

Converse Bank Closed Joint-Stock Company

Financial statements

for the period ended 31 March 2026

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Statement of financial position**as of 31 March 2026***(thousands of Armenian drams)*

	Notes	31 March 2026	31 December 2025
Assets			
Cash and cash equivalents	5	26,641,982	25,263,010
Trading securities	6	431,132	418,846
Amounts due from banks	7	49,661,349	55,157,254
Derivative financial assets	8	2,699	2,237
Amounts receivable under reverse repurchase agreements	9	20,692,659	39,515,962
Loans and advances to customers	10	351,237,603	342,311,656
Investments securities	11		
- Held by the Bank		123,865,979	110,523,343
- Pledged under sale and repurchase agreements		4,230,286	15,656,527
Property, equipment and right-of-use assets	12	10,732,593	11,063,869
Intangible assets	13	1,013,409	1,024,477
Repossessed assets	14	708,001	780,204
Other assets	15	2,766,717	2,582,063
Total assets		591,984,409	604,299,448
Liabilities			
Amounts due to banks	16	628,695	6,449,771
Derivative financial liabilities	8	52,270	14,449
Amounts payable under repurchase agreements	17	3,862,469	15,153,077
Amounts due to customers	18	393,095,061	392,622,431
Current tax liabilities		2,899,111	2,412,157
Debt securities issued	19	29,087,311	28,177,022
Other borrowed funds	20	43,769,550	45,112,094
Lease liabilities	34	1,625,561	1,664,407
Provisions for credit related commitments	21	254,179	258,604
Deferred tax liabilities	22	2,174,121	2,327,561
Other liabilities	15	5,020,813	3,938,173
Total liabilities		482,469,141	498,129,746
Equity			
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		3,679,958	3,708,185
Revaluation reserve for investment securities		4,124,122	5,056,069
Retained earnings		72,852,140	68,546,400
Total equity		109,515,268	106,169,702
Total equity and liabilities		591,984,409	604,299,448

Signed and authorised for release on behalf of the Management Board of the Bank on 15 April 2026.

Grant Akopian

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 March 2026

(thousands of Armenian drams)

	<i>Note</i>	01/01/26- 31/03/26	01/01/25- 31/03/25
Interest income calculated using effective interest rate	24	13,429,737	12,589,235
Interest income on FVTPL loans and other interest income	24	135,479	114,006
Interest expense	24	<u>(5,734,140)</u>	<u>(5,683,443)</u>
Net interest income	24	7,831,076	7,019,798
Fee and commission income	25	1,820,412	1,823,643
Fee and commission expense	25	<u>(1,189,060)</u>	<u>(1,192,690)</u>
Net fee and commission income		631,352	630,953
Net trading income	26	1,292,783	1,643,009
Net (loss)/gain from foreign currency translation		(158,165)	(129,445)
Net gain on investment securities measured at fair value through other comprehensive income		718,875	73,576
Other income	27	<u>221,365</u>	<u>216,872</u>
Operating income before impairment and other administrative expenses		10,537,286	9,454,763
Net reversal of impairment losses/(impairment losses) on financial instruments	28	(287,941)	63,382
Personnel expenses	29	(3,146,475)	(2,940,824)
Depreciation of property, equipment and right-of-use asset	12	(396,269)	(385,443)
Amortization of intangible assets	13	(39,152)	(31,859)
Administrative and other operating expenses	29	(1,402,802)	(1,332,243)
Other impairment and provisions		-	-
Profit before income tax expense		5,264,647	4,827,776
Income tax expense	22	<u>(987,134)</u>	<u>(829,190)</u>
Profit for the year		4,277,513	3,998,586

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

**Statement of comprehensive income
for the period ended 31 March 2026**

(thousands of Armenian drams)

	<i>Note</i>	01/01/26- 31/03/26	01/01/25- 31/03/25
Profit for the year		4,277,513	3,998,586
Other comprehensive income not to be reclassified to profit or loss			
Gain on equity securities at FVOCI		-	-
Revaluation of property and equipment		-	-
Income tax effect		-	-
Net other comprehensive income not to be reclassified to profit or loss		-	-
Other comprehensive income that is or may be reclassified to profit or loss			
Unrealised gain on debt securities at FVOCI		(427,901)	728,009
Realised gain on debt securities at FVOCI transferred to profit or loss		(718,875)	(73,576)
Changes in allowance for expected credit losses of debt instruments at FVOCI		10,256	33,516
Income tax effect	22	204,573	(123,831)
Net other comprehensive income that is or to be reclassified to profit or loss		(931,947)	564,118
Other comprehensive income for the year, net of tax		(931,947)	564,118
Total comprehensive income for the year		3,345,566	4,562,704

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

Statement of changes in equity
for the period ended 31 March 2026

(thousands of Armenian drams)

	Share capital	Share premium	Statutory general reserve	Revaluation reserve for investment securities	Revaluation surplus for land and buildings	Retained earnings	Total
Balance as at 1 January 2025	19,947,633	63,233	8,848,182	888,839	3,475,055	56,089,240	89,312,182
Profit for the year						3,998,586	3,998,586
Other comprehensive income for the year				564,118		-	564,118
Total comprehensive income for the year	-	-	-	564,118	-	3,998,586	4,562,704
Dividends declared and paid	-	-	-	-	-	-	-
Total transactions with owners	-	-	-	-	-	-	-
Depreciation of revaluation reserve	-	-	-	-	(24,279)	24,279	-
Balance as at 31 March 2025	19,947,633	63,233	8,848,182	1,452,957	3,450,776	60,112,105	93,874,886
Balance as at 1 January 2026	19,947,633	63,233	8,848,182	5,056,069	3,708,185	68,546,400	106,169,702
Profit for the year						4,277,513	4,277,513
Other comprehensive income for the year				(931,947)		-	(931,947)
Total comprehensive income for the year	-	-	-	(931,947)	-	4,277,513	3,345,566
Dividends declared and paid	-	-	-	-	-	-	-
Total transactions with owners	-	-	-	-	-	-	-
Depreciation of revaluation reserve	-	-	-	-	(28,227)	28,227	-
Balance as at 31 March 2026	19,947,633	63,233	8,848,182	4,124,122	3,679,958	72,852,140	109,515,268

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

Statement of cash flows
for the period ended 31 March 2026

(thousands of Armenian drams)

	<i>Note</i>	01/01/26- 31/03/26	01/01/25- 31/03/25
Cash flows from operating activities			
Interest received		10,792,401	12,395,528
Interest paid		(3,959,531)	(4,802,755)
Fees and commissions received		1,820,412	1,823,643
Fees and commissions paid		(1,189,060)	(1,192,690)
Net trading income received		1,277,604	1,528,059
Other income received		207,121	158,824
Personnel expenses paid		(1,920,381)	(1,964,799)
Administrative and other operating expenses paid		(1,545,775)	(1,470,148)
Cash flows from operating activities before changes in operating assets and liabilities		5,482,791	6,475,662
<i>Net (increase)/decrease in operating assets</i>			
Trading securities		2,893	(8,048)
Amounts due from banks		4,858,978	(10,807,515)
Amounts receivable under reverse repurchase agreements		18,785,005	(3,418,688)
Loans and advances to customers		(10,309,214)	(6,455,348)
Repossessed assets		105,816	36,990
Other assets		(215,305)	(897,482)
<i>Net increase/(decrease) in operating liabilities</i>			
Amounts due to banks		(5,758,118)	9,678,972
Amounts payable under repurchase agreements		(11,244,388)	6,658,739
Amounts due to customers		2,786,618	11,220,014
Derivative financial liabilities		37,359	129,504
Other liabilities		11,396	74,669
Net cash (used in)/from operating activities before income tax		4,543,831	12,687,469
Income tax paid		(449,047)	(438,591)
Net cash (used in)/from operating activities		4,094,784	12,248,878
Cash flows from investing activities			
Purchase of investment securities	11	(36,097,323)	(39,734,154)
Proceeds from sale and redemption of investment securities	11	35,757,444	31,979,628
Purchase of property and equipment	12	(35,694)	(119,776)
Proceeds from sale of property and equipment		2,349	-
Purchase of intangible assets	13	(28,084)	(16,824)
Net cash from/(used in) investing activities		(401,308)	(7,891,126)
Cash flows from financing activities			
Proceeds from other borrowed funds	34	692,024	5,006,232
Repayment of other borrowed funds	34	(1,887,176)	(1,043,128)
Repayment of lease liabilities	34	(119,233)	(122,521)
Net cash from/(used in) financing activities		(1,314,385)	3,840,583
Net (decrease)/increase in cash and cash equivalents		2,379,091	8,198,335
Cash and cash equivalents at the beginning of the year		25,263,010	39,348,626
Effect of exchange rates changes on cash and cash equivalents		(1,000,183)	726,716
Effect of expected credit losses on cash and cash equivalents		64	996
Cash and cash equivalents at the end of the year	5	26,641,982	48,274,673

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 (2025: 36) 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 March 2026, the number of Bank’s employees is 915 (31 December 2025: 925).

As of 31 March 2026 and 31 December 2025, the shareholders of the Bank are:

<i>Shareholder</i>	<i>31 March 2026, %</i>	<i>31 December 2025, %</i>
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
Total	100.00	100.00

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 March 2026 and 31 December 2025, were AMD 377.16 and AMD 381.3 to USD 1, and AMD 432.19 and AMD 449.01 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 2026 and 2025.

(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 2026 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 March 2026</i>	<i>Retail banking</i>	<i>Corporate banking</i>	<i>Trading</i>	<i>Total</i>
External income				
Interest income	7,652,584	2,644,815	3,267,817	13,565,216
Interest expense	(2,968,785)	(1,213,018)	(1,552,337)	(5,734,140)
Inter-segment income	531,304	1,193,601	(1,724,905)	-
Net interest income	5,215,103	2,625,398	(9,425)	7,831,076
Net non-interest income	744,804	472,129	1,489,277	2,706,210
Operating income	5,959,907	3,097,527	1,479,851	10,537,286
Net (impairment losses)/reversal of impairment losses on financial instruments	(181,831)	(104,111)	(1,999)	(287,941)
Depreciation of property, equipment and right-of-use asset and amortization of intangible assets	(297,440)	(126,677)	(11,304)	(435,421)
Personnel, administrative and other expenses	(2,719,766)	(1,435,278)	(394,232)	(4,549,277)
Operating segment profit	2,760,871	1,431,461	1,072,316	5,264,647
Income tax expense	(513,981)	(266,728)	(206,425)	(987,134)
Profit for the year	2,246,890	1,164,734	865,890	4,277,514

<i>As of 31 March 2025</i>	<i>Retail banking</i>	<i>Corporate banking</i>	<i>Trading</i>	<i>Total</i>
External income				
Interest income	6,391,592	2,590,814	3,720,835	12,703,241
Interest expense	(2,309,832)	(1,132,126)	(2,241,485)	(5,683,443)
Inter-segment income	88,675	664,690	(753,365)	-
Net interest income	4,170,435	2,123,379	725,984	7,019,798
Net non-interest income	826,204	548,881	1,059,879	2,434,964
Operating income	4,996,639	2,672,260	1,785,863	9,454,762
Net reversal of impairment losses/(impairment losses) on financial instruments	(38,199)	94,145	7,436	63,382
Depreciation of property, equipment and right-of-use asset and amortization of intangible assets	(254,830)	(130,129)	(32,343)	(417,302)
Personnel, administrative and other expenses	(2,504,242)	(1,370,932)	(397,894)	(4,273,067)
Operating segment profit	2,199,369	1,265,344	1,363,062	4,827,775
Income tax expense	(372,304)	(213,273)	(243,613)	(829,190)
Profit for the year	1,827,065	1,052,071	1,119,450	3,998,586

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:

(thousands of Armenian drams)

As of 31 March 2026					
Interest bearing					
	Retail banking	Corporate banking	Trading	Non-interest bearing	Total
Assets	238,364,851	112,872,752	170,658,484	70,088,322	591,984,409
Liabilities	206,182,046	186,913,015	77,400,295	11,973,785	482,469,141
As of 31 March 2025					
Interest bearing					
	Retail banking	Corporate banking	Trading	Non-interest bearing	Total
Assets	205,721,800	111,157,140	210,056,708	87,765,533	614,701,181
Liabilities	178,280,868	188,725,769	143,118,729	10,912,823	521,038,189

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 March 2026 and 31 March 2025 are as follows:

As of 31 March 2026	Retail banking	Corporate banking	Trading	Total
Commission income				
Plastic cards operations	1,170,222	8,100	1,495	1,179,817
Wire transfer fees	53,154	79,876	3,497	136,527
Settlement operation	28,250	15,550	59,888	103,688
Guarantees and letters of credit	-	73,891	-	73,891
Loan accounts servicing fees	28,869	26,268	-	55,137
Banknotes transfers to banks	-	-	593	593
Other	156,036	73,913	40,810	270,759
Total revenue from contracts with customers	1,436,531	277,598	106,283	1,820,412

As of 31 March 2025	Retail banking	Corporate banking	Trading	Total
Commission income				
Plastic cards operations	1,301,622	8,346	1,473	1,311,441
Wire transfer fees	59,769	92,849	3,419	156,037
Settlement operation	14,718	3,919	56,365	75,002
Guarantees and letters of credit	-	39,676	-	39,676
Loan accounts servicing fees	15,892	5,551	-	21,443
Banknotes transfers to banks	-	-	1,637	1,637
Other	109,483	71,246	37,678	218,407
Total revenue from contracts with customers	1,501,484	221,587	100,572	1,823,643

No revenue from transactions with a single external customer or counterparty amounted to 10% or more of the Bank's total revenue in 2026 or 2025.

(thousands of Armenian drams)

5. Cash and cash equivalents

Cash and cash equivalents comprise:

	31 March 2026	31 December 2025
Cash on hand	9,751,793	10,143,353
Nostro accounts with the Central Bank, including obligatory reserves in AMD	9,599,952	8,019,579
Nostro accounts with other Banks	7,290,911	7,100,816
	26,642,656	25,263,748
Less – allowance for impairment	(674)	(738)
Cash and cash equivalents	26,641,982	25,263,010

Cash and cash equivalents are fully in Stage 1 and measured at amortised cost as at 31 March 2026 and 31 December 2025.

Banks are required to maintain cash deposit (obligatory reserve) with the CBA, equal to 4% (2025: 4%) of the amounts attracted in Armenian drams and 15% (2025: 15%) 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 (2025: 15%). 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 March 2026 nostro accounts with other Banks in the amount of AMD 6,761,628 thousand (93.2%) were due from eight banks (2025: AMD 6,614,774 thousand (97.7%) were due from eight banks).

6. Trading securities

Trading securities owned comprise:

	31 March 2026	31 December 2025
Investments in funds	431,132	418,846
Trading securities	431,132	418,846

7. Amounts due from banks

Amounts due from banks comprise:

	31 March 2026	31 December 2025
Foreign currency obligatory reserves with CBA (Note 5)	28,225,620	27,457,665
Loans and deposits to banks	16,390,648	19,381,461
Deposited funds with CBA	1,052,928	3,767,523
Receivables from payment and settlement operations	1,870,010	2,591,835
Other deposited funds	2,139,899	1,979,748
	49,679,105	55,178,232
Less – allowance for impairment	(17,756)	(20,978)
Amounts due from banks	49,661,349	55,157,254

As at 31 March 2026 the balances included loans and deposits to banks due from five counterparties (2025: 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.

No amounts due from banks are past due or impaired and are fully in Stage 1 as at 31 March 2026 and 31 December 2025. All the amounts due from banks are measured at amortised cost as at 31 March 2025 and 31 December 2025.

(thousands of Armenian drams)

8. Derivative financial instruments

As of 31 March 2026, and 31 December 2025, 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>	31 March 2026		31 December 2025	
	<i>Fair values</i>		<i>Fair value</i>	
	<i>Asset</i>	<i>Liability</i>	<i>Asset</i>	<i>Liability</i>
Derivative assets (currency swaps)	2,699	-	2,237	-
Derivative liabilities (currency swaps)	-	52,270	-	14,449

9. Amounts receivable under reverse repurchase agreements

Amounts receivable under reverse repurchase agreements comprise:

	31 March 2026	31 December 2025
Amounts receivable from other financial institutions	19,691,364	18,962,859
Amounts receivable from banks	1,001,295	20,553,103
Amounts receivable under reverse repurchase agreements	20,692,659	39,515,962

As at 31 March 2026 the amounts receivable of AMD 14,806,604 thousand (71.6%) are from nine counterparties (2025: AMD 34,791,445 thousand (88%) are from eleven counterparties).

As at 31 March 2026 amounts receivable under reverse repurchase agreements were collateralized by the RA government bonds with fair value of AMD 21,420,320 thousand (31 December 2025: AMD 41,033,633 thousand).

No amounts receivable under reverse repurchase agreements are past due or impaired and are fully in Stage 1 as at 31 March 2026 and 31 December 2025. The Bank estimates that balance of allowance for impairment is nil as at 31 March 2026 and 31 December 2025.

10. Loans and advances to customers

	31 March 2026	31 December 2025
Loans to customers	354,206,005	345,372,688
Financial lease receivables	3,670,683	3,394,584
	357,876,688	348,767,272
Less – allowance for loan impairment	(6,639,085)	(6,455,616)
Total loans and advances to customers	351,237,603	342,311,656
	31 March 2026	31 December 2025
Large business loans including finance lease receivables	60,283,915	62,669,264
SME loans including finance lease receivables	58,309,227	56,764,018
Total loans to corporate customers	118,593,142	119,433,282
Mortgage loans	109,861,690	108,698,848
Consumer loans	87,076,692	83,389,306
Gold loans	41,387,462	36,278,964
Total loans to retail customers	238,325,844	228,367,118
Gross loans and advances to customers	356,918,986	347,800,400
Less – allowance for impairment	(6,639,086)	(6,455,616)
Total loans and advances to customers measured at amortized cost	350,279,900	341,344,784
Loans to corporate customers		
Total loans and advances to customers measured at fair value through profit or loss	957,703	966,871
Allowance for impairment of loans and advances to customers		

(thousands of Armenian drams)

An analysis of changes in the gross carrying value and corresponding ECL in relation to corporate loans as of 31 March 2026:

Corporate loans	Stage 1	Stage 2	Stage 3	Total
Gross carrying value as at 1 January 2026	113,465,535	801,412	5,166,335	119,433,282
New assets originated or purchased	12,307,838	-	-	12,307,838
Assets repaid	(11,846,724)	(56,769)	(105,671)	(12,009,164)
Transfers to Stage 1	26,235	(26,235)	-	-
Transfers to Stage 2	(382,985)	548,243	(165,258)	-
Transfers to Stage 3	(63,025)	(181,386)	244,412	-
Recoveries	-	-	25,648	25,648
Amounts written off	-	-	(25,493)	(25,493)
Foreign exchange and other movements	(1,089,848)	(6,632)	(42,488)	(1,138,968)
At 31 March 2026	112,417,025	1,078,633	5,097,484	118,593,142

Corporate loans	Stage 1	Stage 2	Stage 3	Total
ECL as at 1 January 2026	767,845	139,367	2,208,104	3,115,317
New assets originated or purchased	146,883	-	-	146,883
Assets repaid	(81,414)	(10,288)	(40,570)	(132,273)
Transfers to Stage 1	6,925	(6,925)	-	-
Transfers to Stage 2	(32,520)	112,192	(79,672)	-
Transfers to Stage 3	(1,227)	(43,678)	44,905	-
Impact on period end ECL of exposures transferred between stages during the period	(6,738)	36,547	71,900	101,709
Unwinding of discount (recognised in interest income)	-	-	1,898	1,898
Changes to models and inputs used for ECL calculations	36,382	(6,476)	(80,829)	(50,924)
Recoveries	-	-	25,648	25,648
Amounts written off	-	-	(25,493)	(25,493)
Foreign exchange other movements	(8,424)	(1,099)	(17,889)	(27,411)
At 31 March 2026	827,711	219,640	2,108,003	3,155,354

An analysis of changes in the gross carrying value and corresponding ECL in relation to retail loans as of 31 March 2026:

Retail loans	Stage 1	Stage 2	Stage 3	Total
Gross carrying value as at 1 January 2026	221,444,266	3,325,967	3,596,885	228,367,118
New assets originated or purchased	34,697,993	-	-	34,697,993
Assets repaid	(23,696,186)	(292,354)	(341,709)	(24,330,249)
Transfers to Stage 1	374,382	(372,216)	(2,166)	-
Transfers to Stage 2	(867,728)	1,063,720	(195,993)	-
Transfers to Stage 3	(121,844)	(947,120)	1,068,964	-
Recoveries	-	-	167,797	167,797
Amounts written off	-	-	(246,818)	(246,818)
Foreign exchange and other movements	(313,420)	(9,438)	(7,139)	(329,997)
At 31 March 2026	231,517,463	2,768,560	4,039,821	238,325,844

(thousands of Armenian drams)

Retail loans	Stage 1	Stage 2	Stage 3	Total
ECL as at 1 January 2026	990,116	643,004	1,707,178	3,340,299
New assets originated or purchased	148,335	-	-	148,335
Assets repaid	(77,244)	(55,879)	(166,444)	(299,568)
Transfers to Stage 1	62,991	(61,427)	(1,565)	-
Transfers to Stage 2	(11,315)	98,999	(87,684)	-
Transfers to Stage 3	(1,744)	(251,385)	253,129	-
Impact on period end ECL of exposures transferred between stages during the period	(61,362)	186,096	236,532	361,266
Unwinding of discount (recognised in interest income)	-	-	11,283	11,283
Changes to models and inputs used for ECL calculations	(26,188)	(9,942)	42,613	6,483
Recoveries	-	-	167,797	167,797
Amounts written off	-	-	(246,818)	(246,818)
Foreign exchange and other movements	(1,076)	(1,539)	(2,732)	(5,346)
At 31 March 2026	1,022,514	547,927	1,913,290	3,483,732

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

Corporate loans	Stage 1	Stage 2	Stage 3	Total
Gross carrying value as at 1 January 2025	113,237,265	1,700,493	6,764,532	121,702,290
New assets originated or purchased	46,427,288	-	-	46,427,288
Assets repaid	(43,951,647)	(1,241,022)	(2,153,943)	(47,346,612)
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	301,359
Amounts written off	-	-	(248,679)	(248,679)
Foreign exchange and other movements	(1,238,032)	(20,180)	(144,152)	(1,402,364)
At 31 December 2025	113,465,535	801,412	5,166,335	119,433,282

Corporate loans	Stage 1	Stage 2	Stage 3	Total
ECL as at 1 January 2025	712,081	200,619	2,313,062	3,225,762
New assets originated or purchased	456,030	-	-	456,030
Assets repaid	(278,758)	(142,095)	(734,041)	(1,154,894)
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	773,486
Unwinding of discount (recognised in interest income)	-	-	15,605	15,605
Changes to models and inputs used for ECL calculations	(71,360)	(30,111)	(80,561)	(182,032)
Recoveries	-	-	301,359	301,359
Amounts written off	-	-	(248,679)	(248,679)
Foreign exchange and other movements	(4,316)	(2,665)	(64,336)	(71,318)
At 31 December 2025	767,845	139,367	2,208,104	3,115,317

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

Retail loans	Stage 1	Stage 2	Stage 3	Total
Gross carrying value as at 1 January 2025	190,416,754	2,958,155	3,177,834	196,552,743
New assets originated or purchased	89,366,855	-	-	89,366,855
Assets repaid	(54,894,349)	(1,063,861)	(1,116,882)	(57,075,092)
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	705,110
Amounts written off	-	-	(958,502)	(958,502)

(thousands of Armenian drams)

Foreign exchange and other movements	(188,920)	(3,332)	(31,744)	(223,996)
At 31 December 2025	221,444,266	3,325,967	3,596,885	228,367,118

Retail loans	Stage 1	Stage 2	Stage 3	Total
ECL as at 1 January 2025	1,445,239	640,487	1,596,025	3,681,751
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)
At 31 December 2025	990,116	643,004	1,707,178	3,340,299

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 March 2026.

	Stage 1	Stage 2	Stage 3	Loans measured at fair value through profit or loss	Total loans
Loans to corporate customers					
Large business loans					
- not overdue	57,030,348	237,263	442,916	957,703	58,668,230
- overdue 31-90 days	-	-	284,551	-	284,551
- overdue 91-180 days	-	-	553,374	-	553,374
- overdue more than 1 year	-	-	1,735,462	-	1,735,462
Total gross loans	57,030,348	237,263	3,016,303	957,703	61,241,617
Expected credit loss allowance	(174,879)	(22,031)	(1,375,896)	-	(1,572,806)
Total net loans	56,855,469	215,232	1,640,407	957,703	59,668,811
SME loans					
- not overdue	55,186,779	350,178	178,131	-	55,715,088
- overdue less than 30 days	199,898	188,161	36,883	-	424,942
- overdue 31-90 days	-	303,030	38,698	-	341,728
- overdue 91-180 days	-	-	301,511	-	301,511
- overdue 181-360 days	-	-	514,625	-	514,625
- overdue more than 1 year	-	-	1,011,333	-	1,011,333
Total gross loans	55,386,677	841,369	2,081,181	-	58,309,227
Expected credit loss allowance	(652,832)	(197,609)	(732,107)	-	(1,582,548)
Total net loans	54,733,845	643,760	1,349,074	-	56,726,679

(thousands of Armenian drams)

	Stage 1	Stage 2	Stage 3	Loans measured at fair value through profit or loss	Total loans
Loans to retail customers					
Mortgage loans					
- not overdue	107,211,359	1,200,808	349,178	-	108,761,345
- overdue less than 30 days	127,722	26,306	147,196	-	301,224
- overdue 31-90 days	-	39,363	75,194	-	114,557
- overdue 91-180 days	-	-	206,398	-	206,398
- overdue 181-360 days	-	-	116,296	-	116,296
- overdue more than 1 year	-	-	361,869	-	361,869
Total gross loans	107,339,081	1,266,477	1,256,131	-	109,861,689
Expected credit loss allowance	(230,093)	(199,754)	(500,019)	-	(929,866)
Total net loans	107,108,988	1,066,723	756,112	-	108,931,823
Consumer loans					
- not overdue	82,606,966	748,406	476,104	-	83,831,476
- overdue less than 30 days	369,243	99,464	141,319	-	610,026
- overdue 31-90 days	-	520,293	191,560	-	711,853
- overdue 91-180 days	-	-	587,450	-	587,450
- overdue 181-360 days	-	-	872,905	-	872,905
- overdue more than 1 year	-	-	462,981	-	462,981
Total gross loans	82,976,209	1,368,163	2,732,319	-	87,076,691
Expected credit loss allowance	(761,283)	(335,911)	(1,394,180)	-	(2,491,373)
Total net loans	82,214,926	1,032,252	1,338,139	-	84,585,318
Gold loans					
- not overdue	41,131,993	84,370	14,839	-	41,231,202
- overdue less than 30 days	70,181	8,313	3,825	-	82,319
- overdue 31-90 days	-	41,236	5,166	-	46,402
- overdue 91-180 days	-	-	19,919	-	19,919
- overdue 181-360 days	-	-	7,621	-	7,621
Total gross loans	41,202,174	133,919	51,370	-	41,387,463
Expected credit loss allowance	(31,139)	(12,262)	(19,091)	-	(62,492)
Total net loans	41,171,035	121,657	32,279	-	41,324,971
Total gross loans to corporate customers	112,417,025	1,078,632	5,097,484	957,703	119,550,844
Expected credit loss allowance	(827,711)	(219,640)	(2,108,003)	-	(3,155,354)
Total net loans to corporate customers	111,589,314	858,992	2,989,481	957,703	116,395,490
Total gross loans to retail customers	231,517,464	2,768,559	4,039,820	-	238,325,843
Expected credit loss allowance	(1,022,515)	(547,927)	(1,913,290)	-	(3,483,731)
Total net loans to retail customers	230,494,949	2,220,632	2,126,530	-	234,842,112
Total gross loans	343,934,489	3,847,191	9,137,304	957,703	357,876,687
Expected credit loss allowance	(1,850,226)	(767,567)	(4,021,293)	-	(6,639,085)
Total net loans	342,084,263	3,079,624	5,116,011	957,703	351,237,601

(thousands of Armenian drams)

The following table provides information on the credit quality of loans to legal entities and individuals as at 31 December 2025.

	Stage 1	Stage 2	Stage 3	Loans measured at fair value through profit or loss	Total loans
Loans to corporate customers					
Large business loans					
- not overdue	59,341,203	260,942	267,601	966,871	60,836,617
- overdue less than 30 days	-	-	18,108	-	18,108
- overdue 31-90 days	-	-	1,024,320	-	1,024,320
- overdue more than 1 year	-	-	1,757,090	-	1,757,090
Total gross loans	59,341,203	260,942	3,067,119	966,871	63,636,134
Expected credit loss allowance	(173,537)	(24,665)	(1,461,010)	-	(1,659,213)
Total net loans	59,167,665	236,277	1,606,109	966,871	61,976,922
SME loans					
- not overdue	54,005,857	339,911	311,793	-	54,657,562
- overdue less than 30 days	118,476	46,798	59,312	-	224,585
- overdue 31-90 days	-	153,761	42,853	-	196,614
- overdue 91-180 days	-	-	383,559	-	383,559
- overdue 181-360 days	-	-	434,217	-	434,217
- overdue more than 1 year	-	-	867,481	-	867,481
Total gross loans	54,124,333	540,470	2,099,216	-	56,764,018
Expected credit loss allowance	(594,308)	(114,702)	(747,094)	-	(1,456,104)
Total net loans	53,530,025	425,767	1,352,122	-	55,307,914
Loans to retail customers					
Mortgage loans					
- 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
Total gross loans	106,077,960	1,509,668	1,111,220	-	108,698,848
Expected credit loss allowance	(225,582)	(241,474)	(423,029)	-	(890,085)
Total net loans	105,852,378	1,268,194	688,191	-	107,808,763
Consumer loans					
- 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
Total gross loans	79,245,861	1,708,826	2,434,621	-	83,389,307
Expected credit loss allowance	(737,158)	(392,133)	(1,261,321)	-	(2,390,612)
Total net loans	78,508,702	1,316,693	1,173,300	-	80,998,695
Gold loans					
- not overdue	36,070,978	86,133	22,542	-	36,179,652

(thousands of Armenian drams)

- 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
Total gross loans	36,120,445	107,474	51,045	-	36,278,964
Expected credit loss allowance	(27,376)	(9,396)	(22,829)	-	(59,601)
Total net loans	36,093,069	98,077	28,215	-	36,219,362
Total gross loans to corporate customers	113,465,535	801,412	5,166,335	966,871	120,400,153
Expected credit loss allowance	(767,845)	(139,367)	(2,208,104)	-	(3,115,317)
Total net loans to corporate customers	112,697,690	662,044	2,958,230	966,871	117,284,836
Total gross loans to retail customers	221,444,266	3,325,967	3,596,885	-	228,367,118
Expected credit loss allowance	(990,116)	(643,004)	(1,707,178)	-	(3,340,299)
Total net loans to retail customers	220,454,149	2,682,964	1,889,707	-	225,026,820
Total gross loans	334,909,801	4,127,379	8,763,220	966,871	348,767,271
Expected credit loss allowance	(1,757,962)	(782,371)	(3,915,283)	-	(6,455,616)
Total net loans	333,151,839	3,345,008	4,847,937	966,871	342,311,655

*(thousands of Armenian drams)***Concentration of loans and advances to customers**

As at 31 March 2026 the Bank had a concentration of loans totaling to AMD 35,697,922 thousand due from the ten largest groups of borrowers (9.97% of gross loan portfolio) (2025: AMD 37,561,695 thousand due from the ten largest groups of borrowers (10.77% of gross loan portfolio)). An allowance for impairment in amount of AMD 1,074,823 thousand (2025: AMD 1,119,946 thousand) was created against these loans.

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

	31 March 2026	31 December 2025
Mortgage	109,861,690	108,698,848
Consumer and gold loans to individuals	128,464,155	119,668,270
Trade	49,015,312	50,018,316
Construction	22,002,990	23,374,342
Agriculture (including loans to individuals)	6,131,619	5,921,233
Financial services	3,156,072	2,972,632
Manufacturing	13,104,009	13,038,672
Services	7,245,888	7,273,420
Energy	3,414,629	3,182,186
Transport and communication	4,228,265	3,293,237
Other	11,252,059	11,326,116
Gross loan portfolio	357,876,688	348,767,272
Less allowance for loan impairment	(6,639,085)	(6,455,616)
Total	351,237,603	342,311,656

(thousands of Armenian drams)

Finance lease receivables

Included in corporate lending portfolio are finance lease receivables. The analysis of finance lease receivables at 31 March 2026 and 31 December 2025 is as follows :

	31 March 2026	31 December 2025
Gross investment in finance lease, receivable		
Not later than 1 year	1,688,068	1,555,826
1-2 years	1,371,966	1,223,464
2-3 years	868,279	803,675
3-4 years	467,184	427,775
4-5 years	102,689	151,395
More than 5 years	27,714	35,468
	4,525,900	4,197,603
Unearned future finance income on finance lease	(855,217)	(803,019)
Net investment in financial lease, before impairment allowance	3,670,683	3,394,584
Impairment allowance	(58,950)	(57,869)
Net investment in finance lease	3,611,733	3,336,715

11. Investment securities

Investment securities including those pledged under repurchase agreements comprise:

	31 March 2026	31 December 2025
Held by the Bank		
Debt securities at amortised cost		
Government bonds of the Republic of Armenia	-	-
Governments bonds of the foreign countries	2,503,020	2,238,677
Less – allowance for impairment	(1)	(2)
Debt securities at amortised cost held by the Bank	2,503,020	2,238,675
Debt securities at FVOCI		
Government bonds of the Republic of Armenia	108,235,293	90,843,016
Governments bonds of the foreign countries	1,893,127	6,063,211
Corporate bonds	10,675,577	10,819,478
Bonds of international organizations	-	-
Debt securities at FVOCI held by the Bank	120,803,997	107,725,705
Equity securities at FVOCI		
Equity shares of companies in OECD countries	5,333	5,333
Corporate shares in the Armenian companies	553,630	553,630
Equity securities at FVOCI held by the Bank	558,963	558,963
Total investment securities held by the Bank	123,865,979	110,523,343
Pledged under sale and repurchase agreements		
RA government bonds	4,230,286	15,656,527
Debt securities at FVOCI pledged under repurchase agreements	4,230,286	15,656,527

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:

Debt securities at amortised cost	Stage 1	Total
Gross carrying value as at 1 January 2026	2,238,677	2,238,677
New assets originated or purchased	2,567,723	2,567,723
Assets repaid	(2,238,447)	(2,238,447)
Interest accrued	24,041	24,041
Foreign exchange differences	(88,974)	(88,974)
At 31 March 2026	2,503,020	2,503,020

(thousands of Armenian drams)

Debt securities at amortised cost	Stage 1	Total
ECLs as at 1 January 2026	2	2
New assets originated or purchased	2	2
Assets repaid	(2)	(2)
Changes to models and inputs used for ECL calculations	(1)	(1)
At 31 March 2026	1	1

An analysis of changes in the gross carrying values and associated ECLs in relation to debt securities at amortized cost at 31 December 2025 is as follows:

Debt securities at amortised cost	Stage 1	Total
Gross carrying value as at 1 January 2025	6,514,085	6,514,085
New assets originated or purchased	2,236,281	2,236,281
Assets repaid	(6,484,507)	(6,484,507)
Interest accrued	154,616	154,616
Interest repaid	(185,000)	(185,000)
Foreign exchange differences	3,202	3,202
At 31 December 2025	2,238,677	2,238,677

Debt securities at amortised cost	Stage 1	Total
ECLs as at 1 January 2025	4,227	4,227
New assets originated or purchased	2	2
Assets repaid	(4,227)	(4,227)
Changes to models and inputs used for ECL calculations	-	-
At 31 December 2025	2	2

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:

Debt securities at FVOCI	Stage 1	Total
Gross carrying value as at 1 January 2026	123,382,232	123,382,232
New assets originated or purchased	33,529,600	33,529,600
Assets repaid	(6,016,886)	(6,016,886)
Assets sold	(27,502,110)	(27,502,110)
Interest accrued	2,726,020	2,726,020
Interest repaid	(434,341)	(434,341)
Net change in fair value	(427,901)	(427,901)
Foreign exchange differences	(222,332)	(222,332)
At 31 March 2026	125,034,283	125,034,283

Debt securities at FVOCI	Stage 1	Total
ECLs as at 1 January 2026	332,091	332,091
New assets originated or purchased	97,105	97,105
Assets repaid	(0)	(0)
Assets sold	(44,977)	(44,977)
Changes to models and inputs used for ECL calculations	(41,872)	(41,872)
At 31 March 2026	342,347	342,347

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

Debt securities at FVOCI	Stage 1	Total
Gross carrying value as at 1 January 2025	140,881,022	140,881,022
New assets originated or purchased	137,733,869	137,733,869
Assets repaid	(81,747,641)	(81,747,641)
Assets sold	(80,767,801)	(80,767,801)

(thousands of Armenian drams)

Interest accrued	12,324,268	12,324,268
Interest repaid	(10,522,923)	(10,522,923)
Net change in fair value	6,197,770	6,197,770
Foreign exchange differences	(716,332)	(716,332)
At 31 December 2025	123,382,232	123,382,232

Debt securities at FVOCI

	Stage 1	Total
ECLs as at 1 January 2025	335,962	335,962
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)
At 31 December 2025	332,091	332,091

(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>
Cost or revalued amount									
31 December 2025	5,341,101	905,439	327,142	6,818,895	1,267,504	2,655,281	59,430	3,877,675	21,252,466
Additions	3,196	3,418	-	22,169	927	910	5,075	29,621	65,316
Modifications	-	-	-	-	-	-	-	(10,897)	(10,897)
Disposals and write-offs	-	(2,987)	-	(4,395)	(6,922)	-	-	-	(14,304)
Revaluation	-	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	639	6,890	(7,529)	-	-
31 March 2026	5,344,297	905,870	327,142	6,836,669	1,262,148	2,663,082	56,975	3,896,399	21,292,581
Accumulated depreciation									
31 December 2025	-	631,371	204,923	4,599,313	878,729	1,579,382	-	2,294,879	10,188,597
Depreciation charge	41,770	14,727	6,329	143,366	20,105	74,125	-	95,847	396,269
Modifications	-	-	-	-	-	-	-	(10,897)	(10,897)
Disposals and write-offs	-	(2,907)	-	(4,162)	(6,912)	-	-	-	(13,981)
31 March 2026	41,770	643,191	211,252	4,738,517	891,922	1,653,507	-	2,379,829	10,559,988
Net book value									
31 December 2025	5,341,101	274,068	122,219	2,219,582	388,775	1,075,899	59,430	1,582,796	11,063,869
31 March 2026	5,302,527	262,679	115,890	2,098,152	370,226	1,009,575	56,975	1,516,570	10,732,593
Cost or revalued amount									
31 December 2024	5,321,407	911,878	327,142	6,712,806	1,260,907	2,489,622	60,629	3,866,344	20,950,735
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)	-	-
31 December 2025	5,341,101	905,439	327,142	6,818,895	1,267,504	2,655,281	59,430	3,877,675	21,252,466
Accumulated depreciation									
31 December 2024	290,182	622,984	179,609	4,431,003	827,057	1,324,804	-	2,195,012	9,870,651
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)
31 December 2025	-	631,371	204,923	4,599,313	878,729	1,579,382	-	2,294,879	10,188,597
Net book value									
31 December 2024	5,031,225	288,894	147,533	2,281,803	433,850	1,164,818	60,629	1,671,332	11,080,084
31 December 2025	5,341,101	274,068	122,219	2,219,582	388,775	1,075,899	59,430	1,582,796	11,063,869

(thousands of Armenian drams)

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%.

If the land and buildings were measured using the cost model, the carrying amounts would be AMD 710,386 thousand (2025: AMD 818,924 thousand).

Security

No property and equipment item is pledged under any arrangements as at 31 March 2026 (2025: none).

13. Intangible assets

	<i>Licenses</i>	<i>Computer software</i>	<i>Other</i>	<i>Total</i>
Cost				
1 January 2026	1,117,450	485,211	797,477	2,400,138
Additions	2,909	-	25,175	28,084
Disposals and write-offs	-	-	-	-
31 March 2026	1,120,359	485,211	822,652	2,428,222
Accumulated amortization				
1 January 2026	939,631	108,488	327,542	1,375,661
Amortisation charge	15,106	8,811	15,235	39,152
Disposals and write offs	-	-	-	-
31 March 2026	954,737	117,299	342,777	1,414,813
Net book value				
1 January 2026	177,819	376,723	469,935	1,024,477
31 March 2026	165,622	367,912	479,875	1,013,409
	<i>Licenses</i>	<i>Computer software</i>	<i>Other</i>	<i>Total</i>
Cost				
1 January 2025	1,097,179	269,848	757,028	2,124,055
Additions	20,451	215,363	40,449	276,263
Disposals and write-offs	(180)	-	-	(180)
31 December 2025	1,117,450	485,211	797,477	2,400,138
Accumulated amortization				
1 January 2025	881,347	82,826	271,806	1,235,979
Amortisation charge	58,464	25,662	55,736	139,862
Disposals and write offs	(180)	-	-	(180)
31 December 2025	939,631	108,488	327,542	1,375,661
Net book value				
1 January 2025	215,832	187,022	485,222	888,076
31 December 2025	177,819	376,723	469,935	1,024,477

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 March 2026 and 31 December 2025 are shown below:

	31 March 2026	31 December 2025
Land and buildings	988,107	1,060,310
Other assets	20,036	20,036
	1,008,143	1,080,346
Less: allowance for impairment	(300,142)	(300,142)
Total repossessed collateral	708,001	780,204

(thousands of Armenian drams)

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 March 2026 the Bank repossessed assets in amount of AMD 28,978 thousand (2025: AMD 543,003 thousand) and sold assets with carrying amount of AMD 8,727 thousand (2025: AMD 301,694 thousand).

15. Other assets and liabilities

Other assets comprise:

	31 March 2026	31 December 2025
Other financial assets		
Accounts receivables	698,042	743,281
Receivables from cash transfers	264,738	206,675
Total other financial assets	962,780	949,956
Less – allowance for impairment of other financial assets	(23,231)	(21,172)
Total net other financial assets	939,549	928,784
Other non-financial assets		
Prepayments to suppliers	1,065,442	847,169
Precious metals	301,511	351,500
Other prepaid taxes	13,291	2,338
Materials	398,609	384,708
Unamortized insurance premium	44,789	53,291
Settlements with employees	1,661	12,408
Other	1,865	1,865
Total other non-financial assets	1,827,168	1,653,279
Other assets	2,766,717	2,582,063

An analysis of changes in the ECLs for other financial assets for the year ended 31 March 2026 is as follows:

	Stage 1	Stage 2	Stage 3	Total
ECL at 1 January 2025	20,827	229	116	21,172
Transfers to Stage 1	5	(4)	(1)	-
Transfers to Stage 2	(7)	7	-	-
Transfers to Stage 3	(10)	(200)	210	-
ECL charge	2,247	6	452	2,705
Recoveries	-	-	4,239	4,239
Amounts written off	-	-	(4,748)	(4,748)
Foreign exchange differences	(137)	-	-	(137)
At 31 March 2026	22,925	38	268	23,231

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

	Stage 1	Stage 2	Stage 3	Total
ECL at 1 January 2025	19,660	232	195	20,087
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
At 31 December 2025	20,827	229	116	21,172

Other liabilities comprise:

	31 March 2026	31 December 2025
Other financial liabilities		
Due to personnel	3,871,286	2,655,939
Accounts payables	795,522	784,743
Total other financial liabilities	4,666,808	3,440,682
Other non-financial liabilities		
Tax payable, other than income tax	347,901	490,869

(thousands of Armenian drams)

Grants related to assets	6,014	6,620
Other	90	2
Total other non-financial liabilities	354,005	497,491
Total other liabilities	5,020,813	3,938,173

16. Amounts due to banks

Amounts due to banks comprise:

	31 March 2026	31 December 2025
Correspondent accounts of other banks	315,465	2,279,887
Loans from banks	300,880	4,153,404
Other liabilities	12,350	16,480
Amounts due to banks	628,695	6,449,771

As of 31 March 2026, 97.33% of correspondent accounts of other banks of AMD 307,058 thousand are concentrated within 5 counterparties (2025: AMD 2,128,063 thousand (93.34%) within 2 counterparties).

As of 31 March 2026, 100% of loans from banks are concentrated within 1 counterparty.

17. Amounts payable under repurchase agreements

Amounts payable under repurchase agreements comprise:

	31 March 2026	31 December 2025
Amounts payable under repurchase agreements to banks	3,731,661	15,153,077
Amounts payable under repurchase agreements	3,731,661	15,153,077

As at 31 March 2026, amounts payable under repurchase agreements were collateralized by the RA government bonds with fair value of AMD 4,230,286 thousand (2025: AMD 15,656,527 thousand).

18. Amounts due to customers

The amounts due to customers include the following:

	31 March 2026	31 December 2025
Corporate customers		
Current/settlement accounts	78,880,226	77,323,339
Time deposits	108,032,789	108,160,074
	186,913,015	185,483,413
Retail customers		
Current/settlement accounts	84,159,049	86,722,466
Time deposits	122,022,997	120,416,552
	206,182,046	207,139,018
Amounts due to customers	393,095,061	392,622,431

As of 31 March 2026, included in amounts due to customers are deposits amounting to AMD 23,498,827 thousand (2025: AMD 23,137,983 thousand) held as security against loans, letters of credit issued, guarantees issued and other transaction related to contingent liabilities.

As of 31 March 2026, the aggregate balance of top ten customers of the Bank amounts to AMD 123,140,475 thousand (2025: AMD 126,083,651 thousand) or 31.3% of total customer accounts (2025: 32.2%).

(thousands of Armenian drams)

19. Debt securities issued

Debt securities issued consisted of the following:

	31 March 2026	31 December 2025
Domestic bonds in USD	13,474,860	12,936,244
Domestic bonds in AMD	15,612,451	15,240,778
Debt securities issued	29,087,311	28,177,022

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 (2025: 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). Bonds issued by the Bank are listed on Armenia securities exchange.

20. Other borrowed funds

Other borrowed funds consisted of the following:

	31 March 2026	31 December 2025
Loans from refinancing credit organizations	30,129,687	30,497,143
Loans from CBA	12,272,632	13,064,999
Loans from international financial institution	1,358,473	1,539,904
Loans from the Government of the RA	8,758	10,048
Other borrowed funds	43,769,550	45,112,094

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 March 2026 and 31 December 2025 the Bank was in compliance with all 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.

Loan commitment, guarantee and other financial facilities

(thousands of Armenian drams)

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 March 2026 and 31 December 2025 the Bank's commitments and contingencies comprised the following:

	31 March 2026	31 December 2025
Credit related commitments		
Undrawn loan commitments	13,043,601	13,082,787
Financial guarantees	14,123,857	14,395,937
Letters of credit	-	-
	<u>27,167,458</u>	<u>27,478,724</u>
Provisions for ECL for credit related commitments	<u>(254,179)</u>	<u>(258,604)</u>

All credit related commitments are classified as stage 1 as at 31 March 2026 and 31 December 2025. An analysis of changes in the ECLs at 31 March 2026 is as follows:

Undrawn loan commitments	Stage 1	Total
ECLs as at 1 January 2026	135,018	135,018
New exposures	15,031	15,031
Expired exposures	(7,626)	(7,626)
Changes to models and inputs used for ECL calculations	(8,765)	(8,765)
Foreign exchange differences	(638)	(638)
At 31 March 2026	<u>133,020</u>	<u>133,020</u>

Financial guarantees	Stage 1	Total
ECLs as at 1 January 2026	123,586	123,586
New exposures	17,165	17,165
Expired exposures	(19,059)	(19,059)
Changes to models and inputs used for ECL calculations	(391)	(391)
Foreign exchange differences	(141)	(141)
At 31 March 2026	<u>121,159</u>	<u>121,159</u>

Letters of credit	Stage 1	Total
ECLs as at 1 January 2026	-	-
New exposures	-	-
Expired exposures	-	-
Changes to models and inputs used for ECL calculations	-	-
Foreign exchange differences	-	-
At 31 March 2026	<u>-</u>	<u>-</u>

An analysis of changes in the ECLs at 31 December 2025 is as follows:

Undrawn loan commitments	Stage 1	Total
ECLs as at 1 January 2025	143,617	143,617
New exposures	45,958	45,958
Expired exposures	(56,636)	(56,636)
Changes to models and inputs used for ECL calculations	2,071	2,071
Foreign exchange differences	9	9
At 31 December 2025	<u>135,018</u>	<u>135,018</u>

Financial guarantees	Stage 1	Total
ECLs as at 1 January 2025	67,915	67,915
New exposures	94,795	94,795

(thousands of Armenian drams)

Expired exposures	(40,861)	(40,861)
Changes to models and inputs used for ECL calculations	1,844	1,844
Foreign exchange differences	(107)	(107)
At 31 December 2025	123,586	123,586

Letters of credit	Stage 1	Total
ECLs as at 1 January 2025	7,540	7,540
New exposures	-	-
Expired exposures	(7,534)	(7,534)
Changes to models and inputs used for ECL calculations		
Foreign exchange differences	(7)	(7)
At 31 December 2025	-	-

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 March 2026 and 31 December 2025 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:

	31 March 2026	31 March 2025
Current tax charge	936,000	1,136,000
Deferred tax charge – origination and reversal of temporary differences	51,134	(306,810)
Total income tax expense	987,134	829,190

As of 31 March 2026, 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:

	31 March 2026		31 March 2025	
Profit before tax	5,264,647		4,827,776	
Income tax at the applicable tax rate	947,636	18%	869,000	18%
Non-deductible expenses	39,498	1%	(39,810)	-1%
Income tax expense	987,134	19%	829,190	17%

(thousands of Armenian drams)

Deferred tax assets and liabilities as of 31 March 2026 and 31 December 2025 and their movements for the respective periods comprise:

	<i>Origination and reversal of temporary differences</i>			<i>Origination and reversal of temporary differences</i>			<i>Balance 31 December 2026</i>
	<i>Balance 31 December 2024</i>	<i>In the statement of profit or loss</i>	<i>In other comprehensive income</i>	<i>Balance 31 December 2025</i>	<i>In the statement of profit or loss</i>	<i>In other comprehensive income</i>	
Loans and advances to customers	(1,261,482)	146,472	-	(1,115,010)	(60,726)	-	(1,175,736)
Investment securities	(137,253)	(1,457)	(914,758)	(1,053,468)	1,846	204,573	(847,049)
Property, equipment and right-of-use assets	(884,817)	40,084	(72,493)	(917,226)	6,196	-	(911,030)
Repossessed assets	55,966	(1,796)	-	54,170	-	-	54,170
Amounts due to customers	(10,618)	(6,153)	-	(16,771)	-	-	(16,771)
Lease liabilities	326,501	(26,908)	-	299,593	-	-	299,593
Other impairment and provisions	(44,974)	(11,924)	-	(56,898)	1,551	-	(55,347)
Other liabilities	376,999	101,050	-	478,049	-	-	478,049
Net deferred tax liabilities	(1,579,678)	239,368	(987,251)	(2,327,561)	(51,133)	204,573	(2,174,121)

23. Equity

As of 31 March 2026, the Bank's registered and paid-in share capital was AMD 19,947,633 thousand (2025: 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 (2025: 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 March 2026 and 31 December 2025 may be specified as follows:

	<i>31 March 2026</i>		<i>31 December 2025</i>	
	<i>Paid-in share capital</i>	<i>% of total paid-in capital</i>	<i>Paid-in share capital</i>	<i>% of total paid-in capital</i>
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
	19,947,633	100.00	19,947,633	100.00

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.

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

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

Statutory general reserve

The statutory general reserve is created as required by the regulations of the Republic of Armenia, in respect of general banking risks, including future losses and other unforeseen risks or contingencies. The reserve is created in accordance

(thousands of Armenian drams)

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:

	01/01/26- 31/03/26	01/01/25- 31/03/25
Financial assets measured at amortized cost		
Loans to customers measured at amortized cost	10,171,677	8,889,216
Amounts receivable under reverse repurchase agreements	517,685	399,977
Investment securities	1,219	118,800
Amounts due from banks	159,383	273,759
Cash equivalents	2,970	2,741
Other interest income	3,434	4,257
Financial assets measured at fair value through other comprehensive income		
Debt securities at FVOCI	2,573,369	2,900,485
Interest income calculated using effective interest rate	13,429,737	12,589,235
Trading securities	-	10,344
Finance leases	116,295	103,662
Loans to customers at FVTPL	19,184	-
Other interest income	135,479	114,006
Total interest income	13,565,216	12,703,241
Amounts due to customers	4,420,187	3,525,323
Other borrowed funds	648,248	599,849
Amounts payable under repurchase agreements	77,754	1,088,369
Debt securities issued	531,269	392,171
Amounts due to banks	8,266	23,013
Lease liabilities	48,416	54,718
Interest expense	5,734,140	5,683,443
Net interest income	7,831,076	7,019,798

(thousands of Armenian drams)

25. Net fee and commission income

Net fee and commission income comprises:

	01/01/26- 31/03/26	01/01/25- 31/03/25
Plastic cards operations	1,179,817	1,311,439
Wire transfer fees	136,527	156,037
Fees and commission income from early repayments of loans	55,138	21,446
Settlement operation	103,687	75,003
Banknotes transfers to banks	593	1,637
Guarantees and letters of credit	73,891	39,676
Other fee income	270,759	218,406
Fee and commission income	1,820,412	1,823,643
Plastic cards operations	762,347	824,711
Expenses related to Armenian Card payment system	212,270	184,914
Banknotes transfers to banks	7,473	3,544
Wire transfer fees	53,320	43,751
Settlement operation	3,421	8,478
Other fee expense	150,229	127,292
Fee and commission expense	1,189,060	1,192,690
Net fee and commission income	631,352	630,953

Performance obligations and revenue recognition policies

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

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

	01/01/26- 31/03/26	01/01/25- 31/03/25
Net gains from foreign currency transactions	1,088,429	1,352,201
Net income from operations with precious metals	28,732	62,235
Net gain from trading securities	15,179	15,626
Net gain/(loss) on derivative financial instruments	160,443	212,947
Total net trading income	1,292,783	1,643,009

(thousands of Armenian drams)

27. Other income

	01/01/26- 31/03/26	01/01/25- 31/03/25
Fines and penalties received	138,859	163,283
Income from sale of fixed assets	3,515	3,450
Income from grants	606	606
Other income/expense	78,385	49,533
Total other income	<u>221,365</u>	<u>216,872</u>

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 March 2026:

	Note	Stage 1	Stage 2	Stage 3	Total
Cash and cash equivalents	5	(64)	-	-	(64)
Amounts due from banks	7	(3,222)	-	-	(3,222)
Loans and advances to customers	10	78,654	140,057	63,201	281,912
Debt securities measured at amortised cost	11	(1)	-	-	(1)
Debt securities measured at FVOCI	11	10,257	-	-	10,257
Other financial assets	15	2,235	(191)	661	2,705
Financial guarantees	21	(2,285)	-	-	(2,285)
Loan commitments	21	(1,360)	-	-	(1,360)
Letters of credit	21	-	-	-	-
Net reversal of impairment losses		<u>84,213</u>	<u>139,866</u>	<u>63,862</u>	<u>287,941</u>

The table below shows the ECL charges on financial instruments recorded in the statement of profit or loss at 31 March 2025:

	Note	Stage 1	Stage 2	Stage 3	Total
Cash and cash equivalents	5	(996)	-	-	(996)
Amounts due from banks	7	(4,598)	-	-	(4,598)
Loans and advances to customers*	10	714	113,324	(155,229)	(41,191)
Debt securities measured at amortised cost	11	(3,258)	-	-	(3,258)
Debt securities measured at FVOCI	11	33,516	-	-	33,516
Other financial assets	15	6,926	(141)	624	7,409
Financial guarantees	21	(3,801)	-	-	(3,801)
Loan commitments	21	(44,807)	-	-	(44,807)
Letters of credit	21	(5,656)	-	-	(5,656)
Net impairment losses		<u>(21,960)</u>	<u>113,183</u>	<u>(154,605)</u>	<u>(63,382)</u>

(thousands of Armenian drams)

29. Personnel and other operating expenses

Personnel and other operating expenses comprise:

	01/01/26- 31/03/26	01/01/25- 31/03/25
Salaries	3,081,770	2,846,310
Other expenses	64,705	94,514
Personnel expenses	3,146,475	2,940,824
Software maintenance expenses	337,692	291,588
Advertising costs	285,795	352,671
Insurance of deposits	123,032	101,799
Fixed assets repair and maintenance expenses	53,729	59,077
Communications	65,447	64,627
Security	65,520	63,319
Taxes, other than income tax, duties	41,979	44,209
Office supplies	97,417	66,511
Consulting	20,723	16,250
Audit	12,600	12,600
Insurance expenses	47,338	39,185
Utility expenses	50,232	49,688
Business trip expenses	25,130	9,800
Financial system mediator	3,222	14,326
Lease expenses	5,063	4,401
Other expenses	167,883	142,192
Other operating expenses	1,402,802	1,332,243

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 March 2026 and 31 December 2025.

- ▶ 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% (2025: 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.

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.

International external rating agency (Moody's, S&P, Fitch) rating and internal credit ratings	Rating description
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 640,672 thousand as at 31 December 2025 (AMD 990,033 thousand as at 31 December 2025).

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.

31 March 2026	Note		High grade	Standard grade	Sub-standard grade	Impaired	Total
Cash and cash equivalents, except for cash on hand	5	Stage 1	5,067,357	11,182,834	640,672	-	16,890,863
Amounts due from banks	7	Stage 1	17,193,388	32,485,717	-	-	49,679,105
Amounts receivable under reverse repurchase agreements		Stage 1	-	20,692,659	-	-	20,692,659
Loans measured at fair value through profit or loss	10	Stage 1	-	957,703	-	-	957,703
Loans to customers at amortised cost	10						
Large business loans		Stage 1	18,646,335	34,072,079	4,311,934	-	57,030,348
		Stage 2	-	-	237,263	-	237,263
		Stage 3	-	-	-	3,016,304	3,016,304
Debt investment securities	11						
- Measured at FVOCI		Stage 1	1,893,127	118,910,870	-	-	120,803,997
- Measured at amortised cost		Stage 1	2,503,020	-	-	-	2,503,020
- Measured at FVOCI pledged under repurchase agreements		Stage 1	-	4,230,286	-	-	4,230,286
Other financial assets		Stage 1	264,738	668,262.89	-	-	933,001
		Stage 2	-	-	3,691	-	3,691
	15	Stage 3	-	-	-	26,089	26,089
Undrawn loan commitments*	21	Stage 1	-	13,043,601	-	-	13,043,601
Guarantees	21	Stage 1	-	14,123,857	-	-	14,123,857
Letters of credit			-	-	-	-	-
Total			45,567,965	250,367,869	5,193,560	3,042,392	304,171,786

* Remaining undrawn loan commitments of AMD 7,348,411 thousand are with retail customers with no signs of deterioration.

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

* Remaining undrawn loan commitments of AMD 7,861,135 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.

(thousands of Armenian drams)

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.

The following table breaks down the Bank's main credit exposure at their carrying amounts, as categorized by geographical region as of 31 March 2026 and 31 December 2025.

	31 March 2026			Total
	Armenia	Other non-OECD countries	OECD countries	
Assets				
Cash and cash equivalents	19,353,894	4,785,897	2,502,191	26,641,982
Trading securities	431,132	-	-	431,132
Amounts due from banks	30,746,583	314,220	18,600,546	49,661,349
Derivative financial assets	67	851	1,782	2,699
Amounts receivable under reverse repurchase agreements	20,692,659	-	-	20,692,659
Loans and advances to customers	332,627,316	18,224,802	385,485	351,237,603
Investment securities	118,809,632	-	5,056,347	123,865,979
Securities pledged under repurchase agreements	4,230,286	-	-	4,230,286
Other financial assets	286,527	780	652,242	939,549
	527,178,095	23,326,550	27,198,593	577,703,238
Liabilities				
Amounts due to banks	291,456	34,314	302,925	628,695
Derivative financial liabilities	0	776	51,494	52,270
Amounts payable under repurchase agreements	3,862,469	-	-	3,862,469
Amounts due to customers	328,341,830	51,659,828	13,093,403	393,095,061
Debt securities issued	26,370,249	2,671,905	45,156	29,087,311
Other borrowed funds	42,411,077	-	1,358,473	43,769,550
Lease liabilities	1,625,561	-	-	1,625,561
Other financial liabilities	4,651,634	11,199	3,975	4,666,808
	407,554,277	54,378,023	14,855,426	476,787,725
Net assets/(liabilities)	119,623,818	(31,051,473)	12,343,167	100,915,513
	31 December 2025			
	Armenia	Other non-OECD countries	OECD countries	Total
Assets				
Cash and cash equivalents	18,164,654	5,455,929	1,642,427	25,263,010
Trading securities	418,846	-	-	418,846
Amounts due from banks	35,172,628	251,001	19,733,626	55,157,254
Derivative financial assets	227	-	2,010	2,237
Amounts receivable under reverse repurchase agreements	39,515,962	-	-	39,515,962
Loans and advances to customers	323,787,664	18,133,652	390,340	342,311,656
Investment securities	101,529,660	-	8,993,683	110,523,343
Securities pledged under repurchase agreements	15,656,527	-	-	15,656,527
Other financial assets	314,417	974	613,393	928,784
	534,560,585	23,841,556	31,375,478	589,777,619
Liabilities				
Amounts due to banks	2,131,938	4,205,510	112,322	6,449,771
Derivative financial liabilities	-	5,816	8,633	14,449
Amounts payable under repurchase agreements	15,153,077	-	-	15,153,077
Amounts due to customers	322,207,127	57,534,705	12,880,599	392,622,431
Debt securities issued	25,762,616	2,370,006	44,400	28,177,022
Other borrowed funds	43,572,190	-	1,539,904	45,112,094
Lease liabilities	1,664,407	-	-	1,664,407
Other financial liabilities	3,379,278	4,377	57,027	3,440,682
	413,870,633	64,120,414	14,642,886	492,633,933
Net assets/(liabilities)	120,689,952	(40,278,858)	16,732,592	97,143,686

(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% (2025: 4%) of certain obligations of the Bank denominated in Armenian drams and 15% (2025: 15% 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 March 2026 and 31 December 2025, these ratios were as follows:

	Threshold	31 March 2026, % (Unaudited)	31 December 2025, % (Unaudited)
N21 "General Liquidity Ratio" (highly liquid assets/total assets)	Min 15%	36.89	37.98
N22 "Current Liquidity Ratio" (highly liquid assets/liabilities payable on demand)	Min 60%	124.94	125.73

Analysis of financial liabilities by remaining contractual maturities

The tables below summarizes the maturity profile of the Bank's financial liabilities at 31 March 2026 and 31 December 2025 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.

	31 March 2026						
	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	Total	Carrying amounts
Financial liabilities							
Amounts due to banks	572,162	0	0	0	56,574	628,736	628,695
Amounts payable under repurchase agreements	3,863,302	0	0	0	0	3,863,302	3,862,469
Amounts due to customers	179,367,617	29,779,279	123,998,043	75,184,044	600,135	408,929,119	393,095,061
Debt securities issued	5,435,374	634,078	5,817,943	19,492,250	0	31,379,645	29,087,311
Other borrowed funds	816,977	902,588	6,004,120	28,571,407	18,000,793	54,295,884	43,769,550
Lease liabilities	61,409	121,373	517,071	1,518,157	469,417	2,687,427	1,625,561
Total undiscounted financial liabilities	190,116,841	31,437,318	136,337,178	124,765,858	19,126,918	501,784,113	472,068,647
Commitments and contingent liabilities	27,167,458	-	-	-	-	27,167,458	27,167,458
Derivative financial liabilities	9,430,746	-	-	-	-	9,430,746	9,430,746
	31 December 2025						
	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	Total	Carrying amounts
Financial liabilities							
Amounts due to banks	6,393,144	-	-	-	57,953	6,451,097	6,449,771
Amounts payable under repurchase agreements	15,166,951	-	-	-	-	15,166,951	15,153,077
Amounts due to customers	172,974,359	26,829,662	105,850,849	103,163,351	894,570	409,712,791	392,622,431
Debt securities issued	-	-	11,861,556	19,058,185	-	30,919,741	28,177,022
Other borrowed funds	1,518,123	481,054	5,705,332	28,586,922	19,851,741	56,143,172	45,112,094
Lease liabilities	62,403	121,516	519,889	1,536,267	451,828	2,691,903	1,664,407
Total undiscounted financial liabilities	196,114,980	27,432,232	123,937,626	152,344,725	21,256,092	521,085,655	489,178,802
Commitments and contingent liabilities	27,478,724	-	-	-	-	27,478,724	27,478,724
Derivative financial liabilities	5,861,193	-	-	-	-	5,861,193	5,861,193
Included							

(thousands of Armenian drams)

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 March 2026 and 31 December 2025. These interest rates are an approximation of the yields to maturity of these assets and liabilities.

	31 March 2026			31 December 2025		
	Average effective interest rate, %			Average effective interest rate, %		
	AMD	USD	Other currencies	AMD	USD	Other currencies
Interest earning assets						
Cash and cash equivalent	-	-	0,01%-0,5%	-	-	0.01%-0.5%
Trading securities	-	-	-	-	-	-
Amounts due from banks	-	3,64%	1,56%	-	2.53%	3.21%
Amounts receivable under repurchase agreements	7.5%	5,65%	-	7.25%	5.14%	
Loans and advances to customers	14.33%	8,48%	6,95%	14.71%	9.63%	7.11%
Investment securities	9,73%	5,79%	2,14%	10.06%	5.63%	1.81%
Investment securities pledged under repurchase agreements	9.97%	-	-	9.98%	-	-
Interest bearing liabilities						
Amounts due to banks	-	-	-	-	2.12%	1.11%
Amounts payable under repurchase agreements	6.92%		1,00%	6.71%	-	9.39%
<i>Amounts due to customers</i>						
Term deposits from customers	9.9%	4,46%	0,57%	9.89%	4.38%	1.45%
Current accounts from customers	1.00%	0.17%	0.10%	1.00%	0.17%	0.10%
Debt securities issued	10.26%	4,95%	-	10.26%	4.95%	-
Other borrowed funds	6.13%	7,22%		6.17%	7.22%	
Lease liabilities	13.25%	-	-	13.26%	-	-

(thousands of Armenian drams)

Currency risk

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

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

The following table shows the foreign currency exposure structure of financial assets and liabilities as at 31 March 2026.

	AMD	USD	EUR	Other currencies*	Total
Assets					
Cash and cash equivalent	14,517,927	4,506,480	2,997,184	4,620,391	26,641,982
Trading securities	431,132	-	-	-	431,132
Amount due from banks	1,605,645	31,111,916	16,897,764	46,024	49,661,349
Amounts receivable under reverse repurchase agreements	20,618,507	74,152	0	0	20,692,659
Loans and advances to customers	252,609,030	81,314,204	17,314,033	336	351,237,603
Investment securities	103,040,720	18,322,239	2,156,116	346,904	123,865,979
Investment securities/securities pledged under repurchase agreements	4,230,286				4,230,286
Other assets	243,930	510,561	208,248	41	962,780
Total assets	397,297,177	135,839,552	39,573,345	5,013,696	577,723,770
Liabilities					
Amounts due to banks	102,385	132,941	379,292	14,077	628,695
Amounts payable under repurchase agreements	2,002,570	0	1,729,091	130,808	3,862,469
Amounts due to customers	227,482,973	122,687,056	37,823,413	5,101,619	393,095,061
Debt security issued	15,612,451	13,474,860			29,087,311
Other borrowed funds	43,189,121	580,429			43,769,550
Other liabilities	4,653,760	9,430	3,618	0	4,666,808
Total liabilities	293,043,260	136,884,716	39,935,414	5,246,504	475,109,894
Off balance					
Effect of derivatives (currency swap)	(3,821,683)	3,384,189	0	387,923	(49,571)
Net position	100,432,234	2,339,025	(362,069)	155,115	102,564,305

* 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 2025:

	AMD	USD	EUR	Other currencies*	Total
Assets					
Cash and cash equivalent	14,274,059	2,813,615	2,883,999	5,291,337	25,263,010
Trading securities	418,846	-	-	-	418,846
Amount due from banks	5,067,264	34,096,742	15,941,398	51,850	55,157,254
Amounts receivable under reverse repurchase agreements	37,512,846	2,003,116	-	-	39,515,962
Loans and advances to customers	244,108,679	81,760,974	16,441,684	319	342,311,656
Investment securities	85,327,200	20,718,480	4,477,663	-	110,523,343
Investment securities/securities pledged under repurchase agreements	15,656,527	-	-	-	15,656,527
Other assets	230,647	528,295	190,956	58	949,956
Total assets	402,596,067	141,921,222	39,935,700	5,343,564	589,796,553
Liabilities					
Amounts due to banks	44,441	3,962,501	2,313,466	129,363	6,449,771
Amounts payable under repurchase agreements	15,021,362	-	-	131,715	15,153,077
Amounts due to customers	223,297,333	127,066,973	37,681,410	4,576,715	392,622,431
Debt security issued	15,240,778	12,936,244	-	-	28,177,022
Other borrowed funds	44,535,196	576,898	-	-	45,112,094
Other liabilities	3,432,449	5,154	3,079	-	3,440,682
Total liabilities	301,571,559	144,547,770	39,997,955	4,837,793	490,955,077
Off balance					
Effect of derivatives (currency swap)	(3,782,972)	2,307,922	-	1,462,838	(12,212)
Net position	97,241,536	(318,626)	(62,255)	1,968,609	98,829,264

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

A weakening of the AMD, as indicated below, against the following currencies at 31 March 2026 and 31 December 2025, 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.

	31 March 2026	31 December 2025
10% appreciation of USD against AMD	233,903	(31,863)
10% appreciation of EUR against AMD	(36,207)	(6,226)
10% appreciation of other currencies against AMD	15,512	196,861

A strengthening of the AMD against the above currencies at 31 March 2026 and 31 December 2025 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
31 March 2026						
Amounts receivable under reverse repurchase agreements	20,692,659	-	20,692,659	(20,692,659)	-	-
Total financial assets	20,692,659	-	20,692,659	(20,692,659)	-	-
Amounts payable under repurchase agreements	(3,862,469)	-	(3,862,469)	(3,862,469)	-	-
Total financial liabilities	(3,862,469)	-	(3,862,469)	(3,862,469)	-	-

	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
31 December 2025						
Amounts receivable under reverse repurchase agreements	39,515,962	-	39,515,962	(39,515,962)	-	-
Total financial assets	39,515,962	-	39,515,962	(39,515,962)	-	-
Amounts payable under repurchase agreements	(15,153,077)	-	(15,153,077)	(15,153,077)	-	-
Total financial liabilities	(15,153,077)	-	(15,153,077)	(15,153,077)	-	-

(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.

	31 March 2026				
	Level 1	Level 2	Level 3	Total fair values	Total carrying amount
Financial assets					
Loans to customers at amortised cost	-	-	349,085,680	349,085,680	350,279,900
Investment securities at amortised cost	2,503,390	-	-	2,503,390	2,503,020
Financial liabilities					
Amounts due to customers	-	-	395,685,345	395,685,345	393,095,061
Debt securities issued	-	28,232,533	-	28,232,533	29,087,311
Other borrowed funds	-	-	43,270,859	43,270,859	43,769,550
31 December 2025					
	Level 1	Level 2	Level 3	Total fair values	Total carrying amount
Financial assets					
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
Financial liabilities					
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

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 (2025: 4.75% to 24% per annum).

Amounts due to customers

The estimated fair value of fixed interest rate instruments is based on estimated future cash flows expected to be paid discounted at current interest rates for new instruments with similar remaining maturity and currency. Discount rates used depend on maturity and ranged from 0.5% to 10.5% per annum (2025: 0.5% to 10.8% 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 9.0% per annum (2025: 4.5% to 10.5% per annum).

Financial instruments that are measured at fair value

	31 March 2026			
	Level 1	Level 2	Level 3	Total
Financial assets				
Trading securities	-	431,132	-	431,132
Derivative financial assets	-	2,699	-	2,699
Investment securities at FVOCI	1,893,127	118,702,370	767,463	121,362,960
Investment securities at FVOCI pledged under repurchase agreements	-	4,230,286	-	4,230,286
Loans measured at fair value through profit or loss			957,703	957,703
Total	1,893,127	123,366,487	1,725,166	126,984,780
Financial liabilities				
Derivative financial liabilities	-	52,270	-	52,270
Net fair value	1,893,127	123,314,217	1,725,166	126,932,510
	31 December 2025			
	Level 1	Level 2	Level 3	Total
Financial assets				
Trading securities	-	418,846	-	418,846
Derivative financial assets	-	2,237	-	2,237
Investment securities at FVOCI	6,063,211	101,459,821	761,636	108,284,668
Investment securities at FVOCI pledged under repurchase agreements	-	15,656,527	-	15,656,527
Loans measured at fair value through profit or loss			966,871	966,871
Total	6,063,211	117,537,431	1,728,507	125,329,149
Financial liabilities				
Derivative financial liabilities	-	14,449	-	14,449
Net fair value	6,063,211	117,522,982	1,728,507	125,314,700

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 March 2026 (2025: none).

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 March 2026 is presented below.

	Loans measured at fair value through profit or loss	Investment securities measured at FVOCI
Profit or loss		
Fair value at 1 January 2026	966,871	761,636
Purchases	-	-
Redemption	(19,152)	(79)
Recognised interest income	19,185	5,906

(thousands of Armenian drams)

Net loss from foreign currency translation	(9,201)	-
Fair value changes	-	
Fair value at 31 March 2026	957,703	767,463

Fair value measurement of non-financial assets and liabilities

	31 March 2026	
	Level 3	Total
Non-financial assets		
Land and buildings	5,302,527	5,302,527
Total	5,302,527	5,302,527
	31 December 2025	
	Level 3	Total
Non-financial assets		
Land and buildings	5,341,101	5,341,101
Total	5,341,101	5,341,101

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:

Non-financial assets	Land and buildings	Total
Balance as at 1 January 2026	5,341,101	5,341,101
Purchases	3,196	3,196
Revaluation	-	-
Depreciation charge	(41,770)	(41,770)
Net fair value at 31 March 2026	5,302,527	5,302,527

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

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)

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 March 2026:

	31 March 2026							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	26,641,982	-	-	-	-	-	-	26,641,982
Trading securities	-	-	-	-	-	-	431,132	431,132
Amounts due from banks	18,164,155	261	78,486	-	-	-	31,418,447	49,661,349
Derivative financial assets	2,699	-	-	-	-	-	-	2,699
Amounts receivable under reverse repurchase agreements	20,692,659	-	-	-	-	-	-	20,692,659
Loans and advances to customers	9,163,880	29,569,587	46,872,008	147,504,750	116,817,057	1,310,321	-	351,237,603
Investment securities pledged under repurchase agreements	11,786,395	4,761,994	2,049,170	47,365,385	57,344,273	-	558,763	123,865,979
Property, plant and equipment	154,074	-	-	2,054,735	2,021,476	-	-	4,230,285
Intangible assets	-	-	-	-	-	-	10,732,593	10,732,593
Repossessed assets	-	-	-	-	-	-	1,013,409	1,013,409
Other assets	-	-	-	-	-	-	708,001	708,001
Other assets	2,152,590	96,802	470,590	6,161	38,709	-	1,865	2,766,717
Total assets	88,758,434	34,428,645	49,470,253	196,931,031	176,221,515	1,310,321	44,864,210	591,984,409
Liabilities								
Amounts due to banks	572,121	-	-	-	-	-	56,574	628,695
Derivative financial liabilities	52,270	-	-	-	-	-	-	52,270
Amounts payable under repurchase agreements	3,862,469	-	-	-	-	-	-	3,862,469
Amounts due to customers	175,435,153	25,590,125	117,224,377	74,245,271	600,135	-	-	393,095,061
Current income tax liabilities	2,899,111	-	-	-	-	-	-	2,899,111
Debt securities issued	5,397,201	489,510	5,000,000	18,200,600	-	-	-	29,087,311
Other borrowed funds	756,125	647,572	4,194,313	21,953,586	16,217,953	-	-	43,769,550
Lease liabilities	35,049	70,097	313,925	902,428	304,062	-	-	1,625,561
Provisions on commitments and contingencies	254,179	-	-	-	-	-	-	254,179
Deferred tax liabilities	-	-	-	-	-	-	2,174,121	2,174,121
Other liabilities	1,086,128	2,485,833	1,442,838	6,014	-	-	-	5,020,813
Total liabilities	190,349,806	29,283,138	128,175,454	115,307,899	17,122,150	-	2,230,695	482,469,141
Net position	(101,591,372)	5,145,507	(78,705,200)	81,623,133	159,099,365	1,310,321	42,633,515	109,515,268

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 2025:

	31 December 2025							
	<i>Demand and less than 1 month</i>	<i>From 1 to 3 months</i>	<i>From 3 to 12 months</i>	<i>From 1 to 5 years</i>	<i>More than 5 years</i>	<i>Overdue</i>	<i>No maturity</i>	<i>Total</i>
Cash and cash equivalents	25,263,010	-	-	-	-	-	-	25,263,010
Trading securities	-	-	-	-	-	-	418,846	418,846
Amounts due from banks	21,479,754	280	472,290	-	-	-	33,204,931	55,157,254
Derivative financial assets	2,237	-	-	-	-	-	-	2,237
Amounts receivable under reverse repurchase agreements	39,515,962	-	-	-	-	-	-	39,515,962
Loans and advances to customers	6,214,079	30,485,177	48,844,327	139,342,518	116,248,511	1,177,044	-	342,311,656
Investment securities	3,861,723	4,697,608	11,098,831	37,272,040	53,034,379	-	558,763	110,523,343
Investment securities pledged under repurchase agreements	-	-	238,251	15,418,275	-	-	-	15,656,527
Property, plant and equipment	-	-	-	-	-	-	11,063,869	11,063,869
Intangible assets	-	-	-	-	-	-	1,024,477	1,024,477
Repossessed assets	-	-	-	-	-	-	780,204	780,204
Other assets	1,510,027	277,713	13,374	3,777	39,095	-	738,073	2,582,063
Total assets	97,846,792	35,460,778	60,667,073	192,036,610	169,321,986	1,177,044	47,789,162	604,299,448
Liabilities								
Amounts due to banks	6,391,818	-	-	-	-	-	57,953	6,449,771
Derivative financial liabilities	14,449	-	-	-	-	-	-	14,449
Amounts payable under repurchase agreements	15,153,077	-	-	-	-	-	-	15,153,077
Amounts due to customers	172,013,157	25,834,086	97,956,030	96,186,911	632,248	-	-	392,622,431
Current income tax liabilities	-	-	2,412,157	-	-	-	-	2,412,157
Debt securities issued	-	-	11,256,835	16,920,188	-	-	-	28,177,022
Other borrowed funds	1,449,292	236,102	3,925,683	21,638,605	17,862,412	-	-	45,112,094
Lease liabilities	35,049	68,198	306,329	909,646	345,186	-	-	1,664,407
Provisions on commitments and contingencies	258,604	-	-	-	-	-	-	258,604
Deferred tax liabilities	-	-	-	-	-	-	2,327,561	2,327,561
Other liabilities	309,551	89,868	3,532,134	6,620	-	-	-	3,938,173
Total liabilities	195,624,997	26,228,254	119,389,168	135,661,970	18,839,846	-	2,385,514	498,129,746
Net position	(97,778,205)	9,232,524	(58,722,095)	56,374,643	150,482,140	1,177,044	45,403,648	106,169,702

(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 March 2026 and 31 December 2025 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 March 2026			31 December 2025		
	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
Statement of financial position						
Loans and advances to customers						
Loans outstanding at 1 January, gross	2,265	22,217,211	272,071	10,004	30,287,653	275,613
Loans issued during reporting period	5,064	1,196,566	306,830	35,911	6,027,873	956,327
Loan repayments during reporting period	(6,391)	(1,456,944)	(253,707)	(43,650)	(14,098,315)	(959,869)
Loans outstanding at the end of the reporting period, gross	938	21,956,833	325,194	2,265	22,217,211	272,071
Less: allowance for loan impairment	(15)	(3,138)	(1,447)	(35)	(3,301)	(1,323)
Loans outstanding at the end of the reporting period, net	923	21,953,695	323,747	2,230	22,213,910	270,748
Amounts due to customers						
Deposits at 1 January	68,983	57,411,668	1,102,598	124,646	60,608,321	1,094,103
Deposits received during reporting period	12,976	37,129,004	2,296,106	7,009,953	245,800,104	11,243,147
Deposits repaid during reporting period	(20,597)	(34,242,882)	(2,753,877)	(7,065,616)	(248,996,757)	(11,234,652)
Deposits at the end of the reporting period	61,362	60,297,790	644,827	68,983	57,411,668	1,102,598
Items not recognized in the statement of financial position						
Guarantees issued	-	56,000	-	-	56,000	-
Statement of comprehensive income						
Interest income	-	347,830	6,704	-	1,821,215	22,463
Fee and commission income	7	10,016	918	63	51,748	5,183
Other income	42	17,697	739	21,895	274,399	3,707
Interest expense	(201)	(556,484)	(22,073)	(3,452)	(2,412,388)	(73,601)
Impairment charge	20	163	(124)	166	1,133	740
Other expenses	-	(9,351)	(1)	-	(32,169)	(608)

Deposits from entities under common control denominated in AMD have 10.38% and maturity 2026-2028, in USD have 5.25% and maturity 2026-2028 (2025: USD 5.24%, and maturity 2026-2028). Deposits from Key management personnel and their close family members denominated in AMD have 9.25% and maturity 2026-2027, in USD 3.89% with maturity 2026-2027, in EUR 1.36% with maturity 2026 (2025: AMD 9.43%, maturity 2026-2027, USD 3.80%, maturity 2026, EUR 1.48%, maturity 2026).

(thousands of Armenian drams)

Loans to entities under common control denominated in AMD have 17.46% and maturity 2026-2043, in USD have 8.31% and maturity 2026-2045, in EUR 12%, maturity 2030 (2025: AMD 18.08%, maturity 2026-2043, USD 8.31% maturity 2025-2044, in EUR 12%, maturity 2030). Loans to Key management personnel and their close family members denominated in AMD have 10.36% and maturity 2026-2046, in USD 7.92% with maturity 2033-2044, in EUR 5.07% with maturity 2033-2042 (2025: AMD 10.77%, maturity 2026-2045, USD 7.91%, maturity 2033-2044, EUR 5.15%, maturity 2033-2042).

Out of total loans to related party AMD 19,898,758 thousand is collateralized with cash and deposit (2025: AMD 19,837,593 thousand is collateralized with cash and deposit).

Compensation of key management personnel was comprised of the following:

	31 March 2026	31 March 2025
Salaries and other short-term benefits	223,541	322,791
Total key management personnel compensation	223,541	322,791

34. Changes in liabilities arising from financing activities

	<i>Note</i>	<i>Debt securities issued</i>	<i>Other borrowed funds</i>	<i>Lease liabilities</i>	<i>Total liabilities from financing activities</i>
Carrying amount at 31 December 2024	17, 19	24,169,745	37,308,665	1,813,892	63,292,302
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
Carrying amount at 31 December 2025	17, 19	28,177,022	45,112,094	1,664,407	74,953,523
Proceeds from issue		-	692,025	-	692,025
Redemption		-	(1,887,176)	(119,233)	(2,006,409)
Foreign currency translation		(148,606)	(6,384)	-	(154,990)
Additions and modifications		-	-	31,971	31,971
Interest expense on lease liabilities		-	-	48,416	48,416
Other		1,058,895	(141,009)	-	917,886
Carrying amount at 31 March 2026	17, 19	29,087,311	43,769,550	1,625,561	74,482,422

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 2025 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 March 2026 and 31 December 2025.

The following table shows the composition of capital position calculated in accordance with requirements set by the Central Bank of Armenia, as at 31 March 2026 and 31 December 2025:

	31 March 2026 (Unaudited)	31 December 2025 (Unaudited)
Tier 1 capital	96,387,368	95,406,725
Tier 2 capital	4,166,112	3,964,659
Total capital	100,553,480	99,371,384
Risk-weighted assets	528,555,969	509,877,463
Capital adequacy ratio N1.1	18.24%	18.71%
Capital adequacy ratio N1.2	19.02%	19.49%

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 March 2026 and 31 December 2025.