ACBA Bank OJSC

IFRS Consolidated Financial Statements

For the fourth quarter of 2025

Contents

Consolidated statement of financial position....1
Consolidated statement of profit or loss....2
Consolidated statement of other comprehensive income....3
Consolidated statement of changes in equity....4
Consolidated statement of cash flows....5
Introduction....6
Notes to the consolidated financial statements....7

ACBA Bank OJSC
Consolidated Statement of Financial Position as at 31 December 2025

In thousands of Armenian Drams	Note	31 December 2025 (unaudited)	31 December 2024 (audited)
ASSETS			
Cash and cash equivalents	7	99,170,819	106,030,069
Derivative financial assets	8	35,996	158,180
Loans and advances to banks	9	98,248,127	81,482,428
Investment securities	*10*		
-Held by the Bank		73,247,135	62,108,609
-Pledged under sale and repurchase agreements		-	-
Loans to customers	11	633,803,003	536,210,032
Receivables from finance leases	12	103,041,353	93,105,821
Investments in associates	36	2,588,014	2,044,092
Property, equipment and intangible assets	13	31,929,561	29,114,084
Other assets	16	25,639,299	21,443,834
TOTAL ASSETS		**1,067,703,307**	**931,697,149**
LIABILITIES			
Deposits and balances from banks	17	2,007,915	462,797
Current accounts and deposits from customers	18	622,061,677	584,122,036
Debt securities issued	19	51,798,299	39,408,576
Other borrowed funds	20	157,877,342	110,883,860
Current income tax liabilities	14	4,828,716	3,313,374
Deferred tax liabilities	14	1,155,632	505,767
Other liabilities	22	19,876,758	16,927,858
Subordinated loans	21	13,152,984	12,632,502
TOTAL LIABILITIES		**872,759,323**	**768,256,770**
EQUITY			
Share capital	23	89,775,000	89,775,000
Share premium	23	3,811,978	3,811,978
Share-based payment reserve	24	3,517,422	3,517,422
Revaluation reserve for property and equipment		5,277,052	3,757,943
Revaluation reserve for investment securities		579,047	304,799
General reserve		13,466,250	13,466,250
Retained earnings		78,517,235	48,806,987
Total equity		**194,943,984**	**163,440,379**
TOTAL EQUITY AND LIABILITIES		**1,067,703,307**	**931,697,149**

Signed and authorized for release on behalf of the Management of the Bank on 15 January 2026.

ACBA Bank OJSC
Consolidated statement of profit or loss for the for the Period Ended 31 December 2025

In thousands of Armenian Drams	**Note**	**01/10/25-31/12/25 (unaudited)**	**01/01/25-31/12/25 (unaudited)**	**01/10/24-31/12/24 (unaudited)**	**01/01/24-31/12/24 (audited)**
Interest revenue calculated using effective interest rate	26	25,251,122	92,879,921	21,350,984	79,644,047
Other interest revenue	26	3,645,887	14,135,021	3,409,666	12,524,767
Interest expense	26	(10,834,259)	(40,655,604)	(9,743,969)	(37,604,761)
Net interest income		**18,062,750**	**66,359,338**	**15,016,681**	**54,564,053**
Credit loss (expense)	15	(1,235,539)	(3,964,546)	(1,705,894)	(2,350,038)
Net interest income after credit loss expense		**16,827,210**	**62,394,792**	**13,310,787**	**52,214,015**
Fee and commission income	27	5,311,601	18,711,467	3,511,389	14,706,808
Fee and commission expense	27	(2,296,695)	(9,164,996)	(2,036,074)	(6,599,484)
Net (loss)/gain on financial instruments at fair value through profit and loss		144,226	(319,309)	467,718	581,991
Net gain from foreign exchange trading activities		1,748,586	6,484,444	1,347,427	4,995,441
Net gain from foreign exchange translation		(9,052)	657,401	(68,168)	58,725
Share of profit of associates	36	421,745	1,653,350	337,611	1,211,887
(Charge for) other impairment and provisions	31	(49,248)	(49,248)	(88,096)	(88,096)
Other income	28	(10,900)	830,785	377,186	837,153
Non-interest income		**5,260,263**	**18,803,894**	**3,848,992**	**15,704,425**
Personnel expenses		(6,323,517)	(23,142,847)	(5,327,312)	(21,022,475)
Depreciation and amortization	13	(1,079,521)	(3,915,944)	(1,148,699)	(3,828,836)
Other operating expenses	29	(887,560)	(3,154,227)	(623,485)	(2,562,445)
Other general administrative expenses	30	(1,856,268)	(5,761,528)	(1,523,955)	(5,360,949)
Non-interest expense		**(10,146,866)**	**(35,974,546)**	**(8,623,451)**	**(32,774,705)**
Profit before income tax expense		**11,940,608**	**45,224,140**	**8,536,328**	**35,143,735**
Income tax expense	14	(2,267,743)	(8,983,777)	(1,166,828)	(6,378,646)
Profit for the year		**9,672,865**	**36,240,363**	**7,369,500**	**28,765,089**
Earnings per share					
Basic and diluted, attributable to equity holders of the parent, AMD	23	1,616.18	6,055.20	1,327.72	5,182.44

ACBA Bank OJSC
Consolidated statement of other comprehensive income for the Period Ended 31 December 2025

In thousands of Armenian Drams	**Note**	**01/10/25-31/12/25**	**01/01/25-31/12/25**	**01/10/24-31/12/24**	**01/01/24-31/12/24**
Profit for the year		**9,672,865**	**36,240,363**	**7,369,500**	**28,765,089**
Other comprehensive income					
Other comprehensive income to be reclassified to profit or loss in subsequent periods					
Change in fair value of investment securities at fair value through other comprehensive income		105,753	202,617	(132,402)	120,469
Changes in allowance for expected credit losses		592	5,995	(4,779)	(25,386)
Income tax relating to components of other comprehensive income	14	(19,142)	(37,550)	24,692	(17,115)
Net other comprehensive loss to be reclassified to profit or loss in subsequent periods		**87,203**	**171,062**	**(112,489)**	**77,968**
Other comprehensive income not to be reclassified to profit or loss in subsequent periods					
Revaluation of buildings and motor vehicles		1,917,676	1,917,676	-	-
Gain/(loss) on equity instruments at fair value through other comprehensive income		(10)	889	(492)	(861)
Income tax relating to components of other comprehensive income	14	(345,180)	(345,342)	89	155
Total other comprehensive income not to be reclassified to profit or loss in subsequent periods		**1,572,486**	**1,573,223**	**(403)**	**(706)**
Not to be reclassified to profit or loss in subsequent periods					
Share of the other comprehensive income of associates		32,726	102,459	14,416	76,011
Income tax relating to components of other comprehensive income	14	-	-	-	-
Total share of the other comprehensive income of associates		**32,726**	**102,459**	**14,416**	**76,011**
Other comprehensive loss for the year, net of tax		**1,692,415**	**1,846,744**	**(98,476)**	**153,273**
Total comprehensive income for the year		**11,365,279**	**38,087,107**	**7,271,025**	**28,918,362**

ACBA Bank OJSC
Consolidated statement of changes in equity for the Period Ended 31 December 2025

In thousands of Armenian Drams	**Share capital**	**Share premium**	**Share-based payment reserve**	**Revaluation surplus for property and equipment**	**Revaluation reserve for financial assets at fair value through other comprehensive income**	**General reserve**	**Retained earnings**	**Total equity**
Balance as at 1 January 2025 (audited)	**89,775,000**	**3,811,978**	**3,517,422**	**3,757,943**	**304,799**	**13,466,250**	**48,806,987**	**163,440,379**
Total comprehensive income								
Profit for the year	-	-	-	-	-	-	36,240,363	**36,240,363**
Other comprehensive income	-	-	-	1,572,495	274,248	-	-	**1,846,744**
Total comprehensive income for the year	**-**	**-**	**-**	**1,572,495**	**274,248**	**-**	**36,240,363**	**38,087,106**
Transfer of revaluation surplus to retained earnings due to disposal of fixed assets	**-**	**-**	**-**	(53,386)	-		53,386	**-**
Transactions with owners, recorded directly in equity								
Replenishment of reserve fund from share premium	-	-	-	-	-	-	-	**-**
Issue of share capital	-	-	-	-	-	-	-	**-**
Dividends declared	-	-	-	-	-	-	(6,583,500)	**(6,583,500)**
Total transactions with owners	**-**	**-**	**-**	**-**	**-**	**-**	**(6,583,500)**	**(6,583,500)**
Balance as at 31 December 2025 (unaudited)	**89,775,000**	**3,811,978**	**3,517,422**	**5,277,052**	**579,047**	**13,466,250**	**78,517,235**	**194,943,984**
Balance as at 1 January 2024 (audited)	**55,000,000**	**1,750,000**	**3,517,422**	**3,909,911**	**151,526**	**8,250,000**	**60,531,180**	**133,110,039**
Total comprehensive income								
Profit for the year	-	-	-	-	-	-	28,765,089	**28,765,089**
Other comprehensive loss	-	-	-	-	153,273	-	-	**153,273**
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**153,273**	**-**	**28,765,089**	**28,918,362**
Transfer of revaluation surplus to retained earnings due to disposal of fixed assets	**-**	**-**	**-**	**(151,968)**	**-**	**-**	**151,968**	-
Transactions with owners, recorded directly in equity								
Replenishment of share capital from Retained earnings	29,925,000	-	-	-	-	-	(29,925,000)	**-**
Issue of share capital	4,850,000	2,061,978	-	-	-	-	-	**6,911,978**
Replenishment of general reserve	-	-	-	-	-	5,216,250	(5,216,250)	**-**
Dividends declared	-	-	-	-	-		(5,500,000)	**(5,500,000)**
Total transactions with owners	**34,775,000**	**2,061,978**	**-**	**-**	**-**	**5,216,250**	**(40,641,250)**	**1,411,978**
Balance as at 31 December 2024 (unaudited)	**89,775,000**	**3,811,978**	**3,517,422**	**3,757,943**	**304,799**	**13,466,250**	**48,806,987**	**163,440,379**

In thousands of Armenian Drams	Note	01/01/2025-31/12/2025 (unaudited)	01/01/2024-31/12/2024 (audited)
Cash flows from operating activities			
Interest received (calculated using effective interest rate)		89,659,087	75,767,634
Other interest received		14,135,021	12,524,767
Interest paid		(39,015,139)	(36,541,492)
Fees and commissions received		18,711,467	14,706,808
Fees and commissions paid		(9,164,996)	(6,599,484)
Net (payment)/receipt from derivative financial instruments at fair value through profit or loss		(335,332)	509,248
Net receipts from foreign exchange		6,484,444	4,995,441
Other operating expenses paid		(3,343,789)	(4,386,019)
Other income received		705,785	347,986
Salaries and other payments to employees		(22,321,203)	(20,806,431)
Other general administrative expenses paid		(5,761,528)	(5,360,949)
Cash flows from operating activities before changes in operating assets and liabilities		**49,753,817**	**35,157,509**
Net (increase)/decrease in operating assets			
Derivative financial assets		137,281	113,203
Loans and advances to banks		(16,596,233)	17,641,851
Loans to customers		(104,849,106)	(88,310,951)
Receivables from finance lease		(9,702,784)	(9,618,295)
Other assets		(1,042,044)	(1,280,097)
Net increase/(decrease) in operating liabilities			
Deposits and balances from banks		1,235,614	(626,281)
Current accounts and deposits from customers		40,222,252	86,140,124
Other liabilities		2,656,492	4,502,742
Net cash (used in)/from operating activities before income tax		**(38,184,711)**	**43,719,805**
Income tax paid		(7,193,149)	(7,121,405)
Net cash (used in)/from operating activities		**(45,377,860)**	**36,598,400**
Cash flows from investing activities			
Purchase of property, equipment and intangible assets		(4,688,578)	(2,089,494)
Proceeds from sale of property, equipment		189,562	586,500
Purchases of investment securities		(47,920,685)	(52,730,602)
Sale of investment securities		36,400,496	12,327,722
Dividends received	36	1,211,887	1,019,336
Net cash from/(used in) investing activities		**(14,807,318)**	**(40,886,538)**
Cash flows from financing activities			
Proceeds from issue of share capital		-	6,911,978
Proceeds from debt securities issued		28,364,969	18,438,324
Redemption of debt securities issued		(15,494,374)	(137,535)
Proceeds from other borrowed funds		55,164,553	50,390,846
Repayment of other borrowed funds		(8,655,365)	(35,940,115)
Subordinated loans received		-	703,613
Repayment of subordinated loans		62,098	(3,957)
Dividends paid	23	(6,583,500)	(5,500,000)
Net cash from/(used in) financing activities		**52,858,381**	**34,863,154**
Effect of exchange rates changes on cash and cash equivalents		460,045	(2,681,458)
Effect of changes in impairment allowance		7,502	(23,338)
Net decrease in cash and cash equivalents		**(6,859,250)**	**27,870,220**
Cash and cash equivalents, beginning		106,030,069	78,159,849
Cash and cash equivalents, ending	**7**	**99,170,819**	**106,030,069**

Introduction

ACBA Bank OJSC (the "Bank") is the parent company in the Group, which is comprised of the Bank and its subsidiaries, ACBA Leasing Credit Organization CJSC and ACBA Technolab LLC (hereinafter referred to as the "Group").

The Bank was established in 1996 as a cooperative institution under the name "Agricultural Cooperative Bank of Armenia," with collective ownership governed by Armenian law. In 2006, it was reorganized into a closed joint-stock company and renamed "ACBA-CREDIT AGRICOLE BANK" CJSC. In 2021, the Bank underwent another transformation, changing its legal structure to an open joint-stock company and adopting the name "ACBA BANK" OJSC. That same year, the Bank launched an Employee Share Ownership Program and successfully conducted an IPO, with its shares listed on the Armenian Stock Exchange (AMX). The Bank operates under a general banking license issued by the Central Bank of Armenia and participates in the Republic of Armenia's state deposit insurance system.

Principal activity. The Bank offers a range of financial services, including accepting deposits, extending credits, processing domestic and international payments, issuing and acquiring debit and credit cards, currency exchange, and other banking services for both retail and corporate clients. Headquartered in Yerevan, the Bank operates 65 branches across Yerevan and other regions of Armenia.
Registered address and place of business. The Bank's registered legal address is 82-84 Aram Street, Yerevan, 0002, Armenia.

Subsidiaries:
• **ACBA Leasing Credit Organization CJSC:** Established on March 30, 2003, as a closed joint-stock company under Armenian law, this subsidiary specializes in providing finance lease services to both corporate and individual clients. It holds a credit organization license issued by the Central Bank of Armenia and is fully owned by the Bank.
• **ACBA TECHNOLAB LLC:** Founded on December 23, 2021, this wholly-owned subsidiary operates as an educational center, focusing on delivering training programs and attracting skilled professionals.

As of 31 December 2025 and 31 December 2024, the Bank's shareholder structure is as follows:

Shareholder	**31/12/2025, %**	**31/12/2024, %**
ACBA Federation CJSC	75.00	75.00
Société de Promotion et de Participation pour la Coopération Economique ("Proparco")	10.00	10.00
ARMBROK OJSC	1.8	-
Sacam International SAS	-	2.24
Other	13.2	12.76
Total	**100.0**	**100.0**

Shareholder Structure:
- **ACBA Federation CJSC** is the largest shareholder of the Bank and does not have a single controlling party. ACBA Federation CJSC was formed on May 6, 2017, by 10 Agricultural Cooperative Regional Unions - formerly direct shareholders of the Bank. These unions, operating as non-governmental organizations (NGOs) in Armenia's 10 regions, were created to promote agricultural development and together represent approximately 74,464 members.
- **Société de Promotion et de Participation pour la Coopération Economique ("Proparco")** is a French development finance institution, a subsidiary of the French Development Agency (AFD), focused on promoting private investment in developing countries. It supports projects in sectors such as agriculture, infrastructure, and renewable energy, contributing to economic growth in emerging markets.
- **ARMBROK OJSC** is an Armenia-based leading investment company, providing its customers with financial and investment services in the Armenian capital market.
- **SACAM International** is a company incorporated under French law and is wholly owned by SAS Rue de la Boétie, the holding company that controls the capital of Crédit Agricole S.A.
- **Other Shareholders** comprise legal entities and individuals, including employees, who collectively hold the remaining shares.

The Bank's shares are listed on Armenian Stock Exchange.

The Group has a portfolio of investments and strategic interests. One of the notable associates of the Group is **Amundi-Acba Asset Management CJSC**, where the Group owns 49% of shares.

Presentation currency. These consolidated financial statements are presented in thousands of Armenian Drams ("AMD"), unless otherwise stated.

1 Operating Environment of Group

General

Environmental, Social and Governance (ESG) matters. In 2023 the Group carried out an assessment of the impact of climate change on the quality indicators of the Bank's agricultural portfolio, according to the results of which, until 2030, the quantities predicted by the official data of the climate change of the Republic of Armenia will have no significant impact on the variables characterizing the quality of agricultural loan portfolio. Since there have been no material changes in these projections, no further long-term research was deemed necessary for 2024. However, the Group may re-evaluate the analysis, if needed, in the future.

War between Russia and Ukraine. Following February 2022, because of the military conflict between the Russian Federation and Ukraine, a number of countries-imposed sanctions against the Russian Federation. The conflict affects not only the economic activity of two countries but the global economy as well. As a result of sanctions, commodity and food prices have risen in many countries around the world, the established links between supply of resources have been disrupted, inflation also affects the prices, and analysts also forecast economic implications for the global industry.

Since the outbreak of the Russia-Ukraine war, EU export flows have been increasingly reoriented towards other economies in Eastern Europe and Central Asia. This reorientation has boosted associated trade and transport services, cut competition for native exports to Russia, and awakened previously dormant investment in the region.

Since March 2022, EU trade sanctions have nearly halved the European Union's goods exports to Russia and Belarus.

While the likelihood of a negotiated settlement to the conflict remains low in the short term, a prolonged war and continued trade sanctions are expected. This will likely have lasting effects on global trade patterns. The shift in trade flows and the influx of economic activity in Eastern Europe and Central Asia will create lasting impacts on infrastructure development, IT, and production. Governments will need to carefully balance the economic benefits of maintaining ties with Russia while avoiding secondary sanctions.
While the unwinding of money transfer inflows from Russia has continued, Armenia’s economy sustained steady growth through 2024 at 5.9% (2023: 8.7%). When broken down by production sector, economic activity will continue to be driven by growth in construction, trade, and industry.

When preparing PD forecasts and ECL calculations the Group considered the above-mentioned observations and expectations.

Armenia has experienced a series of significant socio-political and economic shocks in recent years, including the 2020 twin challenges of the COVID-19 pandemic and the ongoing tensions with Azerbaijan. A particularly notable event occurred in 2023, when over 100,000 ethnic Armenians from Nagorno-Karabakh fled into Armenia as a result of escalating security tensions and the Azerbaijani government taking full control of Nagorno-Karabakh.

Based on regulatory estimates, although the output gap was positive in the past two years, it has now mostly closed, and GDP is expected to converge to its potential level. At the same time, the CBA's output gap estimates reflected non-inclusive growth, with lingering uncertainties about the future economic conditions. This dynamic is linked to non-structural growth, as much of the recent economic expansion may be driven by temporary or sector-specific factors rather than sustainable improvements in productivity, capacity, and long-term growth-enhancing components.

Inflation is expected to reach 2.8% in 2025 owing to interest-rate cuts and a weaker currency.

Looking ahead, while the economic outlook remains strong with projections of steady growth at 5% for 2025, long-term growth remains constrained by structural issues, such as Armenia's dependence on commodity exports, logistical challenges, and ongoing geopolitical tensions with Azerbaijan. These factors will continue to pose risks, particularly in the light of evolving regional security dynamics.

Fitch Ratings has affirmed Armenia's Long-Term Foreign-Currency Issuer Default Rating (IDR) at 'BB-' with a Stable Outlook dated 24 January 2025.
The long-term effects of the current and future economic situation are difficult to assess, and management's current expectations and estimates could differ from the actual results.

For the purpose of measurement of expected credit losses ("ECL") the Group uses supportable forward-looking information, including official forecasts of macroeconomic variables from reliable sources. As with any economic forecast, however, the projections and likelihoods of their occurrence are subject to a high degree of inherent uncertainty and therefore the actual outcomes may be significantly different from those projected. Note 4 contains more information of how the Group incorporated forward-looking information in the ECL models.

2 Basis of Preparation

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as issued by the IASB ("IFRS Accounting Standards").

These consolidated financial statements have been prepared under the historical cost convention, as modified by the initial recognition of financial instruments at fair value, and by the revaluation of premises and equipment (land, building and vehicle), financial instruments categorised at fair value through profit or loss ("FVTPL") and at fair value through other comprehensive income ("FVOCI") and fair value of ordinary shares for employee stock ownership programme. The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

These consolidated financial statements are directed to primary users, being investors who lend or provide equity capital to the reporting entity. These consolidated financial statements assume that the primary users have a reasonable knowledge of business and economic activities and review and analyse the information diligently. At times, even well-informed and diligent users may need to seek the aid of an adviser to understand information about complex economic phenomena reported in these consolidated financial statements.

These consolidated financial statements aim disclosing only inf
ormation that management considers is material for the primary users. Management seeks not to reduce the understandability of these consolidated financial statements by obscuring material information with immaterial information. Hence, only material accounting policy information is disclosed, where relevant, in the related disclosure notes.

3 Material accounting policy information

Investments in associates. Investments in associates are accounted for under the equity method and are initially recognised at cost, including goodwill.

The future changes in the carrying amount reflect the changes in the Group's share in the net assets of the associated organization after the consolidation. The Group's share in profit or loss of the associated organization is recognized in the consolidated statement of comprehensive income, and the changes in provisions are recognized in other comprehensive financial results.

Fair value measurement. The Group measures financial instruments carried at FVPL and FVOCI and non-financial assets at fair value at each balance sheet date. Fair value is measured in accordance with the requirements of IFRS 13. Fair values of financial instruments measured at amortised cost are disclosed in Note 34.

Initial recognition. All regular way purchases and sales of financial assets and liabilities are recognised on the trade date i.e. the date that the Group 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 which is adjusted with the amount of commission fees and expenses, directly attributable to the transaction, in case of instruments, which are not revalued at fair value through profit or loss.

At the initial recognition, the best evidence of the fair value of a financial instrument is the transaction price. If the Group finds that the fair value at initial recognition differs from the transaction price, and if that fair value is based on the quoted price for a similar asset or liability in the market, or is based on the valuation technique, that uses the data of only observable markets, then at the initial recognition, the Group recognizes the difference between the fair value and the transaction price in profit or loss; in all other cases, the initial measurement of a financial instrument is adjusted so that the difference between the fair value and transaction price at initial recognition is transferred to the future periods. After initial recognition, the Group recognizes the deferred difference as a gain or loss, only when the input data become observable or if the instrument is derecognized.

Measurement categories of financial assets and liabilities. The Group 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 Group classifies and measures its derivative and trading portfolio at FVPL. The Group classifies Visa C shares as debt instruments measured at FVPL. The Group may designate financial instruments at FVPL, if doing so eliminates or significantly reduces measurement or recognition inconsistencies.

Financial liabilities, other than loan commitments and guarantees, are measured at amortized cost or at FVPL when they are held for trading, are derivative instruments or the fair value designation is applied.

Loans and advances to banks, loans to customers, investment securities are measured at amortized cost.

The Group only measures loans and advances to banks, loans to customers and investment securities 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 under note 4.

Debt instruments at FVOCI. The Group 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.

Guarantees, letters of credit and loan commitments. The Group issues financial and performance guarantees, letters of credit and loan commitments.

Guarantees are initially recognised in the financial statements at fair value, being the premium received. Subsequent to initial recognition, the Group's liability under each guarantee is measured at the higher of the amount initially recognised less cumulative amortisation and an ECL provision.

Undrawn loan commitments and letters of credits are commitments under which, over the duration of the commitment, the Group 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.

Advances given for finance leases. The Group treats advances received from lessees and advances given to suppliers as monetary items and recognises financial liabilities and financial assets for them.

Reclassification of financial assets and liabilities. The Group does not reclassify its financial assets subsequent to their initial recognition, apart from in exceptional circumstances in which the Group changes the business model for managing financial assets.

Cash and cash equivalents. Cash and cash equivalents consist of cash on hand, Nostro accounts in banks and amounts due from the CBA, including obligatory reserves in AMD free from contractual encumbrances. Funds restricted for a period of more than three months on origination are excluded from cash and cash equivalents, both in the statement of financial position and for the purposes of the statement of cash flows.

Cash and cash equivalents are carried at AC because: (i) they are held for collection of contractual cash flows and those cash flows represent SPPI, and (ii) they are not designated at FVTPL.

Mandatory cash balances with the CBA. Mandatory cash balances with the CBA are carried at AC and represent non-interest-bearing mandatory reserve deposits, which are not available to finance the Group's day to day operations, and hence are not considered as part of cash and cash equivalents for the purposes of the consolidated statement of cash flows.

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 consolidated 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. 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 to customers as appropriate. The difference between sale and repurchase price is treated as interest income and accrued over the life of repo agreements using the effective interest method.

Securities lent to counterparties are retained in the consolidated statement of financial position. Securities borrowed are not recorded in the consolidated statement of financial position, unless these are sold to third parties, in which case the purchase and sale are recorded within gains less losses from trading securities in the consolidated statement of profit or loss. The obligation to return them is recorded at fair value as a trading liability.

Borrowings. Borrowing include amounts due to the Central bank, amounts due to banks, amounts due to customers, debt securities issued, other borrowed funds and subordinated loans. After initial recognition, borrowings are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the borrowings are derecognised and through the amortisation process.

Subordinated loans. Subordinated debt is carried at AC.

Debt securities issued. Debt securities in issue include promissory notes, bonds issued by the Group. Debt securities are stated at AC.

Leases

Group as a lessee. The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use assets. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.
Short-term leases and leases of low-value assets. The Group applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered of low value (i.e., below AMD 2,500 thousand).

Operating − Group as a lessor. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in other income in the consolidated statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income.

Finance − Group as a lessor. The Group recognises lease receivables at value equal to the net investment in the lease, starting from the date of commencement of the lease term.

Recognition of financial income is based on schedule that provides a fixed periodic rate of return on the lessor's net investment under the lease. Finance income from leases is recorded within "Other interest revenue" in profit or loss. Initial direct costs are included in the initial estimate of finance lease receivables.

Credit loss allowance is recognised in accordance with the general ECL model. The ECL is determined in the same way as for loans and advances measured at AC. Interest income is recognised on gross carrying amount, except for impaired loans in stage 3, for which interest income is recognised on net carrying amount.

Restructured/Refinanced loans. Whenever possible, the Group aims to restructure loans instead of seizing collateral. This may involve extending the payment terms and negotiating new loan conditions.

The Group 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 to derecognise a loan to a customer, the Group considers the following factors, amongst others:

- Change in currency of the loan.
- Change in counterparty.

If the modification is such then the instrument would no longer meet the SPPI criterion.

For modifications that do not result in derecognition, the Group also reassesses whether there has been a significant increase in credit risk or if the assets should be classified as credit-impaired. Once an asset has been classified as credit-impaired, it will remain in Stage 3. Stage 3 loans may be reclassified if the following conditions are met:

1. Loans with a Monthly Repayment Schedule – The customer fully repays the overdue amount and then makes 6 consecutive principal and interest payments according to the revised repayment schedule, with no overdue days exceeding 7 calendar days. Additionally, the loan may only be reclassified if there are no other factors requiring classification in a stricter stage at that time.
2. Loans with a Flexible Repayment Schedule – The customer fully repays the overdue amount and then makes scheduled principal and interest payments over the next 6 to 12 months, with no overdue days exceeding 7 calendar days. Additionally, the loan may only be reclassified if there are no other factors requiring classification in a stricter stage at that time.

If a loan has undergone multiple reviews of conditions, the most recent review will determine the start of the probation period. The repayment schedule must be restored, and the required payments must be made for all loans of the customer.

If a delay occurs during the probation period, the calculation of the probation period will restart from the date when repayments according to the schedule resume.

Derecognition of financial assets and liabilities

Write-off. Financial assets are written off, in whole or in part, when the Group exhausted all practical recovery efforts and has concluded that there is no reasonable expectation of recovery. The write-off represents a derecognition event. The Group may write-off financial assets that are still subject to enforcement activity when the Group seeks to recover amounts that are contractually due, however, there is no reasonable expectation of 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.

Taxation. The current income tax expense is calculated in accordance with the regulations of the Republic of Armenia.

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

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

Property and equipment. Property and equipment are initially carried at cost, excluding the costs of day-to-day servicing, less accumulated depreciation and any accumulated impairment. Such cost includes the cost of replacing part of equipment when that cost is incurred if the recognition criteria are met.

Following initial recognition at cost, land, buildings and motor vehicles are carried at a revalued amount. Valuations are performed frequently enough to ensure that the fair value of a revalued asset does not differ materially from its carrying amount.

The revaluation surplus included in equity in respect of an item of property, plant and equipment is transferred directly to retained earnings when the asset is derecognized.
Depreciation is calculated on a straight-line basis over the following estimated useful lives:

	Years
Buildings	46
Equipment	7-20
Motor vehicles	8
Other	7-15

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

The asset's residual values, useful lives and methods are reviewed, and adjusted as appropriate, at each financial year-end.

Costs related to repairs and renewals are charged when incurred and included in other operating expenses, unless they qualify for capitalization.

Intangible assets. Amortisation is calculated on a straight-line basis over the estimated useful lives of intangible assets. The estimated useful lives range is from 1 to 10 years.

Repossessed assets. Repossessed assets are measured at the lower of cost and net releasable value.

Share capital. Ordinary shares are classified as equity. External 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 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 consolidated financial statements are authorised for issue.

Fiduciary assets. Assets held in a fiduciary capacity are not reported in the consolidated financial statements, as they are not the assets of the Group.

Interest and similar income and expense. The Group calculates interest revenue 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. 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 Group 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 revenue or expense.

If the credit risk on the financial asset classified in Stage 3 subsequently improves so that the asset is no longer credit-impaired and the improvement can be related objectively to an event occurring after the asset had been determined as credit-impaired (i.e. the asset becomes cured), the asset is reclassified from stage 3 and the interest revenue is calculated by applying the EIR to the gross carrying amount. The additional interest income, which was previously not recognised in P&L due to the asset being in stage 3 but it is now expected to be received following the asset's curing, is recognised as a reversal of impairment.

Interest revenue on advances given for finance lease and interest revenue recognised on finance lease is recognised using the contractual interest rate in "Other interest revenue" in the consolidated statement of profit or loss.

Interest revenue from penalties on loans to customers are presented in "Interest revenue calculated using effective interest rate" in the consolidated statement of profit or loss.

Fee and commission income. The Group earns fee and commission income from a diverse range of services it provides to its customers. Fee income can be divided into the following two categories:

Fee income earned from services that are provided over a certain period of time

Fees earned for the provision of services over a period of time are accrued over that period as respective performance obligations are satisfied. These fees include commission income from various activities, including card issuance and acquiring, money transfers, issuance of guarantees and letters of credit (LCs), account servicing and similar income. Loan commitment fees for loans that are likely to be drawn down and other credit related fees are deferred (together with any incremental costs) and recognised as an adjustment to the effective interest rate on the loan.

Fee income from providing transaction services

Fees arising from negotiating or participating in the negotiation of a transaction for a third party − such as where the Group's performance obligation is the arrangement of the acquisition of shares or other securities or the purchase or sale of businesses − are recognised on completion of the underlying transaction.

Customer loyalty programs

The Group offers a number of customer loyalty programs. Accounting for such programs varies depending on who is identified as the customer, and whether the Group acts as an agent or as a principal under the contract. For point-based programs, the Group generally recognizes a liability for

the accumulated points that are expected to be utilized by the customers, which is reversed to profit or loss as the points expire. Cashbacks on plastic card transactions reduce fee and commission income.

Dividend income

Income is recognised when the Group's right to receive the payment is established.

Foreign currency translation. The consolidated financial statements are presented in thousands Armenian Drams, which is the Bank's and its subsidiaries' functional currency. 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 consolidated statement of profit or loss as Net gain/(loss) from foreign exchange translation differences.

Differences between the contractual exchange rate of a transaction in a foreign currency and the Central Bank exchange rate on the date of the transaction are included in Net gain/(loss) from foreign exchange trading activities. The official CBA exchange rates at 31 December 2025 and 31 December 2024, were 381.36 Drams and 396.56 Drams to 1 USD and 449.01 Drams and 413.89 Drams to 1 EUR, respectively.

Share-based payments. Employees (including senior executives) of the Group can receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments (equity-settled transactions) of the Bank.

Equity-settled transactions

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model, further details of which are given in Note 25.

That cost is recognised in personnel expenses together with a corresponding increase in equity over the period in which the service and, where applicable, the performance conditions are fulfilled (the vesting period).

No expense is recognised for awards that do not ultimately vest because non-market performance and/or service conditions have not been met. Where awards include a market or non-vesting condition, the transactions are treated as vested irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

When the terms of an equity-settled award are modified, the minimum expense recognised is the grant date fair value of the unmodified award, provided the original vesting terms of the award are met. An additional expense, measured as at the date of modification, is recognised for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee. Where an award is cancelled by the entity or by the counterparty, any remaining element of the fair value of the award is expensed immediately through profit or loss.

4 Critical accounting estimates and judgements in applying accounting policies

The Group makes estimates and assumptions that affect the amounts recognised in the consolidated financial statements, and the carrying amounts of assets and liabilities within the next financial year. Estimates and judgements are continually evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Management also makes certain judgements, apart from those involving estimations, in the process of applying the accounting policies. Judgements that have the most significant effect on the amounts recognised in the consolidated financial statements and estimates that can cause a significant adjustment to the carrying amount of assets and liabilities within the next financial year include revaluation of land, buildings and motor vehicles.

Fair value of the properties is determined by using market comparable method. This means that valuations performed by the valuer are based on market transaction prices, significantly adjusted for difference in the nature, location or condition of the specific property. The Group assesses market

movements for significant changes each year and engages independent experts for valuation of its premises and vehicles, whenever relevant and appropriate (note 34).

Fair value measurement. Where the fair values of financial assets and financial liabilities recorded in the consolidated statement of financial position cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of mathematical models. The input to these models is taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. Additional details are provided in Note 34.

Impairment losses on financial assets. The measurement of impairment losses across all categories of financial assets requires judgement, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances. In addition, large-scale business disruptions may give rise to liquidity issues for some entities and consumers. The Group's ECL calculations are outputs of complex models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. Elements of the ECL models that are considered accounting judgements and estimates include:

- Statistical models to estimate PDs, EADs and LGDs on a collective basis;
- The segmentation of financial assets when their ECL is assessed on a collective basis;
- Development of ECL models, including the various formulae and the choice of inputs;
- Determination of associations between macroeconomic scenarios and, economic inputs, such as unemployment levels and collateral values, and the effect on PDs, EADs and LGDs;
- Selection of forward-looking macroeconomic scenarios and their probability weightings, to derive the economic inputs into the ECL models.

The amount of allowance for loan and finance lease impairment recognized in consolidated statement of financial position at 31 December 2025 was AMD 10,904,650 thousand (31 December 2024: AMD 7,251,106 thousand). More details are provided in Notes 11 and 12.

Initial recognition of related party transactions. In the normal course of business, the Group enters into transactions with its related parties. IFRS 9 requires initial recognition of financial instruments based on their fair values. Judgement is applied in determining if transactions are priced at market or non-market interest rates, where there is no active market for such transactions. The basis for judgement is pricing for similar types of transactions with unrelated parties and effective interest rate analysis. Terms and conditions of related party balances are disclosed in Note 36.

5 Adoption of New or Revised Standards and Interpretations

The following amendments became effective from 1 January 2024:

Amendments to IFRS 16 Leases: Lease Liability in a Sale and Leaseback (issued on 22 September 2022 and effective for annual periods beginning on or after 1 January 2024). The amendments relate to the sale and leaseback transactions that satisfy the requirements in IFRS 15 to be accounted for as a sale. The amendments require the seller-lessee to subsequently measure liabilities arising from the transaction and in a way that it does not recognise any gain or loss related to the right of use that it retained. This means deferral of such a gain even if the obligation is to make variable payments that do not depend on an index or a rate. Therefore, this amendment had no impact on these consolidated financial statements.

Classification of liabilities as current or non-current – Amendments to IAS 1 (originally issued on 23 January 2020 and subsequently amended on 15 July 2020 and 31 October 2022, ultimately effective for annual periods beginning on or after 1 January 2024). These amendments clarify when liabilities are classified as either current or non-current. As most financial institutions, the Group presents its statement of financial position ordered by liquidity rather than classifying its assets and liabilities as current or non-current. Therefore, this amendment had no impact on these consolidated financial statements.

Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures: Supplier Finance Arrangements (Issued on 25 May 2023). In response to concerns of the users of financial statements about inadequate or misleading disclosure of financing arrangements, in May 2023,

the IASB issued amendments to IAS 7 and IFRS 7 to require disclosure about entity's supplier finance arrangements (SFAs). These amendments require the disclosures of the entity's supplier finance arrangements that enable the users of financial statements to assess the effects of those arrangements on the entity's liabilities and cash flows and on the entity's exposure to liquidity risk. The purpose of the additional disclosure requirements is to enhance the transparency of the supplier finance arrangements. The amendments do not affect recognition or measurement principles but only disclosure requirements. The amendment did not have a material impact on these consolidated financial statements.

6 New Accounting Pronouncements

Certain new standards and interpretations have been issued that are mandatory for the annual periods beginning on or after 1 January 2025 or later, and which the Group has not early adopted.

Amendments to IAS 21 Lack of Exchangeability (Issued on 15 August 2023 and effective for annual periods beginning on or after 1 January 2025). In August 2023, the IASB issued amendments to IAS 21 to help entities assess exchangeability between two currencies and determine the spot exchange rate, when exchangeability is lacking. An entity is impacted by the amendments when it has a transaction or an operation in a foreign currency that is not exchangeable into another currency at a measurement date for a specified purpose. The amendments to IAS 21 do not provide detailed requirements on how to estimate the spot exchange rate. Instead, they set out a framework under which an entity can determine the spot exchange rate at the measurement date. When applying the new requirements, it is not permitted to restate comparative information. It is required to translate the affected amounts at estimated spot exchange rates at the date of initial application, with an adjustment to retained earnings or to the reserve for cumulative translation differences. The Group is currently assessing the impact of the amendments on its financial statements.

Amendments to the Classification and Measurement of Financial Instruments - Amendments to IFRS 9 and IFRS 7 (issued on 30 May 2024 and effective for annual periods beginning on or after 1 January 2026). On 30 May 2024, the IASB issued amendments to IFRS 9 and IFRS 7 to:

(a) clarify the date of recognition and derecognition of some financial assets and liabilities, with a new exception for some financial liabilities settled through an electronic cash transfer system;
(b) clarify and add further guidance for assessing whether a financial asset meets the solely payments of principal and interest (SPPI) criterion;
(c) add new disclosures for certain instruments with contractual terms that can change cash flows (such as some instruments with features linked to the achievement of environment, social and governance (ESG) targets); and
(d) update the disclosures for equity instruments designated at fair value through other comprehensive income (FVOCI).

The Group is currently assessing the impact of the amendments on its financial statements.

IFRS 18 Presentation and Disclosure in Financial Statements (Issued on 9 April 2024 and effective for annual periods beginning on or after 1 January 2027). In April 2024, the IASB has issued IFRS 18, the new standard on presentation and disclosure in financial statements, with a focus on updates to the statement of profit or loss. The key new concepts introduced in IFRS 18 relate to:

- the structure of the statement of profit or loss;
- required disclosures in the financial statements for certain profit or loss performance measures that are reported outside an entity's financial statements (that is, management-defined performance measures); and
- enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes in general.

IFRS 18 will replace IAS 1; many of the other existing principles in IAS 1 are retained, with limited changes. IFRS 18 will not impact the recognition or measurement of items in the financial statements, but it might change what an entity reports as its 'operating profit or loss'. IFRS 18 will apply for reporting periods beginning on or after 1 January 2027 and also applies to comparative information. The Group is currently assessing the impact of the amendments on its financial statements.

IFRS 19 Subsidiaries without Public Accountability: Disclosures (Issued on 9 May 2024 and effective for annual periods beginning on or after 1 January 2027). IFRS 19 permits eligible subsidiaries to use IFRS Accounting Standards with reduced disclosures. The Group is not eligible to apply the reduced disclosure requirements introduced by this standard.

IFRS 14, Regulatory Deferral Accounts (issued on 30 January 2014). IFRS 14 permits first-time adopters to continue to recognise amounts related to rate regulation in accordance with their previous GAAP requirements when they adopt IFRS. However, to enhance comparability with entities that already apply IFRS and do not recognise such amounts, the standard requires that the effect of rate regulation must be presented separately from other items. An entity that already presents IFRS financial statements is not eligible to apply the standard. This standard will be effective from a date that is yet to be determined by the IASB.

Sale or Contribution of Assets between an Investor and its Associate or Joint Venture – Amendments to IFRS 10 and IAS 28 (issued on 11 September 2014 and effective for annual periods beginning on or after a date to be determined by the IASB). These amendments address an inconsistency between the requirements in IFRS 10 and those in IAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The main consequence of the amendments is that a full gain or loss is recognised when a transaction involves a business. A partial gain or loss is recognised when a transaction involves assets that do not constitute a business, even if these assets are held by a subsidiary. In 2015, the IASB decided to postpone the effective date of these amendments indefinitely.

Annual Improvements to IFRS Accounting Standards (Issued in July 2024 and effective from 1 January 2026). IFRS 1 was clarified that a hedge should be discontinued upon transition to IFRS Accounting Standards if it does not meet the 'qualifying criteria', rather than 'conditions' for hedge accounting, in order to resolve a potential confusion arising from an inconsistency between the wording in IFRS 1 and the requirements for hedge accounting in IFRS 9. IFRS 7 requires disclosures about a gain or loss on derecognition relating to financial assets in which the entity has a continuing involvement, including whether fair value measurements included 'significant unobservable inputs'. This new phrase replaced reference to 'significant inputs that were not based on observable market data'. The amendment makes the wording consistent with IFRS 13. In addition, certain IFRS 7 implementation guidance examples were clarified and text added that the examples do not necessarily illustrate all the requirements in the referenced paragraphs of IFRS 7. IFRS 16 was amended to clarify that when a lessee has determined that a lease liability has been extinguished in accordance with IFRS 9, the lessee is required to apply IFRS 9 guidance to recognise any resulting gain or loss in profit or loss. This clarification applies to lease liabilities that are extinguished on or after the beginning of the annual reporting period in which the entity first applies that amendment. In order to resolve an inconsistency between IFRS 9 and IFRS 15, trade receivables are now required to be initially recognised at 'the amount determined by applying IFRS 15' instead of at 'their transaction price (as defined in IFRS 15)'. IFRS 10 was amended to use less conclusive language when an entity is a 'de-facto agent' and to clarify that the relationship described in paragraph B74 of IFRS 10 is just one example of a circumstance in which judgement is required to determine whether a party is acting as a de-facto agent. IAS 7 was corrected to delete references to 'cost method' that was removed from IFRS Accounting Standards in May 2008 when the IASB issued amendment 'Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate'.

Unless otherwise described above, the new standards and interpretations are not expected to significantly affect the Group's consolidated financial statements.

7 Cash and cash equivalents

Cash and cash equivalents comprise:

In thousands of Armenian Drams	**31/12/2025**	**31/12/2024**
Cash on hand	28,676,392	26,853,397
Current accounts with the Central Bank, including obligatory reserves (not restricted part, see Note 10)	23,150,508	71,346,538
Current accounts with other banks		
- rated BBB-(Baa3) and over	22,270,889	1,004,207
- rated lower than BBB-(Baa3) and without rating	1,089,775	2,288,519
Short-term deposits in other banks		
- rated BBB-(BAA3) and over	24,006,026	4,567,681
Impairment	(22,771)	(30,273)
Cash and cash equivalents	**99,170,819**	**106,030,069**

The Bank uses credit ratings per Moody's rating agency in disclosing credit quality.

As of 31 December 2025, current accounts with Central Bank of Armenia include obligatory reserve in the amount of AMD 18,891,173 thousand (31 Dec 2024: AMD 28,131,042 thousand).

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

For funds attracted in Armenian drams, banks are required to carry out reserve requirements in Armenian drams; for funds attracted in Euros, in Euros; and for funds attracted in U.S. dollars and other foreign currencies, in the respective foreign currencies. In 2024, from the amounts attracted in foreign currency, banks were required to maintain 6% of the funds in local currency as a cash deposit with the Central Bank of Armenia, and 12% in foreign currency.
Moreover, the banks' ability to withdraw reserved amounts in foreign currency is restricted, so the Group classifies obligatory reserves deposited in foreign currency as loans and advances to banks (Note 9).

All balances of cash equivalents are allocated to Stage 1. An analysis of changes in the ECL allowances during the year is, as follows:

In thousands of Armenian Drams	**31/12/2025**	**31/12/2024**
ECL allowance as at 1 January	**30,273**	**6,935**
Changes in ECL	(7,502)	23,338
As of the reporting period end	**22,771**	**30,273**

Information about credit quality of cash and cash equivalents is presented in Note 32 "Risk management".

8 Derivative financial instruments

The Group enters into derivative financial instruments for trading purposes. The table below shows the fair values of derivative financial instruments, recorded as assets or liabilities, together with their notional amounts.

In thousands of Armenian Drams	**31/12/2025**		**31/12/2024**	
	Notional amount	**Fair value**	**Notional amount**	**Fair value**
Assets				
Derivative financial instruments				
Interest rate swap	693,382	17,090	4,189,455	81,500
Currency swap	21,047,229	18,906	1,189,680	76,680
	21,740,611	**35,996**	**5,379,135**	**158,180**
Liabilities				
Derivative financial instruments				
Currency swap/Liabilities	21,268,073	267,508	-	-

9 Loans and advances to banks

Loans and advances to banks comprise:

In thousands of Armenian Drams	**31/12/2025**	**31/12/2024**
Due from the CBA		
Credit card settlement deposit with the CBA	13,737,500	6,732,500
Mandatory reserves in CBA (in foreign currency) (Note 8)	37,597,853	27,746,257
Total	**51,335,353**	**34,478,757**
Loans and advances to other banks		
Armenian banks		
-rated from Ba1 to Ba3	1,934,884	2,012,723
Foreign banks		
-rated from AA1 to AA3	548,661	19,828
-rated from A1 to A3	529,545	610,545
Correspondent accounts and overnight placements of other banks	1,043,202	-
Total loans and deposits to other banks	**4,056,292**	**2,643,096**
Other receivables		
Unsettled transactions	3,742,722	3,390,351
Amounts receivable from money transfer systems	3,564,967	1,682,196
Amounts receivable from transactions with plastic cards	1,013,960	604,317
Amounts receivable under reverse repurchase agreements		
Amounts receivable from Armenian banks	34,619,241	38,747,711
Loans and advances to banks before impairment	**98,332,535**	**81,546,428**
Impairment	(84,408)	(64,000)
Total loans and advances to banks	**98,248,127**	**81,482,428**

As of 31 December 2025, mandatory reserves in Central Bank of Armenia include reserves in foreign currencies in the amount of AMD 37,597,853 thousand (2024: AMD 27,746,257 thousand) (See Note 7).

Unsettled transactions include amount was not settled as of Mar 31 in Group's CBA account. This amount was settled first working day of next month as cash to Group's current account.

An analysis of changes in ECL allowance on loans and advances to banks during the year ended 31 December 2025 is as follows:

In thousands of Armenian Drams	**Stage 1**	**Total**
ECL allowance as at 1 January 2025	**(64,000)**	**(64,000)**
New assets originated or purchased	(84,408)	**(84,408)**
Assets repaid	64,000	**64,000**
At 31 December 2025	**(84,408)**	**(84,408)**

An analysis of changes in ECL allowance on loans and advances to banks during the year ended 31 December 2024 is as follows:

In thousands of Armenian Drams	**Stage 1**	**Total**
ECL allowance as at 1 January 2024	**(56,465)**	**(56,465)**
New assets originated or purchased	(64,000)	**(64,000)**
Assets repaid	56,465	**56,465**
At 31 December 2024	**(64,000)**	**(64,000)**

Information about credit quality of loans and advances to banks is presented in Note 32 "Risk management".

10 Investment securities

Investment securities as at 31 December 2025 and 31 December 2024 comprise:

Debt securities at amortised cost	**31/12/2025**	**31/12/2024**
In thousands of Armenian Drams		
Held by the Bank		
Government bonds	63,761,204	43,820,614
Bonds of Armenian companies	2,350,072	1,788,021
Less: allowance for impairment	(99,072)	(66,089
Total securities at amortised cost held by the Bank	**66,012,204**	**45,542,546**

Debt securities at amortised cost *In thousands of Armenian Drams*	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Gross carrying value as at 1 January 2025	**45,608,635**	**-**	**-**	**45,608,635**
New assets originated or purchased	39,538,458	-	-	**39,538,458**
Assets repaid	(18,693,220)	-	-	**(18,693,220)**
Foreign exchange adjustments	(342,597)	-	-	**(342,597)**
At 31 December 2025	**66,111,277**	**-**	**-**	**66,111,277**

Debt securities at amortised cost *In thousands of Armenian Drams*	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
ECLs as at 1 January 2025	**66,089**	**-**	**-**	**66,089**
New assets originated or purchased	61,144	-	-	**61,144**
Assets repaid	(13,150)	-	-	**(13,150)**
Changes to models and inputs used for ECL calculations	(14,285)	-	-	**(14,285)**
Amounts written off	(725)			**(725)**
At 31 December 2025	**99,072**	**-**	**-**	**99,072**

Debt securities at amortised cost *In thousands of Armenian Drams*	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Gross carrying value as at 1 January 2024	**-**	**-**	**-**	**-**
New assets originated or purchased	45,608,635	-	-	**45,608,635**
Assets repaid	-	-	-	**-**
Amounts written off	-	-	-	**-**
At 31 December 2024	**45,608,635**	**-**	**-**	**45,608,635**

Debt securities at amortised cost *In thousands of Armenian Drams*	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
ECLs as at 1 January 2024	**-**	**-**	**-**	**-**
New assets originated or purchased	66,089	-	-	**66,089**
Assets repaid	-	-	-	**-**
Changes to models and inputs used for ECL calculations	-	-	-	**-**
Amounts written off	-			
At 31 December 2024	**66,089**	**-**	**-**	**66,089**

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

Debt securities at FVOCI *In thousands of Armenian Drams*	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Gross carrying value as at 1 January 2025	**12,867,997**	**-**	**-**	**12,867,997**
New assets originated or purchased				
Assets repaid	(9,721,413)	-	-	**(9,721,413)**
Net change in fair value	167,731	-	-	**167,731**
Amounts written off	-	-	-	**-**
Foreign exchange adjustments	-	-	-	**-**
At 31 December 2025	**3,314,315**	**-**	**-**	**3,314,315**

Debt securities at FVOCI *In thousands of Armenian Drams*	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
ECLs as at 1 January 2025	**10,543**	**-**	**-**	**10,543**
New assets originated or purchased				
Assets repaid	(4,535)	-	-	**(4,535)**
Impact on period end ECL of exposures transferred between stages during the period	-			**-**
Changes to models and inputs used for ECL calculations*	(1,460)	-	-	**(1,460)**
Amounts written off	-	-	-	**-**
Foreign exchange adjustments	-	-	-	**-**
At 31 December 2025	**4,548**	**-**	**-**	**4,548**

Debt securities at FVOCI *In thousands of Armenian Drams*	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Gross carrying value as at 1 January 2024	**18,534,900**	**-**	**-**	**18,534,900**
New assets originated or purchased				
Assets repaid	(5,631,635)	-	-	**(5,631,635)**
Net change in fair value	141,381	-	-	**141,381**
Amounts written off	-	-	-	**-**
Foreign exchange adjustments	(176,649)	-	-	**(176,649)**
At 31 December 2024	**12,867,997**	**-**	**-**	**12,867,997**

Debt securities at FVOCI *In thousands of Armenian Drams*	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
ECLs as at 1 January 2024	**35,929**	**-**	**-**	**35,929**
New assets originated or purchased				
Assets repaid	(7,365)	-	-	**(7,365)**
Impact on period end ECL of exposures transferred between stages during the period	-			**-**
Changes to models and inputs used for ECL calculations*	(17,943)	-	-	**(17,943)**
Amounts written off	-	-	-	**-**
Foreign exchange adjustments	(78)	-	-	**(78)**
At 31 December 2024	**10,543**	**-**	**-**	**10,543**

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

Debt and other equity instruments at FVOCI *In thousands of Armenian Drams*	**31 Dec 2025**	**31 Dec 2024**
Held by the Bank		
Government bonds		
Government securities of the Republic of Armenia	3,314,315	12,571,293
Corporate bonds		
Bonds of Armenian companies	-	296,704
Equity instruments		
Unquoted equity securities	398,796	397,907
Total debt and other equity instruments at FVOCI held by the Bank	**3,713,111**	**13,265,904**

Dept instruments held by the Bank at FVTPL *In thousands of Armenian Drams*	**31 Dec 2025**	**31 Dec 2024**
Quoted debt securities – shares Visa Series C	3,521,820	3,300,159
Total debt and other equity instruments at FVTPL held by the Bank	**3,521,820**	**3,300,159**

In thousands of Armenian Drams		
Pledged instruments under sale and repurchase agreements		
Government securities of the Republic of Armenia	-	-
Total pledged instruments under sale and repurchase agreements at FVOCI	**-**	**-**

As at 31 December 2025 and 31 Dec 2024 unquoted equity securities at FVOCI primarily include mandatory shares in exchanges and clearing houses.

In 31 March 2025, the Group received dividends of AMD 1,932 thousand (2024: AMD 2,174 thousand) from its equities which was recorded in the consolidated statement as other income.

At 31 December 2025 and 31 December 2024 no securities were past due or impaired and there were no renegotiated balances of investment securities that would otherwise be past due.

Information about credit quality of debt instruments is presented in Note 32 “Risk management”.

11 Loans to customers

Loans to customers as of 31 December 2025 and 31 December 2024 comprise:

In thousands of Armenian Drams	**31 Dec 2025**	**31 Dec 2024**
Loans to corporate customers		
Loans to small and medium size companies	100,628,478	105,020,228
Loans to large corporate customers	166,546,538	120,295,344
Total loans to corporate customers	**267,175,016**	**225,315,572**
Loans to retail customers (other than agricultural and corporate loans)		
Consumer loans	171,157,417	135,842,235
Mortgage loans	98,473,398	81,154,832
Credit cards	16,349,836	14,173,742
Total loans to retail customers	**285,980,652**	**231,170,809**
Agricultural loans to retail customers	70,609,208	69,491,921
Agricultural loans to corporate customers	20,387,429	16,722,264
Total agricultural loans to customers	**90,996,637**	**86,214,185**
Gross loans to customers	**644,152,305**	**542,700,566**
Credit loss allowance	(10,349,301)[1]	(6,490,534)
Net loans to customers at amortised cost	**633,803,003**	**536,210,032**

Allowance for impairment of loans to customers at amortised cost. An analysis of changes in the gross carrying value and corresponding ECL in relation to lending at the end of 31 December 2025 is as follows:

Total portfolio *In thousands of Armenian Drams*	**Stage 1**	**Stage 2**	**Stage 3**	**POCI**	**Total**
Gross carrying value as at 1 January 2025	**523,620,982**	**6,279,170**	**12,781,633**	**18,781**	**542,700,566**
New assets originated or purchased	338,339,460	-	-	-	**338,339,460**
Assets repaid	(225,768,053)	(2,397,454)	(6,000,918)	(15,491)	**(234,181,917)**
Transfers to Stage 1	204,959	(203,766)	(1,193)	-	**-**
Transfers to Stage 2	(4,306,334)	4,306,334	-	-	**-**
Transfers to Stage 3	(11,663,688)	(1,114,864)	12,778,552	-	**-**
Amounts written off	-	-	(1,414,180)	-	**(1,414,180)**
Foreign exchange adjustments	(1,131,078)	(15,341)	(145,081)	(126)	**(1,291,626)**
At 31 December 2025	**619,296,248**	**6,854,077**	**17,998,813**	**3,164**	**644,152,305**

[1] Improvement in Write-off Policy

During 2025, the Bank implemented an improvement to its write-off policy by extending the period after which loans are considered irrecoverable. This change affects the timing and criteria under which financial assets are written off, with the aim of aligning the policy more closely with updated internal risk assessments and industry practices.

The implementation did not have a material impact on the carrying value of loans and advances to customers or on the impairment loss recognized in the statement of profit or loss for the year.

In conjunction with this change, the Bank updated its credit loss models and enhanced internal systems and controls to ensure consistent application of the revised policy. The financial impact of the new write-off criteria has been incorporated into the expected credit loss calculations and overall credit risk management framework.

Loans to large corporate customers *In thousands of Armenian Drams*	**Stage 1**	**Stage 2**	**Stage 3**	**POCI**	**Total**
ECL as at 1 January 2025	**1,498,957**	**270,643**	**4,720,935**	**-**	**6,490,534**
Movements with impact on credit loss allowance charge for the period:					
New assets originated or purchased	3,478,370	-	-	-	**3,478,370**
Assets repaid	(444,797)	(36,165)	(703,095)	(80)	**(1,184,137)**
Transfers to Stage 1	10,465	(10,465)	-	-	**-**
Transfers to Stage 2	(326,195)	326,195	-	-	**-**
Transfers to Stage 3	(2,018,873)	(178,598)	2,197,471	-	**-**
Impact on period end ECL of exposures transferred between stages during the period	(8,250)	129,147	3,730,253	-	**3,851,151**
Changes to models and inputs used for ECL calculations	(122,392)	(19,956)	(1,081,090)	2,088	**(1,221,349)**
Total movements with impact on credit loss allowance charge for the period	**568,327**	**210,160**	**4,143,539**	**2,008**	**4,924,035**
Movements without impact on credit loss allowance charge for the period:					
Unwinding of discount (deducted from interest revenue)	-	-	418,334	-	**418,334**
Amounts written off	-	-	(1,414,180)	-	**(1,414,180)**
Foreign exchange adjustments	(1,503)	(50)	(67,870)	-	**(69,423)**
At 31 December 2025	**2,065,780**	**480,753**	**7,800,759**	**2,008**	**10,349,301**

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

In thousands of Armenian Drams	**31/12/2025**	**31/12/2024**
Individuals	356,589,860	300,662,733
Food and beverage	94,867,549	51,317,852
Trade	49,207,650	44,775,458
Construction	55,483,275	52,175,334
Manufacturing	17,500,659	17,297,308
Agriculture	34,201,007	22,531,896
Transportation	9,468,450	7,470,360
Financial sector	12,693,588	10,201,550
Energy	12,666,320	8,789,291
Other	1,473,947	27,478,784
Impairment allowance	(10,349,301)	(6,490,534)
Net loans to customers at amortised cost	**633,803,003**	**536,210,032**

12 Receivables from finance leases

In thousands of Armenian Drams	**31/12/2025**	**31/12/2024**
Finance leases to corporate customers	96,459,134	88,131,067
Finance leases to retail customers	7,137,569	5,735,740
Net investments in finance leases	**103,596,703**	**93,866,807**
Impairment allowance	(555,350)	(760,986)
Net investments in finance leases, less impairment allowance	**103,041,353**	**93,105,821**

The Group provided leases to individuals, small and medium-sized enterprises, farms operating in various sectors of the economy in acquiring equipment and production resources.

An analysis of changes in the gross carrying value and corresponding ECL in relation to receivables from finance lease at the end of 31 December 2025 is as follows:

In thousands of Armenian Drams	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Gross carrying value as at 1 January 2025	**92,347,246**	**677,654**	**841,907**	**93,866,807**
New assets originated or purchased	49,499,305	-	-	**49,499,305**
Assets repaid	(39,051,403)	(355,616)	(660,436)	**(40,067,455)**
Transfers to Stage 1	501,008	(501,008)	-	**-**
Transfers to Stage 2	(1,098,778)	1,098,778	-	**-**
Transfers to Stage 3	(704,367)	(138,986)	843,353	**-**
Foreign exchange adjustments	282,806	(2,505)	20,081	**300,382**
Write-off	-	-	(2,336)	**(2,336)**
At 31 December 2025	**101,775,817**	**778,317**	**1,042,568**	**103,596,703**

In thousands of Armenian Drams	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
ECL as at 1 January 2025	**331,573**	**23,267**	**406,146**	**760,986**
Movements with impact on credit loss allowance charge for the period:				
New assets originated or purchased	89,108	-	-	**89,108**
Assets repaid	(26,762)	(384)	(145,984)	**(173,130)**
Transfers to Stage 1	10,215	(10,215)	-	**-**
Transfers to Stage 2	(4,721)	4,721	-	**-**
Transfers to Stage 3	(9,307)	(12,135)	21,443	**-**
Impact on period end ECL of exposures transferred between stages during the period	(9,665)	8,108	192,820	**191,263**
Changes to models and inputs used for ECL calculations	(199,812)	(375)	(141,621)	**(341,808)**
Total movements with impact on credit loss allowance charge for the period	**(150,945)**	**(10,280)**	**(73,343)**	**(234,567)**
Movements without impact on credit loss allowance charge for the period:				
Unwinding of discount (recognised in interest revenue)	-	-	24,070	**24,070**
Write-off	-	-	(2,336)	**(2,336)**
Foreign exchange adjustments	472	(17)	6,740	**7,196**
At 31 December 2025	**181,101**	**12,971**	**361,278**	**555,350**

Repossessed assets. The carrying value of the assets repossessed during the period and held as at 31 December 2025 is AMD 81,753 thousand (31 Dec 2024: AMD 23,800 thousand).

Industry and geographical analysis of the finance lease portfolio. Finance lease to corporate customers were issued primarily to customers located within the Republic of Armenia who operate in the following economic sectors:

In thousands of Armenian Drams	**31/12/2025**	**31/12/2024**
Construction	20,574,887	23,566,077
Food and beverages production	15,818,078	17,763,658
Agriculture	9,377,692	7,574,666
Finance leases to retail customers	7,137,569	5,735,740
Trade	10,250,094	9,003,744
Services	17,604,361	11,879,006
Manufacturing	12,661,523	12,681,271
Transportation	4,121,002	4,262,379
Hydropower plants	4,608,875	673,754
Manufacture of leather goods	36,913	72,273
Other	1,405,709	654,239
Impairment allowance	(555,350)	(760,986)
Net investments in finance leases	**103,041,353**	**93,105,821**

13 Property, equipment and intangible assets

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

In thousands of Armenian Drams	Land	Buildings	Leasehold improvements	Equipment	Fixtures and fittings	Motor vehicles	Software and licenses	Right-of-use assets	Total
Cost/revalued amount									
31 December 2024	**1,531,165**	**9,889,432**	**1,491,240**	**13,650,510**	**4,008,910**	**610,657**	**9,309,796**	**6,282,550**	**46,774,260**
Additions	-	29,531	620,959	2,014,695	451,918	159,055	1,356,671	794,859	**5,427,688**
Disposals and write-offs	(13,200)	(791,239)	-	(822,608)	(252,383)	(251,700)	(448,767)	(82,421)	**(2,662,318)**
Effect of revaluation in profit or loss	(54,379)	(234,303)	-	-	-	(3,896)	-	-	**(292,577)**
Effect of revaluation in OCI	(189,016)	2,064,186	-	-	-	30,038	-	-	**1,905,208**
Modification	-	-	-	-	-	-	-	2,631	**2,631**
Impairment charge to profit or loss	-	-	-	-	-	-	-	-	**-**
31 December 2025	**1,274,570**	**10,957,607**	**2,112,199**	**14,842,597**	**4,208,445**	**544,154**	**10,217,701**	**6,997,619**	**51,154,892**
Accumulated depreciation, amortisation and impairment 31 December 2024	**-**	**395,901**	**684,654**	**6,851,549**	**2,443,913**	**143,619**	**4,573,031**	**2,567,509**	**17,660,176**
Depreciation charge	-	230,195	354,461	991,338	218,474	79,054	1,040,388	1,002,034	**3,915,944**
Disposals and write-offs	-	(584,838)	(43,563)	(690,483)	(231,443)	(211,148)	(432,313)	(157,000)	**(2,350,788)**
Effect of revaluation in OCI									
Modification	-								
31 December 2025	**-**	**41,258**	**995,552**	**7,152,404**	**2,430,944**	**11,525**	**5,181,106**	**3,412,543**	**19,225,332**
Net book value									
31 December 2025	**1,274,570**	**10,916,349**	**1,116,647**	**7,690,193**	**1,777,501**	**532,629**	**5,036,594**	**3,585,076**	**31,929,561**

In thousands of Armenian Drams	Land	Buildings	Leasehold improvements	Equipment	Fixtures and fittings	Motor vehicles	Software and licenses	Right-of-use assets	Total
Cost/revalued amount									
31 December 2023	1,531,165	10,086,030	1,360,402	11,360,054	3,592,460	638,257	8,554,235	5,074,712	**42,197,315**
Additions	-	181,950	159,641	2,404,895	602,356	4,815	1,251,648	629,855	**5,235,160**
Disposals and write-offs		(378,548)	(28,803)	(114,439)	(185,906)	(32,415)	(496,087)	(809,394)	**(2,045,592)**
Modification	-	-	-	-	-	-	-	1,387,377	**1,387,377**
Impairment charge to profit or loss	-	-	-	-	-	-	-	-	**-**
31 December 2024	**1,531,165**	**9,889,432**	**1,491,240**	**13,650,510**	**4,008,910**	**610,657**	**9,309,796**	**6,282,550**	**46,774,260**
Accumulated depreciation, amortisation and impairment 31 December 2023	-	251,885	540,802	5,864,915	2,300,030	74,428	3,761,519	2,292,758	**15,086,337**
Depreciation charge	-	217,501	146,601	1,080,527	239,839	73,442	988,478	1,082,448	**3,828,836**
Disposals and write-offs	-	(73,485)	(2,749)	(93,893)	(95,956)	(4,251)	(176,966)	(807,697)	**(1,254,997)**
Effect of revaluation in OCI									
Modification	-								
31 December 2024	**-**	**395,901**	**684,654**	**6,851,549**	**2,443,913**	**143,619**	**4,573,031**	**2,567,509**	**17,660,176**
Net book value									
31 December 2024	**1,531,165**	**9,493,531**	**806,586**	**6,798,961**	**1,564,997**	**467,038**	**4,736,765**	**3,715,041**	**29,114,084**

14 Taxation

The corporate income tax expense comprises:

In thousands of Armenian Drams	**31/12/2025**	**31/12/2024**
Current tax charge	8,708,491	6,621,988
Deferred tax credit	275,286	(243,342)
Income tax expense	**8,983,777**	**6,378,646**

In 2025 the applicable tax rate for current and deferred tax is 18% (2024: 18%). The effective income tax rate differs from the statutory income tax rates. A reconciliation of the income tax expense based on statutory rates with actual is as follows:

In thousands of Armenian Drams	**31/12/2025**	**31/12/2024**
Profit before income tax	**45,224,140**	**35,143,735**
Statutory tax rate	18%	18%
Theoretical income tax expense at the statutory rate	**8,140,345**	**6,325,872**
Non-deductible expenses, net	843,432	52,774
Income tax expense	**8,983,777**	**6,378,646**

Non-deductible expenses/income mainly relate to the gains/losses from revaluation of assets and liabilities, other benefits to employees, some representation expenses, some membership fees, reserve for contingent liabilities. etc. Deferred tax assets and liabilities as at 31 December 2025 and their movements for the respective years comprise:

		Origination and reversal of temporary differences			**Origination and reversal of temporary differences**		
In thousands of Armenian Drams	**Balance 1 January 2024**	**In the statement of profit or loss**	**In other compre-hensive income**	**Balance 31 December 2024**	**In the statement of profit or loss**	**In other compre-hensive income**	**Balance 31 December 2025**
Deferred tax assets/ (liabilities)							
Cash and cash equivalents	1,248	4,201	-	**5,449**	(1,350)	-	**4,099**
Derivative financial assets	(28,778)	15,684	-	**(13,094)**	10,210	-	**(2,884)**
Loans and advances to banks	(26,974)	20,739	-	**(6,235)**	(23,858)	-	**(30,094)**
Investment securities	(508,888)	(126,109)	(17,115)	**(652,112)**	(54,620)	(37,550)	**(744,282)**
Loans to customers	(509,395)	(28,015)	-	**(537,410)**	(24,216)	-	**(561,626)**
Finance lease receivable	38,004	32,749	-	**70,753**	104,791	-	**175,543**
Investments in associates	(266,213)	(31,164)	-	**(297,377)**	(106,219)	-	**(403,596)**
Property, equipment, intangible and right-of-use assets	(624,065)	43,256	155	**(580,654)**	(149,382)	(337,029)	**(1,067,065)**
Other assets	(11,681)	31,714	-	**20,033**	20,636	-	**40,669**
Other borrowed funds	523,508	199,776	-	**723,284**	(157,527)	-	**565,756**
Other liabilities	738,070	101,478	-	**839,548**	99,970	-	**939,518**
Other financial instruments at amortised cost and provisions	(56,985)	(20,967)	-	**(77,952)**	6,281	-	**(71,671)**
Deferred tax liabilities, net	**(732,149)**	**243,342**	**(16,960)**	**(505,767)**	**(275,286)**	**(374,579)**	**(1,155,632)**

As recognized on the consolidated statement of financial position of the Group:

In thousands of Armenian Drams	**31/12/2025**	**31/12/2024**
Deferred tax assets	-	-
Deferred tax liabilities	**(1,155,632)**	**(505,767)**

15 Reversal of credit loss expense

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

In thousands of Armenian Drams	Note	Stage 1	Stage 2	Stage 3	POCI	Total
Cash and cash equivalents	7	7,502				**7,502**
Loans and advances to banks	9	20,408				**20,408**
Debt securities at amortised cost	10	(33,709)	-	-	-	**(33,709)**
Debt securities measured at FVOCI	10	5,995	-	-	-	**5,995**
Loans to customers at amortised cost	11	(568,327)	(210,160)	(4,143,539)	(2,008)	**(4,924,035)**
Receivables from finance leases	12	150,945	10,280	73,343	-	**234,567**
Other financial assets	16	7,887				**7,887**
Guarantees and letters of credit	25	(190)	-	1	-	**(190)**
Loan, credit line and credit card commitments	25	(18,941)	(327)	(620)	-	**(19,887)**
Recovery from written off loans		-	-	736,915	-	**736,915**
Total reversal of credit loss expense		**(428,429)**	**(200,208)**	**(3,333,901)**	**(2,008)**	**(3,964,546)**

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

In thousands of Armenian Drams	Note	Stage 1	Stage 2	Stage 3	POCI	Total
Cash and cash equivalents	7	(24,214)	-	-	-	**(24,214)**
Loans and advances to banks	9	7,535	-	-	-	**7,535**
Debt securities at amortised cost	10	(66,089)	-	-	-	**(66,089)**
Debt securities measured at FVOCI	10	25,308	-	-	-	**25,308**
Loans to customers at amortised cost	11	(80,287)	(12,309)	(3,453,678)	-	**(3,546,274)**
Receivables from finance leases	12	15,713	(18,208)	43,430	-	**40,935**
Other financial assets	16	7,404	-	-	-	**7,404**
Guarantees and letters of credit	25	8,338	8	(3)	-	**8,343**
Loan, credit line and credit card commitments	25	(7,160)	(1,028)	(1,806)	-	**(9,994)**
Recovery from written off loans		-	-	1,207,008	-	**1,207,008**
Total reversal of credit loss expense		**(113,452)**	**(31,537)**	**(2,205,049)**	**-**	**(2,350,038)**

16 Other assets

Other assets comprise:

In thousands of Armenian Drams	**31/12/2025**	**31/12/2024**
Other receivables	2,408,427	2,239,638
Impairment allowance	(15,145)	(23,032)
Total other financial assets	**2,393,282**	**2,216,606**
Advances paid to leased property suppliers	14,157,401	12,255,128
Differed employee compensation - staff loans	3,194,197	3,166,128
Prepayments to suppliers	2,248,677	413,050
Repossessed assets	1,913,386	1,665,921
VAT recoverable	1,345,443	1,159,152
Inventories	357,006	332,093
Property to be leased	278,114	631,066
Returned lease property	81,753	23,800
Other	464,225	325,827
Total other non-financial assets	**24,040,203**	**19,972,165**
Less impairment allowance	(794,185)	(744,937)
Total other assets	**25,639,299**	**21,443,834**

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

In thousands of Armenian Drams	**Stage 1**	**Stage 3**	**Total**
ECL at 1 January 2025	**23,032**	**-**	**23,032**
New assets originated or redeemed (net)	(7,887)	-	(7,887)
Write-off	-	-	-
At 31 December 2025	**15,145**	-	**15,145**

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

In thousands of Armenian Drams	**Stage 1**	**Stage 3**	**Total**
ECL at 1 January 2024	30,436	-	**30,436**
New assets originated or redeemed (net)	(7,404)	-	**(7,404)**
Transfers to Stage 3	-		**-**
At 31 December 2024	**23,032**	**-**	**23,032**

17 Deposits and balances from banks

Deposits and balances from banks include the following:

In thousands of Armenian Drams	**31/12/2025**	**31/12/2024**
Correspondent accounts and overnight placements of other banks	1,712,088	419,101
Short-term placements of banks	295,827	43,696
Total deposits and balances from banks	**2,007,915**	**462,797**

18 Current accounts and deposits from customers

Current accounts and deposits from customers include the following:

In thousands of Armenian Drams	**31/12/2025**	**31/12/2024**
Current accounts and demand deposits		
Retail	109,709,134	100,070,308
Corporate	162,276,256	139,462,540
Unsettled transactions	6,925,673	3,627,888
Term deposits		
Retail	271,377,115	258,523,637
Corporate	71,773,499	82,437,663
Total	**622,061,677**	**584,122,036**

Unsettled transactions include amounts that were not settled as of the reporting date in Group's customers' accounts. This amount was settled in the following working days after the reporting date.

In accordance with the Armenian legislation, the Group is obliged to repay deposits upon demand of a depositor. In case a term deposit is repaid upon demand of the depositor prior to maturity, interest on it is paid based on the interest rate for demand deposits, unless a different interest rate is specified in the agreement.

19 Debt securities issued

Debt securities issued consisted of the following:

In thousands of Armenian Drams	**31/12/2025**	**31/12/2024**
Domestic bonds issued	51,798,299	39,408,576
Debt securities issued	**51,798,299**	**39,408,576**

From 2025 Feb 20 to Dec 18, the Group issued AMD denominated bonds with nominal amount of AMD 13,437,200 thousand AMD and USD 3,813,600 accordingly.
From 2024 May 2 to Dec 2, the Group issued AMD and USD denominated bonds with nominal amount of AMD 11,398,900 thousand AMD and USD 17,059,600 accordingly.

Annual coupon interest rate and maturity dates for placed bonds are the following:

	AMD	**USD**	**Maturity date**
Bonds issued in 2023	11.5%	5.0%	2026
Bonds issued in 2024	9.5%	4.5%	2026
Bonds issued in 2024	11%	6%	2029
Bonds issued in 2024	10.5%	-	2029
Bonds issued in 2025	9.5%		2028
Bonds issued in 2025	10%	-	2030
Bonds issued in 2025	10.5%	5.5%	2030

20 Other borrowed funds

Other borrowed funds consisted of the following:

In thousands of Armenian Drams	**31/12/2025**	**31/12/2024**
Borrowings from international financial institutions	105,154,337	60,344,636
Borrowings from Government of Armenia	46,362,273	43,842,216
Borrowings from local financial institutions	2,485,094	2,679,022
Lease liabilities	3,875,638	4,017,987
Other borrowed funds	**157,877,342**	**110,883,860**

Borrowings from international financial institutions include AMD, USD and EUR denominated borrowings under several financing programs maturing from 2026 till 2041.

Borrowings from Government of Armenia mainly include AMD denominated borrowings provided under Central Bank of Armenia refinancing programs, maturing from 2026 to 2033.

Borrowings from local financial institutions comprise of AMD borrowings under mortgage refinancing programs, maturing from 2026 to 2035.

Breach of covenants. As at 31 December 2025 the Group was in compliance with all covenants.

21 Subordinated loans

As at 31 December 2025 the Group has subordinated loans with gross amount of AMD 13,152,984 thousand (2024: AMD 12,632,502 thousand). Subordinated loans include USD and EUR denominated loans with maturity from 2027 till 2031 and with interest rate from 5.8% to 8.9%.

22 Other liabilities

In thousands of Armenian Drams	**31/12/2025**	**31/12/2024**
Accounts payable	6,567,872	5,390,585
Payables to employees	5,150,438	4,887,594
Deferred guarantee fees	1,405,956	979,317
Provision for liabilities	-	-
Liabilities for pension payables	-	128
Provisions for guarantees and letters of credit	610	421
Provisions for credit-related commitments	95,748	75,555
Total other financial liabilities	**13,220,624**	**11,333,600**
Prepayments from lessees	5,287,098	4,209,596
Taxes payable other than on income	788,636	941,445
Payables to Deposit Guarantee fund	196,115	224,463
Other non-financial liabilities	384,285	218,754
Total other non-financial liabilities	**6,656,134**	**5,594,258**
Total other liabilities	**19,876,758**	**16,927,858**

23 Equity

Issued capital. As of 31 December 2025 the Group's share capital was AMD 89,775,000 thousand (2024: AMD 89,775,000 thousand). The authorized, issued and outstanding share capital comprises 5,985 thousand ordinary shares (2024: 5,985 thousand ordinary shares) with a par value of AMD 15,000 (2024: AMD 15,000) each. The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at annual general meetings of the Group.

Issue of share capital. On April 18, 2024, the Bank's Board approved issuance and allotment of up to 485,000 common ordinary shares. This allocation was primarily intended to facilitate Proparco's participation in the Bank's equity. On May 14, 2024, the Annual General Meeting of Shareholders approved the allocation of the additional shares through closed subscription. Existing shareholders

were granted a pre-emptive right to subscribe for the newly issued shares. Proparco was offered the opportunity to subscribe for any newly issued shares not subscribed to by existing shareholders under their pre-emptive rights.

Following the allocation of the entire offer with AMD 14,251.5 price per share, on November 22, 2024 the Extraordinary General Meeting of Shareholders approved the results of allocation. The total consideration received for these new shares amounted to AMD 6,911,978 thousand, resulting in an increase in share equity of AMD 4,850,000 thousand. The difference between the nominal value and cash consideration received was recognized as share premium of AMD 2,061,978 thousand.

Replenishment of share capital from retained earnings. Alongside the issuance of new shares, on October 25, 2024, the Bank's Board decided to increase the nominal value of the existing shares from AMD 10,000 to AMD 15,000, resulting in the transfer of AMD 29,925,000 thousand from retained earnings to share capital.

As a result of both replenishment and issue of share capital, the share capital rose to AMD 89,775,000 thousand.
On November 22, 2024 the Extraordinary General Meeting of Shareholders also approved the necessary amendments to the Bank's charter, which were subsequently registered by the Central Bank of the Republic of Armenia on December 25, 2024.

Nature and purpose of reserves

Revaluation surplus for land, buildings and motor vehicles. The revaluation surplus for land, buildings and motor vehicles comprises the cumulative positive revalued value of land, buildings and motor vehicles over their cost net of deferred tax.

Reserve fund. On October 17 2024, the Bank's Board approved increasing the reserve fund by AMD 5,216,250 thousand from retained earnings, amounting to AMD 13,466,250 thousand as of December 31, 2024 (2023: AMD 8,250,000 thousand).

The Reserve fund is a non-distributable reserve, which is created as required by the statutory regulations, in respect of general banking risks, including future losses and other unforeseen risks or contingencies. The reserve fund has been created in accordance with the Bank's Charter that provide for the creation of a reserve for these purposes of not less than 15% of the Bank's share capital.

Dividends. At the Shareholders' Meeting on 29 May 2025, the Bank declared dividends in respect of the year ended 31 December 2024, totalling AMD 6,583,500 thousand (2024: AMD 5,500,000 thousand) on ordinary shares: AMD 1,100 per share (2024: AMD 1,000 per share). The dividends were paid in June 2025.
Earnings per share (EPS). Basic EPS is calculated by dividing the profit for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year.

In thousands of Armenian Drams	**31 December 2025**	**31 December 2024**
Profit attributable to ordinary equity holders of the parent	**36,240,363**	**28,765,089**
Weighted average number of ordinary share for basic EPS	5,985,000	5,550,493
Earnings per share, Basic and diluted, attributable to equity holders of the parent, AMD	**6,055.20**	**5,182.44**

24 Share-based payments

The ACBA BANK Open Joint-Stock Company's Employee Stock Ownership Program

In 2021, ACBA Federation CJSC, ACBA Bank OJSC and ACBA Leasing CO CJSC launched a two-phase Employee Stock Ownership Program (hereinafter referred to as the "Program"), enabling approximately 1,100 employees from ACBA Bank, ACBA Federation, and ACBA Leasing to become shareholders of the Bank as an integral part of remuneration, rewards, promotion, loyalty enhancement and talent management system of the Group.

Under the Program, ACBA Federation CJSC committed to donate up to 300,000 (three hundred thousand) ordinary shares of the Bank, each with a nominal value of AMD 10,000, to the employees of ACBA Federation CJSC, ACBA Bank OJSC and ACBA Leasing CO CJSC.

In June 2021 the Group's employees received 145,980 ordinary shares of the Bank from ACBA Federation CJSC (Phase 1). In June 2023, they received an additional 133,380 ordinary shares with a fair value of AMD 12,591 per share at grant date (Phase 2), with no consideration and conditions attached.

As of June 30, 2023, the total fair value of the shares granted under the Program was AMD 3,517,422 thousand from which AMD 440,927 thousand was recognized as personnel expense in the consolidated statement of profit or loss and as share-based payment reserve in the consolidated statement of changes in equity for 2023 (2022: AMD 624,238 thousand),.

For fair value estimation of the Bank's shares, ACBA Federation and ACBA Bank engaged independent consultants. Dividend discount approach was applied for valuation of the shares which included the following steps:

- Determination of general assumptions and structure of the financial model;
- Forecast of the balance sheet of the Bank and its subsidiaries;
- Forecast of the financial results of the Bank and its subsidiaries;
- Forecast of dividends with consideration of capital adequacy and liquidity requirements;
- Determination of discount rate;
- Determination of the Bank's terminal value;
- Analysis of assets and liabilities not included in forecast of the financial results;
- Calculation of 100% of the Bank's equity.

25 Commitments and contingencies

Operating environment. Armenia continues economic reforms and development of its legal, tax and regulatory frameworks. The future stability of the Armenian economy is largely dependent upon these reforms and developments and the effectiveness of economic, financial and monetary measures undertaken by the government.

Management believes that it is taking appropriate measures to support the sustainability of the Group's business in the current circumstances.

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

Taxation. The taxation system in the Republic of Armenia is relatively new and is characterized by frequent changes in legislation, official pronouncements and court decisions, which are sometimes unclear, contradictory and subject to varying interpretation by different tax authorities. Taxes are subject to review and investigation by a number of authorities, which have the authority to impose fines, penalties and interest charges. 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 the Republic of Armenia that are more significant than in other jurisdictions. 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 the financial position, if the authorities were successful in enforcing their interpretations, could be significant.

Credit related commitments. As at 31 December 2025 and 31 December 2024 the Group's commitments and contingencies comprised the following:

In thousands of Armenian Drams	***31/12/2025***	***31/12/2024***
Credit related commitments		
Loan and credit line commitments, credit card commitments	39,106,268	35,710,592
Loan commitments and financial guarantees	57,031,566	37,798,854
Commitments and contingencies	**96,137,834**	**73,509,446**

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

Loans and credit lines and credit card commitments *In thousands of Armenian Drams*	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
ECLs as at 1 January 2025	**67,633**	**1,950**	**5,972**	**75,555**
New exposures	25,939	-	-	**25,939**
Expired exposures	(19,303)	(1,348)	(1,886)	**(22,537)**
Transfers to Stage 1	135	(135)	-	**-**
Transfers to Stage 2	(405)	405	-	**-**
Transfers to Stage 3	(1,070)	(76)	1,146	**-**
Impact on period end ECL of exposures transferred between stages during the period	(92)	1,670	2,139	**3,717**
Changes to models and inputs used for ECL calculations	13,738	(190)	(779)	**12,769**
Foreign exchange adjustments	310	0	(5)	**305**
At 31 December 2025	**86,884**	**2,278**	**6,586**	**95,748**

An analysis of changes in the ECLs during the year ended 31 December 2024 is as follows:

Loans and credit lines and credit card commitments *In thousands of Armenian Drams*	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
ECLs as at 1 January 2024	**60,857**	**928**	**4,202**	**65,987**
New exposures	23,001	-	-	**23,001**
Expired exposures	(17,955)	(354)	(1,615)	**(19,924)**
Transfers to Stage 1	123	(123)	-	**-**
Transfers to Stage 2	(280)	280	-	**-**
Transfers to Stage 3	(903)	(51)	954	**-**
Impact on period end ECL of exposures transferred between stages during the period	(107)	1,263	1,940	**3,096**
Changes to models and inputs used for ECL calculations	3,281	13	527	**3,821**
Foreign exchange adjustments	(384)	(6)	(36)	**(426)**
At 31 December 2024	**67,633**	**1,950**	**5,972**	**75,555**

An analysis of changes in the gross carrying value and corresponding ECL in relation to guarantees and letters of credit as at 31 December 2025 is as follows:

Guarantees and letters of credit *In thousands of Armenian Drams*	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Gross carrying value as at 1 January 2025	**36,682,010**	**68,010**	**1,048,834**	**37,798,854**
New assets originated or purchased	46,035,333	-	-	**46,035,333**
Assets repaid	(26,430,620)	(7,375)	(364,626)	**(26,802,621)**
Transfers to Stage 1	-	-	-	**-**
Transfers to Stage 2	(67,425)	67,425	-	**-**
Transfers to Stage 3	(486,859)	-	486,859	**-**
Foreign exchange adjustments	-	-	-	**-**
At 31 December 2025	**55,732,439**	**128,060**	**1,171,067**	**57,031,566**

Guarantees and letters of credit *In thousands of Armenian Drams*	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
ECL as at 1 January 2025	**412**	**1**	**8**	**421**
Movements with impact on credit loss allowance charge for the period:				
New assets originated or purchased	531	-	-	**531**
Assets repaid	(317)	-	(3)	**(320)**
Transfers to Stage 1	-	-	-	**-**
Transfers to Stage 2	-	-	-	**-**
Transfers to Stage 3	(4)	-	4	**-**
Impact on period end ECL of exposures transferred between stages during the period	-	-	-	**-**
Changes to models and inputs used for ECL calculations	(20)	-	(1)	**(21)**
Foreign exchange adjustments	-	-	-	**-**
Total movements with impact on credit loss allowance charge for the period	**602**	**1**	**7**	**610**

An analysis of changes in the gross carrying value and corresponding ECL in relation to guarantees and letters of credit during the year ended 31 December 2024 is as follows:

Guarantees and letters of credit *In thousands of Armenian Drams*	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Gross carrying value as at 1 January 2024	**31,257,294**	**573,493**	**292,629**	**32,123,416**
New assets originated or purchased	29,639,882			**29,639,882**
Assets repaid	(23,595,156)	(123,493)	(242,502)	(23,961,151)
Transfers to Stage 1	-	-	-	**-**
Transfers to Stage 2	(68,010)	68,010	-	**-**
Transfers to Stage 3	(548,708)	(450,000)	998,708	**-**
Foreign exchange adjustments	(3,292)	-	-	**(3,292)**
At 31 Dec 2024	**36,682,010**	**68,010**	**1,048,835**	**37,798,854**

Guarantees and letters of credit *In thousands of Armenian Drams*	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
ECL as at 1 January 2024	**8,750**	**9**	**5**	**8,764**
Movements with impact on credit loss allowance charge for the period:				
New assets originated or purchased	352			**352**
Assets repaid	(8,620)	(2)	(4)	**(8,625)**
Transfers to Stage 1	-	-	-	**-**
Transfers to Stage 2	(1)	1	-	**-**
Transfers to Stage 3	(5)	(7)	12	**-**
Impact on period end ECL of exposures transferred between stages during the period	-	-	(5)	**(5)**
Changes to models and inputs used for ECL calculations	(65)	-	-	**(65)**
Foreign exchange adjustments	-	-	-	**-**
Total movements with impact on credit loss allowance charge for the period	**412**	**1**	**8**	**421**

26 Net interest income

Net interest income comprises:

In thousands of Armenian Drams	**01/01/25-31/12/25**	**01/01/24-31/12/24**
Financial assets measured at amortized cost		
Loans to legal entities and individuals	84,501,294	70,281,544
Amounts receivable under reverse repurchase agreements	2,376,591	3,994,841
Loans and advances to banks	1,050,875	1,133,912
Other	50	46,578
	87,928,810	**75,456,875**
Financial assets measured at fair value through other comprehensive income		
Debt instruments	4,951,111	4,187,172
Interest revenue calculated using effective rate	**92,879,921**	**79,644,047**
Receivables from finance leases	14,070,360	12,351,284
Other interest income	64,661	173,483
Other interest revenue	**14,135,021**	**12,524,767**
Total interest revenue	**107,014,942**	**92,168,814**
Interest expense		
Current accounts and deposits from customers	25,948,617	26,480,071
Other borrowed funds and subordinated loans except lease liabilities	9,974,871	8,334,913
Debt securities issued	4,072,034	2,310,867
Amounts payable under repurchase agreements	106,045	1,979
Other	145,189	35,255
Interest expense calculated using effective interest rate	**40,246,756**	**37,163,085**
Lease liabilities	408,848	441,676
Interest expense	**40,655,604**	**37,604,761**
Net interest income	**66,359,338**	**54,564,053**

27 Net fee and commission income

Net fee and commission income comprise:

In thousands of Armenian Drams	**01/01/25-31/12/25**	**01/01/24-31/12/24**
Plastic card maintenance	13,263,494	11,404,952
Money transfers	1,411,924	281,338
Cash withdrawal services	1,187,188	1,060,129
Guarantee and letter of credit issuance	658,639	584,093
Commissions from lease equipment suppliers	560,183	430,960
Banking account servicing fees	459,170	213,756
Commissions for acting as an insurance agent	430,072	449,599
Other	740,798	281,981
Fee and commission income	**18,711,467**	**14,706,807**
Plastic card maintenance	8,357,057	6,057,748
Money transfers	178,809	184,739
Other	629,129	356,997
Fee and commission expense	**9,164,996**	**6,599,484**
Net fee and commission income	**9,546,471**	**8,107,324**

28 Other income

In thousands of Armenian Drams	**01/01/25-31/12/25**	**01/01/24-31/12/24**
Gain from sale of other assets	293,884	12,229
Gain from sale of land and bulidings	125,000	489,167
Income from write-off payables	33,146	18,256
Compensation received	2,368	13,386
Dividends	1,932	2,174
Fines and penalties received	851	773
Net income from card transactions	296	743
Other	373,308	300,425
Total other income	**830,785**	**837,153**

29 Other operating expenses

Other operating expenses comprise:

In thousands of Armenian Drams	01/01/25-31/12/25	01/01/24-31/12/24
Guarantee fees on deposit insurance fund	852,255	838,384
Software and Service Fees	460,156	297,735
Taxes other than on income	368,873	290,353
Loss on disposal of property, plant, and equipment	298,547	198,323
Financial system mediator payments	169,796	145,257
Encashment expenses	135,003	150,917
Loan collection expenses	124,893	174,648
Securities registry maintenance fee	43,124	19,724
Fines and penalties paid	573	10,560
Other	701,007	436,544
Other operating expenses	**3,154,227**	**2,562,445**

30 Other general administrative expenses

In thousands of Armenian Drams	01/01/25-31/12/25	01/01/24-31/12/24
Repairs and maintenance	1,459,146	1,437,348
Advertising and marketing	1,063,345	888,284
Utilities and office supplies	436,553	443,592
Other managerial expenses	435,119	495,010
Communications	411,789	497,759
Software maintenance expense	387,080	359,532
Insurance	254,583	233,335
Security	245,134	282,344
Representative expenses	168,040	83,869
Operating lease expense	69,469	33,944
Other	831,270	605,933
Other general administrative expenses	**5,761,528**	**5,360,949**

31 Reversal/(Charge for) of other impairment and provisions

In thousands of Armenian Drams	01/01/25-31/12/25	01/01/24-31/12/24
Impairment charge for repossessed assets	(49,248)	(88,096)
Charge for other impairment and provisions	**(49,248)**	**(88,096)**

32 Risk management

Introduction. The Group's risk management system, in line with the Group's strategy includes a set of innovative and international risk management tools, documents defining the principles of risk management, and activities aimed at maintaining and spreading the risk culture in the Group. Risk is inherent in the Group’s activities, and it is managed through an ongoing process of identification, measurement, management, monitoring and reporting systems, overseen by governance. This process is subject to defined risk limits and reinforced by permanent controls. Accountability for managing risk exposures is distributed across the Group, with each individual responsible for risks within their purview.

The major risks that the Group faces include credit risk, liquidity risk, market risk (which encompasses trading and non-trading risks), and operational risk. Additionally, the Group remains vigilant regarding emerging risks, such as cybersecurity threats, and ensures compliance with regulatory standards governing risk management practices. Quantitative assessments of these risks are regularly conducted to inform decision-making and safeguard the Group’s profitability and stability.

Risk identification: Risk identification is a continuous process within the Group and is achieved through regular assessments of risks, ongoing monitoring of portfolios, assessment of risks in new

business activities and processes, assessment of risks in complex and unusual business transactions and the regular monitoring of the overall risk profile.

Risk Measurement and Management Systems: The Group adopts a customized approach to analysing and assessing different types of risks by using statistical models, sensitivity analyses, and monitoring key risk indicators. When necessary, the Group takes appropriate measures to address potential risks. These models undergo regular back testing and validation to confirm their accuracy. The Group also performs stress test analyses to assess the effects of extreme, low-probability events. As part of its comprehensive risk management strategy, the Group utilizes derivatives and other financial instruments to hedge against risks associated with fluctuations in interest rates, foreign currencies, equity markets, credit exposures, and anticipated transactions. Furthermore, the Group actively uses various credit risk mitigation tools.

Monitoring and Controlling Risks: The Group primarily monitors and controls risks by adhering to established limits, which are set in alignment with the Group's business strategy, market conditions, and the risk appetite, with particular attention to specific industries to achieve optimal diversification level. Additionally, the Group continuously assesses its overall risk-bearing capacity in relation to the total risk exposure across all risk types and activities. In the event of risk limit breaches, periodical alerts are issued based on the nature and urgency of the breach. These alerts are communicated to the relevant business divisions for review and implementation of appropriate preventive and corrective actions.

Risk Management Reporting System: Risk Relevant data from all business lines are examined and processed to identify, manage, and mitigate risks and make them in line with risk appetite for each entity within the Group. The Bank has two main reporting lines: Risk Management Committee to the Executive Management and the Risk Management Committee to the Board. Reports to the Risk Management Committees include, but are not limited to, an analysis of aggregate credit exposure, detailed macroeconomic analysis, monitoring of credit concentration limits, GAP analysis, Value-at-Risk (VaR) estimates, liquidity ratios, benchmark comparisons, stress test results, and updates on risk appetite and risk profile changes of each entity within the Group.

The Risk Management Committees meet regularly to discuss critical risk issues and approve actions to mitigate and manage them. On a quarterly basis, the Board receives a comprehensive risk report, providing key insights to assess and make informed decisions regarding overall risk exposure. Tailored risk reports are meticulously prepared and distributed across all levels of the organization, ensuring that each related business division has access to relevant and up-to-date information.

The Bank's Risk management structure.

The Board holds ultimate responsibility for identifying and controlling risks within the organization. Nevertheless, distinct independent bodies are designated with the specific duties of managing and monitoring these risks***.*** The Board is responsible for the overall risk management approach and for approving the risk strategies and principles. The Board oversees risk management by approving the risk appetite framework, control framework, and related risk management policies and limits.

Risk Management Committee to the Board assists the Board in overseeing the Bank's risk profile and performance against the defined risk appetite. On a regular basis the Risk Management Committee to the Board reviews risk management report and provides concerns and suggestions regarding the overall risk profile and market situation to the Board.

Chief Executive Officer. The Chief Executive Officer has the responsibility to monitor and manage the overall risk management process by continuously assessing the organization's risk profile, overseeing Risk Management Policies and integrating risk management framework into the entity's strategy and business processes.

Risk Management Committee (to the Executive management). The Risk Management Committee has the overall responsibility for reviewing the risk profile compliance with the Bank's strategy and Risk Management Framework.

Risk Management and Compliance Department. The Risk Management and Compliance Department is primarily responsible for the identification, measurement, monitoring, and management of major risks within the organization, followed by comprehensive reporting after each step to ensure an independent control process. Risk Management and Compliance Department oversees all structural and territorial units of the Bank in the direction of risk identification and management.

Assets and Liabilities Management Division. The Assets and Liabilities Management Division is responsible for managing the Bank's assets and liabilities and the overall financial structure. It is also primarily responsible for the funding, liquidity and interest rate risks of the Bank.

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 Audit Committee.

The subsidiary operates with a risk management structure aligned to its specific functions and organizational framework, similar to that of the Bank. While its roles and responsibilities may vary based on its scope and activities, it generally adheres to similar principles in decision-making, risk management, and operational oversight as those of the Bank.

The Group is exposed to several risk types, the most common of which are presented below.

Credit risk

Credit risk arises from the failure of one party to fulfil its financial obligations to another party. The credit risk can appear by the following forms:

- A debtor fails to pay interest or principal on a loan (bankruptcy risk or default risk)
- An obligor or counterparty is downgraded (downgrade risk), indicating an increase in risk that may lead to an immediate loss in value of a credit-linked security: and
- A counterparty to a market trade fails to perform (counterparty risk), including settlement.

The Group manages and controls credit risk by setting risk appetite, tolerance and capacity limits for the Bank and its subsidiary. In its risk appetite statement, the organization defines the credit risk relevant limits to manage the concentration risk and achieve the credit portfolio optimal diversification level.

The Group 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 Group to assess the potential loss as a result of the risks to which it is exposed and take corrective action.

The Group has implemented a comprehensive credit risk management system, which is divided into two complementary areas:

- Individual credit risk management system
- Credit portfolio risk management system

Individual credit risk management system includes scoring systems for evaluating the customer's creditworthiness, credit rating systems for corporate customers, as well as other financial and economic analytical systems automated decision-making scoring systems built on the basis of the Application and Behavioural Score models have been implemented for all three (Retail, Corporate and Agriculture) business lines of the Group.

The credit portfolio risk management system includes the estimation of both expected and unexpected loss estimations. Based on the latter the Entity calculates its' economic capital for credit risk. From IFRS 9 perspective the Entity applies credit portfolio segmentation, and develops models for assessing the PD, LGD and EAD for each segment.

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

Credit-related commitments' risk. The Group makes available to its customers bank guarantees and letters of credit which may require that the Group make payments on their behalf. Such payments are collected from customers based on the contractual terms. They expose the Group to similar risks to loans and these are mitigated by the same control processes and policies.

The maximum exposure to credit risk of financial instrument. The maximum exposure to credit risk for the components of the consolidated 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 details on the maximum exposure to credit risk for each class of financial instrument, references are represented in the specific notes. The effects of collateral and other risk mitigation techniques are shown in Notes 12 and 13.

Impairment assessment. The Group computes Expected Credit Loss (ECL) through the evaluation of three probability-weighted scenarios to measure anticipated cash shortfalls, discounted at the Effective Interest Rate (EIR) at origination. A cash shortfall is defined as the variance between the contractual cash flows owed to an entity and the anticipated cash flows the entity expects to receive, factoring in potential credit risk. The mechanics of the ECL calculations are detailed below, with key elements including:

PD — The Probability of Default (PD) represents an estimation of the likelihood of default occurring within a defined time horizon. Default may occur at any point within the assessed period if the facility remains in the portfolio and has not been derecognized previously.

EAD — The Exposure at Default (EAD) is an estimation of the exposure at a future default date, considering anticipated changes in exposure post-reporting date. This includes scheduled or unscheduled repayments of principal and interest, expected drawdowns on committed facilities, and accrued interest resulting from missed payments.

LGD — The Loss Given Default (LGD) represents an estimation of the loss arising in the event of default at a specific time. It is determined by comparing the contractual cash flows due with those expected to be received by the lender, considering any collateral realization or future expected recoveries. Typically, LGD is expressed as a percentage of the Exposure at Default (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 LT ECL). In case there has been no significant increase in credit risk since financial instrument origination the allowance is based on the 12 months' expected credit loss. The 12m ECL is the part of the LT ECL that represents the ECLs that could arise from financial instrument default events within a year of the reporting date. LT ECL and 12m ECL are computed either individually or collectively, depending on the nature of the underlying portfolio of financial instruments.

The Group has established a policy to assess, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument. Based on the above process, the Group groups its loans into Stage 1, Stage 2, Stage 3 and POCI, as described below:

Stage 1: When loans are first recognised, the Group recognises an allowance based on 12m ECL. 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 Group records an allowance for the LT ECL. 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.
POCI: Purchased or originated credit impaired (POCI) assets are financial assets that are credit impaired on initial recognition. POCI assets are recorded at fair value at original recognition and interest revenue is subsequently recognised based on a credit-adjusted EIR. ECL are only recognised or released to the extent that there is a subsequent change in the lifetime expected credit losses.

Definition of default and cure. The Group considers a financial instrument defaulted and therefore Stage 3 (credit-impaired) for ECL calculations in all cases when:

- the borrower becomes more then 90 days past due on its contractual payments.
- all liabilities of the given borrower, if at least one of them has more than 90 overdue days in the Bank and/or other financial organizations (also includes the affiliation of a natural person and an individual entrepreneur).
- all liabilities of the given borrower, if at least one of the liabilities of the affiliated persons is more than 90 days overdue in the Bank.
- refinanced or revised assets due to borrower's poor financial condition, for which there are more than 30 overdue days with the Bank.

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.
- the outcomes of financial monitoring, which are approved by the management.
- reduction of loan security - as a result of total or partial loss of collateral by the mortgagor, physical damage or illegal sale, or decrease in the loan security ratio due to a decrease in the market value of collateral.
- concentration of loans to other persons, including concentration to family members, refusal to repay loans by the borrower and presence of more than 30 overdue days. This criterion is assigned to all loans to which the monitoring conclusion applies.
- force majeure: death of the borrower or the sole owner, disability, serious illnesses. This criterion is applied to all loans of the customer, and
- natural disasters or epidemics. This criterion is assigned to all loans to which the monitoring conclusion applies.

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

It is the Group's policy to consider a financial instrument as 'cured' and therefore re-classified out of Stage 3 when none of the default criteria have been present for at least six consecutive months and the number of overdue days has not exceeded seven calendar days. The decision whether to classify an asset as Stage 2 or Stage 1 once cured depends on the debt service by the borrower and existence of other non-primary SICR criteria as of date of the assessment.

Loans to customers

Bucketing. For stage 1 and stage 2 loans to customers, as well as for stage 3 exposures, which are not subject for individually impairment, the Group calculates ECL on portfolio level. The following portfolios are segregated by the Bank, which, in order to evaluate the PD PIT matrices, are further sub-bucketed into smaller target groups.

- Corporate loans.
- Consumer loans.
- Agricultural loans.
- Mortgages.

PD estimation process

Treasury and interbank relationships. The Group's treasury and interbank relationships and counterparties comprise financial services institutions, banks, broker-dealers, exchanges and

clearing-houses. For these relationships, the Group's financial risks management division analyses publicly available information such as financial information and other external data, e.g., the external ratings.

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 proportion of loans that defaulted during the 12-month period from the total number of loans at the beginning of that period. In calculation of PDs the Group considers forward looking macroeconomic parameters that have a significant impact on the probability of default estimated through time series regression analyses. The forecasts of PDs are evaluated based on the officially available forward-looking macroeconomic parameters. Time series regression analyses are assessed by the following sectors: agriculture, business, consuming and mortgage, the outcome of which are then cascaded down to the predefined sub-buckets of loans to arrive to the PD PIT transition matrices.

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 three PD PIT transition matrices, which are weighted by 15%, 70% and 15% probabilities corresponding to the best, base and worst-case scenarios.

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

Loss given default. The Group uses historical information on recoveries after the default date for all defaulted loans for LGD calculation purposes. For the purposes of LGD rate calculation the initial bucketing used for PD PIT estimation is further sub-bucketed based on the type of collateral. All cash flow information is collected after the default date per LGD bucket. For recently defaulted loans the possible recoveries are evaluated based on the development factor estimated from the population of earlier defaulted loans. Any changes in the collection policy are considered in this scope. 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.).

Significant increase in credit risk. The Group has established a policy to perform an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument. The objective criterion used by the Group is the information on overdue days of the loans. The Group 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;
- Significant difficulties in the financial conditions of the borrower;
- Renegotiation of the loan terms resulting from deterioration of the borrower's financial position;
- The outcome of the financial monitoring of the borrower's activity.

Forward-looking information and multiple economic scenarios

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

2024
- Gross Domestic Product growth, %
- Exchange rate of AMD to USD, monthly average
- Exchange rate of AMD to USD, end-year
- Volume of industrial output, annual growth %
- Volume of gross agriculture output, annual growth %
- Volume of services (excluding trade), annual growth %
- State budget of RA, deficit/ surplus, million AMD

2023
- Gross Domestic Product growth, %
- Exchange rate of AMD to USD, monthly average
- Exchange rate of AMD to USD, end-year
- Export growth %, million US dollars
- Volume of industrial output, annual growth %
- Volume of gross agriculture output, annual growth %
- Volume of services (excluding trade), annual growth %
- State budget of RA, deficit/ surplus, million AMD

The Group obtains forward-looking information from third party sources (Economic Intelligence Unit, Central Bank of Armenia and Ministry of Finance of the Republic of Armenia). 15%, 70% and 15% probabilities are attributed to each of the corresponding scenarios: best case, base and the worst-case scenarios.

Liquidity risk and funding management.
The Group is exposed to liquidity risk by both funding liquidity risk and trading liquidity risk. Funding liquidity risk is the risk that the Group cannot access enough liquid cash and assets to meet its obligations.

Trading liquidity risk is the risk of a loss in asset value when markets temporary seize up, and this might force a Group to accept an abnormally low price or take away the Group's ability to turn an asset into cash and funding at any price.

The stress scenarios within the Group that underlies the model and is relevant for management purposes, takes into consideration of both a Group specific stress events and a broader market crisis.

To limit funding liquidity risk, management diversifies funding sources in addition to its core deposit base. 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.

To limit trading liquidity, risk the Group maintains a portfolio of highly marketable and diverse assets (high liquid assets) that can be easily liquidated in the event of an unforeseen interruption of cash inflow or cash outflow.

The Group also has committed lines of credit that it can be assessed to meet liquidity needs. In addition, the Group maintains a cash deposit (obligatory reserve) with the CBA, the amount of which depends on the level of attracted resources.

The liquidity position is assessed and managed by the Group, based on certain liquidity ratios established by the CBA. In addition to regulatory liquidity ratio the Group defines liquidity risk appetite, tolerance, capacity levels and other liquidity risk relevant limits in its' Risk Appetite Statement. For the maintaining the acceptable level of the liquidity the Group holds high liquid assets including cash, nostro accounts, debt securities issued by Government of Armenia and corporate debt securities for which there is an active and liquid market, which are not pledged or use of which is not restricted in

any way. Liabilities payable on demand include currents accounts and demand deposits of customers, as well as any other liability that is payable on demand.

Market risk. Market risk is the risk of potential financial losses due to changes in market prices (interest rates, commodities, credit spreads, exchange rates and equity prices) or in parameters that affect prices such as volatilities and correlations.

Currency risk. Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Board has set stricter limits on positions by currency compared to the CBA regulations. Positions are monitored on a daily basis.

The table below shows the structure of financial assets and liabilities by currency.

31 December 2025	**AMD**	**I group currency***	**II group**	**currency****	**Total**
Assets					
Cash and cash equivalents	47,508,807	44,777,053		6,884,959	**99,170,819**
Derivative financial assets	34,617	1,379		-	**35,996**
Loans and advances to banks	52,094,377	46,055,613		98,137	**98,248,127**
Investment securities	57,646,959	15,600,176		-	**73,247,135**
Loans to customers	498,885,333	133,736,505		1,181,166	**633,803,003**
Receivables from finance leases	78,039,121	25,002,232		-	**103,041,353**
Other financial assets	19,889,371	5,676,751		73,177	**25,639,299**
Total	**754,098,585**	**270,849,709**		**8,237,439**	**1,033,185,733**
Liabilities					
Deposits and balances from banks	(569,023)	673,166		1,903,772	**2,007,915**
Current accounts and deposits from customers	439,030,721	180,047,430		2,983,526	**622,061,677**
Debt securities issued	37,891,722	13,906,577		-	**51,798,299**
Other borrowed funds	87,103,325	65,897,811		4,876,206	**157,877,342**
Other liabilities	11,935,434	1,277,221		7,968	**13,220,623**
Subordinated loans	-	13,152,984		-	**13,152,984**
Total	**575,392,179**	**274,955,189**		**9,771,472**	**860,118,840**
Net position	**178,706,406**	**(4,105,480)**		**(1,534,033)**	**173,066,893**

31 Dec 2024	AMD	I group currency*	II group currency**	Total
Assets				
Cash and cash equivalents	59,885,878	43,310,394	2,833,797	**106,030,069**
Derivative financial assets	147,687	10,493	-	**158,180**
Loans and advances to banks	44,230,820	37,148,327	103,281	**81,482,428**
Investment securities	42,412,086	19,696,523	-	**62,108,609**
Loans to customers	405,206,311	130,023,279	980,444	**536,210,032**
Receivables from finance leases	68,547,840	24,557,981	-	**93,105,821**
Other financial assets	15,341,453	6,087,021	15,360	**21,443,834**
Total	**635,772,075**	**260,834,018**	**3,932,882**	**900,538,975**
Liabilities				
Deposits and balances from banks	43,218	419,579	-	**462,797**
Current accounts and deposits from customers	387,401,902	193,745,581	2,974,553	**584,122,036**
Debt securities issued	26,997,701	12,410,875	-	**39,408,576**
Other borrowed funds	70,705,079	40,178,782	-	**110,883,860**
Other liabilities	9,292,300	1,033,714	28,269	**10,354,283**
Subordinated loans	-	12,632,502	-	**12,632,502**
Total	**494,440,200**	**260,421,033**	**3,002,822**	**757,864,055**
Net position	**141,331,875**	**412,985**	**930,060**	**142,674,920**

Operational risk. Operational risk is the risk of loss arising from systems failure, inadequate or failed internal processes, human error, fraud or external events. When controls fail, operational risks can cause reputational damage, have legal or regulatory implications, or lead to financial loss. The Group cannot expect to eliminate all operational risks, but the control framework and monitoring and respond to potential risks could be effective tools to manage the risks. Within the scope of the operational risk management, the Group has adopted the three lines of defence; the first line of defence is provided by the front line staff and operational management, the second line of defence is provided by the risk management and compliance functions and the third line of defence is provided by the internal audit function.

The operational risk management system includes the following key aspects: risk mapping, incident analysis and permanent controlling function. Controls include effective segregation of duties, access, authorization and reconciliation procedures, staff education and assessment processes.

33 Fair value measurements

Fair value measurement procedures. The Group's management determines the policies and procedures for both recurring fair value measurement, such as unquoted trading and securities at FVPL and at FVOCI, derivatives, investment property and buildings, vehicles and for non-recurring measurement, such as assets held for sale.

External valuers are involved for valuation of significant assets, such as land and buildings, vehicles. Involvement of external valuers is decided by the management. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained.

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 Group's accounting policies. For this analysis, the management verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents. The management, in conjunction with the Group'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.

Fair value hierarchy. The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

- Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities;
- Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly; and
- Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

For the purpose of fair value disclosures, the Group's has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

In thousands of Armenian Drams	**Fair value measurement using**			
At 31 December 2025	**Quoted prices in active markets (Level 1)**	**Significant observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**	**Total**
Assets and liabilities measured at fair value				
Financial instruments at fair value through profit or loss				
Derivative financial assets	-	35,996	-	**35,996**
Equity instruments	3,521,820	-	-	**3,521,820**
Financial assets at fair value through other comprehensive income				
Debt instruments	-	3,314,315	-	**3,314,315**
Equity instruments	398,796	-	-	**398,796**
Non-financial assets				
Property and equipment −land and buildings, motor vehicles	-	-	12,723,548	**12,723,548**
Assets for which fair values are disclosed				
Cash and cash equivalents	28,676,392	70,494,427	-	**99,170,819**
Loans and advances to banks	-	51,335,353	46,912,774	**98,248,127**
Debt securities at amortised cost	-	66,012,204	-	**66,012,204**
Receivables from finance leases	-	-	103,041,353	**103,041,353**
Other financial assets	-	-	2,393,282	**2,393,282**
Loans to customers	-	-	633,803,002	**633,803,002**
Liabilities for which fair values are disclosed				
Current accounts and deposits from customers	-	271,985,390	350,076,287	**622,061,677**
Debt securities issued	-	51,798,299	-	**51,798,299**
Deposits and balances from banks	-	672,009	1,335,906	**2,007,915**
Subordinated loans	-	-	13,152,984	**13,152,984**
Other borrowed funds	-	-	157,877,342	**157,877,342**
Other financial liabilities	-	-	13,220,624	**13,220,624**

In thousands of Armenian Drams	Fair value measurement using			
At 31 December 2024	**Quoted prices in active markets (Level 1)**	**Significant observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**	**Total**
Assets and liabilities measured at fair value				
Financial instruments at fair value through profit or loss				
Derivative financial assets	-	158,180	-	**158,180**
Equity instruments	3,300,159	-	-	**3,300,159**
Financial assets at fair value through other comprehensive income				
Debt instruments	-	12,867,997	-	**12,867,997**
Equity instruments	101,203	-	-	**101,203**
Unquoted equity securities – local companies	-	-	296,704	**296,704**
Non-financial assets				
Property and equipment −land and buildings, motor vehicles	-	-	11,491,734	**11,491,734**
Assets for which fair values are disclosed				
Cash and cash equivalents	26,853,397	79,176,672	-	**106,030,069**
Loans and advances to banks	-	34,478,757	47,003,671	**81,482,428**
Debt securities at amortised cost	-	45,542,546	-	**45,542,546**
Receivables from finance leases	-	-	93,105,821	**93,105,821**
Other financial assets	-	-	2,216,606	**2,216,606**
Loans to customers	-	-	536,210,032	**536,210,032**
Liabilities for which fair values are disclosed				
Current accounts and deposits from customers	-	262,448,448	321,673,588	**584,122,036**
Debt securities issued	-	39,408,576	-	**39,408,576**
Deposits and balances from banks	-	418,616	44,181	**462,797**
Subordinated loans	-	-	12,632,502	**12,632,502**
Other borrowed funds	-	-	110,883,860	**110,883,860**
Other financial liabilities	**-**	**-**	11,333,600	**11,333,600**

As at 31 December 2025 and 31 December 2024 the estimated fair values of all financial instruments approximate their carrying values.

Valuation techniques and assumptions. The following describes the methodologies and assumptions used to determine fair values for assets and liabilities recorded at fair value in the consolidated financial statements and those items that are not measured at fair value in the consolidated statement of financial position, but whose fair value is disclosed.

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. This assumption is also applied to demand deposits and savings accounts without a specific maturity.

Fair value measurement of non-financial assets

Fair value of the properties was determined by using market comparable method. The estimated fair values of the land and buildings are categorized within Level 3 of the fair value hierarchy. This means that valuations performed by the valuer are based on market transaction prices, significantly adjusted for difference in the nature, location or condition of the specific property. The fair values of those assets are estimated based on appraisals performed by independent, professionally-qualified property valuers who hold necessary licenses. The significant inputs and assumptions are developed in close consultation with management. Further information is set out below.

Land and Buildings

The fair values of the office Land and buildings are estimated using income and market approaches. The income approach has been applied capitalizing the estimated rental income stream, net of projected operating costs, using a discount rate derived from market yields implied by recent transactions in similar properties. When actual rent differs materially from the estimated rents, adjustments have been made to the estimated rental value. The estimated rental stream takes into

account current occupancy level, the terms of in-place leases and expectations for rentals from future leases over the remaining economic life of the buildings.

The most significant inputs, all of which are unobservable, are the estimated rental value, assumptions about vacancy levels and the discount rate. The estimated fair value increases if the estimated rental increases, vacancy levels decline or if discount rate (market yields) decline. The overall valuations are sensitive to all three assumptions. Management considers the range of reasonably possible alternative assumptions is greatest for rental values and vacancy levels and that there is also an interrelationship between these inputs.

The market approach reflects observed prices for recent market transactions for similar properties and incorporates adjustments for factors specific to the property, including size, location, constructional-engineering features of the building, technical (physical) condition, encumbrances, and purpose of use.

The significant unobservable input is the adjustment for factors specific to the property in question. The extent and direction of this adjustment depends on the number and characteristics of the observable market transactions in similar properties that are used as the starting point for valuation. Although this input is subjective judgment, management considers that the overall valuation would not be materially affected by reasonably possible alternative assumptions.

The fair value of buildings is categorized into Level 3 of the fair value hierarchy, because of significant unobservable adjustments (coefficients) to observable inputs to the valuation technique used. According to the accounting policy of the Bank, properties subject to evaluation are revaluated once in 3 years if there are no significant deviations in the market. A study was conducted for 2023 and no significant deviations were recorded according to the estimates The weighted average deviation is 13.8% in the AMD 1,225,965 thousand total amount.

Derivatives. Derivatives valued using a valuation technique with market observable inputs are mainly interest rate swaps, currency swaps and forward foreign exchange contracts. The most frequently applied valuation techniques include forward pricing and swap models, using present value calculations. The models incorporate various inputs including the credit quality of counterparties, foreign exchange spot and forward rates and interest rate curves.

Financial assets at fair value through other comprehensive income. Investment securities measured at fair value through other comprehensive income are valued using a valuation technique or pricing models primarily consist of Armenian Government debt securities. These securities are valued using yield curves which incorporate data observable in the market and published by CBA.

34 Maturity analysis of assets and liabilities

The table below shows an analysis of assets and liabilities according to when they are expected to be recovered or settled.

31 December 2025 *In thousands of Armenian Drams*	**Non-performing / overdue**	**time**	**demand and up to 1 month**	**from 1 to 3 months**	**from 3 to 12 months**	**from 1 to 5 years**	**more than 5 years**	**No term**	**Total**
Financial assets									
Cash and cash equivalents	-	-	99,170,819	-	-	-	-	-	99,170,819
Derivative financial assets	-	-	35,996	-	-	-	-	-	35,996
Loans and advances to banks	-	-	39,113,760	-	-	-	-	59,134,367	98,248,127
Investment securities	-	-	2,507,670	2,580,464	38,798,565	13,637,608	13,654,071	2,068,756	73,247,135
Loans to customers	859,733	10,124,700	13,249,891	34,422,129	128,432,643	293,159,379	153,554,529	-	633,803,003
Receivables from finance leases	91,209	982,297	5,398,351	7,150,271	22,819,694	60,304,223	6,295,308	-	103,041,353
Other assets	-	-	2,393,282			3,194,197		20,051,820	25,639,299
Total	**950,942**	**11,106,997**	**161,869,769**	**44,152,864**	**190,050,902**	**370,295,407**	**173,503,908**	**81,254,944**	**1,033,185,733**
Financial liabilities									
Deposits and balances from banks	-	-	1,740,407	267,508	-	-	-	-	**2,007,915**
Current accounts and deposits from customers	-	-	272,223,644	56,913,202	193,302,947	96,696,879	2,925,005		**622,061,677**
Debt securities issued − domestic bonds issued	-	-	-	7,107,727	12,322,035	32,368,537	-	-	**51,798,299**
Other borrowed funds	-	-	7,455,411	2,488,504	22,849,505	81,965,434	43,118,489	-	**157,877,342**
Other financial liabilities	-	-	7,974,439	-	5,246,186	-	-		**13,220,624**
Subordinated loans	-	-	-	75,127	39,405	10,152,677	2,885,775	-	**13,152,984**
Total	-	-	**289,393,901**	**66,852,068**	**233,760,077**	**221,183,526**	**48,929,269**	**-**	**860,118,841**
Net Liquidity GAP	**950,942**	**11,106,997**	**(127,524,132)**	**(22,699,204)**	**(43,709,175)**	**149,111,880**	**124,574,639**	**81,254,944**	**173,066,891**
Cumulative Liquidity GAP			**(115,466,193)**	**(138,165,397)**	**(181,874,572)**	**(32,762,692)**	**91,811,948**	**173,066,891**	

31 Dec 2024 *In thousands of Armenian Drams*	Non-performing/ overdue	time	demand and up to 1 month	from 1 to 3 months	from 3 to 12 months	from 1 to 5 years	more than 5 years	No term	Total
Financial assets									
Cash and cash equivalents	-	-	106,030,069	-	-	-	-	-	**106,030,069**
Derivative financial assets	-	-	158,180	-	-	-	-	-	**158,180**
Loans and advances to banks	-	-	40,970,224	-	-	2,012,814	-	38,499,390	**81,482,428**
Investment securities	-	-	4,146,867	15,455,860	12,649,931	17,515,377	10,840,130	1,500,444	**62,108,609**
Loans to customers	1,023,795	8,557,096	11,302,579	30,064,541	122,678,590	225,255,628	137,327,803	-	**536,210,032**
Receivables from finance leases	41,286	371,276	4,510,471	5,773,971	19,823,022	56,897,498	5,688,297	-	**93,105,821**
Other assets	-	-	2,216,606	-	-	3,166,128	-	16,061,100	**21,443,834**
Total	**1,065,081**	**8,928,372**	**169,334,996**	**51,294,372**	**155,151,543**	**304,847,445**	**153,856,230**	**56,060,934**	**900,538,973**
Financial liabilities									
Deposits and balances from banks	-	-	462,797	-	-	-	-	-	**462,797**
Current accounts and deposits from customers	-	-	263,139,900	43,154,555	191,848,448	81,534,015	4,445,118	-	**584,122,036**
Debt securities issued − domestic bonds issued	-	-	-	145,525	5,378,482	33,884,569	-	-	**39,408,576**
Other borrowed funds	-	-	2,259,998	3,838,338	21,490,400	54,919,994	28,375,130	-	**110,883,860**
Other financial liabilities	-	-	6,370,451	-	4,963,149	-	-	-	**11,333,600**
Subordinated loans	-	-	-	76,816	34,022	1,655,560	10,866,104	-	**12,632,502**
Total	**-**	**-**	**272,233,146**	**47,215,234**	**223,714,501**	**171,994,138**	**43,686,352**	**-**	**758,843,371**
Net Liquidity GAP	**1,065,081**	**8,928,372**	**(102,898,150)**	**4,079,138**	**(68,562,958)**	**132,853,307**	**110,169,878**	**56,060,934**	**141,695,602**
Cumulative Liquidity GAP			**(92,904,697)**	**(88,825,559)**	**(157,388,517)**	**(24,535,210)**	**85,634,668**	**141,695,602**	

35 Related party disclosures

In accordance with IAS 24 Related Party Disclosures, parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions. In considering each possible related party relationship, attention is directed to the substance of the relationship, not merely the legal form.

Related parties may enter into transactions which unrelated parties might not, and transactions between related parties may not be effected on the same terms, conditions and amounts as transactions between unrelated parties.

The outstanding balances of related party transactions are as follows:

In thousands of Armenian Drams	31/12/2025			31/12/2024		
	Parent company	**Key management personnel and their close family members**	**Associates**	**Parent company**	**Key management personnel and their close family members**	**Associates**
Loans outstanding at 1 January, gross	**2,230,251**	**1,634,775**	**-**	**2,275,152**	**1,164,527**	**-**
Loans issued during the year	4,508,591	793,125	-	436,198	1,783,779	-
Loan repayments during the year	(1,282,442)	(980,444)	-	(572,857)	(1,319,921)	-
Other movements	261,428	5,019	-	91,759	6,390	-
Loans outstanding at the end of reporting period, gross	**5,717,828**	**1,452,474**	-	**2,230,251**	**1,634,775**	-
Less: allowance for impairment	(6,383)	(4,845)	-	(6,621)	(4,471)	-
Loans outstanding at the end of reporting period, net	**5,711,445**	**1,447,629**	**-**	**2,223,630**	**1,630,304**	**-**
Weighted average effective interest rate for loans	8.5%	7.4%	-	8.5%	7.2%	-
Current accounts and deposits at 1 January	**700,424**	**1,447,996**	**2,676,335**	**562,364**	**1,660,409**	**2,152,010**
Current accounts and deposits received during the year	1,964,202	3,857,248	12,646,171	4,617,755	4,455,453	12,030,829
Current accounts and deposits repaid during the year	(2,664,334)	(3,343,557)	(11,705,822)	(4,477,679)	(4,616,094)	(11,506,504)
Other movements	(292)	(2,953)	-	(2,016)	(51,772)	-
Current accounts and deposits at the end of reporting period	**-**	**1,958,734**	**3,616,684**	**700,424**	**1,447,996**	**2,676,335**

36 Investments in associates

The Group has an interest in Amundi-Acba Asset management CJSC where the Group owns 49% of shares (31 December 2024: 49%). The associate of the Group was incorporated in 2013 and is regulated by the legislation of the Republic of Armenia. The principal activity of the associate is the management of mandatory pension funds. The associate's activities are supervised by the Central Bank of Armenia. As at 31 December 2025 the carrying value of the investment comprised AMD 2,588,014 thousand (2024: AMD 2,044,092 thousand).

The summarised financial information of material associates is presented below

In thousands of Armenian Drams	**31/12/2025**	**31/12/2024**
Total assets	6,436,721	5,028,551
Total liabilities	1,155,060	856,934
Net assets	**5,281,661**	**4,171,617**
Group's share in net assets	**2,588,014**	**2,044,092**

The Group's share of profit or loss and other comprehensive income of the associate is as follows:

In thousands of Armenian Drams	**31/12/2025**	**31/12/2024**
Profit for the year	**1,653,350**	**1,211,887**
Other comprehensive income/(loss)	102,459	76,011
Total comprehensive income for the year	**1,755,809**	**1,287,899**

The Group received dividends in amount of AMD 1,211,888 thousand for the year ended 31 December 2024 (2023: AMD 1,019,337 thousand).

37 Capital adequacy

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

The Group 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 Group may adjust the amount of dividend payment to shareholders, or issue shares. No changes were made in the objectives, policies and processes from the previous year.

The Central Bank of Armenia sets and monitors capital requirements for the Bank.

The Group 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 Basle Accord principles, banks have to maintain a ratio of capital to risk weighted assets (statutory capital ratio) above the prescribed minimum level. As at 31 December 2025 this minimum level was 11% (31 December 2024: 11%). The Group is in compliance with the statutory capital ratio as at 31 December 2025 and 31 December 2024.

The following table shows the composition of the capital position calculated in accordance with regulation of Central Bank of Armenia, with subsequent amendments including the amendment to incorporate market risks, as at 31 December 2025 and 31 December 2024:

In thousands of Armenian Drams	**31 December 2025(unaudited)**	**2024 December (unaudited)**
Tier 1 Capital	175,840,275	141,555,340
Tier 2 Capital	23,257,523	19,468,501
Total capital	**199,097,798**	**161,023,841**
Total risk weighted assets	**859,582,232**	**724,477,690**
Total capital expressed as a percentage of risk-weighted assets (total capital ratio)	**23.16%**	**22.23%**

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

38 Events after the reporting date

As of January 15, 2026, the Group commenced the placement of bonds through a public offering, denominated in Armenian drams with a nominal value of AMD 10,000,000,000 (ten billion) and in U.S. dollars with a nominal value of USD 10,000,000 (ten million), bearing coupon interest rates of 10.5% and 5.5%, respectively. The bonds have a maturity of 60 months. The placement will continue through May 15, 2026, inclusive.
There are no any significant events that occurred after the reporting period or as of the report's date that should be mentioned in this document.

39 Key terms explained

Abbreviation	Definition
IFRS	International Financial Reporting Standards
IASB	International Accounting Standards Board
ISAs	International Standards on Auditing
CBA	Central Bank of Armenia
IPO	Initial Public Offering
ESOP	Employee Stock Ownership Plan
ECL	Expected credit loss
PD	Probability of default
LGD	Loss given default
FVTPL	Financial instruments at fair value through profit or loss
FVOCI	Fair value through other comprehensive income
POCI	Purchased or originated credit-impaired
EAD	Exposure at default
SOFR	Secured Overnight Financing Rate
LIBOR	London Interbank Offered Rate
EURIBOR	Euro Interbank Offer Rate
SICR	Significant Increase in Credit Risk
PIT	Point in time
EIR	Effective Interest Rate
IRR	Internal Rate of Return
FX	Foreign Exchange
SPPI	Solely Payments of Principal and Interest