

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

## **Financial statements**

for the period ended 31 December 2025

## Contents

### Financial statements

Statement of financial position .....	1
Statement of profit and loss .....	2
Statement of comprehensive income.....	3
Statement of changes in equity.....	4
Statement of cash flows.....	5

### Notes to the financial statements

1. Background .....	6
2. Basis of preparation.....	6
3. Material accounting policies .....	7
4. Segment information .....	14
5. Cash and cash equivalents .....	16
6. Trading securities .....	16
7. Amounts due from banks.....	16
8. Derivative financial instruments.....	17
9. Amounts receivable under reverse repurchase agreements .....	17
10. Loans and advances to customers.....	17
11. Investment securities.....	25
12. Property, equipment and right-of-use assets.....	28
13. Intangible assets.....	29
14. Repossessed assets .....	29
15. Other assets and liabilities.....	30
16. Amounts due to banks.....	31
17. Amounts payable under repurchase agreements .....	31
18. Amounts due to customers.....	31
19. Debt securities issued .....	32
20. Other borrowed funds.....	32
21. Commitments and contingencies.....	32
22. Taxation.....	34
23. Equity .....	35
24. Net interest income.....	36
25. Net fee and commission income.....	37
26. Net trading income .....	37
27. Other income .....	38
28. Net (reversal of impairment losses)/impairment losses on financial instruments.....	38
29. Personnel and other operating expenses .....	39
30. Risk management.....	39
31. Fair value measurements .....	53
32. Maturity analysis of assets and liabilities .....	56
33. Related party disclosures .....	58
34. Changes in liabilities arising from financing activities .....	59
35. Capital adequacy.....	59



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# Independent Auditors' Report

## To the Shareholders and Board of Directors of Converse Bank CJSC

### Opinion

We have audited the financial statements of Converse Bank CJSC (the "Bank"), which comprise the statement of financial position as at 31 December 2025, the statements of profit or loss, other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising material accounting policies and other explanatory information.

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

### Basis for Opinion

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

### Key Audit Matters

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

**Expected credit losses for loans and advances to customers**

Please refer to the Note 10 and Note 30 in the financial statements.

The key audit matter	How the matter was addressed in our audit
<p>Loans and advances to customers represent 57% of total assets and are stated net of allowance for expected credit losses (hereinafter, the "ECL") that is estimated on a regular basis and is sensitive to assumptions used, as outlined below.</p> <p>The ECL valuation model requires management to apply professional judgement and to make assumptions related to the following key areas:</p> <ul style="list-style-type: none"> <li>- timely identification of significant increase in credit risk and default events related to loans and advances to customers (allocation between Stages 1, 2 and 3 in accordance with the IFRS 9 Financial Instruments (hereinafter, "IFRS 9"));</li> <li>- assessment of probability of default (PD) and loss given default (LGD);</li> <li>- expected cash flows forecast, including from realisation of collateral for loans to customers classified in Stage 3.</li> </ul> <p>Due to the significant volume of loans and advances to customers, and complexity and subjectivity over estimating amount of ECL this area is identified as a key audit matter.</p>	<p>We analysed the key aspects of the Bank's methodology and policies related to ECL estimates for compliance with the requirements of IFRS 9, including through involvement of our credit risk specialists.</p> <p>To analyse the adequacy of professional judgement and assumptions made by the management in relation to the ECL estimate, our audit procedures included the following:</p> <ul style="list-style-type: none"> <li>- for loans to corporate clients we assessed and tested the design, implementation and operating effectiveness of the controls over allocation of loans into Stages.</li> <li>- for a sample of loans to corporate clients, we tested whether Stages are correctly assigned by the Bank by analysing financial and non-financial information, as well as assumptions and professional judgements, applied by the Bank.</li> <li>- for loans to customers, we involved IT Audit specialist for testing the design, implementation and operating effectiveness of controls over calculation of overdue days used as a basis for the allocation of loans into stages.</li> <li>- for loans to customers assigned to Stages 1, 2 and 3, where ECL are assessed collectively, we assessed the appropriateness of the related models, and checked the completeness and accuracy of data inputs into the ECL calculation models by reconciling the model input data against primary documents, on a sample basis.</li> <li>- for loans to customers assigned to Stage 3, where ECL are assessed individually we critically assessed assumptions used by the Bank to forecast future cash flows, including estimated proceeds from realizable collateral and their expected disposal terms based on publicly available market information and by agreeing collateral values to external valuation reports.</li> <li>- we assessed the predictive capability of the Bank's ECL calculation methodology by comparing the estimates made as at 31 December 2024 with the actual results for the year ended 31 December 2025.</li> <li>- we also assessed whether the financial statements disclosures appropriately reflect IFRS 9 requirements.</li> </ul>

## Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report but does not include the financial statements and our auditors' report thereon. The annual report is expected to be made available to us after the date of this auditors' report.

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

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

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Bank or to cease operations, or has no realistic alternative but to do so.

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

## Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

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

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

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

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

The engagement partner on the audit resulting in this independent auditors' report is:

  
Irina Gevorgyan  
Managing Partner, Director of KPMG Armenia LLC

*KPMG Arm*  
KPMG Armenia LLC  
18 March 2026



**Statement of financial position**  
**as of 31 December 2025**

(thousands of Armenian drams)

	Notes	31 December 2025	31 December 2024
<b>Assets</b>			
Cash and cash equivalents	5	25,263,010	39,348,626
Trading securities	6	418,846	943,498
Amounts due from banks	7	55,157,254	41,333,795
Derivative financial assets	8	2,237	2,586
Amounts receivable under reverse repurchase agreements	9	39,515,962	19,925,584
Loans and advances to customers	10	342,311,656	311,347,520
Investments securities	11		
- Held by the Bank		110,523,343	84,552,096
- Pledged under sale and repurchase agreements		15,656,527	63,362,767
Property, equipment and right-of-use assets	12	11,063,869	11,080,084
Intangible assets	13	1,024,477	888,076
Repossessed assets	14	780,204	528,917
Other assets	15	2,582,063	2,893,341
<b>Total assets</b>		<b>604,299,448</b>	<b>576,206,890</b>
<b>Liabilities</b>			
Amounts due to banks	16	6,449,771	665,754
Derivative financial liabilities	8	14,449	67,655
Amounts payable under repurchase agreements	17	15,153,077	59,961,214
Amounts due to customers	18	392,622,431	355,105,326
Current tax liabilities		2,412,157	1,809,534
Debt securities issued	19	28,177,022	24,169,745
Other borrowed funds	20	45,112,094	37,308,665
Lease liabilities	34	1,664,407	1,813,892
Provisions for credit related commitments	21	258,604	219,072
Deferred tax liabilities	22	2,327,561	1,579,678
Other liabilities	15	3,938,173	4,194,173
<b>Total liabilities</b>		<b>498,129,746</b>	<b>486,894,708</b>
<b>Equity</b>			
Share capital	23	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		3,708,185	3,475,055
Revaluation reserve for investment securities		5,056,069	888,839
Retained earnings		68,546,400	56,089,240
<b>Total equity</b>		<b>106,169,702</b>	<b>89,312,182</b>
<b>Total equity and liabilities</b>		<b>604,299,448</b>	<b>576,206,890</b>

Signed and authorised for release on behalf of the Management Board of the Bank on 18 March 2026.

Andranik Grigoryan

Chief Executive Officer-  
Chairman of Executive Management

Davit Azatyan

Chief Accountant



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

**Statement of profit and loss**  
**for the period ended 31 December 2025**

(thousands of Armenian drams)

	<b>Note</b>	<b>2025</b>	<b>2024</b>
Interest income calculated using effective interest rate	24	52,371,202	45,388,068
Interest income on FVTPL loans and other interest income	24	558,167	372,125
Interest expense	24	(23,462,114)	(19,826,581)
<b>Net interest income</b>	24	<b>29,467,255</b>	<b>25,933,612</b>
Fee and commission income	25	8,503,073	10,591,042
Fee and commission expense	25	(5,263,937)	(6,846,521)
<b>Net fee and commission income</b>		<b>3,239,136</b>	<b>3,744,521</b>
Net trading income	26	5,941,391	5,743,874
Net (loss)/gain from foreign currency translation		(483,423)	314,266
Net gain on investment securities measured at fair value through other comprehensive income		1,146,892	462,818
Other income	27	961,716	757,622
<b>Operating income before impairment and other administrative expenses</b>		<b>40,272,967</b>	<b>36,956,713</b>
Net reversal of impairment losses/(impairment losses) on financial instruments	28	174,789	311,808
Personnel expenses	29	(12,366,320)	(10,561,006)
Depreciation of property, equipment and right-of-use asset	12	(1,498,769)	(1,401,966)
Amortization of intangible assets	13	(139,862)	(113,668)
Administrative and other operating expenses	29	(5,723,615)	(5,262,230)
Other impairment and provisions		(20,539)	(76,564)
<b>Profit before income tax expense</b>		<b>20,698,651</b>	<b>19,853,087</b>
Income tax expense	22	(3,988,799)	(4,028,345)
<b>Profit for the year</b>		<b>16,709,852</b>	<b>15,824,742</b>

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

**Statement of comprehensive income**  
**for the period ended 31 December 2025**

(thousands of Armenian drams)

	<b>Note</b>	<b>2025</b>	<b>2024</b>
<b>Profit for the year</b>		<b>16,709,852</b>	<b>15,824,742</b>
<b>Other comprehensive income not to be reclassified to profit or loss</b>			
Gain on equity securities at FVOCI		34,980	174,800
Revaluation of property and equipment		402,740	-
Income tax effect		(78,790)	(31,464)
<b>Net other comprehensive income not to be reclassified to profit or loss</b>		<b>358,930</b>	<b>143,336</b>
<b>Other comprehensive income that is or may be reclassified to profit or loss</b>			
Unrealised gain on debt securities at FVOCI		6,197,770	2,917,529
Realised gain on debt securities at FVOCI transferred to profit or loss		(1,146,892)	(462,818)
Changes in allowance for expected credit losses of debt instruments at FVOCI		(3,871)	123,239
Income tax effect	22	(908,461)	(464,031)
<b>Net other comprehensive income that is or to be reclassified to profit or loss</b>		<b>4,138,546</b>	<b>2,113,919</b>
<b>Other comprehensive income for the year, net of tax</b>		<b>4,497,476</b>	<b>2,257,255</b>
<b>Total comprehensive income for the year</b>		<b>21,207,328</b>	<b>18,081,997</b>

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

**Statement of changes in equity**  
**for the period ended 31 December 2025**

(thousands of Armenian drams)

	<b>Share capital</b>	<b>Share premium</b>	<b>Statutory general reserve</b>	<b>Revaluation reserve for investment securities</b>	<b>Revaluation surplus for land and buildings</b>	<b>Retained earnings</b>	<b>Total</b>
<b>Balance as at 1 January 2024</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>
Profit for the year	-	-	-	-	-	15,824,742	15,824,742
Other comprehensive income for the year	-	-	-	2,257,255	-	-	2,257,255
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,257,255</b>	<b>-</b>	<b>15,824,742</b>	<b>18,081,997</b>
Dividends declared and paid	-	-	-	-	-	(4,467,547)	(4,467,547)
<b>Total transactions with owners</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(4,467,547)</b>	<b>(4,467,547)</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>56,089,240</b>	<b>89,312,182</b>
<b>Balance as at 1 January 2025</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>56,089,240</b>	<b>89,312,182</b>
Profit for the year	-	-	-	-	-	16,709,852	16,709,852
Other comprehensive income for the year	-	-	-	4,167,230	330,246	-	4,497,476
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,167,230</b>	<b>330,246</b>	<b>16,709,852</b>	<b>21,207,328</b>
Dividends declared and paid	-	-	-	-	-	(4,349,808)	(4,349,808)
<b>Total transactions with owners</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(4,349,808)</b>	<b>(4,349,808)</b>
Depreciation of revaluation reserve	-	-	-	-	(97,116)	97,116	-
<b>Balance as at 31 December 2025</b>	<b>19,947,633</b>	<b>63,233</b>	<b>8,848,182</b>	<b>5,056,069</b>	<b>3,708,185</b>	<b>68,546,400</b>	<b>106,169,702</b>

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

## Statement of cash flows

### for the period ended 31 December 2025

(thousands of Armenian drams)

	Note	2025	2024
<b>Cash flows from operating activities</b>			
Interest received		51,955,654	44,318,414
Interest paid		(21,745,221)	(19,103,980)
Fees and commissions received		8,503,073	10,591,042
Fees and commissions paid		(5,263,937)	(6,846,521)
Net trading income received		5,824,362	5,774,510
Other income received		697,393	730,551
Personnel expenses paid		(11,811,474)	(10,246,280)
Administrative and other operating expenses paid		(6,460,952)	(5,037,450)
<b>Cash flows from operating activities before changes in operating assets and liabilities</b>		<b>21,698,898</b>	<b>20,180,286</b>
<i>Net (increase)/decrease in operating assets</i>			
Trading securities		591,294	102,483
Amounts due from banks		(12,055,996)	(4,936,597)
Amounts receivable under reverse repurchase agreements		(19,693,881)	(12,511,424)
Loans and advances to customers		(34,419,843)	(47,657,962)
Repossessed assets		330,420	348,472
Other assets		600,324	909,239
<i>Net increase/(decrease) in operating liabilities</i>			
Amounts due to banks		5,229,220	2,630,935
Amounts payable under repurchase agreements		(44,748,406)	52,385,059
Amounts due to customers		36,450,029	6,228,728
Other liabilities		(74,571)	113,837
<b>Net cash (used in)/from operating activities before income tax</b>		<b>(46,092,512)</b>	<b>17,793,056</b>
Income tax paid		(3,625,545)	(4,304,394)
<b>Net cash (used in)/from operating activities</b>		<b>(49,718,057)</b>	<b>13,488,662</b>
<b>Cash flows from investing activities</b>			
Purchase of investment securities	11	(139,970,150)	(130,353,412)
Proceeds from sale and redemption of investment securities	11	168,997,100	125,665,130
Purchase of property and equipment	12	(920,309)	(1,255,544)
Proceeds from sale of property and equipment		1,546	6,038
Purchase of intangible assets	13	(276,263)	(120,237)
<b>Net cash from/(used in) investing activities</b>		<b>27,831,924</b>	<b>(6,058,025)</b>
<b>Cash flows from financing activities</b>			
Dividends paid to shareholders		(4,349,808)	(4,467,547)
Proceeds from debt securities issued	34	12,199,107	15,844,949
Redemption of debt securities issued	34	(7,725,000)	(11,914,400)
Proceeds from other borrowed funds	34	12,743,599	5,309,596
Repayment of other borrowed funds	34	(5,174,542)	(5,218,920)
Repayment of lease liabilities	34	(540,181)	(510,803)
<b>Net cash from/(used in) financing activities</b>		<b>7,153,175</b>	<b>(957,125)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(14,732,958)</b>	<b>6,473,512</b>
Cash and cash equivalents at the beginning of the year		39,348,626	37,214,306
Effect of exchange rates changes on cash and cash equivalents		645,709	(4,340,016)
Effect of expected credit losses on cash and cash equivalents		1,633	824
<b>Cash and cash equivalents at the end of the year</b>	5	<b>25,263,010</b>	<b>39,348,626</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 36 branches (2024: 35) 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 2025, the number of Bank’s employees is 925 (31 December 2024: 925).

As of 31 December 2025 and 31 December 2024, the shareholders of the Bank are:

<b>Shareholder</b>	<b>31 December 2025, %</b>	<b>31 December 2024, %</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>100.00</b>	<b>100.00</b>

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

Related party transactions are detailed in Note 33.

### (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. Additionally, continuous military conflicts between Armenia and Azerbaijan eventually leading to Azerbaijan remaining in effective control of Nagorno-Karabakh territory in September 2023 and ongoing military conflict between the Russian Federation and Ukraine have increased the level of uncertainty in the business environment. In August 2025, Armenia and Azerbaijan signed a Joint Declaration expressing a mutual intention to normalize bilateral relations, including commitments to reduce tensions, advance border delimitation discussions, and promote regional stability. However, the practical implementation of the declaration and its long-term impact on economic activity remain uncertain.

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.

## 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), including loans to customers that did not pass the SPPI test, investment securities at fair value through other comprehensive income (FVOCI) are stated at fair value and land and buildings are stated at revalued amounts.

(thousands of Armenian drams)

### (c) Functional and presentation currency

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

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

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 30.

#### **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 note:

- ▶ impairment of financial instruments: determining inputs into the ECL measurement model, including key assumptions used in estimating recoverable cash flows and incorporation of forward-looking information – Note 30.

### (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.

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

## 3. Material accounting policies

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

### (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.

(thousands of Armenian drams)

#### *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, amounts receivable under reverse repurchase agreements, loans to customers, investments securities at amortised cost*

The Bank only measures amounts due from banks, amounts receivable under reverse repurchase agreements, 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.

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.

(thousands of Armenian drams)

#### *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*

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. 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 and choose to account performance guarantees as contingent loan commitments.

#### ***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 2025 and 2024.

### **(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.

(thousands of Armenian drams)

### **(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.

### **(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.

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.

(thousands of Armenian drams)

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.

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.

(thousands of Armenian drams)

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:

	<u>Useful life (years)</u>	<u>Rate (%)</u>
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*

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. The Bank's segmental reporting is based on the following operating segments: Retail Banking, Corporate Banking and Trading.

#### **(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.

(thousands of Armenian drams)

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.

### **(n) New standards and interpretations not yet adopted**

A number of new accounting standards and amendments to accounting standards are effective for annual periods beginning after 1 January 2025 and earlier application is permitted; however, the Bank has not early adopted the new or amended accounting standards in preparing these financial statements.

#### ***Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7)***

In May 2024, the IASB issued Amendments to the Classification and Measurement of Financial Instruments, which amended IFRS 9 and IFRS 7.

The requirements will be effective for annual reporting periods beginning on or after 1 January 2026, with early application permitted, and are related to:

- ▶ recognition and derecognition, including accounting for settlement of financial liabilities using an electronic payments system; and
- ▶ assessing contractual cash flow characteristics of financial assets, including those with sustainability-linked features.

The Bank is still in the process of assessing the impact of the Amendments.

#### ***IFRS 18 Presentation and Disclosure in Financial Statements***

IFRS 18 will replace IAS 1 *Presentation of Financial Statements* and applies for annual reporting periods beginning on or after 1 January 2027. The new standard introduces the following key new requirements.

Entities are required to classify all income and expenses into five categories in the statement of profit or loss, namely the operating, investing, financing, discontinued operations and income tax categories. Entities are also required to present a newly-defined operating profit subtotal. Entities' net profit will not change.

Management-defined performance measures (MPMs) are disclosed in a single note in the financial statements. Enhanced guidance is provided on how to formation in the financial statements.

In addition, all entities are required to use the operating profit subtotal as the starting point for the statement of cash flows when presenting operating cash flows under indirect method.

The Bank is still in the process of assessing the impact of the new standard, particularly with respect to the structure of the Bank's statement of profit or loss, statement of cash flows and the additional disclosures required for MPMs. The Bank is also assessing the impact on how information is grouped in the financial statements, including for items currently labelled as “other”.

### **Other accounting standards**

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

- ▶ Contracts Referencing Nature-dependent Electricity (Amendments to IFRS 9 and IFRS 7); and
- ▶ Annual Improvements to IFRS Accounting Standards – Volume 11.

(thousands of Armenian drams)

#### 4. Segment information

The CODM of the Bank monitors and makes strategic decisions on the basis of segment operating results. The operating segments are divided based on products and services provided as follows:

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.
Trading	Treasury and finance, leasing and other central functions.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Income taxes are allocated to operating segments based on proportion of profit before income tax.

Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

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

<i>As of 31 December 2025</i>	<i>Retail banking</i>	<i>Corporate banking</i>	<i>Trading</i>	<i>Total</i>
<b>External income</b>				
Interest income calculated using effective interest rate	27,730,951	10,209,407	14,430,844	<b>52,371,202</b>
Other interest income	-	542,286	15,881	<b>558,167</b>
Interest expense	(10,342,632)	(4,762,056)	(8,357,426)	<b>(23,462,114)</b>
Inter-segment income	(530,552)	2,589,308	(2,058,756)	-
<b>Net interest income</b>	<b>16,857,767</b>	<b>8,578,945</b>	<b>4,030,543</b>	<b>29,467,255</b>
Net non-interest income	3,825,930	2,195,760	4,784,022	<b>10,805,712</b>
<b>Operating income</b>	<b>20,683,697</b>	<b>10,774,705</b>	<b>8,814,565</b>	<b>40,272,967</b>
Net (impairment losses)/reversal of impairment losses on financial instruments	204,585	(14,484)	(15,312)	<b>174,789</b>
Depreciation of property, equipment and right-of-use asset and amortization of intangible assets	(970,840)	(538,696)	(129,095)	<b>(1,638,631)</b>
Personnel, administrative and other expenses	(10,358,889)	(5,650,395)	(2,101,190)	<b>(18,110,474)</b>
<b>Operating segment profit</b>	<b>9,558,553</b>	<b>4,571,130</b>	<b>6,568,968</b>	<b>20,698,651</b>
Income tax expense	(1,849,514)	(881,802)	(1,257,483)	<b>(3,988,799)</b>
<b>Profit for the year</b>	<b>7,709,039</b>	<b>3,689,328</b>	<b>5,311,485</b>	<b>16,709,852</b>

<i>As of 31 December 2024</i>	<i>Retail banking</i>	<i>Corporate banking</i>	<i>Trading</i>	<i>Total</i>
<b>External income</b>				
Interest income calculated using effective interest rate	22,604,372	9,719,644	13,064,052	<b>45,388,068</b>
Other interest income	-	325,329	46,796	<b>372,125</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>6,586,000</b>	<b>36,956,713</b>
Net reversal of impairment losses/(impairment losses) on financial instruments	(453,708)	768,608	(3,092)	<b>311,808</b>
Depreciation of property, equipment and right-of-use asset and amortization of intangible assets	(922,140)	(472,373)	(121,121)	<b>(1,515,634)</b>
Personnel, administrative and other expenses	(9,202,872)	(4,993,531)	(1,703,397)	<b>(15,899,800)</b>
<b>Operating segment profit</b>	<b>8,145,001</b>	<b>6,949,696</b>	<b>4,758,390</b>	<b>19,853,087</b>
Income tax expense	(1,652,684)	(1,410,147)	(965,514)	<b>(4,028,345)</b>
<b>Profit for the year</b>	<b>6,492,317</b>	<b>5,539,549</b>	<b>3,792,876</b>	<b>15,824,742</b>

(thousands of Armenian drams)

The CODM does not monitor segment assets or liabilities. The following table presents assets and liabilities of the Bank's operating units according to management:

	<b>As of 31 December 2025</b>				<b>Total</b>
	<b>Interest bearing</b>			<b>Non-interest bearing</b>	
	<b>Retail banking</b>	<b>Corporate banking</b>	<b>Trading</b>		
Assets	228,725,516	113,586,140	193,816,504	68,171,288	<b>604,299,448</b>
Liabilities	208,803,425	185,483,413	94,906,413	8,936,495	<b>498,129,746</b>
	<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>Trading</b>		
Assets	192,870,992	118,476,528	188,240,116	76,619,254	<b>576,206,890</b>
Liabilities	178,504,952	178,414,266	122,173,033	7,802,457	<b>486,894,708</b>

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

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

Non-interestbearing 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 years ended 31 December 2025 and 31 December 2024 are as follows:

<b>As of 31 December 2025</b>	<b>Retail banking</b>	<b>Corporate banking</b>	<b>Trading</b>	<b>Total</b>
<b>Commission income</b>				
Plastic cards operations	6,019,500	39,769	7,610	<b>6,066,879</b>
Wire transfer fees	231,239	340,850	14,764	<b>586,853</b>
Settlement operation	150,549	95,780	166,949	<b>413,278</b>
Guarantees and letters of credit	-	205,632	-	<b>205,632</b>
Loan accounts servicing fees	100,063	62,472	-	<b>162,535</b>
Banknotes transfers to banks	-	-	12,142	<b>12,142</b>
Other	326,883	326,883	401,988	<b>1,055,754</b>
<b>Total revenue from contracts with customers</b>	<b>6,828,234</b>	<b>1,071,386</b>	<b>603,453</b>	<b>8,503,073</b>

<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	49,730	7,130	<b>8,176,810</b>
Wire transfer fees	292,227	414,118	25,214	<b>731,559</b>
Settlement operation	126,425	61,941	144,443	<b>332,809</b>
Guarantees and letters of credit	-	182,826	-	<b>182,826</b>
Loan accounts servicing fees	147,063	16,340	-	<b>163,403</b>
Banknotes transfers to banks	-	-	50,567	<b>50,567</b>
Other	274,523	274,528	404,017	<b>953,068</b>
<b>Total revenue from contracts with customers</b>	<b>8,960,188</b>	<b>999,483</b>	<b>631,371</b>	<b>10,591,042</b>

No revenue from transactions with a single external customer or counterparty amounted to 10% or more of the Bank's total revenue in 2025 or 2024.

(thousands of Armenian drams)

## 5. Cash and cash equivalents

Cash and cash equivalents comprise:

	<b>31 December 2025</b>	<b>31 December 2024</b>
Cash on hand	10,143,353	10,183,792
Nostro accounts with the Central Bank, including obligatory reserves in AMD	8,019,579	17,445,353
Nostro accounts with other Banks	7,100,816	11,721,852
	<b>25,263,748</b>	<b>39,350,997</b>
Less – allowance for impairment	(738)	(2,371)
<b>Cash and cash equivalents</b>	<b>25,263,010</b>	<b>39,348,626</b>

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

Banks are required to maintain cash deposit (obligatory reserve) with the CBA, equal to 4% (2024: 4%) of the amounts attracted in Armenian drams and 15% (2024: 18%) of the amounts attracted in foreign currencies.

The banks are required to maintain 15% of the amounts attracted in foreign currency as cash deposit with CBA in the foreign currency (2024: 6% of the amounts attracted in foreign currency in Armenian drams, 12% - in the foreign currency). 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 7).

As of 31 December 2025 nostro accounts with other Banks in the amount of AMD 6,614,774 thousand (93.2%) were due from eight banks (2024: AMD 11,452,560 thousand (97.7%) were due from eight banks).

## 6. Trading securities

Trading securities owned comprise:

	<b>31 December 2025</b>	<b>31 December 2024</b>
Debt securities issued by the RA government	-	576,703
Investments in funds	418,846	366,795
<b>Trading securities</b>	<b>418,846</b>	<b>943,498</b>

## 7. Amounts due from banks

Amounts due from banks comprise:

	<b>31 December 2025</b>	<b>31 December 2024</b>
Foreign currency obligatory reserves with CBA (Note 5)	27,457,665	21,880,210
Loans and deposits to banks	19,381,461	12,422,826
Deposited funds with CBA	3,767,523	2,832,500
Receivables from payment and settlement operations	2,591,835	2,581,835
Other deposited funds	1,979,748	1,638,246
	<b>55,178,232</b>	<b>41,355,617</b>
Less – allowance for impairment	(20,978)	(21,822)
<b>Amounts due from banks</b>	<b>55,157,254</b>	<b>41,333,795</b>

As at 31 December 2025 the balances included loans and deposits to banks due from six counterparties (2024: six counterparties).

Deposited funds with CBA include a guaranteed deposit for settlements via ArCa payment system and a deposited amount to service payment and settlement obligations within STAK.

(thousands of Armenian drams)

No amounts due from banks are past due or impaired and are fully in Stage 1 as at 31 December 2025 and 31 December 2024. All the amounts due from banks are measured at amortised cost as at 31 December 2025 and 31 December 2024.

## 8. Derivative financial instruments

As of 31 December 2025, and 31 December 2024, 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.

<i>Foreign exchange contracts</i>	<i>31 December 2025</i>		<i>31 December 2024</i>	
	<i>Fair values</i>		<i>Fair value</i>	
	<i>Asset</i>	<i>Liability</i>	<i>Asset</i>	<i>Liability</i>
Derivative assets (currency swaps)	2,237	-	2,586	-
Derivative liabilities (currency swaps)	-	14,449	-	67,655

## 9. Amounts receivable under reverse repurchase agreements

Amounts receivable under reverse repurchase agreements comprise:

	<i>31 December 2025</i>	<i>31 December 2024</i>
Amounts receivable from other financial institutions	18,962,859	18,305,797
Amounts receivable from banks	20,553,103	1,619,787
<b>Amounts receivable under reverse repurchase agreements</b>	<b>39,515,962</b>	<b>19,925,584</b>

As at 31 December 2025 the amounts receivable of AMD 34,791,445 thousand (88%) are from eleven counterparties (2024: AMD 17,858,840 thousand (89.6%) are from ten counterparties).

As at 31 December 2025 amounts receivable under reverse repurchase agreements were collateralized by the RA government bonds with fair value of AMD 41,033,633 thousand (31 December 2024: AMD 20,764,446 thousand).

No amounts receivable under reverse repurchase agreements are past due or impaired and are fully in Stage 1 as at 31 December 2025 and 31 December 2024. The Bank estimates that balance of allowance for impairment is nil as at 31 December 2025 and 31 December 2024.

## 10. Loans and advances to customers

	<i>31 December 2025</i>	<i>31 December 2024</i>
Loans to customers	345,372,688	314,717,118
Financial lease receivables	3,394,584	3,537,915
	<b>348,767,272</b>	<b>318,255,033</b>
Less – allowance for loan impairment	(6,455,616)	(6,907,513)
<b>Total loans and advances to customers</b>	<b>342,311,656</b>	<b>311,347,520</b>
	<i>31 December 2025</i>	<i>31 December 2024</i>
Large business loans including finance lease receivables	62,669,264	77,011,350
SME loans including finance lease receivables	56,764,018	44,690,940
<b>Total loans to corporate customers</b>	<b>119,433,282</b>	<b>121,702,290</b>
Mortgage loans	108,698,848	102,474,919
Consumer loans	83,389,306	67,639,876
Gold loans	36,278,964	26,437,948
<b>Total loans to retail customers</b>	<b>228,367,118</b>	<b>196,552,743</b>
<b>Gross loans and advances to customers</b>	<b>347,800,400</b>	<b>318,255,033</b>
Less – allowance for impairment	(6,455,616)	(6,907,513)
<b>Total loans and advances to customers measured at amortized cost</b>	<b>341,344,784</b>	<b>311,347,520</b>
<b>Loans to corporate customers</b>		

(thousands of Armenian drams)

**Total loans and advances to customers measured at fair value through profit or loss****966,871** **-****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 2025:

<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 2025</b>	<b>113,237,265</b>	<b>1,700,493</b>	<b>6,764,532</b>	<b>121,702,290</b>
New assets originated or purchased	46,427,288	-	-	<b>46,427,288</b>
Assets repaid	(43,951,647)	(1,241,022)	(2,153,943)	<b>(47,346,612)</b>
Transfers to Stage 1	40,240	(30,407)	(9,834)	-
Transfers to Stage 2	(288,476)	493,450	(204,974)	-
Transfers to Stage 3	(761,102)	(100,922)	862,024	-
Recoveries	-	-	301,359	<b>301,359</b>
Amounts written off	-	-	(248,679)	<b>(248,679)</b>
Foreign exchange and other movements	(1,238,032)	(20,180)	(144,152)	<b>(1,402,364)</b>
<b>At 31 December 2025</b>	<b>113,465,535</b>	<b>801,412</b>	<b>5,166,335</b>	<b>119,433,282</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 2025</b>	<b>712,081</b>	<b>200,619</b>	<b>2,313,062</b>	<b>3,225,762</b>
New assets originated or purchased	456,030	-	-	<b>456,030</b>
Assets repaid	(278,758)	(142,095)	(734,041)	<b>(1,154,894)</b>
Transfers to Stage 1	15,902	(10,225)	(5,677)	-
Transfers to Stage 2	(6,272)	76,258	(69,986)	-
Transfers to Stage 3	(39,942)	(31,263)	71,205	-
Impact on period end ECL of exposures transferred between stages during the period	(15,518)	78,850	710,154	<b>773,486</b>
Unwinding of discount (recognised in interest income)	-	-	15,605	<b>15,605</b>
Changes to models and inputs used for ECL calculations	(71,360)	(30,111)	(80,561)	<b>(182,032)</b>
Recoveries	-	-	301,359	<b>301,359</b>
Amounts written off	-	-	(248,679)	<b>(248,679)</b>
Foreign exchange other movements	(4,316)	(2,665)	(64,336)	<b>(71,318)</b>
<b>At 31 December 2025</b>	<b>767,845</b>	<b>139,367</b>	<b>2,208,104</b>	<b>3,115,317</b>

An analysis of changes in the gross carrying value and corresponding ECL in relation to retail loans as of 31 December 2025:

<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 2025</b>	<b>190,416,754</b>	<b>2,958,155</b>	<b>3,177,834</b>	<b>196,552,743</b>
New assets originated or purchased	89,366,855	-	-	<b>89,366,855</b>
Assets repaid	(54,894,349)	(1,063,861)	(1,116,882)	<b>(57,075,092)</b>
Transfers to Stage 1	840,434	(699,169)	(141,265)	-
Transfers to Stage 2	(2,118,302)	2,685,073	(566,771)	-
Transfers to Stage 3	(1,978,205)	(550,897)	2,529,103	-
Recoveries	-	-	705,110	<b>705,110</b>
Amounts written off	-	-	(958,502)	<b>(958,502)</b>
Foreign exchange and other movements	(188,920)	(3,332)	(31,744)	<b>(223,996)</b>
<b>At 31 December 2025</b>	<b>221,444,266</b>	<b>3,325,967</b>	<b>3,596,885</b>	<b>228,367,118</b>

(thousands of Armenian drams)

<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 2025</b>	<b>1,445,239</b>	<b>640,487</b>	<b>1,596,025</b>	<b>3,681,751</b>
New assets originated or purchased	776,570	-	-	776,570
Assets repaid	(387,206)	(218,886)	(560,808)	(1,166,899)
Transfers to Stage 1	247,776	(168,113)	(79,663)	-
Transfers to Stage 2	(147,126)	441,280	(294,154)	-
Transfers to Stage 3	(227,414)	(173,728)	401,142	-
Impact on period end ECL of exposures transferred between stages during the period	(174,693)	169,750	905,825	900,882
Unwinding of discount (recognised in interest income)	-	-	39,501	39,501
Changes to models and inputs used for ECL calculations	(542,083)	(49,864)	(33,794)	(625,741)
Recoveries	-	-	705,110	705,110
Amounts written off	-	-	(958,502)	(958,502)
Foreign exchange and other movements	(948)	2,079	(13,503)	(12,372)
<b>At 31 December 2025</b>	<b>990,116</b>	<b>643,004</b>	<b>1,707,178</b>	<b>3,340,299</b>

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	(27,381,684)	(646,209)	(1,004,323)	(29,032,216)
Transfers to Stage 1	331,942	(16,608)	(315,334)	-
Transfers to Stage 2	(2,292,717)	2,450,297	(157,580)	-
Transfers to Stage 3	(750,602)	(782,090)	1,532,692	-
Recoveries	-	-	180,725	180,725
Amounts written off	-	-	(243,233)	(243,233)
Foreign exchange and other movements	(1,549,025)	(10,593)	(105,480)	(1,665,098)
<b>At 31 December 2024</b>	<b>113,237,265</b>	<b>1,700,493</b>	<b>6,764,532</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	(307,279)	(68,934)	(544,931)	(921,144)
Transfers to Stage 1	134,792	(4,956)	(129,836)	-
Transfers to Stage 2	(31,391)	106,944	(75,553)	-
Transfers to Stage 3	(10,521)	(62,983)	73,504	-
Impact on period end ECL of exposures transferred between stages during the period	(131,443)	89,980	632,394	590,931
Unwinding of discount (recognised in interest income)	-	-	22,559	22,559
Changes to models and inputs used for ECL calculations	(180,723)	1,180	(916,040)	(1,095,583)
Recoveries	-	-	180,726	180,726
Amounts written off	-	-	(243,233)	(243,233)
Foreign exchange other movements	(7,365)	(1,473)	(53,939)	(62,777)
<b>At 31 December 2024</b>	<b>712,081</b>	<b>200,619</b>	<b>2,313,062</b>	<b>3,225,762</b>

(thousands of Armenian drams)

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>	158,085,688	2,157,429	2,719,366	<b>162,962,483</b>
New assets originated or purchased	77,807,446	-	-	<b>77,807,446</b>
Assets repaid	(41,698,470)	(660,391)	(1,314,847)	<b>(43,673,708)</b>
Transfers to Stage 1	721,886	(465,438)	(256,448)	-
Transfers to Stage 2	(1,973,871)	2,619,322	(645,451)	-
Transfers to Stage 3	(1,745,838)	(672,636)	2,418,474	-
Recoveries	-	-	1,124,783	<b>1,124,783</b>
Amounts written off	-	-	(835,639)	<b>(835,639)</b>
Foreign exchange and other movements	(780,087)	(20,131)	(32,404)	<b>(832,622)</b>
<b>At 31 December 2024</b>	<b>190,416,754</b>	<b>2,958,155</b>	<b>3,177,834</b>	<b>196,552,743</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>	808,889	418,027	1,552,418	<b>2,779,334</b>
New assets originated or purchased	844,311	-	-	<b>844,311</b>
Assets repaid	(290,002)	(105,485)	(1,006,710)	<b>(1,402,197)</b>
Transfers to Stage 1	229,506	(83,794)	(145,712)	-
Transfers to Stage 2	(14,373)	381,572	(367,199)	-
Transfers to Stage 3	(12,175)	(154,822)	166,997	-
Impact on period end ECL of exposures transferred between stages during the period	(226,174)	210,327	1,130,766	1,114,919
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>26,933</b>
Recoveries	-	-	1,124,783	<b>1,124,783</b>
Amounts written off	-	-	(835,639)	<b>(835,639)</b>
Foreign exchange and other movements	(3,565)	(3,701)	(15,581)	<b>(22,847)</b>
<b>At 31 December 2024</b>	<b>1,445,239</b>	<b>640,487</b>	<b>1,596,025</b>	<b>3,681,751</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 2025.

	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Loans measured at fair value through profit or loss</b>	<b>Total loans</b>
<b>Loans to corporate customers</b>					
<b>Large business loans</b>					
- not overdue	59,341,203	260,942	267,601	966,871	<b>60,836,617</b>
- overdue less than 30 days	-	-	18,108	-	<b>18,108</b>
- overdue 31-90 days	-	-	1,024,320	-	<b>1,024,320</b>
- overdue more than 1 year	-	-	1,757,090	-	<b>1,757,090</b>
<b>Total gross loans</b>	<b>59,341,203</b>	<b>260,942</b>	<b>3,067,119</b>	<b>966,871</b>	<b>63,636,134</b>
Expected credit loss allowance	(173,537)	(24,665)	(1,461,010)	-	<b>(1,659,213)</b>
<b>Total net loans</b>	<b>59,167,665</b>	<b>236,277</b>	<b>1,606,109</b>	<b>966,871</b>	<b>61,976,922</b>
<b>SME loans</b>					
- not overdue	54,005,857	339,911	311,793	-	<b>54,657,562</b>
- overdue less than 30 days	118,476	46,798	59,312	-	<b>224,585</b>
- overdue 31-90 days	-	153,761	42,853	-	<b>196,614</b>
- overdue 91-180 days	-	-	383,559	-	<b>383,559</b>
- overdue 181-360 days	-	-	434,217	-	<b>434,217</b>
- overdue more than 1 year	-	-	867,481	-	<b>867,481</b>
<b>Total gross loans</b>	<b>54,124,333</b>	<b>540,470</b>	<b>2,099,216</b>	-	<b>56,764,018</b>
Expected credit loss allowance	(594,308)	(114,702)	(747,094)	-	<b>(1,456,104)</b>
<b>Total net loans</b>	<b>53,530,025</b>	<b>425,767</b>	<b>1,352,122</b>	-	<b>55,307,914</b>

(thousands of Armenian drams)

	Stage 1	Stage 2	Stage 3	Loans measured at fair value through profit or loss	Total loans
<b>Loans to retail customers</b>					
<b>Mortgage loans</b>					
- not overdue	106,039,523	1,336,271	333,191	-	107,708,985
- overdue less than 30 days	38,437	16,079	123,315	-	177,831
- overdue 31-90 days	-	157,318	72,140	-	229,458
- overdue 91-180 days	-	-	138,304	-	138,304
- overdue 181-360 days	-	-	126,143	-	126,143
- overdue more than 1 year	-	-	318,127	-	318,127
<b>Total gross loans</b>	<b>106,077,960</b>	<b>1,509,668</b>	<b>1,111,220</b>	-	<b>108,698,848</b>
Expected credit loss allowance	(225,582)	(241,474)	(423,029)	-	(890,085)
<b>Total net loans</b>	<b>105,852,378</b>	<b>1,268,194</b>	<b>688,191</b>	-	<b>107,808,763</b>
<b>Consumer loans</b>					
- not overdue	78,999,776	989,968	367,799	-	80,357,543
- overdue less than 30 days	246,084	99,000	120,380	-	465,464
- overdue 31-90 days	-	619,858	137,007	-	756,865
- overdue 91-180 days	-	-	667,435	-	667,435
- overdue 181-360 days	-	-	702,093	-	702,093
- overdue more than 1 year	-	-	439,907	-	439,907
<b>Total gross loans</b>	<b>79,245,861</b>	<b>1,708,826</b>	<b>2,434,621</b>	-	<b>83,389,307</b>
Expected credit loss allowance	(737,158)	(392,133)	(1,261,321)	-	(2,390,612)
<b>Total net loans</b>	<b>78,508,702</b>	<b>1,316,693</b>	<b>1,173,300</b>	-	<b>80,998,695</b>
<b>Gold loans</b>					
- not overdue	36,070,978	86,133	22,542	-	36,179,652
- overdue less than 30 days	49,467	903	2,500	-	52,871
- overdue 31-90 days	-	20,438	3,461	-	23,899
- overdue 91-180 days	-	-	3,895	-	3,895
- overdue 181-360 days	-	-	18,647	-	18,647
<b>Total gross loans</b>	<b>36,120,445</b>	<b>107,474</b>	<b>51,045</b>	-	<b>36,278,964</b>
Expected credit loss allowance	(27,376)	(9,396)	(22,829)	-	(59,601)
<b>Total net loans</b>	<b>36,093,069</b>	<b>98,077</b>	<b>28,215</b>	-	<b>36,219,362</b>
<b>Total gross loans to corporate customers</b>					
	<b>113,465,535</b>	<b>801,412</b>	<b>5,166,335</b>	<b>966,871</b>	<b>120,400,153</b>
Expected credit loss allowance	(767,845)	(139,367)	(2,208,104)	-	(3,115,317)
<b>Total net loans to corporate customers</b>	<b>112,697,690</b>	<b>662,044</b>	<b>2,958,230</b>	<b>966,871</b>	<b>117,284,836</b>
<b>Total gross loans to retail customers</b>					
	<b>221,444,266</b>	<b>3,325,967</b>	<b>3,596,885</b>	-	<b>228,367,118</b>
Expected credit loss allowance	(990,116)	(643,004)	(1,707,178)	-	(3,340,299)
<b>Total net loans to retail customers</b>	<b>220,454,149</b>	<b>2,682,964</b>	<b>1,889,707</b>	-	<b>225,026,820</b>
<b>Total gross loans</b>					
	<b>334,909,801</b>	<b>4,127,379</b>	<b>8,763,220</b>	<b>966,871</b>	<b>348,767,271</b>
Expected credit loss allowance	(1,757,962)	(782,371)	(3,915,283)	-	(6,455,616)
<b>Total net loans</b>	<b>333,151,839</b>	<b>3,345,008</b>	<b>4,847,937</b>	<b>966,871</b>	<b>342,311,655</b>

(thousands of Armenian drams)

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	71,271,903	1,093,165	861,887	<b>73,226,955</b>
- 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>71,271,903</b>	<b>1,093,165</b>	<b>4,646,282</b>	<b>77,011,350</b>
Expected credit loss allowance	(236,296)	(74,769)	(1,502,290)	<b>(1,813,355)</b>
<b>Total net loans</b>	<b>71,035,607</b>	<b>1,018,396</b>	<b>3,143,992</b>	<b>75,197,995</b>
<b>SME loans</b>				
- not overdue	41,949,586	472,739	260,870	<b>42,683,195</b>
- overdue less than 30 days	15,776	46,940	22,287	<b>85,003</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>41,965,362</b>	<b>607,328</b>	<b>2,118,250</b>	<b>44,690,940</b>
Expected credit loss allowance	(475,785)	(125,850)	(810,772)	<b>(1,412,407)</b>
<b>Total net loans</b>	<b>41,489,577</b>	<b>481,478</b>	<b>1,307,478</b>	<b>43,278,533</b>
<b>Loans to retail customers</b>				
<b>Mortgage loans</b>				
- not overdue	100,071,055	1,057,889	467,002	<b>101,595,946</b>
- overdue less than 30 days	63,282	-	75,724	<b>139,006</b>
- overdue 31-90 days	-	116,498	149,427	<b>265,925</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	-	-	293,421	<b>293,421</b>
<b>Total gross loans</b>	<b>100,134,337</b>	<b>1,174,387</b>	<b>1,166,195</b>	<b>102,474,919</b>
Expected credit loss allowance	(369,326)	(229,664)	(497,379)	<b>(1,096,369)</b>
<b>Total net loans</b>	<b>99,765,011</b>	<b>944,723</b>	<b>668,816</b>	<b>101,378,550</b>
<b>Consumer loans</b>				
- not overdue	63,950,377	1,212,008	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>64,221,097</b>	<b>1,533,147</b>	<b>1,885,632</b>	<b>67,639,876</b>
Expected credit loss allowance	(1,049,574)	(380,765)	(1,048,091)	<b>(2,478,430)</b>
<b>Total net loans</b>	<b>63,171,523</b>	<b>1,152,382</b>	<b>837,541</b>	<b>65,161,446</b>

(thousands of Armenian drams)

	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total loans</b>
<b>Gold loans</b>				
- 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	-	-	42,517	<b>42,517</b>
<b>Total gross loans</b>	<b>26,061,320</b>	<b>250,621</b>	<b>126,007</b>	<b>26,437,948</b>
Expected credit loss allowance	(26,339)	(30,058)	(50,555)	<b>(106,952)</b>
<b>Total net loans</b>	<b>26,034,981</b>	<b>220,563</b>	<b>75,452</b>	<b>26,330,996</b>
<b>Total gross loans to corporate customers</b>	<b>113,237,265</b>	<b>1,700,493</b>	<b>6,764,532</b>	<b>121,702,290</b>
Expected credit loss allowance	(712,081)	(200,619)	(2,313,062)	<b>(3,225,762)</b>
<b>Total net loans to corporate customers</b>	<b>112,525,184</b>	<b>1,499,874</b>	<b>4,451,470</b>	<b>118,476,528</b>
<b>Total gross loans to retail customers</b>	<b>190,416,754</b>	<b>2,958,155</b>	<b>3,177,834</b>	<b>196,552,743</b>
Expected credit loss allowance	(1,445,239)	(640,487)	(1,596,025)	<b>(3,681,751)</b>
<b>Total net loans to retail customers</b>	<b>188,971,515</b>	<b>2,317,668</b>	<b>1,581,809</b>	<b>192,870,992</b>
<b>Total gross loans</b>	<b>303,654,019</b>	<b>4,658,648</b>	<b>9,942,366</b>	<b>318,255,033</b>
Expected credit loss allowance	(2,157,320)	(841,106)	(3,909,087)	<b>(6,907,513)</b>
<b>Total net loans</b>	<b>301,496,699</b>	<b>3,817,542</b>	<b>6,033,279</b>	<b>311,347,520</b>

**Concentration of loans and advances to customers**

As at 31 December 2025 the Bank had a concentration of loans totaling to AMD 37,561,695 thousand due from the ten largest groups of borrowers (10.77% of gross loan portfolio) (2024: AMD 47,868,992 thousand due from the ten largest groups of borrowers (15.03% of gross loan portfolio)). An allowance for impairment in amount of AMD 1,119,946 thousand (2024: AMD 1,457,467 thousand) was created against these loans.

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

	<b>31 December 2025</b>	<b>31 December 2024</b>
Mortgage	108,698,848	102,474,919
Consumer and gold loans to individuals	119,668,270	94,077,824
Trade	50,018,316	42,457,424
Construction	23,374,342	24,835,311
Agriculture (including loans to individuals)	5,921,233	6,077,363
Financial services	2,972,632	8,359,883
Manufacturing	13,038,672	12,568,793
Services	7,273,420	5,257,828
Energy	3,182,186	3,646,678
Transport and communication	3,293,237	3,174,843
Other	11,326,116	15,324,167
<b>Gross loan portfolio</b>	<b>348,767,272</b>	<b>318,255,033</b>
Less allowance for loan impairment	<b>(6,455,616)</b>	<b>(6,907,513)</b>
<b>Total</b>	<b>342,311,656</b>	<b>311,347,520</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 2025 and 31 December 2024 is as follows:

	<b>31 December 2025</b>	<b>31 December 2024</b>
<b>Gross investment in finance lease, receivable</b>		
Not later than 1 year	1,555,826	1,375,350
1-2 years	1,223,464	1,326,017
2-3 years	803,675	944,955
3-4 years	427,775	492,688
4-5 years	151,395	152,076
More than 5 years	35,468	74,806
	<b>4,197,603</b>	<b>4,365,892</b>
Unearned future finance income on finance lease	(803,019)	(827,977)
<b>Net investment in financial lease, before impairment allowance</b>	<b>3,394,584</b>	<b>3,537,915</b>
Impairment allowance	(57,869)	(54,320)
<b>Net investment in finance lease</b>	<b>3,336,715</b>	<b>3,483,595</b>

**Analysis of collateral and other credit enhancements**

The following table provides information on the nature of collateral and other credit enhancements securing loans and advances to customers, net of impairment:

	<b>31 December 2025</b>	<b>31 December 2024</b>
Real estate	216,201,919	195,362,903
Cash and deposit	20,676,717	32,424,883
Gold	36,202,785	26,321,887
Vehicles	5,279,470	2,867,149
Finished goods	11,468,503	4,912,911
Government bonds	71,413	79,578
Unsecured	52,410,849	49,378,209
<b>Total loans and advances to customers</b>	<b>342,311,656</b>	<b>311,347,520</b>

The Bank has loans, for which the fair value of collateral was assessed at the loan inception date and it was not updated for further changes, and loans for which the fair value of collateral is not determined. For certain loans the fair value of collateral is updated as at the reporting date. Information on the valuation of collateral is based on when this estimate was made, if any.

For loans secured by multiple types of collateral, collateral that is most relevant for impairment assessment is disclosed. Sureties received from individuals, such as shareholders of SME borrowers, are not considered for impairment assessment purposes.

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

The following tables provide information on the collateral pledged for the loans to customers classified at Stage 3 as at 31 December 2025 and 2024. For the purposes of the below table the fair value of the collateral for each loan has been capped by the gross carrying amount of the loan.

<b>31 December 2025</b>	<b>Gold</b>	<b>Real estate</b>	<b>Vehicles</b>	<b>Total fair value of the collateral</b>	<b>Gross carrying amount</b>	<b>Associated ECL</b>
Large business loans	-	3,067,119	-	3,067,119	3,067,119	(1,461,010)
SME loans	-	1,778,898	44,715	1,823,613	2,099,216	(747,094)
Mortgage loans	-	966,004	-	966,004	1,111,220	(423,029)
Consumer loans	-	1,107,601	73,691	1,181,291	2,434,621	(1,261,321)
Gold loans	23,053	-	-	23,053	51,045	(22,829)
<b>Total</b>	<b>23,053</b>	<b>6,919,622</b>	<b>118,405</b>	<b>7,061,080</b>	<b>8,763,221</b>	<b>(3,915,283)</b>

(thousands of Armenian drams)

<b>31 December 2024</b>	<b>Gold</b>	<b>Real estate</b>	<b>Vehicles</b>	<b>Total fair value of the collateral</b>	<b>Gross carrying amount</b>	<b>Associated ECL</b>
Large business loans	-	4,275,863	-	4,275,863	4,646,282	(1,502,290)
SME loans	-	1,663,928	23,080	1,687,008	2,118,250	(810,772)
Mortgage loans	-	1,075,037	-	1,075,037	1,166,195	(497,379)
Consumer loans	-	876,181	25,835	902,016	1,885,632	(1,048,091)
Gold loans	45,777	-	-	45,777	126,007	(50,555)
<b>Total</b>	<b>45,777</b>	<b>7,891,009</b>	<b>48,915</b>	<b>7,985,701</b>	<b>9,942,366</b>	<b>(3,909,087)</b>

As at 31 December 2025, loans to customers with a gross value of AMD 43,562,143 thousand (2024: AMD 36,392,564 thousand) serve as collateral for other borrowed funds (see Note 20).

## 11. Investment securities

Investment securities including those pledged under repurchase agreements comprise:

	<b>31 December 2025</b>	<b>31 December 2024</b>
<b>Held by the Bank</b>		
<b>Debt securities at amortised cost</b>		
Government bonds of the Republic of Armenia	-	4,532,696
Governments bonds of the foreign countries	2,238,677	1,981,389
Less – allowance for impairment	(2)	(4,227)
<b>Debt securities at amortised cost held by the Bank</b>	<b>2,238,675</b>	<b>6,509,858</b>
<b>Debt securities at FVOCI</b>		
Government bonds of the Republic of Armenia	90,843,016	40,694,087
Governments bonds of the foreign countries	6,063,211	26,177,303
Corporate bonds	10,819,478	9,460,688
Bonds of international organizations	-	1,186,177
<b>Debt securities at FVOCI held by the Bank</b>	<b>107,725,705</b>	<b>77,518,255</b>
<b>Equity securities at FVOCI</b>		
Equity shares of companies in OECD countries	5,333	5,333
Corporate shares in the Armenian companies	553,630	518,650
<b>Equity securities at FVOCI held by the Bank</b>	<b>558,963</b>	<b>523,983</b>
<b>Total investment securities held by the Bank</b>	<b>110,523,343</b>	<b>84,552,096</b>
<b>Pledged under sale and repurchase agreements</b>		
RA government bonds	15,656,527	63,362,767
<b>Debt securities at FVOCI pledged under repurchase agreements</b>	<b>15,656,527</b>	<b>63,362,767</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 2025</b>	<b>6,514,085</b>	<b>6,514,085</b>
New assets originated or purchased	2,238,424	2,236,281
Assets repaid	(6,483,800)	(6,484,507)
Interest accrued	151,339	154,616
Interest repaid	(185,000)	(185,000)
Foreign exchange differences	3,629	3,202
<b>At 31 December 2025</b>	<b>2,238,677</b>	<b>2,238,677</b>
<b>Debt securities at amortised cost</b>	<b>Stage 1</b>	<b>Total</b>
<b>ECLs as at 1 January 2025</b>	<b>4,227</b>	<b>4,227</b>
New assets originated or purchased	2	2
Assets repaid	(4,227)	(4,227)
Changes to models and inputs used for ECL calculations	-	-
<b>At 31 December 2025</b>	<b>2</b>	<b>2</b>

(thousands of Armenian drams)

An analysis of changes in the gross carrying values and associated ECLs in relation to debt securities at amortized cost at 31 December 2024 is as follows:

<b><i>Debt securities at amortised cost</i></b>	<b><i>Stage 1</i></b>	<b><i>Total</i></b>
<b>Gross carrying value as at 1 January 2024</b>	10,548,000	<b>10,548,000</b>
New assets originated or purchased	2,453,067	<b>2,453,067</b>
Assets repaid	(6,478,072)	<b>(6,478,072)</b>
Interest accrued	550,866	<b>550,866</b>
Interest repaid	(558,778)	<b>(558,778)</b>
Foreign exchange differences	(998)	<b>(998)</b>
<b>At 31 December 2024</b>	<b>6,514,085</b>	<b>6,514,085</b>

<b><i>Debt securities at amortised cost</i></b>	<b><i>Stage 1</i></b>	<b><i>Total</i></b>
<b>ECLs as at 1 January 2024</b>	10,217	<b>10,217</b>
New assets originated or purchased	354	<b>354</b>
Assets repaid	(1,767)	<b>(1,767)</b>
Changes to models and inputs used for ECL calculations	(4,577)	<b>(4,577)</b>
<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 FVOCI including pledged under repurchase agreements is as follows:

<b><i>Debt securities at FVOCI</i></b>	<b><i>Stage 1</i></b>	<b><i>Total</i></b>
<b>Gross carrying value as at 1 January 2025</b>	<b>140,881,022</b>	<b>140,881,022</b>
New assets originated or purchased	137,679,142	<b>137,733,869</b>
Assets repaid	(83,141,580)	<b>(81,747,641)</b>
Assets sold	(78,506,828)	<b>(80,767,801)</b>
Interest accrued	11,730,057	<b>12,324,268</b>
Interest repaid	(10,519,023)	<b>(10,522,923)</b>
Net change in fair value	5,975,774	<b>6,197,770</b>
Foreign exchange differences	(716,332)	<b>(716,332)</b>
<b>At 31 December 2025</b>	<b>123,382,232</b>	<b>123,382,232</b>

<b><i>Debt securities at FVOCI</i></b>	<b><i>Stage 1</i></b>	<b><i>Total</i></b>
<b>ECLs as at 1 January 2025</b>	<b>335,962</b>	<b>335,962</b>
New assets originated or purchased	127,506	127,506
Assets repaid	(20,326)	(20,326)
Assets sold	(84,604)	(84,604)
Changes to models and inputs used for ECL calculations	(26,446)	(26,446)
<b>At 31 December 2025</b>	<b>332,091</b>	<b>332,091</b>

An analysis of changes in the gross carrying values and associated ECLs in relation to debt securities at FVOCI 31 December 2024 is as follows:

<b><i>Debt securities at FVOCI</i></b>	<b><i>Stage 1</i></b>	<b><i>Total</i></b>
<b>Gross carrying value as at 1 January 2024</b>	130,784,430	<b>130,784,430</b>
New assets originated or purchased	127,631,717	<b>127,631,717</b>
Assets repaid	(66,422,407)	<b>(66,422,407)</b>
Assets sold	(52,764,651)	<b>(52,764,651)</b>
Interest accrued	10,587,491	<b>10,587,491</b>
Interest repaid	(10,476,739)	<b>(10,476,739)</b>
Net change in fair value	2,917,529	<b>2,917,529</b>
Foreign exchange differences	(1,376,348)	<b>(1,376,348)</b>
<b>At 31 December 2024</b>	<b>140,881,022</b>	<b>140,881,022</b>

(thousands of Armenian drams)

<b><i>Debt securities at FVOCI</i></b>	<b><i>Stage 1</i></b>	<b><i>Total</i></b>
<b>ECLs as at 1 January 2024</b>	212,725	<b>212,725</b>
New assets originated or purchased	133,910	<b>133,910</b>
Assets repaid	(14,498)	<b>(14,498)</b>
Assets sold	(35,599)	<b>(35,599)</b>
Changes to models and inputs used for ECL calculations	39,424	<b>39,424</b>
<b>At 31 December 2024</b>	<b>335,962</b>	<b>335,962</b>

An analysis of changes in the gross carrying values in relation to equity securities at FVOCI 31 December 2025 is as follows:

<b><i>Equity securities at FVOCI</i></b>	<b><i>Total</i></b>
<b>Gross carrying value as at 1 January 2025</b>	<b>523,983</b>
Net change in fair value	34,980
<b>At 31 December 2025</b>	<b>558,963</b>

An analysis of changes in the gross carrying values in relation to equity securities at FVOCI 31 December 2024 is as follows:

<b><i>Equity securities at FVOCI</i></b>	<b><i>Total</i></b>
<b>Gross carrying value as at 1 January 2024</b>	<b>80,555</b>
New assets originated or purchased	268,628
Net change in fair value	174,800
<b>At 31 December 2024</b>	<b>523,983</b>

(thousands of Armenian drams)

**12. 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 2024</b>	<b>5,321,407</b>	<b>911,878</b>	<b>327,142</b>	<b>6,712,806</b>	<b>1,260,907</b>	<b>2,489,622</b>	<b>60,629</b>	<b>3,866,344</b>	<b>20,950,735</b>
Additions	17,576	45,999	-	457,203	35,324	132,474	233,260	190,006	1,111,842
Modifications	-	-	-	-	-	-	-	(160,274)	(160,274)
Disposals and write-offs	-	(75,100)	-	(493,097)	(29,641)	-	-	(18,401)	(616,239)
Revaluation	402,740	-	-	-	-	-	-	-	402,740
Elimination of accumulated depreciation on revalued assets	(436,338)	-	-	-	-	-	-	-	(436,338)
Transfers	35,715	22,662	-	141,983	914	33,185	(234,459)	-	-
<b>31 December 2025</b>	<b>5,341,101</b>	<b>905,439</b>	<b>327,142</b>	<b>6,818,895</b>	<b>1,267,504</b>	<b>2,655,281</b>	<b>59,430</b>	<b>3,877,675</b>	<b>21,252,466</b>
<b>Accumulated depreciation</b>									
<b>31 December 2024</b>	<b>290,182</b>	<b>622,984</b>	<b>179,609</b>	<b>4,431,003</b>	<b>827,057</b>	<b>1,324,804</b>	-	<b>2,195,012</b>	<b>9,870,651</b>
Depreciation charge	146,156	79,542	25,314	652,217	80,821	254,578	-	260,141	1,498,769
Modifications	-	-	-	-	-	-	-	(160,274)	(160,274)
Disposals and write-offs	-	(71,155)	-	(483,907)	(29,149)	-	-	-	(584,211)
Elimination of accumulated depreciation on revalued assets	(436,338)	-	-	-	-	-	-	-	(436,338)
<b>31 December 2025</b>	<b>-</b>	<b>631,371</b>	<b>204,923</b>	<b>4,599,313</b>	<b>878,729</b>	<b>1,579,382</b>	<b>-</b>	<b>2,294,879</b>	<b>10,188,597</b>
<b>Net book value</b>									
<b>31 December 2024</b>	<b>5,031,225</b>	<b>288,894</b>	<b>147,533</b>	<b>2,281,803</b>	<b>433,850</b>	<b>1,164,818</b>	<b>60,629</b>	<b>1,671,332</b>	<b>11,080,084</b>
<b>31 December 2025</b>	<b>5,341,101</b>	<b>274,068</b>	<b>122,219</b>	<b>2,219,582</b>	<b>388,775</b>	<b>1,075,899</b>	<b>59,430</b>	<b>1,582,796</b>	<b>11,063,869</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 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	10,714	204,953	35,332	635,171	90,087	225,031	54,256	151,990	1,407,534
Modifications	-	-	-	-	-	-	-	(261,950)	(261,950)
Disposals and write-offs	-	(87,628)	(9,900)	(108,776)	(25,295)	(17,681)	(1,097)	(55,187)	(305,564)
Transfers	1,695	2,544	-	6,572	6,522	73,161	(90,494)	-	-
<b>31 December 2024</b>	<b>5,321,407</b>	<b>911,878</b>	<b>327,142</b>	<b>6,712,806</b>	<b>1,260,907</b>	<b>2,489,622</b>	<b>60,629</b>	<b>3,866,344</b>	<b>20,950,735</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	56,694	22,270	602,224	75,900	167,949	-	331,718	1,401,966
Modifications	-	-	-	-	-	-	-	(261,950)	(261,950)
Disposals and write-offs	-	(79,475)	(5,925)	(103,000)	(23,519)	(17,681)	-	(55,187)	(284,787)
<b>31 December 2024</b>	<b>290,182</b>	<b>622,984</b>	<b>179,609</b>	<b>4,431,003</b>	<b>827,057</b>	<b>1,324,804</b>	<b>-</b>	<b>2,195,012</b>	<b>9,870,651</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>5,031,225</b>	<b>288,894</b>	<b>147,533</b>	<b>2,281,803</b>	<b>433,850</b>	<b>1,164,818</b>	<b>60,629</b>	<b>1,671,332</b>	<b>11,080,084</b>

**Revaluation of assets**

The fair value of the buildings and land was last determined and recorded as at 31 December 2025 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 were adjusted by applying coefficients for differences in use, age, location and condition, if any, ranging from 5% to 25%. Capitalization rate applied is 5%.

(thousands of Armenian drams)

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

If the land and buildings were measured using the cost model, the carrying amounts would be AMD 818,924 thousand (2024: AMD 793,353 thousand).

### Security

No property and equipment item is pledged under any arrangements as at 31 December 2025 (2024: none).

### 13. Intangible assets

	<i>Licenses</i>	<i>Computer software</i>	<i>Other</i>	<i>Total</i>
<b>Cost</b>				
<b>1 January 2025</b>	1,097,179	269,848	757,028	<b>2,124,055</b>
Additions	20,451	215,363	40,449	<b>276,263</b>
Disposals and write-offs	(180)	-	-	<b>(180)</b>
<b>31 December 2025</b>	<b>1,117,450</b>	<b>485,211</b>	<b>797,477</b>	<b>2,400,138</b>
<b>Accumulated amortization</b>				
<b>1 January 2025</b>	881,347	82,826	271,806	<b>1,235,979</b>
Amortisation charge	58,464	25,662	55,736	<b>139,862</b>
Disposals and write offs	(180)	-	-	<b>(180)</b>
<b>31 December 2025</b>	<b>939,631</b>	<b>108,488</b>	<b>327,542</b>	<b>1,375,661</b>
<b>Net book value</b>				
<b>1 January 2025</b>	<b>215,832</b>	<b>187,022</b>	<b>485,222</b>	<b>888,076</b>
<b>31 December 2025</b>	<b>177,819</b>	<b>376,723</b>	<b>469,935</b>	<b>1,024,477</b>
	<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	80,063	<b>119,536</b>
<b>31 December 2024</b>	<b>1,097,179</b>	<b>269,848</b>	<b>757,028</b>	<b>2,124,055</b>
<b>Accumulated amortization</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>
<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>485,222</b>	<b>888,076</b>

### 14. 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 2025 and 31 December 2024 are shown below:

	<b>31 December 2025</b>	<b>31 December 2024</b>
Land and buildings	1,060,310	819,001
Other assets	20,036	20,036
	<b>1,080,346</b>	<b>839,037</b>
Less: allowance for impairment	(300,142)	(310,120)
<b>Total repossessed collateral</b>	<b>780,204</b>	<b>528,917</b>

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 2025 the Bank repossessed assets in amount of AMD 543,003 thousand (2024: AMD 125,617 thousand) and sold assets with carrying amount of AMD 301,694 thousand (2024: AMD 335,118 thousand).

(thousands of Armenian drams)

**15. Other assets and liabilities**

Other assets comprise:

	<b>31 December 2025</b>	<b>31 December 2024</b>
<b>Other financial assets</b>		
Accounts receivables	743,281	654,491
Receivables from cash transfers	206,675	163,947
<b>Total other financial assets</b>	<b>949,956</b>	<b>818,438</b>
Less – allowance for impairment of other financial assets	(21,172)	(20,087)
<b>Total net other financial assets</b>	<b>928,784</b>	<b>798,351</b>
<b>Other non-financial assets</b>		
Prepayments to suppliers	847,169	747,052
Precious metals	351,500	471,939
Other prepaid taxes	2,338	456,079
Materials	384,708	370,771
Unamortized insurance premium	53,291	40,451
Settlements with employees	12,408	6,833
Other	1,865	1,865
<b>Total other non-financial assets</b>	<b>1,653,279</b>	<b>2,094,990</b>
<b>Other assets</b>	<b>2,582,063</b>	<b>2,893,341</b>

An analysis of changes in the ECLs for other financial assets for the year ended 31 December 2025 is as follows:

	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>
<b>ECL at 1 January 2025</b>	<b>19,660</b>	<b>232</b>	<b>195</b>	<b>20,087</b>
Transfers to Stage 1	9	(6)	(3)	-
Transfers to Stage 2	(6)	6	-	-
Transfers to Stage 3	(4)	(8)	12	-
ECL charge	979	5	17,768	18,752
Recoveries	-	-	8,200	8,200
Amounts written off	-	-	(26,056)	(26,056)
Foreign exchange differences	189	-	-	189
<b>At 31 December 2025</b>	<b>20,827</b>	<b>229</b>	<b>116</b>	<b>21,172</b>

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

	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>
<b>ECL at 1 January 2024</b>	<b>28,284</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)	54	-
ECL charge	(8,445)	200	3,736	(4,509)
Recoveries	-	-	7,163	7,163
Amounts written off	-	-	(10,796)	(10,796)
Foreign exchange differences	(129)	-	(5)	(134)
<b>At 31 December 2024</b>	<b>19,660</b>	<b>232</b>	<b>195</b>	<b>20,087</b>

Other liabilities comprise:

	<b>31 December 2025</b>	<b>31 December 2024</b>
<b>Other financial liabilities</b>		
Due to personnel	2,655,939	2,095,514
Accounts payables	784,743	861,414
<b>Total other financial liabilities</b>	<b>3,440,682</b>	<b>2,956,928</b>
<b>Other non-financial liabilities</b>		
Tax payable, other than income tax	490,869	1,228,199
Grants related to assets	6,620	9,044
Other	2	2
<b>Total other non-financial liabilities</b>	<b>497,491</b>	<b>1,237,245</b>
<b>Total other liabilities</b>	<b>3,938,173</b>	<b>4,194,173</b>

(thousands of Armenian drams)

**16. Amounts due to banks**

Amounts due to banks comprise:

	<b>31 December 2025</b>	<b>31 December 2024</b>
Correspondent accounts of other banks	2,279,887	663,469
Loans from banks	4,153,404	-
Other liabilities	16,480	2,285
<b>Amounts due to banks</b>	<b>6,449,771</b>	<b>665,754</b>

As of 31 December 2025, 93.34% of correspondent accounts of other banks of AMD 2,128,063 thousand are concentrated within 2 counterparties (2024: AMD 644,215 thousand (97.1%) within 5 counterparties).

As of 31 December 2025, 100% of loans from banks are concentrated within 1 counterparty.

**17. Amounts payable under repurchase agreements**

Amounts payable under repurchase agreements comprise:

	<b>31 December 2025</b>	<b>31 December 2024</b>
Amounts payable under repurchase agreements to the CBA	-	45,063,031
Amounts payable under repurchase agreements to banks	15,153,077	14,898,183
<b>Amounts payable under repurchase agreements</b>	<b>15,153,077</b>	<b>59,961,214</b>

As at 31 December 2025, amounts payable under repurchase agreements were collateralized by the RA government bonds with fair value of AMD 15,656,527 thousand (2024: AMD 63,362,767 thousand).

**18. Amounts due to customers**

The amounts due to customers include the following:

	<b>31 December 2025</b>	<b>31 December 2024</b>
<b>Corporate customers</b>		
Current/settlement accounts	77,323,339	78,912,109
Time deposits	108,160,074	99,455,351
	<b>185,483,413</b>	<b>178,367,460</b>
<b>Retail customers</b>		
Current/settlement accounts	86,722,466	78,979,287
Time deposits	120,416,552	97,758,579
	<b>207,139,018</b>	<b>176,737,866</b>
<b>Amounts due to customers</b>	<b>392,622,431</b>	<b>355,105,326</b>

As of 31 December 2025, included in amounts due to customers are deposits amounting to AMD 23,137,983 thousand (2024: AMD 36,415,794 thousand) held as security against loans, letters of credit issued, guarantees issued and other transaction related to contingent liabilities.

As of 31 December 2025, the aggregate balance of top ten customers of the Bank amounts to AMD 126,083,651 thousand (2024: AMD 119,139,926 thousand) or 32.2% of total customer accounts (2024: 33.6%).

(thousands of Armenian drams)

## 19. Debt securities issued

Debt securities issued consisted of the following:

	<b>31 December 2025</b>	<b>31 December 2024</b>
Domestic bonds in USD	12,936,244	13,982,881
Domestic bonds in AMD	15,240,778	10,186,864
<b>Debt securities issued</b>	<b>28,177,022</b>	<b>24,169,745</b>

The contractual maturity of AMD and USD bonds ranges from 2026 -2029. Coupon rates are 9.75% to 10.25% for bonds denominated in AMD, 4.5% to 5.25% for bonds denominated in USD (2024: 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). Bonds issued by the Bank are listed on Armenia securities exchange.

## 20. Other borrowed funds

Other borrowed funds consisted of the following:

	<b>31 December 2025</b>	<b>31 December 2024</b>
Loans from refinancing credit organizations	30,497,143	30,761,156
Loans from CBA	13,064,999	5,768,167
Loans from international financial institution	1,539,904	764,282
Loans from the Government of the RA	10,048	15,060
<b>Other borrowed funds</b>	<b>45,112,094</b>	<b>37,308,665</b>

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.

Loans 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 2025 and 31 December 2024 the Bank was in compliance with all debt covenants. The management assessed that the Bank will be in compliance with all 2026 quarterly debt covenants.

## 21. 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.

(thousands of Armenian drams)

**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. The total outstanding contractual credit related commitments below do not necessarily represent future cash requirements, as these credit related commitments may expire or terminate without being funded.

**Commitments and contingencies**

As of 31 December 2025 and 31 December 2024 the Bank's commitments and contingencies comprised the following:

	<b>31 December 2025</b>	<b>31 December 2024</b>
<b>Credit related commitments</b>		
Undrawn loan commitments	13,082,787	15,058,487
Financial guarantees	14,395,937	8,510,315
Letters of credit	-	430,146
	<u><b>27,478,724</b></u>	<u><b>23,998,948</b></u>
Provisions for ECL for credit related commitments	<u>(258,604)</u>	<u>(219,072)</u>

All credit related commitments are classified as stage 1 as at 31 December 2025 and 31 December 2024. An analysis of changes in the ECLs at 31 December 2025 is as follows:

<b><i>Undrawn loan commitments</i></b>	<b>Stage 1</b>	<b>Total</b>
<b>ECLs as at 1 January 2025</b>	<b>143,617</b>	<b>143,617</b>
New exposures	45,958	<b>45,958</b>
Expired exposures	(56,636)	<b>(56,636)</b>
Changes to models and inputs used for ECL calculations	2,071	<b>2,071</b>
Foreign exchange differences	9	<b>9</b>
<b>At 31 December 2025</b>	<u><b>135,018</b></u>	<u><b>135,018</b></u>
<b><i>Financial guarantees</i></b>	<b>Stage 1</b>	<b>Total</b>
<b>ECLs as at 1 January 2025</b>	<b>67,915</b>	<b>67,915</b>
New exposures	94,795	<b>94,795</b>
Expired exposures	(40,861)	<b>(40,861)</b>
Changes to models and inputs used for ECL calculations	1,844	<b>1,844</b>
Foreign exchange differences	(107)	<b>(107)</b>
<b>At 31 December 2025</b>	<u><b>123,586</b></u>	<u><b>123,586</b></u>
<b><i>Letters of credit</i></b>	<b>Stage 1</b>	<b>Total</b>
<b>ECLs as at 1 January 2025</b>	<b>7,540</b>	<b>7,540</b>
New exposures	-	<b>-</b>
Expired exposures	(7,534)	<b>(7,534)</b>
Changes to models and inputs used for ECL calculations	-	<b>-</b>
Foreign exchange differences	(7)	<b>(7)</b>
<b>At 31 December 2025</b>	<u><b>-</b></u>	<u><b>-</b></u>

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

<b><i>Undrawn loan commitments</i></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	<b>76,942</b>
Expired exposures	(85,074)	<b>(85,074)</b>
Changes to models and inputs used for ECL calculations	(42,674)	<b>(42,674)</b>
Foreign exchange differences	(1,178)	<b>(1,178)</b>
<b>At 31 December 2024</b>	<u><b>143,617</b></u>	<u><b>143,617</b></u>

(thousands of Armenian drams)

<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	<b>49,271</b>
Expired exposures	(93,763)	<b>(93,763)</b>
Changes to models and inputs used for ECL calculations	(15,333)	<b>(15,333)</b>
Foreign exchange differences	(537)	<b>(537)</b>
<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	<b>7,540</b>
<b>At 31 December 2024</b>	<b>7,540</b>	<b>7,540</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 2025 and 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.

## 22. Taxation

The corporate income tax expense comprises:

	<b>31 December 2025</b>	<b>31 December 2024</b>
<b>Current tax charge</b>	<b>4,099,636</b>	<b>3,438,624</b>
Adjustment of current income tax of prior years	128,531	-
Deferred tax charge – origination and reversal of temporary differences	(239,368)	589,721
<b>Total income tax expense</b>	<b>3,988,799</b>	<b>4,028,345</b>

As of 31 December 2025, the corporate income tax within the Republic of Armenia is levied at the rate of 18% (2024: 18%). Differences between IFRS and RA statutory tax regulations give rise to certain temporary differences between the carrying value of certain assets and liabilities for financial reporting purposes and for profit tax purposes.

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

	<b>31 December 2025</b>		<b>31 December 2024</b>	
<b>Profit before tax</b>	<b>20,698,651</b>		<b>19,853,087</b>	
Income tax at the applicable tax rate	3,725,757	18%	3,573,556	18%
Non-deductible expenses	134,511	1%	454,789	2%
Adjustment of income tax of previous years	128,531	1%	-	
<b>Income tax expense</b>	<b>3,988,799</b>	<b>20%</b>	<b>4,028,345</b>	<b>20%</b>

(thousands of Armenian drams)

Deferred tax assets and liabilities as of 31 December 2025 and 31 December 2024 and their movements for the respective periods comprise:

	<b>Balance 31 December 2023</b>	<b>Origination and reversal of temporary differences</b>		<b>Balance 31 December 2024</b>	<b>Origination and reversal of temporary differences</b>		<b>Balance 31 December 2025</b>
		<b>In the statement of profit or loss</b>	<b>In other comprehensive income</b>		<b>In the statement of profit or loss</b>	<b>In other comprehensive income</b>	
Loans and advances to customers	(926,284)	(335,198)	-	(1,261,482)	146,472	-	(1,115,010)
Investment securities	335,501	22,741	(495,495)	(137,253)	(1,457)	(914,758)	(1,053,468)
Property, equipment and right-of-use assets	(679,001)	(205,816)	-	(884,817)	40,084	(72,493)	(917,226)
Repossessed assets	95,134	(39,168)	-	55,966	(1,796)	-	54,170
Amounts due to customers	(10,310)	(308)	-	(10,618)	(6,153)	-	(16,771)
Lease liabilities	349,706	(23,205)	-	326,501	(26,908)	-	299,593
Other impairment and provisions	30,612	(75,586)	-	(44,974)	(11,924)	-	(56,898)
Other liabilities	310,180	66,819	-	376,999	101,050	-	478,049
<b>Net deferred tax liabilities</b>	<b>(494,462)</b>	<b>(589,721)</b>	<b>(495,495)</b>	<b>(1,579,678)</b>	<b>239,368</b>	<b>(987,251)</b>	<b>(2,327,561)</b>

## 23. Equity

As of 31 December 2025, the Bank's registered and paid-in share capital was AMD 19,947,633 thousand (2024: 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 (2024: 66,492 ordinary shares at par value of AMD 300,000 and 333 preference shares at par value of AMD 100).

The respective shareholdings as at 31 December 2025 and 31 December 2024 may be specified as follows:

	<b>31 December 2025</b>		<b>31 December 2024</b>	
	<b>Paid-in share capital</b>	<b>% of total paid-in capital</b>	<b>Paid-in share capital</b>	<b>% of total paid-in capital</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 to 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 23 June 2025 dividends declared and paid by the Bank amounted to AMD 4,349,802 thousand for ordinary shares and AMD 6.6 thousand to preferred shareholders (2024: AMD 4,467,540 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 65,418, and dividends per preference share amounted to AMD 19.8 (2024: AMD 67,189 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.

(thousands of Armenian drams)

**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 general reserve to be not less than 20% of the share capital. The general reserve can be used in accordance with the RA legislation and is not available for distribution as dividends.

**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.

**24. Net interest income**

Net interest income comprises:

	<b>2025</b>	<b>2024</b>
<b>Financial assets measured at amortized cost</b>		
Loans to customers measured at amortized cost	37,992,136	32,372,257
Amounts receivable under reverse repurchase agreements	1,541,055	990,713
Investment securities	153,716	543,586
Amounts due from banks	922,774	831,619
Cash equivalents	12,402	45,655
Other interest income	16,312	16,748
<b>Financial assets measured at fair value through other comprehensive income</b>		
Debt securities at FVOCI	11,732,807	10,587,490
<b>Interest income calculated using effective interest rate</b>	<b>52,371,202</b>	<b>45,388,068</b>
Trading securities	15,881	46,796
Finance leases	458,490	325,329
Loans to customers at FVTPL	83,796	-
<b>Other interest income</b>	<b>558,167</b>	<b>372,125</b>
<b>Total interest income</b>	<b>52,929,369</b>	<b>45,760,193</b>
Amounts due to customers	15,693,762	13,630,430
Other borrowed funds	2,614,385	2,400,503
Amounts payable under repurchase agreements	3,037,026	2,174,628
Debt securities issued	1,794,579	1,355,831
Amounts due to banks	106,345	34,113
Lease liabilities	216,017	231,076
<b>Interest expense</b>	<b>23,462,114</b>	<b>19,826,581</b>
<b>Net interest income</b>	<b>29,467,255</b>	<b>25,933,612</b>

(thousands of Armenian drams)

**25. Net fee and commission income**

Net fee and commission income comprises:

	<u>2025</u>	<u>2024</u>
Plastic cards operations	6,066,879	8,176,810
Wire transfer fees	586,853	731,559
Fees and commission income from early repayments of loans	162,535	163,403
Settlement operation	413,278	332,809
Banknotes transfers to banks	12,142	50,567
Guarantees and letters of credit	205,632	182,826
Other fee income	1,055,754	953,067
<b>Fee and commission income</b>	<b>8,503,073</b>	<b>10,591,042</b>
Plastic cards operations	3,610,843	5,312,094
Expenses related to Armenian Card payment system	865,163	930,265
Banknotes transfers to banks	55,313	92,542
Wire transfer fees	241,713	179,145
Settlement operation	34,279	27,842
Guarantees and letters of credit	23,713	25,929
Other fee expense	432,913	278,704
<b>Fee and commission expense</b>	<b>5,263,937</b>	<b>6,846,521</b>
<b>Net fee and commission income</b>	<b>3,239,136</b>	<b>3,744,521</b>

**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.

<b>Type of product/service</b>	<b>Nature and timing of satisfaction of performance obligations, including significant payment terms</b>	<b>Revenue recognition under IFRS 15</b>
<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>

**26. Net trading income**

	<u>2025</u>	<u>2024</u>
Net gains from foreign currency transactions	4,941,529	5,953,389
Net income from operations with precious metals	261,294	85,384
Net gain from trading securities	67,186	77,034
Net gain/(loss) on derivative financial instruments	671,382	(371,933)
<b>Total net trading income</b>	<b>5,941,391</b>	<b>5,743,874</b>

(thousands of Armenian drams)

**27. Other income**

	<u>2025</u>	<u>2024</u>
Fines and penalties received	713,684	575,562
Income from provided services	113,893	88,240
Income from payment terminals	63,612	54,679
Income from sale of fixed assets	61,877	15,707
Income from grants	2,424	2,424
Dividend income	-	871
Other income/expense	6,226	20,139
<b>Total other income</b>	<b><u>961,716</u></b>	<b><u>757,622</u></b>

**28. Net (reversal of impairment losses)/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 2025:

	<u>Note</u>	<u>Stage 1</u>	<u>Stage 2</u>	<u>Stage 3</u>	<u>Total</u>
Cash and cash equivalents	5	(1,633)	-	-	(1,633)
Amounts due from banks	7	(844)	-	-	(844)
Loans and advances to customers	10	(237,024)	(192,357)	206,775	(222,606)
Debt securities measured at amortised cost	11	(4,225)	-	-	(4,225)
Debt securities measured at FVOCI	11	(3,871)	-	-	(3,871)
Other financial assets	15	978	(3)	17,777	18,752
Financial guarantees	21	55,778	-	-	55,778
Loan commitments	21	(8,607)	-	-	(8,607)
Letters of credit	21	(7,534)	-	-	(7,534)
<b>Net reversal of impairment losses</b>		<b><u>(206,981)</u></b>	<b><u>(192,360)</u></b>	<b><u>224,552</u></b>	<b><u>(174,789)</u></b>

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

	<u>Note</u>	<u>Stage 1</u>	<u>Stage 2</u>	<u>Stage 3</u>	<u>Total</u>
Cash and cash equivalents	5	(824)	-	-	(824)
Amounts due from banks	7	(2,679)	-	-	(2,679)
Loans and advances to customers*	10	341,388	105,431	(764,773)	(317,954)
Debt securities measured at amortised cost	11	(5,990)	-	-	(5,990)
Debt securities measured at FVOCI	11	123,239	-	-	123,239
Other financial assets	15	(8,493)	202	3,782	(4,509)
Financial guarantees	21	(59,825)	-	-	(59,825)
Loan commitments	21	(50,806)	-	-	(50,806)
Letters of credit	21	7,540	-	-	7,540
<b>Net impairment losses</b>		<b><u>343,550</u></b>	<b><u>105,633</u></b>	<b><u>(760,991)</u></b>	<b><u>(311,808)</u></b>

(thousands of Armenian drams)

## 29. Personnel and other operating expenses

Personnel and other operating expenses comprise:

	<b>2025</b>	<b>2024</b>
Salaries	12,074,373	10,366,245
Other expenses	291,947	194,761
<b>Personnel expenses</b>	<b>12,366,320</b>	<b>10,561,006</b>
Software maintenance expenses	1,260,355	1,188,047
Advertising costs	1,258,128	1,263,682
Insurance of deposits	438,912	429,129
Office supplies	305,989	315,358
Communications	296,311	258,394
Fixed assets repair and maintenance expenses	272,829	261,242
Taxes, other than income tax, duties	261,185	194,351
Security	260,575	227,992
Insurance expenses	159,630	132,394
Utility expenses	140,840	145,387
Consulting	122,674	118,842
Cash collection expenses	107,855	105,567
Business trip expenses	104,265	72,357
Loan recovery service fee	69,705	3,263
Financial system mediator	57,306	50,650
Audit*	50,400	50,400
Lease expenses	17,721	19,407
Other expenses	538,935	425,768
<b>Other operating expenses</b>	<b>5,723,615</b>	<b>5,262,230</b>

\* Included in the audit expenses is AMD 50,160 thousand for the audit of IFRS financial statements of the Bank for the year ended 31 December 2025 and AMD 240 thousand for other non-audit services (2024: AMD 50,160 thousand for the audit of IFRS financial statements of the Bank for the year ended 31 December 2024 and AMD 240 thousand for other non-audit services), which were paid/are payable to the audit firm. All these fees are VAT inclusive.

## 30. 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.

(thousands of Armenian drams)

### **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.

### **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.

(thousands of Armenian drams)

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 fulfillment 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.

#### ***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.

(thousands of Armenian drams)

### **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 *Probability of Default* is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognised and is still in the portfolio.
- EAD** The *Exposure at Default* is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise, expected drawdowns on committed facilities, and accrued interest from missed payments.
- LGD** The *Loss Given Default* is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realisation of any collateral. It is usually expressed as a percentage of the EAD.

The ECL allowance is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit loss or LTECL), unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months' expected credit loss (12mECL). The 12mECL is the portion of LTECL that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. Both LTECL and 12mECL are calculated on either an individual basis or a collective basis, depending on the nature of the underlying portfolio of financial instruments.

The Bank has established a policy to perform an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition. Based on the above process, the Bank groups its loans into Stage 1, Stage 2, Stage 3 and POCI, as described below:

- Stage 1:** When loans are first recognised, the Bank recognises an allowance based on 12mECL. Stage 1 loans also include facilities where the credit risk has improved and the loan has been reclassified from Stage 2.
- Stage 2:** When a loan has shown a significant increase in credit risk since origination, the Bank records an allowance for the LTECL. Stage 2 loans also include facilities, where the credit risk has improved and the loan has been reclassified from Stage 3.
- Stage 3:** Loans considered credit-impaired. The Bank records an allowance for the LTECL.
- POCI:** Purchased or originated credit impaired (POCI) assets are financial assets that are credit impaired on initial recognition. POCI assets are recorded at fair value at original recognition and interest 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, such as the quality of credits due to affiliated parties, the state of being rescheduled which are approved by the management.

### **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.

(thousands of Armenian drams)

### **Loans and advances to customers**

#### **Bucketing**

For stage 1 and stage 2 loans to customers the Bank calculates ECL on portfolio level except for customers with individually significant loans. For individually significant loans and individually impaired portfolio bank calculates ECL rate on the customer basis taking into account the expected cash flows from customers. The following portfolios are segregated by the Bank as at 31 December 2025 and 31 December 2024.

- ▶ Large business loans and SME in local currency;
- ▶ Large business loans and SME in foreign currency;
- ▶ Consumer loans;
- ▶ Consumer loans secured by real estate;
- ▶ Overdrafts;
- ▶ 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% (2024: 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 financial assets, the exposure at default is considered for events over the lifetime of the instruments.

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

#### **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 development 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's management also considers the following factors to determine whether there is an increase in credit risk:

- ▶ Overdue days of the borrower in other financial institutions in Armenia;
- ▶ Overdue days of the predefined affiliated parties;
- ▶ Difficulties in the financial conditions of the borrower;
- ▶ Renegotiation of the loan terms resulting from deterioration of the borrower's financial position;
- ▶ Significant deterioration of credit grading compared with the credit grade at initial recognition.

The loans are recovered from Stage 3 after successfully passing the probation period. Loans are recovered from Stage 3 to Stage 2 after 6 months of probation period and to Stage 1 after additional 3 months of probation period.

(thousands of Armenian drams)

### **Internal credit ratings for corporate customers**

In 2024 the Bank implemented internal credit rating model for its large corporate clients that is used for assessing significant increase in credit risk. According to the internal legal acts of the Bank, the following factor groups are used for calculation of the clients' ratings:

- ▶ Financial indicators and ratios;
- ▶ Activity area/industry;
- ▶ other qualitative factors.

According to the internal credit rating model applied the possible highest rating of the client is 0 and the lowest is 12. The Bank considers 1 to 5 notches from the initial rating as indication of significant increase in credit risk depending on the client's initial rating.

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

In its ECL models, the Bank relies on macroeconomic indicators for forward-looking information incorporation in the below tables.

The Bank obtains the forecasts of macroeconomic data from third party source (Eurasian Development Bank, Asian Development Bank, Ministry of Finance and Central Bank of Armenia). Experts of the Bank's Credit Risk Department determine the weights attributable to the multiple scenarios.

In 2025, along with baseline forecasts (with 70% probability of occurrence), additionally, the Bank uses shocked macroeconomic variables to calculate the ECL under the upside (with 15% probability of occurrence) and downside (15% probability of occurrence) scenarios. In 2024 the Bank applied the same weights for the scenarios. The Bank estimates the relationship between the default rates and the macroeconomic factors based on the Ordinary least squares (OLS) regression models. The selected variables used in the model differ based on the portfolios.

The table below shows the values of the key macroeconomic indicators/assumptions used in each of the scenarios for the ECL calculations as at 31 December 2025.

	<b><i>ECL scenario</i></b>	<b><i>Assigned probabilities, %</i></b>	<b><i>2026</i></b>
Key driver			
Economic activity index, %	Upside	15%	7%
	Base case	70%	5%
	Downside	15%	3%
AMD/USD exchange rate			
	Upside	15%	380
	Base case	70%	406
	Downside	15%	430
Home price index, %			
	Upside	15%	97.5%
	Base case	70%	96.6%
	Downside	15%	95.6%
Government accounts with the CBA, billion Armenian drams			
	Upside	15%	494.3
	Base case	70%	679.8
	Downside	15%	865.4
Yield curve, %			
	Upside	15%	5.8
	Base case	70%	6.7
	Downside	15%	7.8

(thousands of Armenian drams)

The table below shows the values of the key macroeconomic indicators/assumptions used in each of the scenarios for the ECL calculations as at 31 December 2024.

	<b>ECL scenario</b>	<b>Assigned probabilities, %</b>	<b>2025</b>
Key driver			
Economic activity index, %	Upside	15%	8%
	Base case	70%	5%
	Downside	15%	2%
AMD/USD exchange rate			
	Upside	15%	376
	Base case	70%	412
	Downside	15%	450
Home price index, %			
	Upside	15%	102.7
	Base case	70%	99.7
	Downside	15%	95.3
Government accounts with the CBA, billion Armenian drams			
	Upside	15%	373
	Base case	70%	518
	Downside	15%	819
Yield curve, %			
	Upside	15%	8.3
	Base case	70%	8.3
	Downside	15%	8.3

#### **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 and internal credit ratings</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+, local financial institutions and has internal credit rate 1 to 6	Standard grade
B3 to B1 / B- to B+ and has internal credit rate 7 to 8	Sub-standard grade
Below B3 / B- and has internal credit rate 9 to 12	Impaired

Sub-standard grade includes unrated non-resident banks balances in the amount of AMD 990,033 thousand as at 31 December 2025 (AMD 6,771,545 thousand as at 31 December 2024).

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 or which have internal rating of 1-6. Sub-standard grade comprises loans below standard grade but not individually impaired or which have internal rating of 7-8. For banks and securities the Bank determines allocation to grades depending on ratings given by international rating agencies. Local banks are considered standard grade.

(thousands of Armenian drams)

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.

<b>31 December 2025</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	5	Stage 1	4,471,772	9,658,590	990,033	-	<b>15,120,395</b>
Amounts due from banks	7	Stage 1	18,234,456	36,943,776	-	-	<b>55,178,232</b>
Amounts receivable under reverse repurchase agreements		Stage 1	-	39,515,962	-	-	<b>39,515,962</b>
Loans measured at fair value through profit or loss	10	Stage 1	-	966,871	-	-	<b>966,871</b>
<b>Loans to customers at amortised cost</b>	10						
Large business loans		Stage 1	18,584,858	36,842,792	3,913,553	-	<b>59,341,203</b>
		Stage 2	-	-	260,942	-	<b>260,942</b>
		Stage 3	-	-	-	3,067,119	<b>3,067,119</b>
<b>Debt investment securities</b>	11						
- Measured at FVOCI		Stage 1	6,063,211	101,662,494	-	-	<b>107,725,705</b>
- Measured at amortised cost			2,238,677	-	-	-	<b>2,238,677</b>
- Measured at FVOCI pledged under repurchase agreements		Stage 1	-	15,656,527	-	-	<b>15,656,527</b>
Other financial assets		Stage 1	206,675	709,753.34	-	-	<b>916,428</b>
		Stage 2	-	-	22,244	-	<b>22,244</b>
	15	Stage 3	-	-	-	11,283	<b>11,283</b>
Undrawn loan commitments*	21	Stage 1	-	13,082,787	-	-	<b>13,082,787</b>
Guarantees	21	Stage 1	-	14,395,937	-	-	<b>14,395,937</b>
<b>Total</b>			<b>49,799,648</b>	<b>269,435,489</b>	<b>5,186,772</b>	<b>3,078,402</b>	<b>327,500,312</b>

\* Remaining undrawn loan commitments of AMD 7,861,135 thousand are with retail customers with no signs of deterioration.

<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	5	Stage 1	2,254,033	20,141,627	6,771,545	-	<b>29,167,205</b>
Amounts due from banks	7	Stage 1	15,016,532	26,021,837	317,248	-	<b>41,355,617</b>
Amounts receivable under reverse repurchase agreements		Stage 1	-	19,925,584	-	-	<b>19,925,584</b>
<b>Loans to customers at amortised cost</b>	10						
Large business loans		Stage 1	31,067,947	33,686,497	6,517,459	-	<b>71,271,903</b>
		Stage 2	-	-	1,093,165	-	<b>1,093,165</b>
		Stage 3	-	-	-	4,646,282	<b>4,646,282</b>
<b>Debt investment securities</b>	11						
- 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	-	-	<b>805,917</b>
		Stage 2	-	-	6,692	-	<b>6,692</b>
	15	Stage 3	-	-	-	5,829	<b>5,829</b>
Undrawn loan commitments*	21	Stage 1	-	7,300,965	-	-	<b>7,300,965</b>
Guarantees	21	Stage 1	-	8,510,315	-	-	<b>8,510,315</b>
Letter of credit			-	430,146	-	-	<b>430,146</b>
<b>Total</b>			<b>76,661,151</b>	<b>235,895,356</b>	<b>14,706,109</b>	<b>4,652,111</b>	<b>331,914,727</b>

\* Remaining undrawn loan commitments of AMD 7,713,733 thousand are with retail customers with no signs of deterioration.

See Note 10 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 2025 and 31 December 2024.

	<b>31 December 2025</b>			<b>Total</b>
	<b>Armenia</b>	<b>Other non-OECD countries</b>	<b>OECD countries</b>	
<b>Assets</b>				
Cash and cash equivalents	18,164,654	5,455,929	1,642,427	<b>25,263,010</b>
Trading securities	418,846	-	-	<b>418,846</b>
Amounts due from banks	35,172,628	251,001	19,733,626	<b>55,157,254</b>
Derivative financial assets	227	-	2,010	<b>2,237</b>
Amounts receivable under reverse repurchase agreements	39,515,962	-	-	<b>39,515,962</b>
Loans and advances to customers	323,787,664	18,133,652	390,340	<b>342,311,656</b>
Investment securities	101,529,660	-	8,993,683	<b>110,523,343</b>
Securities pledged under repurchase agreements	15,656,527	-	-	<b>15,656,527</b>
Other financial assets	314,417	974	613,393	<b>928,784</b>
	<b>534,560,585</b>	<b>23,841,556</b>	<b>31,375,478</b>	<b>589,777,619</b>
<b>Liabilities</b>				
Amounts due to banks	2,131,938	4,205,510	112,322	<b>6,449,771</b>
Derivative financial liabilities	-	5,816	8,633	<b>14,449</b>
Amounts payable under repurchase agreements	15,153,077	-	-	<b>15,153,077</b>
Amounts due to customers	322,207,127	57,534,705	12,880,599	<b>392,622,431</b>
Debt securities issued	25,762,616	2,370,006	44,400	<b>28,177,022</b>
Other borrowed funds	43,572,190	-	1,539,904	<b>45,112,094</b>
Lease liabilities	1,664,407	-	-	<b>1,664,407</b>
Other financial liabilities	3,379,278	4,377	57,027	<b>3,440,682</b>
	<b>413,870,633</b>	<b>64,120,414</b>	<b>14,642,886</b>	<b>492,633,933</b>
<b>Net assets/(liabilities)</b>	<b>120,689,952</b>	<b>(40,278,858)</b>	<b>16,732,592</b>	<b>97,143,686</b>
	<b>31 December 2024</b>			
	<b>Armenia</b>	<b>Other non-OECD countries</b>	<b>OECD countries</b>	<b>Total</b>
<b>Assets</b>				
Cash and cash equivalents	27,629,231	10,579,728	1,139,667	<b>39,348,626</b>
Trading securities	943,498	-	-	<b>943,498</b>
Amounts due from banks	27,449,914	2,394,073	11,489,808	<b>41,333,795</b>
Derivative financial assets	-	2,586	-	<b>2,586</b>
Amounts receivable under reverse repurchase agreements	19,925,584	-	-	<b>19,925,584</b>
Loans and advances to customers	280,481,736	30,608,210	257,574	<b>311,347,520</b>
Investment securities	55,200,811	1,387,846	27,963,439	<b>84,552,096</b>
Securities pledged under repurchase agreements	63,362,767	-	-	<b>63,362,767</b>
Other financial assets	289,186	774	508,391	<b>798,351</b>
	<b>475,282,727</b>	<b>44,973,217</b>	<b>41,358,879</b>	<b>561,614,823</b>
<b>Liabilities</b>				
Amounts due to banks	215,301	450,426	27	<b>665,754</b>
Derivative financial liabilities	205	67,450	-	<b>67,655</b>
Amounts payable under repurchase agreements	59,961,214	-	-	<b>59,961,214</b>
Amounts due to customers	278,713,917	67,206,191	9,185,218	<b>355,105,326</b>
Debt securities issued	22,121,038	1,798,635	250,072	<b>24,169,745</b>
Other borrowed funds	36,544,383	-	764,282	<b>37,308,665</b>
Lease liabilities	1,775,864	38,028	-	<b>1,813,892</b>
Other financial liabilities	2,895,659	8,687	52,582	<b>2,956,928</b>
	<b>402,227,581</b>	<b>69,569,417</b>	<b>10,252,181</b>	<b>482,049,179</b>
<b>Net assets/(liabilities)</b>	<b>73,055,146</b>	<b>(24,596,200)</b>	<b>31,106,698</b>	<b>79,565,644</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% (2024: 4%) of certain obligations of the Bank denominated in Armenian drams and 15% (2024: 6% in Armenian drams, 12% in foreign currency) on certain obligations of the Bank denominated in foreign currency in respective 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 2025 and 31 December 2024, these ratios were as follows:

	<b>Threshold</b>	<b>31 December 2025, % (Unaudited)</b>	<b>31 December 2024, % (Unaudited)</b>
N21 "General Liquidity Ratio" (highly liquid assets/total assets)	Min 15%	37.98	34.44
N22 "Current Liquidity Ratio" (highly liquid assets/liabilities payable on demand)	Min 60%	125.73	101.31

### Analysis of financial liabilities by remaining contractual maturities

The tables below summarizes the maturity profile of the Bank's financial liabilities at 31 December 2025 and 31 December 2024 based on contractual undiscounted repayment obligations. See Note 32 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 2025</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>Total</b>	<b>Carrying amounts</b>
<b>Financial liabilities</b>							
Amounts due to banks	6,393,144	-	-	-	57,953	<b>6,451,097</b>	6,449,771
Amounts payable under repurchase agreements	15,166,951	-	-	-	-	<b>15,166,951</b>	15,153,077
Amounts due to customers	172,974,359	26,829,662	105,850,849	103,163,351	894,570	<b>409,712,791</b>	392,622,431
Debt securities issued	-	-	11,861,556	19,058,185	-	<b>30,919,741</b>	28,177,022
Other borrowed funds	1,518,123	481,054	5,705,332	28,586,922	19,851,741	<b>56,143,172</b>	45,112,094
Lease liabilities	62,403	121,516	519,889	1,536,267	451,828	<b>2,691,903</b>	1,664,407
<b>Total undiscounted financial liabilities</b>	<b>196,114,980</b>	<b>27,432,232</b>	<b>123,937,626</b>	<b>152,344,725</b>	<b>21,256,092</b>	<b>521,085,655</b>	<b>489,178,802</b>
<b>Commitments and contingent liabilities</b>	<b>27,478,724</b>	-	-	-	-	<b>27,478,724</b>	<b>27,478,724</b>
<b>Derivative financial liabilities</b>	<b>5,861,193</b>	-	-	-	-	<b>5,861,193</b>	<b>5,861,193</b>
	<b>31 December 2024</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>Total</b>	<b>Carrying amounts</b>
<b>Financial liabilities</b>							
Amounts due to banks	606,270	-	-	-	59,484	665,754	665,754
Amounts payable under repurchase agreements	59,990,964	-	-	-	-	59,990,964	59,961,214
Amounts due to customers	167,744,265	34,989,890	88,684,531	76,293,563	877,996	368,590,245	355,105,326
Debt securities issued	-	-	9,436,596	17,152,190	-	26,588,786	24,169,745
Other borrowed funds	652,068	491,730	4,267,518	22,193,771	20,458,031	48,063,118	37,308,665
Lease liabilities	42,314	84,628	345,612	1,456,740	764,381	2,693,675	1,813,892
<b>Total undiscounted financial liabilities</b>	<b>229,035,881</b>	<b>35,566,248</b>	<b>102,734,257</b>	<b>117,096,264</b>	<b>22,159,892</b>	<b>506,592,542</b>	<b>479,024,596</b>
<b>Commitments and contingent liabilities</b>	<b>23,998,948</b>	-	-	-	-	<b>23,998,948</b>	<b>23,998,948</b>
<b>Derivative financial liabilities</b>	<b>592,768</b>	-	-	-	-	<b>592,768</b>	<b>592,768</b>

(thousands of Armenian drams)

Included in amounts due to customers in the table above are term deposits of individuals. In accordance with the legislation of the Republic of Armenia, the Bank is obliged to repay term deposits of individuals upon demand of a depositor, forfeiting the accrued interest. These deposits are classified in the table above in accordance with their stated maturity dates. The classification of these deposits in accordance with their stated maturity dates based on discounted repayment obligations is presented below:

	<u>2025</u>	<u>2024</u>
Demand and less than 1 month	6,346,517	6,768,393
From 1 to 3 months	18,918,447	16,393,491
From 3 to 12 months	76,500,881	55,950,249
From 1 to 5 years	18,009,451	18,052,854
More than 5 year	641,256	593,592
	<u><b>120,416,552</b></u>	<u><b>97,758,579</b></u>

### 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 2025 and 31 December 2024. These interest rates are an approximation of the yields to maturity of these assets and liabilities.

	<u>31 December 2025</u>			<u>31 December 2024</u>		
	<u>Average effective interest rate, %</u>			<u>Average effective interest rate, %</u>		
	<u>AMD</u>	<u>USD</u>	<u>Other currencies</u>	<u>AMD</u>	<u>USD</u>	<u>Other currencies</u>
<b>Interest earning assets</b>						
Cash and cash equivalent	-	-	0.01%-0.5%	-	-	0.01%-0.5%
Trading securities	0.00%	-	-	7.33%	-	-
Amounts due from banks	-	2.53%	3.21%	-	8.27%	3.40%
Amounts receivable under repurchase agreements	7.25%	5.14%	-	8.09%	5.02%	3.81%
Loans and advances to customers	14.71%	9.63%	7.11%	14.43%	8.26%	7.42%
Investment securities	10.06%	5.63%	1.81%	10.37%	4.88%	2.95%
Investment securities pledged under repurchase agreements	9.98%	-	-	10.45%	-	-
<b>Interest bearing liabilities</b>						
Amounts due to banks	-	2.12%	1.11%	-	-	-
Amounts payable under repurchase agreements	6.71%	-	9.39%	7.56%	-	-
<i>Amounts due to customers</i>						
Term deposits from customers	9.89%	4.38%	1.45%	9.92%	4.21%	1.94%
Current accounts from customers	1.00%	0.17%	0.10%	1.00%	0.17%	0.10%
Debt securities issued	10.26%	4.95%	-	10.25%	4.20%	-
Other borrowed funds	6.17%	7.22%	-	6.45%	-	-
Lease liabilities	13.26%	-	-	13.90%	-	-

(thousands of Armenian drams)

**Interest rate sensitivity analysis**

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

	<u>2025</u>	<u>2024</u>
100 bp parallel rise	494,024	(118,707)
100 bp parallel fall	(494,024)	118,707

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

	<u>2025 Equity</u>	<u>2024 Equity</u>
100 bp parallel rise	(3,666,596)	(3,273,917)
100 bp parallel fall	3,666,596	3,273,917

**Currency risk**

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

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

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

	<u>AMD</u>	<u>USD</u>	<u>EUR</u>	<u>Other currencies*</u>	<u>Total</u>
<b>Assets</b>					
Cash and cash equivalent	14,274,059	2,813,615	2,883,999	5,291,337	<b>25,263,010</b>
Trading securities	418,846	-	-	-	<b>418,846</b>
Amount due from banks	5,067,264	34,096,742	15,941,398	51,850	<b>55,157,254</b>
Amounts receivable under reverse repurchase agreements	37,512,846	2,003,116	-	-	<b>39,515,962</b>
Loans and advances to customers	244,108,679	81,760,974	16,441,684	319	<b>342,311,656</b>
Investment securities	85,327,200	20,718,480	4,477,663	-	<b>110,523,343</b>
Investment securities/securities pledged under repurchase agreements	15,656,527	-	-	-	<b>15,656,527</b>
Other assets	230,647	528,295	190,956	58	<b>949,956</b>
<b>Total assets</b>	<b><u>402,596,067</u></b>	<b><u>141,921,222</u></b>	<b><u>39,935,700</u></b>	<b><u>5,343,564</u></b>	<b><u>589,796,553</u></b>
<b>Liabilities</b>					
Amounts due to banks	44,441	3,962,501	2,313,466	129,363	<b>6,449,771</b>
Amounts payable under repurchase agreements	15,021,362	-	-	131,715	<b>15,153,077</b>
Amounts due to customers	223,297,333	127,066,973	37,681,410	4,576,715	<b>392,622,431</b>
Debt security issued	15,240,778	12,936,244	-	-	<b>28,177,022</b>
Other borrowed funds	44,535,196	576,898	-	-	<b>45,112,094</b>
Other liabilities	3,432,449	5,154	3,079	-	<b>3,440,682</b>
<b>Total liabilities</b>	<b><u>301,571,559</u></b>	<b><u>144,547,770</u></b>	<b><u>39,997,955</u></b>	<b><u>4,837,793</u></b>	<b><u>490,955,077</u></b>
<b>Off balance</b>					
Effect of derivatives (currency swap)	(3,782,972)	2,307,922	-	1,462,838	(12,212)
<b>Net position</b>	<b><u>97,241,536</u></b>	<b><u>(318,626)</u></b>	<b><u>(62,255)</u></b>	<b><u>1,968,609</u></b>	<b><u>98,829,264</u></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 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	5,231,324	2,106,959	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>41,333,795</b>
Amounts receivable under reverse repurchase agreements	17,913,535	1,597,480	414,569	-	<b>19,925,584</b>
Loans and advances to customers	210,294,894	89,486,717	11,565,909	-	<b>311,347,520</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	122	<b>818,438</b>
<b>Total assets</b>	<b>362,716,338</b>	<b>149,589,781</b>	<b>39,081,987</b>	<b>10,244,218</b>	<b>561,632,324</b>
<b>Liabilities</b>					
Amounts due to banks	76,875	562,661	22,858	3,360	<b>665,754</b>
Amounts payable under repurchase agreements	59,961,214	-	-	-	<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>
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)	59,231	637,304	-	(761,604)	(65,069)
<b>Net position</b>	<b>78,572,791</b>	<b>4,543,395</b>	<b>206,776</b>	<b>(1,923,339)</b>	<b>81,399,623</b>

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

A weakening of the AMD, as indicated below, against the following currencies at 31 December 2025 and 31 December 2024, 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 2025</b>	<b>31 December 2024</b>
10% appreciation of USD against AMD	(31,863)	454,340
10% appreciation of EUR against AMD	(6,226)	20,678
10% appreciation of other currencies against AMD	196,861	(192,334)

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

## 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.

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.

(thousands of Armenian drams)

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 include 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		
				Financial instruments	Non-cash collateral received	Net amount
<b>31 December 2025</b>						
Amounts receivable under reverse repurchase agreements	39,515,962	-	39,515,962	(39,515,962)	-	-
<b>Total financial assets</b>	<b>39,515,962</b>	-	<b>39,515,962</b>	<b>(39,515,962)</b>	-	-
Amounts payable under repurchase agreements	(15,153,077)	-	(15,153,077)	(15,153,077)	-	-
<b>Total financial liabilities</b>	<b>(15,153,077)</b>	-	<b>(15,153,077)</b>	<b>(15,153,077)</b>	-	-

	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		
				Financial instruments	Non-cash collateral received	Net amount
<b>31 December 2024</b>						
Amounts receivable under reverse repurchase agreements	19,925,584	-	19,925,584	(19,925,584)	-	-
<b>Total financial assets</b>	<b>19,925,584</b>	-	<b>19,925,584</b>	<b>(19,925,584)</b>	-	-
Amounts payable under repurchase agreements	(59,961,214)	-	(59,961,214)	(59,961,214)	-	-
<b>Total financial liabilities</b>	<b>(59,961,214)</b>	-	<b>(59,961,214)</b>	<b>(59,961,214)</b>	-	-

(thousands of Armenian drams)

### 31. 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.

	<b>31 December 2025</b>				
	<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>					
Loans to customers at amortised cost	-	-	332,077,611	332,077,611	341,344,785
Investment securities at amortised cost	2,238,225	-	-	2,238,225	2,238,677
<b>Financial liabilities</b>					
Amounts due to customers	-	-	393,280,772	393,280,772	392,622,431
Debt securities issued	-	27,875,178	-	27,875,178	28,177,022
Other borrowed funds	-	-	44,811,692	44,811,692	45,112,094
	<b>31 December 2024</b>				
	<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>					
Loans and advances to customers	-	-	306,169,217	306,169,217	311,347,520
Investment securities at amortised cost	1,979,904	4,565,050	-	6,544,954	6,509,858
<b>Financial liabilities</b>					
Amounts due to customers	-	-	357,348,037	357,348,037	355,105,326
Debt securities issued	-	23,842,259	-	23,842,259	24,169,745
Other borrowed funds	-	-	35,810,628	35,810,628	37,308,665

#### 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.

(thousands of Armenian drams)

*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 24% per annum (2024: 4% to 20% 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 10.8% per annum (2024: 2.3% to 9.9% 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 10.5% per annum (2024: 4.5% to 10.2% per annum).

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

	<b>31 December 2025</b>			<b>Total</b>
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	
<b>Financial assets</b>				
Trading securities	-	418,846	-	<b>418,846</b>
Derivative financial assets	-	2,237	-	<b>2,237</b>
Investment securities at FVOCI	6,063,211	101,459,821	761,636	<b>108,284,668</b>
Investment securities at FVOCI pledged under repurchase agreements	-	15,656,527	-	<b>15,656,527</b>
Loans measured at fair value through profit or loss			966,871	<b>966,871</b>
<b>Total</b>	<b>6,063,211</b>	<b>117,537,431</b>	<b>1,728,507</b>	<b>125,329,149</b>
<b>Financial liabilities</b>				
Derivative financial liabilities	-	14,449	-	<b>14,449</b>
<b>Net fair value</b>	<b>6,063,211</b>	<b>117,522,982</b>	<b>1,728,507</b>	<b>125,314,700</b>
	<b>31 December 2024</b>			<b>Total</b>
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</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	25,976,717	51,540,274	525,247	<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>25,976,717</b>	<b>115,849,125</b>	<b>525,247</b>	<b>142,351,089</b>
<b>Financial liabilities</b>				
Derivative financial liabilities	-	67,655	-	<b>67,655</b>
<b>Net fair value</b>	<b>25,976,717</b>	<b>115,781,470</b>	<b>525,247</b>	<b>142,283,434</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 2025 (2024: none).

**Fair value sensitivity for loans measured at fair value**

The Bank uses discounted cash flow techniques to estimate the fair value of the loans measured at fair value through profit or loss. The following table summarises the sensitivity of the fair value measurement of loans measured at fair value to changes to discount rates.

	<b>Weighted average cost of capital</b>
1% increase	(25,682)
1% decrease	25,682

(thousands of Armenian drams)

**Reconciliation of movements in Level 3 fair value measured assets**

The movement in fair value measurements classified within Level 3 of the fair value hierarchy for the period ended 31 December 2025 is presented below.

	<i>Loans measured at fair value through profit or loss</i>	<i>Investment securities measured at FVOCI</i>
<b>Profit or loss</b>		
<b>Fair value at 1 January 2025</b>	-	525,247
Purchases	1,260,369	200,000
Redemption	(335,777)	(157)
Recognised interest income	83,796	1,566
Net loss from foreign currency translation	(41,517)	-
Fair value changes	-	
<b>Fair value at 31 December 2025</b>	<b>966,871</b>	<b>761,636</b>

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

	<i>31 December 2025</i>	
	<i>Level 3</i>	<i>Total</i>
<b>Non-financial assets</b>		
Land and buildings	5,341,101	5,341,101
<b>Total</b>	<b>5,341,101</b>	<b>5,341,101</b>

	<i>31 December 2024</i>	
	<i>Level 3</i>	<i>Total</i>
<b>Non-financial assets</b>		
Land and buildings	5,031,225	5,031,225
<b>Total</b>	<b>5,031,225</b>	<b>5,031,225</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:

<i>Non-financial assets</i>	<i>Land and buildings</i>	<i>Total</i>
<b>Balance as at 1 January 2025</b>	<b>5,031,225</b>	<b>5,031,225</b>
Purchases	53,291	53,291
Revaluation	402,740	402,740
Depreciation charge	(146,155)	(146,155)
<b>Net fair value at 31 December 2025</b>	<b>5,341,101</b>	<b>5,341,101</b>

<i>Non-financial assets</i>	<i>Land and buildings</i>	<i>Total</i>
<b>Balance as at 1 January 2024</b>	<b>5,164,027</b>	<b>5,164,027</b>
Purchases	12,409	12,409
Depreciation charge	(145,211)	(145,211)
<b>Net fair value at 31 December 2024</b>	<b>5,031,225</b>	<b>5,031,225</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.

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 2025.

(thousands of Armenian drams)

The following table summarises the sensitivity of the fair value measurement of Bank's land and buildings categorised within Level 3 of the fair value hierarchy to changes in main unobservable inputs as at 31 December 2025.

	<u>Capitalisation rate</u>	<u>Income from property</u>
1% increase	(525,682)	X
1% decrease	525,682	X
10% increase	X	592,637
10% decrease	X	(592,637)

## 32. 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 2025:

	<u>31 December 2025</u>							<u>Total</u>
	<u>Demand and less than 1 month</u>	<u>From 1 to 3 months</u>	<u>From 3 to 12 months</u>	<u>From 1 to 5 years</u>	<u>More than 5 years</u>	<u>Overdue</u>	<u>No maturity</u>	
Cash and cash equivalents	25,263,010	-	-	-	-	-	-	<b>25,263,010</b>
Trading securities	-	-	-	-	-	-	418,846	<b>418,846</b>
Amounts due from banks	21,479,754	280	472,290	-	-	-	33,204,931	<b>55,157,254</b>
Derivative financial assets	2,237	-	-	-	-	-	-	<b>2,237</b>
Amounts receivable under reverse repurchase agreements	39,515,962	-	-	-	-	-	-	<b>39,515,962</b>
Loans and advances to customers	6,214,079	30,485,177	48,844,327	139,342,518	116,248,511	1,177,044	-	<b>342,311,656</b>
Investment securities	3,861,723	4,697,608	11,098,831	37,272,040	53,034,379	-	558,763	<b>110,523,343</b>
Investment securities pledged under repurchase agreements	-	-	238,251	15,418,275	-	-	-	<b>15,656,527</b>
Property, plant and equipment	-	-	-	-	-	-	11,063,869	<b>11,063,869</b>
Intangible assets	-	-	-	-	-	-	1,024,477	<b>1,024,477</b>
Repossessed assets	-	-	-	-	-	-	780,204	<b>780,204</b>
Other assets	1,510,027	277,713	13,374	3,777	39,095	-	738,073	<b>2,582,063</b>
<b>Total assets</b>	<b>97,846,792</b>	<b>35,460,778</b>	<b>60,667,073</b>	<b>192,036,610</b>	<b>169,321,986</b>	<b>1,177,044</b>	<b>47,789,162</b>	<b>604,299,448</b>
<b>Liabilities</b>								
Amounts due to banks	6,391,818	-	-	-	-	-	57,953	<b>6,449,771</b>
Derivative financial liabilities	14,449	-	-	-	-	-	-	<b>14,449</b>
Amounts payable under repurchase agreements	15,153,077	-	-	-	-	-	-	<b>15,153,077</b>
Amounts due to customers	172,013,157	25,834,086	97,956,030	96,186,911	632,248	-	-	<b>392,622,431</b>
Current income tax liabilities	-	-	2,412,157	-	-	-	-	<b>2,412,157</b>
Debt securities issued	-	-	11,256,835	16,920,188	-	-	-	<b>28,177,022</b>
Other borrowed funds	1,449,292	236,102	3,925,683	21,638,605	17,862,412	-	-	<b>45,112,094</b>
Lease liabilities	35,049	68,198	306,329	909,646	345,186	-	-	<b>1,664,407</b>
Provisions on commitments and contingencies	258,604	-	-	-	-	-	-	<b>258,604</b>
Deferred tax liabilities	-	-	-	-	-	-	2,327,561	<b>2,327,561</b>
Other liabilities	309,551	89,868	3,532,134	6,620	-	-	-	<b>3,938,173</b>
<b>Total liabilities</b>	<b>195,624,997</b>	<b>26,228,254</b>	<b>119,389,168</b>	<b>135,661,970</b>	<b>18,839,846</b>	<b>-</b>	<b>2,385,514</b>	<b>498,129,746</b>
<b>Net position</b>	<b>(97,778,205)</b>	<b>9,232,524</b>	<b>(58,722,095)</b>	<b>56,374,643</b>	<b>150,482,140</b>	<b>1,177,044</b>	<b>45,403,648</b>	<b>106,169,702</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 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	-	-	-	-	-	-	39,348,626
Trading securities	-	-	511,122	22,449	43,132	-	366,795	943,498
Amounts due from banks	12,936,348	1,253,407	793,120	-	-	-	26,350,920	41,333,795
Derivative financial assets	2,586	-	-	-	-	-	-	2,586
Amounts receivable under reverse repurchase agreements	19,925,584	-	-	-	-	-	-	19,925,584
Loans and advances to customers	5,943,588	36,228,244	46,003,100	113,510,461	107,120,483	2,541,644	-	311,347,520
Investment securities pledged under repurchase agreements	18,993,773	8,315,242	13,625,518	27,341,012	15,752,568	-	523,983	84,552,096
Property, plant and equipment	-	-	-	-	-	-	11,080,084	11,080,084
Intangible assets	-	-	-	-	-	-	888,076	888,076
Repossessed assets	-	-	-	-	-	-	528,917	528,917
Other assets	1,940,335	62,980	1,757	3,200	40,494	-	844,575	2,893,341
<b>Total assets</b>	<b>99,090,840</b>	<b>45,859,873</b>	<b>76,624,536</b>	<b>178,303,911</b>	<b>133,202,736</b>	<b>2,541,644</b>	<b>40,583,350</b>	<b>576,206,890</b>
<b>Liabilities</b>								
Amounts due to banks	606,270	-	-	-	-	-	59,484	665,754
Derivative financial liabilities	67,655	-	-	-	-	-	-	67,655
Amounts payable under repurchase agreements	59,961,214	-	-	-	-	-	-	59,961,214
Amounts due to customers	167,407,263	33,833,359	84,010,413	69,260,697	593,594	-	-	355,105,326
Current income tax liabilities	-	-	1,809,534	-	-	-	-	1,809,534
Debt securities issued	-	-	9,197,336	14,972,409	-	-	-	24,169,745
Other borrowed funds	594,560	237,777	2,624,587	15,877,019	17,974,722	-	-	37,308,665
Lease liabilities	23,547	46,785	191,221	898,850	653,489	-	-	1,813,892
Provisions on commitments and contingencies	219,072	-	-	-	-	-	-	219,072
Deferred tax liabilities	-	-	-	-	-	-	1,579,678	1,579,678
Other liabilities	1,515,867	80,383	2,588,879	9,044	-	-	-	4,194,173
<b>Total liabilities</b>	<b>230,395,448</b>	<b>34,198,304</b>	<b>100,421,970</b>	<b>101,018,019</b>	<b>19,221,805</b>	<b>-</b>	<b>1,639,162</b>	<b>486,894,708</b>
<b>Net position</b>	<b>(131,304,608)</b>	<b>11,661,569</b>	<b>(23,797,434)</b>	<b>77,285,892</b>	<b>113,980,931</b>	<b>2,541,644</b>	<b>38,944,188</b>	<b>89,312,182</b>

(thousands of Armenian drams)

### 33. 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.

As at 31 December 2025 and 31 December 2024 the ultimate parent company of the Bank is Advanced Global Investments S.A.R.L.. The ultimate parent company doesn't produce financial statements that are available for public use.

The ultimate controlling party of the Bank is Martin Francisco Andranik 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 year end, and related expense and income for the year are as follows:

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

	31 December 2025			31 December 2024		
	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>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>
Loans issued during reporting period	35,911	6,027,873	956,327	46,165	8,570,830	1,184,824
Loan repayments during reporting period	(43,650)	(14,098,315)	(959,869)	(49,710)	(9,749,925)	(1,166,361)
<b>Loans outstanding at the end of the reporting period, gross</b>	<b>2,265</b>	<b>22,217,211</b>	<b>272,071</b>	<b>10,004</b>	<b>30,287,653</b>	<b>275,613</b>
Less: allowance for loan impairment	(35)	(3,301)	(1,323)	(201)	(4,434)	(2,063)
<b>Loans outstanding at the end of the reporting period, net</b>	<b>2,230</b>	<b>22,213,910</b>	<b>270,748</b>	<b>9,803</b>	<b>30,283,219</b>	<b>273,550</b>
<b>Amounts due to customers</b>						
<b>Deposits at 1 January</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>
Deposits received during reporting period	7,009,953	245,800,104	11,243,147	8,316,940	195,212,170	13,092,642
Deposits repaid during reporting period	(7,065,616)	(248,996,757)	(11,234,652)	(8,252,543)	(184,414,646)	(13,350,003)
<b>Deposits at the end of the reporting period</b>	<b>68,983</b>	<b>57,411,668</b>	<b>1,102,598</b>	<b>124,646</b>	<b>60,608,321</b>	<b>1,094,103</b>
<b>Items not recognized in the statement of financial position</b>						
Guarantees issued	-	56,000	-	-	-	-
<b>Statement of comprehensive income</b>						
Interest income	-	1,821,215	22,463	-	2,203,635	21,075
Fee and commission income	63	51,748	5,183	52	47,996	5,394
Other income	21,895	274,399	3,707	31,230	129,882	4,162
Interest expense	(3,452)	(2,412,388)	(73,601)	(5,742)	(1,551,247)	(56,920)
Impairment charge	166	1,133	740	3	677	438
Other expenses	-	(32,169)	(608)	-	(37,657)	(183)

Deposits from entities under common control denominated in AMD have 10.52% and maturity 2026-2028, in USD have 5.24% and maturity 2026-2028 (2024: USD 5.41%, and maturity 2025-2029). Deposits from Key management personnel and their close family members denominated in AMD have 9.43% and maturity 2026-2027, in USD 3.80% with maturity 2026, in EUR 1.48% with maturity 2026 (2024: AMD 9.70%, maturity 2025-2026, USD 3.71%, maturity 2025-2026, EUR 1.32%, maturity 2025).

(thousands of Armenian drams)

Loans to entities under common control denominated in AMD have 18.08% and maturity 2026-2043, in USD have 8.31% and maturity 2026-2045, in EUR 12%, maturity 2030 (2024: AMD 18.61%, maturity 2026-2043, USD 8.41% maturity 2025-2044, in EUR 14%, maturity 2042). Loans to Key management personnel and their close family members denominated in AMD have 10.77% and maturity 2026-2045, in USD 7.91% with maturity 2033-2044, in EUR 5.15% with maturity 2033-2042 (2024: AMD 10.88%, maturity 2025-2044, USD 7.90%, maturity 2033-2044, EUR 5.09%, maturity 2033-2042).

Out of total loans to related party AMD 19,837,593 thousand is collateralized with cash and deposit (2024: AMD 27,778,152 thousand is collateralized with cash and deposit).

Compensation of key management personnel was comprised of the following:

	<b>31 December 2025</b>	<b>31 December 2024</b>
Salaries and other short-term benefits	1,676,521	1,290,816
<b>Total key management personnel compensation</b>	<b>1,676,521</b>	<b>1,290,816</b>

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

	<b>Note</b>	<b>Debt securities issued</b>	<b>Other borrowed funds</b>	<b>Lease liabilities</b>	<b>Total liabilities from financing activities</b>
<b>Carrying amount at 31 December 2023</b>	17, 19	<b>20,367,348</b>	<b>37,251,747</b>	<b>1,942,813</b>	<b>59,561,908</b>
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	(33,758)	-	28,214
<b>Carrying amount at 31 December 2024</b>	17, 19	<b>24,169,745</b>	<b>37,308,665</b>	<b>1,813,892</b>	<b>63,292,302</b>
Proceeds from issue		12,199,107	12,743,599	-	24,942,706
Redemption		(7,725,000)	(5,174,542)	(540,181)	(13,439,723)
Foreign currency translation		(538,350)	(3,715)	-	(542,065)
Additions and modifications		-	-	174,679	174,679
Interest expense on lease liabilities		-	-	216,017	216,017
Other		71,519	238,087	-	309,607
<b>Carrying amount at 31 December 2025</b>	17, 19	<b>28,177,022</b>	<b>45,112,094</b>	<b>1,664,407</b>	<b>74,953,523</b>

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

### 35. Capital adequacy

The Bank maintains an actively managed capital base to cover risks inherent in the business. New capital adequacy ratios came into force on June 1, 2023. 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.

(thousands of Armenian drams)

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 2024 this minimum levels of N1.1, N1.2 and N1, were accordingly 6.2%, 8.3% and 11%. The Bank is in compliance with the statutory capital ratio as at 31 December 2025 and 31 December 2024.

The following table shows the composition of capital position calculated in accordance with requirements set by the Central Bank of Armenia, as at 31 December 2025 and 31 December 2024:

	<b>31 December 2025 (Unaudited)</b>	<b>31 December 2024 (Unaudited)</b>
Tier 1 capital	95,406,725	77,365,592
Tier 2 capital	3,964,659	3,374,260
<b>Total capital</b>	<b>99,371,384</b>	<b>80,739,852</b>
<b>Risk-weighted assets</b>	<b>509,877,463</b>	<b>465,463,693</b>
<b>Capital adequacy ratio N1.1</b>	<b>18.71%</b>	<b>16.62%</b>
<b>Capital adequacy ratio N1.2</b>	<b>19.49%</b>	<b>17.35%</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 2025 and 31 December 2024.