturity 2025-2044, in USD 7.90% with maturity 2033-2044, in EUR 5.09% with maturity 2033-2042 (2023: AMD 11.43%, maturity 2025-2043, USD 7.9%, maturity 2033-2043, EUR 5.04%, maturity 2034-2041).

Compensation of key management personnel was comprised of the following:

	<u>31 December 2024</u>	<u>31 December 2023</u>
Salaries and other short-term benefits	1,352,999	1,139,033
<b>Total key management personnel compensation</b>	<b><u>1,352,999</u></b>	<b><u>1,139,033</u></b>

### 35. Changes in liabilities arising from financing activities

	<i>Note</i>	<i>Debt securities issued</i>	<i>Other borrowed funds</i>	<i>Subordinated loans</i>	<i>Lease liabilities</i>	<i>Total liabilities from financing activities</i>
<b>Carrying amount at 31 December 2022</b>						
17,19, 20		<b>14,692,148</b>	<b>34,501,456</b>	<b>276,140</b>	<b>1,521,514</b>	<b>50,991,258</b>
Proceeds from issue		5,295,222	8,116,744	-	-	13,411,966
Redemption		-	(5,392,342)	(276,346)	(647,653)	(6,316,341)
Foreign currency translation		347,319	-	849	-	348,168
Additions and modifications		-	-	-	907,903	907,903
Interest expense on lease liabilities		-	-	-	156,685	156,685
Other		<b>32,659</b>	<b>25,889</b>	<b>(643)</b>	<b>4,364</b>	<b>62,269</b>
<b>Carrying amount at 31 December 2023</b>						
17,19, 20		20,367,348	37,251,747	-	1,942,813	59,561,908
Proceeds from issue		15,844,949	5,309,596	-	-	21,154,545
Redemption		(11,914,400)	(5,218,920)	-	(510,803)	(17,644,123)
Foreign currency translation		(190,124)	-	-	-	(190,124)
Additions and modifications		-	-	-	150,806	150,806
Interest expense on lease liabilities		-	-	-	231,076	231,076
Other		61,972	(33,759)	-	-	28,213
<b>Carrying amount at 31 December 2024</b>						
17, 19, 20		<b><u>24,169,745</u></b>	<b><u>37,308,664</u></b>	<b><u>-</u></b>	<b><u>1,813,892</u></b>	<b><u>63,292,301</u></b>

The "Other" line includes the effect of change of accrued interest balance on debt securities issued, other borrowed funds, subordinated loans.

### 36. Capital adequacy

The Bank maintains an actively managed capital base to cover risks inherent in the business. The adequacy of the Bank's capital is monitored using, among other measures, the rules and ratios established by the Basel Committee on Banking Supervision ("BIS rules/ratios") and adopted by the Central Bank of Armenia in supervising the Bank.

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 Bank defines as capital those items defined by statutory regulation as capital for credit institutions. Under the current capital requirements set by the Central Bank of Armenia, which are based on Basel Capital Accord 1988 principles, banks have to maintain a ratio of tier 1 capital to risk weighted assets, as well as a ratio of tier 1 core capital to risk weighted assets and a ratio of total capital to risk weighted assets (capital adequacy ratios N1.1, N1.2 and N1, were accordingly 6.2%, 8.3% and 11%) above the prescribed minimum levels. As at 31 December 2023 this minimum levels of N1.1, N1.2 and N1 ratios

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were accordingly 6.2%, 8.3% and 11%. The Bank is in compliance with the statutory capital ratio as at 31 December 2024 and 31 December 2023.

The following table shows the composition of capital position calculated in accordance with requirements set by the Central Bank of Armenia, as at 31 December 2024 and 31 December 2023:

	<b>31 December 2024</b>	<b>31 December 2023 (Unaudited)</b>
Tier 1 capital	77,365,592	70,414,718
Tier 2 capital	3,374,260	2,897,851
<b>Total capital</b>	<b>80,739,852</b>	<b>73,312,569</b>
<b>Risk-weighted assets</b>	<b>465,463,693</b>	<b>402,120,090</b>
<b>Capital adequacy ratio N1.1</b>	<b>16.62%</b>	<b>17.51%</b>
<b>Capital adequacy ratio N1</b>	<b>17.35%</b>	<b>18.23%</b>

The risk-weighted assets are measured by means of a hierarchy of risk weights classified according to the nature of and reflecting an estimate of credit, market and operating risks.

The Bank has complied with externally imposed capital requirements as at 31 December 2024 and 31 December 2023.